

ALASKA LEGISLATURE COMMITTEE FILES 1983 - 1984 86/2

2735 SLC HB 711 - HB 721

DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

OFFICE OF THE COMMISSIONER

January 26, 1984



Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
Pouch W
Juneau, Alaska 99811

Dear Mr. Wilkerson:

Thank you for the opportunity to comment on the November 7, 1983 audit findings entitled A Performance Report of the Board of Public Accountancy. The Department of Commerce and Economic Development feels that the licensing of certified public accountants and the continuation of the Board of Public Accountancy is in the public interest. The following are our comments with regard to the specific recommendations outlined in your findings.

Recommendation No. 1: The Board of Public Accountancy should be brought to its full complement of seven members and maintained at that strength by means of timely appointments of qualified professional and public members.

The department does not object to this recommendation.

Recommendation No. 2: The records of the investigations unit of DOL should be systematized and automated.

The department concurs with this recommendation. The investigations section is in the planning stages for computerizing files for tracking and statistical use. Actual entry into the computer system will occur following completion of the entries of all licensing data and design of security measures. Investigation entries could occur within a year.

Thank you again for this opportunity to comment on the findings.

Sincerely,

A handwritten signature in dark ink, appearing to be "Richard A. Lyon".

Richard A. Lyon
Commissioner

RAL:cw#23N1
12684b

B 711 TITLE & SPONSOR SUMMARY

17:19 6/04/84 PAGE 1 OF 3

ENDED TITLE:

ACT EXTENDING THE TERMINATION DATE OF THE BOARD OF PUBLIC ACCOUNTANCY, AND PROVIDING FOR AN EFFECTIVE DATE

PRIME SPONSOR: HOUSE LABOR/COMM COMMITTEE.

CO-SPONSORS:

CURRENT STATUS: 5/15/84 CHAPTER 0019 SLA 04

B 711 HOUSE ACTION

17:19 6/04/84 PAGE 2 OF 3

DATE	SEQ	PAGE	LEGISLATIVE ACTION
3/30/84	01	3154	FIRST READING -- COMMITTEE REPORTS
3/04/84	02	3202	LAC -- SP05
4/05/84	03	3223	SECOND READING
4/05/84	04	3223	ADVANCED TO 3RD READING BY UNAN CONSENT
4/05/84	05	3223	THIRD READING
4/05/84	06	3223	PASSED BY DIV 36-00-04
4/05/84	07	3223	EFFECTIVE DATE VOTE SAME AS PASSAGE
4/30/84	16	3537	TRANSMITTED TO GOVERNOR
5/15/84	17	3086	SIGNED BY GOVERNOR-CH0049, EFF 05/16/84

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B 711 SENATE ACTION

17:19 6/04/84 PAGE 3 OF 3

DATE	SEQ	PAGE	LEGISLATIVE ACTION
4/09/84	08	2665	FIRST READING -- COMMITTEE REPORTS
4/23/84	09	2705	MOVED FROM LAC TO RLS BY UNAN CONSENT
4/27/84	10	2654	RLS -- OTHER04
			TAKEN UP IMMEDIATELY
4/27/84	11	2050	SECOND READING
4/27/84	12	2050	ADVANCED TO 3RD READING BY UNAN CONSENT
4/27/84	13	2050	THIRD READING
4/27/84	14	2050	PASSED BY DIV 17-01-00
4/27/84	15	2050	EFFECTIVE DATE VOTE SAME AS PASSAGE

##

SUMMARY

A Performance Review of the Board of Public Accountancy

As many staff members of the Division of Legislative Audit hold Certified Public Accountant certificates, and are subject to regulation by that Board, the Division contracted with R.W. Pavitt & Associates to perform the review. The following is a summary of that review:

The Board of Public Accountancy is a regulatory board comprised of seven members; 5 shall be certified public accountants and 2 shall be public members.

** It is the opinion of the auditors that the Board of Public Accountancy should be reestablished. State regulation and licensing of the profession is necessary and desirable for the continued protection of the citizens of Alaska. **

The auditors proposed two recommendations which, if implemented, may improve the effectiveness and efficiency of the Board.

1. The Board of Public Accountancy should be brought to its full complement of seven members.

It is recommended that the Office of the Governor expeditiously appoint qualified new members to the three expired Board seats, and continue to make appointments or reappointments to this Board in a timely manner.

2. The records of the investigations unit of Division of Occupational Licensing should be systemized and automated.

The Department of Commerce concurs with this recommendation. The investigations section is in the planning stages for computerizing files for tracking and statistical use.

** Special note --- The application forms for examination and certification do not require photos. **

COMMITTEE REPORT

SENATE

FU Same as HB 711

2/9/84

Mr. President

The Committee on LABOR & COMMERCE

extending the termination date of the Board

and (a majority of the committee) (the committee) the following recommendations:

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

MEMBERS SIGNING DO PASS

[Handwritten signatures]

MEMBERS HAVING OTHER RECOMMENDATIONS

[Handwritten signature]

Chairman

[Handwritten signature]

Chairman recommendation

Name (please print)	Address	Representing	Testify?? (YES or NO)	Phone Number
HARRY TREAGER	Div of Pub Lic	Commerce	Yes	2534



OFFICIAL BUSINESS

ALASKA STATE LEGISLATURE - SENATE
COMMITTEE ON LABOR AND COMMERCE

SENATOR RICHARD I. ELIASON
CHAIRMAN

POUCH V • JUNEAU, ALASKA 99811
(907) 465-3844

March 8, 1984

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

The Senate Labor and Commerce Committee has had under consideration for "Sunset Review" the Board of Public Accountancy pursuant to your referral under AS 44.66.050 and AS 08.03.010.

In accordance with the statutory requirement, a public hearing was held on the review of this Board. The Committee considered the proposed budget of the Board and examined the performance audit of the activities of the Board prepared by the Legislative Audit Division.

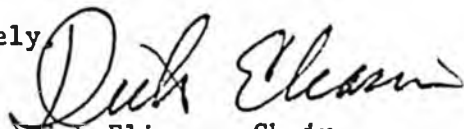
Guided, in part, by the report prepared by the Legislative Audit Division, the Committee took into consideration the factors required to be considered under AS 44.66.050(c). The Board of Public Accountancy has operated in the public interest by promulgating regulations which protect the public from incompetent and fraudulent practitioners. To assure qualified professionals the Board has established regulations requiring evidence of continuing professional education as a condition of license renewal.

The board meetings are held at least three times annually, are open to the public and are advertised in a timely manner. The Board invites and encourages individuals and groups to offer testimony in regard to proposed changes in regulations.

This Board has operated very efficiently in the past, and should be commended.

The Senate Labor and Commerce Committee has introduced legislation that would extend the Board of Public Accountancy another four years.

Sincerely,

A handwritten signature in cursive script that reads "Dick Eliason". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

Senator Dick Eliason, Chair
Senate Labor and Commerce Committee

HB

716

PROPOSED AMENDMENTS TO CSHB 716 (L & C)
BY CHUCK RUSH, PHARMACIST

Page 2, line 3, Sec. 08.80.095, after "EXECUTIVE SECRETARY", add "AND THE DIRECTOR OF CONTROLLED SUBSTANCES."

Page 2, line 4, Sec. 08.80.095, after "chapter", add "and chapter AS 17.30."

Page 2, line 7, Sec. 08.80.097, after "INVESTIGATIONS", add "AND DUTIES OF EXECUTIVE SECRETARY."

Page 2, line 7, Sec. 08.80.097, after "secretary", add ", under the board's supervision,"

Page 2, line 18, Sec. 08.80.097, add new subsections to read:

"(c) The executive secretary will be the position for Alaska which deals with the national association of boards of pharmacy and will be responsible for giving the pharmacy exams with the board's supervision.

(d) The executive secretary will be the position for Alaska that deals with the Drug Enforcement Administration on all matters pertaining to the legitimate medical communities use of controlled substances.

(e) The executive secretary will maintain in his office all files and records approved by the board.

(f) The board will promulgate regulations for the other duties of the executive secretary."

LINE 4 AFTER CHAPTER (AND CHAPTER AS17.30.)
LINE 7 after SECRETARY (UNDER THE BOARDS SUPERVISION)

line 18 add

THE EXEC SECT WILL BE THE POSITION FOR ALASKA WHICH DEALS WITH THE NATIONAL ASSN OF BOARDS OF PHARMACY AND WILL BE RESPONSIBLE FOR GIVING THE PHARMACY EXAMS WITH THE BOARDS SUPERVISION.

(D) THE EXEC SECT WILL BE THE POSITION FOR ALASKA THAT DEALS WITH THE DRUG ENFORCEMENT ADMINISTRATION ON ALL MATTERS PERTAINING TO THE LEGITIMATE MEDICAL COMMUNITIES USE OF CONTROLLED SUBSTANCES.

E. THE EXEC SECRETARY WILL MAINTAIN IN HIS OFFICE ALL FILES AND RECORDS APPROVED BY THE BOARD.

F. THE BOARD WILL PROMULGATE REGULATIONS FOR THE OTHER DUTIES OF THE EXEC SECRETARY.

CS for House Bill no. 716
(L+C)

line 19 CHANGE C TO G

Sen. Richard Eliason
Room 417-Capitol
Senate
Juneau, Alaska

+ Duties of
Ex Sec
7 Investigator
field

Proposed Amendments by Chuck Rush, Pharmasit

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

POSITION PAPER
CSHB 716
(L&C)

CSHB 716: "An Act relating to the Board of Pharmacy; and providing for an effective date."

The Department of Commerce and Economic Development opposes CSHB 716 which authorizes the Board of Pharmacy to hire an executive secretary, and which authorizes both the board and executive secretary to investigate violations.

The proposed responsibilities of the executive secretary include the implementation of the pharmacy chapter and the conduction of investigations. These duties are presently provided by a licensing examiner and the investigators within the Division of Occupational Licensing. The costs incurred for salary and benefits for an executive secretary under the proposed measure are unnecessary.

With the responsibilities for inspecting and investigating complaints, the executive secretary would need to be a qualified investigator familiar with techniques of handling an investigation, processing litigation matters, and criminal activities where AS 17.30. is concerned, and maintaining compliance with the Administrative Procedure Act (AS 44.62.). Furthermore, the cost of inspections and investigations would be subject to the budgetary limitations of the board. Investigation matters are presently processed by the investigation section of the Division of Occupational Licensing which is comprised of professional investigators. Since many of the health professions overlap during the process of an investigation, an executive secretary, subject to a particular board, could unjustifiably hinder due process during the course of investigations.

The bill also requires the executive secretary to immediately notify each board member of investigations conducted. This ex parte communication with board members jeopardizes the board's position in remaining neutral to determine final judgment on litigation and investigation cases.

The Pharmacy Board has indicated that the support for the position is necessary for implementation of the Controlled Substance Act. It is the position of this department that implementation of the Controlled Substance Act can be initiated and monitored by present staff, with additional clerical support, which would preclude the additional expense of an executive secretary.

Data collected would be transmitted to the Board of Pharmacy which, above all, is a mandated function of the board by authority of AS 08.80.040(10) and not an assignment of responsibility passed on to an executive secretary.



5/24/84

Richard A. Lyon, Commissioner
Department of Commerce and Economic
Development

HDT/mc0069m
052384b

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSHB 716 (L&C)
 Title: An Act relating to the
Board of Pharmacy; & providing for
 Sponsor: Labor & Commerce Committee
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Economic Dev.
 Program Category Affected: Public Protection
 an effective date _____
 BRU, Program or Subprogram(s) Affected: _____
 Division of Occupational Licensing _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<u>OPERATING</u>						
100 PERSONAL SERVICES		46.5	49.8	53.3	57.0	61.0
200 TRAVEL		51.6	55.2	59.0	63.2	67.6
300 CONTRACTUAL		28.0	30.0	32.0	34.3	36.7
400 SUPPLIES		1.2	1.3	1.4	1.5	1.6
500 EQUIPMENT		4.2				
600 LAND & STRUCTURES		3.6	3.9	4.1	4.4	4.7
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<u>TOTAL OPERATING</u>		135.1	110.2	149.8	160.4	171.6
<u>CAPITAL</u>						
<u>REVENUE</u>						

FUNDING: (Thousands of Dollars)

GENERAL FUND		135.1	110.2	149.8	160.4	171.6
FEDERAL FUNDS						
OTHER						
<u>TOTAL</u>						

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Jennifer Strickler, Management Analyst Phone: 465-2144
 Division: Occupational Licensing Date: 4/17/84

Approved by Commissioner: Richard A. Lyon Date: 4/23/84
 Agency: Commerce & Economic Development

Distribution (by Agency preparing fiscal note):

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

12/1/83

Fiscal Note

HB 716 FISCAL IMPACT

(NOTE: 7% inflation factor projected for FY '86 through
FY '89 for operating costs)

100 PERSONAL SERVICES:

1 Executive Secretary, Range 18A
PX, 12 months to be located in Anchorage 46,519.88

200 TRAVEL:

Executive Secretary 3 board meetings (2 days ea. @ \$80
per day/ per diem = \$160 x 3) \$480.00
Transportation - 3 board mtgs @
\$400 ea. 1,200.00

Note: There are 117 licensed pharmacies which require inspections. Assuming
the Executive Secretary will be located in the Anchorage area, the following
does not include the 41 pharmacies in the Anchorage area. These consist of
32 Retail, 2 Wholesale, 6 Hospital Pharmacies, and 1 Nursing Home Drug Room
pharmacy.

Transportation for Inspections not in the
Anchorage area, at \$400 ea. x 78 31,200.00

Per Diem for Inspections not in the Anchorage
area, at \$80 per day x 3 days ea. x 78 18,720.00
\$51,600.00

300 CONTRIBUTIONAL:

Postage, telephone, printing, publication and
operating costs: \$2,000.00

(With the authority to investigate violations, the
following will apply:)

Legal fees: Estimated 2 investigations annually will
result in disciplinary proceedings: Fees cover all costs
including hearing officer fees, court costs, court recorder
costs, appeals cost, witness fees, and all other related costs;
(Estimated each hearing process cost is \$10,000.00 x 2) 20,000.00

Executive Secretary leased vehicle, dry w/maintenance:

Anchorage: 1 vehicle @ \$410.00 per month x 12 months 4,920.00

Fuel: 1 leased vehicle @ est. \$87.50 per month
x 12 months 1,050.00
\$27,970.00

400__COMMODITIES:

Stationery, typewriter ribbons, pens, pencils,
tablets, and other miscellaneous desk top supplies 1,200.00

500__EQUIPMENT: (one time costs only)

1 desk, double pedestal, 60" x 30" @ 568.22 ea.	568.22
1 chair, executive swivel, with arms @ \$313.30	313.30
1 typewriter, IBM correcting Selectric with dual pitch, 15.5 inch paper capacity @ \$1,369.36 ea.	1,369.36
1 typewriter table @ \$135.65 ea.	135.65
1 chair, side without arms, contour style @ \$114.60 ea.	114.60
1 recording machine, portable, Lanier @ \$775.87 ea.	775.87
1 bookcase with 3 adjustable shelves @ \$164.69 ea.	164.69
1 file cabinet, 5 drawer, legal w/lock @ \$406.91 ea.	406.91
1 calculators, desk, printing and display, 12-digit, @ \$364.66 ea.	364.66
	<u>\$4,213.26</u>

600__LAND & STRUCTURES:

150 sq. ft. @ \$2.00 per ft. per mo. x 12 mos. \$3,600.00

TOTAL OPERATING COSTS: \$135,103.14

1.	POSITION TITLE Executive Secretary				RANGE/STEP 18A	BARG. UNIT GGU	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.	
2.	TYPE OF POSITION PX	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT ALL	LEG.			
3.	CONTINUATION LEVEL				ADDITION						
4.	TYPE OF EXPENDITURE				AMOUNT						
	1		2		3						
	PERSONAL SERVICES										
5.	Salary		35.8								
6.	Benefits		5.8								
7.	Supplemental Benefits		2.2								
8.	Fixed Benefits		2.7								
9.	TOTAL PERSONAL SERVICES		01		46.5						
10.	Travel		02		51.6						
11.	Contractual		03		28.0						
12.	Commodities		04		1.2						
13.	Equipment		05		4.2						
14.	Other				3.6						
15.	TOTAL COST				135.1						
JUSTIFICATION											
As requested by the House Labor & Commerce Committee in House Bill 716.											
16.	RECEIPT CODE	FUNDING SOURCE									
17.		Federal Receipts 1002									
18.		G.F. Match 1003									
19.		General Funds 1004			135.1						
20.		I-A Receipts 1005									
21.		Program Receipts 1028									
		Other									
FOR B&H USE ONLY											
4A KEY NUMBER _____											

13 REQUEST FOR
NEW POSITION

AGENCY Department of Commerce and Economic Development
 PROGRAM Public Protection
 BRU Occupational Licensing
 COMPONENT _____

Page _____ of _____
 Revised Date _____

FY 85

SENDED TITLE: CSRD 716(L&C)
 ACT RELATING TO THE BOARD OF PHARMACY, AND PROVIDING
 AN EFFECTIVE DATE

PRIME SPONSOR: HOUSE LABOR/CONOM COMMITTEE.
 GENERAL DOLLARS: 50 (F. NOTE)
 OTHER DOLLARS: 50

CO-SPONSORS:

CURRENT STATUS: 6/05/84 PASSED (S)

DATE	SEQ	PAGE	LEGISLATIVE ACTION
4/09/84	01	3452	FIRST READING -- COMMITTEE REPORTS
4/25/84	02	3453	L&C -- CS07
4/25/84	03	3454	L&C F/NOTE USE SUPPL #134
5/07/84	04	3727	SIN -- CS07
5/07/84	05	3727	SIN F/NOTE EQUALS ZERO
5/15/84	06	3854	SECOND READING
5/15/84	07	3854	L&C AS ADOPTED BY UNAN CONSENT
5/15/84	08	3854	ADVANCED TO 3RD READING BY UNAN CONSENT
5/15/84	11	3855	ACTION NO. 007 RESCINDED BY DIV 23-14-84
5/15/84	12	3856	L&C AS ADOPTED BY DIV 20-19-84
5/15/84	13	0000	ADVANCED TO 3RD READING BY UNAN CONSENT
5/15/84	09	3854	THIRD READING
5/15/84	10	3854	RETURNED TO 2ND READING BY DIV 22-17-84
5/15/84	14	3857	FAILED BY DIV 20-19-84
5/15/84	15	3857	NOTICE OF RECONSIDERATION GIVEN
5/15/84	16	3858	POSTPONED UNTIL 05/17/84 BY UNAN CONSENT
5/17/84	17	3899	PASSED ON RECONSIDERATION BY DIV 26-12-82
5/17/84	18	3899	EFFECTIVE DATE PASSED BY DIV 33-00-82
***	**	**	*** **

DATE	SEQ	PAGE	LEGISLATIVE ACTION
5/18/84	19	3449	FIRST READING -- COMMITTEE REPORTS
5/25/84	20	3472	L&C -- CS05
5/31/84	21	3425	RLS -- OTHERS
			TAKEN UP IMMEDIATELY
5/31/84	22	3432	POSTPONED UNTIL 05/31/84 BY UNAN CONSENT
7/01/84	23	3455	SECOND READING
7/01/84	24	3455	ADVANCED TO 3RD READING BY UNAN CONSENT
7/01/84	25	3455	THIRD READING
7/01/84	26	3455	APPEL BY DIV 17-01-82
7/01/84	27	3455	EFFECTIVE DATE NOT SAME AS PASSED
***	**	**	*** **

COMMITTEE REPORT

SENATE

FURTHER:

Date 4/2/59

Mr. President

The Committee on LABOR AND COMMERCE considered SEN. 716 (SAC)

Board of Pharmacy; etc.

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

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

MSG 84-00048432 PRTY 1 5/24/84 15:17:19 ORIG: L... IN= 0008 OUT= 0010
FROM: ANCHORAGE TO: TOM/FINAL STATS
TARGET: LJVH SUBJ: (S) LABOR & COMMERCE, T/C, 5/24

LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET

DATE: MAY 24, 1984
SITE: ANCHORAGE
SPONSOR/SUBJECT: (S) LABOR & COMMERCE, HB 705, 716, 720

...4..TESTIFIED *****T/C STARTED: 1:30
..10..OBSERVED *****T/C ENDED: 3:00
..14..TOTAL

TESTIFIED

1. CHUCK RUSH/PHARMACY, 1345 W. 11TH AVE., 99501, 272-6431
2. BARB HILL/REAL ESTATE, 1343 G STREET, 276-7909
3. GRAYCE OAKLEY/REAL ESTATE, 2458 SPRUCEWOOD, 272-5151
4. JIM MAGOWAN/REAL ESTATE, 563-2169

OBSERVED

1. JOY DONELSON/PHARMACY, 908 R., 561-1964
2. BILL JANSON/PHARMACY, SRA BOX 562, 345-7606
3. BETTY LOU CIPRIN/REAL ESTATE, 2002 E. 37TH, 99508, 561-1171
4. JOHN BENSON/REAL ESTATE, KETCHIKAN, 225-9651
5. LAVERNE F. COLLINS, P.O. BOX 102751, 276-1299
6. KAREN MORRIS/REAL ESTATE, 2061 AIRPORT WAY, 452-1978 (FAIRBANKS?)
7. GIL SERRANO, 600 E. NORTHERN LIGHTS, 278-9607
8. JEAN A. MILLER/REAL ESTATE, 563-2169
9. DAVE RIBACCONI/REAL ESTATE, 2531 BANBURY, 99504, 337-7238
10. GEORGE OLIVER/REAL ESTATE, 8411 E. 12 COURT, 333-1247

MSG 84-00048431 PRTY 1 5/24/84 15:17:15 ORIG: T# IN= 0001 OUT= 0009
FROM: ELAINE, SITKA TO: TOM, JUNEAU
TARGET LJHV SUBJ: FINAL STATS 4-24, S L&C

LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET

DATE: MAY 24, 1984
SITE: SITKA
SPONSOR/SUBJECT: S L&C HB 704, 716, 720

1	TESTIFIED	*****T/C STARTED:	1 PM
0	OBSERVED	*****T/C ENDED:	3 PM
1	TOTAL		

TESTIFIED

1. SID FRY, FRY'S PHARMACY, BOX 1480, SITKA 747-8666

OBSERVED

NO OBSERVERS

SCS CSHB 716 (L&C)

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE HOUSE BILL 716 (L&C) REESTABLISHES THE BOARD OF PHARMACY FOR ANOTHER 4 YEARS. THIS BOARD HAS ACTED IN THE PUBLIC BEST INTEREST AND SHOULD BE ALLOWED TO CONTINUE TO PERFORM THIS VALUABLE SERVICE.

THIS LEGISLATION ALSO ALLOWS THE BOARD TO HIRE AN EXECUTIVE SECRETARY TO ASSIST IN REGULATING CONTROLLED SUBSTANCES AS DIRECTED IN AS 17.30. THE CONTROLLED SUBSTANCE ACT, EFFECTIVE JANUARY 1, 1983, MANDATES THE BOARD OF PHARMACY TO IMPLEMENT THIS ACT. BUT UNLESS THE BOARD HAS THE ASSISTANCE AND EXPERTISE OF A FULL-TIME PROFESSIONAL TRAINED IN THE FIELD OF CONTROLLED SUBSTANCES, THE LEGISLATURE CANNOT EXPECT THE BOARD OF PHARMACY TO ADEQUATELY REGULATE CONTROLLED SUBSTANCES WITHIN THE STATE.

I RECOMMEND PASSAGE OF SCS CSHB 716 (L&C).

ADDITIONAL INFORMATION

ALASKA IS NUMBER ONE IN THE NATION FOR PER CAPITA USE OF PRESCRIPTION COCAINE. THE EXECUTIVE SECRETARY POSITION WILL ALLOW THE STATE TO TRACK AND MONITOR THE USE OF PRESCRIPTION DRUGS MORE ACCURATELY.

Sitka Drug, Inc.

SITKA, ALASKA 99835

HARRY RACE DRUG
BOX 1480
(907) 747-8666

FRY'S PHARMACY
BOX 699
(907) 747-5755

3.5.84

Rep. Robt. Bettisworth (Chairman)
Legist. Budget & Audit Committee
Pouch V
Juneau, Alaska 99811

Dear Rep. Bettisworth:

I understand the Alaska Pharmacy Board is coming up for Sunset review in the next few days. As a recent member of the board I would like to forward to you a few observations, that to me were upsetting, for your consideration.


The Pharmacy Board was mandated in AS 17.30 & AS 17.35 to perform certain duties concerning the controlled substances and marijuana research. You will find that these duties have either not been done or have been done poorly. The reason will be given to you by the former Board President, Vice-president, Secretary or by reviewing the Board minutes.

We on the Board were excited about bring^{ing} the State of Alaska upto date in the drug field and with planning and enthusiasm set about our task. It was then that we found that if the Director of the Division does not want you to do it, you will not do it. Funding that was authorized was not provided, personnel was not provided as requested and authorized, personnel was switched so there was no expertise developed & in general Board requests were simply ignored.

My second observation is that when the Board is audited yearly the audit could well be biased. The auditing body (state employees) are more likely to look critically at non-state employees (State Boards) than at fellow state employees (Div. of Occ. Lic.) on issues that bring a confrontation. Might it not be better for the state to have some representation on the audit committee that is selected by a non-state group such as the State Chamber of Commerce?

Thank you for considering my comments. I really feel that if the Boards are not going to be allowed to function as they should, then they definately should be eliminated.

Cordially yours,


Sid Fry - Reg. Pharm.

cc- Sen. Dick Eliason

Letter of Support

Please ck this out ✓

MSG 84-00021684 PRTY 1 03/07/84 10:26:47 ORIG: LS00 IN= 0008 OUT= 0038
FROM: SITKA TO: JUNEAU
TARGET: LJHK SUBJ: POM 3

TO: SENATOR ELIASON AND REPRESENTATIVE BETTISWORTH (CHAIRMAN LEGISLATIVE BUDGET & AUDIT COMMITTEE)

FROM: SIDNEY J. FRY, REPRESENTING SITKA DRUG, INC. & PHARMACY IN GENERAL
BOX 1480
SITKA, AK 99835
(H)747-8059 (W)747-8666

RE: LEG. BUDGET & AUDIT REVIEW OF ALASKA STATE BOARD OF PHARMACY & SB 434

LOOK IN DEPTH AT FACTORS INFLUENCING THE BOARD'S ABILITY TO ACT. WAS THE BOARD EVER GIVEN THE PERSONNEL & FUNDING THAT THE LEGISLATURE MANDATED IN AS 17.30 & AS 17.35? DOES THE DIRECTOR OF OCCUPATIONAL LICENSING REALLY HAVE THE EXPERTISE TO OVER-RIDE OR IGNORE THE BOARDS ACTIONS IN FOLLOWING THE LEGISLATIVE MANDATE? SHOULDN'T, AS IN OTHER STATES, THE BOARD BE THE BETTER ONE TO SELECT AND DIRECT THE PERSON THAT WILL CARRY OUT THE MANDATE? IF YOU ALLOW OCC. LIC. TO OVER-RIDE OR IGNORE THE PHARMACY BOARD'S ACTIONS IN FOLLOWING THE LEGISLATIVE MANDATE, THEN PLEASE ELIMINATE THE PHARMACY BOARD AS THESE MEMBERS ARE THERE TO PRODUCE NOT TO RUBBER STAMP A STATE BUREAUCRACY.

SITKA LIO, 3/7, 21684**

word, statement, or other information also appears on the outside container or wrapper of the retail package, if there is one, or is easily legible through the outside container or wrapper;

(11) "labeling" means the label and other written, printed or graphic matter upon an article or its container or wrapper accompanying the article;

(12) "new drug" means a drug the composition of which is such that it is not generally recognized among experts qualified by scientific training and experience to evaluate the safety of drugs as safe for use under the conditions prescribed, recommended, or suggested in the labeling of it; or a drug the composition of which is such that the drug, as a result of investigations to determine its safety for use under such conditions, has become so recognized, but which has not, otherwise than in these investigations, been used to a material extent or for a material time under those conditions;

(13) "official compendium" means the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, official National Formulary, or supplements to them. (§ 2(a) — (k) (m) — (p) (r) ch 129 SLA 1949; am § 6 c/ 104 SLA 1971; am § 14 ch 208 SLA 1975; am Executive Order No. 51, § 41 (1981))

Revisor's notes. — This section was reorganized in 1983 to alphabetize the words defined.

Effect of amendments. — The 1981 amendment repealed former definitions of

"commissioner" and "department"

Collateral references. — Marijuana, psilocybin, peyote or similar drugs of vegetable origin as narcotics for purposes of drug prosecution, 50 ALR3d 1164.

Sec. 17.20.380. Short title. This chapter may be cited as the Alaska Food, Drug and Cosmetic Act. (§ 1 ch 129 SLA 1949)

Chapter 30. Controlled Substances.

Article

1. Regulation of Manufacture, Distribution, Prescription, and Dispensing of Controlled Substances (§§ 17.30.010 — 17.30.080)
2. Enforcement Forfeiture and Review Provisions (§§ 17.30.100 — 17.30.130)
3. Education and Research (§ 17.30.140)
4. General Provisions (§§ 17.30.150 — 17.30.000)

Cross references. — For transitional provisions, see sec. 24, ch. 45, SLA 1982 in the Temporary and Special Acts; for declaration of legislative purpose, see sec. 1, ch. 45, SLA 1982 in the Temporary and Special Acts.

Collateral references. — 28 C.J.S.,

Drugs and Narcotics Supplement, § 4 et seq.

Construction or provision of Uniform Narcotic Drug Act or similar statute dealing with obtaining or procuring the administration of a narcotic drug by fraud or deceit, 25 ALR3d 1118.

Article 1. Regulation of Manufacture, Distribution, Prescription, and Dispensing of Controlled Substances.

Section

10. Regulations
20. Registration requirements
30. Registration
40. Denial, revocation, and suspension of registration
50. Order to show cause

Section

60. Records of registrants
70. Order forms; prescriptions
80. Unlawful administration, prescription and dispensation of controlled substances

Collateral references. — 25 Am Jur 2d, Drugs, Narcotics, and Poisons, §§ 7 et seq., 28 et seq.

Sec. 17.30.010. Regulations. (a) The Board of Pharmacy shall adopt regulations under the Administrative Procedure Act (AS 44.62) which are necessary for the administration of this chapter, and may charge reasonable fees relating to the registration and control of the manufacture, distribution, and dispensing of controlled substances as authorized by federal law in the state.

(b) Regulations adopted under this chapter by the board shall be patterned after federal law so that the legitimate manufacture, distribution, and dispensing of controlled substances is subject to regulations regarding registration, record keeping, order forms and prescription requirements that are identical to those required by federal law or regulations. (§ 4 ch 45 SLA 1982)

Cross references. — For penalty for furnishing false or fraudulent information in or omitting material information on any application, report, record, or other document required to be kept or filed under this chapter, see AS 11.71.010(a)(8). For penalty for failure to make, keep, or furnish any record, notification, order form, statement, invoice, or information

required under this chapter, see AS 11.71.050(a)(4).

Editor's notes. — Section 24, ch. 45, SLA 1982 provides: "Orders issued and regulations adopted under a law amended or repealed by this Act and in effect on January 1, 1983, and not in conflict with this Act continue until amended or repealed."

Sec. 17.30.020. Registration requirements. (a) A person who manufactures, distributes, dispenses, or conducts research with a controlled substance in the state or who proposes to manufacture, distribute, or dispense a controlled substance in the state, shall register annually with the board in accordance with regulations adopted under AS 17.30.010.

(b) A person registered under this chapter to manufacture, distribute, dispense, or conduct research with controlled substances may possess, manufacture, distribute, dispense, or conduct research with those substances to the extent authorized by the person's registration and in conformity with the other provisions of this chapter.

(c) The following persons may lawfully possess controlled substances under this chapter without registration:

(1) an agent or employee of a registered manufacturer, distributor, dispenser, or researcher of a controlled substance so long as the possession is incidental to the usual course of the agent's or employee's business or employment;

(2) a common or contract carrier or warehouseman, or the carrier's or warehouseman's employee, whose possession of a controlled substance is in the usual course of the carrier's, warehouseman's, or employee's business or employment;

(3) an ultimate user or a person in possession of a controlled substance under a lawful order of a registered practitioner or in lawful possession of a schedule VA controlled substance.

(d) The board may, by regulation, waive the requirement for registration of certain manufacturers, distributors, or dispensers if it finds it consistent with public health and safety.

(e) A separate registration is required for each principal place of business or professional practice where the applicant manufactures, distributes, or dispenses controlled substances.

(f) The board may inspect the establishment of a registrant or application for registration in accordance with regulations adopted by the board. (§ 4 ch 45 SLA 1982)

Cross references. — For penalty for refusal of entry into a premises for an inspection authorized under this chapter, see AS 11.71.060(a)(6); for schedule VA substance, see AS 11.71.180.

Sec. 17.30.030. Registration. (a) The board shall register an applicant to manufacture, distribute, or dispense controlled substances listed in the schedules established under federal law unless it finds that the registration would be inconsistent with the public interest. In determining the public interest, the board shall consider the following factors:

(1) maintenance of effective controls against diversion of controlled substances into other than legitimate medical, scientific, or industrial channels;

(2) compliance with applicable state and local law;

(3) a conviction of the applicant under federal or state laws relating to controlled substances;

(4) past experience in the manufacture, distribution, or dispensing of controlled substances and the existence in the applicant's establishment of effective controls against diversion of controlled substances

into other than legitimate medical, scientific, or industrial channels:

(5) furnishing by the applicant of false information in an application filed under this chapter;

(6) suspension or revocation of the applicant's federal registration to manufacture, distribute, or dispense controlled substances as authorized by federal law; and

(7) any other factors relevant to and consistent with the public health and safety.

(b) A practitioner registered under federal law to conduct research with controlled substances shall be issued a registration to conduct research with these substances in the state if the practitioner furnishes the board with evidence of the federal registration.

(c) A manufacturer, distributor, or dispenser who complies with federal law pertaining to registration requirements other than fees is entitled to be registered under this chapter. (§ 4 ch 45 SLA 1982)

Sec. 17.30.040. Denial, revocation, and suspension of registration. (a) A registration applied for or issued under AS 17.30.030 to manufacture, distribute, dispense, or conduct research with a controlled substance may be denied, suspended, or revoked by the board upon a finding that

(1) the registrant has furnished false or fraudulent material information in an application filed under this chapter;

(2) the registrant has been convicted of a felony offense under state or federal law; or

(3) the registrant's federal registration to manufacture, distribute, dispense, or conduct research with controlled substances has been denied, suspended, or revoked.

(b) The board may limit the denial, revocation, or suspension of a registration to a particular controlled substance with respect to which grounds for denial, revocation, or suspension exist.

(c) If the board denies, suspends, or revokes a registration, all controlled substances owned or possessed by the registrant at the time of the denial or suspension or the effective date of the revocation order may be placed under seal by the board or the Department of Public Safety and remain in the custody of the department, subject only to the orders and decrees of a court having jurisdiction over the property. A disposition may not be made of substances under seal until the time for taking an appeal has elapsed or until all appeals have been concluded unless a court, upon application, orders the sale of perishable substances and the deposit of the proceeds of the sale with the court. After a revocation order is final, all controlled substances held by the registrant are forfeited to the state.

(d) The board shall promptly notify the Drug Enforcement Administration of the United States Department of Justice of all orders denying, suspending, or revoking registrations and of all forfeitures of controlled substances. (§ 4 ch 45 SLA 1982)

Cross references. — For penalty for furnishing false or fraudulent information in or omitting material information from application, see AS 11.71.040(a)(8).

Sec. 17.30.050. Order to show cause. (a) Before denying, suspending, or revoking a registration, or refusing a renewal of a registration, the board shall serve upon the applicant or registrant an order to show cause why a registration should not be denied, revoked, or suspended, or why a renewal should not be refused. The order to show cause shall contain a statement of the basis for issuance of the order and shall require the applicant or registrant to appear before the board at a time and place not less than 30 days after the date of service of the order. For a refusal of renewal of registration the show cause order must be served not later than 30 days before the expiration of the registration. These proceedings must be conducted in accordance with procedures for administrative adjudication under AS 44.62.330 — 44.62.630 without regard to criminal prosecution or other proceeding. Proceedings to refuse renewal of registration do not make the existing registration void. The existing registration remains in effect pending the outcome of the administrative hearing.

(b) The board may, without an order to show cause, suspend a registration simultaneously with the institution of proceedings under AS 17.30.040 if it finds that there is an imminent danger to the public health or safety which warrants this action. The suspension continues in effect until the conclusion of the proceedings, including judicial review of the proceedings, unless withdrawn by the board or dissolved by a court of competent jurisdiction. (§ 4 ch 45 SLA 1982)

Sec. 17.30.060. Records of registrants. A person registered to manufacture, distribute, dispense, or conduct research with controlled substances under this chapter shall keep records and maintain inventories in conformance with the record keeping and inventory requirements of federal law and in conformance with additional regulations adopted by the board. (§ 4 ch 45 SLA 1982)

Cross references. — For penalty for furnishing false or fraudulent information in or omitting material information from records required to be kept under this chapter, see AS 11.71.040(a)(8); for penalty for failure to make, keep, or furnish records required by this chapter, see AS 11.71.050(a)(4).

Sec. 17.30.070. Order forms; prescriptions. (a) A controlled substance may be distributed by one registrant to another registrant only if the distribution is in accordance with federal requirements for order forms.

(b) A controlled substance may not be dispensed by a practitioner other than in accordance with federal requirements regarding prescriptions for controlled substances.

(c) If the classification of a controlled substance in a schedule set out in AS 11.71.140 — 11.71.190, or by a regulation adopted in accordance

with AS 11.71.120(a), is different from its corresponding classification under federal law, the requirements of (a) and (b) of this section are determined by the classification of the substance under federal law. (§ 4 ch 45 SLA 1982)

Cross references. — For penalty for failure to make, keep, or furnish order forms required under this chapter, see AS 11.71.050(a)(4); authorize adoption of regulations classifying controlled substances AS 11.71.120(a) does, however, authorize recommendations for legislation to classify controlled substances.

Editor's notes. — AS 11.71.120(a), referred to in subsection (c), does not

Sec. 17.30.080. Unlawful administration, prescription and dispensation of controlled substances. A controlled substance classified under federal law or in a schedule set out in AS 11.71.140 — 11.71.190 or by regulations adopted in accordance with AS 11.71.120(a) may not be administered, prescribed, dispensed, or distributed other than for a medical purpose. (§ 4 ch 45 SLA 1982)

Editor's notes. — See editor's note to AS 17.30.070.

Article 2. Enforcement Forfeiture and Review Provisions.

Section	Section
100 Cooperative arrangements	120 Petition for sale of seized item
110 Items subject to forfeiture	122 State disposal of forfeited property
112 Proceedings resulting in forfeiture	124 Remittance to claimant
114 Seizure and custody of property	126 Forfeiture of controlled substances
116 Procedure for forfeiture action	130 Judicial review
118 Petition for release of seized items	

Collateral references. — 25 A. Jur. 2d, Drugs, Narcotics, and Poisons, § 27, 40 et seq.

Sec. 17.30.100. Cooperative arrangements. (a) The commissioner of public safety shall cooperate with other state and federal agencies in the discharge of their responsibilities pertaining to illicit traffic in controlled substances and in suppressing the abuse of controlled substances. Under this section, the powers of the commissioner of public safety include but are not limited to the following:

- (1) arranging for the exchange of information among government officials concerning illicit traffic in and abuse of controlled substances;
- (2) coordinating training programs pertaining to controlled substances at both local and state levels; and

(3) cooperating with the Drug Enforcement Administration of the United States Department of Justice by establishing a centralized unit to accept, catalog, file, and collect statistics, including records of persons who have violated the provisions of this chapter or AS 11.71 in the state and making the information available for federal, state, and local law enforcement purposes.

(b) The commissioner of public safety may not furnish the name or identity of a patient or research subject whose identity could not be obtained under AS 17.30.155, (S 4 ch 45 SLA 1982)

Sec. 17.30.110. Items subject to forfeiture. The following may be forfeited to the state:

(1) a controlled substance which has been manufactured, distributed, dispensed, acquired, or possessed in violation of this chapter or AS 11.71;

(2) raw materials, products, and equipment which are used or intended for use in manufacturing, distributing, compounding, processing, delivering, importing, or exporting a controlled substance which is a felony under this chapter or AS 11.71;

(3) property which is used or intended for use as a container for property described in (1) or (2) of this section;

(4) a conveyance, including but not limited to aircraft, vehicles or vessels, which has been used or is intended for use in transporting or in any manner in facilitating the transportation, sale, receipt, possession, or concealment of property described in (1) or (2) of this section in violation of a felony offense under this chapter or AS 11.71; however,

(A) a conveyance may not be forfeited under this paragraph if the owner of the conveyance establishes, by a preponderance of the evidence, at a hearing before the court as the trier of fact, that use of the conveyance in violation of this chapter or AS 11.71 was committed by another person and that the owner was neither a consenting party nor privy to the violation;

(B) a forfeiture of a conveyance encumbered by a valid security interest at the time of seizure is subject to the interest of the secured party if the secured party establishes, by a preponderance of the evidence, at a hearing before the court as the trier of fact, that use of the conveyance in violation of this chapter or AS 11.71 was committed by another person and that the secured party was neither a consenting party nor privy to the violation;

(5) books, records, and research products and materials, including formulas, microfilm, tapes, and data, which are used in violation of this chapter or AS 11.71;

(6) money, securities, negotiable instruments, or other things of value used in financial transactions derived from activity prohibited by this chapter or AS 11.71; and

(7) a firearm which is visible, carried during, or used in furtherance of a violation of this chapter or AS 11.71. (S 4 ch 45 SLA 1982)

Revisor's notes. — AS 17.30.110(b) — (q) were renumbered as AS 17.30.112 — 17.30.126 in 1983.

NOTES TO DECISIONS

Former forfeiture statute construed. 1265 (1977), decided under former AS — See *One Cocktail Glass v. State*, Sup. 17 42 130. Ct. Op. No. 1437 (File No. 2729), 565 P.2d

Collateral references. — Forfeiture of personal property used in illegal manufacturing, processing, or sale of controlled substances under § 511 of Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 USC § 881), 59 ALR Fed. 765

Sec. 17.30.112. Proceedings resulting in forfeiture. (a) Property listed in AS 17.30.110 may be forfeited to the state either upon conviction of the defendant of a violation of this chapter or AS 11.71, or upon judgment of a court in a separate civil proceeding in rem. The court may order a forfeiture in the in rem proceeding if it finds that an item specified in AS 17.30.110 was used during or in aid of a violation of this chapter or AS 11.71.

(b) It is not a defense in an in rem proceeding brought under this section that a criminal proceeding has resulted in a conviction or conviction of a lesser offense for a violation of this chapter or AS 11.71. (S 4 ch 45 SLA 1982)

Revisor's notes. — Formerly AS 17.30.110(b) and (c). Renumbered in 1983.

Sec. 17.30.114. Seizure and custody of property. (a) Property listed in AS 17.30.110 may be seized by a peace officer upon an order issued by a court having jurisdiction over the property upon a showing of probable cause that the property may be forfeited under AS 17.30.110. Seizure without a court order may be made if

(1) the seizure is incident to a valid arrest or a search under a valid search warrant;

(2) the property subject to seizure has been the subject of an earlier judgment in favor of the state in a criminal proceeding or civil proceeding in rem under this chapter or AS 11.71; or

(3) there is probable cause that the property was used, is being used, or is intended for use, in violation of this chapter or AS 11.71 and the property is easily movable; property seized under this paragraph may not be held for more than 48 hours without a court order obtained to continue its detention.

(b) Property taken or detained under (a) of this section shall be held in the custody of either the commissioner of public safety or a munic-

ipal law enforcement agency authorized by the commissioner of public safety to retain custody of property listed in AS 17.30.110 except only to the orders and decrees of the court having jurisdiction over any forfeiture proceedings. If property is seized under this chapter, the commissioner of public safety or an authorized municipal law enforcement agency may

- (1) place the property under seal;
- (2) remove the property to a place designated by the court; or
- (3) take custody of the property and remove it to an appropriate location for disposition in accordance with law.

(c) Within 10 days after a seizure under AS 17.30.110 — 17.30.126, the commissioner of public safety shall make an inventory of any property seized, including controlled substances, and shall appraise the value of any items seized other than controlled substances. (§ 4 ch 45 SLA 1982)

Revisor's notes. — Formerly AS 17.30.110(d) — (f). Renumbered in 1983.

Sec. 17.30.116. Procedure for forfeiture action. (a) Within 20 days after a seizure under AS 17.30.110 — 17.30.126, the commissioner of public safety shall, by certified mail, notify any person known to have an interest in an item with an appraised value of \$500 or more, or who is ascertainable from official registration numbers, licenses, or other state, federal or municipal numbers on the item, of the pending forfeiture action. Additionally, the commissioner of public safety shall publish notice of forfeiture action of an item valued at \$500 or more in a newspaper of general circulation in the judicial district in which the seizure was made, or if no newspaper is published in that judicial district, in a newspaper published in the state and distributed in that judicial district. The notice shall be published once each week during four consecutive calendar weeks. The requirements of this subsection do not apply to the forfeiture of controlled substances which have been manufactured, distributed, dispensed, or possessed in violation of this chapter or AS 11.71, regardless of their value.

(b) Upon service or publication of notice of commencement of a forfeiture action under this section, a person claiming interest in the property shall file within 30 days after the service or publication, a notice of claim setting out the nature of the interest, the date it was acquired, the consideration paid, and an answer to the state's allegations. If a claim and answer is not filed within the time specified, the property described in the state's allegation must be ordered forfeited to the state without further proceedings or showings.

(c) Questions of fact or law raised by a notice of forfeiture action and answer of a claimant in an action commenced under this section must be determined by the court sitting without a jury. This proceeding may be held in abeyance until conclusion of any pending criminal charges

against the claimant under this chapter or AS 11.71. (§ 4 ch 45 SLA 1982)

Revisor's notes. — Formerly AS 17.30.110(g) — (i). Renumbered in 1983. failure to furnish notification required under this chapter, see AS 11.71.050(a)(4).
Cross references. — For penalty for

Sec. 17.30.118. Petition for release of seized items. (a) A claimant under AS 17.30.116(b) may at any time petition for release of a seized item as follows:

- (1) to a court in which a warrant for seizure has been issued;
- (2) to a court in which a criminal or civil action alleging forfeiture of the item has been filed; or
- (3) before an action is filed, or if no seizure warrant was issued, to a court in the judicial district in which the violation took place.

(b) An item may not be released by the court under (a) of this section unless the claimant gives adequate assurance that the item will remain subject to the court's jurisdiction and

- (1) the court finds that the release is in the best interests of the state; or
- (2) the claimant provides a bond or other valid and equivalent security equal to twice the assessed value of the item. (§ 4 ch 45 SLA 1982)

Revisor's notes. — Formerly AS 17.30.110(j) and (k). Renumbered in 1983.

Sec. 17.30.120. Petition for sale of seized item. A claimant may petition the court for sale of an item before final disposition of court proceedings. The court shall grant a petition for sale upon a finding that the sale is in the best interests of the state and the preservation and maintenance of the item seized. Proceeds from the sale plus interest to the date of final disposition of the court proceedings become the subject of the forfeiture action. (§ 4 ch 45 SLA 1982)

Revisor's notes. — Formerly AS 17.30.110(l). Renumbered in 1983.

Sec. 17.30.122. State disposal of forfeited property. Property forfeited under AS 17.30.110 — 17.30.126 other than controlled substances shall be disposed of by the commissioner of administration in accordance with applicable law. The commissioner of administration may

- (1) destroy property harmful to the public;
- (2) sell the property and use the proceeds for payment of all proper expenses of the proceedings for forfeiture and sale, including expenses of seizure, custody, and court costs.

(3) take custody of the property and authorize its use in the enforcement of this chapter or AS 11.71, or transfer it to another agency of the state or a political subdivision of the state for a use in furtherance of the administration of justice;

(4) take custody of the property and remove it for disposition in accordance with law;

(5) forward it to the Drug Enforcement Administration of the United States Department of Justice for disposition; or

(6) transfer ownership of an aircraft to the Alaska Wing, Civil Air Patrol. (§ 4 ch 45 SLA 1982; am § 2 ch 18 SLA 1983)

Revisor's notes. — Formerly AS 17.30.110(m); Renumbered in 1983.

Effect of amendments. — The 1983 amendment added paragraph (6).

Sec. 17.30.124. Remittance to claimant. (a) Upon a showing that a claimant is entitled to remittance under AS 17.30.110 — 17.30.126, the court shall order that

(1) if the claimant is entitled to the item, it shall be delivered to the claimant immediately;

(2) if the claimant is entitled to remittance of some value less than the total value of the item, the claimant is entitled, at the claimant's choice, to receive either the value of the claimant's interest or, upon receipt of payment of the difference in value by the claimant, the entire item;

(b) An offender who used an item subject to remission in violation of this chapter or AS 11.71 shall be assessed a fine which may not be less than the cost of any lien payment or remittance made by the state plus the reasonable costs of the seizure. (§ 4 ch 45 SLA 1982)

Revisor's notes. — Formerly AS 17.30.110(n) and (o); Renumbered in 1983.

Sec. 17.30.126. Forfeiture of controlled substances. (a) A controlled substance manufactured, possessed, transferred, sold, or offered for sale in violation of this chapter or AS 11.71 is contraband and must be seized and summarily forfeited to the state. The commissioner of public safety or the commissioner's designee, including a municipal law enforcement agency authorized under AS 17.30.114(b) of this section to retain custody of controlled substances, is responsible for the disposal of controlled substances which have been forfeited. The controlled substances shall be disposed of in accordance with procedure and requirements prescribed by the commissioner.

(b) Plants from which controlled substances may be derived and which have been planted or cultivated in violation of this chapter or AS 11.71, or which are grown in the wild, may be seized and summarily forfeited to the state. (§ 4 ch 45 SLA 1982)

Revisor's notes. — Formerly AS 17.30.110(p) and (q); Renumbered in 1983.

Sec. 17.30.130. Judicial review. A final determination, finding, or conclusion of the board under this chapter or a regulation adopted under it is a final decision of the matter involved. A person aggrieved by a decision may obtain review of the decision in the superior court in accordance with AS 44.62.560 — 44.62.570. However, a person is not entitled to a hearing de novo in the superior court. (§ 4 ch 45 SLA 1982)

Article 3. Education and Research.

Section

140. Education and research

Sec. 17.30.140. Education and research. (a) The commissioner of health and social services shall provide for educational programs designed to prevent and deter the abuse of controlled substances. In connection with these programs, the commissioner may

(1) assist the regulated industry and interested groups and organizations in contributing to the reduction of abuse of controlled substances;

(2) promote better recognition of the problems surrounding abuse of controlled substances within the regulated industry and among interested groups and organizations;

(3) consult with interested groups and organizations to aid them in solving administrative and organizational problems;

(4) evaluate procedures, projects and techniques conducted or proposed as part of educational programs on abuse of controlled substances;

(5) disseminate the results of research on abuse of controlled substances to promote a better public understanding of the problems which exist and their solutions; and

(6) with the cooperation of the Department of Law, assist in the education and training of state and local law enforcement officials in their efforts to prevent illicit traffic in and abuse of controlled substances.

(b) The commissioner of health and social services shall encourage research on controlled substances and may

(1) establish methods to assess the effects of controlled substances and identify and characterize those with potential for abuse;

(2) make studies and undertake research to

(A) develop new or improved approaches, techniques, systems, equipment, and devices to strengthen the enforcement of this chapter;

(B) determine patterns of abuse of controlled substances and their social effects; and

(C) improve methods for preventing, predicting, and understanding the abuse of controlled substances;

(3) enter into contracts with public agencies, institutions of higher education, and private organizations or individuals for conducting research, demonstrations, or special projects which bear directly on abuse of controlled substances and for related research and educational activities. (§ 4 ch 45 SLA 1982)

Article 4. General Provisions.

Section

150 Reliance on drug enforcement administration

155 Confidentiality of certain information

900 Definitions

Sec. 17.30.150. Reliance on drug enforcement administration. Results, information, and evidence received from the Drug Enforcement Administration of the United States Department of Justice relating to the regulatory functions of this chapter, including results of inspections conducted by it, may be relied on and acted on by the board in the exercise of its regulatory functions under this chapter. (§ 4 ch 45 SLA 1982)

Revisor's notes. — As enacted, this section contained a subsection (b), but the provisions of that subsection were renumbered as AS 17.30.155.

Sec. 17.30.155. Confidentiality of certain information. A practitioner engaged in medical practice or research may not furnish the name or identity of a patient or research subject to the board. The practitioner may not otherwise disclose the name or identity of an individual that the practitioner is required to keep confidential unless ordered by a court to disclose it within the context of a criminal investigation or proceeding. (§ 4 ch 45 SLA 1982)

Revisor's notes. — Enacted as AS 17.30.150(b). Renumbered in 1982.

Sec. 17.30.900. Definitions. (a) Unless the context clearly requires otherwise, the definitions set out in AS 11.71.900 apply to this chapter.

(b) In this chapter, "board" means the Board of Pharmacy provided for in AS 08.80.910. (§ 4 ch 45 SLA 1982)

Revisor's notes. — Enacted as AS 17.30.160. Renumbered in 1982.

Collateral references. — Marijuana, psilocybin, peyote or similar drugs of vegetable origin as narcotics for purposes of drug prosecution, 50 ALR2d 1161.

Chapter 35. Marijuana Therapeutic Research Program.

Section

10 Legislative purpose

20 Marijuana therapeutic research program

30 Patient qualification review committee

Section

40 Sources, distribution and possession of marijuana

50 Report to the governor and legislature

500 Definitions

Cross references. — For declaration for legislative purpose, see § 1, ch 45, SLA 1982 in the 1982 Temporary and Special Acts and Resolves.

Sec. 17.35.010. Legislative purpose. The legislature finds that recent research has shown that the use of marijuana may alleviate the nausea and ill effects of cancer chemotherapy and radiology, and, additionally, may alleviate the ill effects of glaucoma. The legislature further finds that there is a need for further research and experimentation regarding the use of marijuana under strictly controlled circumstances. (§ 5 ch 45 SLA 1982)

Sec. 17.35.020. Marijuana therapeutic research program. (a) A therapeutic research program is established in the Board of Pharmacy. The program shall be administered by the board. The board shall adopt regulations necessary for the proper administration of this chapter. Before adopting regulations, the board shall consider pertinent regulations adopted by the Drug Enforcement Administration of the United States Department of Justice, the federal Food and Drug Administration, and the National Institute on Drug Abuse.

(b) Except as provided in AS 17.35.030(e), the therapeutic research program is limited to cancer chemotherapy and radiology patients and glaucoma patients, who are certified to the Patient Qualification Review Committee by a practitioner. A patient may not be admitted to the therapeutic research program without full disclosure by the practitioner of the experimental nature of this program and of the possible risks and side effects of the proposed treatment.

(c) The board shall provide by regulation for a program of registration of therapeutic research projects. (§ 5 ch 45 SLA 1982)

Sec. 17.35.030. Patient qualification review committee. (a) The board shall appoint a Patient Qualification Review Committee to serve at its pleasure. The committee shall consist of four members with the following qualifications:

(1) two physicians licensed to practice medicine in the state, one of whom specializes in the practice of ophthalmology;

(2) a physician licensed to practice medicine in the state who specializes in the practice of psychiatry; and

(3) a physician licensed to practice medicine in the state who specializes in the practice of radiology.

(b) Members of the Patient Qualification Review Committee receive no salary but are entitled to per diem for travel and expenses authorized by law for boards and commissions.

(c) The Patient Qualification Review Committee shall review all applicants for the therapeutic research program and their licensed practitioners and certify their participation in the program.

(d) The Patient Qualification Review Committee and the board shall protect the privacy of individuals who participate in the therapeutic research program by withholding the names and other identifying characteristics of those individuals from all persons who are not connected with the research. Persons authorized to engage in research under the therapeutic research program may not be compelled in any civil, criminal, administrative, legislative, or other proceeding to identify the individuals who are the subjects of research for which the authorization was granted unless necessary to permit the board to determine whether the research is being conducted in accordance with the authorization.

(e) The Patient Qualification Review Committee may include other disease groups for participation in the therapeutic research program. However, a practitioner must present pertinent medical data to both the committee and the board before a disease group may be added. The participation of a disease group must be approved by the board consistent with applicable regulations adopted by the Drug Enforcement Administration of the United States Department of Justice, the federal Food and Drug Administration, and the National Institute on Drug Abuse. (§ 5 ch 45 SLA 1982)

Sec. 17.35.040. Sources, distributor, and possession of marijuana. (a) A patient who is certified to participate in the therapeutic research program by the Patient Qualification Review Committee may obtain and possess marijuana, its derivatives, or its active ingredients, whether synthetic or natural, for the patient's own use.

(b) The board shall establish procedures by which a person authorized under this section to possess marijuana, its derivatives or active ingredients, whether synthetic or natural, may do so, subject to applicable regulations adopted by the Drug Enforcement Administration of the United States Department of Justice, the United States Food and Drug Administration, and the National Institute on Drug Abuse. (§ 5 ch 45 SLA 1982)

Sec. 17.35.050. Report to the governor and legislature. The board, in conjunction with the Patient Qualification Review Committee, shall report its findings and recommendations to the governor and the legislature regarding the effectiveness of the therapeutic research program by March 1, 1984. (§ 5 ch 45 SLA 1982)

Sec. 17.35.500. Definitions. In this chapter

(1) "board" means the Board of Pharmacy;

(2) "marijuana" has the meaning set out in AS 11.71.900(14);

(3) "practitioner" means a physician authorized to practice medicine in the state under AS 08.64. (§ 5 ch 45 SLA 1982)

Revisor's notes. — Enacted as AS 17.35.060. Renumbered in 1982.

Budget breakdown re: Pharmacy Bd

ANALYSIS OF DIVISION OF OCCUPATIONAL LICENSING
DIRECT SUPPORT TO LICENSING AREAS FOR FISCAL YEAR 1983

Board	Personal Services ^{1.}	Travel Per Diem	Contractual	Commodities	Total *	Number of Active Licensees on 6/30/83	FY '83 Revenues
Athletic Commission	951.53	-0-	107.65	-0-	1,059.18	45	610.00
AELS	29,269.51	19,021.86	31,295.24	613.00	80,199.61	3679	85,195.00
Barbers & Haidressers	22,202.48	7,659.54	7,500.06	-0-	37,362.08	2541	122,375.00
Chiropractors	3,023.31	12,890.89	1,543.80	-0-	17,458.00	89	5,510.00
Collection Agencies	5,003.91	-0-	78.70	-0-	5,082.61	59	4,920.00
Concert Promoters	302.34	-0-	8.50	-0-	310.84	19	6,295.00
Contractors	22,372.53	-0-	4,228.19	-0-	26,600.72	6911	361,640.50
Dental Board	13,604.92	12,823.90	41,546.90	101.94	68,077.66	619	24,726.35
Dispensing Opticians	3,488.96	4,773.04	1,202.54	-0-	9,469.54	49	2,030.00
Electrical	7,558.29	7,718.94	7,727.30	-0-	23,004.53	390	95,886.00
Geologist	302.33	-0-	-0-	-0-	302.33	103	-0-
Guides	15,011.75	16,434.10	5,013.00	-0-	36,458.85	1215	45,607.20
Marine Pilots	13,343.78	6,543.06	1,433.70	-0-	21,320.54	68	20,420.00
Medical Board	15,116.58	15,307.93	5,423.07	49.80	35,897.38	1164	103,264.00
Morticians	1,585.89	-0-	372.67	-0-	1,958.56	102	5,645.00
Nursing	28,546.05	12,041.80	11,995.97	17.00	52,600.82	5395	121,041.82
NIA	1,511.65	268.00	791.06	16.05	2,586.76	22	3,020.00
Optometry	3,488.96	3,392.60	1,308.29	-0-	8,189.85	45	1,410.00
Pharmacy	9,069.94	10,268.75	1,600.11	343.70	21,282.50	438	8,362.00
Physical Therapy	1,585.39	5,778.35	846.30	-0-	8,210.54	117	13,195.00
Psychology	4,534.97	11,040.30	1,890.28	-0-	17,465.55	95	4,710.00
Public Accountancy	13,604.92	9,489.00	16,376.85	255.00	39,635.77	648	25,442.00
Veterinary	1,585.89	2,775.98	936.59	-0-	5,298.46	143	5,520.00
Total		158,233.04	115,060.77		525,064.44	23,956	1,066,854.87

ADD TO 1,079,454.87

- (1) Source: Work up sheets done for FY 82 & 83 for salaries, added 22.6 for benefits.
- (2) Source: FY 83 Computer run of Revenues Received for FY 82 & FY 83.

* does not include director salary plus other support.

Budget Breakdown

AGENCY: DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
 CATEGORY: PUBLIC PROTECTION

PROGRAM: OCCUPATIONAL LICENSING
 SUB-PROGRAM: INVESTIGATIONS

FISCAL YEAR 1985

EXPENDITURES & FUNDING	(01) FY83 ACT	(02) FY84 ATH	(05) ADJ BASE	(17) 85 SL 1	(18) 85 SL 2	(19) 85 SL 3	(20) 85 SL 4	(07) GOVERNOR	(08) GOV.AMD.	(09) HOUSE	(10) SENATE	(11) C. C.	(12) BILLS
01 PERS. SERV.	265.2	310.7	325.9	333.2	333.2	333.2		333.2	333.2	333.2	418.1		
02 TRAVEL	23.8	41.1	41.1	41.1	41.1	41.1		41.1	41.1	41.1	55.3	50.0	
03 CONTRACTUAL	128.3	201.7	201.7	193.8	193.8	193.8		193.8	193.8	193.8	214.6		
04 COMMODITIES	6.9	10.1	10.1	10.7	10.7	10.7		10.7	10.7	10.7	11.5		
05 EQUIPMENT	6.1	1.9	1.9	1.9	1.9	1.9		1.9	1.9	1.9	8.5	6.4	
06 LANDS/BLDGS													
07 GRANTS, CLMS													
08 MISC.													
** TOTAL EXPEND	430.3	565.5	580.7	580.7	580.7	580.7		580.7	580.7	580.7	708.0	679.0	
09 I-A TRANSFER	1.8	.4		2.3	2.3	2.3		2.3	2.3	2.3	2.3		
10 FED. RECEIPT													
11 G. F. MATCH													
12 GENERAL FUND	430.3	565.5	580.7	580.7	580.7	580.7		580.7	580.7	580.7	708.0		
13 PGM RECEIPTS													
14 OTHER FUNDS													
15 FULL TIME	8.0	8.0	8.0	8.0	8.0	8.0		8.0	8.0	8.0	10.0		
16 PART TIME													
17 TEMPORARY													
18 STAFF MONTHS		96.0								96.0	120.0		

OPEN

NEW POSITIONS...

TITLE	LOCATION	TYPE	REQ	S&B COST	OTH.COST	TOT.COST	FED.FUND	GEN.FUND	OTH.FUND	GV	HS	SN	FC	FN
1 INVESTIGATOR III	ANCHORAGE	FULL	0	46.3	18.6	64.9		64.9						1
2 INVESTIGATOR III	ANCHORAGE	FULL	0	46.3	23.8	70.1		70.1						1
** NEW POSITION TOTALS			0	92.6	42.4	135.0		135.0						2

NEW POSITION FOOTNOTES...

- 1 WILL PROVIDE INVESTIGATION SUPPORT FOR THE MEDICAL BOARD AND OTHER HEALTH RELATED BOARDS.
- 2 WILL PROVIDE INVESTIGATION SUPPORT FOR THE ARCHITECTS, ENGINEERS AND LAND SURVEYORS BOARD.

Operating Budget for Div Occupational Licensing

AGENCY: DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
 CATEGORY: PUBLIC PROTECTION

PROGRAM: OCCUPATIONAL LICENSING
 SUB-PROGRAM: INVESTIGATIONS

***** SENATE ANALYSIS *****

OBJECT GROUP	VARIATION		DESCRIPTION: SENATE (\$708.0) VERSUS GOV.AMD. (\$580.7)
01 PERS. SERV.	84.9	25.5%	INCLUDE TEN MONTHS FUNDING FOR NEW INVESTIGATOR POSITIONS.
02 TRAVEL	14.2	34.5%	INCLUDE TRAVEL FUNDS FOR NEW POSITIONS.
03 CONTRACTUAL	20.8	10.7%	INCLUDE CONTRACTUAL FUNDS FOR NEW POSITIONS.
04 COMMODITIES	0.8	7.5%	INCLUDE COMMODITIES FUNDS FOR NEW POSITIONS.
05 EQUIPMENT	6.6	347.4%	INCLUDE EQUIPMENT FUNDS FOR NEW POSITIONS.
** TOTALS	127.3	21.9%	

POSITIONS AUTHORIZED
 TITLE

TITLE	LOCATION	TYPE	APP	S&B COSTS	FED.FUND	GEN.FUND	OTH.FUND
1 INVESTIGATOR III	ANCHORAGE	FULL	1	46.3		46.3	
2 INVESTIGATOR III	ANCHORAGE	FULL	1	46.3		46.3	
** TOTALS			2	92.6		92.6	

LEGISLATIVE INTENT:

IT IS THE INTENT OF THE LEGISLATURE THAT THE NEW INVESTIGATOR POSITION BE ASSIGNED PRIMARILY TO THE MEDICAL BOARD. AS TIME ALLOWS, THE POSITION MAY PROVIDE INVESTIGATION SUPPORT FOR THE OTHER HEALTH RELATED BOARDS.

***** HOUSE ANALYSIS *****

NO NEW POSITIONS AUTHORIZED.

H B

720

Bill No. House Bill 720am

Date May 22, 1984

Title "An Act relating to electrical codes."

Contact: Bob Bacolas
465-4870
Eileen Plate
465-2700

The National Electrical Code (NEC) and the National Electrical Safety Code (NESC) establish the State's minimum electrical standards. Both of these codes have been updated recently through the issuance of 1984 editions to replace earlier editions which are now outdated and will not be reprinted. Adoption of the 1984 codes would bring Alaska's minimum electrical standards into conformity with those commonly accepted and used by industry across the nation.

House Bill 720am provides a delayed effective date, to January 1, 1985, for Section 336.2 of the 1984 NEC which requires that conductors be rated at 90°C. The delayed effective date of this provision will assure that the new conductors are readily available from manufacturers and will also provide Alaskan suppliers additional time to exhaust their inventories of the 60°C rated conductors presently allowed but not permitted in the 1984 code.

The Department supports passage of HB 720am. It will not have a fiscal impact on the Department.

APPROVED:

Robert W. Jordan, Deputy
for Jim Robison
Commissioner

STATE OF ALASKA

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

P.O. BOX 1149
JUNEAU, ALASKA 99802
PHONE:

(907) 465-2700

May 10, 1984

Honorable Richard Eliason
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Senator Eliason:

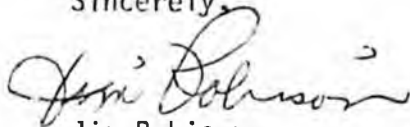
Pursuant to our telephone conversation, enclosed are copies of the 1984 National Electrical Code and National Electrical Safety Code which the Department would like to have adopted as the minimum electrical standards for Alaska.

Also enclosed for your consideration is a draft amendment to AS 18.60.580 which if enacted, would accomplish this.

I appreciate your expression of interest and willingness to review this proposed update to our minimum electrical standards.

Thank you.

Sincerely,



Jim Rohison
Commissioner

Enclosures

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 720 am
 Title: "An Act relating to minimum electrical standards"
 Sponsor: House Labor and Commerce
 Requestor: Senate Labor and Commerce
 Date of Request: 5/21/84

FISCAL DETAIL

Agency Affected: Labor
 Program Category Affected: Public Protection
 BRU, Program or Subprogram(s) Affected: Labor Standards and Safety BRU, Mechanical Inspection

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Robert J. Bacolas
 Division: Labor Standards and Safety

Phone: 465-4870
 Date: 5/21/84

Approved by Commissioner: Robert W. Jandke
for Jim Robison
 Agency: Labor

Date: 5/21/84

LEG:A:69

Distribution (by Agency preparing fiscal note):

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

12/1/83

HB 720

HOUSE BILL 720 AM ADOPTS THE 1984 EDITIONS OF THE NATIONAL ELECTRICAL CODE AND THE NATIONAL ELECTRICAL SAFETY CODE AS THE STATE'S MINIMUM ELECTRICAL STANDARDS. ADOPTION OF THESE CODES WOULD BRING ALASKA'S STANDARDS INTO CONFORMITY WITH THOSE COMMONLY ACCEPTED AND USED BY INDUSTRY ACROSS THE NATION.

HOUSE BILL 720 AM PROVIDES A DELAYED EFFECTIVE DATE, TO JANUARY 1, 1985, FOR SECTION 336.2 OF THE 1984 NEC WHICH REQUIRES THAT CONDUCTORS BE RATED AT 90°^{194°} C. THE DELAYED EFFECTIVE DATE OF THIS PROVISION WILL ASSURE THAT THE NEW CONDUCTORS ARE READILY AVAILABLE FROM MANUFACTURERS AND WILL ALSO PROVIDE ALASKAN SUPPLIERS ADDITIONAL TIME TO EXHAUST THEIR INVENTORIES OF THE 60°^{140°} C RATED CONDUCTORS PRESENTLY ALLOWED BUT NOT PERMITTED IN THE 1984 CODE.

THE DEPARTMENT OF LABOR, AS WELL AS THE ELECTRICAL UNION, SUPPORT LEGISLATION. I RECOMMEND PASSAGE OF HB 720 AM.

ADDITIONAL INFORMATION

1) THE 90° C RATED WIRE WILL NOT BE MANUFACTURED IN QUANTITY UNTIL DECEMBER 17, 1984. THIS IS THE DATE ESTABLISHED BY

UNDERWRITER'S LABORATORY BY WHICH ALL MAUNFACTURERS MUST
PRODUCE 90°C RATED WIRE.

2) THERE IS A ZERO FISCAL NOTE.

720 TITLE & SPONSOR SUMMARY 5/20/84 5/20/84 PAGE 1 OF 3

RENDED TITLE: HD 720AM
ACT RELATING TO MINIMUM ELECTRICAL STANDARDS
ORIGIN SPONSOR: HOUSE LABOR&CONR COMMITTEE

S-SPONSORS:
CURRENT STATUS: 5/20/84 PASSED BY:

720 HOUSE ACTION 5/20/84 5/20/84 PAGE 2 OF 3
LEGISLATIVE ACTION

DATE	SEC	PAGE	LEGISLATIVE ACTION
5/14/84	01	3831	FIRST READING -- COMMITTEE REPORTS
5/16/84	02	3870	LIC - 8705
5/17/84	03	3894	SECOND READING
5/17/84	04	3894	AMOI ADOPTED BY UNAN CONSENT
5/17/84	05	3895	POSTPONED UNTIL 05/18/84 BY UNAN CONSENT
5/18/84	06	3913	ADVANCED TO 3RD READING BY UNAN CONSENT
5/18/84	07	3913	THIRD READING
5/18/84	08	3913	PASSED BY DIV 24-00 86
XXXX	XX	XX	XXX XX XXX

720 SENATE ACTION 5/20 5/20/84 PAGE 3 OF 3
LEGISLATIVE ACTION

DATE	SEC	PAGE	LEGISLATIVE ACTION
5/19/84	09	3888	FIRST READING -- COMMITTEE REPORTS
5/25/84	10	3872	LIC - 8705
5/30/84	11	3873	LIC - 8705
			TAKEN UP IMMEDIATELY
5/30/84	12	3402	SECOND READING
5/30/84	13	3402	ADVANCED TO 3RD READING BY UNAN CONSENT
5/30/84	14	3402	THIRD READING
5/30/84	15	3402	PASSED BY DIV 20-00-00
XXXX	XX	XX	XX XX XXX

Exception: See Section 501-4(b), Exception.

(FPN): See Section 300-6 for protection against corrosion.

334-4. Uses Not Permitted. Type MC cable shall not be used where exposed to destructive corrosive conditions, such as direct burial in the earth, in concrete, or where exposed to cinder fills, strong chlorides, caustic alkalis, or vapors of chlorine or of hydrochloric acids.

Exception: Where the metallic sheath is suitable for the conditions or is protected by material suitable for the conditions

B. Installation

334-10. Installation. Type MC cable shall be installed in compliance with Articles 300, 710, and 725 as applicable.

(a) **Support.** Type MC cable shall be supported and secured at intervals not exceeding 6 feet (1.83 m).

(b) **Cable Tray.** Type MC cable installed in cable tray shall comply with Article 318.

(c) **Direct Buried.** Direct buried cable shall comply with Section 300-5 or 710-3, as appropriate.

(d) **Installed as Service-Entrance Cable.** Type MC cable installed as service-entrance cable shall comply with Article 230.

(e) **Installed Outside of Buildings or as Aerial Cable.** Type MC cable installed outside of buildings or as aerial cable shall comply with Article 225.

334-11. Bending Radius. All bends shall be so made that the cable will not be injured, and the radius of the curve of the inner edge of any bend shall not be less than shown below.

(a) Smooth Sheath.

(1) Ten times the external diameter of the metallic sheath for cable not more than ¾ inch (19 mm) in external diameter;

(2) Twelve times the external diameter of the metallic sheath for cable more than ¾ inch (19 mm) but not more than 1½ inches (38 mm) in external diameter; and

(3) Fifteen times the external diameter of the metallic sheath for cable more than 1½ inches (38 mm) in external diameter.

(b) **Interlocked-type Armor or Corrugated Sheath.** Seven times the external diameter of the metallic sheath.

(c) **Shielded Conductors.** Twelve times the overall diameter of one of the individual conductors or seven times the overall diameter of the multiconductor cable, whichever is greater.

334-12. Fittings. Fittings used for connecting Type MC cable to boxes, cabinets, or other equipment shall be identified for such use. Where single-conductor cables enter ferrous metal boxes or cabinets, the installation shall comply with Section 300-20 to prevent inductive heating.

334-13. Ampacity. The ampacity of Type MC cable rated 2000 volts or less shall be determined from Tables 310-16 through 310-19 and their accompanying notes. The ampacities of Type MC cable rated over 2000 volts shall be determined from Section 310-15.

Exception: The ampacities for Type MC cable installed in cable tray shall be determined in accordance with Sections 318-10 and 318-12.

C. Construction Specifications

334-20. Conductors. The conductors shall be of copper, aluminum, or copper-clad aluminum, solid or stranded.

The minimum conductor size shall be No. 18 copper and No. 12 aluminum or copper-clad aluminum.

334-21. Insulation. The insulated conductors shall comply with (a) or (b) below.

(a) **600 Volts.** Insulated conductors in sizes No. 18 and 16 shall be of a type listed in Table 402-3, with a maximum operating temperature not less than 90°C (194°F), and as permitted by Section 725-16. Conductors larger than No. 16 shall be of a type listed in Table 310-13 or of a type identified for use in MC cable.

(b) **Over 600 Volts.** Insulated conductors shall be of a type listed in Tables 310-61 through 310-67.

334-22. Metallic Sheath. The metallic covering shall be one of the following types: smooth metallic sheath, welded and corrugated metallic sheath, interlocking metal tape armor. The metallic sheath shall be continuous and close fitting.

Supplemental protection of an outer covering of corrosion-resistant material shall be permitted, and shall be required where such protection is needed. The sheath shall not be used as a current-carrying conductor.

(FPN): See Section 300-6 for protection against corrosion.

334-23. Grounding. Type MC cable shall provide an adequate path for equipment grounding as required by Article 250.

334-24. Marking. The provisions of Section 310-11 shall apply.

ARTICLE 336 — NONMETALLIC-SHEATHED CABLE

Types NM and NMC

336-1. Definition. Nonmetallic-sheathed cable is a factory assembly of two or more insulated conductors having an outer sheath of moisture-resistant, flame-retardant, nonmetallic material.

336-2. Construction. Nonmetallic-sheathed cable shall be an approved Type NM or NMC in sizes No. 14 through 2 with copper conductors and in sizes No. 12 through 2 with aluminum or copper-clad aluminum conductors. In addition to the insulated conductors, the cable may have an approved size of insulated or bare conductor for equipment grounding purposes only.

Conductors of Types NM and NMC shall be one of the types listed in Table 310-13 which is suitable for branch-circuit wiring or one which is identified for use in these cables. Conductors shall be rated at 90°C (194°F). The ampacity of Types NM and NMC cable shall be that of 60°C (140°F) conductors in Table 310-16.

(a) **Type NM.** The overall covering shall have a flame-retardant and moisture-resistant finish.

COMMITTEE REPORT

SENATE

FURTHER:

3/19/84

Date

3/29/84

Mr. President

The Committee on

LABOR & ORGANIZATION

considered

3:20 am

minimum electrical standards.

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

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

H B

721

A M E N D M E N T

CFAB may
propose
this
amendment

Offered in the HOUSE

TO: HB 721

Page 1, delete all material after line 8 and insert the following in its place:

** Section 1. AS 44.81.260(b)(1) is amended to read:

(1) the Department of Commerce and Economic Development [LEGISLATIVE AUDIT DIVISION] has access to the records of the bank to perform an examination required [AUDIT AUTHORIZED] under AS 44.81.265 [AS 44.81.270].

* Sec. 2. AS 44.81 is amended by adding a new section to read:

Sec. 44.81.265. BANK EXAMINATIONS. The Department of Commerce and Economic Development shall conduct an annual examination of the bank in the manner prescribed for the examination of banks under AS 06.05.025 and shall charge a fee for the examination as provided under AS 06.05.035. The department shall submit to the legislature a report of each examination of the bank conducted under this section.

* Sec. 3. AS 44.81.280 is amended to read:

Sec. 44.81.280. PROHIBITION ON DISCLOSURE. The Department of Commerce and Economic Development [LEGISLATIVE AUDITOR AND HIS EMPLOYEES] may not disclose information acquired by it [LDEM] in the course of an examination [AUDIT] of the bank concerning the particulars of the business or affairs of a borrower of the bank or another person, unless the information is required to be disclosed by law or under a

court order.

* Sec. 4. AS 44.81.270 is repealed."



Alaska
Commercial
Fishing &
Agriculture
Bank

Your Alaskan Cooperative



What is CFAB?

The Alaska Commercial Fishing and Agriculture Bank is a **Cooperative Bank**; Owned by the people who borrow from it and funded through the Farm Credit System. We are **not** a State Agency or a "soft money" loan program. We are here to fill a gap in sources for financing and services to the people involved in the commercial fishing, agriculture and timber industries in Alaska and to assure there will always be a future source of financing to these industries.

What is a cooperative?

A Cooperative such as CFAB is individuals such as yourself or other fishermen, farmers, processors, harvesters, suppliers, and marketers coming together with others who have similar business needs to obtain financing and related services more efficiently and economically. The main purpose of a Cooperative is to serve its members on a sound business basis.

What are the advantages of being a CFAB member?

Availability of Funds & Competitive Rates

As a participant in the Farm Credit System through our association with the Spokane Bank for Cooperatives, CFAB pools its members financial needs with others involved in commercial fishing, agriculture and timber throughout the United States and through this **System** has access to "Wall Street" funds.

Investment Interest

When you borrow from CFAB you are actually purchasing a piece of a successful business—that business is CFAB. As a borrower of our Cooperative, the purchase of CFAB stock is included in your financing package. Not only are you benefiting from the availability of funds and competitive rates we offer but simultaneously you are making an investment in the future of your industries.

Dividends

As a member/stockholder of CFAB you will realize the benefits resulting from successful operations. Each year the available dividends are distributed to CFAB members. The more efficient and progressive the Cooperative, the larger the benefits to its members.

A Voice in the Administration

Since a Cooperative operates from a democratic process, the voting control of the Cooperative, unlike private corporate stockholders, is based on membership, not on the amount of your investment. You elect the Board of Directors from fellow CFAB members by a one member one vote process.

Expert Staff

CFAB is a Cooperative dedicated to its members needs. Our staff is comprised of people who know the commercial fishing, agriculture and timber industries first hand. They know your business not from sitting behind a desk, or a piece of paper but from knowing you and knowing all the ins & outs of your business personally.

Convenient Terms

Because we understand the cyclical nature of the industries we serve we can structure your financing around your specific needs.

How do I qualify for a CFAB loan?

Your fellow CFAB members have established the following criteria to base loan decisions on:

- YOUR ability, your integrity, your experience.
- YOUR financial picture.
- YOUR repayment capability.
- YOUR collateral - needs to be sufficient to protect all CFAB member investment in the Cooperative.

What type of loans does CFAB make?

Commercial Fishing

New & Used Vessel Purchase
New Vessel Construction
Working Capital
Gear

Processor:

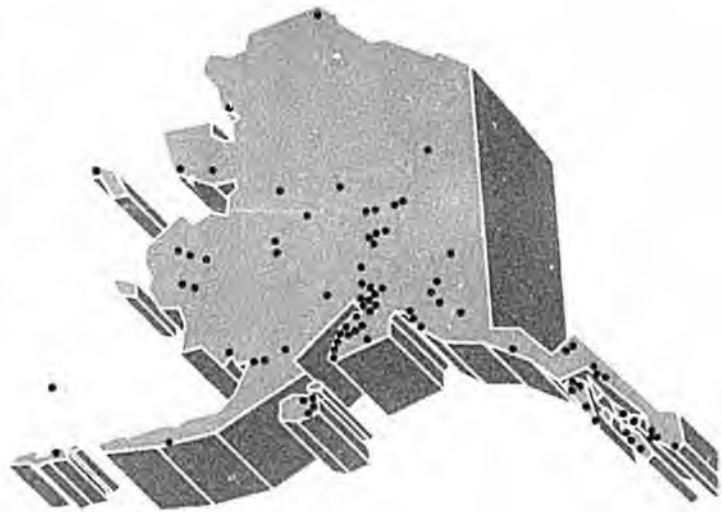
Equipment Financing
Real Estate Financing
Inventory and Receivable Financing
Equipment Financing
Plant & Facility Financing

Agriculture

Crop Loans
Livestock Loans
Equipment Loans
Farm-Related Business Loans

Timber

Equipment Loans
Harvesting & Marketing Loans
Timber Related Business Loans



Where do I apply for a loan?

CFAB services 64 communities throughout the State with regional offices in:

ANCHORAGE

Box 4-2070
2550 Denali Street
Suite 1201
Anchorage, AK 99509
276-2007

CORDOVA

Box 2228
401 - 1st St.
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Ketchikan, AK 99901
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112 Mill Bay Rd.
Kodiak, AK 99615
486-6131

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(206) 633-0603

Stop by for a cup of hot coffee at a location convenient to you or call any of our friendly, courteous staff. You'll be glad you did!



**Alaska
Commercial
Fishing &
Agriculture
Bank**

An Associate Member of the Farm Credit System

**The Banks for Cooperatives
Together. Tomorrow.**

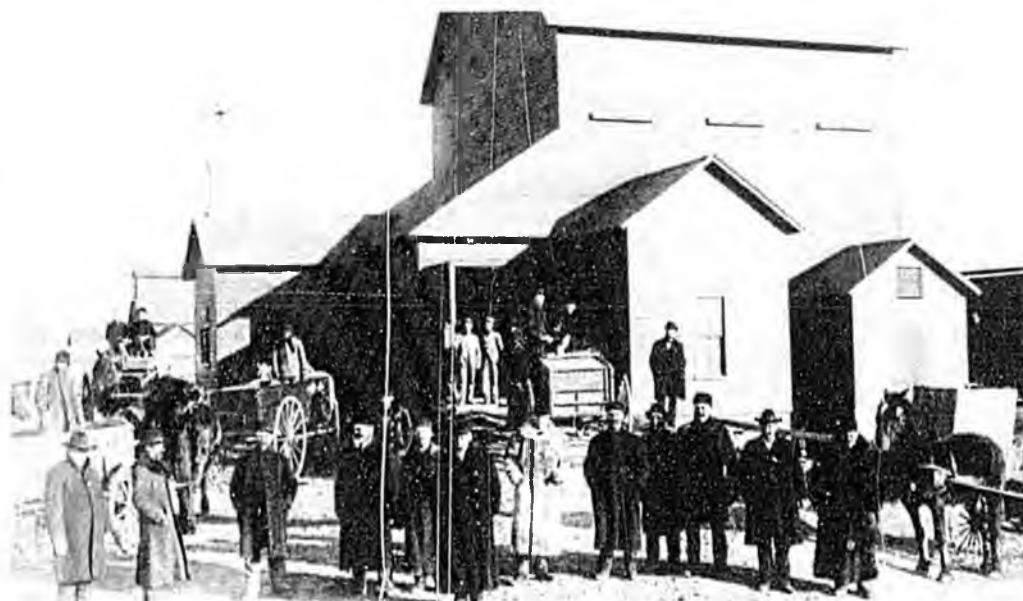




Decisions at the turn of the century

Agriculture in the years of our founders reflected men working in harmony with the land upon which they lived. Land and food were abundant. So were the chances for success.

At the beginning of the 20th century, American agriculture faced a very real and imminent problem. Young farm men and women were leaving the farms in record numbers. The reason for this mass exodus was obvious. Industry had far outpaced agriculture in mechanization, providing better opportunities in the city with far less demanding work. The attraction of electric lights and running water provided more than ample incentive for those in search of "a better way of life."



The plight of the farmer was cause for such widespread concern that, in 1908, President Theodore Roosevelt appointed the Country Life Commission to examine all facets of farm living. Hearings brought testimonies from farm people in 40 states and territories. Another 120,000 responded to a lengthy and detailed questionnaire. Such was the response to the almost universal rural desperation.

The commission found one of the

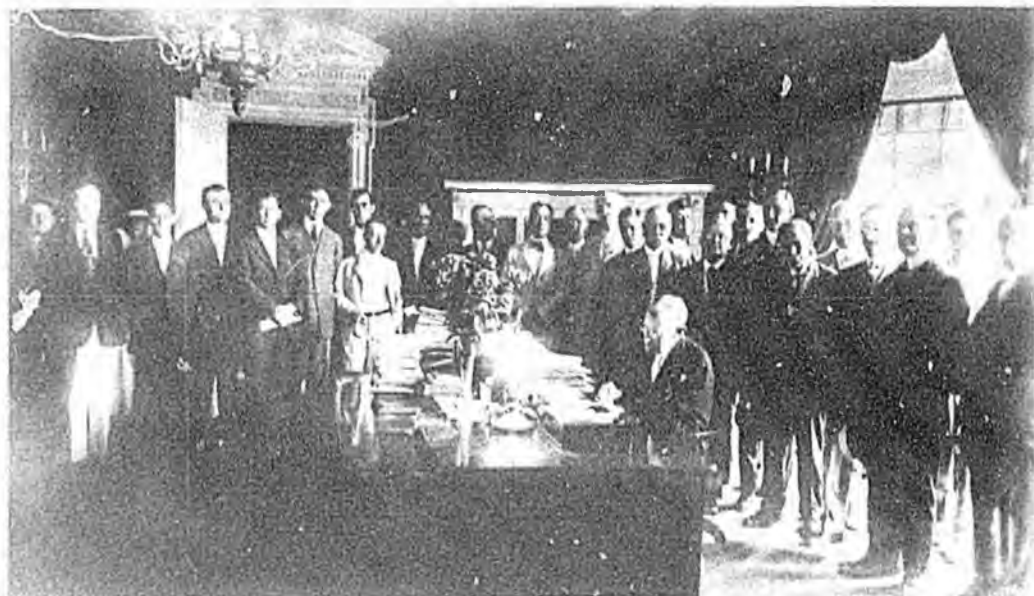


most pressing needs of rural America to be "effective cooperation among farmers, to put them on a level with organized efforts with which they do business." The commission called for cooperative laws in every state to make it easier for cooperatives to organize and conduct business. It also concluded that "a method of cooperative credit would undoubtedly prove a great service."

Cooperatives, "criminals" and Capper-Volstead

With President Woodrow Wilson's signing of the Federal Farm Loan Act of 1916, the first link of the cooperative Farm Credit System was established with the formation of the Federal Land Banks. At last, farmers could obtain long-term mortgage credit.

This initial availability of cooperative credit rekindled interest in cooperatives in general. Agricultural cooperatives began to appear almost overnight. Many seemed to vanish as quickly as they appeared. But some attained significant marketing and bargaining muscle. Their power caused many people to question whether cooperatives violated the monopoly and restraint of trade provisions of the Sherman Antitrust Act.



Indeed, farmers starting cooperatives in Ohio, California, Illinois, Iowa, New York and Minnesota were arrested and prosecuted under state statutes for acting in restraint of trade. Though none of the farmers were convicted, the point was clear that the laws pertaining to cooperatives needed clarification.

That clarification came with the 1922 passage of the Capper-Volstead Act, which has been referred to as the



"Magna Charta" of cooperatives. This act recognized farmers' rights to organize and operate marketing cooperatives. It further stipulated that farmers could act together without being held in restraint of trade as long as the cooperatives operated for the mutual benefit of their members.

The legal problem of organizing and operating cooperatives was, therefore, resolved. The problem of financing cooperatives was not.

Several attempts at providing operating credit

Recognizing cooperatives' needs for operating credit, the federal government reactivated the War Finance Corporation of 1921. Part of its responsibility was to make loans to agricultural cooperatives. When the Federal Intermediate Credit Banks were established in 1923, they were authorized, among other things, to make commodity loans to cooperatives.

But the plight of the American farmer, and the economy as a whole, continued to worsen. In his campaign for the presidency, Herbert Hoover pledged severely needed economic relief for the farmer. That "relief" came in the form of the Agricultural Marketing Act of 1929. The Federal Farm Board, created by this act, was granted a \$500 million revolving fund to make loans to cooperatives and to stabilizing corporations to maintain commodity prices in much the same way price support programs function today. This proved an impossible task in the economic climate of the Great Depression.

The Federal Farm Board's task was compounded by the fact that representatives of cooperatives seeking loans often had to appear in person before the board in Washington, D.C. This practice was costly in terms of time and money. Often the board's hearings and loans were restricted to large, regional and national cooperatives that could bear the expense of testifying. By the same token, the board could not afford to maintain a field force to service the smaller cooperatives in need of financing, even though combined they represented literally hundreds of thousands of members.

The stage was being set for the introduction of the Banks for Cooperatives.



From 1929 to 1933, thousands of farmers had lost their farms. Thousands more were faced with impending foreclosure. Immediate action was needed. Immediate action was taken.

Inauguration Day, March 4, 1933. President Franklin Roosevelt ordered a "Bank Holiday" to prevent runs on the deposits in the commercial banks that had managed to survive the four-year-old depression.

March 26, 1933. By executive order, President Roosevelt made Henry Morgenthau, Jr. the governor of the newly-formed Farm Credit Administration (FCA) and transferred all government functions relating to agricultural credit to the FCA effective the next day.

May 12, 1933. The Emergency Farm Mortgage Act was approved, helping hundreds of thousands save their farms from foreclosure by refinancing debts through the Federal Land Bank System.

A New Deal: The Farm Credit Act of 1933

June 16, 1933. Only three months after the inauguration of President Roosevelt, the Farm Credit Act became law.

This act established new credit organizations including the 13 Banks for Cooperatives, the 12 Production Credit Corporations and the local Production Credit Associations.

In 1933, farmers alone could not supply all the capital needed to adequately finance their cooperatives. Commercial banks were generally in no position to meet the financial needs of agricultural cooperatives. Many were barely able to meet their own obligations. This is where the Banks for Cooperatives stepped in to assist. Assuming the responsibilities of the



Federal Farm Board, they made credit available to cooperatives. They were originally capitalized from the \$110 million remaining in the Agricultural Marketing Act revolving fund which had been administered by the Federal Farm Board.

For the first time, agricultural cooperatives had a specialized, dependable source of credit that was nearby and familiar with local conditions . . . the Banks for Cooperatives.



New people in a new financial structure

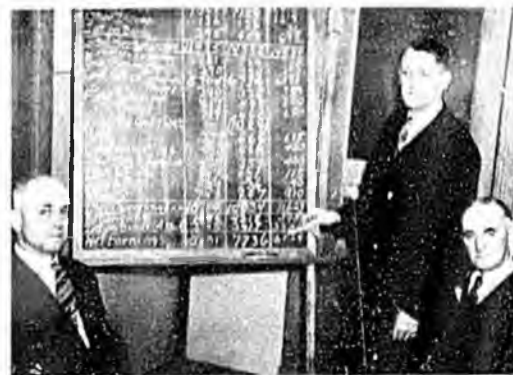
To many, the Banks for Cooperatives must have seemed like an adventure in courageous lending. But given the state of the depression-riddled economy, it was viewed as better to try, and perhaps fail, than not to try at all. The Banks for Cooperatives brought an entirely new set of people into the world of agricultural finance. There were farmers, ranchers and college marketing specialists who more than made up for any inexperience with hard work and dedication.

The structure of agricultural credit was changing also. The Farm Credit Act of 1933 established the Banks for Cooperatives in the 12 cities where Federal Land Banks and Federal Intermediate Credit Banks were already located. These Banks for Cooperatives would serve the needs of agricultural cooperatives in their respective territories. A thirteenth bank, the Central Bank for Cooperatives, was established to make loans which exceeded the regional banks' lending limits.

The first Banks for Cooperatives' loan was approved in the St. Louis district for the Egyptian Seed Growers Association on August 22, 1933. Only three days later, the second loan followed in the Sacramento district.

As the thirteen banks opened for business, employees quickly received on-the-job training. There were already applications for loans on file. Many were emergency cases. Many of the initial loans were provided just as foreclosures were about to take place. For many, the Banks for Cooperatives literally meant the difference between foreclosure and eventual prosperity.

The formidable economic hardships that were almost universal in rural America made the Banks for Coopera-



tives' advice and counseling, along with educational programs for individual cooperatives, virtually as important as the actual financing they provided. The banks worked with colleges and agricultural leaders in suggesting changes in cooperatives' corporate structures, financial policies and operating methods to help improve efficiency and service to members. The banks realized that the best interests of farmers could only be served with loans that were made on a truly sound business basis and that could be properly repaid.

A commitment to growth and repaying the government

Prior to and during World War II, cooperatives realized considerable growth in business volume, members and services provided. After the war, cooperatives continued to expand services into the areas of processing agricultural products as well as manufacturing supplies. It was a time of prosperity through cooperation.

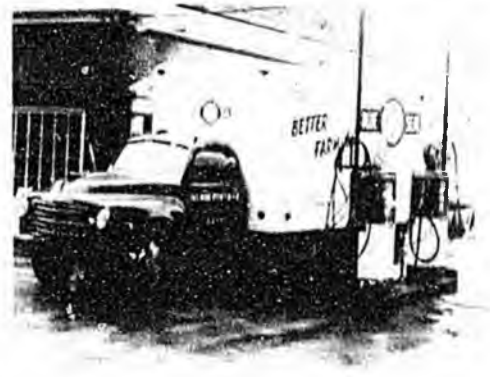
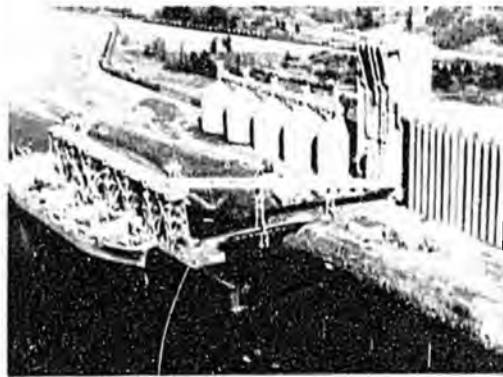
Farmer ownership and control of the Farm Credit System had been a goal of all the banks and associations from their inception. In the case of the Banks for Cooperatives, farmer ownership would be accomplished, in effect, by farmers owning stock in their cooperatives which would, in turn, own stock in the banks.

The law establishing the Banks for



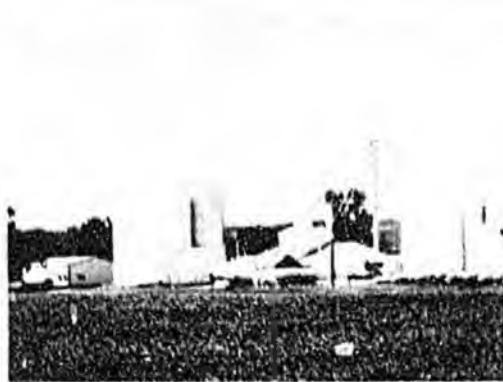
Cooperatives provided for the issuance of securities by the Central Bank for Cooperatives. After careful consideration, it was determined that the first issue of these securities would be offered to the public to raise loan funds on January 10, 1950. By that time, the investing public was so convinced of the banks' stability that the offering was oversubscribed by 13 times.

Later, the Farm Credit Act of 1955 provided a comprehensive plan for



cooperatives to build up their investment in the banks and allow for the gradual retirement of government-owned capital.

On December 31, 1968, the last of the government money used to capitalize the Banks for Cooperatives was repaid and the banks became completely owned by their borrowing stockholder cooperatives. A monumental goal had been reached in only 35 years.



Cooperative evolution continues

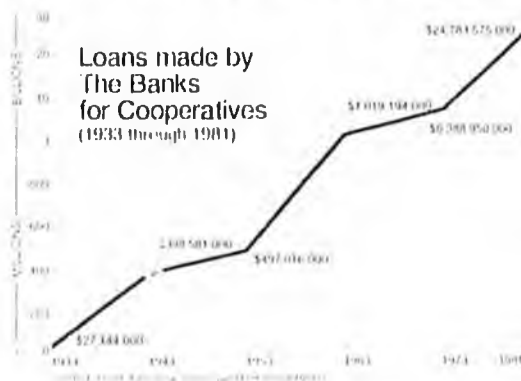
During the last two decades, agricultural cooperation and cooperative financing have changed dramatically. The Farm Credit Act of 1971 consolidated and updated all prior lending authorities, as well as broadened the scope of cooperative financing in the commercial fishing industries and rural utilities.

These authorities also enabled the Banks for Cooperatives to keep pace with the changing structure and growth of the industry. Cooperatives have merged to obtain greater economies of scale. Farm supply cooperatives, for example, have combined forces and are now the largest manufacturers of fertilizer in the country.

What were once small cooperatives



have, in many cases, grown to multi-million dollar domestic and world-wide enterprises. Cooperatives today are involved in greatly diverse businesses such as petroleum refining, livestock feeds, wineries, generating electricity,



grain storage and transportation, seed production, chemical application and research, to name a few.

To put this incredible growth in perspective, one needs only to examine the lending history of the Banks for Cooperatives. In 1935, the 13 banks loaned \$51 million to approximately 1,000 cooperatives. Nearly 50 years later, the Banks for Cooperatives loaned over \$24 billion to some 3,600 cooperatives.

Farmers, cooperatives and their banks: Together-Tomorrow

As we speculate on what the future may hold for farmers, their cooperatives and their cooperative banks, one thing seems certain. Growth will bring change, domestically and internationally.

The Farm Credit Act Amendments of 1980 gave the Banks for Cooperatives authority to finance international cooperative transactions. Cooperatives anticipate increased participation in agricultural exports in light of predictions that 50 percent of all agricultural production will be exported by the year 2000. U.S. agricultural exports are now valued at \$40 billion, annually, with 30 percent of our grain, 40 percent of our cotton, 55 percent of our soybeans and wheat and 75 percent of our rice production currently being exported.

As these trends continue, farmers will look to their cooperatives to help maximize returns on their sizeable investments. And their cooperatives will look to the Banks for Cooperatives for financial and support assistance. They will find that assistance in services ranging from currency exchange to leverage lease options. They will find the Central Bank for Cooperatives providing support services to district banks to keep personnel updated on the latest procedures and developments in international finance. They will find a partner in their development of international business . . . a partner with a special understanding of the unique financial needs of cooperatives, developed through a half century of mutual trust and commitment to service.

Export development will go hand in hand with the development of new industrial applications for agricultural



products. Again, growth will stimulate change. Just as many of today's cooperatives have become large, diversified business organizations to better serve their farmer and rancher members, so must their financial partners grow.

This process seems as inevitable as the shift in agriculture from a labor-intensive to a capital-intensive industry. With now fewer than 3 percent of the population working the land, the trend to fewer, yet larger farms will undoubtedly be reflected in changing cooperative structures which allow for more specialized services. As cooperatives continue to provide more specialized services, their banks must also offer new and better services to meet those needs. This, of course, requires a level of specialized expertise that cooperatives know they will receive from the Banks for Cooperatives.

Government activities must also

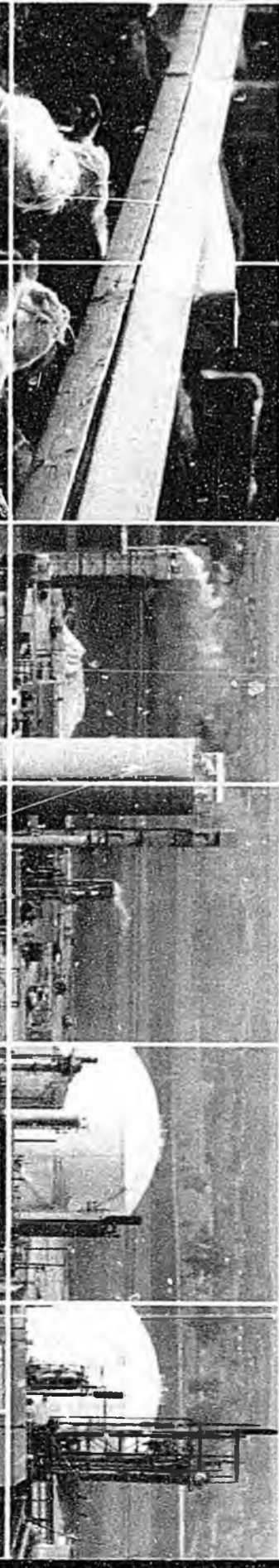
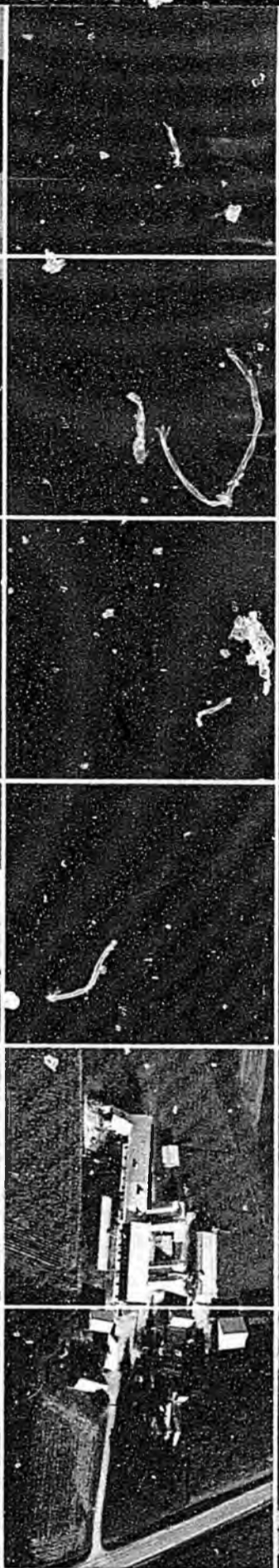
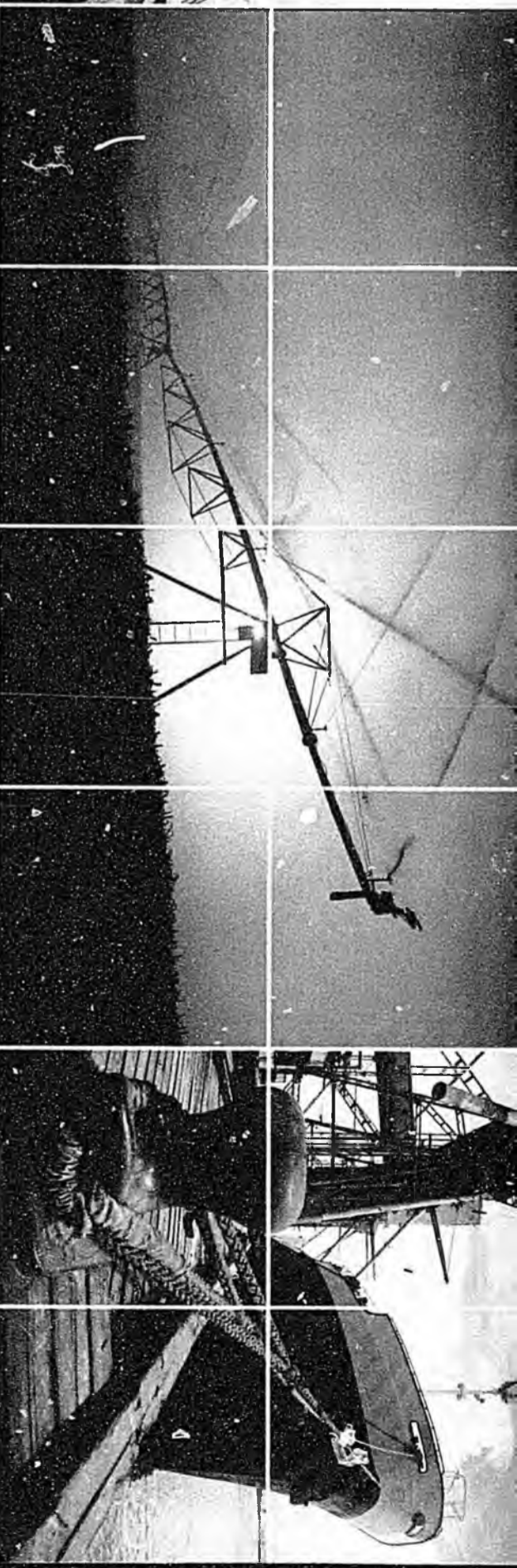
be closely monitored, as the consequences of policy changes are magnified by the expanding scale of the agricultural economy.

New challenges must certainly be met in the world marketplace, in the money markets, in joint ventures with private companies and in ways that are impossible to foresee.

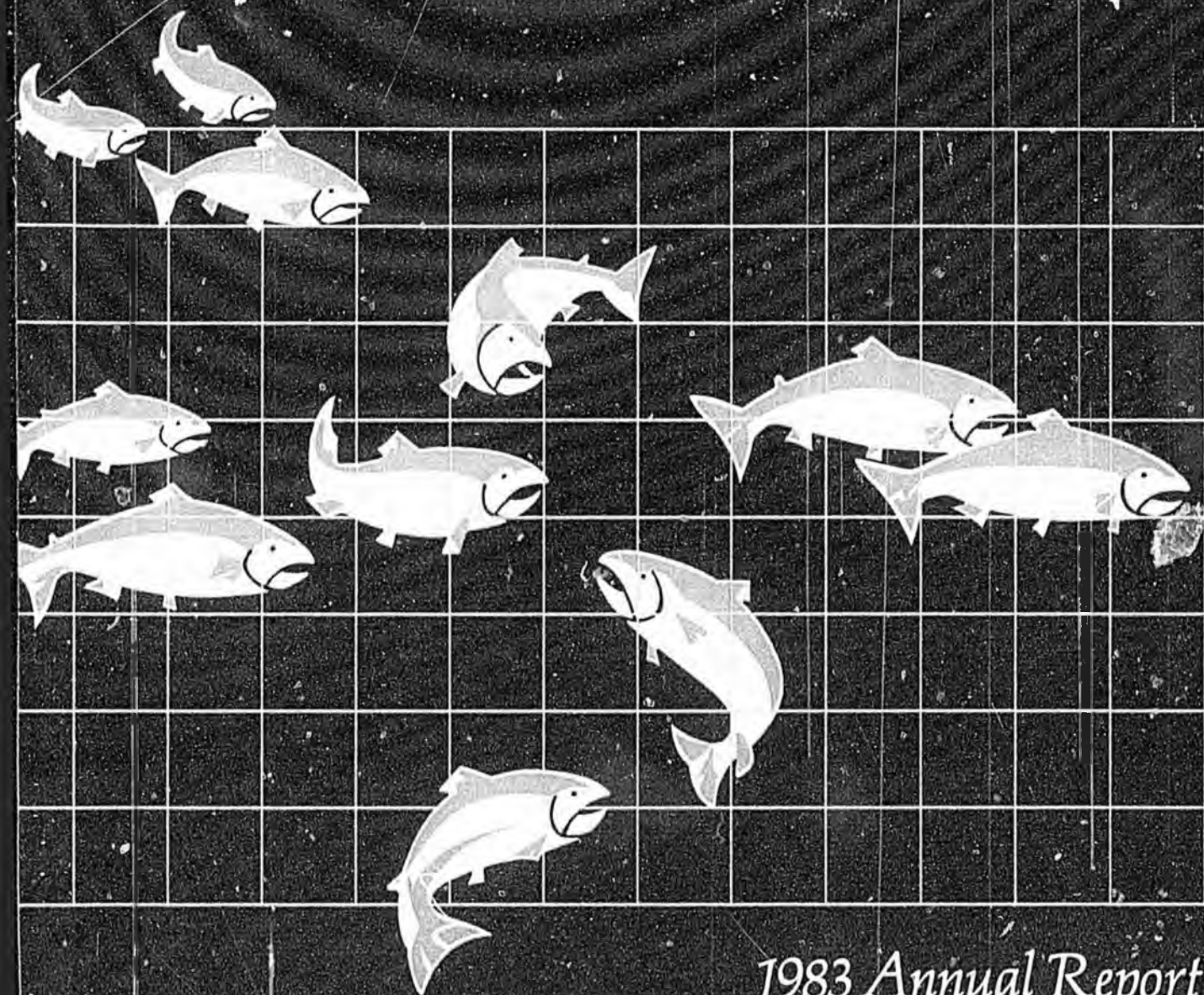
But change has been a fact of life for 50 years at the Banks for Cooperatives . . . change in money costs, government regulation, farm population and the farm economy in general. And in these 50 years, the Banks for Cooperatives have been able to constantly expand and improve the quality of their services.

In fact, change may well be the only certainty in agricultural finance. And through these changes, farmers, their cooperatives and the Banks for Cooperatives will remain partners in progress . . . together — tomorrow.





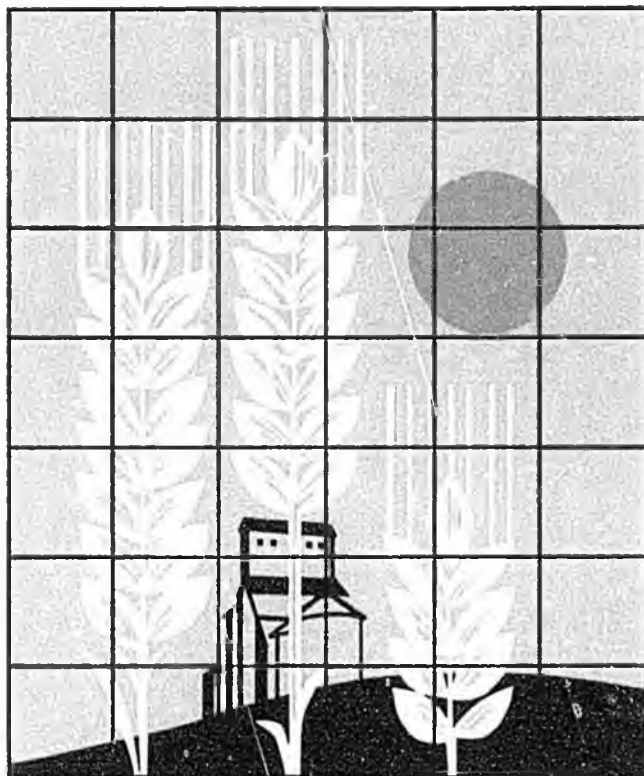
*Alaska Commercial Fishing
& Agriculture Bank*



1983 Annual Report

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CFAB, a private lending cooperative, a part of the free enterprise system, constitutes a unique cooperative partnership of fishermen, farmers and the financial community, based on the best traditions of our democratic society. That is, in good times or bad, CFAB is here to help in the true cooperative spirit.



Although 1983 was trying for some of our membership, at CFAB, it was a year of energy, direction and purpose. Under the direction of the Board, management focussed on internal operations to maintain operating costs, sound credit and collections, and deliver better service to the membership. Recruitment of a good professional staff is nearly completed, bringing together what the Board believes to be an excellent team for the Bank. As the

Bank matures, we are attracting more experienced people to our staff.

In December, we also saw the implementation of the C Stock Redemption Program. This program was designed to repurchase from the State of Alaska its current Class C Stock investment of \$31.8 million in CFAB. All new member loans and any members with loan renewals or extensions after December 12, 1983, will be participating in the program. This will mean that CFAB will be able to retire the balance of the original State Class C Stock investment by the year 2000 and give the membership full vested ownership of our cooperative bank.

As a cooperative bank, CFAB is an associate of the Farm Credit System, which was originally established in 1916, to assist farmers. Its authority was broadened with the Farm Credit Act of 1971, to include commercial fishermen. The Farm Credit System raises the funds it loans to member banks and associates by selling taxable bonds through its fiscal agent on Wall Street to investors of all sizes throughout America.

When you apply for a loan at CFAB, CFAB turns to the Spokane Bank for Cooperatives, a member of the Farm Credit System, for funding when your application is approved. CFAB is required to make its presentation of your credit request based on its specialized knowledge of the industries it serves and, as with all financial institutions, whether commercial or cooperative, the funds requested must be guaranteed by member-borrower collateral.

In effect, management at CFAB serves a dual role. First and foremost, they are charged with the responsibility of providing funding for approved credit loan requests. Secondly, but equally important, is their responsibility to ensure that CFAB remains strong and stable through sound lending policies.

As a cooperative bank, CFAB receives its direction from the Board. We, in turn, need membership input to chart our course. CFAB is succeeding. We are financially sound, and we are committed to remain so for the future of our industries and you the membership.

The Board of Directors and management, have traveled up and down our shore from Kotzebue to Ketchikan to meet our members during 1983. We have an even greater outreach program in 1984. Our Senior Staff and Loan Officers will be in fishing and farming areas more than ever this coming year. They will be supported by our Region Managers in Ketchikan, Cordova, Homer and Kodiak. I personally visited every Region Office during 1983. The Board of Directors held meetings and visited in Dillingham, Cordova, Petersburg, Juneau, Ketchikan and Anchorage in 1983. We will continue to be present in these and other areas throughout this coming year.

Your Board of Directors is committed to the future of our Industries, our members and a sound, yet aggressive, financial institution in CFAB, a Private Lending Cooperative.

Thanks for your support of the Bank.

A handwritten signature in cursive script, reading "Paul A. Huppert". The signature is written in dark ink on a light background.

Paul A. Huppert
Chairman of the Board

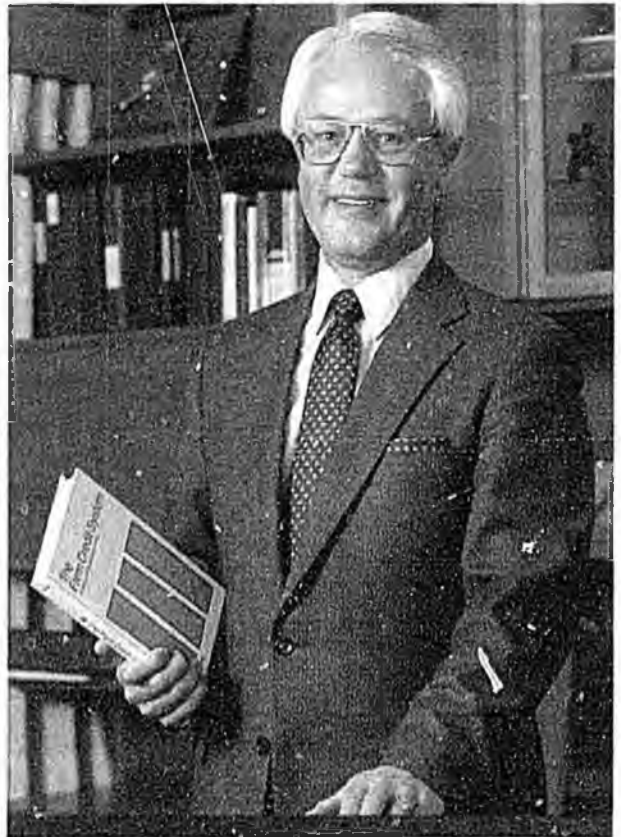
Your Bank is tied to the commercial fishing and agriculture industries in Alaska, and as such has currently felt the economic wrath of the industries. This past year is now recorded as one in which we gave up our shirt for loans extended in this and prior years. In short, we have given up most of this year's earnings to provide an additional reserve for loan losses. We have added \$2.1 million over and above our prior year's \$2 million Loan Loss Reserve for member/borrower accounts that have or are about to economically fail, in spite of great effort on everyone's part.

Our industries are capital intensive. The cost of a fishing, processing or farming operation requires large dollar investments and when these fail, lenders are hard hit along with the operation. No one wins.

Your Bank does a balancing act. Cooperative in nature, it works with the member/borrower more than most other institutions in providing financing. However, the act must be balanced; outside pressures must be adamantly resisted. The extension of sound credit is essential to the success of the Bank, its member/borrowers who are fully repaying their loans, and our industries as a whole. Ability to repay loans from earnings and adequate collateral to secure the Bank's position are basic essentials, among others, to our sound operation. The creditors of the Bank must be repaid.

These comments are stern; open and concerning as they must be. However, the Alaska Commercial Fishing and Agriculture Bank, a private lending cooperative and your Bank, remains strong. Our capital base is strong, our members as a whole have paid their accounts and they are economically successful. Your Board of Directors is highly aware of industry strengths and weaknesses; you have dedicated and professional employees. Sound lending policies, consistent with the Bank Mission, will protect your investment in the Bank and the industries' needs for the Bank in the future.

The future is still just as bright as it ever was for the Bank in its role as a private lending cooperative for the commercial fishing and agriculture, including timber, industries' economic growth in



Alaska. In the Bank's short history it has and will continue to meet the challenges and overcome the disenchantments, hold on to its pride, and improve to meet and retain the status of a sound financial institution dedicated to a prudent, productive and aggressive member-owned private lending cooperative. We have in place what it takes to remain strong and responsive to sound credit needs.

It has been said that tough times never last, but tough people do. This statement epitomizes the men and women in our industries and we are grateful to them for their support and confidence in the Bank, and its role and theirs in the free enterprise system. For their dedicated efforts in 1983, I extend my personal thanks to you the member/owners, the Board of Directors and my fellow employees for your support and pride in CFAB, a Private Lending Cooperative.

Forest J. Paulson
President and Chief Executive Officer

Paul Huppert — Chairman of the Board
Founding Director, Term expires 1985
Farmer — Palmer

"CFAB's credit worthiness is judged by its members' credit worthiness."

Tommy Thompson — Secretary/Treasurer
Term expires 1986
Processor — Sitka

"I think CFAB is fulfilling its original charter very well. It is standing by its members in good times and bad, as evidenced by this past fishing season."



Paul Huppert, Tommy Thompson

Roseleen "Snooks" Moore — Director
Term expires 1984
Fisherman — Cook Inlet, False Pass

"The members are the backbone of CFAB and we can all be proud of the fact that in three short years CFAB now has 828 Alaskan Fisherman and Farmers supporting their cooperative."

Dale Pihlman — Founding Director
Term expires 1985
Fisherman — Southeastern Alaska

"The strength of CFAB can be measured by the contributions of Alaska Fishermen and Farmers which, at the end of 1983, totaled \$15.2 million."

Frank Homan — Founding Chairman
Governor's Appointee
Term expires 1984
Economist

"CFAB now has a well defined plan in place to repurchase the state's original investment in the cooperative. This is an accomplishment that is truly unique."



Roseleen "Snooks" Moore, Dale Pihlman and Frank Homan



Bob Waldrop, Harvey Samuelsen and Paul Huppert

Bob Waldrop — Vice Chairman
Term expires 1985
Processor, Governor's Appointee

"CFAB is one organization that can bring together Alaska Fishermen and Farmers, both harvesters and processors, in mutual support for each other and their industries."

Harvey Samuelsen — Director
Term expires 1986
Fisherman — Bristol Bay

"One of the important objectives is to enhance the economic well being of Alaskans and the growth in cooperative membership is evidence of that accomplishment."



The Alaska Commercial Fishing and Agriculture Bank (CFAB) began operations in April of 1980. This was the culmination of three years of effort on the part of many individuals and Legislators to initiate a private-sector, industry-owned and controlled credit institution for Alaska's agriculture and fishing industries.

The impetus behind the movement for a private lending cooperative came from people who had experienced a shortage of enthusiasm by other financial institutions toward the needs of Alaska's fishing and agriculture industries.

Also, since the Farm Credit Act was broadened to include fisheries in 1971, there had been only limited solicitation of Alaska fisheries loan business by those eligible to do so because of our remoteness.

In response, the Alaska State Legislature commissioned a study in the fall of 1977 to evaluate how adequately the Alaska commercial fishing industry was being financed. The commission's secondary purpose was to assess the feasibility of combining fisheries with the farm cooperative system which was already in place.

One of the options recommended was to form a private cooperative bank for the Alaska commercial agriculture and fishing industries. This bank would borrow its initial capital from the State. In turn, the bank would use these funds to acquire more funds from the Farm Credit System via the Spokane Bank for Cooperatives in Spokane, Washington, and develop a method by which the State's original investment would be repurchased from the State.

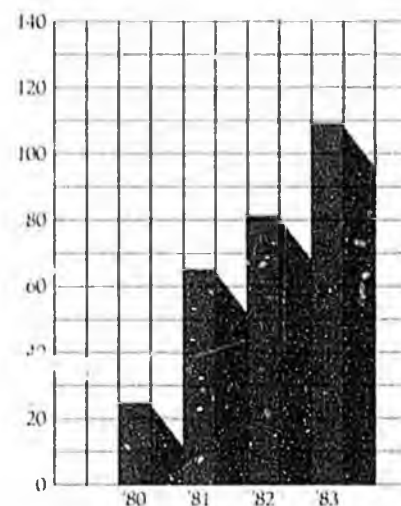
This recommendation was adopted by the legislature on October 10, 1978, and became the Alaska Commercial Fishing and Agriculture Bank. By the end of December 1981, CFAB had a loan portfolio of \$70 million and 275 members. The initial appointment of directors was later revised in 1981 to be a seven member board, with five members elected by the membership. This year's Annual Meeting and Election constitutes a historical event, whereby the last appointed director's position will be elected by the membership. Thereafter these five director's seats shall be elected and held by the membership.

Today, CFAB has grown to over 800 members. Its loan portfolio exceeds \$110 million and it has \$47 million in capital stock and retained patronage, \$15.2 million contributed by its members. The C Stock Redemption Program, the mechanism whereby the State of Alaska will be reimbursed for its original investment, is fully in place and scheduled for repayment by the year 2000.

The future of the Alaska Commercial Fishing & Agriculture Bank holds great promise. As Alaska's fishing, agriculture and timber industries continue to evolve, the need for an aggressive, highly knowledgeable, specialized financial institution will become even greater.

Growth Of Loan Portfolio

Dollars in Millions
(Net of Loan Loss Reserve)



In 1983, fishing and timber, two of three industries which are directly served by the Alaska Commercial Fishing & Agriculture Bank, were inconsistent performers on a statewide basis. Agriculture however, was one of the brighter spots, as this evolving industry made steady gains in serving the in-state market.

Alaska's commercial fishing industry was even more unevenly distributed than usual. While the salmon harvest was the largest in history, an oversupply in the frozen fish market from 1982, combined with large harvests for the last four years, put substantial downward pressure on prices.

The strongest harvests in 1983 were by fishermen in Bristol Bay, Upper Cook Inlet, Alaska Peninsula and most of Southeast Alaska. The most disappointing returns were in areas relying heavily on the pink salmon fishery such as Lower Cook Inlet, Cordova, Kodiak and the Aleutians.



The shellfish harvest was also down dramatically. Crab and shrimp seasons in some areas were either closed entirely or sharply curtailed. No improvement is expected for 1984. If shellfish stocks do rebound, it will only be after a long, gradual and well managed process.

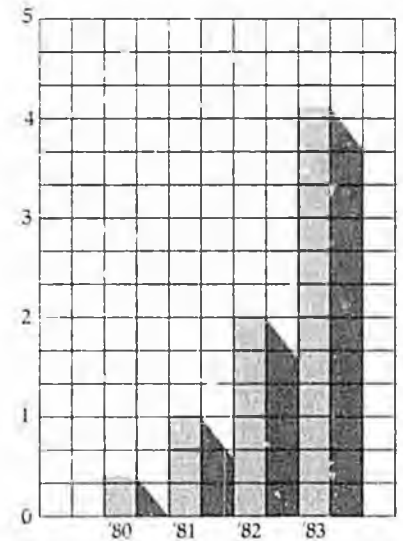
Although 1983 strained much of the salmon fishing industry, the long-term outlook is much brighter. Advancements made over the years in regulating harvest and enhancing regeneration has established an extremely productive, healthy and relatively stable resource.

Agriculture in Alaska is clearly making steady gains, led by barley crops, up 50%, potato harvests, up 15%, and burgeoning nursery greenhouse production. This positive forward push focusses on meeting the needs of the in-state market. The State of Alaska is helping in this endeavor by providing prompt, accurate pricing information to make Alaska growers more competitive with state-side producers.

Vacuum coolers, at packers in the Matanuska Valley, have improved shelf life and made the quality of local produce for fresh markets superior to those brought in from Outside, enabling most of what is being produced to be sold.

Growth of Loan Loss Reserve

Dollars in Millions



The future of Alaska farming is tied to continued local market growth and development. The opening of the state's first modern slaughter house in November should also provide increased opportunities in both ranching and the production of feed for livestock.

The Alaska Timber industry experienced its third difficult year in 1983. This was primarily due to lagging foreign markets and ongoing transitions in market and industry structure.

The outlook for 1984 and beyond is uncertain. If the Environmental Protection Agency's tentative denial of a waiver request from Alaska's two pulp mills is upheld, one or both mills may shut down. If they do not, improving markets may increase timber industry employment from 2 to 4 percent.

For some CFAB members, 1983 forced a re-evaluation of business practices. Some will have to down-size, to cut costs in an effort to preserve their livelihood. Marginal operators may find that fishing, timber or agriculture will cease to be a way of life. But for the majority of CFAB's members, experience has taught them to economize and wait, for another year, a better season.



1983 was a difficult year for all of us. It is not our first, nor will it be our last. It goes with the territory when you serve members who make their livelihood from Alaska's natural resources. At CFAB, 1983 dictated a review of lending policy and a return to basic banking. It meant belt tightening and a streamlining of operations. Direction set by the Board of Directors strengthened the organization, attracted new members and enhanced our loan portfolio.

Internally, the addition of several professional business people to key positions brought cohesiveness and teamwork to management. Management energies were then focussed on improving the quality of our loan portfolio by a concentrated effort to pursue delinquencies. Energies were also centered on in-house training, to improve staff knowledge of the industries served and thereby improve service to members.

The installation of computers with the capability of "networking" with all of CFAB's regional offices was another major step forward in providing service to members. The new computers will increase efficiency in accounting activities by providing more control over costs and procedures. Also computers will enable management to provide fast, accurate information and financial data to members throughout the state. Computer terminals that link regional offices to Anchorage will be installed and operational in 1984.

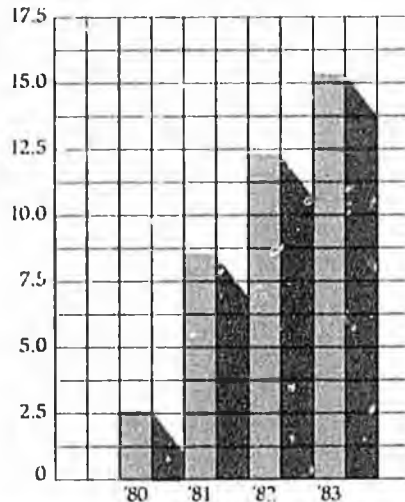
1983 also saw the passing of a significant milestone as CFAB's program for repayment of the State of Alaska's original investment in the cooperative was unveiled. The C Stock repayment program set in motion a system whereby the State will be paid in full by the year 2000. At that point, CFAB members will become sole owners of the cooperative.

CFAB continued developing community and member awareness in 1983 by airing its award winning radio and television commercials throughout Alaska. Active participation in community affairs by regional managers, as well as CFAB's high visibility at Fish Expo '83 in Seattle, has enabled the "cooperative story" to be told and kept management abreast of problems and concerns of the membership.

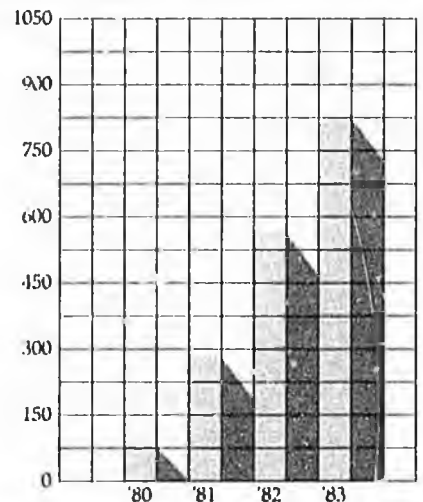
The Alaska Commercial Fishing & Agriculture Bank is committed to the industries it serves. We are presently the major source of debt financing for commercial fishing and agriculture in the state of Alaska and will remain so for many years to come. Our leadership comes from our Board of Directors and our strength comes from you, our members. As your bank, we will continue to protect your investment through prudent management and sound lending practices.

Growth in Member Capital

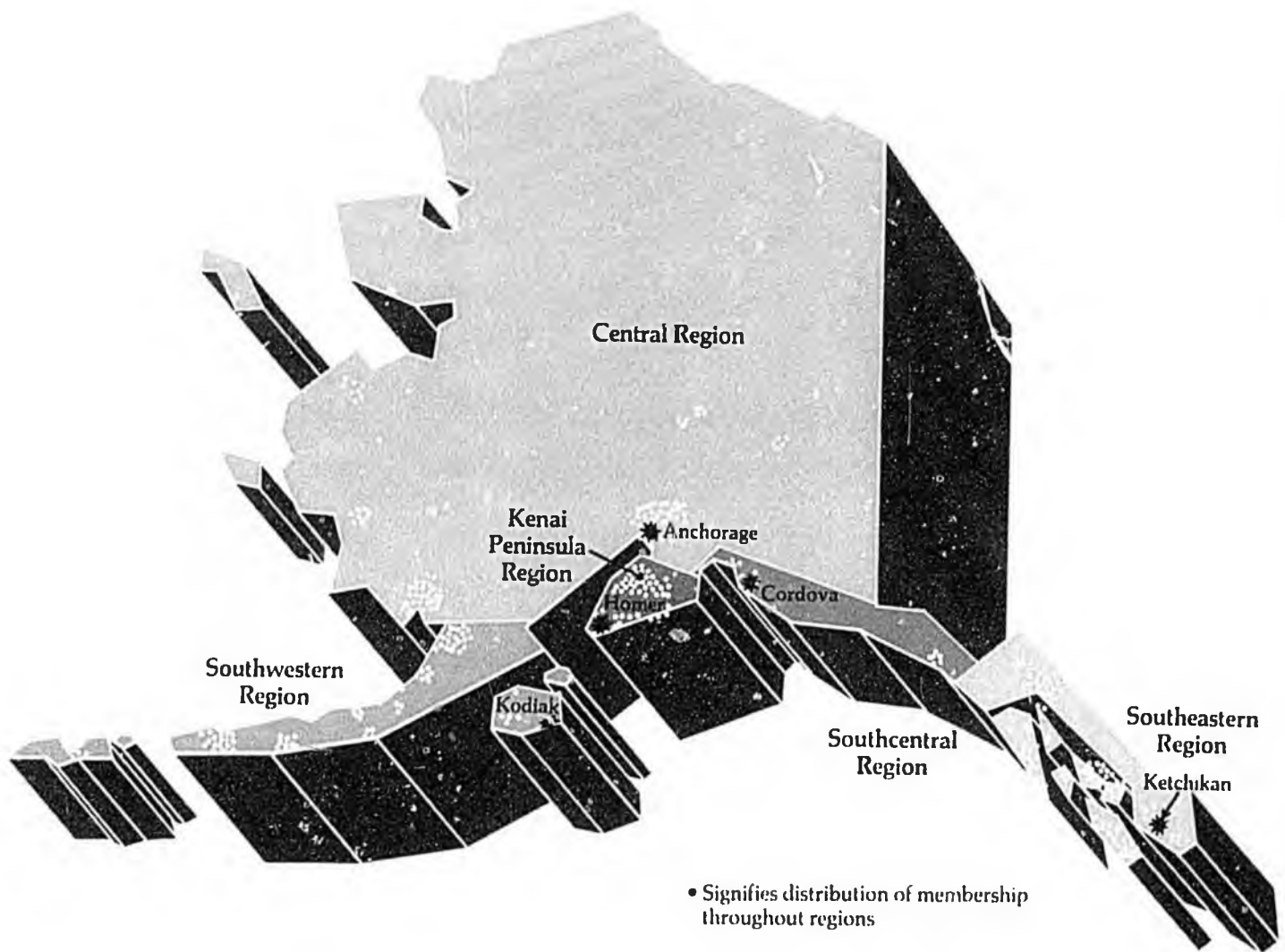
Dollars in Millions (Not including original investment)



Growth In Members



Region Offices



- Signifies distribution of membership throughout regions

Central Region
2550 Denali Street, Suite 1201
P.O. Box 4-2070
Anchorage, Alaska 99509
(907) 276-2007

Southcentral Region
P.O. Box 2228
Cordova, Alaska 99574
(907) 424-7689

Kenai Peninsula Region
Box 2257
Homer, Alaska 99603
(907) 235-7708

Southeastern Region
811 Water Street
Ketchikan, Alaska 99901
(907) 225-6616

Southwestern Region
Box 529
Kodiak, Alaska 99615
(907) 486-6131

Seattle Region
3510 1st Avenue, N.W.
Seattle, Washington 98107
(206) 633-0603

Balance Sheet

	December 31,	
	1983	1982
Assets		
Cash	\$ 692,276	\$ 450,416
Operating reserve at cost, which approximates market value	8,000,000	8,000,000
Investment in Spokane Bank for Cooperatives	3,708,643	2,380,450
Loans, net of allowance for loan losses of \$4,139,536 and \$2,000,000 at December 31, 1983 and 1982, respectively	109,850,676	81,956,846
Accrued interest receivable:		
Operating reserve	73,646	436,361
Loans	5,765,715	3,628,863
Organization costs, net of amortization of \$127,785 and \$99,388 at December 31, 1983 and 1982, respectively	14,197	42,594
Bank premises, furniture and equipment, net	707,761	859,828
Other assets	438,896	280,395
	<u>\$129,251,810</u>	<u>\$98,043,753</u>
Liabilities		
Accounts payable and accrued expenses	\$ 167,433	\$ 351,626
Accrued interest payable	2,125,084	1,805,278
Notes payable	79,406,368	50,680,476
Spokane Bank for Cooperatives participation payable	335,931	435,440
Patronage dividend payable	35,715	551,871
	<u>82,070,531</u>	<u>53,824,691</u>
Capital And Patronage Earnings		
Share capital —		
Class C special preferred stock, \$10,000 par value, authorized 4,000 shares, outstanding 3,180 shares	31,800,000	31,800,000
Class B preferred stock, \$100 par value, authorized 400,000 shares, outstanding: 1983 — 103,832 shares; 1982 — 76,483 shares	10,383,200	7,648,300
Class A membership stock, \$10 par value, authorized 10,000 shares, outstanding: 1983 — 828 shares; 1982 — 564 shares	8,280	5,640
C Stock Retirement Pool:		
Class B preferred stock assessments	86	
Less: assessments receivable	(86)	
Capital in excess of par value	73,710	49,950
Contributed capital	144,626	144,626
	<u>42,409,816</u>	<u>39,648,516</u>
Allocated undistributed patronage earnings	4,771,463	4,570,546
Total capital and allocated undistributed patronage earnings	47,181,279	44,219,062
	<u>\$129,251,810</u>	<u>\$98,043,753</u>

See accompanying notes to financial statements

Statement of Income

	For the Year Ended December 31,	
	1983	1982
Interest Income:		
Interest on loans	\$13,872,986	\$11,844,280
Interest on operating reserve	<u>751,779</u>	<u>1,176,637</u>
	<u>14,624,765</u>	<u>13,020,917</u>
Interest Expense:		
Interest on notes payable, net of patronage dividends: 1983 — \$504,700; 1982 — \$505,090	<u>7,234,370</u>	<u>5,783,453</u>
Net interest income	7,390,395	7,237,464
Provision for loan losses	<u>3,890,135</u>	<u>1,087,636</u>
Net interest income after provision for loan losses	<u>3,500,260</u>	<u>6,149,828</u>
Non-Interest Expense:		
Salaries and benefits	1,707,350	1,838,094
Occupancy expense	266,825	234,664
Professional fees	302,822	449,332
Directors' fees	88,091	72,896
Depreciation and amortization	170,132	135,105
Supplies	90,055	53,307
Travel, lodging and meals	186,241	153,464
Advertising and promotion	181,911	227,581
Telephone and postage	114,493	92,713
Miscellaneous	<u>82,867</u>	<u>104,737</u>
Total non-interest expense	<u>3,190,787</u>	<u>3,361,887</u>
Patronage earnings before provision for income tax	309,473	2,787,941
Income tax provision	<u>-0-</u>	<u>-0-</u>
Allocated undistributed patronage earnings	<u>\$ 309,473</u>	<u>\$ 2,787,941</u>

See accompanying notes to financial statements