

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8796 HOUSE STATE AFFAIRS

Tobacco Use by Youth: Patterns and Prevention (page 3)

▶ **Adults are another important source of tobacco for minors.**

- Several studies document that between 17 and 25 percent of adolescents obtain tobacco from their parents or guardians.¹⁶

REDUCING ACCESS TO YOUTH

▶ **Minimum age laws that prohibit the sale and distribution of tobacco products to minors will not alone decrease youth access to tobacco. Laws must address the locations and manners in which tobacco is sold or made available to youth and they must be enforced.**

- Alaska law prohibits selling or giving cigarettes and other tobacco products to persons under 19 years of age (AS11.76.100).
- Alaska law prohibits cigarette vending machines except in premises that are licensed as a beverage dispensary (selling "hard" liquor), as a club (Elks, American Legion, etc.), or as a package liquor store; or in an employee break room or other controlled area of the private workplace not generally considered a public place. If on a licensed premise, the machine must be as far as possible from the primary entrance and in a place that is directly and continually supervised by a person employed on the licensed premises (AS11.76.100).

▶ **Alaska's "youth access" laws are considered to be fairly strong. However, these laws are rarely enforced.**

- In 1993, Anchorage teenagers participating in a sting operation successfully purchased tobacco in 29 of 63 attempted locations. In December 1994, Ketchikan teenagers were able to purchase tobacco in 3 of 8 locations included in their operation, even though merchants had been notified that a sting would be taking place.

▶ **Enforcement of laws that restrict the sale of tobacco products to minors both over-the-counter and through vending machines have had a significant impact on minors' ability to purchase cigarettes.**

- Various enforcement strategies aimed at reducing illegal over-the-counter sales appear to reduce the rate of sales from 20 to 40 percent in less than a year.¹⁷

¹⁶Centers for Disease Control and Prevention. 1994.

¹⁷Centers for Disease Control and Prevention. 1994.

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- In Woodridge, Illinois, a community intervention program that involved establishing a retailer licensing system, using regular police stings, and imposing penalties for merchant sales violations reduced illegal sales to minors from 70 percent to less than 5 percent over a year and a half. A survey of seventh and eighth grade students before and after the intervention found that experimentation and regular tobacco use had decreased by over 50 percent.¹⁸
- In Santa Clara County, California, a program involving community education, direct merchant education, contact with chief executive officers of chains and franchises, and grassroots work with community organizations reduced the youth buying rate from 74 percent before the intervention to 39 percent after the intervention. One year later, however, sales had rebounded considerably, suggesting that educational interventions alone may not be sufficient to bring about sustained reductions in youth access rates.¹⁹

▶ The Synar Amendment was passed by Congress to improve enforcement of youth access laws at the state level.

- The amendment, named after key sponsor Mike Synar, took effect on October 1, 1993. It requires states to show enforcement "in a manner that can be reasonably expected to reduce the extent to which tobacco products are available to individuals under the age of 18." Specific provisions call for conducting random, unannounced inspections of locations where tobacco products are sold. If states do not reduce tobacco sales to minors, the U.S. Department of Health and Human Services has the power to reduce funding to the states by as much as 40 percent for alcohol and drug abuse programs (block grants) until tobacco sales are reduced.
- The final regulations for the Synar Amendment have yet to be drafted, and most states (including Alaska) have yet to take any action to ensure enforcement of youth access laws to comply with the intent of the amendment. Other states have passed weak "youth access" laws supported by the tobacco industry, which preempt stronger local legislation and typically contain loopholes that make enforcement difficult.²⁰



This fact sheet was produced with funding from the Robert Wood Johnson Foundation's grant, "Trampling Tobacco: A Winning Tobacco Control Strategy for Alaska." For further information, contact the American Lung Association at 907/276-5864 or the Alaska Department of Health and Social Services, Health Promotion Program at 907/465-3140.

¹⁸Institute of Medicine. *Growing Up Tobacco Free*. 1994.

¹⁹Institute of Medicine. *Growing Up Tobacco Free*. 1994.

²⁰Stop Teenage Addiction to Tobacco. *Tobacco Free Youth Reporter*. August 1994.

Tobacco: Its Prevalence and Impact

**Revised
April 1995**

**Developed by the
American Lung Association of Alaska**

(907) 276-5864

**with funding from the Robert Wood Johnson
Foundation's grant, "Trampling Tobacco: A
Winning Tobacco Control Strategy for Alaska"**

**TOBACCO: ITS PREVALENCE AND
IMPACT**

Tobacco: Its Prevalence and Impact

- ▶ **Tobacco use is the single most preventable cause of premature death and crippling disease in the United States.¹**

CIGARETTE USE

- ▶ **Alaska has one of the highest smoking rates in the nation.**

- Alaska has the sixth highest rate of smoking and the sixth highest rate of smoking-related death in the nation.²
- Twenty-eight percent of Alaskan adults smoke cigarettes regularly. By contrast, the national median is 22 percent. More females (29%) than males (27.1%) smoke in Alaska.³
- Nearly 84 percent of Alaskan adults started smoking between the ages of 10 and 20 years old.⁴

- ▶ **Alaskan adolescents, particularly females and those living in rural communities, report high rates of smoking. Use increases with each grade. For almost every grade, more girls than boys smoke on a daily basis.⁵**

- Twenty-seven percent of 12th grade females and 18 percent of 12th grade males report that they smoked cigarettes every day.⁶
- Female students in grades 10 - 12 living in communities with less than 2,500 residents report substantially higher daily cigarette use rates (31%) than those in communities of more than 2,500 residents (17%).⁷

¹Alaska Division of Public Health. *Alaska Behavioral Risk Factor Survey: 1992 Annual Report*. Juneau, AK: Alaska Division of Public Health, October 1994.

²U.S. Centers for Disease Control and Prevention, *Morbidity and Mortality Weekly Report*, Vol. 43 No. SS-1, June 10, 1994.

³Alaska Division of Public Health. October 1994.

⁴Alaska Division of Public Health. October 1994.

⁵Alaska Department of Health and Social Services. *The State of Adolescent Health in Alaska*. Juneau, AK: Alaska Department of Health and Social Services, May 1990.

⁶Alaska Department of Health and Social Services. May 1990.

⁷Alaska Department of Health and Social Services. May 1990.

Tobacco: Its Prevalence and Impact (page 2)

SMOKELESS TOBACCO USE

▶ **Among Alaskan adults, 5.4 percent are current smokeless tobacco users.**

- Men use these products at higher rates (9.0 %) than women (1.4%).⁸

▶ **Alaskan adolescents, particularly males and those living in rural communities, report high rates of smokeless tobacco use. As with smoking, use increases with each grade. Unlike smoking, more males use smokeless tobacco than females.⁹**

- Eighteen percent of Alaskan 12th grade males and 5 percent of 12th grade females report using smokeless tobacco on a daily basis.¹⁰
- Among males from communities under 2,500, 16 percent chew tobacco daily, triple the rate among males in larger communities. Even greater are the differences for females—12 percent of female teenagers in small communities compared to fewer than 1 percent in larger communities.¹¹

▶ **One-third of high-school-aged adolescents in the United States smoke or use smokeless tobacco.¹²**

- The 25-year decline in smoking prevalence among youth leveled off since 1980 and in fact, is on the rise among male high school seniors.¹³
- Use of smokeless tobacco among high school males has become markedly more prevalent over the last two decades.¹⁴

⁸Alaska Division of Public Health. *Alaska Behavioral Risk Factor Survey: 1992 Annual Report*. Juneau, AK: Alaska Division of Public Health, October 1994.

⁹Alaska Department of Health and Social Services. May 1990.

¹⁰Alaska Department of Health and Social Services. May 1990.

¹¹Alaska Department of Health and Social Services. May 1990.

¹²Centers for Disease Control and Prevention. 1994.

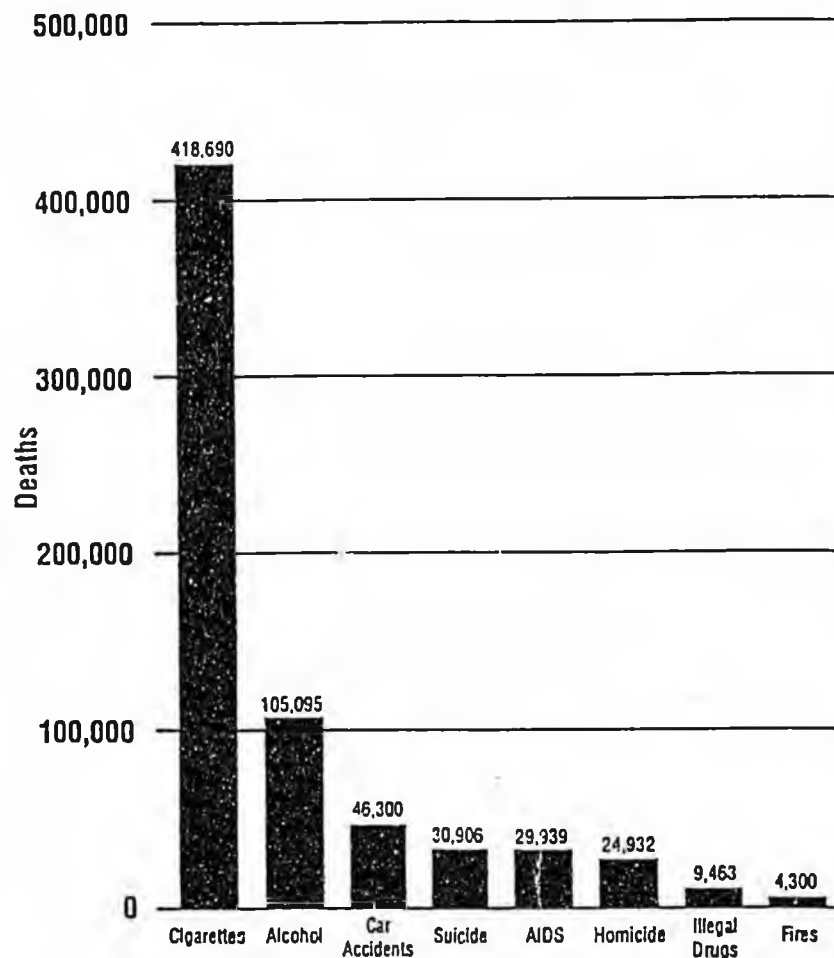
¹³U.S. Department of Health and Human Services. *Preventing Tobacco Use Among Young People: A Report of the Surgeon General*. Atlanta, GA: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, 1994.

¹⁴Centers for Disease Control and Prevention. 1994.

Tobacco: Its Prevalence and Impact (page 3)

HEALTH IMPACTS OF TOBACCO USE

- ▶ **Smoking kills an estimated 419,000 Americans each year—more than alcohol, heroin, cocaine, automobile accidents, homicides, suicides, AIDS and fires combined.¹⁵**



- ▶ **Smoking accounted for 19 percent of the deaths in Alaska in 1991, averaging one death per day. Among Alaskans 35 years of age and older, 23 percent of deaths were attributed to smoking.¹⁶**

¹⁵U.S. Department of Health and Human Services, Centers for Disease Control and Prevention. 1994. (1990 data)

¹⁶Alaska Division of Public Health. "Bulletin: Costs of Smoking in Alaska, 1991." Anchorage, AK: Section of Epidemiology, Bulletin No. 23, November 30, 1994.

Tobacco: Its Prevalence and Impact (page 4)

- ▶ **Tobacco use is a major risk factor for diseases of the heart and blood vessels; chronic bronchitis and emphysema; cancers of the lung, larynx, pharynx, oral cavity, esophagus, pancreas, and bladder; and other problems such as respiratory infections and stomach ulcers.¹⁷**
 - Smoking accounts for 21 percent of all coronary heart disease deaths, 87 percent of lung cancer deaths, and 30 percent of all cancer deaths.¹⁸

- ▶ **Cigarette smoking during pregnancy accounts for 20 to 30 percent of low birth weight babies, up to 14 percent of pre-term deliveries, and about 10 percent of all infant deaths.¹⁹**

- ▶ **The Surgeon General reports that tobacco use in adolescence is associated with a range of health-compromising behaviors, including being involved in fights, carrying weapons, engaging in higher-risk sexual behavior, and using alcohol and other drugs.²⁰**
 - Cigarettes and smokeless tobacco are generally the first drug used by young people in a sequence that can include tobacco, alcohol, marijuana, and hard drugs.²¹

ENVIRONMENTAL TOBACCO SMOKE

- ▶ **Smoke from other people's cigarettes—known as Environmental Tobacco Smoke (ETS)—has been identified as the third leading cause of preventable death in the United States, behind active smoking and alcohol related deaths. ETS causes more than 53,000 deaths per year from heart disease and cancer.²²**

- ▶ **For every eight smokers killed as a result of smoking-related illnesses and disease, one non-smoker dies from exposure to environmental tobacco smoke.²³**

¹⁷Alaska Division of Public Health. October 1994.

¹⁸Alaska Division of Public Health. October 1994.

¹⁹Alaska Division of Public Health. October 1994.

²⁰Centers for Disease Control and Prevention. 1994.

²¹Centers for Disease Control and Prevention. 1994.

²²Glantz, SA and Parmley, W. "Passive Smoking and Heart Disease: Epidemiology, Physiology, and Biochemistry," *Circulation*, Volume 89, 1991, 1-12 as reported in California Healthy Cities Project. *Tobacco Control in California Cities: A Guide for Action*. Sacramento, CA: California Department of Health Services.

Tobacco: Its Prevalence and Impact (page 5)

- ▶ **Environmental tobacco smoke is a cause of lung cancer in non-smokers. It also can precipitate or worsen the symptoms of pneumonia, asthma, bronchitis, and allergies.²⁴**
- ▶ **Environmental tobacco smoke is linked to between 150,000 and 300,000 annual cases of respiratory tract infections in children up to 18 months old.²⁵**
- ▶ **The U.S. Environmental Protection Agency has classified environmental tobacco smoke as a Class A Carcinogen—a substance known to cause cancer in humans for which there is no safe level of exposure.²⁶**

ECONOMIC IMPACTS OF TOBACCO USE

- ▶ **Smoking costs the American public over \$100 billion each year in health care costs and lost productivity.²⁷**
- ▶ **In Alaska, the estimated total cost attributed to smoking in 1991 was \$1276 million for persons age 35 and older. Of this, \$45.6 million was for direct health care costs, equivalent to \$220 per Alaskan or \$941 per current smoker in this age group.²⁸**



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²³U.S. Environmental Protection Agency, 1990.

²⁴Alaska Division of Public Health. *Alaska Cancer Control Plan*. Anchorage, AK: Section of Epidemiology, January 1994.

²⁵U.S. Environmental Protection Agency. *Passive Smoking of Environmental Tobacco Smoke*. Washington, D.C.: U.S. Environmental Protection Agency, 1993.

²⁶U.S. Environmental Protection Agency. *Respiratory Health Effects of Passive Smoking: Lung Cancer and Other Disorders*. EPA/600/6-90/006F, December 1992.

²⁷Office of Technology Assessment, U.S. Congress. "Smoking-Related Deaths and Financial Costs," November 1993.

²⁸State of Alaska Epidemiology Bulletin. "Costs of Smoking in Alaska, 1991." November 30, 1994.

Citizens To Protect Kids from Tobacco

1057 W. Fireweed Lane, Suite 204 • Anchorage, Alaska 99503 • (907) 277-8696 • Fax: (907) 263-2073

"Cigarette taxes...are the most effective way to discourage tobacco use among young people...Increasing the cigarette tax could be one of the most important public health measures this country has ever taken."

- former U.S. Surgeon General C. Everett Koop

❖ Increased tobacco taxes will save lives and protect our kids.

The 1994 U.S. Surgeon General's report *Preventing Tobacco Use Among Young People* affirms that increasing tobacco taxes will have a strong impact on children because they are more price sensitive than adults. As stated in the report: "...the large amount of empirical literature [indicates that increased] taxes on cigarettes would significantly reduce overall rates of cigarette smoking. Much of the impact of higher prices would come from...discouraging initiation among young smokers.² Research indicates that an increase of 10% in tobacco prices will reduce consumption by 4% for adults and by between 10-14% among children.

❖ **Increased tobacco taxes are fair.** Tobacco taxes can be viewed as a "user fee" to offset the enormous costs subsidized by the general public through publicly funded health care, payment of needlessly high health insurance premiums, and payment for higher priced goods and services as a result of diminished worker productivity. U.S. health care expenditures caused directly by smoking totaled \$50 billion in 1993.³ On average, each pack of cigarettes smoked is directly responsible for more than \$3.90 in national health care costs and lost productivity.⁴ In Alaska, the estimated total costs attributed to smoking in 1991 was \$127.6 million for persons age 35 and older. Of this, \$45.6 million was for direct health care costs, equivalent to \$220 per Alaska or \$941 per current smoker in this age group.⁵

❖ **The public supports tobacco taxes.** As noted by former Surgeon General Koop: "...polls show that almost 80% of Americans - Republicans and Democrats, young and old, men and women - support a large cigarette tax."⁶ The death and disability caused by tobacco is a non-partisan issue.



American Heart Association



AMERICAN LUNG ASSOCIATION
of Alaska

Alaska Native Health Board



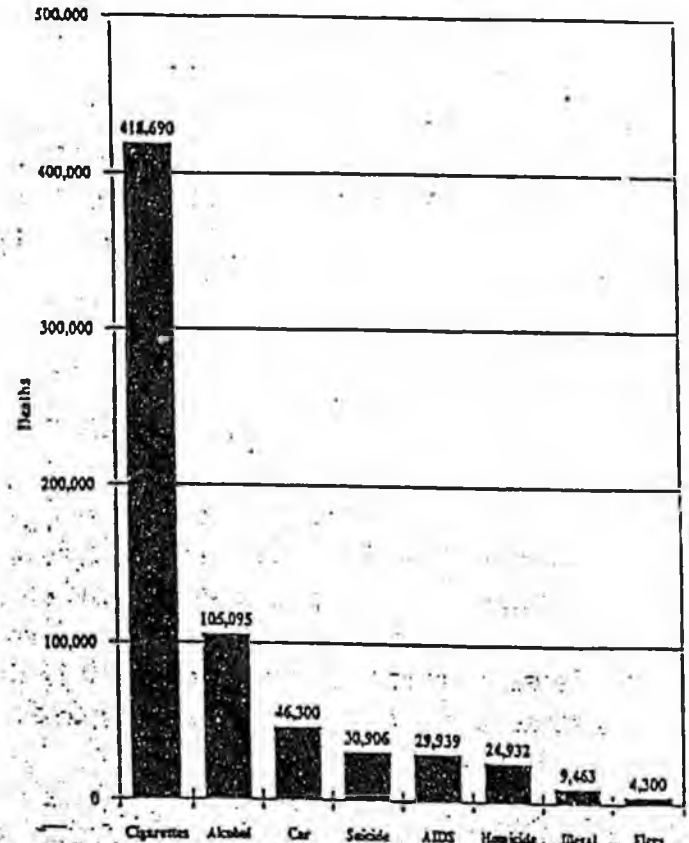
CITIZENS TO PROTECT KIDS FROM TOBACCO

Nothing Kills Like Tobacco

❖ Tobacco kills far more Americans than alcohol, car accidents, suicide, homicide, AIDS, heroin and cocaine combined.

❖ Adults don't start smoking...kids do. The average age of smoking initiation is 14.5 years old.⁸ About 3,000 kids start smoking each day and of those nearly a third will die from a tobacco related illness.⁹

❖ "Tobacco taxes are fair because tobacco kills hundreds of thousand of Americans each year; because there is no safe level of tobacco use; because tobacco is highly addictive; and because virtually all new tobacco users are kids."¹⁰



Source: Centers for Disease Control, U.S. Department of Health and Human Services. CHART produced by the Coalition on Smoking OR Health.

❖ Alaska has the sixth highest rate of smoking and smoking-related death in the U.S.¹¹ One out of five deaths in Alaska are attributed to smoking.¹²

❖ 84% of Alaskan adults smokers started smoking between the ages of 10 and 20.¹³

1. Everett Koop, "A Tax That's Good For You," *The Washington Post* (September 21, 1993). C. Everett Koop served as U.S. Surgeon General from 1981 to 1989.

2. *Preventing Tobacco Use Among Young People - A Report of the Surgeon General* (1994), p. 272.

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4. Ibid.

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8. Coalition on Smoking OR Health, "Saving Lives and Raising Revenue," (Washington, D.C.: Coalition on Smoking OR Health, 1995).

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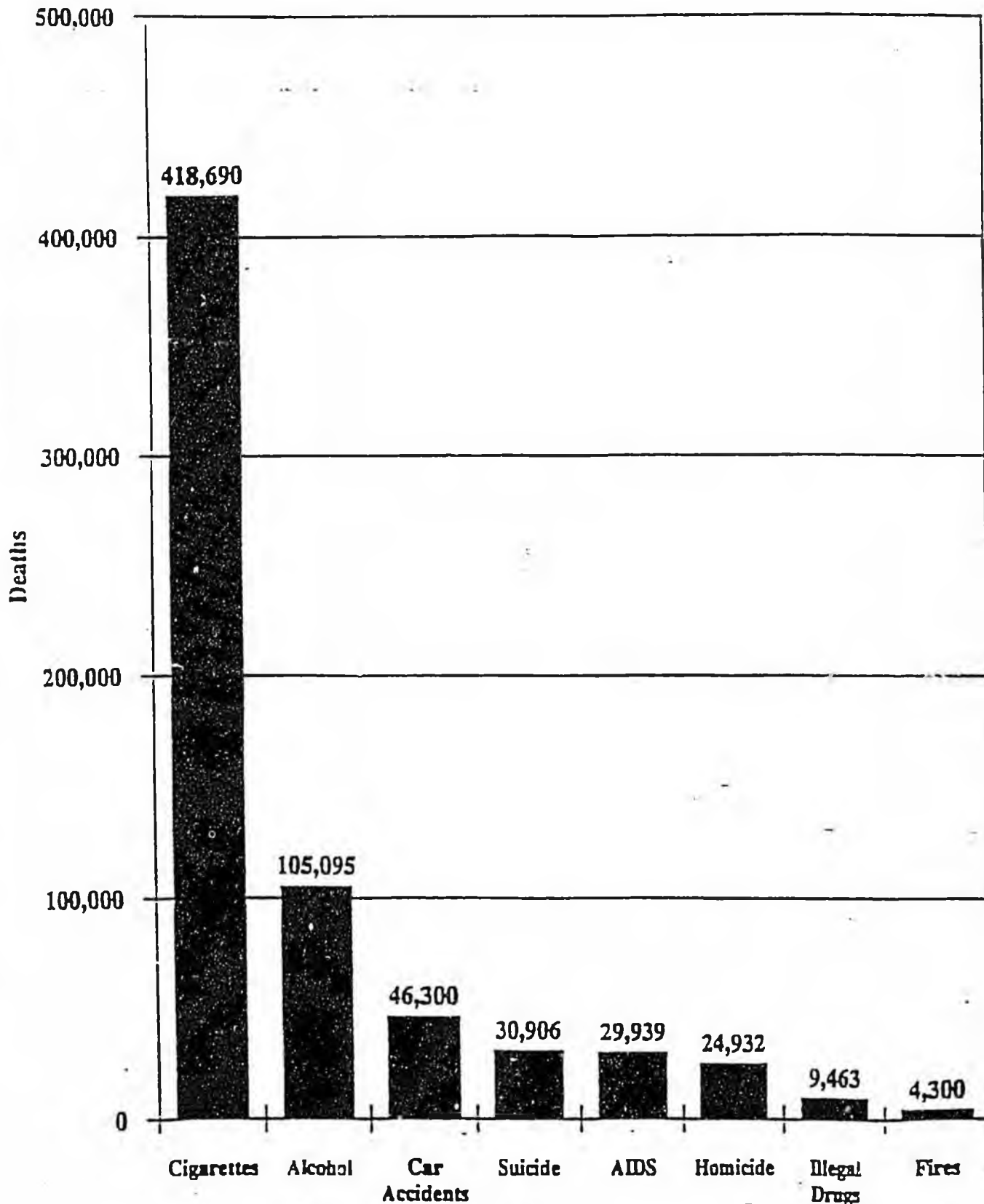
10. Coalition on Smoking OR Health, "Saving Lives and Raising Revenue," (Washington, D.C.: Coalition on Smoking OR Health, 1995).

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12. Alaska Division of Public Health, "Bulletin: costs of Smoking in Alaska," 1991. (Anchorage, AK: Section of Epidemiology, Bulletin No. 23, November 30, 1994).

13. Alaska Division of Public Health, *Alaska Behavioral Risk Factor Survey: 1992 Annual Report*, Juneau, AK: Alaska Division of Public Health, October 1994, page 24.

**CIGARETTES KILL MORE AMERICANS THAN AIDS,
ALCOHOL, CAR ACCIDENTS, FIRES, ILLEGAL
DRUGS, MURDERS AND SUICIDES COMBINED.**



Source: Centers For Disease Control, U.S. Department of Health and Human Services. Chart produced by the Coalition on Smoking OR Health.

A Tax That's Good for You by C. Everett Koop

Health-related taxes are different." That's what President Clinton said when he suggested a hefty cigarette tax—perhaps as much as \$2 a pack—as one of the ways to pay for the health care reform that most Americans know we need. He's right.

A cigarette tax is different because it helps almost everyone. A substantial cigarette tax would benefit not only the entire nation by helping to provide more accessible health care at a lower cost, but it would also benefit particular groups; smokers would benefit because it would help them to quit; nonsmokers would benefit because the air they breathe would have less harmful smoke; children would benefit because fewer kids would get hooked on cigarettes; and—if the tax is done right—even tobacco farmers could benefit. The only real losers would be the tobacco industry, which has made its profits by lying to the American people about the dangers of smoking.

But the tobacco industry lobbyists are pressuring the President to back down, to settle for a cigarette tax as low as 50 cents, and they're linking arms with tax opponents in Congress to defeat this critical part of health care reform. Now, more than ever, President Clinton needs to remember his own words—for cigarette taxes are different indeed.

C. Everett Koop, MD, was surgeon general from 1981 to 1989.

Cigarette taxes are different because they are the most effective way to discourage tobacco use among young people. In Canada, where cigarette taxes have been raised to more than \$3 per pack, youth smoking rates have dropped by 60% since 1980.

Cigarette taxes are different because cigarettes kill more than 400,000 Americans each year, and rob our economy of \$68 billion a year in health care costs and lost productivity. Increasing the cigarette tax could be one of the most important public health measures this country has ever taken. Experts predict that a \$2 per pack increase would persuade millions of young people not to start smoking and would help millions of current smokers to quit. About 7.6 million Americans would choose not to smoke because of the tax.

Figuring that smoking kills about a third of all those who smoke, this tax could prevent the premature death of at least 2 million Americans alive today. No other single aspect of any health care reform plan can make so dramatic a claim. Let's not lose this unique opportunity to prolong those 2 million lives just to please the tobacco industry and its friends in Congress.

Senators and congressmen should be happy to find a tax that is actually popular. Polls show that almost 80% of Americans—Republicans and Democrats, young and old, men and

women—support a large cigarette tax. So those members of Congress elected on a "no new taxes" pledge can go along with this one. Cigarette taxes *are* indeed different.

Even tobacco farmers could benefit from the new cigarette tax if it is as hefty as once planned. Most tobacco farmers know the right and smart thing to do is to get out of a business that produces disease, disability, and death, and this tax can help them make the transition to the smoke-free society and smoke-free economy that lie in our future. A small percentage of the revenue from this tax could be returned to tobacco-growing states to be used to help tobacco farmers diversify. Instead of blindly opposing the \$2 cigarette tax, tobacco-state members of Congress should be fighting for their share of the pie to help move their states into the economy of the 21st century.

President Clinton says he wants dialogue on the health care reform package, and that should eventually produce the plan the nation needs. But there's already one issue on which almost everyone agrees—a major cigarette tax. Let's not let the tobacco industry make victims of the public on this one. Health-related taxes are different; they're good for you. 🌐

This article appeared in the *Washington Post* September 21, 1993.

A TAX THAT'S GOOD FOR YOU
BY C. EVERETT KOOP



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Bulletin No. 23 November 30, 1994

COSTS OF SMOKING IN ALASKA, 1991

It is estimated that each day 1,100 Americans will die from tobacco use; 3,000 children will smoke their first cigarette. In all, 419,000 smokers died and 1.5 million smokers quit in 1990. They are replaced by new smokers, 90% of whom start to smoke before age 18.¹

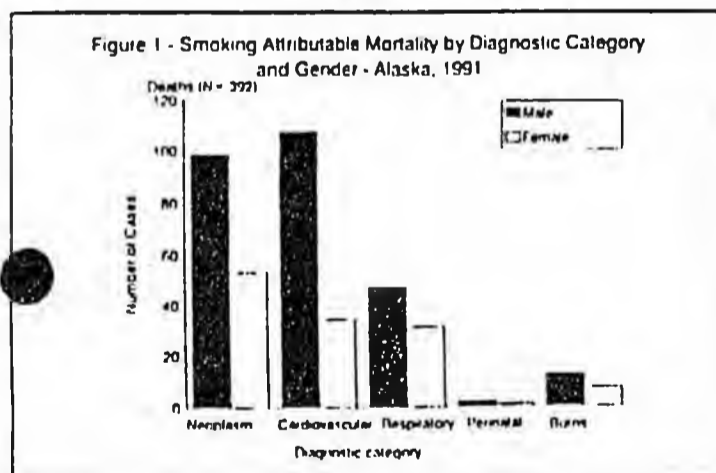
Cigarette smoking has substantial impact on mortality in Alaska. Every day an Alaskan dies due to smoking-attributable causes.

To estimate the impact of cigarette smoking in Alaska in 1991, we used the Smoking-Attributable Mortality, Morbidity, and Economic Cost (SAMMEC) software² distributed by the Centers for Disease Control and Prevention, and data from:

- the 1991 Behavioral Risk Factor Surveillance Survey
- health-care expenditure data (from the Office on Smoking and Health, CDC)
- population estimates by age and sex (Alaska Dept. of Labor) and,
- deaths by age, sex and smoking related diagnostic category (Section of Epidemiology).

RESULTS:

Smoking Attributable Mortality – 19% of the 2,076 Alaskan deaths in 1991 were smoking related. The proportion of all deaths attributable to smoking was higher for males (20%) than for females (16%). For males 40% of the smoking attributable deaths were due to cardiovascular diseases and 37% to neoplasms, whereas for females, 27% of smoking attributable deaths were due to cardiovascular diseases and 42% to neoplasms (Figure 1). Among Alaskans ≥ 35 years of age, 23% of deaths (372/1643) were attributed to cigarette smoking.



Smoking Attributable Years of Potential Life Lost (YPLL) – YPLL are the number of years that the person died prior to their 65th birthday. An average of 4.5 years of life were lost for each person 35 to 65 who died from a smoking related death in 1991.

Smoking Attributable Direct Costs – Direct health-care costs are the costs for the prevention, detection and treatment of smoking-related diseases as well as the cost for rehabilitating smokers suffering from smoking related illnesses. Costs of hospitalization, physicians' services, medications, nursing home care, and other professional services are included. The estimated total for direct costs in 1991 was \$45.6 million for persons ≥ 35 years of age. This is equivalent to \$220 per Alaskan ≥ 35 years of age or \$941 per current smoker ≥ 35 years of age.

Smoking Attributable Indirect Mortality Costs – These costs are calculated as the wages and salaries forfeited by persons who die prematurely from smoking-related causes. An estimated \$67.9 million was lost due to the indirect costs caused by smoking deaths.

Smoking Attributable Indirect Morbidity Costs – These costs include lost earnings and productivity for persons disabled by smoking-related chronic diseases. The estimated cost for indirect morbidity due to smoking was \$14.1 million.

The total estimated smoking attributable cost for Alaskans ≥ 35 years of age in 1991 was \$127.6 million.

DISCUSSION:

Smoking causes substantial mortality, morbidity and economic costs in Alaska. Total estimated smoking attributable costs have increased by 53% since 1989.³ These estimates are conservative since 1989 U.S. Labor Force and earnings data were used to calculate economic costs, which are lower than Alaska annual mean earnings. If Alaska specific health-care costs⁴ are used (instead of OSH health-care national estimates), total costs are greater - \$134 million.

SAMMEC underestimates the impact of smoking for several other reasons: 1) Estimates are based on cigarette smoking prevalence for 1991 which are lower in recent years than in the previous 30 years. The current burden of most chronic diseases linked to smoking reflects previous decades of higher smoking prevalence. 2) Estimates do not include deaths from other conditions (e.g., such as leukemia, and peptic ulcer disease) that may also be associated with smoking, nor do they include mortality caused by other forms of tobacco use (pipes, cigars, and smokeless tobacco) or exposure to environmental tobacco smoke.

To reduce the adverse health impacts of tobacco use, continued progress must be made in reducing tobacco use, especially smoking.

Vigorous efforts are needed to prevent the initiation of smoking, encourage smoking cessation at any age, and protect nonsmokers from the adverse effects of environmental tobacco smoke. Because many factors affect smoking initiation and cessation, multiple approaches are necessary including:

- increasing educational efforts
- reducing minors' access to tobacco products
- increasing tobacco excise taxes
- implementing more extensive and intensive counseling by health-care providers on smoking prevention and cessation
- developing and enacting strong policies and laws for clean indoor air
- eliminating advertising, especially advertising targeted toward persons less than 18 years of age.

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Bulletin No. 1 January 12, 1996

Smoking Related Mortality in Alaska: 1992-94

Cigarette Smoking in Alaska

Alaska has one of the highest smoking prevalence rates in the United States. Alaska's smoking rates are similar to those found in Nevada and in the tobacco-growing states¹. Alaska Natives have even higher smoking rates (Table 1). The highest smoking prevalence is found in the Bush region, and the lowest in the Urban region (Figure 1).

Table 1. Smoking Prevalence among Adult Alaskans by Race and Sex

	Alaska Native ²	All Races ¹
Men	46.5%	28.1%
Women	39.3%	25.0%

Figure 1. Smoking Prevalence in Alaska²



Deaths Caused by Smoking

The Centers for Disease Control and Prevention (CDC) has estimated that each year cigarette smoking results in approximately 419,000 deaths in the United States³. Deaths that are related to cigarette smoking include a portion of: cardiovascular disease; cancers of the lung, larynx, oral cavity, esophagus, pancreas, bladder, kidney and cervix; chronic bronchitis, emphysema, and other respiratory deaths⁵. Smoking also results in deaths in the perinatal period because it causes low birth weight infants and preterm delivery.

Using software provided by CDC³, we estimate that 1,416 deaths to Alaska residents during 1992-1994 were attributable to smoking, accounting for 19.8% of the 7,159 deaths during that time (Table 2).

Table 2. Total Number of Deaths and Estimated Smoking Related Deaths in Alaska 1992-94

Cause of Death	Total # of Deaths ⁶	Smoking Related Deaths ⁷	Percent Smoking Related
Cardiovascular	2,010	533	26.5%
Cancers	1,655	546	33.0%
Respiratory	503	260	51.7%
Perinatal (< 12 mos)	204	14	6.9%
Total	7,159	1,416	19.8%

Smoking Related Mortality Among Men and Women in Alaska

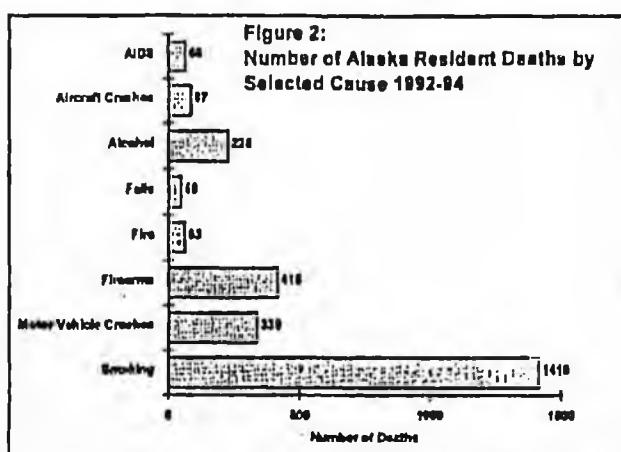
Of the 1,402 deaths among adults attributable to smoking, 912 were men, and 490 were women. Historically, men have been smoking longer than women and many smoking deaths are caused by long term use of cigarettes. Because smoking rates are now similar for men and women, women may have higher smoking attributable mortality in the future.

Deaths to Alaska Natives from Smoking

Alaska Natives account for 23.2% (329) of the smoking related deaths, although they account for 16.5% of the state's population.

Comparison to Other Important Causes of Death

The graph below shows how smoking compares to other preventable causes of death in Alaska⁷.



Summary

Each year, smoking kills more Alaskans than AIDS, aircraft crashes, alcohol, falls, fires, firearms and motor vehicle crashes combined. Alaska Natives are at higher risk because of their higher smoking rates.

Tobacco is considered the leading preventable cause of death in the United States⁸. The majority of smokers began smoking before 18 years of age⁹. In the U.S., by the 1980's, almost no regular smoking began after the age of 18⁹. Therefore, efforts to decrease tobacco use in the U.S. are being directed towards school-age children and adolescents, including limiting advertising and access to cigarettes¹⁰. Additional tobacco cessation efforts include developing and enacting strong policies for clean indoor air, increasing excise taxes and increasing educational efforts.

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10. Federal Register, August 11, 1995. Regulations restricting the sale and distribution of cigarettes and smokeless tobacco products to children and adolescents: proposed rule.



Alaska State Legislature

Please enter into the record my testimony to the House HES S
committee name
committee on HB 431, dated 2-1-96
bill/subject

5 pages of testimony

Signed: Kathleen M Jones
Testifier

Representing (Optional)
41953 Bear Creek Drive
Address Homer, AK 99603
235-6816
Phone No.

HL 431

Nineteen M Jones
41955 Bear Creek Rd.
Anchorage, Ak

99603
235-6816

Testimony

My testimony today is very personal. Last year our sons ages 16, 15 and 12 were given cigarettes by a former Alaska Bible Institute student. Our oldest son Roger & our youngest Philip continue to smoke as cigarettes are available. Very much against our wishes.

They continue to buy or buy these from "friends"? They go to a place adjoining former High School "Smokers Hill" where they tell me they can buy them for anywhere from \$1.20 to \$1.00 per cigarette

I believe the cigarette tax
does not reflect the true cost.
We all pay for addicted smokers
and the respiratory diseases
and problems resulting from
this use.

Vote for HB 431 and step in
the right direction for Alaska.
Until we make tobacco the
addictive substance it is on a
National level, Alaska should do
all it can to prevent further deaths
to this killer substance.

I have seen these deaths,
myself. Personal and first
hand.

In 1980 My mother was diagnosed by the Roswell Cancer center of Buffalo N.Y. with liver cancer. Dr. Faen stated to me It had started in her lungs and she maybe had 6 month to a year to live. She died two months later when we removed 1 1/2 fluids and only allowed oral fluid, food & pain medication - Death still took three and a half days. Its hard to watch someone you love grip bed rails as pain racks their body and cancer eats it away and lungs fight to take in air. Death her only release.

My husband's Grandfather
a long time Homerite died
almost $1\frac{1}{2}$ months after
we were married. Having one
and $\frac{1}{3}$ of his lungs removed
for cancer.

I do not want to bury one
of my children to this and
you can and must help
to stop this. Remember this
you legislators who have adult
children who smoke. You too
may bury one of your loved
ones to this. No one is free,
no one is exempt.

As I write this my wonderful
father-in-law struggled to breathe

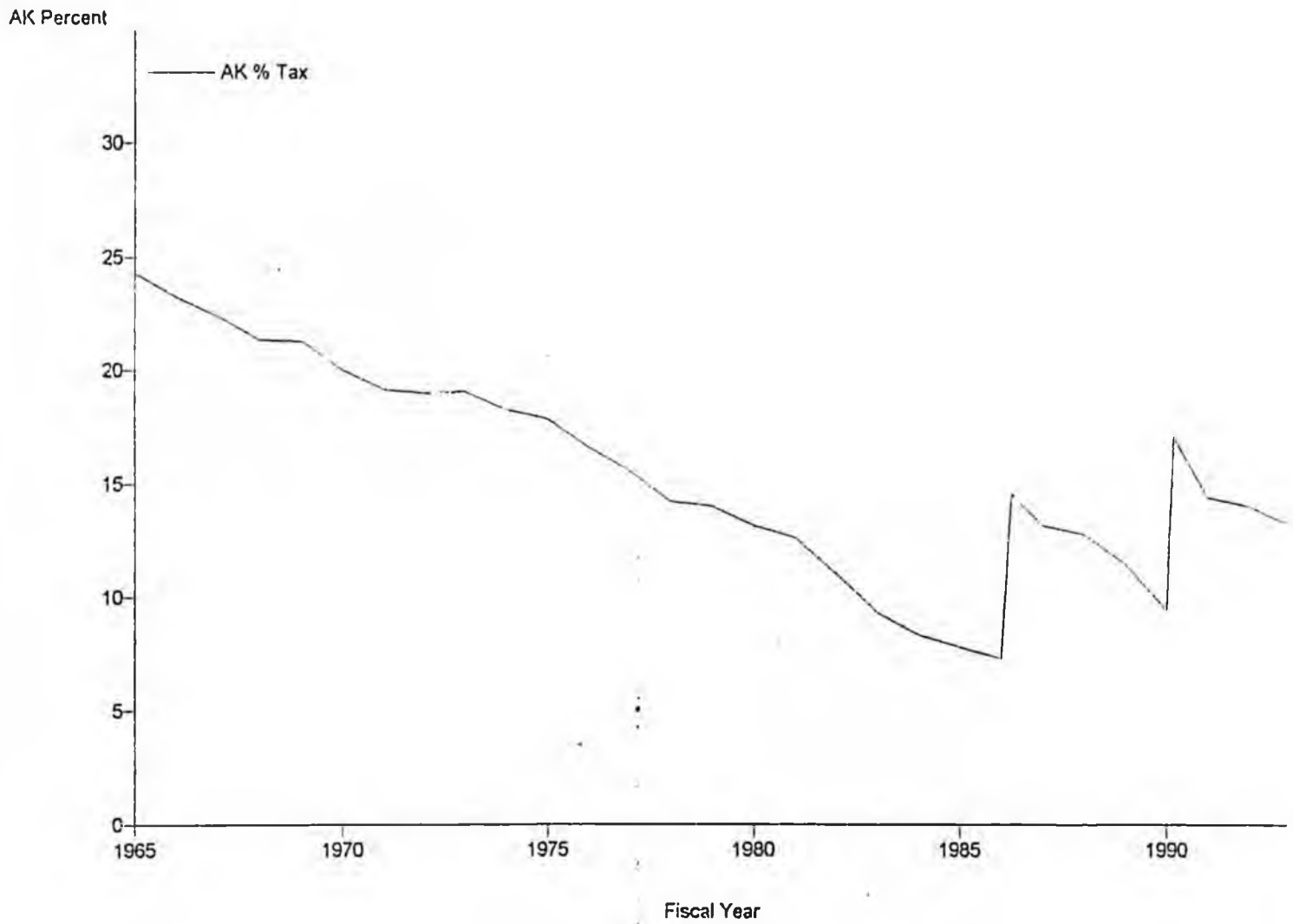
uses his inhalers and
smokes. My heart knows
that this will kill him.

No maybe not today or tomorrow
but it will. The man who said
he could always quit when
he wanted to. Sits coughing

coughing coughing use the inhaler
start to breathe — wait and
light up. Help spare Alaskas
children they are our future.

Kathleen M Jones
2/1/96 Homer Ak.

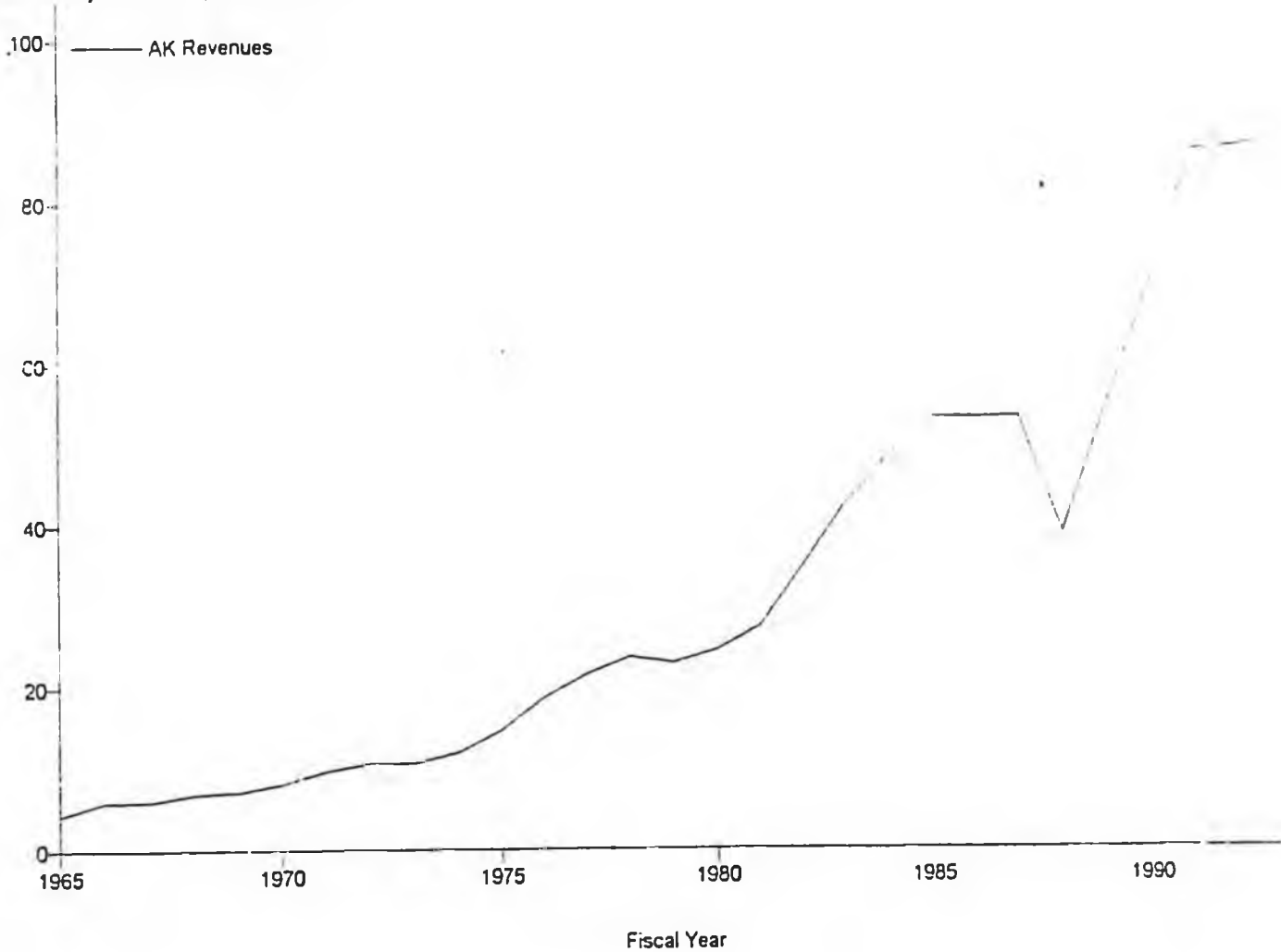
State of Alaska Cigarette Tax as Percent of Price Over Time



Based upon data from "The Tax Burden on Tobacco" The Tobacco Institute

State of Alaska Tobacco Industry Revenues as a Function of Time

AK Annual Industry Revenues (Millions of \$)



Excise Taxes and Preventing Tobacco Use In Young People

by David Swenor

We need to reexamine the approaches taken in the worldwide fight against tobacco use. We need to consider the evidence of our success to date, not on the basis of justifying past action, but with the aim of increasing our effectiveness. We need to be reminded that during our 25-year fight against tobacco, world cigarette production as doubled and per capita consumption has increased 25%.

In most parts of the world, like my own country of Canada, the resources committed to tobacco control are very limited. This means the few people working to reduce tobacco use must use the most effective tools available. It is my view that the economics of tobacco have defeated our worldwide efforts to date and that turning the economics to our favor is the single most effective thing we can do to reduce tobacco use.

Affordability of tobacco appears to be, for many countries, the single largest determinant of how many children will start smoking.

Fortunately, the cost of cigarettes need not be determined solely by tobacco companies: tax policy can dictate prices and health concerns can dictate tax policy. It is time to use the incredibly cost-effective tool of tax policy as central to any strategy to reduce tobacco use and to prevent

young people from ever becoming addicted in the first place.

The Economics of Tobacco Control

It is hardly surprising that those who came early to the fight against tobacco use chose the well-tried weapons of previous health campaigns; first, the search for a cure. When that failed, we looked to health education. Only when we came to realize that much greater gains could be made, did we resort to legislative action.

Each of these successive approaches has been a movement toward dealing with the source of the problem. We started with the symptoms and moved to the cause. The closer we have come to the source of the problem, the more effective the intervention has been. As we examine the various legislative avenues available, it is clear that some are more effective. I believe that economics is about the most effective tool available, and legislative intervention in the area of tobacco tax policy is the way to turn this tool to our advantage.

We know that controlling tobacco use is different from other health battles—because the foe is not a virus or bacteria, but a powerful industry with a vested interest in making money from the product causing the disease.

It can fairly be said that the profits from marketing tobacco are so great that some companies are willing to kill

for them. Cigarettes are very cheap to manufacture, they are addictive, and virtually every national market is controlled by no more than three companies. The result is often little price competition, so retail prices edge upward, and profits skyrocket.

However, there is a flaw in marketing a deadly product—built-in obsolescence not of the product, but of its consumers. The tobacco industry has to recruit new consumers to survive. The profile of these new recruits varies from country to country but with one universal constant: the new users of tobacco products are overwhelmingly young people. As a result, we know that the real battle is to stop the tobacco industry from recruiting young people. A person who has not become a tobacco user by age 20 is likely to never become one.

We also know that, despite decades of health education, young people do not grasp the magnitude of the risk associated with tobacco use. For example, in Canada, despite the best efforts of health educators, a recent survey¹ found that only a small minority could recall that smoking caused heart disease, many did not know that lung cancer is fatal, and few realized that the risk of heart disease declines dramatically soon after someone quits smoking.

David Swenor is Legal Counsel for the Non-Smokers' Rights Association of Canada.

Presented at the 8th World Conference on Tobacco OR Health, Buenos Aires, Argentina, March 30-April 3, 1992.

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But there is one piece of knowledge we and the tobacco industry have in common—that price is the key. If the price of tobacco goes down, use goes up. If tobacco becomes less affordable, consumption goes down.

Price has the greatest influence among those who are not yet addicted: the young. The industry needs to get them into the market.

We need to keep them out.

Cigarette Prices and Young People

Evidence from the United States² has suggested that every 10% increase in the real (i.e., after inflation) price of cigarettes leads to roughly a 10% reduction in tobacco use among teenagers. This evidence, which has existed for at least a decade, led some of us in Canada to decide to focus on tax increases as an integral part of our approach to tobacco control.

These efforts have been successful. We have obtained very large tobacco tax increases that have caused dramatic increases in tobacco prices and resulted in stunning falls in the number of young people using tobacco.

In 12 years—from 1979 to 1991—the real price of tobacco increased by a total of 158% and teenage tobacco use fell by two thirds (Figure 1). This is startling progress toward the goal of a tobacco-free society.

In determining the extent to which the decline in Canadian teenage tobacco use has been induced by tax-based price increases, various factors can be considered. Public education campaigns do not explain this drop, since countries like Canada (such as the United States) ran similar campaigns but experienced no comparable decline in teenage smoking. Even our ad ban, health warnings, and laws protecting nonsmokers cannot explain

Figure 1: Real cigarette prices and cigarette smoking among Canadians age 15 to 19

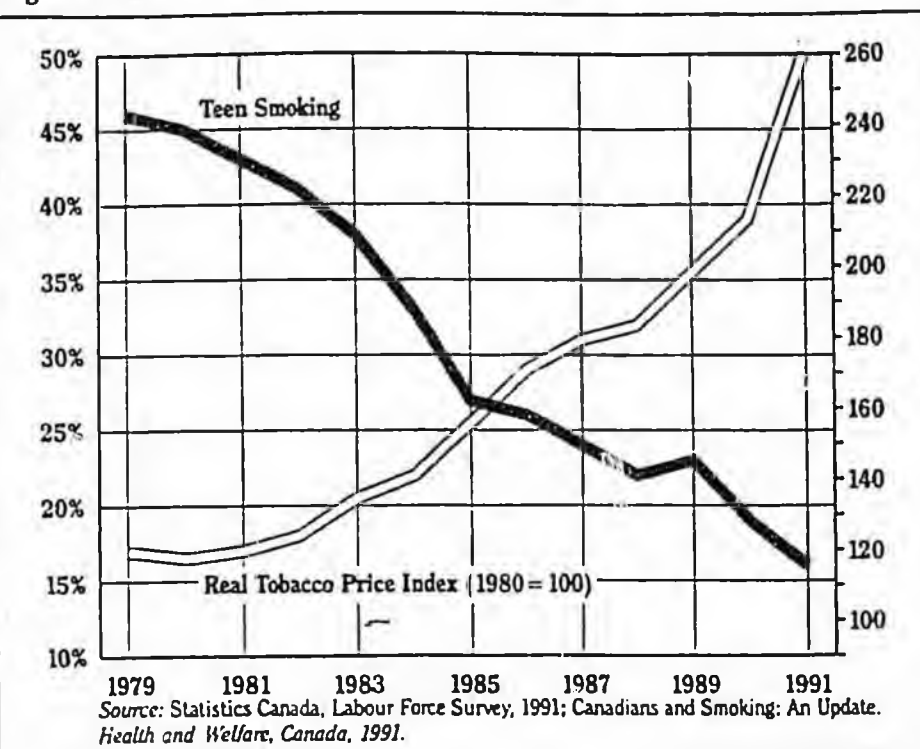


Figure 2: Tobacco taxation in the United States—average cigarette tax as a % of retail price

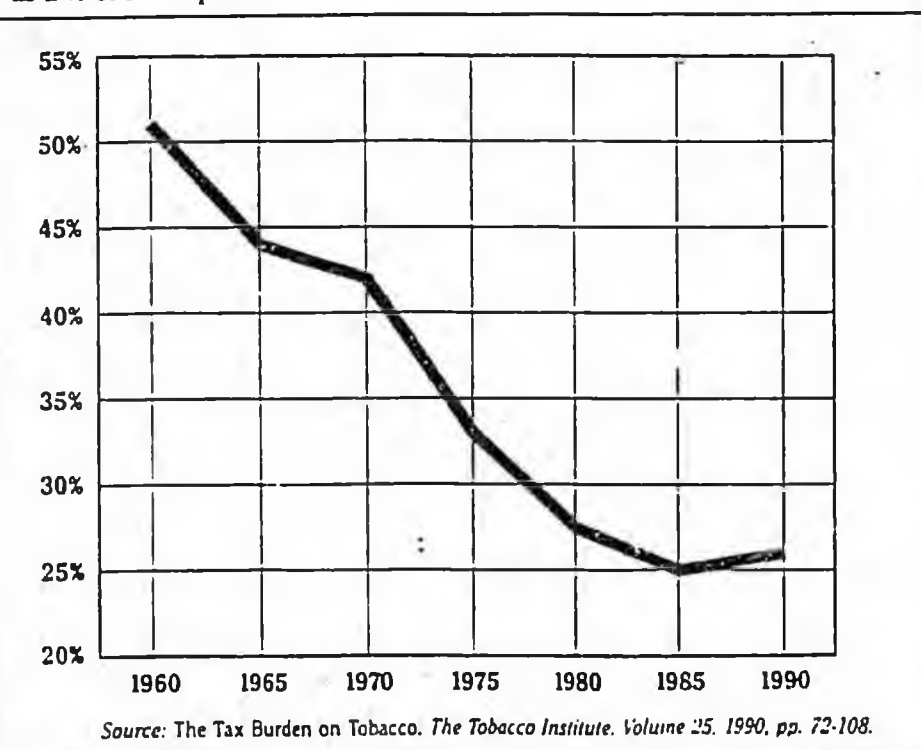
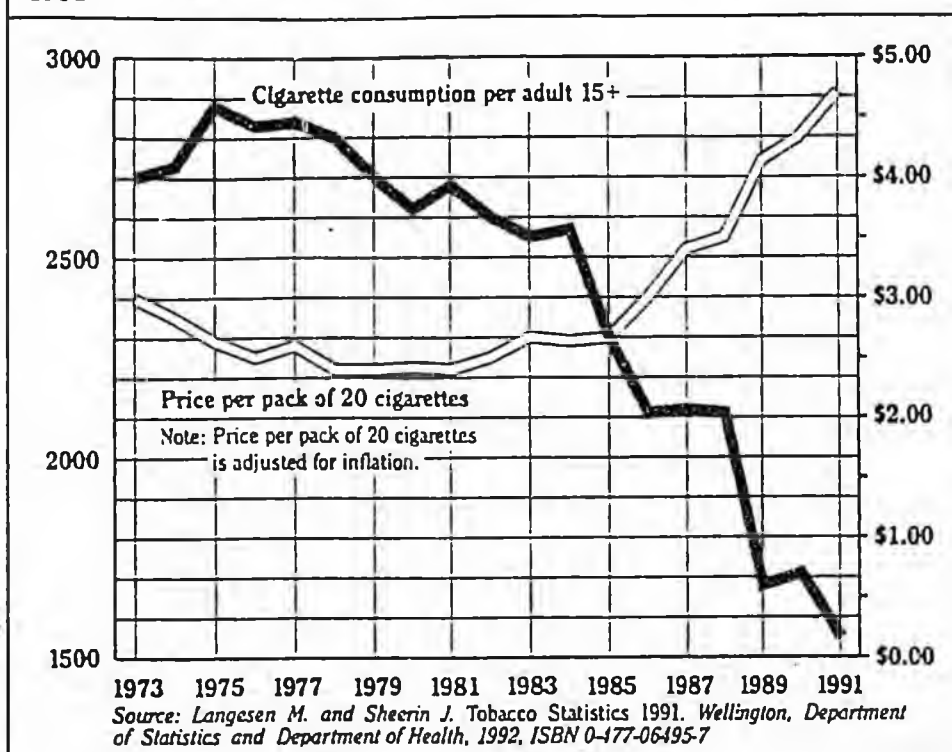


Figure 3: Cigarette consumption versus pack price—New Zealand, 1973-1991



this fall, since these are recent measures. A 1991 study³ found that the price sensitivity of Canadian teenagers is much in line with what the US studies had suggested.

Unlike many other interventions, the impact of tax changes is immediate and dramatic. Whereas other interventions often require a great commitment of resources, the cost of a tax intervention can work out to no more than pennies per life saved. All that is needed is a little knowledge, some persuasive advocacy, and persistence.

How Can We Use This Information?

It seems clear that tobacco taxation is a strategy that works. Why then is it so underutilized? Why have so few governments used taxes to reduce tobacco consumption? Why have some countries—like the United States—let the tax component of retail prices

slump (Figure 2) while research showed the impact of tobacco use and the role of taxation in reducing such use? Why do some governments who are prepared to see tobacco advertising banned, still protect the cheap cigarettes produced by their national tobacco monopolies?

One reason must be that the health lobby has been so reluctant to put tobacco tax increases at the top of its agenda. Unlike the tobacco industry, we have failed to realize the power of economics. Because we are less experienced in talking to government finance officials than dealing with the health departments. Because it means talking an unfamiliar language to people who may—at the start—be unsympathetic.

But the experience of places such as Hong Kong, Britain, New Zealand, and Canada shows that the effort is

repaid many times over. In fact, the benefits from the impact on youth smoking are greatly compounded by the impact on adult tobacco consumption. An analysis of countries around the world shows the powerful inverse relationship between price and consumption. New Zealand is but one example (Figure 3).

Finance ministers are willing to listen to a well-presented health case. This could be due to a combination of pure expediency, since tobacco taxes are a convenient way to raise money, and a recognition of the role of fiscal policy in preventing disease. Once convinced, these officials can be powerful allies within government.

Another lesson is that tax increases are the fastest, surest way of achieving large reductions in tobacco consumption. And that in turn opens the way for further initiatives. Fewer smokers make it easier to get restrictions on workplace smoking, to get smoke-free transportation, and to get rid of advertising. The higher taxes can also increase a government's willingness to implement bold marketing schemes that make smuggled tobacco easier to identify while reducing the attractiveness of tobacco packaging. These measures are part of a strategy that reinforces the message to the next generation, that smoking is an activity on the way out.

Obstacles to Action

The tobacco industry resists tobacco tax increases with an intensity commensurate with its certainty that such measures reduce consumption. The industry will throw any obstacle in the way of a sizable tax increase. It will also seek loopholes that keep cheap products in the market as a lure for those who might otherwise not

start—or quit—as the price rises.

Favorite tactics of the industry include focusing attention on the plight of local tobacco growers and tobacco factory workers. It will also attempt to portray the tax as unfair to the poor, to enlist the services of those with strong government ties to oppose you, or to promote the idea that higher taxes will increase crime.

Fortunately, all these tactics of the tobacco industry have already been effectively countered in some countries. Anyone now embarking on a campaign for health-oriented tobacco tax policies can become an “instant expert” simply by learning the lessons of the campaigns run to date. The arguments the tobacco industry makes with respect to economics can be shown as no more credible than the position the industry takes on health.

The major obstacle to date has been the reluctance of health organizations to move strongly into the area of tobacco pricing. The tobacco industry and governments have done exactly as would be expected on tobacco pricing given their respective interests and methods of operation. It is the “health lobby” that has been rather absent from this field. As a

result, we have left the area of economic policy firmly in the hands of the tobacco industry and placed ourselves at a great disadvantage in our efforts to reduce youth smoking.

Conclusion

If the health community remains reluctant to get seriously involved in the economics of tobacco, we will almost undoubtedly see worldwide tobacco sales continue to increase in the foreseeable future. The increasing affordability of tobacco is probably the major reason world cigarette production has doubled in the last 25 years. If we do not move on this front, far too many of the planet's young people—the people we talk so earnestly of saving from tobacco addiction—will be making their debut as mortality statistics 25 years from now.

If we choose to get involved, to change the economic landscape in tobacco control, the impact on world tobacco consumption could be beyond anything achieved to date. The level of smoking among young people could be suddenly and significantly reduced. The impact of these same price changes among adults could lead to an unprecedented decline in world

tobacco sales.

A quarter of a century ago, at the First World Conference on Smoking and Health, Senator Robert F. Kennedy said: “The industry we seek to regulate is powerful and resourceful. Each new effort to regulate will bring new ways to evade . . . This is a battle that can be won.” These words are as true today as they were when first spoken. They are no less true in the area of tax policy than any other area of tobacco control. Our major challenge today is to use what we know to finally start winning that battle. ☹

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2. US Department of Health and Human Services. *Smoking and Health in the Americas: A 1992 Report of the Surgeon General*, with the Pan American Health Organization. US DHHS, Public Health Service, Centers for Disease Control, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 1992, pp.127-136.
3. Roberta Ferrence, et al. *Effects of Pricing on Cigarette Use Among Teenagers and Adults in Canada 1980-1989*. Addiction Research Foundation, Toronto, February 1991.

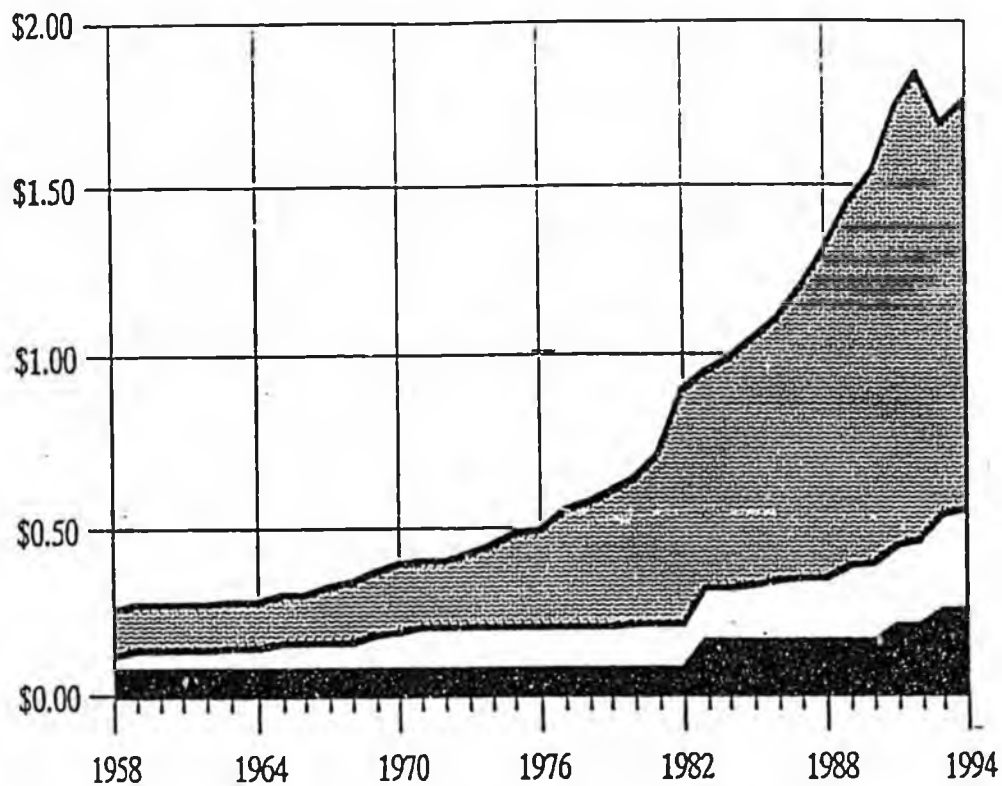
Doonesbury



Graph 2

TOBACCO PRICES & TAXES
UNITED STATES 1958 - 1994

Nominal Terms



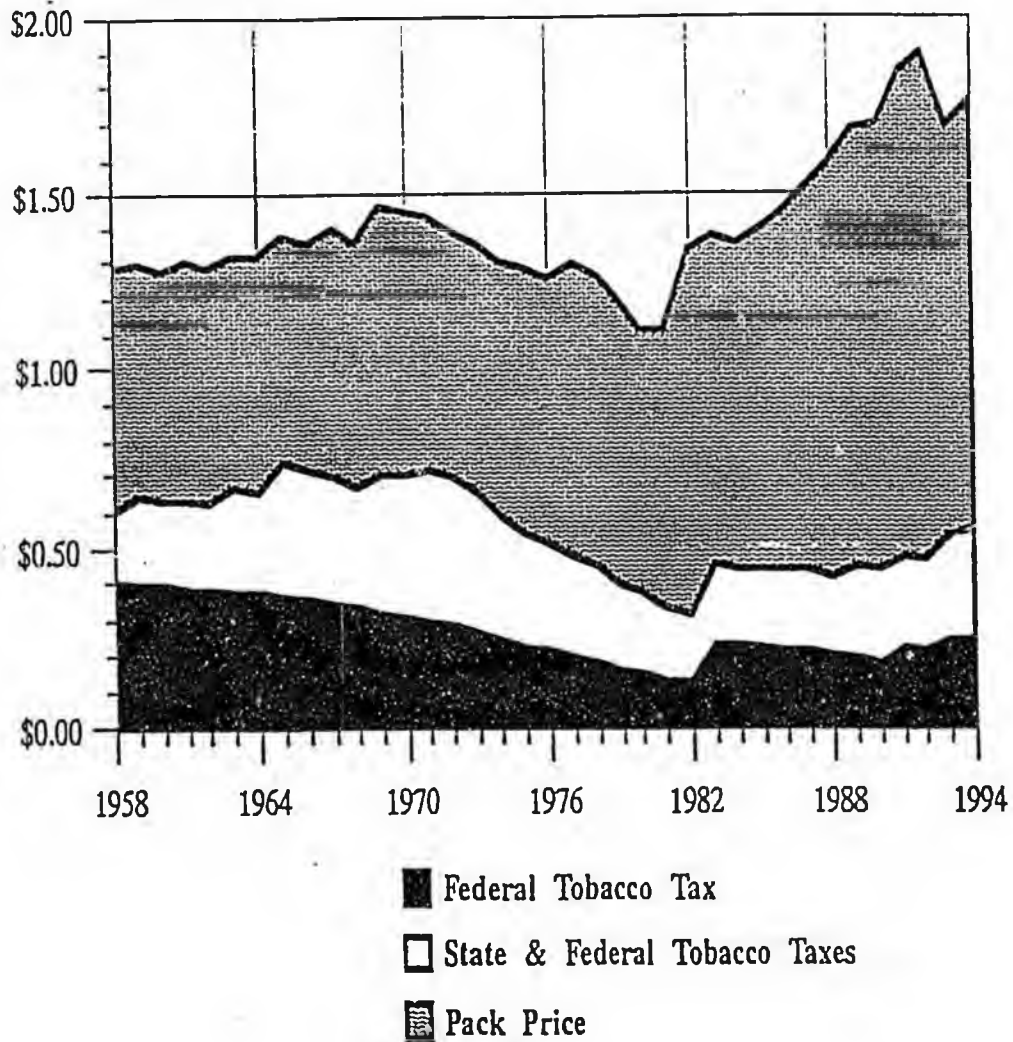
- Federal Tobacco Tax
- State & Federal Tobacco Taxes
- ▨ Pack Price

Source: THE TAX BURDEN ON TOBACCO, Historical Compilation, volume 29, 1994, The Tobacco Institute, Washington DC.

Graph 3

**TOBACCO PRICES & TAXES
UNITED STATES 1958 - 1994**

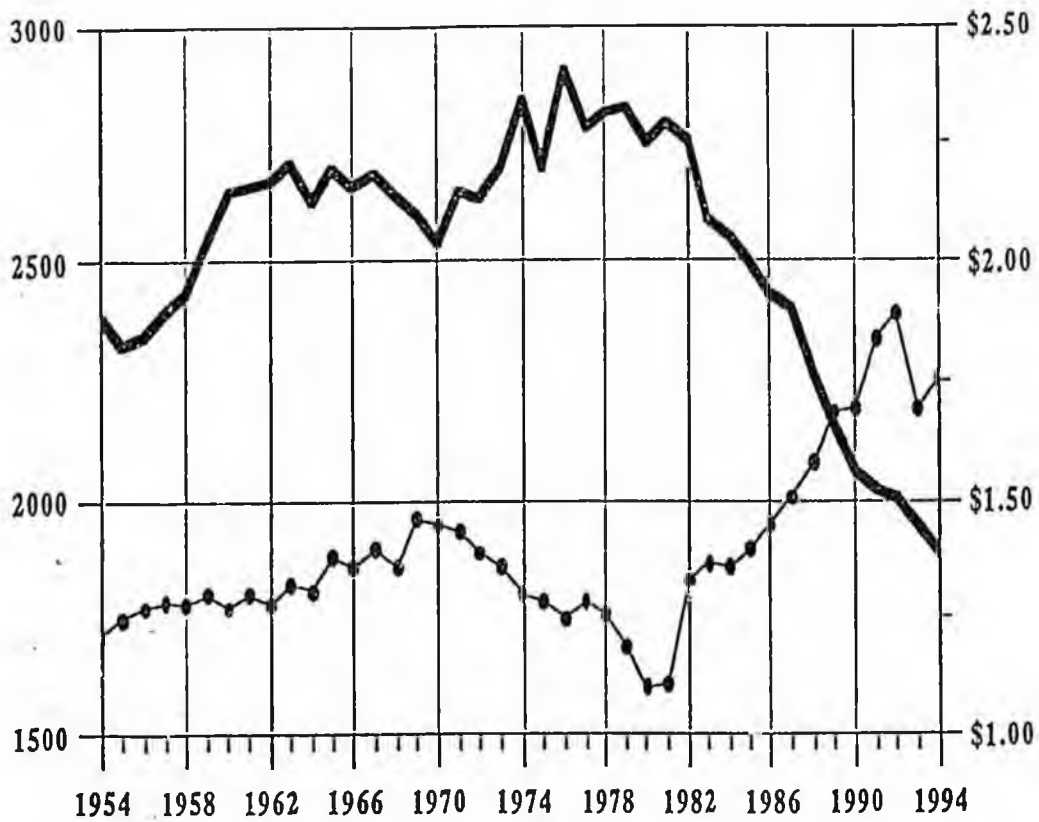
Real Terms



Source: THE TAX BURDEN ON TOBACCO, Historical Compilation, volume 29, 1994, The Tobacco Institute, Washington DC.

Graph 1

ANNUAL PER CAPITA CONSUMPTION OF CIGARETTES
AND REAL PRICE OF TOBACCO (per 20 cigarettes)
UNITED STATES 1954 - 1994

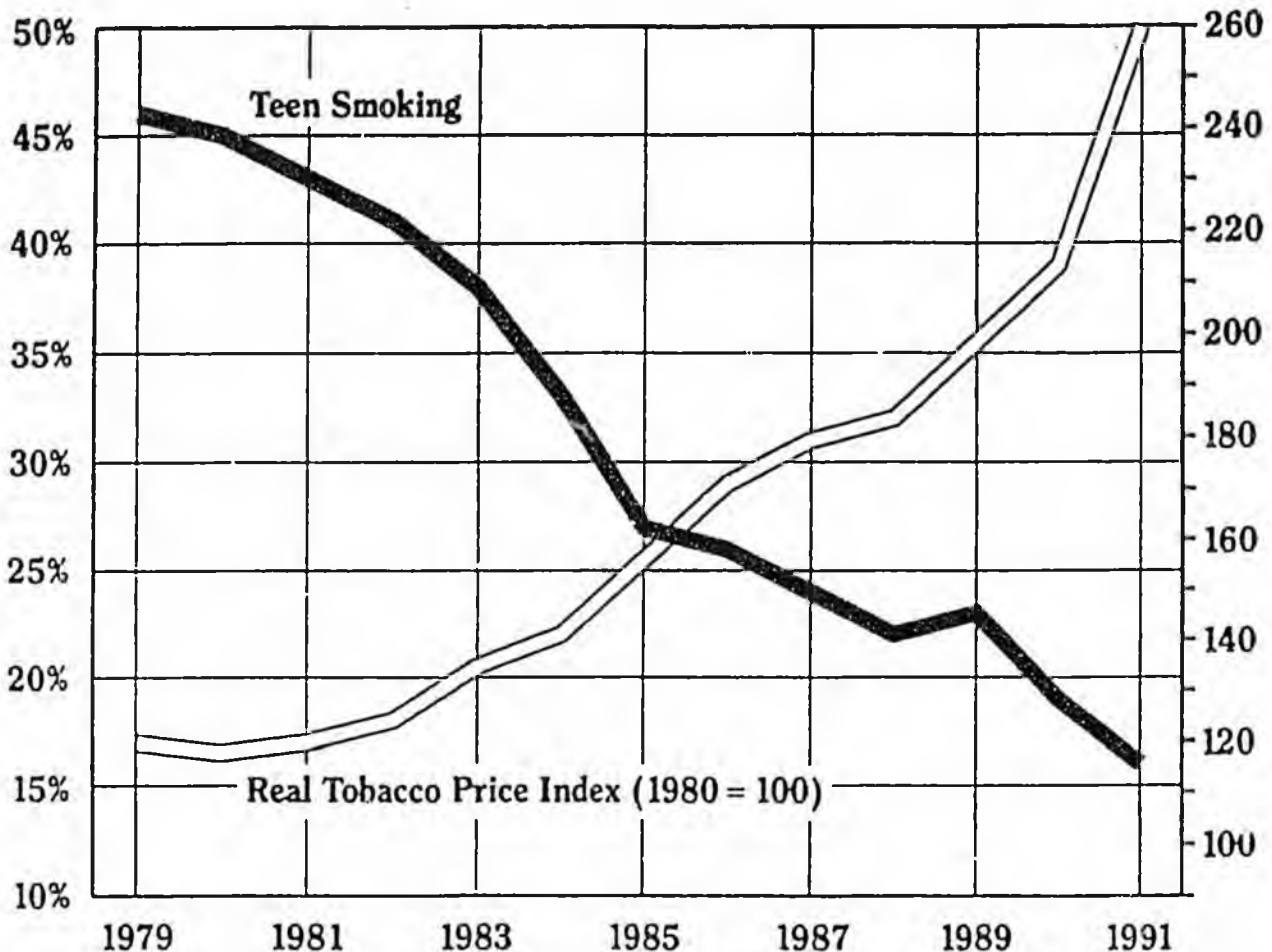


— Annual per capita consumption ◆ Real Price of Tobacco (1994 dollars)

Sources: The Tax Burden On Tobacco, published by The Tobacco Institute, Washington, DC, vol. 29, 1994.

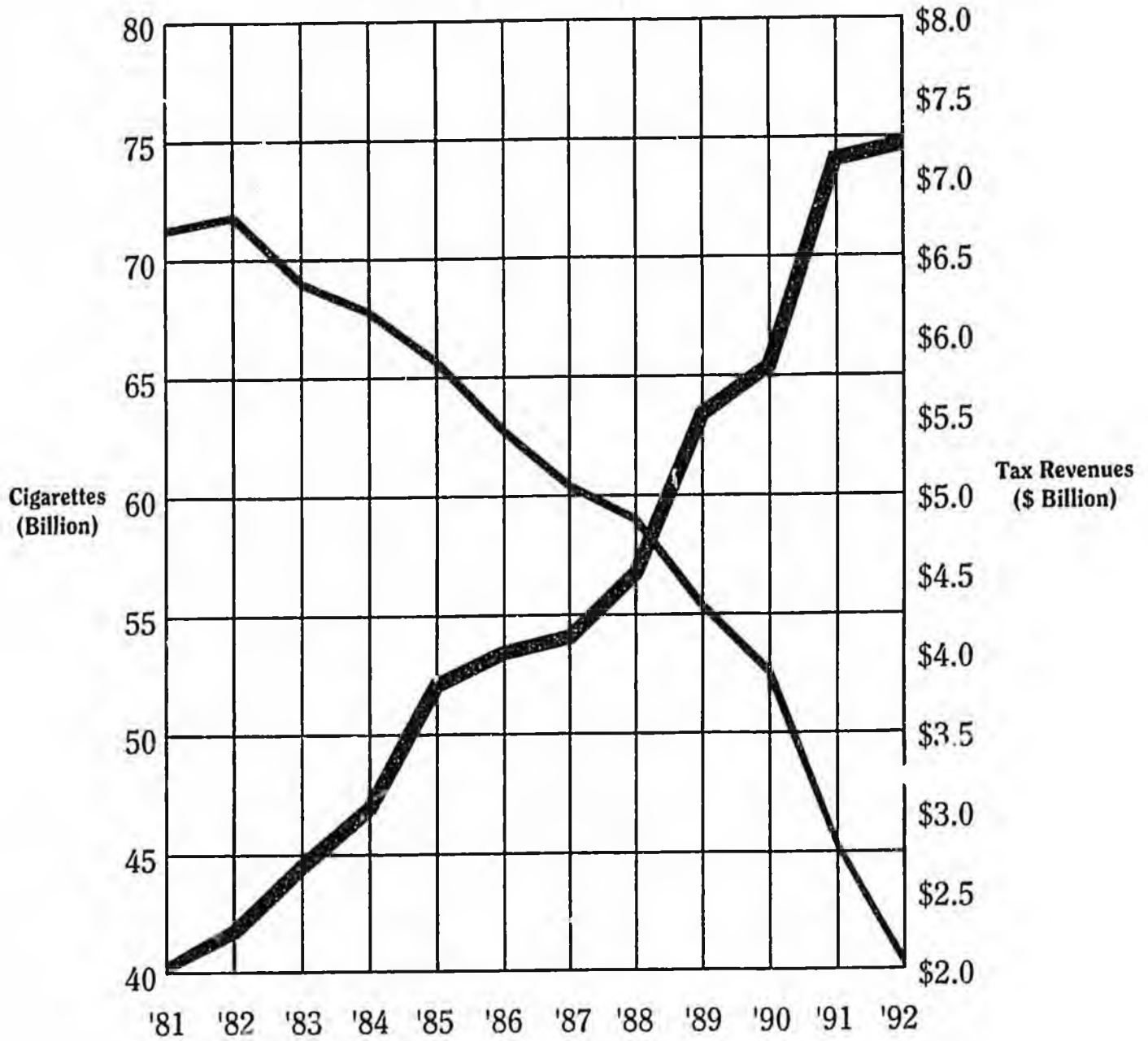
U.S. Bureau of Labor Statistics, CPI (all items).

Figure 1: Real cigarette prices and cigarette smoking among Canadians age 15 to 19



Source: Statistics Canada, Labour Force Survey, 1991; Canadians and Smoking: An Update. Health and Welfare, Canada, 1991.

Figure 1. Sales of Cigarettes Versus Tobacco Tax Revenue Canada 1981-1992



— Domestic Sales of Cigarettes and Fine-Cut Equivalents (1 g)
— Total Tax Revenues

Sources: 1. Statistics Canada, Catalogue 32-022 Monthly.
2. Department of Revenue, Government of Canada.

THE TOBACCO INSTITUTE

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DANIEL M. HOWIE
Vice President
916/444-5454

The Tobacco Institute, on behalf of its member companies, respectfully submits the following statement in opposition to House Bill 431.

THE ECONOMIC EFFECTS OF INCREASING THE ALASKA CIGARETTE TAX BY \$1.00 PER PACK

Alaska is considering a tax proposal that would raise the current cigarette tax by \$1.00/pack, or to \$1.29c/pack. That tax is compounded in Anchorage, Fairbanks and Juneau, by local excise taxes. In Anchorage, where over 40% of the Alaska population resides, the local cigarette tax is 26 cents/pack. An Anchorage smoker would thus pay \$1.55/pack, or \$15.55 per carton, in cigarette taxes. To put things in perspective, the Alaska cigarette tax would be nearly 5 times larger than the average state cigarette tax (32 cents/pack) and nearly double the current top cigarette tax.

When cigarette taxes reach such a stupendous level, many of the familiar problems associated with excise taxes become sharpened. Tax evasion is a prime example. This proposal provides powerful incentives for smuggling. Smugglers bringing in cigarettes from lower tax states could make over \$10 per carton in profits. A small container-load would have a profit potential in excess of \$50,000. Alaska already has a well documented tax evasion problem with military bases. There are over 50,000 military personnel, including retirees and dependents, buying cigarettes free of state taxes at these bases. A 1996 study by Peat Marwick found that an astounding 45 million packs of cigarettes are sold through military bases in Alaska. This represents an incredible 84% of taxable reported sales in Alaska (53.6 million packs).

With tax saving opportunities such as these, Alaska would become like Canada. In 1993, the Canadian government estimated that smuggling accounted for almost 50% of all cigarette sales. In 1994, their cigarette tax was reduced in the major provinces by over \$2.00/pack in order to break this smuggling epidemic. In announcing the cuts, the Canadian Prime Minister Jean Chretien said: "Smuggling is threatening the safety of our communities and the livelihood of law-abiding merchants. It is a threat to the very fabric of Canadian society."

By encouraging a massive underground market, Alaska would also make it more difficult to keep cigarettes out of the hands of youth. Black marketers do not respect youth access laws any more than they do tax laws. The surest way to control youth sales is by working with legitimate retailers, not smugglers. By creating an illegal market, Alaska would simply be making those efforts more difficult.

Another casualty would be Alaska's legitimate retailers. According to the Peat Marwick study, retailers could eventually lose 52% of their sales. In Canada, retailers had lost so much that they protested by selling smuggled smokes to hordes of delighted smokers at cut-rate prices. The huge drop in Alaska sales will also mean substantially lower revenues for the government than forecasted by Alaska's Long Range Financial Planning Commission. Peat Marwick found that the Commission overestimated revenues by 129%.

The enormous tax increase would unfairly punish a minority population for goods and services designed to benefit all of Alaskan society. An average smoker would pay over \$800 per year in state cigarette taxes. For the 30% of Alaskan households making \$30,000 or less, this is an incredible burden to bare. What other demographic group in Alaska pays this much in total taxes?

SMOKING AND TAXES

There exists an incorrect assumption that high state cigarette taxes discourage cigarette consumption.

On close examination, that assumption is without foundation. Smoking rates within a given state are a function of a variety of demographic and cultural factors. Price is not considered to be one of them. In fact, economists have proven statistically that cigarette consumption is insensitive to price and taxes. As economists put it, taxes have a very inelastic, or unresponsive effect on cigarette demand. Clearly there are more powerful forces in play.

Utah, for example contradicts the assumption of low taxes equaling higher consumption. Utah has the lowest adult smoking rate in the country. It also has a cigarette excise tax that is lower than the national average. When one takes into account the presence and cultural influence of the Mormon population - a group that vigorously opposes cigarette smoking - the contradiction is easy to understand.

Opponents of tobacco products point to the apparent connection between low tax states and high rates of tobacco consumption. They fail to mention that many of the low tax states also grow tobacco. The strong tobacco heritage of these states and the relative social acceptability of tobacco there easily account for the marginally higher consumption rates.

In fact, the smoking rates of the 10 states with the lowest cigarette taxes are not as significant as one is led to believe. On average, about 25% of adults smoke in the ten low tax states, compared to the national average of 22%. This is not a large difference, and is most likely explained by the heritage of tobacco growing, not taxes.

State taxable cigarette sales are a good indicator of patterns across states. Consider per capita sales in Massachusetts (77 packs/per year) versus per capita sales in New Hampshire (158 packs/ per year). Since cigarette taxes are significantly higher in MA (51 cents/pack) than in New Hampshire (25 cents/pack and no sales tax) this pattern would seem to buttress the assumption that higher taxes equal lower consumption. But is it reasonable to believe the NH residents really smoke double the amount of cigarettes compared to smokers in MA? The answer is clearly no. What is the reason for this discrepancy? Tax evasion.

New Hampshire is a well known consumer's mecca - a place for consumers from high tax states to stretch the family budget. A 1995 study by Price Waterhouse found that nearly 40% of New Hampshire's cigarette sales were sold to consumers from another state- mostly people from Massachusetts. In fact, along the MA-NH border the number of people employed (per 1000 of population) in tobacco, alcohol beverage, and gas retailing is about 2 times greater in New Hampshire compared to Massachusetts. When adjustments are made for such tax evading sales, adult smoking rates are practically the same in both states.

In Washington State, the same tax evasion dynamic is at work. Even though the Washington cigarette tax is very high, data shows that adult smoking rates are actually higher in Washington compared to low tax Oregon and Idaho. However, using taxable sales as an indicator, we see that Washington's per capita cigarette sales of 65 packs is much lower than in Oregon (95 packs) and Idaho (78 packs).

The reason?

Washington's residents have known for 20 years or more that the way to beat sales and excise taxes is to head for the Indian reservations, military bases, and bordering states. A recent study by Washington's Department of Revenue estimates that a staggering 27% of Washington cigarette sales represent such tax evading sales. When these tax evading sales are factored in, actual Washington cigarette consumption rises to over 85 packs per capita - close to the average per capita consumption for the Northwest.

The basic lesson is that when cigarette taxes are raised by a large amount, consumers take advantage of our fiscal federalism and shop in a state or tax free zone where they can save money. When the dust settles few people have

been dissuaded from smoking. Smokers simply shop where the tax is lower and respect for the law takes another step backward.

(A copy of the KPMG report has been provided for review by the committee.)

(7)

HOUSE COMMITTEE REPORT

Date Referred to Committee: January 19, 1996

FURTHER REFERRALS:

State Affairs
Labor and Commerce
Finance

Date of Committee Action: 2/1/96

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 431

HOUSE BILL NO. 431

INCREASE TOBACCO TAXES

"An Act relating to taxes on cigarettes and tobacco products; and providing for an effective date."

recommends it be replaced with the following committee substitute _____ the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) Revenue

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
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CHAIR'S SIGNATURE *[Signature]*

ASSOCIATION OF ALASKA SCHOOL BOARDS

316 W. 11th St. • Juneau, Alaska 99801-1510

(907) 586-1083 • Fax (907) 586-2995

JAN 31 1996

January 31, 1996

The Honorable Cynthia Toohey, Co-Chair
The Honorable Con Bunde, Co-Chair
The Honorable Gary Davis
The Honorable Al Vezey
The Honorable Norman Rokeberg
The Honorable Tom Brice
The Honorable Caren Robinson
House HESS Committee
Alaska State Capitol
Juneau, AK 99801-1182

Dear House HESS Committee Members:

The Association of Alaska School Boards has established child advocacy as one of our top priorities. Our mission to promote parental, public, and social service commitment to the shared responsibility of educating all children enables us to address issues that deal with the health and safety of Alaska's children. To this end our membership adopted a resolution at the 1995 AASB Annual Conference which recommends increasing tobacco taxes in order to reduce the accessibility of tobacco by teens.

We are pleased that the HESS committee has agreed to hear testimony on bills which work to prevent tobacco addiction among our children. We believe that, through the combined influences of tax levies, strict law enforcement, and quality education, we can all have a hand in preventing our children from becoming addicted to tobacco.

AASB supports legislation which keeps our kids tobacco free. Thank you for your commitment to the health and well-being of Alaska's children.

Sincerely,



Carl F. N. Rose
Executive Director

ASSOCIATION OF ALASKA SCHOOL BOARDS

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Position Paper Increase in Tobacco Tax

In order to address the risk to the health and safety of children and youth that tobacco related products represent, the Association of Alaska School Boards strongly supports legislation which would increase the cigarette tax.

After a review of the research, we take this position because:

- nicotine is an addictive drug that has been proven harmful to children;
- the average teenage smoker starts smoking at 14 1/2 years old and becomes a daily smoker before the age of 18;
- if people do not begin to smoke as teenagers or children, it is unlikely they will ever do so; and
- children tend to vastly underestimate the likelihood that they will become addicted to nicotine.

Tobacco use is a problem among Alaska's teens. 27% of 12th grade girls and 18% of 12th grade boys report daily use of cigarettes. Rates are highest among Alaska Natives: 31% of 12th grade girls and 21% of 12th grade boys.

Of public health strategies available for reducing tobacco use, increasing tobacco taxes as a way of raising the price of tobacco products is viewed as the most effective. One of its virtues is that it is immediate and does not require further public resources to implement.

By increasing the tax on tobacco Alaska can significantly reduce the use of tobacco among teens. Below are two examples of regions where taxation reduced tobacco consumption among teens.

- In Canada, between 1979 and 1991, higher tax rates increased the real price of tobacco by 158 percent and teenage consumption dropped by two-thirds.
- In California, cigarette smoking declined nearly 24 percent (from 26.7 percent in 1988 to 20.4 percent in 1992) after California approved a 25 cent excise tax increase.

AASB believes that it is much easier to prevent smoking, than it is to help a teenager quit once they have become addicted. We hope that you consider joining AASB in our goal to protect the health of teenagers by voting to increase the Alaskan sales tax on tobacco.

ASSOCIATION OF ALASKA SCHOOL BOARDS

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Association of Alaska School Boards Tobacco Resolutions for 1996

SUBJECT AREA: FUNDING

96-23

INCREASE IN TOBACCO TAX

WHEREAS, Alaska has the sixth highest rate of smoking nationally and the sixth highest rate of smoking-related deaths; and

WHEREAS, 32% of Alaskan girls smoke or chew tobacco daily, and 36% of Alaskan boys smoke or chew daily; and

WHEREAS, nearly 84% of Alaskan adults started smoking between the ages of 10 and 20 years of age; and

WHEREAS, smoking is illegal by youth under the age of 19; and

WHEREAS, smoking accounted for 19% of deaths in Alaska in 1991, averaging 1 per day; and

WHEREAS, the estimated direct health care cost attributed to smoking in 1991 was \$45.6 million for persons 35 and older; and

WHEREAS, between 1979 and 1991 in Canada, increasing the tax rates by 158% decreased the teenage consumption of tobacco by 67%; and

WHEREAS, the US Government Accounting Office has determined that for every 1% increase in the price of cigarettes, 1% fewer teenagers will smoke; and

WHEREAS, Alaska's tobacco tax was last increase in 1989, and as of 1992 only 20 states had lower tobacco taxes than that of Alaska; and

WHEREAS, a recent survey of 615 Alaskans found that 65% of respondents favored a \$0.75 increase in the sale tobacco tax if the money went toward health programs; and

WHEREAS, the current cigarette tax is \$0.29 per pack or 25% of the wholesale price of other tobacco products;

NOW THEREFORE BE IT RESOLVED that the Association of Alaska School Boards supports legislation which would increase the cigarette tax an additional \$1.00 per pack (to be indexed yearly to inflation) and an increase on other tobacco products an additional 75% raising an estimated \$43 million.

HB

432

House Labor & Commerce Committee

State Capitol
Juneau, Alaska 99801-1182
907-465-4954

SPONSOR STATEMENT HB 432

HB 432, which is sponsored by the House Labor and Commerce Committee, has the principal effect of conforming Alaska's veterinarian licensure statutes to current nationwide licensure standards. Under existing statutes, references are made to examinations administered under the auspices of the National Board of Veterinary Medical Examiners and the American Veterinary Association's Education Commission For Foreign Veterinary Graduates. These exams are no longer given by these organizations. Instead, they are administered by the National Board Examination Committee and the National Board Examination Committee's Education Commission for Foreign Veterinary Graduates. HB 432 makes the necessary changes.

HB 432 also acts to promote public welfare by clearly defining the unauthorized practice of veterinary medicine and imposing penalties for violations.

I urge your support.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

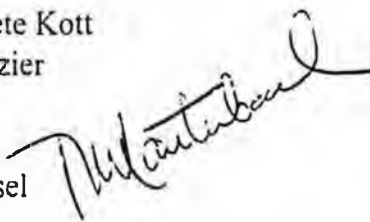
130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 6, 1996

SUBJECT: Sectional Summary of HB 432. (An Act relating to the practice of veterinary medicine)

TO: Representative Pete Kott
Attn: George Dozier

FROM: Terri Lauterbach 
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Requires veterinary technicians to be licensed.

Section 2. Prohibits certain conduct and prescribes a penalty for violating the prohibitions.

Section 3. Changes the description of the examination that may be used for veterinarian licensure.

Section 4. Changes the name of various examinations.

Section 5. Requires the board to adopt regulations for licensure of veterinary technicians.

Section 6. Changes the name of another examination.

Section 7. Changes the definition of "practice of veterinary medicine" with respect to prohibited use of descriptions, titles, abbreviations, etc.

TML:klb
96-069.klb

1996 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Public Safety
 Title: Veterinary Licensing _____
 _____ Component: DPS Statewide Support
 _____ Commissioner's Office
 Sponsor: H.Labor & Commerce
 Requestor: H.Labor & Commerce COMPONENT SERIAL NO. 0523

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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-
Code Revenue						

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-

Estimate of current year (FY 96) impact: \$ _____

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.)
 No fiscal impact is anticipated to the Department of Public Safety

Prepared By: Sandy Perry-Provost, Special Assistant to the Commissioner Phone: 465-4322
 Division: Commissioner's Office Date: 1/24/96
 Approved by Commissioner: *Ronald L. Otte* Date: 1/24/96
 Agency: Ronald L. Otte, Dept. of Public Safety

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 432

Revision Date: _____ Dept. Affected: Corrections
 Title: "An Act relating to the practice of veterinary
medicine." BRU: State Wide Programs
 Sponsor: House Labor and Commerce Committee Component: _____
 Requester: House State Affairs COMPONENT SERIAL NO. #1381

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
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 ()						
------------------------	--	--	--	--	--	--

FUND 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	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

According to the Division of Occupational Licensing, they expect few if any cases would be prosecuted under this bill. If convicted for this misdemeanor offense a fine rather than incarceration is a more likely sentence. The Department of Correction expects no fiscal impact.

Prepared by: Jerry Shriner Phone: 465-4652
 Division: Office of the Commissioner Date: 1/30/96
 Approved by Commissioner: Margaret H. Pugh Date: 1/30/96
 Agency: Department of Corrections

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 432

Revision Date: _____ Dept. Affected: Department of Law
 Title: "An Act relating to the practice of veterinary BRU: Civil Division
medicine." Component: General Legal Services
 Sponsor: House Labor and Commerce Committee
 Requester: House Labor and Commerce Committee COMPONENT SERIAL NO. 2087

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND 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	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill amends AS 08.98.120 to require the licensing of veterinary technicians under Alaska's occupational licensing laws. The bill also provides for criminal penalties for persons practicing or attempting to practice veterinary medicine, surgery or dentistry without being properly licensed. Although inclusion of a new regulated profession tends to increase the Department of Law's workload over time, the cost of regulatory enforcement is reimbursed to the Department of Law by the Division of Occupational Licensing. It does not appear that the bill will cause any significant workload increase in the foreseeable future.

Prepared by: Richard I. Pegues, Director
 Division: Administrative Services Division
 Approved by Commissioner: Bruce M. Botelho, Attorney General
 Agency: Department of Law

Phone: 465-3672
 Date: 1/25/96
 Date: 1/25/96

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HB

433

TONY KNOWLES
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 433
P O Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

January 19, 1996

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Phillips:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that amends statutes regarding the unauthorized publication or use of communications and eavesdropping, in order to allow law enforcement officers to intercept communications in certain emergency situations.

Current law prohibits surreptitious eavesdropping on a private conversation without the consent of one of the parties to the conversation. In an emergency (for example, where a suspect is barricaded with a hostage), law enforcement officers need to communicate with the suspect and, if possible, monitor the suspect's communications with others. Monitoring such communications can give valuable information to law enforcement officers to help defuse potentially dangerous situations.

This bill provides the exemption necessary for law enforcement officers to surreptitiously monitor these communications. It allows the interception of communications of a suspect barricaded and refusing to surrender, holding a victim hostage, or threatening the imminent illegal use of an explosive. The exemption in the bill is limited to serious police emergencies; it will not otherwise affect the privacy of individual Alaskans.

This legislation will support law enforcement agencies in making Alaska a safer place for our citizens. I urge your prompt consideration and passage of this bill.

Sincerely,

A handwritten signature in black ink that reads "Tony Knowles".

Tony Knowles
Governor

STATE OF ALASKA

FISCAL NOTE

BII
NC

0.6

Bill Version: HB 433

(H) Publish Date: 1/19/96

1996 LEGISLATIVE SESSION

Revision Date: _____

Dept. Affected:

Public Safety

Title: Eavesdropping

DPS Statewide Support

Component:

Commissioner's Office

Sponsor: Rules Committee

Requestor: Governor

COMPONENT SERIAL NO.

0523

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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-
Code Revenue						

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-

Estimate of current year (FY 96) impact: \$ _____

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.)

No fiscal impact is anticipated to the Department of Public Safety

Prepared By: Sandy Perry-Provost, Special Assistant to the Commissioner

Phone: 465-4322

Division: Commissioner's Office

Date: 1/3/96

Approved by Commissioner: *Dee Smith*
for Ronald L. Otte, Dept. of Public Safety

Date: 1/3/96

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FISCAL NOTE

No. 5
 Bill Version: HB 433
 (H) Publish Date: 1/19/96

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Department of Law
 Title: "...unauthorized publication or use of
communications and the prohibition against eavesdropping..." BRU: Criminal Division
 Component: Criminal Division
 Sponsor: Rules/By Request of the Governor
 Requester: Governor's Office/OMB COMPONENT SERIAL NO. 2085

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND 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	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill would give the police emergency authority to eavesdrop on persons who are barricaded in buildings or holding hostages. This is a police tool that will have no impact on the Department of Law.

Prepared by: Richard I. Peques, Director Phone: 465-3672
 Division: Administrative Services Division Date: 12/5/95
 Approved by Commissioner: Bruce M. Botelho, Attorney General Date: 12/5/95
 Agency: Department of Law

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FISCAL NOTE

No. 4

Bill Version: HB 433

(H) Publish Date: 1/19/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Corrections
 Title: An act relating to ...the prohibition against BRU: _____
Eavesdropping Component: _____
 Sponsor: Rules Committee
 Requester: Governor COMPONENT SERIAL NO. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND 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	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill will have no fiscal impact on the DOC

Prepared by: Jerry Shriner Phone: 465-4640
 Division: _____ Date: 1/12/96
 Approved by Commissioner: Margaret M. Pugh Date: 1/12/96
 Agency: 0 Department of Corrections

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FISCAL NOTE

No. 3
 Bill Version: HB 433
 (H) Publish Date: 1/19/96

**STATE OF ALASKA
 1995 LEGISLATIVE SESSION**

Revision Date: January 12, 1996 Department: Commerce and Economic Development
 Title: An Act relating to eavesdropping for certain law enforcement activities. BRU: Alaska Public Utilities Commission
 Sponsor: Rules Component: _____
 Requestor: Governor COMPONENT SERIAL NO. 364

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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						
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CHANGE IN REVENUES						
---------------------------	--	--	--	--	--	--

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 96) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)
 This legislation will have no fiscal impact on the Alaska Public Utilities Commission.

Prepared by: Guy Bell, Director Phone: 465-2505
 Division: Division of Administrative Services Date: 12/5/95
 Approved by Commissioner: William L. Hensley Date: 1-16-96
 Agency: Commerce and Economic Development

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

No. 2
Bill Version: HB 433
(H) Publish Date: 1/19/96

Revision Date: _____
Title: "An Act relating to eavesdropping..."
Sponsor: Rules Committee
Requestor: Governor

Department Affected: Administration
BRU: Office of Public Advocacy
Component: Office of Public Advocacy
COMPONENT SERIAL NO. 43

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

There is no fiscal impact on the Office of Public Advocacy.

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

Phone: 274-1684
Date: _____

Approved by Commissioner: Mark Boyer
Agency: Administration

Date: 1/3/96

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FISCAL NOTE

Bill No. 1

Bill Version: HB 433

(H) Publish Date: 1/19/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: _____

Title: "An Act relating to eavesdropping..."

Sponsor: Rules Committee

Requestor: Governor

Department Affected: Administration

BRU: Public Defender Agency

Component: Public Defender Agency

COMPONENT SERIAL NO. 1631

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND 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	0.0	0.0	0.0

Estimate of any current year (FY 95) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

There is no fiscal impact to the Public Defender Agency.

Prepared by: John B. Salemi, Director
Division: Public Defender Agency

Phone: (907) 264-4412
Date: _____

Approved by Commissioner: Mark Bover
Agency: Department of Administration

Date: 1/21/96

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HB

434

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 110400
JUNEAU, ALASKA 99811-0400
TELEPHONE: (907) 465-2300
FACSIMILE: (907) 465-2389

January 30, 1996

The Honorable Jeannette James
Alaska State Legislature
House State Affairs Committee
State Capitol, Room 102
Juneau, AK 99801-1182

RE: House Bill 434, Unclaimed Property

Dear Representative James:

HB 434, would update the statutes for the Unclaimed Property Program. This bill has its first referral in your committee and I am writing to ask that you schedule the legislation for a hearing.

Under this program the state acts as a perpetual custodian of abandoned personal property. Examples of abandoned property include money left in bank savings accounts or deposits left with utility companies and the business cannot locate the owner. Thus property becomes abandoned or unclaimed. The purpose of the act is to protect, safeguard and account for property until it is claimed by the owner. When an owner or heir comes forward, the state must surrender either the property in its original form or the proceeds from its sale. The proposed changes would streamline the process for both businesses and the state.

HB 434 is the product of extensive work by employees of our department, auditors from the Office of Management and Budget and the National Conference of Commissioners on Uniform State Laws. I look forward to working with you and request that you and your committee give this your prompt attention.

Thank you for your consideration.

Sincerely,


Wilson L. Condon
Commissioner

96-011

Proposed Amendments to HB 434, Unclaimed Property Act

changes to version
9-GH2025.A
February 23, 1996

* **Section 1.** AS 34.45.200(e) is amended to read:

(e) Stock [THIS SECTION DOES NOT APPLY TO A STOCK] or other intangible ownership interest enrolled in a plan that provides for the automatic reinvestment of dividends, distributions, or other money payable as a result of the interest [,UNLESS THE RECORDS AVAILABLE TO THE ADMINISTRATOR OF THE PLAN SHOW, WITH RESPECT TO ANOTHER INTANGIBLE OWNERSHIP INTEREST NOT ENROLLED IN THE REINVESTMENT PLAN, THAT] is presumed abandoned if the owner has not [within seven years] communicated in a manner described in (a) of this section or within seven years after:

(1) the date of the second mailing of a statement of account or other notification or communication that was returned undeliverable; or

(2) the holder discontinued mailings, notifications, or communications to the apparent owner.

* **Section 5.** AS 34.45.310(a) is amended to read:

(a) The department shall publish a notice not later than the June 30 [MARCH 1] following the submission of the report required by AS 34.45.280 [, OR IN THE CASE OF PROPERTY REPORTED BY LIFE INSURANCE COMPANIES, NOT LATER THAN THE SEPTEMBER 1 FOLLOWING THE SUBMISSION OF THE REPORT]. The notice shall be published [AT LEAST ONCE A WEEK FOR TWO CONSECUTIVE WEEKS] in a newspaper of general circulation in the area of the state in which the last known address of a person to be named in the notice is located. If no address is listed or the address is outside the state, the notice shall be published in a newspaper of general circulation in the area in which the holder of property has its principal place of business in the state.

changes to version
9-GH2025.A
February 23, 1996
Page 2 of 2

* **Section 10.** AS 34.45.760(3) and AS 34.45.760(10)(A)(i) is amended to read:

(3) "business association" means a nonpublic corporation, joint stock company, investment company, business trust, mutual fund, joint venture, limited liability company, partnership, or association for business purposes or other business entity of one [TWO} or more individuals, whether or not for profit, including a banking organization, financial organization, insurance company, or utility;

(10)(A)(i) money, checks, drafts, warrants, deposits, interest, dividends, and income;

**ALASKA DEPARTMENT OF REVENUE
INCOME AND EXCISE AUDIT DIVISION
February 21, 1996**

Issue Paper for HB 434, Unclaimed Property Act

MERITS FOR AMENDING UNCLAIMED PROPERTY Program ACT (UCP,) AS 34.45.

OVERVIEW

Under this program the state acts as a perpetual custodian of abandoned personal property. Examples of abandoned property include money left in bank savings accounts or deposits left with utility companies and the business cannot locate the owner. Thus property becomes abandoned or unclaimed. The purpose of the act is to protect, safeguard and account for property until it is claimed by the owner. When an owner or heir comes forward, the state must surrender either the property in its original form or the proceeds from its sale.

Financially the program costs approximately \$185,000 annually (3 full time employees) and deposits into the general fund range between \$1.5 and \$2.0 million. Over the past three years over three thousand people have been located by UCP staff and had their property returned.

NEED FOR CHANGE

Changes are needed so we can reduce the administrative paper work required to operate the program and increase the efforts to locate owners and additional unclaimed property. In relation to this the Office of Management and Budget (OMB) completed an audit in October 1995 and working together with UCP staff developed the following recommended changes in UCP statutes.

- Income & Excise Audit Division require holders to report once annually and to remit the abandoned property to the state at the same time. Current law requires remittance subsequent to reporting.
- Require all holders to report unclaimed property to the state on the same date. Two different time periods are used now and one date would be more efficient.
- Raise the level of property value below which aggregate holder reporting is allowed. Also increase the property value required for individual notification. All values would be set consistently at \$100 throughout the UCP statutes. This would reduce paperwork for businesses and the state and prevent us from paying more to return property than it is worth.
- Adopt the draft language proposed by the National Conference of Commissioners of Uniform State Laws as it relates to the reporting requirements of mutual fund companies.
- Changes notification requirements to eliminate duplicate mail notices.
- Require the publishing of property owners' names only after the property in the state's custody.

Need for Change, continued

Income and Excise Audit also recommends the following change:

- Require heirsfinders to identify in writing the nature and value of property and fee charged for information leading to the location of the property. Also allows a contract to be valid for six months and compensation percentages to have a maximum value.

RECOMMENDATION

These statutory changes are needed in order to more efficiently and effectively administer the program. Statutory dual reporting by the holder and dual processing by the state will be eliminated. Funds will be received at the time of reporting eliminating duplicate posting and reconciling. More efforts can be applied to locating owners as well as holder education and compliance. These changes will benefit firms and entities (i.e. banks, insurance companies and utilities) reporting unclaimed property, the State of Alaska and Alaska's unclaimed property owners. Efforts to locate the rightful owners can be increased.

TONY KNOWLES
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 434
P O Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

January 19, 1996

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Phillips:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would update Alaska's law governing the handling of unclaimed property to streamline the process for the convenience of both the state and the property holders.

Unclaimed, or abandoned, personal property includes money left in bank savings or insurance accounts or deposits left with utilities because the businesses cannot locate the owners. The state acts as the custodian for such property and protects it until an owner or heir claims it. This bill includes recommendations from an audit performed last year that would reduce paperwork and improve efforts to locate unclaimed property owners.

Under this bill, mutual funds would be defined in unclaimed property statutes, allowing for reporting and payment to the state of unclaimed interests in mutual funds. This bill also requires that all unclaimed property holders report to the state at the same time. This will eliminate duplicate reports and provide for payment of unclaimed interests at the time the report is made. The value of interests that can be reported to the state without complete detail is raised from \$25 and \$50 to a uniform \$100. This will mean less paperwork and administrative overhead for unclaimed property holders.

The bill also puts a statutory limit on the amount of finder's fee that a person can charge to search for owners of unclaimed property. There have been reports of some abuses nationwide of finder's fees being charged at up to 50 percent of the value of the property, even when the person was easy to locate. This bill would protect Alaskans claiming property abandonment in this state by limiting these fees to 10 percent of the value of the property.

In addition, this bill places restrictions on agreements between owners of unclaimed property and their finders, in order to protect the property owners and the state. An agreement would be void if it does not disclose the value of the property involved or if the agreement was reached before the state has held the property for at least two years.

This bill represents an important step forward to update Alaska's unclaimed property laws. I urge your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Knowles". The signature is written in a cursive style with a large initial "T".

Tony Knowles
Governor

Sectional
DEPARTMENT OF REVENUE
INCOME & EXCISE AUDIT DIVISION

HB 434
Unclaimed Property Act Amendments
9-GH2025.A
February 21, 1996
Page 1 of 2

Amendments in this bill reflect changes to statutes recommended in an OMB audit completed last fall. The changes are intended to streamline administration of the unclaimed property program for both businesses and the state. The bill will also facilitate holders (i.e. banks, insurance companies, utility companies, etc.) in complying with unclaimed property reporting and remittance requirements.

Section 1 amends AS 34.45.200 to clarify that mutual funds and automatic reinvestment accounts are included in the scope of unclaimed property. Property would be deemed unclaimed after seven years from the date of last communication from an owner or from the date that mail addressed to an owner was returned as undeliverable.

Section 2 amends AS 34.45.200 by increasing aggregate reporting to \$100 for all holders (from \$50 to \$100 for life insurance companies and from \$25 to \$100 for all other companies). Holders may report property items valued under the reporting limit in the aggregate and are not required to report individual detail.

Section 3 amends AS 34.45.280(d) to provide for a universal filing due date of November 1 for reporting all unclaimed property. This section would change the filing due date for insurance companies (currently May 1) to conform with the due date for all other companies (November 1).

Section 4 amends AS 34.45.280(e) by increasing the minimum property value for which holders are required to send written notice to owners prior to reporting with the state. The minimum value would increase from \$50 to \$100, consistent with the increased aggregate amount in section 2 and 7.

Section 5 amends AS 34.45.310(a) to establish a universal date of June 30 for publication of unclaimed property owners reported to the state during the previous year. Current statutes require that the state publish owner names and information from insurance company reports by September 1 and from all other holder reports by March 1. The National Conference of Commissioners on Uniform State Laws have adopted a similar change.

HB 434
Unclaimed Property Act Amendments
9-GH2025.A
February 21, 1996
Page 2 of 2

Section 6 amends AS 34.45.310(b) by repealing requirements to publish owner's last known address. In accord with the amendment in section 8, which requires that holders report and remit property simultaneously (report/remit), this section repeals provisions for the owner to petition holders for unclaimed property. Report/remit eliminates the necessity for owners to correspond with both the department and holder to claim property.

Section 7 amends AS 34.45.310(c) by increasing the value of items for which the department is required to publish an owner's name. The value would increase from \$50 to \$100, consistent with aggregate reporting in section 2 and 4.

Section 8 amends AS 34.45.320(a) by requiring holders to report and remit property simultaneously (report/remit). Under report/remit, property is immediately available to owners from the state, thereby eliminating correspondence with the holder to claim property.

Section 9 repeals and reenacts AS 34.45.700 to clearly define an owner's rights when entering into an agreement with fee finders (persons who locate unclaimed property owners and assist them in claiming property). This section provides that an agreement would be unenforceable if made prior to the date payment or delivery is made to the state or within 24 months after the payment or delivery is made to the state. Agreements would be enforceable only if in writing and the fee or compensation is not more than 10% of the value of property. This sections requires that pertinent information relating to the agreement be disclosed in the agreement.

Section 10 amends AS 34.45.760(3) to define "business association" in conformity with the National Uniform Unclaimed Property Act.

Section 11 repeals AS 34.45.310(d) which requires that a notice be mailed by the department to the owner's last known address. This would eliminate a duplicate notice as holders are required to contact owners prior to reporting to the department under AS 34.45.280(e). This section repeals AS 34.45.310(e) which specifies items to be included in the notice. This section repeals AS 34.45.320(c) which requires that accounts reported in the aggregate (\$50 for life insurance and \$25 for others) be delivered when the report is filed. Requirements under this subsection would be replaced by amendments in section 8.

Section 12 provides that the act take effect July 1, 1996.

Revision Date: _____ Dept. Affected: Revenue
 Title: Unclaimed Property BRU: Audit Operations
 Component: Income and Excise Audit
 Sponsor: Rules Committee
 Requestor: (H) STA COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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 ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact to the department's operations in implementing this legislation. The proposed changes should reduce the administrative work required for private businesses (holders of unclaimed property) and the department to comply with the Unclaimed Property Program statute. The entire program is accomplished using three employees. The operational efficiencies gained will allow more time to be spent in locating owners of abandoned property versus unnecessary recordkeeping.

Prepared by: Robert N. Bartholomew, Deputy Director
 Division: Income and Excise Audit
 Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Phone: 465-4773
 Date: 1/31/96
 Date: 1/31/96

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State Farm Insurance Companies



One State Farm Plaza
Bloomington, IL 61710-0001

Thomas M. Deighan
Counsel
(309) 766-2850
Telecopy (309) 766-5594 or
766-1919

February 23, 1996

Ms. Rachel E. Marshall
Department of Revenue
Unclaimed Property Division
P.O. Box 110420
Juneau, AK 99811-0420

Re: Alaska Unclaimed Property Act

Dear Ms. Rachel:

This letter is to confirm that State Farm Mutual Automobile Insurance Company supports the proposed amendments to the Alaska Unclaimed Property Law.

Raising the aggregate limit, raising the property value limit for mail notice, and requiring all holders to report and pay on November 1 would significantly reduce the burden of complying with the terms of the Act.

Sincerely,

Thomas M. Deighan
Thomas M. Deighan



February 23, 1995

KeyBank
Post Office Box 100420
Anchorage, AK., 99510-0420

Rachel Marshall
State of Alaska
Unclaimed Property Section
P.O. Box 110420
Juneau, AK 99811-0420

Via FAX

(907) 562-6100

Dear Rachel:

Key Bank of Alaska has reviewed the proposed changes to the Unclaimed Property Act AS 34.45.

- *Aggregating accounts with balances less than \$100 will streamline the paperwork.
- *Key Bank currently pays and delivers all property shown on the report by November 1st each year. This eliminates having to go through the process again for May. It also eliminates the confusion of determining who has the property when the names are published in the paper.
- *Key Bank agrees that there needs to be rules for heirfinders. Customers are harassed at times by these people and then realize very little gain. It also causes problems when the Bank is trying to locate the customer to return the property at the same time the heirfinder is trying to engage them in a contract.

The proposed changes appear to reduce paperwork and streamline the process of escheating abandoned property. Key Bank supports these recommendations.

Sincerely,

Jennifer Ferguson
Assistant Vice President
Bank Operations

America's First Choice

HB

438

9-LS1187F

Luckhaupt

3/5/96

CS FOR HOUSE BILL NO. 348(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES JAMES, Therriault, Kelly, Toohey

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the interagency work group on agency accountability and
2 child interview methods."

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

4 * Section 1. AS 47.17 is amended by adding a new section to read:

5 Sec. 47.17.100. INTERAGENCY WORK GROUP AND MEMORANDUM OF
6 AGREEMENT ON AGENCY ACCOUNTABILITY AND CHILD INTERVIEW
7 METHODS. (a) The interagency work group to increase agency accountability for and
8 to improve methods of interviewing minors who are alleged to have been abused or
9 neglected is established in the department. The work group consists of five
10 representatives, whose job description includes participation in the work group, from the
11 following departments:

12 (1) two persons from the department, one of whom shall be an employe
13 of the division of family and youth services;

14 (2) one person from the Department of Public Safety;

15 (3) one person from the Department of Education; and

1 (4) one person from the Department of Law.

2 (b) The interagency work group shall prepare a memorandum of agreement that
3 will guide all participating agencies in their involvement with interviews of minors who
4 are alleged to have been abused or neglected. At a minimum, the memorandum of
5 agreement must

6 (1) identify the best and most effective methods to establish
7 accountability for those who interview minors who are alleged or suspected to have been
8 abused or neglected;

9 (2) identify the best and most effective methods for

10 (A) videotaping;

11 (B) audiotaping;

12 (C) team interviews;

13 (D) note taking;

14 (E) documentation; and

15 (F) enforcing file content standards;

16 (3) provide for interagency cooperation in

17 (A) initial and continuing training or education for interviewers,
18 including education regarding new and updated methods of interviewing minors
19 and regarding new equipment useful for interviewing minors;

20 (B) establishing respect for family members during the interview
21 process;

22 (C) maintaining family unity during the interview process; and

23 (D) sensitivity to public response and public input;

24 (4) focus on increasing agency and interviewer accountability and
25 minimizing negative effects on families; and

26 (5) review the statutory definition of "abuse or neglect" to determine if
27 the definition leads to uniform and fair results.

28 (c) The memorandum of agreement shall be made available for review by the
29 legislature and the public. The work group shall notify the legislature that the
30 memorandum of agreement is available for review.

31 (d) The interagency work group shall meet at the times the members of the work
32 group consider necessary. At a minimum, the memorandum of agreement must be

1 reviewed and updated in the year following each gubernatorial election year as
2 determined under AS 15.35.010, and must be completed in those years before the
3 beginning of the next regular session of the legislature the following year. Each revised
4 and updated memorandum of agreement shall be made available to the legislature and
5 the public for review. The work group shall notify the legislature that the memorandum
6 of agreement is available for review.

7 * Sec. 2. The initial memorandum of agreement required to be prepared under AS 47.17.100,
8 added by sec. 1 of this Act, shall be completed by January 1, 1997. Unless an earlier revision
9 and update to the memorandum of agreement is determined to be necessary by the interagency
10 work group created in sec. 1 of this Act, the first revision and update shall be conducted in 1999
11 and completed before the beginning of the regular legislative session in 2000.



Representative Tom Brice

ALASKA STATE LEGISLATURE

119 N. Cushman, Ste. 205
Fairbanks, AK 99701
907-456-7423 / Fax: 451-9293

While in Juneau
State Capitol
Juneau, AK 99801-1182
907-465-3466

MEMORANDUM

To: Representative Jeannette James, Chair
House State Affairs Committee

From: Representative Tom Brice 

Date: January 22, 1996

Re: HB 438: An Act relating to the indexing of documents recorded in the state recorder's offices; and providing for an effective date.

I would appreciate your scheduling HB 438 to be heard before the State Affairs committee at your earliest convenience

HB 438, mandates a geographic location indexing method within the the State Recorder's Office. The result will be the continuation of an effective cataloguing system of lands in the state, and future possibilities of cross referencing that information with the resources, leases, and claims information in other data bases throughout the state.

The Recorder's office now provides this service as a courtesy. Because the service is not mandated, it may appear to be less valuable than it actually is. This capability is important enough that it should be continued as an integral aspect of the state's recording system. A geography based information system would tie grantor and grantee indices, both required by statute, to a map. This will ensure continuing cross referencing between name indexes, and developing future resource indexes and satellite and aerial geophysical mapping data bases.

Under the current work load, the Recorder's Office does not anticipate a significant fiscal impact. Land is an important asset in our state, and providing the data for an eventually up-to-date, integrated system for recording and retrieving resource, ownership, and location data is in everyone's best interest.

Thank you for your consideration.





Representative Tom Brice

ALASKA STATE LEGISLATURE

119 N. Cushman, Ste. 205
Fairbanks, AK 99701
907-456-7423 / Fax: 451-9293

While in Juneau
State Capitol
Juneau, AK 99801-1182
907-465-3466

Representative Tom Brice HB 438 Sponsor Statement

HB 438, mandates a geographic location indexing method within the the State Recorder's Office. The result will be the continuation of an effective cataloguing system of lands in the state, and future possibilities of cross referencing that information with the resources, leases, and claims information in other data bases throughout the state.

The Recorder's office now provides this service as a courtesy. Because the service is not mandated, it may appear to be less valuable than it actually is. This capability is important enough that it should be continued as an integral aspect of the state's recording system. A geography based information system would tie grantor and grantee indices, both required by statute, to a map. This will ensure continuing cross referencing between name indexes, and developing future resource indexes and satellite and aerial geophysical mapping data bases. The only single source of all documents regarding a property is found in a manual cardex system maintained in Fairbanks. The name indexes and the developing resource indexes are computerized.

The need and demand for a geography based index exists now. Public demand for this information is equal to or greater than that of the other two indices. The three are coequal in their importance and usefulness. The information that can be derived from such a three pronged indexing system will prove useful on an ongoing basis as land is classified, selected, transferred, and developed in Alaska. Under the current work load, the Recorder's Office does not anticipate a significant fiscal impact. Land is an important asset in our state, and providing the data for an eventually up-to-date, integrated system for recording and retrieving resource, ownership, and location data is in everyone's best interest



EXPLANATION OF NEED FOR LOCATION INDEX IN RECORDER'S SYSTEM

The law, AS 40.17.040 presently requires that only grantor and grantee indices be maintained. When the state abandoned the maintenance of recorded instruments by type in the 1970's, the ability to do research by location was severely impaired. As a consequence the Division of Mining and Water Management began keeping mining location notices and affidavits of labor by location through a manually posted Kardex system.

The Division of Mining and Water Management now insists that the approximate \$30,000 annual cost of maintaining the Kardex system for mining records is too high and seeks to abandon the Kardex records. The mining community has relied on those records to insure that locations, prospecting sites and other mining activities on lands can be researched without error.

A group of concerned miners and others in Fairbanks who rely on the integrity of the Kardex system believe that the statute needs to be changed so that the contract the State Recorder has for electronic recording of data can be amended to include a sort by location. This will make the same information available in the future statewide that the state presently preserves manually in Fairbanks.

The state is moving rapidly to complete its geographical information system (GIS) for its lands records. Not, if not all, Native regional and village corporations have adopted a GIS lands management records system. Several of the boroughs have adopted a GIS for their assessment and lands records. Development of geographically based information through the State Recorder's Office will enhance the state's ability to complete its GIS lands management system, will allow the state's records to mesh with Native corporation and borough lands, and will preserve the ability of the mining community and other interested parties to research title and activity on lands by location.

The grantor and grantee indices for mining records is not sufficient. In order to maintain state and federal claims, location notices must be filed and annual affidavits filed. This makes mining records much more difficult to research than the ordinary property transactions. Inclusion of the requirement for maintenance of a location index will preserve the type of necessary historical information relating to mining claims and will not add appreciably to the cost of the recording system.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB438

Revision Date: Original Dept Affected Natural Resources
 Title: An act relating to the indexing of documents BRU: Management and Administration
 recorded in the state recorder's offices; and providing for an... Component: Information Resource Management
 Sponsor: Representative Brice
 Requestor: (H) STA Component Serial No. 427

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	70.0					
TRAVEL						
CONTRACTUAL	20.0	10.0	10.0	10.0	10.0	10.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	90.0	10.0	10.0	10.0	10.0	10.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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 GF						
1005 GF/Program Receipts	90.0	10.0	10.0	10.0	10.0	10.0
1006 GF/MHTIA						
Other						
TOTAL	90.0	10.0	10.0	10.0	10.0	10.0

Estimate of any current year (FY96) cost: \$ none

POSITIONS	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME	1	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)

HB438 amends AS40.17.040(a) requiring the department to maintain an index system that is designed for the public to find documents by location. Although the Recorder's Office has been maintaining a courtesy location index since 1972, the current system is not designed to effectively find documents by geographic location. In order to meet the requirements of this legislation, the department would develop a public interface to query recorded information by location. The department would convert the existing courtesy location index information into new file structures that support research by a common location key, namely, meridian, township, range and section. This fiscal note covers one full-time analyst/programmer for one year to design and implement the location index with a common geographic key, and covers the Department of Administration chargeback cost for mainframe usage.

AS40.17.040(a) also directs the department to adopt regulations prescribing the manner in which recorded documents shall be indexed. As a result of this legislation, a regulation would need to be adopted clarifying what is meant in.... continued on page 2

Prepared by: Richard McMahon, Chief, Land Records Info. Section Phone: 269-8836
 Division: Support Services Date: 31-Jan-96
 Approved by Commissioner: [Signature] Date: 31-Jan-96
 Agency: Natural Resources

FISCAL NOTE ANALYSIS for HB438 (continued)

11AAC06.040(a)(6), where it requires documents affecting real property to have a legal description complete enough to geographically locate and identify the parcel.

The department recommends all documents affecting real property, except when not required by statute, to specify the geographic location of the affected parcel by meridian, township, range and section. This will then be used as the common key for the location index mandated in this legislation.

For the purposes of this fiscal note, it is assumed that only the digital information in the existing system will be converted to the new file structure. Documents with location information that was never loaded into the Recorder's Office System, or that was incomplete, is not addressed in this fiscal note, and will not be accessible through the geographic location index.

All transactions affecting real property are tied in some manner to a geographic location. The public now spends hundreds of hours researching the Recorder's Office records for this information through an incomplete and inaccurate courtesy location index or by grantor/grantee if they happen to know the names of the parties involved in the transaction. All development of Alaska's resource depend on knowing the ownership and encumbrances on the land. This information is inextricably linked to the recorded documents. By mandating a location index while the state is in its relative infancy, Alaska can build a recording system that truly meets the needs of its citizens in the 21st century.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB438

Revision Date: _____ Dept Affected Natural Resources
 Title: "An act relating to the indexing of documents BRU: Management and Administration
in the state recorder's office" Component: Recorder's Office/UCC
 Sponsor: Rep. Brice
 Requestor: _____ Component Serial No. 802

(Thousands of Dollars)

Expenditures/Revenues	FY97	FY98	FY99	FY00	FY01	FY02
OPERATING EXPENDITURES						
PERSONAL SERVICES	0.0	77.5	81.3	85.4	89.7	94.2
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	77.5	81.3	85.4	89.7	94.2
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (1005)	0.0	77.5	81.3	85.4	89.7	94.2

(Thousands of Dollars)

FUND SOURCE	FY97	FY98	FY99	FY00	FY01	FY02
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	0.0	77.5	81.3	85.4	89.7	94.2
1006 GF/MHTIA						
Other						
TOTAL	0.0	77.5	81.3	85.4	89.7	94.2

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

FULL-TIME	0	1	2	2	2	2
PART-TIME	0	1	0	0	1	1
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

HB438 simply adds three works to A.S. 40.17.040(a) to require that the recording system provide a location index in addition to the presently mandated grantor/grantee index. The recording system has in the past tried to maintain a location index as a courtesy for the public, but it has been replete with informational gaps and omissions of data. Since its implementation in 1972, approx., as a courtesy index, more than a third of all research activity by the public is connected with location research. The viability and usefulness of such an index in the future depends on its completeness, which in turn can only be assured if it is a mandatory, rather than discretionary, function. The ability of the component to consistently complete a location index, if mandated, is directly linked to fluctuating incoming workload, which is beyond its ability to control. Beginning in 1984, as the high refinance activity tapered off, and recording volumes declined, the recording system undertook efforts to make the court sy index more complete by indexing all legal descriptions provided on recorded documents. With the level of recording volume existing at that time, and with the current recording volume, the recording system staff can and do maintain the location index in addition to all of their required

Prepared by: Sharon Young, State Recorder Phone: 269-8882
 Division: Support Services Date: 26-Jan-96
 Approved by Commissioner: _____ Date: 1/29/96
 Agency: Natural Resources

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FISCAL NOTE ANALYSIS (Continued)

functions. As recording volume growth occurs, staff must spend more time on required functions and may not be able to keep the discretionary index current without additional personal services funding. For purposes of this fiscal note, it is assumed that the FY97 recording volumes will remain at or near FY95 and FY96 levels, in which case no additional staffing would be required to maintain the location index. Assuming a five percent annual recording volume increase thereafter, additional personal services staffing would be proportionately required in fiscal years FY98 through FY02. The anticipated expenditures for FY98 through FY02 are estimates only, and recording volumes above or below the five percent assumptions would correspondingly affect staffing requirements. The component is fully funded by program receipts, and the assumed rate of recording volume growth would generate the increased program receipts necessary to fund the increased personal services required in future years. Passage of this bill would have no adverse impact on the state's economy, on local governments, or on any user group. However, continuing to maintain the location index as a discretionary courtesy index could impact various user groups who rely on location indexing to be accurate and complete. Legislatively requiring a location index in addition to the current grantor/grantee index will ensure that all index information will be available in a consistent and complete format for the tens of thousands of Alaskans who use this information each year.

LAW OFFICES

BIRCH, HORTON, BITTNER AND CHEROT

A PROFESSIONAL CORPORATION

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March 7, 1996

Rep. Jeannette James
Chair
House State Affairs Committee
Room 102, Capitol
Juneau, Alaska 99801-1182

Re: House Bill 438

Dear Jeannette:

House Bill 438, now pending in the House State Affairs Committee would require the State Recorder to maintain a location index in addition to grantor and grantee indices for property records. This bill is very important for miners because it would create an electronic index of vital information concerning mining claims that has been maintained manually by the Division of Mining and Water Management of the Department of Natural Resources. Historic records relating to mining claims is always important, but they are even more important now because of the success of the airborne geophysical mapping program conducted by DGGS.

The 1996 FY budget failed to fund the manually maintained program and, regrettably, made no alternative method of sustaining this information base. Over the summer and fall of 1995, a group of about 30 miners, representatives of the Division of Lands, DMWM and other interested persons met to develop a program that would tie into the state's land status mapping program as well as maintain ready access to the information relating to mining claims that the mining industry requires. The first step in developing a modern records and data acquisition program that Alaska needs is to require maintenance of a location index through the Recorders' Offices.

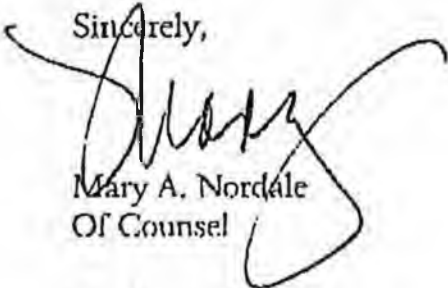
Rep. Jeannette James
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This program would, in effect, pay for itself. I understand that the State Recorder has submitted a fiscal note that indicates that if the volume of recording remains the same, no additional costs will be incurred. If recordations increase, additional staff will be required. The additional staff would be required in any event and, since the Recorders' Offices not only pay for themselves, but return to the general fund about half of their receipts, there would be no increase in the deficit by adding this service.

One additional benefit would accrue to Alaskans. The manually maintained record of mining claims is available only in Fairbanks. If the State Recorder is required to establish a location index, essential property information will be available electronically readily throughout the state and to anyone else who can reach the data base maintained for the State Recorder by the Motznick system.

I urge that the bill be heard and that you support it vigorously. It is a good bill that will mean long-term benefits to the people of Alaska.

Sincerely,



Mary A. Nordale
Of Counsel

cc: Rep. Tom Brice
Earl H. Beistline
Steve Borell
Paul Richards

David S. Manzer
President
5381 Tudor Top Circle
Anchorage, Alaska 99507-1831
(907) 563-8882
FAX 563-8883

Alaska Land Status, Inc.



February 1, 1996

Representative Tom Brice
State Capitol
Juneau, AK 99801-1182
Fax: 465-2294

Via Telefax

Re: HB 438 & HB 439

Dear Representative Brice:

I am Co-Chairman of the State Oversight Committee of the Alaska Miner's Association. Our committee met today and discussed HB 438 and HB 439 which you sponsor. We support both bills as currently drafted.

Thank you for your support of the mining industry. If you have any questions regarding our discussion of these bills please call me or Steve Borell, our Executive Director.

Sincerely,

David S. Manzer

cc: Steve Borell
Rich Hughes
Bob Stiles