

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 00/2

9516 SENATE HEALTH EDUCATION & SOCIAL SERVICES

133

HICKEY & ASSOCIATES

Planning • Management • Lobbying

211 Fourth Street, Suite 108, Juneau, Alaska 99801

Telephone 907-586-2263, Fax 907-586-1097

January 26, 1996

The Honorable Steve Rieger
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Senator Rieger:

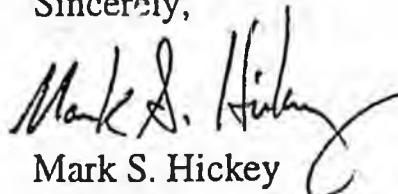
Per our discussion, enclosed for your consideration is proposed "floor stock" language for inclusion in any proposal to increase the taxes on cigarettes and tobacco products. The intent of this language is to dissuade wholesalers from stockpiling cigarettes and tobacco products prior to the effective date of any tax increase.

This language is based on a provision used recently in Minnesota to achieve the same purpose. If you or your staff would like more information on the Minnesota experience, I can provide the name of an individual and a phone number to call.

This type of provision is particularly relevant given the significant nature of the proposed increase. A \$1 a pack tax increase will mean roughly a price increase of 30%, which is likely to be strong incentive to stockpile and postpone payment of tax receipts for as long as possible. I am told that Michigan recently adopted a 75-cent increase without a floor stock provision, and have experienced serious problems as a result.

Please give me a call if you have questions or need more information. Thanks again for your time and support on this matter.

Sincerely,


Mark S. Hickey
Principal

Enclosure

cc. Eric Meyers/Diana Kuhns, CPKT

PROPOSED "FLOOR STOCK" LANGUAGE

RE: CIGARETTE/TOBACCO TAX INCREASE LEGISLATION

"Sec.____. AS 43.50.190 is amended by adding a new subsection to read:

(d) A floor stock tax is imposed on every person engaged in business in this state as a distributor on the cigarettes in the person's possession or under the person's control at 12:01 a.m. on October 1, 1996. The tax is imposed at the rate required under (a) of this section minus any tax paid or owed on the same product at the rate in effect prior to 12:01 a.m. on October 1, 1996."

"Sec.____. AS 43.50.300 is amended by making the existing section subsection (a), and adding a new subsection to read:

(b) A floor stock tax is imposed on every person engaged in business in this state as a distributor on the tobacco products in the person's possession or under the person's control at 12:01 a.m. on October 1, 1996. The tax is imposed at the rate required under (a) of this section minus any tax paid or owed on the same product at the rate in effect prior to 12:01 a.m. on October 1, 1996."

Tobacco Tax Bill Analysis

**Presentation to the
20th Alaska Legislature**

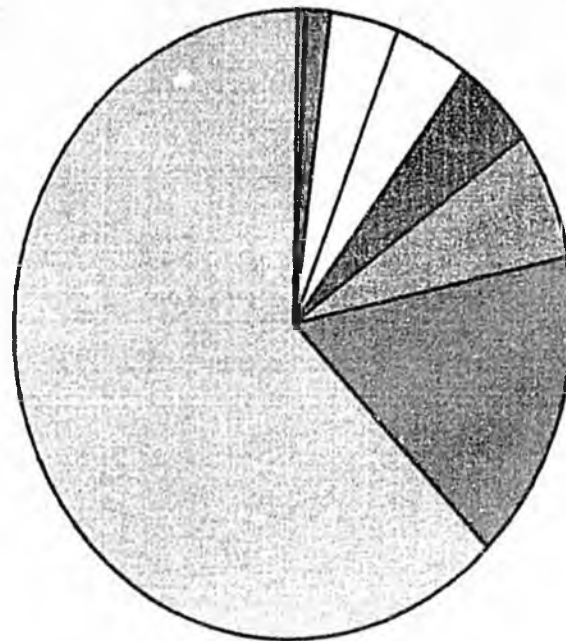
Tobacco Usage

- Tobacco usage is the number one cause of preventable death and disease in the US, accounting for more than **419,000 deaths each year.**
- **23% of deaths of Alaskans 35 years of age or older in 1991 were attributable to smoking.**

Health Impact of Smoking

Number of Deaths in USA

Cigarette
Smoking 418,690

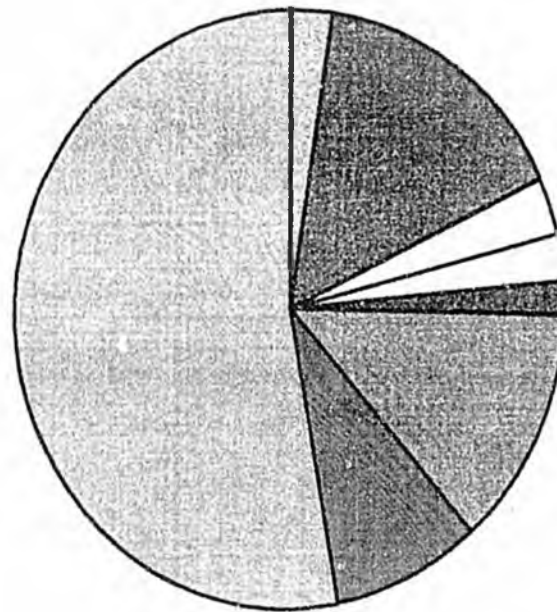


- Fires
- Illegal Drugs
- Homicides
- AIDS
- Suicides
- Mot. Veh. Accidents
- Alcohol
- Cigarette Smoking

Health Impact of Smoking

Number of Deaths in Alaska

Cigarette
Smoking 1,416



- Fires
- Firearms
- Aircraft crashes
- AIDS
- Falls
- Mot. Veh. Accidents
- Alcohol
- Cigarette Smoking

Youth Tobacco Usage

- **83%** of adult smokers report that they started smoking before the age of 20.
- **21%** of Alaskan high school students reported they regularly smoked in the last month.
- **25%** of Alaskan middle school students reported smoking at least one cigarette in the last month.

Youth Tobacco Vendors Survey

- 64% of Alaska tobacco merchants complied with tobacco restriction laws in 1996.
- The federal government mandates an **80% compliance rate** by the year 2000 under the Synar Amendment.
- Tobacco vendors refused to sell to 14-15 year olds **71%** of the time, while 16-17 year olds were refused **58%** of the time.

Alaska Native Tobacco Use

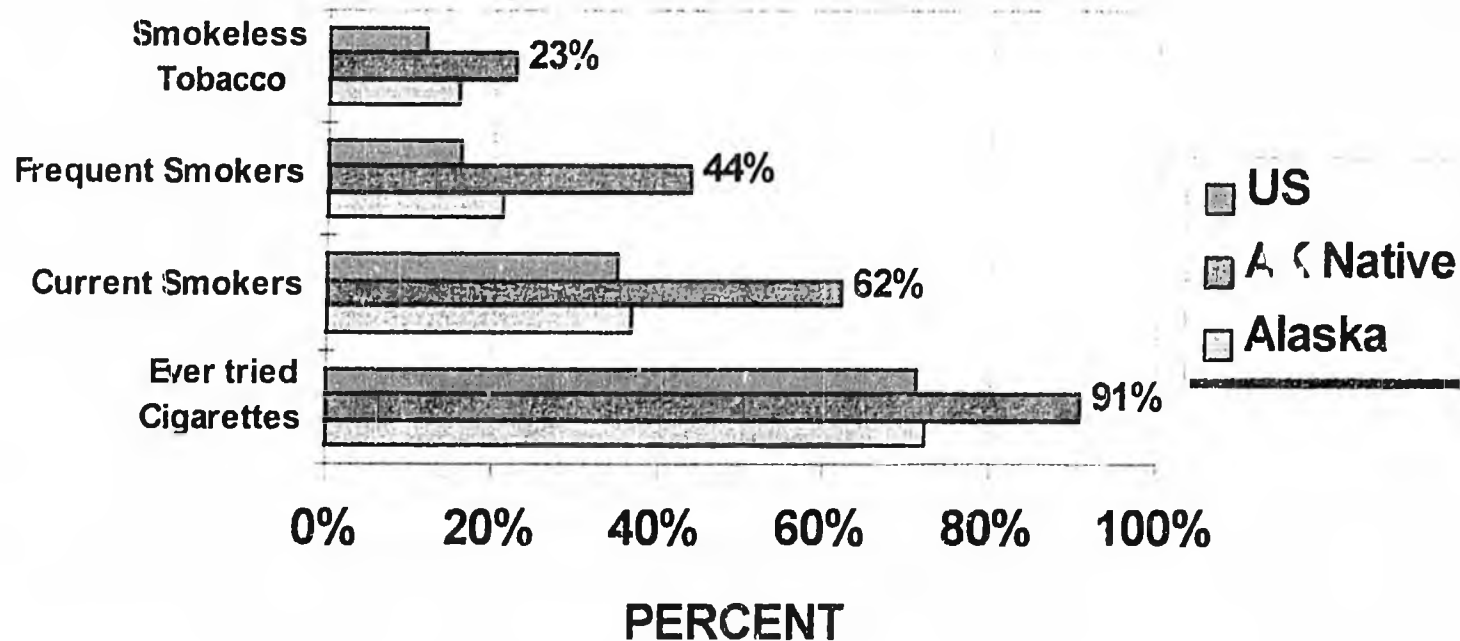
- Today Alaska Natives have some of the highest rates of tobacco use in the world, **47% for men and 39% for women.**
- Alaska Natives account for **23%** of **smoking related deaths** while they account for **17%** of the **state's population.**

Alaska Native Tobacco Use

- Alaska Natives have the **highest cancer mortality rate** of any Indian Health Service Area.
- The lung cancer death rate among AK Native women is **three times** the national average.
- Tobacco use among Alaska native youth is higher than non-native youth.

Alaska Native Tobacco Use

Tobacco Use Among High School Students
Alaska and US
1995



Alaska Native Tobacco Use

- 41% of Alaska Native boys and 32% of Alaska Native girls were using smokeless tobacco weekly.
- Among the boys, 45% started using tobacco before the age of 8.

Health Related Costs of Smoking, A Drain on the Economy

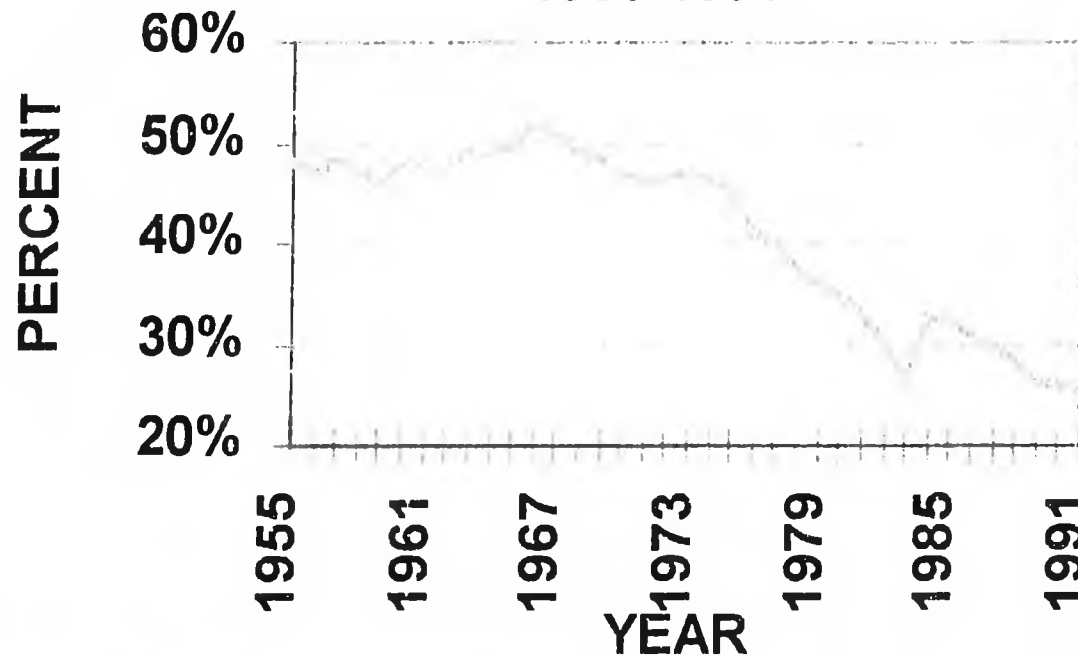
- Total direct medical costs for smoking related illnesses for Alaskans aged 35 years or older in 1993 was **\$96.5 million**.
- **\$23 million** of the direct medical care costs for smoking related illness was paid by **Medicaid** in Alaska.
- Meanwhile, the state collected only **\$15.6 million** in cigarette tax revenues in 1993 (excludes taxes on smokeless tobacco).

Alaska Tobacco Tax History

- The state of Alaska has taxed tobacco since territorial days, when a 5 cents per pack tax was levied on cigarettes to help fund school construction.
- The current tax level of 29 cents per pack has been in place since 1989.
- In 1989 Alaska ranked 17th among the 50 states and District of Columbia on the amount of tobacco tax levied.
- Currently Alaska is ranked 28th among the states on tobacco taxes levied.

Tobacco Taxes in the US

**Tobacco Taxation in the US
Average Cigarette Tax as a Percentage
of Retail Price
1955-1991**



Impact of Tobacco Taxes

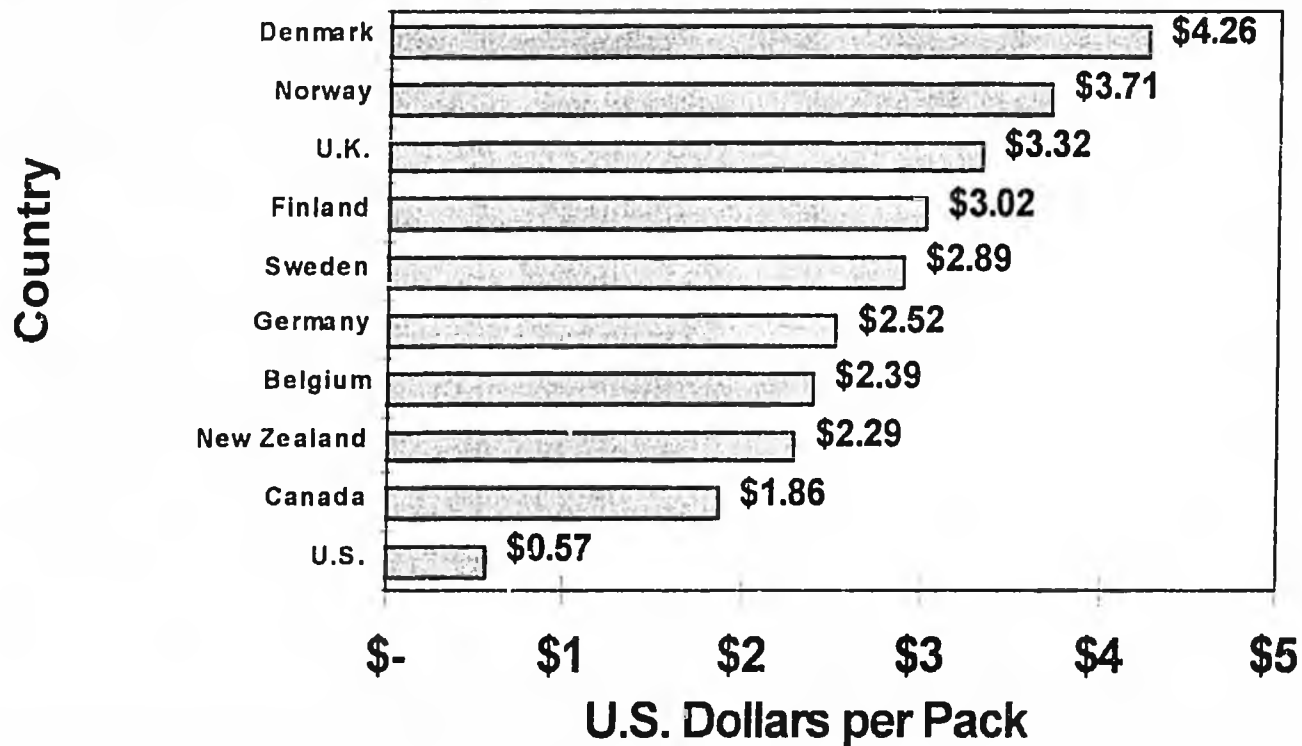
- For every 10% increase in tobacco prices, youth tobacco consumption will fall by at least 10%.
- For every 10% increase in tobacco prices, general consumption will fall by 4%.
- **At current adult smoking rates**, approximately **18,000** of Alaskans currently under the age of 18 will die prematurely of a tobacco related illness.

Impact of Tobacco Taxes

- A \$1.00 per pack tax increase would reduce youth smoking in Alaska by an estimated 32%.
- The tobacco tax would prevent 5,700 premature deaths among Alaskans currently under the age of 18.

Tobacco Tax Rate Comparison

Taxes on Cigarettes
in Major Industrialized Nations
March 22, 1995



The Time is Right

- The groundwork is in place.
- There is broad public support. 75% of Alaskans surveyed support the \$1.00 per pack tax.
- This included: 75% of “conservatives”, 75% of “moderates”, 73% of “liberals” and **55% of smokers.**

Community Support

- The tax is also supported by: C. Everett Koop, MD., former Surgeon General, 280 individuals and over 50 organizations that make up the **Alaska Tobacco Control Alliance** including: the Alaska Native Health Board, the American Cancer Society, and the American Heart Association.

SPONSOR STATEMENT

SB 13- Increase Tobacco Taxes Senator Bert Sharp

This bill is a tax bill, an education bill, and a health bill.

Section 1 details the legislative intent and purposes of the bill. Section 1, item (1) and (2) starting on line 6 directs the cigarette tax be deposited to the existing "dedicated school fund" and can only be used for rehabilitation, construction and repair of the state's school facilities per <AS 43.50.140>.

Item (3), page 1, lines 12-14 and page 2, lines 1-3 states legislative intent, "subject to appropriation," that the new tobacco tax revenue be used for the establishment maintenance of an aggressive anti-tobacco campaign targeting children and also to establish and maintain a program of pass through grants to municipalities for programs

to detect and prosecute those who sell or supply tobacco products to children.

Sections 3 and 4 increases the tax on each cigarette by \$1.00 per pack.

Section 5, increases the excise tax on tobacco products <non-cigarettes> from 25% of wholesale value to 100% of wholesale value.

Sections 6, 7 and 8 sets varying conditions and effective dates depending on possible court decisions.

The accompanying fiscal note breaks the estimated revenue from cigarettes and that from other tobacco products because of the proposed different uses. These amounts would represent a significant portion of the \$66 million of new revenue that we have committed to raise in FY 98 of our long range fiscal plan. I urge your careful consideration of the several extremely positive public policy elements of this proposal and the strong public support of this action statewide.

Thank you! I would be glad to answer questions that individual committee members may have. Mr. Jack Chenoweth is also here to explain the legal reasoning involved in sections 6, 7 and 8, and any other areas you may wish clarified.

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

January 16, 1997

SUBJECT: Senate Bill 13, increasing taxes on cigarettes and tobacco products -- sectional analysis. (Work Order No. 20-LS0159\F)

TO: Senator Bert Sharp
ATTN: Larry Stevens

FROM: Jack Chenoweth
Legislative Counsel



Senate Bill 13 proposes increases to state-imposed taxes on cigarettes and tobacco products.

Bill section 2: The bill section increases the tax on cigarettes and, because the change is made to the rate of a tax that is dedicated, would have the effect of providing for the deposit of the increase into the "School Fund," AS 43.50.140. The increase in the per cigarette tax would be set at 52 1/2 mills, a 50 mill rate increase, or an increase of \$1.00 per pack (50 mills x 20 cigarettes per pack = 1000 mills or \$1.00) from the current cigarette tax levy.

Bill section 3: Whether the rate imposed in a dedicated tax may be changed without destroying the dedication is debatable. In the event the courts are asked to decide the question and determine that the dedication is destroyed, this bill section is included to restore the current rate of tax for the component that is dedicated for inclusion in the School Fund.

Bill section 4: This is a contingent amendment. In the event the changes set out in bill section 1 are found to destroy the dedication, the tax rate changes are made to current AS 43.50.190(a), a provision that imposes a further tax on cigarettes and that, because the proceeds are not dedicated, adds the increased revenue to the state general fund.

Bill section 5: The amendment proposed would increase the excise tax on tobacco products other than cigarettes from its current 25 percent of the product's wholesale price to 100 percent of the wholesale price.

Bill section 6: This bill section spells out the contingency under which certain of the earlier bill sections are to take effect. They are to be given effect only if a court determines that

Senator Bert Sharp

January 16, 1997

Page 2

changing the rate of taxation on cigarettes destroys the dedication of tax revenue derived from the cigarette tax.

Bill section 1: This is an uncodified section that summarizes the bill's general purposes. Note that, if a rate change to a dedicated tax destroys the dedication, paragraph (2) expresses a legislative intent that the ongoing increased tax rate would be available in the general fund for expenditure "for state support of elementary and secondary education." For the tobacco tax change, paragraph (3) expresses a legislative intent that the ongoing increased tax rate would be available in the general fund for expenditure for the public health and public safety program purposes there identified. Setting in place the objectives identified in paragraphs (2) and (3) requires further implementing legislation.

Bill sections 7 and 8 are effective date provisions. Key tax change provisions are to take effect October 1, 1997; other provisions take effect on the date that contingency identified in bill section 6 occurs.

*

If the bill presents questions, please contact me.

JBC:pl

97-010.plm

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STATE OF ALASKA

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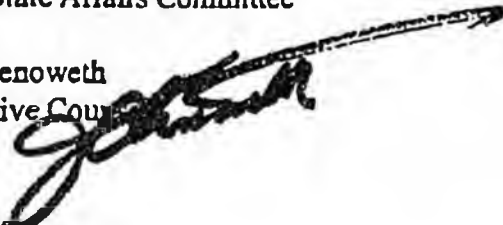
130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

April 26, 1996

SUBJECT: Draft CSHB 431 () (Work Order No. 9-LS1518F)

TO: Representative Jeannette James, Chair
House State Affairs Committee

FROM: Jack Chenoweth
Legislative Counsel 

This is drafted in the alternative.

Until a few weeks ago, based on a very old Opinion of the Attorney General, I would have advised as a matter of course that this proposal to dedicate the tax increment constituted a violation of the dedicated fund prohibition of article IX, section 7. Now, as a result of further research explained in Legislative Counsel Mike Ford's April 3 memorandum, I believe that conclusion is not so certain.

The drafting of the amendment reflects the possibility that the dedication might not be found unconstitutional for the reason given in that memo.

To repeat advice already provided to you:

Under AS 43.50.140, the proceeds derived from the original tobacco tax are required to be paid into the school fund. This fund avoids the constitutional prohibition against dedicated funds contained in Article IX, sec. 7, of the Alaska Constitution because the fund existed at the time the Alaska Constitution was ratified by the voters. Specifically, the Alaska Constitution provides that the dedicated funds prohibition does not "prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska." The two main motivations for the ban on dedicated funds are to maintain the potential of flexibility in budgeting and to ensure that the legislature does not abdicate its responsibility in making budget decisions. Fairbanks v. Convention & Visitors Bureau, 818 P.2d 1153, at 1158 (Alaska 1991).

A question was raised as to whether the Alaska Constitution allows the legislature to change the amount of the tax, without affecting the status of the school fund as an exception to the dedicated fund rule. In 1959, the Attorney General issued opinion No. 7, that concluded that the "legislature has no power to raise or lower the dedication by increasing or decreasing the

tax or license fee or the rate thereof which is set aside." 1959 Opinion No. 7, at page 5. This conclusion is, however, contradicted by the minutes of the constitutional convention. In discussing the language in Article IX, sec. 7, at the constitutional convention, the question arose as to the effect of this section regarding a change to the rate of taxation in a dedicated fund. The committee with the responsibility for writing Article IX was the committee on Finance and Taxation. The spokesman for that committee was Barrie M. White. The following discussion with Delegate White and other delegates illustrates the intent of the framers of the Alaska Constitution:

R. RIVERS: May I make a correction? When I was illustrating the gas tax about the going up to six, no that would be wrong, because absolutely allowing allocations as exist at the time this constitution is ratified would fix the ceiling, I am sure, as to how high they could go. I'll call this the closing, if you wish, Mr. McCutcheon. But certainly they could go through. Now, when Mr. Taylor read my proposed amendment, he said "allocations allowed at the time this goes into effect" and he may have inadvertently omitted "continuance of". All I'm objecting to is this "continuance of". I'm in accord with their idea of not letting any more allocations come along, but when you say "continuance of" allocations I immediately think of the rate of allocations as well as the subject matter. Now if they are only going to allow allocations on particular subjects that are now covered by allocations then I have no quarrel with them whatsoever but I am sure that's not the intent of the Committee. The Committee intends to allow such rates of allocations as will exist when this constitution is ratified but no one may go beyond those rates in the future and if they ever drop down, this continuance business does not allow them to re-enact.

PRESIDENT EGAN: Mr. McCutcheon.

MCCUTCHEON: Mr. President, if as Mr. Rivers deduces, the terminology of this sentence means that the rates are frozen. The principle behind this sentence is not that the rates are frozen, it is the principle of allocating earmarked funds. It is not a matter of percentage wise, it is a theory of earmarked funds and I can't see his argument in this by striking out "continuance". He proposes that this is going to cure the proposition of a freeze. He thinks it is a freeze. It is not a freeze in any respect of the word as far as I can see; it is a matter of a theory of earmarked funds and doesn't have anything to do with dollar and cents or percentages.

PRESIDENT EGAN: Mr. Victor Rivers.

V. RIVERS: Mr. President, I would like to ask the Committee what their intent was on that. I would like to hear what they say.

PRESIDENT EGAN: Do you wish to answer that, Mr. White?

WHITE: I think I can answer for all the Committee on that, Mr. Rivers. It is not the intent of the Committee that this be interpreted to mean a freeze in any way, shape, or form. The Committee feels that the objections raised by Mr. Rivers are covered by the existing language. The reason the Committee resists the deletion of the words "continuance of" is that it would then mean that the legislature could discontinue a presently earmarked fund next year and then 50 years from now bring it back into being. We do not intend that that be the case.

V. RIVERS: If you are not freezing an amount, could they raise an existing allocation under this? On the gasoline tax could they raise that to six per cent according to your thinking on this?

WHITE: Certainly they could.

V. RIVERS. If they lowered it down to three could they then re-enact two more after that?

WHITE: The Committee intends that this not have any reference to rates at all. The Committee intends that this apply to the allocation of particular taxes to a particular propose and no more than that.

V. RIVERS: I just wanted this in the record. Now if they wipe it out altogether, discontinue it, it's gone forever, is that right?

WHITE: That is right.

V. RIVERS: But if you discontinue half of it, you can raise it back up?

WHITE: That would mean that.

(Emphasis added). This discussion indicates a clear intent on the part of the delegates to allow a change to the rate of taxation without affecting the status of a dedication of the proceeds of the tax. While the intent of the constitutional framers has weight, the final decision on interpretation of the Alaska Constitution rests with the Alaska Supreme Court. It is possible that the court would disagree with the intent expressed in the constitutional minutes and find that any change to the rate of tobacco taxation destroys the status of the school fund as an exception the dedicated fund rule. Nonetheless, comments by delegates to the constitutional convention do have some bearing on the decision making process of the Alaska Supreme Court. In Starr v. Hagglund, 374 P.2d 316, 319 (Alaska 1962), the court stated that

Representative Jeannette ~~Mc~~s

April 26, 1996

Page 4

opinions of individual members of the constitutional convention are not considered to be a safe guide in ascertaining the purpose of a majority of the convention when adopting a particular provision. But reports of committees and statements of chairmen of such committees stand on more solid footing and may be resorted to in determining the intent of the enacting body.

(Emphasis added) Therefore, the comments of Mr. White, as chairman of the committee on finance and taxation, may be persuasive to the court.

Please contact me if you have further questions.

JBC:pl:glc:lmb

96-091.lmb

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STATE OF ALASKA

(907) 485-3887 or 485-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2108

MEMORANDUM

April 3, 1996

SUBJECT: Tobacco Tax - (Work Order No. 9-LS1832)

TO: Representative Jeannette James

FROM: Michael F. Ford
Legislative Counsel

You have asked for an explanation of the effects of an increase of the tobacco tax (AS 43.50.090) on the dedicated fund provision contained in AS 43.50.140. As explained in this memo, it appears that the legislature may be able to increase the tax without affecting the dedicated status of the state school fund.

Under AS 43.50.140, the proceeds derived from the tobacco tax are required to be paid into the school fund. This fund avoids the constitutional prohibition against dedicated funds contained in Article IX, sec. 7, of the Alaska Constitution because the fund existed at the time the Alaska Constitution was ratified by the voters. Specifically, the Alaska Constitution provides that the dedicated funds prohibition does not "prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska." The two main motivations for the ban on dedicated funds are to maintain the potential of flexibility in budgeting and to ensure that the legislature does not abdicate its responsibility in making budget decisions. Fairbanks v. Convention & Visitor Bur., 818 P.2d 1153, at 1158 (Alaska 1991).

The precise question you have raised is whether the Alaska Constitution allows the legislature to change the amount of the tax, without affecting the status of the school fund as an exception to the dedicated fund rule. In 1959, the Attorney General issued opinion No. 7, that concluded that the "legislature has no power to raise or lower the dedication by increasing or decreasing the tax or license fee or the rate thereof which is set aside." 1959 Opinion No. 7, at page 5. This conclusion is, however, contradicted by the minutes of the constitutional convention. In discussing the language in Article IX, sec. 7, at the constitutional convention, the question arose as to the effect of this section regarding a change to the rate of taxation in a dedicated fund. The committee with the responsibility for writing Article IX was the committee on Finance and Taxation. The spokesman for that committee was Mr. Barrie M. White. The following discussion with Mr. White and other delegates illustrates the intent of the framers of the Alaska Constitution:

Representative Jeannette James

April 3, 1996

Page 2

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Representative Jeannette James

April 3, 1996

Page 3

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V. RIVERS: But if you discontinue half of it, you can raise it back up?

WHITE: That would mean that.

We believe that this discussion indicates a clear intent to allow a change to the rate of taxation, without affecting the status of a dedication of the proceeds of the tax. To this extent, we disagree with the 1959 opinion No. 7 issued by the Attorney General, that the framers of the constitution intended that a change to the rate of taxation would destroy the dedicated status of the fund.



It is important to note that while the intent of the constitutional framers has weight, the final decision on interpretation of the Alaska Constitutional rests with the Alaska Supreme Court. It is possible that the court would disagree with the intent expressed in the constitutional minutes and find that any change to the rate of tobacco taxation destroys the status of the school fund as an exception the dedicated fund rule. Nonetheless, comments by delegates to the constitutional convention do have some bearing on the decision making process of the Alaska Supreme Court. In Starr v Haggund, 374 P.2d 316, 319 (Alaska 1962), the court stated that "opinions of individual members of the constitutional convention are not considered to be a safe guide in ascertaining the purpose of a majority of the convention when adopting a particular provision. But reports of committees and statements of chairmen of such committees stand on more solid footing and may be resorted to in determining the

Representative Jeanette James

April 3, 1996

Page 4

intent of the enacting body." (Emphasis added) Therefore, the comments of Mr. White, as chairman of the committee on finance and taxation, may be persuasive to the court.

You have also asked if the rate of taxation is changed, does the additional revenue go into the school fund or the general fund? We believe that any increase in the tax imposed under AS 43.50.090 will not, by itself, affect the disposition of the proceeds of the tax. The increased revenues will still flow into the school fund as required under AS 43.50.140. It is also important to note that to maintain the status of the school fund as an exception to the dedicated fund rule, that disposition of the proceeds of the tobacco tax cannot be changed. To change the disposition of the proceeds of the tax as required under AS 43.50.140 would destroy the dedicated fund exemption granted to the school fund under Article IX, sec. 7, of the Alaska Constitution.

Please contact me if you have further questions.

MFF:klb

96-252.klb

By: Dan LaSota
Guy Sattley
Hank Bartos
Karen Parr
Cole Sonafrank
Hank Hove
Nancy Webb
Cheryl Kilgore
Jay Quakenbush

Introduced: 11/25/96
Adopted: 11/25/96

RESOLUTION NO. 96-081

**A RESOLUTION URGING THE LEGISLATURE TO INTRODUCE AND PASS A BILL
INCREASING STATE TAXES ON TOBACCO PRODUCTS**

WHEREAS, it has been determined that use of tobacco products can be hazardous to a person's health, cause premature death and increase costs for employers in all categories because of illnesses caused by smoking; and

WHEREAS, tobacco is a unique product because of the staggering toll it takes on the lives of millions as shown by the fact that each year tobacco kills more Americans than A.I.D.S, alcohol, car accidents, fires, illegal drugs, murders, and suicides combined. It is responsible for over 400,000 American deaths each year and is the leading cause of preventable death in the country; and

WHEREAS, 84 % of Alaska's adult smokers started smoking between the ages of 10 and 20 and the state has the sixth highest rate of smoking in the United States along with the sixth highest rate of smoking -related deaths in the United States. Tobacco kills 1 out of 5 Alaskans; and

WHEREAS, throughout the United States, 3,000 children become regular smokers every day and most of those smokers begin by age 15 and are "addicted" by age 18. Children and teenagers constitute 90 % of all new smokers and as many as one-third of all children who become smokers will eventually die from smoking-related diseases; and

WHEREAS, it is the responsibility of the government of Alaska to do everything in its power to blunt the negative impact of tobacco on our economy, but the government of Alaska passively encourages tobacco use among its citizens by maintaining its affordability through low taxation rates (Alaska has the 28th lowest state tobacco excise tax but ranks sixth in the amount of smokers by states); and

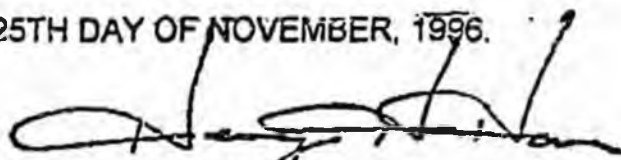
WHEREAS, higher tobacco prices have proven effective in reducing tobacco consumption particularly among youth and it is the responsibility of the government of Alaska to protect our youth from an addictive and deadly drug; and

WHEREAS, the federal government, recognizing the problems caused by tobacco products, has already increased the cost of tobacco products in commissaries throughout the nation. The cost has risen by \$4.00 per carton at some commissaries.

NOW, THEREFORE, BE IT RESOLVED that the Fairbanks North Star Borough Assembly calls upon the Alaska State Legislature to introduce and enact a significantly higher state excise tax on all forms of tobacco and to ensure that this higher tax rate is regularly increased to keep pace with inflation.

BE IT FURTHER RESOLVED that copies of this resolution shall be sent to the Honorable Tony Knowles, Governor, State of Alaska and all members of the Interior Delegation.

PASSED AND APPROVED THIS 25TH DAY OF NOVEMBER, 1996.



Henry "Hank" Hove
Presiding Officer

ATTEST:



Mona Lisa Drexler, CMC/AAE
Municipal Borough Clerk

Ayes: Bartos, Sattley, Quakenbush, Sonafank, Parr, Kilgore, Webb, St. John, McBride, LaSota and Hove

Noes: None

RESOLUTION NO. 96-081

Page 2 of 2

Citizens To Protect Kids from Tobacco

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

January 8, 1997

SB 13

The Honorable Gary Wilken
The Alaska Senate
State Capitol
Juneau, Alaska 99801

Dear Senator Wilken:

Those of us working on the tobacco tax campaign would like to wish you a happy and productive new year and let you know that we look forward to working with you in 1997 to save thousands of lives in the years ahead.

Tobacco issues continue to make headlines in Alaska and around the country, with frequent news stories about proposed FDA regulation of tobacco and implementation of the Synar Amendment by state governments. This letter is intended to clarify that while such efforts are worthwhile, a major tobacco tax increase (\$1 per pack) is clearly the most effective tool we have to reduce tobacco use.

There is no "silver bullet" for ending the tobacco epidemic. A comprehensive approach that includes tax increases, media campaigns, innovative school programs, advertising restrictions, clean indoor air laws, and enforcement of youth access laws should be our goal.

The \$1 per pack tobacco tax increase must be the cornerstone of a comprehensive tobacco control strategy, and should be enacted first. In a report produced by a panel of experts, the National Cancer Institute concluded that "few measures exhibit the speed and magnitude of impact achieved by increasing taxation on tobacco products... Increasing tobacco excise taxes must be considered an essential and primary component of any comprehensive tobacco control program." The \$1 per pack tobacco tax increase will have immediate and dramatic impact on youth smoking and smokeless tobacco rates in every community in the state, without creating any financial drain on the state budget.

While there should be continuing efforts to enforce existing laws against selling tobacco to minors, reducing youth access to tobacco is easier said than done. The goal of the Division of Alcoholism and Drug Abuse is to increase vendor compliance to 80% (from the current rate of 64%), in keeping with the provisions of the federal "Synar" law. However, recent research conducted in Massachusetts shows that even when 80% of stores refuse to sell to minors, kids can still buy tobacco products. The researchers concluded that "compliance rates above 90% must be achieved before the youths in the community begin to have difficulty purchasing tobacco." While this is a worthwhile goal that we support, it is unlikely that we will be able to achieve it any time soon.



Likewise, restricting tobacco sales to liquor outlets only, as some have proposed, makes a lot of sense but will be extremely difficult to achieve. Convenience stores typically make more than half their profits from tobacco sales. Any change in the law will be met with extreme resistance, with the tobacco industry providing financial support to the opposition. Again, the best option to reduce teen smoking is to pass the \$1 per pack tobacco tax increase.

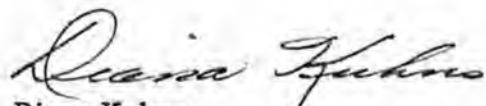
While valuable as part of a comprehensive effort, FDA regulation of tobacco products will not adequately address the tobacco epidemic in Alaska. Even if the regulations are implemented, they will not have the kind of dramatic impact on youth smoking that can be achieved through a major tobacco tax increase.

The proven effectiveness of tobacco taxation, the strong public support for the tax, and the fact that there is no cost to state government are all reasons to support the proposed \$1 per pack tax increase in Alaska. As the *Alaska Journal of Commerce* stated in an editorial last summer:

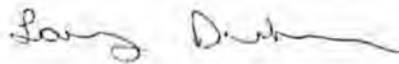
We can save thousands of lives in Alaska by protecting our kids from tobacco, and the best way to do that is to increase the state cigarette tax...It should be an easy choice and a no-lose situation. We can decrease the deaths from smoking while decreasing the dollars taken from the state savings account to support the budget, and we can reduce our future expenditures on health care.

Please feel free to contact us for more information. We look forward to talking with you soon.

Sincerely,



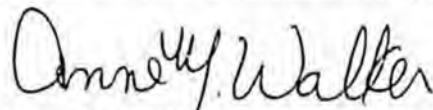
Diana Kuhns
Chief Operating Officer
American Cancer Society (Alaska)



Larry Dickerson
Executive Director
American Lung Association (Alaska)



Suzanne Meunier
Executive Director
American Heart Association (Alaska)



Anne M. Walker
Executive Director
Alaska Native Health Board



alaska academy of physician assistants

January 15, 1997

Citizens to Protect Kids from Tobacco
1057 W. Fireweed Lane, Suite 204
Anchorage, Ak 99503

The Alaska Academy of Physician Assistants supports SB234/HB442 which raises the tobacco tax in Alaska. Experience in California, Hong Kong, Britain, New Zealand and Canada reflect reduced smoking rates when higher cigarette taxes were imposed.

Alaska has the sixth highest rate of smoking in the U.S., the sixth highest rate of smoking related deaths in the U.S., and the 28th lowest state tobacco excise tax. By increasing cigarette taxes will reduce consumption, especially by the most price sensitive group, the teenagers. We also know that 84% of Alaskan adult smokers started smoking between the ages of 10 and 20.

The direct health care costs of smoking related diseases on the Alaskan economy were estimated to be \$45.6 million dollars in 1991. Each Alaskan underwrites these costs whether or not they are smokers. By increasing the tobacco tax, we can deter smoking especially in teens, decrease the overall costs of smoking to all Alaskans, and generate income to be used toward public education on the hazards of smoking.

The Academy supports the tobacco tax and would urge you to consider supporting these bills.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeanne M. Clark". The signature is fluid and cursive, written over a light-colored background.

Jeanne M. Clark, PA-C

Past President

Alaska Academy of Physician Assistants

Letters

Puff on these statistics

I have just received targeted mail from the Alaska Smokers' Rights asking me to contact my legislators to oppose the tobacco tax - however, on the contrary, I urge you to continue to support the tobacco tax and the higher the better.

My husband and I quit smoking years ago. In fact, half of Alaskan adults who have ever smoked have quit, and more than 70 percent of those who still smoke say they would like to quit.

Adults don't tend to choose to start smoking. Most adults, over 80 percent of them, started smoking in their teens, according to the Department of Health and Social Services. However, about 3,000 young people each day across the country are falling prey to the tobacco companies targeted campaigns to recruit new smokers to replace the people who have quit or died.

Smoking is an addiction. How dare the tobacco industry (I mean the Alaska Smokers' Rights) pretend to be concerned about my rights while protecting their own profits and preserving their exemptions from most consumer protection laws.

As the parent of a young child and a health advocate, I urge legislators to pass the tax.

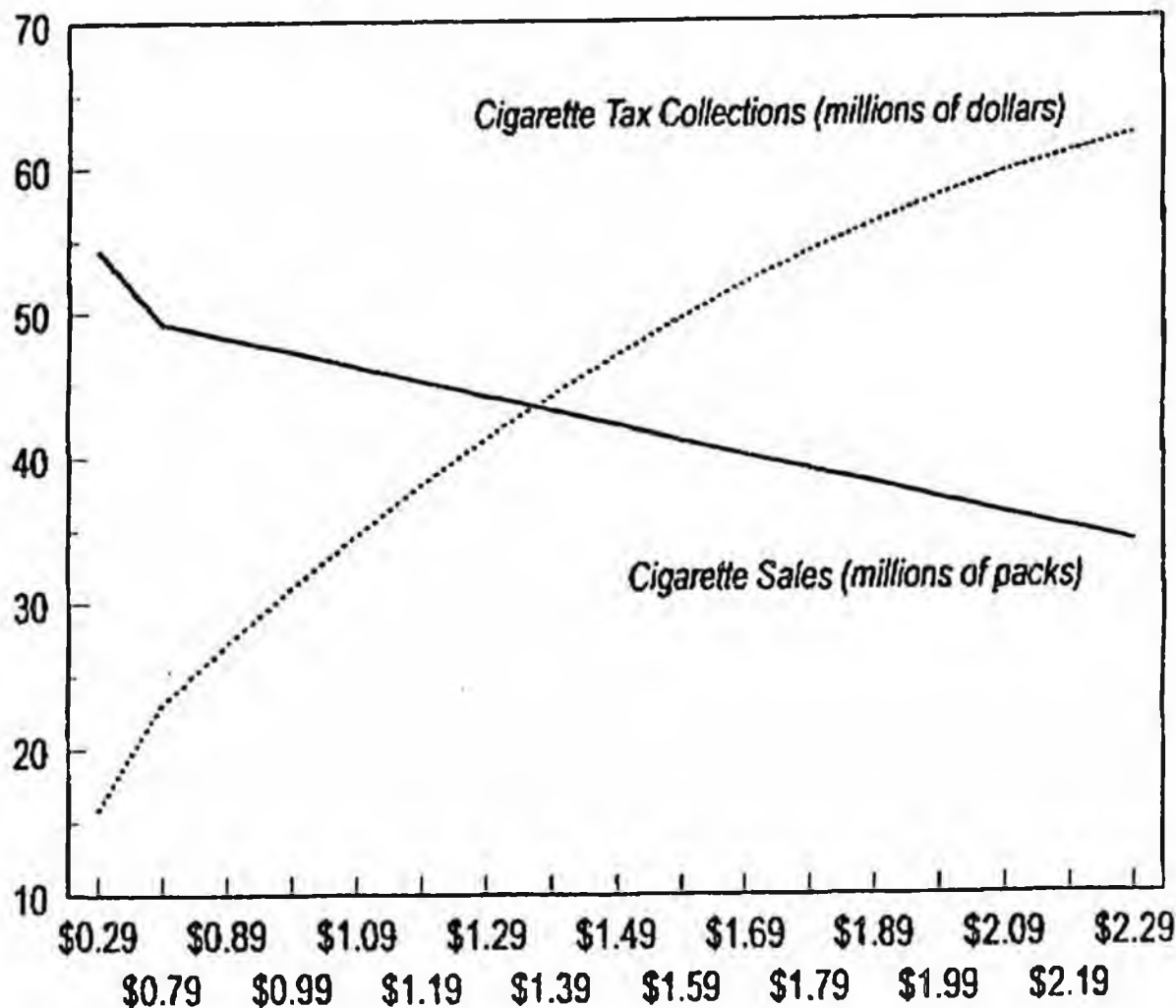
Patty Owen

Tobacco Excise Taxes are a Reliable Source of Revenue for Alaska

- Tobacco taxes have the unusual ability to save lives while simultaneously raising millions of dollars.

The current state tobacco tax of \$0.29 raises about \$15.75 million every year.

- Raising the state tax by \$1.00 will reduce cigarette sales by more than 10 million packs while raising over \$41 million in new revenue.



The following economic analysis was prepared by the American Cancer Society in consultation with Dr. Frank Chaloupka, a professor at the University of Illinois-Chicago and a researcher with the National Bureau of Economic Research. Dr. Chaloupka is the foremost expert in the U.S. on the subject of tobacco consumption elasticity among youth. He just completed the most comprehensive study ever undertaken on the subject, sampling over 110,000 youths across the country over a two year period (1992-1994). By controlling for a variety of other determinants of youth smoking which had not been included in earlier analyses, Dr. Chaloupka's work both confirms and refines the body of research on economic disincentives as a tobacco use prevention measure.

HEALTH AND REVENUE GAINS FROM A TOBACCO TAX INCREASE IN ALASKA¹

<u>Tax Increase</u>	<u>Youth Reduction²</u>	<u>Revenue Gained</u>	<u>Youth Lives Saved³</u>
\$0.50	15.9%	\$23.1	2,852
\$0.60	19.0%	\$27.1	3,422
\$0.70	22.2%	\$30.9	3,993
\$0.80	25.4%	\$34.6	4,563
\$0.90	28.5%	\$38.0	5,133
\$1.00	31.7%	\$41.2	5,704
\$1.10	34.9%	\$44.1	6,274
\$1.20	38.0%	\$46.9	6,845
\$1.30	41.2%	\$49.5	7,415
\$1.40	44.4%	\$51.9	7,985
\$1.50	47.5%	\$54.1	8,556
\$1.60	50.7%	\$56.0	9,126
\$1.70	53.9%	\$57.8	9,696
\$1.80	57.0%	\$59.4	10,267
\$1.90	60.2%	\$60.7	10,837
\$2.00	63.4%	\$61.9	11,406

Sources:

¹ Assumes an average price of \$2.13 per pack of 20 cigarettes in Alaska.

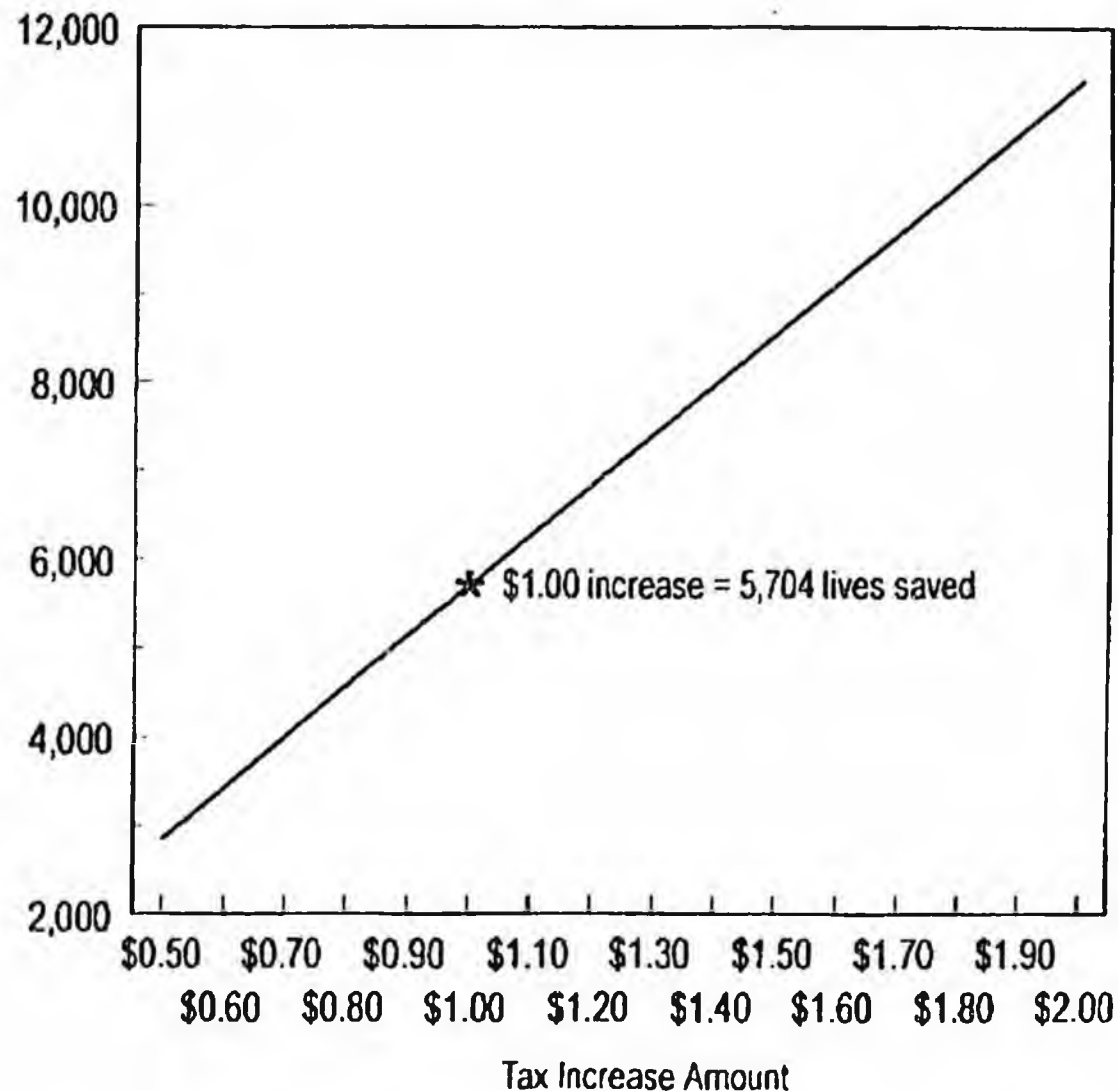
² The youth reduction estimate assumes an average youth smoking participation elasticity of -0.675. Chaloupka, F.J., Grossman, M. "Price, Tobacco Control Policies and Youth Smoking" June, 1996, unpublished data. This paper was prepared for the Economics of Substance Abuse II session of the 71st annual conference of the Western Economic Association International, July 1, 1996, San Francisco, CA.

³ According to the Centers for Disease Control, approximately 56,246 of Alaska's youth will become regular smokers. The estimate of lives saved conservatively assumes that of those discouraged from smoking regularly, 32% will avoid dying prematurely as adults because of a smoking-related illness. Centers for Disease Control. Morbidity and Mortality Weekly Report "Projected Smoking-Related Deaths Among Youth - United States", Vol. 45, No. 44, Ps. 971-974, 1996.

A Tobacco Tax Increase Will Save Thousands of Alaska's Children

According to the Centers for Disease Control, approximately 56,246 of Alaska's children will become smokers, and 17,999 will die prematurely as adults because of a smoking-related illness.

Raising the state tax by \$1.00 will save the lives of more than 5,700 of Alaska's children.





INVESTING IN THE FUTURE

The maestros' mission includes creating programs for local schoolchildren

American Verdi, as it were—was pleasurable if derivative.

A priority for both men is improving the performing environment for their companies. Later this month, the Kennedy Center concert hall will close for extensive acoustic renovations, to reopen in the fall. As for the opera, it plans to move out of the Kennedy Center entirely. Thanks to an \$18 million gift from Mrs. Eugene B. Casey, chairman of the board, the company has acquired the old Woodward & Lothrop department store in downtown Washington. After some political wrangling, including a videotaped deposition from Domingo, the city approved a zoning variance so that the store could be converted into an opera house. Scheduled to open in 2001, it will cost more than \$100 million. "I hope that our opera house will rival the world's top houses," says city council member Charlene Drew Jarvis, who chairs the economic-development committee. "Paris has nothing on us for the future."

Just as in politics, the air in Washington these days is filled with talk of bipartisan cooperation, and no one would be surprised to see Domingo, who has thus far largely limited his conducting to opera, waving a baton in front of the National Symphony. Indeed, Slatkin has already agreed to conduct an as yet to be determined opera with Domingo's company next fall. "We will have many collaborations," notes Domingo, "with Leonard coming to the opera and me going to the orchestra. I hope that at the end of the Slatkin-Domingo era, something special has happened that we can be proud of. We are conscious that we have to deliver, and we will." That's exactly what Washingtonians have long been waiting to hear. —With reporting by Daniel S. Levy/Washington

C'mon, Baby, Light My Fire

Cigarette giant Philip Morris goes after the youth market by starting its own record label

WE OFTEN ASSOCIATE MUSIC WITH the special times in our lives—the ballad that was playing at the close of our high school prom, the love melody at our wedding reception, the trip-hop song that was blaring as we picked up boxer shorts at Banana Republic...

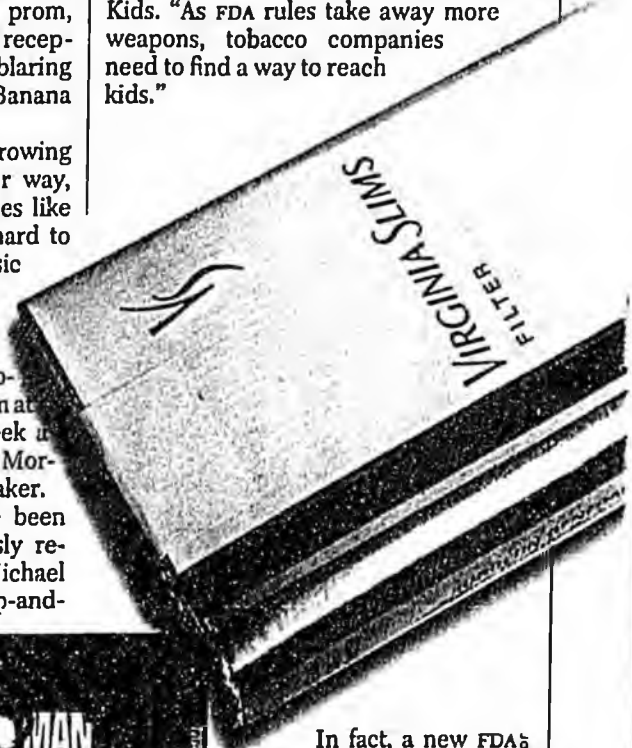
Banana Republic? Yes. If a growing number of companies have their way, there will be a lot more memories like that. Retail chains are working hard to link their brands with the music younger customers want to hear. In recent years the Gap, Banana Republic, Victoria's Secret, the Pottery Barn and others have produced their own CDs and sold them at their checkout counters. Last week a new player was announced: Philip Morris, the world's largest cigarette maker.

Most brand-name CDs have been uneven compilations of previously released songs by big-name stars (Michael Bolton for Victoria's Secret) or up-and-comers (folk singer Gillian Welch for Starbucks), selected because their style fits the image the company is trying to project. The CDs can be big business, luring customers who shun record stores. Some of Victoria's Secret's titles have sold 1 million copies.

Which is probably one reason Philip Morris has started a new record label, called Woman Thing Music, after the ad slogan for its Virginia Slims brand ("It's a woman thing"). The company intends to launch new female performers by underwriting their albums and sponsoring live performances. Its first release, due this spring, is a six-song mini-album by 27-year-old Martha Byrne (who plays Lily on the TV soap *As the World Turns*). But here's the catch: the album will be available only in a package along with two packs of Virginia Slims (cost: around \$5.00).

Critics say this is an attempt to get pop music-loving kids to smoke. "Nine-

ty percent of smokers began before age 18," says Brian Ruberry, spokesperson for the Campaign for Tobacco-Free Kids. "As FDA rules take away more weapons, tobacco companies need to find a way to reach kids."



SMOKING GROOVES: Soap actress, but nonsmoker, Martha Byrne is featured on the debut album

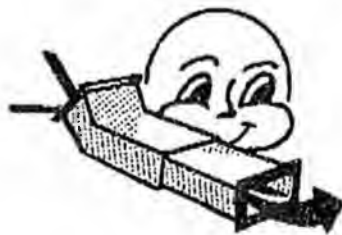


In fact, a new FDA rule scheduled to go into effect in August will prohibit tobacco companies from selling or giving away products with their brand names or logos on them. Philip Morris is challenging the rule in court. A hearing has been set for February, but appeals could drag on for more than a year.

And how is Byrne's CD? Most of the songs on the CD, produced by Nile Rodgers, sound like limp imitations of Alanis Morissette. An advertorial track, *It's a Woman Thing*, doesn't help either. Byrne is a nonsmoker, but recording for a cigarette company doesn't bother her. "The

exposure is tremendous," she says. Unfortunately for many young women, that exposure could be dangerous to their health.

—By Christopher John Farley.
Reported by Elizabeth L. Bland/New York



Sun-Air Sheet Metal, Inc.

3250 Easy Street
Fairbanks, Alaska 99701-7734

February 10, 1997

Re: Pioneers' Home, proposed rate increases

Dear Senator Wilken:

I am a recent member of the Board of Directors of the Fairbanks Pioneers' Home Foundation and as a citizen of Fairbanks and Alaska for over forty years I am very aware of the changes to the Home since its inception. I recognize that some of these changes are due to court rulings, i.e. the Zobel decision, and as such the changes were mandated by others.

It is obvious that Alzheimers' care is very costly to provide. I was shocked to find that Medicare does not cover Alzheimers' care as they classify the disease as a "mental illness". Thus the cost burden of care is transferred to the other residents and this is very unfair. If indeed this disease can be classified as a "mental illness" shouldn't we be funding this care through the Mental Health Lands Trust?

Obviously we must do something, there has been an implied contract to our elderly pioneers and we can't just ignore the problems they are facing. They cannot act in their own behalf and it is our duty to find a solution to this problem.

I would appreciate your thoughts on this matter.

Thank you for your time and attention.

Sincerely,

Donna J. Brady-Robertson
President



Distributed at the request of
Representative Con Bunde

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FEB 13 1997

NFIB/Alaska 1997 Ballot Results

The Alaska Chapter of the National Federation of Independent Business is comprised of 4,400 small and independent business owners. The typical NFIB/Alaska member employs five workers and rings up gross sales of about \$181,000 per year. In total, the organizations members employ more than 43,000 workers.

The legislative agenda of NFIB is determined by ballot. A majority vote of the members in response to the poll sets the policy and position on legislative issues. Ballots for the last 5 years are used to establish the full legislative agenda. Following are the ballot results for 1997.

Environmental Self-Audit

1. Should the Alaska legislature adopt a procedure to allow a business to conduct a private self-audit of its compliance with environmental law and take corrective actions to address problems without fines or penalties?

79.8% YES 10.1% NO 10.1% Undecided

Privatization

2. Should state legislation be passed to allow the construction of a new private prison through a lease-purchase program?

78.3% YES 12.6% NO 9.1% Undecided

Balancing the Budget

3. NFIB already has a position to reduce state spending, but do you feel further spending cuts are warranted?

81.5% YES 10.0% NO 8.5% Undecided

4. Should some of the Permanent Fund profits be utilized to help close the fiscal gap?

16.2% YES 77.8% NO 6.0% Undecided

5. Should a state personal income tax be reinstated?

15.8% YES 76.7% NO 7.5% Undecided

6. If one or the other must be used to balance the budget, which would you prefer to be used first?

48.3% Permanent fund
51.7% State personal income tax

7. Should a combination of Permanent Fund profits and personal income taxes be used?

18.6% YES 72.9% NO 8.5% Undecided

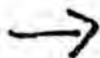
8. Would you prefer a state sales tax over a state personal income tax?

51.8% YES 39.8% NO 8.4% Undecided

9. Would you support an increase in the following consumption taxes?

a. Gasoline and diesel fuel tax

20.8% YES 72.8% NO 6.4% Undecided



b. Tobacco tax

62.7% YES 35.8% NO 1.5% Undecided

c. Alcoholic beverage tax

61.2% YES 37.8% NO 1.0% Undecided

"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 Surgeon General C. Everett Koop, appointed by President Ronald Reagan

NOTHING KILLS LIKE TOBACCO. In Alaska, one out of five deaths is caused by tobacco. In the United States, smoking kills almost 420,000 people per year—more than AIDS, alcohol, car accidents, fires, cocaine, heroin, murders, and suicides *combined*. Worldwide, tobacco kills 3 million people per year—someone every 10 seconds.

- **Tobacco use is the leading cause of death in Alaska.** When used as intended, tobacco kills.
- **Adults don't start smoking—kids do.** Almost all tobacco victims become addicted to nicotine as teens or younger. Nicotine is regarded by many authorities to be as addictive as heroin or cocaine. If we can stop kids from getting addicted, we can prevent needless disease and death later in life.
- **Tobacco companies spend over \$6 billion a year—about \$16.5 million each day—on advertising and promotion in the United States.** Tobacco industry advertising is very effective at reaching children. About 91% of 6 year olds recognize the Old Joe Camel cartoon character, about the same percentage that recognize the Disney Channel-Mickey Mouse logo.
- **Education alone does not work.** For many years, education has been the primary strategy to reduce tobacco use among children. Nevertheless, recent surveys show that smoking among youth is increasing.
- **Increasing tobacco taxes is widely recognized as the single most effective way to reduce tobacco consumption among children.** Children are price sensitive consumers. Research shows that a cigarette price increase of 10% can be expected to reduce consumption by an equal or greater amount by children. A \$1 per pack tax increase would reduce youth smoking in Alaska by an estimated 32%.
- **Tobacco taxation is an efficient and appropriate means to offset the enormous costs caused by tobacco.** Alaska's Long Range Financial Planning Commission concluded that a \$1 per pack increase in the state's cigarette tax would raise \$42 million in new revenues in the first year.
- **Alaska's current tobacco tax is below the national average, even though Alaska has one of the highest rates of tobacco-related death in the nation.** Nor have tobacco taxes in Alaska kept pace with inflation. In 1964, the year that the first Surgeon General's report on smoking and health was released, the state tax comprised 24% of the retail price of cigarettes. Today it is only 14%.
- **The public supports tobacco taxes.** A January 1996 statewide survey found that 74% of Alaskans support an increase of \$1 per pack in the state excise tax on cigarettes.

T TAX



Alaska Association Secondary School Principals
Educational Leadership for Alaska's Future
1720 Otter Street • Anchorage, Alaska 99504-2634
(907) 333-9613 • Fax (907) 333-3060 • aassp@alaska.net

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JAN 27 1997

Lou Matheson, President
Southwest Region SD
Dillingham

André Layral, Pres-Elect
North Pole Middle School
North Pole

Larry S. LeDoux, Past-Pres
Kodiak Island BSD
Kodiak

Keith Taton, Coordinator
Central MS of Science
Anchorage

DIRECTORS

Dennis Hoyt, Region I
Noorvik School
Noorvik

Todd Poage, Region II
Minto School
Minto

David Spence, Region III
Kenai Central High School
Kenai

Georgia Taton, Region IV
Gruening Middle School
Eagle River

Hal Spackman, Region V
Mt. Edgecumbe High School
Sitka

Marianne Carlson, Region VI
West Valley High School
Fairbanks

Barbara L. Dean, Region VII
Dillingham Middle/High School
Dillingham

Leslie VanderHoff
Assistant Principal at Large
Clark Middle School
Anchorage

Laurence N. Graham
Executive Director
Anchorage

RESOLUTION #96-9: SUPPORT FOR INCREASED TOBACCO TAX

SUBMITTED BY: Alaska Association of Secondary School Principals

WHEREAS 3,000 children become regular smokers each and every day; and

WHEREAS most smokers begin by age 15 and are addicted by age 18 and 84% of Alaskan adult smokers started smoking between the ages of 10 and 20 ; and

WHEREAS children and teenagers nationwide constitute 90% of all new smokers; and

WHEREAS as many as one-third of all children who become smokers will eventually die from smoking-related diseases; and

WHEREAS 80% of teen smokers want to and have tried to quit, but only 1.2% succeed; and

WHEREAS use of smokeless tobacco among young men has increased nearly 300% in the past 20 years; and

WHEREAS smokeless tobacco causes cancers of the gums, mouth, pharynx, larynx, and esophagus; and

WHEREAS Alaskan Natives suffer disproportionately from the burden of tobacco addiction and illness; and

WHEREAS higher tobacco prices have proven effective in reducing tobacco consumption, particularly among youth; and

WHEREAS Alaska has the sixth highest rate of smoking in the U.S. and the sixth highest rate of smoking-related deaths in the U.S. but has the 28th lowest state tobacco tax; and

WHEREAS the U.S. General Accounting Office has concluded that a 10% increase in the price of tobacco results in a 4% decrease in consumption among adults and a 10-14% decrease in consumption among youth; and

WHEREAS smokeless tobacco users are disproportionately young and economically disadvantaged. and therefore especially sensitive to tax increases; and

WHEREAS smoking-related death and disease cost the Alaska economy \$127.6 MILLION DOLLARS in 1991;

THEREFORE BE IT RESOLVED that the Alaska Association of Secondary School Principals supports a significant increase in the Alaska state excise tax on cigarettes and on other tobacco products; and

BE IT FURTHER RESOLVED that the Alaska Association of Secondary School Principals calls upon the Alaska Legislature to enact a significantly higher state excise tax on all forms of tobacco, and to ensure that this higher tax rate is regularly increased to keep pace with inflation.

APPROVED: 10/22/96

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

"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 Surgeon General C. Everett Koop, appointed by President Ronald Reagan

NOTHING KILLS LIKE TOBACCO. In Alaska, one out of five deaths is caused by tobacco. In the United States, smoking kills almost 420,000 people per year—more than AIDS, alcohol, car accidents, fires, cocaine, heroin, murders, and suicides *combined*. Worldwide, tobacco kills 3 million people per year—someone every 10 seconds.

- **Tobacco use is the leading cause of death in Alaska.** When used as intended, tobacco kills.
- **Adults don't start smoking—kids do.** Almost all tobacco victims become addicted to nicotine as teens or younger. Nicotine is regarded by many authorities to be as addictive as heroin or cocaine. If we can stop kids from getting addicted, we can prevent needless disease and death later in life.
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- **The public supports tobacco taxes.** A January 1996 statewide survey found that 74% of Alaskans support an increase of \$1 per pack in the state excise tax on cigarettes.

"If, in the United States, five 727s with 200 people crashed every day of every week of every month of every year, sooner or later someone would say, 'We've got to do something about this.'"

—Dr. John Allen (past president)
American Lung Association

TOBACCO IS A UNIQUE PRODUCT BECAUSE OF THE STAGGERING TOLL IT TAKES ON THE LIVES OF MILLIONS. Each year, tobacco kills more Americans than AIDS, alcohol, car accidents, fires, illegal drugs, murders, and suicides *combined*. It is the only legal product that when consumed exactly as the manufacturer intends, causes addiction, disease, and death.

- **Tobacco is unique in the number of Americans it kills.** Each year 419,000 Americans die from smoking. That's 1,100 Americans each day, one every 75 seconds. One of every five deaths in the U.S.—and in Alaska—are caused by tobacco. Tobacco kills more than *one out of three long-term users*, half of whom die in middle age.
- **Virtually all new users of tobacco products are children.** Almost 90% of all smokers started before the age of 19. The average age of initiation is 14.5 years. Adults don't start smoking—kids do. The same is true of smokeless tobacco use.
- **Tobacco is unique because it is harmful to all users at all doses.** There is no safe level of tobacco use. Smoking just two cigarettes a day doubles one's risk of lung cancer and increases the risk of heart disease and stroke.
- **Tobacco use produces no health benefits.** Unlike some food products which provide nutritional benefit but also contribute to the risk of heart disease under certain circumstances, tobacco provides no nutritional benefit and is harmful under all circumstances. Unlike alcohol, tobacco kills even when used in "moderate" amounts.
- **Tobacco smoke kills users and non-users alike.** The American Heart Association estimates that 52,000 deaths a year are caused by exposure to second-hand smoke, making environmental tobacco smoke the third leading cause of death in the nation (behind active smoking and alcohol abuse). Viewed another way, this means that for every eight smokers that the tobacco industry kills, it takes one non-smoker with them.
- **Tobacco is unique because it contains nicotine, a highly addictive drug.** Researchers widely regard nicotine to be as addictive as heroin or cocaine. Withdrawal from nicotine addiction is like withdrawal from other highly addictive substances: difficult and painful. Seventy percent of smokers say they want to quit, and millions try to quit each year, but only 2.5% succeed in any given year.

Source: "Saving Lives and Raising Revenue - The case for major tobacco increases in Alaska"
(A collaboration of the American Cancer Society, American Heart Association, American Lung Association and Alaska Native Health Board.)

TAX



Alaska Association Secondary School Principals
Educational Leadership for Alaska's Future
1720 Otter Street • Anchorage, Alaska 99504-2634
(907) 333-9613 • Fax (907) 333-3060 • aassp@alaska.net

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JAN 27 1997

Lou Matheson, President
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Dillingham

SC
André Layral, Pres-Elect
North Pole Middle School
North Pole

Larry S. LeDoux, Past-Pres
Kodiak Island BSD
Kodiak

Keith Taton, Coordinator
Central MS of Science
Anchorage

DIRECTORS

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Noorvik School
Noorvik

Todd Poage, Region II
Minto School
Minto

David Spence, Region III
Kenai Central High School
Kenai

Georgia Taton, Region IV
Gruening Middle School
Eagle River

Hal Spackman, Region V
Mt. Edgecumbe High School
Sitka

SC
Marianne Carlson, Region VI
West Valley High School
Fairbanks

Barbara L. Dean, Region VII
Dillingham Middle/High School
Dillingham

Leslie VanderHoff
Assistant Principal at Large
Clark Middle School
Anchorage

Laurence N. Graham
Executive Director
Anchorage

RESOLUTION #96-9: SUPPORT FOR INCREASED TOBACCO TAX

SUBMITTED BY: Alaska Association of Secondary School Principals

WHEREAS 3,000 children become regular smokers each and every day; and

WHEREAS most smokers begin by age 15 and are addicted by age 18 and 84% of Alaskan adult smokers started smoking between the ages of 10 and 20 ; and

WHEREAS children and teenagers nationwide constitute 90% of all new smokers; and

WHEREAS as many as one-third of all children who become smokers will eventually die from smoking-related diseases; and

WHEREAS 80% of teen smokers want to and have tried to quit, but only 1.2% succeed; and

WHEREAS use of smokeless tobacco among young men has increased nearly 300% in the past 20 years; and

WHEREAS smokeless tobacco causes cancers of the gums, mouth, pharynx, larynx, and esophagus; and

WHEREAS Alaskan Natives suffer disproportionately from the burden of tobacco addiction and illness; and

WHEREAS higher tobacco prices have proven effective in reducing tobacco consumption, particularly among youth; and

WHEREAS Alaska has the sixth highest rate of smoking in the U.S. and the sixth highest rate of smoking-related deaths in the U.S. but has the 28th lowest state tobacco tax; and

WHEREAS the U.S. General Accounting Office has concluded that a 10% increase in the price of tobacco results in a 4% decrease in consumption among adults and a 10-14% decrease in consumption among youth; and

WHEREAS smokeless tobacco users are disproportionately young and economically disadvantaged, and therefore especially sensitive to tax increases; and

WHEREAS smoking-related death and disease cost the Alaska economy \$127.6 MILLION DOLLARS in 1991;

THEREFORE BE IT RESOLVED that the Alaska Association of Secondary School Principals supports a significant increase in the Alaska state excise tax on cigarettes and on other tobacco products; and

BE IT FURTHER RESOLVED that the Alaska Association of Secondary School Principals calls upon the Alaska Legislature to enact a significantly higher state excise tax on all forms of tobacco, and to ensure that this higher tax rate is regularly increased to keep pace with inflation.

APPROVED: 10/22/96

OFFICERS

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Geneva Woods

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Vice President
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Shari Boyd
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Jack White Real Estate

David M. Richards
Treasurer
Anchorage Sand & Gravel

George Stewart, MD
ALA Rep. Delegate
ATS President
Internal Medicine Assoc.

1057 West Fireweed Lane, Ste 201
Anchorage, AK 99503-1736
(907) 276-LUNG (5864)
Fax (907) 263-2090
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**When You Can't
Breathe,
Nothing Else
Matters®**

Since 1934, the American Lung Association of Alaska has been fighting lung disease through research, education, community service, and advocacy.



RECEIVED
JAN 27 1997

RESOLUTION

BOARD OF DIRECTORS



AMERICAN LUNG ASSOCIATION OF ALASKA

Be it resolved that the Board of Directors of the American Lung Association of Alaska supports the passage of a \$1.00 (one dollar) per pack tax on cigarettes and urges the State Legislature of Alaska to enact this tax in the 1997 legislative session to help prevent tobacco abuse in Alaska.

Kevin Fischer
President, Board of Directors

January 21, 1997

JAN'S DISTRIBUTING, INC.

Box 140856
Anchorage, Alaska 99514
243-JANS
Fax 243-5744
1-800-478-9898

January 16, 1997

Senator Wilken
1851 Fox Avenue
Fairbanks, AK 99701
465-4714

Dear Senator Wilken:

Enclosed please find for your information a letter to the editor concerning the proposed tobacco tax.

I have sent this letter to all the newspapers in the state and plan on sharing it with other retailers, distributors and concerned citizens.

As the letter states, I admire and agree with the need to end the use of tobacco by minors. However, I do believe there are better ways to accomplish this goal that would not punish adults who choose to smoke and would not put small business owners at risk of losing their livelihoods.

I urge you to please consider the consequences and impact of this flawed proposal and vote no!

Sincerely,
Jan Marquiss
Jan's Distributing, Inc.
P.O. Box 140856
Anchorage, AK 99514

P.S. I would be interested in a response back informing me of your stand on this issue.
Thank you.

Anchorage Daily News
P.O. Box 149001
Anchorage, AK 99514-9001

January 16, 1997

Dear Editor,

I am the owner of a distributing company in Anchorage that distributes snacks, candy, gum, nuts and tobacco to retailers. Its a small company that employs 15 individuals. I, my employees and small retailers throughout Alaska would like to encourage the Governor and the State Legislature to really consider all the consequences and the effectiveness of raising the tax on tobacco products.

While we applaud your desire to end youth access to tobacco we question your method. Is increasing the tax on cigarettes by 345% -- from .29 cents a pack to \$1.29 an effective means of stopping youth access to tobacco? No, not if you look at the evidence from other states.

Government reported youth smoking incidence (the percentage of kids smoking cigarettes) collected from the 1993 and 1995 Youth Risk Behavior Surveys by the U.S. Centers for Disease Control clearly indicates that tax increases did not decrease youth smoking rates. In fact, the Government studies show that in some states that raised cigarette taxes, the percentage of kids that are smoking actually increased:

Illinois: Legislators in May 1993 raised the state cigarette tax more than 45%. Following the tax increase the incidence of youth smoking increased more than 22%, according to the Centers for Disease Control.

Hawaii: The state increased its cigarette tax to 60 cents a pack, one of the highest in the nation. What do federal government statistics show? Between 1993 and 1995, the percentage of kids smoking actually went up 14.9%.

Nebraska: Cigarette taxes were increased more than 25% in July 1993. In the two years following that tax hike, the percentage of youth smoking increased 11.3%.

Why the increases in youth smoking? First, high taxes encourage underground black markets, smuggling and crime -- suppliers of illegally distributed cigarettes will not ask for proper identification. Second, most if not all the money teenagers have in discretionary -- they are not making mortgage payments. Third and most important, increasing the tax does not address the root problems of peer pressure and parental involvement and responsibility for children.

Parents, Government officials, educators and the business community must work together to foster the sense of personal responsibility and self-worth in our young people. This is where our focus of resources and energies will be effective and meaningful in keeping tobacco from youngsters. Not a misleading monster tax that will be harmful to Alaska's economy, small businesses, the adult citizenry of Alaska and most importantly the youth of Alaska!

Sincerely,

Jan Marquiss
Jan's Distributing, Inc.
1807 West 47th
Anchorage, AK 99517
907-243-5267



SB 13

Fairbanks/Interior Unit

1640 Baylor Boulevard • Fairbanks, Alaska 99709 • 1-907-455-8066 • Fax: 1-907-455-8066 winfax

January 13, 1997

Senator Gary Wilken
Alaska State Senate
Room 510, State Capital Building
Juneau, AK 99801-1182

Dear Senator Wilken:

Thank you for meeting with Paul Barrett, Diana Kuhns, Erik Meyers, and myself this month regarding the proposed tobacco tax initiatives. It was generous of you to give your time. Paul Barrett is our local leader in representing the American Cancer Society in this area and will be in contact with you when appropriate.

The American Cancer Society Fairbanks/Interior Board of Directors appreciates the strong position taken by the you during the campaign and the fine leadership provided in the important public policy debate. It does appear very possible that this will be the year for Alaskans to make a great stride in reducing underage use of tobacco products by passing legislation to increase the cost.

If at anytime we can be of service to you please let me know. Thanks very much for being involved and making this part of our mission move forward.

Sincerely,

A handwritten signature in cursive script that reads "Richard Waller".

Richard Waller
Volunteer Board President

RECEIVED
JAN 15 1997

SB 13

Television and Alcohol & Tobacco

While products that reduce pregnancy and STD's are forbidden in most media forums, products known to cause disease and death to thousands of people annually—cigarettes and alcohol—are abundant in the media. The alcohol and tobacco industries spend billions of dollars annually on the basis that advertising works. Strasburger³ reviewed the extensive research, and among the findings:

- **Children and teenagers are exposed to 1,000 -2,000 beer and wine commercials annually.** Less than 2% of alcohol content ads contain messages about personal responsibility. A 1989 study identified 25-50 alcohol commercials for every Partnership for a Drug Free America ad. Another study found children were able to identify more brands of beer than American presidents.
- **Tobacco products are the most heavily advertised consumer product in the United States, despite the ban of tobacco advertising on TV in 1971.** Tobacco companies spend \$4 billion a year on advertising. Pre-school children in one study found the Joe Camel character was as well-known as Mickey Mouse.

Movies and television programming contain numerous alcohol and cigarette messages. Victor Strasburger in his research review of the affects of media on adolescent behavior found:

- **100% of the made-for-TV movies in 1986 contained drinking behavior or references to it.** Since 1984 references to alcohol have decreased from 10 per hour to 6 per hour in 1991.
- **Movies show cigarette smoking frequency three times that of the actual average use.** TV programming has shown a steady decrease of smoking by its characters since 1952. While only 2% of TV series stars smoke, very few are shown in situations expressing antismoking sentiments.

Many studies show correlations between viewing these products and using them. Studies reviewed by Strasburger³ show:

- **Cigarette advertising appears to increase a teenager's risk of smoking** by affecting their image of smokers and smoking is the conclusion from studies by the Centers for Disease Control and Prevention.
- **The cigarettes most popular among teenagers smokers are the brands most heavily advertised.**

L

Provided by John Davies

SEARHC, tobacco users group battle addiction

by H.B. Colgrove

As a result of a new group co-facilitated by this school and SEARHC, students are receiving help in trying to kick the smoking habit.

"This new program is based on a national program called Tobacco Free Teens, which is put out by the American Lung Association," said John Delong, one of Mt. Edgecumbe's counselors.

"Giving the students the tools to quit is the key to a successful program. Equipped with the knowledge of how to quit the rest lies in the hands of the smoker. One of the top reasons people smoke is due to stress," stated Rick Mueller, a health service worker at SEARHC hospital in Sitka, which is associated with the program.

"So at this new class we will

teach relaxation skills to help them cope with their addiction. This will get them going in the right direction," commented Mueller.

Mueller also said, "This is a pilot program in Sitka, but has been tried in Juneau, although there have been no follow-up studies to document its effectiveness."

"Most of the past smoking classes or groups have proved to be unsuccessful in their attempts to help teens stop smoking, mostly because of the students being forced to attend," stated Delong.

This group is just getting started and its first meeting was November 12. The coordinators plan to meet once a week for the next six weeks. Each meeting lasts an hour and a half. The students who are currently signed up will be

excused from their classes to attend the meeting in the home economics room.

"Mueller is donating his time to facilitate this new class, therefore it does not cost us anything," remarked Delong.

"Currently there are eight students who are signed up to attend the class but it would be able to accommodate a maximum of fifteen," said Delong.

The real need for this new group arose to begin with, with Mount Edgecumbe's continued focus on healthy lifestyles over the previous three years, not forgetting of course our high percentage of students who smoke, slightly under twenty-five percent to be exact.

SEARHC got involved with Mount Edgecumbe during the

1995-1996 school year when MEHS's Wellness Coordinator, Bob Chastain, planned a wellness evaluation that was conducted in the beginning of this year by the entire student body. SEARHC agreed to conduct the smoking portion of the evaluation. Mueller offered his time to do the class after learning the number of students who smoked through surveys, which comes out to be about seventy-four percent of the student body.

This group is optional, no one is being forced to attend. The people who attend are those that wish to quit smoking "correlating to its high projected success rate," said Delong.

Students' attitude towards attending the group are high, and the first meeting has proven to be a

first step in the right direction.

Currently the punishment for getting caught smoking at Mt. Edgecumbe is seven to ten days of level one, level one being considered on probationary status. Then the student is reported to the authorities. Two years ago it was not illegal to possess tobacco but, due to a change in the state law, minors are finally being given citations for the possession of tobacco products, which means they are sent to court and face the possibility of receiving a fine.

When asked why they would give up their free time to attend the class, a common answer was simply, "I really need to quit smoking." !!!

Election

Continued from Page 1

Both students and teachers were able to ask questions of candidates. When the debate ended the students broke back into their state groups to vote for president.

Pictured at right: Students acted as senators in the lively debate on House Bill 1. The amendment proposed to



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To STECCA P.	From MGH	
Co.	Co.	
Dept. PER OVL	Phone #	
Fax # CHAS.	Fax #	

Dear All (Eric,
Here's what ha
Compass Piece'
call when you c

Since the beginning of my job at Alaska Native Health Board's Trampling Tobacco Project, I've been weaned on the mythical and sinister stories of our enemy, the Tobacco Industry. I heard about the ways they are pushing tobacco in third world countries and their slick image used to swoon lawmakers with all kinds of pomp. Up until recently, they were only stories. Last night I had the chance to see this force incarnate, and I only saw the tip of the iceberg.

I had been tipped off by one of my prevention comrades that there was a Smokers' Rights meeting at the Hilton last night. My boyfriend and I decided to go and get educated. We got cigarettes and smoked a couple, and I got that same nicotine rush hit that I used to get all the time when I was a smoker. I can't say it wasn't pleasurable.

The meeting was at the Hilton. I noticed a couple of teenagers smoking right outside of the front entrance. A big, burly fellow stood scanning the people who entered. We asked the front desk where the smokers' rights meeting was and they said, "Oh, you must mean the room reserved by R.J. Reynolds." We looked for the sign for the room where the meeting was to be held, but if the lights had been out, we would have had no trouble finding it by following the smell of smoke.

A few people and a strapping college looking fellow were in the hall to greet us and have us sign in with name, address, and phone. Tim used his real name and I played his submissive wife, Annie.

Because we were late we were left to sit in what amounted to the front pew of smokers. The room was a haze. These thirty some smokers seemed to be smoking furiously and passionately for their rights. Things settled down a little and the same burly fellow at the hotel entrance came in and took a back pew. The door was shut. At this point I was nervous enough that smoking another cigarette was admittedly more than a handy disguise.

A glossy folder with Smoker's Rights insignia (red, white and blue) rested neatly at each of our spots at the tables. Inside their were all sorts of informative brochures including an *Action Guide*, a *Guide to a Fair Workplace Smoking Policy*, some bumperstickers, and a free notepad and pen, all with a national 1-800 number to call. There were also free ashtrays

and lots of delicious, catered cookies with a full coffee service. Not shabby. I thought, for such an impromptu affair. I was trying to think of how I could make out of one of those ashtrays into a planter when the meeting started up.

Strapping College Fellow introduced himself as Steve Gibbs. Said he was from Seattle and relatively new here. He had the fresh look of a twenty-something year old and wore Doc Martins. Trendy shaved head, but no overboard pierced areas or anything like that. Jeans and a casual shirt. I noted no Copenhagen ring on his back pocket or cigs in his pocket and no smoker's voice. He lead the discussion from up in front of his smoking pupils. Later, he let us know that he himself wasn't a smoker, just an occasional cigar. I was reminded of the Winston executive who said that he himself didn't smoke. He said he "reserved that right for the young, the poor, the black, and the stupid." Steve also mentioned that his last tour was in Oregon to try an defeat their tobacco tax initiative.

At this point it occurred to me we had the wrong brand cigarettes—Marlboro Lights (the competition) to be at an R.J. Reynolds meeting but nobody said anything.

The direction of Strapping Steve's advocacy speech began vaguely about how smokers have slowly been marginalized by the "health zealouts," but he quickly honed into the topic at hand: The Tobacco Tax and how to fight it. I thought, here it is. I never quite believed the mythical Drug Thugs would pack up their circus and come to Alaska. In the winter!?

The comments from the fifty something age group crowd were sundried, navigating between phlegmy hacks, in and out of various convictions. One was sure that by having to stand outside to smoke (rather than inside) the subzero temperatures were surely putting her health in peril. Another smoker was convinced that by taking anti-oxidants(?) she could prevent herself from contracting cancer, and yet another contended that smoking can be good for you. I thought, these guys must be R.J. Reynolds Gold Card Club. As I listened to them, I realized these nicotine addicts with their sexless, deep smokers' voices and wrinkled faces had been successfully duped by their own dealer's propaganda.

My sister, who is in medical school, recently told me "pack years" is the medical term used to describe a cancer patient's smoking history. 1 pack a day for a year = 1 pack year. I wondered how many pack years were represented collectively in that room. A conservative guess would be somewhere in the range of 400. If one pack year equals more than \$1000

shelled out by one of these smokers, that means they had spent over \$400,000 for cigarettes, most of which went to Big Tobacco's coffers. Isn't it convenient that the tobacco industry frame the issue as the anti-smokers against the smokers, when it is they who are the cartel behind the scenes? I was reminded of something I read recently: having the tobacco industry organize to defend smokers' rights is like having the mafia defend heroin users.

Well this depressing scene led to the brass tacks of how to fight the tobacco tax, according to Steve. Retailers should be up in arms, he says, because 30% of their profits will go down the drain if this tax is implemented. Oh, and the state won't make a dime off the proposed revenue from the tax. Why? Because smokers will flock to the nearest military base and buy their drug in huge quantities. Black market vendors will be the rule of the road and teenage consumption will skyrocket. Nobody asked what R.J.'s economic interest might be in all of this. No one seemed to remember that military bases buy cigarettes from the tobacco industry, too.

The evening's performance seemed to be well orchestrated. But all was not smooth sailing for Mr. Gibbs. R.J. must have forgotten to brief him on the quirks we Alaskans have. There was a little confusion when some smokers asked about the Ketchikan based Northern Sales Distributors, who apparently sponsored an anti-tobacco tax petition that is being circulated around the state. I could tell they were excited by the illusion that their anti-tax comrades in Ketchikan were already so organized. Mr. Gibbs let his ego get the better of him and blurted out, "that was me who made that. I sent it from Seattle!"

His other mess-up with the proud Alaskan smokers was his misjudgment of just how big our state is. He suggested that people "just go down there" (to Juneau?) and have a face-to-face meeting with their legislator. One smoker facetiously stated they could all just drive down there and do that. Later on I learned that R.J. called a man in Soldotna to this same meeting. He thought it might be a little out of his way to drive the 3 1/2 hour stretch on icy roads. Does the tourist office have some free maps we could give this guy?

At the end of the meeting we were strongly urged to write a P.O.M. against the tobacco tax before leaving and told that if we wanted to testify at the hearing tomorrow, Strapping Steve would let us know how to phrase it. None of the literature we received had any local phone number to contact, as was the case with the supposed "Ketchikan" originated petition.

The stealth and efficiency of the Tobacco Industry's efforts to thwart the tax hike in Alaska are very impressive. I wish our tobacco prevention efforts had nearly the resources. The scene in Alaska is small potatoes for the tobacco industry. Profits from tobacco sales in our state amount to a miniscule amount of their total profits. In a matter of weeks they have made their presence be felt everywhere in Alaska; from Craig to Homer via petitions, phone calls, and letters. They are footing the bill to fly retailers to Juneau to testify against the tax en masse. If this is small potatoes, it is mind boggling to imagine their overall wealth and power as a worldwide industry. How many Steves and burly bouncers (and cookies) do you think they'd buy for waging battle somewhere where they have even more to lose?

I will leave you with a last snapshot of R.J.'s frontman Steve bending down to light a cigarette for an older woman who had chain smoked her way through the session. Her pre-maturely shriveled face and slouched-over frailty could only have been helped along by her lifetime of smoking. So this is what it comes down to, I thought: the druglord courteously helping his client—an old, addicted lady—to get her next nicotine hit. Steve must have been the one to pick the shortest straw when R.J. assigned him to go to Alaska in the depth of dark, cold winter. I wonder what his compensation will be for such an unappetizing job?

Don't let them fool you. Their sudden, valient concern for smoker's rights and retailers' well being in Alaska is based on their knowledge that Alaska's new tax will drastically reduce this state's pack years, along with their profits. Alaskans are generally pretty good at sizing up the long and the short of situations, and it doesn't take a genius to recognize an extremely powerful and manipulative outside force looking for a piece of Alaska. This time, though, the piece they want is Alaskan's lives for money. It will be up to you to stop them. Please call the local L.I.O. (258-8111) with your message of support to all 60 of our legislators in Juneau.

RESOLUTION

WHEREAS, tobacco use is widely recognized as the leading cause of preventable death in Alaska and responsible for approximately 1 in 5 deaths in the United States; and

WHEREAS, in the U.S. alone, it is estimated that more than 400,000 deaths each year are attributable to tobacco use and in Alaska it is estimated that smoking is responsible for approximately 470 deaths per year; and

WHEREAS, the 1995 Youth Risk Behavior Survey (YRBS) determined that Alaska high school students have smoking rates higher than the national average; and

WHEREAS, nearly all new smokers start before the age of 19, with an average age of 14.5 years old; and

WHEREAS, despite enormous effort, experience has shown that education and enforcement efforts alone have not succeeded in preventing an increase in the number of new teen smokers; and

WHEREAS, the Jan/Feb/Mar 1996 edition of *Alaska Medicine*, the official journal of the Alaska State Medical Association, was devoted to "Tobacco: Alaska's Most Preventable Health Problem"; and

WHEREAS, as reported in that journal, a proven way to decrease adolescent use of tobacco products is raising the cost of tobacco through increased excise taxes; and

WHEREAS, the American Medical Association (AMA) has recognized and supported increased taxes as an effective means of preventing new teenagers from becoming addicted to tobacco; and

WHEREAS, experience in Canada and various states in the U.S. has demonstrated the effectiveness of increased taxes as a deterrent to teen smoking; and

WHEREAS, opinion surveys in Alaska have repeatedly shown that the general public strongly supports increased tobacco taxes, including a substantial portion of smokers; and

WHEREAS, former Surgeon General C. Everett Koop has specifically recognized and endorsed the effort of Alaskans to enact a \$1 per pack tax increase stating that "Alaska is in a position to lead the nation on this critical health issue [and could] set an example that could ultimately save millions of lives nationwide."

THEREFORE BE IT RESOLVED, that the Alaska State Medical Association reaffirm its support for a \$1 per pack state tobacco tax increase as an essential means to deter new young smokers from becoming addicted to tobacco products; and

BE IT FURTHER RESOLVED, that the Alaska State Medical Association encourage its members and all health care professionals to actively support this effort.



Alaska State Legislature

Please enter into the record my testimony to the S H E S S
committee name
 committee on HB 9, dated 2-14-97.
bill/subject

I feel if the tobacco tax does pass
 an put into affect it ~~is~~ will discriminate
 on a large class of the public. If the
 bill is supposed to stop juveniles from smoking
 it will not work, right now a lot of minors
 steal cigarettes and if the bill passes
 will only increase stealing of cigarettes.
 Therefor raising juvenile crime. All the tax
 does is infringe on peoples rights.

Signed: Jason Chapman
Testifier

Jason Chapman
Representing (Optional)

HC 31 BOX 5110 Wasilla 99654
Address

376-5015
Phone No.

typed 2-14-97



Alaska State Legislature

Please enter into the record my testimony to the

Senate FESS
committee name

committee on

Tobacco Tax

dated

March 4, 1997

bill/subject

Only the Governor + a handful of legislators believe this tax will stop kids from smoking! The taxpayers know it's a huge punitive tax on a minority of law abiding workers. It is not a legal way to tax the public. Even if there is only one smoker in the family, this tax affects the whole family + the kids will pay the price. I raised my kids not to smoke + other parents should do the same. I spent 6 1/2 yrs. in the USMC + they issued me cigarettes in every C-ration. Now that I am addicted, you want to punish me more by adding additional taxes on cigarettes. "Get Real"! You just don't want to do your job! "Cut the budget"! But no, it's just easier to tax something. This is just a way to get more money into your budget. If you think for one minute that by taxing me a \$1000 or more a year, I will stop smoking + conform to your ideas of morality + beliefs, you are definitely living in another world but the real one. If you really think you can win elections on 1/3 less votes - go for it! I smoke, but my family doesn't - but in acc. vote. If you treat me like a second class citizen, you will suffer the consequences down the road. I will not pay this tax! I will buy my cigarette from the kids who steal them or anywhere else. I can obtain them. If this is illegal, then you can arrest me, jail me + feed me. I will not conform!

Signed:

Testifier

RICHARD H. ANDERSON

Representing (Optional)

P.O. Box 871015 Wailea At. 95687

Address

376-2645

Phone No.



Alaska State Legislature

Please enter into the record my testimony to the Senate HESS
committee name

committee on Isacco Jones, dated March 4, 1997
bill/subject

Our children (yours & mine) will die quicker from alcohol, drugs or gang related violence way before any smoking of cigarettes. The Alcoholics, Drug Addicts & Aid Victims are a severe drain on tax payers & society. They are unable to hold down a job or contribute to this country. Smokers are still a functional taxpayer. They are the everyday hard working families who keep this country going & now they will get a swift kick in the teeth for their efforts! Shame on you! You push families like mine over the edge. SBA said I could not qualify for a \$5000. loan at \$89/mo to help my business thru the Big Lake Recovery. Yet, this tax will cost my family more than \$1000 a year because my husband smokes. So, do your job now! Cut the budget! Enforce the laws already on the books! Better yet, go after the parents of the kids who smoke & the people who sell cigarettes to them. I raised my kids & grandkids not to smoke. I believe many, if not all of you, ran on the platform of no new taxes. Drugs, used among our 4th, 5th & 6th graders, have double in the last couple of years. These kids could care less about cigarettes, when there are drugs available on nearly every street corner. If you start taxing your idea of morality, you better look around your family & see what uses you have that should be taxed!

Signed: BONNIE J. ANDERSON
Testifier Bonnie J. Anderson Non-Smoker
Representing (optional)
P.O. Box 877015 Waikiki, AK 99687
Address
376-2645
Phone No.

See you at the voting booth!

A \$1.00 INCREASE IN ALASKA'S TOBACCO TAX WILL RAISE OVER \$100 MILLION IN THE 1st THREE YEARS

Every state to enact a major cigarette tax increase has seen a gain in revenue. In Alaska, data show a \$1.00/pack tax increase will raise more than \$100 million in new revenue in the first three years. Virtually all mainstream economists agree that tobacco tax increases both raise new revenue and reduce smoking.

Higher Cigarette Taxes Reduce Smoking and Yield Predictable, Increased Revenues

- In 1992, a panel of 12 independent economists from top American institutions were convened by the National Cancer Institute to review the existing research on the relationship between cigarette taxes and smoking, and to produce a consensus document on the subject. According to the panel, "the price elasticity of demand for cigarettes is usually found to be between -0.3 and -0.5. In other words, for every 10 percent increase in the price of cigarettes, we can expect a decline in smoking between 3 and 5 percent¹."
- The Alaska Department of Revenue's use of a -0.4 price elasticity of demand falls squarely within the generally accepted range. The report produced by Peat Marwick for the Alaska Cabaret, Hotel, Restaurant and Retail Association, and backed by the tobacco industry, uses a -0.62 price elasticity of demand which falls well outside this range.
- Estimates by the State Long Range Financial Planning Commission, Alaska Department of Revenue, and NCI's panel of expert economists all project that a \$1.00/pack cigarette tax increase will yield well over \$100 million in new revenues in its first three years. Even the Peat Marwick report, which grossly underestimates the benefits of a tax increase, pegs the gains to the state at \$85 million.

Estimated Additional Revenue Over Three Years from a
\$1.00 Increase in the Cigarette Tax
(millions)

Year	Alaska Long Range Comm.	Alaska Dept. of Revenue	NCI Economists	Tobacco Industry
Year 1	\$58.0	\$57.0	\$55.0	\$48.0
Year 2	57.0	57.0	53.0	43.0
Year 3	56.0	57.0	52.0	39.0
Total	\$171.0	\$171.0	\$160.0	\$130.0
vs. Status Quo	48.0	48.0	48.0	48.0
New Revenue	\$123.0	\$123.0	\$112.0	\$85.0

Alaska's OWN Record Shows Raising its Tobacco Tax Produced Major Revenue Gains

- In 1989 Alaska increased its state cigarette excise tax from 16 cents to 29 cents per pack. State revenue from cigarette sales doubled from \$8.1 million (fy '89) to \$16.4 million (fy '91), and have declined only marginally since then. In (fy) 1995 cigarette tax revenue totaled \$15.5 million.
- In the 5 fiscal years since the (fy) 1990 tax increase, Alaska's state treasury has collected \$40 million in additional revenue over what would have been earned without the increase. The table below compares actual state cigarette tax revenue for the period (fy) 1991 to (fy) 1995, to projected revenue based on a 16-cent tax² and a generally accepted baseline estimate of a 1 percent annual decline in smoking.

Revenue Gains from Alaska's 1990 Cigarette Tax Increase
(millions)

Fiscal Year	Revenue if Tax Remained 16 cents	Actual Revenue (Tax Raised to 29 cents)	Net Gain to Alaska Treasury
1991	\$7.968	\$16.377	\$8.409
1992	7.889	15.812	7.923
1993	7.810	15.321	7.511
1994	7.732	15.548	7.816
1995	7.654	15.462	7.808
Total	\$39.053	\$78.520	\$39.467

How Can a Higher Tax Reliably Generate Greater Revenue While Reducing Smoking?

- As tobacco taxes increase, some people quit smoking. However, tobacco is addictive enough that most can't quit. Thus tax revenues increase faster than sales decline. This "demand-inelastic" relationship has been observed in countless states (most recently California and Massachusetts) which have seen higher taxes reduce smoking and raise major new revenue.
- The 1995 Peat Marwick report claims the projected impact of tobacco tax revenue raised by the proposed tax increase will decline over time due to inflation. This is false. The Alaska Long Range Financial Planning Commission has proposed an increase every three years to protect the value of the new tax revenue against inflation.

Sources

1. National Cancer Institute. "The Impact of Cigarette Excise Taxes on Smoking Among Children and Adults: Summary Report of a National Cancer Institute Expert Panel," 1993.
2. Calculations based on data from The Tax Burden on Tobacco. The Tobacco Institute, Washington, DC, 1994, vol. 29.

GAINS FROM ALASKA'S \$1 CIGARETTE TAX INCREASE NOT COMPROMISED BY UNAUTHORIZED SALES

When a state moves to increase tobacco taxes, the tobacco industry immediately raises the specter of organized illegal cigarette trafficking. Why is the tobacco industry nervous? Because the record shows *state tax increases reduce smoking AND raise new revenue.*

Numerous geographic, economic and political factors dictate that Alaska's cigarette tax increase will not substantially increase illegal sales. There are four forms of illegal cigarette trafficking: interstate smuggling, international smuggling, bootlegging from (tax-exempt) Indian reservations, and illegal sales from (tax-exempt) military bases. None of these possibilities threatens the projected revenue and health gains from Alaska's proposed tax increase.

1. Interstate smuggling from Washington is too costly. Washington has the highest state cigarette tax in the U.S. (81.5 cents/pack) and a state sales tax that adds 15 cents to the price of each pack. A \$1.00 Alaska tax increase will allow virtually no profit margin for smugglers. In addition, the cost of shipping from Seattle to Alaska and the substantial time and capital required offer no realistic possibility of interstate smuggling.
2. International smuggling from Canada also makes no economic sense. According to a Peat Marwick report prepared for the Alaska Cabaret, Hotel, Restaurant and Retail Association (and backed by the tobacco industry), "Although Alaska has a long border with Canada, two of its major cities (Anchorage and Fairbanks) are not in close proximity to it. Moreover, cigarette taxes in the two bordering jurisdictions (Yukon Territory and British Columbia) would remain higher than in Alaska, even with the proposed tax change." For example, the tax in the province of British Columbia is \$2.59 (US). Consequently, there would be no incentive for international smuggling.
3. Boot-legging from Indian reservations poses virtually no threat. According to the industry's own consultant, "There is only one Indian reservation in Alaska (tribal land on Annette Island) where state and federal taxes are not levied. However, this jurisdiction is relatively small and isolated and would not be a major source of cigarettes." (Emphasis added.)
4. Limited trafficking from military bases can be controlled by the Department of Defense. Tobacco sales on military bases can be controlled by the DoD in Alaska. Entry to commissaries is restricted to authorized patrons. Furthermore, DoD policy limits the purchase of tax free cigarettes to no more than four cartons. If problems ensue, this can be further restricted. After Hawaii's state cigarette tax increase, DoD imposed a one carton limit on tax-exempt sales to avoid unauthorized re-sales.

The tobacco industry, its allies and front groups claim that our servicemen and women are lawbreakers. The report they back alleges: "Although sales to nonfamily civilians are illegal, military personnel might sell bootleg cigarettes to civilians off-base. Indeed, bootlegging appears to be widespread in Alaska and elsewhere." To suggest that US military personnel and their families will violate the law and reap profits at the expense of Alaska's state government slanders the honest, committed and hardworking members of our Armed Forces and is truly repugnant to everything they work for.

The tobacco industry used the same arguments to oppose Alaska's last tax increase.

Alaska's FY 1990 cigarette tax increase, which raised the tax from 16 to 29 cents/pack, did not result in a sharp decline in revenue. To the contrary, while cigarette smoking declined modestly, revenues doubled and have since held steady. The industry's claims of major illegal cigarette trafficking killing revenue gains were proven unfounded.

YEAR (FY)	TAX	PACKS SOLD	REVENUE
1987	16 cents	59,394,000	\$9,503,000
1988	16	55,406,000	8,865,000
1989	16	50,813,000	8,130,000
1990	16 - 29	--	13,450,000
1991	29	56,472,000	16,377,000
1992	29	54,524,000	15,812,000
1993	29	52,831,000	15,321,000
1994	29	53,614,000	15,548,000
1995	29	53,317,000	15,462,000

The tobacco industry also used these arguments to fight tax increases in other states.

When California raised its cigarette tax from 10 cents to 35 cents, revenue jumped over 200% from \$252 million (fy '88) to \$778 million (fy '90) despite industry's gloomy predictions. Over the same two-year period, cigarette consumption per person dropped 13.6 percent.

Since 1992, when the Massachusetts cigarette tax was raised from 26 to 51 cents, state cigarette tax revenue increased by 67 percent, from \$142 million (fy '92) to \$238 million (fy '94). During the same period, smoking fell by 18 percent.

Mime-Version: 1.0
Date: Sat, 1 Feb 1997 12:52:12 -0900
To: shickey@ptialaska.net
From: amholen@Alaska.NET (Anne Marie Holen)
Subject: Re: Tobacco Wars in Alaska

>Date: Mon, 27 Jan 1997 18:49:34 -0500 (EST)
>From: Ken Warner <kwarner@umich.edu>
>To: Anne Marie Holen <amholen@alaska.net>
>cc: Ron Davis <RDAVIS1@SMTPGW.IS.HFH.EDU>
>Subject: Re: Tobacco Wars in Alaska
>X-Sender: kwarner@sph.umich.edu
>MIME-Version: 1.0

>
>

>Ron faxed me your materials and said you might be contacting me. Please
>feel free to quote the following wherever you like. (For the record, my
>full name is Kenneth E. Warner. I am the Richard D. Remington Collegiate
>Professor of Public Health here. I'm an economist and have done research
>on the economic and policy aspects of tobacco for two decades. That body
>of work, reflected in about 100 professional publications, includes
>several contributions on the effects of taxation on cigarette consumption.
>For credential purposes, Dr. Koop selected me to serve as Senior
>Scientific Editor of the 25th anniversary Surgeon General's report on
>smoking and health (released Jan. 1989). More recently, I was asked to
>author the chapter on the economics of smoking for the first edition of
>the Handbook of Health Economics. I have been awarded the Surgeon
>General's Medallion and elected to the Institute of Medicine of the
>National Academy of Sciences. [Enough credentialing; use as you see
>fit.]

>

>The evidence linking higher cigarette prices to reduced consumption is
>substantial in volume, strong in quality, and of long-standing, dating
>back at least three decades. There is NO debate among professional
>economists who have studied the matter about whether tax-induced increases
>in cigarette prices reduce the demand for cigarettes; ALL agree that the
>standard law of demand is operative with cigarettes, as it is with all
>other commodities. "All" here includes both economists oriented toward
>public health and economists who work for the tobacco industry. (The
>industry's own documents actually have indicated a greater response to
>price than is found in much of the professional literature.)

>

>In the early 1980s, two highly-regarded, widely-cited analyses by Eugene
>Lewit and his colleagues at the National Bureau of Economic Research
>concluded that children are more price-responsive than adults with regard
>to cigarette consumption, and that younger adults are more price
>responsive than older adults. These findings are logical: children would
>tend to have less discretionary income to spend on cigarettes and they
>would tend to be less addicted; hence their greater price responsiveness.
>Lewit et al. concluded that for all adults, the overall price elasticity
>of demand was -0.4, meaning that a 10% increase in price would reduce
>quantity demanded by 4%. In one study, Lewit et al. found that children's
>price elasticity of demand was -1.4, meaning that a 10% price increase
>would decrease quantity demanded by 14%, with most of the effect an impact
>on the decision of whether or not to smoke at all, rather than a change in
>the quantity of cigarettes per smoker per day. In the other study, which
>employed a smaller less satisfactory data set, the authors found an
>elasticity of -0.89 for kids, still substantially larger than the figure
>for adults. (I believe that's the right figure. It was between -0.8 and
>-0.9.) Reviewing this and other research evidence, the federal General
>Accounting Office concluded that taxes discourage smoking more among
>children than among adults.

>

>In the ensuing decade, two later studies failed to find a higher
>elasticity for kids than for adults. Note that this does NOT mean that

S B

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SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 1/13/97

FURTHER: Judiciary
Finance

Date of 5-Day Notice: 4/3/97
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/11/97

Health, Education and Social Services Committee considered SENATE BILL NO. 17

"An Act creating the crime of criminal transmission of human immunodeficiency virus (HIV)."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
CHAIR:		CHAIR: <i>[Signature]</i>			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
Admin - Public Defender	4/10/97	✓	
Public Safety	4/9/97	✓	
Law	4/10/97	✓	

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB 17

Revision Date: _____ Dept. Affected: Department of Law
 Title: "An Act creating the crime of criminal transmission BRU: Criminal Division
of human immunodeficiency virus (HIV)." Component: Criminal Division
 Sponsor: Senator Taylor
 Requester: Senate HESS Committee COMPONENT SERIAL NO. 2085

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) 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 make it a class B felony for a person, knowing that he or she is infected with the human immunodeficiency virus (HIV), to knowingly expose others to HIV infection through intimate contact, potentially infectious body fluids (including blood, tissue, semen or organs) in any manner that could result in transmission of HIV to a person who is unaware that the person causing the exposure is infected with HIV.

At the current time, 640 out of 99,725 Alaskans tested through state health laboratories are known to be infected with HIV. Because many at high risk test anonymously or out of state, the actual number of persons residing in the state who have tested positive for HIV is undoubtedly higher than state records indicate.

Although the bill is intended to deter persons who have tested positive from engaging in conduct that may spread HIV, we are concerned that it will have the unintended, but certain effect of deterring persons at the highest risk from seeking HIV testing and counseling, thus increasing the risk of spreading HIV.

Prepared by: Joan M. Kasson *Joan M. Kasson* Phone: 465-5370
 Division: Administrative Services Division Date: 4/10/97
 Approved by Commissioner: Bruce M. Botelho, Attorney General *Bruce M. Botelho* Date: 4/10/97
 Agency: Department of Law

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ANALYSIS CONTINUATION:

Of the known HIV cases in Alaska, the vast majority resulted from consensual sexual contact. Obtaining a conviction under this circumstance (simply securing sufficient evidence to warrant a conviction) would be difficult, if not impossible. Consequently, the number of convictions resulting from exposure to HIV through intimate sexual contact may be relatively small. In a rare case where a person infected with HIV deliberately sets about to infect another, it might be possible to obtain a conviction. However, such a case is already chargeable under the state's existing criminal laws. Because the cases where it is likely that we could obtain a conviction, and thus initiate a prosecution, are already prohibited under present law, we believe that this bill will have no significant fiscal impact on the Department of Law.

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO: SB 17

Revision Date: 04/07/97
 Title: Criminal Transmission of HIV
 Sponsor: Sen. Taylor
 Requestor: Senate HESS

Dept. Affected: Public Safety
 BRU: Alaska State Troopers
 Component: Detachments
 COMPONENT SERIAL NO. 0799

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

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES () <small>Revenue Code</small>	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

Estimate of current year (FY 97) 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.)

While there may be 1 or 2 cases a year involving this crime, it is not expected that this bill would have a significant fiscal impact on AST.

Prepared By: Capt. Ted M. Bachman Phone: 269-5650
 Division: Alaska State Troopers Date: 04/07/97
 Approved by Commissioner: Ronald L. Otte *Dee Smith* Date: 4-7-97
 Agency: Department of Public Safety

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State Capitol
Juneau, Alaska 99801-1182
(907) 465-3873
Fax: (907) 465-3922

352 Front Street
Ketchikan, Alaska 99901
(907) 225-8088
Fax: (907) 225-0713

Senator Robin L. Taylor
Senate Majority Leader

Sponsor Statement Senate Bill 17

Senate Bill 17 was introduced with the goal of putting Alaska in a pro-active position when it comes to dealing with individuals who knowingly place others at risk of HIV infection. SB 17 is intended to be preventative as well as punitive and is intended to render a criminal rather than moral judgment.

As of December 31, 1996, 369 Alaskans had been confirmed to have AIDS. That's since tracking began in 1982. Of these cases, 194 are known to have died.

The Epidemiology section of the Division of Public Health reports that as of December 31, 1996, 640 Alaskans had tested positive for HIV infection. That number represents only those who have voluntarily tested through the State Section of Laboratories.

The statistics show that HIV/AIDS affects both male and female, across all age groups and without respect to race or residence. The sad fact is that the rate of infection in Alaska is increasing.

If someone intentionally sets out to kill another person by infecting them with the AIDS virus, they can be charged under state law with attempted first degree murder. But, what do we do with the person who does not "intend" to kill, but who still places others in jeopardy? In 1990, the Attorney General's office reviewed that questions and suggested that ...quote..."it might be possible to prosecute the person for reckless endangerment"....end quote.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

Sponsor Statement - SB 17

Page Two

That is a class A misdemeanor prohibiting reckless conduct which creates a "substantial risk of serious physical injury".

Most people would equate becoming infected with HIV as something more than a "serious injury".

Twenty seven other states have seen fit to adopt specific laws dealing with criminal penalties for knowingly transmitting or exposing another to HIV infection. It would only be prudent for Alaska to have such a statute on the books.

SB 17 is brief and to the point. It creates the crime of criminal transmission of HIV and covers actions and conduct known to transmit the disease.

The bill also provides an affirmative defense when the person exposed knows beforehand that the action could result in infection. The bill also provides a provision excluding perinatal transmission of the virus and to assure that an individual is not prosecuted for an involuntary act.

SB 17 is not intended to punish those who have contracted HIV. It is intended to protect others who may be unknowingly exposed to the virus by what should be a criminal act of irresponsibility.

STATE OFFICE
ALASKA PEACE OFFICERS ASSOCIATION

P.O. Box 240106 Anchorage, Alaska 99524-0106 Phone (907) 277-0515 Fax (907) 272-5355



January 17, 1997

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Senator Robin Taylor
Alaska State Legislature
State Capitol (MS 3100)
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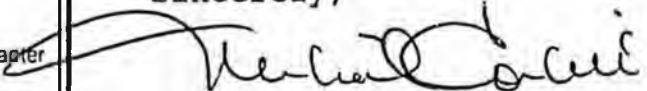
Dear Senator Taylor,

On behalf of the Alaska Peace Officers Association, I would like to thank you for introducing Senate Bill 17 creating the crime of criminal transmission of human immunodeficiency virus (HIV). At a recent meeting of the APOA State Board, we decided unanimously to support this legislation. We believe that specific laws need to be enacted to address this ever-growing problem and further feel that your bill addresses this need.

In reviewing this bill, we did find that the proposed language on lines 7 & 8 of page 1 was a bit confusing. We suggest a change be made to that language without changing the meaning or intent of the bill.

We encourage you to call on us when there are hearings on this bill, so that we may testify about the need for this legislation. If you need assistance as you shepherd this bill through the legislative process, please call me at 451-5316, or our business manager, Joseph Young at 277-0515.

Sincerely,


Michael Corkill
APOA State President

