

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990

8672

6447

SENATE LABOR & COMMERCE

851

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# Appraiser Qualifications Board of The Appraisal Foundation

1029 Vermont Ave. N.W. • Suite 900 • Washington, DC 20005 • (202) 347-7722 • FAX: (202) 347-7727

## APPRAISER QUALIFICATIONS CRITERIA RESIDENTIAL CERTIFICATION CLASSIFICATION

The Residential Certification Classification would apply to the appraisals of one to four units and up to twelve units when a net income capitalization analysis is not required.

Applicants must meet the following education, experience and continuing education requirements:

### Examination

Successful completion of the Appraiser Qualifications Board endorsed Uniform State Certification Examination or its equivalent.

#### Prerequisite for Examination

##### Education:

College degree; or,

75 classroom hours of courses in subjects related to real estate appraisal which shall include coverage of the Uniform Standards of Professional Appraisal Practice.

### Experience

Equivalent of two years full time experience within the previous five years. The experience must be supported by adequate written reports or file memoranda.

### Continuing Education

The purpose of Continuing Education is to ensure that the appraiser participates in a program that maintains and increases their skill, knowledge and competency in real estate appraising.

The equivalent of 10 classroom hours of instruction in courses or seminars for each year during the period preceding the renewal, providing the original certification was obtained by meeting the aforementioned requirements. (For example, a two-year certification term would require 20 hours; these hours may be obtained anytime during the two-year term.)

There are two alternatives to the classroom hours of instruction:

1. The completion of educational programs or study determined to be equivalent for continuing education purposes; or,
2. Participation other than as a student in educational processes and programs including, but not limited to, teaching, program development, preparation of textbooks, etc.

12/15/89

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# Appraiser Qualifications Board of The Appraisal Foundation

1029 Vermont Ave. N.W. • Suite 900 • Washington, DC 20005 • (202) 347-7722 • FAX: (202) 347-7727

## APPRAISER QUALIFICATIONS CRITERIA GENERAL CERTIFICATION CLASSIFICATION

The General Certification Classification would apply to the appraisals of all types of real property.

Applicants must meet the following education, experience and continuing education requirements:

### Examination

Successful completion of the Appraiser Qualifications Board endorsed Uniform State Certification Examination or its equivalent

### Prerequisite for Examination

#### Education:

College degree or

165 classroom hours of courses in subjects related to real estate appraisal which shall include coverage of the Uniform Standards of Professional Appraisal Practice.

### Experience

Equivalent of two years full time experience within the previous five years. The experience must be supported by adequate written reports or file memoranda.

### Continuing Education

The purpose of Continuing Education is to ensure that the appraiser participates in a program that maintains and increases their skill, knowledge and competency in real estate appraising.

The equivalent of 10 classroom hours of instruction in courses or seminars for each year during the period preceding the renewal, providing the original certification was obtained by meeting the aforementioned requirements. (For example, a two-year certification term would require 20 hours; these hours may be obtained anytime during the two-year term.)

There are two alternatives to the classroom hours of instruction:

1. The completion of educational programs or study determined to be equivalent for continuing education purposes; or,
2. Participation other than as a student in educational processes and programs including, but not limited to, teaching, program development, preparation of textbooks, etc.

12/15/89

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

REPLY TO:

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FAIRBANKS, ALASKA 99701-4679  
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P.O. BOX K—STATE CAPITOL  
JUNEAU, ALASKA 99811-0300  
PHONE: (907) 465-3600  
FAX: (907) 463-5295

April 5, 1990

Hon. Mike Navarre  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Navarre;

You have asked for our opinion as to whether the provisions for the certification of real estate appraisers contained in HB 523 comply with the current federal guidelines of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (the thrift bailout bill or FIRREA). From the information which we were able to review, it appears that HB 523 complies with the federal guidelines, although we have a few comments.

House Bill 523 (HB 523) ("the bill") relates to the certification of real estate appraisers. This bill is in response to federal legislation enacted in 1989 which requires the states to provide for the certification and licensing of real estate appraisers by July 1, 1991. The Appraisal Subcommittee of the Federal Financial Institutions Examination Council released general guidelines on January 18, 1990 which require the states to: create a regulatory agency headed by an individual who has no financial interest in the activities; supervise appraisal activities separately from real estate regulation; provide that agency decisions must be subject only to court review; create testing, experience and educational standards which satisfy the Appraisal Qualifications Board of the Appraisal Foundation, and incorporate a code of professional responsibility. The states may not enact "grandfather" provisions to exempt a group or individual from meeting the licensing and certification standards, and are further prohibited from requiring that an applicant for an appraisal certificate or license hold another occupational license.

Article 2 of the bill provides for the limited certification of persons not meeting the prescribed qualifications to perform appraisals in remote areas of the state. (Proposed AS 08.87.110(e)). No provision is made for such appraisals in the federal guidelines so it is difficult to determine whether this limited certification program would comply; however, since the appraisal must be "consistent with federal law," we believe that the federal government would find this provision to be valid.

Hon. Mike Navarre  
Alaska State Legislature

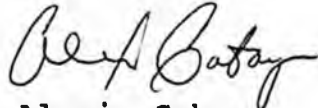
April 5, 1990  
Page 2

Article 4 of the bill provides for appraisals by uncertified appraisers. (Proposed AS 08.87.340.) This section is intended to allow uncertified individuals to perform appraisals "in-house," but it is unclear whether such an exemption would be allowed by the federal guidelines.

We apologize that our conclusions are not more definite, but we cannot predict with certainty how a federal agency will interpret new federal law. However, nothing in this bill appears inconsistent, in our opinion, with federal law. I hope this answers your questions.

Sincerely,

DOUGLAS B. BAILY  
ATTORNEY GENERAL

By:   
Alexis Gabay  
Assistant Attorney General

AG:jf

## BRIEFS

August 30, 1989

### Federal Law Puts Spotlight on State Appraiser Legislation

Now that the federal bill has been signed into law, the focus is shifting to the passage and implementation of state certification programs. Since the use of state certified appraisers is mandated for "federally covered transactions" under the new federal legislation, it becomes necessary for those states that have not as yet enacted certification to do so by July 1991.

To date 15 states have passed some type of appraisal legislation, the majority of which having been enacted within the last year and a half. The programs vary, as can be seen on the summary on pages 3 and 4.

Key elements of the federal law that may be helpful to legislative efforts in those states currently without certification programs, and for those states which may need to make necessary changes in their programs, include the following:

- The federal law mandates the use of certified appraisers and permits licensing. States *must* certify appraisers; if a state fails to do so, no appraisals involving federally related transactions may be performed by appraisers in the state. The Society continues to encourage states to set up certification programs consistent with the Appraisal Foundation's and our model legislation.
- Transactions covered. Certified appraisers can perform an appraisal in all federally related transactions, both residential and commercial. Transactions having a value of *under* \$1 million may also have an appraisal performed by a certified appraiser; this will be decided by each federal bank regulatory agency. The Society has encouraged the use of state certified appraisers to insure the highest level of competency for users.

*(Continued on page 2)*

### At a Glance

Special legislative update issue, containing:

Complete text of federal Appraisal Reform legislation, including congressional Conference Report — pp. 5-7

State-by-state summary of all states having passed legislation to date pertaining to appraising, with key aspects of each law — pp. 3 & 4

Jobsearch — p. 11

### Annual Conference Attracts National Media

With the growing public focus on appraisal reform issues, the fact that this year's Annual Conference attracted members of the nation's press is not surprising. Among those attending the Annual Conference, held in late July-early August in New York City, were representatives from *The New Yorker* and the *New York Post* (the latter interviewing president Louie Reese III, SRPA). Also represented were *Nation's Business* (the monthly magazine of the U.S. Chamber of Commerce), *National Thrift News*, *Washington Cable*, *Real Estate Weekly* and *Everyday Law*.

The Conference brought together close to 1,200 Society members and their families who participated in a series of educational workshops as well as a variety of social and sightseeing activities. For those unable to attend, tapes of all the sessions will be available shortly (see fu-

*(Continued on page 2)*

States Now With Separate Appraiser Certification and/or Licensing Laws



See pages 3 and 4 for detailed synopsis of key aspects of each state act.



## Conference (from p. 1)

ture *Briefs* for tape announcement)

Special guest speakers included William F. Buckley, Jr., whose remarks opened the Conference; and Frank W. Abagnale, who spoke at the closing luncheon. Abagnale was once described by the *Wall Street Journal* as the "world's greatest con man," but is now a highly respected authority on white collar crime prevention. His inspirational presentation was rated one of the highlights of the Conference.

At the conclusion of the Conference, the Society learned that the Marriott Marquis Hotel would donate a percentage of their income from the Conference to the Children's Network, a charitable organization that assists children in need.

### *New Officers Elected*

Following the Conference the Board of Governors met for two days. Included on their agenda was the election of 1990 national officers and the 10 district governors whose terms expire at the end of 1989. Those elected for the coming year are:

**President:** Ritch LeGrand, SREA, Sioux City, IA

**First Vice President:** Richard G. Pietrowitz, SRPA, Gibbsboro, NJ

**Second Vice President:** Bernard J. Fountain, SRPA, Clinton Corners, NY

**Vice President:** William J. Coyle III, SREA, Pawtucket, RI

**Vice President:** Alfred J. Ferrara, SRPA, Anchorage, AK

**Vice President:** Bill T. Hylton, SRA, High Point, NC

District governors who were elected are:

**District 6:** Basil S. Katsaros, SRPA, Denver, CO

*(Continued on back page)*

## Law (from p. 1)

- Independence of state appraiser certifying agency. Decisions concerning appraisal matters should not be made by the same officials whose responsibilities include licensing of Realtors or others. Only administrative functions may be shared.

- Education/experience/exam requirements. Minimum of 60 hours or a college degree plus 15 hours of professional practice; two years of experience within the last five years, supported by written documentation for certification; and passing of an exam. (The foregoing is contained in the Foundation-endorsed model bill.) Licensing requirements have yet to be determined and will be subject to review by the federal Appraisal Subcommittee.

- Role of the Appraisal Foundation. Recognized in the federal law as the legitimate representative of the professional appraisal industry, it may maintain a roster of all state certified and licensed appraisers eligible for federally related work. It also will establish the qualifications criteria and uniform national examination required for certification.
- Grandfathering. All appraisers will be required to meet the Foundation's experience, education and examination requirements to become certified. The oversight body, the Appraisal Subcommittee, established under the federal law, will reject those state practices and procedures that are inconsistent with the federal law.

The Society's Public Affairs office in Washington is available to consult with members seeking assistance in their state legislative effort. Additionally, all members are urged to keep the Washington office abreast of any developments occurring in their state, and to call for copies of the model bill for state certification. Key staff contacts in

Washington are Donald E. Kelly, Director of Washington Operations, Debbie Geary and Lisa DeFusco (800-346-8897).

### *Requests for Data*

**Wanted:** sales of self-storage (miniwarehouse) properties in major metro areas of North and South Carolina, and sales of Butler manufacture metal self-storage warehouses in any location. Will pay or share data. Contact: Alfred M. Benson, SRPA, 6115 E. Grant Road, Tucson, AZ 85712; 602-886-2000; FAX: 602-886-0156.

## **BRIEFS**

August 30, 1989

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Number 18

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# Summary of State Appraiser Legislation

## CALIFORNIA

(California presently has a law that only defines a "certified appraisal." It does not address the certifying and/or licensing of appraisers. The Lancaster-Montoya Appraisal Act took effect January 1, 1988. The law requires that an appraisal report be "certified" (that is, follows and documents certain guidelines and standards) if the client requests a "certified" appraisal report. If the client does not make such a request, this law has no regulatory power over any portion of the appraisal process. The California legislature is currently considering Assembly Bill 527, which is directed at certifying and licensing appraisers. This bill, however, is not supported by the California Coalition of Appraisers because it allows grandfathering as well as allows the commissioner of real estate to regulate appraisers.)

## CONNECTICUT

### *Mandatory Licensing*

Enacted: June 1988  
Board: Directly regulated by the real estate commission  
Education: Residential, 60 hours + exam; General, 120 hours + exam (exam waived through 7/90 for both categories)  
Continuing Education: To be determined by the Real Estate Commission  
Experience: Residential Appraiser license, 2 years as trainee under licensed appraiser; Real Estate Appraiser license, 2 years as licensed Residential appraiser or 4 years as trainee  
Grandfathering: Yes  
Enforcement: Real Estate Commission  
Effective Date: October 1, 1989

## FLORIDA

### *Voluntary Certification*

Enacted: May 1988  
Board: Advisory to the Real Estate Commission  
Education: Residential, 60 hours + exam; General, 120 hours + exam  
Continuing Education: To be determined by the Real Estate Commission  
Experience: Residential, 2 years; General, 3 years  
Grandfathering: No  
Enforcement: Real Estate Commission  
Effective Date: 1989

## ILLINOIS

### *Certification*

Enacted: June 1989  
Board: Independent (within the Department of Professional Regulation)  
Education: Residential, 75 hours + exam; General, 165 hours + exam  
Continuing Education: Residential, 14 hours per year; General, 21 hours per year.  
Experience: Residential, 2 years; General, 3 years (within the past 5) of full-time appraisal work

Grandfathering: No  
Enforcement: Real Estate Appraisal Committee  
Effective Date: July 1991

## IOWA

### *Certification*

Enacted: May 1989  
Board: Independent (within Department of Commerce)  
Education: To be determined by the Real Estate Appraiser Examination Board  
Continuing Education: To be determined by the Board  
Experience: To be determined by the Board  
Grandfathering: No  
Enforcement: Real Estate Appraiser Examination Board  
Effective Date: July 1991

## LOUISIANA

### *Voluntary Certification*

Enacted: 1988  
Board: Advisory to the Real Estate Commission  
Education: Residential, 60 hours + exam; General, 120 hours + exam  
Continuing Education: 15 hours per year  
Experience: Residential, 2 years; General, 3 years  
Grandfathering: No  
Enforcement: Real Estate Commission  
Effective Date: January 1990

## MINNESOTA

### *Licensing (two levels)*

Enacted: May 1989  
Board: Advisory to the Department of Commerce  
Education: Level I (residential), 75 hours + exam; Level II (general), 165 hours + exam  
Continuing Education: 15 hours per year  
Experience: Level I, none required; Level II, 2 years (within past 5 years) of full-time appraisal work  
Grandfathering: Yes  
Enforcement: Department of Commerce  
Effective Date: September 1991

## NEBRASKA

### *Mandatory Licensing*

Enacted: 1974  
Board: Direct regulation by the Real Estate Commission  
Education: None required  
Continuing Education: None required  
Experience: Appraisal experience or a broker's license required, plus 3 years real estate or real estate finance experience  
Grandfathering: Yes  
Enforcement: Real Estate Commission

(Continued on page 4)

## NEVADA

### *Licensing*

Enacted: June 1989  
Board: Independent (within the Department of Commerce)  
Education: Residential, 60 hours + exam; General, 120 hours + exam  
Continuing Education: 10 hours per year  
Experience: Residential, 2 years; General, 3 years (within past 5 years) of full-time appraisal work  
Grandfathering: No  
Enforcement: Commission of Appraisers of Real Estate  
Effective Date: July 1991

## NORTH CAROLINA

### *Voluntary licensing and certification*

Enacted: June 1989  
Board: Advisory to the Real Estate Commission (1 appraiser added to Commission)  
Education: License, 90 hours + exam; Certification, 180 hours + exam  
Continuing Education: 24 hours every 2 years  
Experience: License, none required; Certification, 2 years (within past 5) of full-time appraisal work  
Grandfathering: possibly  
Enforcement: Real Estate Commission  
Effective Date: July 1990

## OHIO

### *Certification*

Enacted: June 1989  
Board: Independent (within the Department of Commerce)  
Education: Residential, college degree or 75 hours; General, college degree or 165 hours (15 of which are professional practice for both categories)  
Continuing Education: 20 hours every 2 years  
Experience: 2 years (within past 5 years) of full-time appraising  
Grandfathering: No  
Enforcement: Division of Real Estate Appraisers  
Effective Date: January 1991

## OREGON

### *Mandatory Licensing*

Enacted: 1975  
Board: Direct regulation by the Real Estate Commission  
Education/Experience (one of the following): A) 30 hours of education (community college, Society or Institute courses) and 3 to 4 years of experience; B) 60 hours of education and no appraisal experience; or C) no education but 7 to 8 years appraisal experience (any person with a real estate sales license need only pass the appraisal exam)  
Grandfathering: Yes  
Enforcement: Real Estate Commission

## TEXAS

### *Certification*

*(Broker or sales license currently required to appraise; also a requirement for certification)*

Enacted: May 1989  
Board: Advisory to the Real Estate Commission  
Education: Residential, 80 hours + exam; General, 150 hours + exam  
Continuing Education: To be determined by Real Estate Commission  
Experience: Residential, 2 years; General, 3 years.  
Grandfathering: No  
Enforcement: Real Estate Commission  
Effective Date: July 1991

## WASHINGTON

### *Certification*

Enacted: April 1989  
Board: Advisory to the Department of Licensing  
Education: To be determined by the Department of Licensing  
Continuing Education: To be determined  
Experience: To be determined  
Grandfathering: Possibly  
Enforcement: Department of Licensing  
Effective Date: July 1990

## WYOMING

### *Certification*

Enacted: April 1989  
Board: Independent (adjunct to Real Estate Commission)  
Education: Residential, 75 hours + exam; General, 120 hours + exam  
Continuing Education: 20 hours per year  
Experience: 2 years (within the past 5) of full-time appraisal work  
Grandfathering: No  
Enforcement: Certified Real Estate Appraiser Board  
Effective Date: July 1991

Note: The following states currently require a real estate sales or broker's license to appraise: Delaware, Florida, Indiana, Michigan, Mississippi, Pennsylvania, Rhode Island, South Dakota, Texas, Virgin Islands.

For further information on all state legislative activity, contact the Society's Washington office, 800-346-8897 or 202-298-8497.

ational  
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**I N F O R M A T I O N A L E R T**

JANUARY 22, 1990

**APPRAISAL SUBCOMMITTEE RELEASES GUIDELINES FOR STATE LICENSING  
AND CERTIFICATION OF REAL ESTATE APPRAISERS**

The Appraisal Subcommittee of the Federal Financial Institutions Examination Council on January 18 released guidelines for state certification and licensing of real estate appraisers. The guidelines should be helpful to states attempting to meet a federal requirement that appraisers be licensed and certified for federally-related real estate transactions.

The federal requirement is contained in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (the thrift bailout bill or FIRREA). Congress acted based on findings that major causes of the \$150 billion savings and loan collapse were (1) inflated appraisals and (2) conflicts of interest among appraisers, thrift operators, and real estate developers. FIRREA also established the Appraisal Subcommittee to monitor and assist state licensing and certification activity.

The guidelines issued by the Subcommittee on January 18 address some of the ambiguities about what form of state regulation would be acceptable for federally-related real estate transactions, in particular it addresses ambiguities about the independence and administrative location of state appraisal regulation agencies and about "grandfathering" of appraisers.

LOCATION AND INDEPENDENCE OF AGENCY

The Appraisal Subcommittee expressed its preference for a totally independent regulatory agency answerable to the governor, as the best means of insulating the agency from the influence of industries and individuals with a financial interest in appraisal licensure and certification. At the same time, the subcommittee recognized that there may be fiscal constraints or other legitimate reasons why a separate agency cannot be established. In such circumstances, according to the Subcommittee, the appraisal certification and licensing function should be located within a state regulatory body which is structured to adequately eliminate the influences of an affected industry over the appraisal function."

In addition, to insure the independence of the agency, appointment of the agency head or board should not be made by a person or persons affiliated with an affected industry. Similarly, an agency head should not be actively engaged in an affected business for the term of his or her appointment and for a reasonable period of time after leaving office. And, any agency board or commission should not be dominated by any one industry or profession. The guidelines explicitly provide that appraisal licensing and certification activities should not be conducted by the same officials responsible for real estate regulation and that agency licensing, certification, and disciplinary decisions should be subject to review only by the courts.

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"Information Alert"  
is a publication  
of the  
SL Office of  
State-Federal  
Relations  
that provides  
up-to-date  
information  
on issues under  
consideration  
by Congress or the  
Administration.

**APPRAISAL SUBCOMMITTEE**  
**GUIDELINES REGARDING**  
**STATE CERTIFICATION AND LICENSING OF APPRAISERS**

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) establishes an Appraisal Subcommittee of the Federal Financial Institutions Examination Council. The responsibilities of the Appraisal Subcommittee include, among other things, monitoring the appraiser certifying and licensing agencies, which states may establish to carry out the purposes of Title XI. Section 1116 (d) of this Title instructs the Subcommittee not to recognize appraiser certifications and licenses from states whose appraisal policies, practices or procedures are found to be inconsistent with Title XI.

The legislative history accompanying Title XI indicates that states should adopt an organizational structure for implementing their appraiser licensing, certification and supervision functions that avoids potential conflicts of interest. Recognizing that each state has fiscal constraints or other factors that could influence the structure and location of the agency charged with licensing and certifying appraisers, the legislative history also indicates a desire to avoid imposing any particular organizational structure upon the states. However, while this suggests that a state could choose to locate the appraisal regulatory function in the same department as the regulation of real estate licensing, promotion, development or financing functions (hereinafter "realty related activities"), the organizational structure of the department must provide adequate safeguards to ensure that the appraisal regulatory function is independent of realty related activities.

If, due to fiscal or other constraints, a separate agency is not feasible, the appraisal certification and licensing function should be located within a state regulatory body which is structured to adequately eliminate the influences of an affected industry over the appraisal function.

#### APPOINTMENT OF THE AGENCY HEAD

The appointment of the agency head or members of the appraisal board should be made by an individual or committee not associated or affiliated with an affected industry. (An individual would be affiliated or associated with an affected industry if the individual had a direct or indirect pecuniary interest in the industry).

To illustrate:

An autonomous agency head, appointed by the governor and subject to confirmation by the legislature would generally be considered to be properly appointed.

An individual or board chosen by or answerable to a committee or commission comprised of a majority of real estate appraisers, real estate brokers, financial institution executives or other members of an affected industry would not meet the criteria for being independently appointed.

**QUALIFICATION CRITERIA**

All appraisers subject to the licensing or certification provisions of Title XI must be qualified through appropriate testing and experience requirements established by state law.

**Certified:** Individuals designated as certified real estate appraisers shall have, at a minimum, 1) satisfied the criteria for certification issued by the Appraisal Qualifications Board of the Appraisal Foundation, and, 2) passed a state administered examination which is consistent with the Uniform State Certification Examination issued or endorsed by the Appraisal Qualifications Board of the Appraisal Foundation.

**Licensed:** States should establish meaningful qualification standards for licensed appraisers, including testing, experience and educational requirements that are adequate to demonstrate knowledge and competency.

Additional qualifications for licensing and certification may be required by any state or federal agency that considers such qualifications necessary to carry out responsibilities under Title XI.

To ensure that their licensing and certification procedures are not disapproved by the Subcommittee, states should adhere to the provisions set forth in Title XI and adopt policies, practices and procedures that are consistent with the purposes of the law. The Subcommittee will exercise the authority granted by Title XI to ensure the independence of the appraisal regulatory function within the state systems. The Subcommittee will meet its oversight responsibilities by reviewing each state's compliance with the intent of Title XI in its entirety.

Additional policy guidance may be provided by the Subcommittee, as necessary, to further assist in the effective implementation of Title XI.



ALASKA CHAPTER NO 57

AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS



OF THE NATIONAL ASSOCIATION OF REALTORS  
2102 Cleveland  
Anchorage, Alaska 99503

February 19, 1990

Senator Richard I. Eilason  
Alaska State Legislature  
P.O. Box V (MS 3100)  
Juneau, Alaska 99811

Re: House Bill 523

Dear Senator Eilason:


As you have already been advised by the Chairman of our Real Estate Appraiser's Task Force that Federal legislation has been passed which will require certification of appraisers by July 1, 1991.

H.B. 523 is very similar to the model bill prepared by our Task Force. We, therefore, strongly support H.B. 523 and urge its passage as priority legislation during this session of the Legislature.

Your assistance is appreciated.

Sincerely,

ALASKA CHAPTER OF  
THE AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS

  
William A. Larick, RM  
Acting President

ALASKA CHAPTER NO. 158



SOCIETY OF REAL ESTATE APPRAISERS®

P.O. Box 201201

Anchorage, AK 99520-1201

February 27, 1990

Senator Richard I. Eilason  
Alaska State Legislature  
P.O. Box V (MS 3100)  
Juneau, Alaska 99811

Re: Appraiser Regulation

Dear Senator Eilason:

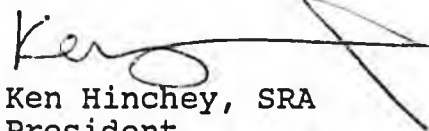
Recently enacted Federal legislation requires that all appraisers involved in Federal transactions, including loans by regulated banks, must be State certified or licensed by July 1, 1991.

The work of our Appraiser's Certification Task Force has been pretty much incorporated into H.B. 523. We strongly support the passage of this Bill. Due to the deadline set by the Federal legislation, it is important that this Bill be passed this session.

Thanks for your help.

Sincerely,

ALASKA CHAPTER OF THE SOCIETY OF REAL ESTATE APPRAISERS



Ken Hinchey, SRA  
President



ALASKA ASSOCIATION OF REALTORS, INC.  
741 Sesame Street, Suite 100 • Anchorage, Alaska 99503  
Telephone 907-563-7133

February 22, 1990

Senator Richard I. Eilason  
Alaska State Legislature  
P.O. Box V (MS 3100)  
Juneau, Alaska 99811

Re: House Bill 523

Dear Senator Eilason:

I am writing to express the strong support of the Alaska Association of Realtors for H.B. 523.

Due to recently enacted Federal legislation, all banks and Federal agencies must use state certified or licensed appraisers after July 1, 1991. If our State does not license or certify appraisers in a timely manner, there could be a serious limitation on mortgage financing next year.

Both Alaska chapters of the two major national appraiser groups have cooperated in preparing model legislation which has been essentially incorporated into H.B. 523. Our Legislative Committee has reviewed H.B. 523 and has unanimously endorsed it.

Due to the fact that appraiser certification must be in place by July 1, 1991, it is urgent that this legislation be passed this session.

We will appreciate your help.

Sincerely,

A handwritten signature in cursive script that reads 'Jim McCourt'.

Jim McCourt  
President



---

## Alaska Valuation Service, Inc.

---

550 WEST 54TH AVENUE • ANCHORAGE, ALASKA 99518  
(907) 561-1031 FAX (907) 562-7241

March 13, 1990

Senator Richard L. Ellason  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99611

Dear Senator Ellason;

I am writing in regard to the appraiser certification legislation introduced in the house by Representative Navarre and Swackhammer as House Bill 523.

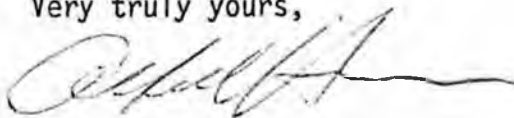
The real estate appraisers in Alaska are virtually unanimous in their support for this bill as it conforms to the federally mandated appraisal guidelines which must be in effect in all states by July 1, 1991. Only independent fee appraisers will be covered in Alaska, though state and federal appraisers could be certified if they choose.

We realize that Senate Bill 470 was also introduced pertaining to appraisers, but this bill does not meet federal requirements in several areas and is opposed by the appraisal community. We prefer the house bill as we know there will be no problem with federal agencies or secondary market sources if the Alaska appraisers are certified under those guidelines.

There is no grandfathering in HB 523 which is acceptable. That means that every appraiser will have to demonstrate experience and be tested to be certified. Our professional appraisal organizations in Alaska, of which most appraisers are members, strongly support this legislation as do many other industry related groups.

I ask that you support HB 523 for passage this session and our committee will be available to testify or answer questions on its behalf.

Very truly yours,



Alfred J. Ferrara, SRPA, MAI  
President

cc: Governor Steven Cowper  
Real Estate Appraiser Certified Task Force

AJF/jbp

## MUNDY-DAY-BUNN

(not a partnership)

ECONOMIC, MARKET & VALUATION ANALYSTS  
4041 B STREET, SUITE 204  
ANCHORAGE, ALASKA 99503  
(907) 561-4166  
FAX# (907) 562-0575

SEATTLE OFFICES  
1109 - 1st Avenue, Suite 200  
Seattle, WA 98101  
(206) 623-2935

Bill Mundy, Ph.D., CRE, MAI  
John P. Day, MAI  
Ronald W. Bunn, MAI

MEDFORD OFFICE  
124 South Foothill Road  
Medford, OR 97504  
(503) 776-2315

March 3, 1990

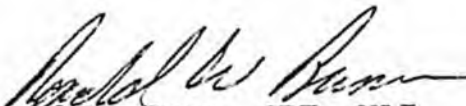
Alaska State Legislature  
P.O. Box V (M/S 3100)  
Juneau, AK 99611

RE: Appraiser Certification

Dear Alaska Legislator:

As you may be aware with the advent of Resolution Trust Corporation and the banking industry crisis, there is a strong national wide movement for state by state appraiser certification. Housebill 523 incorporates all recommendations of the joint appraiser certification task force representing both the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers. It has also been endorsed by the Alaska Association of Realtors. I strongly urge your support for Housebill 523 to be passed during the 1990 session.

Sincerely,

  
Ronald W. Bunn, CRE, MAI

RWB/rlj

**HB**

**532**

SENATE COMMITTEE REPORT

DATE: 4/7/90

FURTHER:

DATE TURNED INTO OFFICE:

4/24/90

Labor and Commerce

Committee considered

CSHB 532 (Fin) am

"An Act requiring the placement of certain coding on certain plastic bottles and containers; and providing for an effective date."

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_
- or adopt \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- \_\_\_\_\_ letter of intent adopted

- same title
- new title
- technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

FN  
forthcoming

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
Dept of Env Conservation  
4/24/90

appropriation-no fiscal note

APPROVES PREVIOUS:

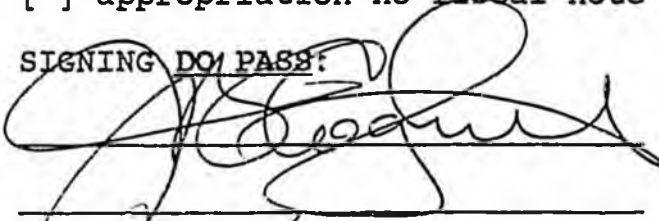
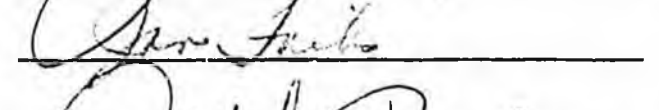
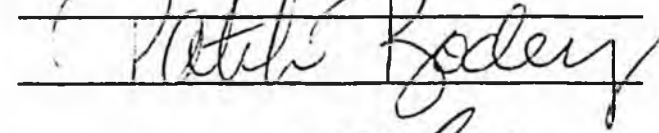
Dept/Date:

fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

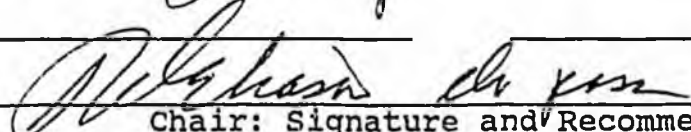
Governor's bill w/fiscal note

SIGNING DO/PASS:

  
 \_\_\_\_\_  
  
 \_\_\_\_\_  
  
 \_\_\_\_\_

OTHER RECOMMENDATIONS:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



Chair: Signature and Recommendation

# Alaska State Legislature

Anchorage \* District 10

P.O. Box V  
Juneau, Alaska 99811  
(907) 465-2828

3111 C Street, Suite 412  
Anchorage, Alaska 99503  
(907) 561-2040




Member  
Alaska Legislative  
Council  
Labor & Commerce  
Committee  
Special Committee  
on Foreign Trade  
Finance Sub-Committee  
for Labor

## Representative Virginia Collins

### MEMORANDUM

TO: Senator Richard Eliason, Chair  
Senate Labor & Commerce Committee

FROM: Representative Virginia Collins 

DATE: April 7, 1990

RE: Hearing Request for House Bill 532, "An Act requiring the placement of certain coding on certain plastic bottles and containers; and providing for an effective date"

---

I respectfully request that you schedule House Bill 532 for hearing in the Senate Labor & Commerce Committee as soon as possible.

CSHB 532 (FJN) am would require a code on certain plastic bottles or containers. This would identify the type of resin used to produce the bottle or container and would enable the container to be recycled more efficiently. A person found in violation of this would be guilty of a civil penalty of \$50 for each violation.

The model for this bill was drafted by the Society of the Plastic Industries, Inc. Similar legislation has been passed in 21 states and is pending in nother 10 states.

House Bill 532 is non-controversial and has the support of environmental groups, ALPAR, the plastic industry, and retailers.

If you have any questions, please contact Marveen in my office at 465-2828.

# Alaska State Legislature

P.O. Box V  
Juneau, Alaska 99811  
(907) 465-2828

Anchorage \* District 10



Member  
Alaska Legislative  
Council  
Labor & Commerce  
Committee  
Special Committee  
on Foreign Trade  
Finance Sub-Committee  
for Labor

3111 C Street, Suite 412  
Anchorage, Alaska 99503  
(907) 561-2040

## Representative Virginia Collins

HOUSE BILL 532

### SPONSOR STATEMENT

House Bill 532 would require a code on certain plastic bottles and containers. A person could not manufacture, sell, or offer to sell certain plastic bottles or containers without this code. The code would identify the type of resin used to produce the bottle or container.

The code would consist of a number placed within a specific triangle of arrows and a letter or letters placed below the triangle of arrows. There would be 7 different numbers and corresponding letters to identify the types of resins. The department would be required to maintain a list of the codes and to supply the list upon request. A person found in violation of this would be guilty of a civil penalty of \$50 for each violation. The effective date of this bill is July 1, 1991.

The model for this proposed legislation was drafted by the Society of the Plastic Industries, Inc. in response to legislators and environmentalists who asked the plastics industry for a code to expedite plastics recycling. Similar legislation has been passed in 21 states and 10 other states have legislation pending. HB 532 has the support of environmentalists, ALPAR, the plastics industry, and retailers.

It is estimated that Americans currently discard over 158 million tons of municipal solid waste each year. We have entered into an era in which landfilling will no longer be the primary method of garbage disposal. Recycling in the U.S. has steadily increased since the mid-1960's.

The sorting of plastics by resin provides for more expeditious recycling. Aside from those 21 states which have passed plastic coding legislation, a total of 32 states are currently involved in the plastic recycling industry. Their involvement consists of negotiating to buy from collectors, recycling the plastic, producing the recycled plastic product, or manufacturing equipment for the recycling process.

In addition to establishing a more efficient plastic recycling system, this legislation would enable recyclers to obtain a higher level of "pure" material for resale markets. Public awareness is a prime ingredient to a successful recycling program and the coding system would help to increase the public's awareness of the recycling potential for plastics.

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act requiring the placement  
of certain coding on plastic bottles...  
Sponsor: Rep. Virginia Collins  
Requestor: \_\_\_\_\_

Agency Affected: Environmental Conservation  
BRU: Environmental Quality  
Components: \_\_\_\_\_  
Environmental Quality

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		5.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	5.0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Copying costs and limited advertising campaign  
\$5,000/FY 92 only

Prepared by: Rep. David Donley  
Division: House Labor and Commerce Committee

Phone: 465-4954  
Date: 2/27/90

Approved by Commissioner: David Donley  
Agency: House Labor and Commerce Committee

Date: 2/27/90

Distribution (by preparer):

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

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION : CSHB 532(Finance)AM

PUBLISH DATE : \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date 4/24/90  
 Title: An Act requiring codes on plastic containers  
 Sponsor: Representative Collins  
 Requestor: Senator Eliason

Agency Affected: DEC  
 BRU: Environmental Quality  
 Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS: none

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Voluntary efforts conducted by plastics manufacturers will address most of the information needs for this bill.

Prepared by: Jeff Mach  
 Division: Environmental Quality

Phone: 465-2671  
 Date: 24-Apr-90

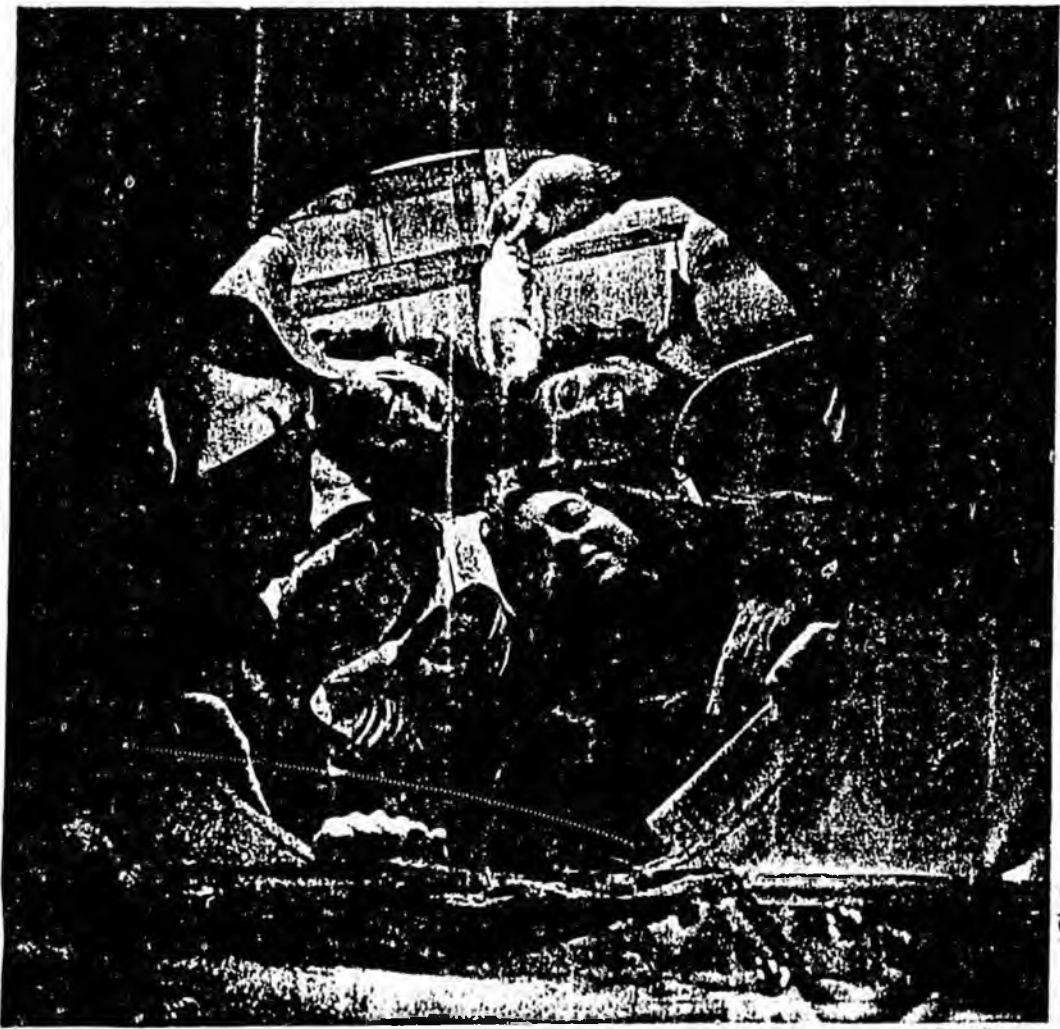
Approved by Commissioner: A. D. King  
 Agency: Environmental Conservation

Date: 24 April 1990

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



# Recyclers happily have their hands full



M2a Fairbanks News-Miner

**DROP IN**—Members of the Good Sense Working Group Recycling Project want you to drop your recyclable goods into the bottoms of the barrels that they have set up at

## Local project catches on in big way

By MARTHA ELIASSEN  
Staff Writer

Good Sense is catching on in Fairbanks.

The Good Sense Working Group Recycling Project, launched a month ago with recycling shelters at Foodland and Weller Elementary School, has inspired Fairbanksans. Each day, people fill the barrels at these shelters with recyclable glass, paper and cans, according to Marti Peale, a Good Sense organizer.

"It's overflowing daily," she said. "We have our hands full."

And that's no complaint. That's exactly what Peale and her Good Sense cohorts hoped would happen.

"The idea is to set it up so it's a permanent part of the community," she said.

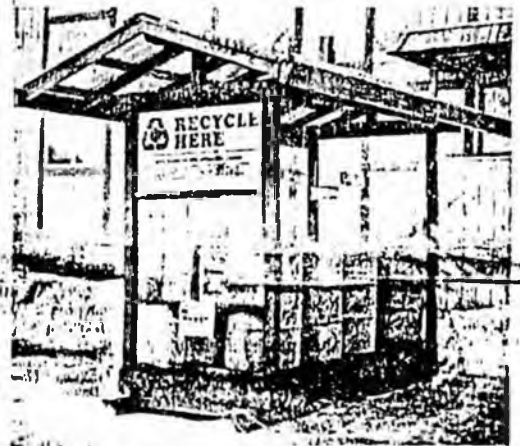
Fairbanks faces spending \$30 million in the next five years to

close an aging landfill and open a new one, Peale said. This summer, a new Environmental Protection Agency regulation will require communities with landfills to recycle at least 25 percent of waste. Considering that up to 80 percent of the items Fairbanks throws away are recyclable, Peale said, recycling does indeed make good sense.

"What they're doing is making trash separation easy," said June Weinstock, president of the Northern Alaska Environmental Center board.

The Good Sense effort has implications beyond the Fairbanks North Star Borough's garbage problems. For people who are interested in doing something to help the environment, this project is a model, Weinstock said.

Good Sense started in November with a core group of about  
*(See RECYCLE, Page 6)*



A recycle shelter at Foodland

Foodland and Weller Elementary. Clockwise, from top right, are Nicole McCullough, Shari Sirkin, Lou Brown, Bruce Stephanson and Marti Peale

## RECYCLE: Local group has hands full

(Continued from page 1)  
five people who shared an interest in making recycling easy and accessible for Fairbanks residents. The main group has grown to about 10 people who meet each Wednesday.

Most of these people have full-time jobs and are cramming the recycling project into after-work hours and weekends. Peale, a grant writer for the borough's economic development program, has permission from her boss to use a couple hours of office time a week for the project. The rest of the time—two or three hours a day since January—is her own. She is retiring as the project's coordinator, but that's only so she can devote more time to writing grants to expand Good Sense.

Peale and the others don't seem to mind the time they've poured into the recycling effort.

"It's a commitment to improving the human environment in Fairbanks," Peale said.

That commitment may be contagious. As the project took shape, the core group assembled a network of about 100 addi-

tional volunteers who have helped build recycling shelters and are now taking loads of recyclable goods to Sandy's Recycling, which ships the materials Outside.

Local businesses chipped in, too, donating labor and materials. When it was 30 below, Ridgetop Roofing and Gutter provided working space for volunteers to build the shelters. More than \$4,000 was raised to launch the volunteer effort.

"It was a remarkable experience, with everyone saying yes," Peale said.

Each shelter has 10 barrels: two for plastic jugs, two for paper, two for aluminum cans and four for glass. There also are pamphlets with information about how to prepare recyclables and where to take materials that aren't accepted at the shelters.

Two more shelters are scheduled to open this weekend: one at the Borough Office Building and one at the Ester Volunteer Fire Department.

Although the operation seems to be running smoothly, Peale and the Good Sense group need

more help. In addition to new recruits, they'd like to find a youth group to staff the shelters on weekends and answer questions from the public. They're also looking for organizations or businesses to loan vehicles and drivers to haul away full barrels.

"That way, we can take volunteers off of transport and put them on building more shelters," Peale said. "I have a growing list of requests from people (for shelters)."

At the end of May, the group will write an evaluation and submit copies to local government representatives and anyone else who's interested. They hope others may benefit from their experience.

In the future, the service may continue with a combination of volunteer organizers and paid haulers. It may be possible to secure grants to pay drivers who would transport full barrels from shelters all over town. Peale is also writing a proposal to get state funding for a truck.

"We will keep open as many shelters as we can with volunteers," Peale said.

But shelters will close if there aren't enough people to do a good job with the service.

Peale is already looking ahead to the day that Fairbanks not only recycles a considerable portion of its waste, but uses the recycled materials to manufacture products. In her job as a borough grant-writer, she is working on a proposal to establish a recycling industry here.

"Instead of shipping our waste Outside, we will be shipping products Outside," she said.

For more information about Good Sense, call 455 6024.

\* 4/05/90 UPDATE

**STATES REQUIRING PLASTIC CONTAINER CODING**

Prepared by the Council For Solid Waste Solutions January 7, 1990

The following states require the coding of plastics bottles of 16 ounces or more and other rigid plastic containers of 8 ounces or more following the Society of the Plastics Industry voluntary coding program.

**DEADLINE FOR CODING**

January 1, 1990	Connecticut
July 1, 1990	Florida
January 1, 1991	Wisconsin - regulations pending Illinois Minnesota - proposed regulations Missouri Louisiana Ohio New Jersey
July 1, 1991	Texas Massachusetts Maine North Carolina
December 31, 1991	North Dakota
January 1, 1992	Michigan California Indiana
July 1, 1992	Iowa Colorado

\* GEORGIA + VIRGINIA HAVE NOW PASSED LEGISLATION TO BRING TOTAL TO 21 STATES REQUIRING THE CODING.

Note: New Hampshire has enacted legislation to establish a state recycling emblem program which recognizes and protects the SPI voluntary coding program as a distinct material identification system.

1990 Proposed Legislation: Alaska, Arizona, Georgia, Kentucky, Oklahoma, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Virginia \* KANSAS = 10 STATES WITH PROPOSED LEGISLATION



THE COUNCIL  
FOR SOLID WASTE  
SOLUTIONS  
1275 K Street, NW, Suite 400  
Washington, DC 20005  
202 371 5319  
FAX 202 371 5679

# Plastic Codes Help Recyclers.

Plastics recyclers are finding it easier to sort containers, thanks to the plastics industry's new voluntary coding system. The system, developed by The Society of the Plastics Industry, Inc., helps recyclers to identify the types of plastic used in making individual bottles and other containers.

Already, more than 20% of all polyethylene terephthalate (PET) 2-liter soft drink bottles are being recycled in the U.S., in part because the containers are so easily identifiable. Milk and juice jugs made from high density polyethylene (HDPE) are also relatively easy for recyclers to identify. The coding system, though, makes it easier to separate other, less easily identified, types of plastic containers as well as vinyl, low density polyethylene, polypropylene and polystyrene. As new recycling technologies emerge, recyclers will be able to sort the various plastics to earn the highest price for their reclaimed materials.

The coding system is based on responses to a survey of recycling industry workers and officials. The codes are easy to read and easy to distinguish from other marks placed on plastic containers by manufacturers for use in processing and identification.



The code on each container consists of a triangle formed by three arrows, with a number in the center and distinguishing letters under the triangle. In size, the codes range from approximately 1/2 to 1 inch in diameter. They can be applied by molding or imprinting the bottom of the container.

## Plastics Coding System

- 1: PETE (polyethylene terephthalate)
- 2: HDPE (high density polyethylene)
- 3: V (vinyl)
- 4: LDPE (low density polyethylene)
- 5: PP (polypropylene)
- 6: PS (polystyrene)
- 7: Other

The coding system is being phased in over a three-year period, and many bottles and other plastic containers on store shelves are already carrying them. In at least 15 states, laws have been passed which will require coding of plastic containers.

The plastics industry recognizes that future sorting systems will be more mechanized than they are today. The coding system is an interim solution until technology is developed that allows for the automatic identification and sorting of different types of plastics.

For more information about plastics recycling, contact *The Council for Solid Waste Solutions.*



THE COUNCIL  
FOR SOLID WASTE  
SOLUTIONS

1275 K Street, NW, Suite 400  
Washington, DC 20005  
202 371 5319  
FAX 202 371 5679

# The Facts About Plastics.

The Council for Solid Waste Solutions, a program of The Society of the Plastics Industry, Inc., was established to help formulate solutions to the solid waste management problem because we recognize that plastic products are a part of that problem. We recognize, too, that the actions on solid waste issues that will be initiated during the next decade will directly and dramatically affect the quality of life in this country and the world.

Here are a few facts most people don't know about plastics:

- Pound for pound, plastic products account for about **7% of municipal solid waste (or about 18% of the volume)**. Yard and food waste, by comparison, account for 29% of the solid waste stream, paper and paperboard 35%.
- Plastic beverage containers have the second highest "scrap value" of recyclable materials in packaging -- next to aluminum.
- Plastic products have the highest energy value for modern waste-to-energy incineration. For example, the energy content of a pound of polyethylene is 19,900 Btu. A pound of Wyoming coal has an energy value of 9,600 Btu.
- Plastic products have already contributed substantially to source reduction in the waste stream by replacing heavier, thicker materials previously used in packaging and through engineered reductions in the amount of plastic used in containers such as the soft drink bottle.
- More than 20% of all plastic soft drink containers, over 170 million pounds, are already being recycled into new consumer products, and the demand for recycled plastic is growing. Ninety million pounds of the plastic used in milk and detergent containers were recycled in 1988.
- Plastic products are popular because they provide safety and health benefits for which no other material is equally suited, including tamper-evident foods and medicines, shatter-resistant containers, freezer-to-microwave prepared foods and wrappers that preserve freshness.

For more information about plastics' role in solid waste management, and the steps being taken by the plastics industry to solve the waste management problem, write or call *The Council for Solid Waste Solutions*.



THE COUNCIL  
FOR SOLID WASTE  
SOLUTIONS  
1275 K Street, NW  
Suite 400  
Washington, D.C. 20005  
202.377.5319

# From Soda Bottle to Swimming Pool, Plastics Are Being Recycled.

Technological advances continue to improve the applications for recycled plastic materials. The familiar 2-liter plastic soda bottle, made from polyethylene terephthalate (known as PET) is now being recycled into many products that contribute to the health, safety and well-being of our society.

Recycled PET bottles are now being used in a wide variety of products:

- scouring pads
- paint brushes
- fiberfill for:
  - pillows
  - ski jackets
  - cushions
  - sleeping bags
- appliance handles
- textiles:
  - belts
  - webbing
  - strapping
  - sails
  - woven bags
- non-food containers
- industrial paints
- storage tank insulation
- fibers:
  - carpet face yarns
  - carpet backing
  - rope and twine
  - apparel
- bath tubs and shower stalls
- sinks
- boat hulls
- geotextiles
- automotive components
- swimming pools
- audio cassette cases
- corrugated awnings

The wide range of properties and applications for plastic resins fosters continual development of new processes, new uses and new products made from recycled materials. Beyond technology, collection of used plastics is key to increasing the level of plastics recycling. The American plastics industry is seeking opportunities to work with community organizations and government leaders to expand the collection of used plastic products for recycling.

For more information on the recycling of PET and other plastics, write or call *The Council for Solid Waste Solutions*, a program of The Society of the Plastics Industry, Inc.

**HB**

**557**

# SENATE COMMITTEE REPORT

DATE: 5/2/90

FURTHER:

DATE TURNED INTO OFFICE: 5/4/90

L & C Committee considered CSHB 557 (L&C)

Telephone services for the deaf and hard of hearing.

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_
  - or adopt \_\_\_\_\_ CS \_\_\_\_\_
  - attached amendment(s)
  - \_\_\_\_\_ letter of intent adopted
- same title
  - new title
  - technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):  
Dept/Date:

fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_

appropriation-no fiscal note

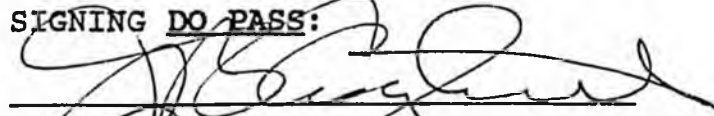
APPROVES PREVIOUS:  
Dept/Date:

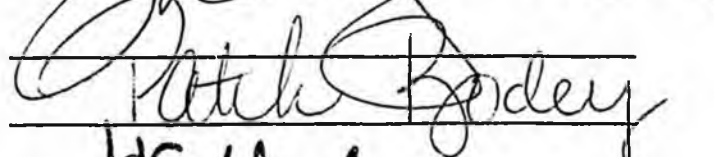
fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_

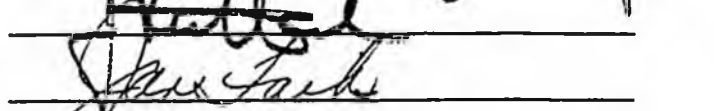
zero fiscal note(s) \_\_\_\_\_  
House. State Affairs 4/2/90


Governor's bill w/fiscal note

SIGNING DO PASS:









OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Chair: Signature and Recommendation

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: Telephone Service for the  
Hearing Impaired  
 Sponsor: H.A. "Red" Boucher  
 Requestor: \_\_\_\_\_

Agency Affected: APUC  
 BRU: \_\_\_\_\_  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
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-
---------	-----	-----	-----	-----	-----	-----

**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

No fiscal impact.

Prepared by: House State Affairs  
 Division: \_\_\_\_\_  
 Approved by Commissioner: H. A. "Red" Boucher  
 Agency: \_\_\_\_\_

Phone: 465-4963  
 Date: 4/2/90  
 Date: 4/2/90

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



# Representative H.A. "Red" Boucher

1

Chairman House Committee on State Affairs • Special Committee on Telecommunications  
Member Labor & Commerce Committee • Chairman Commission on the Future of the Permanent Fund

## SPONSOR STATEMENT

CS for House Bill 557 (L&C)

### TELEPHONE SERVICE FOR THE DEAF AND HARD OF HEARING

This bill was introduced at the request of members of the deaf and hard of hearing community in the hope of improving communications between individuals who are deaf and/or hard of hearing and members of the hearing community.

It's not hard to understand the importance of telecommunications to the Deaf community. Hearing people, whether at home, in business, or leisure take unlimited telephone access for granted. Deaf people cannot.

Because only a fraction of individuals, homes, businesses and agencies still have easy access to a TTY (teletypewriter), a telephone relay service (TRS) is one practical solution to an old problem.

#### HOW A TELEPHONE RELAY SERVICE (TRS) WORKS:

- Currently, many deaf and hard of hearing customers use TDD's (telecommunications devices for the deaf) to communicate by telephone. But without relay services, these customers can communicate only with other individuals who also have such equipment.

With the relay system, a customer will be able to make a call by typing a message on a TDD or Computer and transmitting it to a specially-trained operator with similar equipment. The operator receiving the electronic message then orally communicates the message to the person being called.

Conversely, any person will be able to dial the dual-party relay center to call a hearing- or speech-impaired customer. The relay operator would transmit the caller's message electronically to the customer's TDD or computer.

ADDITIONAL DISCUSSION POINTS

- ATU estimates the surcharge added to each customer's bill not to exceed \$.40 per month per subscriber/customer.
- There are approximately 4,000 deaf and/or hard of hearing individuals in Alaska, although as the state with the highest otitis media per capita affliction in the Nation, the numbers could be higher for rural Alaska.
- This bill has the full support of the State Department of Vocational Rehabilitation, Alaska Telephone Association and its entire membership; the Anchorage Telephone Utility; the Alaska Public Utilities Commission; Louise Rude Center for Blind and Deaf Adults; Alaska Association of the Deaf and the Alaska State Housing Authority.
- The State Department of Vocational Rehabilitation serves approximately 3.7% of the deaf and hard of hearing community or, put another way, only 3.7% of the deaf or hard of hearing population is eligible for vocational rehabilitation. Funding received from the Federal and State governments goes strictly toward training for job placement and rehabilitation and only serves those individuals eligible for their services.
- The State of Texas recently elected to provide telephone service for the hearing impaired, bringing to twenty nine (29) the total number of states providing telephone service for the deaf and hard of hearing.



# National Association of Regulatory Utility Commissioners

1102 Interstate Commerce Commission Building  
P.O. Box 444, Washington, D.C. 20064  
Telephone 202-696-2200



## BULLETIN

NARUC No. 17-1990

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United States-Canada Annual Subscription Rate: \$90.00 First Class Mail

**TEXAS PUC TO CONSIDER MODEL SETTLEMENT RULES**

The Public Utility Commission of Texas (PUC) on March 21, approved the publication for public comment of new rules designed to produce orderly procedures by which parties to Commission cases can negotiate a resolution of contested issues.

Following a 30-day public comment period, the three-member Commission will consider adoption of the proposed rules in an open meeting.

The proposed rules are based heavily on model settlement guidelines proposed in 1989 by the NARUC Staff Subcommittee on Administrative Law Judges at the 12th Annual National Conference of Regulatory Attorneys.

Under the proposed rules, the Commission would require participants to submit evidence showing why any settlement is in the public interest. Additionally, parties opposed to settlements would be provided the opportunity to present their legal arguments and cross-examine witnesses of other parties.

At federal regulatory agencies and in most states, it is rare for utility rate cases to be litigated to the degree they recently have been litigated in Texas. Generally in other jurisdictions, parties reach agreement on at least some issues before cases go to hearing. Ratepayers in these jurisdictions benefit from case settlements through the reduction of litigation costs which they must pay.

**TEXAS PUC SELECTS SPRINT SERVICES TO PROVIDE PHONE SERVICES FOR HEARING-IMPAIRED AND SPEECH-IMPAIRED CUSTOMERS**

The Texas Public Utility Commission has selected Sprint Services to provide a statewide Dual-Party Relay Service that will enable hearing- and speech-impaired Texans to fully utilize the telephone network. The service will be available in all parts of the state by September 1, 1990.

Sprint Services is a subsidiary of United Telecommunications, which also owns US Sprint. Sprint Services began offering full operator services in April 1989. Texas will be the first state in which Sprint Services will provide statewide relay service.

In making the award, the Commission considered four factors required by law: the charge for the service, the service enhancements offered, the technological sophistication of the network, and the proposed date for beginning service. PUC Chairman Paul Meek said, "Sprint Services was judged to have submitted the proposal that best met these criteria and best served the needs of the hearing- and speech-impaired communities in Texas."

Hearing- and speech-impaired telephone customers currently use computers or TDDs (telecommunications devices for the deaf) to communicate by telephone. But without relay services, these customers can communicate only with other individuals who also have such equipment.

With the relay system, a customer will be able to make a call by typing a message on a TDD or Computer and transmitting it to a specially-trained operator with similar equipment. The operator receiving the electronic message then orally communicates the message to the person being called.

Conversely, any person will be able to dial the dual-party relay center to call a

hearing- or speech-impaired Customer. The relay operator would transmit the caller's message electronically to the customer's TDD or computer.

The legislation creating the statewide relay service funded it through an assessment on local and long-distance telephone companies, which may pass these costs on to their customers in a surcharge. The PUC staff estimates that if all the Costs are passed on to customers, the typical Texan would pay only about 64 cents a year.

A 13-member advisory committee established by the Legislature worked with the PUC staff to ensure that the relay system will meet user needs. The advisory committee was especially concerned about adequate operator training and public education on how to properly use the system.

Chairman Meek believes the advisory committee is providing valuable information while the dual-party relay service is being developed. "The creation of an advisory committee prior to development and implementation is helping to ensure that our relay service truly meets user needs," Chairman Meek said.

The advisory committee includes 11 representatives of various consumer advocacy organizations and two representatives of telephone utilities. In addition, two utility representatives assist the committee.

A \$1 million pilot relay system -- ordered by the PUC in the last GTE Southwest rate case -- is already serving thousands of hearing- and speech-impaired customers in the area around Dallas, Fort Worth, and Denton. Information obtained from the pilot project will be used to implement the statewide service.

#### **VIRGINIA SCC APPROVES \$444,000 RATE INCREASE FOR UNITED CITIES GAS COMPANY**

The Virginia State Corporation Commission (SCC) has approved an increase of approximately \$444,000 for Virginia customers of United Cities Gas Company. The increase is approximately \$732,000 less than the company originally requested.

The Commission also ordered the company to refund, with interest, the difference between the rate approved by the SCC and a higher interim rate which was placed into effect pending a final SCC decision. On December 1, 1989, the company implemented the interim rate which was designed to produce additional annual gross revenues of \$510,413.

The SCC order provides the company \$443,706 in additional revenue, an increase of 1.8 percent. For the purpose of setting rates, the SCC allowed the company the opportunity to earn a 13 percent return on common equity.

On June 22, 1989, United Cities Gas filed an application with the SCC requesting an increase of approximately \$1,176,000, or 4.7 percent.

#### **SOUTHERN CONNECTICUT GAS ALLOWED 4.4 PERCENT RATE INCREASE BY CONNECTICUT DPUC**

The Connecticut Department of Public Utility Control has approved a rate increase for the Southern Connecticut Gas Company of \$8.4 million (4.4%), its first increase in five years. The Company had requested an increase of \$17.0 million (9.4%).

The Decision orders the Company to redesign its rates in specific ways and submit them for DPUC review. The rate

Richard Smiley  
DOE Child count  
x 29 70

Dist. By Rep Boucher  
Senate



## National Association of Regulatory Utility Commissioners

1102 Interstate Commerce Commission Building  
P.O. Box 484, Washington, D.C. 20044  
Telephone 202-396-2300



# BULLETIN

NARUC No. 18-1990

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United States-Canada Annual Subscription Rate: \$90.00 First Class Mail

### MICHIGAN PSC AUTHORIZES RATE INCREASE FOR GTE

The Michigan Public Service Commission (MPSC) has authorized GTE North Incorporated (GTE) to increase its rates and charges by \$9,600,000 annually based on evidence identifying the cost of providing telephone service to Michigan customers. Chairperson William E. Long and Commissioner Ronald E. Russell voted for the order, while Commissioner Steven M. Fetter concurred in part and dissented in part.

The action, in the form of a settlement agreement:

- Reduces GTE's request for a \$22,044,000 annual rate increase to a \$9,600,000 annual rate increase;
- Reduces the Michigan Transition Mechanism paid on interstate switched access rates to GTE over a three-year period;
- Permits a range of rates for its toll services;
- Authorizes a range of rate of return on equity for a four-year trial period of 12% to 14% and prohibits GTE from requesting an increase in rates unless its return on equity is less than 12%. Return on equity exceeding 14% shall be shared by GTE's ratepayers and stockholders based upon the company meeting specified quality of service objectives.
- Authorizes GTE to offer Lifeline Telephone Service. Eligible residential customers will receive a monthly credit of \$2 to the regular charge for basic local telephone service and a waiver of \$2 of the Federal Subscriber Line Charge.
- Authorizes GTE to provide a dual party relay system for the hearing impaired;
- Eliminates the separate

itemization of the current \$.29 monthly end user charge on customer bills;

- Adopts a market area calling optional toll plan;
- Adopts local private line service rates.

Commissioner Fetter dissented from that portion of the agreement which calls for the utility to upgrade its service, because the agreement does not provide adequate incentives to assure quality improvement.

Typical residential customers will see their monthly basic exchange rates increase by approximately 26% effective with the March billing cycle.

This will result in additional costs of approximately \$2.22 per month, for a total annual increase of \$26.64. Commercial and industrial customers will also see an increase of approximately 7.5% in their monthly basic exchange rates. The last general rate increase authorized by the Commission for GTE was January 12, 1983. (Case No. U-9385)

### MICHIGAN PSC ORDERS TELECOMMUNICATIONS RELAY SYSTEM FOR THE HEARING- AND SPEECH-IMPAIRED

The Michigan Public Service Commission (MPSC) has ordered local exchange telephone companies to establish, within 18 months, a single, statewide telecommunications relay system for hearing- and speech-impaired persons. The relay system provides the link for access by a hearing- or speech-impaired person to a hearing person through the telecommunications network. Using a telecommunications device for the deaf (TDD), a hearing- or speech-impaired person calls the relay system center. At

30 months while it monitors customer demand for various features and assesses pricing adjustments. Following the 30-month period, Pacific is expected to use this data to request CPUC approval of the service on a permanent basis.

### **CALIFORNIA PUC SETS 1990 BUDGET FOR DEAF AND DISABLED TELECOMMUNICATIONS**

The California Public Utilities Commission (CPUC) has set the 1990 budget for the Deaf and Disabled Telecommunications Program at \$31.6 million. The program provides telecommunications equipment and services to the deaf, hearing impaired, speech-impaired, and disabled. The program is financed by a three-tenths of one percent surcharge on all calls made within California.

The 1990 budget is about \$3.6 million more than the 1989 budget, and is about half of the difference between the budget proposed for 1990 by the Deaf and Disabled Telecommunications Program Administrative Committee of \$34.3 million and that recommended by the CPUC's Division of Ratepayer Advocates of \$29 million. The Commission's approval of the budget was accompanied by its urging the program's administrative committee to "continue efforts to control program costs and improve program efficiencies." The administrative committee is composed of four utility representatives, four consumer representatives, and the CPUC executive director's designee.

By December 31, 1990, the program's administrative committee is to notify the CPUC's executive director of its development of a Request for Proposal to provide the relay service which connects

deaf callers with hearing callers by competitive bidding, and the status of the competitive bidding process. Currently, AT&T operates the relay service.

The Commission also noted that approval of the budget, "serves as a spending cap and not a requirement to spend at that level."

### **CALIFORNIA PUC SUPPORTS PACIFIC GAS TRANSMISSION'S PIPELINE EXPANSION**

The California Public Utilities Commission (CPUC) has stated, in a formal filing with the Federal Energy Regulatory Commission (FERC), its support for Pacific Gas Transmission's (PGT) application to expand its pipeline to bring additional Canadian natural gas supplies into California.

In its February 7, 1990 decision, the CPUC stated that it will support regulatory approvals for all new interstate pipeline proposals which meet certain requirements designed to protect California consumers, and oppose any which do not meet the requirements. The CPUC's requirements are intended to ensure that ample natural gas is available to California, but that new pipelines do not bypass the state's gas utilities. Pipelines which bypass the utilities to directly provide natural gas to large industrial customers would take revenues away from the utilities and result in higher rates for the utilities' other customers.

In a recent filing before the FERC, PGT indicated that it is taking steps to bring itself into compliance with the CPUC's requirements. Those requirements include: provision of transportation services on a nondiscriminatory open-access basis, establishment of a system-

M. Fetter, and Ronald E. Russell. "Improving Michigan's telecommunications infrastructure will allow more customers to obtain new services and products, thereby improving the quality of life of the state's citizens, as well as fostering economic development." Case No. U-8987.

### **NEBRASKA PSC IMPLEMENTS DUAL PARTY RELAY SYSTEM FOR HEARING IMPAIRED**

The Nebraska Unicameral Legislature has approved LB 240e, which created a dual party relay system for the hearing and speech impaired and an option for provision of and funding for 911 service. The Public Service Commission will implement and administer the relay service with assistance given by an advisory board selected by the Nebraska Commission for the Hearing Impaired.

The relay will enable hearing or speech impaired individuals to "talk" to the outside world through specially trained operators. The relay will be a 24-hour, seven days a week service accessed by an 800 number.

Daniel Urwiller, Chairman of the Nebraska Public Service Commission, thanked the 40 state senators who supported the bill and emphasized that with this relay thousands of Nebraska citizens will have access to a world closed to them in the past.

The Commission staff will be drafting a Request for Proposal (RFP) and are anticipating the relay system to be implemented on January 1, 1991.

### **CALIFORNIA PUC PROPOSED DECISION SEEKS TO SPUR**

### **COMPETITION IN CELLULAR PHONE INDUSTRY**

An administrative law judge (ALJ) of the California Public Utilities Commission (CPUC), to "spur system and service expansion" of the cellular phone industry, has proposed ways to simplify how rates are revised--which should increase competition--and to give customers a break in their monthly bills by changes in marketing regulations.

The proposed decision, involving nearly 100 cellular utilities with upwards of a half-million customers, affects one of the fastest growing sectors of the telecommunications market in California. ALJ Michael Galvin's interim decision is being distributed to interested parties for a 30-day comment period.

Cellular companies could increase rates, that would be effective immediately when filed, by as much as 10 percent, but no more than that within one calendar year. The utilities could decrease rates as much as 10 percent at any one time, with no yearly limit at all.

A proposed rate change filed with the CPUC could go into effect on a temporary basis until a 20-day protest period runs. If no protests are filed, the rate change would become permanent at the end of 20 days.

Cellular utilities may still use the standing procedure of filing an advice letter should they want an increase greater than 10 percent. This approach, however, entails a 30-day notice period which effectively gives competitors advance warning of a pricing change and allows them to file nearly identical tariffs (statements of rates and service) with the CPUC.

The CPUC is trying to infuse competition within a sector of the

# MEMORANDUM

State of Alaska

TO: Ms. Ronda Thompson  
Legislative Aide to  
Representative Red Boucher

DATE: April 30, 1990

FILE NO:

TELEPHONE NO:

FROM: Keith J. Anderson, Director  
Alaska Division of  
Vocational Rehabilitation

SUBJECT: CSHB 557 (L&C)

This is to indicate our strong support of this bill which will provide equal access to telephone service for deaf and hard of hearing individuals.

It is my understanding that many states down south have passed similar legislation and that because of the impact of law, telephone services for deaf and hard of hearing have improved significantly.

Last fiscal year (1989) this division served 73 deaf adults and 127 hard of hearing adults statewide. We are confident that there are many, both among those we did serve and those we did not serve, who will benefit from this service when it becomes available.

Thank you for your commitment to this population.


# Municipality of Anchorage

## MEMORANDUM

Manager, Enterprise Activities

Deputy Manager, ATU *DM*

Requested by members of the Alaska Association of the Deaf in support of the Telephone industry providing the impaired with a method to communicate via TTY service. Of concern to us is the cost of providing such service at an affordable rate and at a rate that is not benefiting a few at the expense of many. To provide a range of cost for provision of this service, we have looked at first the cost of installing the equipment; \$1.4 to \$1.5 million plus to provide operations on a 24 hr/day 365 day basis, we estimate \$1.3 million per year.

As can be seen by the cost figures quoted, it is not a cheap service and it carries with it a degree of liability as the requirement to have well qualified, well trained personnel is an absolute must. Most telcos believe it should be handled by the Interexchange carriers and paid for by a surcharge to the bill. House Bill 557 addresses this issue, however, it does not go far enough in that it does not provide enough guidance for the commission to follow, i.e., (the Bill does not address who pays). I would urge support of this bill with the "who pays the cost issue" addressed. 

The Alaska Association of the Deaf will continue the push for this service. The current provider, the Alaska Crisis Intervention Center, is not meeting their needs. Expect the Association to contact the Assembly to move on this subject. It is not a simple solution to move ATU into providing this service.

*Memo  
with  
Rhonda  
& Red Bowser  
Office*



*[Handwritten signatures and scribbles]*

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

4-3

# Municipality of Anchorage

## MEMORANDUM

DATE: March 30, 1990

TO: Will Gay, Executive Manager, Enterprise Activities

FROM: Dale R. Merrell, General Manager, ATU *DM*

SUBJECT: House Bill 557

Today, I was visited by members of the Alaska Association of the Deaf who are in support of the Telephone industry providing the hearing impaired with a method to communicate via TTY service. Of major concern to us is the cost of providing such service at an affordable rate and at a rate that is not benefiting a few at the expense of many. To provide a range of cost for provision of this service, we have looked at first the cost of installing the equipment; \$1.4 to \$1.5 million plus to provide operations on a 24 hr/day 365 day basis, we estimate \$1.3 million per year.

As can be seen by the cost figures quoted, it is not a cheap service and it carries with it a degree of liability as the requirement to have well qualified, well trained personnel is a absolute must. Most telcos believe it should be handled by the Interexchange carriers and paid for by a surcharge to the bill. House Bill 557 addresses this issue, however, it does not go far enough in that it does not provide enough guidance for the commission to follow, i.e., (the Bill does not address who pays). I would urge support of this bill with the "who pays the cost issue" addressed. ★

The Alaska Association of the Deaf will continue the push for this service. The current provider, the Alaska Crisis Intervention Center, is not meeting their needs. Expect the Association to contact the Assembly to move on this subject. It is not a simple solution to move ATU into providing this service.

*Memo  
with  
Rhonda  
of Red Boucher  
Office*



*~~H. Gay~~*  
*~~DM~~*

**HB**

**587**

DATE: 5/1/90

FURTHER:

DATE TURNED INTO OFFICE: 5/4/90

Labor & Commerce                      Committee considered                      CSHB 587 (L&C)

An Act establishing a moratorium on the use of broadcasting to promote or conduct charitable gaming activity; establishing exceptions to the moratorium; requiring the Dept of Commerce/Economic Development to hold hearings on the adoption of regulations concerning the promoting and conducting of charitable gaming activity over broadcasting outlets; efd.

and recommended:

- replace with SCS CS 587(L+C)                       same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_                       new title
- attached amendment(s)                       technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):  
 Dept/Date:  
 fiscal note(s) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

APPROVES PREVIOUS:  
 Dept/Date:  
 fiscal note(s) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

zero fiscal note(s) Dept of Commerce, 4/17/90

zero fiscal note(s) Dept of Commerce, 4/17/90

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*[Handwritten signatures and notes]*  
 No Rec  
 No Rec  
 No Rec

*[Handwritten signature]*  
 Chair: Signature and Recommendation

# Alaska State Legislature

## HOUSE OF REPRESENTATIVES



### REPRESENTATIVE FRAN ULMER

#### MEMORANDUM

May 2, 1990

TO: Senator Richard Eliason, Chair  
Senate Labor & Commerce Committee

FROM: Rep. Fran Ulmer

RE: CSHB 587

---

Attached you will find an amendment to CSHB 587 which I hope the Senate Labor and Commerce Committee will consider. This amendment provides that commercial broadcasters in Alaska may accept advertising to promote charitable gaming activity as allowed under the federal Charity Games Advertising Clarification Act of 1988. The effect of the federal Act is to remove the prior prohibition against broadcasters advertising charitable games and to allow each state to determine how it will regulate charitable games.

The amendment I propose to the committee will provide equity between print and electronic media. Currently, all charitable gaming activity may be advertised in the print media. Conversely, the electronic media has been prohibited from accepting advertising or from providing public service announcements for organizations such as the American Cancer Society or the Juneau Volunteer Fire Department. This amendment affirms the federal position allowing broadcasters to provide an advertisement, list of prizes, or other information regarding charitable games.

A question has arisen whether, given the language of the federal Act, a broadcaster may accept advertising from an operator, rather than the permittee itself. It is doubtful whether the drafters of the federal law considered this situation since Alaska is apparently the only state in which operators conduct games for non-profit organizations. If Alaska does permit broadcasters to accept advertising and provide public service announcements regarding charitable gaming activity, the question regarding operators will probably be settled by the Federal Communications Commission.

I urge the committee to adopt this amendment and provide parity between print and electronic media.

District 4B — Juneau

P.O. Box V • Juneau, Alaska 99811-3100 • (907) 465-4947

AMENDMENT

by Representative Ulmer

TO: CSHB 587 (L & C)

Page 2, line 6:

Insert a new bill section to read:

Section 4. "Commercial broadcasters may accept advertising to promote charitable gaming activity pursuant to A.S. 05.15 and as allowed under the federal Charity Games Advertising Clarification Act of 1988."

Renumber the following section accordingly.

ROBERT C. BYRD, WEST VIRGINIA, CHAIRMAN

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ERNEST F. HOLLINGS, SOUTH CAROLINA  
J. BENNETT JOHNSTON, LOUISIANA  
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JAMES H. ENGLISH, STAFF DIRECTOR  
J. KEITH KENNEDY, MINORITY STAFF DIRECTOR

# United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, DC 20510-6025

April 25, 1990

The Honorable Richard I. Eliason  
Alaska State Senate  
P.O. Box V  
Juneau, Alaska 99811

Dear Dick:


I understand that your staff contacted my office regarding APRN's interest in conducting an over-the-air game of chance for fund-raising purposes. There appeared to be a question as to the legality under federal law of APRN's fundraising plan.

My staff contacted the FCC and was told that, as described, APRN's proposal appears to conform to the standards of the Charity Games Advertising Act of 1988. The FCC says that effective May 7, 1990 federal law will allow the broadcast of information regarding games of chance, provided the game is conducted by a "not-for-profit organization" or a "commercial organization and is clearly occasional and ancillary to the primary business of that organization." Additionally, the game would not be legal if there were a state law prohibiting it.

I hope you find this information useful.

With best wishes,

Cordially,

  
TED STEVENS

cc: Diane Kaplan, APRN

*Dick - hope this helps. I have supported public radio's use of over-the-air games of chance.*  
*Ted*

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 3, 1990

SUBJECT: Draft SCS CSHB 587 (L&C)

TO: Senator Dick Eliason  
Attn: Sheila Peterson

FROM: John B. Gaguine <sup>JBG</sup>  
Legislative Counsel

Enclosed is a draft SCS CSHB 587 (L&C), the moratorium on broadcasting of charitable gaming promotion or activity over the airwaves. As we discussed, it ends the moratorium either on a date certain or on the effective date of a bill authorizing this broadcasting, whichever comes first.

Because of the title of the house bill I have had to leave a now pointless provision of the bill in. The house bill contemplated that after the six-month moratorium expired, the Department of Commerce and Economic Development would decide, by regulation, whether to allow broadcasting and, if so, to what extent. Hence the reference to regulations. (It was assumed that the department had the authority under existing statutes to make this decision, an assumption that is questionable to me.) Under your one-year moratorium there is no point in regulations, since no broadcasting would be allowed, period. However, because of the title I had to leave the regulations language in. Presumably the department will just issue regulations that, like the statute, say no.

If I may be of further assistance, please advise.

JBG:pl  
WKP4/112

6-2307J  
Gaguine  
5/3/90

Original sponsor(s): Labor & Commerce Committee

1 IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 587 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a moratorium on the use of  
7 broadcasting to promote or conduct charitable gaming  
8 activity; establishing exceptions to the moratorium;  
9 requiring the Department of Commerce and Economic  
10 Development to hold hearings on the adoption of  
11 regulations concerning the promoting and conducting  
12 of charitable gaming activity over broadcasting  
13 outlets; and providing for an effective date."

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

15 \* Section 1. Until July 1, 1991, or until the effective date of a bill  
16 authorizing the use of broadcasting to promote or conduct charitable gaming  
17 activity under AS 05.15, whichever comes first, a person may not use broad-  
18 casting to promote or conduct charitable gaming activity under AS 05.15.  
19 In this section, "broadcasting" includes television and radio transmission  
20 by 2,500 megahertz, microwave video and audio programming, slow-scan tele-  
21 vision programming, and programming via satellite, cable, teletype, or  
22 facsimile transmission and distribution methods.

23 \* Sec. 2. Notwithstanding sec. 1 of this Act, a person may use broad-  
24 casting to promote fish derbies, and the Department of Commerce and Econom-  
25 ic Development may authorize a noncommercial broadcasting station or net-  
26 work of stations to broadcast the conducting of an activity under AS 05.15  
27 on the station or network under a permit held by the station or network.  
28 The department may not authorize a station to broadcast the conducting of  
29 an activity for more than 12 hours in a calendar year. In this section

1 "noncommercial broadcasting station" means a radio or television station  
2 that is licensed by the Federal Communications Commission to a governmental  
3 entity or to an entity that is exempt from federal taxation under 26 U.S.C.  
4 501(c)(3) (Internal Revenue Code).

5 \* Sec. 3. The Department of Commerce and Economic Development shall  
6 hold hearings around the state, with at least one hearing in each judicial  
7 district, for the purpose of adopting interpretative regulations and making  
8 recommendations to the legislature no later than January 31, 1991, regard-  
9 ing the promoting and conducting of charitable gaming activities over  
10 broadcasting outlets.

11 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).  
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6-2307J  
Gaguine  
5/3/90

Original sponsor(s): Labor & Commerce Committee

1 IN THE HOUSE BY THE LABOR & COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 587 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a moratorium on the use of  
7 broadcasting to promote or conduct charitable gaming  
8 activity; establishing exceptions to the moratorium;  
9 requiring the Department of Commerce and Economic  
10 Development to hold hearings on the adoption of  
11 regulations concerning the promoting and conducting  
12 of charitable gaming activity over broadcasting  
13 outlets; and providing for an effective date."

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1111  
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 3 entity or to an entity that is exempt from federal taxation under 26 U.S.C.  
 4 501(c)(3) (Internal Revenue Code).

5 \* Sec. ~~4~~ The Department of Commerce and Economic Development shall  
 6 hold hearings around the state, with at least <sup>including</sup> one hearing in each judicial  
 7 district, for the purpose of adopting <sup>consideration</sup> regulations to implement sec. ~~2~~<sup>43</sup> of  
 8 this Act and making <sup>additional</sup> recommendations <sup>on the air promotion</sup> to the legislature no later than  
 9 January 31, 1991, regarding the promoting and conducting of charitable  
 10 gaming activities over broadcasting outlets.

11 \* Sec. ~~5~~. This Act takes effect immediately under AS 01.10.070(c).

14 Add a section <sup>(3)</sup> to say something like

16 Except as expressly ~~outlined~~ <sup>prohibited</sup> in Sec 1,  
 17 A person may use broadcasting to  
 18 promote charitable gaming activity under  
 19 AS 05.15 — Broadcasting def

Original sponsor(s): Labor & Commerce Committee

1 IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 587 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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9 promotion, to the legislature no later than January 31, 1991, regarding the  
10 promoting and conducting of charitable gaming activities over broadcasting  
11 outlets.

12 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).  
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A M E N D M E N T

TO: CSHB 587 (L&C)

Page 2, line 6:

Insert a new bill section to read:

Section 4. "Notwithstanding section 1 of this act, a commercial broadcaster may air Public Service Announcements to promote charitable gaming activity pursuant to AS 05.15, except for pull-tab games."

Renumber the following sections accordingly.

Original sponsor(s): Labor & Commerce Committee

IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 587 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing a moratorium on the use of broadcasting to promote or conduct charitable gaming activity; establishing exceptions to the moratorium; requiring the Department of Commerce and Economic Development to hold hearings on the adoption of regulations concerning the promoting and conducting of charitable gaming activity over broadcasting outlets; and providing for an effective date."

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\* Sec. 3. The Department of Commerce and Economic Development shall hold hearings around the state, with at least one hearing in each judicial district, for the purpose of adopting regulations to implement sec. 2 of this Act and making recommendations, including consideration of on-the-air promotion, to the legislature no later than January 31, 1991, regarding the promoting and conducting of charitable gaming activities over broadcasting outlets.

\* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

Newer Proposed

SENATE AMENDMENT

By \_\_\_\_\_

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

To: SCS \_\_\_\_\_ CS HOUSE BILL No. 587

PAGE: 1      LINE: 18

following "AS 05.15":

Insert "for those activities where the person holding the permit under AS 05.15.100 has a contract with any operator under AS 05.15.115, holds a permit under AS 05.15.100 for any pulltab game under 05.15.187, or allows any operator-run activities or pulltab games on the same premises with the advertised or promoted charitable gaming.

PAGE: 2      LINE: 7

following "implement"

Insert "sec. 1 and"

# APRN

## VOICES OF ALASKA

Alaska Public Radio Network ★ 4640 Old Seward Highway ★ Suite 202 ★ Anchorage, Alaska 99503 ★ (907) 563 7733

March 6, 1990

Ms. Sheila Peterson  
Office of Senator Dick Eliason  
P.O. Box V  
Juneau, AK 99811

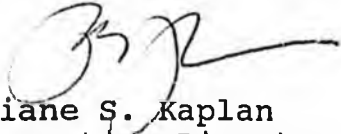
Dear Ms. Peterson:

It was good to meet you in Juneau. I'm encouraged by your support, and that of other legislative staff members, in APRN's capital request and on a broadcast fundraising gaming bill.

I look forward to seeing you again when I'm in Juneau and in having a chance to chat with Senator Eliason.

Thanks in advance for your assistance.

With best regards,



Diane S. Kaplan  
Executive Director

# APRN

## VOICES OF ALASKA

Alaska Public Radio Network ★ 4640 Old Seward Highway ★ Suite 202 ★ Anchorage, Alaska 99503 ★ (907) 563-7733

### ALASKA PUBLIC RADIO NETWORK Capital Request

The Alaska Public Radio Network is the coordinating organization for the state's 24 public radio stations. APRN produces "Alaska News Nightly", "National Native News", "Alaska Morning News", "AlaskanArts", "The Governor's Call-in", and special programming, and distributes "Alaska Fisheries Report", "Southeast Native Radio", "We Like Kids" and "The Iditarod". Besides programming, APRN provides training, national representation and technical assistance to Alaska public radio stations. APRN RECEIVES NO GENERAL OPERATING SUPPORT FROM THE STATE OF ALASKA.

Our critical needs are 1) relocation/expansion of the APRN facility (\$350,000) and; 2) critical equipment needs, especially a phone system and work stations (\$48,400).

APRN's current lease will expire in 2 years. It is not clear that we will be able to expand in the current facility. Our space shortage is currently critical. A visit to the Network would, I think, convince you of this. Second, we have long outgrown our current phone system, purchased in 1983. We now have staff members sharing telephones, and no phones in several critical areas. The phone system is no longer made, and not expandable. The work station situation is similarly critical. There is inadequate equipment available for our reporters and producers to effectively do their jobs.

Summaries of our capital items which were submitted through the Alaska Public Broadcasting Commission are attached.

PLEASE NOTE, APRN HAS RECEIVED NO STATE CAPITAL FUNDS SINCE 1981 WHEN THE SATELLITE UPLINK WAS PURCHASED TO DISTRIBUTE OUR STATEWIDE PROGRAMMING AND CONNECT ALASKA TO THE NATIONAL PUBLIC RADIO SATELLITE SYSTEM.

Thank you for your support of this request. Please call Diane Kaplan, Executive Director, at 563-7733 for additional information.

## Radio/TV Games Project Narrative

Radio/TV Games is a non-production project so unique and compelling as to warrant funding through CPB's System Development Fund. It would explore and report on methods of generating system revenue through broadcast gaming activities. In conjunction with the Public Television Network of Alaska (PTVNA), the Alaska Public Radio Network (APRN) will research the feasibility of conducting various gaming activities under different regulatory conditions, select and test one such gaming activity, and produce and distribute a report to other state networks and individual stations outlining the steps necessary to develop broadcast gaming.

The Lottery Advertising Clarification Act of 1988 amended federal law to eliminate restrictions against broadcast of games of chance and lotteries. APRN worked extensively with the Alaska congressional delegation over the last several years to support passage of the federal legislation and has on file an opinion from a Washington D.C. communications law firm confirming the legality of broadcasting entities conducting over-the-air games of chance under applicable state law. Now is the time to research and test the feasibility of broadcast games to generate new system revenue.

As a station-based membership organization, APRN is uniquely suited to this project. Member stations cooperate on system and program development, and are interconnected by satellite. Three are joint licensees with public television stations. Five APRN member stations currently generate substantial operating revenues through the conduct of local, nonbroadcast pull-tab and bingo games.

A committee of the APRN board including representatives of public television, the state's public broadcasting commission and an APRN public director who is CEO of Alaska's largest retail chain, has

engaged in Radio/TV Games development activities since 1986. APRN initiated discussion and visited with principals currently involved in the conduct of various gaming formats. In January of this year APRN received presentations from G-TECH and CONTROL DATA SYSTEMS, the two major state lottery operators in the United States, and VIVILD COLOR PRINT, the Danish company which developed the successful on-air games with Danmarks Radio.

APRN proposes Radio/TV Games fully aware that gaming activities as a source of revenue may not be appreciated by some segments of the public broadcasting system. However, non-broadcast gaming activities are used by stations in North Dakota, California and elsewhere to generate significant financial support. Charitable gaming is currently allowed in most states. Many public broadcasting stations and networks in European countries and Canada currently raise substantial support for public broadcasting through on-air gaming activities. In 1988, in a 10 week on-air game, Danmarks Radio raised net income of \$20 million. Based on the number of tickets sold per capita, 80% of Denmark's 5 million population played.

In consultation with development specialists, APRN has identified key issues and scoped a plan for implementation of Radio/TV Games. We intend to engage Shorebank Advisory Services (SAS) to conduct a feasibility assessment and support APRN in the administration of test games in select markets. SAS is an economic development consulting firm specializing in development finance policy and strategy for foundations, local governments, community development corporations, financial institutions and the business community. It is a subsidiary of the Shorebank Corporation, the parent corporation of the South Shore Bank of Chicago. Its principals have professional experience working in Alaska, and currently maintain offices in Seat-

tle and Chicago.

A key issue of broadcast games is the extent of response of Alaskans to a game of chance that is broadcast to their homes versus played in a traditional setting such as a community bingo hall. A related issue that will impact the financial success of this activity is how to most efficiently and effectively distribute game cards, given geographic and demographic conditions. A third issue is the potential effect of on-air games on the giving patterns of current public broadcasting station contributors.

Phase I of the feasibility assessment will focus on four major sets of tasks: 1) defining the product ; 2) determining market potential; 3) formulating a market access/distribution strategy; and 4) determining operating and financial requirements. Phase II of the project consists of testing and evaluating the game in target markets. Phase III is production of a report to the public broadcasting system. An outline of each set of tasks follows.

#### Phase I

##### A. Defining the Product

1. Research assess existing broadcast games and other mass-distributed games of chance within Alaska, the United States and other countries. Focus on pricing, ratio of receipts to prizes, distribution technology, operating costs, market size and player profiles.

2. Research, discover and understand the existing Alaskan market.

3. Select several alternative games for focus group testing.

4. Conduct focus groups with target audience segments.

5. Refine the audience profile and game definition.

##### B. Determining Market Potential

1. Analyze available market data on APRN and PTVNA users, focusing on the revenue-generating potential of current listeners.

2. Determine average expenditure per current player of traditional games.

3. Research attitudes of current donors.

C. Formulating a Market Access/Distribution Strategy

1. Research and analyze different distribution networks including point of distribution and contractual relationships with distributors.
2. Research the relationship between local culture, players, and the point of contact, advertising strategies and set-up costs.
3. Research regulatory restrictions and license requirements.
4. Design a distribution network and project set-up and operating costs.

D. Determining Operation and Financial Requirements

1. Determine minimum level of revenue that must be generated.
2. Determine capture rates for player categories.
3. Determine feasibility and procedure.
4. Identify financial requirements and sources of funding.
5. Summarize in report form the conditions under which a broadcast game would succeed.

Phase II

A. Testing the Market

1. Design a market test on the basis of the findings of Phase I tasks A, B & C
2. Arrange with service provider (anticipated: VIVILD COLOR-PRINT) to manage game distribution, operation and processing.
3. Arrange with PTVNA to produce program vehicle for test game.
4. Conduct test games in an urban and in a rural setting.
5. Evaluate test in report form with respect to market penetration, design and revenue-generating potential.

The test evaluation should lead to a conclusive determination of the feasibility of the enterprise for fundraising purposes; further testing of variable games should not be necessary.

### Phase III

#### A. Information Dissemination

The final report will be customized by project personnel to project system-wide impact and illustrate the potential adaptability of the project for system-wide use. The comprehensive report will address legal, organizational and operational issues regardless of the determination APRN makes as to the feasibility of broadcast lotteries statewide or locally in Alaska.

Should the game test be successful and net income accrue to the project, proceeds will be dedicated to Phase IV activities (not part of this proposal), development of a comprehensive business plan.

Eight months are projected from the point of funding to distribution of the final comprehensive report. At least four months are required to complete Phase I. Phase II should require eight to ten weeks. Phase III should require four to six weeks. The APRN Games Committee will meet periodically to review project findings and evaluate procedure and effectiveness.

It is likely that Radio/TV Games will arouse system-wide interest. Not only public broadcasting, but the entire broadcasting industry will be affected by deregulation of on-air lotteries. It is imperative that the public broadcasting system maintain its pioneering attitudes in financial matters, as it has in technological innovation and program development in the past. APRN and the PTVNA are willing to accept this challenge on behalf of the system. We are poised and ready to test the viability of broadcast lotteries as a new source of system revenue.

TO: Mark Rielly  
FM: Al Bramstedt, Jr.  
RE: HB 587  
DT: May 2, 1990

As promised the following is the opinion of the F.C.C. Chief of Enforcement Division, Kelley, which prohibits the broadcast of "Lottery Alaska" and "Rippie World".

'Yesterday we spoke with the Chief, of the Enforcement Division, FCC, Washington, Charles W. Kelley. In that conversation, he advised that broadcasters should NOT accept advertising/promotion from Operators who conduct games of chance on behalf of non profits. Also, accepting Advertising from a non profit is prohibited where the money flows first to the commercial Operator, (such as Rippey World and Lottery Alaska). In addition, if the operator has a power of attorney from a non profit, this would not alter the above prohibition according to Kelley.'

With The F.C.C.'s strict guidelines for the inclusion of lottery/games of chance advertising, the commercial radio and television stations of Alaska feel strongly there is no need for the October 1 moratorium as included in HB 587.

I appreciate your interest. Please pass on our concerns to Senator Faiks.

Regards,

Al Bramstedt, Jr.  
General Manager  
Channel 2 Broadcasting

AB/dt

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

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FM: Al Bramstedt, Jr.  
RE: HB 587  
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Regards,

Al Bramstedt, Jr.  
General Manager  
Channel 2 Broadcasting

AB/dt



Alaska Juneau  
Communications, Inc.

---

May 2, 1990

Honorable Richard I. "Dick" Eliason  
Chairman  
Senate Labor & Commerce Committee  
Pouch V  
Juneau, Alaska 99811

  
Dear Senator Eliason:

Attached is additional information pertaining to the Federal Charity Games Advertising Act of 1988 as it relates to commercial broadcasters. The law is effective May 7, 1990.

Commercial broadcasters are concerned various portions of the new Federal law are not fully understood by various organizations in the state and the enclosed is offered as clarification to some of those concerns.

Thank you for the opportunity to present this.

Sincerely,

Dennis W. Egan  
President & GM

May 2, 1990

It should be noted that even without House Bill 587, the Federal law regarding the advertising of charitable gaming activities will continue to control what broadcasters may or may not advertise and promote.

>> By the Federal law that will take effect May 7, 1990, commercial broadcasters cannot advertise, promote, or otherwise give information about a charitable gaming activity conducted by a licensed operator - if the Operator is in the business of conducting such activities for non-profit permittees and controls the revenue. Further, Federal law would not allow commercial broadcasters to accept advertising/promotion from the non-profit permittee who receives a percentage of gross from such an Operator. Operators of bingo parlors and others such as Lottery Alaska and Rippy World (and their permittees) are all affected by this prohibition.

>> Also, by this same Federal law, persons would still not be allowed to conduct a charitable gaming activity on a commercial station.

>> However, non-profits and government agencies which conduct their own charitable gaming activity will be able to promote/advertise on commercial stations under the new Federal law. This would include 501 organizations qualified to conduct a charitable gaming activity in the state - such as civic, service, religious, charitable, fraternal, labor, political or educational organizations, or police and fire departments, or fishing derbies, or dog mushers and outboard motor associations, or non-profit trade organizations in the state.

ANCHORAGE  
BAPTIST TEMPLE

Dr. Jerry Prevo, Pastor

May 2, 1990

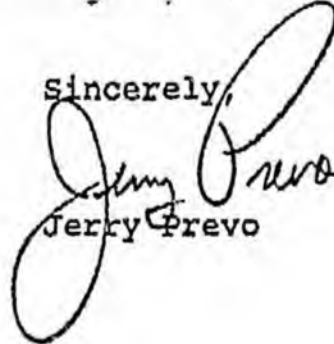
To all Senators  
Re - Gambling HB 587

Gambling does not need to be expanded in Alaska. Only a small group of Alaskans will benefit - the promoters. Please help keep out the undesirable problems that increasing gambling will produce by voting no on any bill that increases gambling in Alaska.

Please vote no on HB 587. We do not need gambling on Public or Private Radio. Public Radio is financed mainly by government funding. If public radio is allowed to have gambling, then we have public funds establishing the facilities, paying for the staff and utilities for a gambling establishment. This is not ethical.

If "public radio" does not allow religion, it should not allow gambling.

Sincerely,

  
Jerry Prevo





Senator Dick Eliason - Sitka  
P.O. Box V  
Juneau, Alaska 99811

May 2, 1990

Dear Senator;

Recently the State House passed HB 587 an Act pertaining to authorized expenditures for charitable gaming activities.....

The jist of this House Bill was to provide additional income for the Public Broadcasting Stations now that the Federal Communications Commission has deregulated the prohibition of broadcasting gaming advertising on all broadcast stations in the United States, effective May 7, 1990.

However, HB 587 has gone TOO far by prohibiting state regulated gaming for non-profit charitable organizations from advertising on commercial radio and television stations ONLY.

Alaska does not need this law to provide public broadcasters with the ability to produce more revenue by running games of chance as under the FCC deregulation effective May 7, 1990 they already have the ability to do so. Therefor this HB 587 was produced only for the purpose of controlling free trade by eliminating the competition of the Public Broadcasters at the expense of the Commercial Broadcasters which is unfair restraint of trade and punitive.

Under existing state law, qualified (non-profit) organizations and municipalities are eligible for permits to conduct certain charitable gaming activities and can advertise in the newspapers and at points of purchase in Alaska and under new Federal regulations can now do so on radio and television elsewhere and why not in Alaska?

House Bill 587 is special interest legislation at the expense of the Alaska Commercial Broadcasters to broaden the (tax payer subsidized) Public Broadcasters by using unfair trade practices.

Let the Public Stations run their gaming fund raisers as provided by Federal law but don't pass or amend this House Bill as it is bad legislation and unfair.

PLEASE KILL HB 587 OR LET IT DIE!

Yours Sincerely,

Ronald K. Bradley  
KTBY, INC.  
Owner/ General Manager

**KTBY INC.**  
1840 South Bragaw, Suite 101  
Anchorage, Alaska 99508  
(907) 274-0404



STEVE COWPER/GOVERNOR  
State of Alaska

GOVERNOR'S COUNCIL FOR THE HANDICAPPED AND GIFTED

600 University Avenue, Suite 0 • Fairbanks, Alaska 99709 • Phone (907) 474-2440

May 4, 1990

Senator Dick Eliason  
Labor and Commerce Committee Chairman  
Alaska State Legislature  
P.O. Box V (MS 3100)  
Juneau, Alaska 99811

Re: CSHB 557

Dear Senator Eliason:

The Governor's Council for the Handicapped and Gifted wishes to express support for passage of CSHB 557.

This bill would assure that people who experience deafness or are hard of hearing would have access to telephone communications with persons of normal hearing.

Such service through our telephone utilities has been needed for a long time and is long overdue.

Thank you for scheduling this bill for a hearing. We look forward to its passage this session.

Sincerely,

Dorothy J. Truran  
Executive Director

GOVERNOR'S COUNCIL FOR THE HANDICAPPED AND GIFTED

FAX TRANSMITTAL FORM

RECEIVER:

State Bar & Commercial letter; An Education

LOCATION:

\_\_\_\_\_

PHONE NO:

\_\_\_\_\_

SENDER:

D.H. Brown

LOCATION:

\_\_\_\_\_

PHONE NO:

\_\_\_\_\_

FAX PHONE NUMBER IS 474-2446

NUMBER OF PAGES:

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PLUS TRANSMITTAL PAGE

CONTACT

Bugby

AT 474-2440 IF THERE ARE ANY PROBLEMS WITH

TRANSMITTAL OF DOCUMENTS.

MESSAGE:

\_\_\_\_\_

## Editorial

# Treat all equally

Non-profit organizations and businesses which periodically wish to advertise bingo, drawings or other games of chance may do so under federal law beginning Monday. The state law should be changed to match. The state currently allows only non-profit organizations to conduct lotteries.

As of Monday, non-profit organizations with state lottery permits may buy advertising space on radio or TV stations or in newspapers. The ads may be included in newspapers that are sent through the U.S. mail.

Before Monday, the promotions could not be advertised on radio and television or in newspapers sent through the mail. The Ketchikan Daily News printed state lottery ads only in the newspapers that did not go through the mail.

The state issues permits to charities and non-profit organizations, but does not allow businesses to obtain the permits, although the federal law in effect Monday allows lotteries "conducted as a promotional activity by a commercial organization (that) is clearly occasional and ancillary to the primary business of that organization."

Currently the state Legislature is considering a bill that would allow public radio and TV stations to use bingo, drawings and other games of chance fund-raisers to promote their operations. The proposed bill has brought an uprising from commercial stations. If the state allows the games of chance for the public radio stations, then the state will compete unfairly with private enterprise. The state's practice of subsidizing public radio already is questionable. Government was designed to provide unaffordable or unavailable services to the public, not compete with local commercial businesses. If state law was changed to allow privately owned radio and TV stations to conduct lotteries also, then there would be no complaint about fairness.

If news media is going to be allowed to participate in games of chance promotion, then all business should be treated equally. The state should make its law coincide with federal law. Let public and commercial radio and TV, newspapers and other commercial enterprises use such fund-raising promotions and advertise them. Then a radio or TV station, newspaper, supermarket, clothing store or other businesses could have drawings, advertise them and receive the subsequent increase in business.

Businesses designed strictly for gambling or which receive the majority of their income as a result of gambling should remain exempt from profiting from such state legislation as they are under the new federal law.

Making state law consistent with the new federal law is the most reasonable approach.

HB 587



Alaska Juneau  
Communications, Inc.

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May 3, 1990

Honorable Richard "Dick" Eliason  
State Senator  
Pouch V  
Juneau, Alaska 99811

Dear Senator <sup>DEK</sup> Eliason:

As you are aware, Alaska's commercial broadcasters continue to have grave concerns relating to HB-587 relating to charitable gaming.

I have enclosed comments I believe will answer various questions raised at the Senate Labor and Commerce Committee hearing yesterday afternoon.

I would appreciate your reading my comments to this important legislation now being heard in your Committee.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dennis W. Egan', is written over the typed name.

Dennis W. Egan  
President & GM



COMMENTS OF Dennis Egan RELATING TO THE MARK-UP OF CS FOR HB 587

There are two issues in HB 587. The first is the question of whether or not the State should provide the Department of Commerce and Economic Development with the authority to issue a gaming permit to the Alaska Public Radio Network (both radio and TV--24 locations) so that they might conduct on-air gaming for purposes of raising funds. This is a major policy issue.

The second issue involving the promotion (advertising) of gaming events (bingo, raffles, ice pools, etc.) is totally unrelated to the major policy question of gambling on the public broadcast network. It is not only totally unrelated but it is an issue which is founded on concerns which are both unjustified and unfair.

The advertising issue came about because of the adoption of the Federal Charitable Advertising and Clarification Act of 1988. Unless a State chose to modify the rights extended under the change, on May 7 commercial broadcasters will have limited authority to promote---either through paid advertisements or public service announcements---gaming events sponsored by non-profit organizations. The State of Alaska had 18 months to respond to this change in Federal law and the Department of Commerce and Economic Development chose not to express their concerns until the past few weeks. Moreover, and it is clear from remarks made by the administration during deliberations in the House, they did not even understand the nature of the changes authorized by the Mass Media Bureau of the Federal Communications Commission. The administration and the sponsor of this bill were concerned that:

1. businesses which operate gaming on behalf of charities would begin an enormous advertising effort on commercial broadcast stations and charge those costs to their overhead, thereby decreasing the amount actually remitted to the charity, or
2. the charities holding the gaming permits would be forced, under their contracts with operators, to initiate advertising campaigns to increase the gross revenues and subsequently the profits of the gaming operators, or
3. charities would devote a larger portion of their program funds to advertising as the result of advertising wars with other charities, or
4. increased advertising or public service announcements for

charitable gaming would cause people to spend their money on a raffle ticket instead of food for their children, etc.

The facts in relation to these 4 concerns are:

1. The Enforcement Division of the Mass Media Bureau of the Federal Communications Commission has made it very clear that
  - a. persons may not conduct a charitable gaming activity on a commercial broadcast station
  - b. operators of games may not advertise or profit from advertising conducted by permit holders.

2. Charities and non-profits who program a certain amount of their program funds for the advertising of fund raising events involving prizes for participants do so by purchasing ads through the print media. If the notion of advertising wars of charities spending themselves into financial ruin through grand expenditures on advertising were a real problem we would have seen this over the years in newspaper advertising. When was the last time you saw a 4 page full color supplement for a raffle conducted by the American Cancer Society or a \$25,000 sign advertising bingo tonight at the Alaska Native Brotherhood hall?

3. There is absolutely no justification for the blatantly discriminatory suggestion that holders of non-profit gaming permits be allowed to advertise in one medium and not another.

4. Finally, we have the matter of whether or not people should spend their money on games of chance conducted by non-profit organizations. How politically schizophrenic can we get? On the one hand we have the State of Alaska issuing permits for everything from the Nenana Ice Classic to church raffles. On the other we appear to be fearful that people will become aware of those sanctioned activities and actually participate. And, as a final irony, we are apparently encouraging public broadcasters, a broadcasting effort supported in part, to conduct games of chance on the airwaves, games which involve financial gain to the winners.

Senator, as a commercial broadcaster I would strongly recommend that you amend this bill so that it focuses on the basic request of APRN to conduct gaming, and remove the unjustified interference with the private sector so that commercial broadcasters can conduct their business under the stringent supervision of the Federal Communications Commission.

Alaska State Legislature  
House of Representatives



May 2, 1990

Labor and Commerce Committee

M E M O R A N D U M

To: Senator Dick Eliason, Chair  
Senate Labor and Commerce Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: HB 587 - Advertising of gaming activities over electronic media

The House labor and Commerce Committee sponsored HB 587 in response to a change in federal law that becomes effective May 7.

The federal Gaming Advertising Clarification Act modifies a long standing prohibition against advertising and promoting gambling activities over the airways. The operative word is modify. The Act does not lift the prohibition altogether. In fact, there is substantial confusion over what the Act does and does not allow, a situation exacerbated by the lack of notice to the state and the absence of a statutory or regulatory framework to address the issue of advertising through electronic media.

HB 587 establishes a moratorium on advertising charitable gaming activities on commercial stations until October 1, 1990 and requires the Department of Commerce and Economic Development to conduct statewide public hearings to develop regulations governing the conduct of such activities. Further, HB 587 authorizes the DCED to permit noncommercial stations to conduct games under their own gaming permits on their own stations, so long as such gaming is permitted under existing statutes.

The impact of electronic media advertising of gambling activities is largely unknown and the House Labor and Commerce Committee felt it was imperative that the legislature, the department, gaming permittees, and the public have the opportunity to participate in the decision as to whether, and under what circumstances, such use of charitable gaming proceeds should be allowed.

HB 587 does not seek to limit what commercial broadcasters can do, not does it suggest that there is a peculiar evil in advertising gambling activities over the airways. The Committee's primary concern in sponsoring HB 587 is to allow a window of opportunity for Alaskans to aid in developing the state's policy toward advertising and authorized expenditures of charitable gaming proceeds.