ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672 345

4793 HLAB HB 22 - HB 36

HB
22

(7)

HOUSE COMMITTEE REPORT

Date referred: 1/19/87 FURTHER REFERRALS: Finance

(Hess Referral waived, Finance added 1/21/87)

DATE: Feb. 3, 1987

The Labor & Commerce Committee has considered HB 22

"An Act relating to hazardous physical agents in the workplace."

RECOMMENDS:

[X] replace with HB22 [X] the same title

[ ] attached amendment(s) [ ] a new title

[ ] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the ____________ Committee

ADOPTS: [ ] ________letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published ____________

[ ] same as previous zero fiscal note published ____________

SIGNING DO PASS:

Dave Donley

Jerry Ellis Jr.

Cliff Davidson

Mike Kozman

Curt Menard

P.A. Bracken

SIGNING OTHER RECOMMENDATIONS:

Walt Furnace no rec.

Dave Donley

Chairman's Signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version : HB 22
Publish Date :

Revision Date:
Title : "An Act relating to hazardous physical agents in the workplace."
Sponsor : Pourchot and Boyer et al.
Requestor : House Labor & Commerce

Agency Affected : Labor
BRU : Occupational Safety & Health
Components : Occupational Safety and Health

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by : Tom Stuart, Director TA
Division : Labor Standards and Safety
Phone : 465-4870
Date : 1/23/87

Approved by Commissioner : Jim Sampson
Agency : Labor
Date : 1/23/87

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

page ____ of ____

STATE OF ALASKA
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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HL+C 2-3-87 1:15 p.m.

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE
COMMITTEE ON OIL AND GAS

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House of Representatives

MEMORANDUM

DATE: January 20, 1987

TO: Representative David Donley, Chairman
House Labor and Commerce Committee

FROM: Representative Pat Pourchot

SUBJECT: House Bill 22, Hazardous Physical Agents in the Workplace

As you know Dave, I have introduced HB 22, relating to hazardous physical agents in the workplace. The Speaker has referred this proposal to the Labor and Commerce Committee. I would greatly appreciate your attention to this bill and a hearing by your committee as soon as possible.

House Bill 22 is identical to a bill I introduced last session (HB 319) amending the current "Worker Right to Know" law. This proposal would add ten (10) specific "physical agents" to the existing several hundred hazardous and toxic substances of which employers must inform their employees if they might encounter these situations in their workplace.

These physical agents include microwave radiation, extreme heat, noise, and harmful ultraviolet rays. The known hazards associated with these agents are well documented in the authoritative "Threshold Limit Values for Chemical Substances and Physical Agents in the Work Environment" published by the American Conference of Governmental Industrial Hygienists. The information on these hazardous agents needed by employers is readily available from the Alaska Department of Labor.

As you may know, last session the bill received wide support at hearings in the House Labor and Commerce, HESS, and Finance Committees and passed the House by a vote of 34 to 4. The Senate Committee on Labor and Commerce as well as the Senate Finance supported this proposal. You might be interested to know that no formal opposition was expressed to the bill in either the House or the Senate. In spite of the support of this measure it was among the many bills that died in the Senate Rules Committee due to the lack of time at the end of session.

This is a good bill which can add significant protection to Alaskan workers with minimal cost and effort by employers of the State. Last year the Department of Labor provided a zero fiscal note and I would expect the same on this proposal. I have attached an explanation of House Bill 22 and would be happy to provide you or your staff with other information or explanation on the provisions of this bill.

Your earliest attention to this bill is appreciated. Thank you.

Enclosures

EXAMPLES OF IMPACTS RESULTING FROM EXPOSURE
TO CERTAIN PHYSICAL AGENTS

Physical Stress	Occupation Examples	Effects
Microwave Radiation	Telecommunication station employee	Superheated body core Questionable effects include: cardiac arrythmia, cataracts, and psychoneurological dysfunction
Ionizing Radiation (x-rays)	Hospital employees Welders	Cancer of many kinds including: bone, lung, liver, leukemia, chromosomal damage and reproductive abnormalities
Ultraviolet Radiation	Outdoor construction work	Skin cancer
Infrared Radiation	Welders Glass blowers	Flash burns to the retina, cataracts
Lasers	Hospital employees	Eye damage and burns, blindness
Heat Stress	Outdoor physical work	Heat stroke, overheating of the body, extreme conditions may cause loss of consciousness and death
Cold Stress	Oil field service workers	Frostbite, hypothermia, death
Noise	Forest products (sawmill employees and loggers)	Deafness
Hand/Arm Vibration	Construction workers Jackhammer operators Drill operators	"White finger" damage to nerve sensors that regulate circulation causing arterial spasms, chronic lack of blood to muscles causing muscle waste
Airborne Upper Sonic and Ultrasonic Acoustic Radiation	Major doses: as an industrial cleaner (industrial hygienists are not aware of such an application in Alaska)	Deafness

Rep. Pat Pourchot
House Bill 22

Rep. Pat Pourchot
January, 1987

SUMMARY HOUSE BILL 22
WORKER RIGHT-TO-KNOW TO INCLUDE
HAZARDOUS PHYSICAL AGENTS

House Bill 22 amends the "worker right-to-know" statutes to include "physical agents" with other toxic and hazardous substances about which employers must inform their employees.

The existing statute (AS 18.60) directs the Department of Labor to prepare for employers information data sheets on hazardous and toxic materials to which employees may be exposed in the workplace. Information which is compiled by the Department is transmitted to the workers by employers and includes: description of the substantial effects of the substance, known threshold levels where effects occur, activities and situations where the substances are encountered and practices, technology and preventative measures which are available to the workers which will reduce or eliminate the negative impacts of the substance. Safety training for new employees is also required.

The same notice and training requirements for hazardous and toxic substances would be applied to "physical agents" under House Bill 22. Physical Agents are only those identified by the American Conference of Governmental Industrial Hygienists (ACGIH) and include:

- Ionizing radiation (x-rays)
- Heat and cold stress
- Impulsive and impact noise
- Radiofrequency, microwave, ultraviolet, and infrared radiation
- Lasers
- Hand-arm vibrations

With enactment of this bill industrial accidents could be reduced in number and severity. For example, accidents such as the microwave exposure which occurred at Clear Air Force Station several years ago may be avoided if workers are better informed of the substances to which they may be exposed and are not aware of preventative and safety precautions. Many occupations are not readily associate with exposure to dangerous levels of physical agents. Welders and pipe fitters, for example, are often exposed to hazardous exposures of ionizing radiation (x-rays) when examining welds and joints.

It should be emphasized that the bill requires only the dissemination of information and safety training by employers. It does not require that employers or employees implements any safety practices or measures.

I anticipate the fiscal note for the bill to be $0 because the Department of Labor essentially will be editing existing information from national organizations relating to health and safety in the workplace, including the ACGIH, the Center for Disease Control, and the Occupational Safety and Health Administration.

HB
23

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/4/87

FURTHER REFERRALS:

DATE: 3/10/87

The Labor & Commerce Committee has considered HB 23

"An Act relating to reduced rates and discounted service for low-income telecommunications customers."

RECOMMENDS:

[ ] replace with CS HB 23 (Telecommunications) [✓] the same title

[ ] a new title

[ ] attached amendment(s)

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

ADOPTS: [ ] ________letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published ____________

[ ] same as previous zero fiscal note published ____________

SIGNING DO PASS:

Dave Donley

Ellis

[illegible]

[illegible]

[illegible]

SIGNING OTHER RECOMMENDATIONS:

[illegible]

Dave Donley

Chairman's signature

(5) # HOUSE COMMITTEE REPORT 3/4

Date referred: 1/19/87 FURTHER REFERRALS: Labor & Commerce

DATE: 2/26/87

The House Special Committee on Telecommunications Committee has considered HB 23

"An Act relating to reduced rates and discounted service for low-income telecommunications customers."

RECOMMENDS:

CSHB 23(Tele)

[X] replace with CS FOR HOUSE BILL 23 TELE [X] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the ________ Committee

ADOPTS: [ ] ________ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[X] zero with analysis

[ ] same as previous fiscal note published ________

[ ] same as previous zero fiscal note published ________

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

no rec

no rec

Chairman's signature

CS HB 23

CHANGES MADE BY COMMITTEE SUBSTITUTE

The word, "initiate" in lines 12 and 21 of HB 23 was changed to "propose".

The effect is to prevent a telephone company from initiating a discounted service program without a review of the program by the Alaska Public Utilities Commission. A discounted service to some rate payers could result in an increase in rates to the other rate payers. A review by the APUC of a proposed discounted rate program will prevent unreasonable rate burdens being placed on telephone customers who do not receive the discounted rate.

Department of Commerce & Economic Development / POSITION PAPER

HB 23: Telecommunications "Lifeline Services."

The Alaska Public Utilities Commission supports this bill with the following amendment: lines 12 and 21 change "initiate" to "propose."

The Commission believes that it should have the authority to review discounted rates and the recovery of those rates. The proposed change would clarify the Commission's authority to review utility proposals.

There is no fiscal impact associated with this bill.

J. Anthony Smith, Commissioner

DATE: March 9, 1987

0347k3587a

Summary of FCC "Lifeline" Decision

On November 23, 1984 the Federal Communications Commission released CC Docket No. 78-72 relating in part to "Lifeline Services." (Following this summary is an excerpt of that decision).

Basically, what the FCC has said is that individual states may, at their discretion, design and implement lifeline programs. The FCC will forgive up to 50% of the subscriber line charges for low income subscribers.

To take advantage of this decision, the state is responsible for defining a low income subscriber and making sure that applicants to the program meet that definition. Further the state is responsible for designing into their program a way for the state to match the FCC's 50% reduction.

It should be stressed that this is entirely voluntary for the individual states. They do not have to participate, but if they choose to they must meet the foregoing responsibilities.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version: HB 23
Publish Date:

Revision Date:
Title: "An Act relating to reduced rates & discounted service for low-income tele. customers
Sponsor:
Requestor: Becky Bear

Agency Affected: Dept. of Commerce & Econ. Dev.
BRU: Alaska Public Utilities Commission
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Although implementation of this proposed legislation could result in some new filings before this Commission, the number of proceedings should be fairly minimal and would not likely result in the need for additional fiscal resources.

Prepared by: T.S. Moninski, II, Executive Director
Phone: 276-6222
Division: Alaska Public Utilities Commission
Date: 2/26/87

Approved by Commissioner: [signature]
Date: 3/2?/87
Agency: Commerce and Economic Development

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

RESEARCH QUESTIONS and ANSWERS

HB 23

QUESTION: How do other states handle the "lifeline" issue, and how do they pay for the subsidized low-income service?

ANSWER: Approximately 11 states currently have some type of "life-line" or low income telephone user legislation. The program is usually tied into a social service program (i.e., elderly, food stamps, disabled, etc.). The amount of the subsidy is usually in the two dollar to ten dollar range per person per month.

Some of the programs are tied into the Federal lifeline program whereby states with approved lifeline programs are forgiven up to $1 of the current $2 subscriber line access fee charges by the FCC. The state is then responsible for the remaining $1. Some states have used the Federal lifeline program exclusively while others have used this and some form of taxation to recover the remaining dollar.

Another approach taken by some states is to allow low income customers the ability to spread out over several months the telephone installation charges.

EXCERPTED

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

CC
1001

In the Matter of	)	
	)	
MTS and WATS Market Structure	)	CC Docket No. 78-72
	)	
Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board	)	CC Docket No. 80-286

RECOMMENDED DECISION AND ORDER

Adopted: November 15, 1984; Released November 23, 1984

By the Federal-State Joint Board:

I. Introduction

A. Summary of Recommended Decision

1. The Federal-State Joint Board hereby presents its recommendations concerning: (1) the use of subscriber line charges as a means of recovering the interstate allocation of non-traffic sensitive (NTS) local exchange costs; (2) modifications to the previously adopted measures for assisting subscribers in areas where the cost of providing telephone service is unusually high; and (3) measures to assist low income households in affording telephone service. The first section of this *Order* summarizes our recommendations and reviews developments in these proceedings to date. The second section deals with subscriber line charges as a means of recovering the NTS local exchange costs allocated to the interstate jurisdiction. The third section concerns provisions for assisting subscribers in high cost areas. Recommendations designed to ensure that implementation of subscriber line charges does not adversely affect the ability of low income households to afford telephone service are discussed in the fourth section of the *Order*.

2. In general terms, we recommend that the Commission: (1) implement limited subscriber line charges for residential and single line business customers; (2) allow local companies flexibility to file optional alternative interstate tariff provisions for the recovery of carrier common line costs in order to combat bypass; (3) modify the provisions for high cost assistance to direct more aid to smaller companies and those with higher cost levels; and (4) provide the equivalent of a waiver of

exchange companies' authorized rate of return for interstate access service, now 12.75 percent, be used in calculating the level of high cost assistance. We also recommend that existing study area boundaries continue to be used for separations purposes including calculation of the level of high cost assistance. In addition, we conclude that the transition from a SPF based interstate NTS cost allocation to the new 25 percent basic allocation factor (combined with high cost assistance), should be implemented in eight annual steps rather than four as currently provided in Part 67 of the Commission's rules.

4. In addition, we recommend that the Commission adopt a two phase program for assistance to low income households. The first step would offset the effect of subscriber line charges. We recommend an optional program for a 50 percent reduction in the subscriber line charge for customers meeting a state established means test subject to verification. This revenue shortfall would be funded through the interstate carrier common line charge. States taking advantage of this assistance mechanism would be required to make an equal monetary reduction in the local exchange rate for subscribers who qualify for the subscriber line charge reduction. This reduction in local rates would be funded from intrastate sources. Implementation of this assistance measure would be at the option of the state commissions. We also recommend expedited study of broader lifeline assistance measures as the second phase of our plan. It is anticipated that the state developed means tests for the reduced subscriber line charge will assist us in developing broader lifeline measures in the near future.

B. Background

1. MTS and WATS Market Structure Proceeding

5. On December 22, 1982, the Commission adopted the Third Report and Order in the MTS and WATS Market Structure Proceeding, CC Docket No. 78-72.[8] This Order established a plan for replacing the interstate division of revenues and settlements process with a system of tariffed access charges. Under this approach, a major portion of the local loop costs allocated to the interstate jurisdiction[9] would have been recovered

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8 93 FCC 2d 241 (1983).

9 A portion of local telephone company plant investment and expenses is allocated to the interstate jurisdiction and recovered through the rates for interstate services. The remainder of these costs are allocated to the state jurisdiction and recovered through the charges for local exchange and

impact of the new allocation methodology on companies with high SPFs and average costs. Although such companies should have average local exchange rates at the end of the transition period, they will experience significant increases in their intrastate NTS cost allocation. An extended transition will give subscribers served by these companies more time to adjust to the necessary changes. Since both frozen SPF and the new 25 percent allocation factor with high cost assistance produce a similar total interstate cost allocation, extending the transition period will have little effect on the overall division of costs between the jurisdictions.

IV. Assistance for Low Income Households

A. Background

74. One objective of this proceeding is to maintain universal telephone service as identified in Section 1 of the Communications Act, 47 U.S.C. §151. In the Third Report and Order[71] in the MTS and WATS Market Structure proceeding, CC Docket No. 78-72, the Commission further defined the universal service objective to mean "avoiding actions that would cause a significant number of local exchange service subscribers to cancel [telephone] service."[72]

75. Consistent with these concerns, in the Third Report and Order, the Commission indicated that it would entertain requests for waiver of the mandatory flat subscriber line charges from carriers who wish to provide lifeline options to ameliorate the effects of these charges on low income individuals who would not be able to afford telephone service. Waiver requests were required to specify: (1) the terms and conditions which apply to lifeline service; (2) the interstate revenues which would be lost from lifeline subscribers; and (3) adjustments to other interstate charges which would be required to secure the revenues lost. The Commission also added:

> [o]f course, states continue to have full authority to modify existing life line rates for local exchange telephone service or to institute such rates should they believe it is necessary to ameliorate the effects of interstate access charges.[73]

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71 93 FCC 2d 241 (1983).

72 Id. at 266.

73 Id. at 282.

76. In the Reconsideration Order, in CC Docket No. 78-72,[74] the Commission stated that it had not received any petitions for waiver and added that the petitions for reconsideration failed to provide any concrete proposals for complete or partial exemptions from subscriber line charges. The Commission further indicated, that the decision to reaffirm subscriber line charges should not be interpreted as foreclosing petitions for waiver for residential customers who cannot afford these charges.

77. Although the right to file a petition for waiver would normally be limited to the telephone companies whose tariffs are subject to the rule in question, the Commission extended the right to file waiver requests to state public utility commissions because of the public policy implications of lifeline service. The Commission also noted that in many cases states could maintain low residential rates without resort to waiver of subscriber line charges by creating local service lifeline rates that ameliorate the effects of these interstate charges.

78. In the Second Reconsideration Order in CC Docket No. 78-72 [75] released on February 15, 1984, the Commission reported that it had received only two petitions for lifeline service waivers. Applications were received from the New York Telephone Company and the Pacific Telephone and Telegraph Company on September 28, 1983. Although no state commissions filed applications for waiver, the Commission found after review of state ratemaking proceedings that few state commissions had developed intrastate lifeline programs. The Commission also found that measured service options were not available to residential subscribers in many exchanges. Since the record in CC Docket No. 78-72 did not provide sufficient information to allow development of federal assistance mechanisms, the Commission decided to conduct supplemental proceedings to develop the necessary rules to provide an exemption from subscriber line charges for those who might otherwise be unable to afford telephone service.

79. Accordingly, the Commission requested additional comments concerning a lifeline exemption or other assistance for low income subscribers in the Further Notice of Proposed Rulemaking, in CC Docket Nos. 78-72 and 80-286,[76] released April 11, 1984. At the same time, the Commission requested that the Joint Board prepare recommendations concerning this issue. With regard to lifeline or other assistance for needy

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74 48 Fed. Reg. 42984 (September 21, 1983).

75 49 Fed. Reg. 7810 (March 2, 1984).

76 49 Fed. Reg. 18318 (April 30, 1984).

subscribers, the Further Notice requested commenting parties to: (1) explain the type of assistance which they believe is needed, for example a subscriber line charge waiver; (2) define the group to receive assistance; and (3) explain how the assistance would be funded.

B. Comments

80. The commenting parties expressed general support for assistance for low income households. Thirty-five filings were received from state commissions, user groups and telephone companies. The Ameritech Operating Companies, the Cheyenne River Sioux Tribe Telephone Authority, Golden West Telecommunications Cooperative and Bell Communications Research argued that a lifeline program is not needed. They argued that subsidies cannot be maintained in a competitive environment since they increase costs in other areas, thereby distorting the competitive market. These parties also took the position that adoption of lifeline measures by the Commission at this time is premature because the states need more time to develop their own programs. They also argued that lifeline programs are too costly and administratively burdensome for telephone companies to administer.

81. The parties supporting an assistance program vary in their recommendations for: (1) the type of assistance; (2) source of funding (3) eligibility criteria; and (4) program administration. The major reason which these parties gave for supporting such programs is the need to preserve universal service and the possible adverse effect of additional costs on low income residential subscribers.

1. Type of Assistance

82. The parties filing comments propose three types of assistance: (1) a waiver or exemption from residential subscriber line charges; (2) a discount service with unlimited incoming calls and limited outgoing calls (without additional charge) or other form of measured service; and (3) direct subsidies through a public assistance program. The comments also propose a hybrid which includes a waiver of subscriber line charges and a low cost discount service.

83. A number of the commenting parties suggested intrastate plans developed in New York and California as models for other lifeline plans. The New York Telephone Company plan includes the following elements: (1) a requirement that applicants be recipients of public assistance; (2) a 50 percent discount on the charge for standard residential local exchange service; (3) untimed message service or reduced flat rate; and (4) applicant self certification.

84. The Pacific Bell plan in California includes the following elements: (1) a requirement that customers have a gross household income of less than $11,000 per year; (2) limitation of assistance to single line

telephone service in the subscriber's principal residence; (3) customer self certification; (4) lifeline rates set at 50 percent of the local measured service rate (or flat rate) exclusive of federal end user charges; and (5) funding through a Universal Service Fund generated by a 4 percent tax on intrastate interLATA services. Pacific Bell of California proposes that interstate residential subscriber line charges be reduced by 50 percent for certified lifeline customers. It recommends funding the resulting revenue shortfall through an adjustment in the interstate subscriber line charge for all remaining business and residence customers in the study area. Those proposing some type of lifeline service indicate that customers receiving service should be restricted to receiving the lowest priced local service offering available.

2. Eligibility for Assistance

85. In defining the group eligible to receive lifeline assistance, most of the commenters stress the need to target those truly in need "who would be unable to maintain access to essential local service without some form of assistance."[77] They recommend using household income and resources as the determinant. The commenting parties suggested the following eligibility criteria: (1) qualification for existing public assistance programs including food stamps, welfare and social security; (2) a household income below the poverty line (approximately 10 percent of the population); and (3) a household income below a level set by the welfare department or state regulatory commission. Alaska suggests that the cost of living should be considered in addition to household income. AT&T argues that other financial resources available to the household should also be considered.

3. Funding of Assistance

86. There were substantial differences among the commenting parties regarding the appropriate method for funding assistance. They identified the following posible sources of funding: (1) Universal Service Fund (USF); (2) state or federal taxes; (3) customer line charges; and (4) increased public assistance funds. A number of parties indicated that if the states were given responsibility for establishing a state lifeline program, state funding would be appropriate. However, they took the position that if the Commission set guidelines, national funding either from the USF, federal taxes or a public assistance program would be appropriate. Some of the parties, citing an overall social purpose linked to universal service, indicated that there should be federal assistance through a

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77 Satellite Business Systems Direct Comments at 2.

mechanism other than from charges for other customers, exchange or interexchange carriers.

4. Administration of Lifeline Programs

87. Most of the commenting parties supported state administration of lifeline programs, with or without federal guidelines. Some parties suggested federal administration, but few suggested administration by local telephone companies. Many of the parties suggested that lifeline assistance be coordinated with current public assistance programs to reduce administrative burdens on the telephone companies. The main reason given by the parties for state administration is that state commissioners are better acquainted with the particular needs of low income subscribers within their states and can better tailor programs to meet those needs. A number of parties suggest that the states administer the programs using the model of other government entitlement programs even if federal guidelines are developed. NYNEX suggests eligibility requirements for lifeline plans be established by state officials with joint administration by the state and telephone company.

88. Some of the parties suggest a hybrid system for lifeline assistance, under which the state in conjunction with the local telephone company would have authority for a lifeline program using intrastate funds to recover state revenue shortfalls while a federal program using funds generated from interstate sources would be available for waivers of subscriber line charges.

C. Discussion

89. There is no evidence before us at this time to indicate that implementation of the limited subscriber line charges which we are recommending will harm universal telephone service.[78] However, we recognize that implementation of subscriber line charges in conjunction with the general upward pressure on local rates has generated legitimate concern regarding the protection of universal service.[79] Therefore, we are recommending implementation of a two-phase plan for dealing with these concerns. As the initial step we recommend implementation of a program to

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78 For purposes of this discussion, the preservation of universal service refers to maintaining at least the existing level of telephone service penetration.

79 In this regard, we note the Commission's ongoing studies concerning the effect of federal decisions and local rate increases on consumers, and emphasize the need to continue and expand such monitoring efforts.

offset the subscriber line charge for low income households. In conjunction with this, as the second phase of the plan we recommend further study, on an expedited basis, of broader measures to assist low income households in affording telephone service.

90. We recommend that the Commission provide an optional program for a 50 percent reduction in the subscriber line charge for customers who satisfy a state determined means test which is subject to verification. The shortfall in subscriber line charge revenues resulting from the subscriber line charge reduction would be recovered through an increase in the nationwide average carrier common line charge. The states wishing to take advantage of this assistance mechanism would be required to implement an equal monetary reduction in the local exchange rate for subscribers who qualify for the subscriber line charge reduction. This reduction would be funded from intrastate sources. The decision to implement this joint federal-state assistance mechanism would be left to the individual state commissions.

91. We believe that this approach represents an appropriate joint federal-state response to concerns about the preservation of universal service. We believe that the eligibility criteria for assistance should be established by the individual states since they are in a better position than the federal government to assess the need for assistance and develop means tests suited to local conditions and circumstances. A single nationwide standard would not be able to accomplish this. We also recommend further study of broader assistance measures by the Joint Board as the second phase of our plan. We expect that the means tests developed by the individual states in implementing the reduced subscriber line charge will be valuable in developing broader lifeline assistance measures in the near future. Development of such eligibility criteria by the state commissions will encourage active state involvement in instituting programs for broader lifeline assistance and contribute substantially to the successful implementation of such measures.

V. Ordering Clauses

92. Accordingly the Joint Board RECOMMENDS, That the Commission adopt the attached revisions to Parts 67 and 69 of the Commission's rules.[80]

FEDERAL COMMUNICATIONS COMMISSION
For the Federal-State Joint Board

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80 This recommendation is adopted pursuant to Sections 4(i) and (j), 201, 202, 203, 205, 218, 221, 403 and 410 of the Communications Act, as amended, 47 U.S.C. §§ 154 (i) & (j), 201, 202, 203, 205, 218, 221, 403 and 410.

HB 23

AN ACT RELATING TO REDUCED RATES AND DISCOUNTED SERVICE FOR LOW-INCOME TELECOMMUNICATION CUSTOMERS

INTENT

The purpose of HB 23 is to allow telecommunications utilities (e.g., telephone companies) to initiate reduced rate service to its low-income customers.

THE PROBLEM

Alaska's low income residents could find their access to basic telephone service cut off if the current evolution (i.e., deregulation and competition) of Alaska's telephone service results in an increase in intrastate service rates.

Alaska law does not permit telephone companies to offer reduced rates or discounted service to low-income customers.

CHANGES PROPOSED BY HB 23

HB 23 modifies the Alaska Public Utilities Commission Act to permit a public utility to initiate a discounted service or a reduced rate for telephone service for low-income customers.

In other words, it remove the prohibition that currently prevents reduced rates or discount service.

Note that in no way does HB 23 require telephone utilities or the Alaska Public Utilities Commission to provide discounted service.

PAST ACTION ON BILL

An identical bill (HB 539) passed the House last session, but died in the Senate State Affairs Committee due to concern over whether telephone rates were going to rise.

Note that the primary concern of this bill is the "safety net" aspects of communication -- not concern with fluctuations in the market structure.

FISCAL NOTE

Zero fiscal notes were presented by the Alaska Public Utilities Commission and the Division of Public Assistance.

POSITIONS OF AFFECTED GROUPS

Both the Alaska Public Utilities Commission and the Alaska Telephone Associaion support this bill.

Note that the Federal Communications Commission supports this concept.

Alascom and GCI did not testify at the hearings last session. Alascom does not have a position on this bill at this time.

HOUSE BILL #23
SECTIONAL ANALYSIS

Section 1.

Section 1 amends AS 42.05.301 by adding a new subsection (b) thus making the existing section, subsection (a). The new subsection (b) has the effect of being an exemption to subsection (a) in that a public utility may provide essential telecommunications services at a discount to low income customers. It also states that the Alaska Public Utilities Commission cannot require a public utility to provide such a service. It further says that APUC may not require a telephone utility to incur costs that are not recoverable through a tariff should the utility provide a discounted service.

Section 2.

Section 2 is essentially the same as section 1 (above), but amends AS 42.05.391 by adding a subsection (e). This subsection has the same effect as the new subsection (b) in AS 42.05.301 (Above).

HB

26

(7)

HOUSE COMMITTEE REPORT

Date referred: 1/19/87

FURTHER REFERRALS: Resources

DATE: JAN. 27, 1987

The Labor & Commerce Committee has considered HB 26

"An Act relating to the sale of certain milk products."

RECOMMENDS:

[X] replace with CSHB26 (L+C) — [X] the same title

[ ] attached amendment(s) — [ ] a new title

[✓] do pass

[ ] do not pass

[/] no recommendation .

[ ] individual recommendations

[ ] additional referral to the ____________ Committee

ADOPTS: [ ] ________ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published ____________

[ ] same as previous zero fiscal note published ____________

SIGNING DO PASS:

Dave Donley

[illegible]

[illegible] Ellis

Cliff Davidson

[illegible]

[illegible]

SIGNING OTHER RECOMMENDATIONS:

[illegible] no rec

Dave Donley

Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : CSHB 26 (L&C)
Publish Date :

REQUEST:

Revision Date: 1/29/87
Title : An Act Relating to the sale of certain milk products
Sponsor : Terry Martin
Requestor :

Agency Affected : DEC
BRU : Environmental Health
Components : Environmental Sanitation Palmer Lab., Dairy Industry

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This Bill as revised will have no fiscal impact on the Department of Environmental Conservation

Prepared by : Doug Donegan
Phone : 465-2696
Division : Environmental Health
Date : 1/28/87

Approved by Commissioner : Amy D Kyle Ifn
Date : 1/29/87
Agency : Environmental Conservation

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

page ___ of ___

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

STEVE COWPER, GOVERNOR

Telephone: (907) 465-2696
Address:

POSITION PAPER
CSHB 26 (L&C)

January 29, 1987

Contact: Douglas Donegan

Title

An Act relating to the sale of certain milk products

Effect of the Bill

This bill requires that all milk products sold in Alaska contain a date of "processing."

Department Position

The Department supports the intent of CSHB 26. The labeling requirement would provide consumers with pertinent information necessary to make informed decisions regarding the relative freshness of their milk product purchases.

If the bill becomes law, DEC would monitor the accuracy of "processing" date of in-state processors during the course of inspections of milk processing facilities. Accuracy of "processing" date for milk products produced outside of Alaska will be confirmed by monitoring shipment dates of incoming milk products and date of "processing" on the containers.

Suggested Revisions

None

Fiscal Effect

Since the monitoring necessary to confirm the accuracy of the processing date could be accomplished using existing staff, there will be no fiscal impact to the Department from this bill.

Dennis D. Kelso
Commissioner

5-0237B
Bannister
1/27/87

Original sponsors: Martin, Larson and Menard

IN THE HOUSE

BY THE LABOR AND COMMERCE COMMITTEE

CS FOR HOUSE BILL NO. 26 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the sale of certain milk products."

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

* Section 1. AS 17.05 is amended by adding a new section to read:

Sec. 17.05.060. DATE-LABELING OF MILK PRODUCTS. (a) A person may not sell or offer to sell a milk product unless the product container is conspicuously and legibly marked with the month and the day of the month when the product was processed, and the date is preceded by the words "processed on".

(b) This section does not apply to milk products that are packaged in a hermetically sealed container, dried, or frozen.

(c) The commissioner of environmental conservation shall enforce this section.

(d) In this section

(1) "date of processing" means the earliest date when the milk product was heat-treated in any manner, including pasteurization;

(2) "hermetically sealed container" means a container that prevents the entry of microorganisms in order to maintain the commercial sterility of the contents after processing;

(3) "milk product" does not include cultured milk products and cheese, except cottage cheese; in this paragraph, "cultured milk products" includes sour cream and yogurt.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

Telephone: (907) 465-2696
Address:

January 26, 1987
Contact: Douglas Donegan

POSITION PAPER
HB 26

Title:

An Act relating to the sale of cert-in milk products

Effect of the Bill

This bill requires that all milk products sold in Alaska contain a date of "processing" and a date upon which the product becomes "unfit for human consumption."

Department Position

The Department supports the intent of HB 26. The labeling requirements will provide consumers with pertinent information necessary to make informed decisions regarding the relative freshness and shelf-life of their milk product purchases.

If the bill becomes law, DEC would analyze approximately 6 samples per week to confirm by laboratory analysis the accuracy of the "use-before" date. DEC would monitor the accuracy of "processing" date of in-state processors at milk processing facilities. Accuracy of "processing" date for milk products produced outside of Alaska will be confirmed by monitoring shipment dates of incoming milk products and date of "processing" on the containers.

Suggested Revisions

While DEC supports the overall approach, some modification is needed to make it workable. The term "date of processing" needs to be defined. The Department recommends that date of processing be defined as "the earliest date upon which the milk product has been heat treated in any manner such as pasteurization." This definition is suggested because their are several steps in the production of milk products which could be considered "processing" and this definition will eliminate potential ambiguities.

The term "unfit for human consumption" also needs a definition. The Department suggests that this term be defined as "when the milk product exhibits organoleptic or microbiological evidence of spoilage rendering it unacceptable for human consumption as determined by the Department's Environmental Health laboratory."

The definiton of "milk product" should also exclude all "cultured" milk products including sour cream and yogurt.

Fiscal Effect

The Department would monitor milk products to determine compliance with the labeling requirements. This would include evaluating the accuracy of the "unfit for human consumption" date. During routine inspections grocery and dairy inspections, DEC sanitarians would collect milk samples and send them to the Division's environmental health laboratory for analysis. The sample collection and analyses could be performed with existing staff. Consequently, the only additional monies necessary would be for sample containers, sample shipment, gel ice, laboratory supplies and equipment including glassware and media, and a refrigerator with a temperature recording device. The Department anticipates that increased costs would be $9,500 the first year and $7,000 per year thereafter.

Dennis D. Kelso
Commissioner

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version: Labor & Commerce
Publish Date: 1/19/87

Revision Date:
Title: An Act Relating to the sale of certain milk products
Sponsor: Terry Martin
Requestor: John Manley for Terry Martin

Agency Affected: DEC
BRU: Environmental Health
Components: Environmental Sanitation
Palmer Lab., Dairy Industry

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	4.0	4.0	4.0	4.0	4.0
SUPPLIES	0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	0	2.5	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		9.5	7.0	7.0	7.0	7.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		9.5	7.0	7.0	7.0	7.0
FEDERAL FUNDS						
OTHER						
TOTAL		9.5	7.0	7.0	7.0	7.0

POSITIONS:

FULL-TIME						–
PART-TIME						–
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Contractual monies will purchase six sample shipments/week to Palmer Laboratory, Supplies will purchase laboratory glassware, media and sample shipping containers and gel ice; Equipment will be a one-time purchase of laboratory refrigerator with external temperature recording device.

Prepared by: Doug Donegan
Phone: 465-2696
Division: Environmental Health
Date: 1/26/87

Approved by Commissioner:
Date: 1/26/87
Agency: Department of Environmental Conservation

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

Alaska State Legislature
House

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

January 21, 1987

To: Representative Dave Donley
Chairman, Labor & Commerce

From: Representative Curt Menard

Subject: HB 26

Respectfully requesting a hearing for HB 26, An Act Relating to the Sale of Certain Milk Products, at the earliest possible convenience of the committee.

Prompt consideration of this measure will permit a more equitable representation regarding the freshness of dairy products that could have the effect of enhancing the position of Alaskan producers, in turn protecting and providing Alaskan jobs.

REP. TERRY MARTIN

ELECTIVE DISTRICT 13
MOUNTAIN VIEW
RUSSIAN JACK SPRINGS
NUNAKA VALLEY
ELMENDORF A.F.B.
CREEKSIDE
EAST ANCHORAGE

THE SEAL OF THE STATE OF ALASKA

HOME
3960 REKA DRIVE-B6
ANCHORAGE, AK 99508
PHONE 333-6990

DURING SESSION
POUCH V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE 465-3783

Alaska House of Representatives

M E M O R A N D U M

To: Rep. Dave Donley, Chair
House Labor & Commerce Committee

From: Rep. Terry Martin TM by

Date: January 23, 1987

RE: HB 26 - Sale of certain milk products

Thank you for your expeditious scheduling of the above-referenced house bill.

Attached is a short sponsor's statement that explains the purpose and background of the bill. We have asked for a fiscal note from Kit Ballentine in the department of environmental conservation, and will forward a copy to you as soon as we have it. Aside from the sponsor's statement and fiscal note, there really isn't any other background materials for the bill - it is a straightforward answer to a simple consumer problem. I would encourage the members of the Labor and Commerce committee to pass HB 26 on to the Resources committee as soon as possible.

SPONSOR'S STATEMENT

HB 26

"An Act relating to the sale of certain milk products."

This consumer protection bill has only one section, which would add new language to AS 17.05 (Standards of Sale for Food and Drink, in the Food and Drug Title) which would make it illegal to sell milk and cottage cheese unless its container is clearly marked showing the date the product was processed, as well as the date on which it can be expected to be no good.

This requirement would not apply to canned milk, cheeses, ice cream or dehydrated milk. The requirement would be enforced by DEC.

This bill came about simply because, as milk products are now marketed, cartons display only the date on which the grocer should remove the container from the dairy case. This can be ambiguous to the buyer, particularly when producers advertise that the product is good for some time after the date stamped.

The change proposed by HB 26 would give the consumer the information necessary to make a more informed purchase, by showing exactly what day the product was put into the container. Knowing as much as possible about the product's freshness at the time a purchase is considered, and being able to estimate how long it will stay fresh, should alleviate complaints among consumers.

HB

29

(7)

HOUSE COMMITTEE REPORT

Date referred: 1/19/87

FURTHER REFERRALS: Resources
Finance

DATE: JAN. 29, 1987

The Labor & Commerce Committee has considered HB 29

"An Act making a supplemental appropriation to the Department of Commerce and Economic Development for distribution to qualified regional aquaculture associations; and providing for an effective date."

RECOMMENDS:

[ ] replace with ______________ [ ] the same title [ ] a new title

[ ] attached amendment(s)

[x] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the ______________ Committee

ADOPTS: [ ] __________ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published ______________

[ ] same as previous zero fiscal note published ______________

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Chairman's signature

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HL+C 1-29-87 1:30p.m.

JOHN SUND, REPRESENTATIVE
2504 2nd Avenue
Ketchikan, Alaska 99901
(907) 225-5552

While in Juneau
P. O. Box V
Juneau, Alaska 99811
(907) 465-4919

January 26, 1987

MEMORANDUM

TO: House Labor & Commerce Committee

FROM: Representative John Sund

RE: HB29 "An Act making a supplemental appropriation to the Department of Commerce and Economic Development for distribution to qualified regional aquculture associations; and providing for an effective date."

....

In FY 87, for the first time, money was taken from Salmon Enhancement Tax Receipts to fund operations of the Department of Commerce and Economic Development. In the past, 100% of the tax receipts were allocated to the Non-profit salmon hatcheries, this year 7% was siphoned off to make up DCED's budget. The amount was $239,000 which bore no relation to the costs of operating the state distribution program.

The Department of Commerce has one staff assigned to the Salmon Enhancement Tax Receipts program (the funds are collected by the Department of Revenue and only distributed by Commerce to the Regional Aquaculture Associations).

I would like your support for adding back into the FY 88 operating budget the amount diverted from the Tax Receipts. I think that taking these funds out as a general tax is setting an unfortunate precedent. This was never expressed as a possibility at the time that the fishermen voted the tax on themselves.

SOUTHERN SOUTHEAST REGIONAL
AQUACULTURE ASSOCIATION, INC.

1649 Tongass Avenue Ketchikan, Alaska 99901
(907) 225-9605

Representative John Sund
2504 Second Street
Ketchikan, AK 99901

September 29, 1986

Dear Representative Sund:

You may recall the controversy among fishermen last spring when $239,000 of the salmon enhancement tax was eliminated from the state budget. Your support was greatly appreciated in getting a commitment from Governor Sheffield to seek a supplemental appropriation during the next legislative session to replace these funds. However, we will now have a new governor and this commitment must be maintained.

I am asking for your support now to back this commitment. If you would write to me rededicating this commitment, I will gladly distribute it among the fishermen.

Thank you for your assistance.

Sincerely,

Donald F. Amend

Donald F. Amend
General Manager

DA/jlr
Enclosure

SOUTHERN SOUTHEAST REGIONAL AQUACULTURE ASSOCIATION, INC.

1649 Tongass Avenue

Ketchikan, Alaska 99901

(907)225-9605

Mr. William Sheffield, Governor
P.O. Box A
Juneau, AK 99811

May 22, 1986

Dear Governor Sheffield:

There has been a breech of commitment and the breaking of a promise to the fishermen of Alaska during the last legislative session. Under Title 43, Chapter 76, section 43.76.010, the fishermen of Southeast Alaska in 1980 voted upon themselves a 3% enhancement tax to support qualified Regional Aquaculture Associations. The fishermen who are members of the Southern Southeast Regional Aquaculture Association have paid their taxes based on the promise and commitment made to them in 1980 by the State of Alaska that their taxes would be used to support the Regional Aquaculture Association for salmon enhancement. This promise has been kept each year until now.

The budget submitted to you after the recently concluded legislative session withheld $239,000 of the 3% enhancement tax paid by fishermen. This will drastically reduce the funds needed to conduct the enhancement efforts by the Regional Aquaculture Associations. I was told by our legislative Representatives that the House fought futilely to reinstate those funds.

The 3% enhancement tax revenue is administered through the Department of Commerce and Economic Development. I understand that nothing can be done now to reinstate the withheld enhancement tax funds. Therefore, I strongly urge you to use the authority of your office to have the Department of Commerce redistribute their allocated funds to fully fund what the Regional Aquaculture Associations are entitled to receive. The fishermen and the people of Alaska deserve to be treated fairly and the State government should not frivolously break commitments and promises.

Please let me know what you plan to do to correct this error and what your plans are to prevent this from happening again.

Sincerely,

Donald F. Amend

Donald F. Amend
General Manager

DA/jlr

cc: Commissioner Loren Lounsbury
Representative John Sund
Representative Robin Taylor
Senator Robert Ziegler
Cook Inlet Regional Aquaculture Assoc.
Northern Southeast Regional Aquaculture Assoc.
Prince William Sound Regional Aquaculture Assoc
Alaska Gillnetters Association
Alaska Trollers Association
Southeastern Alaska Sein Boat Owners and Operators

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 5, 1986

Mr. Donald Amend
General Manager
Southern Southeast Regional
Aquaculture Association
1649 Tongass Avenue
Ketchikan, AK 99901

Dear Don,

As you are aware, the FY 87 operating budget shows a $239,000 reduction in salmon enhancement tax money. In the chaos at the end of the session, the tax money unfortunately fell through the cracks when the Conference Committee failed to select the full funding provided in the House of Representatives' budget and instead chose the Senate's figures. This shortfall is truly regrettable, and my Administration will seek a $239,000 supplemental appropriation early next session to cover it.

Although the Department of Law now tells us we can't issue a contract for an amount larger than the FY 87 appropriation, the Division of Investments of the Department of Commerce and Economic Development (DCED) will be able to quickly amend your contract once a supplemental is approved. A copy of this letter will be formally attached to your contract to represent my Administration's intent. Commerce officials recommend that you base your FY 87 budget on the full funding level with the fourth quarter reflecting your individual shortfall to be funded by the supplemental. Your first three quarterly payments will be based on the full payment due.

I will work closely with the Legislature to ensure speedy passage of this appropriation. Should the Legislature fail to act, DCED will work closely with you to make sure your financial needs are met and to see that the funds are added to the FY 88 budget.

I realize that your major fear is concerning possible future raids on the fisheries enhancement tax funds. I can assure you that my Administration is fully aware of the history of this tax and is committed to the full disbursement of these funds. I have instructed the Office of Management and Budget to take whatever steps are necessary to ensure that future changes in DCED's budget will not impact the disbursement of fisheries enhancement taxes to the regional aquaculture associations.

Thank you for your assistance in working with us to arrange this plan to recover the full funding. I regret any inconveniences this may have caused your organization.

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

cc: Mr. Jack Cadigan
United Fishermen of Alaska

Mr. Earl Krygier
Alaska Trollers Association

JOHN SUND, REPRESENTATIVE
2505 2nd Avenue
Ketchikan, Alaska 99901
(907) 225-5552

While in Juneau
P. O. Box V
Juneau, Alaska 99811
(907) 465-4919

May 23, 1986

The Honorable Bill Sheffield
Pouch A
Juneau, Alaska 99811

Dear Governor Sheffield:

A dangerous precedent has been set in this year's budget with the $239,000 that has been skimmed from the fisheries enhancement tax receipts.

That money was removed in OMB's revised version of your budget. The House restored the 7.5% cut, only to have it removed once again in conference committee, when the Senate followed your lead and cut an identical 7.5% from the fishermen's tax receipts.

At the time the original cut was made in your budget, the action was justified as the cost of administrative overhead. When the fisheries enhancement tax was voluntarily established by the fishermen, the courts said that receipts must be channeled through a government agency. However, the agreement in 1979 was that 100% of those receipts would be reimbursed to the aquaculture associations; <u>no</u> "administrative overhead" and <u>no</u> skimming!

As I mentioned, I am very disturbed by the precedent that we are setting here. If I could alter the action of this Legislature I would do so. Lacking that ability, I ask for your strongest assurances that this will never happen again.

Sincerely,

John Sund
Representative

cc: Dave Massey, C&ED
Don Amend, SSRAA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

	FY 86 AUTHORIZED	FY 87 GOVERNOR	FY 87 REVISED	FY 87 % CHANGE
General Fund	$54,262.8	$50,496.9	$47,667.3	(5.6)
Total Funds	$71,943.0	$69,566.9	$64,986.9	(6.6)
PFT	447	446	413	(7.4)
PPT	16	16	21	

PROGRAM	IMPACT	GF REDUCTION
Tourism	Eliminate Media Exposure Recovery Increment.	(964.5)
Small Business Development	Eliminate Business Assistance Center Contracts. To be replaced with 50% Federal/ 50% State CIP funded SBA program utilizing the university system.	(350.0)
ASMI	General Fund reduction which could be offset by an increase in the Seafood Marketing Assessment.	(493.0)
Fisheries Enhancement Tax Receipts	Pass on to PNP aquaculture associations less than assessments collected. Reduction of 7.5% justified as the cost of state administrative overhead.	(239.0)
APUC	Delete 4 PFT positions including the Deputy Executive Director.	(214.4)
Economic Development Advocates	Consolidate the Office of Forest Products and the Office of Minerals Development. Consolidate the Office of Small Business Development and the Office of International Trade. Delete two Office Directors.	(177.1)
Alaska Power Authority	Eliminate 4 PFT general fund positions. Eliminate an additional 16 PFT positions supported by other funding sources. Convert 5 PFT positions to part-time.	(287.9)

* * * * * DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT * * * * *

	BUDGET COMPONENT	86 AUTH	GOVERNOR	OMB REV	EXPLANATION OF CHANGES (EXCEPT GENERAL REDU
74	? COMMERCIAL FISHERIES DEV.	362.3	370.7	0 ~~3700.2~~	Delete program <3700.2>
76	INTERNATIONAL TRADE	792.8	790.5	756.1	
78	FOREST PRODUCTS	187.8	211.0	187.8 ~~245.5~~	Reduce to '86 Auth <57.7>
80	RESEARCH, ANALYSIS & SUPPORT	445.5	438.2	445.5 ~~465.9~~	Reduce to '86 Auth <20.4>
82	DATA AND WORD PROCESSING	24.8	6.7	6.7	
84	ENERGY	1.4			
	*** PROGRAM TOTAL ***	3270.5	3195.6	5969.3	
	INVESTMENTS				
86	OPERATIONS	1390.6	1360.4	1360.4	
88	DATA AND WORD PROCESSING	2.7	1.9	1.9	
	*** PROGRAM TOTAL ***	1393.3	1362.3	1362.3	
	ACCOUNTING AND COLLECTIONS				
90	OPERATIONS	1466.5	1716.8	1691.2	
92	DATA AND WORD PROCESSING	159.2	90.7	151.2	
	*** PROGRAM TOTAL ***	1625.7	1807.5	1842.4	
96 ?	FISH ENHANCEMENT TAX RECEIPTS	3186.6	3186.6	2947.6	what is this cut Skimming 239
	TOURISM				
100	OPERATIONS	7251.8	8127.4	7162.9	
102	DATA AND WORD PROCESSING	3.6			
	*** PROGRAM TOTAL ***	7255.4	8127.4	7162.9	
	AIDA				
106	OPERATIONS	1624.5	1734.7	1714.4	
108	DATA AND WORD PROCESSING	114.9			
	*** PROGRAM TOTAL ***	1739.4	1734.7	1714.4	
	AK SEAFOOD MARKETING INSTITUTE			3000.0	Add 3000.0

S.S.R.A.A.

RESOLUTION FOR FULL DISBURSEMENT OF THE SALMON ENHANCEMENT TAX FUNDS TO THE REGIONAL AQUACULTURE ASSOCIATIONS

WHEREAS, the State of Alaska has created by statute provisions for fishermen to tax themselves for the purpose of salmon enhancement by Qualified Regional Aquaculture Associations (Title 43, chapter 76), and

WHEREAS, the majority of fishermen belonging to Qualified Regional Aquaculture Associations elected to impose either a two or three percent tax upon themselves based upon promises by the State of Alaska to fully disperse the tax collected to their respective Regional Aquaculture Association for salmon enhancement,

LET IT BE KNOWN, that the 1986 legislature withheld a portion of the enhancement tax, violating the promise made to fishermen.

LET IT BE FURTHER KNOWN, that Governor Sheffield promised to initiate supplemental funding in the 1987 legislative session to reinstate the funds withheld by the 1986 legislature and he further confirmed the promise that future enhancement taxes collected will be fully dispersed back to the appropriate Qualified Regional Aquaculture Association.

FURTHERMORE, gubernatorial candidate Steve Cowper also promised to support a supplemental appropriation in the 1987 legislature to reinstate the funds previously withheld and promised to support full disbursement of the salmon enhancement tax to the Regional Aquaculture Associations.

LET IT BE RESOLVED, that governor Steve Cowper honor his promises by supporting a supplemental appropriation in the 1987 legislative session to reinstate the funds withheld in 1986 and direct the Office of Budget and Finance and the Department of Commerce and Economic Development to prepare future budgets that require full disbursement of the salmon enhancement tax to the appropriate Qualified Regional Aquaculture Association.

APPROVED BY THE SSRAA BOARD OF DIRECTORS

MEMORANDUM State of Alaska

TO: Jay Hogan, Director
Division of Budget Review
Office of Management and Budget
Office of the Governor

DATE: December 23, 1986

FILE NO.:

THRU:

TELEPHONE NO.: 465-2500

SUBJECT: Request for Supplemental Appropriation, Fisheries Enhancement Tax Receipts

FROM: F. Terry Elder, Deputy Commissioner
Department of Commerce and Economic Development

JAN 21 1987

This memo is the department's formal request for a supplemental appropriation in the amount of $239,000 to replace funds that were cut from the Fisheries Enhancement Tax Receipts budget for FY 87.

Salmon enhancement taxes on the sale of salmon are collected by the Department of Revenue in areas where regional aquaculture associations have been formed by local fishermen, and those fishermen have approved a tax. The funds are subsequently appropriated by the Legislature to the Department of Commerce and Economic Development, which then distributes the funds to the regional associations through contractual agreements. It is clear that the legislative intent was to correlate the appropriations of fisheries enhancement funds to the actual tax revenues collected, and that the tax receipts are not to be used to subsidize other state government functions.

Despite the legislative intent and history of the program, the original FY 87 budget request of $3,186,600 was reduced by 7.5% ($239,000) in the Conference Committee during across-the-board budget cuts. Consequently, we must now request a supplemental appropriation to restore full funding for the Fisheries Enhancement Tax Receipts Program.

Please let us know if you require additional information.

CP/mst5086m
122386a

OFFICE OF
MANAGEMENT & BUDGET
DEC 24 1986
BUDGET REVIEW

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 6, 1986

The Honorable John Sund
2505 Second Avenue
Ketchikan, AK 99901

Dear John,

Enclosed is a letter I just sent to Don Amend regarding the fisheries enhancement tax receipts.

As you know, John, this reduction was supposed to have been corrected in Conference Committee. You are all too aware of the utter chaos in those last few days.

I have no intention now or in the future of "skimming" from those funds.

Sincerely,

Bill

Bill Sheffield
Governor

cc: Don Amend

Alaska
Trollers
Association
130 Seward St., No. 213
Juneau, Alaska 99801
(907) 586-9400

Alaska Trollers Association Testimony on House Bill 29
1/29/87

The Alaska Trollers Association wishes to strongly support House Bill #29. This Bill rectifies a bookeeping error by the Office of Budget & Management, which occurred during the budget-cutting scramble last session; $239,000 of fisherman-supported enhancement tax was lost when across the board cuts were made in the Department which administers these funds. House Bill #29 replaces these funds.

Under Title 43, Chapter 76, Section 43.76.010, salmon enhancement taxes on the sale of salmon is collected by the Department of Revenue, but only in areas where regional aquaculture associations have been formed by local fishermen, and where those fishermen have approved a tax. The funds are subsequently appropriated by the Legislature to the Department of Commerce and Economic Development, which then distributes these tax funds to the proper regional association.

Understanding that there are no dedicated funds within the State system, fishermen took this committment to pay an assessment (3% in Southeast) with a political promise from the State and the Legislature that their tax monies would, in fact, be appropriated to support regional aquaculture. Any overhead costs used to subsidize other government functions, and thus reduce the full amount of expected revenue to the regional associations, can only be viewed as a breach of that promise. Such losses will effect the cash flow of the aquaculture associations since they anticipate these funds to drive their programs, and, in part, are used to pay back State loans on capital investment.

Fishermen would certainly understand budget deficits since they are businessmen themselves; what they would not understand is that if after voting themselves a tax, whose proceeds were promised as support for aquaculture, the funds were directed elsewhere.

The entire fishing industry respectfully requests your support on mitigating this error.

JOHN SUND, REPRESENTATIVE
2505 2nd Avenue
Ketchikan, Alaska 99901
(907) 225-5552

While in Juneau
P. O. Box V
Juneau, Alaska 99811
(907) 465-4919

January 21, 1987

MEMORANDUM

TO: Honorable Dave Donley

FROM: Representative John Sund

RE: HB29 "An Act making a supplemental appropriation to the Department of Commerce and Economic Development for distribution to qualified regional aquaculture associations; and providing for an effective date."

....

I would appreciate it if you would schedule HB29 at your earliest convenience.

In FY 87, for the first time, money was taken from Salmon Enhancement Tax Receipts to fund operations of the Department of Commerce and Economic Development. In the past, 100% of the tax receipts were allocated to the Non-profit salmon hatcheries, this year 7% was siphoned off to make up DCED's budget. The amount was $239,000 which bore no relation to the costs of operating the state distribution program.

The Department of Commerce has one staff assigned to the Salmon Enhancement Tax Receipts program (the funds are collected by the Department of Revenue and only distributed by Commerce to the Regional Aquaculture Associations).

I would like your support for adding back into the FY 88 operating budget the amount diverted from the Tax Receipts. I think that taking these funds out as a general tax is setting an unfortunate precedent. This was never expressed as a possibility at the time that the fishermen voted the tax on themselves.

HB

36

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87 FURTHER REFERRALS: Judiciary

DATE: 2/19/87

The Labor & Commerce Committee has considered HB 36

"An Act requiring certain motor vehicle insurance policies to provide reduced rates for certain persons."

RECOMMENDS:

[ ] replace with CSHB 36 (L+C) [X] the same title

[ ] attached amendment(s) [ ] a new title

[ ] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the ______ Committee

ADOPTS: [ ] ______ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[X] zero with analysis

[ ] same as previous fiscal note published ______

[ ] same as previous zero fiscal note published ______

SIGNING DO PASS:

Dave Donley

[illegible]

[illegible] Rozario

Cliff Davidson

[illegible] Zimmerman

[illegible] Bosch

SIGNING OTHER RECOMMENDATIONS:

W. Furnace

Dave Donley

Chairman's signature

Introduced: 1/19/87
Referred: Labor & Commerce
and Judiciary

IN THE HOUSE BY GRUSSENDORF

HOUSE BILL NO. 36

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act requiring certain motor vehicle insurance policies to provide reduced rates for certain persons."

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

* Section 1. AS 21.89.020 is amended by adding new subsections to read:

(f) An insurer shall provide an appropriate reduction of not less than ~~a~~ 10 percent ~~reduction~~ in the premium charged for a motor vehicle casualty insurance policy when the principal operator of the motor vehicle covered by the insurance policy

(1) is 55 years of age or older;

(2) requests the insurer to provide the reduction; and

(3) provides the insurer with proof satisfactory to the director that the operator has within the three years before requesting the reduction taken and successfully completed a motor vehicle accident prevention course approved by the Department of Public Safety under AS 28.05.035, unless a court sentenced the operator to take the course because the operator was convicted of a moving traffic violation or the court offers the course as an alterative to a conviction.

(g) An insurer may cancel a rate reduction provided under (f) of this section if during the policy period the principal operator of the insured motor vehicle is

(1) involved in an accident caused by the operator; or

(2) convicted of a moving traffic violation.

(h) The reduced rate provided for an operator under (f) of this section may not extend beyond three years after the last day of the operator's most recently successfully completed motor vehicle accident prevention course described in (f)(3) of this section.

* Sec. 2. AS 28.05 is amended by adding a new section to read:

Sec. 28.05.035. COMMISSIONER MAY APPROVE ACCIDENT PREVENTION COURSES. For the purposes of AS 21.89.020(f)(3), the commissioner may approve driver education courses intended to prevent motor vehicle accidents and promote safe driving practices.

* Sec. 3. APPLICABILITY. This Act applies to policies of motor vehicle casualty insurance entered into or renewed after the effective date of this Act.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HB 36
Publish Date :

REQUEST:

Revision Date:
Title : An Act requiring certain motor vehicle policies to provide reduced rates for certain persons.
Sponsor : Grussendorf
Requestor :

Agency Affected : Commerce & Econ. Dev.
BRU : Insurance
Components : Public Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by : John L. George, Director
Division : Division of Insurance
Phone : 465-2515
Date : February 2, 1987

Approved by Commissioner : J. Anthony Smith
Agency : Commerce and Economic Development
Date : February , 1987

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

0455K2287a

DEPARTMENT OF PUBLIC SAFETY

BILL NO: HB36

DATE: January 23, 1987

TITLE: An Act requiring certain motor vehicle insurance policies to provide reduced rates for certain persons

CONTACT: Bill Brown 465-4335

The bill requires an insurance company to reduce motor vehicle casualty insurance premiums by 10% if an applicant is 55 years of age or older, has recently taken an accident prevention course approved by the Department of Public Safety, and asks for the reduction.

The department currently approves driver improvement courses for a reduction of points under AS 28.15.241(b). Since these courses must meet the criteria set out in Section 2 of this bill, there will be little impact on the department as the same courses would be applicable for the premium reduction.

The department is neutral on this bill.

WILLIAM R. NIX
Acting Commissioner

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HB 36
Publish Date :

REQUEST:

Revision Date:
Title : An Act requiring certain motor vehicle insurance policies to provide...
Sponsor : Grussendorf
Requestor : House Labor & Commerce Comm.

Agency Affected : Public Safety
BRU : Motor Vehicles

Components :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact on this department.

JNR 1/23/87

Prepared by : BB Bill Brown
Division : Motor Vehicles
Phone : 465-4335
Date : 1-23-87

Approved by Commissioner : [signature]
Agency : Public Safety
Date : 1/23/87

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

Position Paper

Automobile Insurance Discount

The State Legislative Committee of the American Association of Retired Persons proposes that legislative steps be taken to reduce automobile insurance premiums for motor vehicle operators age 55 and older who complete a state-approved driver education course.

Rationale: Motor vehicle operators age 55 and older are a unique population and have specific physiological considerations and driving problems. How do these individuals compare with age brackets in safe driving practice and incidence of accidents?

In order to obtain an accurate picture it is not enough to consider only age and number of accidents, its necessary to factor in the annual number of miles driven per year. Research shows that the number of annual miles driven by motor vehicle operators begins to decline significantly after age 55. Therefore, an important consideration with regard to the safe driving practices and abilities of older persons is the criteria used to determine accident involvement statistics.

The record of the older driver is good when calculated on the basis of accidents per driver. When the same figures are examined on the basis of miles driven annually, a different picture emerges. This more significant and meaningful statistic highlights the urgent need for corrective measures to re-educate older drivers.

Because older persons drive fewer miles, corrections must be made for driving exposure. When this factor is included in accident involvement rates, and the involvement per exposure is determined, a U-shaped curve of accidents versus age results. Violation and accident rates per mile are higher for the youngest and oldest drivers and lower for those in the middle ranges. Although one can quibble over the exact placement of the curve, a general "U" configuration has emerged in every major study undertaken during the past 10 years.

The National Safety Council reports that when the number of miles driven is taken into account, drivers age 55 and over have a poorer accident record than drivers in their middle years.

The U. S. Department of Transportation identifies the older driver as being age 60 and older and in a group which requires special consideration in the development of driver improvement training procedures. The National Highway Safety Forecast points out that the older driver is adjudged at fault more than middle aged drivers, and due to the population age shifting currently underway in America, is perhaps one of the fastest growing highway safety problem areas.

Older drivers have problems when involved in driving situations requiring quick response, full vision and interaction with other drivers. Typical violations include failure to yield right-of-way, improper turning, incorrect lane changing, passing, and entering and leaving expressways.

The older driver learned to drive during the first forty years of this century, well before the advent of formal driver education programs in the public school systems. The older driver that has completed a formal driver training course is the exception rather than the rule.

These individuals may experience physical changes which affect driving abilities and attitudes. People age at different rates, so age alone is not a fair criterion for determining driving competence. There is no question, however, that driving ability can be affected by the aging process. The gradual failure of sensory acuity associated with aging reduces the quantity and accuracy of information capable of being processed. This reduces the ability of the individual to respond or react to his environment with the speed and judgment current traffic often requires.

Eighty-five to ninety percent of all sensory input needed to drive comes via the eye. Unfortunately, as one ages the need for more illumination increases, glare sensitivity rises, dark adaption lessens, and peripheral vision narrows. Hearing loss also presents problems for older drivers. It is also broadly accepted that as one ages muscles tend to weaken or atrophy.

Primary Objective: By passage of this legislation, will create an economic incentive for older drivers to take a driver improvement course and thereby improve their driving capabilities. This reduces their chances of accident and accident claim filings, and creates a safer driving environment for all . Notably, the proposed legislation brings this about without cost to the state.

The older driver earns the driver improvement discount by taking a positive, preventive step. This incentive discount is given in addition to any other marketing discounts, such as for non-smokers, seat-belt wearers, those reaching a certain age, etc.

The automobile insurance industry writes policies on accidents per age group, and thus considers older drivers to be a reduced risk because of the fewer miles that they drive. In fact, some insurance companies reduce premiums for drivers after age 55 or 65, much the same as they do for drivers after age 25. The issue is not whether some automobile insurance companies may or may not reduce rates for older drivers as a marketing tool. The primary issue is reducing accidents per mile involving drivers age 55 and older.

Action in other states: Legislation has been enacted in 16 states and the District of Columbia which require all automobile insurance companies conducting business in those states to provide a premium reduction to graduates of state-approved driver improvement courses. The list now includes:

State	Discount	Age	Effective Date
AR	Approp. 5-20%	55+	1981
CT	Approp. Min. 5%	62+	1983
DE	10% on liab. & personal injury protection	16+	1982
DC	Approp. 5-10%	55+	1985
FL	Approp. reduction	65+	1986
KY	Approp. reduction	55+	1984

State	Discount	Age	Effective Date
IL	Approp. 5-10%	55+	1982
LA	Approp. 5-10%	55+	1984
MN	Approp. reduction	65+	1985
ND	Approp. 8-10%	55+	1983
NY	Min. 10% on liability	16+	1981
OK	Approp. reduction	55+	1986
RI	Approp. reduction	55+	1984
TN	Approp. 8-10%	55+	1984
TX	10% of premium	16+	1974
VA	Approp. reduction	55+	1985
WY	Not less than 10% of premium	60+	1983

Many other state legislatures are considering this legislation. It is hoped that will add this legislation to its statutes.

CONCERNS AND RESPONSES REGARDING OLDER
DRIVER DISCOUNT LEGISLATION

Prepared by AARP's State Legislative Committee

A. CONCERN: Since statistics seem to show drivers age 55 and older among the safest on the road, what is the rationale for legislation that would encourage participation at a driver improvement course?

RESPONSE: The National Safety Council finds that drivers age 55 and older have a poorer accident record, considering the number of miles driven, than do drivers in their middle years. The U. S. Department of Transportation statistics agree: older drivers are at fault more frequently than middle age drivers in accidents and violations reported by law enforcement officials.

It is not enough to consider only age and the number of accidents. From this limited perspective one sees that drivers 55 and older make up 24% of the driving population, yet are involved in only 18% of the accidents. But when driving exposure is considered, measured by the number of miles driven, older drivers have a higher percentage of accidents than their population warrants. Violation and accident rates per mile is higher for the youngest and oldest drivers, and lower for those in the middle range.

Research shows that the aging processes that affect driving generally become significant when persons reach their fifties. The U. S. Department of Transportation recommends that special consideration be given to older drivers when driver improvement courses are developed.

B. CONCERN: Since a number of driver improvement courses already exist, why aren't older drivers enrolling?

RESPONSE: Older drivers do enroll in driver improvement courses, nationwide and here in . Many more will do so, however, when an economic incentive is available through legislative mandate. Experience in other states that have passed this type of legislation has shown that most people need an economic incentive to actively seek improvement of their driving skills. In of our neighboring states, experience with this legislation and of older drivers are now enrolling there. Should enact this bill, there will be accident claim reductions and fewer injuries and fatalities on our roads as well.

C. CONCERN: It seems that older drivers are being singled out for special consideration. Isn't this age discrimination? Why not allow drivers of all ages to participate in any mandated insurance incentive program?

RESPONSE: The American Association of Retired Persons is interested in resolving problems of older persons. However, if will pass legislation allowing discounts for all drivers attending driver improvement courses, we would not be opposed. We have been informed by numerous insurance companies and insurance trade associations that they are against legislation involving the younger driver. In fact they have fought against including drivers below age 55 in many states where legislation has been enacted for drivers age 55 and over. This legislation does not establish a special category of drivers in any discriminating sense. It simply recognizes an area of need and provides an incentive to help older drivers and the insurance industry reduce accidents and accident claims.

D. CONCERN: Many automobile insurance companies already offer discounts for older drivers based on accidents per age group. Would this legislation jeopardize these discounts?

RESPONSE:

Sixteen states and the District of Columbia have already enacted similar legislation. The discount provided to graduates of approved driver improvement courses is the last discount applied. The automobile insurance industry writes policies on accidents per age group and thus considers older drivers a good risk, due to the fewer miles that they drive. In fact, some insurance companies reduce premiums for drivers after age 55 or 65, much the same as they do for drivers after age 25.

The goal of mandated legislation, however, is to provide an incentive discount on automobile insurance premiums that encourages older drivers to take a driver improvement course and to reduce the chances of accidents and claim filings. The driver earns the discount by taking a positive prevention step, unrelated to any other discount.

The discount given graduates of approved driver education courses is given in addition to any other marketing discounts provided to non smokers, seat belt wearers, those reaching a certain age, etc. None of these marketing discounts was dropped when states mandated this legislation.

E. CONCERN: Would drivers not involved in driver improvement courses have to subsidize the discount provided to those who complete one of the approved courses by paying higher premiums?

RESPONSE: This has not been the case in the other mandated states. In Texas where the insurance discount has been in effect for 10 years, the phrase used by insurance companies is that the discount is "fully earned". Although most states recently enacted this legislation, it is our belief that time will show a accident and violation reduction. The insurance companies will save money due to fewer accident claim filings. As a consequence drivers not participating in the mandated insurance driver improvement program will not pay a higher premium, but will be encouraged by their insurance companies to enroll in a driver improvement course.

F. CONCERN: Why must the word mandated to be included in the language? Can't the language be changed to allow voluntary participation?

RESPONSE: Any company may provide a voluntary discount at present. Unfortunately, few have chosen to do so. If all are required to participate, insurance companies have said that they would go along.

G. CONCERN: The legislation includes the term "appropriate reduction" and contains a retake feature. What does this mean?

RESPONSE: The term "appropriate reduction" would allow competition within the insurance industry of to set the reduction percentage. In other words, if the bill becomes law, no one would dictate the terms of an "appropriate reduction" to the state's insurance industry. Each company in the state would set its own discount rate and be able to raise or lower the percentage each year based on the accident claims experience of policyholders that graduate from approve driver improvement courses.

Experience in other states with similar legislation has demonstrated the competitiveness of this feature. Companies have selectively increased refresher course discounts as a marketing tool to attract new clients.

The insurance trade associations also feel that any individual graduating from an approved course should retake an approved curriculum every two or three years. This keeps information current, and also refreshes the driver on necessary skills and techniques to remember.

H. CONCERN: What research is available to prove driver improvement courses work?

RESPONSE: Numerous studies have been conducted on the well known courses, and the results demonstrate effectiveness. It is worth noting that no state has rescinded this type of legislation, and to remember the 10 years' experience in Texas that finds discounts to be "fully earned".

The insurance industry, however, considers these evaluations to be limited tests that do not demonstrate 'statistical significance' in their accident or violation reduction findings. In order to satisfy the insurance industry, and demonstrate 'statistical significance', an older driver course evaluation must involve 20,000-30,000 students, randomly assigned to a control group that doesn't take the course and a treatment group that completes the course. Both groups need to be followed for a period of time via questionnaires and a sample of Department of Motor Vehicle records must be accessed to validate self report forms. Financially and logistically, this has proved impossible for course developers. The insurance industry has not been willing to initiate a study of this size or to work with course developers.

I. CONCERN: Does AARP make money on its driver improvement course?

RESPONSE: No. AARP actually subsidizes approximately two-thirds of overall program costs, and charges each participant a minimal fee to offset the balance of expenses. Sponsors' purpose behind driver improvement courses, at least for the major well-known programs, is education rather than financial reward. But AARP is not in a position to speak conclusively for other organizations.

J. CONCERN: Why is it that several of the states which have passed this legislation have only a small percentage of eligible drivers participating to date?

RESPONSE: Although approved courses are widely publicized, they need help from the insurance companies to notify potential participants. Automobile insurance companies doing business in should be requested to notify their eligible policyholders that the discount can be obtained upon completion of an approved course.

K. CONCERN: How would the legislation be implemented?

RESPONSE: In the proposed legislation, an appropriate state agency is designated to select the courses that will be approved for the mandated insurance discount program. In most states the Department of Motor Vehicles has been selected. Program regulations and guidelines are usually drawn up in consultation with officials of states which have already passed similar legislation.

L. CONCERN: Will this legislation cost the state anything?

RESPONSE: There is no fiscal note for the state.

FOR FURTHER INFORMATION REGARDING THIS PROGRAM WRITE:

AARP
Traffic & Driver Safety Program
1909 K Street, N.W.
Washington, D.C. 20049

Summary Analysis
55 Alive/Mature Driving

	# of 1983 Graduates	# of 1984 Graduates	# of 1985 Graduates	# + or -, 1984-1985	% + or -, 1984-1985	Penetration Rate (% Grads to 50+ Driver Population)	Rank Among 52 Jurisdictions: # Grads	# +/-	% +/-	Penetration
AREA IX	2,208	3,725	6,212	2,487	67%	.112%	7	6	6	9
AZ	871	900	1,461	561	62%	.249%	12	21	37	15
CA	1,212	2,661	4,599	1,938	73%	.099%	6	6	34	26
HI	113	70	76	6	9%	.051%	47	47	47	35
NV	12	94	76	-18	-19%	.043%	48	48	50	39
AREA X	710	1,087	2,973	1,886	174%	.185%	9	9	3	7
AK	-	28	128	100	357%	.272%	44	38	8	13
ID	33	19	70	51	268%	.038%	49	41	10	44
OR	130	390	1,165	775	199%	.209%	15	12	16	17
WA	547	650	1,610	960	148%	.197%	11	10	25	19
TOTAL	61,179	60,177	98,941	38,764	64%	.218%				

55 ALIVE/MATURE DRIVING

Background

The AMERICAN ASSOCIATION OF RETIRED PERSONS was founded in 1958. Today the Association is the nation's leading nonprofit, nonpartisan organization that provides a vital fellowship for men and women age 50 and over whether they are still actively employed, semi-retired or retired.

Currently the Association's membership stands at just over 19 million and continues to grow at a rate of 200,000 new members each month. Approximately 1 out of every 3 Americans age 50 and over belongs to AARP. For interested members there are more than 5,000 chapters nationwide which work for local community welfare, carry on programs to support the goals of the national organization, and provide educational and social programs.

One of AARP's most significant services is to inform and rally members around legislative issues being considered by older persons.

Recognizing the need to help older drivers improve their skills and prevent traffic accidents, AARP offers 55 ALIVE/MATURE DRIVING to all motorists age 50 and over. The eight hour classroom refresher is the first nationwide, comprehensive curriculum designed especially for the older motorist. 55 ALIVE/MATURE DRIVING is available to both Association members and non-members.

AARP's involvement in Driver Improvement education for older Americans began in 1969. In that year the Association commenced teaching the National Safety Council's (NSC) Defensive Driving Course (DDC) to older Americans nationwide. The program grew dramatically each year and by 1979, when the DDC was phased out, more than 400,000 older Americans had completed the course. In addition, the National Safety Council honored AARP as the number one civilian trainer of drivers every year between 1969 and 1979. The ten consecutive awards cite outstanding contributions to adult driver education.

One reason for the program's extraordinary growth rate was the enthusiastic response from Association members who volunteered to become instructors. More than 4,000 instructors age 50 and over were trained by AARP during the involvement with DDC.

Beneficial as this training effort was, the DDC program had some limitations for older motorists. It was felt that another program was needed. The DDC was not geared to compensate for the age-related physical changes of older persons. It was designed for all drivers age 16 and over. As such, areas which are not seen as serious problems for the older driver are given considerable emphasis. Age-related areas of importance are not covered in detail during the DDC presentation. In developing a specific classroom refresher curriculum for older motorists it was concluded that age-related physical changes, declining perceptual skills, rules of the road, local driving problems and license renewal merited prime consideration.

An additional change deemed necessary was in the manner of program presentation. Older adults learn best and have the greatest retention rate when the opportunity to participate in the learning process is maximized.

Convinced that older drivers should have a training program of their own, AARP decided to create one. Data was collected from all the nation's state departments of motor vehicles, state agencies on aging, state offices of highway safety and state departments of transportation. Along with that canvassing, materials were reviewed and contributions received from Safety Councils, Associations, Universities and various agencies of the federal government. Discussions were held with many of the nation's distinguished traffic safety educators to obtain their views regarding the needs of older drivers. During this process a total of 12 older driver courses were uncovered that had been developed since 1961. Most were shortlived but they were examined for their successes and failures. The result is the first comprehensive driver education program fashioned specifically to meet the needs of older motorists. The new program is titled 55 ALIVE/MATURE DRIVING.

Development

55 ALIVE/MATURE DRIVING concentrates on those driver education concerns important for older Americans.

In the United States, there are approximately 45 million registered drivers age 50 and over. This constitutes 30% of all drivers on the nation's roadways. According to U.S. Government figures this is expected to increase significantly by 1990. It is anticipated that women drivers over age 65 will increase 129% over the next five years.

Drivers over age 50 are a unique population and have specific physiological considerations and driving problems. 55 ALIVE/MATURE DRIVING is aimed at this target population. How do these individuals compare with other age brackets in safe driving practice and incidence of accidents? In order to obtain an accurate picture it is not enough to consider only age and number of accidents, it is necessary to factor in the annual number of miles driven per year. Research shows that the number of annual miles driven by motor vehicle operators begins to decline significantly after *age 55*. Therefore, an important consideration with regard to the safe driving practices and abilities of older persons is the criteria used to determine accident involvement statistics. The record of the older driver is good when calculated on the basis of accidents per driver. When the same figures are examined on the basis of miles driven annually a different picture emerges. This more significant and meaningful statistic highlights the urgent need for corrective measures to re-educate older drivers.

Since older persons drive fewer miles, corrections must be made for driving exposure. When this factor is included in accident involvement rates, and the involvement per exposure is determined, a U-shaped curve of accidents versus age results. Violation and accident rates per mile are higher for the youngest and oldest drivers and lower for those in the middle ranges. Although one can quibble over the exact placement of the curve, a general "U" configuration has emerged in every major study undertaken during the past 30 years.

The National Safety Council reports that when the number of miles driven is taken into account, drivers age 55 and over have a poorer accident record than drivers in their middle years.

The U.S. Department of Transportation identifies the older driver as being age 60 and older and a group which requires special consideration in the development of driver improvement training procedures. The National Highway Safety Forecast points out that the older driver is adjudged at fault more frequently than middle aged drivers, and due to the population age shifting currently underway in America, is perhaps *one of the fastest growing highway safety problem areas.*

Older drivers do not commit traffic violations such as speeding, drunk driving or reckless driving to any significant degree.

Older drivers do have problems when involved in driving situations requiring quick response, full vision and interaction with other drivers. Typical violations include failure to yield right-of-way, improper turning, incorrect lane changing, passing, and entering and leaving expressways.

The older driver learned to drive during the first forty years of this century, well before the advent of formal driver education programs in the public school systems. The older driver that has completed a formal driver training course is the exception rather than the rule.

These individuals may experience physical changes which affect driving abilities and attitudes. People age at different rates so age alone is not a fair criterion for determining driving competence, and there is no question that driving ability can be affected by the aging process. The gradual failure of sensory acuity associated with aging reduces the quantity and accuracy of information capable of being processed. This reduces the ability of the individual to respond or react to his environment with the speed and judgement current traffic often requires.

Eighty-five to ninety percent of all sensory input needed to drive comes via the eye. Unfortunately, as one ages the need for more illumination increases, glare sensitivity rises, dark adaption lessens, and peripheral vision narrow Hearing loss also presents problems for older drivers. It is also broadly accepted that as one ages muscles tend to weaken or atrophy.

Research shows that normal age related physical changes begin to accelerate at age 55. Accidents per mile driven begin to increase at this same age. This is the reason we call the course 55 ALIVE/MATURE DRIVING. The course title has nothing to do with the 55 mph speed limit.

We accept all motor vehicle drivers age 50 and over because this action allows the 50–54 year old age group to prepare for the normal age related physical changes and anticipate accident behavior. It gives them a head start.

Curriculum: Edition II

The 55 ALIVE/MATURE DRIVING curriculum consists of six separate sessions. The course is given three sessions at a time over a two day period. Each three session segment lasts four hours.

Session One: Overview
To define course content, a series of slides describes the characteristics of the driver age 55 and over and establishes the relevance of the curriculum that will follow. Group discussion centers on driving frustrations and effects of aging on individual driving behavior.

Session Two: Physical Changes
Discussion is held on the many unrecognized but normal losses in vision, hearing and reaction time as they relate to driving performance. The session concludes with an examination of the effects of alcohol and medication on driving.

Session Three: Interacting with Traffic
Basic rules of driving particularly pertinent to the 55+ driver are discussed. These include right-of-way, intersections, turning and passing. A review of the shapes, colors and types of road signs as well as pavement markings is featured.

Session Four: Interacting with Traffic Continued . . . and Safety Belts
A discussion of the rules of the road continues with entering and leaving freeways, parking and backing. Safety belt usage and nonusage is considered as well as what a driver can expect if involved in an accident while not wearing a safety belt.

Session Five: Accident Prevention Measures, Adverse Driving Conditions, Other Road Users and Auto Maintenance
Accident prevention measures and the effect of adverse driving conditions such as night, inclement weather and rush hour driving are considered. Discussion of other road users spotlights pedestrians, bicycles, trucks, motorcycles, towed vehicles, and stray animals. Proper techniques for handling unexpected driving emergencies are reviewed. Fuel economy measures are recommended. Suggestions are made regarding comparison shopping for automobile insurance. The proper way to maintain your automobile is discussed.

Session Six: Perception and Course Wrap-up
A series of slides present perceptual problems likely to be encountered in various driving environments. Group discussion focuses on major driving hazards in specific driving environments. A brief review of the previous sessions conclude the course.

Conduct Of Courses

Courses are conducted by volunteers aged 50 and over utilizing the peer concept. These volunteers are recruited and trained by AARP in a three phase process. An Instructor Training Session provides the overall training to conduct educational discussion groups and review educational learning skills. In the second phase the Instructor's first course is conducted as a practice teaching session in that it is monitored by the trainer. The last phase is an on-going supervision process supplemented by in-service training workshops held regularly. All of these costs are subsidized by the Association.

Each participant in 55 ALIVE/MATURE DRIVING is charged a minimal fee to help offset overall program costs which include instructor recruitment and training, instructor out-of-pocket expenses, ongoing supervisory training nationwide, and program materials and their distribution. AARP subsidizes the remaining expenses amounting to 50%. Each Instructor volunteers his/her time and recruits sponsors who provide a rental free facility and slide projector.

Evaluation

Between 1979 and 1981 55 ALIVE/MATURE DRIVING was subjected to one of the most exhaustive, independent and penetrating evaluations of any driver education curriculum on the market today by the U.S. Department of Transportation.

The two-year evaluation included random assignment of participants into a control group and treatment group. The control group did not take the course but filled out a series of questionnaires, at one year intervals, on their driving behavior and attitudes; personal accident and violation data were requested for the last three years. The control group also completed several knowledge tests during this same period.

The treatment group completed 55 ALIVE/MATURE DRIVING and filled out the same questionnaires as the control group in the same one-year intervals over a two-year perod. Project staff accessed state DMV records on a good sample of treatment and control group members to validate the self-report questionnaires completed by both groups.

Evaluation staff members have been concerned from the outset that, due to reduced annual mileage after age 55, older drivers take longer to have accidents, and it would be difficult in this limited evaluation to demonstrate statistical significance in accident and violation reduction. This proved to be the case.

Project researchers found a large and statistically significant increase in knowledge in the treatment group that was retained during the entire evaluation period. Drivers taking the 55 ALIVE/MATURE DRIVING course showed a trend in violation reduction; although numbering several thousand, the evaluation participants were not large enough in numbers to demonstrate statistical significance regarding accidents.

Insurance Reduction

Currently several automobile insurance companies voluntarily provide premium reductions to graduates of 55 ALIVE/MATURE DRIVING in selected states. In addition legislation has been enacted in 14 states and the District of Columbia which require all Automobile Insurance companies conducting business in those states to provide a premium discount to graduates of state-approved Driver Improvement courses. AARP's 55 ALIVE/MATURE DRIVING is approved in every state.

The list now includes:

State	*Discount*	*Age*	*Effective Date*
AR	Approp. 5–20%	55+	1981
CT	Approp. Min. 5%	62+	1983
DE	10% on liab. & personal injury protection	16+	1982
DC	Approp. 5–10%	55+	1985
KY	Approp. reduction	55+	1984
IL	Approp. 5–10%	55+	1982
LA	Approp. 5–10%	55+	1984
MN	Approp. reduction	65+	1985
ND	Approp. 8–10%	55+	1983
NY	Min. 10% on liability	16+	1981
RI	Approp. reduction	55+	1984
TN	Approp. 8–10%	55+	1984
TX	10% of premium	16+	1974
VA	Approp. reduction	55+	1985
WY	Not less than 10% of premium	60+	1983

Many other states are currently considering this mandated legislation.

We know that 55 ALIVE/MATURE DRIVING will substantially improve the driving skills of older motorists. We're convinced the program will help older drivers update driving knowledge, sharpen skills and remain on the road longer. Under this program we will be able to reach out to the entire community and offer the services to all people age 50 and over, not just Association members. As a result, a lot more people will benefit. In fact, we believe in time the program could emerge as a national model for traffic safety officials.

For Further Information Regarding This Program Write:

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House of Representatives
SPEAKER OF THE HOUSE

M E M O R A N D U M

TO: Rep. Ben Grussendorf

FROM: Katherine Buchanan

DATE: February 19, 1987

RE: HB 36

According to Steve Stiles of the National AARP the following state have already passed similar legislation:

Connecticut	Illinois	Rhode Island
Minnesota	New York	North Dakota
Delaware	Arkansas	Kentucky
Louisiana	Virginia	Oklahoma
Florida	Texas	Tennessee
Wyoming	and Washington, D.C.	

The following states recently passed this legislation:

effective July 1, 1986: Washington and West Virginia

effective July 1, 1987: Montana, South Dakota and California