

**ALASKA LEGISLATURE**

**2587**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004**

13

Sec. 06.50130(k) indicates how an advance recipient may repay an advance.

Sec. 06.50.130(l) prohibits a licensee from accepting property other than an instrument from an advance recipient when making an advance.

Sec. 06.50.140(a) sets limits on the advances (plus allowable fees) that a licensee or a person under common control with a licensee may have outstanding to a single advance recipient.

Sec. 06.50.140(b) allows a licensee, or an assignee, to collect for returned instruments the fees allowed by the chapter in addition to the damages, fees, and costs allowed for bad checks under AS 09.68.115, if disclosed in the advance agreement.

Sec. 06.50.140(c) prohibits a licensee from threatening an advance recipient with criminal action for a payment deficit.

Sec. 06.50.140(d) states that a licensee may not renew an advance for a fee greater than the initial origination fee or for more than four consecutive times. Allows an advance recipient to get a new advance transaction at any time after the recipient pays off the previous balance. Indicates when an advance is considered paid off.

Sec. 06.50.140(e) prohibits a licensee from accepting property, title to property, or other evidence of ownership as collateral for an advance, except for an instrument from the advance recipient.

Sec. 06.50140(f) allows a licensee to conduct other business at a location where it makes advances.

Sec. 06.50.140(g) allows an advance recipient to rescind an advance without cost at any time before the close of business on the business day following the day on which the advance was made.

Sec. 06.50.140(h) prohibits a licensee from making an advance on behalf of another person.

Sec. 06.50.150 allows the department to adopt regulations to implement the chapter.

Sec. 06.50.160 establishes the relationship of the chapter to federal law.

Sec 06.50.190 defines terms for the chapter.

**Section 3.** Applies the administrative adjudication provisions of the Alaska Administrative Procedures Act to the Department of Community and Economic Development in the matter of the licensing and regulation of persons making deferred deposit advances under the new chapter, AS 06.50.

**Section 4.** Provides a transitional provision related to the liquid assets that a person must have in order to qualify for a license under AS 06.50.020. Changes the amounts required during the first 180 days after the effective date of the Act.

**Section 5.** Makes the Act effective January 1, 2005.

**Sectional Analysis for CSHB 389(L&C)**

Has been ordered from Legislative Legal and will be provided as soon as it becomes available.

Brief list of changes to HB 389:

1. \$500 cap (vs. \$1,000 cap in original bill)
2. Only 2 rollovers allowed (4 in original bill)
3. Lender must post a bond to get a license (no bond in original bill)
4. Lender will be subject to closer scrutiny by Division of Banking
5. Lender must offer consumer a payment plan option before initiating legal action to collect against a consumer in default, including sending a certified letter offering to assist consumer.
6. There is a \$700 cap on total damages lender can recover (in addition to face value of check) for collection efforts (\$1,000 in original bill).
7. Lender can only charge \$15 per \$100 loaned and **NO OTHER FEES, CHARGES OR INTEREST OF ANY KIND** (original bill allowed for additional interest).
8. There are specific disclosure requirements concerning fees, charges, penalties that were not in the original bill.

These are the main changes to the CS for HB 389.

CSHB 389/SB 272 - Tim Kelly & Associates  
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Cash Alaska submission for Compass Piece, Anchorage Daily News, March 9, 2004.  
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## Payroll Advance Loans Can Prevent Bigger Problems

In my opinion, the Executive Director of AkPIRG, made an excellent case in his Compass article for passing the newly amended bill, CSHB389, regulating payday lending in Alaska. Although I am not personally aware of any payday lending nightmares such as he mentions in his article, I've read of similar situations that have occurred Outside prior to regulation. Currently 38 states are regulated by state statute. This new version, which has been worked on by the Attorney Generals office and the Alaska State Division of Banking and Securities, would go a long way toward eliminating potential abuses in Alaska.

Because the bill would limit rollovers to just two, fees would be held to a reasonable limit, and payday lending would be in line with it's stated intent of small, short-term cash advances against a person's next pay check. Generally people use these advances for an unexpected bill or to cover a temporary cash shortfall. In our experience at Cash Alaska, we find that most people don't rollover their advances but pay them off within the 15 day term. The majority of our customers utilize payday advances 5 or fewer times total over the course of 12 months, below the national average.

Most of us have bounced a check at one time or another and are aware that the average Alaskan NSF bank charge is \$18 with an additional merchant charge of \$25. Not only is the \$30 fee for a \$200 advance, as mentioned in the Compass article, a good financial alternative to paying the total of \$43 NSF charges occurring from just one bounced check but it can also prevent additional financial problems. In Alaska, paying rent late by 3 days can cost up to \$100; a credit card late fee can start at \$29; and late payment on a utility bill could result in a temporary loss of service, a late fee, and new hook-up charges. *For most people facing a temporary cash shortage, a payday advance is the best alternative available in the marketplace.*

AkPIRG suggests people could take ATM advances against their credit cards or take out a small loan from a bank or credit union. Although most payday advance customers have credit cards, they are often maxxed out. In Alaska and across the country, most banks and credit unions simply don't offer the small loans of \$500 and under because they aren't economically feasible for them, as they are far riskier and present more collection problems. In fact, the growth of the payday lending industry is a direct result of meeting a consumer demand in the financial services market that wasn't being met by more traditional lending institutions.

The article accurately reported that payday lending is unregulated in the State of Alaska. However, Cash Alaska operates under the \$500 exemption in the Small Loans Act which has been affirmed by both a court case and in writing by the Division of Banking and Securities. The industry could continue to operate legally regardless of whether a law passes this year or not. Isn't it better that Alaska, like other states, enact these consumer protections and regulate the industry rather than continue to allow unsupervised lending?

By passing the recently amended CSHB389 and regulating the payday lending industry, consumers will receive protections against abusive lenders and have the choice of a financial service that can help them out until their next payday while preventing the expensive consequences of late payments and the resulting bad credit rating. They won't find that the only alternative for short term cash might be an Internet site operating from Outside and charging up to \$60 for a \$200 loan. They will have the choice of an efficient financial service, employing Alaskans locally, under the supervision of the Alaska Division of Banking and Securities.

## Statement of supporters and opponents for CSHB 389(L&C)

Supporters of this bill include:

1. Department of Law, Consumer Protection Division
2. Department of Community & Economic Development, Division of Banking, Securities & Corporations
3. Advocates for regulation of this type of lending
  - a. Current, legitimate business owners
  - b. Consumer advocates in general (exceptions listed below)

Opponents to this bill include:

1. AARP – this group feels the restrictions to fee charged is too low and wants to see a cap on the APR
2. AkPIRG – this group also wants an unreasonable cap on APR
3. Consumers of this service – we have been informed by the owners of some of the deferred deposit advance companies that their customers will not appreciate the additional regulation of these types of loans.

# Cost Comparison

## CONSUMER DILEMMA

A consumer who is between paydays and has insufficient savings must immediately pay a \$50 utility bill and a \$50 minimum payment on a credit card balance.

## OPTIONS



**OPTION#1**  
\$100 Deferred  
Deposit Advance



**\$15 TOTAL**



**OPTION#2**  
2 late  
payments



\$50 reconnect fee to utility company  
\$29 late fee to credit card company

**\$79 TOTAL**

**PLUS TEMPORARY LOSS OF  
UTILITY AND NEGATIVE  
EFFECT ON CREDIT RECORD**



**OPTION#3**  
2 bounced  
checks



\$22 NSF Fee to Bank  
+\$25 Fee from Vendor  
\$47 in Fees Per Check  
X 2 Checks

**\$94 TOTAL**

**PLUS STIGMA OF  
WRITING BAD CHECK**

## STATE LAW GOVERNING DEFERRED DEPOSIT SERVICES/PAYDAY ADVANCE

STATES	Deferred Deposit Available under Law	Permitted Fees	Permitted Period	Max. Amount of Check
<b>Alabama</b>	<b>Yes</b>	<b>17.5% of the amount advanced</b>	<b>min. of 10 days and max. or 31 days</b>	<b>\$500</b>
<b>Arizona</b>	<b>Yes</b>	<b>15% of the check</b>	<b>min. of 5 days</b>	<b>\$500</b>
<b>Arkansas</b>	<b>Yes</b>	<b>10% of the check + \$10 charge + \$5 fee on 1st transaction</b>	<b>min. of 6 days and max. of 31 days</b>	<b>\$400</b>
<b>California</b>	<b>Yes</b>	<b>15% of the check</b>	<b>max of 30 days</b>	<b>\$300</b>
<b>Colorado</b>	<b>Yes</b>	<b>20% of the 1st \$300 - 7.5% on amt greater than \$300</b>	<b>max. of 40 days</b>	<b>\$500</b>
<b>Delaware</b>	<b>Yes</b>	<b>rate determined by parties</b>	<b>max. of 60 days</b>	<b>\$500</b>
<b>DC</b>	<b>Yes</b>	<b>scale of fees</b>	<b>max. of 31 days</b>	<b>\$1,000</b>
<b>Florida</b>	<b>Yes</b>	<b>10% of advance + \$5 verification fee</b>	<b>min. of 7 days and max. of 31 days</b>	<b>\$500</b>
<b>Hawaii</b>	<b>Yes</b>	<b>15% of the check</b>	<b>max. of 32 days</b>	<b>\$600</b>
<b>Idaho</b>	<b>Yes</b>	<b>rate determined by parties</b>	<b>term determined by parties</b>	<b>\$1,000</b>
<b>Illinois</b>	<b>Yes</b>	<b>N/A</b>	<b>max of 30 days</b>	<b>\$400</b>
<b>Indiana</b>	<b>Yes</b>	<b>15% of the check on the 1st \$100; 10% over \$100; fee cannot exceed \$35</b>	<b>min. of 14 days</b>	<b>\$400</b>
<b>Iowa</b>	<b>Yes</b>	<b>15% of the check on 1st \$100; 10% on subsequent \$100 increments</b>	<b>max. of 31 days</b>	<b>\$500</b>
<b>Kansas</b>	<b>Yes</b>	<b>scale of fees</b>	<b>max. of 30 days</b>	<b>\$860</b>
<b>Kentucky</b>	<b>Yes</b>	<b>\$15 per \$100 on face amt of check</b>	<b>min. of 14 days and max. of 60 days</b>	<b>\$500</b>
<b>Louisiana</b>	<b>Yes</b>	<b>16.75% of the check</b>	<b>max. of 30 days</b>	<b>\$350</b>
<b>Michigan</b>	<b>Yes *</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Minnesota</b>	<b>Yes</b>	<b>scale of fees</b>	<b>max. of 30 days</b>	<b>\$350</b>
<b>Mississippi</b>	<b>Yes</b>	<b>18% of the check</b>	<b>max. of 30 days</b>	<b>\$400</b>
<b>Missouri</b>	<b>Yes</b>	<b>no limit, hut total fees, inc rollovers, can't exceed 75% of loan</b>	<b>min. of 14 days and max. of 31 days</b>	<b>\$500</b>
<b>Montana</b>	<b>Yes</b>	<b>cannot exceed 25% of amount advanced</b>	<b>max. of 31 days</b>	<b>\$300</b>
<b>Nebraska</b>	<b>Yes</b>	<b>\$15 per \$100 on face amt of check</b>	<b>max. of 31 days</b>	<b>\$500</b>

<b>Nevada</b>	<b>Yes</b>	rate determined by parties	term determined by parties	1/3 of borrower's
<b>New Hampshire</b>	<b>Yes</b>	rate determined by parties, however, after initial term of loan interest can't be > 6% per yr.	min. of 7 days and max. of 30 days	<b>\$500</b>
<b>New Mexico</b>	<b>Yes *</b>	rate determined by parties	term determined by parties	<b>\$2,500</b>
<b>N. Dakota</b>	<b>Yes</b>	20% of amount borrowed	max. of 45 days inc rollover period	<b>\$500</b>
<b>Ohio</b>	<b>Yes</b>	\$5 per \$50 + 5% per month	cannot exceed 6 months	<b>\$500</b>
<b>Oklahoma</b>	<b>Yes</b>	\$15% of the 1st \$300 + 10% on amount greater than \$300	min. of 13 days and max. of 45 days	<b>\$500</b>
<b>Oregon</b>	<b>Yes</b>	rate of loan determined by parties	max. of 60 days	<b>\$50,000</b>
<b>Rhode Island</b>	<b>Yes</b>	10% of the check or \$5, whichever is greater	fixed term of 14 days	<b>\$300</b>
<b>S. Carolina</b>	<b>Yes</b>	15% of the check	max. of 31 days	<b>\$300</b>
<b>S. Dakota</b>	<b>Yes *</b>	rate determined by parties	term determined by parties	<b>N/A</b>
<b>Tennessee</b>	<b>Yes</b>	15% of check or \$30, whichever is lesser	max of 31 days	<b>\$500</b>
<b>Texas</b>	<b>Yes</b>	scale of fees	no less than 7 days	<b>N/A</b>
<b>Utah</b>	<b>Yes</b>	rate determined by parties	term determined by parties	<b>N/A</b>
<b>Virginia</b>	<b>Yes</b>	15% of advance amt	min. of 7 days	<b>\$500</b>
<b>Washington</b>	<b>Yes</b>	15% of the principal on first \$500 borrowed; 10% on amount of \$500	max. of 45 days	<b>\$700</b>
<b>Wisconsin</b>	<b>Yes *</b>	rate determined by parties	term determined by parties	<b>\$25,000</b>
<b>Wyoming</b>	<b>Yes</b>	\$30 or 20% per mo. on the principal balance of check	one calendar month	no statutory cap
<b>Alaska Proposed Draft</b>	<b>Yes</b>	<b>15% of the amount advanced</b>	<b>min. of 15 days</b>	<b>\$1,000</b>

Deferred deposit services are not permitted under state law in the following jurisdictions: Connecticut, Georgia, Maine, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Vermont, and West Virginia.

\* States regulated by Small Loan Acts or Dept of Commerce  
Data current as of 10/03 per Financial Services of America (FiSCA)

# What is the Deferred Deposit Industry

The Deferred Deposit Advance serves as a dignified and cost efficient “financial taxi” to get from one payday to another when faced with an unexpected cash need.

The Deferred Deposit industry, also known as payday advance, cash advance, or payday loans, represents one of the fastest growing segments of the consumer finance industry.

Over the past decade, most states have created a regulatory environment that satisfies the robust consumer demand for these short term, low denomination loans.

State policy makers have balanced the interests of the industry with substantive consumer protections that ensure responsible and informed use of the service.

Consumers use the service responsibly and for the intended purpose: to solve temporary cash flow problems by bridging the gap between paydays.

Just as commuters understand that taxi services are valuable and convenient when used for short term travel while inefficient for long term travel needs, our customers understand that Deferred Deposit services are economical and convenient when used for short term cash needs but are inappropriate to meet long term cash needs.

Deferred Deposit advances are just one of the many short-term credit options used by the middle class consumer.

# Evolution of the Deferred Deposit Industry

The consumer's need for access to short term funds developed because:

- Traditional financial institutions exited the small denomination, short-term credit market, largely due to its high cost structure
- Demise of household finance storefronts
- Proliferation of automated credit card lending limited small dollar credit needs
- The cost of bounced check fees, late payment penalties, and other short-term credit products soared
- Increased difficulty of opening/maintaining a checking account
- Consumers need small dollar, short-term loans to bridge payment needs
- Enactment of legislation provided regulations and consumer protections for Deferred Deposit customers.

## Who Uses Deferred Deposits

Typical borrowers have a household income between \$25,000 and \$50,000, have a job, but live on a tight budget that leaves little room for financial missteps or emergencies.

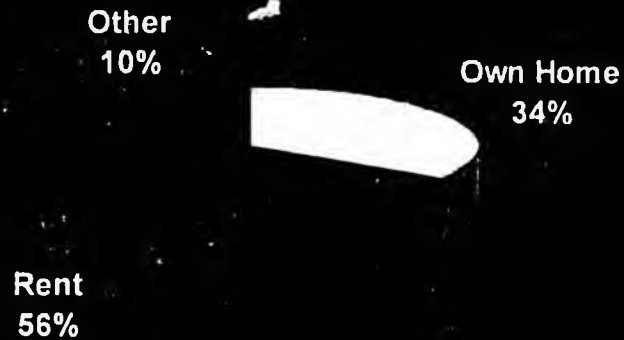
The Deferred Deposit advance helps them get through a cash crunch without paying late fees or bouncing checks. According to the IO Data Corporation Report commissioned by the Community Financial Services Association of America:

- Nearly all Deferred Deposit customers use credit other than Deferred Deposits and more than half have a bank credit card.
- 34% of them own their own homes and a majority have children under 18 still with them.
- 85% of them have graduated from high school; 55% have some college or a degree
- 74% have employment tenure of 1 year or more.

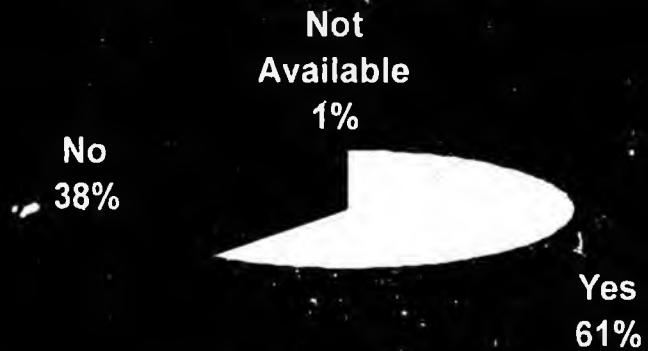
According to the McDonough School of Business, Georgetown University Report, April 2001, "Payday Advance Credit in America: An Analysis of customer Demand", Deferred Deposit customers are primarily moderate-income consumers who are often in early stages of the family life cycle. They are more likely to use consumer credit and tend to have higher levels of consumer debt relative to income than the population as a whole. They typically have high rates of return on investments in household good and a strong demand for credit. They tend to be insensitive to interest rates on loans though generally aware of the cost of such credit.

# Customer Demographic Profile

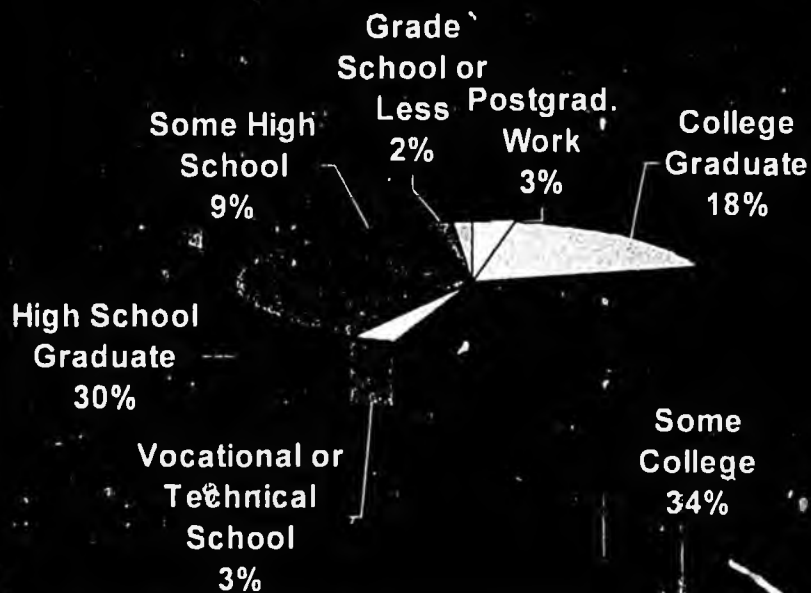
Own or Rent Home



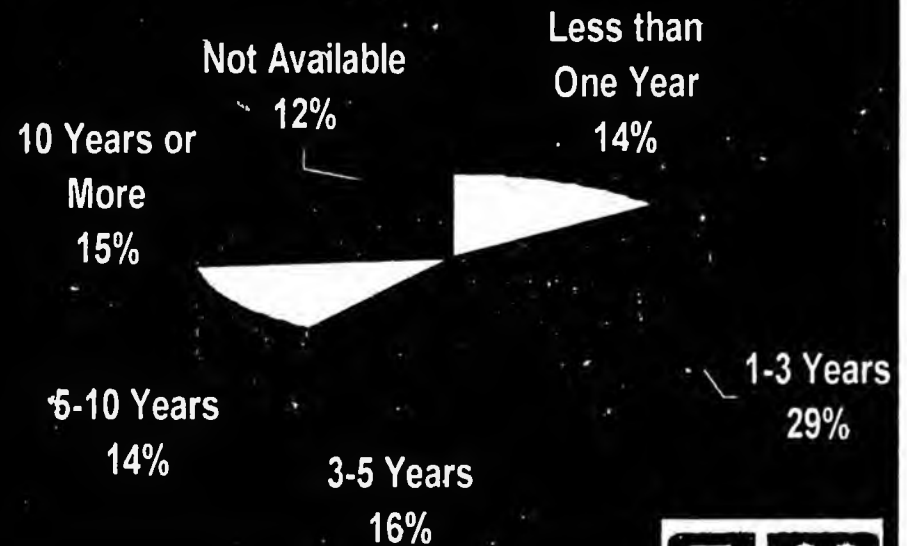
Children Under 18 at Home



Education



Employment Tenure



Source: Io Data Corporation

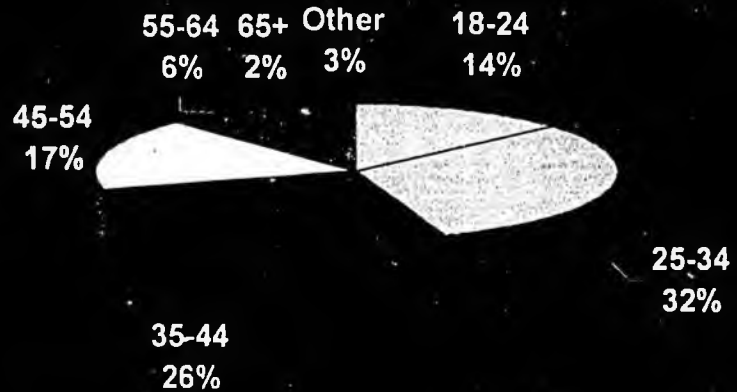


# Customer Demographic Profile *(Continued)*

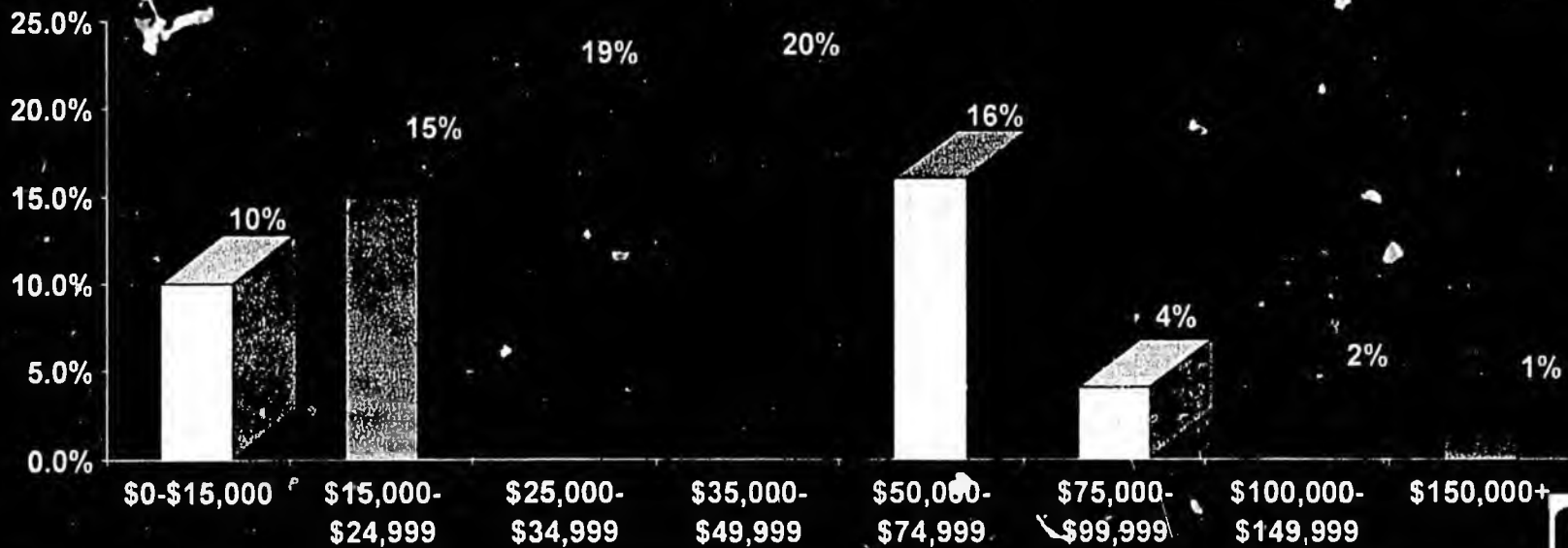
## Gender



## Age



## Household Income



Source: Io Data Corporation



## Alternatives Available in the Marketplace

Many of our customers don't have relatives or other friends to turn to for financial assistance when the family car breaks down or an unexpected expense comes up.

Deferred Deposits are sometimes the only viable option when people are strapped for cash. Alternatives available include bank overdraft protection – which requires available funds in another account, paying bounced check fees, paying late payment penalties, and pawn loans.

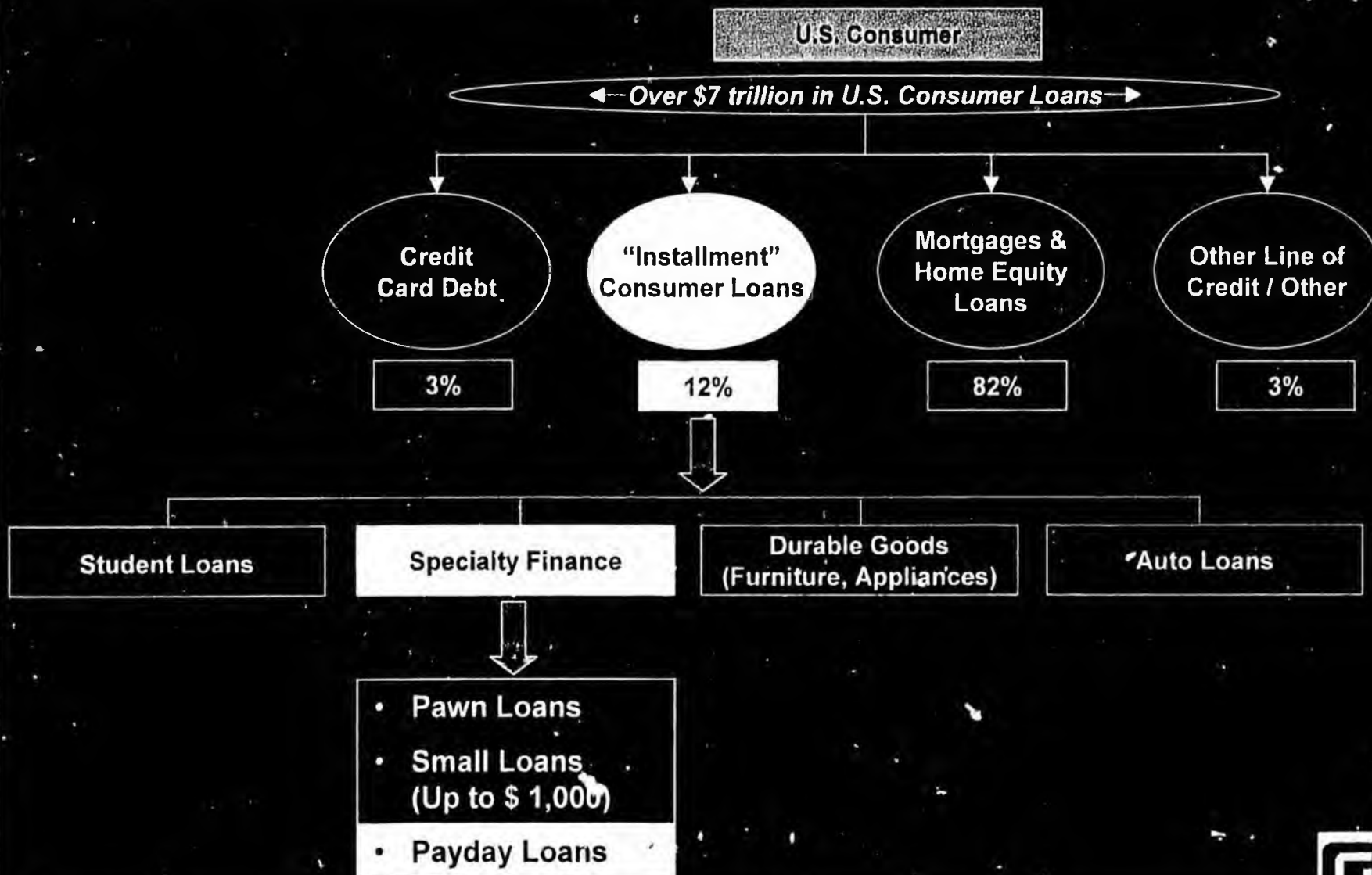
Deferred Deposit Advances are lower than many consumer alternatives.

- An example is the average \$29 late fee on credit card payments. For a \$100 due credit payment, the \$29 late fee would compare to a typical \$15 Deferred Deposit fee. In both instances, the payment would ultimately be made from the consumers next pay check.
- For a \$100 bounced check, the standard fee in Alaska is a \$22 bank fee plus a \$25 NSF fee charged by the merchant. That's a total of \$47 in NSF fees. A Deferred Deposit advance for a \$100 would cost only \$15.

**A Deferred Deposit Advance allows the consumer to maintain a clean payment record and costs substantially less.**

# Where do Payday Loans Fit in the Broader Consumer Finance Industry?

Here's one way to segment the consumer's balance sheet.



## How a Deferred Deposit Works

A Deferred Deposit Advance provides a small, unsecured, short-term cash advance until payday. Customers chose Deferred Deposit Advances to cover small expenses and avoid costly bounced-check or late payment penalties and other less desirable short-term credit option.

- A customer with an active checking account and regular income simply supplies a State ID, a current pay stub, and reads and signs an agreement that discloses transaction terms.
- The customer writes a personal check drawn on their local bank for the loan amount plus a fee of \$15 per \$100 borrowed.
- The lender immediately cashes the check and gives the money, less the fee, to the customer.
- The check is held for an agreed-upon time, up to 15 days, at the end of which time the check is deposited or the customer returns with cash to reclaim the check.
- If a customer chooses to defer this deposit for an additional 15 days, s/he may choose to “rollover” the deposit.

## Deferred Deposit Fees

Businesses offering Deferred Deposit service take a risk that traditional financial institutions are unwilling to assume. Thus fees charged by the industry are higher than the interest rates charged by banks and credit card companies.

- The industry believes fees should be reasonable, cover the cost of the service and provide a reasonable profit to the business. The standard fee nation-wide is \$15 to \$20 per \$100 advance. Some Internet online providers can charge up to \$60 per advance.
- Competition is the key and, within the confines of state regulation, the market itself assures customers of a competitive service fee.
- Critics of Deferred Deposit Advances have raised concerns about the fees being charged by the industry. The Deferred Deposit Advance industry reports the Annual Percentage Rates (APR) of the advance as required by the federal Truth in Lending Act. However, using the APR to evaluate the costs of Deferred Deposits is not accurate because of the short-term nature of the cash advance. The industry considers the charge for the service a fee rather than interest.

Merchant NSF Fees to Clients	
Sears	\$25
JC Pennys	\$29
Fred Meyer	\$25
Carrs	\$25
First Mortgage	\$50
Bank One	\$35
Nordstroms	\$25
discover	\$29
Walmart	\$29

Bank NSF Fees to Clients	
Key Bank	\$27
Wells Fargo	\$28
Northrim	\$18
AK USA	\$18
First National	\$20
Denali Alaska	\$20
Credit Union One	\$20

Major Alaska Electric Companies			
Name of Utility	NSF Fee	Late Fee	Reconnect Fee
Chugach	\$15	\$2	\$50
ML & P	\$25	\$2	\$95
Matanuska	\$25	7%	\$30
Tlingit Haida Regional	\$25	1.50%	\$50
Aurora electric	\$10	\$2	\$55 before 3:30/\$165 after
Golden Valley Elec	\$10	\$2	\$55 plus a deposit

Apartments in Anchorage - Late Fees	
Arctic sun	\$100
Arctic Tern	\$25
Boundary Manor	\$50
Calais Manor	\$100
Camlett Apts	\$50
Campbell Creek	\$65
Castle Apts	\$100
Chugach	\$100
Continental	\$100
Foxwood	\$25
Garden Villa	\$45
King court	\$25
Kinnear Park	\$67
Oasis	\$50
Casa blanca	\$50
Nicole	\$50
Northwind	\$100
Pier 25	\$50
Rancho	\$100

This data compiled between 12/15/03 and 1/9/04 by Cash Alaska

Rent late fees are applicable from 1 to 5 days after the rent is due.

### 15-Day Term

\$100 payday advance with \$15 fee

\$100 check with \$22 inst. and \$22 inst. advance fee

### 30-Day Term

\$29 late fee on \$100 credit card bill, etc.

\$100 utility bill with \$47 fee/adv. amount, etc.

### 1-Day Term

\$100 ATM withdrawal with \$1.50 fee

## Consumer Protection

The Deferred Deposit Advance bill has provisions protecting the consumer per the following:

- Consumers are given the right to rescind an Advance without cost before the end of the next business day,
- Rollovers are limited to four (Note: A rollover, or renewal, of a Deferred Deposit Advance occurs when the customer renews the advance by paying only the fee amount. The agreed upon deposit date is then moved out an additional 15 days),
- Collection practices, following State law, must be disclosed in the Agreement, and Criminal action is prohibited,
- Customers are informed in advance of the short-term nature of the Advance, what fee charged for origination, and rollover requirements,
- Reasonable fees are charged for the service,
- Standardization and regulation in the Deferred Deposit industry is maintained and scrutinized by the Department of Community and Economic Development.

# **The Growth of Internet Deferred Deposit Advances**

- A 2000 survey commissioned by FiSCA found over 50 separate websites offering payroll/Deferred Deposit advances. Today a Google search for “Payday Loans Online” will bring up 775,000 websites.
- Internet fee rates range from 15% to as high as 35%; median rate is 25% per \$100
- Most sites offered loans of up to \$500; a few sites offering up to \$1000
- Many online lenders are based in California, Delaware or offshore locations such as Costa Rica
- Limited customer service; over 30% of the sites fail to provide a phone number for customer service support.

## Facts and Fiction

Some consumer groups have fought the growth of the Deferred Deposit industry across the country calling us predatory lenders who prey on the poor and uneducated, charge ridiculous rates, and cause people to sink into a cycle of debt. The following is a response to that concern.

Fiction: Deferred Deposit/Payday Advance companies prey on poor, uneducated or older consumers.

Fact: Deferred Deposit customers represent the heart of the working middle class.

- Majority has income between \$25K and \$50K
- 72% are under 45 years old; only 2% are over 65, compared to 20% of the population
- 85% have a high school diploma or better, with 55% having some college or a degree
- 34% own their own homes
- 100% have a steady income and an active checking account (required for advances)

## Facts and Fiction

Fiction: They charge outrageous rates.

Fact: Deferred Deposit Advance fees typically cost less than other alternatives.

- Bank/merchant fees on a bounced check can cost 2 times that of a \$100 advance
- APR's are often lower than customer's alternatives (on same 2 week term)
  - ▶ \$100 payday advance with \$15 fee = 365% APR
  - ▶ \$100 bounced check with \$47 NSF/merchant fees = 564% APR
  - ▶ \$100 utility bill with \$50 late/reconnect fees = 564% APR
  - ▶ \$100 credit card balance with \$29 late fee = 348% APR

Fiction: They force customers into a cycle of debt.

Fact: Most customers use Deferred Deposit Advances responsibly and moderately.

- It's a closed-end, short-term transaction with a one-time flat fee. No revolving debt and no additional fees or accruing interest if not paid when due
- 66% use Advances to cover unexpected expenses/temporary reduction in income
- 34% use it for planned expenses or other discretionary uses
- 60% either don't renew over a 12 month period or renew only 1-4 times
- Research and regulators confirm more than 70% use the service about once a month or less.

## Facts and Fiction

Fiction: They take advantage of unsuspecting customers.

Fact: Deferred Deposit Advance customers make informed decisions and receive consumer protections under law.

- Millions choose Deferred Deposit Advances as a dignified, discreet solution for temporary cash flow problems without asking family for money
- 70% choose them for reasons of convenience (quick, easy, & fast approval)
- 96% are aware of the charges and 78% recalled it being disclosed as an APR
- 92% believe it is a useful service, only 12% were dissatisfied w/their last advance
- 35 States and the D.C. provide balanced, responsible regulation of Deferred Deposit Advances, most of them also providing the following:
  - ▶ Educational brochure that encourages consumer responsibility and warns against long-term use
  - ▶ Full disclosure on in-store signage and in Agreement (with TILA disclosure)
  - ▶ Privacy notice
  - ▶ Limit on rollovers
  - ▶ Cost-free right of rescission
  - ▶ Professional, fair and lawful collection practices and no threat or use of criminal prosecution

## REFERENCES

All the information was taken from the following.

1. Financial Services of America (FiSCA), A National Trade Association  
[www.fiscal.org](http://www.fiscal.org). Various reports available on website.
2. Community Financial Services Association of America (CFSA)  
[www.cfsa.net](http://www.cfsa.net). Various reports available on website.
3. PAYDAY ADVANCE CREDIT IN AMERICA: An analysis of customer demand. Monogram #35, April 2001. Credit Research Center, McDonough School of Business, Georgetown University, Wash DC. Authors. Gregory Elliehausen, PhD, and Edward C. Lawrence, PhD.
4. UPDATE ON the PAYDAY LOAN INDUSTRY: OBSERVATIONS on RECENT INDUSTRY DEVELOPMENTS, September 2003. Stephen, Inc. Investment Bankers. Authors: Jerry L. Robinson, and John D. Wheeler.
5. PAYDAY ADVANCE CUSTOMER RESEARCH CUMULATIVE STATE RESEARCH REPORT, September 2002, Io Data Corporation, Salt Lake City, Utah.

## Alaska AK Payday Loan Online

Alaska Payday Loans & Cash Advance

Apply Now \$ How it Works \$ Security & Privacy \$ Questions

# \$500 Alaska Payday Loan

No Credit Check, No Application Fee

**U.S. Personal Cash Advance** will give alaska residence up to a \$500.00 payday loan just by simple filling out our payday loan online form. We specialize in giving you cash until payday loans to help your financial needs. If your in Alaska and need an instant cash payday loan you can start now and receive your payday cash advance instantly! It's quick and simple at **U.S. Personal Cash Advance!** To begin just click the "Start" button below to start your fast payday loan online.

## Give Me A Cash Payday Loan

U.S. Cash the only way to get a Payday Loan online Quickly

<Alaska Payday Loan Start Here>

SERVING PAYDAY LOANS ACROSS AMERICA

4 examples of  
internet fees allowed  
under Federal law.



- HOME
- F.A.Q.
- FEES
- DISCLOSURE
- PRIVACY
- CONTACT
- ABOUT US
- WEB

# EZPayDayCash.com

"The easiest way to get your payday loan!"



## FEES

**EZPaydaycash charges \$25 per \$100 advanced to you.**

### Schedule of Fees

#### Annual Percentage Rate (APR)

#### Term Loan Amount

(in days)	\$200 Fee APR	\$300 Fee APR	\$400 Fee APR	\$500 Fee APR
7	\$50 1303.57%	\$75 1303.57%	\$100 1303.57%	\$125 1303.57%
8	\$50 1140.62%	\$75 1140.62%	\$100 1140.62%	\$125 1140.62%
9	\$50 1013.88%	\$75 1013.88%	\$100 1013.88%	\$125 1013.88%
10	\$50 912.50%	\$75 912.50%	\$100 912.50%	\$125 912.50%
11	\$50 829.54%	\$75 829.54%	\$100 829.54%	\$125 829.54%
12	\$50 760.42%	\$75 760.42%	\$100 760.42%	\$125 760.42%
13	\$50 701.92%	\$75 701.92%	\$100 701.92%	\$125 701.92%
14	\$50 651.78%	\$75 651.78%	\$100 651.78%	\$125 651.78%
15	\$50 608.33%	\$75 608.33%	\$100 608.33%	\$125 608.33%
16	\$50 570.31%	\$75 570.31%	\$100 570.31%	\$125 570.31%
17	\$50 536.76%	\$75 536.76%	\$100 536.76%	\$125 536.76%
18	\$50 506.94%	\$75 506.94%	\$100 506.94%	\$125 506.94%
19	\$50 480.26%	\$75 480.26%	\$100 480.26%	\$125 480.26%
20	\$50 456.25%	\$75 456.25%	\$100 456.25%	\$125 456.25%
21	\$50 434.52%	\$75 434.52%	\$100 434.52%	\$125 434.52%
22	\$50 414.77%	\$75 414.77%	\$100 414.77%	\$125 414.77%
23	\$50 396.74%	\$75 396.74%	\$100 396.74%	\$125 396.74%
24	\$50 380.21%	\$75 380.21%	\$100 380.21%	\$125 380.21%

Apply

To ha  
depos  
person

Meml

Welc

are  
delight  
you  
again

Payday loans up  
to \$1000

Fast Approval -  
No Credit Check

Cash deposited  
directly to your  
account

Confidential &  
Secure

**Payday  
Loans**  
up to \$1000  
Apply Now!

## FEEES

The following table shows the amounts and fees associated with the short term loans provided by IGotIt.com:

Loan Amount (Amount financed)	Loan Term (Days)	Loan Fee (Finance charge)	Check Amount (Total of payments)
\$100.00	7-14	\$19.88	\$119.88
\$100.00	15-21	<a href="#">View Pay Schedule</a>	
\$150.00	7-14	\$29.82	\$179.82
\$150.00	15-21	<a href="#">View Pay Schedule</a>	
\$200.00	7-14	\$39.76	\$239.76
\$200.00	15-21	<a href="#">View Pay Schedule</a>	
\$250.00	7-14	\$49.70	\$299.70
\$250.00	15-21	<a href="#">View Pay Schedule</a>	
\$300.00	7-14	\$59.64	\$359.64
\$300.00	15-21	<a href="#">View Pay Schedule</a>	
\$350.00	7-14	\$69.58	\$419.58
\$350.00	15-21	<a href="#">View Pay Schedule</a>	
\$400.00	7-14	\$79.52	\$479.52
\$400.00	15-21	<a href="#">View Pay Schedule</a>	
\$500.00	7-14	\$99.40	\$599.40
\$500.00	15-21	<a href="#">View Pay Schedule</a>	
\$600.00	7-14	\$119.28	\$719.28
\$600.00	15-21	<a href="#">View Pay Schedule</a>	
\$700.00	7-14	\$139.16	\$839.16
\$700.00	15-21	<a href="#">View Pay Schedule</a>	

**Fee Schedule.** You will be charged a flat fee of \$30 per one hundred dollars advanced to you. There will be no discount or refund of the Finance Charges if you repay your loan early.

**Promise to Pay.** You promise to pay to us or to our order, in one payment, on the date indicated in the Payment Schedule, the Total of Payments. On or after the day your loan comes due you authorize us to effect one or more ACH debit entries to your Account at the Bank. You may revoke this authorization at any time up to 3 business days prior to the due date. However, if you timely revoke this authorization, you authorize us to prepare and submit one or more checks drawn on your Account to repay your loan when it comes due. If there are insufficient funds on deposit in your Account to effect the ACH debit entry or to pay a check or otherwise cover the loan payment on the due date, you promise to pay us all sums you owe by mailing a check or Money Order payable to: Avantis Financial, LLC.

**Return Item Fee.** You agree to pay \$30 if an item in payment of what you owe is returned unpaid or an ACH debit entry, the authorization for which was not properly revoked by you, is rejected by the Bank for any reason.

**Prepayment.** The Finance Charge consists solely of a Loan Fee that is earned in full at the time the Loan is funded. You may pay all or part of what you owe prior to the due date, without penalty. However, if you pay early you will not be entitled to a refund of part or all of the Finance Charge.



Financial Solutions Online

GET YOUR  
PAYDAY LOAN

- HOME
- MEMBERS
- NEW CUSTOMERS
- HOW IT WORKS
- FAQ
- ABOUT US
- FEES SCHEDULE
- FINANCIAL TIPS
- CONTACT US
- QUIK REWARDS

### Fee Schedule

		Loan Amounts available depending on your earnings & approval				
		\$100	\$200	\$300	\$400	\$500
Term in Days	Annual Percentage Rate	Finance Charge				
4	1825.00%	\$20	\$40	\$60	\$80	\$100
5	1460.00%	\$20	\$40	\$60	\$80	\$100
6	1216.67%	\$20	\$40	\$60	\$80	\$100
7	1042.86%	\$20	\$40	\$60	\$80	\$100
8	912.50%	\$20	\$40	\$60	\$80	\$100
9	811.11%	\$20	\$40	\$60	\$80	\$100
10	730.00%	\$20	\$40	\$60	\$80	\$100
11	663.64%	\$20	\$40	\$60	\$80	\$100
12	608.33%	\$20	\$40	\$60	\$80	\$100
13	561.54%	\$20	\$40	\$60	\$80	\$100
14	521.43%	\$20	\$40	\$60	\$80	\$100
15	486.67%	\$20	\$40	\$60	\$80	\$100
16	456.25%	\$20	\$40	\$60	\$80	\$100
17	429.41%	\$20	\$40	\$60	\$80	\$100
18	405.56%	\$20	\$40	\$60	\$80	\$100



Webmasters: Click Here to earn money with Quik Payday

### How to determine your Due Date

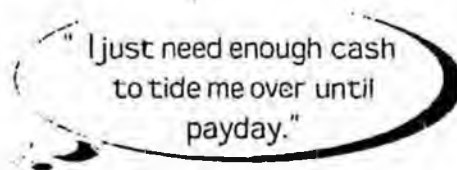
All loan due dates must be on your payday. The minimum number of days a loan can be taken for is 4 days. The maximum number of days a loan can be taken for is 18 days.

- If you get paid once a week: You must use the subsequent payday.
- If you get paid twice a month or every other week: You must use your next payday. If you next payday is less than 4 days away then you must use the following payday.

# FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

## Payday Loans = Costly Cash



**"GET CASH UNTIL PAYDAY! . . . \$100 OR MORE . . . FAST."**

The ads are on the radio, television, the Internet, even in the mail. They refer to payday loans — which come at a very high price.

Check cashers, finance companies and others are making small, short-term, high-rate loans that go by a variety of names: payday loans, cash advance loans, check advance loans, post-dated check loans or deferred deposit check loans.

Usually, a borrower writes a personal check payable to the lender for the amount he or she wishes to borrow plus a fee. The company gives the borrower the amount of the check minus the fee. Fees charged for payday loans are usually a percentage of the face value of the check or a fee charged per amount borrowed — say, for every \$50 or \$100 loaned. And, if you extend or "roll-over" the loan — say for another two weeks — you will pay the fees for each extension.

Under the Truth in Lending Act, the cost of payday loans — like other types of credit — must be disclosed. Among other information, you must receive, in writing, the finance charge (a dollar amount) and the annual percentage rate or APR (the cost of credit on a yearly basis).

A cash advance loan secured by a personal check — such as a payday loan — is very expensive credit. Let's say you write a personal check for \$115 to borrow \$100 for up to 14 days. The check casher or payday lender agrees to hold the check until your next payday. At that time, depending on the particular plan, the lender deposits the check, you redeem the check by paying the \$115 in cash, or you roll-over the check by paying a fee to extend the loan for another two weeks. In this example, the cost of the initial loan is a \$15 finance charge and 391 percent APR. If you roll-over the loan three times, the finance charge would climb to \$60 to borrow \$100.

### Alternatives to Payday Loans

There are other options. Consider the possibilities before choosing a payday loan:

- When you need credit, shop carefully. Compare offers. Look for the credit offer with the lowest APR — consider a small loan from your credit union or small loan company, an advance on pay from your employer, or a loan from family or friends. A cash advance on a credit card also may be a possibility, but it may have a higher interest rate than your other sources of funds: find out the terms before you decide. Also, a local community-based organization may make small business loans to individuals.

- Compare the APR and the finance charge (which includes loan fees, interest and other types of credit costs) of credit offers to get the lowest cost.
- Ask your creditors for more time to pay your bills. Find out what they will charge for that service — as a late charge, an additional finance charge or a higher interest rate.
- Make a realistic budget, and figure your monthly and daily expenditures. Avoid unnecessary purchases — even small daily items. Their costs add up. Also, build some savings — even small deposits can help — to avoid borrowing for emergencies, unexpected expenses or other items. For example, by putting the amount of the fee that would be paid on a typical \$300 payday loan in a savings account for six months, you would have extra dollars available. This can give you a buffer against financial emergencies.
- Find out if you have, or can get, overdraft protection on your checking account. If you are regularly using most or all of the funds in your account and if you make a mistake in your checking (or savings) account ledger or records, overdraft protection can help protect you from further credit problems. Find out the terms of overdraft protection.
- If you need help working out a debt repayment plan with creditors or developing a budget, contact your local consumer credit counseling service. There are non-profit groups in every state that offer credit guidance to consumers. These services are available at little or no cost. Also, check with your employer, credit union or housing authority for no- or low-cost credit counseling programs.
- If you decide you must use a payday loan, borrow only as much as you can afford to pay with your next paycheck and still have enough to make it to the next payday.

### **To Complain/For More Information**

If you believe a lender has violated the Truth in Lending Act, you can file a complaint with the FTC. The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, call toll-free, 1-877-FTC-HELP (1-877-382-4357), or use the complaint form at [www.ftc.gov](http://www.ftc.gov). The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.



February 2000

## ALASKA UNSECURED LOANS MINIMUMS

BANK	MINIMUM LOAN AMT	FEES	ELIGIBILITY CRITERIA
Key Bank	\$3,000		
Northrim Bank	\$2,500		
Alaska Pacific Bank	\$2,500		
Alaska First Community	\$2,000		
Wells Fargo	\$1,000		
First National Bank	\$500 - 1 yr term	\$50 loan fee/13.5% interest	Must have checking account, loan application, good credit report, good employment history.
Credit Union 1	\$500 - 3 yr term	10.95% interest.	
AK USA	\$250 - 2 yr term	14.9% interest.	

Based on data collected by Cash Alaska on February 2, 2003.

AFFORDABLE LOAN COMPANY

Feb. 2, 2004

Jackie Brock  
Manager

Affordable Loan Company  
750 East Fireweed, Suite 101  
Anchorage, Ak. 99503

750 EAST FIREWEED LANE, SUITE 101 • ANCHORAGE, AK 99503  
(907) 562-7511 • FAX: (907) 563-7329  
TOLL FREE (800) 558-7511

Members of Department of Labor and Commerce Committee

Dear Sir/Madame:

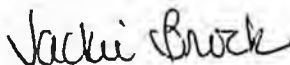
Affordable Loan Company was licensed with the State of Alaska and issued license number 45 in 1991. Since then, we have grown and have a wide customer base in the State of Alaska. We currently hold accounts totaling over 5 million dollars for consumers. We are always trying to find ways to better serve the people of the State of Alaska.

We are a small loan company, therefore we are audited by the Banking Commission to insure we are in compliance with statues and regulations. Affordable Loan Company also has an outside auditing firm to handle an audit for our "compliance issues" with our bank. We have the permission from the Banking Commission to conduct "other business" within the State of Alaska. In that area, we purchase auto paper from dealerships, not only in Anchorage but also Eagle River, Wasilla, Fairbanks, Kenai and Soldotna areas. We specialize in sub-prime auto financing, for consumers with credit problems. Affordable Loan Company asked and was granted by the State Banking Commission the authority to conduct Payday Loans in our office. We are currently not doing that business, but we now can offer that service to the consumer but with some regulations. Our customers are all races, gender, some with college degrees, some with high school only, and some that have not even graduated high school, and some with GED's. They are your neighbor's and they are my neighbor's. They are moderate income mothers and fathers.

Affordable Loan Company charges interest rates allowed by law, and even with the higher interest rates allowed under the "small loan statues", any loan under \$500.00 is not financially feasible for us to conduct. The cost of that action, and the rate of delinquency of an unsecured loan for any amount smaller than \$500.00 is to high. The total amount of interest on a \$500.00 loan for a 6 month term is \$53.74. Consider the cost of that deal, employee, forms, payment books, postage, etc...we could not do loans for an amount less than \$500.00 and break even. We do offer smaller loans for our prior customers when they get into a bind, but at a cost to our company.

We have seen the need, and are asked for payroll advance loans by our customers and per phone calls. In working with the consumers on a daily basis, we know what a need there is for short term loans in our community. We also know the risk for companies to offer this service at a small fee, to a stranger with no credit check. Customers have emergencies, they have car repairs, children get sick, rent needs to get paid, utilities need to be kept on, without bouncing a check. They are the consumer who is to embarrassed to admit they made a mistake in their checking account. They are all people that the banks will not loan a small amount of money due to the cost of doing that business. They are all people with a job, an Alaskan identification card or drivers license or a military ID, and they all have a checking account. The fee for a payroll advance loan is substantially less then a bounced check or a late fee for rent or utilities getting shut off.

Respectfully,



Jackie Brock  
Manager-Affordable Loan Company



**CHECK CASHERS ASSOCIATION OF NEW YORK, INC.**  
 500 Fifth Avenue, Suite 2410, New York, NY 10110, 212-268-1911, Fax 201-487-3954

**OFFICERS:**

James Eustace, *President*  
 Matthew Bardach, *Vice President*  
 Jay Brodsky, *Treasurer*  
 Andrew Boisselle, *Secretary*

**EXECUTIVE DIRECTOR:**

Henry F. Shyne

**GENERAL COUNSEL:**

Gerald Goldman

**PLATINUM ASSOCIATE MEMBERS:**

- Cashpoint Network Services
- Chase Manhattan Bank
- Marshall & Sterling, Inc.
- Most Distribution Services, Inc.
- The Pay-O-Matic Corporation
- Travelers Express/MoneyGram™
- Western Union® Financial Services

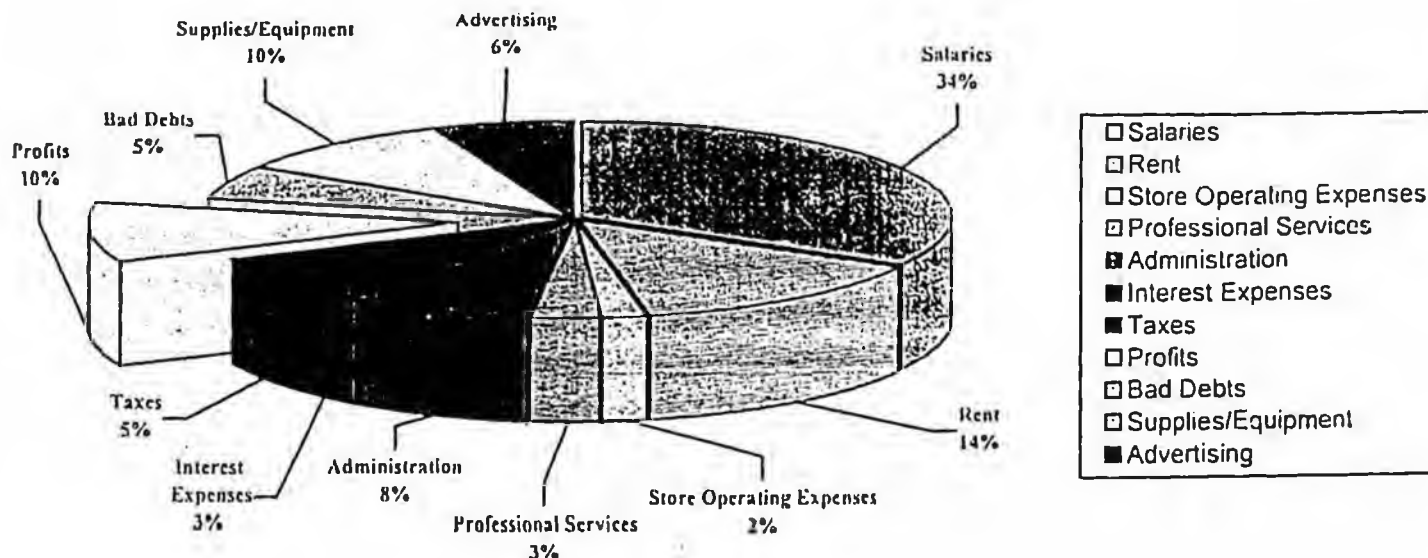
## The Costs of Providing Emergency Advance Services

The businesses that will provide Emergency Advance services are primarily small, family run operations. A number of factors play a part in determining the cost of providing this vital service to working New Yorkers. The legislation supported by the Check Cashers Association of New York calls for a \$15 fee per \$100 advanced. This would be among the lowest rates charged for deferred deposit services in the country and far lower than the \$25 to \$40 now charged by some out of state lenders advertising services to New York residents.

The Check Cashers Association of New York State has reviewed available data from several sources to determine how much licensed check cashers would expect to make on each transaction. This included reviewing a study from the State of Tennessee, a government filing made by a company that operates 250 check cashing outlets in the Midwest and other available data. Each of these sources confirm that the single largest expense area for check cashers would be the salaries paid to people working at the outlets in New York. Based on the \$15 fee per \$100 advance proposed in the New York legislation, the data uncovered by the Check Cashers Association of New York indicates that New York businesses providing Emergency Advance services would earn only \$1.50 to \$3.00 on each \$100 transaction.

## Where do fees for Emergency Advance Services go?

(Data for this chart was obtained from a public filing with the Securities and Exchange Commission by a company offering deferred deposit services in several states, including Kentucky, Tennessee, Missouri and Illinois.)



Rep. Sutterberg



## NCO Update

---

NCO Update  
08/01/2003

### Third Quarter 2003

#### CAUTION: MILITARY TARGETED MONEY SCAMS

Predatory lenders, check cashers, high-cost car dealers and insurance groups will often station themselves around military installations in hopes of grabbing as many hard-earned military dollars as possible. In the end, they can sometimes prove to be more harmful to troops and troop morale than the enemy in the battlefield. A soldier's mind concentrated on over-exerted finances is not alert on the battlefield or the immediate world around him, where it should be.

Professional scam artists target the military community for several specific reasons: its high youth-oriented population, general lack of financial knowledge, steady paychecks and the constant relocation of its personnel.

→ Currently, the worst financial offenders to military communities are "payday lenders."

Payday loans are small-dollar, short-term, unsecured loans borrowers promise to repay out of their next paycheck. Because these loans have such short terms to maturity, the cost of borrowing, expressed as an annual percentage rate, can range from 300 percent to 1,000 percent or more. Payday lenders are not yet deemed "illegal" by the government, but they are under heavy scrutiny at the moment.

High-cost lenders target car owners and would-be car owners on military installations. They attempt to finance new cars at a much higher interest rate than what the borrower is qualified for. They make money on many new car buyers who do not have a frame of reference for what a "good" interest rate is and also don't know interest rates on automobiles can be bargained for, much like the sticker price on the car itself.

Some pawn shops are getting into the car business posing as money lenders. These lenders will grant money out of a car's equity at an extremely high interest rate, adding a second lien to the automobile. Many times the borrower cannot repay the loan because of the extremely high monthly payments and the car is lost to the lender for a fraction of its value.

Younger soldiers aren't the only ones who are singled out and targeted for money scams; veterans are targets, too. Certain companies will offer "buyout programs," attempting to pay for an entire benefit package with one lump-sum payment, which is not only unfair to the retiree but extremely illegal. (From [www.fdic.gov](http://www.fdic.gov), [www.consumerlaw.org](http://www.consumerlaw.org), and a *Washington Post* article by Jennifer C. Kerr)

*Amette*  
*?*

Dear Senator Cowdery,

This letter is written in concern of HB389. I am one of 2 stores here in Anchorage that sells Gift Certificates, good for Catalog Merchandise, and allow their customers to write a check for more than the purchase price, and trust their customers enough to give them their change back, in cash. I have been open for only 5 months and have had a wonderful outcome from my services. The service that I provide is very helpful to all consumers who have a steady job and a checking account. The consumers just can't find means to make ends meet and this is where I come into the picture to help. HB389 has grouped these businesses into a bunch of Payday Lenders that will be affected by the Bill. The Bill addresses regulation of small loans. Mr. Sniffen introduced this bill on January 28<sup>th</sup>, in Juneau. I am a different sales model, my model use's Deferred Deposit to give its customers their change back in cash. This bill will greatly affect the 2 stores here in Anchorage. As any consumer, don't they have rights to choose businesses of their choice and what businesses that can better their needs. I have managed and been able to watch my store grow within these past 5 months. Although fairly new to this business, I sincerely hope that you give this matter your favorable consideration. Thank you for your time.

Sincerely,

Cara Coloma

*Cara Coloma*

*payday  
loan  
advancement*

*HB 389/*

*SB 272*

*Dist 26-U*

*called T. Anderson office - 400W  
on 3-18-04 - LM Re: status of  
this issue.*

*(fax#  
2418)*

**HB**

**394**

**HFEIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: February 26, 2004

FURTHER REFERRALS:

Date of Committee Action: 3.4.04

The FINANCE Committee considered:

HB 394

HOUSE BILL NO. 394

COMMISSION ON AGING

"An Act extending the Alaska Commission on Aging."

Recommends it be replaced with  HCS or  CS for HB 394 (HES)  
 For Senate Bills with new title:  Technical Title  New Title: HCR \_\_\_\_\_  Same Title  New Title

- attach amendments
- add new referral to \_\_\_\_\_ Committee
- Letter of Intent \_\_\_\_\_ Committee

List of Abbrev for Depts.:

- ADM
- CEC
- COR
- CRT
- EED
- DEC
- DFG
- GOV
- HSS
- LEG
- LAW
- LWF
- MVA
- DNR
- DPS
- REV
- DOT
- UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
HSS		✓		

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
<i>K. Meyer</i>	Meyer	✓			
<i>M. Hawk</i>	Hawk	✓			
<i>Stoltz</i>	STOLTZ	✓			
<i>Joule</i>	Joule	✓			
<i>CROFT</i>	CROFT	✓			
<i>MOSES</i>	MOSES	✓			
<i>Chenault</i>	Chenault	✓			
<i>Frost</i>	Frost	✓			
<i>FOSTER</i>	FOSTER	X			
<i>HARRIS</i>	HARRIS	✓			
<i>Williams</i>	Williams	X			

Chair: *[Signature]*  
 Chair: *[Signature]*

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HB394CS)(HES)-DHSS-DAS\_03-04-04  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_  
Title EXTEND COMMISSION ON AGING

Dept. Affected: Health & Social Services  
RDU Departmental Support Services  
Component Administrative Support Svcs

Sponsor HOLM  
Requester HOUSE (FIN)

Component No. 320

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	282.6	282.6	282.6	282.6	282.6	282.6
Travel	48.7	48.7	48.7	48.7	48.7	48.7
Contractual	80.3	80.3	80.3	80.3	80.3	80.3
Supplies	6.3	6.3	6.3	6.3	6.3	6.3
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES (0)						
------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	48.8	48.8	48.8	48.8	48.8	48.8
1037 GF/Mental Health	7.6	7.6	7.6	7.6	7.6	7.6
Other(1007 Interagency Receipts)	268.6	268.6	268.6	268.6	268.6	268.6
Other(1092 MHTAAR)	92.9	92.9	92.9	92.9	92.9	92.9
<b>TOTAL</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>

Estimate of any current year (FY2004) cost: 407.7

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time	4	4	4	4	4	4
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The Alaska Commission on Aging (ACOA) is due to sunset on June 30, 2004. The ACOA is tasked with helping older Alaskans lead dignified, independent, and useful lives. ACOA is authorized to administer and coordinate state programs for older Alaskans and to administer federal programs funded under provisions of the Older Americans Act (OAA). The ACOA is required by federal regulations. Section 305 of the Older Americans Act requires each state to designate an agency as the sole state agency to 1) develop and administer a state plan and 2) coordinate all state activities related to the Older Americans Act and 3) serve as an effective and visible (continued on page 2)

Prepared by: Janet Clarke, Assistant Commissioner Phone 465-1630  
Division Administrative Services Date/Time \_\_\_\_\_  
Approved by: Joel S. Gilbertson, Commissioner Date 03/04/2004  
Agency Department of Health and Social Services

FISCAL NOTE  
FN #

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. HB394CS)HES)-DHSS-DAS\_03-04-04

ANALYSIS CONTINUATION

advocate for the elderly, and 4) distribute funds to individuals with the greatest economic or social need. The Department of Health and Social Services (DHSS) is designated as the sole state agency. The Division of Senior and Disabilities Services (DSDS) is responsible for coordinating all state activities and granting funds for older Alaskans. The ACOA has been charged with the responsibility of developing a state plan and working with the DSDS to implement the plan, and to serve as an effective advocate for the elderly. If the ACOA expires, the Department of Health and Social Services (DHSS) stands to lose \$13 million in federal dollars for senior services.

Extension of the Commission does not have any fiscal impact since the funding is budgeted in the Governor's budget. This fiscal note shows an increase over the original fiscal note to reflect changes made in the Governor's Amended budget.

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HB394CS)HES)-DHSS-DAS\_03-04-04  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_

Title EXTEND COMMISSION ON AGING

Dept. Affected: Health & Social Services

RDU Departmental Support Services

Component Administrative Support Svcs

Sponsor HOLM

Requester HOUSE (FIN)

Component No. 320

## Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	282.6	282.6	282.6	282.6	282.6	282.6
Travel	48.7	48.7	48.7	48.7	48.7	48.7
Contractual	80.3	80.3	80.3	80.3	80.3	80.3
Supplies	6.3	6.3	6.3	6.3	6.3	6.3
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>

### CAPITAL EXPENDITURES

### CHANGE IN REVENUES (0)

### FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	48.8	48.8	48.8	48.8	48.8	48.8
1037 GF/Mental Health	7.6	7.6	7.6	7.6	7.6	7.6
Other(1007 Interagency Receipts)	268.6	268.6	268.6	268.6	268.6	268.6
Other(1092 MHTAAR)	92.9	92.9	92.9	92.9	92.9	92.9
<b>TOTAL</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>	<b>417.9</b>

Estimate of any current year (FY2004) cost: 407.7

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

### POSITIONS

Full-time	4	4	4	4	4	4
Part-time						
Temporary						

### ANALYSIS: (Attach a separate page if necessary)

The Alaska Commission on Aging (ACOA) is due to sunset on June 30, 2004. The ACOA is tasked with helping older Alaskans lead dignified, independent, and useful lives. ACOA is authorized to administer and coordinate state programs for older Alaskans and to administer federal programs funded under provisions of the Older Americans Act (OAA). The ACOA is required by federal regulations. Section 305 of the Older Americans Act requires each state to designate an agency as the sole state agency to 1) develop and administer a state plan and 2) coordinate all state activities related to the Older Americans Act and 3) serve as an effective and visible (continued on page 2)

Prepared by: Janet Clarke, Assistant Commissioner

Phone 465-1630

Division Administrative Services

Date/Time \_\_\_\_\_

Approved by: Joel S. Gilbertson, Commissioner

Date 03/04/2004

Agency Department of Health and Social Services

FISCAL NOTE  
FN #

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. HB394CS(HES)-DHSS-DAS\_03-04-0

ANALYSIS CONTINUATION

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Extension of the Commission does not have any fiscal impact since the funding is budgeted in the Governor's budget. This fiscal note shows an increase over the original fiscal note to reflect changes made in the Governor's Amended budget.

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1  
 Bill Version: HB 394  
 ( H ) Publish Date: 2/18/04  
 Dept. Affected: Health & Social Services  
 RDU Boards and Commissions  
 Component Commission on Aging

Revision Date/Time (Note if correction): 2/10/2004  
 Title EXTEND COMMISSION ON AGING

Sponsor HOLM  
 Requester HOUSE (STA)

Component No. 2674

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	216.4	216.4	216.4	216.4	216.4	216.4
Travel	48.7	48.7	48.7	48.7	48.7	48.7
Contractual	80.3	80.3	80.3	80.3	80.3	80.3
Supplies	6.3	6.3	6.3	6.3	6.3	6.3
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>351.7</b>	<b>351.7</b>	<b>351.7</b>	<b>351.7</b>	<b>351.7</b>	<b>351.7</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES (0)</b>						

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	48.8	48.8	48.8	48.8	48.8	48.8
1037 GF/Mental Health	7.6	7.6	7.6	7.6	7.6	7.6
Other(1007 Interagency Receipts)	202.4	202.4	202.4	202.4	202.4	202.4
Other(1092 MHTAAR)	92.9	92.9	92.9	92.9	92.9	92.9
<b>TOTAL</b>	<b>351.7</b>	<b>351.7</b>	<b>351.7</b>	<b>351.7</b>	<b>351.7</b>	<b>351.7</b>

Estimate of any current year (FY2004) cost: 407.7

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time	2	2	2	2	2	2
Part-time	2	2	2	2	2	2
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The Alaska Commission on Aging (ACOA) is due to sunset on June 30, 2004. The ACOA is tasked with helping older Alaskans lead dignified, independent, and useful lives. ACOA is authorized to administer and coordinate state programs for older Alaskans and to administer federal programs funded under provisions of the Older Americans Act (OAA). The ACOA is required by federal regulations. Section 305 of the Older Americans Act requires each state to designate an agency as the sole state agency to 1) develop and administer a state plan and 2) coordinate all state activities related to the Older Americans Act and 3) serve as an effective and visible (continued on page 2)

Prepared by: Sherry Hill, Special Assistant  
 Division Office of the Commissioner  
 Approved by: Joel S. Gilbertson, Commissioner  
 Agency Department of Health and Social Services

Phone 465-1618  
 Date/Time 02/03/2004  
 Date 02/12/2004

FISCAL NOTE  
FN # 1

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. HB 394

ANALYSIS CONTINUATION

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**CS FOR HOUSE BILL NO. 394(HES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 2/26/04  
Referred: Finance

Sponsor(s): REPRESENTATIVE HOLM

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act extending the termination date of the Alaska Commission on Aging and  
2 making technical revisions to citations related to the commission."

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

4 \* Section 1. AS 44.66.010(a)(10) is amended to read:

5 (10) Alaska Commission on Aging AS 47.45.200 [(AS 44.21.200)] --  
6 June 30, 2008 [2004];

7 \* Sec. 2. AS 47.24.070 is amended to read:

8 **Sec. 47.24.070. Required review of proposed regulations.** Before adoption  
9 by the department, regulations to implement this chapter shall be provided to the  
10 Alaska Commission on Aging established under AS 47.45.200 [AS 44.21.200] for  
11 review.

*New*

12 \* Sec. 3. AS 47.30.016(b) is amended to read:

13 (b) The board consists of seven members appointed by the governor and  
14 confirmed by the legislature. The members appointed under this subsection shall be

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*New*

appointed

(1) based upon their ability in financial management and investment, in land management, or in services for the beneficiaries of the trust;

(2) after the governor has considered a list of persons prepared by a panel of six persons who are beneficiaries, or who are the guardians, family members, or representatives of beneficiaries; the panel shall consist of

(A) one person selected by the Alaska Mental Health Board established by AS 47.30.661;

(B) one person selected by the Governor's Council on Disabilities and Special Education;

(C) one person selected by the Advisory Board on Alcoholism and Drug Abuse established by AS 44.29.100;

(D) one person selected by the Alaska Commission on Aging established by AS 47.45.200 [AS 44.21.200];

(E) one person selected by the Alaska Native Health Board;  
and

(F) one person selected by the authority.





STATE OF ALASKA  
HOUSE OF REPRESENTATIVES  
Representative Jim Holm



119 N. Cushman  
Fairbanks, AK 99701  
TEL 456-7423, FAX 451-9293

State Capitol  
Juneau, AK 99801  
TEL 465-3466, FAX 465-2937

## Sponsor Statement

### HB 394

#### Extending the Alaska Commission on Aging

HB 394 extends the sunset date for the Alaska Commission on Aging until June 30, 2008. An audit dated October 1, 2003, recommends this extension.

The mission of the Alaska Commission on Aging (ACOA) is to ensure dignity and independence for Alaska's seniors and to assist them, through programs and services funded by the Commission, to lead useful and meaningful lives.

The Commission is charged with planning, advocacy, and interagency coordination on senior citizen issues.

Extending the Commission's sunset will allow Alaska's Senior Citizens to continue benefiting from these valuable services.

# State of Alaska

## Office of Boards and Commissions

---

### AGING COMMISSION

BOARD: Alaska Commission on Aging

BOARD IDENTIFICATION NUMBER: 071

DEPARTMENT: Department of Health and Social Services

AUTHORITY: AS 44.21.200

STATUS: Active

SUNSET DATE: 6/30/2004

REQUIREMENTS: No Legislative Confirmation or Financial Disclosure required

PROHIBITIONS: Cannot serve more than two consecutive terms or 8 consecutive years, whichever is longer.

TERM: 4 years

DESCRIPTION: 11 Members - Seven persons appointed by the Governor based on their knowledge and demonstrated interest in the concerns of older Alaskans; plus the chair of the Pioneers Homes Advisory Board; the commissioner of the Dept. of Administration or designee; the commissioner of the Dept. of Community and Economic Development or designee; and the commissioner of the Dept. of Health and Social Services or designee. Names of persons qualified for and interested in serving will be requested from senior citizens' organizations. Appointments shall be made to assure representation of low-income and minorities and rural/urban areas and statewide geographical representation. At least 6 persons appointed by the Governor shall be 60 years of age or older, 2 of whom shall be 65 years of age or older. Each must be a resident of the State of Alaska. Non-voting members include the Commissioners or their designees of the Dept. of Community and Economic Development, and the Dept. of Health and Social Services. Commission elects chair.

FUNCTION: Formulates a comprehensive statewide plan that identifies the concerns and needs of older Alaskans and prepares and submits to the Governor and Legislature an annual analysis and evaluation of the services that are provided to older Alaskans. Makes recommendations to the Governor and Legislature regarding legislation, regulations, and appropriations for programs or services that benefit older Alaskans. Encourages the development of programs and services which benefit older Alaskans, helping them to lead dignified, independent, and useful lives. Evaluates grant applications and makes grant awards under federal and state programs. Provides to the Alaska Mental Health Trust Authority recommendations concerning the integrated comprehensive mental health program for older Alaskans who suffer major mental illness as a result of senility (AS 47.30.056(b)(4)).

CHAIR: Commission selects.

SPECIAL FACTS: Serve at the pleasure of the Governor. Quorum - majority of voting members.  
Meetings: four quarterly meetings per year

COMPENSATION: Standard Travel and Per Diem.

MEETINGS: At call of chair or majority of members; at least 4 times each year.

FOR FURTHER INFORMATION CONTACT:

Mr. Steve Ashman

Director

Alaska Commission on Aging

DHSS, P.O. Box 110680

Juneau, AK 99811-0680

Phone: (907) 465-3372, FAX: (907) 465-1170

[Aging Commission Roster](#)

[Go to the Aging Commission Home page](#)

# State of Alaska

## Office of Boards and Commissions Roster

### AGING COMMISSION (071)

Member	Date Appointed	Reappointed	Term Expires
Frank B. Appel Public/Restricted 6424 Hampton Drive Anchorage, AK 99504	11/24/2003		9/1/2007
Steven P. Ashman Commissioner/Health and Social Services/or designee Division of Senior & Disability Services Alaska Department of Administration 3601 C Street, Suite 310 Anchorage, AK 99503-5984	7/29/2003		
Doris E. Bacus Public/Restricted 716 Mission Road Kodiak, AK 99615	9/20/1995	11/21/2000	9/1/2004
Ella H. Craig Pioneers' Homes Advisory Board Member 1416 Birchwood Street Anchorage, AK 99508	10/30/1998		
Jesse L. Gardner Public/Restricted 371 Ocean View Drive Anchorage, AK 99515	9/20/1995	10/10/2001	8/31/2004
Gene Kane Commissioner/DCED/or designee Division of Community Advocacy 550 West 7th Avenue, Suite 1770 Anchorage, AK 99501-3510	3/6/2003		
Daniel K. Karmun, Sr. Public/Restricted P.O. Box 819 Nome, AK 99762	9/20/1995	8/22/2001	8/31/2005
Betty (Elizabeth) Keegan Public/Restricted P.O. Box 1692 Wrangell, AK 99929	11/24/2003		9/1/2004
Banarsi Lal Public/Restricted 4532 Dartmouth Drive Fairbanks, AK 99709	6/5/2000	11/24/2003	9/1/2007
Ray Matiashowski Commissioner/Administration/or designee Department of Administration	3/5/2003		

PO Box 110200  
Juneau, AK 99811-2000  
Priscilla J. Thorsness  
Public  
2017 Crataegus Avenue  
Anchorage, AK 99508

11/24/2003

9/1/2007

[Return to the fact sheet](#)

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FOLLOWING  
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# AARP Alaska

February 9, 2004

The Honorable Bruce Weyhrauch, Chair  
House State Affairs Committee  
Alaska State Capitol, Room 102  
Juneau, Alaska 99801-1182

Dear Chair Weyhrauch:

HB 394 (Holm)—Support

On behalf of the AARP members in Alaska, we encourage you and your colleagues on the House State Affairs Committee to support HB 394, sponsored by your Committee Vice-Chair, Jim Holm. HB 394 would extend the Alaska Commission on Aging until June 30, 2008.

Every state has a citizen advisory group that helps state government deal with the changing demographics of our aging society. Since 1990, Alaska has reversed the trend of retirees migrating "Outside" and, except for Nevada, Alaska now has the highest percentage of retirees who remain in their home state and do not relocate. Although our percentages are yet small, they reflect an "aging of Alaska" that will be similar to the other states of the Union.

There are many public policy issues, both opportunities and challenges, that come with this demographic trend. The Alaska Commission on Aging has for several years brought together some of our "best and brightest" minds to help our state deal with issues varying from housing to caregiving, from nutrition to long term care.

We need the Alaska Commission on Aging to continue its significant role in our State and for its citizens.

AARP recommends an "AYE" vote on HB 394.

If you have any questions about our position, please feel free to contact Marie Darlin, Coordinator of the AARP Capital City Task Force (907-586-3637); Patrick Luby, AARP Legislative Representative (907-762-3314); or me (907-245-5259).

Thank you for your consideration.

Sincerely,

*Marguerite Stetson*

Marguerite Stetson  
AARP State Coordinator for Advocacy  
3009 Northwood Street  
Anchorage, Alaska 99517-1871  
907-245-5259 (voice)  
907-245-5279 (fax)  
[ffmas@aurora.uaf.edu](mailto:ffmas@aurora.uaf.edu)

CC: Vice-Chair Holm  
Representative Coghill  
Representative Lynn  
Representative Seaton  
Representative Berkowitz  
Representative Gruenberg  
Marie Darlin  
Patrick Luby



DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

U.S. ADMINISTRATION ON AGING

Region X  
RX-33  
2201 Sixth Avenue  
Seattle, WA 98121

February 12, 2004

The Honorable Jim Holm  
Alaska House of Representatives  
State Capitol Building  
Room 416  
Juneau, AK 99801

Dear Representative Holm:

I'm writing in strong support of House Bill 394 and Senate Bill 263 to extend the Alaska Commission on Aging to June 30, 2008.

The Commission performs an essential role in planning, developing and overseeing the Older Americans Act, and other programs to assist older Alaskans to remain in their own homes and communities as long as possible. Its Initiative in coordinating Older Americans Act Title III programs with the Title VI Alaskan Natives programs (direct federal-tribal) is an exemplary national model. The Commission's leadership has also been very effective in fostering collaborative and creative partnerships with both the public and private sectors resulting in greater efficiency and enhanced services.

As the Commission members are seniors themselves, they provide a direct link to older Alaskans and their communities. And, as a vehicle for senior, community and research input, the Commission's analysis produces an ongoing vision for both current and future planning to meet the needs of a rapidly increasing and aging older Alaskan population.

It is essential that the excellent work of the Commission be continued.

Sincerely,

A handwritten signature in cursive script that reads "Chisato Kawabori".

Chisato Kawabori, Ph.D.  
Regional Administrator



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RETIRED and SENIOR VOLUNTEER PROGRAMS**

PROGRAMS OF THE  
**NATIONAL SENIOR SERVICE CORPS**  
SERVING OVER 30 ALASKAN COMMUNITIES

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(907) 276-6473 (fax)

**ALASKA  
INTERIOR  
OFFICE  
FAIRBANKS**

725 26<sup>th</sup> Avenue, 201  
Fairbanks, AK 99701  
(907) 452-6117  
(907) 452-6423 (fax)  
E-Mail: nssc@gci.net

**SENIOR  
VOLUNTEER  
PROGRAMS:**



**FOSTER  
GRANDPARENTS**



**SENIOR  
COMPANIONS**



**RETIRED & SENIOR  
VOLUNTEER**



**A UNITED WAY AGENCY**

February 12, 2004

Representative Jim Holm  
State Capitol, Room 416  
Juneau, AK 99801-1182

Fax 907/465-2937

Dear Representative Holm:

Your House Bill 394 extending the Commission on Aging is of great importance to the elders of Alaska. The Commission allows for planning and coordination of services. A year ago I decided that I wanted to help the seniors of Alaska and in my research found that the Commission served a unique and important place in the constellation of agencies serving the elderly. They are able to look at the services with the consumer in mind to assure that there is adequate holistic planning.

I am pleased that you sponsored this legislation and on behalf of the volunteer seniors I applaud your efforts and the efforts of the Commission on Aging.

Yours truly,

Robert Coghill  
Regional Director  
National Senior Service Corps

February 13, 2004

Dear Representative Holm:

Congratulations and thank you for taking the lead in supporting the Alaska Commission on Aging. It is imperative that HB394 be approved. This commission is an extremely important entity, especially in these times of major change. The commission was established to ensure the dignity and independence of this state's seniors and to assist them, through state funded services, to lead useful and meaningful lives. Some of the goals include:

- 1) providing support and services to enable them to remain in their own homes and communities;
- 2) promoting health and well-being;
- 3) ensuring adequate training and professional development of service providers resulting in competent delivery of services to seniors; and
- 4) providing opportunities to facilitate maximum mutual benefit and harmony between generations.

Home and community-based services such as care coordination, in-home respite and Adult Day Centers are absolutely critical to helping seniors. The continued provision of these services are being threatened. Reduction of these services will be devastating to our elderly and ultimately more costly to the state of Alaska as placement in assisted living homes and nursing homes will become necessary for many.

Again, my thanks, Jim, for your support of the continuance of this commission.

Sincerely,



Brenda VonBrach  
P.O. Box 60749  
Fairbanks, Alaska 99706

# Audit Report



DEPARTMENT OF HEALTH  
AND SOCIAL SERVICES  
ALASKA COMMISSION ON AGING  
SUNSET REVIEW

October 1, 2003



Audit Control Number

06-20025-03

Division of Legislative Audit

P.O. Box 113300, Juneau, Alaska 99811-3300

**HB**

**394**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/19/04

REPORTED OUT  
  
MAR 30 2004  
  
SENATE FINANCE  
COMMITTEE

FURTHER:

DATE TURNED  
IN TO OFFICE: March 30, 2004

Finance Committee considered CS FOR HOUSE BILL NO. 394(HES)

HB 394 COMMISSION ON AGING

"An Act extending the termination date of the Alaska Commission on Aging and making technical revisions to citations related to the commission."

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 Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero.	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
DHSS	3/4/04	417.9			2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Frank...</i>	✓			
<i>...</i>	✓			
<i>...</i>	✓			
<i>...</i>	✓			
<i>...</i>	✓			
COCHAIR: <i>Linda Green</i>	✓			
COCHAIR: <i>Gary...</i>	✓			

MAR 30 2004

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 894(H)  
( H ) Publish Date: 3/5/04

SENATE FINANCE  
COMMITTEE

Revision Date/Time (Note if correction):

Title EXTEND COMMISSION ON AGING

Dept. Affected: Health & Social Services

RDU Departmental Support Services

Component Administrative Support Svcs

Sponsor HOLM

Requester HOUSE (FIN)

Component No. 320

**Expenditures/Revenues (Thousands of Dollars)**

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES (0)</b>						

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	48.8	48.8	48.8	48.8	48.8	48.8
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Estimate of any current year (FY2004) cost: 407.7

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time	4	4	4	4	4	4
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The Alaska Commission on Aging (ACOA) is due to sunset on June 30, 2004. The ACOA is tasked with helping older Alaskans lead dignified, independent, and useful lives. ACOA is authorized to administer and coordinate state programs for older Alaskans and to administer federal programs funded under provisions of the Older Americans Act (OAA). The ACOA is required by federal regulations. Section 305 of the Older Americans Act requires each state to designate an agency as the sole state agency to 1) develop and administer a state plan and 2) coordinate all state activities related to the Older Americans Act and 3) serve as an effective and visible (continued on page 2)

Prepared by: Janet Clarke, Assistant Commissioner  
Division: Administrative Services  
Approved by: Joel S. Gilbertson, Commissioner  
Agency: Department of Health and Social Services

Phone 465-1630  
Date/Time \_\_\_\_\_  
Date 03/04/2004

FISCAL NOTE  
FN # 2

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. CSHB 394(HES)

ANALYSIS CONTINUATION

advocate for the elderly, and 4) distribute funds to individuals with the greatest economic or social need. The Department of Health and Social Services (DHSS) is designated as the sole state agency. The Division of Senior and Disabilities Services (DSDS) is responsible for coordinating all state activities and granting funds for older Alaskans. The ACOA has been charged with the responsibility of developing a state plan and working with the DSDS to implement the plan, and to serve as an effective advocate for the elderly. If the ACOA expires, the Department of Health and Social Services (DHSS) stands to lose \$13 million in federal dollars for senior services.

Extension of the Commission does not have any fiscal impact since the funding is budgeted in the Governor's budget. This fiscal note shows an increase over the original fiscal note to reflect changes made in the Governor's Amended budget.

STATE OF ALASKA  
HOUSE OF REPRESENTATIVES  
Representative Jim Holm



119 N. Cushman  
Fairbanks, AK 99701  
TEL 456-7423, FAX 451-9293

State Capitol  
Juneau, AK 99801  
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Sponsor Statement  
& Sectional Analysis

HB 394

Extending the Alaska Commission on Aging

2/24/4

Section 1 of HB 394 extends the sunset date for the Alaska Commission on Aging until June 30, 2008. An audit dated October 1, 2003, recommends this extension.

Sections 2 and 3 merely reflect Executive Order 108 which, in 2003, moved the Commission from Department of Administration to Department of Health and Social Services.

The mission of the Alaska Commission on Aging (ACOA) is to ensure dignity and independence for Alaska's seniors and to assist them, through programs and services funded by the Commission, to lead useful and meaningful lives.

The Commission is charged with planning, advocacy, and interagency coordination on senior citizen issues, in accordance with Federal law.

Extending the Commission's sunset will allow Alaska's Senior Citizens to continue benefiting from these valuable services.

# Audit Report



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DEPARTMENT OF HEALTH  
AND SOCIAL SERVICES  
ALASKA COMMISSION ON AGING  
SUNSET REVIEW

October 1, 2003

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Audit Control Number:

06-20025-03

Division of Legislative Audit

P.O. Box 113300, Juneau, Alaska 99811-3300

# LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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## DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The committee is made up of five senators and five representatives, with one alternate from the Senate and two from the House. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$6 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

As a guide to all their work, the Division of Legislative Audit complies with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with government auditing standards established by the U.S. General Accounting Office.

Audits are performed as mandated by Alaska Statutes or at the direction of the Legislative Budget and Audit Committee. Individual legislators or committees can submit requests for audits of specific programs or agencies to the committee for consideration. Copies of all completed audits are available from the Division of Legislative Audit's offices in Juneau, Anchorage, or at our web site <http://www.legaudit.state.ak.us/>

### BUDGET AND AUDIT COMMITTEE

Representative Ralph Samuels, Chair  
Representative Mike Hawker  
Representative Beth Kerttula  
Representative Vic Kohring  
Representative Jim Whitaker  
Representative Reggie Joule (alternate)  
Representative Bill Williams (alternate)

Senator Gene Therriault, Vice Chair  
Senator Ben Stevens  
Senator Gary Wilken  
Senator Con Bunde  
Senator Lyman Hoffman  
Senator Lyda Green (alternate)

### DIVISION OF LEGISLATIVE AUDIT

Pat Davidson, CPA  
Legislative Auditor

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Juneau, AK 99811-3300

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(907)561-1445, Anchorage  
(907)465-2347, Juneau Fax  
(907)561-1452 Anchorage Fax

**State of Alaska****Office of Boards and Commissions**

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**AGING COMMISSION**

**BOARD:** Alaska Commission on Aging

**BOARD IDENTIFICATION NUMBER:** 071

**DEPARTMENT:** Department of Health and Social Services

**AUTHORITY:** AS 44.21.200

**STATUS:** Active

**SUNSET DATE:** 6/30/2004

**REQUIREMENTS:** No Legislative Confirmation or Financial Disclosure required

**PROHIBITIONS:** Cannot serve more than two consecutive terms or 8 consecutive years, whichever is longer.

**TERM:** 4 years

**DESCRIPTION:** 11 Members - Seven persons appointed by the Governor based on their knowledge and demonstrated interest in the concerns of older Alaskans; plus the chair of the Pioneers Homes Advisory Board; the commissioner of the Dept. of Administration or designee; the commissioner of the Dept. of Community and Economic Development or designee; and the commissioner of the Dept. of Health and Social Services or designee. Names of persons qualified for and interested in serving will be requested from senior citizens' organizations. Appointments shall be made to assure representation of low-income and minorities and rural/urban areas and statewide geographical representation. At least 6 persons appointed by the Governor shall be 60 years of age or older, 2 of whom shall be 65 years of age or older. Each must be a resident of the State of Alaska. Non-voting members include the Commissioners or their designees of the Dept. of Community and Economic Development, and the Dept. of Health and Social Services. Commission elects chair.

**FUNCTION:** Formulates a comprehensive statewide plan that identifies the concerns and needs of older Alaskans and prepares and submits to the Governor and Legislature an annual analysis and evaluation of the services that are provided to older Alaskans. Makes recommendations to the Governor and Legislature regarding legislation, regulations, and appropriations for programs or services that benefit older Alaskans. Encourages the development of programs and services which benefit older Alaskans, helping them to lead dignified, independent, and useful lives. Evaluates grant applications and makes grant awards under federal and state programs. Provides to the Alaska Mental Health Trust Authority recommendations concerning the integrated comprehensive mental health program for older Alaskans who suffer major mental illness as a result of senility (AS 47.30.056(b)(4)).

**CHAIR:** Commission selects.

SPECIAL FACTS: Serve at the pleasure of the Governor. Quorum - majority of voting members.  
Meetings: four quarterly meetings per year

COMPENSATION: Standard Travel and Per Diem.

MEETINGS: At call of chair or majority of members; at least 4 times each year.

FOR FURTHER INFORMATION CONTACT:

Mr. Steve Ashman

Director

Alaska Commission on Aging

DHSS, P.O. Box 110680

Juneau, AK 99811-0680

Phone: (907) 465-3372, FAX: (907) 465-1170

[Aging Commission Roster](#)

[Go to the Aging Commission Home page](#)

## State of Alaska

## Office of Boards and Commissions Roster

## AGING COMMISSION (071)

Member	Date Appointed	Reappointed	Term Expires
Frank B. Appel Public/Restricted 6424 Hampton Drive Anchorage, AK 99504	11/24/2003		9/1/2007
Steven P. Ashman Commissioner/Health and Social Services/or designee Division of Senior & Disability Services Alaska Department of Administration 3601 C Street, Suite 310 Anchorage, AK 99503-5984	7/29/2003		
Doris E. Bacus Public/Restricted 716 Mission Road Kodiak, AK 99615	9/20/1995	11/21/2000	9/1/2004
Ella H. Craig Pioneers' Homes Advisory Board Member 1416 Birchwood Street Anchorage, AK 99508	10/30/1998		
Jesse L. Gardner Public/Restricted 371 Ocean View Drive Anchorage, AK 99515	9/20/1995	10/10/2001	8/31/2004
Gene Kane Commissioner/DCED/or designee Division of Community Advocacy 550 West 7th Avenue, Suite 1770 Anchorage, AK 99501-3510	3/6/2003		
Daniel K. Karmun, Sr. Public/Restricted P.O. Box 819 Nome, AK 99762	9/20/1995	8/22/2001	8/31/2005
Betty (Elizabeth) Keegan Public/Restricted P.O. Box 1692 Wrangell, AK 99929	11/24/2003		9/1/2004
Banarsi Lal Public/Restricted 4532 Dartmouth Drive Fairbanks, AK 99709	6/5/2000	11/24/2003	9/1/2007
Ray Matiashowski Commissioner/Administration/or designee Department of Administration	3/5/2003		

PO Box 110200  
Juneau, AK 99811-2000  
Priscilla J. Thorsness  
Public  
2017 Crataegus Avenue  
Anchorage, AK 99508

11/24/2003

9/1/2007

[Return to the fact sheet](#)

# Letters of Support