

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
5692 HOUSE HEALTH, EDUCATION & SOCIAL SERVICES



Raymond Fisher

DON VALESKO
BUSINESS MANAGER

VALERIE K. BAFFONE
SECRETARY/TREASURER

HEADQUARTERS

2510 Arctic Blvd.
Anchorage, Alaska 99503

208 Wandell, Room 205
Fairbanks, Alaska 99701

710 W. 9th Street
Juneau, Alaska 99801



March 20, 1989

Senate HESS Committee
Senator Paul Fischer, Chairman
Senator Jim Duncan, Vice-Chairman

Public Employees Local 71, LTC, is in support of SB-73, Retirement Incentive Program.

This legislation not only benefits state employees who wish to retire early but also benefits the state through cost-savings and is in fact, a cost-containment measure.

We urge your support of this legislation. Thank you.

Sincerely,

Don Rouleau, Business Representative
Local 71/Juneau

DR/tc

JUNEAU
(907) 586-6993

ANCHORAGE
(907) 276-7211

FAIRBANKS
(907) 452-5024



UAS

University of Alaska Southeast

Juneau • Ketchikan • Sitka

Office of the Chancellor

Juneau Campus
11120 Glacier Highway
Juneau, Alaska 99801-8697
(907) 789-4472
FAX: 789-4595

March 14, 1989

The Honorable James Duncan
Alaska State Senate
P.O. Box V
Juneau, AK 99811

Dear Senator Duncan:

As Chancellor of University of Alaska Southeast, I want to express my support of SB 73.

At the University of Alaska Southeast, we had 16 employees who took advantage of the retirement incentive program as established in 1986. The early retirement option resulted in a substantial salary saving for our institution. That savings gave us added flexibility in meeting our budget reductions--without major employee layoffs. The desired goal of this legislation was clearly met at UAS.

A renewed opportunity for early retirement may not provide us the same level of savings but would afford us the opportunity for job redesign, program direction changes, and employing at entry level with lower salaries--ultimately resulting in flexibility and salary savings without taking adverse personnel actions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Marshall L. Lind".

Marshall L. Lind
Chancellor

sa



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

Royce

ANCHORAGE REGIONAL OFFICE

1411 W 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS ALASKA 99701
(907) 456-4435

RECEIVED MAR 28 1989

March 27, 1989

To: Senators Binkley and Uehling, Co-Chairs
Members, Senate Finance Committee

Re: CS For Senate Bill No. 73 (HESS): "An Act
relating to retirement incentive programs for
the public employees' retirement system and the
teachers' retirement system; and providing for an
effective date."

NEA-Alaska endorses, strongly supports, and encourages your favorable consideration of the CS for SB 73.

The probability of funding cuts to the operating costs of government also carry the probability of employee lay-offs. It makes sense to diminish the adverse impact of lay-offs by providing for voluntary attrition through a retirement incentive program.

While employee lay-offs may save some money initially they also represent potential longer term costs to government through unemployment costs and other social services.

The retirement incentive program provides for immediate and long term cumulative savings as well as providing government the opportunity to reorganize itself more efficiently.

SB 73 responsibly requires that participating agencies of government demonstrate financial savings as a basic requirement for employee participation. It further provides that the program be implemented at no additional cost to the retirement systems.

The data from the last RIP overwhelmingly demonstrates that this is a sound program and is worthy of your favorable consideration.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners

Bob Manners
Executive Secretary

Judy Salo

Judy Salo
President

cc: Senator Jim Duncan

*Nome Education Association
Nome, Alaska 99762*

March 9, 1989

*Roxanne
Repl*

Senator Jim Duncan
P.O. Box V
Juneau, Alaska 99811

Dear Senator Duncan:

In response to your letter regarding your sponsorship of Senate Bill 73, the members of Nome Education Association requested at our last meeting that I write you that our membership supports this Bill. When in effect previously, it was not implemented in our school district, but probably could have been with positive results. We want to thank you and the Bill's other sponsors for bringing it back before the legislature.

Yours truly,

Gladys Bibb

Gladys Bibb, President



RECEIVED JAN 11 1989

ALASKA ASSOCIATION OF ELEMENTARY SCHOOL PRINCIPALS
ALASKA ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS
ALASKA ASSOCIATION OF SCHOOL ADMINISTRATORS

• ALASKA COUNCIL OF SCHOOL ADMINISTRATORS •
326 Fourth St., Suite 408 Juneau, Alaska 99801 586-9702

RESOLUTION TO ENACT THE RETIREMENT INCENTIVE PROGRAM (RIP)

The Alaska Council of School Administrators urges the Legislature and Governor to again enact the Retirement Incentive Program.

RATIONAL:

- (A) The State of Alaska had initiated an early retirement incentive program which has appeared to be of benefit to the retiree and the State of Alaska.
- (B) It will be established over time that the intent of the previous program has been accomplished.
- (C) That the TRS and PERS will remain financially sound.
- (D) It has provided a positive incentive to long term employees to change careers without penalty.



Matanuska-Susitna Borough

P.O. BOX 1608, PALMER, ALASKA 99645-1608 • PHONE 745-9189

BOROUGH MANAGER

January 24, 1989

RECEIVED JAN 30 1989

The Honorable Jim Duncan
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Senator Duncan:

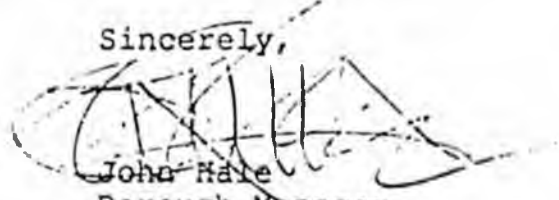
Thank you for the letter informing me of the introduction of your bill, Senate Bill 73 - Retirement Incentive Program.

I support your bill which could result in a savings in personnel services cost.

It will be necessary for the Matanuska-Susitna Borough and the Matanuska-Susitna Borough School District to analyze the possible impact of the program before a recommendation is made whether to participate.

Since your bill allows for each government entity to make the decision whether or not to participate, it provides the needed flexibility. Good luck with the legislature.

Sincerely,


John Hale
Borough Manager

er



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

March 13, 1989

To: Senator Paul Fischer, Chair
Members, Senate HESS Committee

Re: CS for Senate Bill No. 73 (State Affairs); "An Act relating to the retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date."

NEA-Alaska endorses, strongly supports, and encourages your favorable consideration of the CS for SB 73.

With the probability of substantial funding cuts being made to the state, local government, and school district operating budgets it is essential that an early retirement incentive program be available as a means of reducing the adverse impact from employee lay-offs.

Employee lay-offs may give the appearance of saving money on the front end but there are longer term consequences which can have the effect, through unemployment, of costing government more than was originally saved by the lay-off.

Retirement incentive programs represent not only an initial savings to government but have a long term cumulative savings potential no matter whether the retiring employee is replaced or not.

The data from the last RIP is overwhelmingly conclusive that the financial savings to government was substantial.

SB 73 effectively addresses concerns which pertain to the last RIP and provides the potential for an even greater level of savings in personnel costs. This legislation meets both the financial and the human needs of the people of Alaska.

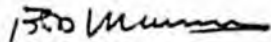
NEA-Alaska asks that the Committee consider an amendment to the window period which will increase the savings potential for school districts more immediately.

On page 6, line 8, we suggest that the window open during the month of June, 1989, so that retirement can be effective on July 1, 1989.

Such a change would provide the potential for additional savings to school districts of at least one month of payroll costs, probably more, and would take into consideration the fact that salary increments and raises, when given, usually occur on July 1.

Thank you for your consideration of our position.

Respectfully submitted,



Bob Manners
Executive Secretary

cc: Senator Jim Duncan

PUBLIC OPINION MESSAGE

Rayanne

DT/P: SENATOR DUNCAN

NAME: PAN MCCARL
 TITLE: PRESIDENT; ANCH. EDUCATION ASSOC.
 ADDRESS: 1411 WEST 33RD
 CITY: ANCHORAGE ZIP: 99503
 PHONE: 274-0536
 BILL NO: SB 73
 SUBJECT: RETIREMENT INCENTIVE PROGRAM/PERS & TRS
 MESSAGE: THE ANCHORAGE EDUCATION ASSOCIATION HAS TAKEN A POSITION IN
 SUPPORT FOR SB 73. LETTER WILL FOLLOW. WOULD YOU PLEASE SUPPORT AND PASS
 IT OUT OF COMMITTEE. APPRECIATE YOUR COMMITMENT TO THIS LEGISLATION.

FORMID: 03111849
 DATE: 03/01/09
 TIME: 11:18:49
 LOCATION: ANCHORAGE LIO

COPIES: SENATOR
 FOURCHOT

PUBLIC OPINION MESSAGE

DEAR: SENATOR DUNCAN

NAME: TERRY GORLICK
 TITLE:
 ADDRESS: 1501 WEST 41ST
 CITY: ANCHORAGE ZIP: 99503
 PHONE: 563-1962
 BILL NO: SB 134
 SUBJECT: PRACTICE OF ACUPUNCTURE
 MESSAGE: I AM IN SUPPORT OF SB 134 FOR COVERAGE UNDER REIMBURSABLE MEDICAL
 PLANS.

FORMID: 03111852
 DATE: 03/01/09
 TIME: 11:18:52
 LOCATION: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

BARNES	DOUCHER	ADAMS
BOYER	BROWN	BINKLEY
CATO	COLLINS	COHILL
COTTEN	DAVIDSON	ELIASON
DAVIS, C.	DAVIS, H.	FANREKAMP
DOHLEY	ELLIS	FAIKS
FOSTER	FURNACE	FISCHER
GOLL	GRUENBERG	FRANK
GRUSSENDORF	HANLEY	HALFORD
HOFFMAN	HUDSON	JONES
JACKO	KOCHEN	KELLY
LARSON	LEMAN	KERTTULA
MACLEAN	MARTIN	PEARCE
MENARD	MILLER	FOURCHOT
NAVAREE	PETTYJOHN	RDEY
PHILLIPS	RIEGER	STURCOLENSKI
SHARP	SHULTZ	SZYMANSKI
SCHNIBOLZ	SHACKHAMMER	UEHLING
TAYLOR	ULMER	ZHAROFF
WALLIS	ZANACKI	



Office of the City Clerk
832-5441

Incorporated November 17, 1921

Raymond

City of Nenana

State of Alaska

February 27, 1989

Senator Jim Duncan
P.O. Box V
Juneau, AK 99811

Dear Senator Duncan,

I am quite pleased to see you introduce Senate Bill 73 again, with the addition of SB 14. The Nenana City Schools have saved approximately \$220,000 for the two year period since the original program went into effect. This bill was one of the best things to happen to school finance in a long time. It gave Nenana the equivalent of a 10% increase in funding. The school business manager has stated that the new bill would save Nenana about \$157,000 over the first five years of its operation. It would be less than the first time due to fewer qualifying personnel. SB 14 also fills some needed gaps in the program, especially with part time teachers.

I would make two suggestions to the current bill:

1) Open the window for teachers to include this school year as well as next year. Savings to Nenana would be up to \$50,000 this year if the teachers that would qualify took the program.

2) The only concern I have with the program is that last time some districts chose not to participate in the program even though it would have saved them money. It seems somewhat unfair to me that those staff members were not allowed to take part in the program. The only way I know that it could be done would be for the Retirement System to offer the program instead of the local districts with an increase in Retirement System contributions to cover the cost plus the retiring members cost paid back by themselves.

Suggestion one would really help the City this year and suggestion two is just something to think about.

RECEIVED MAR 01 1989


RECEIVED

1989



Thanks again for the re-introduction of the bill as it is to me the fairest way to save money in the schools without penalizing the employees with wage cuts.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe B. Cooper".

Joe B. Cooper, Mayor
City of Nenana

North Slope Borough School District



January 31, 1989

RECEIVED FEB 21 1989

Fayanne
[Signature]

Senator Jim Duncan
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

RE: Senate Bill 73, Early Retirement

Dear Senator Duncan:

The North Slope Borough School District supports the passage of Senate Bill 73, related to the retirement incentive program for PERS and TRS employees.

We believe this legislation would be in the best interest of the NSB School District and the North Slope residents. Because of prior legislation on early retirement incentive programs, our retirees have been able to be assured a lifetime income; and at the same time, we have been able to increase the number of local residents in our hiring practices, especially younger employees, at a lower and more affordable salary scale.

However, we respectfully request your consideration to increase the window period to 14 months, making the law effective May 1, 1989 through June 30, 1990. Passing the bill in its present form would discourage employees from retiring this year and instead may encourage them to wait until the following year to receive additional retirement income. Having a larger window period would also allow the District to work with potential retirees and give us more planning time to employ new hires at lower salaries.

Most agencies including the NSB School District, need relief now and forestalling retirements for another year would add more financial burdens. Having the effective date in 1989 through 1990 would allow individual Districts to work out staffing arrangements in FY 90, resulting in additional savings and a smoother transition period.

Senator Jim Duncan
January 31, 1989
Page Two—

Thank you for soliciting our thoughts on SB 73. We appreciate your interest and sensitivity toward school districts throughout Alaska. If you have any questions please feel free to contact me or my Special Assistant Brenda Itta.

Sincerely,



Shirley Holloway, Ed.D.
Superintendent

BI/ma

cc: Senator Al Adams
Representative Fileen MacLean
Brenda Itta, Special Assistant to the Superintendent
Ashley Reed, Lobbyist, NSBSD

NORTH SLOPE BOROUGH SCHOOL DISTRICT

TRAPPER SCHOOL
NUIQSUT, ALASKA 99789
(907) 480-6712 or 480-6620



Barrow Whalers
Barrow High School
Pouch 8950
Barrow, Alaska 99723
(907) 352-8950

Arctic Idlout Elementary School
P.O. Box 450
Barrow, Alaska 99723
(907) 852-4711

Ninamut Wolves
Ninamut School
Anaktuvuk Pass, Alaska 99721
(907) 581-7225

Arkasuk Eagles
Meade River School
Arkasuk, Alaska 99723
(907) 633-6315

Kaveelook Rams
Harold Kaveelook School
P.O. Box 10
Kaktovik, Alaska 99747
(907) 640-6626

Nuqsut Trappers
Nuqsut School
Nuqsut, Alaska 99724
(907) 480-6712

Taqqaq Harpooners
Taqqaq School
P.O. Box 125
Point Hope, Alaska 99766
(907) 368-2662 or 368-2663

Upernivik School
Point Barrow, Alaska 99759
(907) 933-2312

Arctic Peak SS
Arctic Peak School
P.O. Box 10
Wainwright, Alaska 99797
(907) 763-2541 or 763-2551

Dear Senator Duncan,
We are in favor of the early retirement incentive plan for the following reasons:

1) It would encourage high priced teachers to retire, allowing lower priced teachers to enter the job market - a substantial savings to school districts.

2) It would free those teachers who would rather move on to new adventures and open the door for those teachers seeking the Alaska adventure. These new professionals would have fresh ideas to add to our educational base.

3) It provides teachers an option. Those who are still interested in teaching can continue to use their expertise, but those who "want out" can "get out" - instead of just putting in their time. This would provide a much better educational climate for the student.

Benefits:

- 1) Save Money
- 2) Promote fresh ideas
- 3) Provides an Option

We believe this is an educationally sound proposal that would benefit Alaskan education in many ways and not prove detrimental to our state.

Sincerely,
Jack Wilfong



Handwritten signature: J. K. ...

SCHOOL DISTRICT REAA 16
P.O. Box 226, Tok, Alaska 99780
907 - 883-5151

Senator Jim Duncan
State Capital
Room #119
P. O. Box V
Juneau, Alaska 99811

January 30, 1989

Dear Senator Duncan,

Thank you very much for inquiring about our interest in the Retirement Incentive Program.

Several years before the State of Alaska began offering a Retirement Incentive Program, the district had offered two (2) comparable programs. As a result, we have probably had more retirement from our faculty than others and do not have as strong a need as some other school districts may have shown in recent years.

It is obvious that we believe in the concept and as long as the retirement system retains full viability and the districts can enter the program under their own discretion and is not required, we will certainly support your efforts.

There are always a few people who would appreciate the opportunity and if you find the numbers are too few, please take time to reintroduce the concept again in several years.

Sincerely, -

Spike
Spike Jorgensen
Superintendent of Schools

SJ/ln

"Where Teachers Are The Gateway To Learning"

Dot Lake
907 - 883-5161

Eagle
907 - 347-2210

Mentasta
907 - 291-2317

Northway
907 - 778-6301

Tok
907 - 883-5161

Tetlin



MT. VIEW ELEMENTARY SCHOOL

315 SWIRES ROAD, KENAI, ALASKA 99611
(907) 283-6148

Payton

February 3, 1989

Senator Jim Duncan
P. O. Box V
Juneau, Ak 99811

Dear Senator Duncan:

I am writing in support of S.B 73. Evidence seems to indicate that there are both financial and other benefits associated with the passage of this bill.

Sincerely,

R. L. Boudreau

R. L. Boudreau
Principal

RB:mk

Sterling Elementary School

Kenai Peninsula Borough School District

Drawer 89 • STERLING, ALASKA 99672
Phone 262-4944

February 7, 1989

Rep. Mike Navarre
Box V
Juneau, AK 99811-3101

Dear Rep. Navarre:

I am very much interested in HB77 and the whole issue encompassing the Retirement Incentive Program (RIP).

The concept of RIP is popular and I also believe fiscally responsible in terms of costs. When all the facts and figures are tallied on the last RIP, we'll be able to recognize a great savings for the State of Alaska.

I don't think we need to worry about the effect of the so called "brain drain" that such a program allegedly causes. In fact, it has been my experience to note a much more negative effect when observing employees who have stayed too long in a particular field or profession i.e. teaching, administration, and related state jobs with similar responsibilities. No telling what long-term health benefits these early out programs will produce for retirees.

Additionally, there are many of us out here in the trenches who feel that the window period should be extended to include 1989. Perhaps a short window period for many of us who do not need another year to plan or wait for the 1990 RIP could be included in the bill. The window period could be, for example, 30 days in May or June, this would allow people time to make their decision this year, thereby presenting no imposition to a school district or agency for staffing next year.

Rep. Navarre, I would certainly hope that you will be able to give your support to this important legislation. I am looking forward to hearing from you regarding this proposed bill and how you feel about it.

Sincerely,



Vic Varick
Principal

Interior Public Employees Coalition

452-2023

2118 Cushman
Fairbanks, Alaska 99701

February 9, 1989

Barry

The Honorable Jim Duncan
Alaska State Senate
P. O. Box V
Juneau, AK 99811

Dear Senator Duncan: *Jim*

The Interior Public Employees Coalition wishes to go on record in support of Senate Bill 73.

The previous retirement incentive program was of great value to local government. In the case of the Fairbanks Fire Department; had nine employees not retired there would have been a dozen or more on permanent layoff status.

If a new "RIP" program is established, a significant number of high seniority city employees have told me they will participate.

Sincerely,

Barry

Barry Haight
Chairman

Sponsored by: Meehan

CITY OF SEWARD, ALASKA
RESOLUTION NO. 89-011

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, SUPPORTING LEGISLATION WHICH WOULD RE-ESTABLISH THE PERS RETIREMENT INCENTIVE PROGRAM

WHEREAS, the 1986 Alaska Legislature enacted legislation which allowed members of the Public Employees Retirement System and the Teachers' Retirement System to take advantage of early retirement; and

WHEREAS, the Retirement Incentive Program resulted in reduced personnel costs for many municipalities and school districts throughout the state; and

WHEREAS, the 1986 Retirement Incentive Program has lapsed; and

WHEREAS, Senator Jim Duncan has introduced SB 73, which would re-establish the Retirement Incentive Program by offering early retirement incentives to public employees in 1990;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, that:

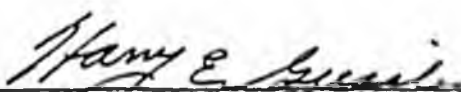
Section 1. The Legislature is hereby urged to give its support to SB 73, re-establishing the PERS Retirement Incentive Program.

Section 2. Copies of this resolution shall be forwarded to Governor Cowper; Senators Duncan, Kerttula and Szymanski; and Representative Cato.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, this 13 day of February, 1989.

THE CITY OF SEWARD, ALASKA


HARRY E. GIESELER, MAYOR

CITY OF SEWARD, ALASKA
RESOLUTION NO. 89-011

AYES: GIESELER, DUNHAM, HILTON, MEEHAN, NOLL, O'BRIEN, SIMUTIS
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

ATTEST:

APPROVED AS TO FORM:

PERKINS COIE, Attorneys for
the City of Seward, Alaska

Linda S. Murphy
Linda S. Murphy, CMC/AAR/Jones
City Clerk

Fred B. Arvidson
Fred B. Arvidson
City Attorney

(City Seal)

RECEIVED FEB 16 1989



RESOLUTION 89-2



HOUSTON, ALASKA
A BICENTENNIAL COMMUNITY

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HOUSTON, ALASKA,
IN SUPPORT OF SENATE BILL 73.

WHEREAS, the City Council is in support of re-establishing the Retirement Incentive Program for members of the Public Employee's Retirement System and the Teacher's Retirement System and providing for an effective date, and

WHEREAS, the City Council feels that re-establishing the Retirement Incentive Program will encourage employees to retire voluntarily and will reduce the hardships of lay offs.

NOW, THEREFORE BE IT RESOLVED that the Houston City Council does fully support and urge the passage of Senate Bill 73.

ADOPTED BY a duly constituted quorum of the City Council of Houston, Alaska this 26th day of January, 1989.

Marcella P. Padie
MAYOR

ATTEST:

Linda L. Padie
CITY CLERK/TREASURER



CITY OF KOTZEBUE
P.O. BOX 46 • KOTZEBUE, ALASKA 99752

Duncan

RECEIVED FEB 16 1989

February 6, 1989

City Hall
442-3401
Police Dept.
442-3351
Fire Department
442-3404
Public Works
Dept.
442-3465
Day Care Center
442-3157
Planning Dept.
442-3465
Building Inspector
442-2623
George Francis
Memorial Library
442-3816
Recreation Center
442-3066
Teen Center
442-3979
Regional Fire
Training Center
442-3921

The Honorable Jime Duncan
Senator
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Duncan;

At it's February 2nd, 1989 meeting the Kotzebue City Council reviewed the legislation you have introduced re-establishing the Retirement Incentive Program for members of the Public Employees' Retirement System and the Teachers' Retirement System.

The City has benefited from the program in the past and would like to support it's re-establishment. We appreciate all of your efforts to assist with the financial savings to municipalities. Keep up the good work!

Sincerely,

Zonna Lie
City Clerk

cc: City Manager
File

Senator Jim Duncan
P. O. Box V
Juneau, Alaska 99811

1743 Morningtide
Anchorage, Alaska
January 9, 1989

Dear Senator Duncan:

I am writing in reference to SB 73, prefiled by you this year.

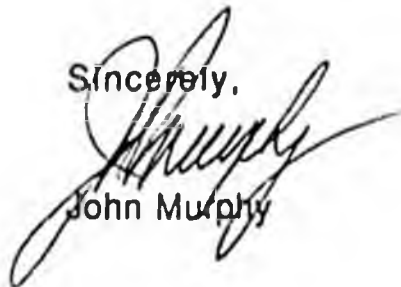
The purpose of this bill is to save money for the state and school districts. It will do this by permitting the long time, higher paid employees to retire and allow districts to replace them with newer personnel at a lower salary. This bill will also reduce the financial and emotional trauma and hardship associated with staff layoffs.

The effective date of this bill is January 1, 1990.

With state revenues being uncertain, why wait until next year to enact this bill? I would encourage you amend to SB 73 to provide a local option for school districts this year. This amendment would give districts and employees a two year transition into the program so those districts facing layoffs could offer the retirement opportunity to their employees this year and those employees eligible to retire this year could do so, but those who are uncertain would have another year to decide. The two or three month application time frame could be kept as recommended in the bill. The suggested amendment would just allow employees to choose it this year or next. This bill would then resemble a successful, similar bill introduced by you three years ago. Providing the option this year would seem to have no detrimental effect on the bill. Indeed, it would seem to provide the expected savings one year earlier than planned.

Any assistance you can provide in this effort will be appreciated.

Sincerely,


John Murphy

Handwritten notes:
R. Duncan
Dad -
we review
A. S. ...
P. ...
P. ...

STATE OF ALASKA

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS ALASKA DIVISION OF EMERGENCY SERVICES

RECEIVED MAR 13 1989

STEVE COWPER, GOVERNOR

3501 E. BOGARD RD.
WASILLA, AK 99687
PHONE: (907) 249-1370
(907) 376-2337



March 9, 1989

The Honorable Jim Duncan
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811-3100

Dear Senator Duncan:

I am writing in regards to Senate Bill 73, the Retirement Incentive Program, which you introduced this year. I am in favor of the bill but feel the windows for application and actual retirement are too narrow to provide the savings that seem to be required for the upcoming year.

To provide any savings to the State for the upcoming fiscal year employees should be given the opportunity to retire as early in the State fiscal year as possible. This would require that the period of application start on June 1, 1989, (Retirement Division requires 30 days notice for retirement), with the opportunity to retire beginning July 1, 1989.

The savings to the State with retirements beginning on July 1, 1989, as opposed to May 1, 1990, can be shown using just one case in my Division. The savings for one individual retiring in July 89, has been computed at \$20,000 for the fiscal year whereas if he is allowed to retire on May 1, 1990, the State will realize a savings of only \$3,300.00 for the fiscal year. Taking into consideration, the expected shortfall in the upcoming fiscal year budget, it would seem prudent to allow retirement as early in the year as possible.

An additional concern would be the impact on State government with a large number of senior employees retiring in a relatively short period of time. This loss, with no major corresponding savings to the State for the fiscal year, does not seem to be to the advantage of the State.

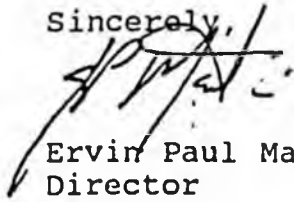
I would like to recommend that the window for application for the Retirement Incentive Program for State employees be from June 1, 1989 to June 1, 1990, and that the State employee must retire on or before June 30, 1990.

The Honorable Jim Duncan
Page 2
March 9, 1989

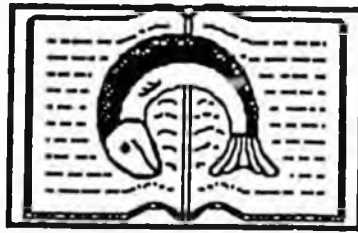
I cannot address the window for application and retirement for the Teachers or University but the current dates seem logical based on the need for the schools to advertise for teachers for the upcoming year and the desire of the teachers to retire at the end of the school year if given the opportunity.

I would like to thank you for your efforts in this matter and your consideration of my proposal. If I can be of any assist. please call me at 249-1370.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ervin Paul Martin', written over a horizontal line.

Ervin Paul Martin
Director



Lower
Kuskokwim
School
District

Parlane

EEK SCHOOLS

'J' M. Gilman, Principal
P. O. Box 050 Eek, Alaska 99578
(907) 536-5229

Senator Duncan
Alaska State Legislature
Box V
Juneau, Ak. 99811

Dear Senator Duncan:

Thank you for sponsoring SB #73. There are a large number of us here in the field who would like to see an amendment. An amendment which would allow for a "window" in 1989 as well as 1990.

Our feeling is that the school districts and state would save even more money with this additional opportunity. In addition some of us would just plain appreciate having an opportunity to retire this year instead of next. Your support and consideration is greatly appreciated.

Sincerely,

J. M. Gilman

March 6, 1989

Rosaline Rapp

Dear Senator Duncan,

I'm writing to thank you for your sponsorship of SB 73 (Early Retirement Incentive Program) and to seek your support for an amendment to allow it to go into effect for the 1989-1990 school year. As a Junior High teacher ripe for the "bumping", I know that the decrease in the number of senior high level students in the Anchorage area will cause many high school teachers to be transferred to the Junior high level. Although more elementary students are anticipated, this will do little to alleviate the pressure on those of us with secondary degrees. We can't transfer to the elementary level. I really feel that many junior high teachers will find themselves pushed out of their jobs next year. The effect on the overall economy would not be good. Individually, for many, it would be disastrous.

Offering an Incentive for Early Retirement this next year would not only save the school districts money, but would also offer the younger teachers a chance to stay in Alaska and continue to be a vital part of its economy.

Sincerely,

Kay Abrams

Kay Abrams
13710 Savage Dr.
Eagle River, AK
99577

RECEIVED MAR 08 1989

CITY of HOONAH

P.O. Box 360
Hoonah, Alaska 99829
(907) 945-3683

RECEIVED MAR 06 1989

CCR-89-05

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF HOONAH, ALASKA, SUPPORTING SENATE BILL NO. 73, WHICH WILL RE-ESTABLISH THE RETIREMENT INCENTIVE PROGRAM FOR MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE TEACHERS' RETIREMENT SYSTEM WHICH WAS ENACTED IN THE 1986 SESSION.

WHEREAS, this program is intended to realize sufficient economies to offset the cost of administration and benefits to state agencies and other employers resulting from the award of retirement credits; and

WHEREAS, to result in a net reduction in personal services costs to the state or other employers during a period of declining revenue.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Hoonah, Alaska is in support of Senate Bill No. 73, to re-establish the Retirement Incentive Program for members of the Public Employees' Retirement System and the Teachers' Retirement System which was enacted in the 1986 session.

PASSED AND APPROVED this 27th, day of February 1989.

VOTES: 5 YEAS, 0 NAYS, 1 ABSENT

Liv C. Gray
Liv C. Gray, Mayor

ATTEST:

Sharon A. Parks
Sharon A. Parks, City Clerk

Lee.rip

NORTH SLOPE EDUCATIONAL ADMINISTRATORS ASSOCIATION

*Carlan
Rep*

Senator Jim Duncan
Alaska State Legislature
Pouch V
Juneau, Alaska
99811

Dear Senator Duncan,

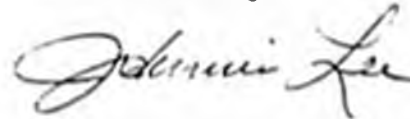
I am writing to express the support of the North Slope Educational Administrators Association for Senate Bill 73 and House Bill 77. However, we concur with the position paper submitted to you by the North Slope Borough School District, and urge you to consider expanding the window for early retirement to include the period May 30, 1989 to June 30, 1990.

We further suggest that, these bills be moved through the legislative process as quickly as possible, in order to allow sufficient time for employees who would become eligible under the provisions of the bills to have sufficient planning time in which to make their decision about early retirement.

We feel that these changes would be in the best interest of our association and our school district.

Your consideration of these suggestions, is appreciated.

Sincerely,



Johnnie Lee, President
NSEAA

3211 Providence Drive
Anchorage, Alaska 99508

March 14, 1988

OFFICE OF THE CHANCELLOR

Senator Jim Duncan
Alaska State Legislature
P.O. Box V (M/S 3100)
Juneau, AK 99811

Dear Senator Duncan:

Thank you for introducing Senate Bill 73, the Retirement Incentive Program. There have been numerous inquiries from the University of Alaska Anchorage (UAA) faculty and staff who are interested in the program which indicates that, if the bill is passed, UAA would realize significant savings in personnel costs.

We support this bill and urge its passage.

Thanks again for your continuing support for the University of Alaska.

Sincerely,



Donald F. Behrend
Chancellor

DFB:ec



UNIVERSITY OF ALASKA FAIRBANKS

Fairbanks, Alaska 99775-0500

March 14, 1989

Senator Jim Duncan
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Dear Senator Duncan:

I am writing in support of SB73, a Retirement Incentive Program For State Employees. As I understand the nature of this bill, it would be similar to the program implemented by the Alaska State Legislature and the State of Alaska a few years ago. The primary difference would be that the cost savings would have to result in personal services over a five year period after the commencement of the program rather than a three year period.

Allow me to address the program from the employees' standpoint. In informal surveys of our support staff and faculty, I find broad support for SB73. It would be fair to state that their general view is that the program would provide an option to employees who have provided a substantial length of service to the University. Additionally, it would be an important morale factor during these difficult financial times when there has been little or no salary movement for these employees.

I realize the purpose of this proposed legislation is not to provide a morale benefit for state employees but, rather, to ultimately save the State of Alaska money. We have now completed our review of the past Retirement Incentive Program. During that program, 104 employees exercised their option to retire. Of these 104 employees, 49 were members of the Teachers' Retirement System and 55 were members of the Public Employees' Retirement System.

In addressing the cost savings as a function of the Teachers' Retirement System, we conclude as follows. Three of the 49 positions were left vacant and then deleted from the University's budget during budget reductions. Over a five year period (following closure of the window for the program), had all 49 employees remained employed, it would have cost the University \$20,040,341. The replacement costs over this same period of time

Senator Jim Duncan
March 14, 1989
Page 2

will actually cost the University \$16,767,874. Additionally, we have deducted \$1,571,262 from the savings as this was the amount the University was required to pay into the retirement system to cover its actuarial costs. Thus, we will have a net savings to the state (over a five year period) of \$1,701,205 .

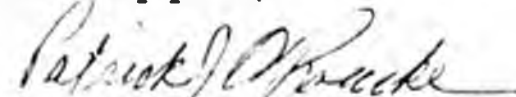
A similar pattern is shown under the Public Employees' Retirement System. Had all 55 employees remained for another five years, it would have cost the University \$13,132,743. The replacement costs for the retirees total \$10,310,685 over that same five year period. We again deducted the amount the University was required to pay to the retirement system which amounted to \$1,378,528. Thus, in the PERS, we count \$1,143,530 as the net savings over a five year period.

In total, for the University of Alaska Fairbanks, we calculate that over a five year period of time, the program will have saved the University approximately \$2,844,735.

These savings have not yet materialized because we are still in the third year of our payments to the various retirement systems. Additionally, replacement employees have not yet been at UAF a period of five years. Thus, there has been some short-term pain to UAF as we have tried to cover our required payments to TRS and PERS. However, although we had to absorb these unbudgeted costs through other temporary reductions, the picture appears clear in the long term. There is a definite savings over a five year period of approximately \$2.8 or roughly \$27,353 per retiree. Clearly, from a financial standpoint, the state benefits in the long term from such a program although, as I said, it has been difficult to cover the short-term costs.

I am hopeful that SB73 will pass this session of the legislature. I imagine there may be detractors, but it cannot be on the basis that there are not long term savings. Clearly, there are.

Sincerely yours,



Patrick J. O'Rourke, Chancellor
University of Alaska Fairbanks

PJO'R/clb



Alaska State Legislature

Please enter into the record my testimony to the House Hess
 committee name
 committee on SB 73 Retirement, dated 4-12-89
 bill/subject

ALASKA IS CURRENTLY FACED WITH FINANCIAL PERILS WHICH WILL NECESSITATE REDUCTION IN THE NUMBER OF EMPLOYEES ACROSS THE ENTIRE RANGE OF STATE ACTIVITIES INCLUDING REDUCTION OF THE NUMBER OF TEACHERS WITHIN OUR SCHOOL SYSTEMS.

BEING FACED WITH THESE CUTS IN PERSONNEL IT IS IMPERATIVE THAT WE DEVELOPE A PROGRAM THAT WILL SEE THE LEAST POSSIBLE HARM TO OUR CITIZENS. THE RETIREMENT INCENTIVE PROGRAM, SB 73, IS A VERY VIABLE ANSWER TO REDUCING STAFF WHILE NOT INFLECTING HARDSHIP ON MANY OF THESE EMPLOYEES. BY ALLOWING THOSE NEAR RETIREMENT TO RETIRE EARLY THE NECESSARY CUTS IN STAFF CAN BE MADE AND THIS WILL ALSO PROVIDE A SAVINGS TO THE STATE AND SCHOOL DISTRICTS AT THE SAME TIME. THOSE NEAR RETIREMENT ARE AT THE TOP OF PAY SCALES WHILE NEW HIRES ARE MUCH LOWER.

I ENCOURAGE YOUR PASSAGE OF SB 73 THROUGH YOUR COMMITTEE WITH UNANIMOUS APPROVAL. INCLUDING THE AMMENDMENT THAT INCLUDES OUTSIDE SERVICE AND MILITARY WHICH IN-EFFECT ALLOWS THOSE WITH THE STATUTE REQUIREMENT OF 25 YEARS MEMBERSHIP SERVICE TO RETIRE EARLY TOO. THIS WILL PROVIDE OPPORTUNITIES FOR NEW TEACHERS, STUDENTS COMPLETING THEIR EDUCATION AND WANTING A TEACHING POSITION IN ALASKA, TO FIND WORK. MANY OF THESE STUDENTS ARE ALASKANS WHO WANT TO RETURN TO THEIR STATE TO WORK.

PLEASE PASS THIS VITAL LEGISLATION.

Signed: Raymond M. Holt
 Testifier

Representing (Optional)

P.O. Box 5333 Ketchikan Alaska 99901

Address

247-8518 (H) 225-4128 (W)

Phone No.

**PUBLIC
EMPLOYEES**



DON VALESKO
BUSINESS MANAGER

VALERIE K. BAFFONE
SECRETARY/TREASURER

HEADQUARTERS

2510 Arctic Blvd.
Anchorage, Alaska 99503

208 Wendell, Room 205
Fairbanks, Alaska 99701

710 W. 9th Street
Juneau, Alaska 99801



April 12, 1989

House Health, Education & Social Services Committee
Johnny [redacted], Chairman
Mark Boyer, Vice-Chairman

Dear Representative,

Public Employees Local 71, LTC, is in support of SB-72, Retirement Incentive Program.

This legislation not only benefits state employees who wish to retire early but also benefits the state through cost-savings and is, in fact, a cost-containment measure.

We urge your support of this legislation. Thank you.

Sincerely,

Don Rouleau, Business Representative
Local 71/Juneau

DR/tc

JUNEAU
(907) 586-6993

ANCHORAGE
(907) 276-7211

FAIRBANKS
(907) 452-5024

Dear Legislators:

Considering the success of the RIP bill of 1986, why hasn't this session's RIP been aimed at a larger pool of potential retirees? Assuming that a positive correlation exists between number of participants and amount of dollars/jobs saved, please consider ways to incorporate a larger membership.

Viable options might be:

- ① Extend the application period to 1991 or beyond.
- ② Allow 4 or 5 years of credited service instead of 3.
- ③ Apply a vested member's outside or military service toward a minimum 20 yr. credited retirement, instead of the present 25 yr. minimum.

Thank you,
Gene Smart (776-5678)

S B

8 6

HOUSE COMMITTEE REPORT

(7)

Date Referred: March 10, 1989

FURTHER REFERRALS: JUDICIARY

Date of Committee Action: 4/12/89

The HEALTH, EDUCATION, & SOCIAL SERVICES Committee considered: CSSB 86(R1s)

SENATE BILL NO. 86

"An Act relating to child custody determinations."

RECOMMENDATIONS:

- be replaced with _____ the same title
- have 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):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact _____
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) _____
- zero fiscal note(s) 3/7/89 Pub. Safety
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

	Do Not Pass	No Rec	Amend
_____ <i>John Jace</i>		X	
_____ <i>Bernard ...</i>		X	
_____ <i>Chris Davis</i>		X	

John Ellis
Chairman's signature

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 9, 1989

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

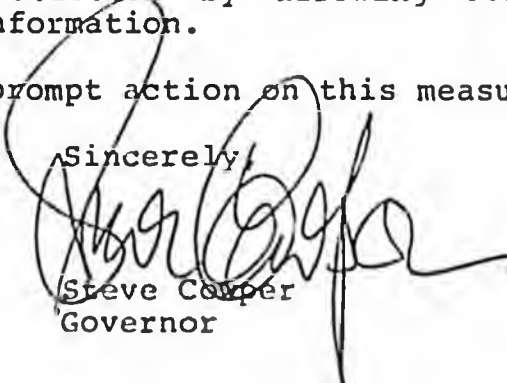
Dear Senator Kelly:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to child custody determinations.

This bill, recommended by the Council on Domestic Violence and Sexual Assault, in the Department of Public Safety, requires that instances of domestic violence, child abuse, and child neglect be taken into consideration in making child custody determinations. Current law requires that the court consider only "a history of violence between the parents," and then only when awarding shared custody. AS 25.20.090(8). There is no similar requirement that domestic violence be considered under AS 25.24.150 in other custody determinations, nor is there any requirement under either statute that instances of child abuse and neglect be reviewed by the court. Although most judges would be likely to receive such information into evidence as a matter of discretion, this bill requires the court to specifically focus on these factors. The bill also makes AS 25.24.150 more consistent with AS 25.20.090 by allowing courts to consider other pertinent information.

I urge your favorable and prompt action on this measure.

Sincerely,



Steve Cowper
Governor

FISCAL NOTE

REQUEST:

Revision Date: 3/6/89 Agency Affected: Public Safety
 Title: An Act relating to factors to be BRU: Council on Domestic Violence and
 considered in making child custody determinations Sexual Assault
 Sponsor: Rules Committee Components: _____
 Requestor: Governor Cowper

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Rules Cs is a title change only.

Prepared by: McKie Campbell, staff Phone: 465-3818
 Division: Senate Rules Committee Date: 3/7/89
 Approved by Commissioner: Senator Arliss Sturqulewski Date: 3/7/89
 Agency: Alaska State Senate

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

S B

127

HOUSE COMMITTEE REPORT

(7)

Date Referred: January 30, 1989

FURTHER REFERRALS:

Date of Committee Action: 2/6/89

The HEALTH, EDUCATION, & SOCIAL SERVICES Committee recommends that:

CS FOR SENATE BILL NO. 127 (State Affairs)

[EXEMPT HOME-BREW/REDEFINE ALCH. BEVERAGE]

"An Act relating to the private manufacture of an alcoholic beverage; and providing for an effective date."

[X] be replaced with HCS CSSB 127 (HESS) [X] the same title
[] a new title

[] have attached amendment(s)

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

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact
- [] zero fiscal note
- [] zero with analysis

APPROVES PREVIOUS:

[] fiscal note(s) published:

[X] zero fiscal notes(s) published:

1/26/89

SIGNING DO PASS:

Walt Faruque
Peter J. Lee
J. Ellis

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

Cheri Davis No Rec
Walt Faruque No Rec
MONCKEYMAN NO REC

J. Ellis
Chairman's signature

[§ 23394]

(e) **ILLEGALLY PRODUCED WINE.**—Notwithstanding subsection (a), any wine produced in the United States at any place other than the bonded premises provided for in this chapter shall (except as provided in section 5042 in the case of tax-free production) be subject to tax at the rate prescribed in subsection (b) at the time of production and whether or not removed for consumption or sale.

[Sec. 5041 as amended by Act of June 30, 1959, P. L. 86-75, 73 Stat. 157; Act of June 30, 1960, P. L. 86-564, 74 Stat. 290; Act of June 30, 1961, P. L. 87-72, 75 Stat. 194; Act of June 28, 1962, P. L. 87-508, 76 Stat. 114; Act of June 29, 1963, P. L. 88-52; Act of June 30, 1964, P. L. 88-348; Act of June 21, 1965, P. L. 89-44, 79 Stat. 136; Act of Oct. 26, 1974, P. L. 93-490, 88 Stat. 1466; Act of Oct. 4, 1976, P. L. 94-455, 90 Stat. 1520; Act of Nov. 10, 1988, P. L. 100-647, 102 Stat. 3342, applicable to wine removed after Dec. 31, 1988.]

[§ 23395]

Sec. 5042. Exemption from Tax. (a) **TAX-FREE PRODUCTION.**—(1) **CIDER.**—Subject to regulations prescribed by the Secretary, the noneffervescent product of the normal alcoholic fermentation of apple juice only, which is produced at a place other than a bonded wine cellar and without the use of preservative methods or materials, and which is sold or offered for sale as cider and not as wine or as a substitute for wine, shall not be subject to tax as wine nor to the provisions of subchapter F.

(2) **WINE FOR PERSONAL OR FAMILY USE.**—Subject to regulations prescribed by the Secretary—

(A) **EXEMPTION.**—Any adult may, without payment of tax, produce wine for personal or family use and not for sale.

(B) **LIMITATION.**—The aggregate amount of wine exempt from tax under this paragraph with respect to any household shall not exceed—

(i) 200 gallons per calendar year if there are 2 or more adults in such household, or

(ii) 100 gallons per calendar year if there is only 1 adult in such household.

(C) **ADULTS.**—For purposes of this paragraph, the term "adult" means an individual who has attained 18 years of age, or the minimum age (if any) established by law applicable in the locality in which the

§ 23394 26 U. S. C. 5041

household is situated at which wine may be sold to individuals, whichever is greater.

(3) **EXPERIMENTAL WINE.**—Subject to regulations prescribed by the Secretary, any scientific university, college of learning, or institution of scientific research may produce, receive, blend, treat, and store wine, without payment of tax, for experimental or research use but not for consumption (other than organoleptical tests) or sale, and may receive such wine spirits without payment of tax as may be necessary for such production.

[§ 23396]

(b) **Cross REFERENCES.**—

(1) For provisions relating to exemption of tax on losses of wine (including losses by theft or authorized destruction), see section 5370.

(2) For provisions exempting from tax samples of wine, see section 5372.

(3) For provisions authorizing withdrawals of wine free of tax or without payment of tax, see section 5362.

[Sec. 5042 as amended by Act of Oct. 4, 1976, P. L. 94-455, 90 Stat. 1520; Act of Oct. 13, 1978, P. L. 95-458, 92 Stat. 1255.]

[§ 23397]

Sec. 5043. Collection of Taxes on Wines.

(a) **PERSONS LIABLE FOR PAYMENT.**—The taxes on wine provided for in this subpart shall be paid—

(1) **BONDED WINE CELLARS.**—In the case of wines removed from any bonded wine cellar, by the proprietor of such bonded wine cellar; except that—

(A) in the case of any transfer of wine in bond as authorized under the provisions of section 5362(b), the liability for payment of the tax shall become the liability of the transferee from the time of removal of the wine from the transferor's premises, and the transferor shall thereupon be relieved of such liability; and

(B) in the case of any wine withdrawn by a person other than such proprietor without payment of tax as authorized under the provisions of section 5362(c), the liability for payment of the tax shall become the liability of such person from the time of the removal of the wine from the bonded wine cellar, and such proprietor shall thereupon be relieved of such liability.

(2) **FOREIGN WINES.**—In the case of foreign wines, by the importer thereof.

(3) **OTHER WINES.**—Immediately, in the case of any wine produced, imported, received, removed, or possessed otherwise than as authorized by law, by any person

brewers under common control where one or more of the brewers is not a corporation.

(3) **TOLERANCES.**—Where the Secretary finds that the revenue will not be endangered thereby, he may by regulations prescribe tolerances for barrels and fractional parts of barrels, and, if such tolerances are prescribed, no assessment shall be made and no tax shall be collected for any excess in any case where the contents of a barrel or a fractional part of a barrel are within the limit of the applicable tolerance prescribed.

§ 23412

(b) **ASSESSMENT ON MATERIALS USED IN PRODUCTION IN CASE OF FRAUD.**—Nothing contained in this subpart or subchapter G shall be construed to authorize an assessment on the quantity of materials used in producing or purchased for the purpose of producing beer, nor shall the quantity of materials so used or purchased be evidence, for the purpose of taxation, of the quantity of beer produced; but the tax on all beer shall be paid as provided in section 5054, and not otherwise; except that this subsection shall not apply to cases of fraud, and nothing in this subsection shall have the effect to change the rules of law respecting evidence in any prosecution or suit.

§ 23412A

(c) **ILLEGALLY PRODUCED BEER.**—The production of any beer at any place in the United States shall be subject to tax at the rate prescribed in subsection (a) and such tax shall be due and payable as provided in section 5054(a)(3) unless—

(1) such beer is produced in a brewery qualified under the provisions of subchapter G, or

(2) such production is exempt from tax under section 5053(e) (relating to beer for personal or family use).

[Sec. 5051 as amended by Act of June 30, 1959, P. L. 86-75, 73 Stat. 157; Act of June 30, 1960, P. L. 86-564, 74 Stat. 270; Act of June 30, 1961, P. L. 87-72, 75 Stat. 194; Act of June 28, 1962, P. L. 87-508, 76 Stat. 114; Act of June 29, 1963, P. L. 88-52; Act of June 30, 1964, P. L. 88-348; Act of June 21, 1965, P. L. 89-44, 79 Stat. 136; Act of Oct. 4, 1976, P. L. 94-455, 90 Stat. 1520, effective Feb. 1, 1977; Act of Oct. 17, 1976, P. L. 94-529, 90 Stat. 2485; Act of Oct. 13, 1978, P. L. 95-458, 92 Stat. 1255.]

§ 23413

Sec. 5052. Definitions. (a) **BEER.**—For purpose of this chapter (except when used

§ 23412 26 U. S. C. 5052

with reference to distilling or distilling material) the term "beer" means beer, ale, porter, stout, and other similar fermented beverages (including sake or similar products) of any name or description containing one-half of 1 percent or more of alcohol by volume, brewed or produced from malt, wholly or in part, or from any substitute therefor.

§ 23414

(b) **GALLON.**—For purposes of this subpart, the term "gallon" means the liquid measure containing 231 cubic inches.

§ 23415

(c) **REMOVED FOR CONSUMPTION OR SALE.**—Except as provided for in the case of removal of beer without payment of tax, the term "removed for consumption or sale," for the purposes of this subpart, means—

(1) **SALE OF BEER.**—The sale and transfer of possession of beer for consumption at the brewery; or

(2) **REMOVALS.**—Any removal of beer from the brewery.

§ 23416

(d) **BREWER.**—

For definition of brewer, see section 5022.

[Sec. 5052 as amended by Act of Jan. 12, 1971, P. L. 91-673, 84 Stat. 2056.]

§ 23417

Sec. 5053. Exemptions. (a) **REMOVALS FOR EXPORT.**—Beer may be removed from the brewery, without payment of tax, for export, in such containers and under such regulations, and on the giving of such notices, entries, and bonds and other security, as the Secretary may by regulations prescribe.

§ 23418

(b) **REMOVALS WHEN UNFIT FOR BEVERAGE USE.**—When beer has become sour or damaged, so as to be incapable of use as such, a brewer may remove the same from his brewery without payment of tax, for manufacturing purposes, under such regulations as the Secretary may prescribe.

§ 23419

(c) **REMOVALS FOR LABORATORY ANALYSIS.**—Beer may be removed from the brewery, without payment of tax, for laboratory analysis, subject to such limitations and under such regulations as the Secretary may prescribe.

[§ 23419A]

(d) **REMOVALS FOR RESEARCH, DEVELOPMENT, OR TESTING.**—Under such conditions and regulations as the Secretary may prescribe, beer may be removed from the brewery without payment of tax for use in research, development, or testing (other than consumer testing or other market analysis) of processes, systems, materials, or equipment relating to beer or brewery operations.

[§ 23419B]

(e) **BEER FOR PERSONAL OR FAMILY USE.**—Subject to regulation prescribed by the Secretary, any adult may, without payment of tax, produce beer for personal or family use and not for sale. The aggregate amount of beer exempt from tax under this subsection with respect to any household shall not exceed—

(1) 200 gallons per calendar year if there are 2 or more adults in such household, or

(2) 100 gallons per calendar year if there is only 1 adult in such household.

For purposes of this subsection, the term "adult" means an individual who has attained 18 years of age, or the minimum age (if any) established by law applicable in the locality in which the household is situated at which beer may be sold to individuals, whichever is greater.

[§ 23420]

(f) **REMOVAL AS SUPPLIES FOR CERTAIN VESSELS AND AIRCRAFT.**—

For exemption as to supplies for certain vessels and aircraft, see section 308 of the Tariff Act of 1930, as amended (19 U. S. C. 1308).

[Sec. 5053 as amended by Act of June 21, 1965, P. L. 89-44, 79 Stat. 136; Act of Jan. 12, 1971, P. L. 91-673; 84 Stat. 2056; Act of Oct. 4, 1976, P. L. 94-455, 90 Stat. 1520; Act of Oct. 13, 1978, P. L. 95-458, 92 Stat. 1255.]

[§ 23421]

Sec. 5054. Determination and Collection of Tax on Beer. (a) **TIME OF DETERMINATION.**—(1) **BEER PRODUCED IN THE UNITED STATES.**—Except as provided in paragraph (3), the tax imposed by section 5051 on beer produced in the United States shall be determined at the time it is removed for consumption or sale, and shall be paid by the brewer thereof in accordance with section 5061.

(2) **BEER IMPORTED INTO THE UNITED STATES.**—Except as provided in paragraph (4), the tax imposed by section 5051 on beer imported

into the United States shall be determined at the time of importation thereof, or, if entered for warehousing, at the time of removal from the 1st such warehouse.

(3) **ILLEGALLY PRODUCED BEER.**—The tax on any beer produced in the United States shall be due and payable immediately upon production unless—

(A) such beer is produced in a brewery qualified under the provisions of subchapter G, or

(B) such production is exempt from tax under sections 5053(a) (relating to beer for personal or family use).

(4) **UNLAWFULLY IMPORTED BEER.**—Beer smuggled or brought into the United States unlawfully shall, for purposes of this chapter, be held to be imported into the United States, and the internal revenue tax shall be due and payable at the time of such importation.

[§ 23422]

(b) **TAX ON RETURNED BEER.**—Beer which has been removed for consumption or sale and is thereafter returned to the brewery shall be subject to all provisions of this chapter relating to beer prior to removal for consumption or sale, including the tax imposed by section 5051. The tax on any such returned beer which is again removed for consumption or sale shall be determined and paid without respect to the tax which was determined at the time of prior removal of the beer for consumption or sale.

[§ 23424]

(c) **APPLICABILITY OF OTHER PROVISIONS OF LAW.**—All administrative and penal provisions of this title, insofar as applicable, shall apply to any tax imposed by section 5051.

[Sec. 5054 as amended by Act of Oct. 4, 1976, P. L. 94-455, 90 Stat. 1520; Act of Oct. 13, 1978, P. L. 95-458, 92 Stat. 1255; Act of Oct. 21, 1986, P. L. 99-509, 9100 Stat. 2786, applicable to removals during semi-monthly periods ending on or after Dec. 31, 1986.]

[§ 23425]

Sec. 5055. Drawback of Tax. On the exportation of beer, brewed or produced in the United States, the brewer thereof shall be allowed a drawback equal in amount to the tax found to have been paid on such beer, to be paid on submission of such evidence, records and certificates indicating exportation, as the Secretary may by regula-

BET

certain, or according as a question disputed between them is settled in one way or the other. *Coulter v. State*, 122 Tex.Cr.R. 9, 53 S.W.2d 477, 480.

A contract by which two or more parties agree that a sum of money, or other thing, shall be paid or delivered to one of them on the happening or not happening of an uncertain event. *Grooms v. Knox*, 25 Ala.App. 185, 142 So. 582.

In a "bet" or "wager" money belongs to the persons posting it, each of whom has a chance to win it, but, in the case of a "purse" or "premium," money belongs to the person offering it, who has no chance to win it, but is certain to lose it. *Toomey v. Penwell*, 76 Mont. 166, 245 P. 943, 945, 43 A.L.R. 993.

Bet and wager are synonymous terms. *Woodcock v. McQueen*, 11 Ind. 16; *Shumate v. Com.*, 15 Grat. (Va.) 660.

BETHLEHEM. See *Bedlam*.

BETTING BOOK. A book kept for registering bets on the result of a race as operated on race track. In a broader sense, the "betting book" is that book which enables the professional bettor to carry on his business, and to promote a race, and it includes the book, the making book and the bookmaker. *State v. Austin*, 142 La. 384, 76 So. 809, 810; *People v. Semmler*, 345 Ill. 272, 178 N.E. 100, 101.

BETRAYAL. A "betrayal," as of a professional secret on the part of a physician, signifies a wrongful disclosure in violation of the trust imposed by the patient. *Simonsen v. Swenson*, 104 Neb. 224, 177 N.W. 831, 832, 9 A.L.R. 1250.

BETROTHED. One who has exchanged promises to marry. The term may be synonymous with "intended wife." *Mace v. Grand Lodge*, A. O. U. W. of Massachusetts, 234 Mass. 299, 125 N.E. 569.

BETROTHMENT, BETROTHAL. Mutual promise of marriage; the plighting of troth; a mutual promise or contract between a man and woman competent to make it, to marry at a future time.

BETTER DESCRIBED. More fully delineated or more fully pictured or painted. *Katzin v. Kravant*, 99 N.J.Eq. 619, 133 A. 516, 517.

BETTER EQUITY. See *Equity*.

BETTERMENT. An improvement put upon an estate which enhances its value more than mere repairs. The improvement may be either temporary or permanent. *People v. Klee*, 282 Ill. 440, 119 N.E. 754, 757.

Also applied to denote the additional value which an estate acquires in consequence of some public improvement, as laying out or widening a street, etc. *Chase v. Sioux City*, 86 Iowa, 603, 53 N.W. 133.

BETTERMENT ACTS. Statutes which provide that a bona fide occupant of real estate making lasting improvements in good faith shall have a lien upon the estate recovered by the real owner to the extent that his improvements have increased the value of the land. Also called "occupying claimant acts." *Jones v. Hotel Co.*, 86 F. 384, 30 C.C.A. 108.

BETWEEN. A space which separates. *Hobson v. Postal Telegraph-Cable Co.*, 161 Tenn. 419, 32 S.

W.2d 1046. Strictly applicable only with reference to two things, but this may be understood as including cases in which a number of things are discriminated collectively as two wholes, or as taken in pairs, or where one thing is set off against a number of others. In re *McShane's Will*, 286 N.Y.S. 680, 682, 158 Misc. 777. Sometimes used synonymously with "among". In re *Moore's Estate*, 157 Pa.Super. 296, 43 A.2d 359.

As a measure or indication of distance, this word has the effect of excluding the two termini. *Morris & E. R. Co. v. Central R. Co.*, 31 N.J.Law. 212.

If an act is to be done "between" two certain days, it must be performed before the commencement of the latter day. In computing the time in such a case, both the days named are to be excluded. *Hodges v. Filstrup*, 94 Fla. 943, 114 So. 521, 522. But a clause in a contract of sale to the effect that the purchaser could require the vendor to repurchase between the fifth and sixth year from a certain date means during the sixth year. *Van Demark v. California Home Extension Ass'n*, 43 Cal.App. 685, 185 P. 866, 868.

In case of a devise to A. and B. "between them," these words create a tenancy in common. *Lashbrook v. Cock*, 2 Mer. 70.

Between equal equities the law must prevail. This is hardly of general application.

BEVERAGE. A liquor or liquid for drinking. *Burnstein v. U. S.*, C.C.A.Cal. 55 F.2d 599, 603. Especially pleasant or refreshing drink, or a habitual one. *Tennant v. F. C. Whitney & Sons*, 133 Wash. 581, 234 P. 666, 670.

This term is properly used to distinguish a sale of liquors to be drunk for the pleasure of drinking, from liquors to be drunk in obedience to a physician's advice, *Falstaff Corporation v. Allen*, D.C.Mo., 278 F. 643, 645; or from a liquid which it is possible to swallow, but which is not reasonably palatable or fit for drinking, *Tennant v. F. C. Whitney & Sons*, 133 Wash. 581, 234 P. 666. Thus, it is held that pure alcohol is not a "beverage" but a violent irritant. *Chas. L. Joy & Co. v. Carlson*, 23 Idaho 445, 134 P. 640, 641.

This term sometimes has a narrower meaning signifying a drink artificially prepared. *Climax Dairy Co. v. Mulder*, 78 Colo. 407, 242 P. 666, 669. *United States v. Robason*, D.C.Kan., 38 F.Supp. 991, 992.

BEWARED. O. Eng. Expended. Before the Britons and Saxons had introduced the general use of money, they traded chiefly by exchange of wares. *Wharton*.

BEYOND A REASONABLE DOUBT. In evidence means fully satisfied, entirely convinced, satisfied to a moral certainty; *State v. Harris*, 28 S.E.2d 232, 237, 223 N.C. 697; and phrase is the equivalent of the words clear, precise and indubitable. *Ferguson Packing Co. v. Mihalle*, 99 Pa.Super. 158, 162.

An accused's guilt must be established "beyond a reasonable doubt," which means that facts proven must, by virtue of their probative force, establish guilt. *People ex rel. Schubert v. Pinder*, 9 N.Y.S.2d 311, 312, 170 Misc. 345.

BEYOND SEA. Beyond the limits of the Kingdom of Great Britain and Ireland; outside the United States; out of the state.

Beyond sea, beyond the four seas, beyond the seas, and out of the realm, are synonymous. Prior to the union of the two crowns of England and Scotland, on the accession of James I., the phrases "beyond the four seas," "beyond the seas," and "out of the realm," signified out of the

SUMMARY

CS SB 127 - "An Act relating to the private manufacture of an alcoholic beverage"

In 1986 the definition of alcoholic beverage was rewritten to encompass privately produced alcoholic beverages to eliminate a perceived loop hole in local option statutes. Although it is within the ABC Board's authority to issue licenses for the private manufacture of homebrew, the Board has declined to do so.

The Great Northern Brewers Club has specifically requested statute changes in time for this year's annual Fur Rondzvous wine and beer judging competition which has been temporarily cancelled awaiting statutory clarification.

CS SB 127 would exempt "homebrewing" from most statutes governing alcoholic beverages - mainly those related to licensing. Homebrewing would still be prohibited in both "damp" and "dry" local option areas; municipalities would continue to have the authority to regulate "homebrewing"; sale and possession or consumption of "homebrew" to a person under age 21 would still be prohibited.



Alaska State Legislature

SENATE

Official Business

SENATE STATE AFFAIRS COMMITTEE

P.O. Box V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

DATE: January 27, 1989

TO: Members of the Senate

FROM: Senator Pat Pourchot, Chair *Pat*
Senate State Affairs Committee

RE: CS SB 127 - "An Act relating to the private
manufacture of an alcoholic beverage; and providing for
an effective date."

In 1986 the definition of alcoholic beverage was rewritten to encompass privately produced alcoholic beverages to eliminate a perceived loop hole in local option statutes. Inadvertently, this has been interpreted to ban "homebrewing" in all areas of the state. Although it is within the ABC Board's authority to issue licenses for the private manufacture of homebrew, the Board has declined to do so.

This year's annual Fur Rendezvous wine and beer judging competition has been temporarily cancelled awaiting statutory clarification. Homebrew organizations have requested prompt action to enable this important contest to continue.

CS SB 127 would exempt "homebrewing" from most provisions governing alcoholic beverages - mainly those related to licensing. Homebrewing would still be prohibited in both "damp" and "dry" local option areas; municipalities would continue to have the authority to regulate "homebrewing"; and possession, consumption or sale of "homebrew" to a person under age 21 would be prohibited.

The bill has received no opposition, has a zero fiscal note and is supported by the Department of Revenue.

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Private manufacture and derivation
of alcoholic beverage.
 Sponsor: Senate State Affairs Committee
 Requestor: Senate State Affairs Committee

Agency Affected: Department of Revenue
 BRU: Alcoholic Beverage Control Board

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Patrick L. Sharrock, Director Phone: 477-8839
 Division: Alcoholic Beverage Control Board Date: January 25, 1990

Approved by Commissioner: Hugh Malone Date: January 25, 1990
 Agency: Department of Revenue

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

STEVE COWPER, GOVERNOR

DEPARTMENT OF REVENUE

550 W. 7TH AVE
ANCHORAGE, ALASKA 99501-6E98

ALCOHOLIC BEVERAGE CONTROL BOARD

January 23, 1989

The Honorable Pat Pourchot, Chairman
Senate State Affairs Committee
Alaska State Senate
P.O. Box V
Juneau, AK 99811

RE: Position Paper - CSSB 127

Dear Senator Pourchot:

This letter intends to express the Alcoholic Beverage Control Board's position concerning CSSB 127. The board fully supports the legislation and believes the bill remedies problems in present law prohibiting private manufacture of beer and wine.

Thank you for this opportunity to comment. If you have any questions, please do not hesitate to call.

Sincerely,



Patrick L. Sharrock
Director
(907) 277-8638

PLS:cr

cc: Michael W. Gordon, Chairman
Alcoholic Beverage Control Board

Board Members

CTS: 89-18

STATE OF ALASKA
THE LEGISLATURE

FOUCHY STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 24, 1989

SUBJECT: Private manufacture of alcohol -
CSSB 127(SA)

TO: Senator Pat Pourchot

FROM: Michael F. Ford *M.F.*
Legislative Counsel

The following is a sectional analysis of the above referenced bill:

Section 1 - Exempts private manufacture of an alcoholic beverage from the statutory provisions of title 4, except as provided in subsection (b) of Sec. 04.21.015. Under subsection (b) the exemption for private manufacture is not applicable to

- (1) the prohibition against a person under 21 possessing or consuming alcohol;
- (2) the prohibition against a person furnishing alcohol to a person under 21;
- (3) municipal regulation of private manufacture;
- (4) the civil immunity provisions of AS 04.21.020;
- (5) alcohol privately manufactured in excess of federal law;
or
- (6) an area that has adopted a local option law.

The exemption against regulation under title 4 would also not apply to the requirement contained in AS 28.35.029 that a person cannot drive a motor vehicle with an open container of alcohol in the vehicle.

Section 2 - Effective date.

MFF:gc
WKG6/036

Original sponsor: State Affairs
Committee

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 127 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the private manufacture of an
7 alcoholic beverage; and providing for an effective
8 date."

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

10 * Section 1. PRIVATE MANUFACTURE OF ALCOHOLIC BEVERAGES. The provi-
11 sions of AS 04 do not apply to alcoholic beverages that are privately
12 manufactured before February 8, 1989, and used in a public exhibit or
13 contest of private manufacturing skills in a home rule municipality before
14 February 20, 1989, except that the provisions of AS 04.16.050, 04.16.051,
15 AS 04.21.010, 04.21.020, any limit imposed on private manufacture under
16 federal law, and local option laws adopted under AS 04.11.490 - 04.11.500
17 that are applicable to privately manufactured alcoholic beverages remain in
18 effect.

19 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).
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Original sponsor: State Affairs
Committee

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 127 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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6 For an Act entitled: "An Act relating to the private manufacture of an
7 alcoholic beverage; and providing for an effective
8 date."

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

10 * Section 1. PRIVATE MANUFACTURE OF ALCOHOLIC BEVERAGES. [From February
11 8, 1989, through February 19, 1989,] ^{the} provisions of AS 04 do not apply to
12 alcoholic beverages that are privately ^{before February 8, 1989} manufactured and [intended only for
13 ^{used} [use] in a public exhibit or contest of private manufacturing skills, ^{in a home rule municipality, prior to February 10, 1989,} except
14 that the provisions of AS 04.16.050, ^{AS} 04.16.051, AS 04.21.010, ^{AS} 04.21.020,
15 any limit imposed on private manufacture under federal law, and local
16 option laws adopted under AS 04.11.490 - ^{AS} 04.11.500 that are applicable to
17 privately manufactured alcoholic beverages remain in effect.

18 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).
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6-0483J
Ford
2/3/89

Original sponsor State Affairs
Committee

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 127 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

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11 8, 1989, through February 19, 1989, the provisions of AS 04 do not apply to
12 alcoholic beverages that are privately manufactured and intended only for
13 use in a public exhibit or contest of private manufacturing skills except
14 that the provisions of AS 04.16.050, 04.16.051, AS 04.21.010, 04.21.020,
15 any limit imposed on private manufacture under federal law, and local
16 option laws adopted under AS 04.11.490 - 04.11.500 that are applicable to
17 privately manufactured alcoholic beverages remain in effect.

18 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).
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6-0483J ✓
Ford
2/1/89

Original sponsor: State Affairs
Committee

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 127 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the private manufacture of an
7 alcoholic beverage; and providing for an effective
8 date."

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

10 * Section 1. PRIVATE MANUFACTURE OF ALCOHOLIC BEVERAGES. (a) Except
11 as provided in (b) of this section, the provisions of AS 04 do not apply to
12 alcoholic beverages that are privately manufactured and that are intended
13 only for use in a public exhibit or contest of private manufacturing
14 skills.

15 (b) This section does not apply to AS 04.16.050, 04.16.051; AS 04.-
16 21.010, 04.21.020; alcoholic beverages manufactured in a quantity that
17 exceeds the limit imposed on private manufacture under federal law; or an
18 area that has adopted a local option law under AS 04.11.490 - 04.11.500.

19 * Sec. 2. *Section 1 of this act*
~~AS 04.21.015~~ is repealed.

20 * Sec. 3. Section 1 of this Act takes effect immediately under AS 01.-
21 10.070(c).

22 * Sec. 4. Section 2 of this Act takes effect March 1, 1989.

S B

1 3 4

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
Title: An Act relating to the practice BRU: Occupational Licensing
of acupuncture.
Sponsor: Duncan Components: Admin. & Boards
Requester: L&C Committee

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	2.9	2.9	2.9	2.9	2.9
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	1.1	1.1	1.1	1.1	1.1
SUPPLIES	0	0	0	0	0	0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	4.0	4.0	4.0	4.0	4.0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	4.0	0	4.0	0	4.0
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FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	0	4.0	4.0	4.0	4.0	4.0
TOTAL	0	4.0	4.0	4.0	4.0	4.0

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.)

CSSB 134 (L&C) provides for licensing of acupuncturists by the department. The bill will allow acupuncture services to be offered by all qualified individuals; whereas, currently only medical doctors can offer acupuncture services. The costs identified in this fiscal note are explained on the following page.

Prepared by: Jennifer Strickler, Administrative Officer Phone: 465-2144
Division: Occupational Licensing Date: March 20, 1989

Approved by Commissioner: Larry Mercuriotti, Commissioner Phone: 465-2500
Agency: Department of Commerce & Economic Development Date: 3/28/89

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

CSSB 134 (L&C)

Testimony on this bill has revealed that very few acupuncturists currently reside in-state (fewer than five) and that only a few additional acupuncturists are expected to seek admission should this legislation pass. For the purposes of this fiscal note, we have anticipated a maximum of ten licensees.

This fiscal note differs from previous fiscal notes on the subject in that a portion of overhead personal services costs which the program can be expected to cover are included. As with all licensing occupations, each program is attributed a portion of administrative expenses of the division based on the number of licensees divided by the total number of division licensees. In this case, ten licensees represent .004% of the administrative costs reflected in the personal services and contractual services line items of the divisions's budget.

Because of the small number of practitioners, it would be unreasonable to establish a licensing fee which would require those few licensees to bear the entire cost of the licensing function. In such cases, the licensing costs must be supplemented by general funds or other licensing fees.

Revenues: The revenues projected are based on ten licensees paying a biennial license fee of \$400.

WHAT IS ACUPUNCTURE?

Acupuncture is a healing method used in traditional Chinese medicine, a medical system with a history of thousands of years of effective use, now practiced worldwide.

Bioenergetics of the Acupuncture Network

- . Traditional Chinese ideas of energy exchange are like those of modern physics--the same principles work in all parts of the universe, however large or small--the solar system, an atom, or a human body.
- . The acupuncture network in the body is an "electromagnetic circulatory system" of energy flow along channels related to the organs. The energy, called qi, (pronounced chee) flows like current in an electrical system.
- . The twelve main channels are directly connected to organs--heart, liver, kidney, stomach, etc. They are "circuits" with energy flowing from the organs out into the arms and legs and back. There are also extra channels, for example, the "belt" channel, which goes around the waist. All of these form a network.
- . The network can "signal" the organs to do different things. Recent research in China has shown that putting a needle in the large intestine point on a dog's paw will change the movements of its large intestine.

Energy Balance

- . Balance in the energy network means good health. As long as the network is strong, balanced, and not blocked, a person will be healthy. Imagine a body with its "electromagnetic circulatory system" flowing along about the same lines as the blood circulatory system. Visualize the lines of current with a strong, consistent glow, and a smooth, regular flow through all the channels. This is the picture of health
- . Imbalance means disease. The flow of energy can be too weak, too strong, blocked, or not moving in the proper pathways. For example, if you could photograph the network, a sprain might appear as a hot spot or "short." A migraine headache might show a blockage, and a heart attack would reveal a weak or blank spot.

Diagnosis

- . Diagnosis in Chinese medicine looks for patterns of imbalance in this energy network that relate to signs and symptoms in the body.
- . Traditional diagnosis uses a history and physical examination. The doctor asks special questions about what has happened inside and outside the body that put the system out of balance--wind, cold, heat, emotions, excess food or drink--and many others. A traditional oriental medical doctor will look at skin color, examine "alarm points" along the channels that indicate imbalance, look at the tongue, and feel the pulses. These are just a few of the important parts of a traditional medical examination.

Treatment

- . Treatment balances the system. Points are stimulated to increase energy, dissolve blockages--to encourage all of the "involuntary" body processes to return to their natural state of harmony. The main treatments used either alone or in combination to balance the system are:

acupuncture herbs moxa massage

- . Acupuncture stimulates points along the channels with very fine needles. These are now almost always made of stainless steel, but traditionally they could be made of other materials--bone, bamboo, silver, gold. The needles have different effects depending on what points are used. Sometimes needles are electrically stimulated, usually for added pain relief or anaesthesia.
- . Herbs are taken as teas or pills to do the work of balancing. They are very specific in their effects, and can be given easily in combinations made up especially for each individual.
- . Moxa is an herb that is burned close to the skin, or sometimes directly on the skin to stimulate the points with heat.
- . Massage stimulates the points with pressure to give balancing effect.
- . Of course, the complicated imbalance in many illnesses often make the process of diagnosis and treatment complicated too. As in Western medicine, traditional Chinese diagnosis and treatment is an art as well as a science.

Staying Well With Traditional Medicine

"Wholeness" of outlook is a historic part of Chinese medicine. According to tradition, people paid their doctors when they were healthy, and stopped paying them when they were ill. Whether true or not, this shows that the idea was to keep people well, and to look for and treat the earliest signs of illness. Preventive health care--diet, rest, exercise, and emotional and spiritual balance--has always been of greatest importance in the Chinese medical tradition.

How an Acupuncture Treatment Feels

Acupuncture needles are very fine, so they are relatively painless. There is a pinprick sensation as the needle goes through the skin, followed by the sensation of the needle "taking the energy"--connecting with the system. This may be felt as a tingling or traveling sensation, soreness, heaviness, warmth or aching. Among their many effects, the needles stimulate the release of endorphins--the body's own pain-killers--so there is generally a feeling of well-being and relaxation.

How to Help Your Treatment Work Better

Because treatments "rearrange" your energetic pattern, moderation is the key in eating, exercise and exposure to temperatures to maintain the new energy arrangement. The two hours immediately before and after your treatment is not the time for a heavy meal, alcoholic drinks or pain relievers, a strenuous workout, or a trip to the sauna.

Acupuncture and herbs have a cumulative effect, so it is also important to follow through with a recommended series of treatments to get the desired results, and to follow all other instructions from your practitioner.

Treatment Response

Most patients want to know whether acupuncture just treats symptoms, or if it can really relieve the causes of their illness. With many different kinds of problems, the energetic changes brought about by acupuncture and herbs can bring a person fully back to health.

Results depend on the duration and nature of the disease, the amount of damage that has been done, whether surgery has been performed, the age and general health of the person--the same kinds of factors that determine outcomes in Western medicine.

Even if a disease process has gone too far to be reversed

entirely, it is often possible to slow or stop the progress of the disease, or at least to provide some relief from symptoms so that the person can live more comfortably.

Sterilization

Acupuncture needles are sterilized according to protocols approved for surgical instruments. Depending on your practitioner, steam autoclave or dry heat sterilization may be used. Sterilization is, by definition, the killing of all bacterial, fungus, virus, and spores.

Just as it is safe to re-use surgical instruments after they have been properly sterilized, it is also safe to re-use needles. If you are still concerned about this issue, ask your practitioner, and they will use disposable needles. Disposable needles are generally used for all people with hepatitis or AIDS or for people at high risk for these diseases.

Sterilization and all procedural techniques follow the Clean Needle Technique manual prepared by the National Commission for the Certification of Acupuncture.

The American Association of Acupuncture and Oriental Medicine

The AAADM is a national organization of practitioners and students of acupuncture and Oriental medicine. Its purposes are:

- to provide the primary organizational forum for state, regional and specialized acupuncture organizations in the United States
- to elevate standards of practice and education
- to provide a forum for sharing of professional knowledge
- to assist in the establishment of just health codes and laws and to support those that exist
- to develop and establish continuing education programs for professionals
- to educate the general public about Oriental medicine
- to promote, encourage and support research
- to support and cooperate with the national professional organizations for certification of practitioners and educational institutions. In our field, the National Commission for the Certification of Acupuncture and the National Accreditation Commission for Schools and Colleges of Acupuncture and Oriental Medicine.

ACUPUNCTURE

TESTIMONY FOR HOUSE FINANCE

SB 134

5/02/89

The practice of acupuncture has been increasing in recent years. Other states have been adopting regulations so that today approximately half of the states have existing regulations concerning the practice of acupuncture. You have all been contacted by constituents who provide testament to the success of acupuncture treatments where traditional Western medicine or chiropractic treatment has failed.

As originally proposed, SB 134 would have established a 5 member board to regulate the practice of acupuncture. The accompanying fiscal note was about 12 thousand dollars per year. We have modified the bill to give the Department of Commerce and Economic Development the authority to regulate acupuncture in-house. The fiscal note accompanying the present version of the bill CSSB 134 (L&C) is 4 thousand dollars per year.

1 see Randall Burns from occupational licensing is here to address that issue.

Another major concern was also addressed. We have removed any insurance requirements from the bill. CSSB 134 (L&C) specifies that insurance coverage is OPTIONAL. I believe that because of the success of acupuncture in treating certain

conditions (SPECIFICALLY DRUG and ALCOHOL ADDICTION) at a fraction of the cost of traditional medicine, the insurance companies will eventually want to look at whether it might actually save them money to use acupuncture as opposed to another treatment.

I urge your support for SB 134. Acupuncture has proven to be effective where other treatments have failed. It is not a miracle cure, but I feel that it should be legal, regulated by the State, and available to all Alaskans who feel that it can help them.

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 24, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 5/2/89

The HESS Committee considered: CSSB 134 (LABOR & COMMERCE) am
CS FOR SENATE BILL NO. 134 (L&C) am
[PRACTICE OF ACUPUNCTURE]
"An Act relating to the practice of acupuncture."

RECOMMENDATIONS:

- [] be replaced with _____ [] the same title
[] have attached amendment(s) [] a new title
[] do pass
[] do not pass
[] no recommendation
[X] individual recommendations
[] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACH. NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Date/Dept)

[] fiscal impact _____ [X] fiscal note(s) 3/28/89 Commerce
[] zero fiscal note _____ [] zero fiscal note(s) _____
[] zero with analysis _____ [] zero in/analysis _____

SIGNING TO PASS:

[Signature]
[Signature]
[Signature]

SIGNING:

(Check approx. column)

	Do Not Pass	No Rec	Member
<u>[Signature]</u>		X	
<u>[Signature]</u>		X	
<u>[Signature]</u>		X	

[Signature]
Chairman's Signature

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

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

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

SB 136

H HESS

3/20/90

H. HESS

3/27/90

H HESS

3/28/90

H HESS

4/23/90

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 9, 1990

FURTHER REFERRALS:

FINANCE

Date of Committee Action: 4/23/90

The HESS Committee considered:

CSSB 136(2d Rls)

CSSB NO. 136 (2d Rules)

EDUCATION TRUST FUND

"An Act establishing the Alaska education trust fund and authorizing advance tuition payment contracts; and providing for an effective date."

RECOMMENDATIONS:

be replaced with HCS CS SB 136

the same title
 a new title

have attached amendment(s)

do pass

do not pass

no recommendation

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

fiscal impact _____

fiscal note(s) 2/17/90 / Uat, Revenue

zero fiscal note _____

zero fiscal note(s) _____

zero with analysis _____

zero fn/analysis _____

SIGNING DO PASS?

SIGNING:

(Check approp. column)

Do Not Pass
No Rec
Amend

J. Ellis
W. Krumbein
Benjamin
Mark Bump

SIGNING:	Do Not Pass	No Rec	Amend
<u>Cheri Davis</u>		<input checked="" type="checkbox"/>	

J. Ellis
Chairman's Signature

S B

136

STATE OF ALASKA THE LEGISLATURE

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

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

SB 136

H HESS

3/20/90

H. HESS

3/27/90

H HESS

3/28/90

H HESS

4/23/90

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 9, 1990

FURTHER REFERRALS:

FINANCE

Date of Committee Action: 4/23/90

The HESS Committee considered:

CSSB 136(2d Rls)

CSSB NO. 136 (2d Rules)

EDUCATION TRUST FUND

"An Act establishing the Alaska education trust fund and authorizing advance tuition payment contracts; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with HCS CS SB 136 the same title
- have 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):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact _____ fiscal note(s) 2/7/90 / Uat, Revenue
- zero fiscal note _____ zero fiscal note(s) _____
- zero with analysis _____ zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

J. Ellis

W. Krumberg

Ben [unclear]

Mark [unclear]

	Do Not Pass	No Rec	Amend
<u>Cheri Davis</u>		X	

J. Ellis

Chairman's Signature

HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES



P.O. BOX V, JUNEAU 99811
(907) 465-3759

April 23, 1990

Letter of Intent to
HCSCSSB 136 (HESS)

It is the intent of the Legislature that the Department of Revenue request that the Internal Revenue Service determine if the income earned by the Alaska education trust fund established in section 1 of this Act is taxable income and to whom that income would be taxable under federal law.

A handwritten signature in cursive script, appearing to read "Jonny Ellis".

Rep. Jonny Ellis, Chair
House HESS Committee

A M E N D M E N T

#1

To: H CS CS SB 136 (HESS)

by: Gruenberg

Page 2, after line 28 insert

(11) make payments to the university on behalf of qualified beneficiaries;

(12) make refunds upon termination of an advance tuition payment contract;

(13) to pay the costs of administration of the fund.

Letter of intent to H-~~CS~~-~~CS~~-SB 136 (HESS).

It is the intent of the legislature that the Department of Revenue request that the Internal Revenue Service determine if the income earned by the Alaska education trust fund established in section 1 of this Act is taxable income and to whom that income would be taxable under federal law.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Dept. of Revenue
 Title: Alaska education trust fund BRU: Treasury
 Sponsor: Sen. Kerttula Components: _____
 Requestor: Senate Rules

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	45.0	84.0	127.0	174.0	235.0	299.0
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	45.0	84.0	127.0	174.0	235.0	299.0

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	45.0	84.0	127.0	174.0	235.0	299.0
TOTAL	45.0	84.0	127.0	174.0	235.0	299.0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

) Changes in CSSB 136 (2d Rules)
 have no fiscal impact.
 This fiscal note is
 appropriate. *MSK*

Prepared by: *Arliss Sturvilowski*
 Division: Senator Arliss Sturvilowski
Chair, Senate Rules Committee

Phone: 465-3818
 Date: Feb. 1, 1990

Approved by Commissioner: _____ Date: _____
 Agency: _____

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

Alaska Education Trust Fund
Investment Management Expenses

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	(\$ Millions)						(\$000)				
Fiscal Year	Beginning Balance	Permanent Fund Dividends	Contributions	Average Balance	Earnings	Ending Balance	Securities Safekeeping Fees	Common Stock Management Fees	Performance Measurement Fees	Audit	Total Fees
FY90	0	460	23	14	1	24	1	22	12	10	45
FY91	24	477	24	39	3	51	2	60	12	10	84
FY92	51	471	24	66	5	80	3	102	12	10	127
FY93	80	466	23	95	8	111	5	147	12	10	174

Notes:

1. Column 6, prior year
2. From "Revenue Sources," Fall 1988, Department of Revenue
3. 5% of Column 2, assuming 5% participation by dividend recipients; initial participation in a similar Florida program was .31% of the population
4. Column 1 + (7.5/12)(Column 3) assuming transfer to trust fund occurs on average on November 15; also assumes no payouts during first four years of the program
5. 8% x Column 4
6. Column 1 + column 3 + Column 5
7. Column 4 x 5.25%/1000 per contract
8. Column 4 x .31% per contract x 50% asset allocation to common stocks
9. Per contract
10. Treasury Division estimate
11. Columns 7 + 8 + 9.

2
07
2

2 of 2

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Alaska Education Trust Fund
Sponsor: Kerttula and Kelly
Requestor: Senate Rules

Agency Affected: University of Alaska
BRU: Statewide Programs and Services
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	62.4	62.4	62.4	62.4	62.4	62.4
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	62.4	62.4	62.4	62.4	62.4	62.4

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	62.4	62.4	62.4	62.4	62.4	62.4
FEDERAL FUNDS						
OTHER						
TOTAL	62.4	62.4	62.4	62.4	62.4	62.4

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Personal services include one professional position at range 79.

Prepared by: *Arliiss Sturgulewski* Phone: 465-3818
Division: Senator Arliiss Sturgulewski Date: Feb. 1, 1990
Chair, Senate Rules Committee

Approved by Commissioner: _____ Date: _____
Agency: _____

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

) Changes in CSSB 136 (2nd Rules)
have no fiscal impact.
This fiscal note is
appropriate. *MEL*



Alaska State Legislature

SENATE

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Representative Johnny Ellis, Chairman
House Health, Education, and
Social Services Committee

FROM: Senator Kerttula

SUBJ: Senate Bill 136:
Alaska Education Trust Fund

DATE: February 20, 1990

I would appreciate your scheduling Senate Bill 136, establishing the Alaska Education Trust Fund, at your earliest convenience. I believe this bill has a lot of merit. Senate Bill 136 offers dual benefits. First, the bill provides a relatively easy mechanism for saving for the costs of a child's education. Second, the bill provides a mechanism for guaranteeing the cost of the child's education if the child goes to the University of Alaska.

Under Senate Bill 136, a person could either contribute 50 percent of his or her permanent fund dividend or make a cash contribution to the Alaska Education Trust Fund to provide money for college for a specified beneficiary. An authorized representative of a minor would also be allowed to contribute 50 percent of the child's dividend to provide money for college for that child. At the time of the initial contribution, the Board of Regents would contract with the contributor to guarantee what the beneficiary's tuition costs will be at the University of Alaska, no matter how much costs actually rise.

Under Senate Bill 136, the Department of Revenue would administer and invest the funds, intending that, at a minimum, the tuition fund investments would have a rate of return that would equal the expected tuition cost for a child by the time he/she enrolls in college. If the student decides not to go the University of Alaska, he or she can withdraw the money and use it for the costs of education at any other college or for any purpose.

Representative Ellis
February 20, 1990
Page Two

While the option always exists for parents to place their money in other types of savings and investments, the guaranteed tuition plan offers low-cost tuition and assurances for the future.

Senate Bill 136 was modeled after a similar program which was adopted and implemented by the State of Michigan. When Michigan adopted its plan in 1986, 44,000 people applied during a two-month period. In Florida, approximately 40,000 people applied for a similar program.

As I mentioned earlier, I believe this bill has a lot of merit. I appreciate your attention to my request.

JK:kh



Official Business

Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 99811

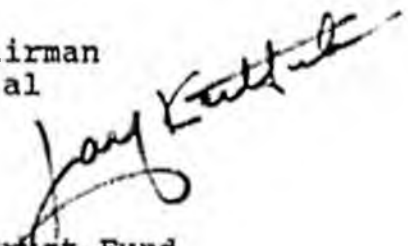
MEMORANDUM

TO: Representative Johnny Ellis, Chairman
House Health, Education and Social
Services Committee

FROM: Senator Jay Kerttula

SUBJ: Senate Bill 136 -- Educational Trust Fund
House HESS Committee Questions

DATE: February 21, 1990



I appreciate the time the House HESS Committee devoted to Senate Bill 136 during the meeting yesterday. Following are responses to the committee's concerns as they were described to me by my staff person. Please let me know if there are other concerns which I should address. As you are aware, I believe that an Educational Trust Fund has a lot of merit. I hope we can maintain the bill's momentum so that it receives the serious consideration it deserves.

1. Senator Szymanski's Amendment: I support the proposed amendment which was offered to the House HESS Committee by Senator Szymanski. As I understand the amendment, it will ensure that a trust fund under the Educational Trust would be exempt from claims under a bankruptcy proceeding. A trust fund under the amendment would not be exempt from child support claims. Senator Szymanski had offered a similar amendment on the Senate Floor, but withdrew the amendment after it was pointed out that the amendment would also exempt the trust fund from child support claims. The version of the Senator Szymanski's amendment which was submitted to House HESS takes care of that problem.

2. Requirement of a contract with the University of Alaska: I have no real objection to a parent who makes an initial contribution to the fund, having the option at that time of not entering into a contract with the University of Alaska. However, I think there are some issues associated with this option which should be discussed.

Representative Ellis
March 21, 1990
Page Two

First, Senate Bill 136 offers two major advantages as it is currently written -- guaranteeing tuition at the University of Alaska and providing a savings plan for a college education. Giving a parent the option of not entering into a contract with the University effectively eliminates one of the advantages of the bill. Some families already have a sophisticated system of investments that are earmarked for their children's education. It would be my guess that it would be these sorts of families who would have plans for their children which do not involve the University of Alaska. Therefore, I am not sure there is a reason to offer the option of not entering into a contract. I believe that most of those families who do not plan on a child attending the University of Alaska would be the same families who have investments which offer more advantages than offered by the Educational Trust Fund.

I see the second issue as having to do with what is in the child's best interest. Arguably, a parent should have a great deal to say about what his or her money is being spent for. However, Senate Bill 136 also allows a parent to contribute 50 percent of a child's permanent fund dividend into the fund. I am not sure that a parent's wishes should be controlling in the case of money which is a child's. A parent certainly does have the option of not putting their child's dividend into this fund. However, if they do so, it seems as if the child's best interest should be taken into account. Ultimately, the child is going to decide if or where he or she is going to college. It would be a shame if that child is barred from half the benefits of the Educational Trust Fund (i.e., the guaranteed tuition at the University of Alaska) because their parents did not think the University of Alaska was where the child should go to college.

I think these are issues which deserve some discussion, but I am not adamantly opposed to allowing parents the option of contracting with the University of Alaska.

3. IRS Determination: Attached is a copy of the IRS decision regarding the applicability of federal income taxes to the Michigan Education Trust Fund, per the request from Representative Gruenberg. As I understand this decision, income from the trust is excludable by both the beneficiary and the donor until either educational services are provided or until a refund is received.