

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
7036 HOUSE LABOR & COMMERCE

concerned that this might once again stall the legislation. Anticipating problems in this area, the Board of Accountancy requested an Attorney General's Ruling on whether an unlicensed accountant could serve as a public member of the Board. We did receive an Attorney General's ruling (File # 663-91-0171 dated November 28, 1990) which concluded that unlicensed accountants would be eligible for appointment to public member seats. The Board hoped that this ruling would eliminate this controversy. We have been told on various occasions by the Independent Accountants that they desired to be eligible for appointment to the Board rather than necessarily being legislatively granted a designated seat. Since the AG's ruling does grant eligibility, I do not feel the matter needs to be addressed in this year's legislation. I know the Alaska Society of CPAs will strongly oppose this HB 13 provision. The support of the Alaska Society of CPAs is vital and I would not pull back from the consensus the Board has reached with them on this issue. I had hoped that the AG ruling would put this matter to rest. I do not support the designation of a seat on the Board for an unlicensed accountant. (See Recommendation I).

HB 13, Section 13 - The draft submitted by the State Board and Alaska Society rewrote this section. Section 11 of our proposal combined with the definition of report in our section 16(6) covers the same ground as HB 13, Section 13 and Section 17(6). Although worded a bit differently, both bills have the same result with one exception. Both bills restrict the issuance of "assurance" reports to licensees. Both bills specifically allow unlicensed persons to issue compilation reports provided the language used does not express or imply any assurance or special knowledge or competence. The difference is in HB 13 Section 13(c) under which the Board would adopt by regulation a compilation language that would be considered acceptable for use by unlicensed persons.

Personally, I think all parties to the controversy are best served if this section is eliminated from the bill. In the bill drafted by the Board/Society, unlicensed persons are able to issue compilations. The wording of the Rationale Statement to the Board/Society Draft specifically refers to the standard compilation report of the National Society of Public Accountants (NSPA) saying, "The standard compilation report of the National Society of Public Accountants which offers no assurance and which makes no reference to the American Institute of Certified Public Accountants, would continue to be an acceptable reporting vehicle for non-certified accountants." If this Rationale is made part of Committee Hearings on the bill, it seems that the legislative intent will be clear with regard to this wording. Unlicensed accountants would continue to be able to use the wording of their national organization.

Contrast this situation with any wording that might result from a Board regulations project to develop acceptable wording. There is no guarantee that the project would result in the wording desired by independent accountants. From last year's discussion of this controversy, I know that considerable sentiment exists to alter the NSPA wording. Some have suggested that the wording might include a sentence reading approximately as follows: "I am not licensed as a certified public accountant and do not possess the special knowledge or competence to offer assurance on the fair presentation of financial statements in accordance with generally accepted accounting principles." I don't believe the Independent Accountants would want to include such a statement in their compilation report. My point is that under the Society/Board bill, the independent accountants are allowed to use their desired wording; under HB 13, the approved wording is uncertain.

The Alaska Society of CPAs also appears to have an interest in seeing this provision omitted from the bill. They are concerned that any mention of another group of accountants would give legislative recognition to a separate class of accountants. Omitting the provision eliminates their "separate class" problem.

In my opinion, the provision simply causes problems and controversy for all concerned. I think the approach taken by the Board/Society draft legislation is better. I would substitute the Board/Society report language for the HB 13 report language. (See Recommendation II).

Board/Society Draft Legislation, Section 15 - This section on privity is omitted from HB 13. As explained in the Rationale Statement, the intent of this section in the Board/Society draft is to delineate a licensee's legal liability. As the principles of common law have eroded in some public accounting jurisdictions in recent years, licensees around the country have become increasingly uncertain about the legal risk inherent in the public accounting profession. The intent of this provision is to mitigate that uncertainty while retaining public protection against gross negligence on the part of licensees. The State Board worked closely with the State Society to maintain the delicate balance between public protection and the interest of the accounting profession in the drafting of this provision. I do personally believe that we were able to maintain that balance and I do support the inclusion of the privity provision in any legislation. On the other hand, I do understand the argument of some individuals that a provision of this nature might be more appropriately considered as a part of a broader tort reform. (See Recommendation III).

There is one additional minor change that I would recommend to HB 13. In Section 17(5) "Quality Review" is defined. In the Board/Society draft we had proposed the same definition with one addition. We added the phrase "conducted as prescribed under Sec. 08.04.426 of this chapter." I would suggest that this phrase be included in the definition to insure that some review conducted under circumstances not in accordance with the statute would not meet the statutory definition of "quality review." (Recommendation IV)

Recommendations for a Substitute Bill

Personally, I would desire that a Committee Substitute to HB 13 be developed with the following changes:

I - Omit Section 2 of HB 13 re Appointment and Qualifications of Board.

II - Omit Section 13 re Issuance of Reports and Section 17(6) re definition of Report. Substitute the wording of the Board/Society Draft for these two omissions. Board/Society Draft Section II would replace HB 13 Section 13. Board/Society Draft Section 16(6) would replace HB 13 Section 17(6).

III - Add the Board/Society Draft Section 15 re Privity to HB 13.

IV - Add the phrase "conducted as prescribed under Sec. 08.04.426 of this chapter" to the definition of Quality Review in HB 13, Section 17(5).

Representative Mark Boyer
February 1, 1991
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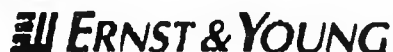
I appreciate the opportunity to make these comments. Once again I want to thank you for your interest in this legislation. I'm sure I can speak for the Board in expressing our gratitude for your involvement and our desire that legislation be enacted in 1991. We look forward to meeting with you next week.

Sincerely,



Tom Bartlett, CPA
Associate Professor of Accounting
University of Alaska Fairbanks
Chair - Alaska State Board of Public
Accountancy

TB:aaw



■ Suite 601
301 West Northern Lights Blvd.
Anchorage, Alaska 99503

■ Phone: 907 279 1411

February 4, 1991

Representative David Donley
Labor & Commerce Committee
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Re: HB 13

Dear Representative Donley:

As a past President of the Alaska Society of Certified Public Accountants and as an active CPA, I am writing you with respect to HB 13, which proposes amendments to the Public Accountancy Act.

The Alaska Society of CPA's has worked carefully with the Board of Public accountancy to develop model legislation and I believe such legislation will be soon forwarded to the Legislature from the Department of Commerce and Economic Development and the Governor's Office. I believe it would be most appropriate for the Labor and Commerce Committee to postpone action on HB 13 until the bill recommended by the Board of Public Accountancy is introduced by the Governor's Office.

If the Committee is to take action with respect to HB 13, I believe that Section 2 of the proposed bill should not be included. This section removes a public member seat on the Board of Public Accountancy and assigns this seat to a specific group. I don't believe that this is appropriate.

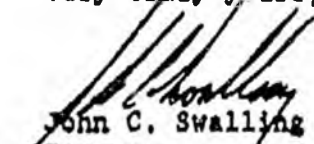
Section 13 of HB 13 deals with the issuance of reports. I would suggest that this section should be eliminated, as it will cause confusion and controversy if enacted as drafted. The current law permits unlicensed persons to issue compilation reports, provided the language used does not express or imply any assurance or special knowledge of competence. I would believe that Section 13 does not add or expand the area of work that independent but unlicensed accountants may provide their clients. Accordingly, I do not believe the section is necessary. I would note that if Section 13 is deleted, Section 17(6) becomes unnecessary.

Finally, I would recommend that Section 17(5) be amended to contain a reference to Section 08.04.426 of the existing Statute to definition of quality review contained in this paragraph.

February 4, 1991

I would be pleased to answer any questions which you may have with respect to this matter.

Very truly yours,



John C. Swalling
Partner

JCS:pc

Alaska Society of Independent Accountants

Organized September 1, 1972

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January 28, 1991

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ASIA State Chapter
by Alaska
David Stephenson
Fairbanks, Alaska

Rep. Mark Boyer
State Office Building, Room 411
Juneau, Alaska 99811

Re: ASIA position on HB 13

Dear Rep. Boyer:

Thank you for your continued support of the Alaska Society of Independent Accountant's legislative interests as evidenced by your introduction of House Bill 13. There have been important compromises by ASIA to arrive at this legislation, but this version of the bill incorporates the last of any major concerns to our group. We are pleased to be able to offer our full support of HB 13.

Section 2 of HB 13 establishes, for the first time, legislative representation for non-certified and/or unlicensed accountants in this state by assigning a specific seat on the Alaska State Board of Public Accountancy. By further restricting appointment to this position to individuals that are not employed by licensees or by permit holders this legislation ensures that all valid interests are represented at all times. With a composition of five Certified Public Accountants, one non-certified or unlicensed accountant and one public member, it should be obvious that important issues will continue to be decided by the representatives of the group most directly affected - the CPA's.

Section 13 of HB 13 restricts, to permit holders, the issuance of reports (as now defined in section 17 of HB 13) on financial statements. Nevertheless, the board is required to provide, by regulation, "safe-harbor" language for the issuance of compilation reports by non-certified accountants. The interaction of these legislative actions will solve the current confusion regarding the services that are restricted to permit holders and those services allowed to be performed by non-certified accountants.

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Sections 14 and 15 of HB 13 clarify the distinction between the use of the term "accountant" versus the use of the term "certified public accountant" when used to refer to the composition of partnerships and corporations.

Other sections of this bill relate to the regulation of certified public accountants and, therefore, do not affect our organization.

I hope that we will be able to resolve any outstanding issues this session and pass a bill that protects the rights of all accountants in Alaska.

Thanks again for your help.

Sincerely,


David B. Stephenson
Chairman, ASIA Legislative Affairs Committee

DBS:ds

xc: Bernadette Illichmann, ASIA President
Julia Froning, Governor District IX
William Golden, SROC Chairman
William Sager, NSPA Legal Counsel
Richard Garlock, NSPA President

Unlicensed Accountants & Certified Public Accountants A Comparison

History

Until 1980 The "Public Accountant" (PA) license provided an alternative to being licensed as a Certified Public Accountant

1980 Alaska law changed, removing licensing for Public Accountants

After 1980 Accountants are either unlicensed accountants or Certified Public Accountants

Differences	CPAs	Unlicensed
Can report on the accuracy of a client's Financial Statements	Yes	No
Are represented on the Alaska State Board of Public Accountancy	Yes	No
Current Status		
Seats on State Board of Public Accountancy	5	0
Financial Statement Reports Prepared	Compilation, Review, & Audit	Compilation, only
National Affiliations	American Institute of Certified Public Accountants	National Society of Public Accountants
State Affiliations	Alaska Society of Certified Public Accountants	Alaska Society of Independent Accountants
Continuing Education	60 hours biennially	48 hours biennially
Impacted by Board Actions	Yes	Yes
Position on Proposed Legislation		
CPA Peer Review	Yes	Neutral
B.A. Degree + 30 semester hours	Yes	Neutral
Preparation of Compilation Reports by unlicensed Accountants	No	Yes
Board seat for unlicensed Accountants	No	Yes
Licensure of unlicensed Accountants	No	Yes, but not being pursued
Statutory recognition as unlicensed	No	Yes

THE ALASKA STATE BOARD
OF PUBLIC ACCOUNTANCY
PO BOX D
JUNEAU, AK 99811

THE ALASKA SOCIETY OF
CERTIFIED PUBLIC
ACCOUNTANTS
341 WEST TUDOR ROAD
ANCHORAGE, AK 99503

January 15, 1991

Linda Wild, Deputy Commissioner
Alaska Department of Commerce
Juneau, AK

Dear Commissioner Wild:

Please find attached proposed legislation amending Alaska's Accountancy Act and a Rationale Statement explaining the proposed changes.

The Alaska State Board of Public Accountancy has worked in concert with the Alaska Society of Certified Public Accountants in drafting the proposed legislation. The legislative proposal has been unanimously approved by both the Alaska State Board of Public Accountancy and the Board of Directors of the Alaska Society of Certified Public Accountants.

Alaska's Accountancy Act has not been substantively amended in thirty years. Changes in the public accountancy profession over that period have made our Act obsolete in many areas. The proposed legislation will bring Alaska's statute into general conformity with legislation in other states. Each of the proposed changes is discussed in the Rationale Statement, and we would be pleased to discuss the changes further at your convenience.

We hope that you will concur on the importance of these legislative changes and that the legislation can be introduced by the Governor and his Administration. We appreciate your willingness to consider this legislation.

Sincerely,



Thomas Bartlett, Chair
Alaska State Board of Public
Accounting
(907) 474-6527



Kevin Branson, President
Alaska Society of Certified
Public Accountants
(907) 562-4334

TB:aaw
Enclosures

October 5, 1990

1 IN THE

2 BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act Entitled: "An Act relating to public accountancy; and providing for an
7 effective date."

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

9 * Section 1. AS 08.04 is amended by adding a new section to read:

10 Section. 08.04.005. PURPOSE. It is the policy of the state, and the
11 purpose of this chapter, to promote the reliability of information that is
12 used for guidance in financial transactions or assessing the financial status
13 or performance of commercial, noncommercial, and governmental enterprises.
14 The public interest requires that

15 (1) persons professing special competence in accountancy or who
16 offer assurance as to the reliability or fairness of presentation of financial
17 information should demonstrate their qualifications to do so, and that persons
18 who have not demonstrated and maintained adequate qualifications should not be
19 permitted to hold themselves out as having special competence or to offer
20 assurance about their actions;

21 (2) the professional conduct of persons licensed as having special
22 competence in accountancy should be regulated in all aspects of the practice
23 of public accountancy;

1 (3) a public authority competent to prescribe and assess the
2 qualifications and to regulate the professional conduct of practitioners of
3 public accountancy should be established; and

4 (4) the use of titles relating to the practice of public
5 accountancy that are likely to mislead the public as to the status or
6 competence of the persons using these titles should be prohibited.

7 * Sec. 2. AS 08.04 is amended by adding a new section to read:

8 Sec. 08.04.025. MEETINGS OF THE BOARD. The board shall hold a minimum
9 of four meetings a year.

10 * Sec. 3. AS 08.04.120 is repealed and reenacted to read:

11 Sec. 08.04.120. EDUCATIONAL AND EXPERIENCE REQUIREMENTS. The
12 education and experience requirements for an applicant are as follows:

13 (1) a baccalaureate degree or its equivalent conferred by a college
14 or university acceptable to the board, with an accounting concentration or
15 equivalent as determined by the board by regulation to be appropriate, and two
16 years of accounting experience satisfactory to the board; or

17 (2) a baccalaureate degree or its equivalent conferred by a college
18 or university acceptable to the board and three years of accounting experience
19 satisfactory to the board.

20 * Sec. 4. AS 08.04.120 is repealed and reenacted to read:

21 Sec. 08.04.120. EDUCATIONAL AND EXPERIENCE REQUIREMENTS. The
22 education and experience requirements for an applicant are as follows:

23 (1) a baccalaureate degree or its equivalent conferred by a
24 college or university acceptable to the board and additional semester hours of
25 post-baccalaureate study so that the total educational program includes at
26 least 150 hours, with an accounting concentration or equivalent as determined
27 by the board by regulation to be appropriate, and two years of accounting
28 experience satisfactory to the board; or

1 (2) a baccalaureate degree or its equivalent conferred by a college
2 or university acceptable to the board and additional semester hours of post-
3 baccalaureate study so that the total educational program includes at least
4 150 hours, and three years of accounting experience satisfactory to the board.

5 * Sec. 5. AS 08.04.130 is amended to read:

6 Sec. 08.04.130. EXAMINATION. An applicant shall pass a written
7 examination in accounting and reporting, in auditing and in such other related
8 subjects [THEORY OF ACCOUNTS IN, IN ACCOUNTING PRACTICE, IN AUDITING AND IN
9 OTHER RELATED SUBJECTS] which the board determines appropriate. The
10 examination shall be designated in advance by the board as an examination for
11 the certificate of certified public accountant. The board shall use the
12 uniform certified public accountant [ACCOUNTANTS'] examination and advisory
13 grading service, if available.

14 * Sec. 6. AS 08.04.150 is amended to read:

15 Sec. 08.04.150. [EXPERIENCE] PREREQUISITE FOR CERTIFICATE. An
16 applicant who is within 18 semester hours of meeting [MEETS] the undergraduate
17 educational requirements of AS 08.04.120 may take the examination whether or
18 not the applicant has met the other [EXPERIENCE] requirements of that section.
19 However, an applicant shall meet the other [EXPERIENCE] requirements of AS
20 08.04.120 before the applicant is entitled to receive a certificate.

21 * Sec. 7. AS 08.04.160 is amended to read:

22 Sec. 08.04.160. RE-EXAMINATION. An applicant who fails an examination
23 may take as many examinations as the applicant chooses. An applicant who
24 receives a passing grade in at least two subjects or who had received a
25 passing grade in accounting practice prior to May 1994 [ACCOUNTING PRACTICE OR
26 IN AT LEAST TWO OF THE OTHER SUBJECTS] has the right to be re-examined in only
27 the remaining subjects at succeeding examinations within five years after the
28 first examination, if the applicant takes an examination in the remaining
29 subjects at least once each calendar year unless excused by the board for good

1 cause. -An applicant who receives a passing grade in the remaining subjects
2 has passed the entire examination. In order to receive credit for passing
3 additional subjects in any subsequent examination, the applicant must in the
4 subsequent examination attain a minimum grade of 50 on subjects written but
5 not previously passed.

6 * Sec. 8. AS 08.04.170 is amended by adding new subsections to read:

7 (b) A candidate must, at each examination taken, be examined or re-
8 examined in all subjects for which conditional credit has not been given.

9 (c) The board may in particular cases waive or defer any of the
10 requirements of AS 08.04.160 - 08.04.170 regarding the circumstances in which
11 the various subjects of the examination must be passed upon a showing that, by
12 reason of circumstances beyond the applicant's control, the applicant was
13 unable to meet the requirement.

14 (d) The applicant must attain a minimum grade of 50 on each subject not
15 passed at that examination sitting to receive credit for passing subjects on
16 which a grade of at least 75 was attained at that sitting.

17 * Sec. 9. AS 08.04 is amended by adding a new section to read:

18 Sec. 08.04.426. QUALITY REVIEW. (a) The board may by regulation
19 require, on either a uniform or a random basis, as a condition to issuance and
20 renewal of permits under this section, that applicants undergo a quality
21 review conducted in a manner the board may specify. The regulations must:

22 (1) be adopted reasonably in advance of the time when they are
23 first required to be met;

24 (2) provide that the cost of a quality review is borne by the
25 applicant;

26 (3) include a provision that allows an applicant to show that the
27 applicant has satisfied the requirement of this section by undergoing a
28 satisfactory quality review performed for other purposes that was substan-
29 tially equivalent to quality reviews generally required under this section;

1 the board may not require that a copy of the review report for a review found
2 to be substantially equivalent under this paragraph be submitted to the board
3 if the organization that administered the review requires termination of the
4 person's firm from its quality review program if the firm refuses to cooperate
5 with required remedial or corrective actions, fails to correct material
6 deficiencies, or is found to be so seriously deficient in its performance that
7 education and remedial corrective actions are not adequate; the board shall by
8 regulation require an organization that performs reviews that are
9 substantially equivalent under this paragraph to report to the board
10 concerning which firms are in its quality review program, their most recent
11 report dates, and whether they have been terminated from the program.

12 (b) The board may by regulation establish criteria for determining when
13 the results of a quality review under this section are satisfactory to the
14 board. The board may renew a permit to practice when the results of a quality
15 review under this section are unsatisfactory to the board if the applicant
16 agrees to follow a particular education or remedial program prescribed by the
17 board.

18 (c) Failure by an applicant for renewal of a permit to practice to
19 undergo a quality review under this section constitutes grounds for
20 revocation, suspension, or refusal to renew the permit under AS 08.04.450
21 unless the board determines that failure to have been due to reasonable cause
22 or excusable neglect.

23 (d) The board may relax or suspend the quality review requirement for
24 applicants who certify that they have not issued a report on audited or
25 reviewed financial statements during the two years immediately preceding the
26 application.

27 (e) A report received by the board for a quality review under this
28 section is confidential and not subject to public inspection or copying under
29

1 AS 09.25.110 - 09.25.120 unless the report becomes part of the record of a
2 disciplinary hearing.

3 * Sec. 10. AS 08.04.450 is amended to read:

4 Sec. 08.04.450. REVOCATION OR SUSPENSION OF CERTIFICATE, LICENSE,
5 REGISTRATION OR PERMIT. The board may evoke or suspend a certificate or
6 license, or may revoke, suspend, or refuse to renew any permit, or may censure
7 any certificate holder, licensee, registrant, or permit holder for

8 (1) fraud or deceit in obtaining any certificate, license, regis-
9 tration, or permit required by this chapter;

10 (2) dishonesty or gross negligence in the practice of public
11 accounting, or other acts discreditable to the accounting profession;

12 (3) violation of any provision of AS 08.04.500 - 08.04.610;

13 (4) violation of a rule of professional conduct or other regulation
14 adopted by the board;

15 (5) conviction of a felony under the laws of any state or of the
16 United States;

17 (5) conviction of any crime, an essential element of which is
18 dishonesty or fraud, under the laws of any state or of the United States;

19 (7) cancellation, revocation, suspension, or refusal to renew
20 authority to practice as a certified public accountant or public accountant in
21 any other state for any cause other than failure to pay an annual registration
22 fee;

23 (8) suspension or revocation of the right to practice before any
24 state or federal agency; [OR]

25 (9) [REPEALED

26 (10)] failure of a certified public accountant to satisfy the
27 continuing education requirements prescribed by the board under AS 08.04.425,
28 except as conditioned, relaxed or suspended by the board under AS 08.04.425(c)
29 and (d); OR

1 · (10) failure of a certified public accountant to satisfactorily
2 complete a quality review under AS 08.04.426 except as conditioned, relaxed,
3 or suspended by the board under AS 08.04.426(b) - (d).

4 * Sec. 11. AS 08.04 is amended by adding a new section to read:

5 Sec. 08.04.505. ISSUANCE OF REPORTS. (a) Only a person or firm that
6 holds a valid permit issued under this chapter may issue a report on financial
7 statements of another person, firm, organization, or governmental unit. This
8 restriction does not apply to

9 (1) an officer, partner or employee of a firm or organization
10 affixing that person's signature to a statement or report in reference to the
11 financial affairs of the firm or organization with wording designating the
12 position, title, or office that the person holds in the firm or organization;

13 (2) an act of a public official or employee in the performance of
14 official duties;

15 (3) the performance by persons of other services involving the use
16 of accounting skills, including the preparation of tax returns, management
17 advisory services, and the preparation of financial statements without the
18 issuance of reports on them.

19 * Sec. 12. AS 08.04.580 is amended to read:

20 Sec. 08.04.580. PARTNERSHIP POSING AS ACCOUNTANTS OR AUDITORS. A
21 person may not sign or affix a partnership name to any accounting or financial
22 statement, or opinion or report on any accounting or financial statement with
23 any wording indicating that it is a partnership composed of certified public
24 accountants or public accountants or with any wording indicating that the [IT
25 IS A] partnership has [COMPOSED OF ACCOUNTANTS OR AUDITORS OR PERSONS HAVING]
26 expert knowledge in accounting or auditing [TO ANY ACCOUNTING OR FINANCIAL
27 STATEMENT, OR TO ANY OPINION ON, REPORT ON, OR CERTIFICATE TO ANY ACCOUNTING
28 OR FINANCIAL STATEMENT] unless the partnership holds a live permit, is
29 practicing under its registered name, and its offices in this state for the

1 practice of public accounting are maintained as required by AS 08.04.360 -
2 08.04.380.

3 * Sec. 13. AS 08.04.590 is amended to read:

4 Sec. 08.04.590. USE OF TITLE WITH CORPORATE NAME. A person may not
5 sign or affix a corporate name to any accounting or financial statement, or
6 opinion or report on any accounting or financial statement with any wording
7 indicating that it is a corporation composed of certified public accountants
8 or public accountants or with any wording indicating that the [IT IS A]
9 CORPORATION has [PERFORMING SERVICES AS ACCOUNTANTS OR AUDITORS, OR COMPOSED
10 OF ACCOUNTANTS OR AUDITORS OR PERSONS HAVING] expert knowledge in accounting
11 or auditing [TO ANY ACCOUNTING OR FINANCIAL STATEMENT, OR TO ANY OPINION OR
12 REPORT ON OR CERTIFICATE TO ANY ACCOUNTING OR FINANCIAL STATEMENT] unless the
13 corporation holds a live permit, is practicing under its registered name, and
14 its offices in this state for the practice of public accounting are maintained
15 as required by AS 08.04.360 - 08.04.380.

16 * Sec. 14. AS 08.04 is amended by adding a new section to read:

17 Sec. 08.04.662. CONFIDENTIAL COMMUNICATIONS. Except by permission of
18 the client engaging a licensee under this chapter, or the heirs, successors,
19 or personal representatives of the client, a licensee or a partner, officer,
20 shareholder, or employee of a licensee may not voluntarily disclose
21 information communicated to the licensee by the client relating to and in
22 connection with services rendered to the client by the licensee in the
23 practice of public accountancy. This information is confidential. However,
24 this section may not be construed as prohibiting the disclosure of information
25 required to be disclosed by the standards of the public accounting profession
26 in reporting on the examination of financial statements or as prohibiting
27 disclosures in court proceedings, in administrative investigations or
28 proceedings, in ethical investigations conducted by private professional
29 organizations, or in the course of a quality review under AS 08.04.426.

1 * Section 15. AS 08.04 is amended by adding a new section to read:

2 Sec. 08.04.663 PRIVACY. No person or firm licensed to practice under
3 this chapter or any employees, partners, members, officers or shareholders
4 thereof shall be liable to any person or entity for civil damages resulting
5 from acts, omissions, decisions or other conduct amounting to negligence in
6 the rendition of professional accounting services unless:

7 (a) The plaintiff directly engaged such person or firm to perform the
8 professional accounting services; or

9 (b) (1) the defendant knew at the time of the engagement or the defend-
10 ant and the client mutually agreed after the time of the engagement that the
11 professional accounting services rendered the client would be made available
12 to the plaintiff, who was identified in writing to the defendant; and

13 (2) the defendant knew that the plaintiff intended to rely upon the
14 professional accounting services rendered the client in connection with
15 specified transactions described in writing.

16 * Section 16. AS 08.04.680 is amended by adding new subsections to read:

17 (5) "quality review" means a study, appraisal, or review of one or
18 more aspects of the professional work of a person or firm in the practice of
19 public accountancy, by a person or persons who hold certificates and who are
20 not affiliated with the person or firm being reviewed conducted as prescribed
21 under Sec. 08.04.426 of this chapter.

22 (6) "report," when used with reference to financial statements,
23 means an opinion, report, or other form of language that states or implies
24 assurance as to the reliability of financial statements and that also includes
25 or is accompanied by a statement or implication that the person or firm
26 issuing it has special knowledge or competency in accounting or auditing; a
27 statement or implication of special knowledge or competence may arise from use
28 by the issuer of the report of names or titles indicating that the issuer is
29 an accountant or auditor, or from the language of the report itself; "report"

1 includes any form of language that disclaims an opinion when the form of the
2 language is conventionally understood to imply a positive assurance as to the
3 reliability of the financial statements referred to or special competence on
4 the part of the person or firm issuing the language; and "report" includes any
5 other form of language that is conventionally understood to imply such
6 assurance or such special knowledge or competence. Notwithstanding the
7 preceding, "report" does not include a form of language with respect to a
8 compilation of financial statements using any form of language not
9 conventionally used by licensees provided the language does not express or
10 imply any assurance or special knowledge or competence.

- 11 * Sec. 17. Section 3 of this Act takes effect January 1, 1992.
12 * Sec. 18. Section 4 of this Act takes effect January 1, 2004.
13 * Sec. 19. Sections 5 and 7 of this Act and AS 08.04.170(d), enacted by sec. 8
14 of this Act, take effect January 1, 1994.
15

MEMORANDUM

State of Alaska Department of Law

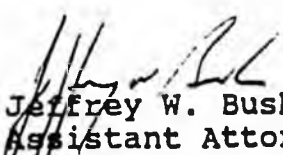
TO Jane Angvik, Commissioner
Department of Commerce and
Economic Development

DATE November 28, 1990

FILE NO 663-91-0171

TEL NO 465-3600

SUBJECT Membership on Board of
Public Accountancy

FROM 
Jeffrey W. Bush
Assistant Attorney General
Commercial Section-Juneau

You have asked our advice on who may serve as public members on the Board of Public Accountancy ("Board"). Specifically, you have asked whether a so-called "unlicensed accountant" may serve as a public member on the Board. Although the question is a close one, we conclude that an unlicensed accountant may serve on the Board as a public member.

DISCUSSION

Under AS 08.04.020, the Board of Public Accountancy is made up of seven members; five must be certified public accountants or public accountants (i.e., licensed), and two must be public members who qualify under AS 08.01.025. AS 08.01.025 provides:

A public member of a board may not:

(1) be engaged in the occupation that the board regulates;

(2) be associated by legal contract with a member of the occupation that the board regulates except as a consumer of the services provided by a practitioner of the occupation; or

(3) have a direct financial interest in the occupation that the board regulates. 1/

The issue, therefore, is whether unlicensed accountants are either engaged in, or have a direct financial interest in, the "occupation" that is regulated by the Board of Public Accountancy. AS 08.01.110(6) defines "occupation" to mean "a trade or profession listed in AS 08.01.010," which in turn states that the centralized

1/ AS 08.04.020 also specifically provides that a public member on the Board of Public Accountancy may not be employed by a licensed public accountant or firm.

licensing chapter, AS 08.01, applies to the Board of Public Accountancy. AS 08.01.010(1).

The Alaska Accountancy Act of 1960, AS 08.04, provides for the licensure of persons, partnerships and corporations practicing public accountancy. However, the Act does not apply to, and does not require the licensure of, either public officials or persons performing merely bookkeeping or tax services. AS 08.04.570. These are the so-called "unlicensed accountants." This is consistent with case law from other jurisdictions, which have historically required licensing only for persons who hold themselves out to the public as skilled in the knowledge, science and practice of accounting and qualified to render professional accounting services. State v. Bookkeepers Business Service Co., 382 S.W.2d 559 (Tenn. App. 1964); Florida Accountants Ass'n v. Dandelake, 98 So. 2d 323 (Fla. 1957).

A valid argument can be made that unlicensed accountants should not be appointed as public members of the Board. One of the purposes of the restriction in AS 08.01.025 on association with the regulated occupation is to ensure that a diversity of interests and viewpoints will be represented on the Board. See 1987 Inf. Op. Att'y Gen. (661-87-0514; May 22). It is likely that unlicensed accountants will have similar interests and views to licensed accountants, and thus if unlicensed accountants are appointed to the public-member positions, this occupational diversity requirement will arguably be undermined. However, although we believe the possibility of a similarity of interests should be a consideration used by the governor in making his appointments to the public-member positions of any board, we do not believe that this consideration is legally significant enough to prohibit the appointment of an unlicensed accountant to a public-member position on the Board of Public Accountancy.

As noted above, the term "occupation" is defined in AS 08.01.110(6) to be directly tied, through the reference to AS 08.01.010, to the functions of the Board. AS 08.01.010(1). Since the Board does not regulate all practice of accounting, but only the practice of "public accounting," we believe that those who are not engaged in the practice of "public accounting" are not engaged in the regulated occupation. We have noted the distinction between "accounting" and "public accounting" in an earlier opinion.

The term "accounting" has been interpreted in other jurisdictions as a broad and comprehensive term referring to a bookkeeping process whereby debts [sic] and credits are balanced. But "public accounting" has a more specialized meaning and is

associated with persons who not only hold themselves out to the public as skilled in the knowledge and practice of accounting, but also represent themselves to be public accountants or CPA's.

1976 Op. Att'y Gen. No. 8 (Feb. 2) (citations omitted). This distinction between the practice of "accounting" and the practice of "public accounting" is consistent with AS 08.04.500--08.04.610, which require licensure for anyone claiming to be a CPA, a public accountant, or having "expert knowledge in accounting or auditing" (AS 08.04.560), but not those who maintain only "a bookkeeping or tax service." AS 08.04.570. Thus, those accountants who are unlicensed, either because they are employed in the public sector and do not offer their services as public accountants or because they are engaged only in bookkeeping or tax services, are not engaged in the occupation of "public accounting" that is regulated by this Board.

Further, these unlicensed accountants generally do not appear to have any "direct financial interest" in the occupation of "public accounting." A direct financial interest would include having an ownership interest in, or a professional or contractual relationship with, a licensed business. It would also include holding any position in such a business. See AS 39.52.960(9). Of course, if an unlicensed accountant did have a direct financial interest in a licensed business, that person would be ineligible for appointment to the Board under AS 08.01.025(3). 2/

We hope this answers your questions.

JWB:jf

cc: Thomas E. Bartlett, Chairman
Board of Public Accountants
1095 Bruhn Road
Fairbanks, AK 99709

2/ Although we do not believe the factor is legally significant, we are also aware that this opinion alleviates a potential problem raised in your request for advice. If unlicensed accountants were not permitted to be appointed to the public-member positions on the Board, they would be the only people who could never obtain a position on the Board, because they cannot sit as professional members; AS 08.04.020 requires that the professional members on the Board be licensed.

HB

16

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 16

Revision Date: _____
Title: "An Act establishing the Alaska
Racing Commission and...etc..."
Sponsor: Rep. Larson
Requestor: House Labor & Commerce

Department Affected: Public Safety
BRU: Alaska State Troopers
Component: Criminal Investigation Bureau

COMPONENT SERIAL NO.

	8	3	0
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EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not Included)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	35.8	35.8	35.8	35.8	35.8	35.8
TRAVEL						
CONTRACTUAL	5.0	5.0	5.0	5.0	5.0	5.0
SUPPLIES	2.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	10.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	52.8	42.8	42.8	42.8	42.8	42.8

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	52.8	42.8	42.8	42.8	42.8	42.8
FEDERAL FUNDS						
OTHER/PROG RCPT						
TOTAL						

POSITIONS:

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

Estimate of current year impact _____

ANALYSIS: (Attach a separate page if necessary)

The estimated 235 investigations will be primarily of an administrative nature and are not anticipated to require more than oversight of a Clerk III by State Trooper personnel. First year equipment costs include the cost for a word processor/microcomputer and office furniture.

Prepared by: Francis C. Allan Phone: 269-5691
Division: Alaska State Troopers Date: January 29, 1991
Approved by Commissioner: Richard L. Burton
Agency: Department of Public Safety Date: January 30, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Determining if a person has ever been CHARGED, as required by the amendment under Sec. 2. AS 18.65.080(b), with a crime as set out in AS 05.45.010 (c) entails investigative work beyond solely running a Criminal History Record Information (CHRI) inquiry through the state and federal computer systems. Because criminal charges may be brought against a person without the normal arrest procedures occurring (including fingerprinting for records and identification purposes), it will be necessary to communicate directly with those law enforcement agencies where the persons identified in AS 18.65.080(b)(1)-(4) may have resided during their adult lives. This is necessary to ensure, to the fullest extent possible, that the criminal backgrounds of those who were CHARGED but never arrested and convicted are reported as required by the language of this bill.

This procedure would be handled by requiring that each applicant submit a personal history statement to the Department of Public Safety which listed all of the places in which they had lived as an adult. Letters of inquiry would then be sent to the appropriate law enforcement agencies in that locale requesting information about any crimes CHARGED as specified in this bill. It is anticipated that this function would be handled by clerical staff. It should be noted that this procedure will be extremely slow in receiving data back from these agencies as such inquiries are generally not considered an important priority. Delays of 60 to 90 days or more should be anticipated.

Because the proposed activities described in this bill address events and activities not presently occurring in Alaska, there is little or no hard data available on which to base the estimate of the numbers of inquiries which would have to be made. The bill itself identifies the following groups of persons on whom background checks must be made. With the exception of the Commissioners, all numbers are estimates:

1. Commissioners (5)
2. Race meet operators (5)
3. Animal owners (20)
4. Trainers (20)
5. Jockeys (10)
6. Drivers (10)
7. Attendants (20)
8. Grooms (20)
9. Stable persons (20)
10. Veterinarians (5)
11. Concessionaires (20)
12. Concessionaire employees (60)
13. Other employees of race meet operator (20)

This is a total of 235 prospective applicants who must be processed under AS 18.65.080. It is expected that a minimum of five mailings per applicant will be required which means that approximately 1200 inquiries will be processed. Along with the correspondence there will be an attendant responsibility to manage the files and create reports to the Commission on each of the applicants.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. _____

Revision Date: _____ Department Affected: Department of Law
 Title: "An Act establishing the Alaska Racing Commission." BRU: Legal Services
 Component: Operations
 Sponsor: Representative Larson
 Requestor: House Labor and Commerce COMPONENT SERIAL NO.

		9	3
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		100.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		100.0				

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND		100.0				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		-0-				
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Please see the attached analysis.

Prepared By: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Date: January 30, 1991
 Approved by Commissioner: Charles E. Cole, Attorney General
 Agency: Department of Law Date: January 30, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 16

This bill amends AS 05 by establishing the Alaska Racing Commission and by authorizing parimutuel wagering at sanctioned horse race events. The bill provides that the commission, and its staff, would be responsible for regulating all sanctioned events under a comprehensive regulatory scheme that covers nearly every aspect of race operations and wagering. It is our view that a substantial body of regulations will need to be drafted and adopted to carry out the purposes of this bill. We are therefore requesting \$100,000, as a one-time expense, to handle the drafting effort. We believe that this is the minimum amount necessary to insure proper regulatory oversight, if this form of legalized wagering is authorized in the state. Outside counsel costs for this purpose average about \$150 per hour.

It is also our view that at some point the Department of Law will become heavily involved in the operations of the racing commission if horse racing becomes well established. For example proposed AS 05.45.050, which spells out the duties and powers of the commission, provides that the commission's considerable regulatory activities shall be carried out in consultation with the attorney general. Furthermore, proposed AS 05.45.070 provides that the attorney general shall enforce the regulations of the commission.

Unfortunately, we cannot predict future legal costs because of our total lack of experience in this area. It is conceivable, however, that at least one civil attorney and one criminal attorney, plus support costs, could be required on a continuing basis due to future racing activity. Because of the severe budget constraints being felt by the department it will be necessary to request additional funds when and if racing activities warrant, otherwise the department will not be able to fulfill its responsibilities under this bill.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 16

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: Alaska Racing Commission and BRU: Occupational Licensing
authorizing parimutuel wagering. . . Component: Administration

Sponsor: Rep. Larson
 Requestor: Rep. Larson COMPONENT SERIAL NO.

0	3	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	52.8	105.7	162.5	162.5	162.5
TRAVEL	0	10.3	12.1	13.5	13.5	13.5
CONTRACTUAL	0	20.4	40.8	25.8	25.8	25.8
SUPPLIES	0	2.5	2.5	2.5	2.5	2.5
EQUIPMENT	0	11.6	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	97.6	161.1	204.3	204.3	204.3

CAPITAL	0	0	0	0	0	0
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REVENUE	0	68.4	261.4	522.8	522.8	522.8
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	97.6	161.1	204.3	204.3	204.3
FEDERAL FUNDS						
OTHER						
TOTAL	0	97.6	161.1	204.3	204.3	204.3

POSITIONS:

FULL-TIME	0	0	2	2	2	2
PART-TIME	0	2	0	2	2	2
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

See attached for analysis.

Prepared By: Jennifer Strickler, Administrative Officer Phone: 465-2144

Division: Occupational Licensing Date: January 28, 1991

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development Date: January 28, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE ANALYSIS

HB 16

FY 93 EXPENDITURE DETAIL

PERSONAL SERVICES

Executive Director, PX, Range 22A, 6 months	\$36,360.00
Clerk Typist III, PX, Range 8A, 6 months	<u>16,479.51</u>
SUB-TOTAL:	\$52,839.51

TRAVEL

FY 93: Three commission meetings in the Anchorage area at 2 days each. This travel assumes three commissioners are appointed from the Anchorage area, one from Fairbanks, and one from Juneau. The staff positions are located in Anchorage.

	TRAVEL	PER DIEM
3 Anchorage members (115x3x3)	\$ 0.00	\$2,070.00
1 Juneau to Anchorage (436x3)	1,308.00	1,035.00
1 Fairbanks to Anchorage (300x3)	900.00	690.00
1 Staff person	0.00	0.00
Director's Travel (one trip to inspect and review small racing commission operations in Michigan, Maine and New Hampshire)	1,200.00	1,000.00
1 Site inspection (2 Anch. mbrs)	0.00	230.00
1 Event (8 days; 2 Anch. mbrs)	<u>0.00</u>	<u>1,840.00</u>
	\$3,408.00	\$ 6,865.00
SUB-TOTAL:		\$10,273.00

CONTRACTUAL

Postage, Communications, Printing, Advertising
and other operating costs. \$15,000.00

Office Space rent 5,400.00

SUB-TOTAL: \$20,400.00

SUPPLIES \$ 2,500.00

EQUIPMENT (one time costs only)

Desk, double pedestal, 70" x 36"	\$ 837.00
Chair, swivel with arms	400.00
Typewriter, IBM Selectric III	700.00
Chair, side without arms	420.00
Desk Calculator	220.00
File Cabinet, 5-drawer, legal w/lock	553.00
Table, 72" x 36"	324.82
Wang Terminal	<u>2,350.00</u>

\$5,804.82 x 2 \$11,609.64

FY 93 TOTAL GENERAL FUND EXPENDITURES \$97,622.15

FY 93 REVENUE DETAIL

One six day event:

18,000 players (estimate based on 3,000 per day for six days)

Handle of \$504.0 in total receipts based on an average wager of \$28
(Montana's average)

A takeout of 35%, with a State share of 10%, equals generated State
Revenues of \$50.4 per event.

- \$1.00 per person gate fee equals \$18.0 in State Revenues (\$1.00 times 18,000
players)

- Various permit fees will also be charged based on regulations set by the
Racing Commission, but it is not possible to estimate the revenues that will
be generated by those fees at this time.

FY 93 ESTIMATED REVENUE TOTAL: \$68,400.00

FY 94 EXPENDITURE DETAIL

PERSONAL SERVICES

Executive Director, PX, Range 22A, 12 months	\$ 72,721.53
Clerk Typist III, PX, Range 8A, 12 months	<u>32,959.03</u>
SUB-TOTAL:	\$105,680.56

TRAVEL

Four Commission meeting in Anchorage area	\$ 8,004.00
2 - Site inspections (two Anchorage Area members)	460.00
2 - Events (8 days; 2 Anch area Co. missioners @ \$1840ea.)	<u>3,680.00</u>
SUB-TOTAL:	\$ 12,144.00

CONTRACTUAL

Postage, Communications, Printing, Advertising and other operating costs.	\$ 15,000.00
Office Space rent	10,800.00
Contractual costs to provide services of an auditor and Investigator.	<u>\$ 15,000.00</u>
SUB-TOTAL:	\$ 40,800.00

SUPPLIES \$ 2,500.00

FY 94 TOTAL GENERAL FUND EXPENDITURES \$161,124.56

FY 94 REVENUE DETAIL:

- Two (2) six day events:

34,400 players per event (estimate based on 5,700 players per day during each six day event)

Handle of \$963.2 in total receipts at each six-day event based on an average wager of \$28 (Montana's average)

A takeout of 35%, with a State share of 10%, equals generated State Revenues of \$96.3 per event, or \$192.6 for the two events

- \$1.00 per person gate fee for the two events equals \$68.8 in revenue (\$1.00 times 68,800 people equals \$68.8)

Various permit fees will be charged by the Racing Commission, pending the adoption of regulations setting those fees, it is not possible to estimate that additional revenue for this fiscal note.

FY 94 ESTIMATED REVENUE TOTAL: \$261,400.00

FY 95 EXPENDITURE DETAIL

PERSONAL SERVICES

Executive Director, PX, Range 22A, 12 months	\$ 72,721.53
Clerk Typist III, PX, Range 8A, 12 months	32,959.03
Auditor, PX, Range 18A, 6 months	28,382.68
Investigator III, PX, Range 18A, 6 months	<u>28,382.68</u>
SUB-TOTAL:	\$162,445.92

TRAVEL

Four Commission meeting in Anchorage area	\$ 8,004.00
3 - Site inspections (by 3 members from Anchorage area and one from Fairbanks) (2 Anch. P/D = 230 x 2 inspections = 460) (1 Anch. P/D = 115 + FBX Airfare = \$300 + 115 = 530)	990.00
4 - Events (8 days; by 3 members from Anchorage area and one from Fairbanks) (2 Anch. mbrs.: \$115 x 8 x 2 = 1840) (1 Anch. mbr.: \$115 x 8 x 2 = 1840 + 1 Fbx. mbr.: \$300 + \$115 x 9 (extra day) x 2 = 2670)	<u>4,510.00</u>
SUB-TOTAL:	\$ 13,504.00

CONTRACTUAL

Postage, Communications, Printing, Advertising and other operating costs.	\$ 15,000.00
Office Space rent	<u>10,800.00</u>
SUB-TOTAL:	\$ 25,800.00

SUPPLIES \$ 2,500.00

FY 95 TOTAL GENERAL FUND EXPENDITURES \$204,249.92

FY 95 REVENUE DETAIL:

- Four (4) six day events:
 - 34,400 players per event (estimate)
 - Handle of \$963.2 in total receipts based on an average wager of \$28 (Montana's average)
 - A takeout of 35%, with a State share of 10%, equals generated State Revenues of \$96.3 per event, or \$385.2 for the four estimated events.

- \$1.00 per person gate fee per event generates \$137.6 in revenue (\$1.00 times 34,400 times four events)

- Various permit fees will be assessed and generate revenue; however, pending the adoption of regulations setting those fees, it is not possible to identify or estimate those revenues for this fiscal note.

FY 95 ESTIMATED REVENUE TOTAL:

\$522,800.00

Parimutuel Wagering

HB 16

Establishing the Alaska Racing Commission and Authorizing Parimutuel Wagering

Representative Ronald Larson

QUESTIONS ABOUT HB16 AND PARIMUTUEL WAGERING

What is parimutuel wagering?

Parimutuel wagering is a system of betting which dates back to the mid 1800's. This type of wagering differs from typical gambling by virtue of the fact that the odds are not arbitrary. Parimutuel wagering occurs when all collective bettors pool their wagers together. The total amount wagered versus the individual bets determines the amount which is divided among the winners.

Where has support been shown for parimutuel wagering?

Both the cities of Palmer and Wasilla had an advisory proposition placed on the ballot in the 1986 municipal election concerning parimutuel wagering. (please see attachments)

The results in Palmer were 62% in favor of the concept of local option parimutuel horse racing. The results in Wasilla were 63% in favor. Also, the Matanuska-Susitna Borough passed a resolution of support for local option parimutuel wagering.

What are some benefits of parimutuel wagering?

The most obvious benefit would be the generation of the racing business itself by the private sector. Infrastructure, such as breeding, training, and racing facilities will be an incentive for the construction industry. Additionally, racing will create a destination and accompanying services for tourism activities. This business can also add an entertainment feature at events such as our state fairs.

How is parimutuel wagering different from other games of chance and skill?

Oversight and regulation is much greater. The complexities of the wagering system and accompanying safeguards were built into it purposefully.

The most important thing about this type of racing is the controlled conditions which will guarantee the integrity of the race. Sophisticated racing equipment would be rented from outside; this is very normal procedure elsewhere, where racing is on a similarly small scale.

HB 16 legislates parimutuel guidelines which will disallow abuse. The regulatory nature of the Commission coupled with the required equipment enhance the parimutuel system to offset tampering and ensure security.

What time frames are envisioned for development?

After the local endorsement of the voters, preparation time could be six months to several years, depending on the level of development. A racing season would be for approximately 10 weeks, with both the Alaska and Tanana Fairs as the more probably exhibitions.

Parimutuel professionals tell us that an average scenario would include typically eight races a day, with eight entries per field. Estimates indicate that 270 animals would be required for a successful start up.

What are the fiscal implications for parimutuel wagering?

Our expectation for the fiscal note is relatively small, based on the assumption of a 10 week season. The Commission will be providing the initial professional expertise in the preparation of regulations, public hearings, and paperwork. Based on the development of races and facilities, the staffing requirements would follow the same growth curve.

What is the role of the Alaska Racing Commission?

The Commission will regulate racing and parimutuel wagering. Their wide range of regulatory responsibilities are outlined clearly in the bill, including their specific enforcement powers regarding prohibited acts and penalties.

The Commission shall adopt regulations; appoint officials; supervise and distribute the pool; ascertain standards for veterinarians, equipment, audits, and other related matters; license races; inspect racetracks and animals; establish dates, durations, locations, fees; account for all records, collections and disbursements; hire staff; compel witnesses; and appoint hearing officers.

Who is a "typical participant" in parimutuel wagering?

Studies have shown that participants are generally white collar workers with one or more years of higher education and an income of \$35,000 or more.

Is parimutuel allowed in other states?

Currently 37 states allow parimutuel wagering for either horse racing, dog racing, or both.

SAMPLE BALLOT

To Be Removed by Election Judge

To Be Removed by Election Judge

FOLD TO THIS LINE

CITY OF PALMER GENERAL ELECTION October 7, 1986

- Mark only by use of cross marks, "X" marks, check or plus signs. Place marks in squares.
- Marks must be inside or touching the squares so as to indicate the intent of the voter. Erasures and corrections will invalidate only that part of the ballot on which it appears.
- If you spoil or mar your ballot you may return it to the election judge and receive another ballot.

Mayor

Three Year Term
(Vote for not more than One)

GEORGE W. CARTE'

Council

Three Year Term
(Vote for not more than Two)

ROBERT M. "RED" HENDERSON

JEANNINE L. JOHNSON

Advisory Proposition No. 1

"Do You Support the Concept of Local Option Pari-Mutuel Horse Racing?"

Yes

No

ATTACHMENT "A"

ELECTION WORKSHEET REGULAR ELECTION 10-7-66

SEAT "C" CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	
	#37	#38	#37	#38	#37	#38		%
NOBLEY, VINCENT T.	168	108	12	11	0	0	299	47.54%
PATTERSON, DONALD C.	177	130	11	7	0	0	325	51.67%
WRITEINS	3	2	0	0	0	0	5	.79%
TOTAL	348	240	23	18	0	0	629	100.00%

SEAT "D" CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	
	#37	#38	#37	#38	#37	#38		%
BEUTLER, CLYDE	93	66	3	7	0	0	169	26.04%
CARNEY, DOMONIC	129	127	13	6	0	0	275	42.37%
GROB, DONALD (RICK)	125	63	7	8	0	0	203	31.28%
WRITEINS	2	0	0	0	0	0	2	.31%
TOTAL	349	256	23	21	0	0	649	100.00%

SEAT "E" CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	
	#37	#38	#37	#38	#37	#38		%
HJELLEN, PAT	157	108	13	12	0	0	290	43.22%
KEMP, MICHAEL	207	151	10	10	0	0	378	56.33%
WRITEINS	2	1	0	0	0	0	3	.45%
TOTAL	366	260	23	22	0	0	671	100.00%

SEAT "F" CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	
	#37	#38	#37	#38	#37	#38		%
CARTER, THOMAS L.	157	149	10	5	0	0	321	50.00%
MAV, TERRY R.	89	46	1	2	0	0	138	18.38%
POSEY, DONALD R.	118	59	12	12	0	0	201	31.31%
WRITEINS	2	0	0	0	0	0	2	.31%
TOTAL	346	254	23	19	0	0	642	100.00%

ELECTION OF 1966

CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	
	#37	#38	#37	#38	#37	#38		%
BUSHNELL, WILLET A.	21	27	2	2	0	0	52	14.15%
COTTE, COLLEEN B.	27	21	1	1	0	0	50	7.00%
DeCAMP, RICHARD J. (D)	47	43	7	5	0	0	102	15.39%
LANGILL, FRANK S.	12	7	0	0	0	0	19	3.22%
MCCARTHY, RAYMOND P.	15	10	0	0	0	0	25	3.50%
MARTIN, ED SR.	55	31	5	2	0	0	93	13.87%
NEWCOMB, HAROLD S.	61	53	7	7	0	0	128	26.47%
PAGE, DOROTHY H.	57	44	3	5	0	0	109	14.57%
WRITEINS	5	1	0	0	0	0	6	.84%

TOTALS	385	285	24	22	0	0	714	100.00%
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ADVISORY QUESTIONNAIRE

PARI-MUTUEL HORSE RACING

	#37	#38	#37	#38	#37	#38	TOTAL	%
YES	181	181	15	16	0	0	393	61.99%
NO	130	99	6	6	0	0	241	38.01%
TOTAL	311	280	21	22	0	0	634	100.00%

CITY OF PALMER SPECIAL CITY COUNCIL MEETING MINUTES - OCTOBER 9, 1986

June Tull	Council	1	0	1
Eve Hermon	Council	1	0	1
Roger Saunders	Council	1	0	1
S. Luse	Council	1	0	1
Dorothy Saxton	Council	1	0	1
Jerry Hann	Council	3	0	3
ADVISORY PROPOSITION NO. 1	YES	264	6	270
	NO	155	1	156

There was a total of 464 votes cast.

MOVED BERBERICH, SECONDED JOHNSON to certify the election results as presented. MCU.

2. Award Bid - Water Well.

On October 3, 1986 bids were opened for the new water well located at the southwest corner of the airport. Two bids were received, one from RG&B Contractors for \$74,400 and the other from M-W Drilling for \$44,428. The administration recommended award to M-W Drilling as the low bidder. There were no irregularities in either of the bids.

MOVED BERBERICH, SECONDED PIPPEL to award the bid for the new water well to M-W Drilling, the low bidder in the amount of \$44,428. MCU.

3. Award Bid - Runway Paving.

Bids were opened at 10:30 A.M. today for the runway paving project. Three bids were received as follows: Hermon Brothers for \$159,166.80; Wilder Construction for \$163,300 and Rasco for \$309,630. The engineer's estimate was \$185,350. The administration recommended award to the low bidder, Hermon Brothers in the amount of \$159,166.80. These bids were reviewed by both the engineer and attorney and there were no irregularities.

MOVED BERBERICH, SECONDED LONG to award the Runway Paving bid to the low bidder, Hermon Brothers in the amount of \$159,166.80. MCU.

4. Award Bid - Town Square Project.

Four bids were received and opened at 11 A.M. today on the town square earthwork project which entails contouring the land and building berms. Bids were received from: Alaska Central Construction for \$12,800; Kopperud Transportation for \$21,695; Hermon Brothers for \$27,758; and Ohno Construction for \$35,280. The engineer's estimate was \$17,500. The administration recommended awarding this bid to the low bidder, Alaska Central Construction in the amount of \$12,800. These bids were also reviewed by the attorney.

MOVED LONG, SECONDED JOHNSON to award the Town Square Earthwork to the low bidder, Alaska Central Construction in the amount of \$12,800. MCU.

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 D. ADJOURN

DAVID L. SO

Presented by: Silvers
Introduced: -03/03/87
Drafted by: G.L.S.

MATANUSKA-SUSITNA BOROUGH

Resolution Serial No. 87-~~652~~

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH SUPPORTING
HOUSE BILL 32 AND SENATE BILL 63.

WHEREAS, the Alaska State Legislature has pending before it House Bill 32 and Senate Bill 63 that would authorize state controlled parimutuel betting on horse and dog racing where approved at a local option election, and

WHEREAS, the voters in the cities of Palmer and Wasilla have previously approved in an advisory vote the conduct of certain parimutuel wagering within their boundaries, and

WHEREAS, parimutuel wagering would create a direct source of revenue for the state and thereby reduce the need for new or increased state taxes, and

WHEREAS, authorization of parimutuel wagering would make possible a new, non-polluting industry in Alaska, and

WHEREAS, horse and dog racing in the borough would create a demand for feed, pasture and other agricultural products and services related to animal husbandry that are readily available in the borough, and

WHEREAS, horse and dog racing in the borough would be a tourist attraction for Alaska, bringing visitors from other states as well as other areas of Alaska, and

WHEREAS, horse and dog racing in the borough would generate additional use of the Alaska Railroad; and

WHEREAS, construction and operation of a race track and associated facilities and concessions in the borough would provide new employment opportunity for Alaskans;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH:

1. That the Assembly supports the concept of state controlled parimutuel wagering on horse and dog racing when locally approved and as generally set out in House Bill 32 and Senate Bill 63 and strongly urges the legislature to adopt legislation authorizing parimutuel wagering on such racing.

2. That copies of this resolution be sent to The Honorable Steve Cowper, Governor of the State of Alaska, and to each member of the Alaska Legislature.

PASSED AND APPROVED by the Assembly of the Matanuska-Susitna Borough this 4th day of March, 1987.

Dorothy A. Jones
Dorothy A. Jones, Mayor

ATTEST:

Chris Seagraves
Chris Seagraves, Clerk

(SEAL)



CITY OF WASILLA

P.O. BOX 870430
WASILLA, ALASKA 99687
PHONE: 376-5227

Requested by: Mayor Bump
Prepared by: Mayor's Office

RESOLUTION NO. W85-J-6

A RESOLUTION OF THE CITY OF WASILLA SUPPORTING LOCAL OPTION FOR PARI-MUTUEL GAMBLING.

WHEREAS, the State of Alaska no longer has the funds to support local Capital Improvements that accomodates current growth patterns; and

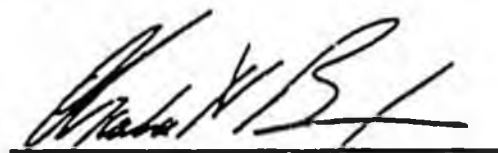
WHEREAS, it is the City of Wasilla's goal to become financially independent, if possible; and

WHEREAS, Pari-Mutuel Gambling would enhance economic development and provide a major tax revenue source for the City of Wasilla;

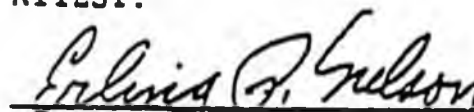
NOW, THEREFORE BE IT RESOLVED that the City of Wasilla supports local option for pari-mutuel gambling.

I certify that a resolution in substantially the above form was passed by a majority of those voting at a duly called and conducted meeting of the governing body of the City of Wasilla this 12th day of August, 1985.

APPROVED:


Charles H. Bumpus, Mayor

ATTEST:


Erling P. Nelson, City Clerk, CMC

(SEAL)

Horse Racing At The Fair



TRIPLE TUFF leads the field in one of last year's races at the new Alaska State Fair race track south of Palmer.

Riding is Bobby McCarthy Jr. Triple Tuff is now owned by Len and Marsha Melton.

Photo Finish At State Fair

6-29-74
Times

Nearly 1,000 people gathered at the Alaska State Fair race track in Palmer over the weekend to watch 22 horses charge across the finish line with one race so close only the photo finish camera could tell the winner. Great interest has generated among the crowd in racing.

Friday night the 220 winner was Pow Wow Gidget owned by Ellis Enterprises and ridden by Dana Richmond; second Thanks Doc, owner Jinx Coster, jockey Sissy Melton; third was Dungaree ridden by Steve Clark and owned by Dennis Clark. In the 350, Doc won over Pow Wow Gidget.

The 440 saw Babe's Twig owned and ridden by Cecil Premus take the race with Triple Tuff owned by Len Melton, ridden by Hoot Melton, hot on his heels and Moon's Hotshot, Ellis Enterprises and jockey Dana Richmond taking third. Just a Bird and Mac's Little Kid also ran.

General Bars ridden by Bob McCarthy, owner Dennis Clark, won over Nile Queen ridden by Kris Roetman, owned by Emmett Roetman. Both are thoroughbreds.

An exciting cow pony race

with eight entries had only a third place winner, Danny owned and ridden by Kelly Wilson. The first and second place animals were disqualified for fouls.

Outstanding weather contributed to standing room only for Saturday afternoon racing. Pow Wow Gidget took Thanks Doc and Ragged Ann owned by Esther Erikson and ridden by Terry Erickson in the 220.

The next racing date will be Saturday and Sunday at 2 p.m. on July 6 and 7. Race horse owners may practice at the Alaska State Fair, Inc. race track one mile from Palmer on Tuesday and Thursday evenings, 7:30-9:30 p.m. and Sunday afternoon from 2-4 p.m. (except on racing days). Ed Premus will be the gate keeper while Vernon Frunce is on vacation.

HB

28

WAIVED)

B⁹
COMM.

2/26/92

HB

31

HOUSE COMMITTEE REPORT

(7)

Date Referred: January 21, 1991

FURTHER REFERRALS: Health, Education & Social Services

Date of Committee Action: 4-30-91

The LABOR AND COMMERCE Committee considered:

HB 31

HOUSE BILL NO. 31

APPLICANTS FOR PHARMACIST LICENSING

"An Act relating to applicants for pharmacist licenses."

RECOMMENDATIONS:

be replaced with [] the same title

[] a new title

[] have attached amendments(s)

[] do pass

[] do not pass

[X] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

[] fiscal impact _____

[X] zero fiscal note Commerce

APPROVES PREVIOUS: (Dept/Date)

[] fiscal note(s) _____

[] zero fiscal note(s) _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Signature	Check appropriate column:	Do Not	No Rec	Amend
		Pass		
<i>[Signature]</i>	<i>[Signature]</i>		X	
<i>[Signature]</i>	<i>[Signature]</i>		-	
<i>[Signature]</i>	<i>[Signature]</i>		✓	
<i>[Signature]</i>	<i>[Signature]</i>		✓	

[Signature]
Chairman's Signature

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 31

Revision Date: _____ Department Affected: Commerce & Economic Dev
 Title: An Act relating to applicants BRU: Occupational Licensing
 for pharmacist licenses. Component: Administration
 Sponsor: Rep. Koponen
 Requestor: Rep. Koponen COMPONENT SERIAL NO.

0	3	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

HB 31 amends pharmacy education requirements for licensure to allow foreign pharmacy graduates an opportunity to become licensed. New funds are not required to implement this bill.

Prepared By: Jennifer Strickler, Administrative Officer Phone: 465-2144

Division: Occupational Licensing Date: February 1, 1991

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development Date: February 1, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies)

Alaska State Legislature
Representative Niilo Koponen

Pouch V
Juneau, Alaska 99811
(907) 465-4992

House District 21

119 N. Cushman, Suite 207
Fairbanks, Alaska 99701
(907) 456-8172

SPONSOR STATEMENT

House Bill 31

"An Act relating to applicants for pharmacist licenses"

By Representative Niilo Koponen

Foreign-educated doctors, nurses, chiropractors, physical therapists, optometrists and veterinarians may practice in Alaska, provided they successfully complete Alaskan licensing examinations and fulfill all pertinent qualifications. Standard equivalency examinations insure that credentials earned outside of the United States meet American standards of academic and clinical competence.

HB 31 extends the same opportunity to pharmacists trained at non-U.S. institutions. The state would benefit from expanding the universe of trained professionals available to serve the public. Continued exclusion of these Alaskans from practice is inconsistent with treatment of other health professionals and extends no apparent advantage to other state residents.

PHARMACIST LICENSING FACTS

The American Council on Pharmaceutical Education (ACPE, established 1932) is the national agency for accreditation of professional degree programs in pharmacy and for approval of providers of continuing pharmaceutical education.

The ACPE presently recognizes 74 accredited professional programs in 43 states, plus the District of Columbia and Puerto Rico.

30 other states, the District of Columbia and Puerto Rico allow foreign-educated pharmacists to sit for state licensing exams if they pass the Foreign Pharmacy Graduate Equivalency Examination administered by the Foreign Pharmacy Graduate Examination Committee (FPGEC).

The FPGEC certificate is awarded only to four-year graduates with Bachelor of Science degrees scoring 550 or higher on the Test of English as a Foreign Language.

Some foreign graduates are allowed to enter accredited U.S. schools of pharmacy as advanced students. After graduation, they qualify to take state examinations.

New York and California allow some candidates to take the state examination after their credentials have been evaluated and approved by the state licensing board.

ALASKA FACTS

All pharmacists must be licensed in Alaska.
Operators of pharmacy businesses must also have a license to dispense drugs and controlled substances.
Applicants must be graduates of a college of pharmacy and complete at least 1,500 hours as an intern.

Application fee: \$30.00
Examination fee: \$150.00
License fee: \$180.00
Biennial renewal: \$180.00

ALASKA EMPLOYMENT

(Statistics from the Alaska Department of Labor)

Employment in 1989: 188; in 1990: 193; in 1994: 209 (predicted)

Average Annual Job Openings, 1989-1994

Due to Growth: 4; Due to Separations: 5; Total: 9

Current license holders: 489

FEB 20 1991

HB 31: An Act relating to applicants for pharmacist licenses.

The Department of Commerce and Economic Development supports passage of HB 31.

The proposed legislation will address a problem of longstanding for the Board of Pharmacy (hereinafter "board") within the Division of Occupational Licensing (hereinafter "division"). Presently, the board has no provision for licensure of pharmacy graduates educated in institutions not recognized by the American Council on Pharmaceutical Education (ACPE) and located outside the United States and its territories (hereinafter "foreign graduates").

The bill amends the qualifications for pharmacy registration to recognize applicants who have received their bachelor of science degree in pharmacy or an equivalent degree from outside of the United States and its territories. Currently, when foreign graduates apply for licensure, regardless of their qualifications, the board must deny licensure.

Nationally, the National Association of Boards of Pharmacy (NABP) Foundation has responded to this problem by developing course review procedures geared towards determining whether the bachelor of science degree in pharmacy attained by a foreign graduate is substantially equivalent to the degree and learning attained by a graduate of an ACPE accredited school in the United States.

The foreign graduate who possesses an NABP Foreign Pharmacy Graduate Equivalency Committee certificate is considered equivalently educated and is, therefore, eligible for licensure (assuming compliance with other admission criteria) in any state throughout the country. HB 31 will allow foreign-trained pharmacy graduates who possess an NABP Foreign Pharmacy Graduate Equivalency Committee certificate the opportunity to become licensed in Alaska.

There exists nationwide a significant shortage of pharmacists and an acute shortage in Alaska. This legislation will enable the state to admit qualified foreign graduates and, potentially improve our ability to meet our employment needs in this area.

Therefore, the department urges passage of HB 31.



Glenn A. Olds, Commissioner

Date: February 1, 1991

MEMORANDUM

State of Alaska

TO Members of the House Labor & Commerce DATE April 26, 1991
Rep. David Finklestein, Chairman

FILE NO

TELEPHONE NO 465-2534

FROM *Ann B.*
Ann Boudreaux SUBJECT HB 31

This memo is a follow-up to my testimony on April 25, 1991.

Today, I received a memo from the licensing examiner who took minutes at the April 16-17 Pharmacy Board meeting held in Juneau. Quoting from that memo in regard to HB 31:

Sec. 1, AS 08.80.110(3) [American Council on Pharmaceutical Education] American Association of Colleges of Pharmacy.

Sec. 2, Line 1, AS 08.80.116(b) An applicant for license as a pregraduate intern pharmacist....

Sec. 2, AS 08.80.116(b) ...and must be enrolled in a pharmacy school recognized by [American Council on Pharmaceutical Education] American Association of Colleges of Pharmacy.

The Pharmacy Board wanted to keep the Association because the Council advocates a 6-year degree (doctor of pharmacy) and this would mean many of our applicants would not qualify as they have only the 5-year degree (registered pharmacist) that has been standard up to now.

Most states apparently have a 5-year standard. California has gone to 6-years.

One suggestion might be to have an or clause so that foreign students could have their education rated by the Council, but an American student who qualified under Association standards would not have an undue burden.

The Pharmacy Board, by a split vote, passed a resolution favoring the licensing of foreign-trained pharmacists at their meeting on November 1, 1990, in Anchorage.

By the way, the insertion of the word "intern" is to correct a typographical error in the original statute which was carried over in this bill. There is no pregraduate pharmacist; there is a pregraduate intern pharmacist and a postgraduate intern pharmacist.

es

FEB 07 1991

February 4, 1991

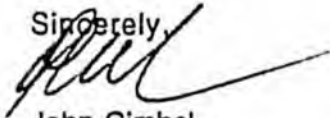
Representative Niilo Koponen
PO Box V
Juneau, AK 99811

Dear Representative Koponen:

Greetings. I am writing today in support of HB31, "An Act Relating to Applicants for Pharmacist Licensing." This is, in my opinion, an excellent piece of legislation and certainly deserves passage by this legislature.

Thank you. Warm, kind and friendly regards.

Sincerely,



John Gimbel
Box 84885
Fairbanks, AK 99775

cc: Rep. Finkelstein

February 5, 1991

Representative Niilo Koponen
P.O. Box V
Juneau, Ak 99811

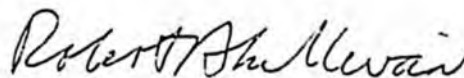
FEB 07 1991

Dear Representative Koponen: *

I appreciate your introducing HB31 -- "An Act Relating to Applicants for Pharmacist Licensing." The present regulation that prohibits qualified persons, who have earned a degree outside the United States, from receiving a license is unjust.

Thank you.

Sincerely,



Robert A. Sullivan
P.O. Box 802224
College, Ak 99708

copy to Rep. Finkelstein

3501 College Road - #2
Fairbanks, AK 99709
1 February 1991

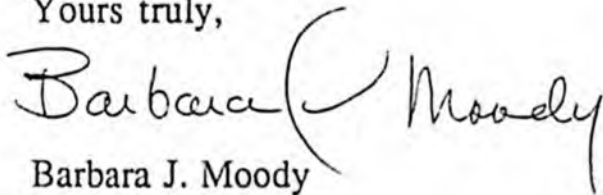
Representative Niilo Koponen
P. O. Box V
Juneau, AK 99811

Dear Representative Koponen:

I firmly support House Bill 31, "An Act Relating to Applicants for Pharmacist Licensing", and urge you to vote in favor of its passage.

Thank you.

Yours truly,

A handwritten signature in cursive script that reads "Barbara J. Moody". The signature is written in dark ink and is positioned to the right of the typed name.

Barbara J. Moody

copy: Representative Finkelstein, Chair
Labor and Commerce Committee

FEB 05 1991

Mrs. Jenise M. Klos
1260 Candle Lite Loop
North Pole, AK 99705

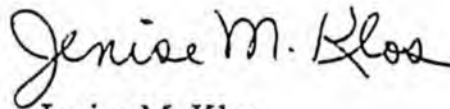
1 February 1991

Rep. Niilo Koponen
P.O. Box V
Juneau, AK 99811

Dear Rep. Koponen:

I am writing to express my strongest support of the passing of HB31, "An Act Relating to Applicants for Pharmacist Licensing." Thank you.

Sincerely,


Jenise M. Klos

cc: Rep. Finkelstein
Chair, Labor and Commerce Committee

P. O. Box 84544
Fairbanks, AK 9970
27 February 1991

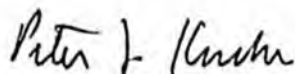
Representative Niilo Koponen
P. O. Box V
Juneau, AK 99811

Dear Representative Koponen:

I support House Bill 31, "An Act Relating to Applicants for Pharmacist Licensing", and urge you to vote in favor of its passage.

Thank you.

Yours truly,



Peter J. Knoke
Associate Professor of Computer Science
University of Alaska Fairbanks

copy: Representative Finkelstein, Chair
Labor and Commerce Committee

3/12/91

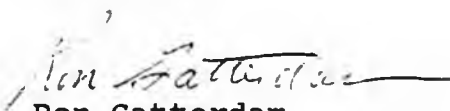
MAR 14 1991

Representative Nilo Koponen
PO Box V
Juneau, AK 99811

Dear Nilo,

I am writing in support of HB31 regarding the licensing of pharmacists. It would be a waste for Alaska to not allow qualified professionals to work in the state simply on the basis of the location of their degree. Clearly other states have found it to their advantage to allow pharmacists from elsewhere to practice their profession. Alaska has found that to be the case for other medical professions. It is only reasonable that the same licensing practice be extended to pharmacists. Thank you for your consideration in this matter.

Sincerely


Ron Gatterdam
1028 East Chena Hills Drive
Fairbanks, AK 99709

cc Rep. Finkelstein, Chair Labor and Commerce Committee

H B

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FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO : SSHB 33

Revision Date: _____
Title: "An Act relating to penalties for violation of workplace safety laws;..."
Sponsor: Representative Koponen
Requestor: House Labor & Commerce

Department Affected: Labor
BRU: Labor Standards & Safety
Component: Occupational Safety & Health
COMPONENT SERIAL NO. 970

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL	20.0	20.0				
CONTRACTUAL	40.0	40.0				
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	60.0	60.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE	705.0	282.0	112.0	45.0	18.0	0.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	60.0	60.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	60.0	60.0	0.0	0.0	0.0	0.0

POSITIONS:

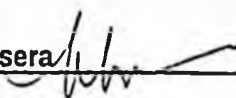
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

see attached

Prepared by: Robert Libbey, Director Phone: 264-2452
Division: Labor Standards & Safety Date: 2/14/91

Approved by Commissioner: Nancy Bear Usera 
Agency: Department of Labor Date: 2/14/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Fiscal Note Analysis for:

"An Act relating to penalties for violation of workplace safety laws..."

This bill would increase the amount of the penalties charged for the violation of workplace safety laws. Because of the increase in penalties, we expect an increase in the number of contested violations and in the number of requests for informal conferences. This increased workload would result in additional travel for existing staff as well as the OSHA Review Board members. Additional legal support for the review board would also be required.

Expenditures

Travel	\$20.0
OSH Review Board (10.0)	
Existing Staff (10.0)	
Contractual	\$40.0
Legal support for Review Board (25.0)	
Legal support for department (15.0)	
<u>Total Cost</u>	<u>\$60.0</u>

These costs should decrease after the first two years if the bill achieves its goal of providing more incentive for employers to voluntarily correct hazards so that we find fewer serious violations. Therefore we should have no additional costs beyond 1993.

Revenues

The department assessed a total of \$300,600 in penalties in FY 90 with a collection rate of approximately 70%. We estimate about \$1,000,000 in additional penalties would be assessed in FY 92 with the new rates. Assuming our 70% collection rate, revenues would increase by \$700,000.

After the first year, we anticipate revenues would decrease as employers voluntarily correct hazards and fewer violations are detected. Thus, after five years with the new penalties we project the deterrent affect of the higher rates would bring revenues back to what they currently are.

The bill would also permit the collection of expenses incurred when employers fail to appear at an OSH Review Board Hearing. The average daily cost for the OSH Review Board to hold hearings is \$1,000. If it must cancel five days of hearings because employers do not appear at hearings, the Board could ask for \$5,000 in reimbursable expenses from employers. Once employers understand that they may be liable for such costs, the number of cancellations should decrease and therefore, it is expected after the second year, no significant revenue will be raised under this provision.

Assumption: Effective date of July 1, 1991.

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF LABOR
OFFICE OF THE COMMISSIONER

P.O. BOX 21149
JUNEAU, ALASKA 99802-1149
PHONE: (907) 465-2700

FAX: (907) 465-2784

February 7, 1991

The Honorable Niilo Koponen
House of Representatives
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Koponen:

This is to follow up on our conversation concerning amendments to House Bill No. 33 to align Alaska's occupational safety and health penalty structure with that mandated by the U.S. Department of Labor.

Briefly, in 1990 Congress passed legislation requiring the federal Occupational Safety and Health Administration to increase penalties for OSHA violations. As you know, under our State occupational safety and health plan, Alaska is required to prescribe standards and enforcement of standards which are at least as effective as those provided by federal OSHA.

Consequently, it would seem prudent to go ahead and bring the penalties in your bill in line with the federal standard now, as opposed to having to make a two-step approach. To that end, enclosed is a listing of the specific amendments needed, along with some background information on the federal requirements.

Thank you for your help; and if you have any questions or need additional information; please let me know.

Sincerely,


Nancy Bear Usera
Commissioner

NBU:kh

Enclosure

102
2411

Department of Labor
Proposed Amendments to House Bill 33

1. Amend line 13 on page 1 to read:

than \$70,000 [\$10,000] for each violation. A minimum penalty of \$5,000 must be assessed under this section.
2. Page 2, line 4:

Change \$3,000 to \$7,000
3. Page 2, line 13:

Change \$3,000 to \$7,000
4. Page 2, line 18:

Change \$3,000 to \$7,000
5. Page 2, line 24:

Change \$30,000 to \$70,000
6. Page 2, line 26:

Change \$60,000 to \$140,000
7. Page 2, line 31:

Change \$30,000 to \$70,000
8. Page 3, line 4:

Change \$3,000 to \$7,000

U.S. Department of Labor

Assistant Secretary for
Occupational Safety and Health
Washington, D.C. 20210



JAN 23 1991

MEMORANDUM FOR: STATE DESIGNEES

FROM: GERARD F. SCANNELL
Assistant Secretary

SUBJECT: Statutory Increase in Penalty Levels

As you are aware, the Omnibus Budget Reconciliation Act of 1990, that was effective on November 5, amended section 17 of the Occupational Safety and Health Act to provide for increased penalty levels for violations of the Act. The excerpt of the Conference Report on the Budget Act which discusses penalties was sent to you on October 31. The amendments provide for a maximum of \$70,000 for willful and repeat violations, a minimum of \$5,000 for each willful violation, and a maximum of \$7,000 for serious, other than serious, failure to abate, and posting violations.

The Congress (as evidenced by the Conference Report) believes that the increased maximum penalty authority will serve as an important deterrent and will encourage employers to comply with safety and health regulations before they are inspected. Employers should realize that maintaining a safe and healthful workplace is less costly than facing the potential of high penalties, in addition to the major cost of accidents and injuries.

Since the \$5,000 floor for willful penalties is within currently authorized limits, in the interest of national consistency, the States are encouraged to implement it administratively, concurrently with Federal OSHA's implementation. (The Conference Report makes clear that negotiated settlement of willful violations may result in a lower penalty.) OSHA has developed procedures for implementing the new penalty calculations, in consultation with State plan representatives, and will begin proposing penalties at the new levels on all inspections beginning on or after March 1, 1991 for violations which occurred on or after November 5, 1990. (A copy of the final directive is attached, for your information.)

As you are aware, State plan approval criteria in section 18 of the Act and 29 CFR 1902 require the States to provide for standards and enforcement of standards which are at least as effective as OSHA's standards and enforcement. Further, OSHA regulations at 29 CFR 1953.20 and 1953.23 provide that when there is a change in the Federal program (examples given include

revisions in enforcement policies or procedures, and legislative or regulatory changes) the States are required to implement corresponding changes within six months of the Federal change. The time limit may be extended if the Assistant Secretary determines that a State has made a timely and specific showing that good cause exists to extend the time limitation for that State.

We recognize that this is a significant change in the OSHA program for both the Federal and State programs; and that State legislative action is necessary to effect a comparable change. States, in order to be considered at least as effective as the Federal program, must have statutory penalty authority for their private sector programs that at least reflects the new Federal maximums. We urge all States to try to effect this statutory change within the required six months and are available to provide any assistance you may need. However, we also recognize that because of differing State legislative schedules, etc., some States may be unable to accomplish such a change within six months. OSHA will work with each State on an individual basis to effect the required increases as soon as practicable. You also should be aware that State implementation of the new penalty authority, once enacted, need not be identical to Federal procedures, though State performance will be evaluated by OSHA to assure equivalent effectiveness.

Please notify your respective Regional Administrator as soon as possible, if you foresee any problems in accomplishing this legislative change.

Attachment

cc: Regional Administrators

Crosstabulation: AREA

B

YEAR->	Count	84	85	86	87	Row Total
AREA						
10	Aleutians	247	337	382	410	1376 3.2
20	Anchorage	4917	5020	3932	3606	17475 40.9
50	Bethel	118	86	92	90	386 .9
60	Bristol Bay	46	62	63	58	229 .5
70	Dillingham	119	119	112	104	454 1.1
90	Fairbanks	1162	1173	932	900	4167 9.7
100	Haines	28	20	15	23	86 .2
110	Juneau	417	419	282	335	1453 3.4
122	Kenai	590	721	623	682	2616 6.1
130	Ketchikan	401	385	406	462	1654 3.9
140	Northwest Arctic	44	33	28	32	137 .3
150	Kodiak	245	223	263	342	1073 2.5
170	Mat-Su	516	464	357	294	1631 3.8
180	Nome	87	85	75	70	317 .7
185	North Slope	1231	1247	872	631	3981 9.3
201	Pr of Wales	192	229	249	319	989 2.3
Column Total		11398	11747	9945	9661	42751
(Continued)		26.7	27.5	23.3	22.6	100.0

Crosstabulation: AREA

YEAR->	Count	84	85	86	87	Row Total
AREA						
Sitka	220	180	188	232	231	831 1.9
Skagway	231	131	206	269	319	925 2.2
S E Fairbanks	240	60	45	62	32	199 .5
Valdez-Cordova	261	204	199	203	269	875 2.0
Wade Hampton	270	39	33	30	41	143 .3
Wrang-Ptrsbrg	280	164	270	300	253	987 2.3
Yukon-Koyuk	290	168	145	121	119	553 1.3
Milti-Area	996		6	4	2	12 .0
Out of State	998		29	38	25	92 .2
Unknown	999	92	3	3	12	110 .3
Column Total		11398 26.7	11747 27.5	9945 23.3	9661 22.6	42751 100.0

Number of Missing Observations = 0

Crosstabulation: NATURE2

By

YEAR->	Count	84	85	86	87	Row Total
NATURE2						
10	Amputation / Enu	44	31	28	35	138 .3
11	Asphyxia, Strang	7	3	4	5	19 .0
12	Burn (Heat)	214	248	192	191	845 2.0
13	Burn (Chemical)	60	79	47	66	252 .6
14	Concussion	49	78	98	121	346 .8
15	Infective / Para	11	20	17	11	59 .1
16	Contusion, Crush	1303	1513	1145	1024	4985 11.7
17	Cut, Laceration,	1137	1142	909	1041	4229 9.9
18	Dermatitis	41	42	47	42	172 .4
19	Dislocation	170	188	241	196	795 1.9
20	Electric Shock	7	15	8	8	38 .1
21	Fracture	1014	1053	847	792	3706 8.7
22	Exposure to Low	33	25	17	13	88 .2
23	Hearing Loss / I	3	7	4	11	25 .1
24	Environmental He		2	2	1	5 .0
25	Hernia, Rupture	173	164	130	132	599 1.4
Column Total		11398	11747	9945	9661	42751
(Continued)		26.7	27.5	23.3	22.6	100.0

Crosstabulation: NATURE2

B

YEAR->	Count	84	85	86	87	Row Total
NATURE2						
26	Inflammation	169	108	136	187	600 1.4
27	Poisoning	109	114	107	78	408 1.0
28	Pneumoconiosis	2	2	3		7 .0
29	Radiation Effect	37	34	23	16	110 .3
30	Scratches, Abras	359	318	306	322	1305 3.1
31	Sprains, Strains	5507	5725	4970	4859	21061 49.3
32	Hemorrhoids	11	10	3	2	26 .1
33	Hepatitis	4	6	1	5	16 .0
40	Multiple Injurie	541	503	223	118	1385 3.2
50	Changes in Atmos	7	2	4	1	14 .0
51	Cerebrovascular	5	7	12	10	34 .1
52	Complications -	1		1	1	3 .0
53	Eye Diseases	37	20	22	12	91 .2
54	Mental Disorders	17	17	36	30	100 .2
55	Neoplasm			2	3	5 .0
56	Nervous System	55	87	105	93	340 .8
	Column Total	11398 26.7	11747 27.5	9945 23.3	9661 22.6	42751 100.0

(Continued)

Crosstabulation: NATURE2

YEAR->	Count	84	85	86	87	Row Total
NATURE2						
57 Respiratory Syst		14	23	23	25	85 .2
58 Symptoms & Ill-D		21	20	29	19	89 .2
90 No Injury or Ill		1	1	1	1	4 .0
95 Damage to Prosth		3	1	4	2	10 .0
99 Other Dis/Inj Ne		232	139	198	188	757 1.8
Column Total		11398	11747	9945	9661	42751
		26.7	27.5	23.3	22.6	100.0

Number of Missing Observations = 0

News

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of Labor

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Washington, D.C. 20210

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Exec	
Sp Asst	
Sp Asst	
Info Off	
Adm Asst	
Int Asst	
ASST	
ESD	
LS&S	
W/C	
cc: Rep. Kaganer	
cc:	



Occupational Safety and Health
Administration

USDL: 91-28

CONTACT: Frank Kane
OFFICE: (202) 523-8151
AFTER HOURS: (703) 360-7080

FOR RELEASE: 1:00 PM EST
Thursday, Jan. 24, 1991

OSHA ANNOUNCES PROCEDURES FOR IMPLEMENTING NEW SYSTEM OF CIVIL PENALTIES

Procedures for implementing its new system of civil monetary penalties for violations of occupational safety and health law and regulations were announced today by the Occupational Safety and Health Administration (OSHA) of the U.S. Department of Labor.

Congress enacted a seven-fold increase in the maximum limits for such penalties in the Omnibus Budget Reconciliation Act of 1990. The maximum allowable civil penalty now is \$70,000 for each willful or repeated violation; and \$7,000 for each serious or other-than-serious violation as well as \$7,000 for each violation of the posting requirements and \$7,000 for each day beyond a stated abatement date for failure to correct a violation.

Assistant Secretary of Labor Gerard F. Scannell, who heads OSHA, said, "I want to emphasize that these amounts are ceilings--not floors. We will not automatically assess penalties that are seven times what they were previously, although there will be some increases."

He added that OSHA's basic approach will remain the same--striving for voluntary compliance by America's employers with occupational safety and health requirements.

The new civil penalty policy will be applicable to citations issued as the result of inspections initiated after March 1, 1991, for violations occurring after Nov. 5, 1990--the effective date of the Budget Reconciliation Act.

The procedures for implementing the new penalty policy are contained in a new chapter for OSHA's Field Operations Manual which is being distributed to all the agency's regional and area offices.

-more-

As in the past, when calculating penalties, OSHA will take into account these factors: the gravity of the violation; the size of the employer as determined by the number of employees; the employer's good faith as principally demonstrated by efforts to implement a sound, effective workplace safety and health program such as given in the voluntary "Safety and Health Management Guidelines" issued by OSHA in January, 1989; and the employer's past history of compliance with the Occupational Safety and Health Act and OSHA regulations.

"The largest monetary penalties will be reserved for those employers who demonstrate the least concern with their workers' safety and health and who expose those workers to the most serious hazards," Scannell said.

This is in line with Congress's aim in establishing larger maximum penalties as a deterrent to employers who might otherwise decide to ignore workplace safety and health requirements.

To ensure that the most flagrant violators are in fact fined at an effective level, a minimum penalty of \$5,000 for a willful violation of the OSH Act was adopted by Congress. Specific language in the legislative history of the Budget Reconciliation Act, however, gives OSHA the discretion to adjust this amount during a settlement process.

The new penalty system also will apply to those states with OSHA-approved state occupational safety and health programs, under the Congressional direction that these state plans must be "as least as effective" as the national plan. The participating states are being given a reasonable time to implement the new penalty structure which takes into account the states' legislative calendars.

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CORRECTION

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

News

United States
Department
of Labor

Office of Information

Washington, D.C. 20210

NB4 ✓

Deputy	
Sp Asst	
Sp Asst	
Intg Off	
Adm Asst	
Int Asst	
ESD	
LS&S	
W/C	
CC: Rep. Kaganer	
CC:	



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