

LEGISLATIVE FINANCE-HOUSE/SENATE FINANCE COMM. FILES 8879

HB 78 cont. - HB 83 445

ИВ

В

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SENATE FINANCE COMMITTEE REPORT

DATE: 3/29/90

FURTHER:

DATE TURNED INTO OFFICE: 4/19/90

The Finance Committee considered

CSHB 78 (Finance)

"An Act establishing the Caribou Creek Recreational Mining Area."

and recommended:

replace with SCS CSHB 78 (FIN)
 or adopt _____ CS _____

same title
 new title
 technical title change
(HB only)

attached amendment(s)
 _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

fiscal note(s) Dept/Date:
DNR 35.2 4/5/90

fiscal note(s) Dept/Date:

zero fiscal note(s) _____

zero fiscal note(s) _____
DF+G 3/1/90

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature] No Rec

[Signature]

1. [Signature] (DO PASS)

2. [Signature] DO PASS

Co-Chairs: Signatures and Recommendations

FISCAL NOTE

REQUEST:

Revision Date: 4/5/90
 Title: Caribou Creek Recreational Mining Area
 Sponsor: Rep. Larson, Rep. Menard
 Requestor: Senate Finance

Agency Affected: Natural Resources
 BRU: Land and Water
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	35.2	5.5	5.5	5.5	5.5	5.5
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	35.2	5.5	5.5	5.5	5.5	5.5

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	35.2	5.5	5.5	5.5	5.5	5.5
FEDERAL FUNDS						
OTHER						
TOTAL	35.2	5.5	5.5	5.5	5.5	5.5

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

- The FY 91 funds are for signs (\$13.2) and a road pullout (22.0).
- The FY 92 - 96 funds are for upkeep and maintenance (5.0 per year)

Prepared by: Carol Wilson Phone: 465-2400
 Division: Commissioner's Office Date: 4/5/90

Approved by Commissioner: [Signature] Date: _____
 Agency: Natural Resources

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

Changes in SCS CSHB 79 (Fin)
 have no fiscal impact.
 This fiscal note is
 appropriate. 4/19/90 mhw

Adopted

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act establishing the Caribou
Creek Recreational Mining Area.
Sponsor: Larson and Menard
Requestor: _____

Agency Affected: Dept. of Fish and Game
BRU: Habitat
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93.	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: House Finance Committee Phone: 465-3727
Division: Co-Chairman Ron Larson *Ronald J. Larson* Date: 3/01/90

Approved by Commissioner: Co-Chairman Lyman Hoffman *Lyman Hoffman* Date: 3/01/90
Agency: _____

Distribution (by preparer) :
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impact & Agency(ies)

Changes in SOS CSHB 78(Fin)
have no fiscal impact.
This fiscal note is
appropriate. 4/19/90 MJ

Adopted

Original sponsor(s): REP. LARSON, Menard

IN THE HOUSE

BY THE FINANCE COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 78 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing the Caribou Creek Recreational Mining Area."

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

* Section 1. AS 41.23 is amended by adding new sections to read:

ARTICLE 3. RECREATIONAL MINING.

Sec. 41.23.600. PURPOSE. The purpose of AS 41.23.600 - 41.23.620 is to establish the area described in AS 41.23.620 as the Caribou Creek Recreational Mining Area. The Caribou Creek Recreational Mining Area is established to provide for a public recreational mining area to permit public recreational activities and to allow other multiple-use activities to continue as long as the activities do not detract from the primary purpose for the establishment of the Caribou Creek Recreational Mining Area.

Sec. 41.23.610. MANAGEMENT AND REGULATIONS. (a) The commissioner is responsible for the management of the surface and subsurface estate within the Caribou Creek Recreational Mining Area necessary to carry out the purposes of AS 41.23.600. The commissioner shall adopt and may revise a management plan and shall adopt regulations for the management, use, and development of the Caribou Creek Recreational Mining Area.

(b) The management plan, including any revisions, and regulations adopted by the commissioner shall be developed in consultation with the commissioner of fish and game and the commissioner of transportation and public facilities. The management plan and regulations

shall address, but not be limited to,

(1) the methods of mining permitted within the Caribou Creek Recreational Mining Area;

(2) the types of mining equipment that may be used within the Caribou Creek Recreational Mining Area;

(3) the protection of habitat within the Caribou Creek Recreational Mining Area; and

(4) other restrictions consistent with the purposes stated in AS 41.23.600.

(c) Except as provided in this subsection, the Caribou Creek Recreational Mining Area is open to recreational mining under AS 41.-23.600 - 41.23.620. The commissioner of fish and game is responsible for the management of the fish and game resources and the public use of fish and wildlife resources within the Caribou Creek Recreational Mining Area consistent with the purposes stated in AS 41.23.600. The commissioner of fish and game shall issue a general permit to the public authorizing recreational mining activities subject to seasonal restrictions on the mining activities within specified waterbody areas necessary to maintain fishery resources within the Caribou Creek Recreational Mining Area.

(d) The Caribou Creek Recreational Mining Area is closed to mineral entry under AS 38.05.175 - 38.05.275.

(e) The commissioner shall permit the construction and realignment of the Glenn Highway by the commissioner of transportation and public facilities within the Caribou Creek Recreational Mining Area as follows:

(1) Township 20 North, Range 10 East, Seward Meridian

Section 29: The centerline of the realigned Glenn Highway is described as commencing at the Southwest corner of

Section 29; thence on a state plane, Zone 4 bearing of North 2 degrees 09'55" West, along the West boundary of Section 29, 1481.55 feet to proposed centerline Station 692+58.19 and the True Point of Beginning; thence South 85 degrees 52'40" East, a distance of 3395.32 feet to proposed centerline Station 726+53.51; thence along a curve to the left, having a radius of 916.73 feet, through an arc of 121 degrees 37'14", a distance of 1945.93 feet to P.C.C. Station 745+99.44; thence along a compound curve to the left, having a radius of 1637.02 feet, through an arc of 30 degrees 01'50", a distance of 858.01 feet to Point of Tangent Station 754+57.45; thence North 57 degrees 31'44" West, a distance of 453.00 feet to P.C. Station 759+10.45; thence along a curve to the right, having a radius of 996.45 feet, through an arc of 144 degrees 30'28", a distance of 2513.18 feet to Point of Tangent Station 784+23.63 BACK = 741+49.55 AHEAD; thence North 86 degrees 58'44" East, a distance of 1347.13 feet to Station 754+96.68, a point on the east boundary of Section 29, said point is South 2 degrees 09'55" East, a distance of 115.88 feet from the Northeast corner of Section 29;

(2) the right-of-way lines that cross Caribou Creek Recreational Mining Area extend varying distances from the centerline as follows:

(A) from Station 760+00 to Station 765+00 the right-of-way extends 300 feet on the left of centerline and 150 feet on the right;

(B) from Station 765+00 to Station 780+00, the right-of-way extends 300 feet on each side of the centerline;

(C) from Station 780+00 to P.T. Station 784+23.63 the right-of-way extends 300 feet on the left and 400 feet to the

right of the centerline.

Sec. 41.23.620. CARIBOU CREEK RECREATIONAL MINING AREA. The vacant and unappropriated state-owned land and water and the state land and water acquired in the future that lie within 100 feet of either ordinary high water or mean high tide of the banks of the creeks or rivers described in this section are designated as the Caribou Creek Recreational Mining Area, are reserved from all uses incompatible with the purposes of AS 41.23.600, and are assigned to the commissioner for control and management:

Township 20 North, Range 10 East, Seward Meridian

- (1) That portion of Caribou Creek located in
 - Section 28: W1/2
 - Section 29: E1/2
- (2) That portion of the Matanuska River located in
 - Section 32: SE1/4
 - Section 33: NE1/4, NW1/4, SW1/4

Alaska State Legislature



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House of Representatives

Committee on Finance

P.O. Box V
Juneau, Alaska 99811

MEMORANDUM

March 30, 1990

TO: Senate Finance Committee members

FROM: Representative Ronald Larson, Co-chairman
House Finance Committee

SUBJECT: HB 78, establishing a recreational mining area

HB 78, an Act establishing the Caribou Creek Recreation Area, is an attempt on my part to establish a tourist destination point. Such an area would give tourists a location where they can pan for gold or other minerals without having to research land title status or go through procedures to acquire state permits. For example, the state Division of Mining estimates they receive about 250 letters from out-of-state inquiring about opportunities and areas in Alaska available for small scale, recreational mining activities.

Caribou Creek is located at approximately mile 105 on the Glenn Highway--about 65 miles from Palmer. The Recreational Mining Area consists of the drainage of Caribou Creek located between the Glenn Highway bridge and its confluence with the Matanuska River, and up to 100 feet of the highwater mark on each side of the creek.

Please note on page 1, line 15 that all other multiple-use activities are allowed to continue. The Commissioner of the Department of Natural Resources (DNR) will be responsible for the management of

Senate Finance Committee members
March 30, 1990
page 2

the land, and the Department of Fish & Game will continue to manage the fish and wildlife resources. Seasonal restrictions that may be necessary to protect fisheries habitat will be provided in a general permit to be issued by Fish & Game (page 2, line 16).

Caribou Creek is catalogued as an "anadromous stream" under AS 16.05.870. Stream surveys done last summer failed to confirm that salmon use this drainage for spawning. Surveys will continue to monitor Caribou Creek in order to determine if an anadromous classification by the Dept. of Fish & Game is necessary.

Thank you for your time and consideration of this bill. Please don't hesitate to contact me if you have any questions or comments.

and PLO 1613 4/1 958 (23 FR 2376)





Blm. in. title Plat

12-2-58

AA 6189 Easement Dead RCA 25' C/L (81 Sict) 441-444) as to the following: Sec 24: S1/2 SE1/4; Sec.25: NW1/4, N1/2 NE1/4; Sec.26: N1/2; Sec. 27: N of Motanuska River; Sec 28: W1/2, NE1/4; Sec.29: S1/2; Sec.30: NW1/4, S1/2.

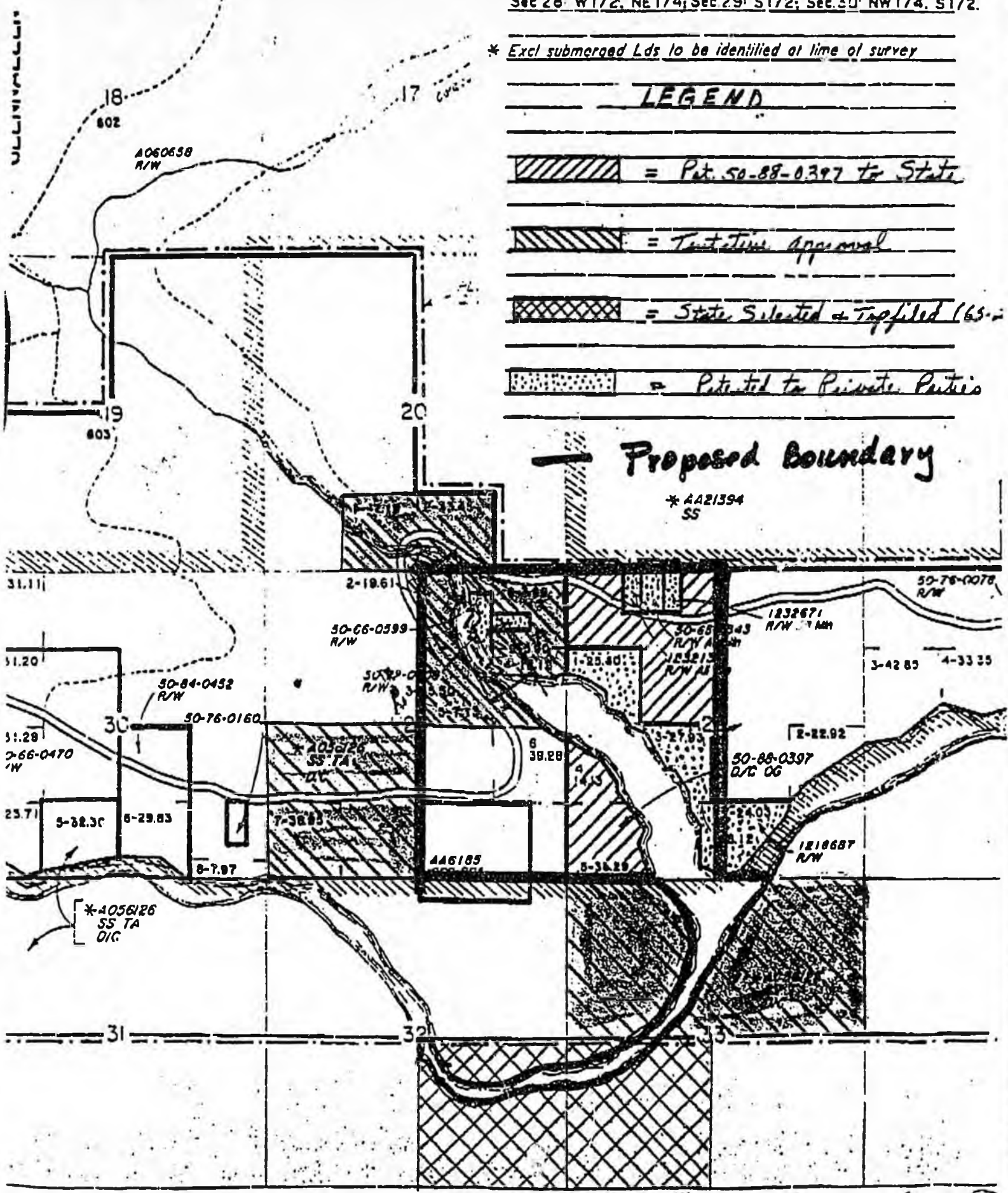
* Excl submerged Lds to be identified at time of survey

LEGEND

-  = Pat. 50-88-0397 to State
-  = Tentative approval
-  = State Selected & Tapped (65-)
-  = Patented to Private Parties

Proposed Boundary

* 4421394
SS



Vertical text on the left margin, possibly a page number or reference code.

MATANUSKA-SUSITNA BOROUGH

Resolution No. 89- 065 *Am*

A RESOLUTION OF THE ASSEMBLY OF THE MATANUSKA-SUSITNA
BOROUGH, SUPPORTING RECREATIONAL MINING IN THE CARIBOU CREEK
MINING AREA

WHEREAS, the Matanuska-Susitna Borough, encompassing approximately 23,000 square miles, is one of the largest Boroughs in the state of Alaska; and

WHEREAS, the Matanuska-Susitna Borough consists of suburban, urban and rural areas and is presently experiencing one of the highest rates of unemployment in the state of Alaska; and

WHEREAS, the Assembly of the Matanuska-Susitna Borough has taken an aggressive approach in the promotion of economic development and tourism in the Matanuska-Susitna Borough; and

WHEREAS, House Bill 78 proposes to establish the Caribou Creek Recreational Mining Area which will attract visitors and promote tourism in the state of Alaska and the Matanuska-Susitna Borough; and

WHEREAS, the proposed Caribou Creek Recreational Mining Area will include vacant and unappropriated State-owned land and waters within the NW1/4, SW1/4 of Section 28, the NE1/4, SW1/4 Section of 29, the SE1/4 of Section 32, and the NE1/4, NW1/4, SW1/4 of Section 33 Township 20 North, Range 10 East, Seward Meridian, Alaska.

WHEREAS, the proposed legislation may be improved with two revisions.

NOW, THEREFORE, BE IT RESOLVED that the Assembly of the Matanuska-Susitna Borough supports the passage of House Bill 78 with the following revisions:

- 1) That the recreational mining activities receive a waiver from the standard DEC and EPA water quality standards for non-recreational mining; and
- 2) That in the event the area is never placed into operation because of the costs associated with meeting the State and Federal water quality standards then the land would fall back to its current status.

ACCEPTED AND APPROVED by the Assembly of the Matanuska-Susitna Borough, Alaska, this 20 day of April, 1989.

Dorothy A. Jones
Dorothy A. Jones, Mayor

ATTEST:

Linda Dahl
Linda Dahl, Clerk

(SEAL)

JD/tc174

Stream: Caribou Creek, South Fork Matanuska River

Location: Eastern portion of the Matanuska Susitna Borough, Township 20N, Range 10E, Seward Meridian, Sec. 28, 32, 3.

Access Point: Glenn Highway, south side near Caribou Creek bridge.

Discussion: Caribou Creek flows southerly from the Talkeetna Mountains to its confluence with the South Fork of the Matanuska River on the south side of the Glenn Highway. Caribou Creek is one of several streams draining the western portion of the Nelchina Mining district. Caribou Creek from the Glenn Highway bridge northward into the Talkeetna Mountains is heavily staked with mining claims.

The section of stream proposed here lies south of the Glenn Highway bridge and is approximately a mile in length to its confluence with the South Fork of the Matanuska River. South of the confluence, approximately a mile and one-half of stream on the South Fork is also proposed.

Below the highway bridge, Caribou Creek forms a broad flood plain with numerous gravel bars. Large amounts of sediment is flushed through the canyon above the bridge during spring runoff replenishing the gravel bars each year. Gold is present in this drainage, although probably not in commercial quantity. Access would be off the south side of the Glenn Highway down a one lane gravel road along the east bank of Caribou Creek.

Land Status: This township is presently state selected.

Recreational Mining Fun, Adventure... and GOLD!

Recreational mining is one of the more fun outdoor activities available to Alaska residents and visitors. Many areas are open to recreational miners, but there are restrictions you will need to do some research before you go out into the field. The section on Recreational Mining in the Chugach National Forest (page 2) will give you some practical information about where to pursue recreational mining today and its status as a starting point.

The best way to determine if any area is open to recreational mining is to contact the appropriate agencies. You must determine who handles the land management in the area: (1) what is the status of the land, and (2) if permits are needed from the Department of Fish and Game.

One place to go for information is the U.S. Bureau of Mines. The local office is located at 201 E. 9th Avenue, Suite 101 Anchorage, AK 99501. The phone number is (907) 271-2456. Other agencies to contact include the U.S. Forest Service, the Bureau of Land Management and the Division of Geological & Geophysical Survey.

Information can also be obtained by attending prospecting classes. Steve Henrichson, manager of the Mining Department at AMOS, is currently planning some mining classes for the spring. Contact AMOS for more information. Excellent classes are also offered by the University of Alaska through the Cooperative Extension Service.

About Lode Deposits, Placer Deposits, and Gold Panning. Gold is concentrated by geologic processes to form deposits of two principal types: lode (primary) deposits and placer (secondary) deposits.

Lode deposits are the largest of "hard-rock" deposits. They occur with "solid rock." The deposit was formed when minerals were

deposited from mineralizing solutions. One geologist suggests the source of the solution was molten rock or magma. As the magma cooled along fractures a circulating fluid, temperatures cooled and the minerals crystallized, including gold precipitated forming veins.

Most areas likely to contain valuable lode deposits have been thoroughly explored. The inexperienced prospector with little capital doesn't have much of a chance to locate new lode deposits worth discovering. Gold veins are present in lode deposits, but they may not be visible. Hard-rock prospectors send samples of material from the deposit to commercial analytical labs or assay offices.

The most common type of assay is the fire assay. A weighed sample of pulverized material is melted in a mixture of flux, lead oxide, soda, borax and silica. The lead attracts the gold and the resulting lead-gold melt forms a button. The button is remelted in a cone-shaped crucible which absorbs the lead, leaving behind a bead of gold. When the gold is weighed, a gold to rock ratio is obtained or the hard-rock prospector.

Recreational miners are usually more interested in the second type of gold deposit, the placer deposit. A placer deposit is a concentration of natural material that has accumulated in the sediments of a stream bed or beach. Gold, freed from lode deposits by erosion, transportation, or decomposition of the enclosing rock, is carried downstream

as mineral particles—gold flakes, grains or nuggets—and caught in the placer deposits.

The gold can be panned using basic equipment used by recreational miners in the exploration of placer deposits. Gold panning equipment is a simple method, not easy. Some say gold panning comes from correct instruction. Others say it will take hours of practice. Panning involves digging material from the stream bed and filling the pan. The contents of the pan are then washed. The material is kneaded while the pan is submerged. The lighter material washes away and the stones and pebbles are picked out by hand. Theoretically the heavy gold will concentrate at the edge of the bottom of the pan. But giving step-by-step instructions to gold panning is a giving step-by-step instructions to a child learning to tie his shoes. In both cases, the only way to learn is by hands-on experience.



Practical, and eventually you will get a right. Other prospecting methods include using sluiceways, rockers, dredges and other placer mining equipment. Much more gravel

can be worked with some of these methods. And, contrary to popular belief, there are some easy access areas where dredging and similar operations are allowed. Visit AMOS for information about mining equipment available and contact the agencies discussed above to find out where you can use this equipment.

The weather you find is pursuing recreational mining is more likely to be in terms

of gold prices. The price of gold has been high for some time, but you may know that prices have been low recently. The price of gold is not the only factor to consider when you plan to go gold panning.

ADVENTURE is published by Alaska Mining and Drilling Supply, Inc. 3222 Commercial Drive Anchorage Alaska 99501 (907) 279-6113

Editor
USA FORD
FOCUS

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Recreational Mining in the Chugach National Forest

(Editor's Note: This information was compiled from a report put together by the United States Department of Agriculture for use by the public.)

Mining Impacts

Before you take your pan in hand or decide to dredge, STOP! Consider the impact of recreational mining.

Mining can affect plants, animals, humans, and soil. The impact on streams is the most serious of all.

Soil, washed into streams and rivers during the process of separating soil and minerals, increases the silt in them. When fish eggs are dug from spawning gravels or silt out of the oxygen supply to fish eggs, the eggs can't hatch. Adult fish and aquatic insects that fish eat have difficulty living in streams that have large amounts of silt. You, the "recreational" miner, can take a part in reducing siltation by not washing soil and vegetative matter into the stream flow.

Guidelines

1. Panning and manual-feed sluice boxes are permitted on all streams in the Forest. If you are on a legal claim, check with the claimant.
2. Use of 4-wheel drive vehicles that scooters, motorcycles, and all-terrain vehicles is limited to building roads, some trails and certain river outwash plains. (Obtain copies of "ORV Zoning" from Forest Service Offices.)
3. Hydraulicking is not permitted.
4. Earthmoving equipment such as backhoes, bulldozers, excavators or similar machines are not permitted.

5. Suction dredging is allowed but not deeper than 300 feet (91 meters) high canyons, or as noted in the publication or as indicated by the District Ranger.

Note: Before using a dredge check the Alaska Department of Fish and Game catalog of streams used by fish or marine fish spawning or rearing. A free ADF&G fish protection permit is required to dredge streams designated as important or anadromous (sea-going) fish. For additional information on permit requirements, please contact the ADF&G Habitat Division, 313 Raspberry Road, Anchorage, Alaska 99507.

Restrictions and time constraints for mining are imposed on some streams by ADF&G. Also, Chugach National Forest District Rangers may restrict certain areas to dredging or the size of dredging equipment if it is necessary to protect other natural resources. If operating a suction dredge with a diameter greater than 4 inches (102 millimeters) you should file a Notice of Intent with the appropriate District Ranger.

6. Permanent structures such as cabins or roads cannot be built.

7. Cut only dead or downed trees in an area.

8. Work only stream channels including unvegetated gravel bars.

9. Do not dig in meadows, alluvial terraces or remove archaeological, paleontological or historical objects from the Forest.

Creeks of Rivers

Tincan, Lyon, Berlin, Poles and Spokane. Sluice within 100 feet (30 m) of Several Anchorage highways.

Seward. Sluice within 300 feet (91 m) upstream from highway.

Summit. Sluice within 100 feet (30 m) of Hope Road to 5 1/2 (89 m) of Hope Road. Sluice on road side.

State and Summit. Sluice within 100 feet (30 m) of the main highway.

Recreation. Sluice within area reserved for Forest Service. Sluice on the Reserve. Sluice 1/2 mile and downstream from Pay stream mining claim.

Gravel. Sluice within 100 feet (30 m) of any area except 300 feet (91 m) of the Campground.

Butcher and Tenderfoot. Entirely restricted. Sluice within area reserved for dredging equipment.

Cooper. Sluice within 100 feet (30 m) of Seward Highway and dredges 0-850.

Mining Rights

As a "recreational" miner, you are concerned about access, land status, and most of all—where to prospect? Your primary concern is—where is open to recreational mining?

Basically any area on the Chugach National Forest not staked by someone for mining or other purposes is open to recreational mining. But remember as a recreational miner you have a legal claim you do not have the right to prevent others from doing gold panning anywhere within the Forest. You have the right to use fish ponds, rivers, trails and recreation on a mining claim on public land, but you must respect if a claimant's operations and equipment. You do not have the right to pan on another's claim unless the claimant grants you this privilege.

Staking a Claim

If you desire to file a mining claim or claim to show the location of legal claims, check with the Bureau of Land Management, Public Room, 701 C Street, Box 13, Anchorage, Alaska 99513.

Where to Mine

Where to mine depends on where to search for the gold.

Private Concessions

Note: There are historical sites with unique minerals of earlier gold mining days. Open mining is permitted for a fee.

Cross Creek Mine, located near Girdwood, under special-use permit with the Forest Service.

Muskegon Mining Museum, near Cooper Landing, under special-use permit with the Forest Service.

The Anchorage Times

OUTDOOR

Recreational panning pays off in fun, gold

by Mark Skok
Times Writer

Pack a gold pan with your picnic lunch if you're heading out of Anchorage today — or anytime.

It provides an excuse to stop at some waysides you would otherwise cruise past. It's also a cheap way to become part of Alaska's heritage.

Gold can be found in many of the streams accessible by the state highway system, says a man who has prospected for 30 years in Alaska. The recreational panner won't get rich, or even pay for his inexpensive equipment. But he can hope to bring home a few of the glinting flecks that drew thousands to the north country during the past 80 years, says James Madonna, owner of Alaskan Pros-

pectors and Geologists, an Anchorage mining equipment shop.

Madonna has a simple answer for those who wonder where they should pan. "The entire state, with the exception of the North Slope, is considered the gold province of Alaska."

Finding color, or gold flecks, is as simple as pulling over at a wayside and panning the gravel, he said. If the wayside is near a stream where it boils out of the mountains, the likelihood of finding gold is relatively good. The water's force can carry the heavy metal only a certain distance. Where streams slow as they cross flatlands, gold is dropped.

Robert Hoekzema, a geologist with the U.S. Bureau of Mines, suggested panners hike upstream of highways to get away from roadway

gravel washed downstream. Gold would be deposited just downstream of rapids, where the water first begins to slow. Gravel bars are good places to look, as are the gravel deposits around boulders.

Many streams do not carry noticeable amounts of gold. But, say both Madonna and Hoekzema, any areas in mountainous terrain are worth a try.

The National Park Service announced last week that recreational panning is allowed in all national parks in Alaska. Gold claim owners at Crow Creek near Girdwood, and at the Hubbard Mining Museum near Cooper Landing on the Kenai Peninsula, provide the opportunity to pan proven gold ground for a price.

"Gold panning is open everywhere but on a man's claim," Madonna said. When leaving a roadside area to pan, be aware that claims might have been staked along it. Miners can be touchy about recreational panners. The gold they take isn't a problem. Vandalism of equipment, liability and interruption of professional mining operations are problems. If you're interested in panning on a staked claim, talk to the claim holder first.

Certain basic equipment is needed to find any flecks. Pans are either dark-colored plastic or steel. Madonna recommends 14- or 16-inch steel pans. "If you throw your spare tire on top of a plastic pan, it breaks."

The dark plastic often is popular with miners because bright gold shows up more readily in it. A shiny steel pan can be blued by baking it in the oven for an hour at 350 degrees.

The edges of the pan should be rippled to keep gold flecks from sliding out when the gravel is swished by over-exuberant miners.

GORDON MAYHEW

P.O. Box 39441
Phoenix, Arizona 85069
(602) 285-1627

January 27, 1990

Mines Information Office
3601 C Street
Anchorage, AK 99503

To Whom It May Concern:

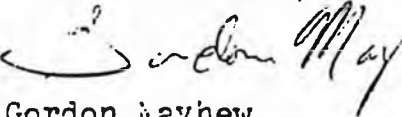
Can you please send me information about mining for precious metals in your state. Not on a super-serious level, but just with a couple of pans, etc.

I need to know the laws, so we will not be in violation and locations that are free to the public for panning for recreational purposes.

If you might have some maps available on some good locations that we can go to, please send this information also.

Thankyou for your assistance.

Sincerely yours,



Gordon Mayhew

gm

DEPARTMENT OF
NATURAL RESOURCES

FEB 12 1990

COMMISSIONER'S OFFICE
JUNEAU

RECEIVED
DIVISION OF MINES



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT Fish and Game	DIVISION Habitat	BILL NUMBER CS HB 78	SPONSOR Reps. Larson and Menard
SHORT TITLE OF BILL Caribou Creek Recreational Mining Area			
DEPARTMENT POSITION Support			
PREPARED BY Frank Rueden	DATE 1-12-90	COMMISSIONER'S SIGNATURE <i>[Signature]</i>	DATE 1/22/90

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Dept. of Natural Resources Dept. of Environmental Conservation	CONSTITUENT GROUP(S) AFFECTED BY BILL Commercial and Sport Fishermen
ORGANIZATIONAL SUPPORT FOR BILL	ORGANIZATIONAL OPPOSITION TO BILL Unknown

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

The Caribou Creek Recreational Mining Area is proposed to designate an area for recreational placer mining for the public.

ANALYSIS OF BILL/PROGRAM EFFECTS

The bill would establish the Caribou Creek Recreational Mining Area on the lower reach of Caribou Creek and a portion of the Matanuska River. These streams have been specified as being important for the spawning, rearing or migration of anadromous fisheries by the commissioner of the ADF&G pursuant to AS 16.05.870(a). The proposed legislation requires that the commissioner of ADNR adopt a management plan and regulations for the management, use and development of the recreational mining area in consultation with the ADF&G. The plan and regulations may address methods of mining permitted, the types of mining equipment that may be used, the protection of habitat, and other restrictions consistent with the purposes stated in AS 41.23.600. The bill further recognizes that the commissioner of the ADF&G is responsible for the management of fish and game within the proposed area and that the commissioner may require seasonal restrictions on operations within the area to maintain fishery resources. The ADF&G has worked with the sponsors on

AMENDMENTS PROPOSED

We recommend the following revisions to the language of the bill.
 Page 1, line 26: "The management plan, including any revisions, and..."
 Page 1, line 29: "The management plan and regulations MAY shall address, but not be limited to..."
 Page 2, line 8: reference to AS 42.23.600 should be changed to AS 41.23.600.

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.



STATE OF ALASKA
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HOUSE COMMITTEE REPORT

(11)

Date Referred: March 3, 1989

FURTHER REFERRALS:

Date of Committee Action: 3/13/89

The FINANCE Committee considered:

HB 80

HOUSE BILL NO. 80 [INCREASE CIGARETTE TAX]

"An Act increasing the excise tax on cigarettes."

RECOMMENDATIONS:

- [] be replaced with CS HB 80 (HESS) [] the same title
- [] have attached amendment(s) [] a new title
- [] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [] fiscal impact Rev.
- [] zero fiscal note
- [] zero with analysis

- [] fiscal note(s) Rev. 3/17/89
- [] zero fiscal note(s)
- [] zero fn/analysis

SIGNING DO PASS:

SIGNING:

(Check approp. column)

[Signature] Hoffman
[Signature] Smuckhammer
[Signature] Brown
[Signature] Koponen
[Signature] Ulmer

	Do Not Pass	No Rec	Amend
<u>[Signature]</u> Larson		X	
<u>[Signature]</u> Barnes	✓		
<u>[Signature]</u> Shultz	✓		
<u>[Signature]</u> Phillips	✓		
<u>[Signature]</u> Rieger		✓	
<u>[Signature]</u> Wallis		✓	

CO- [Signature]
 CO- [Signature]
 Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act Increasing the Excise
Tax on Cigarettes
Sponsor: Ellis and Koponen
Requestor: (H)HESS Committee

Agency Affected: Revenue
BRU: Income & Excise Audit
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	9128.7	8854.8	8854.8	8854.8	8854.8	8854.8

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: See attached.

Prepared By: Steven E. Kettel *Steven E. Kettel*
Division: Income and Excise Audit

Phone: (907) 465-2320
Date: March 9, 1989

Approved by Commissioner: Hugh Malone *Royce FOR*
Agency: Department of Revenue

Date: March 9, 1989

- Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Adopted

CS HB 80
March 9, 1989

Analysis

1. Assumes effective date of legislation is July 1, 1989.
2. Total cigarette consumption has fallen six percent per year for the three year period ending in FY88. Forecasts under present law assume consumption will drop three percent in FY89 and FY90, then remain level through FY94.
3. The increase in cigarette prices due to the higher tax will reduce consumption. It is estimated that the quantity of cigarettes sold will fall by three percent from the level presently forecast.
4. Revenues to the School Fund will decrease by about \$72,000 each year as that tax rate is not changed by the proposed legislation.

Comment

The latest information indicates that Alaska ranks somewhere in the bottom one-third among states that levy a tax on cigarettes. The highest tax is assessed by Minnesota at 38 cents per pack and the lowest by North Carolina at 2 cents per pack. The state of Alaska levies 16 cents per pack on cigarettes. There are thirty-five states that levy a higher rate than Alaska.

Original sponsors: Ellis, Koponen,
and M.Davis

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 80 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act increasing the excise tax on cigarettes, and
7 authorizing municipalities to levy and collect taxes
8 on the retail sale of cigarettes and tobacco products
9 without limitation."

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

11 * Section 1. AS 29.45.650(a) is amended to read:

12

(a) Except as provided in (f) and (g) of this section, a borough
13 may levy and collect a sales tax not exceeding six percent on sales,
14 rents, and on services provided in the borough. The sales tax may
15 apply to any or all of these sources. Exemptions may be granted by
16 ordinance.

17

* Sec. 2. AS 29.45.650 is amended by adding a new subsection to read:

18

(g) The limitation on the rate of levy specified in (a) of this
19 section does not apply to taxes imposed on sales of cigarettes and
20 tobacco products at retail. For purposes of this subsection,

21

(1) "cigarette" has the meaning given in AS 43.50.170;

22

(2) "tobacco product" has the meaning given in AS 43.50.-

23

390.

24

* Sec. 3. AS 43.50.190(a) is amended to read:

25

(a) There is levied an excise tax of 15 [FIVE AND ONE-HALF]

26

mills on each cigarette imported or acquired in this state.

EFFECT OF CSHB 80

CURRENT LAW

UNDER CSHB80

MILL RATE PER
CIGARETTE
dedicated to
School Fund

AS 43.50.090 = 2.5 MILLS

AS 43.50.090 = 2.5 MILLS
(NO CHANGE)

MILL RATE PER
CIGARETTE
collected for
General Fund

AS 43.50.190 = 5.5 MILLS

AS 43.50.190 = 15.0 MILLS
(10 MILL INCREASE)

COMBINED MONETARY EFFECT ON EACH
20 cigarette
pack

16 CENTS

35 CENTS
(19 CENT INCREASE)

There are currently two separate excise taxes levied on cigarettes. Taxes collected under AS 43.50.090, which predates the prohibition against dedicated funds, are deposited in the School Fund. Taxes collected under AS 43.50.190 are deposited in the General Fund. CSHB 80 amends AS 43.50.190 and increases General Fund revenues.

ormation indicates that Alaska ranks somewhere, one-third among states that levy a tax on the highest tax is assessed by Minnesota at 38 and the lowest by North Carolina at 2 cents per te of Alaska levies 16 cents per pack on here are thirty-five states that levy a higher ka.

11-15-88

27

CIGARETTE TAXES—RATES, INCIDENCE, PAYMENT, REPORTS

§286 The main features of the state taxes on cigarettes are given in the cha below. If incidence of the tax is on consumer, tax will be deductible on incor tax returns in some states (by law). It isn't deductible under IRC, nor in stat in line with current Fed.

RATE PER PACK OF 20	INCIDENCE	PAYMENT METHOD	MONTHLY REPORT REQUIREMENTS (Who, when and to whom)
ALA. 16.5¢ (5)	Stamps	Consumer(13)	Wholesaler jobber, 20th. Dept. Rev.
ALASKA 16¢	Seller	Reports	Licensee, last day, Tax Commr.
ARIZ. 15¢	Seller	Report	Distributor, 1st. Dept. Rev.
ARK. 21¢	Seller	Stamps(1)	Distributor, 10th. Dept. Fin. & Adm.
CALIF. 35¢ (eff. 1-1-89; was 10¢)	Consumer(13)	Stamps(2)	Distributor, 25th. State Eq. Bd.
COLO. 20¢	Seller	Stamps	Wholesaler, 10th (eff 7-1-88; was 20th); Dept. Re
CONN. 26¢	Consumer	Stamps	Distributor (4), 15th. Commr. Rev. Serv.
DEL. 14¢	Consumer	Stamps	Wholesaler, agent, 20th. Dir. Rev.
D.C. 17¢	Seller(14)	Stamps	Wholesaler, retailer, 15th. Dept. Fin. & Rev.
FLA. 24¢ (11)	Seller	Stamps	Agent, 10th. Tax Dept.
GA. 12¢	Distributor	Stamps	Distributor, 10th. Commr. Rev.
HAW. 40¢(6)	Seller	Stamps	Wholesaler, retailer, last day, Dept. Tax.
IDA. 18¢	Seller	Stamps	Wholesaler, 15th. Tax Comm.
ILL. 20¢ (16)	Seller	Report	Distributor (7), 15th. Dept. Rev.
IND. 15.5¢	Consumer	Stamps	Distributor, 15th (8), ABC
IOWA 34¢ (31¢ eff 7-1-89)	Seller	Stamps	Permittees, 20th. Dept. Rev. & Fin.
KAN. 24¢	Seller	Stamps	Wholesaler, 10th. Dir. Tax.
KY. 3¢	Consumer	Stamps	Wholesaler, 20th. Cabinet Rev.
LA. 16¢	Seller	Stamps	Dealer, 15th. Sec'y Rev. & Tax.
ME. 28¢	Consumer	Stamps	Distributor, 10th. Bur. Rev.
MD. 13¢	Seller	Stamps	Distributor, 20th. Compr.
MASS. 26¢	Consumer(13)	Stamps	Distributor, 20th. Commr. Rev.
MICH. 25¢	Seller	Report	Licensee, 20th. Dept. Treas.
MINN. 38¢	Seller	Report	Distributor, 25th. Dept. Rev.
MISS. 18¢	Consumer(13)	Stamps	Distributor (9), 15th. Tax Comm.
MO. 13¢ (5)	Consumer	Stamps	Wholesaler, 20th. Dept. Rev.
MONT. 16¢	Consumer	Stamps	Interstate Carriers, (no fixed dates), Dept. Rev.
NEB. 27¢	Consumer	Stamps	Retailer, wholesaler, 10th. Tax Comm.
NEV. 20¢ (15¢ eff 6-1-89)	Seller	Stamps	Wholesaler, 15th (15), Div. Tax.
N.H. 17¢	Consumer	Stamps	(Monthly reports not required)
N.J. 27¢	Consumer	Stamps	Distributor, 20th. Dir. Tax.
N.M. 15¢	Seller	Stamps	Distributor, 25th. Tax. & Rev. Dept.
N.Y. 21¢ (17)	Consumer	Report	Agent, 15th. Dept. Tax. & Fin.
N.Y.C. 8¢ (17)	Consumer	Stamps	Agent, 15th. Comm. Fin.
N.C. 2¢	Consumer	Stamps	Distributor, 20th. Sec'y Rev.
N.D. 27¢	Seller	Stamps	Distributor, quarterly (10), Tax Comm.
OHIO 18¢	Consumer	Stamps	Dealer, 1-31 & 7-31, Tax Comm.
OKLA. 23¢	Consumer	Stamps	Wholesaler, retailer, 10th. Tax Comm.
ORE. 27¢	Consumer	Stamps	Distributor, 20th (reports; payment, quarterly), Dept. Rev.
PA. 18¢	Consumer	Stamps	Dealer, 10th. Dept. Rev.
R.I. 27¢ (eff 7-1-88; was 25¢)	Consumer	Stamps	Dealer, distributor, 10th. Tax Admr.
S.C. 7¢	Seller	Stamps	(Monthly reports not required)
S.D. 23¢	Consumer	Stamps	Distributor, wholesaler, 15th. Dept. Rev.
TENN. 13¢	Consumer	Stamps	Distributor, 15th. Dept. Rev.

RATE PER PACK OF 20	INCIDENCE	PAYMENT METHOD	MONTHLY REPORT REQUIREMENTS (Who, when and to whom)
TEX. 26¢ UTAH 23¢	Consumer Seller	Stamps Stamps	Distributor, 30th. Compr. Pub. Accts. (Monthly reports not required)
VT. 17¢ VA. 2.5¢ (3) WASH. 31¢ W.VA. 17¢ WIS. 30¢ WYO. 8¢	Seller Seller Consumer Consumer Consumer Consumer	Stamps Stamps Stamps Stamps Stamps Stamps	Distributor, wholesaler, 15th. Comm. Taxes Wholesaler, storer, 10th. Dept. Tax. Wholesaler, retailer, 15th. Dept. Rev. Wholesaler, 15th. Tax Dept. Mfg. wholesalers, 15th. Dept. Rev. Wholesaler, 20th. Dept. Rev. & Tax.

FOOTNOTES to chart (corresponding to numbers in parentheses in the chart):

- (1) Payment with report for stamps purchased on consignment.
- (2) Payment with report for tax not paid by stamp or meter.
- (3) City taxes are also in effect in some cities.
- (4) Machine dealer and operator with over 5 machines, report on 15th.
- (5) City and county taxes may be levied.
- (6) Wholesale price is basis.
- (7) Manufacturer reports on 5th.
- (8) Report drop shipment on 15th.
- (9) Wholesaler and manufacturers also report.
- (10) 10th of Jan., Apr., July, and Oct.; monthly reports may be allowed.
- (11) State tax is net after credit for 16¢ Fed excise tax.
- (12) (Reserved.)
- (13) Not deductible on state return.
- (14) Deductible on state return.
- (15) Metered stamping machine report by 10th.
- (16) Cook Cty. has added 5¢ tax per pack.
- (17) Added 5.25¢ (2¢ in NYC) per 5 cigarettes if pack over 20 cigarettes.

The

Case for

Increasing

California's

Tobacco Tax

COALITION

for a

HEALTHY

CALIFORNIA



5858 Wilshire Blvd., Suite 400
Los Angeles, CA 90036-9930
(213) 937-6464

American Academy of Pediatrics • American Cancer Society, California Division • American Heart Association
American Lung Association of California • Blue Cross of California • Americans for Non-Smokers Rights
California Association of School Health Educators • California Association for Medical Laboratory Technology
California Dental Association • California Association of Hospitals and Health Systems
California Association of Public Hospitals • California Medical Association • California Nurses Association
California Professional Firefighters • California Public Health Association • California School Boards Association
California Society of Periodontists • California State Fireman's Association • California Thoracic Society
Campaign California • Health Officers Association of California • Kaiser Foundation Health Plan, Inc.
Los Angeles City Council • The Planning and Conservation League of California

TECHNICAL AND POLITICAL FACTORS TO CONSIDER IN
CHANGING TAX POLICY TO INCREASE
THE CALIFORNIA TOBACCO TAX

1. Substance of the tobacco tax increase proposal

a. Amount of increase

- 1) How much should it be? Comparison with other states?
- 2) What number would minimize problem for machine vendors?
- 3) Cigarettes only or proportionate increase for other tobacco products?
- 4) Is the amount of the increase and the amount of revenue raised in consonance with the social rationale for the increase?

b. Effective date of the increase

- 1) What date would create the fewest administrative problems for the agency which would collect the tax?
- 2) What date would create the fewest problems for those who pay the tax...distributors, machine vendors, etc.?

c. Collection of the tax

- 1) Which agency should be responsible for collection?
- 2) Administrative costs of collecting 35 cents as compared to 10 cents.

d. Use of revenue derived from the tax

- 1) Should entitlements to proceeds from current tax be preserved? What are the rationales?
- 2) Earmarking assuming proceeds of the increase would go toward smoking prevention education, research for smoking-related diseases and provision of health care for the indigent, how will decisions be made as to:
 - a) Operational definitions of "education", "research" and "health care"?
 - b) Specific activities which fall within the operational definitions.
 - c) Whether all implementing programs are administered by public employees only or whether the state will contract with private agencies for services.
 - d) Percentage distribution among education, research and health care.

e. Administration of distribution of tax proceeds

- 1) Should statutory provision be made for a gross division of proceeds to administering agencies (e.g., 1/3 to department of Education to administer research and health care programs) and rely on each Department to implement by regulation?
- 2) Create advisory committee and stipulate composition?

3. Require distribution to go through budget appropriation process with all proposed expenditures subject to legislative review?

f. Administering state agencies

- 1) One (e.g., DHS) or several (e.g., DHS, DOE, UC).
- 2) Existing agency or create new one?
- 3) How do other states do it?

g. Maintenance of effort

- 1) Device to be used (e.g., "State shall not expend less dollar amounts than expended in 1987-88 fiscal year for Medi-Cal, health care for the indigent, etc.").
- 2) Important that all new revenues seen as funds to augment existing programs, not as substitute for present funding. Critical because tax is designed to reduce smoking, will therefore eliminate itself if successful.

- h. Should bill proposal be identical to initiative proposal so that proponents can argue that the legislative process was attempted without success and therefore the people must take the matter into their own hands?

- i. Who are the interested parties in a proposed tax increase? Which among them have sufficient power that they can influence the policy outcome?

2. Political questions which must be addressed whether attempting to enact legislation or passing an initiative

- a. Legislative strategy must be consistent with initiative strategy.

- b. A thoughtfully developed, philosophically consistent, rationale is needed for:

- 1) Earmarking for specific purposes and no others.
- 2) Why cigarettes (all tobacco?) and not other harmful substances (e.g., alcohol).
- 3) The user-fee concept.
- 4) Social justification for requiring smokers to pay health care costs, smoking prevention education costs, and smoking-related disease research costs.

- c. Should the coalition which sponsors the bill be the same as the one which sponsors the initiative?

- 1) Who would do the lobbying?
- 2) Who would finance the initiative?

- d. Public opinion survey research on fundamental policy questions.
 - 1) To what extent would non-smokers support an increase in tax?
 - 2) To what extent would smokers support an increase?
 - 3) How much of an increase?
 - 4) Priority uses of the proceeds.
 - 5) Support for user-fee concept.
 - 6) Support for distributing proceeds to non-health related uses.
- e. Coordinate vs. separate individual media relations strategy.
- f. Possibility of developing a lobbying "game plan", creating a lobbying control committee, and getting advance commitments for execution. Hold weekly strategy sessions during legislative consideration.
- g. Development of major arguments which can be made:
 - 1) In favor
 - 2) against
 - 3) proponent's responses to opponent's arguments
- h. Strategy for approaching the opposition
 - 1) Who will comprise the opposition—cigarette manufactures, distributors, retailers, vending machine operators, etc.?
 - 2) How committed is each likely to be?
- i. Authorship of legislation
 - 1) Chairman of Revenue and Taxation Committees in each house?
 - 2) As many co-authors as possible?
 - 3) Bi-partisan?
 - 4) Better one party or the other?

3. Pre-initiative planning

- a. Survey of potential supporters
 - 1) Will you support?
 - 2) Resource Commitment?
 - 3) When?
- b. Public opinion survey research
 - 1) Benchmark Survey
 - 2) Who pays?
- c. Creation of preliminary planning committee
 - 1) Small as possible?
 - 2) Comprised of certain supporters only?

d. PPC discuss possibilities with campaign management firms

- 1) Interest in taking the yes campaign.
- 2) Possible strategy?
- 3) Probable cost of a winning campaign.

e. PPC discuss possibilities with professional fundraisers

- 1) Interest
- 2) Potential

4. Initiative planning

a. Organizational structure of sponsoring coalition

- 1) Umbrella for all supporting parties.
- 2) Steering committee (money).
- 3) Executive committee (more money).
- 4) Control committee which will direct campaign consultants and other officers of the campaign committee (lots of money).

b. Retain:

- 1) Legal counsel
- 2) Professional fundraiser
- 3) Campaign consultant

c. Campaign budget:

- 1) Minimum/optimum.

d. Public opinion survey research.

e. Initiative timing flow chart.

f. Draft Initiative proposal.

g. Circulation of petitions/qualification strategy.

COALITION



**for a
HEALTHY**

CALIFORNIA



The Facts About

CHILDREN AND TOBACCO

Efforts which prevent or postpone the onset of tobacco use have the greatest potential to reduce the number of users.

- ▶ 90% of all smokers start by age 19 and 60% start by age 14, four years before they are legally entitled to smoke in California.
- ▶ 34% of California 9th graders and 31% of 11th graders smoked within the last six months. (January, 1986)
- ▶ Smoking rates among young people have not declined at the same rate as smoking among adults. Smoking among young females is significantly above their male counterparts.
- ▶ 16 percent of males between the ages of twelve and twenty-five use some form of smokeless tobacco. 25-35 percent of adolescent males (in some regions) currently use smokeless tobacco.
- ▶ 34% of Californians between the ages of eighteen and twenty-four smoke compared to 18% of those over the age of 65.
- ▶ Nationally, 3,279,000 children between the ages of twelve and seventeen smoke an average of 16 cigarettes each day.

CAN A TOBACCO TAX KEEP CHILDREN OFF TOBACCO?

- ▶ The proposed tobacco tax will earmark 20% of revenues — \$130 million annually — to "programs for the prevention and reduction of tobacco use, primarily among children, through school and community health education programs."
- ▶ Health education taught well, works. The Centers for Disease Control in Atlanta report "one of the most interesting behavior changes is the delay of onset of cigarette smoking." If all elementary school children participated in a good program, 150,000 fewer 12-year olds would start smoking each year.
- ▶ A good health education program costs as little as \$6 per student each year.
- ▶ Children and teenagers are influenced by the price of cigarettes when deciding to smoke. Experts predicted that a 16 cent increase in the Federal tobacco tax would cut the number of smokers under the age of 19 by 800,000 nationwide.
- ▶ A 25 cent tax increase in California could discourage as many as 100,000 children and teenagers from using tobacco each year.

COALITION

for a

HEALTHY

CALIFORNIA



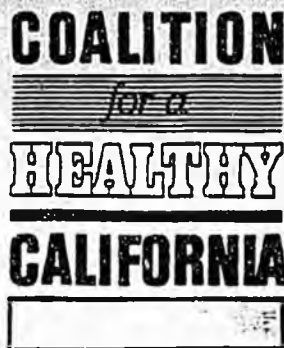
Public Opinion

About Tobacco Use

What voters know and feel about tobacco use affects the final outcome of the campaign, but it may not be decisive. Advertising by the tobacco industry can confuse and mislead voters.

However, the declining number of smokers and changing public opinion about the issue may create obstacles which the tobacco companies cannot overcome.

- ▶ Only 25% of California adults smoke, down from 32% in 1980. Of the five million Californians still smoking approximately 25% tried to quit during the last Great American Smokeout in November 1987.
- ▶ 68% of Californians favor the provisions of the Tobacco Tax and Health Protection Act, 27% are opposed and 5% are undecided. Of the 68% in favor, 56% are "strongly" in favor. The 56% "strong" support will be exceptionally difficult for tobacco industry advertising to overcome. (1987)
- ▶ 77% of smokers surveyed by the Gallup Poll said they would like to stop smoking, up from 66% in 1981. (1987)
- ▶ 47% of teenagers support a nationwide ban on tobacco sales. Well over 50% of above average students living in the East support the idea. Roughly 70% of the same students support a ban on selling tobacco to those under 21 years of age. (1988)
- ▶ College students assign smoking the rank of 3rd among activities with the greatest risk. (1987)
- ▶ 87% of Americans, smokers and non-smokers alike, now believe companies should either ban smoking at work totally or restrict it to designated areas. (1986)
- ▶ 94% of Americans believe smoking is hazardous to health. (1986)
- ▶ 75% of all Americans believe that smokers should not light up in the presence of non-smokers. (1986)
- ▶ 67% of Californians support increasing the tax on tobacco products to fund parks and recreation areas. (1987)



What Smoking Costs

Your Company

- ▶ An employer can save at least \$345 per employee every year during the first three years after they quit smoking. In Los Angeles, the savings estimate is \$675 each year.
- ▶ Employees who quit smoking continue to save company money in years four through ten at the rate of \$224 per year.
- ▶ Assuming 30% of employees smoke, a company which has 5000 employees will save \$1,552,500 over the first three years if all its employees stop smoking. A similar sized Los Angeles company will save \$4,657,500 over three years.
- ▶ A large employer with 50,000 employees would have 15,000 smokers and save \$15,525,000 in the first three years of its smoke free environment.

It is unrealistic for any company to plan on total success in smoking cessation efforts, but savings are evident at every level of success. Where do the savings come from?

- ▶ Smokers use 50 percent more sick leave, and have fifty percent more use of the health care system.
- ▶ Smokers have twice the mortality rate during working years.
- ▶ Smoking wastes 6 percent of an employees work time.
- ▶ Smoking increases the health care costs for employees affected by "second-hand" smoke.
- ▶ Working in the presence of smokers reduces morale and productivity among non-smoking personnel.
- ▶ Smoking increases maintenance and cleaning costs and requires a much larger investment in air conditioning and circulation.
- ▶ Of the total California health care bill of \$35.4 billion in 1983, it is estimated that \$5.6 billion was spent treating tobacco related diseases.
- ▶ Nationally, middle range estimates put 1985 health care costs attributable to smoking at \$22 billion and lost productivity at \$43 billion for a total of \$65 billion or \$2.17 cost for each pack of cigarettes sold.

The Tobacco Tax and Health Protection will:

- ▶ Reduce the flow of new smokers and tobacco users into the workplace.
- ▶ Fund uncompensated medical care for patients without medical insurance thereby reducing the need for doctors and hospitals to charge their insured patients more.
- ▶ Support medical research which will improve prevention and treatment of tobacco related diseases.

I. What is Tobacco?

1. The tobacco industry is a \$32 billion enterprise in this country. (Wall Street Journal, 11-14-86)
2. 98% of all cigarettes manufactured in this country are made by six companies. (Coalition on Smoking or Health)
3. Cigarettes contain at least 48 known carcinogens including nicotine, tar, carbon monoxide, ammonia, and benzopyrene. There is no such thing as a safe level of exposure to cigarette smoking. (Office of Smoking and Health)
- * 4. The nicotine in tobacco is six to eight times more addictive than alcohol. Its addictive power bears a "stunning" resemblance to opium and heroin. (Harvard University; National Institute on Drug Abuse)

II. Who decides to Smoke? - Kids!

1. Approximately 30% of Americans now smoke; 33% male and 28% females.
- * 2. In general, adults don't make the decision to smoke—kids do. 90% of all smokers make their decision to start smoking before the age of 20. 60% begin by the age of 14; 22% by the age of nine. (Health Affairs)
- * 3. 80% of teenage smokers are addicted before they leave the 9th grade. (Health Notes)
4. Each day, approximately three to five thousand U.S. kids smoke for the first time. (Cahan, G., "Smoking as a form of child Abuse," Washington Post May 22, 1985)
- * 5. The tobacco industry spent \$2.6 billion in the U.S. on advertising and promotion in 1985 primarily targeting the young and depicting users as healthy, athletic, active and attractive and relating tobacco use with pleasure and glamour. (Nonsmokers' Rights Foundation)
- * 6. A 10% increase (approximately 10 cents) in the price of cigarettes will lead to an overall 4.2% drop in cigarette smoking but a 14% drop in teenage smoking (U.S. Department Agriculture; JAMA, February 28, 1988)

III. The Cost of Tobacco Smoking to Society

- * 1. The U.S. Government spends approximately \$4.2 billion each year on the Medicare and Medicaid programs to pay for the cost of smoking related-illnesses. This cost to society works out to 14 cents for each pack of cigarettes. (Office of Technology and Assessment)

2. The U.S. Health care system spends approximately \$22 billion each year to treat smoking-related diseases. This cost to society computes to 72 cents for each pack of cigarettes sold. (Office of Technology and Assessment)
3. Another \$43 billion in productivity losses in the U.S. economy are attributable to cigarette smoking. This amounts to \$1.45 for each pack of cigarettes sold. (Office of Technology and Assessment).
- * 4. The total cost of cigarette smoking to society totals (#2 and #3 above) to \$65 billion. This amounts to \$2.17 per pack of cigarettes sold. (Office of Technology and Assessment)
5. Nevertheless, taxes for a pack of cigarettes in California are only 16 cents for federal tax and 10 cents of state tax, totalling to 26 cents per pack. The rest of the costs caused by cigarettes are subsumed in individual private health insurance premiums and taxes.

IV. California's Cigarette Tax

1. California's cigarette tax has remained at 10 cents per pack since 1967. (Board of Equalization)
2. Only six other states, primarily tobacco growing states have a lower rate than California. Nevada and Arizona tax at 15 cents per pack while Oregon taxes at 27 cents per pack (Board of Equalization).

V. Human Costs of Cigarette Smoking

- * 1. Approximately 350 thousand people die each year due to smoking related illnesses. This accounts for one of every six deaths. (Office of Technology and Assessment).
2. Smoking is associated with 30% of all cancers. (American Cancer Society)
3. Smoking causes 85% of all lung cancer deaths (130 thousand in 1984 in the U.S.) and is the major cause of lung cancer in women. (American Cancer Society)
4. Smoking causes 90% of all cases of bronchitis and emphysema (American Cancer Society)
5. Besides being the primary cause of lung cancer, smoking is also a major cause of cancer of the larynx, oral cavity and esophagus. It contributes to cancer of the urinary bladder, kidney and pancreas. (American Cancer Society)

6. Smoking is the major cause of coronary heart disease (American Cancer Society)
7. Smoking results in low birth weight babies and contributes to higher miscarriages (American Cancer Society)

VI. Miscellaneous Statistics

1. Polls indicate that 85% of smokers would like to quit (American Cancer Society)
2. Employers will save approximately \$850 per employee per year for each employee who quits smoking. (IBM)
4. Cigarette-caused fires kill over 2,300 people and burn 5,000 others each year in the U.S. and cause over 30 million in property damage. (IBID, pg. 5)
5. The December 1984 Report of the U.S. Surgeon General concluded that cigarette smoking represents a greater cause of death and disability than any other factor in the workplace. (U.S. Surgeon General).
6. In 1985, Canada raised its cigarette taxes an additional 25 cents per pack, bringing the total Canadian federal tax to 82 cents per pack of 25 cigarettes. Heavy provincial taxes increase the average selling price of a pack of 25 cigarettes to \$2.54 (CDN). In Newfoundland the average price is \$3.39 (CDN) per pack.

TABLE 1
CIGARETTE TAX RATE AND REVENUE, 1949 - 1987

YEAR	CIGARETTE TAX RATE (CENTS PER PACK)			CIGARETTE TAX REVENUE (\$1,000)			NOTES:
	DEDICATED TAX	ADDITIONAL TAX	TOTAL	DEDICATED TAX	ADDITIONAL TAX	TOTAL	
49	5	0	5	299.8	0.0	299.8	1949--Tobacco Tax Act enacted. Tax levied on all types of tobacco products at varying rates. Receipts deposited in the School Fund and dedicated to school construction.
50	5	0	5	442.6	0.0	442.6	
51	5	0	5	643.1	0.0	643.1	
52	5	0	5	808.6	0.0	808.6	
53	5	0	5	825.1	0.0	825.1	
54	5	0	5	825.5	0.0	825.5	
55	5	0	5	1,015.8	0.0	1,015.8	1955--Tobacco Tax Act repealed and replaced with the Cigarette Tax Act. Tax of 2.5 mills levied on cigarettes. Receipts deposited in the School Fund.
56	5	0	5	1,127.0	0.0	1,127.0	
57	5	0	5	1,041.6	0.0	1,041.6	
58	5	0	5		0.0		
59	5	0	5		0.0		
60	5	0	5		0.0		1959--Statehood. Dedicated taxes, except for those existing prior to ratification of the constitution, prohibited.
61	5	0	5		0.0		
62	5	3	8				1961--Additional tax of 1.5 mills levied on cigarettes. Receipts deposited in the general fund.
63	5	3	8				
64	5	3	8				
65	5	3	8	1,303.1	781.9	2,085.0	
66	5	3	8	1,638.1	982.9	2,621.0	
67	5	3	8	1,530.0	918.0	2,448.0	
68	5	3	8	1,576.3	945.8	2,522.0	
69	5	3	8	1,643.8	986.3	2,630.0	
70	5	3	8	1,694.4	1,016.6	2,711.0	
71	5	3	8	1,854.4	1,112.6	2,967.0	
72	5	3	8	2,015.0	1,209.0	3,224.0	
73	5	3	8	2,015.0	1,209.0	3,224.0	
74	5	3	8	2,143.8	1,286.3	3,430.0	
75	5	3	8	2,521.1	1,511.6	4,032.7	
76	5	3	8	2,883.7	1,733.6	4,617.3	
77	5	3	8	3,033.0	1,817.7	4,850.7	
78	5	3	8	2,886.6	1,740.6	4,627.2	
79	5	3	8	2,756.5	1,654.0	4,410.5	
80	5	3	8	2,679.7	1,602.8	4,282.5	
81	5	3	8	2,837.0	1,714.7	4,551.7	
82	5	3	8	3,067.0	1,827.0	4,894.0	
83	5	3	8	3,306.0	2,000.0	5,306.0	
84	5	3	8	3,391.0	2,000.0	5,391.0	
85	5	3	8	3,295.0	2,000.0	5,295.0	1985--Additional tax raised to 5.5 mills.
86	5	11	16	2,833.0	4,938.2	7,771.2	
87	5	11	16	3,239.0	6,657.2	9,896.2	

SOURCE: Alaska Department of Revenue.

1. Revenue from the dedicated portion of the tax are deposited in the "School fund" and are available for appropriation to the Department of Education for the exclusive purpose of school construction.
2. Revenue from the additional tax are deposited in the general fund and may be appropriated for any purpose.

Prepared by the House Research Agency, February 1988, (88-173).

TABLE 1
CIGARETTE TAX RATE AND REVENUE, 1949 - 1987

YEAR	CIGARETTE TAX RATE (CENTS PER PACK)			CIGARETTE TAX REVENUE (\$1,000)			NOTES:
	DEDICATED TAX	ADDITIONAL TAX	TOTAL	DEDICATED TAX	ADDITIONAL TAX	TOTAL	
49	5	0	5	299.8	0.0	299.8	1949--Tobacco tax Act enacted. Tax levied on all types of tobacco products at varying rates. Receipts deposited in the School Fund and dedicated to school construction.
50	5	0	5	442.6	0.0	442.6	
51	5	0	5	643.1	0.0	643.1	
52	5	0	5	808.6	0.0	808.6	
53	5	0	5	825.1	0.0	825.1	
54	5	0	5	825.5	0.0	825.5	1955--Tobacco Tax Act repealed and replaced with the Cigarette Tax Act. Tax of 2.5 mills levied on cigarettes. Receipts deposited in the School Fund.
55	5	0	5	1,015.8	0.0	1,015.8	
56	5	0	5	1,127.0	0.0	1,127.0	
57	5	0	5	1,041.6	0.0	1,041.6	
58	5	0	5		0.0	0.0	
59	5	0	5		0.0	0.0	1959--Statehood. Dedicated taxes, except for those existing prior to ratification of the constitution, prohibited.
60	5	0	5		0.0	0.0	
61	5	0	5		0.0	0.0	
62	5	3	8				1961--Additional tax of 1.5 mills levied on cigarettes. Receipts deposited in the general fund.
63	5	3	8				
64	5	3	8				
65	5	3	8	1,303.1	781.9	2,025.0	
66	5	3	8	1,638.1	982.9	2,621.0	
67	5	3	8	1,530.0	918.0	2,448.0	
68	5	3	8	1,576.3	945.8	2,522.0	
69	5	3	8	1,643.8	986.3	2,630.0	
70	5	3	8	1,694.4	1,016.6	2,711.0	
71	5	3	8	1,854.4	1,112.6	2,967.0	
72	5	3	8	2,015.0	1,209.0	3,224.0	
73	5	3	8	2,015.0	1,209.0	3,224.0	
74	5	3	8	2,143.8	1,286.3	3,430.0	
75	5	3	8	2,521.1	1,511.6	4,032.7	
76	5	3	8	2,883.7	1,733.6	4,617.3	
77	5	3	8	3,033.0	1,817.7	4,850.7	
78	5	3	8	2,886.6	1,740.6	4,627.2	
79	5	3	8	2,756.5	1,654.0	4,410.5	
80	5	3	8	2,679.7	1,602.8	4,282.5	
81	5	3	8	2,837.0	1,714.7	4,551.7	
82	5	3	8	3,067.0	1,827.0	4,894.0	
83	5	3	8	3,306.0	2,000.0	5,306.0	
84	5	3	8	3,391.0	2,000.0	5,391.0	
85	5	3	8	3,295.0	2,000.0	5,295.0	1985--Additional tax raised to 5.5 mills.
86	5	11	16	2,833.0	4,938.2	7,771.2	
87	5	11	16	3,239.0	6,657.2	9,896.2	

SOURCE: Alaska Department of Revenue.

1. Revenue from the dedicated portion of the tax are deposited in the "School Fund" and are available for appropriation to the Department of Education for the exclusive purpose of school construction.
2. Revenue from the additional tax are deposited in the general fund and may be appropriated for any purpose.

Prepared by the House Research Agency, February 1988, (88-173).

ATTACHMENT D
Cigarette Tax Act, AS 43.50.010 - 190

(4) "user" means a person consuming or using motor fuel, who either (A) purchases the fuel out of the state and ships it into the state for personal use in the state;

(B) manufactures the fuel in the state; or

(C) purchases or receives fuel in the state that is not taxed at the time of purchase or receipt or is taxed at a rate that is less than the rate prescribed by AS 43.40.010. (§ 48-5-1 ACALA 1949; am § 1 ch 56 SLA 1949; am § 9 ch 47 SLA 11:55; am § 26 ch 70 SLA 1964; am §§ 6, 7 ch 158 SLA 1970; am § 1 ch 74 SLA 1972; am § 5 ch 116 SLA 1977; am § 10 ch 83 SLA 1980; am §§ 10 — 12 ch 82 SLA 1982; am § 4 ch 87 SLA 1983)

Revisor's notes. — Paragraphs (3) and (4) were renumbered in 1983 to achieve alphabetical order.

Effect of amendments. — The 1980 amendment added subparagraph (F) in paragraph (2).

The 1982 amendment, in paragraph (2), added subparagraphs (G)-(H), in paragraph (3) added the subparagraph (A) and

(B) designations, substituted "personal use" for "his own use" and deleted "or" from the end, in subparagraph (A), added "or" to the end of subparagraph (B), and added subparagraph (C); and added paragraph (4).

The 1983 amendment added paragraph (2)(L).

Secs. 43.40.110 — 43.40.120. *Additional tax levy on transfers or consumption of motor fuel. [Repealed, § 8 ch 158 SLA 1970.]*

Chapter 43. Disaster Taxes.

Secs. 43.43.010 — 43.43.060. *Disaster relief tax. [Repealed, § 1 ch 48 SLA 1969.]*

Secs. 43.43.110 — 43.43.160. *Disaster Severance tax. [Repealed, § 2 ch 247 SLA 1970.]*

Chapter 45. School Tax.

[Repealed, § 3 ch 166 SLA 1976; § 2 ch 64 SLA 1980; § 46 ch 113 SLA 1980.]

Chapter 50. Tobacco Tax.

Article

- 1 Cigarette Tax Act (§§ 43.50.010 — 43.50.180)
- 2 Additional Cigarette Tax (§ 43.50.190)

Collateral references. — 51 Am. Jur. 2d, Licenses and Permits, § 5, 16; 71 Am. Jur. 2d, State and Local Taxation, § 616; 53 C.J.S., Licenses, § 30

Article 1. Cigarette Tax Act.

Section

- 10. Licensee
- 20. Separate licensee
- 30. Licensee fees
- 35. Wholesaler-distributor licensee
- 40. Expiration of licenses
- 50. Transfer of licensee
- 60. Refunds
- 70. Revocation of licensee

Section

- 80. Returns
- 90. Tax imposed
- 100. Civil penalties
- 130. Records
- 140. Disposition of proceeds
- 150. Administration
- 170. Definitions
- 180. Short title

Sec. 43.50.010. **License.** (a) No person may sell, purchase, possess, or acquire cigarettes as a manufacturer, distributor, direct-buying retailer, vending machine operator, or buyer without a license.

(b) The department, upon application and payment of the fee, shall issue a license to each manufacturer, distributor, direct-buying retailer, vending machine operator, or buyer. The department shall make reasonable regulations which it considers necessary in respect to the application for and the issuance of licenses.

(c) The department may refuse to issue a license if there is reasonable cause to believe that the applicant has wilfully withheld information requested to determine the applicant's eligibility to receive a license, or if there is reasonable cause to believe that information submitted in the application is false or misleading and is not made in good faith.

(d) A license required by this chapter is in addition to any other license required by law.

(e) A license issued under this chapter shall include

- (1) the name and address of the licensee;
- (2) the type of business to be conducted; and
- (3) the year for which the license is issued. (§ 3 ch 187 SLA 1955; am § 38 ch 113 SLA 1980)

Effect of amendments. — The 1980 amendment added subsection (e).

Sec. 43.50.020. **Separate licensee.** If a person operates more than one place of business, the person must obtain a separate license for each place of business, except that a person operating one or more cigarette vending machines is considered to have only one place of business for the purpose of a license under AS 43.50.010 — 43.50.180. A person licensed only as a manufacturer, distributor, direct-buying retailer, vending machine operator, or buyer may not operate in another capacity unless the appropriate license for it is first secured. Each license shall be exhibited at the place of business for which it is issued and in the manner prescribed by the department. (§ 4 ch 187 SLA 1955)

Sec. 43.50.030. License fees. (a) For each license issued to a manufacturer, and for each renewal, the fee is \$5.

(b) For each license issued to a distributor or wholesaler-distributor, and for each renewal, the fee is \$50.

(c) For each license issued to a vending machine operator, and for each renewal, the fee is \$25.

(d) For each license issued to a direct-buying retailer, and for each renewal, the fee is \$25.

(e) For each license issued to a buyer, and for each renewal, the fee is \$25.

(f) No license may be issued except upon the payment of the fee notwithstanding a statute or exemption to the contrary. (§ 5 ch 187 S.L.A. 1955; am § 1 ch 47 S.L.A. 1964)

Sec. 43.50.035. Wholesaler-distributor license. A person may qualify for a wholesaler-distributor license by furnishing a good and sufficient surety bond in an amount equal to twice the average monthly return and in no case less than \$5,000, payable to the department and approved by the Department of Law. If a wholesaler-distributor fails to pay the cigarette tax when due, the bond may be forfeited and the license revoked. The department may issue permits in place of bonds to resident holders of wholesaler-distributor licenses doing business wholly in the state who pay the tax before shipment. (§ 2 ch 47 S.L.A. 1964)

Sec. 43.50.040. Expiration of licenses. A license issued under AS 43.50.010 expires on June 30, following the date of issue. If a license is revoked, or the business for which the license is issued changes ownership or the licensee changes the place of business from the premises covered by the license, the licensee shall immediately return the license to the department. If the licensee moves the business to another location in the state, the license shall, upon the payment of a fee of 50 cents, be reissued for the new location for the balance of the unexpired term. The licensee, on application to the department accompanied by the renewal fee, may, before the expiration of the license, renew the license for one year from the expiration date of the license. (§ 6 ch 187 S.L.A. 1955)

Sec. 43.50.050. Transfer of licenses. A license is not assignable or transferable. However in the case of death, bankruptcy, receivership, or incompetency of the licensee, or if the business of the licensee is transferred to another by operation of law, the department may extend the license for a limited time to the executor, administrator, trustee, receiver, or the transferee. (§ 7 ch 187 S.L.A. 1955)

Sec. 43.50.060. Refunds. The department may not refund the license fee upon the surrender or revocation of a license. The department may refund a license fee that is paid or collected in error. If a

license is lost, destroyed, or defaced, the department may issue a duplicate license upon payment of a fee of 50 cents. (§ 8 ch 187 S.L.A. 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 S.L.A. 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 months and other information which the department may require. (§ 10 ch 187 S.L.A. 1955; am § 3 ch 47 S.L.A. 1964)

Sec. 43.50.090. Tax imposed. (a) There is levied an excise tax of two 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 covered 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.

(b) 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.

(c) The tax imposed under (a) of this section does not apply to cigarettes imported or acquired in the state by an exchange, commissary, 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 S.L.A. 1955; am § 5 ch 94 S.L.A. 1977)

Constitutionality of 1977 art. Chap-
ter 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. *North
Slope Borough v. Sibiru Petroleum Corp.*,
Sup Ct Op No 1750 (File No. 3460,
3513, 3659), 585 P 2d 534 (1976).

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.)* (1) 12 ch 187 SLA 1955; am § 4 ch 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 43.05.240.

Effect of amendments. -- The 1980 amendment repealed subsection (a), (c), 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.

(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 its share 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.

Sec. 43.50.160. 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. (b) 17 ch 187 SLA 1955; am § 39 ch 113 SLA 1980)

Effect of amendments. -- The 1980 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 1980. 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 187 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 187 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 43.05" in the third sentence of subsection (b).

Chapter 55. Oil and Gas Properties Production Tax.

Section

11 Oil production tax
12 Adjustment in tax rates
13 Economic limit factor
16 Gas production tax
17 Relation to other taxes
20 Payment of tax
30 Filing of statements
40 Powers of Department of Revenue

Section

50 Incorrect returns
60 Delinquency
80 Collection and deposit of revenue
90 Refunds
110 Administration
135 Measurement
140 Definitions
150 Determination of gross value

Collateral references. — 71 Am Jur 2d, State and Local Taxation, §§ 218 — 220.

84 C.J.S., Taxation, §§ 404, 410.
State tax on or in respect of goods shipped in interstate commerce to consignee for sale on consignee's account without previous sale or order for purchase, 4 ALR2d 244.

Constitutional exemption from taxation as subject to legislative regulation respecting conditions of its assertion, 4 ALR2d 744.

Power of legislature to remit, release, or compromise tax claim, 28 ALR2d 1425.

When right to refund of state or local taxes accrues, within statute limiting time for applying for refund, 46 ALR2d 1350.

Legislative power to exempt from taxation property, purposes, or uses additional to those specified in constitution, 61 ALR2d 1031.

Financial hardship or inability to pay taxes as rendering inapplicable statutes denying remedy by injunction against assessment or collection of tax, 65 ALR2d 550.

Expenses and taxes deductible by lessee in computing lessor's oil and gas royalty or other return, 73 ALR2d 1056.

Sec. 43.55.010. Gross production tax. [Repealed, § 9 ch 136 SLA 1977.]

Sec. 43.55.011. Oil production tax. (a) There is levied upon the producer of oil a tax for all oil produced from each lease or property in the state, less any oil the ownership or right to which is exempt from taxation. The tax is equal to either the percentage-of-value amount calculated under (b) of this section or the cents-per-barrel amount calculated under (c) of this section, whichever is greater, multiplied by the economic limit factor determined for the oil production of the lease or property under AS 43.55.013. If the amounts calculated under (b) and (c) of this section are equal, the amount calculated under (b) of this section shall be treated as if it were the greater for purposes of this section.

(b) The percentage-of-value amount equals 12.25 percent of the gross value at the point of production of taxable oil produced on or before June 30, 1981, from the lease or property and 15 percent of the gross value at the point of production of taxable oil produced from the lease or property after June 30, 1981; except that for a lease or property coming into commercial oil production after June 30, 1981, the percentage-of-value amount equals 12.25 percent of the gross value at the point of production of taxable oil produced from the lease or prop-

§ 43.40.035

15.260. (§ 2 ch 24

ces and

.030)

Gaming Devices.

tor of coin-operated

artment, to be depos-

citizen of the United
ast one year, and has
corporation an affida-
vee of the corporation.
); § 118 ch 6 SLA

e year" for "and a bona fide
e state for more than three
agraph (2).

l Tax.

ts. (a) A person who re-
(a) or (b) was previously
x if (1) the resold fuel is
43.40.010(l) have been
paid exceeds the tax due
und under this section is
n the resold fuel less the
a) or (b).
is written consent of the
dit or refund under this

§ 43.50.140

REVENUE AND TAXATION

§ 43.50.190

section directly from the supplier rather than by filing a claim for the credit or refund with the department. When an election is properly made under this subsection, the supplier may claim the credit or refund from the department. To be effective an election under this subsection must be signed in quadruplicate by the reseller and by the supplier. The reseller and the supplier shall each file one copy of the election, with original signatures, with the department. The reseller and supplier shall each retain a copy of the election with original signatures for audit review by the department. If an election is made under this subsection, it may not be revoked without the express written consent of the supplier. (§ 6 ch 82 SLA 1982; am § 3 ch 87 SLA 1983)

Editor's notes. — This section is set out above to correct a minor error in the main pamphlet.

Chapter 50. Tobacco Tax.

Article

2. Additional Cigarette Tax (§ 43.50.190)

Article 1. Cigarette Tax Act

Sec. 43.50.140. Disposition of proceeds.

NOTES TO DECISIONS

Distribution to particular recipients not required. — There is no express requirement in this section that school fund proceeds be distributed to any particular recipient and, in the view of the Alaska

Supreme Court, there are no grounds for implying such a requirement. Southwest Region School Dist. v. Department of Educ., Sup. Ct. Op. No. 3099 (File No. S-1030), P.2d (1986).

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 five 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; am § 2 ch 24 SLA 1985)

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Revenue
 Title: An Act Increasing the Excise
Tax on Cigarettes BRU: _____
 Sponsor: Ellis and Koponen Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	4324.1	4194.5	4194.5	4194.5	4194.5

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 for analysis.

See attached page.

Prepared By: David Tonkovich
 Division: Research

Phone: 465-2173
 Date: January 19, 1989

Approved by Commissioner: _____
 Agency: Department of Revenue

Date: 1/29/89

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

ANALYSIS

1. Assumes effective date of legislation is July 1, 1989.
2. Total cigarette consumption has fallen six percent per year for the three year period ending in FY88. Forecasts under present law assume consumption will drop three percent in FY89 and FY90, then remain level through FY94.
3. The increase in cigarette prices due to the higher tax will reduce consumption. It is estimated that the quantity of cigarettes sold will fall by three percent from the level presently forecast.
4. Revenues to the School Fund will decrease by about \$72,000 each year as that tax rate is not changed by the proposed legislation.

COMMENT

The latest information indicates that Alaska ranks somewhere in the bottom one-third among states that levy a tax on cigarettes. The highest tax is assessed by Minnesota at 38 cents per pack and the lowest by North Carolina at 2 cents per pack. The state of Alaska levies 16 cents per pack on cigarettes. There are thirty-five states that levy a higher rate than Alaska.

1

B

0

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SENATE COMMITTEE REPORT

FURTHER

4/28/89

DATE TURNED INTO OFFICE

5/5/89

Mr. President:

Finance

Committee considered

CSHB 80 (HESS)

excise tax on cigarettes, and authorizing municipalities to levy and collect taxes on the retail sale of cigarettes and tobacco products without limitation and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S)

zero

^{DOR 9125.7 revenue} fiscal impact

appropriation no FN

new

updated

previous

same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature] - No Rec

[Signature] No Rec

[Signature] - no rec

[Signature] - No Rec

[Signature] (No Rec)

Chair: _____ signature and recommendation

[Signature] Do PASS
CO-CHAIR

Committee Backup attached

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CSHB 80 (HESS)
PUBLISH DATE: HOUSE 3/15/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act Increasing the Excise
Tax on Cigarettes
Sponsor: Ellis and Koponen
Requestor: (H)HESS Committee

Agency Affected: Revenue
BRU: Income & Excise Audit
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	9128.7	8854.8	8854.8	8854.8	8854.8	8854.8

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: See attached.

Prepared By: Steven E. Kettel
Division: Income and Excise Audit

Phone: (907) 465-2320
Date: March 9, 1989

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: March 9, 1989

Distribution (by preparer):

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

Adopted

March 9, 1989

Analysis

1. Assumes effective date of legislation is July 1, 1989.
2. Total cigarette consumption has fallen six percent per year for the three year period ending in FY88. Forecasts under present law assume consumption will drop three percent in FY89 and FY90, then remain level through FY94.
3. The increase in cigarette prices due to the higher tax will reduce consumption. It is estimated that the quantity of cigarettes sold will fall by three percent from the level presently forecast.
4. Revenues to the School Fund will decrease by about \$72,000 each year as that tax rate is not changed by the proposed legislation.

Comment

The latest information indicates that Alaska ranks somewhere in the bottom one-third among states that levy a tax on cigarettes. The highest tax is assessed by Minnesota at 38 cents per pack and the lowest by North Carolina at 2 cents per pack. The state of Alaska levies 16 cents per pack on cigarettes. There are thirty-five states that levy a higher rate than Alaska.

Original sponsors: Ellis, Koponen,
and M.Davis

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 80 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act increasing the excise tax on cigarettes, and
7 authorizing municipalities to levy and collect taxes
8 on the retail sale of cigarettes and tobacco products
9 without limitation."

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

11 * Section 1. AS 29.45.650(a) is amended to read:

12 (a) Except as provided in (f) and (g) of this section, a borough
13 may levy and collect a sales tax not exceeding six percent on sales,
14 rents, and on services provided in the borough. The sales tax may
15 apply to any or all of these sources. Exemptions may be granted by
16 ordinance.

17 * Sec. 2. AS 29.45.650 is amended by adding a new subsection to read:

18 (g) The limitation on the rate of levy specified in (a) of this
19 section does not apply to taxes imposed on sales of cigarettes and
20 tobacco products at retail. For purposes of this subsection,

21 (1) "cigarette" has the meaning given in AS 43.50.170;

22 (2) "tobacco product" has the meaning given in AS 43.50.-
23 390.

24 * Sec. 3. AS 43.50.190(a) is amended to read:

25 (a) There is levied an excise tax of 15 [FIVE AND ONE-HALF]
26 mills on each cigarette imported or acquired in this state.

EFFECT OF CSHB 80

CURRENT LAW

UNDER CSHB80

MILL RATE PER
CIGARETTE
dedicated to
School Fund

AS 43.50.090 = 2.5 MILLS

AS 43.50.090 = 2.5 MILLS
(NO CHANGE)

MILL RATE PER
CIGARETTE
collected for
General Fund

AS 43.50.190 = 5.5 MILLS

AS 43.50.190 = 15.0 MILLS
(9.5 MILL INCREASE)

COMBINED MONETARY EFFECT ON EACH
20 cigarette
pack

16 CENTS

35 CENTS
(19 CENT INCREASE)

There are currently two separate excise taxes levied on cigarettes. Taxes collected under AS 43.50.090, which predates the prohibition against dedicated funds, are deposited in the School Fund. Taxes collected under AS 43.50.190 are deposited in the General Fund. CSHB 80 amends AS 43.50.190 and increases General Fund revenues.

3

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

MEMORANDUM

March 7, 1989

SUBJECT: CSHB 80 (HESS)

TO: Representative Johnny Ellis, Chair
House Health, Education and Social Services
Committee
ATTN: Jim Nordlund

FROM: Jack Chenoweth
Legislative Counsel

Recent reports to the contrary notwithstanding, the committee substitute has the effect of raising the tax on cigarettes from 16 to 35 cents per pack:

Current law:

Imposed under AS 43.50.090 (dedicated fund)	2.5 mills*
Imposed under AS 43.50.190	5.5 mills*
Total	8.0 mills*

* rate per cigarette:

8.0 mills x 20 cigarettes per pack = 160 mills per
pack 10 mills = 1 cent therefore 160 divided by
10 = 16 cents per pack

Proposed under CSHB 80 (HESS):

Imposed under AS 43.50.090	2.5 mills*
Imposed under AS 43.50.190	15.0 mills*
Total	17.5 mills*

* rate per cigarette:

17.5 mills x 20 cigarette per pack = 350 mills per
pack 10 mills = 1 cent therefore 350 divided by
10 = 35 cents per pack

JC:gc
WKG7/112

HISTORY OF THE CIGARETTE TAX ACT

In 1949, the Territorial Legislature enacted the "Alaska Tobacco Tax Act" (Attachment A). Cigarettes, cigars, tobacco and snuff were taxed at various rates, and the resultant revenues were to be paid into a fund entitled the "School Fund," and were "...to be used for the exclusive purpose of rehabilitation, construction, and repair of Alaska's school facilities." (5)

In 1955, the Territorial Legislature repealed the tobacco tax, replacing it with the "Cigarette Tax Act" (Attachment B). Under this tax, an excise tax of 2.5 mills was levied on each cigarette imported or acquired within Alaska. The proceeds from the tax, as well as any fees and penalties, were to be paid into the "School Fund." As the prior act had specified, the new act required that these funds be used exclusively for school construction and repair. In addition, the new act specified that the funds could be used for the costs of insurance on school buildings during the period that the building was being rehabilitated, constructed or repaired.

Four years later, the Territory of Alaska became a state. The Alaska Constitution prohibited the dedication of state revenues to any special purpose except when required by the federal government for state participation in federal programs and except for those dedications existing prior to

ratification of the constitution by the people of Alaska.¹ Alaska Constitution, Article 9, Section 7 (Attachment C). Dedication of the 2.5 mill tax on cigarettes to the School Fund had occurred in 1955, prior to ratification of the constitution (1956) and was, therefore, a "grandfathered" dedication.²

In 1961, the legislature levied an additional tax on cigarettes of 1.5 mills. The revenue from this additional tax went to the general fund. In 1985, this tax was raised to 5.5 mills. Thus, there is currently an eight mill tax on cigarettes. Per pack, the tax is 16 cents. The current Cigarette Tax Act is Attachment D.

REVENUES FROM THE CIGARETTE TAX

Table 1 shows the cigarette tax rate and revenue from 1949 to 1987. In FY 87, total revenue from the cigarette tax were \$9.9 million. Of this revenue, \$3.2 million was dedicated to the School Fund, and \$6.6 million was general fund revenues.

DISTRIBUTION OF DEDICATED CIGARETTE TAX REVENUES

The legislature annually appropriates funds from the School Fund to the Department of Education, and the Department of Education is responsible for disbursing these cigarette tax proceeds to school districts for school construction. During the early 1980s, the appropriation was generally \$2.0 million to \$2.5 million. In FY 87, the appropriation was increased to \$3.5 million.

¹This section of the constitution was amended in 1977 to allow dedication of certain oil and gas revenues to the Permanent Fund.

²The other dedicated funds are described in the attached House Research Memorandum 85.319 "Dedicated Revenue Funds."

TABLE 1
CIGARETTE TAX RATE AND REVENUE, 1949 - 1987

YEAR	CIGARETTE TAX RATE (CENIS PER PACK)			CIGARETTE TAX REVENUE (\$1,000)			NOTES:
	DEDICATED TAX	ADDITIONAL TAX	TOTAL	DEDICATED TAX	ADDITIONAL TAX	TOTAL	
49	5	0	5	299.8	0.0	299.8	1949--Tobacco Tax Act enacted. Tax levied on all types of tobacco products at varying rates. Receipts deposited in the School Fund and dedicated to school construction.
50	5	0	5	442.6	0.0	442.6	
51	5	0	5	643.1	0.0	643.1	
52	5	0	5	808.6	0.0	808.6	
53	5	0	5	825.1	0.0	825.1	
54	5	0	5	825.5	0.0	825.5	
55	5	0	5	1,015.8	0.0	1,015.8	1955--Tobacco Tax Act repealed and replaced with the Cigarette Tax Act. Tax of 2.5 mills levied on cigarettes. Receipts deposited in the School Fund.
56	5	0	5	1,127.0	0.0	1,127.0	
57	5	0	5	1,041.6	0.0	1,041.6	
58	5	0	5		0.0		1959--Statehood. Dedicated taxes, except for those existing prior to ratification of the Constitution, prohibited.
59	5	0	5		0.0		
60	5	0	5		0.0		
61	5	0	5		0.0		1961--Additional tax of 1.5 mills levied on cigarettes. Receipts deposited in the general fund.
62	5	3	8				
63	5	3	8				
64	5	3	8				
65	5	3	8	1,303.1	781.9	2,085.0	
66	5	3	8	1,638.1	982.9	2,621.0	
67	5	3	8	1,530.0	918.0	2,448.0	
68	5	3	8	1,576.3	945.8	2,522.0	
69	5	3	8	1,643.8	986.3	2,630.0	
70	5	3	8	1,694.4	1,016.6	2,711.0	
71	5	3	8	1,854.4	1,112.6	2,967.0	
72	5	3	8	2,015.0	1,209.0	3,224.0	
73	5	3	8	2,015.0	1,209.0	3,224.0	
74	5	3	8	2,143.8	1,286.3	3,430.0	
75	5	3	8	2,521.1	1,511.6	4,032.7	
76	5	3	8	2,883.7	1,733.6	4,617.3	
77	5	3	8	3,033.0	1,817.7	4,850.7	
78	5	3	8	2,886.6	1,740.6	4,627.2	
79	5	3	8	2,756.5	1,654.0	4,410.5	
80	5	3	8	2,679.7	1,602.8	4,282.5	
81	5	3	8	2,837.0	1,714.7	4,551.7	
82	5	3	8	3,067.0	1,827.0	4,894.0	
83	5	3	8	3,306.0	2,000.0	5,306.0	
84	5	3	8	3,391.0	2,000.0	5,391.0	
85	5	3	8	3,295.0	2,000.0	5,295.0	1985--Additional tax raised to 5.5 mills.
86	5	11	16	2,833.0	4,938.2	7,771.2	
87	5	11	16	3,239.0	6,657.2	9,896.2	

SOURCE: Alaska Department of Revenue.

1. Revenue from the dedicated portion of the tax are deposited in the "School Fund" and are available for appropriation to the Department of Education for the exclusive purpose of school construction.
2. Revenue from the additional tax are deposited in the general fund and may be appropriated for any purpose.

Prepared by the House Research Agency, February 1988, (88-173).

COMMENT:

The latest information indicates that Alaska ranks somewhere, in the bottom one-third among states that levy a tax on cigarettes. The highest tax is assessed by Minnesota at 38 cents per pack and the lowest by North Carolina at 2 cents per pack. The state of Alaska levies 16 cents per pack on cigarettes. There are thirty-five states that levy a higher rate than Alaska.

11-15-88

CIGARETTE TAXES—RATES, INCIDENCE, PAYMENT, REPORTS

§286 The main features of the state taxes on cigarettes are given in the chart below. If incidence of the tax is on consumer, tax will be deductible on income tax returns in some states (by law). It isn't deductible under IRC, nor in state line with current Fed.

RATE PER PACK OF 20	INCIDENCE	PAYMENT METHOD	MONTHLY REPORT REQUIREMENTS (Who, when and to whom)
ALA. 16.5¢ (5)	Stamps	Consumer(13)	Wholesaler jobber, 20th. Dept. Rev.
ALASKA 16¢	Seller	Reports	Licensee, last day, Tax Comm.
ARIZ. 15¢	Seller	Report	Distributor, 1st. Dept. Rev.
ARK. 21¢	Seller	Stamps(1)	Distributor, 10th. Dept. Fin. & Adm.
CALIF. 35¢ (eff. 1-1-89; was 10¢)	Consumer(13)	Stamps(2)	Distributor, 25th. State Eq. Bd.
COLO. 20¢	Seller	Stamps	Wholesaler, 10th (eff 7-1-88; was 20th); Dept. F
CONN. 26¢	Consumer	Stamps	Distributor (4), 15th. Commr. Rev. Serv.
DEL. 14¢	Consumer	Stamps	Wholesaler, agent, 20th. Dir. Rev.
D.C. 17¢	Seller(14)	Stamps	Wholesaler, retailer, 15th. Dept. Fin. & Rev.
FLA. 24¢ (11)	Seller	Stamps	Agent, 10th. Tax Dept.
GA. 12¢	Distributor	Stamps	Distributor, 10th. Commr. Rev.
HAW. 40¢(6)	Seller	Stamps	Wholesaler, retailer, last day, Dept. Tax.
IDA. 18¢	Seller	Stamps	Wholesaler, 15th. Tax Comm.
ILL. 20¢ (16)	Seller	Report	Distributor (7), 15th. Dept. Rev.
IND. 15.5¢	Consumer	Stamps	Distributor, 15th (8), ABC
IOWA 34¢ (31¢ eff 7-1-89)	Seller	Stamps	Permittees, 20th. Dept. Rev. & Fin.
KAN. 24¢	Seller	Stamps	Wholesaler, 10th. Dir. Tax.
KY. 3¢	Consumer	Stamps	Wholesaler, 20th. Cabinet Rev.
LA. 16¢	Seller	Stamps	Dealer, 15th. Sec'y Rev. & Tax.
ME. 28¢	Consumer	Stamps	Distributor, 10th. Bar. Rev.
MD. 13¢	Seller	Stamps	Distributor, 20th. Commr.
MASS. 26¢	Consumer(13)	Stamps	Distributor, 20th. Commr. Rev.
MICH. 25¢	Seller	Report	Licensee, 20th. Dept. Treas.
MINN. 38¢	Seller	Report	Distributor, 25th. Dept. Rev.
MISS. 18¢	Consumer(13)	Stamps	Distributor (9), 15th. Tax Comm.
MO. 13¢ (5)	Consumer	Stamps	Wholesaler, 20th. Dept. Rev.
MONT. 16¢	Consumer	Stamps	Interstate Carriers, (no fixed dates), Dept. Rev.
NEB. 27¢	Consumer	Stamps	Retailer, wholesaler, 10th. Tax Comm.
NEV. 20¢ (15¢ eff 6-1-89)	Seller	Stamps	Wholesaler, 15th (15), Div. Tax.
N.H. 17¢	Consumer	Stamps	(Monthly reports not required)
N.J. 27¢	Consumer	Stamps	Distributor, 20th. Dir. Tax.
N.M. 15¢	Seller	Stamps	Distributor, 25th. Tax. & Rev. Dept.
N.Y. 21¢ (17)	Consumer	Report	Agent, 15th. Dept. Tax. & Fin.
N.Y.C. 8¢ (17)	Consumer	Stamps	Agent, 15th. Comm. Fin.
N.C. 2¢	Consumer	Stamps	Distributor, 20th. Sec'y Rev.
N.D. 27¢	Seller	Stamps	Distributor, quarterly (10), Tax Comm.
OHIO 18¢	Consumer	Stamps	Dealer, 1-31 & 7-31, Tax Comm.
OKLA. 27¢	Consumer	Stamps	Wholesaler, retailer, 10th. Tax Comm.
ORE. 27¢	Consumer	Stamps	Distributor, 20th (reports: payment, quarterly), Dept. Rev.
PA. 18¢	Consumer	Stamps	Dealer, 10th. Dept. Rev.
R.I. 27¢ (eff 7-1-88; was 25¢)	Consumer	Stamps	Dealer, distributor, 10th. Tax Adm.
S.C. 7¢	Seller	Stamps	(Monthly reports not required)
S.D. 23¢	Consumer	Stamps	Distributor, wholesaler, 15th. Dept. Rev.
TENN. 13¢	Consumer	Stamps	Distributor, 15th. Dept. Rev.

RATE PER PACK OF 20	INCIDENCE	PAYMENT METHOD	MONTHLY REPORT REQUIREMENTS (Who, when and to whom)
TEX. 26¢ UTAH 23¢	Consumer Seller	Stamps Stamps	Distributor, 10th. Compr. Pub. Accts. (Monthly reports not required)
VT. 17¢ VA. 25¢ (3)	Seller Seller	Stamps Stamps	Distributor, wholesaler, 15th. Comm. Taxes Wholesaler, storer, 10th. Dept. Tax.
WASH. 31¢ W.VA. 17¢	Consumer Consumer	Stamps Stamps	Wholesaler, retailer, 15th. Dept. Rev. Wholesaler, 15th. Tax Dept.
WIS. 30¢ WYO. 8¢	Consumer Consumer	Stamps Stamps	Mfg. wholesalers, 15th. Dept. Rev. Wholesaler, 20th. Dept. Rev. & Tax.

FOOTNOTES to chart (corresponding to numbers in parentheses in the chart):

- (1) Payment with report for stamps purchased on consignment.
- (2) Payment with report for tax not paid by stamp or meter.
- (3) City taxes are also in effect in some cities.
- (4) Machine dealer and operator with over 5 machines, report on 15th.
- (5) City and county taxes may be levied.
- (6) Wholesale price is basis.
- (7) Manufacturer reports on 5th.
- (8) Report drop shipment on 15th.
- (9) Wholesaler and manufacturers also report.
- (10) 10th of Jan., Apr., July, and Oct.; monthly reports may be allowed.
- (11) State tax is net after credit for 10¢ Fed excise tax.
- (12) (Reserved)
- (13) Not deductible on state return.
- (14) Deductible on state return.
- (15) Metered stamping machine report by 10th.
- (16) Cook Co. has added 5¢ tax per pack.
- (17) Added 3 25¢ 10¢ in NYC per 5 cigarettes if pack over 20 cigarettes.

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SCS CSHB 80 (C&RA)
PUBLISH DATE: 4/28/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act Increasing the Excise
Tax on Cigarettes
Sponsor: Ellis and Koponen
Requestor: (H)HESS Committee

Agency Affected: Revenue
BRU: Income & Excise Audit
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
CAPITAL	0	0	0	0	0	0
REVENUE						
REVENUE	3600.0	3492.0	3492.0	3492.0	3492.0	3492.0

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: See attached.

Prepared By: Steven E. Kettel
Division: Income and Excise Audit

Phone: (907) 465-2320
Date: April 27, 1989

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: April 27, 1989

Distribution (by preparer):

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

CS HB 80
Prepared by:
Steven E. Kettel
Income and Excise Audit Divison
Department of Revenue
April 27, 1989

Analysis of Senate CS:

The Senate version will reduce the amount of the tax hike from 15 mills as was passed in the house to 9 mills. This reduction will lower anticipated revenues by approximately \$5500.0 in FY91. We continue to forecast a 3% decline in consumption for FY90 through FY95.

	<u>PRESENT LAW</u>	<u>SCS HB 80</u>
TAX RATE	8 mills/cigarette	11 1/2 mills
TAX PER PACK	20¢/pack	23¢/pack
TAX COLLECTIONS	\$8.6 million	\$12.4/million

BB

B

HOUSE COMMITTEE REPORT

(11)

Date Referred: January 25, 1989

FURTHER REFERRALS:

Date of Committee Action: 2/8/89

The FINANCE Committee recommends that:

HOUSE BILL NO. 82 [DELIVERY OF STATE-PURCHASED SUPPLIES]
"An Act relating to delivery of supplies purchased under the State Procurement Code; and providing for an effective date."

[] be replaced with _____ [] the same title
[] a new title

[] have attached amendment(s)

- do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact
- [] zero fiscal note
- [] zero with analysis

APPROVES PREVIOUS:

- [] fiscal note(s) published:
- zero fiscal notes(s) published:
1/25/89

SIGNING DO PASS:

SIGNING OTHER THAN DO PASS:
(Do Not Pass, No Recommendation, Amend)

[Signature] HOFFMAN
[Signature] LARSON
[Signature] DO PASS SWACK
[Signature] BROWN
[Signature] KUPONEN
[Signature] ULMER
[Signature] BARNES
[Signature] SHULTZ
[Signature] PHILLIPS
[Signature] RIEGER
[Signature] WALLIS

[Signature] LARSON
 Co-chairman's Signature
[Signature] HOFFMAN

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to delivery of
supplies purchased under the st. procure. code
Sponsor: Labor & Commerce Committee
Requestor: Labor & Commerce Committee

Agency Affected: Dept. of Administration
BRU: General Services & Supply
Components: Purchasing

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

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)

This bill has no fiscal impact on the Division of General Services & Supply. Current purchasing practices are consistent with the bill.

Prepared by: Robert J. Link, Director
Division: General Services & Supply

Phone: 465-2250
Date: 1/19/89

Approved by Commissioner: John M. Andrews
Agency: Department of Administration

Date: 1/24/89

Distribution (by preparer):

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

Adopted

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2

HOUSE BILL NO. 82

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to delivery of supplies purchased
under the State Procurement Code; and providing for
an effective date."

7

8

9

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

10

* Section 1. AS 36.30 is amended by adding a new section to article 1

11

to read:

12

Sec. 36.30.090. DELIVERY OF SUPPLIES. Supplies purchased under

13

this chapter shall be delivered at a location within the state unless

14

the department determines that a point of delivery outside the state

15

would be in the best interest of the state. A bid or proposal

16

involving the procurement of supplies shall specify the delivery

17

location and shall state that the price is the delivered price at that

18

location.

19

* Sec. 2. This Act takes effect July 1, 1989.

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE
Chairman - Representative Dave Donley

P.O. BOX V, JUNEAU 99811

907-465-3502



January 10, 1989

M E M O R A N D U M

To: Members, House Labor and Commerce Committee

From: Representative Dave Donley, Chair
House Labor and Commerce Committee

Re: Proposed Committee Legislation - Delivery of supplies *HB 82*

The enclosed draft bill, identical to HB 197 of last year, requires that state bid documents designate a delivery point for supplies within the state unless the Department of Administration determines that it is in the best interest of the State to designate a delivery point outside of Alaska.

The measure is strongly supported by local businesses, particularly the Alaska Manufacturers Association. This is a simple bill that doesn't cost anyone anything and it may help Alaska businesses to more fairly compete for state funded procurement contracts.

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892

April 5, 1988

M E M O R A N D U M

To: Representative Mike Navarre, Chair
House Rules Committee

From: Representative Dave Donley, Chair D
House Labor and Commerce Committee

Re: Request to schedule HB 197

HB 197, a measure introduced by the House Labor and Commerce Committee, is currently before the House Rules Committee. I am writing to request that you schedule HB 197 for a vote before the full House at your earliest convenience.

HB 197 requires that state bid documents designate a delivery point for supplies within the state unless the Department of Administration determines that it is in the best interest of the state to designate a delivery point outside of Alaska.

HB 197 has a zero fiscal note and is strongly supported by local businesses, particularly the Alaska Manufacturers Association. This is a simple bill that doesn't cost anyone anything and it may help Alaska businesses to more fairly compete for state funded procurement contracts.

Please call me or Ginger Baim at 4954 if you have any questions or need additional information.

И

В

О

Э

FISCAL NOTE

REQUEST:

Revision Date: 4/14/89
 Title: estab. Martin Luther King Jr. day as a legal holiday
 Sponsor: Rules
 Requestor: House Finance Committee
 Agency Affected: all agencies
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: House Finance Committee Phone: 465-3727
 Division: Co-Chairman Ron Larson
Co-Chairman Lyman Hoffman
 Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer):

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

Adopted

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 83 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to legal holidays; and establishing
7 Martin Luther King, Jr., Day as a legal holiday."

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

9 * Section 1. AS 44.12.010 is amended to read:

10 Sec. 44.12.010. LEGAL HOLIDAYS. The following days are legal
11 holidays:

12 (1) the first of January, known as New Year's Day;

13 (2) the third Monday of January, known as Martin Luther
14 King, Jr.'s Birthday as provided in (b) of this section [THE 12TH OF
15 FEBRUARY, KNOWN AS LINCOLN'S BIRTHDAY];

16 (3) the third Monday in February, known as Presidents' Day
17 [WASHINGTON'S BIRTHDAY];

18 (4) the last Monday of March, known as Seward's Day;

19 (5) the last Monday in May, known as Memorial Day;

20 (6) the fourth of July, known as Independence Day;

21 (7) the first Monday in September, known as Labor Day;

22 (8) the 18th [EIGHTEENTH] of October, known as Alaska Day;

23 (9) the 11th of November, known as Veterans' day;

24 (10) the fourth Thursday in November, known as Thanksgiving
25 Day;

26 (11) the 25th of December, known as Christmas Day;

27 (12) every Sunday;

28 (13) every day designated by public proclamation by the
29 President of the United States or the governor of the state as a legal

1 holiday.

2 * Sec. 2. AS 44.12.010 is amended by adding a new subsection to read:

3 (b) For employment purposes, Martin Luther King, Jr.'s Birthday
4 is a legal holiday for state employees who

5 (1) are not covered by a collective bargaining agreement;

6 or

7 (2) are covered by a collective bargaining agreement whose

8 terms

9 (A) include by name Martin Luther King, Jr.'s Birth-
10 day; or

11 (B) have been amended to substitute a holiday on the
12 third Monday of January for Martin Luther King, Jr.'s Birthday in
13 place of another paid holiday.

14 * Sec. 3. AS 44.12.045 is repealed.

Alaska State Legislature

Representative Fran Ulmer



P.O. Box V
Juneau, Alaska 99811
(907) 465-4947

HOUSE OF REPRESENTATIVES

MEMORANDUM

TO: Representative Roy Larson
Chair of the House Finance Subcommittee on HB 83

FROM: Representative Fran Ulmer

SUBJ: HB 83 - A Bill Relating to Martin Luther King Holiday

DATE: March 15, 1989

You asked me to review the alternatives available to the committee on creating a Martin Luther King holiday in Alaska and make a recommendation to the committee.

After reviewing the discussion in other committees, testimony before the Finance Committee and conversations with interested individuals, I would like to recommend the attached draft committee substitute. It combines the Lincoln and Washington holidays into one President's Day, and shifts the other paid day of leave to Martin Luther King's birthday. This results in an observance for Dr. King without the addition of another paid day of leave. It is also consistent with the practice of the federal government and many school districts and city governments which recognize President's Day and Martin Luther King Day with paid holidays. Families would be better able to coordinate schedules.

I have spoken with Dave Williams, at the Alaska State Employees Association, and asked him to ask his steering committee for comments on this approach. Unfortunately, this bill and this issue may be tied up with the collective bargaining process. If this is correct, we'll need to get all parties to agree that this is an acceptable compromise and that a legislative solution is appropriate.

FU/bvh

cc: Governor Cowper



STATE OF ALASKA - OFFICE OF THE GOVERNOR

OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

P.O. Box AE (MS 0117), Juneau, Alaska 99811, (907) 465-3570

STEVE COWPER
GOVERNOR

March 20, 1989

Honorable Fran Ulmer
Representative
Alaska State Legislature
P.O. Box V
Juneau AK 99811

Dear Representative Ulmer:

Thank you for notifying me about the proposed revision to House Bill 83.

The Governor has no opposition to it. I will be testifying as the administration's point person on the bill when it comes before the committee again.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael G. McKennett".

Michael G. McKennett
Director

A M E N D M E N T *-adopted.*

OFFERED IN THE HOUSE

BY ULMER

TO: CSHB 83 (Finance)

Page 1, line 14, after "Birthday":

Insert "as provided in (b) of this section"

Page 2, after line 1:

Insert a new bill section to read:

"*Sec. 2. AS 44.12.010 is amended by adding a new subsection to read:

(b) For employment purposes, Martin Luther king, Jr.'s Birthday is a legal holiday for ^{state} employees who

(1) are not covered by a collective bargaining agreement; or

(2) are covered by a collective bargaining agreement whose terms

(a) include by name Martin Luther King, Jr.'s birthday; or

(b) have been amended to substitute a holiday on the third Monday of January for Martin Luther King, Jr.'s birthday in place of another paid holiday."

Renumber the following bill section accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

BY ULMER

TO: CSHB 83 (Finance)

Page 1, line 14, after "Birthday":

Insert "as provided in (b) of this section"

Page 2, after line 1:

Insert a new bill section to read:

"* Sec. 2. AS 44.12.010 is amended by adding a new subsection to read:

(b) For employment purposes, Martin Luther King, Jr.'s, Birthday is a legal holiday for employees who

(1) are not covered by a collective bargaining agreement;

or

(2) are covered by a collective bargaining agreement whose terms include or whose terms are amended to include a holiday on the third Monday of January for Martin Luther King, Jr.'s, Birthday."

Renumber the following bill section accordingly.

- Notified on -
4/14/89

By Rieger

Amendment to Amet. (Ulmer)
Delete all material replace with

This Act applies to all employees not covered by
a collective bargaining agreement, and to all employees
covered by a collective bargaining agreement who do
not have both Lincoln's Birthday and Washington's
Birthday as separate holidays.

A M E N D M E N T

OFFERED IN THE HOUSE .

BY ULMER

TO: CSHB 83 (^{*Finance*}~~State Affairs~~)

Page 2, after line ¹~~18~~:

Insert a new bill section to read:

"* Sec. ²~~8~~. The legislature recognizes that, for employment covered by a collective bargaining agreement, observation of holidays in the workplace is governed by the terms of the collective bargaining agreement."

Amendment

By Rieger

This Act applies to all employees not covered by a collective bargaining agreement, and to all employees covered by a collective bargaining agreement who do not have both Lincoln's Birthday and Washington's Birthday as separate holidays.



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

March 3, 1989

To: Reps. Hoffman and Larson, Co-Chairs
Members; House Finance Committee

Re: CS for House Bill No. 83 (HESS); "An Act relating
to legal holidays; and establishing Martin
Luther King, Jr., Day as a legal Holiday."

NEA-Alaska strongly supports and encourages your favorable consideration of HB 83.

It is most appropriate that we acknowledge the birthday of this truly outstanding Black American who was the leader of the American civil rights movement.

Through his efforts, Dr. King not only exposed racial injustice but raised our collective conscience to all injustice and inequity in our social and economic programs. His activities represent the highest degree of patriotism and the very spirit of our democracy.

Dr. King's commitment to non-violent methods will continue to serve as a model for all interests which find the need to speak out on matters of concern.

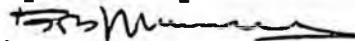
His efforts have opened the doors of hope, aspiration, and belief in self-worth for all groups which have been disadvantaged by our social and economic systems.

It is time for the State of Alaska to acknowledge Dr. King's effort by making his birthday a legal state holiday.

We recommend also that this particular holiday be designated as a legal holiday in all of the public schools in the State.

Thank you for your consideration of our position.

Respectfully submitted,


Bob Manners
Executive Secretary

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

February 24, 1989

SUBJECT: Sectional analysis of CSHB 83(State Affairs)
(Martin Luther King Day)

TO: Representative Ron Larson
Co-chair, House Finance Committee

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 adds Martin Luther King, Jr.'s Birthday, to be honored on the third Monday of January, to the list of legal holidays. It also removes Seward's Day and Alaska Day from the list.

Section 2 establishes Alaska Day as a legal holiday without a date set by statute. Instead, on October 18th, employees who are entitled to take legal holidays off, either because of a collective bargaining contract or other agreement with the employer that grants that right, will receive one days' leave. Each employee can choose when to use the day of leave, limited by personnel policies or contract terms concerning the use of leave.

Section 3 makes a technical correction to reflect the renumbering of AS 44.12.010 in section 1 of the bill.

Section 4 establishes Seward Day on March 30 to honor William Henry Seward.

Section 5 repeals the section that now establishes January 15 as a day on which to honor Martin Luther King, Jr.

If I may be of further assistance, please advise.

TC:kb
wkk2/049

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

Item 2

16/14

4633

January 12, 1989

The Honorable Sam Cotten
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to establish Martin Luther King, Jr., Day as a legal holiday. Although, in 1982, AS 44.12.045 was enacted to establish Martin Luther King Day as a day of commemoration, I firmly believe that the immeasurable contributions of Dr. King to our society merit this additional recognition.

Acting on that conviction, I recently issued a proclamation under AS 44.12.010(13) designating January 16, 1989 a legal holiday. Selecting that day, the third Monday in January, conforms to federal legislation (5 U.S.C. 6103) that designates that day a national holiday each year. To honor Dr. King on a permanent basis in Alaska, I am introducing this bill which also conforms to the federal legislation.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Steve Cowper".

Steve Cowper
Governor



Alaska State Legislature

Please enter into the record my testimony to the House Finance State Affairs committee name

committee on House Bill 83, dated 2/15/89 bill/subject

Why a holiday for Martin Luther King, Jr. The simple answer is that the nation and the State of Alaska ought to appreciate his efforts on behalf of blacks and other minorities. A more cogent yet more compelling reason is that a legal holiday would announce to the world that America stands on the forefront of the universal human rights struggle and that appreciation of human diversity is a hallmark to our claim of greatness. No other nation can, nor does, make such a claim. For her own citizens America can legitimize the inclusion of King in the hall of fame that enshrines Washington and Lincoln as nation builders. What greater tribute to centuries of struggle to free all of us from racial shackles! Which a former director of the National Institute of Mental Health called "our number one mental health problem!"

Signed: Ed Smith
Testifier

Representing (Optional)
P.O. Box 81152, Fairbanks 99708
Address
479-4758
Phone No.

Position Statement
H.B. 83

Louie Overstreet
January 31, 1989

Item 7

House State Affairs Committee

KING HOLIDAY AS AN OPTION

Rules Committee

While I support the State declaring Martin Luther King's birthday as a State holiday, I do not support giving State workers an additional day off.

I make this statement advisedly, since I'm currently employed in the public sector. Given the general level of salary compensation, number of vacation days awarded after one year of employment, paid holidays, some ability to cash in accrued leave, and health care benefits that we have, I think it would be ridiculous to give State workers another paid day off.

Assuming negotiated agreements could be reopened on this one issue, I would support several State holidays being optional. As an example, if a worker wanted to take King's birthday off, then that person would be required to work on Seward's Day.

Being candid, based on first hand knowledge, the total leave time available to a large percentage of State workers has a tremendous impact on productivity. This fact, in my opinion, is the primary reason public employees are often viewed in a negative light by the general public. A close second would be the exhibition of a "bad" attitude when interacting with the public.

Not only is another holiday non-productive, it is also very costly. In the proposed State operating budget for FY 89/90 there are 16,253 full time and 3,349 part time positions authorized. Assuming two part time positions are equivalent to one full time position, then there are 17,927 full time positions proposed for

RECEIVED

FEB 7 1989