

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672
2708 SCOMM 122: COMMISSION ON PRIVATIZATION... , 1999

these two women available for travel with a minor (along with an adult male) is important.

\$7,664	Total hourly wage of up to 12 minors employed by the State of Alaska to participate in investigations in southeast Alaska, Anchorage, and outlying communities (total of 800 hours at \$9.58 per hour).
\$43,072	Total personal services.
\$9,538	Benefits costs for .5 FTE Health Program Manager II for 12 months. (at a benefits rate of 31.4 percent.)
\$1,750	Benefits costs for 4 CHEMS staff who will participate in the project (at an average benefits rate of 35.0 percent). Benefits for the four staff range from 30.5 percent for Ms. Busch to 44.1 percent for Mr. Brown. Not knowing who many hours each of the four staff will work, we have set a very conservative benefits rate of 35.0 percent.
\$705	Benefits costs for minors to be used in investigations (at a benefits rate of 9.2 percent).
\$11,993	Total benefits.

In-Kind:

\$2,309	Personal services in-kind from the State will include 25 hours of the salary of Mark Johnson, Chief of CHEMS (at \$39.62 per hour), and 50 hours of Mary Collins, Research Analyst III for DADA (at \$26.36 per hour).
\$693	Benefits for Mr. Johnson and Ms. Collins (at an average benefits rate of 30.0 percent). Again, the benefits for Ms. Mason-Bouterse are not included as in-kind.
\$3,002	Total in-kind for personal services.

Travel:

[Federal Funds	\$18,821
In-Kind Funds	\$0
Total	\$18,821]
Federal Funds	\$17,321
In-Kind Funds	\$0
Total	\$17,321

..

Please be aware that the "Technical Proposal" calls for two visits to every retail store that sells tobacco products but not alcohol in 47 communities in the state. Please also be aware of the following: (1) 12 of the 47 communities where investigations will be completed can be reached only by air; (2) investigations in several of the communities to be visited require drives of over 200 and 300 miles round trip; (3) any investigations conducted by the State FDA Project Coordinator, CHEMS staff, or minors employed by the State and stationed in Juneau, other than investigations in Juneau, require air travel; and (4) the costs of air travel in Alaska is very expensive.

Travel costs projected for the State of Alaska will include the following: (1) travel of CHEMS staff and a minor for investigations in southeast Alaska (4 communities twice during the project period) and outlying communities, as necessary, and any potential possible re-visit trips because of noncompliance during the second and subsequent trips; (2) travel of the FDA State Project Coordinator and two State staff members to Anchorage to conduct a "refresher course" for personnel from contracted police departments as part of the State's quality control plan; (3) travel of the FDA State Project Coordinator and a minor for investigations in outlying communities, as necessary; (4) travel of minors employed by the State of Alaska and stationed in the Municipality of Anchorage for investigations in outlying communities, as necessary; [(5) *travel of the FDA State Project Coordinator to the national FDA conference, if it occurs and if out-of-state travel is allowed by the State (currently, the State is disallowing almost all out-of-state travel, even that supported by federal funds); and (6)] and (5) any travel required of the FDA State Project Coordinator for technical assistance, training of officers, and quality control.*

Much of this travel is uncertain, as explained below:

(1) The only certain travel of that listed above is the 8 trips to complete investigations in southeast Alaska and the travel of the FDA State Project Coordinator to Anchorage to conduct the refresher course. Even the investigation trips have a degree of uncertainty, in that additional trips will be required if noncompliance occurs during the second and subsequent visits to these communities ("subsequent" meaning if noncompliance occurs on a re-visit for non-compliance after the second visit).

(2) All travel related to investigations in outlying communities (i.e., for CHEMS staff and minors employed by the State) depends on what communities will not be visited by personnel from contracted police departments or individually contracted police officers, as well as the level of noncompliance during the second and subsequent visits in these outlying communities investigated. As many of the communities as possible will be visited through contractual arrangements, and the communities to be visited under contract with police departments will be established during the first 30 days of the beginning of the project as contracts are negotiated. Contracts with police officers will be negotiated shortly thereafter. Still, it is likely that CHEMS staff, including minors

employed by the State, will need to travel to some of these outlying communities to complete investigations.

[(3) Travel of the FDA State Project Coordinator to a national conference depends upon the FDA sponsoring such a conference and the current out-of-state travel freeze for State of Alaska employees being lifted.]

(3) Travel of the FDA State Project Coordinator for technical assistance, training of officers, and quality control depends on the need that arises. Most, if not all, technical assistance and quality control activities can be achieved by telephone and telefax. Most training of police officers can be done by police officers already commissioned by the FDA. Still, there might be some need for travel for these purposes.

With the above considerations in mind, following are the anticipated travel costs:

\$3,000	Two CHEMS staff and one minor to Ketchikan two times (requires overnight stay)
\$1,320	Total cost of airfares
\$886	Total cost of lodging
\$504	Total cost of per diem (funds for meals)
\$140	Total cost of rental car and gas
\$150	Total cost of ferry from airport to city
\$3,000	Two CHEMS staff and one minor to Petersburg two times (requires overnight stay)
\$1,350	Total cost of airfares
\$800	Total cost of lodging
\$504	Total cost of per diem (funds for meals)
\$140	Total cost of rental car and gas
\$1,292	Two CHEMS staff and one minor to Sitka two times
\$900	Total cost of airfares
\$252	Total cost of per diem (funds for meals)
\$140	Total cost of rental car and gas
\$1,232	Two CHEMS staff and one minor to Haines two times
\$840	Total cost of airfares
\$252	Total cost of per diem (funds for meals)
\$140	Total cost of rental car and gas
[\$2,500	<i>Potential costs of two CHEMS staff and one minor re-visiting a community where noncompliance occurs during the second and subsequent visits to a community]</i>

..

\$1,906	Potential costs of two CHEMS staff and one minor re-visiting a community where noncompliance occurs during the second and subsequent visits to a community						
[\$297	<i>FDA State Coordinator to Anchorage to conduct a refresher course for personnel from contracted police departments</i>						
	<table border="0"> <tr> <td style="padding-right: 20px;">[\$220</td> <td>Total cost of airfares</td> </tr> <tr> <td style="padding-right: 20px;">\$42</td> <td>Total cost of per diem (funds for meals)</td> </tr> <tr> <td style="padding-right: 20px;">\$35</td> <td>Total cost of rental car and gas]</td> </tr> </table>	[\$220	Total cost of airfares	\$42	Total cost of per diem (funds for meals)	\$35	Total cost of rental car and gas]
[\$220	Total cost of airfares						
\$42	Total cost of per diem (funds for meals)						
\$35	Total cost of rental car and gas]						
\$891	State Coordinator and two State staff members to Anchorage to conduct a refresher course for personnel from contracted police departments						
	<table border="0"> <tr> <td style="padding-right: 20px;">\$660</td> <td>Total cost of airfares</td> </tr> <tr> <td style="padding-right: 20px;">\$126</td> <td>Total cost of per diem (funds for meals)</td> </tr> <tr> <td style="padding-right: 20px;">\$105</td> <td>Total cost of rental car and gas]</td> </tr> </table>	\$660	Total cost of airfares	\$126	Total cost of per diem (funds for meals)	\$105	Total cost of rental car and gas]
\$660	Total cost of airfares						
\$126	Total cost of per diem (funds for meals)						
\$105	Total cost of rental car and gas]						
\$5,000	Potential costs of State FDA Coordinator and/or CHEMS staff and minors employed by the State traveling to outlying communities for investigations						
[\$1,500	<i>Potential cost of State FDA Coordinator to attend FDA national conference]</i>						
\$1,000	Potential cost of State FDA Coordinator providing technical assistance, training, or quality control to contracted police departments						
[\$18,821	<i>Projected potential travel costs]</i>						
\$17,321	Projected potential travel costs						

Contractual Services (Subcontracted Effort)

Federal Funds	\$154,000
In-Kind Funds	\$20,000
Total	\$174,000

Contractual costs also can only be estimated. Contracts will be awarded to six police departments and, as needed, to individual police officers (who already are commissioned by the FDA). Police departments will complete investigations in their own jurisdictions, nearby communities, and, in some instances, outlying communities. Individually contracted police officers will conduct investigations in outlying communities, as needed.

Experience from the current FDA project has shown that the amount of funding for individual contracts can change, as police departments become more efficient and can complete more investigations per hour than anticipated, as they agree to complete investigations in outlying communities, as they find the level of noncompliance more than anticipated (requiring more re-visits than expected), and so forth. Likewise, until police departments commit to investigations in outlying communities, the amount of funding necessary for contracts with individual police officers is uncertain.

The communities to be visited under contract with police departments will be established during the first 30 days of the project as contracts with them are negotiated. Contracts with individual police officers will be negotiated after police departments have committed to investigations in specific outlying communities. Contracts with these individual officers will include as many of the remaining outlying communities as possible (thereby reducing the number of communities to which the FDA State Project Coordinator and/or CHEMS staff must travel).

Based on contracts established, and sometimes amended, with police departments for the current FDA enforcement project, as well as activities accomplished under these contracts, projected contracts with police departments are as follows:

Federal:

\$63,000	Anchorage Police Department
\$15,000	Homer Police Department
\$27,000	Fairbanks Police Department
\$15,000	North Pole Police Department
\$9,000	Palmer Police Department
\$5,000	Soldotna Police Department
\$134,000	Total contract awards to police departments

Contracts will include hourly wages and benefits for police officers (which vary by police department), hourly wage and insurance coverage for minors employed by the police departments (for four of the six departments), "buy funds," and travel costs when the police departments travel outside their own jurisdiction (either in surrounding communities in their borough or to outlying communities). It is standard police department practice in Alaska to work two police officers together when accompanying minors; this standard practice is reflected by the amount of the awards.

\$20,000	Maximum cost of contracts with individual police officers, depending on the number of trips these officers need to make to outlying communities.
----------	--

\$154,000	Total for contractual services.
------------------	--

Inkind:

\$20,000

Police departments under contract will contribute approximately \$20,000 in-kind through the use of their own vehicles, computer equipment, fax machines, administrative time (contract administration, billing, reporting requirements, etc.), and rental space for maintenance of evidence.

Supplies (Direct Materials)

Federal Funds	\$250
In-Kind Funds	\$1,000
Total	\$1,250

Federal:

\$250

Funds for tobacco purchases for investigations completed by FDA State Coordinator and CHEMS staff.

In-Kind:

\$1,000

Approximately \$1,000 in in-kind supplies (office and copying supplies)

Equipment (Special Equipment)

Federal Funds	\$0
In-Kind Funds	\$3,000
Total	\$3,000

There will be no equipment purchases under this contract. Approximately \$3,000 in in-kind equipment from CHEMS will be contributed (use of department vehicle during investigations, computer equipment, fax machine, copier, and telephone).

Other Direct Costs

Federal Funds	\$2,550
In-Kind Funds	\$1,000
Total	\$3,550

Federal:

\$1,000

\$500 for postage and \$500 for telephone charges for overall coordination of project.

\$1,550 One-half of the rental costs for space occupied by the project coordinator/lead staff for the 12 month period.

\$2,550 Total for other direct costs.

In-Kind:

\$1,000 In-kind will include a \$500 match from the State for both postage and telephone (a total of \$1,000).

Indirect Costs (Overhead, General and Administrative)

\$6,607 12 percent of total personal services costs (direct labor), the lowest indirect rate allowed by DHSS under the current cost-allocation plan.

There is no request for grant funds for special testing or consultant service.

B. Government-Owned Property

The State of Alaska purchased and has under inventory seven secure file cabinets that serve as evidence files for the six police departments under contract and for CHEMS.

C. Financial Capacity

The Alaska Department of Health and Social Services has the necessary financial capacity, working capital, and other resources to perform the contract without assistance from outside sources.

D. Determining Management Capability and Responsibility

The State of Alaska, Department of Health and Social Services (DHSS), has all the necessary capabilities of responsibly managing the proposed FDA contract, including: the capability of meeting the performance schedule; a record of past performance and business integrity in the management of federal grants and contracts; possession of necessary organization, experience, and technical skills; and the possession of the required facilities.

In state fiscal year 1998, DHSS had a total operating expenditures of \$868.8 million, \$377.1 million of which were federal funds. The department is divided into 8 divisions and employs almost 2,000 staff (who provide services statewide).

TABLE OF CONTENTS
TECHNICAL PROPOSAL
(Revised July 14 and 21, 1999)

I. Background Information	2
II. Plan of Work	4
A. Understanding of the Problem and Technical Approach	4
B. Statement and Discussion of the Requirement of the Contract	6
C. Explanation of Technical Approach To Be Employed/Program for Accomplishing Objectives	10
D. Statement and Discussion of Anticipated Major Difficulties and Problem Areas/Recommended Approaches for Resolution	12
E. Limitations, Deviations, Exceptions to Scope of Work	13
F. Statement of Extent to which Proposed Approach Can Be Expected To Meet or Exceed Requirements and Specifications of Scope of Work	13
G. Schedule for Completion of Work	13
III. Goals and Objectives	14
IV. Experience and Qualifications	15
A. Organizational Experience	15
B. Personnel	16
C. Program Management	18
D. Facilities and Equipment	18
E. Related Activities	19
V. Resource Information	19
A. Direct Materials	19
B. Direct Labor	19
C. Special Equipment	19
D. Travel	20
E. Other Resources	20
VI. Other Considerations	20
Appendices	
Appendix A. Proposed Quality Control Program	
Appendix B. Listing of Minors	
Appendix C. Listing of Officers	
Appendix D. Relevant Resumes	

TECHNICAL PROPOSAL
(Revised July 14 and 21, 1999)

The following technical proposal is predicated on all the terms and conditions of the United States Department of Health and Human Services Federal Food and Drug Administration (FDA) request for proposals (RFP) #223-98-4813.

I. Background Information

Alaska has approximately 2,300 retailers with tobacco endorsements. Of these, approximately 1,100 have limited entry of age 21 or older, leaving approximately 1,200 without a limited entry age. Approximately 20 percent of these stores are in the Municipality of Anchorage, and another 20 percent are in the communities of Fairbanks, North Pole, Juneau, Palmer, Wasilla, Homer, Soldotna, and Seward. Approximately 12 percent of these 1,200 stores are in the communities of Bethel, Nome, Kotzebue, Barrow, Kodiak, Kenai, Petersburg, Haines, Sitka, Ketchikan, and Unalaska. In total, approximately 52 percent of the retail stores with tobacco endorsements that do not have a limited entry of age 21 years or older are in these 20 communities.

These communities, as well as approximately 15 nearby and accessible communities and the cities of Cordova and Dillingham were the target of the first effort by the State of Alaska to enforce federal regulations on the sale of tobacco products to minors as part of contract #223-98-4813 with the Food and Drug Administration (FDA). These 37 communities contain approximately 56 percent of the retail stores with tobacco endorsements that do not have a limited entry of age 21 years or older and approximately 71 percent of the state's total population.

During the contract period, ending September 25, 1999, the State of Alaska expects to complete, either internally or through contractual arrangements with police departments or individual police officers, about 1,600 investigations. This number of investigations will fall 500 short of the number anticipated and set out in the contract between the State of Alaska and the FDA, primarily for two reasons.

First, implementing contracts with police departments in the state (which included in all but one instance the police department's hiring and insuring minors) proved to be much more difficult and time-consuming than expected. The complexities and problems associated with formalizing contracts with bureaucratic police departments and municipalities were enormous. As a result, contracts were consummated much later than planned, investigations therefore began later, and, consequently, most stores will be investigated twice, rather than the three times planned under the contract.

Second, approximately 100 to 150 of the stores (for which forms were provided for investigations in the 37 communities where investigations are occurring) were not investigated, generally because the businesses sold alcohol or were closed for business.

In addition this FDA enforcement project, the State of Alaska, Department of Health and Social Services (DHSS), Division of Public Health, Section of Community Health and EMS (CHEMS), is concluding a five-year "Initiatives to Mobilize for the Prevention and Control of Tobacco Use" (IMPACT) grant project, supported by the Centers for Disease Control and Prevention (CDC). This project is staffed by two full-time professionals, and a half-time administrative clerk, who make up the section's Tobacco Prevention and Control Program. The focus of this federal grant program has been to foster state and community coalitions that, in turn, will advocate for policy and social change pertaining to tobacco use prevention and control. CHEMS has submitted a proposal to continue similar tobacco prevention and control activities for a five-year "Comprehensive State-Based Tobacco Use Prevention and Control Cooperative Agreement," also with CDC.

CHEMS also received a legislative appropriation of \$200,000 in state funds for state FY 99. This appropriation resulted from a \$.71 cigarette tax increase Alaska (to a total of \$1.00 per pack of cigarettes), and similar tax increases on other tobacco products. With these funds, CHEMS is accomplishing the following: (1) contracting local police departments for enforcement of state statutes on the sale of tobacco products; (2) awarding grants to local community organizations for tobacco coalition activities and a cessation campaign; (3) funding a part-time position to survey the use of tobacco products by youth in the state; and (4) providing funds to the Department of Law and the Department of Commerce and Economic Development for various enforcement activities.

During this legislative session, which will appropriate funds for state FY 2000, the governor has submitted a budget of \$3 million in tobacco settlement funds for tobacco prevention and control efforts.

Finally, the Division of Alcoholism and Drug Abuse (DADA), also within the DHSS, is responsible for conducting random, unannounced inspections of retail outlets statewide to comply with the Synar Amendment. DADA coordinate with the IMPACT Project Coordinator, IMPACT grantees, and the Alaska Council on Prevention of Alcohol and Drug Abuse to conduct these inspections.

II. Plan of Work

A. Understanding of the Problem and Technical Approach:

The 1998 Synar investigations, which included 241 stores in 19 communities, indicated a rate of noncompliance of 23.5 percent, down from 29 percent in 1997 and from 35 percent in 1996. To date, FDA tobacco enforcement project investigations have shown a lesser noncompliance rate in all but two communities. In Anchorage, the noncompliance rate for stores investigated has been 33 percent (66 stores noncompliant), and in Homer the noncompliance rate for stores investigated was 67 percent (4 stores noncompliant). (In both communities, there were a number of stores where investigations were not completed because they sold alcohol, were closed for the winter, or had gone out of business.) It is clear that, then, that though efforts to control the sale of tobacco products to minors in Alaska are succeeding, there still is work to be done.

The State of Alaska proposes to enforce, under contract, 21 CFR Part 897.14(a) by continuing the model currently in place. This model uses State of Alaska CHEMS staff as well as contracts with police departments in six communities and contracts with individual police officers to complete investigations. Though this model was difficult to put in place, it is now functioning well.

The number of police officers trained and commissioned by the FDA has almost doubled from the initial "graduating class" trained by the FDA. Most of the commissioned officers are truly committed to the current enforcement project and are enthusiastic about continuing another year. Of the six police departments that will be contracted, five (all but Anchorage) will allow their officers to complete investigations outside their own city/community boundaries, including some "outlying" communities.

CHEMS staff will continue to concentrate its efforts on the five largest communities in southeast Alaska. However, like the current practice, they also will complete investigations in some outlying communities. Additionally, a limited number of small contracts will be awarded to individual police officers (who are FDA commissioned and who as certified Alaska police officers have regulatory authority statewide) to support efforts in these outlying communities.

With a state of over 591,000 square miles, and with approximately two-thirds of its communities accessible only by air, boat, or snowmobile, accessing outlying communities is difficult and expensive. Most are so small and populated by Alaskan Natives, that any "stranger" in town would be identified immediately. Moreover, most have no more than three stores (often only one or two) that sell tobacco products. Consequently, many communities will never be visited as part of this project.

The State of Alaska proposes to expand investigations to an additional 10 outlying communities. Investigations in these 10 communities can be justified because they have a total 76 retail stores and because they all can be reached by automobile, seven from

Fairbanks and three from Palmer/Wasilla. These communities are as follows (with the number of stores to be investigated in each community): Delta Junction (8), Tok (14), Gakona (7), Glennallen (12), Copper Center (4), Healy (4), Denali Park (5), Big Lake (7), Talkeetna (6), and Willow (9).

In all, the State of Alaska proposes completion of investigations in 47 communities in the state, with investigation of approximately 750 stores. Stores will be investigated a minimum of two times (whether compliant or not), and stores that are noncompliant generally will be investigated more than twice.

Along with problems associated with contracting police departments and with completing investigations in outlying communities, the State of Alaska has found problems with quality control during implementation of the current FDA contract.

For the majority of investigations, the State relies on contracted police departments hundreds of miles away and accessible from Juneau only by plane. Consequently, almost all interaction between the FDA State Coordinator and police officers under contract is by phone or letter, and usually through the lead project person for individual police departments.

Because officers from these police departments who received initial FDA training are training other officers within their departments, there is little control over the quality of training provided (except for in one instance, when the FDA State Coordinator teamed with a commissioned officer to provide training). The State Coordinator also has little control over the oversight of investigations by contracted police departments. Consequently, as witnessed by the many investigation forms sent back for correction, the level of training and oversight being provided, in some instances, is inadequate. Lending to these problems is the fact that officers from these police departments are sending all investigation forms directly to the FDA, without the State Coordinator's review.

The State of Alaska proposes to ameliorate this lack of quality control by implementation of a quality control plan, submitted as Appendix A. Two aspects of this quality control plan are worth mentioning here.

First, within the first month of the contract period, the FDA State Coordinator will host a "refresher course" that one representative from each contracted police department must attend (as will be stipulated in police department contracts). This course will include, but not be limited to, the review of all FDA requirements, a discussion of the most commonly made errors on investigation forms, and an introduction to the State's quality control program for the project. Each representative will be required to hold a similar class with the officers in his/her department who are involved in the project (as will be stipulated in police department contracts).

Second, all investigation forms will be funneled through the FDA State Coordinator. In cases of noncompliance, the forms will be faxed to the State Coordinator for review

before they are faxed to the FDA. Contractors will be advised that the State Coordinator will review and approve or review and make suggestions for change by telephone within four hours of the fax. In either case, the fax will be sent by the contracted police department. Contractors will be advised that, if they do not receive a call from the State FDA Project Coordinator within the four hours, they should proceed with a fax to the FDA. (This instruction is necessary to avoid delays in instances where the Coordinator is not readily available). **In all instances, compliance check forms for noncompliant stores will be faxed to the FDA by the close of business of the day following each investigation.**

In cases of compliance, copies of forms (all forms for compliance checks for the week) will be overnight express mailed to the State Coordinator on Thursday of each week. The Coordinator will review the forms, telephone the police department where there are errors, correct those errors where possible, and send the forms to the FDA. In cases where the forms cannot be corrected by the State Coordinator, the forms will be held, the police department will be informed to correct them, and the forms will be sent with the next week's batch. The State Coordinator will always have one of the CHEMS staff who is FDA commissioned available to complete this task when he is not available (e.g., on annual leave). **In all instances, compliance check forms for compliant stores will be mailed within five days of investigations.**

The State of Alaska proposes to follow up, in some instances, investigations where sales to minors have occurred with the issuance of a citation based on Alaska Statutes. In all instances where these citations will be issued, a FDA commissioned police officer will have witnessed the sale. *[, and the minor who consummated the sale will have exited the store at least 15 minutes before the citation is issued]* **In the communities of Anchorage and Fairbanks, all checks for the day will be completed and the minor returned home before an officer will return to stores to issue state citations. In all other communities, which have populations of 5,000 or less, all compliance checks for the community will be completed before an officer will return to issue state citations. Because of the necessity of Department of Law prosecution of citations that are challenged in court, it is likely that these state citations will occur only in the communities of Anchorage and Fairbanks.**

B. Statement and Discussion of the Requirement of the Contract:

Funding of this contract will require the contractor to enforce within the State of Alaska the federal regulation 21 CFR Part 897.14(a) regarding the sale of tobacco to minors. Enforcement of this regulation will reduce youth access to tobacco products in retail establishments in this state. Enforcement efforts will include the following:

- The State of Alaska will conduct, or arrange to be conducted (through contracts), unannounced investigations of tobacco vendors, using male and female minor operatives of substantially equal mix, aged 15, 16, and 17 years of age of substantially equal mix, of the *[appropriate]* racial/ethnic composition *[based on*

the] reflective of the community where *[the]* investigations *[is]* are occurring. A listing of the minors expected to participate in this project, including their identification numbers and dates of birth, is provided in Appendix B. This listing will be updated quarterly by the Alaska FDA Project Coordinator.

- Whenever possible, minors will observe FDA investigations before participating in investigations themselves.
- The State of Alaska and its contractors will train these minors for participation in this project.
- In all appropriate instances, these minors will be accompanied from store to store and on trips to outlying communities by two FDA commissioned officers and into stores, whenever possible and practical, by a FDA commissioned officer, who will witness the attempted buy. When travel to outlying communities is required, the FDA commissioned officers will be of opposite gender, or if of the same gender, the minor will be of this gender.
- For all investigations, a FDA commissioned officer will attempt to accompany the minor into the retail store being investigated. If this is not possible or practical, the reason for nonaccompaniment will be noted in the compliance check form comment box.
- Minors will attempt to purchase brands of tobacco products typically purchased in the community where investigations are being completed.
- The majority of investigations will occur after school hours or on holidays and weekends and during daylight hours. Any investigations during school hours or *[after]* between 6 p.m. and midnight will require school (during the school year) and parent permission. In all instances, visits will be conducted during hours considered safe by the FDA State Coordinator.
- The State of Alaska and its contractors will maintain confidential files on each minor participating in investigations. These files will contain a copy of the minor's identification (if available), a picture taken within 30 days of the date of his/her hire and every month thereafter, a copy of his/her birth certificate, and an original parent consent form.
- The State of Alaska and its contractors will endeavor to maintain the confidentiality of the minors participating in this project.
- All minors will be insured for injury and death.

- The State of Alaska has on file an informal opinion of the Alaska Attorney General's Office granting immunity of minors participating in the completion of tobacco enforcement investigations.
- The State of Alaska currently has Internet access, e-mail, and Microsoft Pro 97.
- All personnel accompanying minors during investigations will be properly trained and commissioned by the FDA. These personnel will be responsible for proper reporting (on individual investigations) and maintenance of evidence. A listing of all commissioned officers expected to participate in the project, including their identification numbers, is provided in Appendix C. This listing will be updated quarterly by the Alaska FDA Project Coordinator.
- FDA commissioned officer will train other personnel for FDA commissioning as necessary.
- FDA commissioned officers will be U.S. citizens; they will have no significant financial interest in the establishments they will check; and they will not have had a DWI/DUI violation within 24 months of their participation in the project.
- The names of all new officers commissioned by the FDA will be submitted to the FDA Project Officer within 10 days of notice of the commissioning.
- The State of Alaska will submit to the FDA a revised list (i.e., from the list submitted as part of the current contractual project), based on information gained through ongoing investigations (i.e., changes of addresses or owners, elimination of businesses no longer in business, new businesses, etc.), of all tobacco vendors in the state (excluding those with a minimum entry age requirement of 21 years of age or over). Throughout the project, the State will coordinate with the FDA the locations of stores to be checked.
- The FDA State Coordinator will review all pre-printed forms sent to the State and return duplicates and any forms for stores that will not be checked.
- Officers will verify the name and address of each retail store and complete the appropriate compliance check form after each compliance check before proceeding to the next check.
- The State of Alaska will visit retail stores reported to the FDA hotline within 90 days of being informed of such reports by the FDA.
- All evidence from successful buys will be maintained according to FDA requirements and in confidential evidence cabinets separate from State and police files. Tobacco products will be properly marked, secured, sealed, and segregated. A photocopy of the compliance check form will be placed in "Form FDA 525" envelope and

• •

attached to the evidence bag. Evidence will be maintained for not less than 5 years.

- **The State of Alaska, through its FDA State Coordinator, will assist the FDA with enforcement actions and related necessary follow-up actions, including the obtaining of declaration statements, coordination of testimony by witnesses, and the collection and provision of evidence to the FDA. The State Coordinator will make every effort to assure that officers and minors participating in compliance checks will be available for 6 months after investigations have been completed and to assure prompt and continuing cooperation from the officers and minors.**
- **Commissioned officers will fax a copy of the appropriate investigation report to the FDA by close of business the following day, for any successful buys; all other investigation reports will be submitted on a once-a-week basis to the FDA, in all instances within five days of the completion of investigations. All original reports will be maintained by the State of Alaska or its contractors.**
- **Where a sale has occurred, the investigation report will include a description of the retail store clerk and any other unusual details of the investigation. Officers will make every attempt to provide accurate names of the stores investigated and the name of the owners of stores.**
- **Follow-up investigations will be performed within 90 days of reception of noncompliance revisit forms provided by the FDA.**
- **The State of Alaska shall assure the proper use of "Tobacco Compliance Check for New Business" forms, including the following: The State shall verify that the establishment(s) checked: (1) sells cigarettes or smokeless tobacco over-the-counter; (2) is not on the list of retailers to be visited supplied by the FDA; (3) is open for business at the time of the compliance check; and (4) has not already been checked and accounted for on a new business form.**
- **The FDA RFP requires 375 investigations per month for the state. Alaska has approximately 2,300 retailers with tobacco endorsements. Of these, approximately 1,100 have limited entry of age 21 or older. Of the approximately 1,200 without limited entry, approximately 750 are in the 47 communities to be targeted under this contract. Therefore, Alaska requests a reduction of the minimum required investigations per month from 375 to a minimum average of 133, for a total of 1,600 investigations over the course of the one-year contract being proposed.**
- **The State of Alaska has provided a proposed quality control plan as Appendix A.**
- **The State of Alaska will continually maintain and update its quality control plan.**

- All media requests regarding FDA enforcement activities will be coordinated with the FDA's Office of Public Affairs.
- Alaska's FDA State Coordinator will provide the FDA quarterly reports as outlined on page nine of RFP #223-98-4813, to include a quantitative description of overall progress, problems, actions taken to resolve these problems, and work plans for the next quarter.

The State of Alaska proposes to follow up, in some instances, investigations where sales to minors have occurred with the issuance of a citation based on Alaska Statutes. In all instances where these citations will be issued, a FDA commissioned police officer will have witnessed the sale. [*and the minor who consummated the sale will have exited the store at least 15 minutes before the citation is issued.*] In the communities of Anchorage and Fairbanks, all checks for the day will be completed and the minor returned home before an officer will return to stores to issue state citations. In all other communities, which have populations of 5,000 or less, all compliance checks for the community will be completed before an officer will return to issue state citations. Because of the necessity of Department of Law prosecution of citations that are challenged in court, it is likely that these state citations will occur only in the communities of Anchorage and Fairbanks.

C. Explanation of Technical Approach to Be Employed/Program for Accomplishing Objectives:

The DHSS will be the contracting agency for this project. CHEMS will be the administrating agency within DHSS, and will be assisted by staff from DADA.

CHEMS will be responsible for administering all FDA contract requirements, including, but not limited to, the receipt and administration of federal funds, overall coordination and monitoring of project activities, administration and oversight of contracts with police departments and police officers, quarterly reports, and the maintenance, updating, and implementation of a quality control plan (please see Appendix A). All CHEMS staff are FDA commissioned officers and will be available to train officers and to recruit and train minors, and they will conduct investigations in southeast Alaska and outlying communities as necessary.

DADA will be responsible for updating, maintaining, and providing the FDA the list of tobacco retailers in Alaska. DADA will work to maintain the integrity of the list by removing duplicates, updating addresses, and adding new sites as a result of investigations under the current FDA contract.

As indicated in Section II.A., the State of Alaska proposes to investigate approximately 750 retail stores in 47 communities in the state. Each store will be investigated a minimum of two times. These 47 communities will be targeted because they are among the largest in the state, and therefore they have the largest number of retail stores selling

..

tobacco products. The additional proposed 10 "outlying" communities also have the advantage of being reached by automobile.

Because of the size of the state, associated costs of travel, and the importance of local commitment, the State of Alaska will contract with six local police departments to conduct investigations in their own communities and/or communities within their boroughs (similar to counties). These contracted police departments also will be given the opportunity to conduct investigations in the many outlying communities to be investigated.

Small contracts to [*a limited number of individual*] three police officers from the Anchorage Police Department (who are FDA commissioned and who as state certified police officers have regulatory authority statewide) to conduct investigations in outlying communities as necessary. Each officer shall be awarded a contract for \$6,666.00, including reimbursement at an hourly rate of \$40.00 per hour and reimbursement for costs associated with travel. These officers will accompany minors employed by the State in their investigation of stores in outlying communities.

Contracts with police departments and individual police officers will stipulate all relevant FDA contractual requirements. The contracts with police departments will be based on reimbursement for staff and minor time (when the minor is employed by the police department), state-approved travel (including hotel, per diem, and miscellaneous costs); and necessary, state-approved miscellaneous expenses. As noted above, [C]contracts with individual police officers also will be on a reimbursement basis for an hourly rate of the officer and costs associated with travel. Contractors will be required to submit reports to CHEMS, indicating the establishments investigated, investigation dates, and the results of each investigation, to support each billing.

Because contracts are in place with police departments under the current FDA project, and because each of the departments have indicated a desire to continue FDA enforcement work, it is expected that contracts can be formalized, and contract activities begun, within one month of the beginning of the contract. Every effort will be made to shorten the time necessary for the beginning of contracted investigations.

State of Alaska CHEMS staff will concentrate its investigations in southeast Alaska, but will also complete investigations in outlying communities as necessary. Finally, individual police officers who have been commissioned by the FDA will be awarded small contracts to support the effort to complete investigations in the outlying communities. Some of these contracts also can be expected to be in place, and contract activities begun, within one month of the beginning of the contract. It is possible that additional contracts will be awarded later if needed.

Only 3 of the 16 communities where investigations will be conducted--Anchorage, Fairbanks, and Juneau--have populations over 30,000, and only 4 additional communities have populations over 5,000. Consequently, law enforcement officers from all but the three largest communities are likely to be recognized by retail clerks working in stores in

their communities. Therefore, some contracts will allow for investigations in other communities. CHEMS will be responsible for coordinating these "exchange programs" between and among communities.

In Anchorage (and perhaps other communities), there are some stores that are so small that the entry of an adult and a minor likely would "tip off" the retail clerk of something unusual happening. For investigation of these stores, the accompanying officer will remain outside the store. Investigations of this type will be avoided whenever possible.

Minors participating in investigations will be employed by either the State of Alaska or individual police departments. These minors will be trained and supervised by lead project staff in contracted police departments or by the Alaska FDA Project Coordinator. The minors will travel to outlying communities with police officers from contracted police departments, CHEMS staff, or contracted police officers (only minors employed by the State) when necessary. When travel is required, two adults will always travel with the minor, an adult male and an adult female as often as possible. In no instances, will two adults of one gender travel with a minor of the other gender.

Minors employed by contracted police departments will be insured under the police departments' insurance policy. Minors employed by the State will be covered under the State's self-insured Worker's Compensation policy. Only minors whose insurance is assured and in place will be allowed to take part in training and investigations.

As proposed in Section II.B., the Alaska proposes to follow up, in some instances, investigations where sales to minors have occurred with the issuance of a citation based on Alaska Statutes. In all instances where these citations will be issued, a FDA commissioned police officer will have witnessed the sale. [*and the minor who consummated the sale will have exited the store at least 15 minutes before the citation is issued.*] In the communities of Anchorage and Fairbanks, all checks for the day will be completed and the minor returned home before an officer will return to stores to issue state citations. In all other communities, which have populations of 5,000 or less, all compliance checks for the community will be completed before an officer will return to issue state citations. Because of the necessity of Department of Law prosecution of citations that are challenged in court, it is likely that these state citations will occur only in the communities of Anchorage and Fairbanks.

D. Statement and Discussion of Anticipated Major Difficulties and Problem Areas/Recommended Approaches for Resolution:

If the requested exceptions to the Scope of Work indicated immediately below in Section II.E. "Limitations, Deviations, Exceptions to Scope of Work" are approved, no major difficulties or problem areas are anticipated.

The one area of concern is quality control. Because of problems with quality control experienced during the current project, the FDA State Coordinator will make quality

control, discussed on Section II.A. and included as a proposed quality control plan as Appendix A, a high priority.

E. Limitations, Deviations, Exceptions to Scope of Work:

As discussed previously, the State of Alaska requests a reduction of the RFP's requirements of 375 investigations per month to a minimum average of 133 per month.

F. Statement of Extent to which Proposed Approach Can Be Expected to Meet or Exceed Requirements and Specifications of Scope of Work:

If the exception requested above is approved, the State expects to meet or exceed requirements and specifications of scope of work.

G. Schedule for Completion of Work:

The State of Alaska proposes the following time line for completion of the project.

Activity	Schedule
Contracts in place with 6 local police departments	Within 30 days of beginning contract date
Contracts in place with individual police officers	Within 60 days of beginning contract date, and throughout contract period as needed
Meeting of contracted police departments lead project officers and State FDA Project Coordinator for "refresher" course as part of quality control plan (see Appendix A)	Within 30 days of beginning contract date
Commencement of investigations	Within 30 days of beginning contract date
Training and certification of officers and training of minors	Throughout the contract period as needed
Submission of quarterly reports	Within 30 days of the end of each quarter
Submission of final report	Within 30 days of the end of the contract

III. Goals and Objectives

It is expected that, by enforcing 21 CFR Part 897.14(a), the level of youth access to tobacco will decrease, while the level of compliance to the regulation by retailers will increase.

Project Goal: To reduce the sale of tobacco products to youth 18 years of age and under by retail stores in Alaska that do not have an entry age limit.

Project Objectives: Project objectives will be process oriented, rather than outcome oriented. Project objectives are as follows:

Objective 1: Conduct at least 2 investigations in 100 percent of the retail stores that sell tobacco products, other than stores with limited entry of 21 years of age or older, in a minimum of 47 communities in the state, for a minimum total of 1,600 investigations.

Objective 2: Conduct a follow-up investigation of all retail stores that sold a tobacco product as part of an investigation conducted under Objective 1. These follow-up investigations will be completed within 90 days of receipt of noncompliance revisit forms from the FDA.

Objective 3: Conduct a follow-up investigation of all retail stores that sold a tobacco product during a subsequent investigation. These follow-up investigations will be completed within 90 days of receipt of noncompliance revisit forms from the FDA.

Objective 4: As a result of the implementation of the State's quality control program, reduce the number of investigation forms returned for modification by 50 percent.

IV. Experience and Qualifications

A. Organizational Experience:

DHSS will be the contracting agency and CHEMS will be the lead agency for this project. CHEMS will be assisted by staff from DADA.

CHEMS is based in Juneau, the state capital of Alaska. CHEMS has a full-time staff of 17 full-time professionals, 5 full-time administrative support staff, and a part-time staff of 23 (college and student interns). CHEMS consists of two program units, the Emergency Medical Services (EMS) Unit, and the Primary Care and Health Promotion Unit. Within the Emergency Medical Services Unit are the EMS Training and Licensing and the Trauma Care Systems Programs. Within the Primary Care and Health Promotion Unit are the Primary Care, Health Promotion, Injury Prevention, and Tobacco Prevention and Control Programs.

Over the past ten years, CHEMS has administered approximately 60 federal grants and contracts.

As noted in Section I, in addition to the administering the current FDA enforcement contract, CHEMS is administering the federal tobacco control and prevention IMPACT grant, as well as a number of prevention and control activities funded with State funds (e.g., grants and contracts for education and enforcement, data collection). As part of the IMPACT project, CHEMS has 10 local community coalition grantees. These grantees have been actively involved in tobacco education, youth access efforts, cessation efforts, and advocacy for policy change on a local and statewide level. Most of the grantees have been involved with the statewide Synar amendment activities and have either assisted with, or actually conducted, Synar compliance checks for the past two years. Finally, many provide vendor education in their communities.

DADA is based in Juneau and Anchorage with a staff of 26 professionals and 5 administrative support staff. DADA exists to promote the health and well-being of Alaska's citizens by preventing and treating alcohol, drug, and inhalant abuse.

Program areas that come under the direction of DADA include:

- Peer Helpers
- Rural Services
- Treatment Programs
- Dual Diagnosis Treatment
- Women's Treatment Services
- Fetal Alcohol and Drug Effects
- Professional Training and Certification
- Alcohol Safety Action Program (ASAP)
- Community Based Suicide Prevention Programs

- Community Action Against Substance Abuse (CAASA)
- Specialized Services: *Treatment Services for Rural Remote and Culturally Distinct Populations, Methadone Maintenance and Detoxification Services*

DADA's primary method of implementing comprehensive prevention and treatment is through awarding grants to local government and nonprofit agencies to support a variety of services. Currently, DADA has over 60 grants for treatment and prevention and for training providers.

As noted in Section I, DADA also is responsible for implementing the Synar amendment in Alaska.

B. Personnel:

Project coordinator/lead staff for the contract will be Larry Bussone, Health Program Manager II, within CHEMS. Mr. Bussone has Masters Degrees in Social Work and Public Administration. Mr. Bussone currently is serving as the FDA State Coordinator under the current contract between the FDA and the State of Alaska. He has worked in a variety of professional capacities for the State of Alaska since 1984. He has an extensive background in the administration of federal grants and the administration of state grants and contracts to local municipalities, regional non-profit corporations, and for-profit and non-profit organizations providing professional services. This background includes significant work with field staff, contractors and grantees, and the public during his tenures with the Alaska State Legislature, the Division of Family and Youth Services, and the Division of Public Health. Mr. Bussone's resume is included in Attachment D.

Mr. Bussone will be responsible for overall coordination of the project, administration of federal contract funds, administration of contracts to police departments and individual police officers, submittal of quarterly reports, and maintenance and implementation of the State's quality control plan (discussed in Section II.A. and included in its entirety as Appendix A). Mr. Bussone also will complete investigations and will train additional FDA officers and minors as necessary.

Mr. Bussone will be supervised by Mark Johnson, MPA, Chief of CHEMS. Mr. Johnson has served as Chief of CHEMS for 20 years. Through those years, he has overseen and monitored approximately 100 federal grants or contracts. He has been responsible for the development and implementation of a statewide emergency medical services (EMS) system and is now responsible for oversight of the Section's responsibilities in the areas of EMS, trauma care, health promotion, primary health care, injury prevention, and grants and contracts administration. Mr. Johnson's role will be overall oversight and monitoring of, as well as technical assistance to, the project. Mr. Johnson's resume is included in Attachment A. Mr. Johnson's contributions to the project will be in-kind.

Four additional CHEMS staff have been trained and commissioned as FDA officers. These staff are Lance Brown, Melanie White, and Kim Busch. These four staff will

complete investigations in southeast Alaska and in some outlying communities. Ms. White also will be Mr. Bussone's back-up for quality control activities.

Providing technical assistance to the project will be Mary Collins, Research Analyst III, DADA. The contributions to the project of Ms. Collins also will be in-kind. The resumes of Ms. Collins is included in Attachment D.

Ms. Collins has been a Research Analyst III with the State of Alaska for over seven years. Her previous experience includes three years as a Demographic/Economic Analyst with the Municipality of Anchorage's Planning Department. She also has extensive experience in the field of marketing and market research in Alaska and New York. Ms. Collins has a Bachelors degree in Political Science.

Ms. Collins will provide technical assistance to the project, particularly in regards to the maintenance of the business license file to be used to target retail stores for investigations. She will provide a comprehensive revised list of tobacco retailers to the FDA and will work to maintain the integrity of the list. Ms. Collins will also coordinate DADA's Synar activities with the FDA inspections and will provide assistance to Mr. Bussone as needed.

A key partner in the project will be Detective Mike Livingston, of the Municipality of Anchorage Police Department (MAPD). Officer Livingston has a Bachelor of Science degree in Criminal Justice and a Masters of Science in Psychology and has worked in Alaska as a police officer since 1978, when he began his public safety career in Unalaska/Dutch Harbor as a police officer, emergency medical technician, firefighter, and dive rescue specialist. Officer Livingston moved to Anchorage in 1981 where he worked with the University of Alaska Campus Police until 1983, when he was hired by the MAPD. Mr. Livingston's resume is included in Attachment D.

Officer Livingston has testified in several sale of tobacco to minors cases in Alaska Courts, before the Municipality of Anchorage Assembly regarding municipal tobacco ordinances, and before the Alaska State Legislature regarding proposed state statutes. Officer Livingston has instructed recruits in the police academy and works with Anchorage groups in the effort to reduce tobacco usage among young people, including Teens Against Tobacco Use, Teens as Teachers, the Alaska Tobacco Control Alliance, the American Lung Association, the Cancer Society, Citizens to Protect Kids from Tobacco, and the Alaska Native Health Board.

Mr. Livingston is the project leader for FDA enforcement activities completed by the MAPD in the Municipality of Anchorage, where approximately 35 percent of the stores to be investigated are located. Mr. Livingston also will be available for training of officers statewide (he has conducted a number of training sessions regarding tobacco sales enforcement both before and during the current FDA project), and he will be one of the officers contracted to complete investigations in outlying communities.

C. Program Management:

The Alaska Department of Health and Social Services (DHSS) will be the formal contractor. CHEMS, its acting agency for this project, will be responsible for all contract requirements, including, but not limited to, the receipt and administration of federal funds, overall coordination and monitoring of project activities, administration and oversight of subcontracts to municipalities, maintenance and implementation of a quality control plan, and federal quarterly reporting requirements. Four CHEMS staff also are FDA commissioned officers, and therefore will complete investigations. CHEMS also will employ up to 12 minors as student interns to participate in investigations in southeast Alaska, Anchorage, Wasilla, and outlying communities, as necessary. These minors will be trained by personnel from the agency for which they will work directly.

As described previously, six police departments will be contracted to conduct investigations within their jurisdictions and, in most instances, outside their jurisdictions, as well. In all instances, officers of these departments will be FDA certified. When these departments employ minors (in four of the six contracts—contracts with the Anchorage and Palmer Police Departments will involve the use of minors employed by the State), they will be responsible for insuring and training the minors. In some instances, law enforcement agencies from different communities will conduct investigations in each others' communities. This "exchange program" will be necessary, because officers in communities other than Anchorage and Fairbanks are likely to be recognized by retail clerks in their own communities.

D. Facilities and Equipment:

CHEMS is located at 410 Willoughby Avenue in Juneau, Alaska. The Section occupies approximately 4,500 square feet of office space. The Section is fully automated, with every staff possessing computer, Internet, E-mail, and fax capabilities. (The FDA State Coordinator's computer system has MS Office Pro 97.) CHEMS establishes contracts and grants through the Division of Administrative Services, within the Department of Health and Social Services.

The Alaska Department of Health and Social Services has the capabilities of electronically transferring funds through the Automated Clearing House (ACH).

Police departments to be contracted as part of the project, at the very least, have computer and fax capabilities. Most also have Internet and E-mail capabilities. All have file cabinets for the maintenance of evidence for this project (provided to them as part of the current FDA project), and all will be using their own vehicles for investigations.

E. Related Activities:

Please see Sections I, IV.A., and IV.B.

V. Resource Information

A. Direct Materials:

The State of Alaska will continue to provide contractors whirl pack bags and FDA Official Self-Stick Seals for use in the maintenance of evidence (and will need some for its own use).

The State of Alaska will require funds for purchases by minors, for both minors working for the State and minors working with police departments under contract. (The police departments under contract will have funds for this purpose built into their contracts.)

All other materials required for the project (e.g., computers, fax machines, office materials, etc.) will either be in-kind, provided by the State or its contracted police departments, or provided as part of the current FDA project (e.g., secure evidence files and a Polaroid camera).

B. Direct Labor:

Larry Bussone, Health Program Manager II, CHEMS, will serve as Project Coordinator/lead staff for the project. Mr. Bussone will dedicate a .5 FTE to the project. Mr. Bussone's responsibilities are summarized in Sections IV.B. His resume is provided as part of Appendix D.

Mark Johnson, Chief, CHEMS, and Mary Collins, Research Analyst III, DADA, will participate in the project as in-kind personnel. Their responsibilities are summarized in Section IV. B. also, and their resumes are attached as part of Appendix D.

Four additional CHEMS staff are certified by the FDA and will participate in investigations in southeast Alaska and outlying communities. One of these staff, one also will provide back up to Mr. Bussone's quality control activities (as discussed in section II.A.) These staff will be paid hourly for their work on this project.

CHEMS will maintain 12 positions for 15, 16, and 17 year-old minors for participation in investigations in southeast Alaska, Anchorage, and outlying communities. (Currently, only 6 of these positions are filled, primarily because of a hiring freeze in Alaska State government.)

C. Special Equipment:

No special equipment will be purchased as part of this project.

D. Travel:

Travel costs for the State of Alaska will include the following: (1) travel of CHEMS staff and a minor for investigations in southeast Alaska (4 communities) and outlying communities, as necessary, and any potential possible re-visit trips because of noncompliance during the second trip and any potential possible re-visit trips because of noncompliance during the second and subsequent trips; (2) travel of the FDA State Coordinator and two State staff members to conduct the "refresher course" for personnel from contracted police departments; (3) travel of the FDA State Coordinator and a minor for investigations in outlying communities, as necessary; (4) travel of minors employed by the State of Alaska and stationed in the Municipality of Anchorage for investigations in outlying communities, as necessary (to be accompanied by the State FDA Project Coordinator, police officers working for departments under contract, or individual contracted police officers); [(5) travel of the FDA State Coordinator to the national FDA conference, if it occurs and if out-of-state travel is allowed by the State (currently, the State is disallowing almost all out-of-state travel, even that supported by federal funds; and (6)] and (5) any travel required of the FDA State Coordinator for technical assistance, training of officers, and quality control. The last might not be necessary, as technical assistance, training, and quality control will be handled as much as possible by telephone with lead project officers from the contracted police departments.

Travel necessary for travel by police officers (working for contracted police departments or contracted individually) will be built into contracts.

E. Other Resources:

As noted previously, because of the size of the state, the difficulty and expense of traveling to outlying communities, and the importance of local commitment to the project, investigations in as many communities as possible, except for those in southeast Alaska (where CHEMS staff will complete investigations), will be completed through contracts with six police departments and a small number of individual police officers. These contracts will be written on a reimbursement basis, will include necessary travel and miscellaneous expenses, and will require compliance with all relevant FDA requirements.

VI. Other Considerations

All considerations have been discussed in the proposal above.

Appendix A:
Proposed FDA Project Quality Control Plan
(Revised July 14 and 21, 1999)

The State of Alaska submits the following proposed quality control plan. The State will maintain, update, and implement this plan throughout the length of the project. As problems arise during the contract, the FDA State Coordinator will determine the cause of each problem, take or cause to be taken corrective action, and inform the FDA of the problem and the corrective action taken.

Through the length of the contract, the FDA State Coordinator will be responsible for keeping FDA commissioned officers informed of all procedures, particularly those for which there are changes.

During the current FDA enforcement project, the State of Alaska has found problems with quality control. To date, these quality control problems have centered around the investigation forms sent to the FDA by personnel from police departments under contract with the State. These police departments are hundreds of miles away from Juneau, where the FDA project is coordinated, and accessible from Juneau only by plane. Consequently, almost all interaction between the FDA State Project Coordinator and police officers has been by phone or letter, and usually through the lead project person for individual police departments.

Because officers from these police departments who received initial FDA training are training other officers within their departments, there is little control over the quality of training provided (except for in one instance, when the FDA State Project Coordinator teamed with a commissioned officer to provide training). The State Coordinator also has little control over the oversight of investigations by contracted police departments. Consequently, as witnessed by the many investigation forms sent back for correction, the level of training and oversight being provided, in some instances, is inadequate. Lending to these problems is the fact that officers from these police departments are sending all investigation forms directly to the FDA, without the State Coordinator's review.

Following is a proposed quality control plan to correct these problems as well as other potential problems:

Investigation Report Forms Submitted to FDA:

(1) Within the first month of the contract period, the FDA State Project Coordinator will host a "refresher course" that one representative from each contracted police department must attend (as will be stipulated in police department contracts). This course will include, but not be limited to, the review of all FDA requirements, a discussion of the most commonly made errors on investigation forms, and an introduction to the State's quality control program. Each representative will be required to hold a similar class with the officers in his/her department who are involved in the project (as will be stipulated in police department contracts).

(2) All investigation forms will be funneled through the FDA State Coordinator. In cases of noncompliance, the forms will be faxed to the State Coordinator for review before they are faxed to the FDA. Contractors will be advised that the State Coordinator will review and approve or review and make suggestions for change by telephone within four hours of the fax. In either case, the fax will be faxed to the FDA by the contracted police department. Contractors will be advised that, if they do not receive a call from the State FDA coordinator within the four hours, they should proceed with a fax to the FDA. (This instruction is necessary to avoid delays in instances where the Coordinator is not readily available). In all instances, compliance check forms for noncompliant stores will be faxed to the FDA by the close of business of the day following the investigation.

(3) In cases of compliance, copies of forms (all forms for compliance checks for the week) will be overnight express mailed to the State Coordinator on Thursday of each week. The Coordinator will review the forms, telephone the police department where there are errors, correct those errors where possible, and send the forms to the FDA. In cases where the forms cannot be corrected by the State Coordinator, the forms will be held, the police department will be informed to correct them, and the forms will be sent with the next week's batch of forms. The State Coordinator will always have one of the CHEMS staff who is FDA commissioned available to complete this task when he is not available (e.g., on annual leave).

A suggestion to the FDA: On the Tobacco Compliance Check form, next to the officer's signature block, is the question, "Officer witnessed sale to minor?" The FDA training provided in Alaska indicated that the question was meant to say something to the effect of, "Officer witnessed sale to minor or attempted purchase by minor?" Alaska's officers have been very inconsistent in how they answer the question when no sale has been completed. Some, because there was no sale, leave the answer blank. Others follow the instructions provided during training. Unless this instruction was incorrect, and the FDA desires information regarding witnessing an attempted purchase, the language on the form should be changed to reflect the later.

Reports Provided [by] to the FDA:

All investigation reports submitted to the FDA will be submitted through the State FDA Project Coordinator, and a central file of reports maintained by the Coordinator. *[The Coordinator will review the monthly reports provided by the FDA and will report any errors or discrepancies.]* The FDA State Coordinator will make every effort to assure that forms are completed accurately and completely.

Reports Provided by the FDA:

The FDA State Coordinator will verify reports provided by the FDA.

Forms Returned by the FDA:

When forms are returned by the FDA because of mistakes or omissions, the FDA State Coordinator will work with appropriate officers to identify the cause of problems and to take corrective action. Corrective action shall occur within two weeks of the day forms are received from the FDA.

Declarations for Civil Money Penalty Proceedings:

[Because declarations were not presented as part of the FDA training to officers from Alaska, because Alaska has received little guidance since, and because Alaska has not completed any declarations, there is little that can be said or done regarding declarations. Alaska requests further guidance, written or in-person training, on declarations.]

The State of Alaska, through its FDA State Coordinator, will assist the FDA with enforcement actions and related necessary follow-up actions, including the obtaining of declaration statements, coordination of testimony by witnesses, and the collection and provision of evidence to the FDA. The State Coordinator will make every effort to assure that officers and minors participating in compliance checks will be available for 6 months after investigations have been completed and to assure prompt and continuing cooperation from the officers and minors.

Evidence:

Because of the distances, and the travel costs associated with these distances, between Juneau (location of the FDA State Project Coordinator) and the police departments that will be under contract, it would be impractical, and costly, for the State Coordinator to visit each contracting agency site to complete an on-site review of the maintenance of evidence (and other matters). Moreover, all police departments that will be under contract have departmental policies and procedures for the maintenance of evidence, and all officers routinely collect and maintain evidence as part of their normal daily duties. In short, if any group of professionals has expertise in the gathering and maintenance of evidence, it is police officers. Nevertheless, the gathering and maintenance of evidence will be one of the major topics of discussion in the "refresher course" to be offered during the first month of the project.

[Suggestion to the FDA: Police officers have indicated to the FDA State Project Coordinator that the tape used to secure evidence likely will come unattached with time. They have suggested replacing the tape provided by the FDA with a tape call "Tamperproof," and have requested permission to use this type of tape for maintenance of FDA evidence.]

Quality of Officer's Work:

Again, because of the distances involved, when the FDA State Project Coordinator has received communications from the FDA regarding additional or changed requirements, he has faxed a copy of the additional or changed requirements to the lead project officer

of each contracted police department and followed the fax with a telephone call to make sure the officer had received and understood the changed requirement. The importance of implementing these types of changes, and making sure all officers participating in the FDA project implement them, will be emphasized in the refresher course to be offered. Also, the contracts to the police departments will include language indicating the lead project person is responsible for, and accountable to the State for, making sure changes are implemented by all officers participating in the project. *[Alaska requests any further guidance from the FDA as to other steps that can be taken to maintain or improve quality of officer's work.]* Throughout the length of the project, officers will be offered continued training as deemed necessary by the FDA State Coordinator.

Compliance Check Follow-up:

Alaska just received its first set of compliance check follow-up forms. Follow-up visits are scheduled at the beginning of the second set of investigations, expected to begin in late June. When re-visit forms and "second visit" forms are sent to contracted police departments, instructions will be to complete the re-visit investigations first, before completing the second investigation of stores that were compliant in the first set of investigations. This procedure speaks to the current contract.

Under the new contract, the same procedures described above under "Investigation Report Forms Submitted to FDA" will be applied. That is, all re-visit forms also will be funneled through the FDA State Project Coordinator. The State Coordinator also will be responsible for keeping track of the dates re-visit forms are received and when they are due, and assuring timely submission of the forms. Alaska requests any further guidance from the FDA as to other steps that can be taken to assure accurateness and timeliness of re-visit forms.

Quality of Witnesses:

[Alaska requests guidance from the FDA regarding quality of witnesses issues.]

The FDA State Coordinator will make every effort to assure the quality of evidence and the quality of witnesses for cases where noncompliance has occurred.

Alaska Synar Regulation State Summary FFY 97

Synar Regulation Lead Agency: Department of Health and Social Services, Division of Alcoholism and Drug Abuse

Delayed Applicability State: No

	FFY 97	FFY 98	FFY 99	FFY 00
FFY 97 Baseline Violation Rate and Interim Targets:	34.3%	30%	25%	20%

Legislation

Were any changes in youth access legislation reported in the 1997 Block Grant application?	No changes. Current law establishes 19 as minimum age.
Are localities preempted from enacting ordinances more stringent than State law?	No
Does the law provide a possible defense to violators, e.g. "knowingly"?	Negligently

Enforcement

Synar Regulation Enforcement Agency	Department of Health and Social Services working with Departments of Law, Commerce and Economic Development, and Public Safety
Is the enforcement agency specified by State law or appointed?	Appointed
Does State law mandate licensing of over-the-counter tobacco sales?	Yes
If no statewide licensing, can localities license?	N/A
Does State law mandate licensing of vending machines?	Yes
If yes, is the license issued for each machine or to a group of machines?	Each machine
Is the vending machine license site-specific?	Yes
Are vending machines prohibited or restricted by law?	Yes, restricted to areas inaccessible to minors; violators can be fined
Does State law provide for civil or criminal penalties?	Civil
Is license suspension or revocation a possible enforcement sanction?	Yes
Does State law provide for graduated fines as a possible enforcement sanction?	Yes
Is the salesperson subject to a fine?	Yes
Is the vendor or license holder subject to a fine?	Yes
Is the minor subject to a fine?	Yes

Inspection Protocol

Did the inspection protocol involve consummated or unconsummated purchase attempts?	Consummated
What were the ages of the minors involved?	15-17
Were youthful-appearing adults involved?	No

Funding

Were any of the following outside funding sources received?	☐ ASSIST ☒ IMPACT ☒ RWJ ☐ FDA Contract
---	---

Synar Regulation Implementation Efforts Reported, FFY 96

Synar Regulation implementation activities in the State of Alaska covered four areas: policy/regulatory, merchant education, law enforcement, and community education. Policy/regulatory activities included efforts to pass a \$1.00 a pack tobacco tax. A tax bill passed in the State Senate but was stalled in the House of Representatives. Following compliance checks mandated by the Synar Regulation, merchants were given information regarding the State's youth access law. Law enforcement activities occurred throughout the State and included local compliance surveys in addition to the Synar Regulation inspections. Community education activities included public service announcements, community antitobacco events, and smoking cessation and tobacco use prevention classes.

It should be noted that there are communities in Northern Alaska (e.g., Barrow and Kotzebue) where individuals can purchase tobacco from taxis with no proof-of-age identification required. Further, some restaurants with take-out services also sell tobacco with food orders and require no proof-of-age identification for purchases.

Synar Regulation Implementation Plans, FFY 97

For FFY 97 Alaska plans the following Synar Regulation implementation activities:

- Merchant education. The State will develop and distribute merchant education material that will provide specific strategies for how retailers can comply with the youth access law. Other materials developed for the merchant education packet will emphasize the health effects of tobacco use and legal restrictions and liabilities. Merchants will also be introduced to nonsmoking teens as a positive way to influence retailers' behavior.
- Law enforcement. Synar Regulation compliance checks will be accompanied with law enforcement; that is, violators will be cited and fined. Commendations and letters of appreciation will be sent to merchants who comply with the law. The State will inform each tobacco vendor in the State of the overall results of the compliance checks and of the results for vendors' specific regions. Local compliance checks will also continue. Further, the Department of Health and Social Services will explore enforcement strategies with the Departments of Law, Commerce and Economic Development, and Public Safety in order to increase the overall number of compliance checks conducted in the State.

Assessment

The information provided in the State plan suggests that Alaska is actively working to reduce its noncompliance rate. The State's youth access law is strong, mandating licensing for retail tobacco sales, restricting vending machines, and imposing graduated civil penalties for violations of the law. Merchant education efforts in the past were modest, but plans for FFY 97 are considerably more comprehensive. CSAP encourages annual distribution of the new merchant education packet. Law enforcement efforts have been inconsistent, following local patterns of interest in monitoring vendor compliance. Plans to coordinate with other State agencies in order to increase the overall number of compliance checks conducted in the State are sound. The State is obviously aware that by increasing law enforcement activity, retailer practices are likely to improve. Alaska has also been active in the area of community education in the past; however, no plans were mentioned regarding continuation of this work in the future.

AL || AK || AZ || AR || CA || CO || CT || D.C. || DE || FL || GA || HI || ID || IL || IN || IA || KS || KY || LA
 ME || MD || MA || MI || MN || MS || MO || MT || ND || NE || NV || NH || NJ || NM || NY || NC || ND
 OH || OK || OR || PA || RI || SC || SD || TN || TX || UT || VT || VA || WA || WV || WI || WY
 American Samoa || Guam || Marshall Islands || Federated States of Micronesia
 Northern Marianas || Palau || Puerto Rico || Virgin Islands



Liquor and Tobacco Enforcement Division

Article 35 of Title 24, Colorado Revised Statutes

Part 5 Regulation of tobacco sales to minors

24-35-501. Legislative Declaration.

1. The General Assembly finds that:

- a. The use of tobacco creates dangerous risks to the health of the people of the State of Colorado;
- b. Studies have shown that most people who use tobacco started using it when they were minors; and
- c. The costs of health care for persons suffering from diseases caused by the use of tobacco are borne by all of the people of the States of Colorado,

2. The General Assembly also recognizes that:

- a. Federal regulations now require states through designated state agencies to develop programs to reduce the use of tobacco by minors as demonstrated by random inspections of business that sell tobacco at retail;
- b. As of January 1, 1998, there is no state agency specifically assigned the responsibility of enforcing the statutes of the State of Colorado prohibiting the sale of tobacco to minors or coordinating the inspection of business that sell tobacco;
- c. The Liquor Enforcement Division of the Department of Revenue has experience in enforcement laws relating to the sale of liquor to minors; and
- d. The Liquor Enforcement Division would be the most cost-effective state agency to enforce state laws relating to the sale of tobacco to minors.

Definitions. As used in this Part 5, unless the context otherwise requires:

1. "Department" means the Department of Revenue.
2. "Division" means the Division of Liquor Enforcement within the department.
3. "Hearing Officer" means a person designated by the Executive Director of the

department to conduct hearings held pursuant to section 24-35-505.

4. "Minor" means a person under eighteen years of age.
5. "Retailer" means a business of any kind at a specific location that sells cigarettes or tobacco products to a user or consumer.
6. "Tobacco products" has the same meaning as provided in section 39-28.5-101(5), C.R.S.

24-35-503. Sale of cigarettes or tobacco products to minors or in vending machines prohibited - warning sign.

1. No retailer shall sell or permit the sale of cigarettes or tobacco products to a minor, except that it shall not be a violation if the retailer establishes that the person selling the cigarette or tobacco product was presented with and reasonably relied upon a photographic identification that identified the person purchasing the cigarette or tobacco product as being eighteen years of age or older.

2. No retailer shall sell or offer to sell any cigarettes or tobacco products by use of vending machine or other coin-operated machine; except that cigarettes may be sold at retail through vending machines only in:

- a. Factories, businesses, offices, or other places not open to the general public;
- b. Places to which minors are not permitted access; or
- c. Establishments where the vending machine dispenses cigarettes through the operation of a device that enables an adult employee of the establishment to prevent the dispensing of cigarettes to minors.

3. Any person who sells or offers to sell any cigarettes or tobacco products shall display a warning sign, as specified in this subsection(3). The warning sign shall be displayed in a prominent place in the building and on any vending or coin-operated machine at all times, shall have a minimum height of three inches and a width of six inches, and shall read as follows:

WARNING

IT IS ILLEGAL FOR ANY PERSON
UNDER EIGHTEEN YEARS OF AGE
PURCHASE OR ATTEMPT TO PURCHASE
CIGARETTES OR TOBACCO PRODUCTS
AND, UPON CONVICTION, A \$100.00
FINE MAY BE IMPOSED.

24-35-504. Enforcement authority - designation of agency-coordination-sharing of information.

- 1. The Division shall have the power to enforce all state statutes relating to the prohibition of the sale of cigarettes and tobacco products to minors. The Division is designated as the lead agency for the enforcement of state statutes in compliance with federal laws relating to the prohibition of the sale of cigarettes and tobacco products to minors.**
- 2. The Division shall coordinate the enforcement of state laws relating to the prohibition the sale of cigarettes and tobacco products to minors by multiple state agencies to avoid duplicative inspections of the same retailer by multiple state agencies.**
- 3. The Division shall work with the Department of Human Services and the Department of Public Health and Environment to ensure compliance with federal regulations for continued receipt of all federal funds contingent upon compliance with laws related to the prohibition of the sale of cigarettes and tobacco products to minors.**
- 4. In order to enforce laws relating to the prohibition of the sale of cigarettes and tobacco products to persons under eighteen years of age, the Department of Revenue is authorized to share information on the identification and address of retailers that sell cigarettes and tobacco products with any state agency responsible for the enforcement of laws relating to the prohibition of the sale of cigarettes and tobacco products to minors.**

24-35-505. Hearings

- 1. Subject to the limitations contained in section 24-35-506, the Division, on its own motion or on a complaint from another governmental agency responsible for the enforcement of laws relating to the prohibition of the sale of cigarettes and tobacco products to minors, shall have the power to penalize retailers for violations of section 24-35-503.**
- 2. (a) A retailer accused of violating section 24-35-503 shall be entitled to written notice of the time and place of the hearing personally delivered to the retailer at the actual retail location or mailed to the retailer at the last known address as shown by the records of the department. The retailer is also entitled to be represented by counsel, to present evidence, and to cross-examine witnesses.**
(b) A retailer that does not claim an affirmative defense pursuant to section 24-35-506(2) may waive their right to a hearing and pay the appropriate fine.
- 3. A hearing pursuant to this section shall be conducted at a location designated by the Division before a hearing officer. The hearing officer shall have the power to administer oaths and issue subpoenas to require the presence of persons and the production of documents relating to any alleged violation of section 24-35-503.**
- 4. If the hearing officer finds, by a preponderance of the evidence, that the retailer violated section 24-35-503, the hearing officer may issue a written order or levy a fine against the retailer, subject to the provisions of section 24-35-506.**
- 5. The findings of the hearing officer shall be a final agency order. Any appeal of the decision of the hearing officer shall be filed with the Colorado Court of Appeals**

pursuant to section 24-4-106(11).

6. Any unpaid fine levied pursuant to this section together with reasonable attorney fees may be collected in a civil action filed by the attorney general.

7. Any fines collected for violations of section 24-35-503 shall be forwarded to the state treasurer who shall credit the same to the tobacco use prevention fund created in section 24-35-507.

24-35-506. Limitation on fines

1. For a violation of section 24-35-503(1), the penalty shall be as follows:

- a. A written warning for a first violation committed within a twelve-month period;
- b. A fine of two hundred fifty dollars for a second violation within a twelve-month period;
- c. A fine of five hundred dollars for a third violation within a twelve-month period;
- d. A fine of one thousand dollars for a fourth violation within a twelve-month period; and
- e. A fine of between one thousand dollars and fifteen thousand dollars for a fifth or subsequent violation within a twelve-month period.

2. Notwithstanding the provision of subsection(1) of this section, no fine for a violation of section 24-35-503(1) shall be imposed upon a retailer that can establish an affirmative defense to the satisfaction of the Division or the hearing officer that, prior to the date of the violation, it:

- a. Had adopted and enforced a written policy against selling cigarettes or tobacco products to persons under the age of eighteen years;
- b. Had informed its employees of the applicable laws regarding the sale of cigarettes and tobacco products to persons under the age of eighteen years.
- c. Required employees to verify the age of cigarette or tobacco product customers by way of photographic identification; and
- d. Had established and imposed disciplinary sanctions for noncompliance.

3. The affirmation defense established in subsection(2) of this section may be used by a retailer only twice at each location within any twelve-month period.

4. For a violation of section 24-35-503(2) or (3), the penalty shall be as follows:

- a. A written warning for a first violation committed within a twelve-month period;
- b. A fine of fifty dollars for a second violation within a twelve-month period;
- c. A fine of one hundred dollars for a third violation within a twelve-month period;
- d. A fine of two hundred fifty dollars for a fourth violation within a twelve-month period; and
- e. A fine of between two hundred fifty dollars and one thousand dollars for a fifth or subsequent violation within a twelve-month period.

24-35-507. Tobacco Use Prevention Fund-Grants.

1. There is hereby created in the State Treasury the Tobacco Use Prevention Fund, referred to in this section as the "fund". Moneys in the fund shall be subject to annual

appropriation by the General Assembly. Any interest derived from the deposit and investment of moneys in the fund shall be credited to the fund. Any unexpended or unencumbered moneys remaining in the fund at the end of any fiscal year shall remain in the fund and shall not revert or be transferred to the general fund or any other fund of the state.

2. Subject to annual appropriations by the General Assembly, the Department of Human Services may take grants from the fund to programs designed to develop training materials for retailers related to the prohibition of the sale of cigarettes and tobacco products to minors or to programs designed to prevent the use of cigarettes and tobacco products by minors.

18-13-121(1),(2)and(3)C.R.S.

(1)**Furnishing Cigarettes or Tobacco Products to Minors-sale of cigarettes or tobacco products in vending machines prohibited-warning sign.** Any person who knowingly furnishes to any person who is under eighteen years of age, by gift, sale, or any other means, any cigarettes or tobacco products, as defined in section 39-28.5-101(5), C.R.S., commits a class 2 petty offense, and, upon conviction thereof shall be punished by a fine of two hundred dollars. It shall be an affirmative defense to a prosecution under this subsection (1) that the person furnishing the tobacco product was presented with and reasonably relied upon a document which identified the person receiving the tobacco product as being eighteen years of age or older.

(2)(a)**Minors Purchasing Cigarettes or Tobacco Products.** Any person who is under eighteen years of age and who purchases or attempts to purchase any cigarettes or tobacco products, as defined in section 39-28.5-101(5), C.R.S., commits a class 2 petty offense, and, upon conviction thereof, shall be punished by a fine of one hundred dollars, or the court shall allow such person to perform community service and be granted credit against the fine and court costs at the rate of five dollars for each hour of work performed.

(b). It shall not be an offense under paragraph (a) of this subsection(2) if the person under eighteen years of age was acting at the direction of an employee of a governmental agency authorized to enforce or ensure compliance with laws relating to the prohibition of the sale of cigarettes and tobacco products to minors.

(3). Nothing in this section shall be construed to prohibit any statutory or home-rules municipality from enacting an ordinance which prohibits a person under eighteen years of age from purchasing any cigarettes or tobacco products, as defined in section 39-28.5-101(5), C.R.S, or imposes requirements more stringent than provided in this section.



[\[State Home \]](#) [\[Dept. Home \]](#) [\[Top \]](#)



**GEORGIA
DEPARTMENT OF
REVENUE**

Alcohol and Tobacco Division

Headquarters - Atlanta
270 Washington Street, S.W.

Office of the Director

(404) 656-4252

Assistant Director
Law Enforcement and
Compliance Operations

(404) 656-4252

Chief of Operations and Audits
Alcohol Distillery, Brewery, Winery, Shipper, and
Wholesaler Registration and Information
Tobacco Shipper and Distributor Registration and Information

(404) 656-4262

Field Enforcement Offices

Alcohol, Tobacco, Coin-operated Amusement Machine Retail
Information.

Reporting of Violations of Alcohol, Tobacco and
Coin-operated Amusement Machine Laws and Regulations.

Albany - 2700 Palmyra Road (District Office)

(912) 430-4404

Athens - 190 Ben Burton Circle

(706) 542-9961

Augusta - 1054 Claussen Road

(706) 737-1870

Columbus - 307 15th Street (District Office)

(706) 649-1131

Douglas - 111 N. Coffee Avenue

(912) 389-4270

Lithia Springs - 351 Thornton Road

(770) 732-5812

Macon - 630 North Avenue

(912) 751-6059

Morrow - 3000 Corporate Center Drive (District Office)

(770) 960-2043

Rome - 1401 Dean Street

(706) 295-6061

Savannah - 6606 Abercorn Street (District Office)

(912) 356-2834

Tucker - 2082 E. Exchange Place

(770) 414-3555

Valdosta - 312 Canna Drive

(912) 245-6505

**TO REPORT UNDERAGE ALCOHOL VIOLATIONS (24 HOURS A
DAY - TOLL FREE) CALL 1.877.CHECK ID OR E-MAIL US AT :**



Underage Alcohol Violations

Underage Alcohol Programs and Services

Alcohol and Tobacco Forms

Rules of the Department of Revenue - 560-2 - Alcohol and Tobacco Division

Tobacco Regulations 560-8-6-

3-1-1 Georgia Alcoholic Beverage Law - General Provisions

[3-2-1 Georgia Alcoholic Beverage Law - State Administration and Enforcement](#)

[3-3-1 Georgia Alcoholic Beverage Law - Regulation of Alcoholic Beverages Generally](#)

[3-4-1 Georgia Alcoholic Beverage Law - Distilled Spirits](#)

[3-5-1 Georgia Alcoholic Beverage Law - Malt Beverages](#)

[3-6-1 Georgia Alcoholic Beverage Law - Wine](#)

[3-7-1 Georgia Alcoholic Beverage Law - Sale of Distilled Spirits by Private Clubs](#)

[3-8-1 Georgia Alcoholic Beverage Law - Sale of Alcoholic Beverages at Publicly Owned Facilities](#)

[3-9-1 Georgia Alcoholic Beverage Law - Sale of Alcoholic Beverages by Passenger Carriers, Non-profit Organizations and Hotels and Motels](#)

[3-10-1 Georgia Alcoholic Beverage Law - Sale or Possession of Distilled Spirits in Dry Counties and Municipalities](#)

[3-11-1 Georgia Alcoholic Beverage Law - Sales Off Premises for Catered Functions](#)

[3-12-1 Georgia Alcoholic Beverage Law - Residential Community Development Districts](#)

[48-11-1 Georgia Tobacco Law](#)

[48-17-1 Georgia Coin Operated Amusement Machines Law](#)

 [Return to Top](#)

[HOME](#) • [SITE MAP](#) • [SEARCH](#)

Last Modified: Wednesday, 02-Jun-99 13:45:10



Office of Alcohol & Tobacco Control

Louisiana Department of Revenue
Office of Alcohol & Tobacco Control

Divisions
Kids Corner
Application
Process
Employment
FAQ's
Facts & Laws
Press Releases
Contact Us
Home

Commissioner
Murphy

Mr. Painter

Mr. Painter
Mr. Painter

A MESSAGE FROM THE COMMISSIONER

I would like to welcome you to the newly designed Louisiana Office of Alcohol and Tobacco Control Web page. ATC is an active organization dedicated to establishing a presence in the community by means of law enforcement, education, and regulatory efforts with the alcohol and tobacco industries of this state.

As you travel through this site, you will find information about the changes we are undertaking, the people who are leading this challenge, and general information about our programs and services. ATC is undergoing a major reorganization as we seek to create new ways to serve the people of Louisiana while assisting them in regulating the alcohol and tobacco industry.

I hope you enjoy your visit to our pages, and I welcome your comments.

Sincerely,

Murphy J. Painter
Commissioner

Louisiana Office of Alcohol and Tobacco Control Commission
1885 Wooddale Blvd.
Baton Rouge, LA 70806-1500
Phone: (504) 925-4041
Email: info@atcla.com

Search Results

LN:AAA0361 occurs in 1 record.

Record #1 Format: um**Electronic Access:**

- <http://www.state.fl.us/dbpr/html/abt/abtpage.html>

Title:

- Florida. Dept. of Business and Professional Regulation. Division of Alcoholic Beverages and Tobacco

Originator:

- [Florida. Dept. of Business and Professional Regulation.](#)

Subject:

- [Alcoholic beverages](#)
- [Tobacco products](#)

Local Subject:

- The alcoholic baverage industry
- The tobacco industry
- Cigarettes
- Collection of taxes

Abstract:

- Abstract: The Division of Alcoholic Beverages and Tobacco is responsible for the regulation and licensing of the alcoholic beverage and tobacco industries, the enforcement of cigarette, tobacco products and alcoholic beverage laws and auditing licensed alcoholic beverage and tobacco establishments for the collection of taxes due on cigarettes, other tobacco products and alcoholic beverages.

Notes:

- Purpose: To inform the people of Florida about the services available from this agency.

Technical Requirements:

- Internet access and WWW client software are necessary to access this electronic resource.

Access Constraints:

- Access is not restricted.

Use Constraints:

- None at this time.

Back Up!

MINNESOTA DEPARTMENT OF PUBLIC SAFETY**ALCOHOL & GAMBLING
ENFORCEMENT****Alcohol Enforcement Section**

Welcome to the Alcohol Enforcement section of the Division of Alcohol and Gambling Enforcement.

Mission Statement:

Alcohol Enforcement protects and serves the public through the uniform interpretation and enforcement of the State Liquor Act. It protects the health and safety of the state's youth by enforcing the prohibition against sales to underage people. It operates as a central source of alcohol licenses and violation records, ensuring availability of records to related agencies and the public. It acts to maintain balance and stability in the alcoholic beverage industry through management of liquor licensing, education, enforcement and regulatory programs.

To carry out this mission, Alcohol Enforcement monitors alcohol from the manufacturers to the public, issues licenses, defines and approves regulatory practices. It provides technical and field assistance to businesses and local units of government. It initiates enforcement actions, resolves and mediates complaints on liquor violations. It conducts formal hearings on violators, and provides forums for discussion and resolution of liquor issues as authorized by M.S. Chapter 340A.

Contents:

- State of Minnesota Underage Compliance Check Grant Program
- Underage Drinking Compliance Check Invoice for Payment Form
- Application for Grant Program Funds
- Frequently Asked Questions About Alcohol Enforcement
- A Brief History of Alcohol Beverage Regulation in Minnesota
- Chapter 340A Liquor Laws / Requests for 340A Liquor Laws in Book form, please contact Minnesota Bookstore
- 7515 Liquor Rules
- License Totals
- Alcohol Inspectors and Area They Cover For Pre-License Inspections
- Documents and Applications Available from Alcohol Enforcement
- Process of Applying for Liquor License - Form Names and Numbers
- Licensing Requirements and Forms Checklist
- Fetal Alcohol Syndrome

Other Web Sites of Interest

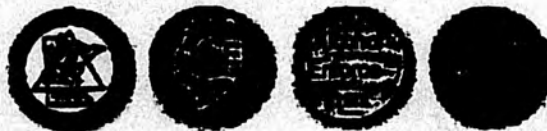
- United States Bureau of Alcohol, Tobacco, and Firearms
- Minnesota Labor Laws: Wages, Hours and Employment
- Minnesota Department of Revenue
- Information for New Businesses in Minnesota

Send comments or suggestions to:
Marlene Kjelsberg, Alcohol Enforcement Section, 444 Cedar Street, Suite 133, St. Paul, MN 55101-2156
or Email AL.Erickson@state.mn.us

Telephone: (651) 296-6430; TTY: (651) 282-6555; FAX: (651) 297-5259

Last Reviewed/Updated: July 29, 1999.

URL <http://www.dps.state.mn.us/alcgamb/alcenf/alcenf.html>



[History](#)[Agent Duties](#)[ALE News](#)[Office Locations](#)[ALE Programs](#)[Laws & Rules](#)[ALE Links](#)[Statistics](#)[Permit Info](#)[Employment](#)[Contact Us](#)[Home](#)

North Carolina Department of Crime Control & Public Safety

Richard H. Moore, Secretary
John D. Smith III, Director

William B. Patterson, Jr., Deputy Director for Administration
Randy Knight, Deputy Director for Operations
Ed Holmes, Assistant Director

REPORT PRICE GOUGING **1-877-ALE AGENT**

The ALE Mission

The Responsibility of the North Carolina Alcohol Law Enforcement Division is to take investigatory and enforcement action for any criminal offense. The Primary Mission is the enforcement of the State Alcoholic Beverage Control laws, the Controlled Substances Act and tobacco sales to minors. The Alcohol Law Enforcement Division shall also perform such other law enforcement duties as are assigned by the Secretary and/or Governor.

The Mission will be accomplished through reasonable and prudent law enforcement and quality service to the public based upon high ethical, professional, and legal standards.

Our goal is consistent statewide enforcement, education, and control of the legal and illegal sale, consumption, distribution, and transportation of alcoholic beverages with special attention directed towards the possession and use of alcohol by underage persons, and the prevention of violent crime due to alcohol and drug abuse.



To report alcohol and tobacco violations, please call our ALE VIOLATION TIP LINE!

Call Toll-Free: 1-877-ALE AGENT (1-877-253-2436)

4704 Mail Service Center
Raleigh, North Carolina 27699-4704
Telephone (919) 733-4060
Fax (919) 733-8002

e-mail NC ALE



Liquor Enforcement Unit *Member of Ohio's Safety Team*



[Mission Statement](#) | [Programs](#) | [Things you should know](#) | [Enforcement Office Locations](#)
[Employment Opportunities](#) | [News Releases](#)

Mission Statement

The mission of the Liquor Enforcement Unit is to ensure compliance with the State Liquor Laws as contained in Chapter 43 of the Ohio Revised Code, with special emphasis on the sale to and consumption of alcoholic beverages by persons under 21 years of age.

The unit also focuses on public awareness and enforcement programs to encourage the legal and responsible manufacture, sale, or use of alcoholic beverages.

[Go to Top](#)

Programs

Joint Enforcement Liquor Enforcement Agents work with Federal, State, and Local Law Enforcement agencies throughout Ohio to investigate any and all allegations of criminal misconduct involving minors, illegal sales, after hours parties or sales, keg parties, gambling and various other violations of the law. This type of enforcement can be initiated by liquor enforcement officers or local police. Agents have assisted in all types of arrests including food stamp fraud, illegal possession of intoxicating liquor and beer, and purchase of beer and alcohol from other states.

Cops in Shops Liquor Enforcement Agents provide training to local law enforcement agencies throughout the state to detect and deter underage purchases of alcohol. The Ohio Department of Public Safety offers a federal grant to police and sheriff's offices to participate in this program. The officer investigates by portraying a clerk checking the I.D.s of persons appearing to be under 21 years of age who attempt to purchase alcohol. When the store agrees to participate in Cops in Shops, there are no criminal or civil charges filed for any illegal findings while the officer is in the store as a "Cop in the Shop."

The Sober Truth The Sober Truth program is a means of educating Ohio's young people about Ohio's liquor laws as those laws relate to minors. This free program was designed to increase student knowledge about alcohol and its effects and to encourage responsible decision-making in its use. The presentation is made by liquor enforcement agents or local law enforcement officers. The students have a very positive reaction to the officer. Students are given an opportunity to ask questions and contribute stories.

Alcohol Server Education Program (ASEP) The ASEP is conducted by liquor enforcement agents as a means of educating permit holders and their agents, employees, and servers about the Liquor Control Act and the Rules of the Liquor Control Commission. The focus is on illegal sales to minors (anyone under the age of 21), fake I.D.s, sales to intoxicated persons, after hours sales, delivery and consumption of alcohol, limitations on "happy hours," and gambling. This program is extended to civic organizations and college campuses upon request.

Chemical Laboratory The laboratory is operated by qualified chemists who analyze all evidence confiscated by Liquor Enforcement Agents and other Law Enforcement Agencies. Evidence is confiscated or collected, properly marked and sealed for later identification, and delivered to the chemist for analysis. The test results are used in the prosecution of the case. The chemical laboratory has no knowledge of or control over the evidence until it reaches the laboratory. The officer who confiscates the evidence personally delivers it to the laboratory. The chemist is often subpoenaed to testify in court on the analysis of the beer, intoxicating liquor, wine, mixed beverages, spirituous liquor, low-alcohol beverages and marijuana.

[Go to Top](#)

• Things you should know

- If you give alcohol to anyone under 21 years of age and they, in turn, hurt someone or damage property, you can be sued.
- If a person under the age of 21 helps to pay for alcohol, even if the buyer is 21 years old, it is against the law.
- Legally, parents can give alcohol to their own children if it is consumed in their presence.
- Champagne, sparkling win, or drinks mixed with soda get people intoxicated at a faster rate.
- A person must be 18 years of age to sell beer or alcohol in sealed containers.
- No sale of beer or intoxicating liquor may be made to an intoxicated person.
- There are limits on "happy hours," such as: no two drinks for the price of one; no discount prices after 9:00 p.m.; no unlimited number of servings for a fixed price during a set period of time.
- It is illegal for any person to possess an open container of beer, wine or liquor in any public place.
- No one of any age may drink beer, win or intoxicating liquor in a motor vehicle: automobiles, recreational vehicles, boats, riding lawn mowers, etc.
- An individual using a fake driver license to buy beer or intoxicating liquor may lose driving privileges for one year. An individual who lends his/her license to another for the purchase of beer or intoxicating liquor may also lose driving privileges for one year and possibly be fined up to \$400 and/or be sentenced up to six months in jail.

[Go to Top](#)

Enforcement Office Locations

Liquor Enforcement Complaint Hotline 1-800-282-3477

Athens Enforcement Office
P.O. Box 99
The Plains, Ohio 45780
(614) 797-2880

Cincinnati Enforcement District
10014 International Blvd.
Cincinnati, Ohio 45246
(513) 942-0489

Cleveland Enforcement District
4555 Renaissance Pkwy.
Warrensville Heights, Ohio 44128
(216) 464-4865

Vandalia Enforcement Office
P.O. Box 278
Vandalia, Ohio 45377
(937) 890-8194

Akron Enforcement District
470 Portage Lakes Drive
Akron, Ohio 44319
(330) 644-0318

Columbus Enforcement District
1952 W. Broad Street
Columbus, Ohio 43223
(614) 644-2413

Toledo Enforcement District
6224 Merger Drive
Holland, Ohio 43528
(419) 866-9907



Oklahoma ABLE Commission

Alcoholic Beverage Laws Enforcement



Welcome

Quick links:

[Commissioners](#) | [License Application Form](#)



Mission Statement

The mission of the ABE Commission is to protect the public welfare and interest in the enforcement of the laws pertaining to alcoholic beverages, charity games, and youth access to tobacco. We accomplish this mission through unique focused initiatives, effective communications, professionalism, and commitment to high standards of quality performance.

Outline of ABE Site

• **ABLE Commission.**

- Commissioners
- Commissioner Eligibility
- History
- News

• **Office Of The Director**

- Director
- Legal
- Special Projects

• **Administrative Services**

- Administrative Hearings
- Charity Games/Application
- Legislative Liaison
- Personnel

• **Business Office**

- Management and Payroll/Employee Benefits
- Licensing/Application
- Finance
- Data Services
- Brand Registration/Revenue Collections

• **Enforcement Division**

- Eastern District Office and Counties
- Southern District Office and Counties
- Western District Office and Counties



E-Mail Comments to ABLE Commission at:
ablecomm@mhs.oklaosf.state.ok.us

Oklahoma ABLE Commission
Main Office Telephone Number:
405-521-3484

Last Updated August, 1999
Best Viewed using Netscape Navigator

Enforcement Division



[Return to Home Page](#)

Division Director

The Director of Enforcement and the Enforcement Division are tasked with ensuring compliance with the Oklahoma Alcoholic Beverage Control Act, the Charity Games Act, and the Prevention of Youth Access to Tobacco Act. This is accomplished through regular inspections of all licensed entities and investigations of complaints alleging law violations. Priority enforcement is directed toward the elimination of access to tobacco and tobacco products to persons under the age of 18 and the elimination of access to alcoholic beverages to persons under the age of 21. It is the intent of the Enforcement Division to investigate all complaints concerning these types of violations through cooperative efforts with all state, county, and municipal law enforcement agencies and through the on-going utilization of the nationally recognized "Cops In Shops" program.

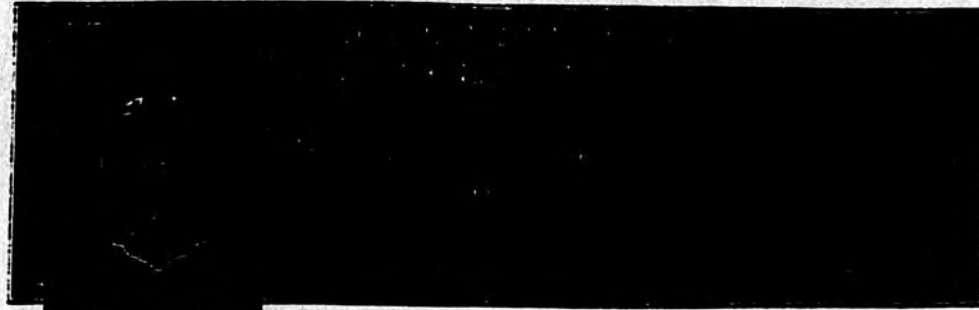
To facilitate enforcement efforts the State has been divided into three (3) districts: Eastern, Southern, and Western with District offices located in Tahlequah, Lawton and Oklahoma City. The office of the Director of Enforcement is located at the ABLE Commission main office located at 4545 North Lincoln Blvd., Suite 270, Oklahoma City, Oklahoma 73105.

District Office Locations and Office Numbers

Click below to obtain district office information.

- [Eastern District Office and Counties](#)
- [Southern District Office and Counties](#)
- [Western District Office and Counties](#)


[Oklahoma ABLE Home Page](#)



What We Do

ABC Law enforcement personnel:

- Conduct background investigations to determine whether an applicant for an ABC license has demonstrated respect for the law and to ascertain whether the business is likely to meet food, public safety requirements, and other standards;
- Inspect ABC-licensed establishments (13,500) throughout the year to ensure compliance with ABC laws and regulations;
- Investigate businesses to determine if record falsifying or skimming or money laundering has occurred;
- Make observations and surveillances of licensed and unlicensed establishments to curb illegal activities, including moonshine operations and nip joints, to ensure public safety and health, and to ensure collection of tax dollars;
- Investigate, in conjunction with ABC matters, illicit drug use or distribution, and gambling activities.

Virginia ABC Retail Licensee Guide

A Summary of ABC Laws and Regulations

The "Retail Licensee Guide" was created with the intent of providing all ABC retail licensees and their employees with an easy-to-use reference for understanding Virginia alcoholic beverage laws. General background information is presented at the beginning of the guide outlining the role of the ABC Department and the different types of licenses. The next section deals with what are considered the most serious of all ABC violations, sales to underage persons and sales to intoxicated customers. Other topics covered include prohibited conduct, restricted hours, employment practices, advertising, license issues, and record keeping.

Additional information:

- [Licensing Process](#)
- [License Types and Costs](#)
- [FAQ](#)
- [ABC Laws](#)
- [Alcohol Education: Licensees](#)

If any other questions should arise, feel free to contact the ABC Central Office or any Regional Office at the phone numbers listed below. Also, you can e-mail your questions to: spwalkr@abc.state.va.us

Interested in looking up ABC legislative code? On the Virginia Legislative Information System website, Regulations of the Virginia Alcoholic Beverage Control Board are listed under Title 3 of the Virginia Administrative Code and The Alcoholic Beverage Control Act is listed under Title 4.1 in the Code of Virginia

Use this link to the Virginia Legislative Information System for searchable databases of The Code of Virginia and The Virginia Administrative Code.

Related Web Sites



The Washington State Liquor Control Board

Contact Us

Tuesday, September 28, 1999

NEWS UPDATE

WASHINGTON WINES
"ENJOYED THE WORLD OVER"

September 28, 1999

Olympia- This year's Washington Wine Month marks the fifteenth year the Washington State Liquor Control Board has dedicated a special month to feature the wines produced in our state. From August 23 through September 30, the Liquor Control Board's stores and independently owned agencies will highlight a wide selection of Washington wines.

Washington State is now the second largest wine-producing state in the nation, with over 25,000 acres of vineyards and 122 wineries.

- Featured Items
- Public Meetings
- Alcohol Awareness
- Tobacco Facts
- Product Information
- Liquor Stores
- Licenses & Permits
- Laws & Regulations
- Enforcement
- Board Administration



Washington Wine Month
August 23 - September 30

- [Other Press Release Information](#)
- [Agency Newsletter](#)
- [Where Your TAX \\$\\$\\$ Go](#)
- [Proposed Rule Changes](#)
- [Y2K Status](#)
- [Our Story](#)
- [Photo History](#)
- [Price Posting \(Licensees Only\)](#)

[Report Violators](#)[Spirits, Wine & Beer](#)[Find Liquor Store](#)

[Board Information](#) | [Report Violator](#) | [Liquor Store](#) | [Product](#) | [Video](#)

© 1998 - Washington State Liquor Control Board
Please contact the [webmaster](#) with any questions.

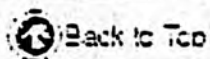
sales to minors [U.S. Department of Health and Human Services (USDHHS) 1994]. Finally, successfully reducing youth access to tobacco is important to the states in order to continue receiving their full substance abuse block grant funding as well as in meeting the federal requirements of the Food and Drug Administration's (FDA) regulations to restrict tobacco products from youth (FDA 1996)." [*Synar Regulation: Sample Design Guidance*, Center for Substance Abuse Prevention, 1996]

In January 1996, the U.S. Department of Health and Human Services published, in the Federal Register, their Final Rule (45 CFR Part 96) on the "Tobacco Regulation for Substance Abuse Prevention and Treatment Block Grants." The Final Rule, effective February 20, 1996, outlined requirements for all states for administering the Synar legislation.

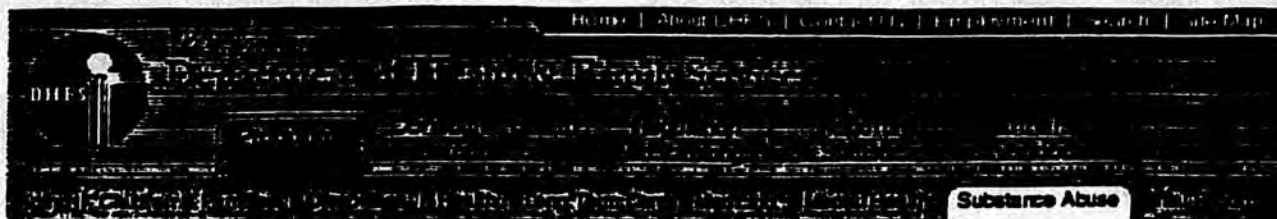
Wisconsin's Law

In compliance with the federal Synar legislation, Wisconsin state law forbids the sale and purchase of tobacco products to any person under the age of 18. State Statute 134.66 Restrictions on Sale or Gift of Cigarettes or Tobacco Products forbids retailers from selling or giving cigarettes to any person under the age of 18 (see Appendix A). This statute also requires retailers to post a sign stating that sales to minors are forbidden by state law. Additionally, tobacco vending machines must be placed in the immediate vicinity, plain view and control of an employee, and shall be inaccessible when the premises are closed. Vending machines shall not be placed within 500 feet of a school. State Statute 938.983 Purchase or Possession of Tobacco Products Prohibited restricts underage persons from purchasing, possessing, or using tobacco products (see Appendix B).

Next Section, Survey Design/Methodology and Implementation



Wisconsin Department of Health & Family Services
Making a Difference



Results from the 1997 Wisconsin Synar Retail Tobacco Compliance Check Survey

Gary Nelson, Synar Project Coordinator

Introduction

Federal law requires that all states, as a condition of receiving substance abuse prevention and treatment block grant funding, comply with section 1926 of the Public Health Service Act, otherwise known as the "Synar Amendment." In order to meet this requirement, states must demonstrate a measurable reduction in retail tobacco sales to underage youth over the next several years.

One major component of the federal requirement is that states must conduct a statewide retail "compliance check" survey. The purpose of this survey is to gather information regarding the prevalence of illegal retail sales of tobacco products to underage youth. This survey is conducted on an annual basis as an ongoing measure to gauge progress in decreasing the incidence of such sales. The information gathered in the survey is reported annually to the U.S. Department of Health and Human Services as part of Wisconsin's Substance Abuse Prevention and Treatment Block Grant application, in compliance with the federal Synar legislation. This report summarizes the results of the compliance checks conducted in 1997 in Wisconsin.

Background

The Center for Substance Abuse Prevention (CSAP) provides the following background and description of the Synar Amendment:

"In July 1992, Congress enacted the Alcohol, Drug Abuse and Mental Health Administration Reorganization Act (P.L. 103-321), which includes an amendment (Section 1926) aimed at decreasing access to tobacco products among individuals under the age of 18. Named for its sponsor, Congressman Mike Synar of Oklahoma, the Synar Regulation requires states to enact and enforce laws prohibiting any manufacturer, retailer, or distributor from selling or distributing tobacco products to individuals under the age of 18. The goal of the amendment is to reduce the number of successful illegal purchases by minors to no more than 20% in each state within a negotiated time period.

The Synar Regulation requires that each state annually conduct random, unannounced inspections of a sample of tobacco vendors to assess their compliance with the state's access law. Each state must submit an annual report to the Secretary of Health and Human Services describing that year's enforcement activities, the extent to which the state reduced availability of tobacco to minors, and a strategy and time frame for achieving an inspection failure rate of 20% or less of outlets accessible to minors. A noncompliant state may lose a percentage of its federal block grant funds for substance abuse prevention.

Successful implementation of the Synar Regulation is important for several reasons. First, it will facilitate the reduction of both current and future health problems among adolescents. Second, compliance with the law is consistent with the public's support of measures to prevent the use of tobacco by young people, and, specifically, effort to discourage tobacco

BRENA, BELL & CLARKSON, P.C.

ROBIN O. BRENA, MANAGING SHAREHOLDER
JENNIE C. BELL, OF COUNSEL
KEVIN G. CLARKSON, OF COUNSEL
LEONARD A. STEINBERG, OF COUNSEL
PAULA T. VRANA, ASSOCIATE

ATTORNEYS AT LAW

310 K STREET, SUITE 601
ANCHORAGE, AK 99501
TELEPHONE: (907) 258-2000
FACSIMILE: (907) 258-2001
WEB SITE: BRENALAW.COM
E-MAIL: BRENALAW@ALASKA.NET

PRIVATIZATION REPORT OIL AND GAS AUDIT DIVISION ALASKA DEPARTMENT OF REVENUE

Prepared by Leonard Steinberg

The Oil and Gas Audit Division of the Alaska Department of Revenue is one of the State of Alaska's major profit centers. The Oil and Gas Audit Division's primary mission is to ensure that the State receives all of the oil and gas severance tax revenue it is due.¹ In addition, the Oil and Gas Audit Division is involved in establishing the value of the oil and gas properties on which local governments assess taxes.² Finally, the Oil and Gas Audit Division also audits state royalty payments under an agreement with the Alaska Department of Natural Resources.³

The State Budget's BRU name is Revenue Operations. The State Budget's Component name is Oil and Gas Audit. The Division's current fiscal year total budget is \$2.663 million, 90.5% of which (\$2.412 million) is from the State's General Fund. For its efforts, the Oil and Gas Audit Division brought in approximately \$770 million in severance tax revenue alone in Fiscal Year 1998.

The Oil and Gas Audit Division currently has 32 employees, all located in Anchorage. Most

¹ AS 43.55 – Oil and Gas Production Taxes and Oil Surcharge

² AS 43.56 – Oil and Gas Exploration, Production and Pipeline Transportation Property Taxes

³ AS 38.05 – Alaska Land Act

of the agency's employees are accountants and economists who need current computer hardware and software to fully perform their duties. Job performance is also enhanced by ensuring access to information (sometimes subscriptions with private data collection services) and employee training.

In recent years, these employees have been organized into five subgroups.

1. The largest group are the auditors which have the direct responsibility of auditing oil and gas tax returns.
2. There is also an appeals group which is responsible for hearing and deciding informal appeals of assessments and assist with appeals of the Division's assessments before an administrative law judge.
3. The property tax group is responsible for setting an assessed value on all oil and gas properties.
4. The tax examination performs desk audits checking for completeness and mathematical accuracy of oil and gas returns.
5. The economic research group provides an economic analysis of the state's oil and gas taxes as well as generates the State's revenue forecasts.

Existing efforts to reorganize include the following: The number of Oil and Gas employees has steadily been decreasing in recent years. In Fiscal Year 1993 the Division had 47 employees, today the Division has 32 employees, and by the end of this Fiscal Year it expects to be down to 29 employees. In addition, the Oil and Gas Audit and Income and Excise Tax Divisions plan to combine during the Spring of 2000. Some audit functions are already outsourced accounting for approximately \$150,000 of \$400,000 budgeted for contractual services in the current fiscal year.

Finally, through a Memorandum of Understanding, the task of determining the assessed value of oil and gas properties has been delegated at no cost to the Division to the North Slope Borough, the primary beneficiary of the oil and gas property tax.

The most significant privatization opportunities lie in outsourcing audit and economic functions to private contractors. Such outsourcing, however, is not recommended for the following reasons:

1. Tax collection, tax auditing, and economic analysis are traditional government functions.
2. Private contractors may not be experienced or well-suited to interpreting and applying state tax law, the most challenging part of the audit function.
3. Private contractors would have to be supervised by state employees, introducing an additional level of management that might offset any savings from using private contractors.
4. The private accountants and economists suitable for doing this type of work generally receive much larger compensation packages than state employees.
5. The costs associated with using private accountants and economists might discourage the Division from pursuing matters.
6. Taxpayer confidentiality is always an issue and could be comprised through the use of private contractors.

For the reasons set forth above, the Committee recommends continuing to outsource some

of the audit functions where it is economically efficient to do so. The Committee also endorses the consolidation of the Oil and Gas Audit and Income and Excise Audit Divisions and the Memorandum of Understanding which provides for local government to expend much of the resources required to determine the assessed value of oil and gas properties. No new privatization initiatives are recommended at this time.

September 3, 1999 (11:23AM)

H:\WP51\OFFICE\LAS\Privatization.Oil and Gas Audit.wpd

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE



Division of Legislative Finance

P.O. Box 113200
Juneau, AK 99811-3200
(907) 465-3795
FAX (907) 465-1327

MEMORANDUM

DATE: October 6, 1999
TO: Representative John Cowdrey
FROM: Ginger Blaisdell
Fiscal Analyst *ginger*
SUBJ: Department of Revenue, Treasury Division

The Revenue Subcommittee of the Privatization Commission requested information through your office and the Legislative Budget and Audit Committee about the Treasury Division. The questions are addressed below.

Is 70% of the Division of Treasury's work related to the State's pension funds?

You stated that 70% of the Division of Treasury budget is paid from earnings of the state managed pension funds. The percent of FY00 total funding for the division from Alaska State Pension Investment Board (ASPIB) is \$1,527.2 of \$2,837.5, or 53.8%.

The receipts from the ASPIB to the Treasury Division pay for personal services, supplies, equipment, information services (like Bloomberg or Telerate) and telephone costs. Portfolio management fees are specific to the funds and are paid by the investor. Travel is generally charged according to the purpose. Other contract services are generally charged according to purpose although; if the division were to do an "overall" project (like a server upgrade), the costs would be split 70/30.

In 1995 or 1996, the Treasury Division conducted a time study to determine a reasonable cost allocation methodology for charging all the funds the division manages. Both time and asset size are accepted cost allocation methods and both methodologies were considered.

- **Time-Study:** Investment officers, accountants, data processing and the cash manager all spend significant amounts of time managing retirement asset issues. Approximately 58% of all hours counted were spent on ASPIB accounts. When salaries were weighted by actual wages, because higher paid investment officers spend the greatest amount of the time, 70% of the division's personal services were spent for individuals managing the retirement accounts.
- **Asset Size:** The percentage of total assets managed for ASPIB are 68-69%.
- The ASPIB Board agreed that 70% was a reasonable cost allocation for personal services and purchases directly related to the management of the ASPIB funds.

A cost allocation study to be performed by an independent third party is planned for late May 2000.

Is there a danger in having a single entity steer the Treasury Division and Permanent Fund Corporation's major investment activities?

The danger in having a single entity advising several state agencies is minimized by the type of services the state purchases. Investment advice is not a speculative activity; a primary objective of the advisors is to limit risk (volatility) through asset allocation.

The Treasury Division uses Callan and Associates as its general financial consultant. The Treasury Division also uses the Investment Advisory Council that is made up of three major consulting firms. Representatives from the Investment Advisory Council attend investment meetings to assist the division in investment planning. The Treasury Division also uses Townsend Group for real estate consultation.

Other state agencies that use Callan and Associates as their primary financial consultant include the Permanent Fund Corporation, University of Alaska, and a newly awarded* contract for the Alaska Industrial Development and Export Authority. The cities of Anchorage, Juneau and Valdez also contract with Callan and Associates for financial consultation.

The Alaska Housing Finance Corporation contracts with O'Brien Partners, New York for financial consultation due to their national expertise with housing authorities.

Other financial consultants are used in Alaska. Examples of two of the primary consultants are Wrts Associates contracted by Anchorage Fire and Police; and Dorne and Helliesen contracted by Doyan Corporation.

Callan and Associates is a well respected national firm and continues to be selected through the Request For Proposal (RFP) process by Alaska's state agencies as well as other Alaska businesses. Treasury and the Permanent Fund Corporation solicit requests for services approximately every 5 years.

When an RFP is issued, two primary types of consulting firms typically respond.

1. Smaller organizations would provide the state with the data to conduct its own simplistic query and analysis scenarios. The data provided is usually gathered through a co-op process where information is shared with multiple small firms, then sold as a total package. The smaller firms would also provide consultation services.
2. Larger firms such as Callan and Associates and Frank Russel (Tacoma) have their own data bases. Large firms conduct query and analysis as part of the contract for the state. This data base style seems to be more current with market trends. Callan and Associates performs due diligence activities for the state that are not typically offered by the smaller firms.

Please contact me at 465-5432 or ginger_blaissdell@legis.state.ak.us if you would like me to gather additional information regarding the use of funding for the Treasury Division or of Callan and Associates as the state's primary financial consultant.

* The contract for the Alaska Industrial Development and Export Authority may still be in the appeal stage and may not yet be technically awarded to Callan and Associates.

DRAFT

- I. Agency & Department Name:** Alaska Department of Revenue, Treasury Division
- II. BRU and Component Names as listed in state budget:** Treasury Management
- III. Total Budget, all funds:** \$2817.5 total
identify fund sources: \$1098.8 from general fund
- IV. Total Revenue derived:** \$1718.7
net cost to state: \$1098.8
- V. Identify Constitutional and Statutory Provisions Governing Agency Operation:** AS 44.17, AS44.25, AS44.85.
- VI. Agency Mission, Goals and Objectives:** Treasury is the bank and trust department for the State of Alaska. The Treasury Division provides cash management, investment management, debt management, and accounting services for the various retirement funds, the State's General Fund, the Constitutional Budget Reserve Fund and numerous other funds and trusts. There are several sections within the Treasury Division: the Office of the Deputy Commissioner, Portfolio Management, Accounting, Cash Management, Debt Management, and the Liaison Officer to the Alaska State Pension Investment Board.
- VII. Number of Employees:** 29
Identify Specialized Expertise Needed for Mission: Eight employees are investment officers, many others require specialized training and/or credentials to manage the state's finances.
- VIII. Describe Technology Used to Perform Mission:** State of the art automated systems.
Identify Specialized Equipment Needed for Mission: Real time access to financial market data; accounting programs.
- IX. List Existing Agency Contracts including amount, contractor, purpose, term, and procurement method:** Treasury Division Contracts
- The Treasury Division, Cash Management Section has a contract that will allow state agencies to accept credit cards in payment of state fees and services. Offices for the Division of Motor Vehicles are set up for credit card acceptance. The Alaska Marine Highway System has a contract processor. The Department of Administration is working with the state's contractor to accept payment via the internet and through interactive voice response system.

Cash Management's return check collection program includes the use of a collection agency. A contract was obtained at no cost to the state and with terms that did not conflict with the current collection process.

The Treasury Division provides staff support, office space and administrative services to the Alaska Municipal Bond Bank authority.

The Cash Management Section has a contract that allows state agencies to accept credit cards for payment of fees and services. The Alaska Marine Highway System has converted all of its locations and the division of Motor Vehicles is accepting cards.

As part of its 5-year contract with Key Bank, the Cash Management Section has required that copies of all state warrants be available on CD-ROM.

The Cash Management Section worked with the Department of Labor to initiate and implement electronic payments for unemployment benefits to other states. This eliminated the manual preparation of checks.

- X. Identify Existing Privatization Practices, if any. Evaluate them for effectiveness and public accountability. See item IX.**
- XI. Make Recommendations per Section 5 in SB 33, including suggestions for new legislation: Recommend Treasury continue the current practice and continue to look for additional contracting-out opportunities.**
- XII. Explain rational for each recommendation, the number of votes for and against it. Not applicable.**
- XIII. List problems or barriers to implementing proposed privatization. Control of state assets of the magnitude dealt with by the Treasury Division should be understate employee management. Treasury has few employees and huge responsibilities. Clearly they have already heavily privatized their functions.**

AUG-31-1999 TUE 12:48 PM

AUG-31-99 TUE 11:55 AM MATSU L10

FAX NO.

FAX NO. 8073766180

P. 05/25

P. 06

Alaska Statutes: AS 37.10.210. Alaska State Pension Investment Board

<http://www.touchngo.com/cgi-bin/fakelaw/statutes/Title37/Chapter10/Section210.htm>



Made available by Touch N' Go Systems, Inc., and the
Law Offices of James B. Gottstein.

You can search the Alaska Statutes, go to The Alaska Legal Resource Center, or the Touch N' Go home page.



Find it now in the at hand Yellow Pages

Alaska Statutes.

Title 37. Public Finance

Chapter 10. Public Funds

Section 210. Alaska State Pension Investment Board

previous: Section 100. Costs of Action and Disposition of Amount Recovered.

next: Section 220. Powers and Duties of the Board.

AS 37.10.210. Alaska State Pension Investment Board.

(a) There is established the Alaska State Pension Investment Board in the Department of Revenue. The purpose of the board is to provide prudent and productive management and investment of state pension funds and, upon agreement with the commissioner of the department or the fiduciary responsible for the fund, of other state funds.

(b) The board consists of eight trustees. Two of the trustees shall be elected by the members of the public employees' retirement system from the membership of the system. Nominations may be made by the Public Employees' Retirement Board or by petition signed by at least 10 persons eligible to vote in the election. One of the trustees elected from the membership of the public employees' retirement system must be a participant in the supplemental employee benefits program established under AS 39.30.150 - 39.30.180. Two of the trustees shall be elected by the members of the teachers' retirement system from the membership of the system. Nominations may be made by the Teachers' Retirement Board or by petition signed by at least 10 persons eligible to vote in the election. The governor shall appoint three trustees. At least one of the appointed trustees must represent employers, other than the state, who participate in one of the retirement systems. The appointed trustees must have business and investment experience. The commissioner of revenue serves as a trustee.

(c) The appointed and elected trustees shall serve for staggered terms of four years and may be reappointed or reelected to the board.

(d) The governor may, by written notice to the trustee, remove an appointed trustee for cause. The Public Employees' Retirement Board may, by written notice to the trustee, remove a member elected from the membership of that retirement system for cause. The Teachers' Retirement Board may, by written notice to the trustee, remove a member elected from the membership of that retirement system for cause. After a trustee receives written notice of removal, the trustee may not participate in board business and may not

8/24/1999 4:30 PM

AUG-31-1999 TUE 12:48 PM

FAX NO.

P. 06/25

AUG-31-99 TUE 11:55 AM NATSU LIO

FAX NO. 9073766180

P. 07

Alaska Statutes AS 37.10.210, Alaska State Pension Investment Board

<http://www.touchngo.com/ghc/akstate/Statutes/Title37/Chapter10/Session210.htm>

be counted for purposes of establishing a quorum.

(e) A vacancy on the board of trustees shall be promptly filled in the same manner as the seat was originally filled. A person filling a vacancy holds office for the balance of the unexpired term of the person's predecessor. A vacancy on the board does not impair the authority of a quorum of the board to exercise all the powers and perform all the duties of the board.

(f) The board of trustees shall annually elect a chair from among its members.

(g) Five trustees constitute a quorum for the transaction of business and the exercise of the powers and duties of the board.

(h) A trustee may not designate another person to serve on the board in the absence of the trustee.

(i) The board shall adopt a policy concerning investment education for trustees.

Touch N' Go®, the DeskTop In-and-Out Board makes your office run smoother. Visit [Touch N' Go's Website](http://www.touchngo.com) to see how.

SOFTWARE

TOUCH N' GO THE DESKTOP IN-AND-OUT BOARD



Note to HTML Version:

The Alaska Statutes were automatically converted to HTML from a plain text format. Every effort has been made to ensure their accuracy, but neither Touch N' Go Systems nor the Law Offices of James B. Gottstein can be held responsible for any possible errors. This version of the Alaska Statutes is current through December, 1998.

If it is critical that the precise terms of the Alaska Statutes be known, it is recommended that more formal sources be consulted. For statutes adopted after the effective date of these statutes, see, [Alaska State Legislature](#). If any errors are found, please e-mail Touch N' Go systems at touchngo@touchngo.com. We hope you find this information useful.

Last modified 6/14/1999

8/24/1999 4:22 PM

AUG-31-1999 TUE 12:49 PM

AUG-31-99 TUE 12:40 PM MATSU L10

FAX NO.

FAX NO. 9073786180

P. 07/25

P. 01

Alaska Statutes: AS 37.10.220. Powers and Duties of the Board

<http://www.touchnogo.com/hotlinks/state/Statutes/Title37/Chapter10/Section220.htm>

Made available by Touch N' Go Systems, Inc., and the
Law Offices of James B. Gottstein.

You can search the Alaska Statutes, go to The Alaska Legal Resource Center, or the Touch N' Go home page.



Find it now in the at hand Yellow Pages

Alaska Statutes

Title 37. Public Finance

Chapter 10. Public Funds

Section 220. Powers and Duties of the Board

previous: Section 210. Alaska State Pension Investment Board.

next: Section 230. Conflicts of Interest.

AS 37.10.220. Powers and Duties of the Board.

(a) The board shall

- (1) hold regular and special meetings at the call of the chair or of at least four members;
- (2) establish investment policies for the funds for which it is responsible after reviewing recommendations from the investment advisory council and the Department of Revenue;
- (3) submit long-range and quarterly investment reports to the Legislative Budget and Audit Committee;
- (4) report to the governor and employers participating in the retirement systems by the first day of each regular legislative session concerning the investment of funds for which the board is responsible, including financial and investment policies established by the board, and enclose a summary of the most recent performance evaluations of the funds managed by the board; the board shall notify the legislature that the report is available;
- (5) contract with external performance evaluators to review the performance of each fund for which the board is responsible and report each year on the fund's condition to the board of trustees and to the other appropriate boards;
- (6) engage independent certified public accountants to perform an annual audit of each of the funds for which the board is responsible and to report to the board with the results of the audit;
- (7) review the actuarial earnings assumption for each fund for which the board is responsible every two years and report its findings and recommendations to the appropriate board or agency;

AUG-31-1999 TUE 12:49 PM

FAX NO.

P. 02/25

AUG-31-99 TUE 12:40 PM HATSU L10

FAX NO. 9073768180

P. 02

Alaska Statute: AS 37.10.220. Powers and Duties of the Board

<http://www.touchngo.com/gloss/akstat/StatuteTitle37/Chapter10/Section220>

(8) after reviewing the recommendations from the Department of Revenue and the advisory council, select and retain the external investment managers and custodians for the funds managed by the board;

(9) develop an annual operating budget plan and present it to the Department of Revenue and the office of management and budget; the board shall notify the legislature that the plan is available.

(b) The board may

(1) employ outside investment advisors to review investment policies and make recommendations to the board;

(2) employ legal counsel subject to the approval of the attorney general;

(3) contract for services necessary to carry out its powers and duties;

(4) enter into an agreement with the commissioner of the department or the fiduciary responsible for another state fund to assume fiduciary or management responsibilities for investing the other state fund;

(5) do all acts necessary to carry out the powers expressly granted or necessarily implied in this chapter.

(c) The board shall meet annually, either jointly or separately, with the Public Employees' Retirement Board, the Teachers' Retirement Board, and the Department of Administration to review benefit administration of each of the retirement systems and of the employee benefits program established under AS 39.30.150 - 39.30.180 and the deferred compensation program under AS 39.45. The Department of Administration and each retirement board shall report to the investment board on benefit administration and other issues for that retirement system or program that may affect the investment and management of the fund

(d) The chair of the board shall appoint a trustee to present the board's position to legislative committees when the committees are considering the board's operating budget. The board is otherwise subject to AS 37.07

Touch N' Go®, the DeskTop In-and-Out Board makes your office run smoother. Visit Touch N' Go's Website to see how.

SOFTWARE

THE DESKTOP IN-AND-OUT BOARD

Note to HTML Version:

The Alaska Statutes were automatically converted to HTML from a plain text format. Every effort has been made to ensure their accuracy, but neither Touch N' Go Systems nor the Law Offices of James B. Gottstein can be held responsible for any possible errors. This version of the Alaska Statutes is current through December, 1998.

AUG-31-1999 TUE 12:49 PM

AUG-31-99 TUE 11:58 AM MATSU LIO

FAX NO.

FAX NO. 9073786180

P. 09/25

P. 10

Alaska Statute AS 37.10.220. Powers and Duties of the Board

<http://www.touchngo.com/cgi-bin/statelibrary/StatutesTitle37/Chapter10/Section220.htm>

If it is critical that the precise terms of the Alaska Statutes be known, it is recommended that more formal sources be consulted. For statutes adopted after the effective date of these statutes, see, Alaska State Legislature. If any errors are found, please e-mail Touch N' Go systems at touchngo@touchngo.com. We hope you find this information useful.

Last modified 6/14/1999

8/24/1999 4:33 PM

December 15, 1998

December 15, 1998

The Honorable Tony Knowles, Governor
 Members of the Alaska State Legislature
 Public Employees' Retirement Board
 Teachers' Retirement Board
 Alaska State Pension Investment Board
 Employers and Members of the Systems

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) (Systems) for the fiscal year ended June 30, 1998. This report is intended to provide comprehensive information on the financial operations of the Systems for the year. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, rests with the management of the Systems.

Although financial, investment, actuarial, and statistical information for both PERS and TRS is presented in this report, they are legally and financially two separate systems. The report is separated into two components, one for PERS and the other for TRS, with a common Introductory Section. The Introductory Section contains the administrative organization, the Certificate of Achievement for Excellence in Financial Reporting, and a letter of transmittal. Each component is divided into the following four sections:

- a Financial Section, which contains the Independent Auditors' Report, financial statements, schedules and supplementary information;
- an Investment Section, which contains a report on investment activity, investment results, and various investment schedules;
- an Actuarial Section, which contains the Actuarial Certification letter and the results of the annual actuarial valuation; and
- a Statistical Section, which includes various graphs and tables of significant data.

TRS was established in 1955 to provide pension and postemployment healthcare benefits for teachers and other eligible participants. PERS was established in 1951 to provide pension and postemployment healthcare benefits for eligible state and local government employees. Normal service, survivor and disability benefits are provided to all members who attain the age and service requirements of the Systems.

	PERS			TRS		
	FY98	FY97	FY96	FY98	FY97	FY96
Net Assets (millions)	\$ 7,438.4	6,566.2	5,567.7	3,915.2	3,492.1	3,030.6
Participating Employers	148	150	156	62	62	61

- 2 -

December 15, 1998

Reporting Entity

The Systems are considered component units of the State of Alaska for financial reporting purposes. Because of the closeness of the Systems' relationship to the State, they are included in the State of Alaska CAFR as blended component units.

The Commissioner of the Department of Administration, appointed by the Governor, is responsible for administering the Systems. In order to meet the statutory requirements of administering the Systems, the Commissioner appoints the Director of the Division of Retirement and Benefits. The Director is responsible for the daily operations of the Systems.

The Public Employees' Retirement and the Teachers' Retirement Boards prescribe policies and regulations, hear appeals and approve employers' contribution rates prepared by the Systems' independent actuary.

The Alaska State Pension Investment Board (ASPIB) is the fiduciary of the funds. ASPIB has statutory oversight of the Systems' investments and the authority to invest the Systems' monies. Actual investing is performed by external investment firms and investment officers of the Department of Revenue, Treasury Division. The Treasury Division is responsible for carrying out investment policies established by ASPIB.

Major Initiatives

The Systems continued to make progress on continuing projects and completed several new ones during the year. Most of these efforts focused on improvements in technology, providing additional methods for members to obtain information about the Systems and their benefits, and complying with new accounting requirements.

Changes to the current computer systems to improve current operations and to become Year 2000 compliant are proceeding. A conversion of employer reporting to electronic media is in progress.

On July 1, 1997, the Systems became self-insured for all postemployment healthcare benefits and contracted with a third party claims payor. The advantages to self-insuring include allowing greater flexibility in developing health care options. A link to the web site of our new health claims payor, NYLCare Health Plans Northwest, has been added to the Systems' home page. This site was created specifically for the Systems' health plans. At the site, members can print out claims forms and have access to information on benefits, wellness resources, hospitals, pharmacies, and providers.

Our web site has been expanded to include Projection Estimators that will estimate a member's monthly benefit at retirement. Members can estimate their PERS or TRS benefit and review their potential benefit under the Retirement Incentive Program (RIP).

The Systems adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 25,

and Statement No. 26,

. In FY97. The major changes resulting from the adoption of these statements were disclosing investment expenses separately from administrative expenses and

December 15, 1998

distributing plan net assets between pension and postemployment healthcare. In addition, the newly revised Government Finance Officers Association's (GFOA's)

CAFR.

have been incorporated into this

During FY98, the Systems granted a discretionary cost-of-living increase, along with the statutorily required automatic cost-of-living increase.

To comply with OMB Circular A-87, the division must allocate operating costs among pension trust funds using an updated allocation base. The updated allocation plan will be implemented beginning in FY99, provided approval is secured from the cognizant agency.

The RIP continues to impact the Division by increasing the number of members retiring. The Division retired more people for the month of July 1998 than during the entire calendar year 1993.

During FY97, a bill was passed that amended the Retirement Incentive Programs for municipalities and school districts. Senate bill 130 allows for an administrator of a political subdivision, public organization, or school district to establish one or more periods during which eligible employees may apply to participate in the RIP. Window periods may be established from September 18, 1997, through June 30, 1999.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Systems for their CAFR for the fiscal year ended June 30, 1997. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents meet or exceed program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for only one year. The Systems have received a Certificate of Achievement for the last five years. We believe this report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This CAFR was prepared to conform with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board. Transactions of the Systems are reported on the accrual basis of accounting. Sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules.

Additions to Plan Net Assets

The revenues required to finance retirement benefits are accumulated through a combination of investment income and employer and employee contributions.

- 4 -

December 15, 1998

	PERS				TRS			
	Millions		Inc/(Dec)		Millions		Inc/(Dec)	
	FY98	FY97	Amt	%	FY98	FY97	Amt	%
Employee Contributions	\$ 89.3	88.0	1.3	1.6%	\$ 50.1	49.6	0.5	1.0%
Employer Contributions	112.4	154.8	(42.2)	(27.3)%	77.8	66.3	11.5	17.3%
Net Investment Income	<u>937.8</u>	<u>997.4</u>	<u>(59.6)</u>	<u>(6.0)%</u>	<u>497.0</u>	<u>530.6</u>	<u>(33.6)</u>	<u>(6.3)%</u>
Total	<u>\$1,139.5</u>	<u>1,240.0</u>	<u>(100.5)</u>	<u>(8.1)%</u>	<u>\$624.9</u>	<u>646.5</u>	<u>(21.6)</u>	<u>(3.33)%</u>

The decrease in employer contributions for PERS was primarily due to a decrease in employer rates. The increase in employer contributions for TRS was primarily due to additional contributions required for the Retirement Incentive Program. The rate of return on investments decreased from 18.18% to 14.73% for PERS and from 18.12% to 14.83% for TRS, accounting for a major part of the decrease in net investment income.

Deductions From Plan Net Assets

The primary expense of the Systems is the payment of pension benefits, the principle reason the Systems exist. These benefit payments, together with postemployment healthcare premiums, lump sum refunds made to former members, and the cost of administering the Systems comprise the costs of operation.

	PERS				TRS			
	Millions		Inc/(Dec)		Millions		Inc/(Dec)	
	FY98	FY97	Amt	%	FY98	FY97	Amt	%
Pension Benefits	\$195.5	177.3	18.2	10.3%	\$169.8	157.6	12.2	7.7%
Healthcare Benefits	55.2	48.4	6.8	14.0%	26.1	22.7	3.4	15.0%
Refunds	13.6	13.0	0.6	4.6%	3.5	2.6	0.9	34.6%
Administrative Expenses	<u>2.9</u>	<u>2.8</u>	<u>0.1</u>	<u>3.6%</u>	<u>2.2</u>	<u>2.2</u>	<u>-</u>	<u>-</u>
Total	<u>\$267.2</u>	<u>241.5</u>	<u>25.7</u>	<u>10.6%</u>	<u>\$201.6</u>	<u>185.1</u>	<u>16.5</u>	<u>8.9%</u>

The majority of the increase in pension benefits was the result of a continuing increase in the number of retirees. Also, the Systems granted a discretionary cost-of-living (post retirement pension adjustment or PRPA) increase at the beginning of the fiscal year. The increase in health care benefits is due to the increase in retirees and rising costs of providing such benefits. The increase in administrative expenses was largely attributable to temporary and permanent staff increases to handle the RIP retirees.

Investments

The investment of pension funds is a long-term undertaking. On an annual basis, ASPIB reviews and adopts its strategic asset allocation. This is to ensure the asset mix will remain at an optimal risk/reward level with respect to retirement systems' constraints and objectives. During FY98, ASPIB adopted its asset allocation that includes 38% in Domestic Equities, 15% in International Equities, 33% in Domestic Fixed Income, 8% in International Fixed Income, and 8% in Real Estate.

December 15, 1998

During the year, ASPIB completed its funding on international fixed income. ASPIB also continued its diversification in investments through an increase in investment to real estate, and added alternative investments as a subclass of our domestic equity asset class during the year. ASPIB concluded real estate and alternative investments would be funded over a period of years. This is to ensure the funds are invested over a complete market cycle. At the close of the year, ASPIB has 3% in real estate investments and less than 1% in alternative investments.

For FY98, PERS investments generated a 14.73% rate of return and TRS investments generated a 14.83% rate of return. The PERS annualized rate of return over the last three years was 15.55% and 12.86% over the last five years. The TRS annualized rate of return over the last three years was 15.78% and 13.05% over the last five years.

Funding

The overall objective of a pension fund is to accumulate sufficient funds to meet all expected future obligations to participants. The funding objective of the Systems is to fund each participant's benefits as they accrue through contributions that are approximately level as a percent of payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential. The advantage of a well-funded plan is that the participants can look at assets that are committed to the payment of benefits. The Systems continue to increase the level of funding, thereby assuring the membership of their continued financial soundness.

There were no significant changes in the actuarial assumptions during 1998. The PERS FY99 consolidated rate increased from 6.71% to 9.85%, producing a total average rate for all employers in the System of 7.74%.

	PERS Millions		TRS Millions	
	1997	1996	1997	1996
Valuation Assets	\$5,885.6	5,271.3	3,120.0	2,858.8
Accrued Liabilities	5,534.1	4,980.0	3,320.0	2,940.4
Funding ratio	106.3%	105.6%	94.0%	97.2%

Professional Services

Professional consultants are retained to perform professional services that are essential to the effective and efficient operation of the Systems. Opinions of the independent certified public accountant and the consulting actuary are included in this report. A list of consultants is provided in the Introductory section with the exception of investment professional consultants, who are listed in the investment sections of this report.

Acknowledgments

The preparation of this report is made possible by the dedicated service of the staff of the Systems. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the funds of the system.

AUG-31-1999 TUE 12:51 PM

AUG-31-99 TUE 11:58 AM NATSU L10

FAX NO.

FAX NO. 9073788180

P. 15/25

P. 16

- 6 -

December 15, 1998

The report is being mailed to all employer members of the Systems. They form the link between the Systems and the membership. Their cooperation contributes significantly to the success of the Systems. We hope the employers and their employees find this report informative.

We would like to take this opportunity to express our gratitude to the Public Employees' Retirement Board, the Teachers' Retirement Board, the Alaska State Pension Investment Board, the staff, the advisors, and to the many people who have worked so diligently to assure the successful operation of the Systems.

Respectfully submitted,

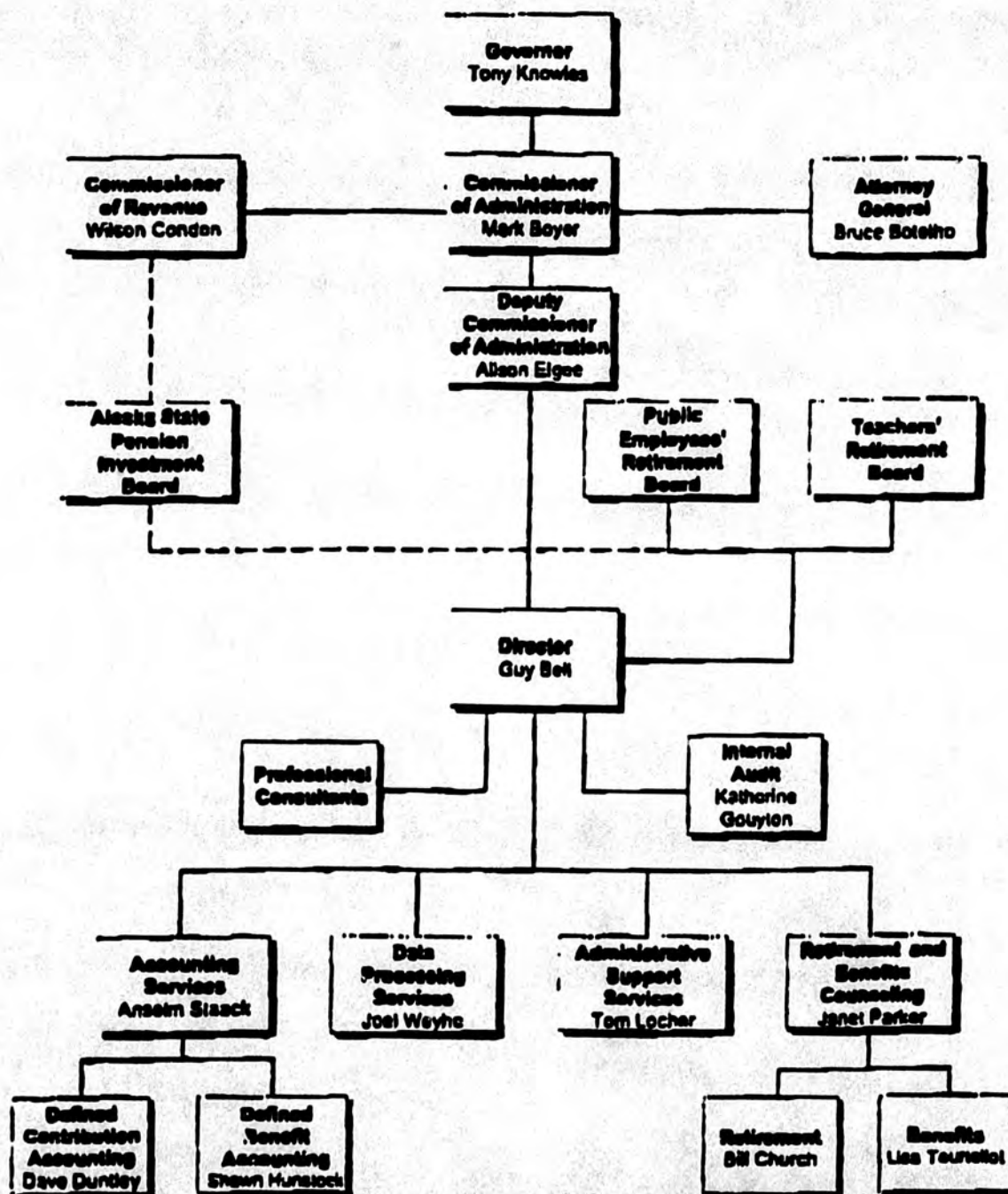
Mark Boyer
Commissioner

Guy Bell
Director

Janet L. Parker
Deputy Director

Anselm Staack, CPA, JD
Chief Financial Officer

Shawn Hunstock
Accountant

Introductory Section**ORGANIZATION CHART**

Introductory Section**Section Responsibilities**

The Retirement Section is responsible for providing comprehensive retirement counseling to the participating members and employers in the plan. The section appoints members to retirement benefits and maintains benefit payment information.

The Benefits Section is responsible for the administration of group health, disability, and life insurance. This section provides benefits counseling and plan change information to the membership.

The Defined Benefit Accounting Section is responsible for administering the retiree benefit payments system which issues monthly and on demand retirement benefit payments to members and their beneficiaries. The section maintains the employee and employer records and accounts in the plan, produces financial reports, and assures compliance with the Internal Revenue Service requirements for Defined Benefit plans.

The Defined Contribution Section is responsible for accounting, plan operations, and financial activities related to the defined contribution plan systems administered by the Division.

The Data Processing Section supports the information systems the Systems use. Responsibilities include planning, development, data base design, programming, and operational support of the data processing systems, including the Local Area Network.

The Administrative Support Services Section is responsible for budget preparation, fiscal management of appropriations, procurement of professional services, supplies, and equipment. The section manages the systems' record center containing the member's physical records and performs other administrative functions such as legislative tracking and personnel management.

PROFESSIONAL CONSULTANTS

Actuary Consultant
William M. Mercer, Incorporated
Seattle, Washington

Independent Auditors
KPMG Peat Marwick, LLP
Anchorage, Alaska

Benefits Consultant
Deloitte & Touche, LLP
Minneapolis, Minnesota

Third Party Health Claim Administrator
NYLCare Health Plans Northwest
Seattle, Washington

Legal Counsel
John Gaguine
Kathleen Strasbaugh
Assistant Attorney General
Juneau, Alaska

Legal Counsel - Retirement Boards
Wohlforth, Argotsinger, Johnson & Brecht
Anchorage, Alaska

Consulting Physicians
Kim Smith, M.D.
William Cole, M.D.
Juneau, Alaska

A list of investment professional consultants for the Systems can be found on pages 42-43 and 114-115.

Component Detail - FY00 Operating Budget

Agency: Department of Revenue

Component: Alaska State Pension Investment Board

B.U.: Revenue Operations

	FY99 Act	FY99 CC	FY99 Adls	Gov Adm	House	Senate	ConfComm	FY99 Adls to ConfComm
Personnel Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Travel	139.3	157.9	157.9	157.9	157.9	157.9	157.9	0.0%
Contractual	24,913.6	3,172.6	3,172.6	2,922.6	2,922.6	2,922.6	2,922.6	-7.9%
Communications	18.6	50.0	50.0	50.0	50.0	50.0	50.0	0.0%
Equipment	188.7	70.0	70.0	70.0	70.0	70.0	70.0	0.0%
Lease/Bldgs	0.0	0.0	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	0.0	0.0%
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
-- Total Expended	25,171.2	3,450.5	3,450.5	3,265.5	3,265.5	3,265.5	3,265.5	-7.2%
1017 Ben Sys	67.8	105.5	105.5	105.5	105.5	105.5	105.5	0.0%
1029 P/E Refra	16,199.8	2,137.4	2,137.4	1,994.9	1,994.9	1,994.9	1,994.9	-7.5%
1004 Teach Ret	8,747.3	1,188.7	1,188.7	1,081.2	1,081.2	1,081.2	1,081.2	-7.5%
1042 Jud Retire	119.3	15.8	15.8	15.8	15.8	15.8	15.8	0.0%
1045 Nat Guard	37.8	3.1	3.1	3.1	3.1	3.1	3.1	0.0%
Permit Paid Time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Perm Part Time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Non-Perm	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%

07/1999 12:08 PM

Legislative Finance Division

AUG-31-1999 TUE 12:52 PM

AUG-31-99 TUE 11:58 AM MATSU LIO

FAX NO.

FAX NO. 9073788180

P. 19/25

P. 20

8-23-99

To:
MaryAnn Pease
Chairperson
Commision on Privatization
And
Delivery of Government Services

From:
Buz Hoffman, Member

Re: Department of Revenue, Alaska Municipal Bond Bank Authority
BRU- Municipal Bond Bank authority

Attached to this report is the mission statement of the Bond Bank along with a copy of their fy 2000-operating budget authorizing a \$462,400 budget from interest income and fees. No general funds are used in this operation.

The Bond Bank is a model of complete privatization in that they have no employecs, do not pay rent and don't even have a full time Executive Director. Instead, they pay to the Department of Revenue, \$64,100 per year in lieu of rent and salaries. The Department of Revenue provides shared employees and office space as needed to complete bond transactions.

This information was obtained from the excellent "Home Page" of the Bond Bank and discussions with Deven Mitchell, the Department of Revenue employee who acts as the Executive Director.

For your review, the following items are attached:

Forwarding letter for the FY 98 financial statement
Mission statement and program outline
Component Detail-FY00 Operating Budget
Budget update, year ended 6-30-99

It is my opinion that the State should be commended for the excellent job of Privitization of Services of the Alaska Municipal Bond Bank Authority.



AUG-31-1999 TUE 12:52 PM

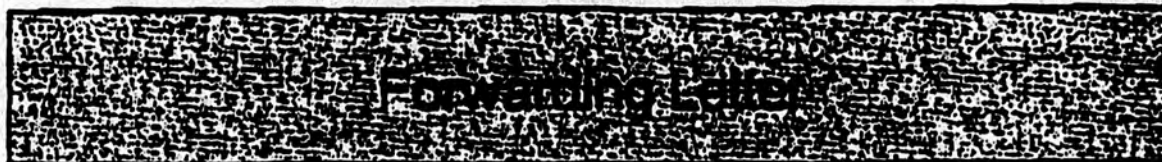
AUG-31-99 TUE 11:59 AM MATSU L10

FAX NO.

FAX NO. 9073766180

P. 20/25

P. 21



December 31, 1998

The Honorable Tony Knowles
Governor of the State of Alaska

The Honorable Drue Pearce
President of the Senate

The Honorable Brian Porter
Speaker of the House of Representatives

Dear Governor Knowles,
Madam President and Mr. Speaker:

The fiscal year 1998 report of the activities and financial condition of the Alaska Municipal Bond Bank Authority (Bond Bank) is submitted in accordance with Alaska Statute 44.85.100.

During fiscal year 1998, the Bond Bank issued \$20,135,000 general obligation bonds for construction projects in the cities of Ketchikan and Wasilla and the Aleutians East Borough, and revenue bonds of \$15,225,000 for additional projects in Ketchikan. The very favorable interest rates and interest savings received from the bond sales were passed on to each participating community.

Our financial position remains strong. The Bond Bank will remit \$719,794 to the State of Alaska General Fund from its fiscal year 1998 operations. Since 1977 the Bond Bank will have paid \$20,923,663 to the state. This amounts to \$2,322,250 more than the original State of Alaska capital appropriation of \$18,601,413.

We are proud of the Bond Bank's accomplishments in fiscal year 1998 and we are pleased to share them with you.

Sincerely,

Sharon Kelly
Chairperson



Alaska Municipal Bond Bank Authority

[revenue bond applc](#)
[C.O. bond applc](#)
[AMBBB Bond](#)
[meeting notice](#)
[FAQ's about AK](#)
[E-mail](#)

FY 98 Annual Report

(Requires Adobe Acrobat Reader to open— See Adobe's [web site](#) to download a free copy of Adobe Acrobat Reader.)

[FUNDING II](#)

Program Goals: To assist local governments with the financing of capital projects.

[Revenue Ho](#)

Program Resource: Direct loans. No set limits. Interest rates depend on the national market for tax exempt bond issues.

[Alaska Ho](#)

Eligibility: Any organized local government in need of capital project financing should contact the Bond Bank.

Alaska Program Status: The Bond Bank was established to assist Alaska municipalities that have difficulty financing capital improvement projects such as schools, water and sewer systems, public buildings, harbors and docks. The Bond Bank is a public corporation, created through the passage of the Alaska Municipal Bond Bank Act (AS 44.85).

It was created because these communities often are at a disadvantage in the financial markets. They may have low bond ratings or, although credit worthy, have not issued bonds or notes, have little outstanding debt, or lack investor familiarity.

Generally, the Bond Bank sells its bonds on the national market and utilizes the proceeds of its sales to purchase the bonds of Alaskan municipalities, thereby providing these municipalities with the funds for the construction or purchase of their capital projects. As municipalities pay principal and interest to the Bond Bank to liquidate their debt, the Bond Bank utilizes these payments to liquidate its debt to its bondholders.

Because the Bond Bank has received an "A" rating from both

AUG-31-1999 TUE 12:53 PM

AUG-31-99 TUE 12:00 PM NATSU L10

FAX NO.

FAX NO. 9073786180

P. 22/25

P. 23

Alaska Municipal Bond Bank Authority

<http://www.revenue.state.ak.us/treasury/ambba/ambba.htm>

Moody's and Standard & Poor's, it is able to borrow money at favorable interest rates.

The Bond Bank is self-supporting. It does not use General Fund monies, and, in fact, returns about \$600,000 to the General Fund each year. The Bond Bank has an excellent loan record, with no defaults. The Bond Bank has five directors consisting of three public members appointed by the Governor, the Commissioner of Revenue, and the Commissioner of Community and Regional Affairs.

The Department of Revenue provides administrative and management staff to the Bond Bank.

The Bond Bank can be reached as follows:

Alaska Municipal Bond Bank Authority
Deven Mitchell, Acting Executive Director
P.O. Box 110405
Juneau, AK 99801

Phone: (907) 465-2388

Fax: (907) 465-2902

E-Mail: AMBBA@revenue.state.ak.us

Physical address for express mail:

Alaska Municipal Bond Bank Authority
333 Willoughby Avenue, 11th Floor
Juneau, AK 99801

-
- Ⓢ [Application for Revenue Bonds](#)
 - Ⓢ [Application for General Obligation Bonds](#)
 - Ⓢ [Frequently asked questions](#) regarding State of Alaska bonds
 - Ⓢ [Most recently approved minutes](#) of the Board meeting of the Alaska Municipal Bond Bank Authority

[Return to Top](#) [Revenue Home](#) [Treasury Home](#) [Alaska Home](#)

Suggestions for this web site may be directed to [Debbie McBride](#).

[State Web Page Disclaimer](#)

ALC-31-1989 TUE 12:53 PM
 ALC-31-89 TUE 12:00 PM MATSU L10

FAX NO.
 FAX NO. 9073766100

P. 23/25
 P. 24

Component Detail - FY00 Operating Budget

Agency: Department of Revenue

Component: Municipal Bond Bank Authority
 BRU: Municipal Bond Bank Authority

	FY99 Act	FY99 CC	FY99 Auth	Gov And	House	Senate	ComComm	FY99 Auth to ComComm	
Personal Services	42.8	63.8	64.1	64.1	64.1	64.1	64.1	0.0	0.0%
Travel	5.3	10.1	10.1	10.1	10.1	10.1	10.1	0.0	0.0%
Contractual	379.4	384.4	384.4	384.4	384.4	384.4	384.4	0.0	0.0%
Commodities	1.5	3.8	3.8	3.8	3.8	3.8	3.8	0.0	0.0%
Equipment	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Land/Bldgs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Grants, Clams	0.0	0.0	0.0	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	0.0	0.0	0.0%
** Total Expend.	434.2	462.1	462.4	462.4	462.4	462.4	462.4	0.0	0.0%
1104 MBB Rcpts	434.2	462.1	462.4	462.4	462.4	462.4	462.4	0.0	0.0%
Perm Full Time	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0%
Perm Part Time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Non-Perm	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%

Alaska Municipal Bond Bank Authority
Budget Update
Year Ended June 30, 1999
With Prior Year Comparative Amounts and FY2000 Proposed Budget

	FY98		FY99		
	Actual	Actual	Budget	Projected Thru June 30, 1999	Budget
Personal Services	92,800	42,943	64,100	58,687	64,100
Travel	11,945	6,275	10,188	7,421	10,188
Contractual					
Trustee/Paying Agent	101,375	104,734	100,000	95,858	100,000
Investment Manager	69,557	68,471	70,000	71,372	70,000
Bond Counsel	54,377	58,685	60,000	35,280	60,000
Financial Advisor	29,211	45,367	55,700	23,176	55,700
Rating Services	16,500	31,250	25,000	6,000	25,000
Print/Advertising	13,931	23,710	30,000	7,721	30,000
Audit/Accounting	32,308	25,666	22,000	19,200	22,000
Custody Services	5,000	4,600	7,500	5,100	7,500
Other Prof Services	4,680	4,608	5,000	700	5,000
Telephone	7,332	2,095	7,200	194	7,200
Training/Dues/Subscriptions		1,913	2,000	3,088	2,000
Office Rent/Relocation	29,224	8,337	-	-	-
	362,473	379,436	384,400	267,898	384,400
Supplies	5,244	2,525	3,800	463	3,800
Equipment		4,039	-	-	-
	474,462	435,239	482,400	334,279	482,400

J:\BETTYM\1\DATA\FLS\AMBB\BUDGET\FY99\updt.XLS)370299

prepared 7/7/99 by Betty Martin, Compiler