

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

7971 HOUSE LABOR & COMMERCE

236

TABLE 4. 1992 Year-end Distribution of Permit Holders by Fishery and Resident Type*

Permits First Issued in:	All Permits Held By						All Transferable Permits Held By**						All Permits	
	Alaska		Alaska		Non-resident	Dept of Comm	Alaska		Alaska		Non-resident	Dept of Comm	Alaska Total	Grand Total
	Rural Local	Rural Non-loc	Urban Local	Urban Non-loc			Rural Local	Rural Non-loc	Urban Local	Urban Non-loc				
1975														
Southeast Seine	50	2	118	6	240	1	50	2	118	6	240	1	177	417
Southeast Drift	123	1	191	5	148	0	123	1	191	5	148	0	320	468
Power Troll	271	4	456	16	197	0	271	4	456	16	197	0	747	944
Yacutat Set Net	115	7	0	21	25	0	115	7	0	21	25	0	143	168
PWS Seine	105	7	12	64	77	0	105	7	12	64	77	0	188	265
PWS Drift	272	22	12	99	132	0	272	22	12	9	132	0	405	537
PWS Set Net	13	1	0	13	3	0	12	1	0	13	3	0	27	30
Cook Inlet Seine	24	0	54	1	3	0	24	0	54	1	3	0	79	82
Cook Inlet Drift	90	2	275	19	174	2	90	2	275	19	174	2	388	562
Cook Inlet Set Net	185	22	410	19	108	1	185	22	410	19	108	1	637	745
Kodiak Seine	49	20	164	48	102	0	49	20	164	48	102	0	281	383
Kodiak Beach Seine	5	2	17	6	3	0	4	2	17	6	3	0	30	33
Kodiak Set Net	20	1	96	22	49	0	20	1	96	22	49	0	139	188
Chignik Seine	41	3	0	29	17	0	41	3	0	29	17	0	73	90
Pen/Aleutian Seine	83	0	1	7	28	0	83	0	1	7	28	0	91	119
Pen/Aleutian Drift	48	6	0	35	70	0	48	6	0	35	70	0	89	159
Pen/Aleutian Set Net	80	1	0	12	20	0	80	1	0	12	20	0	93	113
Bristol Bay Drift	485	135	0	303	874	0	485	135	0	303	874	0	923	1797
Bristol Bay Set Net	467	51	0	245	254	0	401	42	0	230	232	0	763	1017
	2526	287	1806	970	2524	4	2458	278	1806	955	2502	4	5593	8117
1976														
Upper Yukon Gill Net	37	4	23	5	2	0	37	4	23	5	2	0	69	71
Upper Yukon Fishwheel	132	3	24	2	1	0	132	3	24	2	1	0	161	162
Kuskokwim Gill Net	643	7	163	13	3	1	643	7	163	13	3	1	827	830
Kotzebue Gill Net	41	6	143	21	6	0	41	6	143	21	6	0	211	217
Lower Yukon Gill Net	606	30	0	56	12	0	606	30	0	56	12	0	692	704
Norton Sd Gill Net	157	0	23	17	3	0	157	0	23	17	3	0	197	200
	1616	50	376	114	27	1	1616	50	376	114	27	1	2157	2184
1977-78														
SE Herr Seine	3	3	25	3	10	0	3	3	25	3	10	0	34	44
SE Herr Gill Net	14	2	51	3	36	0	14	2	51	3	36	0	70	106
PWS Herr Seine	25	11	1	42	24	0	25	11	1	42	24	0	79	103
Cook Inlet Herr Seine	10	6	21	11	25	0	10	6	21	11	25	0	48	73
	52	22	98	59	95	0	52	22	98	59	95	0	231	326
1980-87														
Hand Troll	635	9	803	57	178	0	325	3	336	25	95	0	1504	1682
NSEI Sablefish Longline	4	0	21	1	6	0	4	0	21	1	6	0	26	32
SSEI Sablefish Longline	0	0	0	0	4	0	0	0	0	0	4	0	0	4
SSEI Sablefish Pots	0	0	0	1	0	0	0	0	0	1	0	0	1	1
SE R/B King Crab Pot	0	0	1	0	0	0	0	0	1	0	0	0	1	1
SE R/B/Brn King Crab Pot	0	0	1	0	0	0	0	0	1	0	0	0	1	1
SE Brn King Crab Pot	0	0	1	0	0	0	0	0	1	0	0	0	1	1
SE R/B King + Tanner Pot	0	0	8	0	0	0	0	0	8	0	0	0	8	8
SE All King + Tanner Pot	2	0	12	0	0	0	2	0	12	0	0	0	14	14
SE Tanner Crab only Pot	1	0	2	0	0	0	1	0	2	0	0	0	3	3
PWS Herr Gill Net	17	0	1	4	2	0	17	0	1	4	2	0	22	24
PWS Herr Pound	62	3	3	36	24	0	62	3	3	36	24	0	104	128
Kodiak Herring Seine	7	8	34	7	11	0	5	5	28	6	3	0	56	67
Kodiak Herr Gill Net	4	9	49	28	4	0	4	8	38	22	2	0	90	94
Kodiak Herr Seine/Gill	0	0	1	0	1	0	0	0	1	0	0	0	1	2
	732	29	937	134	230	0	420	19	453	95	136	0	1832	2062
1988-89														
BBay Herr Spawn on Kelp	242	5	0	6	2	0	242	5	0	6	2	0	253	255
Nelson Is Herr Gill Net	95	4	0	8	7	0	95	4	0	8	7	0	107	114
Nunivak Herr Gill Net	36	2	0	7	3	0	36	2	0	7	3	0	45	48
L Yukon Herr Gill Net	75	2	0	1	0	0	75	2	0	1	0	0	78	78
Norton Sd Herr Gill Net	112	26	3	40	52	0	112	26	3	40	52	0	181	233
Norton Sd Herr B Seine	0	1	0	0	1	0	0	1	0	0	1	0	1	2
	560	40	3	62	65	0	560	40	3	62	65	0	665	730
	====	====	====	====	====	====	====	====	====	====	====	====	====	====
Overall Total	5486	428	3220	1339	2941	5	5106	409	2736	1285	2825	5	10478	13414

* This table excludes 538 permits which were revoked by the Commission and not re-instated.
 ** By 1992 117 non-transferable permits had become transferable through adjudication.

State of Alaska/Department of Revenue
 Child Support Enforcement Division
 Top 100 Non-Payers of Child Support in the State of Alaska
 (Defined as obligators owing the most back child support)

CITY/STATE/ZIP	AMOUNTS	CITY/STATE/ZIP	AMOUNTS
HAINES AK99827	191,039.46	SCAMMON BAY AK99662	134,247.74
FAIRBANKS AK99701	167,868.61	MINTO AK99758	235,663.61
OUZINKI AK99644	137,250.57	ANCHORAGE AK99504	161,696.71
EMMONAK AK99581	151,157.31	ALAKANUK AK99554	171,549.40
ST. GEORGE IS. AK99660	207,324.82	COPPER CENTER AK99573	144,215.14
KETCHIKAN AK99901	191,304.92	FAIRBANKS AK99706	152,963.62
ANCHORAGE AK995109999	133,991.56	KING COVE AK99612	163,719.23
ELIM AK99739	144,438.29	METLAKATLA AK99926	131,647.31
FAIRBANKS AK99710	134,161.93	FAIRBANKS AK99708	146,504.09
JUNEAU AK99801	196,828.70	ANCHORAGE AK99503	172,321.13
ANCHORAGE AK99508	141,695.77	SAND POINT AK996610117	130,811.77
FAIRBANKS AK99707	142,937.81	ANCHORAGE AK99504	138,526.52
HYDABURG AK99922	131,727.41	KOYUK AK99753	147,038.60
ATMAUTLUAK AK99559	151,334.19	JUNEAU AK99801	168,468.37
DILLINGHAM AK99576	133,299.72	TOK AK99780	143,624.48
FAIRBANKS AK997014151	145,688.74	ANCHORAGE AK99509	165,142.78
ANCHORAGE AK99508	154,888.84	CHIGNIK LAKE AK99548	142,850.10
NOME, AK99742	140,821.91	TUNTUTULIAK AK99680	185,456.44
ALAKANUK AK99554	311,343.40	BETHEL AK99559	214,834.16
WILLOW AK99688	149,954.66	FAIRBANKS AK99701	142,102.69
ANCHORAGE AK99508	135,019.67	ANCHORAGE AK99501	180,779.65
COPPER CENTER AK99573	193,260.43	KOTZEBUE AK99752	136,755.83
NOME AK99762	245,450.31	WASILLA AK996876451	187,535.11
PALMER AK996450919	164,738.99	ANCHORAGE AK99507	144,975.06
ANCHORAGE AK99503	143,646.63	ANCHORAGE AK99508	153,680.33
EMMONAK AK99581	155,664.85	RED DEVIL AK99656	172,099.35
CHUGIAK AK99567	138,230.09	ANCHORAGE AK99517	153,501.12
ANCHORAGE AK99508	196,311.01	ANCHORAGE AK99514	151,898.97
FAIRBANKS AK99701	157,012.07	METLAKATLA AK99926	173,793.06
ANCHORAGE AK99503	157,695.67	BETHEL AK995592163	140,925.39
BETHEL AK99559	157,589.43	ANCHORAGE AK995085901	187,995.09
ANCHORAGE AK99508	158,119.41	BIG LAKE AK99652	135,387.65
GAMBELL AK99742	234,673.63	ANCHORAGE AK99501	149,110.46
HEALY AK99743	204,400.54	JUNEAU AK99801	181,726.38
EGEGIK AK99579	163,595.50	KENAI AK99611	134,597.17
SEWARD AK99664	145,913.44	SOLDOTNA AK996693018	191,415.92
ANCHORAGE AK99508	214,624.84	FAIRBANKS AK99701	189,727.61
BIG LAKE AK99652	147,101.88	EAGLE RIVER AK99577	162,202.62
ANCHORAGE AK995104675	139,084.97	DILLINGHAM AK99576	136,689.52
ANCHORAGE AK99508	132,134.91	FAIRBANKS AK99701	132,581.72
ANCHORAGE AK99503	144,787.34	HAPASKIAK AK99559	172,292.38
TELLEH AK99778	179,123.32	BARROW AK997231205	146,124.64
MINTO AK99758	151,526.84	UNALAKLEET AK99684	143,514.11
ANCHORAGE AK995161212	180,228.93	ANCHORAGE AK995083183	135,953.80
UNALAKLEET AK99684	161,831.00	BETHEL AK99559	136,405.28
CHEVAK AK99563	142,805.52	FAIRBANKS AK99709	147,518.95
ANCHORAGE AK99507	140,026.42	SELDOVIA AK99665	172,993.07
KIANA AK99749	143,576.47	BETHEL AK99559	167,524.11
JUNEAU AK99801	143,386.80	MTH VILLAGE AK99632	204,211.00
		KETCHIKAN AK99901	144,435.53
		ST PAUL IS AK996600103	219,489.16

Total owed
 on Top 100 cases
 \$16,229,134



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
PROBLEM RESOLUTION OFFICE

KRISTIA A. DOUTS
PROBLEM RESOLUTION OFFICER

MAILING ADDRESS:
P.O. BOX 101500
ANCHORAGE, AK 99510-1500
(907) 271-6877

BUSINESS ADDRESS:
949 E. 36TH AVENUE
ANCHORAGE, AK 99508
(907) 271-6877



Department of the Treasury
Internal Revenue Service

Notice 482 (Rev. June 1991)

The Problem Resolution Office Wants to Help You!

Do you have to contact the Internal Revenue Service repeatedly to correct a billing? Do you keep getting form letters, even after answering the IRS? Is your refund still missing? Are you suffering because of the way the IRS administers the tax laws?

The IRS set up the Problem Resolution Program (PRP) to help taxpayers fix persistent IRS problems. PRP is not a substitute for normal procedures. Most problems can be resolved through regular channels. But if you've met delays in solving a federal tax problem, you can get help from PRP by writing to:

Or, you may contact that office by telephone. If there is no telephone number listed below, call the toll-free Federal tax assistance number, 1-800-829-1040, and ask for PRP. If you are hearing impaired and have access to TV/Telephone (TDD) equipment, call 1-800-829-4059.

Phone:

When you call or write PRP for help, give us as much information as possible about:

- The time, place, and kind of problem.
 - Your previous attempts to solve the problem, and the offices contacted.
 - The type of tax and year(s) involved. (over)
-

Catalog Number 458700

If you write, please include your social security or employer identification number. Also include your address and ZIP code, your telephone number and the hours you can be reached. Sign and date your letter. If you want to authorize another person to discuss the matter or to receive information about it, let us know in your letter. Include the authorized person's name, address and telephone number.

The Problem Resolution Office will ensure that you receive proper attention. Although this office cannot change the law or a technical decision such as the results of an official IRS audit, it can usually clear up misunderstandings.

PRP also may be able to help if you are undergoing a significant hardship because of the way the tax laws are carried out. A significant hardship is, for example, the inability to retain housing or utilities, to obtain food, to keep your job, or to buy needed medication. IRS enforcement actions (such as a levy on your wages or bank account) are not, in themselves, significant hardships, even though they may prevent you from paying bills you consider just as important as your tax bill. "Hardship" refers to the way the law is applied to you, and not to the law itself.

If a hardship situation applies to you, call the toll-free Federal tax assistance number and say you want to apply for a Taxpayer Assistance Order (Form 911). Or, you can send a completed Form 911, Application for Taxpayer Assistance Order to Relieve Hardship, to the Problem Resolution Office at the address given earlier. Forms are available at local IRS offices, or by calling the toll-free forms only number, 1-800-829-3676.

The Problem Resolution Officer will review your situation and advise you of the action taken.

Notice 482
(Rev. June 1991)

[Sec. 7811]

SEC. 7811. TAXPAYER ASSISTANCE ORDERS.

[Sec. 7811(a)]

(a) **AUTHORITY TO ISSUE.**—Upon application filed by a taxpayer with the Office of Ombudsman (in such form, manner, and at such time as the Secretary shall by regulations prescribe), the Ombudsman may issue a Taxpayer Assistance Order if, in the determination of the Ombudsman, the taxpayer is suffering or about to suffer a significant hardship as a result of the manner in which the internal revenue laws are being administered by the Secretary.

[Sec. 7811(b)]

(b) **TERMS OF A TAXPAYER ASSISTANCE ORDER.**—The terms of a Taxpayer Assistance Order may require the Secretary—

- (1) to release property of the taxpayer levied upon, or
- (2) to cease any action, or refrain from taking any action, with respect to the taxpayer under—
 - (A) chapter 64 (relating to collection),
 - (B) subchapter B of chapter 70 (relating to bankruptcy and receiverships),
 - (C) chapter 78 (relating to discovery of liability and enforcement of title), or
 - (D) any other provision of law which is specifically described by the Ombudsman in such order.

Internal Revenue Code

Sec. 7811(b)

6894

1986 Code—Subtitle F, Ch. 80B

[Sec. 7811(c)]

(c) **AUTHORITY TO MODIFY OR RESCIND.**—Any Taxpayer Assistance Order issued by the Ombudsman under this section may be modified or rescinded only by the Ombudsman, a district director, a service center director, a compliance center director, a regional director of appeals, or any superior of any such person.

[Sec. 7811(d)]

(d) **SUSPENSION OF RUNNING OF PERIOD OF LIMITATION.**—The running of any period of limitation with respect to any action described in subsection (b) shall be suspended for—

- (1) the period beginning on the date of the taxpayer's application under subsection (a) and ending on the date of the Ombudsman's decision with respect to such application, and
- (2) any period specified by the Ombudsman in a Taxpayer Assistance Order issued pursuant to such application.

[Sec. 7811(e)]

(e) **INDEPENDENT ACTION OF OMBUDSMAN.**—Nothing in this section shall prevent the Ombudsman from taking any action in the absence of an application under subsection (a).

[Sec. 7811(f)]

(f) **OMBUDSMAN.**—For purposes of this section, the term "Ombudsman" includes any designee of the Ombudsman.

Amendments

The above amendment is effective on January 1, 1989.

P.L. 100-647, § 6230(a):

Act Sec. 6230(a) amended Subchapter A of chapter 80 by adding a new Section 7811 to read as above.

APPLICATION FOR TAXPAYER ASSISTANCE ORDER TO RELIEVE HARDSHIP (ATAO)

GENERAL INFORMATION

The Service recognizes the potential for taxpayers to experience significant hardships, either because of mistakes or unintentional actions by either the Service, the taxpayer, or both, or for other causes that the Service had no control over, but that the Service could mitigate.

The ATO program helps address these situations by establishing procedures to:

- Suspend action in case of enforcement issues, and review the account to relieve unintended results where possible, or;
- to initiate actions to relieve significant hardship.

SIGNIFICANT HARDSHIP

The regulations, in part, define significant hardship "...as a serious privation caused or about to be caused to the taxpayer as the result of the particular manner in which the internal revenue laws are being administered by the IRS. This may include an action or an inaction, on the part of the IRS, which is contributing or will contribute to the taxpayer's privation. The term means more than economic or personal inconvenience to the taxpayer.

Significant hardship, as used in describing ATOs, is a highly subjective determination. We consider numerous factors to decide if a taxpayer's problem warrants ATO handling. The Problem Resolution Officer's (PRO's) decision to provide relief, by issuance of a TAO, will be made on a case-by-case basis, after reviewing the pertinent facts and circumstances as provided by the taxpayer. Good judgement is the most important element in reaching a fair and reasonable decision.

Points that are considered when identifying hardship ATO situations are:

- Will the taxpayer be able to retain housing.
- Will the taxpayer be able to obtain food for self and family?
- Will the taxpayer be able to retain utilities for the residence?
- Will the taxpayer be able to retain or obtain transportation to and from work?
- Will the taxpayer be able to obtain essential medical treatment and/or medication for self and/or family?

ATAOs

- Will the taxpayer become unemployed or lose his or her source of income as a result of the Service's action?
- Will the taxpayer be able to obtain reasonable clothing and/or shoes for self and/or family?
- Will the taxpayer sustain an avoidable loss of education for self and/or family, such as loss of a partial scholarship, appointment, or be suspended from a special school?
- Will irreparable damage be caused to the taxpayer's credit rating because of erroneous action or nonconsideration of alternative action(s)?
- Will the taxpayer experience serous financial hardship, such as the inability to meet payroll and/or imminent bankruptcy?
- Is the taxpayer overwhelmed by the enormity of the tax situation he or she is in, as demonstrated by crying, despair, threat of personal harm, etc.?
- Is the hardship imminent? Imminent means that normal procedures, if used, could not relieve the hardship timely.

The following issues are not considered when determining whether a significant hardship exists.

- who is "at fault" (who caused the hardship or contributed to the problem);
- past actions and events (such as the case history with the taxpayer);
- the type of tax (taxpayers with trust fund liabilities can experience significant hardships too), or;
- the prospect of resolution (even if there is no prospect of relief or no reasonable alternative actions are available, an application in a true significant hardship situation should be accepted for consideration).

STATE OF ALASKA

COMMERCIAL FISHERIES ENTRY COMMISSION

WALTER J. HICKEL, GOVERNOR

8800 GLACIER HWY, #109
JUNEAU, AK 99801
(907) 789-6150 Licensing Calls
(907) 789-6160 Other Business
(907) 789-6170 FAX

January 13, 1994

The Honorable _____

Re: IRS v. Alaska Limited Entry Permits

Dear [Legislator]: (SENT TO ALL ALASKA LEGISLATORS)

Last year we corresponded with you concerning the IRS and its claims against Alaska limited entry permits. This letter conveys a timely update which should provide a better grasp of the problem. See Attachment A (5 pages of correspondence).

After months of correspondence and meetings, the IRS has now shared with the Entry Commission statistics describing the extent of noncompliance among Alaska limited entry permit holders. See Attachment A (5 of 5). The statistics show that the areas of greatest noncompliance with federal tax obligations are the Rural areas of the State, where access to traditional fisheries is most important to our economy. The IRS has broken out statistics for two types of delinquent taxpayers: (1) those who have failed to file returns (for whom IRS can only estimate the amount owing); and (2) those who have filed but failed to pay taxes owed (for whom the IRS can provide a fairly accurate estimate).

1,1 Alaska permit holders are in the latter group. However, only 4.8% of them owe more than \$50,000 to the IRS. The vast majority (827 or 74%) owe the IRS \$10,000 or less. This majority can be increased to 86% by adding in the additional 130 individuals who owe the IRS up to \$20,000. See Attachment A (5 of 5).

For most fishermen, the loss of an entry permit destroys their means of earning a living. At the same time, with appropriate assistance, most fishermen have a realistic hope of working their way out of trouble. Alaska fishermen currently face problems beyond those of self-employed people throughout the rest of the country (who often face similar tax problems). For the most part, IRS difficulties among Alaska fishermen are a symptom of generally hard times in the Alaska fishing industry which will call for long-term adjustments. Unfortunately, Alaska fishermen are a distinctly attractive target to the IRS because they are easily identified and they hold permits of value.

Preliminarily, we have discussed with Commissioner Paul Fuhs the possibility of a statutory change to make the existing revolving loan funds of the Commercial Fisheries Loan Program available to help Alaska fishermen avoid seizure and forced sale of their entry permits by the IRS.

January 13, 1994

We are also very interested in the professional help that the Alaska Business Development Center and its President Gary Selk have provided fishermen to help them work their way out of their difficulties. We hope that these services can be sustained.

Additionally, there are other initiatives we would be happy to discuss with you. However, be aware that the IRS is now suing the Entry Commission to strike down those elements of State law which it believes may present obstacles to its seizure and forced sale of entry permits.

We hope that this information is helpful. These are issues which we would be happy to discuss further with you and any other interested individuals.

We thank you for your interest.

Sincerely,

COMMERCIAL FISHERIES ENTRY COMMISSION

Bruce Twomley, Chairman
Frank Homan, Commissioner
Dale G. Anderson, Commissioner

by: 

Enclosure

cc: Commissioner Paul Fuhs
Clement V. Tillion,
Special Assistant to the Governor for Fisheries
Richard Romer,
Special Staff Assistant to the Governor for Rural Affairs
Raga Elim, Legislative Liaison, Office of the Governor

STATE OF ALASKA

COMMERCIAL FISHERIES ENTRY COMMISSION

WALTER J. HICKEL, GOVERNOR

8800 GLACIER HWY, #100
JUNEAU, AK 99801
(907) 789-6150 Licensing Calls
(907) 789-6160 Other Business
(907) 789-6170 FAX

November 9, 1993

Mr. Dave Tucker
Chief, Collection Division
Internal Revenue Service
Department of the Treasury
P.O. Box 101500
Anchorage, AK 99510

Re: IRS analysis of tax delinquencies among limited entry permit holders

Dear Mr. Tucker:

We received your figures concerning tax liabilities among Alaska limited entry permit holders yesterday. I know from our conversations that the production of this information demanded considerable time and attention by you and your staff. Thank you.

As you pointed out in our phone discussion last week, the information does not go as far as we had hoped in delineating the problem by geographic areas. You made clear that the information in this form was as far as the IRS would go in satisfying our request. Nonetheless, the information does help to provide a more informed view of the problem than has been available in the past.

I believe that the information will help get the attention of people who may be willing to help address the problem. I plan to distribute the information as we have discussed. Before I do, I will call you with some questions. I want to make sure that I have a clear understanding of this material. From our previous conversation, I understand that the geographic areas listed as having the greatest incidence of tax delinquencies among limited entry permit holders are set forth in alphabetical order rather than in an order that would reflect magnitude of the problem. I also understand that, for nonfilers, the IRS is drawing upon information from the years 1989 through 1991. As to those permit holders who have filed but owe balances to the IRS, I understand that the IRS is drawing from information through July of 1993.

ATTACHMENT A
(1 of 5)

Mr. Dave Tucker
November 9, 1993
Page 2

Again, thank you. I believe that the information will serve our joint outreach efforts.
I will call you shortly.

Yours Truly,

A handwritten signature in black ink, appearing to read "Bruce Twemley", written over the typed name below.

Bruce Twemley, Chairman

ATTACHMENT A
(2 of 5)

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 101500, Anchorage, Alaska 99510

RECEIVED

NOV 08 1993

CFEC

NOV 3 1993

Bruce Twomley, Commissioner
State of Alaska
Commercial Fisheries Entry Commission
8800 Glacier Highway, #109
Juneau, AK 99801

Dear Mr. Twomley:

This letter is in response to your request of September 20, 1993, that the Internal Revenue Service provide your agency with data detailing the scope of tax delinquencies among limited entry permit (LEP) holders.

As you know from our ongoing discussions, a dilemma is posed for the Service by your request. We are actively pursuing ways to reduce the incidence to tax delinquencies through improvements to our own education and assistance efforts, and by encouraging involvement of interested third parties. For this reason we would like to meet your request for detailed information. The dilemma results from the extremely restrictive language and intent of IRC 6103 which prohibits disclosure of tax information without specific authorization. In fact, the Internal Revenue Code imposes criminal penalties for breaches of confidentiality.

We have reviewed the data and have determined that in most locales the incidence of tax delinquencies exceeds our disclosure threshold. That is, the specific data is of such magnitude that the confidentiality of individual taxpayers would be breached by disclosure. By definition the locales of the greatest magnitude are the ones in which we have the greatest common interest. Even taxpayers in full compliance could by unfortunate inference have their reputations tarnished.

What we can provide is summary data for both Alaska resident and non Alaska resident limited entry permit holders. In addition, we can list the regions of Alaska with the highest incidence of non filing and non payment problems.

Be assured that all regions share in the overall high volume of tax delinquencies. The IRS will continue to provide service to all Alaskans. We invite the ideas and assistance of all

ATTACHMENT A
(3 of 5)

Bruce Twomley

interested parties. We would welcome joint sponsorship of outreach activities, particularly in the seven regions identified. Please contact me at (907) 271-6353 to discuss our plan of action.

Sincerely,



Dave Tucker
Chief, Collection Division

Enclosure

RECEIVED
MAY 11 8 1993
CFEC

Summary of Tax Delinquencies Among LEP Holders

	IRS <u>Non Filers</u>	IRS <u>Balance Due*</u>	IRS <u>Total</u>	LEP <u> Holders</u>	<u>Percent</u>	<u>Amount Due</u>
Alaska Resident	1,173 (Actual)	1,111 (Actual)	2,284 (Actual)	8,802	26	\$13.7M (Actual)
Non Alaska Resident	333 (Estimate)	315 (Estimate)	648 (Estimate)	2,504	26	\$3.9M (Estimate)
Total	1,506 (Estimate)	1,426 (Estimate)	2,932 (Estimate)	11,306	26	\$17.6M ** (Estimate)

** Estimate Including Non-Filers = \$30M+

*Breakdown of Alaska Resident Balance Due Taxpayers by Amount Owed

<u>\$0-10,000</u>	<u>\$10,001-20,000</u>	<u>\$20,001-50,000</u>	<u>\$50,001-100,000</u>	<u>\$100,000+</u>	<u>Total</u>	<u>Balance Due</u>
827	130	101	32	21	1111	\$13.7M

Regions with the Greatest Incidence of Tax Delinquencies Among LEP Holders

<u>Region</u>	<u>Greatest Problem(s)</u>
Bethel	Non Filing/Non Payment
Bristol Bay and Dillingham	Non Filing/Non Payment
Haines Borough & Skagway-Yakutat-Angoon	Non Filing/Non Payment
Kenai Peninsula Borough	Non Payment
Kodiak Island Borough	Non Payment
Lake and Peninsula Borough	Non Payment
Wade Hampton	Non Filing

ALASKA COMMERCIAL FISHERMEN
AND THE IRS

September, 1993

A WORD OF CAUTION

You should not rely on the information in this pamphlet to solve a particular problem that you or another fisherman may have with the IRS. The reason is the IRS laws and procedures are too complicated to be fully explained in this pamphlet. Also, the applicable laws and procedures may change. Finally, there are many exceptions to the general information presented here. One or more of those exceptions may apply to a particular problem you or another fisherman may have with the IRS. If you need help with a particular problem, then please refer to Chapter 3 of this pamphlet.

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I. THE IRS IN GENERAL

1. IRS Discretion. The IRS has a lot of discretion on how it acts in any particular case. In some cases, the IRS will be helpful and easy to work with while in other cases, which have comparable issues, the IRS will take a hard line. How you are treated may depend on the particular IRS officer or agent handling your case. Alternatively, it may depend on the IRS philosophies or practices in effect at the time. Finally, it may depend on the level of coordination and cooperation between the various groups in the IRS at the time. There is no one person at the IRS who is responsible and accessible to Alaska's commercial fishing community.

For these reasons, before you talk directly to the IRS about your problem you should strongly consider having a capable person to help you understand your IRS problem and to help you identify the ways you can try to resolve your problem with the IRS. Section 18 of this pamphlet gives information on where you may get help to understand your IRS problem. If you believe the IRS has acted in bad faith or treated you unfairly, then you should consider asking for a review of the revenue officer's action or applying for a Taxpayer's Assistance Order from the IRS Problems Resolution Office (PRO). If the IRS threatens or takes action against you which would result in undue hardship, then you should immediately apply for a Taxpayer's Assistance Order from the PRO. Section 15 of the pamphlet gives information on how to ask for a review of a revenue officer's action. Section 16 of this pamphlet gives information about the PRO.

2. Contacts by the IRS. An IRS revenue agent audits tax returns. An IRS revenue officer collects taxes. An IRS special agent is from the IRS Criminal Investigations Division (CID). If an IRS special agent contacts you or asks other people questions about you, then you should assume you are a "target" in a criminal investigation for a tax crime. Section 5 of this pamphlet has information about tax crimes. Although cooperation with a revenue agent from the audit division or a revenue officer from the collection division may be appropriate, say nothing to a Special Agent from CID.

3. Promises by IRS Revenue Officers. An IRS revenue officer may contact you to collect your delinquent taxes. That officer may make promises to you in exchange for your agreement to pay the IRS money or give the IRS property to satisfy some or all of your back taxes. You should ask the IRS officer to put his or her promise to you in writing if that promise is necessary to solve your tax problem or keep your permit.

If an IRS officer breaks his or her promise to you, then you should consider making a complaint to the group manager of that revenue officer or contact the IRS Problems Resolution Office (PRO). Section 15 of this pamphlet gives information about making a complaint about a revenue officer. Section 16 of this pamphlet gives information about the PRO.

The same considerations apply to promises an IRS agent may make to you in an audit.

4. Other IRS Actions. Unless the IRS has a court order, the IRS does not have the right to send its officers or agents into your home or onto your boat. You have the right to decide whether you will allow an IRS officer or agent into your home or on your

boat. Do not be afraid to tell an IRS officer or agent that he or she may not come into your home or on your boat. However, you should treat the IRS officer or agent politely and make arrangements for you or your representative to meet with the IRS officer or agent at another place at a mutually convenient time.

You also have the right to decide whether you want to talk to an IRS officer or agent directly or whether you want the IRS to work directly with your representative, such as your CPA, lawyer or another person you select. The IRS requires that you designate your representative for this purpose by completing an IRS Special Power of Attorney form. After you do this and until you revoke the designation, the IRS is required to work directly with your representative. If an IRS officer or agent contacts you while your Special Power of Attorney is in effect, then you should remind that person to work with your designated representative.

The IRS may give tax information about you to another person, without your prior consent or knowledge. Whether the IRS is allowed to give information about you to other people depends on the particular circumstances. However, the IRS may give out such information if the IRS believes it may result in collecting delinquent taxes. One example may be the IRS giving information about you to a potential buyer of your permit if you owe the IRS money.

5. Tax Crimes. Many actions a taxpayer may take or fail to take constitute tax crimes. The "big three" are: (1) failure to file; (2) tax fraud; and (3) tax evasion. In criminal cases, the IRS wants both a conviction and publicity concerning that conviction so other fishermen hear about it and will be discouraged from acting the same way.

One question that always seems to arise is "How do I know if I am the target of a criminal investigation and what do I do?" The answers are quite simple. If you are contacted by a person who identifies himself or herself as a Special Agent with inquiries about your income, expenses or taxes, or someone you know is contacted by a Special Agent asking questions about you, you are a "target" in a criminal investigation. Section 2 of this pamphlet explains the difference between IRS "agent", "officer" and "special agent". A Special Agent is from the Criminal Investigation Division (CID) and CID does not determine tax liability or collect taxes -- it investigates tax crimes.

If you are a "target" of a CID investigation or suspect you are the target of a CID investigation follow two rules: (1) "clam-up"; and (2) call your lawyer. Also, remember by the time the Special Agent becomes involved, the special non-filer programs by the IRS are no longer available to you.

II. SPECIFIC IRS PROBLEMS

6. Non-Filing. The IRS says non-filing is the biggest problem among our fishermen. Many fishermen do not file tax returns on time if they do not have the money to pay their taxes. If you did not file your tax returns on time, then you risk criminal prosecution by the IRS. Also, the IRS will always charge you substantial penalties for failure to file on time. If you are a non filer, then you should correct the problem by filing the required tax returns and, at the same time, work out an agreement with the IRS to pay the taxes owed.

You are required to file a tax return for each year in which you met the minimum filing requirements of the IRS, whether or not you owe taxes to the IRS for that year. If you have not filed all the tax returns required, then you should immediately do so with the help of a capable person. Information on where you can get help is in Sections 15 and 17 of this pamphlet.

In some cases, the IRS will help you prepare your return at no cost to you. If you would like the IRS to prepare a late tax return, then you can call IRS Taxpayer Services at 561-7484 or 1-800-829-1040. Before you come forward voluntarily to work directly with the IRS, you or a capable person working for you should consult the IRS special non filer program in effect at that time.

If you will owe taxes that you cannot pay when you file your late return with the IRS, then you need to make an agreement with the IRS on how you will pay those taxes at the same time you file your late return. The IRS has 10 years to collect taxes after the taxes are assessed by the IRS. Taxes are assessed by the IRS after your return is filed. This means you may be able to make a repayment schedule over a 10 year period. Sections 8-10 of this pamphlet give information about some types of agreements the IRS may make with you to pay your back taxes. Chapter 3 gives information about where you may get help to determine what kind of agreement may be best for you.

7. IRS Forced Filing. If you did not file a tax return for each year you were required to do so, the IRS can make a forced filing against you for that tax year.

An IRS forced filing will calculate your tax liability based on how much money the IRS thinks you made in that tax year. An IRS forced filing will allow you only a standard deduction and one exemption for that year. A forced filing will not give you any credit for your itemized deductions, expenses, depreciation or other exemptions to which you are entitled. If the IRS makes a forced filing on you, then you should consider filing a tax return for that year which shows your actual income as well as your deductions, expenses, depreciation and all exemptions. Generally, your tax return will substantially decrease your tax liability from that determined by the IRS's forced filing for that year.

8. Delinquent Taxes and IRS Forced Collection. If you filed a tax return but failed to pay the taxes owed, then the IRS can force collection. Forced collection means the IRS can take your money away from you. It also means the IRS can take your permit and all your property and, later, sell it to pay your delinquent taxes. The IRS can also collect money owed to you by someone else, such as settlement money from your processor. The IRS can take money out of your bank account. The IRS can take your property away from other people who hold it. If the IRS wrongfully takes your money or property, the only way you can get it back is to first go through IRS administrative procedures for wrongful levy or to file a claim for a refund. Alternatively, if the IRS wrongfully takes your money or property, then you can go through the IRS Problems Resolution Office (PRO) to get your money or property back. Section 16 gives information about the PRO.

9. IRS Installment Agreements. If you owe taxes to the IRS which you can not pay all at once, then you may be able to make an agreement with the IRS to pay your

taxes in installments. If you are considering an informal payment agreement with the IRS, review the information on IRS promises in Section 3. If you owe less than \$10,000 in taxes, then you may be able to make an installment agreement with the IRS by telephone. The IRS telephone number for this purpose is 1-800-829-1040. Do not make an installment agreement by telephone with the IRS until you clearly understand each condition of that agreement.

Finally, the IRS has a formal Installment Agreement procedure and form. In order to make a formal Installment Agreement with the IRS, you have to meet the IRS's requirements. One requirement is that you give the IRS a complete and accurate financial statement. Based on the information you give to the IRS and other information the IRS decides to consider, the IRS will use its formula to determine the amount of installment payments you must pay. The specific IRS Installment Agreement form must be signed by both you and the IRS.

If this is done, then as long as you make your payments and you are in compliance with all the other standard conditions of the Agreement, then the IRS is not supposed to take any action against you to collect the delinquent taxes covered by that Agreement. Some of the standard conditions to keep an IRS Installment Agreement in effect are:

- You give correct and complete financial information to the IRS.
- You pay each installment on time.
- You satisfy other tax liabilities on time. This includes filing tax returns and paying estimated and all other taxes.
- You provide current financial information when asked by the IRS.
- The IRS determines that collecting the tax is not in jeopardy.
- You give the IRS your Alaska permanent fund dividend every year.

While an Installment Agreement is in effect, the IRS has the right to change the amount you must pay without your consent. If the IRS changes the amount you must pay, then the IRS is supposed to give you 30 days advance notice and tell you why the amount was changed. If the IRS decides it is in jeopardy of collecting the taxes you owe, then the IRS can terminate the Installment Agreement without prior notice to you and without your consent.

Because the IRS can force collection for any taxes which are not covered in an Installment Agreement, it is important for you to have all your delinquent taxes covered in one Installment Agreement with the IRS.

10. IRS Offer in Compromise. The IRS has a procedure called an Offer in Compromise for taxpayers who owe more than they can pay before the IRS statute of limitations for collection of those taxes expires. If you are in this position, you can offer to pay the IRS a specific amount of money. If that amount is determined by the IRS to be more than the amount the IRS thinks it could collect from you (including by selling your permit and all your property) from now until the date the statute of limitations runs on those taxes, then the IRS may accept your offer. If the IRS accepts your offer and you pay the agreed amount, then the IRS will abate the remaining tax balance and release any tax liens. If you file and pay your taxes as required by the IRS for the next 5 years, then the IRS is bound by the Offer in Compromise. If you do not file and pay on time

for the next 5 years. then you will have to pay the tax amount which was abated by your Offer and, also, the IRS liens will be effective against all your property for that amount. In this case, the applicable IRS statutes of limitations are extended as well.

An Offer in Compromise may be a good solution for some crew members who have not filed their returns or paid their taxes.

11. IRS "Currently Not Collectible" Status. If the IRS decides you have: (1) no money to pay your taxes, (2) no ability to borrow money to pay your taxes, and (3) no assets which you can sell to pay your taxes, then the IRS will put you in a "currently not collectible status". If you are put in this status, then the IRS will not pursue collection at this time. However, your taxes remain due. Also, interest and penalties continue to accrue on those taxes. Finally, the IRS can renew collection efforts against you as it desires in the future.

12. Permits. If you are a permit holder and you have an IRS problem, you should have a capable person advise you as soon as possible on how you may resolve your problem with the IRS. Section 18 of this pamphlet give information on where you can get help with your IRS problem. If the IRS takes action against your permit, you should immediately contact the IRS Problems Resolution Office (PRO) if losing your permit will create an undue hardship on you and your family. Information about the PRO is in Section 16 of this pamphlet. In this case, you should also obtain professional advice from your CPA, lawyer or other capable person. Information on where you can get help is in Sections 17 and 18 of this pamphlet.

Even if you do not owe any IRS taxes, the IRS can take your permit away to pay the delinquent taxes of a previous owner of your permit. Generally, the IRS may do this if the IRS recorded a Notice of Federal Tax Lien against a previous owner of your permit during the time period that person held it and the applicable statute of limitations has not expired. However, if the previous owner was a relative, then the IRS may be able to take your permit away if federal taxes were owed by the relative during the time period your relative was the permit holder even though the IRS had not filed a federal tax lien against your relative during that time period.

If you own a permit, then you may want to check whether it is subject to a lien by the IRS for taxes owed by a prior owner. Also, if you want to buy a permit, then you should first try to determine whether there is a federal tax lien against it. However, in some cases you will not be able to determine if there is a federal tax lien against a specific permit.

There are a number of steps involved in making this check for the IRS liens against permits. These steps can be taken without asking the IRS for help. However, the IRS will give you information about tax liens on permits. The IRS provides this information because it helps the IRS collect taxes owed by fishermen who now own permits or who have owned permits in the past. In other words, if the IRS helps you and a lien is found, then the IRS may take your permit away to pay the lien liability.

If you are going to either buy or sell a permit, you may want to specifically state in your buy-sell agreement whether or not it is being transferred free and clear of IRS liens.

There is a new tax law which may allow you to depreciate a permit over 15 years if that permit is purchased after August 10, 1993. There are no IRS regulations on this new law. Also, the IRS recently adopted regulations allowing tax free exchanges of permits in certain cases. Consult your CPA or other tax professional for specific information on these points.

13. USCG Boats. Unlike other kinds of property, the IRS's lien priority on a USCG documented boat is down toward the bottom, regardless of when the IRS lien was recorded against the boat owner. An IRS lien is not a maritime lien and, thus, all maritime liens and preferred ship mortgages are superior to IRS liens. For this reason, the IRS may not seize and sell your USCG documented boat if your boat has a big mortgage or substantial maritime liens against it.

14. Audits. The IRS may audit one or more of your tax returns. Generally, the IRS agent who audits your return is questioning only particular points of your tax return and is not auditing every point of your tax return. For this reason, you should find out exactly what points are being questioned by the IRS before you respond to the audit by mail or go to the audit interview. You should respond to only the points at issue. Generally, you should not volunteer information on other points of your tax return because, by doing so, you may expand the scope of the audit. Also, the procedures IRS agents use to conduct an audit are specific and defined. CPAs and tax professionals who assist taxpayers in IRS audits can tell you the specific procedures the IRS uses when auditing particular points. This information will help you respond properly to an IRS audit.

III. WHERE YOU CAN GET HELP

15. Review of an IRS Revenue Officer's Actions. The IRS Collection Division has a procedure to review a revenue officer's action. If you are not satisfied with a decision of the IRS revenue officer handling your case, you can ask his or her group manager to review that decision. This review procedure can go up several levels through the IRS Collection Division.

16. IRS Problems Resolution Office. The IRS has a Problems Resolution Office (PRO). The PRO is an advocate of the taxpayer in IRS matters. The PRO can give specific relief to a taxpayer to alleviate undue hardship. The PRO can also help you if the IRS has treated you unfairly. To apply for help from the PRO, you need to fill out an Application for Taxpayer Assistance Order to Relieve Hardship. The PRO has broad discretion on whether or not it will help you. However, if the PRO decides to help you, it can overturn or modify a collection decision or action by the IRS. Alaska's PRO is well staffed, efficient and experienced. You may obtain information from the PRO by writing: P.O. Box 101500, Anchorage, Alaska 99510 attn: Problems Resolution Office or by calling 271-6877. The PRO can be of valuable help to fishermen.

17. Bankruptcy Protection. Bankruptcy is designed to provide debtors both protection and relief. Whether a person should file for bankruptcy and, if so, whether it should be filed under a chapter 7, 11 or 13 is a complex question. If you believe bankruptcy may be the relief needed, particularly if you are attempting to retain your fishing permit, you should consult a bankruptcy lawyer. Also, you should not wait until

you are down to your last dollar or a federal tax lien is filed before you consider bankruptcy. If you wait until the last minute, you not only reduce your options but make it more difficult to salvage anything. Bankruptcy can be a valuable tool in helping to solve financial problems but to produce the best results it should be explored early in the game, not on the eve of the foreclosure sale. The longer you wait, the less flexibility and options you will have.

In some cases, tax liabilities may be discharged in bankruptcy. In general, for taxes to be discharged in bankruptcy the taxpayer must first have filed a return for the period in question ("forced" filing by the Service will not do it). Dischargeability turns on the "age" of the tax liability: (1) was it for tax years that the return was due, including extensions, more than 3 years before the bankruptcy filing date; (2) if a return was filed after the due date, including extensions, was it filed more than 2 years before the bankruptcy filing date; or (3) if the tax was assessed, was it assessed more than 240 days before the bankruptcy filing date. If the answer to any of the three is **NO** the tax liability **will not** be discharged. Taxes presumptively discharged under the "3-2-240" test will not be discharged if the taxpayer filed a fraudulent return or has attempted to evade taxes. It is also important to recognize that, while personal liability may be discharged, bankruptcy does not affect a federal tax lien if one has been filed. In other words, although you may not have to pay these taxes, the IRS can still take your property and your permit.

18. CPAs, Lawyers and Other Help Available.

A. Tax Professionals. If you need to file a tax return, arrange to pay delinquent taxes over time, or are being audited, then you should consider consulting a tax advisor before you talk to the IRS. There are different kinds of tax professionals:

1. CPA. A Certified Public Accountant (CPA) may be able to help you. Some CPA's specialize in assisting taxpayers in IRS audits. Other CPA's specialize in assisting taxpayers in filing tax returns or working out delinquent tax problems with the IRS. You should consider hiring a CPA who specializes in the area in which you need help and, also, who has experience in representing commercial fishermen.
2. Bookkeepers and Other Tax Professionals. There are some bookkeepers and other tax professionals who have a lot of experience helping taxpayers on IRS problems. Other bookkeepers and tax professionals do not have this kind of experience and may not be able to help you. Before you have a bookkeeper or other tax professional to help you, you should determine he or she has the experience in your particular type of IRS problem.

B. Lawyers. Generally, lawyers may not be the best choice to help you with your IRS problems. One exception is a lawyer who is trained and has experience in IRS laws and procedures. Another exception may be your local family lawyer. If your lawyer does not have IRS training and experience, then you may want your CPA, bookkeeper or other capable person to assist your lawyer. Some other exceptions are:

1. Bankruptcy. If you are considering filing bankruptcy, then you probably need the advice of a bankruptcy lawyer. You should consider a bankruptcy lawyer who represents commercial fishermen.
 2. Criminal Defense. If you have been charged with a crime by the IRS or you are the "target" of a CID investigation, then you need a criminal defense lawyer. You have the constitutional right to have a lawyer defend you. If you can not afford a lawyer, call Nancy Shaw, Alaska Federal Public Defender at 271-2277.
 3. ACLU. The Alaska Civil Liberties Union (ACLU) exists to protect our individual rights. The ACLU may represent a fisherman or class of fishermen in a case in which IRS actions deny constitutionally protected individual rights. ACLU's director is Randall Burns. The ACLU can be contacted by writing: P.O. Box 201844, Anchorage, Alaska 99520 or by calling 276-2258.
- C. Other Help Available.
1. Alaska Business Development Center. The Center can be of valuable assistance to fishermen with IRS problems. It has a specific program for this purpose which is funded by the State of Alaska, Department of Commerce and Economic Development. The Center charges \$0 - \$25/hour depending on your ability to pay. If there are enough fishermen in your village who have IRS problems, then the Center will send people out to your village to help those fishermen. You can call the Center at 1-800-478-FISH.
 2. CFEC. In certain instances, CFEC may be able to help you. CFEC can be contacted by writing: State of Alaska, CFEC, 8800 Glacier Highway, Suite 109, Juneau, Alaska 99801 or by calling 789-6160.
 3. ANCSA and CDQ Corporations: Native Associations. ANCSA and CDQ corporations and native associations may have programs or other help available to their members. If you are a member of such a corporation or association, then you should find out if it has a program or other help available to you.
 4. Bad Times Group. The Bad Times Group consists of professionals who advise Alaska commercial fishermen. It is sponsored by the Sea Grant Marine Advisory Program of the University of Alaska. Last winter the group conducted financial workshops and, also, addressed the IRS problem in several Alaska fishing communities. If you would like the group to come out to your community call Craig Wiese at 274-9691.

Following a recent meeting of the Board of the Alaska Federation of Natives, this pamphlet was prepared to provide general information about IRS actions which are of particular concern to Alaska commercial fishermen. It was prepared by a CFEC-CFAB volunteer work group which is composed of professionals who advise Alaska commercial fishermen.

H B

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Representative Jerry Sanders

District 19

Vice Chair, Rules Committee
Vice Chair, Community & Regional Affairs Committee
House State Affairs Committee
Special Committee on Oil & Gas
Legislative Council
International Trade & Tourism

SPONSOR STATEMENT

The House Community and Regional Affairs Committee introduced the bill on behalf of the Alaska Job Training Council. Representative Sanders is currently the Alaska House delegate to the council.

HB 388 establishes a state policy on human resource development for state government agencies which requires public officials responsible for education and training programs to coordinate their programs.

The Job Training Council has spent the last year drafting a policy and HB 388 is the result of their work.

In your bill packet is information developed by the Training Council outlining the goals that this policy will achieve.

FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: 'An Act establishing a comprehensive policy BRU: _____
relating to human resource development . . .' Component: _____
 Sponsor: House C&RA Committee
 Requestor: _____ COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
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						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Remond Henderson *Remond Henderson* Director Phone: 465-4708
 Division: Administrative Services Date: 3/21/94
 Approved for the Commissioner by: Bruce Geraghty *Bruce Geraghty* Deputy Commissioner Date: 3/21/94
 Agency: Community & Regional Affairs

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 388

Revision Date: _____
Title: An Act Establishing a comprehensive policy relating to human resource development in the state.
Sponsor: House C & RA Committee by request
Requestor: House Labor and Commerce Committee

Department Affected: Education
BRU: Education Program Support
Component: Adult and Vocational Education Administration
COMPONENT SERIAL NO. _____ 180

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
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						
----------------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
-----------------------------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary.)

This legislation will have no fiscal impact on the Department of Education.

Prepared by: Ed Obie, Vocational Education
Division: Education Program Support

Phone: 465-8726
Date: March 21, 1994

Approved by Commissioner: 
Agency: Education

Jerry Covey
Date: March 21, 1994

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Goal #1: Provide employers with a diversified, multi-skilled workforce.

1. Objective: Participation by employers.
2. Objective: Develop private/public partnerships to train employees.
3. Objective: Encourage new and expanding businesses to hire job training participants.

Coordination Criteria:

- Job Training Plans of Private Industry Councils (PICs) must describe ways in which employers will be involved in the development of training programs.
- Create incentives to maximize participation by employers ie. monetary advantages, reduction in paperwork or simplification in program delivery.
- Market and promote programs to educate employers of benefits to participation.
- Analyze market information to determine employers' needs.
- Target training resources to occupations having high non-resident employees.
- Design training programs to meet the needs of employers.

4. Objective: Promote training and placement opportunities for women in 'nontraditional' employment.**Coordination Criteria:**

- Broaden employers' awareness of any mandated requirements for entry of women into 'nontraditional' employment.
- Provide technical assistance and a one-stop environment to employers to meet the established goals of the '92 job training reform amendments.

PRIORITY ACTION STEP: Maximize employer participation by having a meeting or meetings between employers and providers.

Goal #2: Increase coordination of workforce development programs to maximize service delivery from the available resources.

1. Objective: Remove barriers to collaboration.

Barriers to Collaboration:

- | | |
|---|--|
| <ul style="list-style-type: none"> °Lack of communication °Differing performance standards °Changing regulations and program requirements °De-funding programs or changes in program funding °Number of federal programs | <ul style="list-style-type: none"> °Political changes resulting in loss of jobs °Lack of overall state policy for human resource development °Knowing who to collaborate with, ie. AR DORS °Geographic separation and transportation costs °Number of agencies involved at the state and local levels |
|---|--|

Coordination Criteria :

(Ways to remove barriers to collaboration)

- Participate in the development of a statewide human resource investment policy.
- Institute an ongoing forum for communication among all relevant programs.
- Develop an electronic bulletin board (make use of current technology).
- Develop a resource directory for workforce development.

2. Objective: Provide Incentives.

Coordination Criteria :

- Develop economic and programmatic incentives (\$) for collaboration among programs. The collaboration would result in accomplishment of individual program goals.
- Develop performance standards to reward collaboration.
- Share resources and real information across programs to the extent permissible.

3. Objective: Integrate Services.

Coordination Criteria :

- Use technology to address integration issues linking regions, communities and the state as a whole.
- With the philosophy "Any Door is the Right Door", work toward 'one-stop shopping' permitting programs other than your own to do some basic client intake and assessment.
- Begin joint assessment and joint planning processes across programs.
- *Assess confidentiality requirements which impede collaboration among agencies and identify strategies to address them.*

4. Objective: Share evaluations of workforce development programs.

Coordination Criteria :

- Develop a central clearinghouse for data/jobs/program evaluations, etc.

PRIORITY ACTION STEP: Participate in the development of a statewide human resource investment policy.

Goal #3: Employment and training programs shall assist the economically disadvantaged, at-risk youth, dislocated worker and the marginally employed to become self-supporting.

1. Objective: Provide workforce development services to welfare recipients, particularly JOBS participants, in order to provide basic skills and training necessary for long term employability.

Coordination Criteria :

- Use 'case management' for clients while agencies work as a 'team' of resources.
- Basic education should be provided to persons determined to need additional education. Where possible, basic education should be concurrent or integrated with job specific skills training.
- Job skills training must be tailored to the abilities and interests of JOBS clients.
- Training programs must help trainees arrange for child care during training and in transition to the world of work.

2. Objective: Provide services to those people having multiple barriers to employment to enable them to become self-sufficient.

Coordination Criteria :

- Use 'case management' for clients while agencies work as a 'team' of resources.
- Develop and distribute a statewide resource and referral manual.

3. Objective: Provide opportunities for Alaska's older residents to return to work, placing particular emphasis on those who have additional barriers to employment.

Coordination Criteria :

- Use 'case management' for clients while agencies work as a 'team' of resources.
- Programs should promote the benefits of hiring older workers.
- Provide outreach and recruitment of older workers.

4. Objective: Identify and serve Alaskans with disabilities or other special needs.

Coordination Criteria :

- Use 'case management' for clients while agencies work as a 'team' of resources.
- Workforce development plans must demonstrate that service strategies to persons with disabilities are coordinated with the Division of Vocational Rehabilitation.

5. Objective: Assist students in the transition from school to work.

Coordination Criteria :

- Use 'case management' for clients while agencies work as a 'team' of resources.
- Maintain state based career information tools including AKCIS and the Alaska Career Guide.
- Promote Tech-Prep and the integration of academic and vocational education as included in ALASKA 2000.
- *Coordinate the state's School-to-Work Initiative with other work readiness initiatives such as Alaska-Youth Ready For Work, WISE, Tech Prep, etc.*

6. Objective: Meet the needs of dislocated workers through collaboration in the outreach and provision of training and placement services.

Coordination Criteria :

- Use 'case management' for clients while agencies work as a 'team' of resources.
- Enhance the cooperative provision of multiple agency "Rapid Response Teams" to mitigate the impact of business/industry lay-offs.
- Ensure that unemployment insurance claimants are informed about training under the State Training and Employment Program.


PRIORITY ACTION STEP: Produce and distribute a resource and referral manual.

**WALTER J. HICKEL, GOVERNOR**

REPLY TO: Department of Community
and Regional Affairs
333 W. 4th Avenue
Suite 220
Anchorage, Alaska 99501-2341
Phone: (907) 269-4500
Fax: (907) 269-4520

ALASKA JOB TRAINING COUNCIL

MEMO TO: Members of the AJTC

FROM: Debra Call 
Chair, Executive Committee

DATE: January 18, 1994

SUBJECT: Policy for Human Resource Development

Everyone is aware by now that the Executive Committee of Council has been working for the past year on drafting a policy for human resource development in the state. The Committee met on January 15, 1994, to consider language contained in a working draft of proposed legislation. The attached copy of *Senate Community and Regional Affairs Committee Bill No. 255* entitled "An Act establishing a comprehensive policy relating to human resource development in the state" is that adopted by the Executive Committee at its meeting on January 15.

Background. As you will recall, at the last meeting of Council on November 18, 1993, a resolution was adopted which endorsed development of a human resource development policy and provided direction to the Chair to carry the issue to the Governor. Following recess of Council that first day, the Executive Committee met in worksession to decide upon strategy to move the issue forward given the direction by Council. At that worksession it was agreed that the policy would be moved along three tracks simultaneously. That is, the AJTC would take draft policy to the Governor (1) at the same time that the legislature considered a 'policy' bill (2) while the Council was then taking the policy to other public advisory bodies for support and endorsement (3). The consensus at the meeting was to proceed with this strategy. I then briefed the Council of the results of our committee work at the earliest opportunity, which was the morning of November 19.

Policy Drafted. Staff of DCRA and Legislative Legal Services began developing a policy statement in the form of draft legislation. The first working draft was presented to the Executive Committee for review and comment on January 15. Committee members spent nearly three hours reviewing the document, line by line. Comments were provided with directions for changes. The attached copy incorporates the language as passed by a majority vote of 3 to 1 (Chair abstaining).

Following discussion of specific language, the Committee then spent time discussing strategy to carry the policy to the Governor, Legislature and advisory groups, given the fact that legislative session was already underway. It was moved that due to severe time constraints in the required readings of legislation, the Committee vote to allow introduction of the bill in the Senate Community and Regional Affairs Committee on Tuesday, January 18, 1994, with the understanding that there may be changes resulting from the full Council review at this January 24, teleconference. The motion passed with no opposition (Chair abstained).

Members of the AJTC
January 18, 1994
Page Two

Council Review. In accordance with the terms of the Committee's motion, this legislation is being presented to the full Council for review and comment at next week's meeting. Please review the document carefully and come to the meeting prepared to discuss.

If you have questions regarding this bill please contact Bruce Geraghty in Juneau at 465-4700 or Tony Nakazawa in Anchorage at 269-4607. I hope to hear all members on line next Monday.

Distribution List:

MEMBERS OF THE ALASKA JOB TRAINING COUNCIL:

Debra Call, Chair

Mr. James Caldarola

Ms. Jewel Jones

Mr. H. Leo Brown

Mr. Ralph L. Kibby

Mr. Percy Frisby

Mr. Bruce A. Kleven

Mr. Joseph R. Gabrielle

Ms. Judy Knight

Mr. Bruce R. Geraghty

Ms. Jo Ann C. McDowell

Ms. Sharon Guenther

Ms. Sarah H. Palin

Ms. Jan Hansen

Senator Randy Phillips

Ms. JoAnn B. Henderson

Mr. David Rees

Mr. Kay G. Hoch

Representative Jerry Sanders

Ms. Mary E. Shields

Ms. Julie A. Ward

Mr. Mike Young

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PROGRAM COMPLIANCE

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Julie Ward
James Caldarola
Judy Knight
Sarah H. Palin

COORDINATION

Jewel Jones
Jan Hansen
Bruce Kleven
Mary Shields
David Rees

AD HOC (to research different issues and offer support to other committees as needed)

Jo Ann Henderson
Percy Frisby
Rep. Jerry Sanders
Sen. Randy Phillips
Bruce Geraghty
Jo Ann C. McDowell
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H. Leo Brown
Joseph R. Gabrielle
Sharon Guenther

7785
CA:JMB
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To	Kayce	From
Co.	Rep. Hudson	Co.
Dept.		Phone #
Fax #	6790	Fax #

MEMORANDUM


Department of Education

To: Raga Elim
Special Staff Assistant
Office of the Governor

Date: March 8, 1994

Phone: 465-2800

File: p:\sb255

From: 
Mike Maher
Deputy Commissioner
Department of Education

Subject: Recommendations for CS for
SB 255 (CRA)

CS for Senate Bill 255 (CRA), "An Act establishing a comprehensive policy relating to human resource development in the state" is currently in the committee process. While the intent of developing a comprehensive human resource policy to guide the state's preparation of workforce resources is of merit, the department has the following concerns relative to this proposed legislation:

I. Section 1(g) of the CSSB 255 (CRA) states: "To plan, monitor, and coordinate the programs, systems, and activities identified in this section, the governor shall use the Alaska Job Training Council as the recognized state job coordinating council." Section 1(g) further states the Council will submit a report to the governor and the legislature every other year with recommendations to improve economic development and human resource development in the state. The Alaska Job Training Council is currently administered under the Department of Community and Regional Affairs. If a human resource policy is to "plan, monitor, and coordinate the programs, systems, and activities" of all state agencies responsible for economic development and human resource development, an entity other than one of the existing state agencies may be more appropriate to administer the policy and prepare recommendations to the governor and legislature.

II. Vocational education administered through the Department of Education is cited throughout Section 1 of CSSB 255 (CRA) as one of the major components in workforce preparation. The Department of Education currently does not have official representation on the Alaska Job Training Council as do some of the other workforce preparation agencies and providers. The Alaska Job Training Council is represented in CSSB 255 (CRA) as the recognized state job training council. This raises a question whether this entity would best administer a statewide human resource investment policy.

III. This legislation proposes the Alaska Job Training Council submit a report to the governor and the legislature every two years with recommendations regarding coordination and delivery of economic development and human resource development. Another report to the governor and

Memo, Raga Elim
March 8, 1994
Page 2 of 2

the legislature related to program coordination would be of questionable value at best. There are current statutory and regulatory requirements that require coordination of vocational education services (including submitting the Vocational Education State Plan to the Alaska Job Training Council for review and recommendation) for all federally funded programs. The majority of human resource development programs currently fall under these requirements.

IV. The Alaska Career Information System (AKCIS) currently provides the information and tools used by schools and agencies to help individuals explore and plan career and educational goals, and to promote work readiness in Alaska. It acts as a clearinghouse for information related to job training and career opportunities.

The proposed legislation would create duplication of advisory functions for AKCIS currently being carried out by the Alaska Occupational Information Coordinating Committee. It also implies an additional level of control or "coordination" that conflicts or interferes with the contractual and licensing obligation of AKCIS in connection with the National Career Information System consortium. Such required "coordination" of all efforts would also create an undue hardship in terms of increased paperwork, procedures, and associated costs. The increased time it would take could have a detrimental effect upon a program that must react rapidly to changing occupational, career and technological trends in Alaska and the nation.

Overall, the proposed legislation appears to be a burdensome duplication of functions that are already in place.

In addition, the Department of Education, at the direction of the State Board of Education, is placing additional emphasis on school-to-work transition programs. The department does not intend to relinquish control or oversight of these efforts to another agency.

The vagueness and lack of apparent need for such legislation makes it impossible to support this legislation.

If you have any questions, please contact me at 465-8678.

cc: Edgar Blatchford, Commissioner
Department of Community and Regional Affairs

Lori Nottingham, Deputy Legislative Liaison
Office of the Governor

H B

3 9 4

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 394

Revision Date: January 24, 1994
Title: "An Act relating to limited partnerships;
and providing for an effective date."
Sponsor: Representative Moses
Requestor: House Rules Committee

Department Affected: Department of Law
BRU: Legal Services
Component: Operations
COMPONENT SERIAL NO. 0093

EXPENDITURES/REVENUES:

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING:

1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year (FY94) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)
Please see the attached analysis.

Prepared by: Richard I. Peques, Director
Division: Administrative Services Division

Phone: 465-3672
Date: January 24, 1994

Approved by Commissioner: Bruce M. Botelho Attorney General
Agency: Department of Law

Date: January 24, 1994

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 394

ANALYSIS CONTINUATION:

This bill repeals, reenacts, and amends a good part of the state's Limited Partnership Act, AS 32.10. The bill deals with transactions between private parties, and it will not have a fiscal impact for the Department of Law.

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January 27, 1994

Hon. Bill Hudson, Chair
House Labor & Commerce Com.
Alaska State Legislature
Room 108, Capitol Building
Juneau, Alaska 99801-1183

HAND-DELIVERED

Re: HB 394, Uniform Limited Partnership
Act, amendments re certificate of
limited partnership

Dear Bill:

I understand that this bill is scheduled for a hearing before your committee February 3, and I appreciate your prompt action. Although I will be in Anchorage that day (as a lecturer for a continuing legal education seminar), and cannot attend your hearing, I wanted to let you know of my support for this bill.

HB 394 completes the updating of Alaska's 1917 version of the Uniform Limited Partnership Act, and it solves the problem that caused the governor to veto HB 112 am S last year. The problem was a Senate floor amendment that raised a concern among some commercial law practitioners in Anchorage. The governor did not want to risk letting something go wrong when virtually everybody supports the bill without that particular provision. His June 25, 1993 veto message states: "I am vetoing the bill, not because I do not approve of the majority of the changes it would have made, but because it contains a minor but potentially harmful deviation (in Section 18) from the model uniform act upon which the bill is substantially based."

The present bill omits that troublesome provision and is virtually identical to HB 112. It differs from the earlier bill in the following four respects, each of which is based on the fact that the comprehensive revision of the Limited Partnership Act has now gone into effect (July 1, 1993):

- (1) The lead-in line for each bill section in HB 394 no longer contains the phrase "as enacted by sec. 1, ch. 128, SLA 1992."
- (2) Section 22(c) has been revised.

Hon. Bill Hudson
January 27, 1994

Page 2

- (3) Section 23 has been revised, simply deleting the July 1, 1993 contingency clause.
- (4) Section 24 now provides for an immediate effective date instead of July 1, 1993.

As I mentioned in my February 10, 1993 letter to you regarding HB 112, the heart of this bill is sec. 1. It substitutes the "notice" form (i.e., "short form") of the certificate of limited partnership for the old "long form" certificate. It thus recognizes modern-day types and uses of limited partnerships, conforms to the national standard, and facilitates doing business by means of this kind of entity in Alaska.

Thank you for considering this matter.

Yours truly,



Arthur H. Peterson
Uniform Law Commissioner for
Alaska

AHP/br

cc: Rep. Carl E. Moses

br/hudson.j27

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January 20, 1994

Representative Carl Moses
ATTN: Tim Benintendi
Alaska House of Representatives
Room 204, State Capitol
Juneau, Alaska 99801-1182

FOR MESSENGER PICK-UP

Re: Draft bill re Uniform Limited Partnership Act
-- certificate of limited partnership

Dear Carl:

I have quickly reviewed the January 18, 1994 draft of this bill, prepared by the Legislative Affairs Agency, as you requested, and have discussed it with Legislative Counsel Terry Bannister. It appropriately is a virtual duplicate of last year's HB 112 (which passed the Legislature as HB 112 am S and was vetoed by the governor because of that Senate floor amendment). It looks good and is ready for introduction.

In comparing this draft with HB 112, I find four little differences -- all of which appear to be appropriate. They are:

1. The lead-in line for each bill section in the new version no longer contains the phrase "as enacted by sec. 1, ch. 128, SLA 1992." That phrase appeared in HB 112 because ch. 128, SLA 1992, the comprehensive revision of the Limited Partnership Act, had not yet taken effect. It took effect July 1, 1993, and the phrase is no longer necessary.

2. Section 22(c) has been revised. In HB 112, it said in its entirety:

"Unless otherwise agreed by the partners, the applicable provisions of former AS 32.10, repealed by sec. 2, ch. 128, SLA 1992, governing the allocation of profits and losses, distributions to a withdrawing partner, and distributions of assets upon the winding up of a limited partnership apply to limited partnerships formed before the effective date of this Act instead of AS 32.11.220, as amended by sec. 9 of this Act."

In the January 18, 1994 draft, it now says, in its entirety:

"Unless otherwise agreed by the partners, the allocation of profits and losses of a limited partnership that is formed before the effective date of this Act, but after July 1, 1993, is governed by AS 32.11.220, as that section exists before the effective date of this Act, instead of AS 32.11.220, as amended by sec. 9 of this Act."

I believe that the drafter's changes are appropriate since the comprehensive revision of the Limited Partnership Act has now taken effect, and, presumably, some partnerships have already been organized under it. Since AS 32.11.220, referred to in this section does not deal with distributions to a withdrawing partner or distributions of assets upon winding up, the reference to those two actions is deleted. The new reference to July 1, 1993 is helpful because that is when ch. 128, SLA 1992 took effect, and that Act contained its own transition provision to cover the period before July 1, 1993.

3. Section 23 has been revised. HB 112 said:

"If this Act takes effect after July 1, 1993, this Act is retroactive to July 1, 1993, to the extent constitutionally permissible."

The January 18, 1994 draft now says:

"This Act is retroactive to July 1, 1993, to the extent constitutionally permissible."

Again, I believe that the drafter's change is appropriate since the comprehensive revision has taken effect and the contingency language is no longer appropriate. (We now know that the new Act's effective date will be after July 1, 1993.)

4. Section 24 has been revised. HB 112 said:

"This Act takes effect July 1, 1993."

The January 18, 1994 draft now says:

"This Act takes effect immediately under AS 01.10.070(c)."

The new wording (an immediate-effective-date clause) is standard language to accompany a retroactivity clause, such as is in sec. 23. And last year's version referred to July 1,

Rep. Carl Moses
Limited Partnership Act bill
January 20, 1994

Page 3

1993 because that was when the comprehensive revision in ch. 128, SLA 1992 was to take effect, and it was desirable to have the whole package take effect at the same time.

So, the bill is ready to go. Thanks for your support and introduction of it. Let me know if I can be of further assistance.

Yours truly,



Arthur H. Peterson

cc: Terry Bannister
Legislative Counsel
Legislative Affairs Agency

Deborah E. Behr, Assistant A. G.
& Supervisor, Legis./Regs. Section
Alaska Department of Law

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RECEIVED
JAN 18 1994
Ans'd.....

January 10, 1994

Carl E. Moses
Chairman, House Rules Committee
Alaska State Legislature
Capital Building, Room 204
Juneau, AK 99801-1182

Re: House Bill 112 - Support for 1994 Amendments to Alaska Uniform
Limited Partnership Act

Dear Representative Moses:

In 1993, House Bill 112 was introduced. This bill contained amendments to the Alaska Uniform Limited Partnership Act which greatly simplified the filing requirements for limited partnerships in Alaska. The undersigned members of the Alaska Bar Association, Estate Planning Section and Taxation Section, individually supported these filing requirement simplification amendments in 1993, and we again support such amendments in 1994.

However, in 1993, a further amendment was added to House Bill 112 on the Senate floor. This further amendment significantly changed the manner in which limited partnerships could be dissolved. This proposed change would have had several significant detrimental effects upon the operation of limited partnerships in Alaska. First, the amendment would eliminate creditor protection benefits which limited partnerships provide for Alaskans. Under the Uniform Limited Partnership Act, a limited partner may not demand that the partnership be dissolved. Further, a creditor of a limited partner may only obtain a "charging order" against distributions made to the limited partner. These standard Uniform Limited Partnership Act provisions produce substantial protection against creditors. The proposed change would have significantly weakened this protection.

Second, and equally important, the proposed Senate floor amendment would have had the effect of denying estate tax reduction benefits which are available to the citizens of almost all states which have enacted the Uniform Limited Partnership Act. This estate tax savings occurs because the limited partner can not demand that the partnership be dissolved. As a result, the value of the partnership's interest is discounted, often by approximately 25 - 50 percent. As a result, on the death of a limited partner, his or her family often pays significantly less estate tax.

The above-described detrimental consequences of the Senate floor amendment caused the undersigned members of the Alaska Bar Association to vigorously oppose House Bill 112, and recommend that it be vetoed. Such a veto occurred on June 25, 1993.

In summary, we support House Bill 112 as it is proposed in 1994. These amendments will have the beneficial effects of simplifying the filing requirements for limited partnerships in Alaska. This 1994 version of House Bill 112 does not contain the above-described detrimental amendment relating to dissolution of limited partnerships.

Thank you very much for consideration of our views.

Sincerely,



David G. Shaftel,
and on behalf of the following:

Peter B. Brautigam
Hartig, Rhodes, Norman,
Mahoney & Edwards

Robert C. Brink
Attorney

Brian J. Brundin
Hughes, Thorsness, Gantz,
Powell & Brundin

Brian W. Durrell
Bogle & Gates

Peter C. Ginder
Kempel, Huffman and Ginder

John L. Hoffer Jr.
Attorney

Robert L. Manley
Hughes, Thorsness, Gantz,
Powell & Brundin

Steven T. O'Hara
Bankston & McCollum

Charles F. Schuetze
Davis & Goerig

WALTER J. HICKEL
GOVERNOR



P. O. Box 110001
Juneau, Alaska 99811-0001
(907) 485-3300

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 25, 1993

*The Honorable Ramona L. Barnes
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182*

Dear Speaker Barnes:

Under the authority of Article II, Section 15, of the Alaska Constitution, I have vetoed:

HOUSE BILL NO. 112 am S

*"An Act relating to limited partnerships;
and providing for an effective date."*

I am vetoing the bill, not because I do not approve of the majority of the changes it would have made, but because it contains a minor but potentially harmful deviation (in Section 18) from the model uniform act upon which the bill is substantially based.

The language of Section 18 was included in the bill because of a concern that current law might be too restrictive of the circumstances under which a court might order dissolution of a limited partnership. I have been advised by the Department of Law that this new provision is somewhat vague, and presents the potential for unnecessary litigation and possibly other undesired results. Under current law, a court may dissolve a limited partnership only if "it is not reasonably practicable to carry on the business" of the partnership. AS 32.11.380. Section 18 of the bill gives the court potentially broader authority to dissolve a limited partnership, in "an equitable way," upon application by any partner.

*The Honorable Ramona L. Barnes
June 25, 1993
Page 2*

This provision, however, has other possible (and probably unintended) ramifications. For example, the provision could make limited partnerships less attractive as a tax-planning or estate-planning vehicle. The section could also affect the desirability of limited partnerships as investment vehicles.

While I approve of the major portions of the bill, unfortunately, I must veto this bill because of the potential undesirable impact of Section 18. This Administration is available to work with the Legislature to resolve the problems posed by the language of this section.

With best regards.

Sincerely,

A handwritten signature in black ink, appearing to read "Walter J. Hickel". The signature is written in a cursive, flowing style.

*Walter J. Hickel
Governor*

HB

403

HOUSE COMMITTEE REPORT

(7)

Date Referred: January 26, 1994

FURTHER REFERRALS:

State Affairs

Date of Committee Action: 2/22/94

The LABOR AND COMMERCE Committee considered:

HB 403

HOUSE BILL NO. 403

AUTOMOTIVE LIABILITY INSURANCE COVERAGE

"An Act requiring that automobile liability insurance include coverage for uninsured or underinsured motor vehicles and an offer of policy limits for that coverage equal to coverage voluntarily purchased for bodily injury or death; and providing for an effective date."

RECOMMENDATIONS:

be replaced with _____ the same title

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 Adm. v. Commerce

zero fiscal note(s) _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Brian Porter</i>	<input checked="" type="checkbox"/>	<i>W.F. Williams</i>		<input checked="" type="checkbox"/>	
<i>Joe Little</i>	<input checked="" type="checkbox"/>	<i>Joseph Jones</i>		<input checked="" type="checkbox"/>	
<i>Ed W. Jones</i>	<input checked="" type="checkbox"/>				
<i>Bill Hudson</i>	<input checked="" type="checkbox"/>				

Bill Hudson

 CHAIRMAN'S SIGNATURE

UNINSURED/UNDERINSURED MOTORIST LIMITS INFORMATION

The AIIAB made contact with the National organization, the Independent Insurance Agents of America, requesting information on the limits of UM/UIM that are required in other states. The response from Matt Middaugh indicates that almost every state has UM/UIM limits that parallel those required for bodily injury and property damage. Following is the listing of various states with the requirements for bodily injury/property damage limits and the indication that these states also require these same limits be offered for uninsured/underinsured motorist coverage.

STATE	LIABILITY	STATE	LIABILITY
Alabama	20/40/10	Missouri	25/50/10
Arizona	15/30/10	Montana	25/50/10
Arkansas	25/50/15	Nebraska	25/50/25
California	15/30/5	Nevada	15/30/10
Colorado	25/15/10	New Hampshire	25/50/25
Connecticut	20/40/10	New Jersey	15/30/5
Delaware	15/30/10	New Mexico	25/50/10
Dist. Of Columbia	25/50/10	New York	25/50/5
Florida	10/20/10	N. Carolina	25/50/10
Georgia	15/30/10	N. Dakota	25/50/25
Hawaii	15/35/!	Ohio	12.5/25/7.5
Idaho	25/50/15	Oklahoma	10/20/10
Illinois	20/40/15	Oregon	25/50/10
Indiana	25/50/10	Pennsylvania	15/30/5
Iowa	20/40/15	Rhode Island	25/50/25
Kansas	25/50/10	S. Carolina	15/30/5
Kentucky	25/50/10	S. Dakota	25/50/25
Louisiana	10/20/10	Tennessee	20/50/10
Maine	20/40/10	Texas	20/40/15
Maryland	20/40/10	Utah	25/50/15
Massachusetts	10/15/30	Vermont	20/40/10
Michigan	20/40/10	Virginia	25/50/20
Minnesota	30/60/10	Washington	25/50/10
Mississippi	10/20/5	W. Virginia	20/40/10
		Wisconsin	25/50/10
		Wyoming	25/50/20

The first two figures refer to bodily injury liability limits and the third figure to property damage liability. For example, 10/20/5 means coverages up to \$20,000 for all persons injured in an accident, subject to a limit of \$10,000 for one individual, and \$5,000 for property damage coverage.

NOTE: In comparison, Alaska's liability rate is 50/100/25, the highest in the nation.

progressive

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P.O. BOX 2250

RANCHO CORDOVA, CALIFORNIA 95741-2350

December 13, 1993

Ms. Gina McBride
Alaska Independent Insurance Agents & Brokers, Inc.
P.O. Box 203088
Anchorage, AK 99520-3088

RE: Letter of Support
Changes to Alaska UM/UIM Statute (AS 21.89.020 (c))

Dear Ms. McBride:

This letter is to confirm Progressive's support for the changes to the Alaska statute concerning Uninsured/Underinsured Motorists coverage being proposed by the Alaska Independent Agents & Brokers.

Your changes would replace the requirement for companies to offer \$1,000,000/\$2,000,000 UM/UIM limits with a requirement to offer UM/UIM limits equal to the Bodily Injury/Property Damage limits on the policy.

We believe that these limits will provide sufficient protection for Alaskans, while eliminating a potential source of litigation and/or un-reinsured catastrophic loss for companies.

Progressive provides both preferred and non-standard automobile insurance to over 10,000 drivers in Alaska.

Sincerely,

Mark D. Niehaus / D.M.

Mark D. Niehaus
Vice President



UNITED
INSURANCE

P.O. Box 33519
JUNEAU, ALASKA 99803
(907) 789-5208
FAX: (907) 789-1856

January 27, 1994

Representative Bill Hudson
Alaska Legislature
Capitol Building
Juneau, Alaska 99801

Re: HB 403

Dear Bill:

I understand HB 403 has been scheduled for hearing by the House Labor and Commerce Committee on February 3, 1994. This bill concerns Uninsured/Underinsured motorist liability insurance, and I urge you to support this bill.

The current high limits required of the insurance companies, is just another reason many companies refuse to enter the Alaska market. With too few companies doing business in Alaska, there is limited competition that causes all of us to pay more. More companies would mean even more competitive rates.

Please support this legislation.

Sincerely,

Dave Moe

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

WALTER J. HICKEL, GOVERNOR

P.O. BOX 110805
JUNEAU, ALASKA 99811-0805
PHONE (907) 465-2515

January 18, 1994

The Honorable Bill Hudson
Alaska House of Representatives
State Capitol, Room 108
Juneau, Alaska 99801-1182

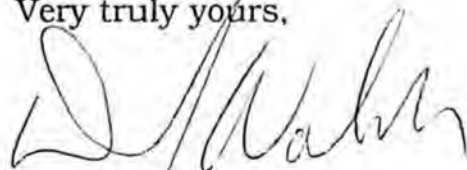
Dear Representative Hudson;

Re: Uninsured Motorist Coverage Offer

AS 21.89.020(c)(2) requires the offer of uninsured or underinsured motorists coverage in excess of coverages voluntarily purchased by an insured. This rule has been a barrier to insurers wishing to do business in the state but who are unable to provide the high limits required in the mandatory offer. Our discussions with insurers suggest that the offer of higher limits is rarely accepted.

The Division of Insurance supports a revision that would remove the mandatory offer of higher limits and returns to a mandatory offer to match the limits voluntarily purchased. We would be pleased to work with you to revise the law to reflect such a change.

Very truly yours,



David Walsh
Director



Alaska Independent Insurance Agents & Brokers, Inc.

UNINSURED/UNDERINSURED MOTORISTS

HISTORY: In 1990, the Alaska State Legislature passed HB 429 stating carriers in this state 'shall, initially and at each renewal, offer' UM and UIM coverage, and that coverage may not be less than the statutorily required coverage described in AS28.20.449. Additionally, and for the first time, the carrier shall offer its insured the following options:

1. UM/UIM policy limits equal to limits voluntarily purchased by the insured for liability coverage, and
2. UM/UIM policy limits greater than voluntarily purchased liability limits in specified optional amounts ranging from \$100/\$300,000 to \$1,000,000 / \$2,000,000.

PROBLEM: Many carriers currently writing automobile coverage in Alaska (prior to passage of HB 429) did not offer limits up to \$1,000,000/\$2,000,000. and prefer not to offer the higher limits. Carriers considering coming to Alaska, as well as carriers considering expanding their writings in our state are hesitant because of this new law. This has the effect of limiting automobile coverage availability in the State of Alaska, which is not in the best interest of the Alaskan consumer. One of this association's ongoing goals is to increase insurance availability to the consumer, and this law is hampering our efforts.

SOLUTION: Our recommendation, which is supported by many of the insurance companies involved, is wording as follows;

"Sec. 1 AS 21.89.020(c) is repealed and reenacted to read:

(c) An insurance company offering automobile liability insurance in this state for bodily injury or death shall offer at the time of initial purchase, coverage prescribed in AS 28.20.440 and 28.20.445 or AS 28.22, with limits equal to the limit purchased voluntarily to cover the insured's liability for bodily injury or death, for protection of the persons insured under the policy who are legally entitled to recover damages for bodily injury or death from owners or operators of uninsured or underinsured motor vehicles. The limit written may not be less than the limit in AS 28.20.440. The term "underinsured motor vehicle" shall not be construed to include an uninsured motor vehicle."

Simply put, we feel the requirement to offer UM/UIM should only be at limits equal to the Bodily Injury/Property Damage limits written under the policy.



Alaska National
INSURANCE COMPANY

December 2, 1993

Ms. Gina McBride
AllAB, Inc.
P.O. Box 203088
Anchorage, AK 99520-3088

Re: Proposed Legislation - U.M./U.I.M.

Dear Gina:

Alaska National does support a change in AS 21.89.020(c).

The current wording causes us to send over 600 letters per year offering the various combinations of limits required by law. Our customers, almost without exception, choose to buy U.M./U.I.M. limits equal to the B.I. limit.

The change made two years ago does nothing for the consumer other than require them to deal with a letter from their insurance carrier offering again and again options which they are not interested in.

For the insurance company, it has added unnecessary expense and probably discouraged some companies from writing auto insurance in Alaska due to the unusually high limits they would have to offer.

Your tentative wording would seem to correct the problem.

Sincerely,

Ray J. McMahon, CPCU
Executive Vice President, Underwriting

RJM/cg



Official Business

Alaska State Legislature

State Capitol
Juneau, AK 99801-1182

HOUSE LABOR AND COMMERCE COMMITTEE

SPONSOR STATEMENT HB 403 AUTOMOBILE LIABILITY

Uninsured/Underinsured (UM/UIM) motorist coverage protects the vehicle owner against being injured in an accident with an at-fault motorist who has no bodily injury liability insurance. UI motorist coverage applies only if the uninsured motorist is legally liable for the resulting injury. Uninsured motorist coverage puts the injured insured in the same position as if the motorist actually responsible for the accident had bodily injury liability insurance. This means that if the injured driver cannot be compensated for an injury by the negligent party who has no insurance, he can, in fact, turn to his own insurance company for compensation. The injured driver's insurance company must take the place of the motorist who, in violation of Alaska Statute, did not carry liability insurance coverage.

As a result of legislation passed two years ago, Alaskan insurers are required to offer uninsured or underinsured motorists coverage in excess of coverages voluntarily purchased by an insured. As a result, uninsured and underinsured motorist coverage in Alaska has increased in cost during a time when insurance rates are a controversial topic. While these increases are due to the high limits of coverage required here, the premium for UI/UIM coverage is only a small part of the total insurance premium for vehicles.

The best method of assuring the Alaska consumer of competitive auto insurance premiums is to have a marketplace which encourages competition. A greater number of insurance companies doing business in Alaska will ensure a more competitive premium in all areas of insurance coverages. We can encourage this competitive marketplace by not mandating unreasonable insurance coverages.

House Bill 403 was introduced to remove the mandatory offer of higher insurance limits. Currently, Alaska is the only state in the nation that requires insurance companies to offer uninsured/underinsured motorist coverage of up to two million dollars. HB 403 amends AS 21.89.020(c) to require coverage that includes policy limits equal to the limit voluntarily purchased to cover the insured's liability for bodily injury or death, but the policy limit written may not be less than the policy limit in AS 28.20.440. HB 403 has the support of the Division of Insurance and the Alaska Independent Insurance Agents and Brokers, Inc. and a zero fiscal note.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 300

Revision Date: _____
Title: "An Act relating to civil liability for commercial recreational activities. . ."
Sponsor: House Labor and Commerce Committee
Requestor: House Labor and Commerce Committee

Department Affected: Administration
BRU: Risk Management
Component: Risk Management
COMPONENT SERIAL NO. 71

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL EXPENDITURES	0	0	0	0	0	0
CHANGE IN REVENUES ()	0	0	0	0	0	0

FUNDING SOURCE:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	0	0	0	0	0	0

Estimate of any current year (FY 94) cost: \$ 0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: J. Brad Thompson, Director
Division: Risk Management

Phone: 465-5723
Date: _____

Approved by Commissioner: Nancy Bear Userra
Agency: Department of Administration

Date: 2/17/94

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HOUSE COMMITTEE REPORT

(7)

Date Referred: January 28, 1994

FURTHER REFERRALS:

State Affairs
Finance

Date of Committee Action: 2/17

The LABOR AND COMMERCE Committee considered:

HB 410

HOUSE BILL NO. 410

REAL ESTATE APPRAISERS

"An Act relating to real estate appraisers and the Board of Certified Real Estate Appraisers."

RECOMMENDATIONS:

be replaced with CS HB 410 (L+) the same title
 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 PASS</u>	DP	<u>OTHER</u> RECOMMENDATIONS	DNP	NR	AM
<i>Bill Hulse</i>	✓				
<i>Brian Woster</i>	✓				
<i>Joe Sutton</i>	✓				
<i>Don Hull</i>	✓				
<i>W.K. Williams</i>	✓				
<i>Paul D. ...</i>	✓				

Bill Hulse

CHAIRMAN'S SIGNATURE

Sponsor Statement

The U.S. statutes enacted the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). This act requires federal lending programs to have the appraisal certified by a state-certified appraiser.

Initially, FIRREA set the number of classroom instruction hours required for residential appraisers at 75. In 1990, the Alaska Legislature enacted legislation which complied with FIRREA standards. However, in 1992 FIRREA increased the minimum required classroom hours to 105. Again in 1994 they increased the minimum number of hours to 120.

Officials from the Federal Financial Institutions Examinations Council (FFIEC) audited the Alaska certifying program. They granted the Alaska board an extension to meet the new requirements through December 31, 1993.

The FFIEC has advised that appraisers who do not meet 120 hours of training, will no longer be recognized as certified appraisers and, therefore, will not be qualified to conduct appraisals in which federally-financed loans are involved.

Examples of federally-financed programs include such programs as Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Resolution Trust Corporation. These requirements may extend to loans provided through FDIC-insured banks and credit unions.

Currently, there are 73 residential real estate appraisers and 73 general real estate appraisers licensed by the Alaska Real Estate Appraiser Board. The general real estate appraisers do meet FIRREA requirements and are recognized for federal appraisals, however, general real estate appraisers work with commercial properties and it is very unlikely that they will begin conducting residential appraisals. The 73 residential appraisers are no longer in compliance with FIRREA and may not be recognized as certified appraisers if the FFIEC removes Alaska's certification.

There were approximately 12,000 residential loan closures this past year in Alaska (this figure includes refinancing). It is unclear how many of these loans involve federal financing, however, it is highly probable that the vast majority of loans in Alaska do involve a federal program and it will only take a few loans in this category to create a statewide crisis.

The proposed changes in HB 410 will remove the reference to a specific number of hours required for certification in the statute and will allow the board to set the minimum requirements in regulation. By allowing the minimum number of hours to be set in regulation, the Alaska Real Estate Appraiser Board will be able to make changes as they occur to meet the FIRREA requirements.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 410

Revision Date: 1/31/94
 Title: An Act relating to real estate appraisers and the Board of Certified Real Estate Appraisers.
 Sponsor: House Labor & Commerce, by request
 Requestor: House Labor & Commerce

Department: Commerce and Economic Dev.
 BRU: Occupational Licensing
 Component: Operations
 COMPONENT SERIAL NO. 1844

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
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 EXPENDITURES						
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 94) cost: \$ None

POSITIONS	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

The bill amends AS 08.87 allowing the Board of Certified Real Estate Appraisers to adopt regulations necessary to comply with federal laws. New funds are not required to implement provisions of this bill.

Prepared by: Jennifer Strickler, Administrative Officer
 Division: Occupational Licensing
 Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Phone: 465-2144
 Date: 1/31/94
 Date: 2-3-94

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**DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF OCCUPATIONAL LICENSING**

SECTION ANALYSIS

**HB 410
(1/28/94)**

This bill will allow the Board of Certified Real Estate Appraisers to go through the public regulation process for setting the minimum number of education hours required for certification. Through the regulation process, the Board can assure that Alaska appraisers meet the minimum training standards required by Financial Institution Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and that Alaska appraisers remain recognized as **certified** appraisers for federal programs.

Section 1

Amends Powers and Duties of the board to clarify authority to adopt regulations necessary for compliance with FIRREA.

Section 2

Repeals references to 150 classroom hours of instruction in subjects related to real estate appraisal and 15 classroom hours of instruction related to standards of professional practice required for **General** real estate appraiser certification. Provides for the board to establish in regulation the minimum classroom training required for **General** appraiser applicants.

Section 3

Repeals reference to 60 classroom hours of instruction in subjects related to residential real estate appraisal for **Residential** real estate appraiser certification. Provides for the board to establish in regulation the minimum classroom training required for **Residential** appraiser certification.

Section 4

Repeals reference to 40 classroom hours of instruction for certification renewal for both **General** and **Residential** appraisers. Provides for the board to establish classroom training requirements for certification renewal in regulation.

Section 5

Repeals reference to 30 classroom hours of training for **Registered Trainees**. Provides for the board to establish classroom hour requirements in regulation.

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ALASKA STATE MEDICAL ASSOCIATION

4107 Laurel Street • Anchorage, Alaska 99508-5334 • (907) 562-2662

March 17, 1994

The Honorable Bill Hudson
House of Representatives
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau AK 99811

Re: HB 413

Dear Mr. Hudson,

I understand that the Labor and Commerce Committee, that you chair is holding hearings tomorrow on HB 413 that would increase the excise taxes on cigarettes and alcohol. The Alaska State Medical Association gives this bill our strong support. You would know far better than I the fiscal benefits of HB 413.

From a medical standpoint, it has been shown in numerous states that as costs go up, the use and abuse of the substances goes down. As physicians, we daily see the ravages that tobacco and alcohol have placed on our patients and our society. We encourage your support and passage of this bill.

If the medical association can be of any assistance to you, do not hesitate to contact me.

Sincerely yours,

Donald R. Lehmann, M.D., A.B.F.P.
President, Alaska State Medical Association
Chairman, Legislative Affairs Committee

DRL:til

Alaska Department of Revenue
Income and Excise Audit Division
OPERATIONS ANNUAL REPORT
For the Fiscal Year Ended June 30, 1993

Table 16
State and Federal Cigarette Tax Rates
As of January 1, 1993

State	Tax Rate (¢ per pack)	Rank	State	Tax Rate (¢ per pack)	Rank
Alabama	16.5	40	Montana	19.26	35
Alaska	29.0	19	Nebraska	27.0	22
Arizona	18.0	36	Nevada	35.0	13
Arkansas	22.0	31	New Hampshire	25.0	24
California	35.0	13	New Jersey	40.0	6
Colorado	20.0	32	New Mexico	15.0	42
Connecticut	45.0	4	New York	39.0	7
Delaware	24.0	26	North Carolina	5.0	48
District of Columbia	50.0	2	North Dakota	29.0	19
Florida	33.9	16	Ohio	24.0	26
Georgia	12.0	45	Oklahoma	23.0	29
Hawaii	40% Price	N/A	Oregon	28.0	21
Idaho	18.0	36	Pennsylvania	31.0	17
Illinois	30.0	18	Rhode Island	37.0	9
Indiana	15.5	41	South Carolina	7.0	47
Iowa	36.0	11	South Dakota	23.0	29
Kansas	24.0	26	Tennessee	13.0	43
Kentucky	3.0	49	Texas	41.0	5
Louisiana	20.0	32	Utah	26.5	23
Maine	37.0	9	Vermont	20.0	32
Maryland	36.0	11	Virginia	2.5	50
Massachusetts	51.0	1	Washington	34.0	15
Michigan	25.0	24	West Virginia	17.0	39
Minnesota	48.0	3	Wisconsin	38.0	8
Mississippi	18.0	36	Wyoming	12.0	45
Missouri	13.0	43			

Federal Rate	24.0	N/A	All States Average	25.8	N/A
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Alaska Department of Revenue
Income and Excise Audit Division
OPERATIONS ANNUAL REPORT
For the Fiscal Year Ended June 30, 1993

Table 17
State Excise Tax Rates on Other Tobacco Products
As of January 1, 1993

<i>State</i>	<i>Tax Rate</i>	<i>State</i>	<i>Tax Rate</i>
Alabama	.6 - 4.4¢/ounce	Montana	13.38% Wholesale Price
Alaska	25% Wholesale Price	Nebraska	15% Wholesale Price
Arizona	.5 - 2.0¢/ounce	Nevada	30% Wholesale Price
Arkansas	23% Manufactures Price	New Hampshire	21.5% Wholesale Price
California	26.82% Wholesale Price	New Jersey	24% Wholesale Price
Colorado	20% Manufactures Price	New Mexico	25% Product Value
Connecticut	20% Wholesale Price	New York	15% Wholesale Price
Delaware	15% Wholesale Price	North Carolina	2% Manufactures Price
District of Columbia	N/A	North Dakota	22% Wholesale Price
Florida	25% Wholesale Price	Ohio	17% Wholesale Price
Georgia	13% Wholesale Price	Oklahoma	30% - 40% Factory Price
Hawaii	40% Wholesale Price	Oregon	35% Wholesale Price
Idaho	35% Wholesale Price	Pennsylvania	N/A
Illinois	N/A	Rhode Island	20% Wholesale Price
Indiana	15% Wholesale Price	South Carolina	5% - 36% Manufactures
Iowa	22% Wholesale Price	South Dakota	N/A
Kansas	10% Manufactures Price	Tennessee	6% Wholesale Price
Kentucky	N/A	Texas	35.2% Manufactures Price
Louisiana	33% Manufactures Price	Utah	35% Manufactures Price
Maine	62% Wholesale Price	Vermont	20% Manufactures Price
Maryland	N/A	Virginia	N/A
Massachusetts	25% Wholesale Price	Washington	64.9% Wholesale Price
Michigan	N/A	West Virginia	N/A
Minnesota	35% Wholesale Price	Wisconsin	20% Wholesale Price
Mississippi	15% Manufactures Price	Wyoming	N/A
Missouri	N/A		

Other Tobacco Products refer to chewing tobacco and snuff
N/A Not Applicable

Alaska Department of Revenue
Income and Excise Audit Division
OPERATIONS ANNUAL REPORT
For the Fiscal Year Ended June 30, 1993

Table 18
State and Federal Excise Tax Rates on Distilled Spirits
As of January 1, 1993

State	Tax Rate (\$ per gallon)	Rank	State	Tax Rate (\$ per gallon)	Rank
Alabama	Footnote (1)	N/A	Montana	Footnote (1)	N/A
Alaska	5.60	4	Nebraska	3.00	19
Arizona	3.00	19	Nevada	2.05	28
Arkansas	2.50	25	New Hampshire	Footnote (1)	N/A
California	3.30	16	New Jersey	4.40	9
Colorado	2.28	27	New Mexico	3.94	12
Connecticut	4.50	8	New York	6.44	2
Delaware	5.46	6	North Carolina	Footnote (1)	N/A
District of Columbia	1.50	33	North Dakota	2.50	25
Florida	6.50	1	Ohio	Footnote (1)	N/A
Georgia	3.79	14	Oklahoma	5.56	5
Hawaii	5.75	3	Oregon	Footnote (1)	N/A
Idaho	Footnote (1)	N/A	Pennsylvania	Footnote (1)	N/A
Illinois	2.00	30	Rhode Island	3.75	15
Indiana	2.68	21	South Carolina	2.72	20
Iowa	Footnote (1)	N/A	South Dakota	3.93	13
Kansas	2.50	25	Tennessee	4.00	11
Kentucky	1.92	31	Texas	2.40	26
Louisiana	2.50	25	Utah	Footnote (1)	N/A
Maine	Footnote (1)	N/A	Vermont	Footnote (1)	N/A
Maryland	1.50	33	Virginia	Footnote (1)	N/A
Massachusetts	4.05	10	Washington	Footnote (1)	N/A
Michigan	Footnote (1)	N/A	West Virginia	Footnote (1)	N/A
Minnesota	5.03	7	Wisconsin	3.25	17
Mississippi	Footnote (1)	N/A	Wyoming	Footnote (1)	N/A
Missouri	2.00	30			
Federal Rate	13.50	N/A	All States Average	3.25	N/A

(1) State government controls sales of distilled spirits. Revenues are generated from various taxes, fees and net liquor profits.

Alaska Department of Revenue
Income and Excise Audit Division
OPERATIONS ANNUAL REPORT
For the Fiscal Year Ended June 30, 1993

Table 19
State and Federal Excise Tax Rates on Wine
As of January 1, 1993

State	Tax Rate (\$ per gallon)	Rank	State	Tax Rate (\$ per gallon)	Rank
Alabama	1.70	3	Montana	1.06	8
Alaska	.85	15	Nebraska	.75	19
Arizona	.84	16	Nevada	.40	35
Arkansas	.75	19	New Hampshire	Footnote (1)	N/A
California	.20	45	New Jersey	.70	21
Colorado	.43	33	New Mexico	.95	10
Connecticut	.60	25	New York	.19	46
Delaware	.90	13	North Carolina	.79	17
District of Columbia	.30	41	North Dakota	.50	30
Florida	2.25	1	Ohio	.32	38
Georgia	1.51	5	Oklahoma	.72	20
Hawaii	1.30	6	Oregon	.67	22
Idaho	.45	32	Pennsylvania	Footnote (1)	N/A
Illinois	.23	43	Rhode Island	.60	25
Indiana	.47	31	South Carolina	.90	13
Iowa	1.75	2	South Dakota	.93	11
Kansas	.30	41	Tennessee	1.10	7
Kentucky	.50	30	Texas	.20	45
Louisiana	.11	47	Utah	Footnote (1)	N/A
Maine	.60	25	Vermont	.55	27
Maryland	.40	35	Virginia	1.51	5
Massachusetts	.55	27	Washington	.87	14
Michigan	.51	28	West Virginia	1.00	9
Minnesota	.30	41	Wisconsin	.25	42
Mississippi	.35	37	Wyoming	Footnote (1)	N/A
Missouri	.36	36			
Federal Rate	1.07	N/A	All States Average	.73	N/A

(1) State government controls sales of distilled spirits. Revenues are generated from various taxes, fees and net liquor profits.

Alaska Department of Revenue
Income and Excise Audit Division
OPERATIONS ANNUAL REPORT
For the Fiscal Year Ended June 30, 1993

Table 20
State and Federal Excise Tax Rates on Beer
As of January 1, 1993

State	Tax Rate (\$ per gallon)	Rank	State	Tax Rate (\$ per gallon)	Rank
Alabama	.53	3	Montana	.14	36
Alaska	.35	12	Nebraska	.23	18
Arizona	.16	32	Nevada	.09	43
Arkansas	.23	18	New Hampshire	.35	12
California	.20	21	New Jersey	.16	32
Colorado	.08	47	New Mexico	.18	28
Connecticut	.19	24	New York	.21	19
Delaware	.16	32	North Carolina	.48	6
District of Columbia	.09	43	North Dakota	.16	32
Florida	.48	6	Ohio	.18	28
Georgia	.48	6	Oklahoma	.40	8
Hawaii	.89	1	Oregon	.08	47
Idaho	.15	35	Pennsylvania	.08	47
Illinois	.07	48	Rhode Island	.10	40
Indiana	.12	38	South Carolina	.77	2
Iowa	.19	24	South Dakota	.27	15
Kansas	.18	25	Tennessee	.13	37
Kentucky	.08	47	Texas	.19	24
Louisiana	.32	13	Utah	.35	12
Maine	.35	12	Vermont	.27	15
Maryland	.09	43	Virginia	.26	16
Massachusetts	.11	39	Washington	.15	35
Michigan	.20	21	West Virginia	.18	28
Minnesota	.15	35	Wisconsin	.06	50
Mississippi	.43	7	Wyoming	.02	51
Missouri	.06	50			
Federal Rate	.58	N/A	All States Average	.18	N/A

Alcohol Excise Tax In Alaska

HB 413

Taxes imposed by various levels of government affect the price of alcoholic beverages. Price affects consumption, particularly among certain groups. Consumption levels are directly related to the level of adverse consequences resulting from consumption. Studies examining the effects of price on alcohol consumption and the adverse consequences resulting from consumption have concluded that higher real prices can reduce the incidence of frequent and heavy drinking, particularly among youth. Reductions in consumption can, in turn, reduce the adverse consequences of alcohol use such as automobile crashes and alcohol-related deaths.

The Seventh Special Report to the U.S. Congress on Alcohol and Health from the Secretary of Health and Human Services, January 1990 summarized research on the relationship between taxes on alcoholic beverages, the price of those beverages, their consumption, and the consequences of consumption. The Report noted that studies (Grossman et al. 1987; Coate and Grossman 1988) which controlled for other variables concluded that higher real prices for beer would reduce the number of young people who drink as well as the incidence of heavy and frequent drinking among young people who continue to drink. One study estimated that even a small increase in the price of beer (10 cents per six pack of 12-ounce cans) would reduce by 15% the number of 16-to 21-year olds who consume three to five cans of beer on a typical drinking day.

Another study (Saffer and Grossman 1987a) estimated that a 100 percent increase in real beer excise taxes (Federal and State combined) would reduce highway traffic deaths among 15- to 17-year-old drivers by about 18%; among 18- to 20-year-old drivers by about 27%; and among 21- to 24-year-olds by about 19%. According to another study (Phelps 1988) a tax amounting to approximately 35% of the retail price of beer would reduce the number of alcohol-related fatalities among 16- to 21-year-old drivers by half. The same researcher estimated that a tax amounting to 50% of the retail price of beer would eliminate nearly 75% of alcohol-related fatalities among this group.

Yet another study (Saffer and Grossman 1987b) found that states with relatively higher excise taxes on beer had lower vehicle crash death rates for 15- to 20-year-olds. This study estimated that if excise taxes had been indexed to inflation there would have been a 15% reduction in crash fatalities among 18- to 20-year-olds. Investigators also projected that if beer were taxed as heavily as distilled spirits fatalities would have been reduced by 21 percent. A combination of these policies was projected to reduce vehicle crash deaths among 18- to 20-year olds by 54 percent.

Higher prices for alcohol were also found to be related to lower rates of heavy drinking. One investigator (Cook 1981) found that cirrhosis mortality, an indicator of 10 to 20 years of heavy drinking by an individual, was lower in states that raised distilled spirits taxes compared to states that did not. Others (Cook and Tauchen 1982, and Cook 1982) projected that an increase of \$1 in State distilled spirits taxes would have reduced cirrhosis mortality by nearly 2% in the State and that doubling the Federal distilled spirits tax would reduce national cirrhosis mortality by 20 percent. They also found that relatively small increases in the price of distilled spirits were associated with reduced death rates from automobile crashes.

Other research (Manning et al. 1989) estimated that current excise taxes on alcohol cover only about half the lifetime costs that drinkers impose on others through collectively financed health insurance, pensions, disability, group life insurance, fines, motor vehicle accidents and criminal justice costs.

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They estimated that these costs total \$0.48 per ounce of alcohol consumed, approximately twice the current average (combined Federal and State) excise and sales taxes on alcoholic beverages.

Static excise taxes in the face of inflation have contributed over time to a decline in the real cost of alcoholic beverages. The Federal tax on alcohol in beer and wine has remained constant since 1951. The Federal tax on alcohol in distilled spirits was increased in 1985 after remaining unchanged for nearly 35 years. Alaska's excise tax on alcoholic beverages was last increased effective August 1983. At that time excise taxes were increased about 40% on all beverage types.

The trend in alcohol use in Alaska before the 1983 excise tax increase was one of steadily increasing consumption both in total volume and on a per capita basis. The excise tax increase contributed to a substantial change in that pattern. Following the excise tax increase total consumption actually decreased for several years. Per capita consumption also declined steadily following the tax increase until 1990 when it increased slightly for the first time since the 1983 alcohol excise tax increase.

Chart 1 (attached) depicts the actual taxable sales volume of all alcoholic beverage types combined on a monthly basis since July 1976. It also shows the trend in sales before and following the effective date of the last excise tax increase. The differences are substantial. However, the trend from FY 90 forward may indicate that the effect of the excise tax has been offset by inflation. Assuming even a 3% inflation rate from FY 83 through FY 95 (much lower than actually occurred during the '80s) today's effective tax rate is actually below the rate before the '83 change. This means the real cost of alcoholic beverages is below the 1983 level. The deterrent value of an excise tax, particularly for youth, has declined substantially.

Governor Hickel's proposal would increase the excise tax on alcoholic beverages by about enough to account for inflation during the years since the last increase. This would increase the tax on a pint bottle of distilled spirits from \$.73 to \$1.25. For a one liter bottle of wine the tax would increase from \$.22 to \$.34 and for a six pack of 12 oz cans of beer from \$.19 to \$.30. This would bring the real cost of alcoholic beverages back to the level following the last excise tax increase. This modest increase would generate revenues sufficient to offset only a small proportion of state government expenditures attributable to alcohol abuse. However, it may well affect the level of alcohol abuse, particularly by young people whose consumption is probably most cost-sensitive.

An increase in the alcohol tax is supported by a majority of Alaskans surveyed - a November 1993 survey in Anchorage showed nearly 70% support.

Alcohol abuse is one of the most critical issues facing Alaska in the 1990's. It affects all Alaskans either directly or indirectly. It is not just our number one public health problem but a problem that affects law enforcement and the criminal justice system; a problem affecting the health care system and health care costs; a problem affecting businesses and communities statewide. The costs to Alaskans is staggering in both human and economic terms.

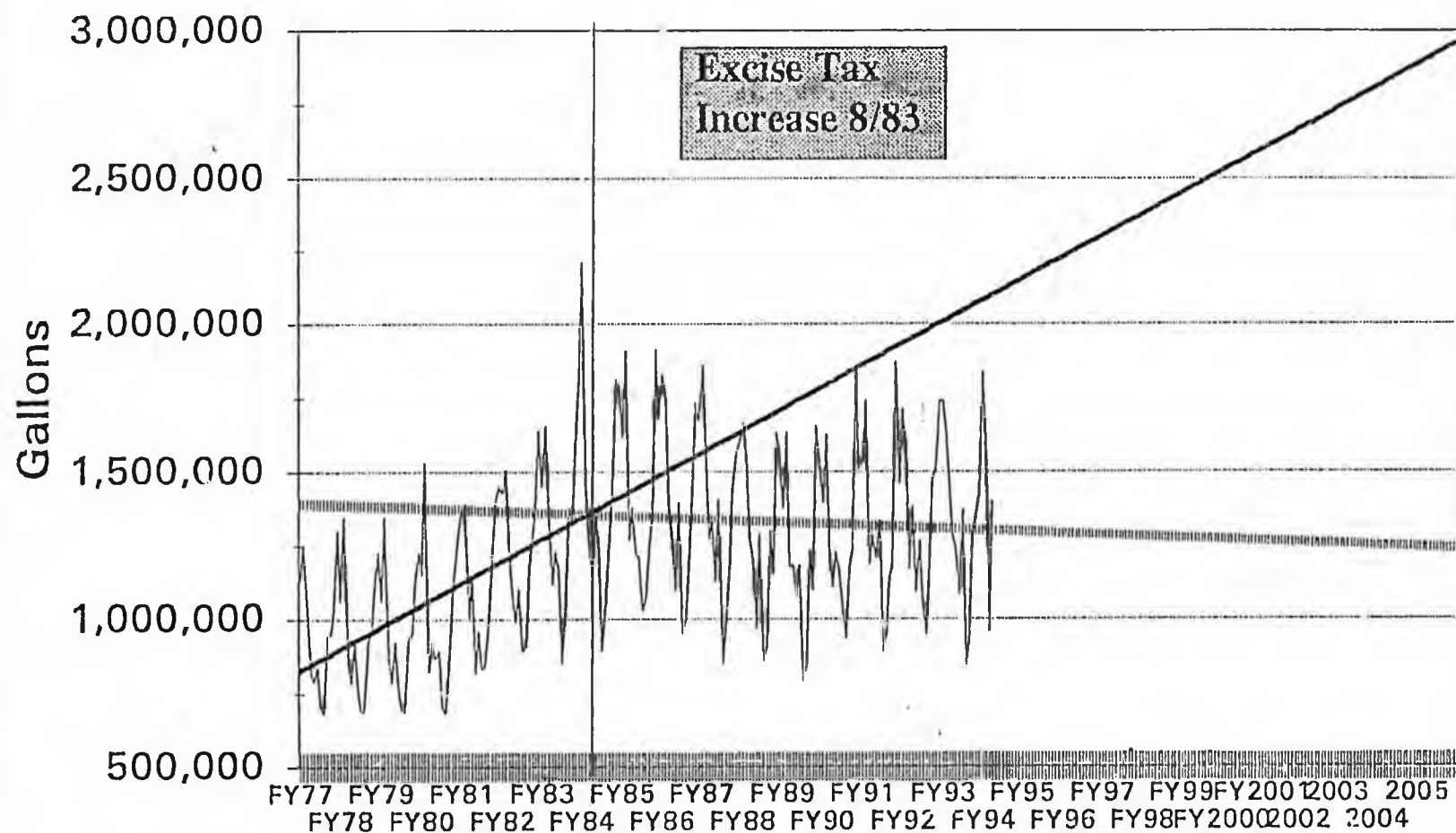
- Up to 25% of all deaths in Alaska are alcohol or drug related.
- Alcohol is a factor in at least half of fatal vehicle accidents.

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- Alcohol has been linked to nearly 60% of all suicides in Alaska and 70% of suicides among Alaska Natives.
 - Alaska's rate of fetal alcohol syndrome is four times the US rate.
 - At least half of Alaska's child abuse cases, which occur at nearly twice the national rate, are related to substance abuse.
 - Nearly three-fourths of Alaska's felony offenders are chronic alcohol users and at least 53% were under the influence of alcohol at the time they committed their offense.
 - Up to 80% of Alaska's violent crimes and more than 70% of all misdemeanors are committed by persons under the influence of alcohol or some other drug. Only 27% of felony offenders and only 22% of misdemeanants with alcohol problems had previously received substance abuse treatment.
 - Alaska's per capita alcohol consumption rate is consistently one third above the national rate and is exceeded only by three jurisdictions including Washington D.C. and Nevada.
 - Alaskan youth in grades 7-12 report use of alcohol and drugs at 2-3 times the level reported by youth nationally.
 - Substance abuse cost Alaskans nearly half a billion dollars in FY 85, including nearly \$200 million in state government services attributable to substance abuse. FY 95 costs probably approach three quarters of a billion dollars, including nearly \$300 in state government expenditures.
 - Alcohol excise taxes in Alaska result in collection of less than 10 percent of the State government costs of dealing with the results of alcohol abuse.

Projected Beverage Sales Volume



· Trend Post Excise Tax Increase
 — Trend Pre Excise Tax Increase
 — Actual