

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672  
7092 HOUSE LABOR & COMMERCE

o adopts licensure of reinsurance intermediary brokers and reinsurance intermediary managers; (Article 4, 5 AS 21.27.670 - 770)

o adopts additional requirements for licensure and operation of managing general agents; (Article 3 AS 21.27.590 - 620)

o requires that persons may not call themselves financial planners when they are only engaging in the business of insurance; (AS 21.36.145)

o clarifies the 30-day limit on return of unearned premium to consumers who cancel insurance policies; (AS 21.36.255)

o increases penalties for violations of the insurance statutes; (AS 21.36.320)

o allows specific types of charitable organizations to be life insurance policyholders; (AS 21.42.025)

o adopts financial requirements for title insurers that are similar to those required for other insurers; (AS 21.66.010)

o requires licensing of attorneys-in-fact; (AS 21.75.045)

o allows a receiver to recover distributions to affiliates of an insurer paid within 12 months of the liquidation or rehabilitation order; (AS 21.78.325)

o adopts for fraternal benefit societies the requirement and limitations on other insurers for assets, investments, and licensing; (AS 21.84.350, .590)

o clarifies the timing and determination of eligibility for senior premium discounts; and (AS 21.89.025)

o requires automobile and homeowner insurance policies to have an appraisal clause for settling claim disputes. (AS 21.89.035)

Managing general agent  
reinsurance intermediary broker  
reinsurance intermediary manager  
Surplus lines association  
Surplus lines broker  
reciprocal insurer group who form insura  
co of selves  
alien insurer

domestic insurer  
attorney in fact - runs recip insurer  
exclusive managers  
form of entities

insuranc: agent  
broker  
solicitor - agent } current law  
(many) general agent

wet marine + transportation contracts  
holding company  
ceding insurer (reinsurer)  
assigned + successors in interest  
assuming insurer  
held in trust

evergreen clause - continuous bond and is cancelled with out notice  
"incurred but not reported" losses - accident happened but company didn't know  
real estate secured mortgage obligations  
bond guaranteed by  
income on bunch of mortgages



Electric Service for 300,000 Alaskans

Alaska

Rural

Electric

Cooperative

Association, Inc.

703 W. Tudor Rd., #200  
Anchorage, AK 99503  
(907) 561-6103  
FAX (907) 561-5547

## MEMORANDUM

TO: House Labor and Commerce Committee  
FROM: David Hutchens *Dave*  
DATE: February 5, 1992  
SUBJECT: Proposed Amendment to HB 425

Page 136, lines 19 and 20 appears to need to be re-worded to prevent misreading. We have been informed that the Division's intent with this provision is to require a set term of one to four years, but an individual member of the committee would be eligible for re-election without limit on the number of terms. We think this intent should be more clearly expressed.

We think this is necessary because our reading of this language suggested that a member of the committee would be limited to a total service of four years, whether or not this involved one term or multiple terms.

# **CORRECTION**

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

Managing general agent  
reinsurance intermediary broker  
reinsurance intermediary manager  
Surplus lines association  
Surplus lines broker  
reciprocal insurer group who form insurance  
co of selves  
alien insurer

domestic insurer  
attorney in fact - runs recip insurer  
exclusive managers

insurance: agent  
broker  
solicitor - agent  
(usually) general agent } current law

wet marine + transportation contracts  
holding company  
ceding insurer (reinsurer)  
assigned + successors in interest  
assuming insurer  
held in trust

evergreen clause - continuous bond and <sup>be</sup> cancelled with <sup>over</sup> notice  
"incurred but not reported" losses - accident happens but company doesn't know  
real estate secured mortgage obligations  
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We think this is necessary because our reading of this language suggested that a member of the committee would be limited to a total service of four years, whether or not this involved one term or multiple terms.

HB

426

# HOUSE COMMITTEE REPORT

(7)

Date Referred: February 12, 1992

FURTHER REFERRALS:

Judiciary

Date of Committee Action: 3-3-92

The LABOR AND COMMERCE Committee considered:

HB 426

HOUSE BILL NO. 426

WORKERS' COMP FOR WORK-STUDY STUDENTS

"An Act extending workers' compensation coverage to certain high school students in work-study programs."

- RECOMMENDATIONS: [ ] the same title  
 be replaced with \_\_\_\_\_ [ ] a new title
- [ ] have attached amendments(s)
- do pass
- [ ] do not pass
- [ ] no recommendations
- [ ] individual recommendations
- [ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

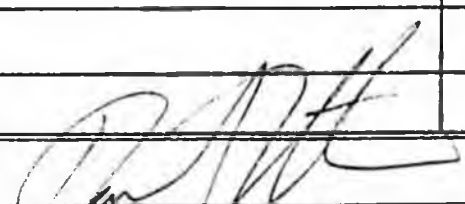
fiscal impact Education and Administration

[ ] fiscal note(s) \_\_\_\_\_

zero fiscal note Labor

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

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Ken L. Taylor</i> (Taylor)	✓				
<i>[Signature]</i> (Buckner)	✓				
<i>Steve Dwyer</i> without amendment	✓				
<i>[Signature]</i> (Finkelstein)	✓				
<i>John M. Ryan</i> (Ryan)	✓				
<i>Kevin P. Marshall</i> (Parrell)	✓				

  
 CHAIRMAN'S SIGNATURE  
 (Finkelstein)

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. HB 422

Revision Date: \_\_\_\_\_

Department Affected: Education

Title: An Act extending workers' compensation coverage to certain high school work-study programs.

BRU: K-12 Support

Component: Foundation Program

Sponsor: B. Davis, Koponen, Bruckman

Requestor: (H) Labor and Commerce

COMPONENT SERIAL NO. 

--	--	--	--

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	250.0	350.0	500.0	500.0	500.0	500.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>250.0</b>	<b>350.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	250.0	350.0	500.0	500.0	500.0	500.0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
<b>TOTAL</b>	<b>250.0</b>	<b>350.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Department of Education costs derived from information and analysis prepared by the Department of Administration in conjunction with the Department of Labor. This amount represents estimated claims incurred on behalf of students participating in work-study programs. It would be a direct pass-through via RSA to the Department of Administration.

Prepared by: Mike Maher  
Division: Commissioner's Office

Phone: 465-2800  
Date: 3-2-92

Approved by Commissioner: *Mike Maher*  
Agency: Education

Jerry Covey  
Date: 3-3-92

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO : HB 426

Revision Date: \_\_\_\_\_  
Title: "An Act extending workers' compensation to certain high school students..."  
Sponsor: B. Davis, et al.  
Requestor: House Labor & Commerce

Department Affected: Labor  
BRU: Workers' Compensation  
Component: Workers' Compensation  
COMPONENT SERIAL NO. 344

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS.CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	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)

Prepared by: Linda Rexwinkel, Director *LR* Phone: 465-2790  
Division: Workers' Compensation Date: 2/18/92  
Approved by Commissioner: John Abshire, Acting Commissioner *John Abshire*  
Agency: Department of Labor Date: 2/18/92

**BILL NO:** House Bill No. 426

**DATE:** February 25, 1992

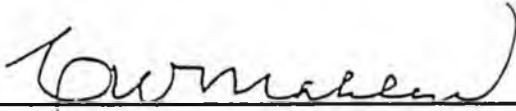
**TITLE:** "An Act extending workers' compensation coverage to certain high school students in work-study programs."

**CONTACT:** Arbe Williams  
465-2700

House Bill No. 426 would extend workers' compensation coverage provided by the State of Alaska to high school students enrolled in work study programs while the students are performing work for a private employer. Currently only public or private nonprofit employers enjoy the benefit of state financed coverage.

House Bill No. 426 is not expected to impact the Department of Labor's programs.

APPROVED:

  
\_\_\_\_\_  
Charles W. Mahlen, Commissioner  
Department of Labor

**POSITION PAPER/Department of Labor**

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. HB 426

Revision Date: \_\_\_\_\_  
Title: An Act extending workers' compensation coverage to certain high school work-study programs.  
Sponsor: B. Davis, Koponen, Bruckman  
Requestor: \_\_\_\_\_

Department Affected: Administration  
BRU: Risk Management  
Component: \_\_\_\_\_

COMPONENT SERIAL NO. 

0	0	7	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	250.0	350.0	500.0	500.0	500.0	500.0
<b>TOTAL OPERATING</b>	<b>250.0</b>	<b>350.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>

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

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	250.0	350.0	500.0	500.0	500.0	500.0
<b>TOTAL</b>	<b>250.0</b>	<b>350.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>


POSITIONS:

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

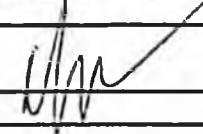
Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)

See Attached

Prepared by: Donald J. Hitchcock   
Division: Risk Management

Phone: 465-2180  
Date: February 4, 1992

Approved by Commissioner: Nancy Bear Usara   
Agency: Administration

Date: 3/1/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. HB 426

ANALYSIS: (continued)

The Division of Risk Management feels HB 426 very seriously affects State workers' compensation exposure for high school students in work-study programs. This would mandate that State workers' compensation protection be provided by the State for virtually every high school student in a nonpay work-study program. It is our feeling that passage of this bill may provide for a very substantial increase in the numbers of students involved in this program and possibly in more hazardous occupations such as fishing, carpentry, shopwork, etc. Since this bill removes the term "nonprofit" from the present statute, the "for profit" employer may be released from his obligation to provide protection for these students. We feel this may be a disincentive to the "for profit" employers to provide, and insist on, safety and safe work practice for these inexperienced high school age workers.

The fiscal note is very difficult to estimate, but the additional exposure to the State appears substantial.

Since the Division of Risk Management's funding is collected through Reimbursable Services Agreements (RSAs) from the agencies, this request would be added to the Department of Education insurance RSA billing from the Division of Risk Management.

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO : HB 426

Revision Date: \_\_\_\_\_  
Title: "An Act extending workers' compensation to certain high school students..."  
Sponsor: B. Davis, et al.  
Requestor: House Labor & Commerce

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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
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TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	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)

Prepared by: Linda Rexwinkel, Director *LR* Phone : 465-2790

Division: Workers' Compensation Date : 2/18/92

Approved by Commissioner: John Abshire, Acting Commissioner *John Abshire*

Agency: Department of Labor Date: 2/18/92

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

**BILL NO:** House Bill No. 426

**DATE:** February 25, 1992

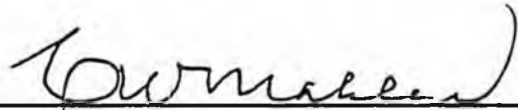
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House Bill No. 426 is not expected to impact the Department of Labor's programs.

APPROVED:



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Charles W. Mahlen, Commissioner  
Department of Labor

**POSITION PAPER/Department of Labor**

§ 23.30.237

GENERAL PROVISIONS

§ 23.30.240

**Sec. 23.30.237, High school students in work-study programs as employees of the state.** An individual who is enrolled for credit at a public high school in a course which combines academic instruction with work experience outside the school for a public or private non-profit employer is an employee of the state for the purposes of this chapter while the individual is performing the work experience. Weekly compensation for disability or death under this section may not be less than the initial payment of compensation under AS 23.30.175. (§ 1 ch 65 SLA 1980)

~~**Sec. 23.30.238, Sole proprietors and partners as employees.**~~

(a) A person who is a sole proprietor, or a member of a partnership, may elect coverage as an employee under this chapter by making written application to an insurer. The insurer may accept the application and fix an assumed monthly wage at which the person shall be carried on the payroll for purposes of this chapter.

(b) When the application is accepted, the person is subject to the provisions and entitled to the benefits of this chapter. The person shall promptly notify the insurer whenever there is a change in the status of the person as a sole proprietor or partner.

(c) Notwithstanding the provisions of AS 23.30.120(a), a person covered under (a) of this section bears the burden of proof of the validity of the claim.

(d) A person who has elected coverage under (a) of this section may cancel the election by giving written notice to the insurer. Notwithstanding AS 23.30.030(5), the cancellation becomes effective the day following the filing of notice with the insurer. (§ 2 ch 47 SLA 1988)

**Sec. 23.30.240, Officers of corporations, municipal corporations, and nonprofit corporations as employees.** An executive officer elected or appointed and empowered in accordance with the charter and bylaws of a corporation, other than an official of a municipal corporation or a charitable, religious, educational, or other nonprofit corporation, is an employee of the corporation under this chapter. However, an executive officer of a corporation may waive coverage under this chapter, subject to the approval of the commissioner of labor, notwithstanding AS 23.30.245(b). Notwithstanding any other provision of this chapter, an executive officer of a municipal corporation or of a charitable, religious, educational, or other nonprofit corporation may be brought within the coverage of its insurance contract by the corporation by specifically including the officer in the contract of insurance. The election to bring an executive officer within the coverage continues in force for the period the contract of insurance is in effect. During that period an executive officer brought within the coverage of the insurance contract is an employee of the corporation under this chapter. (§ 2(8) ch 193 SLA 1959; am ch 148 SLA 1962)

*Although it is ambiguous, we are considering board members covered while in course of scope*

# ALASKA STATE LEGISLATURE

Office of Majority Whip

3111 C STREET, SUITE 508  
ANCHORAGE AK 99503  
(907) 561-2039

PO BOX V  
JUNEAU AK 99811  
(907) 465-3875/4804



VICE CHAIR  
HEALTH, EDUCATION  
& SOCIAL SERVICES

COMMUNITY AND  
REGIONAL AFFAIRS

INTERNATIONAL TRADE  
AND TOURISM

CHAIR  
CHILDREN'S CAUCUS

## REPRESENTATIVE BETTYE DAVIS

DISTRICT 14 SEAT B • EAST ANCHORAGE • MULDOON

### S P O N S O R   S T A T E M E N T

I appreciate the committee members hearing HB 426.

Because of the way AS 23.30.237 of the Worker Compensation Act is worded, only students placed in public or private nonprofit sites become employees of the state, and are covered by Workers Compensation benefits.

Under this bill, AS 23.30.237 would be modified by striking NONPROFIT. This change would allow the state Worker Compensation law to cover all students who participate in on-the-job training, not just those who are on public or private nonprofit job sites.

It is important to open the doors for on-the-job training with companies that could train young people in Aviation Maintenance Technology, Automotive Maintenance, Welding, Wild/Fire Management, and Auto/Body.

This is an important educational issue, and this section must be changed if you believe in giving our young people better choice in their career placements.

Thanks.

*Offered by  
sponsor, but not  
adopted*

CS FOR HOUSE BILL NO. 426 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES B.DAVIS, Koponen, Bruckman

A BILL

FOR AN ACT ENTITLED

1 "An Act extending workers' compensation coverage to certain high school students in work-  
2 study programs."

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

4 \* Section 1. AS 23.30.230(a) is amended to read:

5 (a) The following persons are not covered by this chapter:

6 (1) part-time baby-sitters;

7 (2) cleaning persons;

8 (3) harvest help and similar part-time or transient help;

9 (4) persons employed as entertainers on a contractual basis; [AND]

10 (5) commercial fishermen, as defined in AS 16.05.940; and

11 (6) studer's in a school district work-study program who are not paid by the  
12 employer.

13 \* Sec. 2. AS 23.30.237 is repealed.

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

## DEPARTMENT OF EDUCATION OFFICE OF ADULT AND VOCATIONAL EDUCATION

GOLDBELT PLACE  
801 WEST 10TH STREET  
P.O. BOX F  
JUNEAU, ALASKA 99811-0500

June 13, 1991

Mr. Gary Donnelly  
2650 E. Northern Lights  
Anchorage, Alaska 99508

Dear Gary:

Regarding workers' compensation benefits for work experience students, the following has been established.

In a school sponsored work experience program, like the Rural Student Vocational Program (RSVP), a "nonemployment relationship"\* exists between the employer/trainer and the student/trainee. In this relationship the student/trainee does not receive a wage and therefore, would not be eligible for workers compensation benefits from the employer/trainer. Workers' compensation benefits would only be available if the student/trainee received a wage and the employer had paid the workers' compensation insurance premium for that student.

\* All six of the following criteria must exist in order to establish a "nonemployment relationship". (U. S. DOL 1962)

1. The training, even though it includes actual operation of the facilities of the employer, is similar to that which would be given in a vocational school
2. The training is given for the benefit of the trainee or students.
3. The trainees do not displace regular employees but rather work under their direct supervision.
4. The employer that provides the training derives no immediate advantage from the activities of the trainee, and on occasion the employer's operation may actually be impeded.
5. The trainees or students are not necessarily entitled to a job at the conclusion of the training period.
6. The employer and the trainees understand that the trainees or students are not entitled to wages for the time in training. (10b, 11b) of the Wage-Hour Field Operations Hand-book.

VAL 309

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When student are being trained in private for-profit businesses under formal training agreements between businesses and schools (or their agents) and a "nonemployment relationship" has been established, on-the-job injuries are treated as any other school related injury.

It is very important to note that if the employer benefits from the work being done by the student/trainee, the Fair Labor Standards Act (FSLA) would apply and the student must be paid. An example would be where a student and a training specialist are performing a job together and are doing it in place of an other employee who is now doing something else, the employer is benefiting from having extra employees to perform more work. In this case the student must be paid. If the student/trainee is paid, the employer would be advised to include that student/trainee in his/her workers compensation coverage.

For-Profit

When a student/trainee is working for a "Non-profit" business, either public or private, they are covered for workers' compensation benefits under the State of Alaska's policy for workers' compensation (see AS 23.30.237). The attached letter from Betty Johnson can be used to explain this to non-profit employers.

paid  
employment  
NOT  
Related  
to  
problem

Student/trainees on the payroll of private for profit businesses are usually covered under the employer/trainer's workers' compensation policy as a "casual" or "part-time" employee. This coverage is normally included as a part of an employer's workers' compensation insurance. It would be appropriate for employers to review their coverage to be certain that student/trainees are in fact included prior to instituting a training program.

Premiums for workers' compensation insurance are fairly nominal and are based on the rate for a particular classification of employees. Workers' compensation insurance premiums for store clerks, for example, would be around 3% of the employees gross salary. Premiums for a student receiving \$5.25 per hour for a 10 hour week would probably be around \$6.62 per month (10 hrs per week x 4.2 weeks per month x \$5.25 x .03).

Note: The factor used in determining premium varies depending on the type of work performed.

Employers that do not have a workers' compensation policy to cover casual or part-time employees, or choose not to pay the extra premium for this type of employee may still be held liable for workers' compensation benefits. (See Betty Johnson's memorandum dated 2/12/90)

If you have any questions, or if I may be of assistance, please contact me at 465-4685.

Sincerely,

Russ Cropley, Program Manager.

# STATE OF ALASKA

## DEPARTMENT OF LABOR

### LABOR STANDARDS & SAFETY DIVISION

STEVE COWPER, GOVERNOR

3301 EAGLE STREET  
PO BOX 107021  
ANCHORAGE, ALASKA 99510 7021  
PHONE (907) 264-2452

March 3, 1988,  
Dictated: 3/1/88

Mr. Lynn Bartz  
Anchorage School District  
P O Box 196614  
Anchorage, AK 99519-6614

Dear Mr Bartz:

RE: STUDENT WORK PERMITS

Part 8 AAC 05.040(e) of the Alaska Administrative Code exempts the state, political subdivisions of the state (including school districts) and employers who only employ minors enrolled in work-training apprenticeships or vocational education programs from the permit requirements of AS 23.10.332.

Please let us know if we can be of further assistance.

Very truly yours,



J. R. Carr  
Chief

Wage & Hour Administration

JRC:bs  
2010W

FEB 11 1992

Anchorage School District  
King Career Center  
Anchorage, Alaska 99508

MEMORANDUM

February 10, 1992

To: Representative Bettye Davis

From: Esther J. Cox, Principal

Subject: HB 426



On-the-job training is an essential element in the education of high school aged students who are interested in furthering their classroom training. An on-the-job training student is enrolled for credit in high school in a course that combines academic/vocational instruction with work experience outside of the school in business. Working with the student and an employer is a job coordinator from the high school. It is the responsibility of this person to assist the employers in developing a training plan for the student that relates to the classroom instruction as well as continue as support for both the student and employer for the duration of the on-the-job training plan. The student earns high school credit but no pay.

On-the-job training provides opportunities for students that cannot be duplicated by the public school. Included with this memo is a copy of job sites of students who are enrolled in Emergency Medical Technology and Health Occupations here at the King Career Center. It becomes apparent immediately that employers are giving of time and effort to assist in training youth. Additional training sites are in demand by programs such as Automotive Maintenance, Welding, Wildland/Fire Management, Auto/Body, Carpentry, and Aviation Maintenance Technology; however, because of the way that Section 1, Section 23.30.237 of the Worker Compensation Act is worded, only students placed in public or private nonprofit sites become employees of the state, thus covered by Worker Compensation. Because the areas listed include an element of risk just by nature of the job being performed, employers will not or are extremely hesitant at best, to place students in those sites.

It is impossible for the public schools to maintain a forward edge in technology. For example, students in Automotive Maintenance learn the basics of the gasoline engines, repair skills, valve train repair, fuel systems, etc., but diagnostic computers are only found in the business world, and if students are prohibited from being placed on OJT sites because there is no Worker Compensation coverage for them, schools are not able to send finely trained personnel into the business world.

The rewording of Section 23.30.237 would strike nonprofit and allow the state Worker Compensation to cover all students who are on on-the-job training not just those who are on public or private nonprofit job sites.

Without this change in the regulation, on-the-job training opportunities for students enrolled in a course that combines work experience outside the school and classroom instruction is limited to job sites that have little or no element of risk. It is easy to place students in offices at word processors; It is nearly impossible to place students with the airline industry in the shops or running equipment on the tarmac. We are working diligently to encourage students into non-traditional roles in the world of work,

and with limitations of job training sites, they have limited access to the role models in those jobs.

This is not a labor issue. It is an educational issue. It is to the benefit of every student enrolled in on-the-job training through his/her high school classes for Section 23.30.237 of the Worker Compensation Act to include both public and private employers.

ANCHORAGE SCHOOL DISTRICT  
KING CAREER CENTER  
ANCHORAGE, ALAKSA

FEB 11 1992

MEMORANDUM

February 11, 1992

TO: Representative Bettye Davis

FROM: Esther J. Cox, Principal *Esther*

SUBJECT: OJT Students and HB426

Bettye, the attached is an example of students from two (2) programs on OJT from the King Career Center just so you can see that extending the classroom into the community really happens when we are not precluded by an insurance problem!

We truly appreciate all your effort in behalf of students and teachers.

	1/27	2/3	2/10	2/17	2/24	3/2	Brk	3/16	3/23	3/30	4/6	4/13	4/20	4/27	5/4	5/11	5/18	5/25	6/1					
Mari Anway	P - Surgical Ward-----				M. Conrad-----																KCC			
Zonita Bailey	H - Physical Therapy--				P-Phys.Th.-----																			
Bill Fisher																								
Brandi Henninger	H-Pediatrics-----				P-Newborn				-----				P-Day Surg				A-Surgical Ward				A-Recovery Rm.			
Mike Howard	Our Lady of Compassion-----																				KCC			
Allen Hulse	Our Lady of Compassion-----																							
Shanna Linderman	A - Maternity-----				H - Peds--				-----				H - Surg. Ward				P - Surg. Ward				KCC			
Robert Morrison	H - Respiratory Thorapy-----						P - Respiratory Therapy---				OLOC - Respiratory Therapy				KCC				KCC					
Arden Quezon	Our Lady of Compassion-----																							
Shanda Rollins	Our Lady of Compassion-----																							
Evette Terry	Our Lady of Compassion-----																							
Wendy Vogus	Dr. Luther Paine-----																				KCC			
Cynthuria Walker	P - Physical Therapy				A - PT--				Phys.Th.Cl.				Phys. Ther. Clinic				Phys. Ther. Clinic				KCC			
Ruth Williams	Our Lady of Compassion - PT---																							

A = Alaska Native Medical Center  
KCC = King Carver Center

C = Community Service Patrol  
M. Conrad = Mary Conrad Center

Dispatch = AFD 911 Dispatch Center  
P = Providence Hospital

E = Elmendorf Regional Medical Center  
H = Humana Hospital  
OLOC = Our Lady of Compassion Care Center

	1/27	2/3	2/10	2/17	2/24	3/2	Brk	3/16	3/23	3/30	4/6	4/13	4/20	4/27	5/4	5/11	5/18	5/25	6/1
Paul Bowen	Transcare		E - ER----		E - EKG----			CSP-----		A - ER----		A - CCU----	Crime	KCC		AFD Medics---			KCC
Lisa Buller-Killan	A-Phrm/PT	Transcare		E - ER----				AFD Medics-----	Crime	KCC	P-Pediatrics	KCC				A-Maternity			
Justin Custard	Srv. Nurso	A - ER----		CSP-----				Sports Med	P-Pediatrics	KCC	E - ER----	KCC				P-Radiology	KCC	KCC	
Jni Garrison	P-Thermal	P-Radiology		H - ER-----				Transcare	H - CCU----	AFD Medics-----					KCC	CSP-----			
Bret Hinman	E - ER----		CSP-----		AFL Medics-			AFD--	E - EKG----	E-Maternity	P-Day Surg	KCC				H - ER----			
Heathor Kasprzak	P - ER----	P-Pediatrics		CSP-----				A-Recovery	KCC	A-Phrm/PT	E-Maternity	KCC			Transcare			KCC	KCC
Yvette Kiohl	Transcare	P - ER----		H - CCU----				E-Maternity	H-Pediatrics	Dspch	A-Maternity	KCC				P-Day Surg			
Kim McClendon	A - ER----	CSP-----		A-Hosp.Adm.				P-Thermal	Transcare	H - ER-----	KCC	KCC			E-Maternity	KCC	KCC		
Jennifer Mayer	H - CCU----	AFD Medics-----		Dspch				H - ER----	A-Maternity	Trans	CSP-----	KCC			P-Thermal				
Rachel Miller	H - ER----	H - CCU----		P-Radiology				P-Pediatrics	KCC	P-Day Surg	Transcare	KCC			CSP-----			KCC	KCC
Ami Palmer	A-Obstets.	A - CCU----		P-Thermal				Trans	P-Radiology	KCC	AFD Medics-----	KCC			E - ER----				
Stacy Poythress	P-Pediatrics	E-Maternity		A - ER----				P - ER----	AFD Medics-----		H-Pediatrics	KCC			H - CCU----				
Nicole Santistevan	E-Maternity	H-Pediatrics		H-Radiology				H - CCU----	P-Thermal	KCC	Transcare	KCC			P - ER----				
Donna Soldato	E - EKG----	Transcare		Sports Med				H-Radiology	E - ER----	P-Thermal	KCC	KCC			H-Pediatrics				
Melissa Wangen	A - Lab---	A-Obstets		E-Maternity				AFD Medics-----	KCC	CSP	P - ER----	KCC			P-Pediatrics				
James Winter	CSP-----	P-Thermal		A-Radiology				A - ER----	AFD Medics-----		E - EKG----	KCC			A - CCU----				

A = Alaska Native Medical Center  
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C = Community Service Patrol  
M.Conrad = Mary Conrad Center

Dispatch = AFD 911 Dispatch Center  
P = Providence Hospital

E = Elmendorf Regional Medical Center  
H = Humana Hospital  
OLOC = Our Lady of Compassion Care Center







ESTHER COX, PRINCIPAL  
RICHARD KRIEGER, ASSISTANT PRINCIPAL

February 10, 1992

Rep Bettye Davis  
Alaska State Legislature  
P. O. Box V  
Juneau, AK 99811

Dear Representative Davis:

I am a vocational counselor and on the job coordinator in the Anchorage School District. I would like to thank you for sponsoring House Bill 426. If this bill is passed it will allow us to place students in training in business's where we are unable to at this time. For example, print shops, welding shops, auto and diesel mechanic shops, electrical contractors and any occupation that is considered hazardous, are areas where the owners are unwilling to take the risk of training students unless they are covered by insurance.

We have been able to place students on the job training in non-hazardous occupations successfully for fifteen years and have not had any problems partly because we have save harmless agreements that the parents and employers sign which places the burden of insurance coverage on the parents, and partly because we have been lucky and have had no accidents thus no test cases. But we could have an accident in any of these "safe" training sites and if the parents decided to sue instead of honoring their responsibility we would probably see an end to the majority of the OJT training sites.

We have had outstanding results with the OJT program resulting in 60% of OJT students hired over a ten year period. If HB 426 were passed the OJT program would be enhanced and provide many more opportunities for students.

Thank you,

Pete Johnson  
Vocational Counselor

February 7, 1992

Representative Bettye Davis  
Alaska State Legislature  
Room 409  
Juneau, Alaska 99811

Dear Representative Davis:

I wish to support HB426 in the strongest possible terms. The passage of this bill is critical to vocational training throughout the state.

Private for-profit employees must be protected by Workmens Compensation for students they allow on their premises to train not work. This distinction is very important if this bill is to be passed.

We are talking about a training and learning non-employment relationship. The students are learning or training-they are not employees working.

I have lost excellent vocational learning opportunities for Automotive Maintenance Technology, Aviation, and Welding on the job training (O.J.T.) students. The employers very much wanted to assist me to train students but were afraid of liability problems. Some of the businesses included: Kenworth Alaska, MarkAir Express, Alaska Helicopter, and Allied Construction Services. There have been many more but these are the most recent.

We need to protect these employers who can provide excellent training opportunities for our King Career Center students.

I urge you to do everything possible to help get this important educational opportunity into law.

I will do anything necessary to assist you in this endeavor.

Thank you for your support and leadership on this issue.

Sincerely,



Larry Gordon  
Vocational Coordinator  
King Career Center



1300 E. 5th. Avenue  
Anchorage, Alaska 99501  
Phone (907) 279-9641  
FAX (907) 276-8942

FEBRUARY 18, 1992

REP. BETTY DAVIS  
ALASKA STATE LEGISLATURE  
ROOM 409  
JUNEAU, AK 99811

DEAR MS. DAVIS:

AFTER A BRIEF CONVERSATION WITH A ESTER COX, AT KING CAREER CENTER,  
IT IS OUR OPINION THE REVISION IN HOUSE BILL 425 SHOULD BE  
MANDATED IMMEDIATELY.

PRESENTLY THE WAY THIS BILL IS WRITTEN A PRIVATE FOR PROFIT EMPLOYER,  
SUCH AS OURSELVES, CANNOT AFFORD TO TRAIN AN OJT STUDENT AT OUR FACILITY  
DUE TO THE WORKMANS COMPENSATION LIABILITY.

SPECIFICALLY, WE AT ALASKA SALES AND SERVICE FEEL TRAINING AN OJT STUDENT  
WOULD BE BENEFICIAL WITHIN THE AUTOMOTIVE INDUSTRY. UPON THE STUDENTS  
GRADUATION HE/SHE WOULD BE:

1. FAMILIAR WITH THE INNER WORKINGS OF A DEALERSHIP.
2. KNOWLEDGEABLE OF CURRENT TECHNICAL REPAIRS.
3. QUALIFIED TO OPERATE ALL SPECIALIZED STATE OF THE  
ART TECHNICAL EQUIPMENT.

ADDITIONALLY, BY REVISING THIS BILL WE FEEL THE SKILLED LABOR FORCE WOULD  
BE EXPANDED FOR BOTH THE EMPLOYEE AND EMPLOYER.

IN CLOSING, WE ARE IS FULL SUPPORT OF THIS REVISION. SHOULD YOU REQUIRE  
FURTHER INFORMATION OR ASSISTANCE PLEASE FEEL FREE TO CALL ANYTIME.

SINCERELY,

WENDY RADLER  
CUSTOMER RELATIONS MANAGER

# BARTLETT HIGH SCHOOL



25-500 N. Muldoon  
Anchorage, Alaska 99506  
(907) 337-1585

FEB 12 1992

February 5, 1992

Representative Bettye Davis  
Alaska State Legislature  
Room 409  
Juneau, AK 99811

Dear Representative Davis:

Please extend my support of House Bill 426 to expand opportunities for on-the-job-training programs for students. I do believe the term "non-profit" should be deleted from the wording.

I appreciate your continuing concern and support for the educational system in the State of Alaska.

Sincerely,

Howard Hosken, Principal  
Bartlett High School

"FROM THE DESK OF EDDIE BURKE"

DEAR SENATOR OR REPRESENTATIVE,

JAN 31, 1992

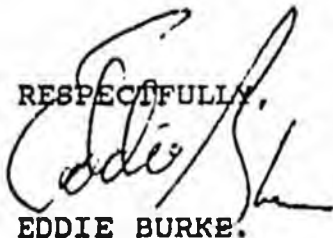
MY NAME IS EDDIE BURKE, I WILL BE IN JUNEAU FEBRUARY 5TH FOR ONE DAY. AS ONE OF YOUR CONSTITUENTS I WOULD LIKE TO HAVE AN OPPORTUNITY TO SPEAK WITH YOU BRIEFLY. THE CONVERSATIONS I WILL DISCUSS WILL BE THE ANCHORAGE CHAMBER OF COMMERCE LEGISLATIVE PRIORITIES. I HOPE YOU WILL BE ABLE TO SEE ME DURING THAT DAY FOR APPROX 15 OR 20 MINUTES.

I WOULD ENCOURAGE YOU TO SUPPORT HB-426 SPONSORED BY REP-BETTY DAVIS. IT GIVES THE ANCHORAGE SCHOOL DISTRICT THE ABILITY TO LET STUDENTS GO TO SERVICE STATIONS AND GARAGES TO OBTAIN O.J.T. FOR AUTOMOTIVE EXPERIENCE. WORKMAN COMP LAWS PROHIBIT THIS FROM HAPPENING IT IS VITAL THAT STUDENTS HAVE THE OPPORTUNITY TO GET THE HANDS ON TRAINING. I WILL BE DISCUSSING THIS FURTHER WITH YOU, ON FEBRUARY 5TH.

I AM LOOKING FORWARD TO MEETING WITH YOU AND DISCUSSING THE ABOVE ISSUES. GOOD LUCK IN THIS SESSION. FEEL FREE TO CALL OR FAX.

PHONE WK-277-7424 FAX 277-9768  
HOME-337-0388

RESPECTFULLY,

A handwritten signature in cursive script, appearing to read "Eddie Burke", written over the word "RESPECTFULLY".

EDDIE BURKE.

February 6, 1992

Representative Bettye Davis  
Alaska State Legislature  
Room 409  
Juneau, AK 99811

RE: SUPPORT OF HB 426

I am an instructor at the King Career Center in Anchorage, Alaska and am writing this letter of support for the legislative bill HB426. Within my program at the King Career Center, I place students in on-the-job sites with both profit as well as nonprofit businesses.

I have placed the majority of my students with state and federal agencies due to the fact that I can have students covered under "volunteer programs" within each of these agencies. On numerous occasions, I have asked "profit" companies to support OJT programs, but their concern and hesitance has come from concerns of who is responsible for the students welfare at the job site.

If this bill comes to pass, I truly believe it will make available to students many additional training sites by which they can receive hands-on work training skills.

Thank you for your efforts in pass this bill

Sincerely,



Mike Woods  
Wiland Management Instructor



1 CD 0 5 1992

January 31, 1992

Representative Bettye Davis  
Alaska State Legislature  
Room 409  
Juneau, Alaska 99811

Dear Representative Davis:

I would like to request your support for HB426 which will extend coverage of workers compensation for high school students in on-the-job training in for-profit businesses and companies. In my capacity as the Assistant Principal of the King Career Center in Anchorage for the past five years, I have been aware of several possible on-the-job training (OJT) sites that fell through for our students because employers were unwilling to accept these students without this coverage. We feel that we could expand our outreach for training locations in many areas for our young people if HB426 were made into law. Thank you for your support on this matter.

Sincerely,

Richard Krieger,  
Assistant Principal

**Industrial Indemnity**

A Crum and Forster Organization  
A XEROX Financial Services Company  
Anchorage Division  
4341 B Street  
Anchorage Alaska 99503  
Mailing address  
P.O. Box 307  
Anchorage Alaska 99510  
907/561-6000

October 7, 1988

**dr**  
Ed Luther  
Kenworth Alaska  
2838 Porcupine  
Anchorage, AK 99501

RE: High School Students as Employees for  
Vocational Training

Dear Mr. Luther:

Thank you for contacting me with your concerns about liability for students on work study programs through the Career Center's vocational training program.

Having an unpaid student working on your premises does create a coverage question. Who is liable for compensating the student if they are injured at your facilities? Current laws are vague on this and the courts and the Alaska Workers Compensation Appeals Board have had no need to address this situation as no cases have been brought to them.

That puts us in the position of trying to determine coverage, and although we may not think that there is coverage provided, we do not want to risk the situation. Therefore, as your insurer, we would ask you not to participate in this program as it is currently presented.

I am sorry that we cannot offer more support, as the Career Center program is a great benefit to the community and offers many students the training necessary to begin their technical career path. Can it be restructured so that the state and/or school district will take responsibility for potential injury to the student?

Thank you again for your inquiry and please feel free to call me if you have further questions.

Sincerely,

Edwin R. Grove, III  
Premium Audit Manager

ERG:njm

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF LABOR

### DIVISION OF WORKERS' COMPENSATION

1111 WEST 8th, RM 305  
PO. BOX 25512  
JUNEAU, ALASKA 99802-5512  
PHONE: (907) 465-2790  
FAX: 465-2784

January 12, 1990

For the purposes of workers' compensation coverage, a student enrolled in a "co-op" program between a public high school and a public or private non-profit employer, is an employee of the State of Alaska and covered under the State of Alaska's workers' compensation program. There is no premium cost to the public or private non-profit employer employing a high school student within the guidelines of AS 23.30.237.

AS 23.30.237 High school students in work-study programs as employees of the state. An individual who is enrolled for credit at a public high school in a course which combines academic instruction with work experience outside the school for a public or private non-profit employer is an employee of the state for the purposes of this chapter while the individual is performing the work experience. Weekly compensation for disability or death under this section may not be less than the initial payment of compensation under AS 23.30.175.

  
Betty J. Johnson  
Workers' Compensation Officer II

[More information, such as the *Handy Reference Guide to the Fair Labor Standards Act* (United States Department of Labor, 1987), may be obtained from a regional compliance specialist or by writing to the United States Department of Labor, Employment and Standards Administration, Washington, D.C. 20210.] It is important that vocational educators get to know their regional compliance specialists and confirm the legality of any training or work sites in the community before implementation. With community-based training for students with special needs becoming more commonplace, compliance monitoring by the DOL will likely increase (Martin & Husch, 1987). If a site is in violation, the employer will be liable for back wages. Child labor violations also bring civil monetary penalties. Relations between schools and employment sites may be permanently damaged if relevant laws are not followed.

The relationship of recent amendments to school employment training programs. Amendments to the FLSA that have most affected school programs and programs serving persons with disabilities were enacted in 1961, 1974, and 1986 (United States Department of Labor, 1962, 1975, and 1986). These changes dealt sequentially with the six criteria related to trainees and student trainees, the initial 3-month participation of students with mental retardation in school work programs, and the special work certificate that allows persons with disabilities to work for less than minimum wage. The 1989 amendments do not directly change any previous regulations pertaining to school-based vocational programs for persons with disabilities. However, it is important to understand some of the changes, such as minimum wage rates. For example, as of April 1, 1990, the minimum wage rate moved to \$3.80 per hour. As of April 1, 1991 it will move to \$4.25 per hour (United States Department of Labor, 1989a). Other changes are outlined briefly in Table 1.

The relationship of FLSA to state labor laws. Many states have their own labor laws that differ from FLSA regulations on minimum wage, hours, subminimum regulations, and specific guidelines for school-based work training programs. In those cases in which school-aged workers or trainees are involved, whichever law provides more protection or sets higher standards applies. In some cases, the state law would override the federal guidelines. Consequently, it is important that school training programs be in compliance with both state and federal standards.

#### When Does FLSA Apply?

The FLSA applies whenever there is an "employment relationship." Generally, any work site involved in interstate commerce (workers produce, handle, or sell goods delivered across state lines) are covered by either FLSA or state labor laws. (Questions about the applicability of FLSA should be directed to the labor department. Martin and Husch (1987) also delineated nine

steps to determine FLSA coverage.) The problem for school or other agency work training programs is in determining if there is an "employment relationship." When such a relationship exists, the student must be paid minimum wage or prevailing wage and is subject to overtime wage. There are six criteria the DOL uses to determine a nonemployment relationship. If these six criteria are satisfied, then the FLSA does not apply. In this situation, the student is viewed as a trainee and no wages have to be paid. There is considerable misunderstanding in the interpretation of these criteria by vocational and special educators. It is critical to check with the DOL before beginning an unpaid community job placement, even if it is short term or for assessment purposes only.

The six criteria, all of which must exist, that determine a nonemployment relationship include (United States Department of Labor, 1962):

- (1) the training, even though it includes actual operation of the facilities of the employer, is similar to that which would be given in a vocational school;
- (2) the training is for the benefit of the trainees or students;
- (3) the trainees do not displace regular employees but rather work under their close observation;
- (4) the employer that provides the training derives no immediate advantage from the activities of the trainees, and on occasion the employer's operations may actually be impeded;
- (5) the trainees or students are not necessarily entitled to a job at the conclusion of the training period; and
- (6) the employer and the trainees understand that the trainees or students are not entitled to wages for the time spent in training (10b11(b) of the Wage-Hour Field Operations Handbook).

If the employer benefits from the work being done, the FLSA would apply and the student must be paid. For example, if a student and her employment training specialist (i.e., the teacher who is doing job training) are performing a job duty together and are doing it in place of the regular employee who is now doing something else, the employer is benefitting by having extra employees to perform more work. In this case, the student must be paid.

There is a misconception that if the work experience is stated as a goal in a student's individualized education plan (IEP), then the FLSA does not apply. Even some written explanations of labor laws have misinterpreted this relationship. For example, Martin and Husch (1987) included as part of the six FLSA criteria suggesting an employee-trainee relationship a statement, "The training is consistent with the goals of the individ-

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1 2 7

3111 C STREET, SUITE 455  
ANCHORAGE, ALASKA 99503  
(907) 581-7828

WHILE IN SESSION  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3704

# ALASKA STATE HOUSE



CHAIR  
RULES COMMITTEE

JUDICIARY

SPECIAL COMMITTEE ON INTERNATIONAL  
TRADE & TOURISM

LEGISLATIVE COUNCIL

## REPRESENTATIVE JOHNNY ELLIS

### SPONSOR STATEMENT FOR HB 427

Before you is an appropriation bill which requests a grant for Earth, Incorporated, a nonprofit corporation based in Anchorage, for the distribution of surplus salmon to needy people around Alaska. Last year there was a glut of pink salmon on the market, and fishermen and processors were forced to give away the fish that they could not sell before it spoiled. Earth, Inc. received some of those fish, and distributed them at the Fairview Recreation Center, where people lined up around the block to get fish to feed their families. Articles describing that successful event last year are included in this packet.

With the current recession peaking and more people relying on public assistance, a good-will gesture like this would go a long way. There are 32,000 people on food stamps in Alaska, and fish is not one of the things that they can afford to buy in the stores with their food stamps. Based on last year's success, I expect the additional distribution trips that this grant will afford to be well received by the public. With very little advance notice, volunteers for Earth, Inc. were able to distribute about 12,000 lbs. of pink salmon within an hour at the Fairview Recreation Center last year.

This grant would also benefit the fishing industry in Alaska by providing good public relations and publicity for them, which would offset the negative attention that the industry has received from Consumer Report's recent article and other press accounts of the dangers of eating seafood.

Through volunteer efforts and the help of this state grant, Earth, Inc. will be able to distribute fish to many communities on the road system connected to Valdez, where Earth has arranged to collect 875,000 lbs. of surplus fish. Communities that are not on the road system could benefit as well, since all of the fish hatcheries around the state annually waste thousands of fish to take egg samples, and the Department of Environmental Conservation has given Earth approval of distributing egg-take fish that would normally be dumped at sea. A map of all fish hatcheries in the state is enclosed.

Earth, Inc. has been involved in a food distribution program for the last five years in Anchorage, which involves daily distribution of food from 15 Carr's Quality Centers that would normally go to waste. There are 65 volunteers who pick up and distribute the food to needy people around Anchorage. In 1990, 970,000 lbs. of food was distributed.

I urge your support of HB 427.



Rough Draft Budget  
Free Fish Program

Totes	200
Ice	500
Trucking	1000
Boat	3000
Labor	1000
Dock&Unloading	1000
Supervisor	300
Railroad	500
-----	
Total	7500

This total represents one trip of 40,000 pounds of fish. Cost per pound of fish distributed: .187, or approximately 19 cents per pound.

Earth proposes a total of ten trips at a cost of \$75,000. These ten trips would bring 400,000 pounds of fish to Anchorage for free distribution. Given the recent news that one in ten Americans are on food stamps, this proposal is an excellent low-cost way to get protein into the diets of people who are allowed 58 cents per meal on food stamps.

Should volunteers help, for instance, the railroad, that would free up budgeted money to allow additional trips.

For more information contact Earth, a non-profit corporation  
1540 Medfra  
Anchorage, Alaska 99501  
277-8889

# VALDEZ FISHERIES DEVELOPMENT ASSOCIATION, INC.

P.O. BOX 125  
VALDEZ, ALASKA 99686

Admin. 835-4874  
Fax 835-4831  
Hatchery 835-5947  
Fax 835-5951



February 27, 1992

Mike O'Callaghan  
1540 Medfra  
Anchorage, Ak 99501

Dear Mr. O'Callaghan:

As you know we have a large salmon hatchery in Valdez where we take 230 million pink salmon eggs every year. One result of this process is that we end up with about 350,000 brood fish that we either sell, give away or dump in deep water.

As we discussed on the phone, we are very interested in your food distribution program. If you can utilize our pink salmon brood fish to help people get through these difficult times, then we will be very willing to continue discussions on this issue. At this time I do not see any obstacles that would prevent your getting all 350,000 fish which equates to about 875,000 pounds. These fish will be available starting July 15th through August 15th and pickup must be every day.

Please let me know if I can be of any assistance in setting things up.

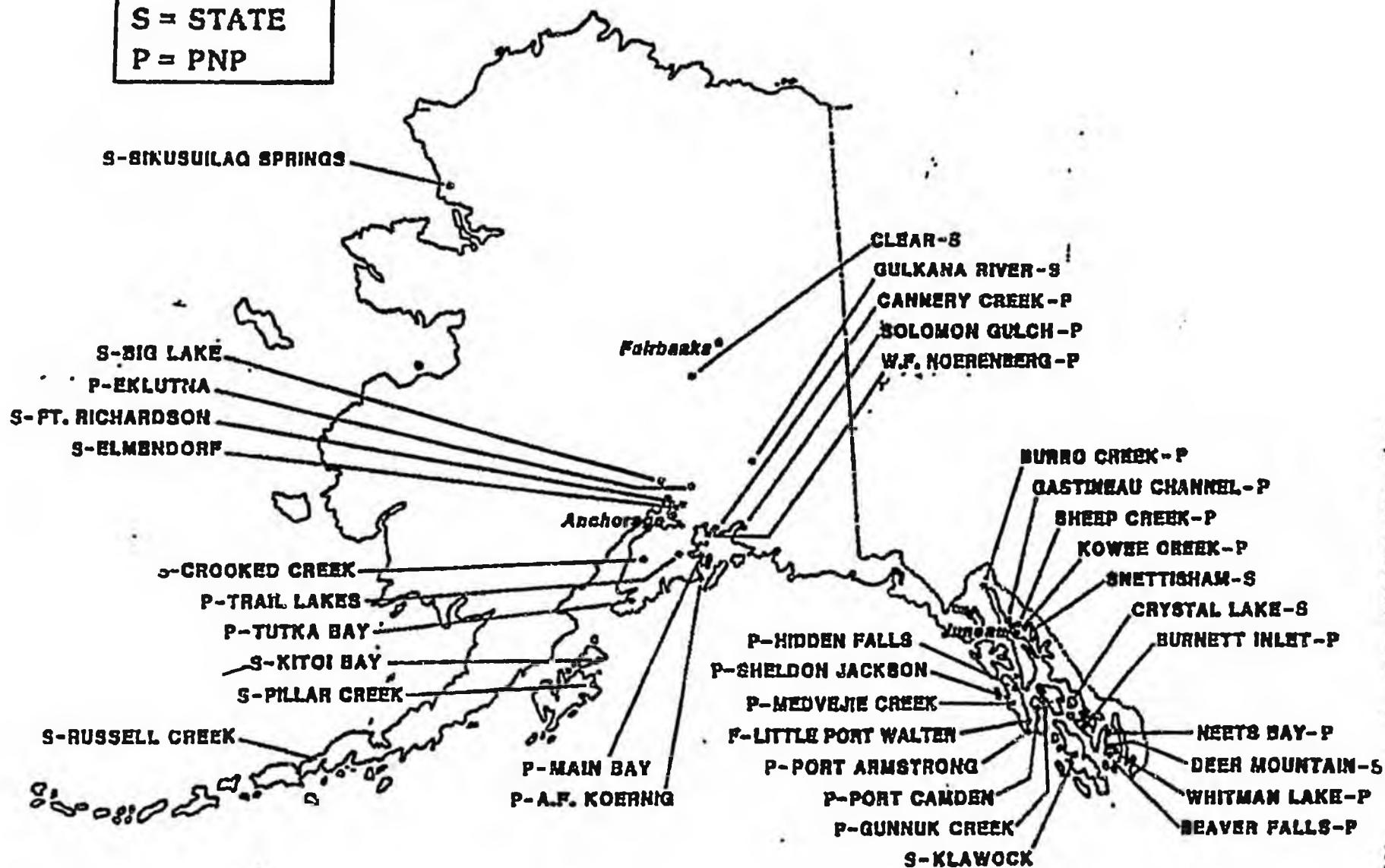
Sincerely,

  
Paul McCollum  
Executive Director

Post-It™ brand fax transmittal memo 7571		# of pages	1
To	Mina Repellis	From	Jed Whitaker
Co.		Co.	Reelma LLC
Dept.		Phone #	561-7007
Fax #	465-2444	Fax #	

DEDICATED TO THE UTILIZATION, CONSERVATION,  
AND REHABILITATION OF ALASKA'S FISHERY RESOURCE  
WITHIN THE 200 MILE LIMIT

**F FEDERAL**  
**S = STATE**  
**P = PNP**





PAUL SOUDERS / Anchorage Daily News

Dave Petina of Houston in the Matanuska Valley hands down a pink salmon to one of the people who lined up for the fish Sunday at the Fairview Recreation Center in Anchorage. A group of Prince William Sound fishermen gave away about three tons of pinks, which have had a scant market this year, to a line of people that stretched around the block for two hours before the giveaway began.

# Salmon handout draws multitude

by GAIL BOXRUD

NEWS WRITER

Volunteers distributed about 6,000 pounds of fresh-caught salmon to Anchorage residents Sunday afternoon at the Fairview Recreation Center.

People started lining up at 7:30 a.m. and had stretched three full blocks around the center by the time volunteers started handing out the fish at 1:15 p.m., organizers said. In just over an hour, the six tons of salmon had been distributed to more than 1,500 people, who each received two fish.

People came with all types of containers: coolers, bags and trash buckets. Those without a container carried the fish in their arms.

Macon Roberts sat in a lawn chair wearing sunglasses and a baseball cap.

"It is a lot better than Hidden Creek where it was raining like crazy," he said. "Today it's a nice day. It's kind of like a picnic."

Roberts arrived at 10:30 a.m. and said it was like a homecoming to him. He grew up in Fairview, although now he lives on the Hillside.

Debbie Embree waited in line with her daughter and husband. They moved from South Dakota three months ago, she said.

"This is great," she said. "You wouldn't see this in South Dakota."

The fish were part of a glut of Prince William Sound pinks, many of which were shipped by the state to the Soviet Union as a post-coup gesture of friendship.

But some charitable organiza-  
See Salmon, back page



Times photo by AL GRILLO

Liddia Darby O'Callaghan gives Prince William Sound pink salmon Sunday to some of the 1,500 Anchorage residents who lined up for two free fish at the Fairview Recreation Center.

Michael O'Callaghan, left, director of the organization Earth, gives two salmon to a man at the Fairview Recreation Center on Sunday.

# Free pinks help brighten up a gray day

By DAVID FUTCH

TIMES WRITER

Standing in the rain was a small price to pay for fish that in past years commanded top dollar at supermarkets.

Hundreds of people ignored wet weather Sunday, showing up at the Fairview Recreation Center and taking home 20,000 pounds of free pink salmon thanks to the giveaway group calling itself Earth.

Another 10,000 pounds of pinks was trucked to Fairbanks for distribution there.

For South Sea Islander and current Anchorage resident Mele Langi, the donation was a godsend.

"This is wonderful to have something like this happen because salmon is expensive. I would never buy it in the store," Langi said. "It reminds me of my father in Tonga who would get lobster, octopus and fish and give it away to the people of our village. It reminds me of home."

Happy faces crowded around a flat bed truck, hands holding newspapers, plastic bags, buckets, tubs, gunnysacks and coolers as volunteers filled them to the brim.

Michael O'Callaghan, who along with his wife Lydia Darby-O'Callaghan, runs a free-food-for-the-people program called Earth, said Sunday's bounty was the true meaning of subsistence.

"This gift of fish is people sharing in the resource," O'Callaghan said. "One of my friends asked me where we put the loaves of bread."

Darby-O'Callaghan said she and her husband spent Saturday unloading salmon from the boat "Pagan" donated by John Hershlieb to a train courtesy of the Alaska Railroad.

"The people of Alaska should have the fish because it belongs to them. The state constitution says the resources belong to the people," Darby-O'Callaghan

said. "In a state with so many resources, people shouldn't be going without and shouldn't have to go hungry. What we are doing today is one step toward changing the way things are."

The fish fest crossed all color, economic and ethnic lines as African-Americans, Tongans, whites, Natives, the well-heeled and the unfortunate came to get

See Fish, back page



Bruce Van Voorhees, bottom center, was near the front of the line when Earth started giving away pink salmon at the Fairview Recreation Center on Sunday.

# Salmon

Continued from page A1

tions questioned the gift to the Soviets, saying instead that the state should have given the fish to Alaska residents. Local fishermen ignored the red-tape bureaucracy and put together their own giveaway.

Michael O'Callaghan headed the Fairview giveaway through an organization called Earth after hearing the fish was given by state officials. Local fishermen distributing the fish locally. Earth member Will Whitwaters.

"They haven't run into a lot of bureaucratic red tape," he said. "It's a real community effort."

State Commerce Commissioner Glenn Olds said last week that the salmon could not be given to local groups without overcoming "a host of administrative roadblocks."

Olds said it was "easier to get more efficient" to give the fish to the Soviets.

The whole operation is run with volunteers and donations and will continue until all the fish are gone, O'Callaghan said.

The volunteers netted about 15,000 pounds of salmon in Whittier on the boat called Pagan, he said. The fish was loaded in totes and iced down.

They could only transport 12,000 pounds in the first load on the railroad, but returned to Whittier Saturday evening to retrieve the other 3,000 pounds, said. They also hoped to catch more fish.

A second giveaway was planned for 10 a.m. today at the recreation center if the fish could be brought to Anchorage in time, Whitwaters said.

The glut of salmon is blamed on low prices and a flooded market of canned salmon worldwide.

Times photographer Al Grill contributed to this report.

## Fish

Continued from page B1

their share of the bounty.

Wade White of Anchorage packed a plastic garbage bag with fish.

"To me, this means food," White said. "Have you tried buying these? They're expensive. Have you tried catching them? It's difficult this time of year."

Sgt. Benny Oliver, a soldier at Fort Richardson, said he was glad to get back to Alaska in time to get some salmon — even if it had to be given to him.

A number of military personnel have been in the Lower 48 or in other countries this year because of the Persian Gulf War.

Many of them missed the summer fishing season, he said.

"We're going to have a lot more smoked salmon for the year. It was free so why not come and get it," Oliver said. "It was a real good idea. Last year I was in the Sinai Peninsula and didn't get any fish."

H B

4 3 5

# HOUSE COMMITTEE REPORT

(7) Date Referred: January 29, 1992 FURTHER REFERRALS: Judiciary

Date of Committee Action: 2/18/92

The LABOR AND COMMERCE Committee considered: HB 435

HOUSE BILL NO. 435 REINSTATED AND SUCCESSOR NATIVE CORP.

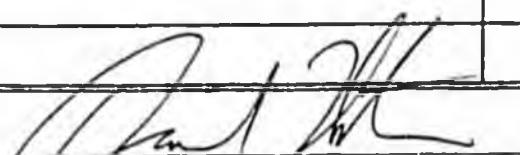
"An Act relating to the involuntary dissolution of Native corporations; and providing for an effective date."

- RECOMMENDATIONS:  the same title  
 be replaced with \_\_\_\_\_  a new title  
 have attached amendments(s)  
 do pass  
 do not pass  
 no recommendations  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_ APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_  
 fiscal impact \_\_\_\_\_  fiscal note(s) \_\_\_\_\_  
 zero fiscal note Commerce  zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Robin L. Taylor</i>	✓			X	
<i>Sean M. Shea</i>	✓				
<i>Kevin P. Parnell</i>	✓				
<i>John A. [unclear]</i>	✓				

  
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. HB 435

Revision Date: \_\_\_\_\_

Department Affected: Commerce & Econ. Dev.

Title: An Act relating to involuntary dissolution  
of Native corporations

BRU: Banking, Securities & Corporations

Component: \_\_\_\_\_

Sponsor: Representative Foster

Requestor: \_\_\_\_\_

COMPONENT SERIAL NO. 

1	2	3	3
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

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

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
<b>TOTAL</b>	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS (Attach a separate page if necessary.)

Prepared By: Willis F. Kirkpatrick, Director Phone: 465-2521

Division: Banking, Securities & Corporations Date: \_\_\_\_\_

Approved by Commissioner: Glenn A. Olds *Glenn A. Olds*

Agency: Department of Commerce & Economic Development Date: 2.10.92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legls. Ofc., and Impacted Agency(ies).

# Alaska State Legislature

REPRESENTATIVE  
**RICHARD FOSTER**  
BOX 1028  
NOME, ALASKA 99762

PO BOX V  
JUNEAU, AK 99811

(907) 465-3789



## House of Representatives

**TO: HOUSE LABOUR & COMMERCE COMMITTEE**  
**FROM: REPRESENTATIVE RICHARD FOSTER**  
**SUBJECT: HOUSE BILL 435**

HB 435 arose from a request for help from the Village of Hamilton. It's Native Corporation, Nunapiglluraq Inc., was involuntarily dissolved in 1989, due to its failure to submit a biennial report. The dissolution was not discovered until the corporation attempted to make a land transaction late last year.

Subsequent enquiries by my office discovered such dissolutions are not uncommon. In fact, at this time in the State of Alaska, 10 corporations have been involuntarily dissolved; 7 corporations have been dissolved but are still within the two year reinstatement period; and 23 are facing dissolution. In all probability, most of these are unaware of the change in status.

The problem appears to be a breakdown in communications. In most cases, corporations have failed to notify the State of changes to management and address. As a result, filing reminders and notices warning of dissolution have failed to reach the correct authorities.

HB435 gives the above mentioned corporations a one year "window" in which to file for reinstatement. They will be required to pay all fees and fines incurred during the lapse.

A similar bill was introduced in 1982. It was adopted as a temporary act. A copy is provided in your packages.

In addition, I have engaged the support of the Alaska Federation of Natives. The Federation will inform all affected corporations of this "window", and assist them with the reinstatement requirements. It will also oversee future corporation filings and keep an updated list of managements.

Present today to testify on the bill's behalf are Michael Monagle of the Division of Banking, Securities and Corporations within the Department of Commerce and Economic Development, and Terri Bannister of Legislative Legal Services. On teleconference from Anchorage are Nunapiglluraq Corporation Attorney, Jerald Reichlin; and Lawrence Kimball of the Alaska Federation of Natives.

Your packages provide a fiscal note and an overview from D.C.E.D. Commissioner, Glenn Olds.

I hope you will support me in voting favorably for HB435.

# Alaska State Legislature

REPRESENTATIVE  
**RICHARD FOSTER**  
BOX 1028  
NOME, ALASKA 99762  
PO BOX V  
JUNEAU, AK 99811  
(907) 465-3789



## House of Representatives

### HOUSE BILL 435 TESTIMONY PARTICIPANTS

#### JUNEAU:

Michael Monagle, *Division of Banking, Securities & Corporations*  
*Department of Commerce & Economic Development*

Terri Bannister, *Division of Legal Services*  
*Legislative Affairs Agency*

#### ANCHORAGE:

Lawrence Kimball, *Alaska Federation of Natives*

Jerald Reichlin, *Legal Counsel*  
*Nunapiglluraq Incorporated*

HB 435: An Act relating to the involuntary dissolution of Native corporations; and providing for an effective date.

The Department of Commerce and Economic Development, Division of Banking, Securities and Corporations, has no objection to the proposed legislation.

The department supports this legislation in recognition that corporate status for Native villages and regions is specifically called for in the terms and conditions of the Alaska Native Claims Settlement Act. The department acknowledges the unique inalienability of the ownership of Native Alaskans as shareholders in Native corporations.

The department concurs that corporations affected by HB 435 should pay the appropriate fees that would have been effective had they not allowed themselves to become delinquent, plus any penalties allowable under AS 10.06.633(e).

The department encourages the involvement of the regional corporations and other Native associations, such as the Alaskan Federation of Natives, in assisting the smaller village corporations in meeting their filing requirements.

  
Glenn A. Olds, Commissioner

Date: 2.10.92

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

### DIVISION OF BANKING, SECURITIES AND CORPORATIONS

WALTER J. HICKEL, GOVERNOR

P.O. BOX 110807  
 JUNEAU, ALASKA 99811-0807  
 Banking & Securities: (907) 463-2634  
 Corporation Section: (907) 463-2630

ANCHORAGE  
 Corporation Information: (907) 563-2161

January 24, 1992

Post-It® brand fax transmittal memo 7871 # of pages 2

To: Marsha Stewart	From: Mike Manroyle
Co: Sen Adams Off	Co: Corps Section
Dept:	Phone # 2570
Fax # 463-4867	Fax # 3257

Martha Stewart  
 Senator Al Adams  
 P.O. Box V  
 Juneau, AK 99811

Dear Ms. Stewart:

RE: Reinstatement of ANSCA corporations

As conveyed by Larry Carroll, I have reviewed the proposed legislation and have no objections to the bill as drafted. As soon as a final draft is prepared we will prepare a position paper in support of the bill.

We would like to have some commentary entered into record encouraging the ANSCA and the regional native corporations to take a more active role in assisting the village corporations in meeting their reporting requirements.

The following native corporations would be subject to the proposed bill:

Atxam Corporation-	Involuntarily Dissolved	10/13/89
Tihcheet'Aii, Inc.	"	10/13/89
Nunapiglluraq Corporation	"	10/13/89
Kugkaktlik, Ltd.	"	10/13/89
Oscarville Native Corporation	"	10/13/89
Tuikisarmute, Inc.	"	10/13/89
Neets'ai Corporation	"	12/02/81
Venetie Indian Corporation	"	12/02/81
Kitof, Inc.	"	05/20/80
Nunivak Limited	"	10/13/89

To illustrate the filing problem that the native corporations have, the following is a list of corporations which are either dissolved but within the reinstatement period, or active corporations not currently in compliance.

Newtok Corporation, Inc.	Involuntarily Dissolved	10/14/91
Cully Corporation	"	10/14/91
Togiak Natives, Ltd.	"	10/14/91
Twin Hills Native Corporation	"	10/14/91
White Mountain Native Corp	"	10/14/91
Chog Incorporated	"	10/14/91
The Grouse Creek Corporation	"	10/14/91

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

### DIVISION OF BANKING, SECURITIES AND CORPORATIONS

WALTER J. HICKEL, GOVERNOR

P.O. BOX 110807  
JUNEAU, ALASKA 99811-0807  
Banking & Securities: (907) 465-2534  
Corporation Section: (907) 465-2530

ANCHORAGE  
Corporation Information: (907) 563-2161

The following corporations are not dissolved, but they are not in compliance with the statutory reporting requirements. If they become six months delinquent, they too will become involuntarily dissolved.

Corporation Name	Scheduled dissolution date
Belkofski Corporation	08/01/92
Brevig Mission Native Corp	" " " 08/01/92
Chenega Corporation	" " " 08/01/92
Eklutna, Inc.	" " " 08/01/92
Isanotski Corporation	" " " "
Mendas Chax-aq Native Corp	" " " "
Gana-A' Yoo, Limited	" " " "
The King Cove Corporation	" " " "
Palmiut Corporation	" " " "
Pitka's Point Native Corporation	" " " "
Seldovia Native Association, Inc.	" " " "
Tanacross, Inc.	" " " "
Klukwan Corporation	" " " "
Gold Belt Incorporated	" " " "
Shee Atika, Inc.	" " " "
The Aleut Corporation	" " " "
Arctic Slope Native Corporation	" " " "
Koniag, Inc.	" " " "
Bristol Bay Native Corporation	" " " "
Calista Corporation	" " " "
Chugach Corporation	" " " "
Cook Inlet Region Inc	" " " "
Sealaska Corporation	" " " "

Please feel free to give me a call if you have any questions regarding this list.

Michael Monagle, Supervisor  
Corporations Section



# Alaska State Legislature

Senate District L

Al Adams

WHILE IN SESSION  
P.O. Box V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3707

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OUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3245



Official Business

January 24, 1992

Julie Kitka, President  
Alaska Federation of Natives  
1577 C Street, Suite 100  
Anchorage, Alaska 99501

Dear Julie:

This session I will introduce legislation pertaining to Native corporations that have been involuntarily dissolved. This is being done on behalf of Nunapigiuraq Corporation in my district. Apparently if corporations fail to file information with the Department of Commerce past a two year window for delinquent filings, the corporation is dissolved, at least in the state's bureaucratic mind.

In seeking information from the Department of Commerce about other corporation's that might be affected, I was provided with the enclosed list. I am writing to determine if there is anything the Alaska Federation of Natives can do to assist these corporations in completing their filing.

The bill which will be introduced January 27th is enclosed for your review. It is similar to a bill that passed in 1982 that created a one year window period for these involuntarily dissolved ANCSA corporations to become reinstated. I expect the bill to pass but am concerned about the remaining corporations who might have no knowledge of this opportunity.

At a minimum, if I were provided with the names and addresses of those corporations in my Senate district I would be glad to assist them. I would also appreciate a brief letter of support from AFN to augment passage of the bill.

I appreciate any efforts you can extend in this matter and as always, it is a pleasure working with you.

Sincerely,

Senator Al Adams

HB

436

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. H.B. 436

Revision Date: \_\_\_\_\_ Department Affected: Department of Corrections  
 Title: "An Act relating to the penalty for providing alcohol to a minor." BRU: Statewide Operations  
 Component: Various  
 Sponsor: Rep. C. Davis  
 Requestor: House Labor & Commerce COMPONENT SERIAL NO. 

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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	54.0	54.0	54.0	54.0	54.0	54.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	54.0	54.0	54.0	54.0	54.0	54.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	54.0	54.0	54.0	54.0	54.0	54.0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	54.0	54.0	54.0	54.0	54.0	54.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)

Please see the attached Analysis.

Prepared By: Diane Schenker, Legislative Liaison Phone: 465-3376  
 Division: Office of the Commissioner Date: 03/06/92  
 Approved by Commissioner: Lloyd Hames, Commissioner  
 Agency: Department of Corrections Date: 03/06/92

## CONTINUATION OF FISCAL ANALYSIS

HB 436: An Act relating to the penalty for providing alcoholic beverages to a person under the age of 21; and providing for an effective date.

The bill would make it a Class C felony to provide alcohol to a person under age 21, if done with criminal negligence. Under current statutes, furnishing alcohol to a minor is a Class A misdemeanor.

Incarceration costs: A "snapshot" profile of offenders incarcerated on December 31, 1991 showed one prisoner whose most serious offense was furnishing alcohol to a minor. A study by the Alaska Judicial Council on mean sentence lengths (1984-1987) indicates that the mean sentence length for those incarcerated for this offense is 1.5 months, or 45 bed-days. The same study indicates that the lowest mean sentence length for any Class C felony under the same category of "other offenses" (as opposed to violent, property, substance abuse, sexual, etc.) was 7.5 months, or 225 bed-days. Thus it is assumed that raising the offense from a misdemeanor to a felony would require 180 additional bed-days per conviction. Subtracting one third of the sentence for statutory good time, this would result in an increase of 120 bed-days per offense. If such offenders could be housed in contract community residential center beds at an average statewide cost of about \$45 per day, this would cost approximately \$5,400 per offense.

The Department of Corrections has requested information from the Department of Law, the Alaska Judicial Council, and the Department of Public Safety on the number of convictions for this offense each year. This information is not available at present. The Department of Corrections has no record of most such offenses since the Department does not supervise misdemeanants on probation and many misdemeanants do not receive a sentence involving incarceration. It is assumed that there are at least 10 such offenses per year. Should information become available indicating there are more or fewer such offenses, this fiscal note will be revised.

Ten convictions per year at an additional cost of approximately \$5,400 would cost \$54,000 per year in contractual costs for community residential beds.

Further impact on the Department will result from changing the offense from a misdemeanor to a felony. Second-time felony offenders will be subject to presumptive sentencing, thus increasing the number of incarceration days per year by increasing sentence length for second offenders. Since the number of second-time offenders cannot be predicted, this impact cannot be measured.

CONTINUATION OF FISCAL ANALYSIS--HB 436

Community Corrections costs: With extremely rare exceptions, the Department does not complete presentence investigation reports for misdemeanants, but is required to do so for felons. A presentence investigation report requires approximately 18 hours of work by a probation officer. Ten additional reports would require 180 additional hours, or approximately 5 weeks of work by probation staff.

Also with extremely rare exceptions, the Department does not supervise misdemeanor probationers. The Department is required to supervise felons during the probation period imposed by a court following or in lieu of incarceration, as well as during the period of mandatory good time following release from incarceration. An initial intake appointment requires approximately 3.8 hours of work by a probation officer. Ten additional cases would require 38 additional hours of intake per year, or one additional week.

Assuming these offenders would require the minimum level of supervision required for an active case, each case would require approximately .8 hours per month of work by a probation officer. Ten cases would require 8 hours per month, or 96 hours per year, or 2.6 weeks per year.

If only ten cases occur each year, an additional 8.6 weeks of work would be required by probation staff. (8.6 weeks or 322.5 hours at \$18.04 per hour for a beginning probation officer = \$5,818 per year.) Since this amount of work would not be sufficient to justify the addition of a probation officer position, the additional workload will have to be absorbed by current staff by lessening the amount of time spent on other felony cases currently handled by Community Corrections.

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. HB 436

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to the penalty for providing alcoholic beverages to a person under the age of 21."  
 Sponsor: C. Davis  
 Requestor: House Labor and Commerce

Department Affected: Administration  
 BRU: Public Defender Agency  
 Component: Public Defender Agency

COMPONENT SERIAL NO. 

1	6	3	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	.	.	.	.	.	.
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	.	.	.	.	.	.

CAPITAL	.	.	.	.	.	.
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REVENUE FUND SOURCE:	.	.	.	.	.	.
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FUNDING: (Thousands of Dollars)

GENERAL FUND	.	.	.	.	.	.
FEDERAL FUNDS						
OTHER FUND SOURCE:						
<b>TOTAL</b>	.	.	.	.	.	.

POSITIONS:

FULL-TIME	.	.	.	.	.	.
PART-TIME						
TEMPORARY	.	.	.	.	.	.

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)  
 Precise fiscal impact unknown. See attached.

Prepared by: John Salemi, Public Defender  
 Division: Public Defender Agency

Phone: 279-7541  
 Date: February 14, 1992

Approved by Commissioner: Nancy Bear Usera  
 Agency: Administration

Date: 3/2/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. HB 436

ANALYSIS: (continued)

This bill would make it a class C felony offense to furnish or deliver alcohol to a person under 21 years of age when acting with criminal negligence.

The fiscal impact of this bill would be significant, particularly in rural areas and smaller communities where it is easier to trace the path of alcohol. Phone calls to the outer offices revealed the following estimates with regard to numbers of furnishing alcohol charges in the last 12 months: Bethel--30; Kotzebue--5; Juneau--7; Kenai--3; Homer--12 plus a new sting operation on stores, numbers uncertain; Barrow--2-3; Anchorage--rare, Dillingham--1-2 per month; Nome--9. More serious consequences translates into more trials, more investigation, and more attorney time.

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. HB 436

Revision Date: \_\_\_\_\_

Department Affected: Administration

Title: An Act relating to the penalty for providing alcoholic beverages to a person under 21.

BRU: Office of Public Advocacy

Sponsor: Davis and Koponen

Component: Office of Public Advocacy

Requestor: House Labor and Commerce

COMPONENT SERIAL NO. 

		4	3
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: None.

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Brant McGee, Public Advocate  
Division: Office of Public Advocacy

Phone: 274-1684  
Date: \_\_\_\_\_

Approved by Commissioner: Nancy Bear Usher  
Agency: Administration

Date: 3/2/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, C.B./DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

FISCAL NOTE

BILL NO. HB 436

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: "...penalty for providing alcoholic beverages to a person under the age of 21..."  
Sponsor: Representative C. Davis  
Requestor: House Labor & Commerce

Department Affected: Department of Law  
BRU: Prosecution  
Component: All

COMPONENT SERIAL 

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Expenditures/Revenues: (Thousands of Dollars)

85 through 91

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-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  
Division: Administrative Services  
Approved by Commissioner: Richard I. Pegues / FOR  
Agency: Department of Law

Phone: 465-3672  
Date: March 9, 1992  
Date: March 9, 1992

Distribution (by preparer): Len Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

## CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 436

This bill amends AS 04.16.051 and AS 04.16.180(a) to raise the penalty for furnishing an alcoholic beverage to a person under the age of 21 years from a class A misdemeanor to a class C felony.

About 2,000 misdemeanor liquor violations are referred to the Department of Law for prosecution each year. Most of these are minor consuming complaints and about 10 percent, or 200 of these complaints, involve furnishing alcoholic beverages to minors. About one-half of this latter number of complaints, or 100, will include evidence sufficient enough to permit us to bring a felony prosecution.

Although bringing a felony prosecution is somewhat more time-consuming and costly than bringing a misdemeanor prosecution, when the work that will be caused by this bill is spread throughout the entire criminal division we cannot show a significant fiscal impact. However, in a time of substantially diminishing resources, such as now, we strongly caution against creating additional workload for our prosecutors. Any new workload can only be handled at the expense of decreasing prosecutorial efforts in other areas, such as violent crimes and drug trafficking.

# ALASKA STATE LEGISLATURE

ELECTIVE DISTRICT 1  
HYDER  
KETCHIKAN  
KUPREANOF  
MEYERS CHUCK  
PETERSBURG  
SAXMAN  
WRANGELL



IN KETCHIKAN  
352 FRONT ST.  
KETCHIKAN, AK 99901  
PHONE 225-9449

DURING SESSION  
PO BOX V  
STATE CAPITOL BUILDING  
JUNEAU, AK 99811  
PHONE 465-3424

Representative Cheri L. Davis

## SPONSOR STATEMENT HB 436

Mr. Chairman and members of the committee, I would like to thank you for hearing this bill today.

House Bill 436 is legislation that would change the penalty for providing alcoholic beverages to a person under the age of 21. This bill was drafted after the tragic deaths of two teenagers in an alcohol related accident in Ketchikan. An accident which was preceded by a 23-year-old allegedly furnishing the minors with alcohol.

Under current law, furnishing alcohol to a minor is a misdemeanor with a maximum penalty of one year in prison and a \$5,000 fine.

This legislation would make furnishing a minor with alcohol a class "C" felony with a maximum penalty of 5 years in prison and \$50,000 fine.

HB 436 would be beneficial in one aspect of the battle against the high incidence of alcohol abuse in our state. Stiffening the penalty for significant violations may enhance the deterrent effect of the present laws and enforcement efforts.

Again I thank you for hearing this bill today, and would be glad to try and answer any questions you may have.

AMENDMENT /

OFFERED IN THE HOUSE

TO: HB 436

BY THE HOUSE LABOR  
AND COMMERCE COMMITTEE

Page 1, line 5, after "section":

Insert "a second or subsequent time"

A M E N D M E N T

2

OFFERED IN THE HOUSE

TO: HB 436

BY THE HOUSE LABOR  
AND COMMERCE COMMITTEE

Page 1, after line 11:

Insert a new bill section to read:

"\* Sec. 3. AS 04.21.065(b) is amended to read:

(b) A warning sign required by (a) of this section must be at least 11 inches by 14 inches. The sign must read, in lettering at least one-half inch high and in contrasting colors, "WARNING: Drinking alcoholic beverages such as beer, wine, wine coolers, and distilled spirits or smoking cigarettes during pregnancy can cause birth defects. Also, a person who provides alcoholic beverages to a person under 21 years of age, if convicted under AS 04.16.051, could be imprisoned for up to five years and fined up to \$50,000." The license or permit holder shall display the signs in a manner that would make them conspicuous to a person who will be purchasing or consuming alcoholic beverages or smoking cigarettes on the licensed or designated premises."

Renumber the following bill section accordingly.

MAR 17 RECD

AMENDMENT

3

OFFERED IN THE HOUSE

BY REPRESENTATIVE BRUCKMAN

TO: HB 436

Page 1, line 1, after "relating to":

Insert "solicitation of another person to purchase alcohol by a person under age 21 and to"

Page 1, after line 3:

Insert a new bill section to read:

"\* Section 1. AS 04.16.020 is amended by adding a new subsection to read:

(c) A person under the age of 21 years may not solicit another person to purchase alcoholic beverages."

Page 1, line 4:

Delete "Section 1."

Insert "Sec. 2."

Renumber the following bill sections accordingly.

AMENDMENT 4

OFFERED IN THE HOUSE

BY REPRESENTATIVE CHOQUETTE

TO: HB 436

Page 1, line 2, after "21;":

Insert "to identification for purposes of civil liability for providing alcoholic beverages to another person; to identification for purposes of criminal liability for providing alcoholic beverages to a person under the age of 21;"

Page 1, after line 11:

Insert new bill sections to read:

\*\* Sec. 3. AS 04.21.020 is amended to read:

Sec. 04.21.020. CIVIL LIABILITY OF PERSONS PROVIDING ALCOHOLIC BEVERAGES. A person who provides alcoholic beverages to another person may not be held civilly liable for injuries resulting from the intoxication of that person unless the person who provides the alcoholic beverages holds a license authorized under AS 04.11.080 - 04.11.220, or is an agent or employee of such a licensee and

(1) the alcoholic beverages are provided to a person under the age of 21 years in violation of AS 04.16.051, unless the licensee, agent, or employee secures in good faith from the person a signed statement meeting the requirements of AS 04.21.050(a) or identification [, LIQUOR IDENTIFICATION CARD, OR DRIVER'S LICENSE] meeting the requirements of AS 04.21.050(a) or [AND] (b), that indicates that the person is 21 years of age or older, or

(2) the alcoholic beverages are provided to a drunken person in violation of AS 04.16.030.

\* Sec. 4. AS 04.21.050(c) is amended to read:

(c) A licensee, or an agent or employee of the licensee, may not be charged for a violation of AS 04.16.051 - 04.16.052 if a signed statement as provided in (a) of this section is secured in good faith, or a valid driver's license or identification card described in (b) of this section, is presented indicating that the owner and possessor of the presented driver's license or

identification card is 21 or 16 years of age or over as appropriate. "

Renumber the following bill section accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 436

BY THE HOUSE LABOR  
AND COMMERCE COMMITTEE

Page 1, line 5, after "section":

Insert "a second or subsequent time"

*In your packet  
only*

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 436

BY THE HOUSE LABOR  
AND COMMERCE COMMITTEE

Page 1, after line 11:

Insert a new bill section to read:

\*\* Sec. 3. AS 04.21.065(b) is amended to read:

(b) A warning sign required by (a) of this section must be at least 11 inches by 14 inches. The sign must read, in lettering at least one-half inch high and in contrasting colors, "WARNING: Drinking alcoholic beverages such as beer, wine, wine coolers, and distilled spirits or smoking cigarettes during pregnancy can cause birth defects. Also, a person who provides alcoholic beverages to a person under 21 years of age, if convicted under AS 04.16.051, could be imprisoned for up to five years and fined up to \$50,000." The license or permit holder shall display the signs in a manner that would make them conspicuous to a person who will be purchasing or consuming alcoholic beverages or smoking cigarettes on the licensed or designated premises."

Renumber the following bill section accordingly.

*In your packet only*

7-LS1838NG ✓  
Ford  
4/16/92

CS FOR HOUSE BILL NO. 436 ( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES C.DAVIS, Koponen, Taylor, B.Davis, Leman, Lincoln

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to beer sold in kegs; to identification for purposes of civil liability for  
2 providing alcoholic beverages to another person; to identification for purposes of criminal  
3 liability for providing alcoholic beverages to a person under the age of 21; to the penalty  
4 for providing alcoholic beverages to a person under the age of 21; to warning signs that  
5 must be posted on licensed or designated premises; and providing for an effective date."

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

7 \* Section 1. AS 04.16 is amended by adding a new section to read:

8           Sec. 04.16.025. SALE OF BEER BY KEG. (a) A package store licensee or the agent  
9           or employee of a package store licensee may not sell beer contained in a keg unless

10                       (1) the person who purchases the beer contained in the keg fills out and signs a  
11           form

12                               (A) indicating the date, the purchaser's name, address, age, and driver's  
13           license number; and

1 (B) declaring that the purchaser will not furnish the beer to a person under  
2 the age of 21 years; and

3 (2) the licensee, agent, or employee affixes a copy of the completed form required  
4 under this section to the keg and retains the original form for at least one year.

5 (b) The form required under (a) of this section may not be altered or removed by any  
6 person except by a package store licensee or the agent or employee of a package store licensee  
7 upon the return of the keg.

8 (c) The information required by (a) of this section shall be made on a form prepared by,  
9 and furnished to the licensee by, the board.

10 (d) In this section, "keg" means a container with more than one but less than 30 gallons  
11 of beer.

12 \* Sec. 2. AS 04.16.051 is amended by adding a new subsection to read:

13 (d) A person acting with criminal negligence who violates this section is guilty of a class  
14 C felony if, within the seven years preceding the violation, the person has been previously  
15 convicted under

16 (1) this section; or

17 (2) a law or ordinance of this or another jurisdiction with elements substantially  
18 similar to this section.

19 \* Sec. 3. AS 04.16.180(a) is amended to read:

20 (a) Except as provided in AS 04.11.015, AS 04.16.051, 04.16.200 - 04.16.210  
21 [AS 04.16.200 - 04.16.210], and AS 04.21.065, a person who violates a provision of this title or  
22 a regulation adopted by the board is guilty, upon conviction, of a class A misdemeanor. Each  
23 violation is a separate offense.

24 \* Sec. 4. AS 04.21.020 is amended to read:

25 Sec. 04.21.020. CIVIL LIABILITY OF PERSONS PROVIDING ALCOHOLIC  
26 BEVERAGES. A person who provides alcoholic beverages to another person may not be held  
27 civilly liable for injuries resulting from the intoxication of that person unless the person who  
28 provides the alcoholic beverages holds a license authorized under AS 04.11.080 - 04.11.220, or  
29 is an agent or employee of such a licensee and

30 (1) the alcoholic beverages are provided to a person under the age of 21 years in  
31 violation of AS 04.16.051, unless the licensee, agent, or employee secures in good faith from the

1 person a signed statement meeting the requirements of AS 04.21.050(a) or identification [,  
2 LIQUOR IDENTIFICATION CARD, OR DRIVER'S LICENSE] meeting the requirements of  
3 AS 04.21.050(b) [AS 04.21.050(a) AND (b)], that indicates that the person is 21 years of age or  
4 older; or

5 (2) the alcoholic beverages are provided to a drunken person in violation of  
6 AS 04.16.030.

7 \* Sec. 5. AS 04.21.050(c) is amended to read:

8 (c) A licensee, or an agent or employee of the licensee, may not be charged for a  
9 violation of AS 04.16.051 - 04.16.052 if a signed statement as provided in (a) of this section is  
10 secured in good faith, or a valid driver's license or identification card described in (b) of this  
11 section, is presented indicating that the owner and possessor of the presented driver's license or  
12 identification card is 21 or 16 years of age or over as appropriate.

13 \* Sec. 6. AS 04.21.065(a) is amended to read:

14 (a) A holder of one of the following types of licenses or permits shall post on the  
15 licensed or designated premises the [A] warning [SIGN OR] signs as described in (b) of this  
16 section:

17 (1) beverage dispensary license;

18 (2) restaurant or eating place license;

19 (3) club license;

20 (4) brewery license; this paragraph applies only to a brewery that permits a person  
21 to sample portions of the brewery's product;

22 (5) package store license;

23 (6) common carrier dispensary license;

24 (7) recreational site license;

25 (8) community liquor license;

26 (9) pub license;

27 (10) winery license; this paragraph applies only to a winery that permits a person  
28 to sample portions of the winery's product;

29 (11) caterer's permit;

30 (12) special events permit;

31 (13) conditional contractor's permit;

1 (14) another license or permit issued by the board authorizing consumption of  
2 alcoholic beverages.

3 \* Sec. 7. AS 04.21.065(b) is amended to read:

4 (b) The [A] warning signs [SIGN] required by (a) of this section must be two separate  
5 signs: each sign must be at least 11 inches by 14 inches and the lettering must be at least  
6 one-half inch high and in contrasting colors. The first sign must read, [IN LETTERING AT  
7 LEAST ONE-HALF INCH HIGH AND IN CONTRASTING COLORS,] "WARNING: Drinking  
8 alcoholic beverages such as beer, wine, wine coolers, and distilled spirits or smoking cigarettes  
9 during pregnancy can cause birth defects." The second sign must read, "WARNING: A  
10 person who provides alcoholic beverages to a person under 21 years of age, if convicted  
11 under AS 04.16.051, could be imprisoned for up to five years and fined up to \$50,000." The  
12 license or permit holder shall display the signs in a manner that would make them conspicuous  
13 to a person who will be purchasing or consuming alcoholic beverages or smoking cigarettes on  
14 the licensed or designated premises.

15 \* Sec. 8. This Act takes effect July 1, 1992.



*Alaska Cabaret, Hotel,  
Restaurant & Retailers Association*

1001 K Street • Anchorage, Alaska 99510  
401 K Street • (907) 577-3124 • Juneau (907) 577-8640

March 26, 1992

Representative David Finkelstein  
Members of the House Labor and Commerce Committee  
Alaska State Legislature  
Juneau, AK

Dear Representative Finkelstein,

Today as you discuss House Bill 436, the problems associated with underage drinking in our society will be uppermost in your mind - problems with sometimes horrendous consequences. We, as an industry, share this concern and have resolved to do our part in seeking a resolution. Our policy statement on this issue is attached for your review.

We have been actively supporting both House Bill 444 and House Bill 445 which, as you will see from our policy statement, we believe will be major tools in fighting underage drinking. This legislation will be effective when it is enacted and we ask for your support.

House Bill 436, on the other hand, is much narrower in scope, directed only at the seller, not to the underage drinker. We do not believe that it would lessen any of the underage drinking problem, and question the wisdom of singling out one type of Title IV violation to be punished as a felony when all others remain misdemeanors. We oppose House Bill 436 on these grounds and ask that you consider our position. Thank you for your consideration.

Yours truly,

Carol Wilson  
Executive Director

## UNDERAGE DRINKING POLICY STATEMENT

Much national media attention has been focused recently on the problem of underage drinking in our society. And in our own state of Alaska the press extensively covered the story of two lives taken in a traffic accident last summer which was caused by an underage drinker.

As parents, as citizens, and as involved members of the business community, we are seriously concerned with the impact this problem has on all our lives. The combined membership of the Alaska Wine and Spirits Wholesalers Association and the Alaska Cabaret, Hotel, Restaurant, and Retailers Association (CHARR), representing the beverage alcohol industry, is resolved to be part of the solution to this societal problem.

We wish to be forthright about our point of view as an industry. We advocate the concept of responsible decision making about alcohol use and the responsible use of the products we sell.

Persons under the age of 21 who attempt to purchase or consume alcohol are not making a responsible decision. They fail to consider fully the consequences of such an illegal action. They fail to make responsible use of beverage alcohol. And such irresponsibility has an impact on us all, in some cases, a tragic impact.

While we as an industry cannot provide a total solution, there are some actions we can take that will contribute to it. As we reaffirm our commitment to be responsible purveyors of a regulated product, we also pledge to undertake the following steps:

### 1. A Public Awareness Campaign

Through graphic point of sale materials we wish to raise the level of public consciousness of the underage drinking issue as well as to send a message to those under 21 seeking to purchase alcohol that we do not want their business. Parents of teenagers need to be reminded of the consequences of illegal use of alcohol. It is not just a case of "sowing wild oats"; the use of alcohol by persons under 21 is breaking the law.

### 2. Lobbying for Enforcement of Existing Law

The State of Alaska Statutes controlling alcoholic beverages are some of the most progressive of all 50 states. But our excellent laws are of little use if there is no enforcement effort. In our state, the Alcohol Beverage Control Board is established as a regulatory agency; enforcement is a function of police agencies. We will demand of our state and local government officials that police agencies be given the necessary direction to enforce the current law. If we as a society are sincere in our expressed concern for underage drinking, then our governmental bodies as our representatives must give this issue priority when providing direction and allocating resources to our police agencies. If we as a society are serious, if we mean what we say about the problem of underage drinking, then the underage drinker must pay a penalty for breaking the law.

### 3. Lobbying for Improvement of Existing Law

Although our state laws are very progressive, we see two areas where change could significantly affect the underage drinking problem for the better. First, the penalties set for underage drinkers are the traditional fine and/or jail sentence for this misdemeanor. We believe that in addition, the courts should have the option of diversionary penalties such as community service and/or counseling programs. One of the best penalties, we feel, is to delay, suspend, or revoke the driver's license for an alcohol-related violation by a person under 21. This penalty is directed at the underage drinker and can serve as a real deterrent for teenagers.

The second area that requires change concerns the difficulties faced in preventing the use of false IDs. The State of Alaska must take steps to combat this problem by issuing drivers' licenses and identification cards that cannot be altered, duplicated, or counterfeited. Such technology is readily available and is already widely used by banks issuing credit cards. The state of New Jersey currently uses a "latent security image" to eliminate the alteration, duplication, and counterfeiting of drivers' licenses. We believe Alaska should also be a leader in taking this progressive step.

Article XXI of the U. S. Constitution grants states the right to regulate and control distribution and sale of alcohol beverages. We hope that our efforts will lead our local and state governments to exercise this right, adopting measures to curb underage drinking and lessen its impact on our society.