

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

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The Alcoholism Report

The authoritative newsletter for professionals in the field of alcoholism founded 1972

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HIGH COURT HEARS ALCOHOLISM 'WILLFUL MISCONDUCT' VA CASES

In a case with the potential for a landmark ruling on the disease concept of alcoholism, the Supreme Court was urged to invalidate a Veterans Administration (VA) regulation under which primary alcoholism is held to be "willful misconduct" in terms of certain veterans' benefits.

Lawyers for two recovered alcoholic veterans argued before the high court Dec. 7 that the VA ruling was a violation of their rights as handicapped persons protected against discrimination by Section 504 of the Rehabilitation Act of 1973.

The VA defended the regulation as reflecting Congressional intent and raised the bugaboo of alcoholic veterans across the nation applying for full disability payments for their condition. But under persistent questioning from Justice Thurgood Marshall, Jerrold J. Ganzfried, the Justice Department attorney representing the VA, conceded that alcoholism is seen by the VA as an "illness" in some contexts, namely its nationwide alcoholism treatment system.

The Supreme Court held an hour of arguments on the consolidated cases of Eugene Traynor and James McKelvey, recovered alcoholic veterans who were denied extensions of time to apply for educational benefits under a 1977 law that allowed veterans to pursue benefits beyond a 10-year eligibility period if they had been unable to do so because of a mental or physical disability not the result of "willful misconduct." A VA regulation considers primary alcoholism -- not the result of a psychiatric disorder -- to be a condition due to willful misconduct.

Since the cases were appealed from adverse lower court decisions earlier this year, they have taken on the colorations of a *cause celebre* with widespread field and media interest centering on the question of alcoholism as a disease. The National Council on Alcoholism (NCA) and the National Association of Addiction Treatment Providers (NAATP) filed "friend of the court" briefs arguing against the VA position (AR, June 8). Representatives of major field groups and NIAAA were on hand to hear the arguments.

The Traynor and McKelvey appeals mark the first case raising the disease issue in a substantial way to receive a Supreme Court hearing since

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the historic but inconclusive Powell vs. Texas decision in 1968. In that case, Powell's conviction for public drunkenness was upheld on grounds that the record failed to show that he was unable to avoid being intoxicated in public.

"The regulation comes from the era of prohibition," declared Keith A. Teel, of the Washington law firm of Covington and Burling, who argued the consolidated case for the two veterans. Teel told the high court that the VA's ruling that alcoholism was the result of "willful misconduct" has never been "reconsidered in light of current medical and scientific knowledge," and reflected an "archaic" attitude. He argued further that the VA "knows about the problem of alcoholism" since it is the "government's largest alcoholism treatment provider."

"The primary issue is not the medical question of whether alcoholism is a disease," he said. "That has been decided by Congress, by the National Council on Alcoholism and the American Medical Association."

"The question is whether the Veterans Administration can enforce a regulation that alcoholism is willful misconduct," and thereby exclude alcoholic veterans from the anti-discrimination protection of the Rehabilitation Act, Teel said. The Rehabilitation Act was extended in 1978 to include alcoholics under the definition of handicapped.

Ganzfried was questioned closely by several justices about his contention that consumption of excessive amounts of alcohol can be seen as "conduct" or a "compulsion short of an illness," and does not constitute a "physical disability" in itself, although there are "physical consequences."

Chief Justice William Rehnquist wanted to know whether being "dead drunk" or "unconscious" constituted a physical disability preventing a veteran from pursuing his benefits.

Ganzfried said that the VA considered "primary alcoholism" as "willful misconduct," but not alcoholism that is "secondary" to a mental disorder. In a series of questions, Justice Marshall pressed the government attorney to say whether the VA regarded primary alcoholism as an illness under the regulation. At one point, the justice said, "the regulations are indefinite, but not too indefinite to take away someone's livelihood."

Ganzfried finally agreed that the VA regards alcoholism as an illness in terms of treatment and rehabilitation, for which the agency spends about \$100 million annually in its medical care system. Marshall then responded, "It is an illness. It took a while, but I made it."

Justice Sandra Day O'Connor raised the question of how the court's disposition of the case might affect the issue of claims for service-connected disability compensation for alcoholic veterans -- which have never been allowed for primary alcoholism. Teel, the veterans' attorney, said if the court's decision appears to create a problem in that area, "Congress can deal with it."

Ganzfried said that if alcoholism or drug addiction were held to be conditions warranting VA disability payments, an alcoholic or addict might be given up to \$1,350 a month "to continue drinking or taking drugs for life."

The Government attorney said the VA is bound by the legislative history of the 1977 law extending the period of eligibility for education and training entitlements. In its report on the bill, the Senate Veterans' Affairs Committee referenced VA regulations under which alcoholism and drug addiction are considered to be "willful misconduct" in determining service-connected disability.

On Dec. 4, three days before the Supreme Court hearing, the Senate passed legislation introduced by Veterans Affairs' Committee Chairman Alan Cranston (D-CA) early this year allowing an extension of eligibility for GI Bill benefits to veterans unable to apply on time because of their alcoholism or drug addiction (AR, Jan. 21). In four previous Congresses, similar Senate-approved provisions have been blocked by the House. (See following story.)

In addition to the willful misconduct issue, the case involves the question of whether the VA rulings in the Traynor and McKelvey cases are subject to judicial review, a technical issue which was also aired at the Supreme Court hearing. Ganzfried argued that Congress intended to preclude judicial review of VA decisions on benefits in order to close a "floodgate" of appeals from veterans. For the veterans, Teel contended Congressional intent was not clear, and that court review of appeals based on such statutes as the Rehabilitation Act should not be barred.

The Supreme Court's decision in the case will be handed down before the end of its current session next June. Legal experts cautioned that the panel could duck the broad question of alcoholism as a disease by ruling on more limited issues, including that of judicial review. Seven Justices heard the case. Justice Antonin Scalia, who was on the Court of Appeals panel which ruled on the McKelvey case in 1986 (AR, July 17, '86), did not participate. There is one vacancy on the nine-member bench.

In addition to Covington and Burling, the New York-based Legal Action Center and the law firm of Bryan, Cave, McPheeters and McRoberts represented the veterans in the cases.

SENATE PASSES BILL EXTENDING ELIGIBILITY TO ADDICTED VETERANS

The Senate passed on Dec. 4 the Omnibus Veterans' Benefits Act of 1987 (HR-2616) which incorporates provisions by Sen. Alan Cranston (D-CA) which would extend the eligibility period to apply for GI Bill and other educational benefits to veterans prevented from participating because of alcohol or drug dependence or abuse disabilities. Denial of such eligibility in the case of two recovered alcoholic veterans is at issue in a consolidated case argued before the Supreme Court Dec. 7. (Story above.)

The bill now goes to a conference with the House whose version of the legislation does not contain the provision for alcoholic and drug dependent veterans. On four previous occasions, House opposition has blocked Congressional enactment of similar legislation authored by Cranston, chairman of the Senate Veterans' Affairs Committee. The provision is designed to get around the Veterans Administration's ruling denying extension of eligibility to alcoholic or drug addicted veterans on grounds their conditions were the result of "willful misconduct."

The Senate Committee's report on the bill declared that "the opportunity to use GI Bill and VA rehabilitation program benefits can be extremely important to the readjustment and rehabilitation of the Vietnam-era and service-connected disabled veterans involved and that the delimiting-period

extensions for those who were, but are no longer, prevented by alcohol or drug disabilities from using those benefits would be fully consistent with the readjustment and rehabilitation goals of both programs."

The report noted that in passing the Anti-Drug Abuse Act last year, "Congress recognized the importance of providing individuals who have, or have recovered from drug or alcohol conditions with every reasonable opportunity to participate in programs that can help them return to full, productive lives."

The Committee cited concerns raised by the VA about the implications of the provision for disability payments -- an issue raised in the Supreme Court arguments. It said the legislation has been shaped to reflect the Committee's "intention not to undercut in any manner" administrative and legislative provisions related to other benefits "to the effect that alcohol or drug abuse or dependence are the result of willful misconduct."

"Hence, the Committee bill would make clear that, for the purposes of determining eligibility for an extension of the applicable delimiting period, an alcohol or drug dependence or abuse condition would not be considered a 'disability;' it would simply be considered as a 'condition' that could have prevented a veteran or eligible person from pursuing a program of education or participating in a program of vocational rehabilitation."

Although the Committee said it saw no purpose to be served by denying veterans an extension when they are prevented from pursuing GI Bill assistance during the regular 10-year delimiting period, "some undesirable circumstances might flow from a similar rule being applied for other VA benefit programs such as service-connected compensation." It explained:

"If an individual were to be granted disability compensation for alcoholism or drug addiction, there would be a strong financial incentive established -- in the form of a higher rate of compensation or the continuation of receipt of compensation -- toward the worsening or prolongation of the disability. Either of these factors are to some extent within the control of the veterans because they depend upon the amount, frequency, and duration of his or her consumption of alcoholic beverages or drugs."

The report took note of the pending Supreme Court cases, which raise the question of whether the VA regulation on "willful misconduct" violates Section 504 of the Rehabilitation Act, and said, "The Committee has never addressed the issue of the validity of the willful misconduct regulation under Section 504 with respect to alcoholism and drug addiction."

SEN. THURMOND ASSAILS ANHEUSER-BUSCH FOR 'SPUDS MACKENZIE'

Lashing out at Anheuser-Busch's promotion of the "Spuds MacKenzie" toy as "against the public interest," Sen. Strom Thurmond (R-SC) warned that Congress should look at "major policy changes" if "this is the kind of responsibility which we can expect from the alcoholic beverage industry in the future."

In the most outspoken attack on the alcoholic beverage industry delivered on the Senate floor in recent years, Thurmond labeled as "ridiculous" a claim by the Distilled Spirits Council of the U.S. (DISCUS) that the industry's voluntary public education efforts "totally alleviates the need for health warning labels."

"There has been no responsibility demonstrated on behalf of the alcoholic beverage industry to educate the youth of our nation as to the hazards of alcoholism," Thurmond declared in his Nov. 13 speech. "To the contrary, advertisements glamorize the use of alcohol. Recent campaigns target youthful drinkers, many of whom are under the legal age."

Brandishing a "Spuds MacKenzie" toy dog, Thurmond noted that the National Council on Alcoholism and other field organizations have called on Anheuser-Busch to discontinue the promotion on grounds it is encouraging youth to drink (AR, Oct. 13). The Senator said:

"We think to have these toys advertising beer on them for little children to be sold in the stores is absolutely unnecessary, inadvisable, and against the public interest."

Thurmond noted that an Anheuser-Busch official said the Spuds MacKenzie toy was created to promote Bud Light beer "only for those old enough to drink." He continued:

"The stuffed animals, children's toys and T-shirts small enough to fit 12-year-olds indicate the real purpose of the campaign is to entice young people to drink."

"Is this the kind of responsibility which we can expect from the alcohol beverage industry in the future? If so, I think we in Congress should get to work on some major policy changes. I am fully cognizant of the free speech rights of the alcoholic beverage industry. However, what is the cost to society of this freedom to advocate unlawful teenage drinking?"

Thurmond also cited wine coolers for what he called "additional evidence demonstrating the alcoholic beverage industry's lack of responsibility to youth." Advertising, he said, "gives the impression that wine coolers are a soft drink," not-

ing that the beverage contains more alcohol than beer.

As chairman of the Senate Judiciary Committee last year, Thurmond helped shape major portions of the Anti-Drug Abuse Act. "I was proud of our work on that legislation," he said, adding:

"However, we all know that drug smugglers and drug dealers are easy political targets. There is no one in Congress who seeks to protect their interests.

"I have said this on several occasions and I repeat it today: There is no stronger lobby in this nation than the alcoholic beverage lobby. However, today alcohol is the No. 1 drug of abuse in our country."

Thurmond, ranking Republican on the Senate Subcommittee on Children, Families, Drugs and Alcoholism, has introduced legislation over the years to require health warning labels on alcoholic beverages. In his Senate speech, Thurmond made welcoming remarks to participants at the National Conference on Alcohol Abuse and Alcoholism who viewed a video tape of the Senator's address a few hours after it was made.

BETTER HEALTH FOR AMERICANS HINGES ON LOWER ALCOHOL USE

"America will one day have to choose between alcohol and health," declared Surgeon General C. Everett Koop, M.D., ScD. "Because we can't have both."

"We cannot continue to have high levels of traffic in any drugs -- including tobacco and alcohol -- and still hope to raise the health status of the American people up there onto the higher plateau where it ought to be," Koop said in an address to the National Conference on Alcohol Abuse and Alcoholism in Washington, DC, Nov. 13.

Koop described the U.S. Public Health Service's national objectives for health promotion and disease prevention, which involves some 16 goals to be achieved by 1990 and 2000, including lower rates for infant mortality, highway fatalities, heart disease and other areas. "The presence of alcohol subverts every single one of them," the Surgeon General said.

Koop cited as examples the efforts to reduce teenage pregnancy. "We can open clinics and run in-school sex education courses and enlist the help of churches and so on. But if we don't recognize the influence of alcohol, then we're wasting a lot of time and money."

The Public Health Service is also focusing on occupational health and safety as an area where

significant gains can be achieved by 1990 and 2000, the Surgeon General said, adding:

"A whole industry has been developed which now produces protective clothing and face masks and ear protectors and goggles and a thousand other items for worker health and safety. But none of these items will protect the worker, if his or her judgment is altered by alcohol. Such workers might as well leave their protective items in their lockers, if all they do is take them out on the job site and use them incorrectly under the influence of alcohol.

"The fundamental, safety-oriented behavior that provides basic protection for the American worker is rendered useless, if that worker drinks.

"Contrary to all the TV ads, drinking a lot of beer out on the job is not a manly thing to do. It's stupid, dangerous behavior.

"So I maintain that you won't get very far improving on-the-job safety, if you dance around the issue of alcohol."

Koop called the National Conference the "opening salvo" in a new campaign against alcohol abuse and alcoholism. "We must deal with alcohol, if we want to achieve any substantive progress in American health status across the board," he concluded.

ALCOHOL PROBLEMS PERVASIVE, GALLUP TELLS CONFERENCE

"A substantial majority of Americans have suffered at least to some extent from their own or someone else's drinking," George Gallup, Jr., told the National Conference on Alcohol Abuse and Alcoholism Nov. 13.

As many as 4 out of 10 Americans say they have suffered physical, psychological or social harm during their lifetimes as a result of another person's drinking, Gallup said. The recent Gallup survey also showed that about 17 percent admit to suffering because of his or her own drinking, the pollster said.

"America does not have a crime problem," Gallup said. "America does not have a problem of job absenteeism and low productivity. America does not have a teenage pregnancy problem. America does not have a problem of broken homes and marriages. America has an alcohol and drug problem."

Gallup said there is some good news, however, noting survey findings that the number of people who have sought professional help for drinking problems has doubled in just three years, and that public knowledge about alcoholism has increased in the last five years. He also cited de-

clines in cirrhosis mortality, and the growth of AA.

Despite a new awareness of alcohol problems, and willingness to seek help, Gallup said, "the overwhelming majority continue to reject a return to prohibition."

"In fact, the proportion favoring a law that would forbid the sale of all beer, wine, and liquor throughout the nation is at the lowest level recorded in 51 years," Gallup said, citing survey findings that only 17 percent favor a return to prohibition, the same percentage as in a 1984 poll. In 1936, 38 percent favored prohibition, he said.

While a return to prohibition is rejected, Gallup said heavy public support is found for such measures as warning labels, higher alcohol taxes, and "equal time" requirements for broadcasters airing alcohol commercials. A recent Gallup survey found 79 percent favoring health and safety warning labels on alcoholic beverage containers; 75 percent backing legislation to require radio and TV stations running beer and wine commercials to provide the same amount of time to health and safety warning messages about drinking; and 66 percent approving a doubling of the federal alcohol excise taxes to raise funds to combat alcohol and drug abuse.

NIAAA ADVISORY COUNCIL URGES MAINTAINING ADAMHA STRUCTURE

NIAAA Advisory Council members have adopted a resolution which urges maintenance of the present ADAMHA structure for research on alcohol, drug and mental (ADM) disorders and advises against any "dilution" of its role in research.

The resolution was described as being framed in response to concerns about proposals to overhaul ADAMHA or move components to the National Institutes of Health, subject of current studies (*AR*, Sept. 29).

Developed by Advisory Council members Tom Crowley, Bernie Boswell, Roger Meyer and Robert Straus, the resolution on the ADAMHA reorganization study is being sent to HHS Secretary Otis Bowen, ADAMHA Administrator Donald Ian Macdonald, and Assistant Secretary for Health Robert Windom. It was distributed by NIAAA in a Nov. 25 memorandum.

The resolution reads: "Whereas alcohol use causes problems for an estimated 18 million American adults, this Council advises that it is essential for the federal government to maintain and gradually expand its role as key patron of biomedical and behavioral research into the causes and treatments of alcoholism.

"Whereas recent studies show that many alcoholic persons also suffer from other diagnosable mental disorders or from the abuse of additional drugs, this Council advises that it is essential for alcoholic Americans that the federal government maintain and gradually expand its role as key patron of mental health and drug-abuse research.

"Whereas direct prevention and treatment efforts for ADM disorders are at least partly supported through other public and private efforts, and whereas such efforts contribute only modestly to biomedical and behavioral research on ADM disorders, this Council advises that the federal government must avoid diversion from, or dilution of, its major role as ADM research patron.

"Whereas this Council finds that the ADAMHA structure for research on ADM disorders has provided stunning advances in these fields, the Council recommends maintenance of that structure. The Council fears that changes in that structure could result in unforeseen and ultimately harmful reorganizations, in fragmentation of the naturally parallel courses of ADM research, and in a harmful change in the balance of biomedical versus psychosocial research in ADM disorders.

"Whereas the three ADAMHA Institutes have become the major international centers for research in ADM disorders, and whereas the ADAMHA administration has provided needed administrative support for these research Institutes, and whereas that administrative support has been compromised by the assumption of certain ADM program activities within ADAMHA but outside of the Institutes, this Council advises that those ADM program activities be centered in the appropriate Institutes.

"Whereas some well-intended persons want one or more of the ADAMHA Institutes to be administered by NIH, and whereas the Council finds that it is essential to maintain the parallel and coordinate courses of research in the ADM disorders, the Council recommends against piecemeal moving of one or two of the ADAMHA Institutes to NIH."

In the Field

JCAH TEAMS SURVEYING ALCOHOL/DRUG PROGRAMS TO INCLUDE SPECIALIST

An alcohol and drug dependence specialist will be included in all Joint Commission on Accreditation of Hospitals (JCAH) teams surveying hospitals that offer programs for treating alcohol and drug abuse, effective Jan. 1. JCAH said the move affects only those programs that have "social rehabilitation as a basic element of their mission." It follows an earlier JCAH decision to use identical standards when surveying both freestanding and hospital-based alcohol and drug abuse programs.

"The approach will support Joint Commission ef-



Excerpts from the PHILADELPHIA BLUE CROSS 1986 report:

In contrast, age does not influence the likelihood that males will have a last admission for rehabilitation treatment for drug abuse. Females admitted for drug abuse treatment are less likely than males to receive rehabilitation treatment as their last admission.

In summary, the majority of substance abuse patients had only one treatment episode in 1986. Detoxification treatment was the most frequently used substance abuse treatment. Overall, 45.1% of all patients treated for substance abuse used detoxification treatment only. Of those patients with multiple admissions, more than 50% sought rehabilitation treatment at least once during their treatment regimen. A small group of patients, 3.4% had more than two admissions for non-rehabilitation treatment.

Drug and Alcohol Related Hospital Utilization

While the cost of treating substance abuse is high, it does not represent all the health care costs related to substance abuse. Rather, substance abusers and their families use an inordinate number of hospital days when compared to the general Blue Cross subscriber population. Overall, substance abusers use ten times more inpatient days per thousand, and their families more than 1.5 times more inpatient days per thousand, than other Blue Cross subscribers.]

Individuals treated for substance abuse use 58.9 times more hospital days per thousand for mental disorders than the general subscriber population. With the exception of obstetric diagnoses, persons entering treatment for substance abuse use more days per thousand in every diagnostic category than their families or the general subscriber population. When compared to the Blue Cross subscriber group, the rate of days per thousand for substance abusers is unusually high for digestive disorders (4.9 times greater), nervous/sense disorders (9.3 times greater), accidents/poisonings (4.5 times greater), and endocrine, nutritional, and metabolic disorders (6.4 times greater).

Family members of persons treated for substance abuse use almost three times as many hospital days per thousand for mental disorders than the general subscriber population. Families of substance abusers, compared to the general subscriber population, also use more days per thousand for genitourinary disorders (1.5 times), nervous/sense disorders (1.8 times), and endocrine, nutritional, and metabolic disorders (2.5 times). These statistics tend to support the view that the difficulties of living with a substance abuser cause serious physical and emotional problems.



Non-Substance Abuse Days Per Thousand Subscribers
 By Diagnosis for Three Subscriber Populations
 All Blue Cross Groups
 1986

Diagnosis	<u>Subscriber Population</u>		
	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>
	Subscribers Treated for Substance Abuse	Non-Substance Abusing Family Members of Subscribers Treated for Substance Abuse	All Other Blue Cross Subscribers
Obstetrics	22.3	72.6	51.8
Circulatory	90.4	53.5	64.7
Respiratory	62.2	29.3	30.9
Digestive	268.1	43.3	54.3
Genitourinary	81.7	61.5	40.4
Nervous/Sense	164.1	31.9	17.7
Accidents/Poisoning	125.1	31.3	27.7
Mental Disorders	3,574.5	169.3	60.7
Skin/Musculoskeletal	84.1	25.6	33.3
Endocrine/Nutrition/ Metabolic	76.1	29.9	11.9
Lymphatic	22.7	0.9	6.9
Other Non-substance Abuse Diseases	113.1	56.6	36.6
ALL DIAGNOSES	4,684.4	605.7	436.9



Non-Substance Abuse Admissions Per Thousand Subscribers
By Diagnosis for Three Subscriber Populations
All Blue Cross Groups

1986

<u>Diagnosis</u>	<u>Subscriber Population</u>		
	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>
	Subscribers Treated for Substance Abuse	Non-Substance Abusing Family Members of Subscribers Treated for Substance Abuse	All Other Blue Cross Subscribers
Obstetrics	10.1	12.2	12.9
Circulatory	17.1	8.5	8.9
Respiratory	10.0	8.5	6.0
Digestive	41.0	10.0	8.2
Genitourinary	16.7	17.1	7.8
Nervous/Sense	14.7	4.3	2.5
Accidents/Poisonings	31.9	7.7	5.1
Mental Disorders	178.5	9.7	3.2
Skin/Musculoskeletal	15.1	4.8	4.9
Endocrine/Nutrition/ Metabolic	11.6	3.4	1.7
Lymphatic	3.2	0.3	0.8
Other Non-Substance Diseases	26.7	14.5	7.3
ALL DIAGNOSES	376.6	101.0	69.3



For substance abuse patients, mental disorders rank as the primary reason for non-substance abuse admissions, accounting for over 47% of all non-substance abuse hospital admissions. In contrast, only 9.6% of the admissions for family members and 4.6% of the admissions for the general subscriber population are for mental disorders. The mental disorder admission rate for substance abusers is about fifty times higher than the rate of admissions for all other subscribers. Further, the rate of mental disorder admissions for family members of substance abusers is three times the rate for all other subscribers. Consistent with the literature, digestive disorders and accidents/poisonings also occur more often within the substance abuse population. In general, for all non-substance abuse diagnoses categories the admission rate for family members is equal to or higher than the admission rate for the general subscriber population.

In 1986, the rates of utilization of hospital days and the percentage of admissions for accidents within the families of persons entering substance abuse treatment is lower than they were in 1985, and not significantly greater than the rate of occurrence within the larger subscriber population.

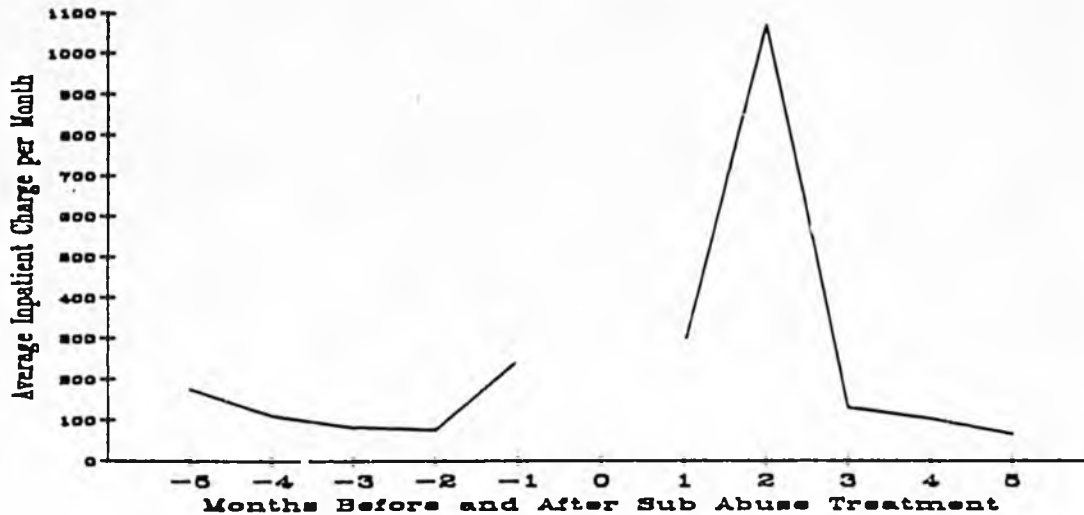
Overall, persons treated for substance abuse had 376.6 admissions and used 4,684.4 hospital days per thousand for non-substance abuse diagnoses, compared to 101.0 admissions and 605.7 hospital days per thousand for their families, and 69.3 admissions and 436.9 days per thousand for the other members of the subscriber population. This high level of hospital utilization by substance abuse patients and their families is notable because: 1) it is dramatically higher than that of the general population; and, 2) it has occurred in the same year as the treatment for substance abuse.

Hospital Utilization Pre And Post Substance Abuse Treatment

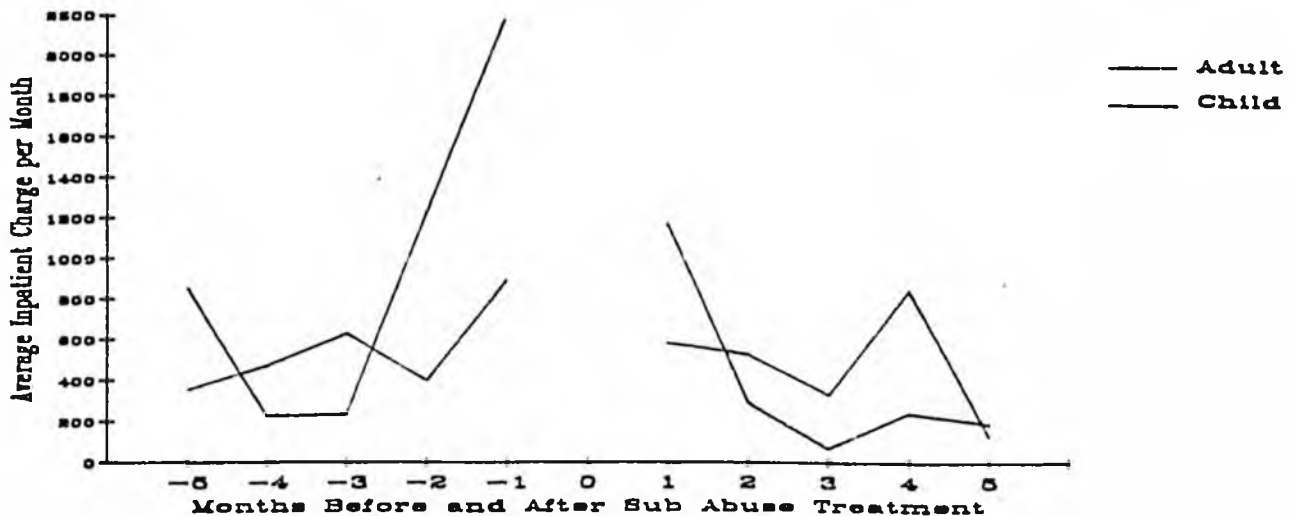
As has been found by several previous studies, there is a dramatic rise in hospital utilization by both substance abuse patients and their family members in the months immediately preceding substance abuse treatment. However, the utilization of hospital services for non-substance abuse diagnoses by the substance abuse patient is even greater in the months immediately following treatment.



Non SA Hospital Utilization Before & After Treatment for Substance Abuse Substance Abuse Patients 1986



Non SA Hospital Utilization Before & After Treatment for Substance Abuse by Family Members of SA Patients 1986



HB

415

STATE OF ALASKA
THE LEGISLATURE

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

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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

House L 3 C

March 17, 1988

HOUSE COMMITTEE REPORT

Date referred: 1/29/88

FURTHER REFERRALS: Finance

DATE: 3-17-88

The Labor & Commerce Committee has considered HB 415

"An Act relating to agricultural industry production credits for dairy products; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 415 (LTC) 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 same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Alto E. Kopman
Scott [unclear]
Wfurnace

[unclear] Ellis (no rec)
[unclear] Douley (no rec)

[unclear] Douley
 Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: 3/22/88
Title: Dairy Production Credits
Sponsor: Labor & Commerce Committee
Requestor: House Labor & Commerce Comm

Agency Affected: Natural Resources
BRU: Agricultural Management
Land & Water
Components: ARLF
Public Use

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		84.0				
TRAVEL		-0-				
CONTRACTUAL		25.0				
SUPPLIES		2.0				
EQUIPMENT		-0-				
LAND & STRUCTURES		-0-				
GRANTS, CLAIMS		-0-				
MISCELLANEOUS		-0-				
TOTAL OPERATING		121.0	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE		(1,991.0)	(157.6)	(157.6)	(156.7)	(156.7)
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FUNDING: (Thousands of Dollars)

GENERAL FUND		121.0				
FEDERAL FUNDS						
OTHER						
TOTAL		121.0	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME		2				
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This fiscal note reflects the changes in this bill and includes the fiscal effects of this program for the years 1985-1987 at \$2.68 per cwt of milk produced. The negative revenues are the result of production loans which will not be recovered due to the dairy credits allowed under this bill. (Contd.)

Prepared by: Hal Ward Phone: 745-7200
Division: Division of Agriculture Date: 3/22/88

Approved by Commissioner: Tom Hawking Date: 3/22/88
Agency: Natural Resources

Distribution (by preparer):

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

Fiscal Note Analysis CS HB 415 (L&C) contd.

The revenue projections for the loan fund for FY 89 and future years will decrease because the principal balance due on dairy loans will decrease by approximately 20%.

The operating costs are as follows:

100 -- 1 Natural Resource Manager I Range 18 A	50.0	(DL&WM)
1 Natural Resource Technician II Range 12 A	34.0	(DL&WM)
200 -- -0-	-0-	
300 -- Contracting for special accounting of credits and audit of milk processing records to ensure compliance with this bill.	30.0	(D of Ag)
Certified mail, public notice and telephone charges associated with land contract credit applications under this program.	5.0	(3.0 L&W) (2.0 D. Ag)
400 -- Commodities for 2 new positions	1.0	(L&WM)

Position Title Natural Resource Manager I		No. of Positions 1	Range/Step 18A	Org. Unit GGU
Time Status PFT	Staff Months 12	Location Anchorage		Election District
Type of Expenditure		Amount		
1	2	3		
Salary	37,600			
Benefits	12,400			
Premium Pay				
Other				
Total Personal Services		50,000		
Travel				
Contractual		3,000		
Commodities		500		
Equipment				
Other				
Total Cost		53,500		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	53,500		
GF Program Receipts	1005			
Other				
Justification This position will supervise a NRT II. The team will be responsible for calculating credits pursuant to HB 415				

Request For
New Position

Agency Natural Resources
 BRU Land and Water
 Component Public Use

Page 3 of 4
 Revised Date _____

FY 89

Position Title Natural Resource Technician II		No. of Positions 1	Range/Step 12A	Barg. Unit GGU
Time Status PFT	Staff Months 12	Location Anchorage		Election District
Type of Expenditure		Amount		
1	2	3		
Salary	24,800			
Benefit's	9,200			
Premium Pay				
Other				
Total Personal Services		34,000		
Travel				
Contractual		2,000		
Commodities		500		
Equipment				
Other				
Total Cost		36,500		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	36,500		
GF Program Receipts	1005			
Other				
Justification This position will work under a project leader. Will be involved in recalculating credits for current dairy contracts.				

Request For
New Position

Agency Natural Resources
 BRU Land and Water
 Component Public Use

Page 4 of 4
 Revised Date _____

FY 89



Official Business

COMMITTEE:
HOUSE LABOR & COMMERCE

DATE: March 17, 1988

SIGN-IN

Subject of meeting:

HB 415 "An Act relating to agricultural industry production credits for dairy products."
 HB 456 "An Act relating to agricultural loans and extending the agricultural production credit law."
 HB 472 "An Act relating to mechanical administrators"
 Discussion of potential committee legislation.

PLEASE PRINT
NAME & TITLE

REPRESENTING

ADDRESS & ZIP

PHONE

DO YOU WANT TO TESTIFY?

SUBJECT: BILL #

E. A. Rutter	Mechanical Contractors of Alaska	1830 Second Ave. Fairbanks, AK 99701	H 488-2385 W 456-8347	✓	HB 472
Randall Burns	Div. of Occupational Licensing	P.O. Box D-414 Juneau AK 99801	H W 465-2535	yes	HB 472
Donna Kotyk	Div. of Occ. Lic.	PO Box D-414 JNU 99811	H W 465-3811	—	HB 472
KAREN WEE	AK QUALITY DAIRY COOP	P.O. Box 872346 AIRYWEST WASILLA AK 99687	H 376-0790 W 976-7780	YES	HB 415 HB 456
Ray Henderson	AK Quality Dairy Coop	PO Box 877363 WASILLA AK 99687	H 376-3546 W	yes	HB 415 HB 456
Mark Weaver	State - DNR - Div. Agr.		H 745-7200 W		"
			H W		
			H W		
			H W		
			H W		

HOUSE LABOR & COMMERCE COMMITTEE

DATE 3/17/88

TAPE NO. 83 + 84

BILL NUMBERS: HB 472 HB 456 HB 415

MEMBERS PRESENT: Dave, Koponen, Furnace, Ellis
~~Miner~~ Menard

MEMBERS ABSENT: Boucher Davidson

MEETING CALLED TO ORDER: 2:05

TAPE #	BILL #	
000	HB 415	Rep Larson - Homestead Act - in 1862 - implement - est # of ACRES. provis + condit. after develop plan - agricultural only would be granted
060		State of Alaska economic conditions different from 4 or 5 years ago -
069		HB 415 - Pt McKensie project - private sector invest greater, 11-12 mil than state (9 mil) - we have created a situation
093		HB 415 offers a way out - state can foreclose - help the farmers - cont to stay in business - recom - 2 amends.
106		1 amend - make it retroactive recognise those doing a good job -
135		2.1 fiscal - loss potential revenue - enforce the regs or lost reve would be 9 mil.

TAPE #	BILL #	HOUSE LABOR & COMMERCE	DATE: 3/17 PAGE 2 OF
160		Koporen - in comp the amend in the CS	
		Rep Ellis moved	
165		Ellis - letter to the govt. restructure	
		loans - supported that approach -	
		? about existing program -	
185		Larson (1) - letter to Gov - NO ANSWER	
		may take statute (2) relate to -	
213		Dair - rep	
218		Mark Weaver from Dept of Nat'l Res	
		Doesn't want a subsidy - retroactive	
		portion is a reduction of debt &	
243		How bad is the dairy industry	
260		Miss Karen Lee / owner Dairy West	
		grew up on dairy farm in Wasilla -	
		concern with Rep Larson / # of position	
		amt of \$ would repay the dairy	
		farmers - is the same amt taken	
		when Mat Maid got into trouble.	
		primary operating capital from state.	
		loss through 1987 - 300,000	
		ARLF debt - state cont to pay	
		bills for Mat Maid.	
309		Impt thing 415 does artificial	
		ceiling boxed themselves into the state	
		for loans -	
335		comment on the fiscal notes	

- 339 own fiscal note - based on memo the total retur amt #
- 350 act net loss on annual basis to \$106,429.55 about one employees
- 368 Menard - asks about
- 379 Karen overall effect -
- 385 2 creamers in the state - controls 11 people -
- 391 Ray Hendershich - comments brief said concerning 415 is correct - situation is not because they aren't producing - Pt Mc well in excess of the Nat'l Average -
- 423 Asking for elbow room - currently producing 25% of the milk in Railbelt area - (import substitute) -
- 455 Dairy industry important to Alaska
- 460 Menard - a lot of testimony - thinks the industry & the state made changes that effected the industry. speaks RE letter to gov - without restructure the farms won't ~~to~~ cash flow -
- 491 Ellis - explain promises go forward with level of project -

Cap on #1. mill -

505

Ellis - did the farmers put reasonable

518

Koponen - trial's story about the Delta barley project - to ensure the land went into production - those are stipulations

546

Ellis - something the state shouldn't be involved in - govt doesn't do this well - D+NR - don't pull the rug out from under people - no new # for state loans -

595

Koponen - aquaculture too!

606

Menard - a lot of Ellis' comments he agrees with - his understanding is that it's narrow - we are into the situation - hope it goes through -

617

Furnace - last 24 yrs product of the growth in the state - self sufficient generalized people who buy

TAPE ONE / SIDE TWO

000

Furnace still talking

025

endorses the intent of the bill - these people need help -

036

Mark Worrier - Rep Ellis made valid points - theme hood to make sure it's market

driven - Agriculture is good in the state -

083

Mark - grand total of \$20 mil - state the benefit - \$8 mil worth of milk - there is a net gain -

107

Ellis - most concerns addressed by the amendments would like the agricultural bills to be put into a package -

Ellis asks what Weaver's background was - farmed in the state -

176

Mark Weaver - fiscal note will have to be revised - wise to get an updated fiscal note -

172-

Menard - let them all catch up in finance -

223

Furnace - He's director of agricultural

246

Ellis - last two directors have been farmers

253

Koponen - move CSHB 415 to the next
Ellis object

259

Ellis - are the figures going to stay the same -

Menard - stick with it.

271

Ray Hendershott - in ref. to Mark's testimony - problem with the loan examiners

- 301 Johnny withdrew object -
No objection - motion carried -
- 304 HB 456 Menard - it allows pro-cred to
be applied to their loans -
(2) does extend the offering to the
farmers ^{with these} ARRC loans.
- 332 Ellis - 1st bill credit ~~of~~ toward principle
- 347 Ray HIS deals strictly with Davis
- 352 Mark Weaver - Dir of Agri -
opposed HB 456 - doesn't resolve -
- 367
- 382 Menard - loan is draining $\frac{1}{2}$ mil. from
fund - \$257,000
Menard familiar with letter from Cashier
- 402 Menard his point - scared comm -
- 413 Furnace - state loan program -
- 424 Weaver - this legislation - loss revenue
not in significant trouble - min interest
payments -
- 448 Furnace profile of people who are
delinquent - 4 remedies -
- 458 Weaver - last spring trouble debtor
if there was a positive cash flow the
policy allowed them to roll into one and
over 20 yrs.
- 490 Furnace - 1 permit begun

Mark Weaver still

515

Furnace - how many loans outstanding to the meat farmers - 30-40 -

530

Koponen - horticulture loans outstanding
Mark can't answer -

550

Mark could be amended use this bill to give credit to people current in their loan payments

577

Mark - bad policy

580

Menard - how many dairy farmers have restructured their loans -

Mark - broad spectrum policy -

608

Dave - form a subcommittee

Koponen, Menard + Davidson

613

Ray Hendershod - Pt Mackenzie farmer level - retain loan fund -

TAPE TWO / SIDE ONE

000

Ray Hendershod still speaking.

044

He believes as far as delinquent borrower etc - loan examiners should have expertise.

069

Koponen - segments of the industry -

085

Ray - doesn't want that to happen

136

Karen Lee - point - agree with loan fund not worth saving if you can't

save the farmers -

252 Koponen - get enough info -

279 Menard - no problem with subcommittee

290 HB 472 - Mark Boyer has a conflict

296 Randall Burns, died of div of occ lic - hearing follow proposed policy major focus - not solving the problems of mechanical contractors. A result is an attempt to

318 OS does create a new license Speciality 3 or less -

340 Furnace - likes the first bill better than the OS - objects to including the speciality contractors - Separate

375 Randall - only change is the addition of another speciality greatly increase the # of contractors does think it would offend anyone

409 Furnace - his concern - reads old statute RE: gen / speciality contractors

444 Burns - definition's explanations + back ground - explains 3 or less

452 Menard - fiscal note -

Burns - ? how many would become mechanics & administrators - FY 90 -

469 Eugene Rutland/ Ex Dir of Mech Cont, of FBKS + Secty Teams for state association. - ~~St~~ Strongly Support - present time - no require to become const contractor ex for elect industry - this bill parallels that - compound govt has reduced inspections

501 Dave - did you review the CS He supports the CS - AGC approved a draft

513 Menard - doesn't understand Furnace's concern - Furnace explains -

550 Burns - limited to 2 trades - heard testimony this summer about expanding to 3 -

563 Furnace - Dept of Labor - using disagrees with the dept

577 Kaponen - moved to adapt the CS Furnace obj'd 4 in favor - 1 opposed motion passed -

595 Mr. Rutland - problem was the dept. defin of the trade -

606 Kaponen moved CS HB 472 to the next comm w/indiv recomm.

608

Furnace - why is that there -

614

Burns - parallel with Elected

TAPE TWO / SIDE TWO

000

Koponen -

019

Dave - all in favor

4 in favor - 1 opposed

027

Meeting adjourned at 4:25

Alaska State Legislature



Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 485-3727

Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3328 - Palmer
(907) 378-8828 - Wasilla

Representative Ronald L. Larson
District 16B

To: Representative Dave Donley
From: Representative Ronald L. Larson *R.2*
Re: HB 415, Dairy Production Credits
Date: March 16, 1988

I submit HB 415, An Act Relating to Agricultural Industry Production Credits for Dairy Products--for the consideration of your committee.

This bill was developed to assist productive dairy farmers in the reduction of their debt load. Many of the farmers have made sincere efforts to create viable dairy farms. Those honest efforts have been necessarily coupled with major private monetary investments equalling approximately 12 million dollars.

This bill seeks to reward the producing farmers, as determined by their past production records.

The following amendments are recommended for inclusion on a committee substitute:

1. Page one; Line 24: (b)The annual credit for the years 1985-1987 [1991] is \$2.63 per hundredweight...
2. Page one; Line 28: The credits available under this section and AS 03.05.015 are limited to 25 [50] percent of the principal debt incurred on any eligible loan.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

March 17, 1988

The Honorable Dave Donley
State House of Representatives
Alaska State Legislature
P.O. Box V
Juneau, AK 99801

Dear Representative Donley:

Subject: House Bill 415, relating to agricultural credits for dairy products to allow dairy farmers to achieve parity with outside milk producers.

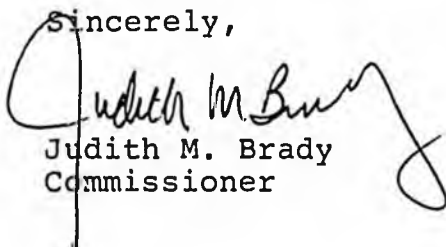
Position: The Department of Natural Resources opposes this bill because it effectively establishes a dairy products subsidy program that is not in the best interests of Alaskan agriculture or the state. In addition, the associated loss of principal payments could be disastrous to the Agricultural Revolving Loan Fund.

Background: Federal agricultural subsidy programs have not solved the nation's farm problems. There is no reason to believe that establishing similar farm subsidy programs in Alaska will solve this state's farm problems.

The original production credit program established under AS 03.05.015 was designed to encourage farmers to finish clearing their land and bring their farms into production as rapidly as possible. The program is scheduled to end after this tax year, and was not designed to be a subsidy or price support system for the agricultural sector.

Recommendation: Allow the agricultural sector to restructure troubled debt through the existing ARLF loan restructuring program. Forego the creation of agricultural subsidy programs in Alaska and allow the existing production credit program to end, as scheduled, next year.

Sincerely,



Judith M. Brady
Commissioner

Representative Dave Donley

-2-

March 17, 1988

cc: Committee Members
Bill Sponsors
Rod Swope
Bob Evans

FISCAL NOTE

REQUEST:

Revision Date: March 16, 1988
 Title: Dairy Production Credit Program
 Sponsor: Rep. Larsen, Rep. Menard
 Requestor: House Labor & Commerce Committee
 Agency Affected: Natural Resources
 BRU: Land and Water
Agricultural Management
 Components: Public Use
ADLE

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		84.0	84.0	84.0	84.0	84.0
TRAVEL						
CONTRACTUAL		35.0	35.0	35.0	35.0	35.0
SUPPLIES		2.0	2.0	2.0	2.0	2.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	121.0	121.0	121.0	121.0	121.0

CAPITAL	--	--	--	--	--	--
---------	----	----	----	----	----	----

REVENUE	(2635.7)	(908.0)	(953.5)	(1001.0)	(1051.1)	-0-
---------	----------	---------	---------	----------	----------	-----

FUNDING: (Thousands of Dollars)

GENERAL FUND		121.0	121.0	121.0	121.0	121.0
FEDERAL FUNDS						
OTHER						
TOTAL		121.0	121.0	121.0	121.0	121.0

POSITIONS:

FULL-TIME		2	2	2	2	2
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached explanation

Prepared by: Hal Ward, Janet Burleson Phone: 465-2400
 Division: Division of Agriculture, Div. of LS&M Date: 3/16/88
 Approved by Commissioner: Judith M. Bury Date: 3/17/88
 Agency: Natural Resources

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

Position Title <u>Natural Resource Manager I</u>		No. of Positions <u>1</u>	Range/Step <u>18A</u>	Barg. Unit <u>GGU</u>
Time Status <u>PFT</u>	Staff Months <u>12</u>	Location <u>Anchorage</u>		Election District
Type of Expenditure		Amount		
<u>1</u>	<u>2</u>	<u>3</u>		
Salary	<u>37,600</u>			
Benefits	<u>12,400</u>			
Premium Pay				
Other				
Total Personal Services		<u>50,000</u>		
Travel				
Contractual		<u>3,000</u>		
Commodities		<u>500</u>		
Equipment				
Other				
Total Cost		<u>53,500</u>		
Funding Source for Total Cost				
Federal Receipts	<u>1002</u>			
G. F. Match	<u>1003</u>			
General Fund	<u>1004</u>	<u>53,500</u>		
GF Program Receipts	<u>1005</u>			
Other				
Justification This position will supervise a NRT II. The team will be responsible for calculating credits pursuant to HB 415 on existing and future dairy contracts.				

**Request For
New Position**

Agency Natural Resources
BRU Land and Water
Component Public Use

Page 3 of 4
Revised Date

FY 89

Alaska Quality Dairy Cooperative, Inc.
P.O. Box 872346
Wasilla, Alaska 99687

Rep. Dave Donnelly
Chairman, House Labor & Commerce Committee
Juneau, Alaska 99811

Dear Rep. Donnelly,

This letter is in support of the proposed legislation now before your committee in regard to production credits for the Alaskan dairy industry.

The legislation calls for a forgiveness of a portion of the debt owed the State of Alaska Agricultural Revolving Loan Fund by commercial dairy farmers throughout the state.

The bill calls for no "new" money to be expended by the fund. It would reduce by a small percentage the total amount of money which would have eventually been due from the farmers in the form of principal payments over the next 20 or 30 years. The annual effect on the fund would thus be very small. But the positive effects on the cash flows and financial positions of the state's dairy farmers would be very large.

The amount of the credit is equal to the amount by which the State of Alaska reduced the price of milk when it took over the Matanuska Maid creamery. All the new dairies received loans from the ARLF based upon the higher price of milk, and the state's reduction in the price has had severe impacts on each of our cash flows and abilities to survive.

Another important effect the principal reduction would have is to bring the total outstanding loans of the dairies under the statutory per-farm-unit limit of \$1,000,000. In this way, some of the farms which need expansion or operating capital in order to be more efficient would have the needed lending source again available to them. The State of Alaska, in insisting on limits in the land titles and in holding first mortgages on all the farms, has placed itself in the position of being the only lender available to the farms.

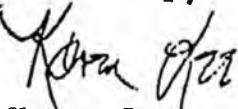
A summary of the production credit reasoning follows.

1. The dairy industry has been severely impacted by the failure of the Matanuska Maid creamery, and by continuing market difficulties.

2. The severe problems were noted by the ARLF when it assumed ownership of the creamery in November, 1984, and made the crucial decision to lower the price of milk below that which the new farms at Point MacKenzie had planned for.
3. A moratorium was granted due to these dislocations. However, moratoriums postpone problems rather than solve them. Interest continued to accrue, worsening the cash flows and financial positions of those farms which continued to produce milk during this period. The activation of a one-time-only principal credit equal to the amount of money lost because of the different milk price would solve a problem the moratoriums only put off.
4. Dairy farms have a very large start-up cost, commensurate with their ability to produce very large on-going benefits in the form of jobs and economic stimulation. The \$1 million ARLF lending limit has caused a hardship on all the farms now operating, in their inability to obtain adequate operating capital, or where necessary, capital for expansion. This credit would lower the outstanding debt to ARLF sufficiently to allow farms to qualify for needed capital. ARLF is the only lender able to lend to the farms at present, both because of the weakened state of the farms, the weakened state of prospective lenders, and because of the nature of the land title.
5. The reduction in debt would improve the financial positions of the dairies, making them more attractive to other private lenders in the future.
6. The principal reduction production credit has the added advantage of acting to reward only those farms which persevered through the difficult times.

We hope this helps in your deliberations. We are aware of the large number of bills competing for your attention and endorsement. This, we believe, is one that for no further expenditure and relatively little reduction in future receipts, would have a dramatic stabilizing effect on a jobs-intensive industry. If we can answer further questions, please call. Thank you.

Sincerely,



Karen Lee
Secretary
Alaska Quality Dairy Cooperative, Inc.
(376-0790)



Snowcrest Farms, Inc.

P.O. Box 872406, Wasilla, AK 99687 • 376-3546

RECEIVED FEB - 7 1988

Representative Curt Menard
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

March 4, 1988

Dear Curt,

Thankyou for sending me copies of HB 400, 415, 456, and SB 23 and for your request for my opinion

I strongly favor passage of all four pieces of legislation as each is an important piece of the larger puzzle which hopefully will yield success for the agricultural industry and the dairy industry.

Please note that contrary to Mr. Chuck Forch's letter, dated February 12, 1988, to you that HB 415 will not reduce the current funds of the ARLF by 2 million dollars. It will reduce yearly the amount returning to ARLF.

We are concerned about the survival of the ARLF, as are they, but the board must remember that if the demands for repayment are to high and unrealistic that money will not revolve back anyway and if they are so concerned about the funds being bled out maybe they ought to look at the 1.1 million it took to run the fund in 1986 and that near amount again in 1987 with a greater amount anticipated in 1988. The fund that was established to " establish and promote Agriculture in Alaska" is being bled dry to the tune of 1 million per year by the bureaucracy and they have the audacity to critique us in our desire to survive and be productive. I also find it very interesting that that the Loan Board encouraged us to take our plight to the legislature and are now opposing us after having done so.

I appreciate your efforts in helping us resolve these issues and I am certainly willing to provide you with any information needed to support these pieces of legislation.

Sincerely,


H. Ray Hendershot

COA

ALASKA STATE LEGISLATURE

Curt Menard

351 W. Swanson Ave.
Wasilla, Alaska 99687

Or

P.O. Box V
Juneau, Alaska 99811

373-CURT
376-5315 Work
376-5855 Home
465-2679 Juneau



MEMORANDUM

DATE: February 15, 1988

TO: Dave Donley
Chair, Labor and Commerce Committee

FROM: Curt Menard *CDM*
Representative

RE: Consideration of HB415

RECEIVED
FEB 22 1987

I respectfully request that you schedule a committee hearing on HB415 as soon as you can. I can not emphasize strongly enough the need for urgency on this issue.

The Pt. MacKenzie Dairy Producers need this legislation this year in order to have a decent chance for survival. They need your help to make their case before the Legislature.

Thank you for your consideration of my earnest request.

Alaska State Legislature



Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 485-3727

Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3828 - Palmer
(907) 376-8628 - Wasilla

Representative Ronald L. Larson
District 16B

To: Representative Dave Donley, Chairman
House Labor and Commerce Committee

From: Representative Ron L. Larson *R.L.*

Re: HB 415 Agricultural Production Credits : *Dairies*

Date: February 15, 1988

RECEIVED
FEB 16 1988

I would appreciate your scheduling HB 415 as soon as possible in the House Labor and Commerce Committee. If I or my staff can be of aid to you in any way, please contact me.

Thank you for any assistance.

Alaska State Legislature

G



Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 465-3727

Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3826 - Palmer
(907) 376-8828 - Wasilla

Representative Ronald L. Larson
District 16B

To: Representative Dave Donley
From: Representative Ronald L. Larson *R.L.*
Re: HB 415
Date: February 25, 1988

I would appreciate HB 415, Agricultural Production Credits, being scheduled for a hearing in the Labor and Commerce Committee as soon as possible.

If I or my staff can be of any assistance to you, please do not hesitate to call on us.

HB

418

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

CC
HB 418

February 1, 1988

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the recovery of the costs incurred by the Alaska Public Utilities Commission (APUC) in regulating utilities and pipelines. The main thrust of this bill is that APUC regulatory costs be paid by public utilities and pipelines in the state.

The heart of the bill is contained in secs. 3 and 6. Proposed AS 42.05.801(a), in sec. 3 of the bill, requires public utilities to pay an annual regulatory cost charge, not to exceed the maximum percentage set out in that subsection. For public utilities that are subject to regulatory requirements of AS 42.05, the maximum amount of the regulatory cost charge will be .55 percent of the utility's gross revenue. For public utilities that are certificated by the APUC, but are exempt under AS 42.05.711 from other regulatory requirements of AS 42.05, the maximum charge would be .14 percent of gross revenue. Under proposed AS 42.05.801(b), the actual amount of the charge will be determined by the Department of Commerce and Economic Development, using a method to be adopted by the department by regulation.

Under proposed AS 42.05.803, the department is authorized to adopt regulations necessary to administer the regulatory cost charge provisions, including regulations to establish procedures for reporting information and payment of the charges, and is authorized to collect and enforce the charges. Section 3 of the bill.

Proposed AS 42.06.701 and 42.06.702 contain generally the same regulatory cost charge provisions for pipeline carriers. The maximum charge for a pipeline carrier is .55 percent of the carrier's gross revenue. Section 6 of the bill.

Under proposed AS 42.05.803(b) and AS 42.06.702(b), in secs. 3 and 6 of the bill, respectively, the money collected from

public utilities and pipeline carriers through the regulatory cost charge imposed by this bill will be paid into the general fund, but the Department of Administration is directed to separately account for the amount collected. Language in those two subsections suggests legislative appropriation of the money collected to the APUC, to carry out the purposes of AS 42.05 and AS 42.06. This parallels language in ch. 138, SLA 1986, applicable to numerous other agencies and functions.

Section 2 of the bill adds, in proposed AS 42.05.720(11), (12), and (13), definitions of "gross revenue" which clarify that, although the bill is intended to subject all utility revenue to the regulatory cost charge, the charge is not intended to attach twice to the same revenue. For example, a retail electric utility will pay the regulatory cost charge on all of its revenue. However, if that retail utility purchases its power from another utility, the wholesale revenue received by the original seller will not be subject to the charge. Matanuska Electric Association (MEA), for example, would pay the regulatory cost charge on all revenue it receives for services provided to its customers; part of that revenue is paid to Chugach Electric Association to purchase wholesale power. Chugach would not pay a regulatory cost charge on wholesale revenue it receives from MEA.

Likewise, an interexchange telephone utility providing service within the State of Alaska would pay a regulatory cost charge on all jurisdictional revenue it receives. That revenue which, in turn, is paid to local exchange telephone utilities in the form of either settlements or access charges for their part in either originating or terminating a long distance call, is not subject to the regulatory cost charge. For example, Alascom receives \$100 from a customer for intrastate long distance telephone calls; \$30 of that revenue is paid to Telephone Utilities of Alaska for its assistance in originating and terminating those calls. Only the \$100 revenue is subject to the regulatory cost charge.

Because these types of payments would not occur regarding pipeline carriers, parallel definitions of "gross revenue" are not necessary in AS 42.06.

The bill also deals with APUC allocation of costs it incurs as a result of certain activities. Existing AS 42.05.651(a) and AS 42.06.610(a) and (b), relating to public utilities and pipeline carriers, respectively, authorize the APUC to charge costs of proceedings (hearings and investigations) to the parties. In secs. 1 and 4, respectively, those statutes

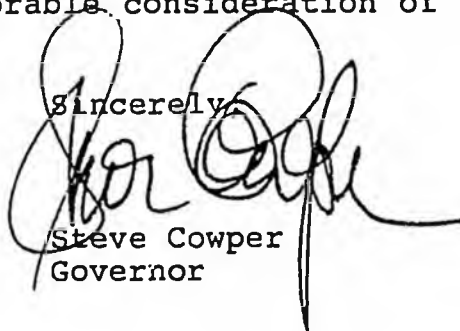
are amended to allow the allocation and reallocation of costs only if extraordinarily high costs are incurred by the APUC in a proceeding. In the case of such an allocation, any objecting party will still have an opportunity to object before the allocation of extraordinarily high costs becomes final. The amendments also allow the APUC to make the allocation at the time it makes the required finding, rather than waiting until completion of the proceeding, and make the allocation permissive rather than mandatory.

Section 7 of the bill repeals AS 42.05.661 on application fees for certificates, because the new public utility regulatory cost charges to be imposed under proposed AS 42.05.801 are intended to cover such administrative costs.

Finally, sec. 8 of the bill amends AS 44.83.162(b) to exclude the public utility regulatory cost charges, established in sec. 3 of this bill, from the calculations of the amount of power cost equalization for electric utilities.

I urge your prompt and favorable consideration of this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name and title.

Steve Cowper
Governor

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 418
PUBLISH DATE: HOUSE 2/1/88

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
Title: Title Regulatory Cost Charge BRU: APUC

Sponsor: Rules Committee by request of Components: Operations
Requestor: Governor

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	F 91	FY 92	FY 93
PERSONAL SERVICES		39.5	39.5	39.5	39.5	39.5
TRAVEL		0.6	0.6	0.0	0.0	0.0
CONTRACTUAL		10.0	0.5	0.5	0.5	0.5
SUPPLIES		0.3	0.3	0.3	0.3	0.3
EQUIPMENT		6.4	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		56.8	40.9	40.3	40.3	40.3

CAPITAL						
---------	--	--	--	--	--	--

REVENUE		4,300.0	4,300.0	4,300.0	4,300.0	4,300.0
---------	--	---------	---------	---------	---------	---------

FUNDING: (Thousands of dollars)

GENERAL FUND		56.8	40.9	40.3	40.3	40.3
FEDERAL FUNDS						
OTHER						
TOTAL		56.8	40.9	40.3	40.3	40.3

POSITIONS:

FULLTIME		1.0	1.0	1.0	1.0	1.0
PARTTIME						
TEMPORARY		1.0	1.0	1.0	1.0	1.0

ANALYSIS: (Attach a separate page if necessary.)

If this Bill is enacted, it will produce General Fund revenues of \$4.3 million. This estimate is based on the regulatory cost charge provided for in AS 42.05.801(a) and AS 42.06.701(a) as applied to the Commission's most current estimate of jurisdictional utility and pipeline gross revenues.

(CONTINUED - NEXT PAGE)

Prepared by: T. S. Moninski, Executive Director Phone: 276-6222
Division: Alaska Public Utilities Commission Date: January 13, 1988

Approved by Commissioner: J. Anthony Smith Date: January 19, 1988
Agency: Department of Commerce and Economic Development

Distribution (by preparer):

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

ANALYSIS: (CONTINUED)

Implementation of the mechanics of this legislation will be subject to promulgation of future regulations as provided in this Bill. Appropriation of these revenues to the Alaska Public Utilities Commission will be subject to annual legislative review pursuant to the Executive Budget Act.

Expenses reflected in this fiscal note are those costs associated with implementation and administration of the regulatory cost charge.

Attached is a breakout of the costs which are identified on the fiscal note.

FISCAL NOTE FOR BILL NUMBER:
PREPARED BY BT:

03-Jan-87

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY88	FY89	FY90	FY91	FY92	FY93
PERSONAL SERVICES						
Acct Clk III - 12 mo - 10/b		32.2	32.2	32.2	32.2	32.2
AST II - 3 mo - 8/b		7.3	7.3	7.3	7.3	7.3
S/T Personal Services		39.5	39.5	39.5	39.5	39.5
TRAVEL						
Jno/Implementation - Airfare & 1 da PD		0.6				
Jno/1st Fiscal Year End - audit process			0.6			
S/T Travel		0.6	0.6	0.0	0.0	0.0
CONTRACTUAL						
Costs associated w/developing regs		5.0				
APUC dp programming for billing, etc		4.5				
Additional postage		0.5	0.5	0.5	0.5	0.5
S/T Contractual		10.0	0.5	0.5	0.5	0.5
SUPPLIES - Add'l costs per year		0.3	0.3	0.3	0.3	0.3
EQUIPMENT						
HP Vectra PC w/hard disc, software, printer and other pc peripheral		6.0				
5 Drawer Filing Cabinet - house records		0.4				
S/T Equipment		6.4	0.0	0.0	0.0	0.0
LAND&STRUCTURES GRANTS, CLAIMS MISCELLANEOUS						
TOTAL OPERATING		56.8	40.9	40.3	40.3	40.3

CAPITAL

REVENUE		4,300.0	4,300.0	4,300.0	4,300.0	4,300.0
---------	--	---------	---------	---------	---------	---------

FUNDING: (Thousands of Dollars)

GENERAL FUND		56.8	40.9	40.3	40.3	40.3
FEDERAL FUNDS						
OTHER						
TOTAL		56.8	40.9	40.3	40.3	40.3

POSITIONS:

FULL-TIME IN MONTHS		12.0	12.0	12.0	12.0	12.0
PART-TIME IN MONTHS						
TEMPORARY IN MONTHS		3.0	3.0	3.0	3.0	3.0

Position Title		Accounting Clerk III		No. of Positions	1	Range/Step	10/B	Barg. Unit	GGU		
Time Status	Full Time	Staff Months	12 months	Location	Anchorage		Election District				
Type of Expenditure				Justification							
		Amount		<p>Tasks associated with the surcharge will require additional clerical support because administrative section personnel will be unable to absorb the additional workload. There will be a requirement for an Accounting Clerk III (Range 10) to handle the billing and collection process.</p>							
1		2								3	
Salary		22716									
Benefits		9515									
Premium Pay											
Other											
Total Personal Services		32,231									
Travel											
Contractual											
Commodities											
Equipment		6,000									
Other											
Total Cost		38,231									
Funding Source for Total Cost											
Federal Receipts		1002									
G. F. Match		1003									
General Fund		1004		38,231							
GF Program Receipts		1005									
Other											

**Request For
New Position**

Agency DC & ED
 DRU APUC
 Component APUC

Page 4 of 5
 Revised Date

FY 89

No. 1
 HB 418
 HOUSE 2/1/88

Position Title Administrative Support Technician III		No. of Positions 1	Range/Step 8/B	Barg. Unit GGU
Time Status Seasonal	Staff Months 3	Location Anchorage		Election District
Type of Expenditure		Justification		
1	2	3		
Salary	5034	<p>There will be a three month period each year when the workload will require additional clerical support. We anticipate that this "peak" workload could be handled with the use of a "seasonal" or "temporary" Administrative Support Technician II (Range 8).</p>		
Benefits	2214			
Premium Pay				
Other				
Total Personal Services	7,248			
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost	7,248			
Funding Source for Total Cost				
Federal Receipts 1002				
G. F. Match 1003				
General Fund 1004	7,248			
GF Program Receipts 1005				
Other				

**Request For
New Position**

Agency DC & ED
 BRU APUC
 Component APUC

Page 5 of 5
 Revised Date

FY 89

No. 1
 HB 418
 HOUSE 2/1/88

6 File
HB418

BETHEL UTILITIES CORPORATION

P.O. Box 729 • EAGLE RIVER, ALASKA 99577 • (907) 694-9631

February 16, 1988

Honorable Steve Cowper
Governor of Alaska
State of Alaska
P.O. Box A
Juneau, Alaska 99811

RECEIVED
FEB 18 1987

Dear Governor Cowper:

Recently I read that you have proposed that the Alaska Public Utilities Commission be funded directly by the utilities it regulates. As both a consumer as well as an administrator and stockholder in a privately owned electric utility, I have a few problems with that.

The initial negative reaction results from my feeling that the APUC is already mismanaged and unresponsive and that eliminating it from the normal budgetary process would make it even less responsible to anybody with potential control.

My opinion regarding this is, I think, well founded and I will cite you just a few instances of why. In recently rewriting the portion of the Alaska Administrative Code as it pertains to the operation of electric utilities, the APUC has apparently chosen to place itself on the leading edge of liberal social reform. That in itself is not necessarily bad except when it results in costing the public money and forces obviously poor business practices on the regulated utilities.

One such example is found in looking at 3 AAC 52.420 and 3 AAC 52.450 which deals with customer deposits and disconnection of service. A utility is required to provide a customer with service regardless of that customer's credit record, ability to pay, or past history with the utility provided a deposit is made by the customer that is limited to the greater of two month's average usage of either the customer's intended service location or the customer class average. The utility cannot begin termination of service because of nonpayment, however, until ninety days of service has been provided. And at that point the utility must still offer a residential customer that claims economic hardship a deferred payment schedule to further string things out. In a highly transitory population, particularly during the hard economic times we are currently experiencing, utility losses from this type of program are significant.

Another example can be found in 3 AAC 52.465 that deals with electric metering. It states essentially that if a watt-hour meter used by a utility to record a customer's electric usage mechanically malfunctions and over-registers that usage, the customer is entitled to a full refund. That is fine. But, on the other hand, if that meter under-registers or fails completely, which is much more likely to be the case, the utility cannot backcharge the customer accordingly. Watt-hour meters are electro-mechanical devices that are subject to all forms of physical deterioration and abuse including the gremlins that plague any mechanical device known to man. APUC depreciation standards mandate they be expected to last twenty-five years. Whether a utility has hundreds or thousands of meters in service, it is virtually impossible to perpetually maintain the accuracy of such equipment. In the event a meter ceases functioning altogether and assuming normal diligence is being exercised by the utility, it can still take up to two months to detect the problem. Large commercial customers can use tens of thousands of dollars worth of power a month so you can see the potential losses to utilities can be substantial.

Another equally as painful result of the APUC's mission to protect the public is the fact that upon these new regulations being signed into law, it was mandated that all affected utilities immediately rewrite their tariffs to incorporate the rewritten regulations within an approximate ninety day deadline. Now, over a year later, the APUC has not completed review or approval of even one such revised tariff. All tariff revisions relating to any of the material addressed in the rewritten regulations have been suspended while the APUC attempts to interpret what they have provided us with. Not only is a good portion of the APUC's staff time devoted to this and therefore preventing them from carrying on day to day business, it has left the utilities operating in the dark under existing tariffs that are in violation of the law that for the most part is so vague and poorly thought out that it will probably be left up to the courts to construe.

My point in all this is that the APUC is an ever burgeoning bureaucracy that has reached the point of being non-responsive and out of touch with reality. Its performance and authority is in bad need of close scrutiny. Social welfare and economic subsidy is not a valid concern of a regulatory body such as the APUC. The issues involved should be quality of service and cost of service. In rewriting Article 4 Chapter 52 Title 3 of the Alaska Administrative

Code the APUC has in many ways defied established nation-wide policy regarding electric utility operation. Investor owned utilities are commercial endeavors intended to be run in a business like manner and to make money. The extent to which that is possible dictates whether such investment will be made. Investor owned utilities should not be confused with the government-financed member-owned cooperative utilities that are not subject to investor scrutiny or the same standards of regulation.

As mentioned earlier, one such form of review of the APUC that should not be eliminated is the budgetary process. If operating funds are being squeezed from a master budget it is much more likely the use of those funds will be questioned than if it is only necessary to rubber stamp the levying of a utility tax.

In the event such a utility tax were to be seriously considered, I think a good deal of thought needs to be given to who should pay such a tax and on what basis. There should be no question in anybody's mind that regardless of who writes the check, the utility customer is going to be the one footing the bill. If that is the case, it seems silly to be distributing state funds to the people in the form of things like Permanent Fund Dividends and the Power Cost Equalization Credits on the one hand and then asking for it back with the other. Each time the same money is handled the costs of administration, accounting, distribution, and general confusion seriously erode it. A user-based tax is fine if there is a relatively limited group receiving distinct and exclusive benefits. That is not the case here and it seems obvious that such a tax imposed on utilities is simply an end run around the budgetary process to allow dividing the pie into fewer pieces. A return to basics here is what is needed. If utility regulation is a priority item, it should be funded at perhaps the sacrifice of another program. If it is not, then perhaps it should be scaled back or eliminated. If all remaining demands on the budget have equal priority then the state needs to come up with more money. An initial source of such money could be from the elimination of the cash giveaway programs. When those are exhausted and there is still a shortage, then some form of general public taxation should be enacted. That is the way the system works everywhere but Alaska. It is also the common sense approach to government that you advocated in your campaign.

With that in mind, and assuming it will fall on deaf ears, how would such a tax be implemented? The proposed tax

on gross revenues is probably the least equitable and most expensive to implement. It assumes that all types of utilities are subject to equal costs of regulation. That may be true but I doubt it. It also assumes that costs of regulation are somehow proportional to a utility's gross revenue. That is definitely not true. In very simplistic terms, it is apparent that such a cost allocation process would shift a disproportionate burden of these costs to bush communities, where the per unit cost of service is quite high. In terms of implementation cost, any such tax imposed directly on the utility would probably result in an immediate rate increase filing by the utility to recover the costs. This is a good example of money being eroded every time it is handled.

A more workable plan would be to invoke a pass-thru tax similar to a sales tax. A small amount would be added to each customer's utility bill and identified as a regulation tax. It could be easily accounted for and it would provide the end user with a clear idea what utility regulation is costing on an individual basis. How such a tax is arrived at could take several courses.

Obviously a case can be made that everybody receiving utility service benefits equally from such regulation. If that is true, such cost should be equally spread among all utility customers on a statewide basis and could be easily charged out on the basis of a flat rate per customer. A case could also be made that customers benefit directly in proportion to the amount of service they receive. At least in the case of electric utilities such a tax could be implemented in the form of a surcharge based on kilowatt hour usage, identical to the fuel cost rate adjustment surcharge that virtually all electric utilities in the state currently use.

I am not trying to suggest that I have all of the answers here. I would just like to see that whatever course of action is taken is well thought out. It is not in anybody's best interest to cure the symptom and not the disease.

In conclusion I want to reiterate that a tax of this nature does not really make much sense and if there is anything this state is in sore need of right now its more common sense. There is little evidence apparent yet that the legislature is up to the job of addressing reality, but I think you have shown that you are, despite the unpopularity

Governor Steve Cowper
February 16, 1988

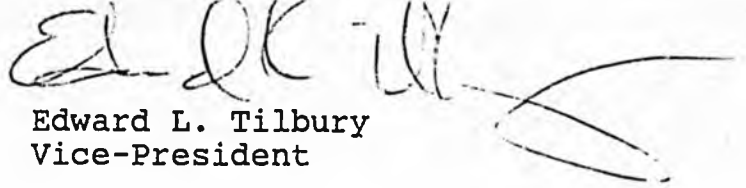
Page Five

that accompanies it. That is why I voted for you and why
Bethel Utilities Corporation supported your campaign effort.

Thank you for your interest in my opinion.

Sincerely,

BETHEL UTILITIES CORPORATION

A handwritten signature in dark ink, appearing to read "E. L. Tilbury", with a long horizontal flourish extending to the right.

Edward L. Tilbury
Vice-President

COMMON SENSE FOR ALASKA
P.O. BOX 202087
ANCHORAGE, AK 99520-2087

674
HFA

February 22, 1988

RECEIVED
FEB 26 1988

Alaska State Legislature
House Committee on Labor & Commerce
Representative Dave Donely, Chairman
P.O. Box V
Juneau, Alaska 99811

Dear Representative Donley:

On behalf of the Board of Directors of Common Sense for Alaska, a non-profit, non-partisan State spending watchdog organization, I wish to express our concerns regarding House Bill 418, introduced on Feb. 1, 1988.

While there may be some need to provide funding stability for the Alaska Public Utilities Commission (APUC), HB418 is an inappropriate means of doing so. The basis of the proposed regulatory cost charges of .55 percent of gross revenues for regulated utilities and .14 percent of gross revenues for exempt utilities are unfounded in that no relationship exists between the size of a utility and the regulatory costs incurred by the APUC in exercising its statutory responsibilities. Additionally, the proposed act of recovering costs of regulation on utilities which are statutorily exempt from APUC regulation is questionable.

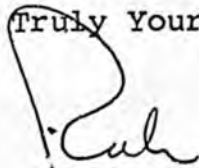
Furthermore, the proposed regulatory cost charge not to exceed .55 percent of gross revenues derived from operation on pipeline carriers is also objectionable, since the APUC dedicates no more than two or three State positions to all pipeline regulatory activity throughout the State and the majority of pipeline regulatory costs incurred are allocated back to the common carriers and recovered. This constitutes nothing more than a tax in addition to charges paid by the pipelines to the APUC.

As recommended in our recently completed report, Common Sense for Alaska Report of the Task Force on the Department of Commerce and Economic Development, page 3, dealing with APUC, "The benefits of time logs include several circumstances where costs can either be reduced or recovered from the utility in question (the 'cost causer'). First, there is good potential for better internal cost controls for the APUC staff. Second, time (job) logs would provide detail to

support cost recovery from public utilities that require excessive regulatory attention. Third, there is an opportunity for elected public officials to track both costs and budgets that are spent or allocated to particular public utilities."

Thank you for your consideration in this matter.

Very Truly Yours,

A handwritten signature in cursive script, appearing to read "R. Carson". The signature is written in dark ink and is positioned above the typed name.

Richard G. Carson, President
Common Sense for Alaska

BAILY AND MASON
LAWYERS

A PROFESSIONAL CORPORATION
1130 WEST SIXTH AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501
TELEPHONE (907) 276-4331
TELECOPIER (907) 277-8235

MARK E. ASHBURN
DOUGLAS B. BAILY
LEWIS F. GORDON
JULIAN L. MASON III
DONALD W. McCLINTOCK III
A. WILLIAM S. UPE
G. NANETTE THOMPSON
KIRSTEN TINGLUM

April 15, 1988

Rep. Dave Donley, Chairman
House Labor & Commerce Committee
Alaska State Legislature
P. O. Box V (MS 3100)
Juneau, AK 99811

RECEIVED
APR 18 1987

Re: House Bill 418
Re: Regulatory Cost Charges
For Public Utilities
Our File No. 6803

Dear Rep. Donley:

Yukon Telephone Company ("Yukon") and Tanana Power Company, Inc. ("Tanana"), on behalf of themselves and their customers, wish to express their concern regarding the regulatory cost charges on public utilities proposed by the current HB 418. Specifically, Yukon and Tanana are concerned with Sections 2 and 3 of HB 418, which impose on regulated utilities a "regulatory charge" of .55 percent of gross revenues. Yukon and Tanana believe that this charge will unfairly affect ratepayers whose energy costs are high relative to other state ratepayers and that HB 418, as currently drafted, would impose substantially higher costs on ratepayers than appears on the face of the bill. These higher costs would likely be felt more heavily by customers of small utilities.

Yukon and Tanana presume that the new charges ultimately would be passed through to customers as a cost-of-service, pursuant to 3 AAC 48.520 and 3 AAC 48.540. Each customer would be required to pay a percentage of his or her total bill as a contribution to the utility's total regulatory charge. Thus, the higher the customer's total bill, the more that customer would pay toward recovery of the regulatory charge.

Rep. Dave Donley, Chairman
Page 2
April 15, 1988

If each customer in the state of Alaska paid the same rates, distribution of the burden of the regulatory charge would appear to be equitable. The higher users would bear the higher burden. However, rates are not equal. A customer's total bill amount reflects not only the quantity used, but the rates charged by that customer's local utility. Thus, the customers already burdened with higher utility rates will be saddled with a disproportionately higher share of the regulatory charge. Such a result is inequitable and violates the general utility policy against unfair discrimination among ratepayers.

Yukon and Tanana's second concern also relates to the effect of HB 418 on a utility's customers. As it is currently drafted, HB 418 provides no mechanism by which a utility may automatically pass the .55 percent regulatory charge through to its customers. Therefore, each individual utility will have to file a formal rate case in order to recover the charge as a cost-of-service.

Formal rate cases are expensive, both for the utility and for the Alaska Public Utilities Commission. Rate cases are disproportionately expensive when the amount at issue is relatively small. With respect to the proposed regulatory charge, the relative cost of a formal rate case will be much higher for a small utility than for a large utility. Each utility in the state of Alaska would theoretically have to go through the same procedure and expense to recover the regulatory charge, and that expense would be a much higher proportion of the smaller utilities' gross revenues and regulatory charge than of the larger utilities' gross revenues and regulatory charge. The expense of a formal rate case proceeding is ultimately borne by the customers. Thus, the customers of small utilities will be disproportionately burdened by HB 418 as currently drafted.

Yukon and Tanana express no opinion as to whether a regulatory charge should be levied at all. However, Yukon and

Rep. Dave Donley, Chairman
Page 3
April 15, 1988

Tanana urge that this proposal be well publicized among utility consumers in the state of Alaska and that a forum be provided to allow utility customers to respond to the proposed change in utility law.

If the regulatory charge is to be levied, Yukon and Tanana respectfully submit the following suggested amendments to the bill:

1. That the statute direct that recovery of the regulatory charge from the utility customers does not more heavily burden those customers already paying higher rates relative to other Alaska ratepayers and that the regulatory charge be equitably distributed among customers; and

2. That the legislature add a provision to allow public utilities to automatically pass through to their customers, as a cost-of-service, that customer's equitable and proportionate share of the utility's regulatory charge.

These suggested amendments should avoid two evils which are embodied in HB 418 as it stands. They would prevent customers who already must pay higher rates from unfairly subsidizing those who pay lower rates. They would also avoid (for both the utility and the Alaska Public Utilities Commission) the disproportionate burden and expense of formal rate case proceedings to recover the regulatory charges.

Yukon and Tanana thank you for your consideration.

Very truly yours,

BAILY & MASON



Kirsten Tinglum

KAT:dt

HB

425

STATE OF ALASKA THE LEGISLATURE

POUGH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465.3800

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

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

2-25-88

1:30 p.m.

HL+C

3-1-88

1:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/3/88

FURTHER REFERRALS: Finance

DATE: 3-1-88

The Labor & Commerce Committee has considered HB 425

"An Act extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; and providing for an effective date."

RECOMMENDS:

- replace with CS HB425(L+C) 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 same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

[Signature]
Walt Furnace
[Signature]
[Signature]
[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature]

 Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Economic Dev.
 Title: An Act extending the term, date of BRU: Occupational Licensing
the State Board of Regis. for Architects, Engineers & L.S.
 Sponsor: Rep. Koponen Components: _____
 Requestor: House Labor & Commerce Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Funding for the State Board of Registration for Architects, Engineers and Land Surveyors is included in the department's FY 89 operating budget request.

Prepared by: Jennifer Strickler, Management Analyst Phone: 465-2144
 Division: Occupational Licensing Date: 2/22/88

Approved by Commissioner: J. Anthony Smith Date: 2/22/88
 Agency: Commerce and Economic Development

Distribution (by preparer):

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

5-1753L
 Utermohle
 3/1/88

Original sponsors: Koponen

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 425 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to regulation of architects, engi-
 7 neers, and land surveyors; extending the termination
 8 date of the State Board of Registration for Archi-
 9 tects, Engineers, and Land Surveyors; and providing
 10 for an effective date."

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

12 * Section 1. AS 08.03.010(c)(15) is amended to read:

13 (15) State Board of Registration for Architects, Engineers,
 14 and Land Surveyors (AS 08.48.011) -- June 30, 1992 [1988].

15 * Sec. 2. AS 08.48.111 is amended to read:

16 Sec. 08.48.111. POWER TO REVOKE, SUSPEND, OR REISSUE CERTIFI-
 17 CATE. The board may suspend, refuse to renew, or revoke the certifi-
 18 cate of or reprimand a registrant or corporation who is found guilty
 19 of (1) fraud or deceit in obtaining a certificate; (2) gross negli-
 20 gence, incompetence, or misconduct in the practice of architecture,
 21 engineering, or land surveying; or (3) a violation of this chapter, a
 22 regulation adopted under this chapter [IT], or the code of ethics or
 23 professional conduct as adopted by the board. The code of ethics or
 24 professional conduct shall be distributed [MADE KNOWN] in writing to
 25 every registrant and applicant for registration under this chapter[,
 26 AND SHALL BE PUBLISHED WITH THE ROSTER PROVIDED FOR IN AS 08.48.081].
 27 This publication and distribution of the code of ethics or profession-
 28 al conduct constitutes due notice to all registrants. The board may
 29 revise and amend its code and, upon doing so, shall immediately notify

1 each registrant in writing of the revisions or amendments. The board
2 may, upon petition of the registrant or corporation, reissue a certifi-
3 cate if a majority of the members of the board vote in favor of the
4 reissuance.

5 * Sec. 3. AS 08.48.331 is repealed and reenacted to read:

6 Sec. 08.48.331. EXEMPTIONS. This chapter does not apply to

7 (1) a contractor of work designed by a professional archi-
8 tect or engineer or the supervision of the construction of this work
9 as a foreman or superintendent for a contractor;

10 (2) superintendents, foremen, inspectors, or building
11 trades craftsmen in the performance of their customary duties;

12 (3) an officer or employee of the United States government
13 practicing architecture, engineering, or land surveying as required by
14 that person's official capacity;

15 (4) an employee or a subordinate of a person registered
16 under this chapter if the work or service is done under the direct
17 supervision of a person registered under this chapter;

18 (5) associates, consultants, or specialists retained by a
19 registered individual, a partnership of registered individuals, or a
20 corporation authorized under this chapter, in the performance of
21 professional services if responsible charge of the work remains with
22 the individual, partnership, or designated representative of the
23 corporation;

24 (6) a person preparing plans, drawings, or specifications
25 for

26 (A) farm or ranch buildings, unless the public health,
27 safety, or welfare is involved;

28 (B) a building intended to be used only as a residence
29 by not more than four families and not more than two stories

1 high;

2 (C) a building not intended for public use with a
3 total of not more than 1,000 square feet of floor space unless
4 the public health, safety, or welfare is involved;

5 (7) a specialty contractor licensed under AS 08.18 while
6 engaged in the business of contracting or designing systems for work
7 within the specialty to be performed or supervised by the specialty
8 contractor, or a contractor preparing shop or field drawings for work
9 which the specialty contractor has contracted to perform;

10 (8) a person furnishing plans, drawings, specifications,
11 instruments of service, or other data for alterations or repairs to a
12 building that do not change or affect the structural system, safety of
13 the building, or the public health, safety, or welfare.

14 * Sec. 4. AS 08.48.341(7) is amended to read:

15 (7) "practice of architecture" means professional service
16 or creative work in the [FUNCTIONAL AND AESTHETIC] design of buildings
17 [STRUCTURES], the teaching of advanced architectural courses in insti-
18 tutions of higher learning, consultation, investigation, evaluation,
19 planning, design, and professional observation of construction of
20 public or private [STRUCTURES,] buildings, works, or projects, and
21 architectural review of plans and specifications by regulatory
22 agencies; "practice of architecture" [IT] may by regulation of the
23 board include mechanical, electrical, or structural design of
24 [RELATIVELY] minor importance [TO THE PROJECT AS A WHOLE];

25 * Sec. 5. AS 08.48.341(8) is amended to read:

26 (8) "practice of engineering" means professional service or
27 creative work, the adequate performance of which requires the [APPLI-
28 CATION OF] specialized knowledge of applied mathematics and sciences,
29 dealing with the [FUNCTIONAL AND ECONOMIC] design of [BUILDINGS,]

1 structures, machines, equipment, utilities systems, materials, pro-
2 cesses, works, or projects, public or private; the teaching of ad-
3 vanced engineering courses in institutions of higher learning; [,] the
4 direction of or the performance of engineering surveys, consultation,
5 investigation, evaluation, planning, [DESIGN,] and professional
6 observation of construction of public and private structures, [BUILD-
7 INGS,] works, or projects and engineering review of plans and speci-
8 fications by regulatory agencies; "practice of engineering" [IT] may
9 by regulation of the board include architectural building design of
10 [RELATIVELY] minor importance [TO THE PROJECT AS A WHOLE], but it does
11 not include comprehensive architectural services;

12 * Sec. 6. AS 08.48.341 is amended by adding new paragraphs to read:

13 (14) "building" means a structure used or intended for
14 human occupancy;

15 (15) "structure" means a system of materials and components
16 that resists horizontal and vertical loads.

17 * Sec. 7. AS 08.48.081 is repealed.

18 * Sec. 8. This Act takes effect immediately under AS 01.10.070(c).
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Official Business

COMMITTEE:

HOUSE LABOR & COMMERCE

DATE: February 25, 1988

SIGN-IN

Subject of meeting:

- HB 425 "An Act extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors"
- HB 436 "An Act relating to overtime wages."
- HB 440 "An Act relating to insurance coverage for treatment of infertility."
- HB 433 "An Act establishing a moratorium on judicial and nonjudicial foreclosures"

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
WAYNE JENSEN	PO BOX 20310 JUNEAU 99802	596 1070	AELS BD	YES
J.R. CAROL	3301 CARE ST	264-2437	LABOR DEPT	HB 436 YES
SAM BEAT	P.O. Box 426 Soldotna, AK 99669	262-7490	AELS	No
Edwin Stronberg	PO Box 874296 Nesille, AK 99697	373 5016	AELS	No
Rob Boswell	543-3RD AVE Pm: 206 FAIRBANKS, AK 99701	452-1441	AELS	No
Sandra Jones	1640 Shore Drive Anchorage AK 99515	563 8877	AELS	No
Jacqueline Luke	6530 Shale Circle Anchorage, AK 99576	346-3996	AELS	No
BOB PERKINS	PO BOX 60770 FAIRBANKS AK 99706	551-6009	AELS Board	No
M.A. Menzies	19005 Glacier Hwy JUNEAU	789-9025	AELS Board	No
LINDA GOHL	JUNEAU	465-2540	AELS BOARD	No



Official Business

COMMITTEE:

HOUSE LABOR & COMMERCE

DATE: February 25, 1988

SIGN-IN

Subject of meeting:

- HB 425 "An Act extending the termination date the State Board of Registration for Architects, Engineers, and Land Surveyors."
- HB 436 "An Act relating to overtime wages."
- HB 440 "An Act relating to insurance coverage treatment of infertility."
- HB 433 "An Act establishing a moratorium on judicial and nonjudicial foreclosures"

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
JOHN L. BURDICK	300 HERMIT ST - #7 JUNEAU AK, 99801	586-1957	ALASKA SOC. OF PROF. ENGINEERS	NO
Randall Burns	P.O. BOX P-216 Juneau 99811	465-2535	Dept. of Commerce Div. of Occup. Licensing	YES
C. Arny Jenkins		586-4100	NFIB	HB 440 YES HB 433
J.P. Tanen	105 Municipal Way #300 Juneau AK 99801	586-2286	Alaska State Chamber of Commerce	HB 436 YES
Bob Statnaker	Box CR Juneau	465-4470	OPU. OF RETIREMENT & BENEFITS	HB 440 YES
Pick Kauter	321 Highland Pr - Juneau	586-6366	Pacific Sealnet Processing ASSN.	YES HB 436
Mike Gordon	2207 Scribner Way - Anch.	277-3374	Lynner Industry	YES

AB 425

from: Rep. Koponen
3/1/88

PROPOSED CHANGES TO AS 08.48.331. EXEMPTIONS

Current Number	New Number	Description of Change
1	1	No change in intent. Wording changed to eliminate ambiguities, contradictions, and/or to refer exemptions to persons rather than acts, etc.
2	2	No change.
3	3	Same as (1).
4		Deleted. All design work performed by the State of Alaska must be sealed by registered individual(s)/employee(s). Therefore, whether a persons job description requires. Registration is irrelevant. Also the head (Commissioner) of each principal department may waive registration for individual individual employees on a case-by-case basis (AS 08.48.261).
5		Same as (1).
6		Deleted. Unnecessary.
7		Deleted. Unnecessary.
8	5	Same as (1).
9	6	Same as (1).
A		Deleted. Any building that is open to or used by the general public should be designed by licensed individuals. This exemption is frequently misinterpreted to mean a person/company/etc. that builds and owns their own building(s), can design the building without being registered. It has been abused. The Attorney General will not prosecute cases in this category.
B	A	Deleted word "Substantially" as it is hard to define.
C	B	No change.
D	C	500 square feet changed to 1,000 square feet. The opinion of Board is that this is more appropriate; 500 square feet is too restrictive.

PROPOSED CHANGES TO AS 08.48.331. EXEMPTIONS

Current Number	New Number	Description of Change
10	7	Same as (1).
11	8	Same as (1).
12		Deleted. Same reason as old 9(A).
7 & 8		Changed to differentiate "Buildings" from "Structures" to help clarify the practice of Architecture as it differs from Engineering.
14 & 15		Added. Same reason as above.

901/11a

ALASKA SOCIETY OF PROFESSIONAL LAND SURVEYORS

AFFILIATE OF AMERICAN CONGRESS OF SURVEYING AND MAPPING
MEMBER OF WESTERN FEDERATION OF PROFESSIONAL LAND SURVEYORS

LOL



PATRICK H. KALEN, P.L.S.
1041 Chena Ridge Road
Fairbanks, AK 99709

MILO KOPONEN

2/25/88

ATTN: DANA OWEN
FACS 3 PAGES

DEAR MILO -

WE ADOPTED RESOLUTION 88-1 AT THE
ANNUAL MEETING ON FEBRUARY 3.
IT RELATES TO SB 365, AELS BOARD
SUNSET REVIEW. ACSM ADOPTED THE
ENDORSEMENT LATER THAT DAY.



Alaska Section
AMERICAN CONGRESS ON SURVEYING AND MAPPING

P.O. Box 3761
Anchorage, Alaska 99510

**AN ENDORSEMENT OF THE GENERAL
MEMBERSHIP OF THE AMERICAN
CONGRESS ON SURVEYING AND MAPPING
ALASKA SECTION.**

Be it hereby known that the general membership of the ASCM,
Alaska Section, did endorse the Alaska Society of Professional
Land Surveyors Resolution 88-1 entitled:

**DEFINING THE POSITION OF THE ALASKA SOCIETY OF
PROFESSIONAL LAND SURVEYORS CONCERNING CONTINUED
COMPETENCE REQUIREMENTS**

On this 10th day of February 1988, in Anchorage, Alaska

Attest

President

Secretary

Alaska Society of Professional Land Surveyors

Date: February 10, 1988
Introduced By: ASPLS Board of Directors

RESOLUTION 88-1

DEFINING THE POSITION OF THE ALASKA SOCIETY OF PROFESSIONAL LAND SURVEYORS CONCERNING CONTINUED COMPETENCE REQUIREMENTS

WHEREAS, there is a national effort to provide within each state a program for continued competence in all professions; and

WHEREAS, the American Congress on Surveying and Mapping and the National Society of Professional Surveyors are encouraging each State Affiliate to work toward State legislation which provides for continued competence requirements; and

WHEREAS, the Alaska Board of Registration for Architects, Engineers and Land Surveyors during the audit performed in connection with the 1988 Sunset Legislation is obliged to address provisions for continued competence; and

WHEREAS, the Alaska Society of Professional Land Surveyors wishes to express its position concerning continued competence requirements in the State of Alaska:

NOW THEREFORE be it resolved by the General Membership of the Alaska Society of Professional Land Surveyors:

Section 1 Alaska is a large and diverse State making it difficult for many individuals to avail themselves of timely education or examination opportunities. Realizing this, the Alaska Society of

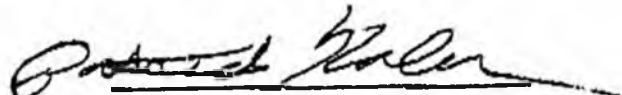
Professional Land Surveyors supports legislation which would allow the Board of Architects, Engineers and Land Surveyors to prepare administrative code regulations that set forth provisions for continued competence upon finding that;

- a. Educational opportunities which meet continued competence requirements are available to professional surveyors via college courses, seminars, correspondence or other satisfactory means statewide.
- b. Examinations are available to test competence in lieu of education through such testing entities as National Council of Engineering Examiners.
- c. Administrative and regulatory functions are available from sources other than through a State Agency.

Section 2. That copies of this resolution be forwarded by the ASPLS Board of Directors to whoever they deem appropriate, including but not limited to J. Anthony Smith, Commissioner, Alaska Department of Commerce and Economic Development, Wayne K. Jensen, Chairman, Board of Architects, Engineers and Land Surveyors, Representative Dave Donley, Chairman, House Labor & Commerce Committee, Senator Tim Kelly, Chairman, Senate Labor & Commerce Committee and other legislators, institutions and individuals who from time to time request copies.

Adopted in Anchorage, Alaska, by the General Membership of the Alaska Society of Professional Land Surveyors, this 10th day February, 1988.

Attest:


President

Secretary

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: An Act extending the termination date BRU; Occupational Licensing
of the State Board of Registration for Architects, Eng., & LS...
 Sponsor: Senators Kelly and Szymanski Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Funding for the State Board of Registration for Architects, Engineers and Land Surveyors is included in the department's FY 89 operating budget request

Prepared by: Jennifer Strickler, Management Analyst Phone: 465-2144
 Division: Occupational Licensing Date: 2/8/88

Approved by Commissioner: J. Anthony Smith Date: 2/8/88
 Agency: Commerce and Economic Development

Distribution (by preparer):

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

SB 365: "An Act extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors and providing for an effective date."

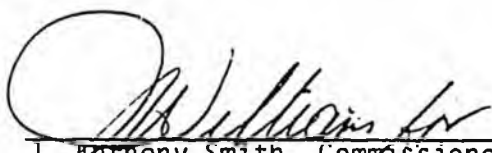
SB 365 proposes the continuation of the Board of Registration for Architects, Engineers, and Land Surveyors (hereinafter "AELS Board") for an additional four (4) years.

There are currently some 3,500 registered architects, engineers, and land surveyors in Alaska, with an additional 200 applicants seeking admission by examination or comity each year.

The Department of Commerce and Economic Development strongly endorses passage of this legislation.

The Legislative Budget and Audit Committee's performance report on the AELS Board, while not yet formally public, found no significant audit exceptions concerning the board, and has recommended that the board be continued. The AELS Board has clearly performed professionally on behalf of the public's health, safety, and welfare, and the department is unaware of any serious complaint concerning the board's operations. Indeed, the board recently adopted a system of voluntary disciplinary enforcement for consumers and members of the profession in Alaska which, if successful, will do much to further the public trust in the ability of AELS professionals to discipline themselves effectively and with due speed.

The department and the Division of Occupational Licensing ask the Legislature's support of SB 365 and the continuation of the State Board of Registration for Architects, Engineers, and Land Surveyors.



J. Anthony Smith, Commissioner
Department of Commerce and Economic
Development

3/8/88

Date

RPB/dg10035o
020888a

HB 425: "An Act extending the termination date of the State Board of Registration for Architects, Engineers and Land Surveyors; and providing for an effective date."

HB 425 continues the Board of Registration for Architects, Engineers and Land Surveyors (hereinafter "AELS Board") for the maximum allowable period: an additional four (4) years (until June 30, 1992).

The Performance Report on the AELS Board by the Legislature's Budget and Audit Committee concluded that the board "should be reestablished." The report also found that the board: (1) regulates and licenses the practice of architecture, engineering and land surveying in a manner that properly protects the public's health, safety and welfare; and (2) assures that those AELS professionals who are licensed are qualified to practice by providing active investigation and appropriate discipline services.

The Budget and Audit report did find the AELS Board weak in one area: the failure of the board to provide for the mandatory continuing education of the professionals it regulates. Finding that a program of continuing education "provides a reasonable means of assuring continuing competency in a profession," the report recommended that legislation be introduced requiring continuing education of AELS professionals.

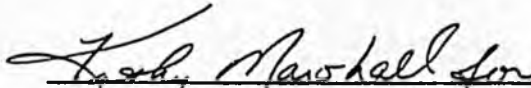
The department is aware that this issue is the subject of considerable discussion within the AELS professions and that the board itself, for a variety of reasons, has not yet acted to set such a program in place through regulation.

The department has, however, gone on record in its response to the performance report as concurring in the Budget and Audit Committee's recommendation. Should the Legislature decide to require continuing education of AELS professionals, the department would request that the language which mandates continuing education also give the board the authority to prescribe the hours, reporting requirements, accreditation procedures, and general provisions in administrative regulation. The department's Division of Occupational Licensing is developing expertise in this area and would like the administrative flexibility to structure the program in the manner most appropriate to the differing professions regulated by the AELS Board.

Regardless of any decision on the continuing education recommendations, it must be remarked that the AELS Board has performed consistently well in a highly professional manner during the four years encompassed by the present performance report. The public's interest is always at the forefront of the board's deliberations and its assistance to the division and its staff has always been professional. Indeed, the board

recently adopted a system of voluntary disciplinary enforcement for consumers and members of the profession in Alaska which, if successful, will do much to further the public trust in the ability of AELS professionals to discipline themselves effectively and with due speed.

The department wholeheartedly supports the continuation of the Board of Registration of Architects, Engineers and Land Surveyors and requests legislative support for passage of this legislation.



J. Anthony Smith, Commissioner
Department of Commerce and Economic
Development

2/24/88

Date

RPE/dgl
022388a

A PERFORMANCE REPORT
ON THE BOARD OF
REGISTRATION FOR ARCHITECTS,
ENGINEERS, AND LAND SURVEYORS

July 1, 1983 - June 30, 1987

Audit Control Number

08-1317-88-R

Commissioner, Department of
Commerce and Economic
Development

J. Anthony Smith

Deputy Commissioner, Department
of Commerce and Economic
Development

John Williams

Member of the Board of Registration for
Architects, Engineers, and Land Surveyors

Member
Member
Member
Member
Member
Member
Member
Member
Member

Wayne K. Jensen
Gorden S. Best
Rajiev Bhargava
Robert B. Boswell
Jacquelyn R. Luke
Malcolm A. Menzies
Robert A. Perkins
Sandra L. Sampson-Jones
E. Odin Strandberg

STATE OF ALASKA

AUDIT DIVISION
P.O. BOX W
JUNEAU, ALASKA 99811-3300

THE LEGISLATURE
BUDGET AND AUDIT COMMITTEE

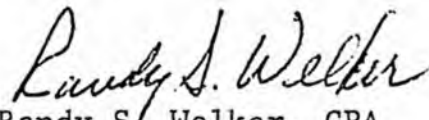
December 31, 1987

Members of the Legislative Budget
and Audit Committee:

According to the provisions of Titles 24 and 44 of the Alaska Statutes, the Division of Legislative Audit is required to conduct a "Sunset" review of the Board of Registration for Architects, Engineers, and Land Surveyors.

At the request of the Chairman, during Fiscal Year 1988 budget deliberations, the Audit Division's budget was revised to reflect certain changes in the organization of the Committee's two Divisions. The revised budget of the Audit Division reflected efficiencies that might be obtained by utilizing the staff of the Legislative Finance Division on selected audit assignments during the interim.

As a result, the audit of the Board of Registration for Architects, Engineers, and Land Surveyors was conducted and this report has been prepared by the Legislative Finance Division. We feel this report discharges our responsibility under Titles 24 and 44. The report is submitted for your review.



Randy S. Welker, CPA
Acting Legislative Auditor
Division of Legislative Audit

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

December 10, 1987

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and 44 of the
Alaska Statutes (sunset legislation), the attached report is
submitted for your review.

A PERFORMANCE REPORT
ON THE BOARD OF
REGISTRATION FOR ARCHITECTS,
ENGINEERS, AND LAND SURVEYORS

July 1, 1983 - June 30, 1987

Audit Control Number

08-1317-88-R



Mike Greany, Director
Division of Legislative Finance

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