

ALASKA LEGISLATURE

2250

HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002

HB

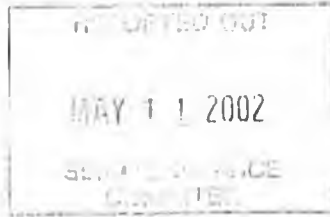
208

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/6/02



FURTHER:

DATE TURNED IN TO OFFICE: 05/11/02

Finance Committee considered **CS FOR HOUSE BILL NO. 208(RES)**

HB 208 AQUATIC FARMS FOR SHELLFISH

"An Act relating to aquatic farming of shellfish; and providing for an effective date."

and recommends:

Senate Bill:

be replaced with _____ CS _____ (_____)

same title

adopt previous _____ CS _____ (_____)

new title

House Bill:

attached amendment(s)

same title

technical title

adopt Letter of Intent by _____ Committee

new: SCR # _____

further referral to _____ Committee

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DEC	2/21/02		✓	1
DNR	3/12/02	98.3		
FoG	4/24/02	50.0		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
ADF+G	3/5/02	72.5		4

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Linda Green</i>			✓	
<i>Ellen Austin</i>	✓			
<i>Tom Hoff</i>	✓			
<i>W. Collins</i>	✓			
<i>Samy Walker</i>			✓	
<i>Loren J. Jensen</i>	✓			
<i>[Signature]</i>				✓
COCHAIR: <i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>			✓	

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 208(FSH)
 (H) Publish Date: 3/6/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Environmental Conservation
 Title: An Act Relating to Aquatic Farming of Shellfish BRU: Environmental Health
 Component: Food Safety and Sanitation
 Sponsor: Representative Scatzi
 Requester: House Fisheries Component No. 2343

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type-Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

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 fiscal note was developed using information from testimony on the Senate companion bill (SB 141). During this testimony, it became clear that "suitable" did not mean already certified as a growing area under the National Shellfish Sanitation Program (NSSP), therefore the department does not expect any increased costs during the years covered by this fiscal note. Certification under the NSSP normally takes place shortly before commercial harvesting begins. Currently the industry pays for part of the cost to certify growing areas and we would expect that to be the case if this bill passes. However, even with industry support for some of the certification costs, there will be an increased cost to the department when any of the growing sites permitted under this legislation need to be certified under the NSSP.

Prepared by: Janice Adair, Director
 Division: Division of Environmental Health
 Approved by: Kurt Fredriksson Deputy Commissioner
 Agency: Department of Environmental Conservation

Phone: (907) 269-7644
 Date/Time: 2/28/02 3:49 PM
 Date: 2/28/2002

FISCAL NOTE

**STATE OF ALASKA
2002 LEGISLATIVE SESSION**

Fiscal Note Number: _____
 Bill Version: CSHB 208 (RES)
 () Publish Date: _____

Revison Date/Time (Note if correction): 4/19/2002 Dept. Affected: Fish and Game
 Title Aquatic Farms For Shellfish BRU Commercial Fisheries
 Component Fisheries Development
 Sponsor Representative Scalzi
 Requester Senate Resources Component No. 1942

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	40.0	25.0	*	*	*	*
Travel	5.0	5.0	*	*	*	*
Contractual			*	*	*	*
Supplies	5.0	3.0	*	*	*	*
Equipment		2.0	*	*	*	*
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	50.0	35.0	*	*	*	*

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	50.0	35.0				
1005 GF/Program Receipts						
1037 GF/Mental Health						
TOTAL	50.0	35.0	*	*	*	*

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary	2					

ANALYSIS: (Attach a separate page if necessary)

ADF&G is required to provide consultation to DNR regarding the suitability of various sites before they are offered for lease. The Mariculture Program Leader and Assistant will lead and coordinate, in conjunction with industry nominations, the selection of sites to survey as well as field activities with ADF&G regional staff, and staff from other participating agencies. To accomplish site surveys for suitability, ADF&G will conduct dive surveys on potential sites. Personnel costs include funding for a seasonal Fisheries Biologist I, certified divers associated with dive surveys and inspections at proposed aquatic farm sites, and laboratory testing of samples taken from the sites. Travel costs include per diem and transport of department staff, including certified divers, to proposed and existing farm sites.

(Continued)

Prepared by: Doug Mecum Phone 465-6100
 Division: Director Date/Time 4/19/02 11:00 AM
 Approved by: Gordy Williams for Commissioner Frank Rue Date 4/21/2002
 Agency: Fish and Game

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. CS HB 208 (RES)

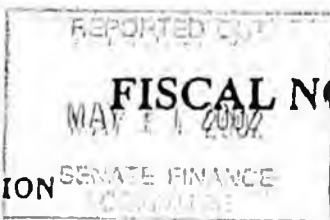
ANALYSIS CONTINUATION

Supplies include materials necessary for dive surveys, scientific supplies and data processing, and assistance with regional mariculture plan development.

Additional time and funding needed to complete the work associated with identification of new areas in FY 2004 are roughly estimated at 50% of the FY 2003 costs.

* There will also be increasing costs associated with any large increases in mariculture permitting and support. Many services, such as water quality and product testing, currently provided at little or no cost to aquatic farm operators by various state facilities, resources, and personnel, will probably not be fiscally possible as the number of mariculture operations increases unless funding is provided. These are essential to meet statutory requirements. Since such impact is completely contingent on the number of new farms and the size of the farms, these costs are impossible to estimate. This fiscal note merely identifies the likelihood of additional long-term costs.

NOTE: ADFG Division of Habitat and Restoration has also submitted a fiscal note.



STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSHB 208(RES)
() Publish Date:
Dept. Affectu.: Natural Resources
BRU: Minerals, Land & Water Dev
Component: Claims, Permits and Leases
Component Number: 2480

Revision Date/Time (Note if correction): 3/12/2002
Title: Aquatic Farms for Shellfish
Sponsor: Rep. SCALZI, Chenaux, Lancaster, Harris, Hudson, James
Requester: (H) FIN

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	82.8	110.4				
Travel	5.0	10.0				
Contractual	2.5	2.5				
Supplies	1.0	1.0				
Equipment	7.0	0.0				
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	98.3	123.9	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	0.0	13.9	27.8	41.7	55.5	55.5
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	98.3	123.9				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	98.3	123.9	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: none
Check this box (X) if funding for this bill is included in the Governor's FY2003 budget proposal:

POSITIONS

Full-time	2	2				
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
This bill creates a one-limo disposal program of at least 90 aquatic farm sites and requires DNR to condition leases for sites that culture wild stocks of indigenous shellfish to restore the wild stock upon termination or expiration of the lease to the population level that existed prior to issuance of the lease. It provides an attempt at a new type of mariculture program - one that is modeled on DNR's existing land disposal program where state agencies do all of the up-front work and an applicant bids for a site. DNR and OF&G would solicit nominations; pick the areas and sites; prepare best interest finding and coast zone consistency, then put the sites up for bid. With respect to the DNR lease, the applicant could, in the best of circumstances, bid for the site, submit an operating plan and obtain the site with little or no additional work by the agency. This is very different than the 9-month long process currently required of an applicant. As the agencies do the work up front, significant up-front expenses are necessary.
(CONT.)

Prepared by: Bob Loeffler Phone 269-8600
Division: Mining, Land and Water Date/Time 12-Mar-02
Approved by: Pat Pourchot Date 12-Mar-02
Agency: Natural Resources

ANALYSIS: (continued)

DNR's current aquatic farm program, which is very different from the procedures envisioned in this bill, operates with one employee and brings in approximately \$48.0 a year. It would continue to operate while this bill is implemented.

DNR's current mariculture staff consists of one person who is working at full capacity with the current program. Implementing the bill would require a new unit consisting of two employees to pick sites and complete the work.

Total estimated costs for DNR's portion of a one-time mariculture disposal: \$222,200, over two fiscal years.

Changes in revenue (annually): \$13,900+ for the first year, eventually reaching \$55,500+ over a period of 3-4 years.

It is unlikely that the market could absorb 90 aquatic farmsites at once. We come to this conclusion because the average number of applications received during an opening is approximately 15 to 20. For purposes of projecting revenue, we estimate that one-quarter of the sites, or 22, would be taken the first year, and the remainder would be taken "over the counter" over the subsequent three years. Rent for 22 three-acre sites would total approximately \$13,900. If half of the 90 sites, or 45, are taken initially, the possible annual revenue could be \$27,800. The total annual revenue after 90 sites are taken would be \$55,600. This estimate is based on an average 3-acre suspended culture site x 60 sites = \$33,000 and an average of 5-acre on-bottom culture site x 30 sites = \$22,500. (As of August 2, 2001, the aquatic farm lease fee was adjusted to \$350 for the first acre, plus \$100 for each additional acre.)

Personal Services New Position Detail

Department of Natural Resources

DRAFT

Scenario: DNR FY2003 Fiscal Notes - for Positions (2481)
 Component: Claims, Permits & Leases (2460)
 BRU Name: Minerals, Land, and Water Development (330)

PCH	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
10-#075	Natural Resource Mgr I	FT	A	GG	Anchorage	2A	18C	9.0		35,154	565	0	12,959	48,678
Justification: HB208										Funding Detail:				
										1004	General Fund Receipts	100.00%	48,678	
										Total Funding:		100.00%	48,678	
10-#077	Natural Resource Tech II	FT	A	GG	Anchorage	2A	12C	9.0		23,247	373	0	10,519	34,139
Justification: HB208										Funding Detail:				
										1004	General Fund Receipts	100.00%	34,139	
										Total Funding:		100.00%	34,139	

Component Summary:

Total New Positions: 2

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	82,817
Total Funding:	100.00%	82,817

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column.



STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: CSHB 208(RES)
(H) Publish Date: 3/13/02

Revision Date/Time (Note if correction): _____ Dept. Affected: ADF&G
Title: Aquatic farms for shellfish BRU: Habitat and Restoration
Component: Habitat
Sponsor: Representative Scalzi
Requester: House Resources Component No.: 486

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	65.5	33.0	*	*	*	*
Travel	5.0	2.5	*	*	*	*
Contractual	2.0	1.0				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	72.5	36.5	*	*	*	*

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	72.5	36.5	*	*	*	*
1005 GF/Program Receipts						
1037 GF/Mental Health						
Interagency Receipts from DNR						
TOTAL	72.5	36.5	*	*	*	*

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time	1					
Part-time						
Temporary	2					

ANALYSIS: (Attach a separate page if necessary)

CSHB 208 (FSH) creates a one-time offering of at least 90 aquatic farm sites for lease.

In addition to the requirements in the bill, the requirements of other State and Federal statutes may affect sites that could be offered. These may include, but are not limited to, the Alaska Coastal Management Plan, District Plans, legislatively designated areas statutes and regulations, and 16.40.100-199 which requires that the physical and biological characteristics of a site be suitable for shellfish farming, that a farm site not require significant alterations in traditional fisheries or other existing uses of fish and wildlife resources, and may not affect fisheries, wildlife or their habitats [cont]

Prepared by: Chip Dennerlein Phone 465-3065
Division: Habitat and Restoration Date/Time 3/5/02 12:30 PM
Approved by: Gordy Williams for Commissioner Frank Rue Date 3/5/2002
Agency: Fish and Game

FISCAL NOTE

**STATE OF ALASKA
2002 LEGISLATIVE SESSION**

BILL NO. CSHB 208(RES) - FN#4

ANALYSIS CONTINUATION

in an adverse manner. ADNR aquatic farm statutes and guidelines have specific requirements for such things as avoidance of eagle nests, marine mammal and seabird rookeries, and commercial seining areas. ADF&G maintains this information.

Identifying and evaluating 90 permittable lease sites will require intensive effort and additional staff will be needed. A Habitat Biologist III is needed to work with ADNR, ADEC, and ADF&G CFMD to identify potential lease sites. Existing fish and wildlife, habitat and public use data on sites will be collected and evaluated. Potential lease sites will be identified and surveyed in the field to determine suitability. The biologist will: review land use plans, coordinate with ADF&G Wildlife Conservation and Subsistence Divisions, ADNR, ADOL, local governments, and federal agencies; prepare site reports; attend public meetings and hearings; and issue Special Area permits as necessary. A 3-month FT III will aid in habitat site evaluations in the field, and one month of Cartographer 2 time will be needed to enter data into the GIS system.

* Costs for administration and oversight of additional levels of mariculture activity in subsequent years may be significant, but are difficult to quantify at this time.

POSTAGE PAID

To: Respective Legislators:
Regarding SB 104 & HB 208

3/13/02

"An act relating to the aquatic farming of shellfish"

From: Gary R. Zaugg
519 Pittenger St.
Ktn, Ak. 99901.
(907) 225-2089

Dear Senators & Representatives,

During recent weeks I have watched the respective bills move through committees'. I have listened to the public comments of support from legislators, administrators, sections of industry and the likes. With all due respect to the individuals supporting this bill, you are attempting to fix a part of the aquatic farm program that is not broken. There is no problem with the current review process under the Alaska Coastal Management Plan, Best Interest Finding and subsequent lease program. There is no need to identify areas that are 'suitable' for aquaculture because that is already being done, by industry, within the current review process under the concepts of "conflicting use". The current process may not be perfect but I can guarantee you, all the pieces are in place and this part of the process is working.

I feel I am in a unique position to comment on this issue. First, I am a principle litigant in the administrative appeal surrounding the 1999 aquatic shellfish application period. The 1999 application period, which resulted in the appeal, was a fiasco for everyone. But it was only because of a "conflicting use" concern by ADF&G regarding utilization of "natural set" stock by aquatic farmers within the boundaries of a farm. This issue will be resolved by the Supreme Court within one year and the results will be superimposed on top of the current mariculture program. I would like to ask you this. What is going to happen if the Supreme Court rules that aquatic farmers are a legitimate "commercial user group"? No less or no more a "commercial user group" than the limited entry fishers? In other words there will be no "preferential use" given to limited entry fishers resulting in a "conflicting use", over aquatic farmer on "natural set" stocks that have never been utilized in the history of modern man. Will this current legislation hold any water in this situation. The answer is no and there is no deference given to this highly probable situation in this bill.

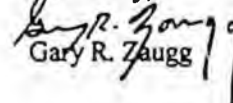
Second, I am one of six individuals in the state who will be issued permits for on bottom geoduck mariculture within the next few weeks. These permits are being issued after going through the 2001 aquatic shellfish application period. The 2001 application period went well, and at this time I believe no appeals are pending. My current site is inside the boundaries of a "limited entry fisheries". How is that? You might ask. The answer is simple and is also why the current system works. The answer is; there is no current "conflicting use" because the limited entry fisheries, under sustainable yield, has harvested the natural set stocks to 30% of the original volume and has been shut down by regulations of the Board of Fish. Does the system work? You bet it does. I would further suggest the system will always work, because under the Alaska Coastal Management Plan Review process if there is a legitimate "conflicting use" it is dealt with under the rule of law. This bill would change the way these established processes work. How can ADF&G guarantee an applicant prior to undergoing the ACMP review process that the application will be approved? Is the ADF&G going to take into consideration public, municipal and federal concerns prior to telling DNR what sites it can offer for competitive bidding for lease? Is the ADF&G going to become the overseer of the Alaska Coastal Management Plan? Is the DNR willing to be put in the position of being sued because it offered sites that have no guarantee of being approved under the ACMP? Would the applicant have to go through the ACMP process? I would caution you here as "conflicting use" is not up to just the ADF&G.

Instead of fixing something that's not broken the legislature needs to address the "conflicting use" issue of "natural set" within the boundaries of an approved farm. How is the ADF&G to deal with "natural set" within the boundaries of a farm? The legislature needs to instruct the ADF&G, within the current statutes, to review applications that contain "natural set" stock under a utilize and replace concept. It's just that simple. Aquaculture leases have this unique ability. So far the legislature has not exerted its **constitutional right** and in this case **constitutional obligation** to define what is acceptable to the administrative review at the ADF&G. In my opinion unless the legislature recognizes aquatic farmers as a legitimate "user group" that has a right to utilize and replace "natural set" stock within the boundaries of an approved site for, among other things, the development of this industry, you are not doing your job. It is a mistake to leave this to the courts when this is well within your realm of authority.

As an aquatic farmer I am trying to **develop an industry**. I'm not asking for \$867,000 dollars of general fund money over two years to create another layer of questionable policy like the current bill. But I am purposing a business that in essence is asking you for a short-term loan of the resource. As legislators you have to be looking at ways to further the coastal community economies. Utilizing and replacing the resource to aid in the start up of these farms is an excellent concept that the industry can guarantee. It costs you nothing. Everyone knows that utilizing the resource is exactly what happens in the development of industry. But in this case we are proposing to replace the resource to 100% of its original volume at the termination of a lease. What other industry offers to replace what it uses? This language is already stipulated in the coastal consistency and the best interest finding that I have had sitting idle on my desk since 2000. Seven additional sites from 1999 are in the same position. The problem is we have no working operational permit from the ADF&G because ADF&G has no guidance from the legislator that the concept of utilize and replace the resource is a legitimate "use" approved by the legislature. The legislature needs to be clear to the agency that has raised a "conflicting use" concern by defining and incorporating a utilize and replace system within the boundaries of an aquatic farm lease. That is the only issue that should concern you at this time.

Thank you for your time.

Sincerely,


Gary R. Zaugg

SENATE COMMITTEE REPORT

DATE: 4/25/02

FURTHER: Finance

DATE TURNED IN TO OFFICE: 5/3/02

Judiciary Committee considered CS FOR HOUSE BILL NO. 208(RES)

~~HB 208 AQUATIC FARMS FOR SHELLFISH~~

An Act relating to aquatic farming of shellfish and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
PNR	3/1/02	✓		2
DEFB	5/5/02	✓		3
DEFB	3/5/02	✓		4

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>John Conroy</i>			✓	
<i>Gene Herrault</i>			✓	
<i>[Signature]</i>	X			
<i>[Signature]</i>				
<i>[Signature]</i>				
CHAIR: <i>John L. Taylor</i>	✓			

SENATE COMMITTEE REPORT

DATE: 4/18/02

FURTHER: Judiciary
Finance

DATE TURNED IN TO OFFICE: 4/24/02

Resources Committee considered CS FOR HOUSE BILL NO. 208(RES)

~~HB 208-AQUATIC FARMS FOR SHELLFISH~~

"An Act relating to aquatic farming of shellfish, and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
ADF+G	3-5-02	✓		4
ADFG	3-5-02	✓		3
DNR	3-1-02	✓		2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Adrian Taylor</i>	✓			
<i>Ben Stevens</i>	✓			
<i>Sam [unclear]</i>	✓			
<i>[unclear]</i>				
<i>[unclear]</i>				
CHAIR: <i>[unclear]</i>	✓			

HB 208-AQUATIC FARMS FOR SHELLFISH
SENATE FINANCE COMMITTEE

SIGN-IN

✓ NAME: Doug Mecum ADFG Subject/Bill No: 208
Co./Dept./Title: DIRECTOR Commercial Fisheries Phone: 465-4210
Address: Juneau AK Fish & Game HQ Zip: 99801

Do you wish to testify? Yes No Respond To Questions

NAME: Rodger Painter Subject/Bill No: 208
Co./Dept./Title: Alaska Shellfish Growers Phone: 463-3600
Address: Box 20704 Juneau AK Zip: 99802

Do you wish to testify? Yes No Respond To Questions

✓ NAME: PAUL Fuhs Subject/Bill No: _____
Co./Dept./Title: AK TRADEMADK SHELLFISH Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

HB

2009

HFIN

FILE



Health, Education, and Social Services Committee
Alaska State Legislature
House of Representatives

HB 209 PROGRAM FOR FORMER FOSTER CHILDREN
Sponsor Statement

House bill 209 relates to the establishment of a foster care transition program for transitioning certain state foster care recipients age 18 to 21.

This bill is necessary so that the state may continue to receive federal money to provide the support and services needed to assure that these young adults are able to manage their independence after they have reached the age of majority in foster care. Programs are in place for these individuals while they are in state foster care; this bill will make it possible to continue to provide support and services after they reach the age of majority as required by the Foster Care Independence Act of 1999.

This bill would direct the Department of Health and Social Services to design, develop, and implement a foster care transition program to provide support and services to young adults who have reached the age of 18 while in state foster care. The program may provide some or all of the following services to these young adults: education and vocational training, assistance in obtaining basic education and training, career and employment services, training in basic life skills, housing and utility assistance, mentoring and counseling, and other appropriate services to complement the efforts of these former state foster care recipients to achieve self-sufficiency.

Analysis of CSHB 209

PROBLEM

Through the Foster Care Independence Act of 1999, the State of Alaska shall receive no less than \$500,000 per year to carry out programs designed to help children make the transition from foster care to self-sufficiency.

A specific requirement of the Act is the provision of independent living services to former foster youth between the ages of 18 to 21.

The current statute, AS 47.18 only provides for state assistance to youth in state custody. In order to meet federal compliance, language must be included to allow for the provision of services to individuals who have emancipated from the Alaska foster care system because they have reached the age of majority and have not attained 21 years of age.

FISCAL IMPACT

There is a zero fiscal impact to the proposed amendment to allow the department to serve youth 18 to 20 who are no longer in foster care.

There will be a fiscal note associated with extending foster care to youth over 18. While it is not clear how many youth may voluntarily extend custody, a few factors are known:

- Title IV-E funding can only be applied to extension of custody for youth in their 19th year who extend in order to complete high school.
- While the amount of money contributed by birth parents to support of youth in state custody is small, this form of support will likely not continue for any youth over the age of 18.
- Approximately 40 youth will turn 18 in foster care each year.
- A survey of DFYS social workers with youth age 16 or over currently in foster care indicates that approximately 33% of these youth may elect to remain in foster beyond age 18. $40 \text{ youth/year} \times .33 = 13 \text{ youth to extend custody per year}$. With this formula there is a possibility of extending custody for 39 youth by year 3.
- Providing ongoing foster care rates to foster parents may not provide them with an incentive to adopt or to take guardianship.

FOSTER CARE INDEPENDENCE ACT OF 1999

Program Requirements Summary

Programs **must** be designed to accomplish the following:

- ▶ To identify children who are likely to remain in foster care until 18 years of age and to help these children make the transition to self-sufficiency by providing services such as :
 - ▶ assistance in obtaining a high school diploma,
 - ▶ career exploration, vocational training,
 - ▶ job placement and retention,
 - ▶ training in daily living skills,
 - ▶ training in budgeting and financial management skills,
 - ▶ substance abuse prevention, and preventive health activities (including smoking avoidance, nutrition education, and pregnancy prevention);
- ▶ To help children who are likely to remain in foster care until 18 years of age receive the education, training, and services necessary to obtain employment;
- ▶ To help children who are likely to remain in foster care until 18 years of age prepare for and enter postsecondary training and education institutions;
- ▶ To provide personal and emotional support to children aging out of foster care, through mentors and the promotion of interactions with dedicated adults;
- ▶ To provide financial, housing, counseling, employment, education, and other appropriate support and services to former foster care recipients between 18 and 21 years of age to complement their own efforts to achieve self-sufficiency and to assure that program participants recognize and accept their personal responsibility for preparing for and then making the transition from adolescence to adulthood.

CERTIFICATIONS.

The Governor **must** certify the following:

- ▶ That the State will provide assistance and services to children who have left foster care because they have attained 18 years of age, and who have not attained 21 years of age.
- ▶ That not more than 30 percent of the amounts paid to the State from its allotment under subsection (c) for a fiscal year will be expended for room or board for children who have left foster care because they have attained 18 years of age, and who have not attained 21 years of age.

- ▶ That none of the amounts paid to the State from its allotment under subsection (c) will be expended for room or board for any child who has not attained 18 years of age.
- ▶ That the State will use training funds provided under the program of Federal payments for foster care and adoption assistance to provide training to help foster parents, adoptive parents, workers in group homes, and case managers understand and address the issues confronting adolescents preparing for independent living, and will, to the extent possible, coordinate such training with the independent living program conducted for adolescents.
- ▶ That the State has consulted widely with public and private organizations in developing the plan and that the State has given all interested members of the public at least 30 days to submit comments on the plan.
- ▶ That the State will make every effort to coordinate the State programs receiving funds provided from an allotment made to the State under subsection (c) with other Federal and State programs for youth (especially transitional living youth projects funded under part B of title III of the Juvenile Justice and Delinquency Prevention Act of 1974), abstinence education programs, local housing programs, programs for disabled youth (especially sheltered workshops), and school-to-work programs offered by high schools or local workforce agencies.
- ▶ That each Indian tribe in the State has been consulted about the programs to be carried out under the plan; that there have been efforts to coordinate the programs with such tribes; and that benefits and services under the programs will be made available to Indian children in the State on the same basis as to other children in the State.
- ▶ That the State will ensure that adolescents participating in the program under this section participate directly in designing their own program activities that prepare them for independent living and that the adolescents accept personal responsibility for living up to their part of the program.
- ▶ That the State has established and will enforce standards and procedures to prevent fraud and abuse in the programs carried out under the plan.

YOUTH AGE 16 OR OLDER IN DFYS CUSTODY AS OF MARCH 2, 2001

Total Number	175
Number over 18 years old	36

Region	Age	
	16 years or older	18 years or older
Anchorage	59	14
Northern Region	58	12
Aniak	2	0
Barrow	8	2
Bethel	13	1
Delta	4	1
Fairbanks	20	4
Ft. Yukon	2	1
Galena	1	0
Kotzebue	1	1
Nome	3	1
St. Mary's	4	1
South Central Region	29	6
Cordova	1	0
Dillingham	2	0
Kenai	6	1
King Salmon	1	0
Kodiak	2	1
Mat-Su	11	3
Seward	2	0
Unalaska	2	0
Valdez	2	1
Southeast Region	29	4
Craig	1	1
Juneau	20	3
Ketchikan	2	0
Petersburg	2	0
Sitka	4	0
TOTAL	175	36

Permanency Plan Goal	Number
Adoption	12
Guardianship	25
Independent Living	6
Permanent Relative Placement	6
Permanent Foster Care	32
Return to Home	94

Youth age 16 or older in DFYS Custody as of March 2, 2001

The following tables are the result of a direct telephone survey to social workers who have youth age 16 or older on their caseloads who are currently in the foster care system. A total number of 182 youth were identified by PROBER. Of this population, 15 were identified as being under DJJ authority and were eliminated from the sample, leaving a total of 167 youth age 16 or older who were in DFYS foster care.

From this population, we received a total of 126 responses, for a 75% response rate. While the responses are not a stratified sample, it is safe to assume that simple percentages from the response population may be extrapolated to the total population. These tables also identify the number of youth in the response population that were age 18 or older as of March 1, 2001.

Youth's Permanency Goal	Number of responses	Percent of responses	Extrapolated number in total population
Adoption	10	7.9%	13
Long Term Residential	5	4.0%	7
Runaway	3	2.4%	4
Dismissed	2	1.6%	3
Guardianship	8	6.3%	11
Independent Living	71	56.3%	94
Relative Placement	3	2.4%	4
Return Home	17	13.5%	23
Unknown	7	5.6%	9
TOTAL	126	100.0%	167

Disability	Number of responses	Percent of responses	Extrapolated number in total population
physical	2	1.6%	3
learning	14	11.1%	19
emotional	27	21.4%	36
FAS/FAE	7	5.6%	9
substance abuse	7	5.6%	9
other	3	2.4%	4
none	66	52.4%	87
TOTAL	126	100.0%	167

Would remain in custody past high-school?	Number of responses	Percent of responses	Extrapolated number in total population
yes	42	33.3%	56
no	48	38.1%	64
maybe	7	5.6%	9
unk/na	29	23.0%	38
TOTAL	126	100.0%	167

FISCAL NOTE

**STATE OF ALASKA
2002 LEGISLATIVE SESSION**

Fiscal Note Number: _____
 Bill Version: CS HB 209 (HES)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Health & Social Services
 Title: DIRECT DHSS TO ESTABLISH A FOSTER CARE TRANSITION PROGRAM BRU: Purchased Services
 Component: Family Preservation
 Sponsor: HOUSE (HES)
 Requestor: HOUSE (FIN) Component Number: 1628

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: _____

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposa :

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The proposed legislation will have no new fiscal impact if enacted. Through the Foster Care Independence Act of 1999, the State of Alaska shall receive no less than \$500.0 per year in federal funds to carry out programs designed to help children make the transition from foster care to self-sufficiency. This federal receipt authority is already included in the Department's base budget.

A specific requirement of the Independence Act is the provision of independent living services to former foster care youth between the ages of 18 to 20. The current statute, AS 47.18 only provides for state assistance to youth in state custody. In order to meet federal compliance, language must be included to allow for the provision of funds and services to individuals who have left the Alaska foster care system and emancipated from state custody.

Prepared by: Theresa Tanoury, Director Phone 465-3191
 Division: Family & Youth Services Date/Time 02/08/2002
 Approved by: Elmer A. Lindstrom, Deputy Commissioner Date 02/08/2002
 Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. CS HB 209 (HES)

ANALYSIS CONTINUATION

ANALYSIS CONTINUED:

HB 209 will give the department flexibility in developing a program for youth who are transitioning from foster care. The legislation allows for designating eligibility thresholds, standards, and limits to program services. Youth who "age out" of the foster care system are often ill prepared to live independently. They may not have strong familial or community ties that help one transition to self-sufficiency. This population of youth is "high risk". Frequently, former foster care youth become adults dependent upon public assistance, become involved in the correctional system, or fall into unhealthy behaviors. By providing support during the transition from foster care to independent living, the state can greatly increase the odds that youth who leave our foster care system can become successful, self-sufficient adults.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 209(HES)
(H) Publish Date: 4/20/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Health & Social Services
Title: Program for former foster children. BRU: Family and Youth Services Mngmt
Sponsor: House (HES) Component: FYS Management
Requester: House (FIN) Component Number: 2306

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time	0					
Part-time	0					
Temporary	0					

ANALYSIS: (Attach a separate page if necessary)

This proposed legislation will give the department flexibility in developing a program of services for youth who are transitioning from foster care to independent living. The proposed legislation allows for designating eligibility threshold, standards, and limits to program services. This bill will have no fiscal impact on the Department if enacted.

Through the Federal Independent Living Act of 1999, the State of Alaska shall receive no less than \$500.0 per year in federal funds to carry out programs designed to help children make the transition from foster care to self-sufficiency. A specific requirement of the Act is the provision of independent living services to former foster youth between the ages of 18 to 21. The current statute, AS 47.18 only provides for state assistance to youth in state custody. In order to meet federal compliance, language must be included to allow for the provision of monies and services to individuals who have left the Alaska foster care system and emancipated from state custody.

Prepared by: Theresa Tanourey, Director Phone 465-3191
Division: Family and Youth Services Date/Time _____
Approved by: Elmer A. Lindstrom, Special Assistant Date 4/20/01 9:29 AM
Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

CS FOR HOUSE BILL NO. 209(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 4/20/01

Referred: Finance

Sponsor(s): HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act directing the Department of Health and Social Services to establish a foster
2 care transition program; relating to that program; and providing for an effective date."

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

4 * Section 1. AS 36.30.850(b) is amended by adding a new paragraph to read:

5 (42) grants and contracts with qualified entities for services under
6 AS 47.18.330 for the foster care transition program.

7 * Sec. 2. AS 47.18 is amended by adding new sections to read:

8 **Article 4A. Foster Care Transition Program.**

9 **Sec. 47.18.300. Program authorized.** (a) The department shall design,
10 develop, and implement a foster care transition program to provide support and
11 services to young adults who

- 12 (1) are 18, 19, or 20 years of age;
- 13 (2) reach or have reached the age of 18 while in state foster care; and
- 14 (3) meet other eligibility criteria established by the department under

1 (b) of this section.

2 (b) The department may adopt regulations to carry out the purposes of
3 AS 47.18.300 - 47.18.390, including regulations establishing eligibility thresholds,
4 standards, and limits for the program. The department shall develop the regulations in
5 consultation with public, private, and Alaska Native organizations.

6 **Sec. 47.18.310. Program design.** The department shall design the program as
7 a continuation of the training efforts related to independent living skills that were
8 initiated when the state foster care recipients were identified as being likely to remain
9 in state foster care until reaching the age of 18. The program design must require that
10 program participants are directly involved in identifying the program activities that
11 will prepare them for independent living.

12 **Sec. 47.18.320. Program development.** (a) Subject to the availability of an
13 appropriation made for the purposes of AS 47.18.300 - 47.18.390, the program may
14 provide

15 (1) education and vocational training;

16 (2) assistance in obtaining basic education and training;

17 (3) career and employment services;

18 (4) training in basic life skills;

19 (5) housing and utility assistance;

20 (6) mentoring and counseling; and

21 (7) other appropriate services to complement the efforts of former state
22 foster care recipients to achieve self-sufficiency.

23 (b) In developing the program, the department shall cooperate with and
24 coordinate the use of the resources available from other state and federal agencies
25 designed to provide support and services consistent with the purposes of the program.

26 **Sec. 47.18.330. Program implementation.** (a) The department may
27 implement the program through the award of contracts or grants to qualified entities to
28 provide services under the program. The department may award contracts and grants
29 if the contracts and grants further the purposes of and meet the requirements of
30 AS 47.18.300 - 47.18.390 and applicable regulations adopted under those sections.

31 (b) Contracts awarded under this section shall be administered in accordance

1 with AS 47.05.015 and regulations adopted under that section. Grants awarded under
 2 this section shall be awarded using requirements established in regulations adopted
 3 under AS 47.18.300 - 47.18.390 that are substantially similar to those set out in
 4 AS 47.05.015 for contracts.

5 **Sec. 47.18.390. Definitions.** In AS 47.18.300 - 47.18.390,

6 (1) "program" means the foster care transition program authorized
 7 under AS 47.18.300 - 47.18.390;

8 (2) "qualified entities" means municipalities, other political
 9 subdivisions of the state, nonprofit corporations formed under AS 10.20, churches and
 10 religious organizations, and incorporated and unincorporated entities operating within
 11 the state that meet the requirements established by the department in regulation;

12 (3) "state foster care" means foster care, as defined in AS 47.10.990,
 13 that is provided to a person who is in the custody of the department under AS 47.10
 14 and AS 47.12.

15 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
 16 read:

17 **TRANSITION: REGULATIONS.** Notwithstanding sec. 5 of this Act, the
 18 Department of Health and Social Services may immediately proceed to adopt regulations
 19 necessary to implement the changes made by this Act. The regulations take effect under
 20 AS 44.62 (Administrative Procedure Act), but not before July 1, 2001.

21 * **Sec. 4.** Section 3 of this Act takes effect immediately under AS 01.10.070(c).

22 * **Sec. 5.** Except as provided in sec. 4 of this Act, this Act takes effect July 1, 2001.

HB

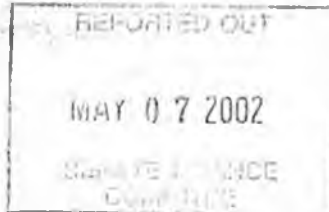
2009

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/25/02



FURTHER:

DATE TURNED IN TO OFFICE:

05/07/02

Finance Committee considered **CS FOR HOUSE BILL NO. 209(HES)**

HB 209 PROGRAM FOR FORMER FOSTER CHILDREN

"An Act directing the Department of Health and Social Services to establish a foster care transition program; relating to that program; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous S CS CS HB 209 (HES)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

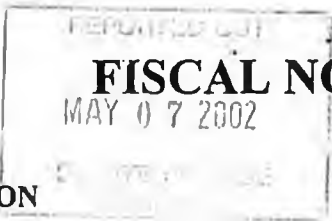
Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
HSS	2/8/02		✓	2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Linda Green</i>	✓			
<i>Alvin Austin</i>	✓			
<i>Don Miller</i>	✓			
<i>Steve D. Simon</i>	✓			
COCHAIR:				
COCHAIR: <i>Pete Kelly</i>	✓			



**STATE OF ALASKA
2002 LEGISLATIVE SESSION**

Fiscal Note Number: 2
 Bill Version: CSHB 209 (HES)
 (H) Publish Date: 3/22/02

Revision Date/Time (Note if correction): _____
 Title: DIRECT DHSS TO ESTABLISH A FOSTER CARE TRANSITION PROGRAM

Dept. Affected: Health & Social Services
 BRU: Purchased Services
 Component: Family Preservation

Sponsor: HOUSE (HES)
 Requestor: HOUSE (FIN)

Component Number: 1628

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: _____

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The proposed legislation will have no new fiscal impact if enacted. Through the Foster Care Independence Act of 1999, the State of Alaska shall receive no less than \$500.0 per year in federal funds to carry out programs designed to help children make the transition from foster care to self-sufficiency. This federal receipt authority is already included in the Department's base budget.

A specific requirement of the Independence Act is the provision of independent living services to former foster care youth between the ages of 18 to 20. The current statute, AS 47.18, only provides for state assistance to youth in state custody. In order to meet federal compliance, language must be included to allow for the provision of funds and services to individuals who have left the Alaska foster care system and emancipated from state custody.

Prepared by: Theresa Tanoury, Director
 Division: Family & Youth Services
 Approved by: Elmer A. Lindstrom, Deputy Commissioner
 Agency: Department of Health & Social Services

Phone: 465-3191
 Date/Time: 02/08/2002
 Date: 02/08/2002

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. CSHB 209 (HES) #2

ANALYSIS CONTINUATION

ANALYSIS CONTINUED:

HB 209 will give the department flexibility in developing a program for youth who are transitioning from foster care. The legislation allows for designating eligibility thresholds, standards, and limits to program services. Youth who "age out" of the foster care system are often ill prepared to live independently. They may not have strong familial or community ties that help one transition to self-sufficiency. This population of youth is "high risk". Frequently, former foster care youth become adults dependent upon public assistance, become involved in the correctional system, or fall into unhealthy behaviors. By providing support during the transition from foster care to independent living, the state can greatly increase the odds that youth who leave our foster care system can become successful, self-sufficient adults.



Health, Education, and Social Services Committee
Alaska State Legislature
House of Representatives

HB 209--PROGRAM FOR FORMER FOSTER CHILDREN
Sponsor Statement

House bill 209 relates to the establishment of a foster care transition program for transitioning certain state foster care recipients age 16 to 21.

This bill is necessary so that the state may continue to receive federal money to provide the support and services needed to assure that these young adults are able to manage their independence after they have reached the age of majority in foster care. Programs are in place for these individuals while they are in state foster care; this bill will make it possible to continue to provide support and services after they reach the age of majority as required by the Foster Care Independence Act of 1999.

This bill would direct the Department of Health and Social Services to design, develop, and implement a foster care transition program to provide support and services to young adults who have reached the age of 16 while in state foster care. The program may provide some or all of the following services to these young adults: education and vocational training, assistance in obtaining basic education and training, career and employment services, training in basic life skills, housing and utility assistance, mentoring and counseling, and other appropriate services to complement the efforts of these former state foster care recipients to achieve self-sufficiency.

FOSTER CARE INDEPENDENCE ACT OF 1999

Program Requirements Summary

Programs must be designed to accomplish the following:

- ▶ To identify children who are likely to remain in foster care until 18 years of age and to help these children make the transition to self-sufficiency by providing services such as :
 - ▶ assistance in obtaining a high school diploma,
 - ▶ career exploration, vocational training,
 - ▶ job placement and retention,
 - ▶ training in daily living skills,
 - ▶ training in budgeting and financial management skills,
 - ▶ substance abuse prevention, and preventive health activities (including smoking avoidance, nutrition education, and pregnancy prevention);
- ▶ To help children who are likely to remain in foster care until 18 years of age receive the education, training, and services necessary to obtain employment:
- ▶ To help children who are likely to remain in foster care until 18 years of age prepare for and enter postsecondary training and education institutions:
- ▶ To provide personal and emotional support to children aging out of foster care, through mentors and the promotion of interactions with dedicated adults:
- ▶ To provide financial, housing, counseling, employment, education, and other appropriate support and services to former foster care recipients between 18 and 21 years of age to complement their own efforts to achieve self-sufficiency and to assure that program participants recognize and accept their personal responsibility for preparing for and then making the transition from adolescence to adulthood.

CERTIFICATIONS.

The Governor must certify the following:

- ▶ That the State will provide assistance and services to children who have left foster care because they have attained 18 years of age, and who have not attained 21 years of age.
- ▶ That not more than 30 percent of the amounts paid to the State from its allotment under subsection (c) for a fiscal year will be expended for room or board for children who have left foster care because they have attained 18 years of age, and who have not attained 21 years of age.

- ▶ That none of the amounts paid to the State from its allotment under subsection (c) will be expended for room or board for any child who has not attained 18 years of age.
- ▶ That the State will use training funds provided under the program of Federal payments for foster care and adoption assistance to provide training to help foster parents, adoptive parents, workers in group homes, and case managers understand and address the issues confronting adolescents preparing for independent living, and will, to the extent possible, coordinate such training with the independent living program conducted for adolescents.
- ▶ That the State has consulted widely with public and private organizations in developing the plan and that the State has given all interested members of the public at least 30 days to submit comments on the plan.
- ▶ That the State will make every effort to coordinate the State programs receiving funds provided from an allotment made to the State under subsection (c) with other Federal and State programs for youth (especially transitional living youth projects funded under part B of title III of the Juvenile Justice and Delinquency Prevention Act of 1974), abstinence education programs, local housing programs, programs for disabled youth (especially sheltered workshops), and school-to-work programs offered by high schools or local workforce agencies.
- ▶ That each Indian tribe in the State has been consulted about the programs to be carried out under the plan; that there have been efforts to coordinate the programs with such tribes; and that benefits and services under the programs will be made available to Indian children in the State on the same basis as to other children in the State.
- ▶ That the State will ensure that adolescents participating in the program under this section participate directly in designing their own program activities that prepare them for independent living and that the adolescents accept personal responsibility for living up to their part of the program.
- ▶ That the State has established and will enforce standards and procedures to prevent fraud and abuse in the programs carried out under the plan.

YOUTH AGE 16 OR OLDER IN DFYS CUSTODY AS OF MARCH 2, 2001

Total Number	175
Number over 18 years old	36

Region	Age	
	16 years or older	18 years or older
Anchorage	59	14
Northern Region	58	12
Aniak	2	0
Barrow	8	2
Bethel	13	1
Delta	4	1
Fairbanks	20	4
Ft. Yukon	2	1
Galena	1	0
Kotzebue	1	1
Nome	3	1
St. Mary's	4	1
South Central Region	29	6
Cordova	1	0
Dillingham	2	0
Kenai	6	1
King Salmon	1	0
Kodiak	2	1
Mat-Su	11	3
Seward	2	0
Unalaska	2	0
Valdez	2	1
Southeast Region	29	4
Craig	1	1
Juneau	20	3
Ketchikan	2	0
Petersburg	2	0
Sitka	4	0
TOTAL	175	36

Permanency Plan Goal	Number
Adoption	12
Guardianship	25
Independent Living	6
Permanent Relative Placement	6
Permanent Foster Care	32
Return to Home	94

Youth age 16 or older in DFYS Custody as of March 2, 2001

The following tables are the result of a direct telephone survey to social workers who have youth age 16 or older on their caseloads who are currently in the foster care system. A total number of 182 youth were identified by PROBER. Of this population, 15 were identified as being under DJJ authority and were eliminated from the sample, leaving a total of 167 youth age 16 or older who were in DFYS foster care.

From this population, we received a total of 126 responses, for a 75% response rate. While the responses are not a stratified sample, it is safe to assume that simple percentages from the response population may be extrapolated to the total population. These tables also identify the number of youth in the response population that were age 18 or older as of March 1, 2001.

Youth's Permanency Goal	Number of responses	Percent of responses	Extrapolated number in total population
Adoption	10	7.9%	13
Long Term Residential	5	4.0%	7
Runaway	3	2.4%	4
Dismissed	2	1.6%	3
Guardianship	8	6.3%	11
Independent Living	71	56.3%	94
Relative Placement	3	2.4%	4
Return Home	17	13.5%	23
Unknown	7	5.6%	9
TOTAL	126	100.0%	167

Disability	Number of responses	Percent of responses	Extrapolated number in total population
physical	2	1.6%	3
learning	14	11.1%	19
emotional	27	21.4%	36
FAS/FAE	7	5.6%	9
substance abuse	7	5.6%	9
other	3	2.4%	4
none	66	52.4%	87
TOTAL	126	100.0%	167

Would remain in custody past high-school?	Number of responses	Percent of responses	Extrapolated number in total population
yes	42	33.3%	56
no	48	38.1%	64
maybe	7	5.6%	9
unk/na	29	23.0%	38
total	126	100.0%	167



Remember what happened...



adn.com

Anchorage Daily News

New program eases way for foster teens

TRANSITION: State prepares youths to live independently.

By Lisa Demer
Anchorage Daily News

(Published: April 15, 2002)

For all her college friends know, Jessica Williams is just another harried University of Alaska Anchorage freshman. She stresses over finals. She crams in homework between classes and her waitressing job. She goes home to do laundry.

But Williams' home is not typical. Neither was her life before college.

Williams, 18, is a foster kid. She's one of about 375 teenagers age 14 or older in Alaska's bustling-at-the-seams foster care system.

She's bucking the statistics about older foster children. More often than other children, they end up jailed, pregnant or homeless.

Williams is making it with help from a new program designed to ease older foster children into adult life "rather than just losing these kids to the four winds," said Matthew Turner, independent living project coordinator for the state Division of Family and Youth Services.

About 40 to 50 Alaska foster children "age out" of the system every year when they turn 18. Before now, the state would set them loose with a goodbye and a good-luck wish. But the youths often didn't know how to keep a job, an apartment or a relationship.

Around the country, studies have found that these former foster children often live in violence or poverty. Most can't go home to birth parents. They may have no one to call when the car breaks down or the rent is overdue.

"How many 18-year-olds are ready to have their own apartment?" Turner said.

Under the new program, when Alaska foster children turn 14, social workers, foster parents and residential care providers are supposed to start preparing them to live independently, he said.

Not even Williams' dormitory roommates know she spent her teen years in foster care. She wants other foster teens to realize that, with help, they can flourish too.

She decided to remain in state custody after turning 18 to hold onto extra state supports. Generally, the state can continue to provide financial help for foster kids through age 20, as long as they are working toward independence and remain in state custody.

"I'm not ready to be on my own," Williams said.

Her childhood was rough. She is one of five siblings. The family moved frequently, forcing her to switch schools repeatedly.

A teacher at Lake Otis Elementary helped her mother and the kids get to Abused Women's Aid in Crisis, the local shelter, to escape violence in the household.

Her mother struggled with alcohol and crack cocaine and often didn't act like the mother, Williams said.

"I practically raised the younger kids. My little brother would call me Mommy," she said.

When her little sister was a baby, cranky with colic, Williams would stay up with her into the night. She would be too tired to get up for school the next day and so would drag herself in late. A teacher at Chinook Elementary kept a drawerful of food for her and worked with her after class to catch her up.

In 1997, DFYS stepped in after her mother didn't come home one night. It was right when the Permanent Fund dividend checks came out. The children were put into a foster home. Soon they were split up, two older ones in one home and the two little ones in another. The eldest sister didn't go into state care.

"It was hard not being able to see your brothers and sisters every day and not knowing where they were," Williams said.

Her mother, Sandy Darrow, said in an interview she was ill-equipped to be a good mom. Her daughter's recollections sound right, she said. She herself was abused as a foster child and then as an adopted child, she said. At 17, she was on her own and pregnant.

"It has always been like I am still a child raising children," said Darrow, 38. "I don't deal with things very well."

Williams spent her teen years shuttled between foster homes, her mother and her father, who lives out of state. Because of all the moves, she fell behind and dropped out of high school. She hurt inside, she said, struggling to understand why her family was messed up and torn apart.

A year ago, she moved to the foster home of Tom and Jo Ann Laughead, who specialize in caring for teenage girls. She began to turn around. She earned her high school equivalency degree.

"She did it on her own," said Jo Ann Laughead. "She's just a go-getter."

Last summer, she was among 20 foster teens who bunked for five days at UAA for the state's first independent living conference, where they sampled campus life and covered skills like household budgets, apartment hunts and time management.

Now Williams is among the first group of Alaska foster children to receive a tuition waiver at the university. The state is paying for their room and board. This summer, she'll be speaking at the conference. She is thinking of becoming a dental hygienist.

The state also offers older foster teens some other rudimentary support.

Williams' health care is covered through Medicaid. Her DFYS caseworker, Abbi Henderson, provides her with vouchers for clothes and essential items like shampoo. She gets to travel Outside twice a year at state expense to visit a little brother.

Henderson was always accessible, by telephone or e-mail, Williams said.

Without the support, she said, "I wouldn't know where to start."

Before the new push, the state spent just \$13,000 a year to help older foster children become independent, Turner said.

Through the federal Foster Care Independence Act of 1999, Alaska has \$500,000 to spend this budget year and hopes for the same in years to come.

Besides covering college bills, the state can now pay for training at vocational schools. It can be more creative. For instance, the state could buy a plane ticket for a Native teen living in an Anchorage foster home to attend a potlatch in his home village. That would reintroduce him to the village so that when he shows up at 18, he's not a stranger, Turner said.

While the official goal is to get every foster child a permanent family, that doesn't usually happen with someone 14 or older, Turner said. Adoptive parents typically aren't looking for teens.

"They are not soft pretty babies that just want to hug you and love you," he said. "They are tough kids who are trying to figure out who they are."

Williams has more family support than many foster kids. She's close to her birth mother and also to her last foster family, the Laugheads. They took her out for dinner this month to celebrate her 18th birthday.

The Laugheads considered making the relationship officially permanent through guardianship, but then the state wouldn't have covered her college bills.

A bill now before the Legislature, HB 209, would allow the state to provide financial help to foster children even after they leave state custody, which it cannot do now. For example, the state could subsidize an apartment or provide a case manager for 18-to-20-year-olds who used to be in foster care.

Williams already has a place to go.

This summer, she moves back in with her foster family.

Close Window

SENATE COMMITTEE REPORT

DATE: 3/25/02

FURTHER: Finance

DATE TURNED IN TO OFFICE: 4/24/02

Health, Education and Social Services Committee considered CS FOR HOUSE BILL NO. 209(HES)
 HB 209 PROGRAM FOR FORMER FOSTER CHILDREN

"An Act directing the Department of Health and Social Services to establish a foster care transition program; relating to that program; and providing for an effective date."

and recommends:

- be replaced with S CS CS HB 209 (HES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
HSS	2/8		✓	2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Gary L. ...</i>	✓			
<i>Dr. ...</i>	✓			
<i>Betty ...</i>	✓			
<i>...</i>	✓			
CHAIR: <i>Linda ...</i>	✓			

HB 209-PROGRAM FOR FORMER FOSTER CHILDREN
SENATE FINANCE COMMITTEE

SIGN - IN

NAME: Joanne GIBBES Subject/Bill No: 15209
Co./Dept./Title: DFYS - PROGRAM ADMINISTRATOR Phone: 465-3023
Address: P.O. Box 110630 JUNEAU Zip: 99811
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

HB

210

SFIN

FILE

HB 210

was referred to the
Senate Finance
Committee

No hearing was held
on this bill

Bill was WAIVED from Committee



OFFICIAL BUSINESS

Alaska State Legislature
Senate
Office of the Secretary

STATE CAPITOL, ROOM 213
JUNEAU, ALASKA 99801-1102
(907) 465-3701
FAX: 465-2832
EMAIL: senate_secretary@legis.state.ak.us

FOR YOUR IMMEDIATE ATTENTION

DATE: May 4, 2001
TO: Finance Committee
(Mindy/Cadie - Room 520)
FROM: Office of the Senate Secretary
SUBJ: Waived Bill(s)

The Chair of the Committee noted above has waived referral on the following bill(s):

RETRIEVE

CS FOR HOUSE BILL NO. 187(JUD)

"An Act relating to the destruction, desecration, and vandalism of cemeteries and graves."

CS FOR HOUSE BILL NO. 210(JUD) am

"An Act relating to sexual assault and sexual abuse of a minor."

Please give the bill file(s) to the page for forwarding to the next Committee of referral.

Thank you.

HB

221

HFIN

FILE

HOUSE FINANCE COMMITTEE

October 25, 2001

1:19 PM

Anchorage LIO

TAPE HFC 01 - 119, Side A

TAPE HFC 01 - 119, Side B

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 1:19 PM.

MEMBERS PRESENT

Representative Bill Williams, Co-Chair
Representative Eldon Mulder, Co-Chair
Representative Con Bunde, Vice-Chair
Representative John Davies
Representative Carl Moses
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster
Representative Jim Whitaker

MEMBERS ABSENT

Representative Eric Croft

ALSO PRESENT

Senator Kim Elton; Representative Lisa Murkowski;
Representative Gary Stevens; Representative Jim Whitaker;
Representative Andrew Halcro; Judy McDonald, Juneau; Butch
Tangney, Techniques of Alcohol Mangement, Juneau; Cindy
Cashen, Mothers Against Drunk Driving; Jim Cashen, Juneau;
Gary Fournier, Hospitality.

PRESENT VIA TELECONFERENCE

Anchorage: ~~James, A. Crary; Mike Savage, Brown Jug; Ben
Grasse, CHARR; Karen Rogina, CHARR; Kacch
McDowell, CHARR; Elmer Lindstrom, Special
Assistant, Department of Health and Social
Services; Allen M. Bailey, Dimes a Drink; Bob
Klein, Brown Jug; Michael Mc Vittie; John~~

Alaskans for Tax Reform/Americans for Tax Reform

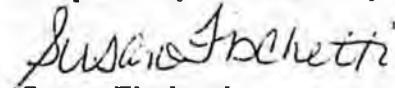
**Opposition Statement to H.B. 225
October 25, 2001**

Proposals to raise alcohol taxes constitute a political statement of social policy, not a serious solution to budget problems. Legislators who suggest that higher alcohol taxes will solve the current spending shortfall are using political rhetoric to hide the fact that they want to discourage alcohol consumption by raising taxes. Raising taxes in this manner *will not* solve either drinking or budget problems.

Solving spending shortfall problems requires fiscal discipline. Legislators should cut spending in response to shortfall projections rather than commit to surplus-era spending promises that cannot be enacted without raising taxes.

Especially during an economic downturn, raising taxes on brewers, distillers, bottlers, retailers, wholesalers, and manufacturers will further depress the ability of these businesses to conduct profitable and productive commercial transactions. Raising alcohol taxes hurts businesses that employ and service Alaskans.

Respectfully submitted by:


Susan Fischetti
Alaskans for Tax Reform
Americans for Tax Reform
242-7909
10336 Stewart Dr
Eagle River AK 99577

Hospitality Industry Position Against HB225

Alaska has a serious and growing fiscal problem. The Department of Revenue projects that by Fiscal Year 2005, the state's budget gap will be more than \$1 billion and the Constitutional Budget Reserve Fund will be depleted. We in the hospitality industry appreciate the need to develop a fiscal plan to solve this growing threat. Alaska's hospitality industry also believes it can play a part in the overall solution, but that arbitrarily singling out individual sectors of the economy for enormous tax increases without addressing the underlying issues necessary to balance the state's budget is unfair and unwarranted.

It is, therefore, the consensus of Alaska's hospitality industry that legislative efforts to increase excise taxes on alcohol products by more than three hundred percent (300%) are discriminatory, unreasonable and will do nothing to cure the state's alcohol problems.

Beverage alcohol is already the most heavily taxed consumer product in the United States and Alaskans currently pay some of the highest beverage alcohol taxes in the nation. The hospitality industry stands ready to discuss our role in supporting a fair and equitable tax policy for our industry, but only under condition that the discussions be part of a comprehensive legislative package designed to solve the state's fiscal problems. While the industry realizes that state revenues cannot be dedicated, the legislature should be prepared to identify which social programs would benefit from these additional revenues and how the effectiveness of the programs and the use of the funds would be evaluated.

We are very concerned that the tax increases in HB 225 will seriously jeopardize the future of many small businesses, which play a vital role in our state's economy. The hospitality industry is already reeling from the current economic slow down and the aftermath of the events of September 11, 2001 as fewer Americans travel, dine out or entertain outside the home. Adding significantly to the cost of doing business at this juncture could cause many of these establishments to fail thus worsening the current economic situation.

Accordingly, Alaska's hospitality industry opposes HB 225 until a comprehensive solution to the state's fiscal problems is adopted by the legislature.

Alcohol Tax Per Gallon @ 10 Cents Per Drink

	Liquor		% of Highest	% of Avg.
Alaska, Proposed	\$18.40		283.08%	508.29%
Highest in Country	\$6.50	(Florida)	100.00%	179.56%
2nd Highest in Country	\$6.44	(New York)	99.08%	177.90%
Alaska, Current	\$5.60	(5th highest)	86.15%	154.70%
National Average	\$3.62		55.69%	100.00%
Lowest in Country	\$1.50	(Maryland & D.C.)	23.08%	41.44%

	Wine		% of Highest	% of Avg.
Alaska, Proposed	\$3.41		151.56%	460.81%
Highest in Country	\$2.25	(Florida)	100.00%	304.05%
2nd Highest in Country	\$1.75	(Iowa)	77.78%	236.49%
Alaska, Current	\$0.85	(15th Highest)	37.78%	114.86%
National Average	\$0.74		32.89%	100.00%
Lowest in Country	\$0.11	(Louisiana)	4.89%	14.86%

	Beer		% of Highest	% of Avg.
Alaska, Proposed	\$1.42		152.69%	591.67%
Highest in Country	\$0.93	(Hawaii)	100.00%	387.50%
2nd Highest in Country	\$0.77	(South Carolina)	82.80%	320.83%
Alaska, Current	\$0.35	(11th Highest)	37.63%	145.83%
National Average	\$0.24		25.81%	100.00%
Lowest in Country	\$0.02	(Wyoming)	2.15%	8.33%

MEMO/FAX FORM

Intervention Helpline, Inc.
325 East Third Avenue, #200
Anchorage, Alaska 99501
907-272-1174
E-mail: freefrog@alaska.net

DATE: October 25, 2001

TO: Representative Bill Williams
Chairman House Finance Committee

FROM: Bob Young
Executive Director

SUBJECT: HB 225

Representative Williams.

Because of the importance of all the issues surrounding HB 225, I was hoping to be at today's hearing in person; however, scheduling conflicts have prevented this happening.

I am against HB 225. I've been working in the field of substance abuse since 1979. My focus has been in helping individuals who have a problem with beverage alcohol. I'm convinced that increasing alcohol taxes will do nothing to help. The money raised will not be targeted toward treatment, education, prevention or intervention work. Our state constitution will not allow money to be designated in this manner.

I believe this is a feel good campaign designed to target those in the hospitality business as the culprits. I've worked with many in the liquor industry that say they would support a reasonable alcohol tax if it were focused on the solution to the problem. My understanding of HB 225 is that it is not a reasonable tax.

Besides all of the above I do not really believe taxing alcohol is the solution to our statewide problem. As a recovering person myself cost of alcohol played a very little role in my drinking. Maybe it is time that we worked with the hospitality industry and saw more what they are trying to do to curb the alcohol misuse and abuse problem.

I'm aware they spend millions of dollars throughout our state and nation helping to educate the general public on the issue of responsible drinking. Also their industry funds many fine programs. HB 225 is a bill that will further divide us when in fact we need to find more ways to work together.

Once again, I want to go on record as being against HB 225.

Thank you for having this public hearing and I'm sorry I could not be there in person.

Sincerely,


Reverend Robert A. Young
Executive Director



*Representing Alaska's Finest
Lodging Properties and Hospitality Suppliers*

Alaska Hotel & Motel Association

Dear Legislators:

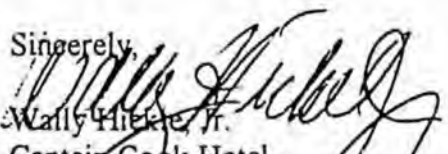
As General Managers of major Hotels in Anchorage, we would like to go on record opposing any increase in the alcohol tax.

The world is different since September 11th and the hospitality world is different in a major negative way since September 11th. Airline travel is down, Hotel bookings are down, several conventions scheduled for Anchorage in September were cancelled, most notably the Council of State Governments which all of you would have attended, tourism bookings for next season are down considerably, people are eating out less in restaurants. We could go on and on with specific examples, but the point is it is hard to find a positive indicator in the hospitality industry at this point in time.

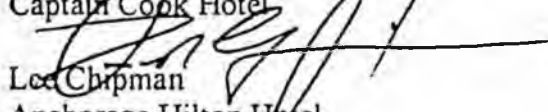
The last thing the hospitality industry needs at this point in time is a tax that will not add any value to the industry! It will be one more negative factor piled onto a slew of other negative factors that we do not need at this time.

As public policy makers we need your positive help to rebuild the hospitality industry in Alaska. We don't need and we strongly oppose the addition of one more negative factor for our industry at this time. Thank you for your consideration.

Sincerely,


Wally Hickey, Jr.

Captain Cook Hotel


Lee Chipman

Anchorage Hilton Hotel


Max Lowe

Millennium Hotel


Allan Budahl

Downtown Marriott Hotel

Bill Dugdale

Westmark Anchorage

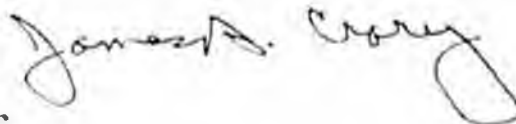

Susan Dimaggio

Sheraton Anchorage

18 REASONS TO INCREASE ALASKA'S EXCISE TAX ON ALCOHOL BY
15 CENTS PER DRINK

1. Alcohol is a drug and a depressant and its consumption affects people's judgment, coordination and memory.
2. Too often when people's judgment, coordination and memory are affected by alcohol innocent Alaskans suffer grievous bodily injury and death (just read the AND Alaska Section everyday).
3. Alcohol use is the sole cause of the only fully preventable birth defect, fetal alcohol syndrome.
4. Alaska ranks near the very top of the nation in alcohol consumption, underage drinking and alcohol abuse.
5. An analysis of 29,408 reported cases of domestic violence cases in Anchorage between 1989 and 1988 showed that in 48% of the cases alcohol was a factor.
6. The present state excise tax on alcohol, is only 3.3 cents on 12 ounces of beer; 3.5 cents on a 5 ounce glass of wine; and 4.4 cents on 1 ounce of distilled spirits.
7. The excise tax is the only Alaska tax on most of the alcohol sold in Alaska as most of the alcohol sold in Alaska is not subject to a sales tax.
8. Alaska's excise tax on alcohol has not been increased since 1983.
9. Alcohol abuse presently causes the State of Alaska to spend more than \$250,000,000 from the General Fund.
10. The existing alcohol excise tax contributes only a little over \$12,000,000 to the General Fund (So for every \$1 in alcohol taxes the State spends \$21 to deal with the effects of alcohol abuse).
11. Alaska is facing an impending budget deficit of \$600 million in 3 or 4 years when the Constitutional Budget Reserve will have been drained.
12. A 15 cent per drink increase in the state excise tax on alcohol will bring in approximately \$50,000,000 in additional revenue to the state and a 20 cent per drink increase in the state excise tax on alcohol would bring in approximately \$66,000,000 in additional revenue to the state.
13. An increase in the State alcohol excise tax would start bringing additional revenue into State coffers immediately and would not require any additional state employees to collect because the tax is already being collected.
14. A statewide income tax or sales tax were instituted it would take a long time to start receiving any revenue and a whole new State bureaucracy would be required to collect it.
15. The American Medical Association defines a "moderate drinker" as a woman who drinks no more than one drink a day or a man who drinks no more than two drinks per day.
16. An increase in the alcohol excise tax will have zero impact on non-drinkers and moderate drinkers will be only lightly impacted.
17. The people who will be heavily impacted are the 15-20 % of drinkers who consume 75-80% of the alcohol.
18. The overwhelming preponderance of evidence shows that the single most effective method to reduce crime, domestic violence, child abuse, increase public safety, and reduce the costs of the criminal justice system agencies is to increase the alcohol excise tax;

James A. Crary
2720 Kempton Hills Drive
Anchorage, Alaska 99516-2776
(907) 345-4008/564-5792



email: craryja@gei.net

(Published: October 4, 2001)

Prosecutor gets three days in jail

DWI Assistant state attorney general pleads guilty in August incident.

The prosecutor in a high-profile drunken driving case has pleaded guilty to his own DWI charge and been sentenced to three days in jail.

Herren was stopped Aug. 17 in Girdwood for speeding and was arrested for driving while intoxicated.

The fine and the suspended time were actually slightly more than usual because Herren's blood alcohol was measured at .151, more than half again the legal limit at the time, Roberts said.

Teen arrested after high-speed chase on Glenn Highway

CHARGES Troopers say youth kicked officer in face after crashing stolen car.

An Anchorage teenager was arrested early Tuesday morning in Palmer after allegedly forcing an Alaska State Trooper patrol car off the Glenn Highway, leading troopers on a high-speed chase and kicking an officer in the face.

Robert Norris, 18, was driving a stolen 1990 Lincoln Continental northbound on the Glenn Highway just north of the Parks Highway intersection at 2:17 a.m., troopers spokesman Greg Wilkinson said. Norris pulled into the southbound lane, forcing Trooper Eric Spitzen to swerve off the road to avoid a collision.

Spitzen pulled around and gave chase. Norris drove north past the Alaska State Fairgrounds when he crashed the Lincoln into a highway sign and then into a stand of trees on the east side of the highway, Wilkinson said. The Lincoln was totaled.

Norris and a juvenile passenger ran, but Spitzen cornered them against a chain-link fence. The two suspects punched the trooper in an attempt to escape, but he wrestled them to the ground, Wilkinson said. Two more troopers arrived, and the suspects were handcuffed and taken into custody. Both tested positive for alcohol above the legal limit for driving, Wilkinson said.

Norris was charged with felony eluding, driving while intoxicated, driving with a license revoked, resisting arrest, fourth-degree assault on a police officer, first-degree vehicle theft and two counts of third-degree assault, one for endangering his juvenile passenger during the car chase.

"He was in a situation where he was in control of the car, he was under the influence of alcohol and he put his passenger in a position where he was in fear of his life," Wilkinson said.

FAIRBANKS

Adult men arrested for having sex with 14-year-old runaway

Charges have been filed against two men accused of sexually abusing a 14-year-old girl who was the alleged victim in another abuse case filed last month.

Police were tipped to the case and found the intoxicated girl on a couch in the apartment. The complaint states the girl had a blood-alcohol level of 0.30, more than three times the adult legal limit of 0.08.

The girl was taken to Fairbanks Memorial Hospital, where she told police she had been picked up by two men she thought she knew from Anchorage. She said she didn't consent to having sex with the men and didn't remember having sex with them. She said they had been drinking and she blacked out. Police found a nearly empty vodka container in the apartment, the complaint states.

Ward and McElrath were interviewed at the Fairbanks Police station, where they admitted having sex with the girl.

10/25/01

Wine Industry Retail Sales Testimony

I would like to thank you for this opportunity to testify.

My name is Michael Mc Vittie and I have been employed within the wine industry for twenty plus years this I believe gives me a vantage point, which others might not have as I deal directly with consumer's every day.

As they say death and taxes are a fact of life. A tax increase in and of it's self is no: a challenge but to be singled out of all Alaskan businesses with a proposed increase of 300% is shocking.

The current administration in Washington is working to decrease taxes and promote confidence in the American consumer. The Federal Reserve Bank has lowered interest rates in an effort to promote American business. This proposed tax increase seems completely contrary to the efforts of our nation's leaders.

The terrorism of last month has caused a slow down in the economy. Immediately following the events retail customer counts plummeted and bookings at Hotels and Restaurants were completely abandoned. That business is gone and those numbers are not going to be replaced.

The magnitude of this increase will significantly change price points and make our products some of the highest in the nation. Unruly taxation only changes buying habits moving people to shop elsewhere, such as the Internet where there are no revenues or gallonage reports generated. Canada and Great Britain are all ready struggling with over taxed tobacco and beverage alcohol. Britain's regularly shop in France and Guinness recently built a plant to handle the load of Brits coming over. In Canada citizens living in Windsor daily drive to Detroit to purchase less expensive and lower taxed goods.

I earn my living from the wine industry and am successfully raising a family. Please reinstall my confidence in our system of local government with a more rational and comprehensive approach to our fiscal and social challenges.

Thank you

Good afternoon. My name is Lowell Shinn. I am President of Brown Jug, an Anchorage area retailer of wine, liquor and beer. Brown Jug employs 130 people and deals with over 600 vendors, large and small.

I am here to speak against the proposed increase of alcohol taxes. I think it is grossly unfair to single out one industry for tax increases, but more important is the current economic situation in the nation and Alaska.

Prior to the terrorist attack our business followed the trend of jobs in the Anchorage area.

Employment in the Anchorage area was up about 2% and our business followed that increase in jobs. Since mid September the direction of our business has changed from increasing to decreasing. I think this is due to the devastation that has hit the travel industry and consumer psychology.

Airlines are laying off people. People with out a job are less likely to spend money in stores, restaurants and make investments in homes. This causes more job losses. It was reported this morning existing home sales fell 11.7% in September, the biggest monthly drop since 1995. Jobless claims increased to 504,000, the second highest level in a decade.

We are also affected by the lack of visitors and loss of convention business in Anchorage. Conventioneers not spending money in stores and restaurants results in less jobs, which again affects many businesses including ours.

No one is sure how long current situation will last.

Now, is not the time to increase taxes. Please vote against this tax increase.

October 25, 2001

To: Hearing

Re: HB225

Good afternoon, I'm Ed O'Neill from Brown Jug Anchorage. Our family has been in the business since 1936 and I've been Professionally dispensing what we refer to as "Friendly Spirits" for over 40 years along with our valued employees.

The industry continues to be good to us, both our families and the state, these many years despite many struggles. While our tax is among the highest in the nation, I can remember advance prepayments to the state to help balance Alaska's fiscal budget. It's called working together for the good of all concerned. Quite the opposite of this ill-conceived 300% increase in sector taxation.

I STRONGLY URGE YOUR VOTE AGAINST THIS BLATANT OUT- OF- SINC APPROACH TO TAXATION.

Thank you for your actions in this matter.

A handwritten signature in black ink, appearing to be 'Ed O'Neill', written in a cursive style.

Ed O'Neill



Mothers Against Drunk Driving • Juneau Chapter

211 Fourth St. Suite 102 • Juneau, AK 99801

October 25, 2001

TO: House Finance Committee
Representative Williams Co-Chair
Representative Mulder Co-Chair

Thank you for allowing me to speak today regarding House Bill 225.

My name is Cindy Cashen.

I am a volunteer with Mothers Against Drunk Driving.

I am a victim of Drunk Driving.

I am hear today on behalf of the MADD

Juneau Chapter's board of Directors in support of

increasing the excise tax on alcoholic

beverages by at least ten cents per drink.

Gene Miller, President

Chanda Kulm, Vice-President

Marcy Pilcher, Secretary

Matt Felix, Treasurer

Dawn Miller, Special Events

Heather Bingaman, Co-Chair fundraising

Teresa Young, Co-Chair fundraising

HB

225

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB225(FIN)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Alcoholic Beverage Tax BRU Revenue Operations
Component Tax Division
Sponsor Representative Murkowski
Requester House Rules Committee Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	63.0	63.0	63.0	63.0	63.0	63.0
Travel	2.5	2.5	2.5	2.5	2.5	2.5
Contractual	3.0	3.0	3.0	3.0	3.0	3.0
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment	5.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	74.5	69.5	69.5	69.5	69.5	69.5

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	2,650.0	8,700.0	15,450.0	19,500.0	20,200.0	20,200.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	74.5	69.5	69.5	69.5	69.5	69.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	74.5	69.5	69.5	69.5	69.5	69.5

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The department believes there could be an incentive for businesses to try avoiding the increased state excise tax and, because of budget constraints, the department has been unable to conduct audits of alcoholic beverage tax returns in recent years. The current tax rate is viewed by many as immaterial, but the higher rate likely would result in an increase in tax avoidance efforts. As such, the department estimates it would need one full-time Revenue Auditor III (Range 18) to provide additional enforcement to ensure that the tax is enforced and that the state does not lose revenues.

See attached pages for additional comments.

Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469
Division: Department of Revenue Date/Time 5/2/02 11:01 AM
Approved by: Larry Persily, Deputy Commissioner Date 5/2/2002
Agency: Department of Revenue

CSHB225(FIN) - Department of Revenue

Floor Stock or Inventory Tax

The department strongly recommends a one-time tax on all inventory held by retailers and wholesalers in the state on the effective date of the new tax. The consequences of not having such a floor stock tax could be significant. Businesses could stockpile products under the old, lower rate, and then sell the products to consumers as if it had been taxed at the new, higher rate —resulting in a sizable loss of state tax revenue.

A significant amount of stockpiling took place within the state when tobacco tax rates were increased in 1997. The department estimates \$7.1 million in revenue was lost during the first six months of the tobacco tax increase due to stockpiling. We believe the same thing could happen if the alcoholic beverage tax rate is increased.

The department proposes amending this bill to provide that all inventory held by licensed premises under AS 04.11 be subject to an inventory tax as of 12:01 a.m. of the effective date of this act. The inventory tax would require payment of the difference between the old tax rate and the new rate. As provided in AS 43.60, bonded warehouses would pay the full rate under the new tax structure when the alcoholic beverages are sold from the warehouse and would not be subject to the floor tax. The provision for bonded warehouses allows payment of the state tax when the product is sold from the warehouse, rather than when the product is first brought into the state.

Small Breweries

Section 2 of this bill provides a reduced rate for small domestic brewers. We have lowered the estimated tax revenue increase for this legislation to reflect our best guess of the fiscal impact from the reduced tax rate for small Alaska beer producers. The fiscal note assumes that the in-state brewers are the only beneficiaries of the section.

There are several other issues in Section 2:

- This incorporates provisions of the Internal Revenue Code that are applicable to domestic beer producers. The existing 35 cents per gallon tax rate would be retained for certain brewers on the first 60,000 barrels (31-gallon barrels) sold in Alaska. Because qualification under this provision is dependent on the taxpayer's qualification under the federal rules, and the federal rules are restricted to domestic producers, this provision could violate the U.S. Constitution. This problem could be resolved if the bill is amended to qualify brewers independent of federal tax status, such that qualification were independent of state or country of origin. One consequence of such change could be increased administrative costs.

CSHB225(FIN) - Department of Revenue

- We are unable to estimate the number of out-of state brewers that could qualify for the reduced tax rate or the number that would qualify if constitutional problems were fully addressed. Neither can we estimate the volume of beer sold in Alaska by these non-Alaska brewers. However, the impact on revenue could be significant. For example, a brewer approaching the 2-million-barrel threshold that sells 60,000 barrels in Alaska would pay \$651,000 compared to an unqualified brewer paying \$2,641,2000 on its 60,000 barrels.
- The document filed by a brewer with the federal Bureau of Alcohol, Tobacco and Firearms claiming the reduced federal tax rate is titled "Brewer's Notice of Intent to Pay Reduced Rate of Tax." If the state is going to rely on this document, the exact title should be referenced in this bill — Section 2 gives an incorrect title.
- This bill does not address breweries controlled by the same person. As such, a person who owns two breweries could still qualify as a small brewery under federal rules and claim the reduced tax rate on over 60,000 barrels produced each year. To correct this problem, the following language should be adopted: "The reduced rate of tax applies to the first 60,000 barrels of beer sold in Alaska during a fiscal year by a controlled group of brewers in which the same person holds, directly or indirectly, a 50 percent or more ownership interest. In this subsection, person includes an individual, corporation, partnership, association, joint venture, estate, trust or combination acting as a unit."
- Finally, the tax in current statute is on malt beverages. However, "beer" is used for the reduced rate of tax in this section. "Beer" should be defined in the bill, or "malt beverages" should be used instead of "beer" in this section.

Fiscal Note Assumptions

We estimated revenue from the excise tax increase using the following assumptions:

- The higher tax is completely passed on to consumers in increased prices.
- There would be some change in consumer behavior, and we used price elasticity ranges from the 1990 Congressional Budget Office report Federal Taxation of Tobacco, Alcoholic Beverages and Motor Fuels in estimating state revenues.
- In the first year of implementation, as a result of stockpiling, the revenue increase would be 20 percent less than expected in a normal full year (from our experience with the 1997 cigarette tax rate increase).
- We also assume that only Alaska businesses take advantage of the lower tax rate on qualifying breweries in Section 4 of the bill, although we believe out-of-state breweries also could take advantage of the section.

22-LS0806R
Kurtz
5/1/02

*adopted
5/2/02*

*amendment #1
#2*

delete sec #3

CS FOR HOUSE BILL NO. 225(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES MURKOWSKI, Hudson, Halcro

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to state taxation of alcoholic beverages; and increasing the alcoholic
2 beverage state tax rates."

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

4 * Section 1. AS 43.60.010(a) is amended to read:

5 (a) Except as provided in (c) of this section, every [EVERY] brewer,
6 distiller, bottler, jobber, retailer, wholesaler, or manufacturer who sells alcoholic
7 beverages in the state or who consigns shipments of alcoholic beverages into the state,
8 whether or not the alcoholic beverages are brewed, distilled, bottled, or manufactured
9 in the state, shall pay on all malt beverages (alcoholic content of one percent or more
10 by volume), wines, and hard or distilled alcoholic beverages, the following taxes:

11 (1) malt beverages at the rate of \$1.07 [35 CENTS] a gallon or fraction
12 of a gallon;

13 (2) cider with at least 0.5 percent alcohol by volume but not more
14 than seven percent alcohol by volume, at the rate of \$1.07 a gallon or fraction of a

L

1 gallon:

2 (3) wine or other beverages, other than beverages described in (1) or
3 (2) of this subsection, of 21 percent alcohol by volume or less, at the rate of \$2.50
4 [85 CENTS] a gallon or fraction of a gallon; and

5 (4) [(3)] other beverages having a content of more than 21 percent
6 alcohol by volume at the rate of \$12.80 [\$5.60] a gallon.

7 * Sec. 2. AS 43.60.010 is amended by adding a new subsection to read:

8 (c) A brewer shall pay a tax at the rate of 35 cents a gallon on sales of the first
9 60,000 barrels of beer sold in the state each fiscal year beginning July 1, 2001, for beer
10 produced in the United States if the producing brewery meets the qualifications of 26
11 U.S.C. 5051(a)(2). To qualify for the tax rate under this subsection, the brewer must
12 file with the department a copy of a Bureau of Alcohol, Tobacco and Firearms
13 acknowledged copy of the brewer's Notice of Brewer to Pay Reduced Rate of Tax
14 required under 27 C.F.R. 25.167 for the calendar year in which the fiscal year begins
15 for which the partial exemption is sought. If proof of eligibility is not received by the
16 department before June 1, the tax rate under this subsection does not apply until the
17 first day of the second month after the month the notice is received by the department.
18 For purposes of applying this subsection, a barrel of beer may contain no more than 31
19 gallons.

20 *delete* [* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 TRANSITION: FLOOR STOCK TAXES. (a) There is imposed on every person
23 holding a license or permit under AS 04.11 a floor stock tax. The floor stock tax is imposed
24 once on those alcoholic beverages for sale or distribution that are in the person's possession or
25 under the person's control at 12:01 a.m. on the effective date of this section, including cider
26 with at least 0.5 percent alcohol by volume but not more than seven percent alcohol by
27 volume.

28 (b) The tax is imposed at the rate required under AS 43.60.010(a), as amended by
29 sec. 1 of this Act.

30 (c) A person subject to the tax may deduct from the tax due the amount of tax already
31 paid on the same product at the rate in effect on the day before the effective date of this

1 section if the person provides the department with proof of payment.

2 (d) The provisions of AS 43.05 and AS 43.10 apply to the administration,
3 enforcement, and collection of the floor stock tax levied by this section.

4 (e) A person subject to the floor stock tax shall file a return on a form prescribed by
5 the department and pay the tax to the department not later than 30 days after the effective date
6 of this Act.]