

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 8672

9804 HOUSE HEALTH EDUCATION & SOCIAL SERVICES



February 24, 1999

The Alaska State Dental Hygienists' Association is pleased with the State of Alaska's involvement with the \$669 million Tobacco Settlement. ASDHA fully supports using these funds for programs that promote tobacco education which would include, prevention, cessation, screening, etc, as well those programs that promote overall health. We are aware that the tobacco industry and lobby would rather see these settlement funds be used for any purpose other than tobacco related issues.

ASDHA would have it be known that we support the Alaska Public Health Association's Resolution 1-98 which is written in support of state funding for a comprehensive tobacco prevention and control program.

ASDHA is also very pleased to see support from Governor Knowles with \$3 million allocated for tobacco-control program with the additional funds from the tobacco settlement to continue with the commitments made last year in funding for Smart Start for Alaska's Children.

As a health providers, Alaska's dental hygienists are committed to helping all people live healthier lives. Dental hygienists have a wonderful opportunity to encourage continued good health habits by complementing all our patients, especially children, about their healthy teeth and bodies and can be effective in delivering the message that "tobacco kills" and working to "keep them away from Alaska's number one killer", tobacco.

We applaud all efforts to have the tobacco settlements funds be applied towards an ongoing comprehensive plan providing tobacco education and working to keep all Alaskans healthy.

Respectfully,

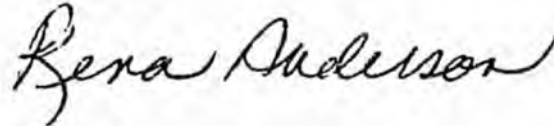
Rena Anderson, RDH
President, ASDHA

February 24, 1999

Dear Rep. Rokeburg,

I would like you to know that I support HB 21. I also would like you to know that I applaud your effort for proposing this bill and for being, as far as I am aware, the only legislator to make any proposals concerning the tobacco settlement funds which would directly impact health care and education. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Rena Anderson".

Rena Anderson, RDH



SETTING THE FOCUS ON LEARNING FOR LIFE



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alaska.net/aaesp

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dchic@alaska.net

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128 Rogers Road
Kenai, AK 99611
WK 1-800-478-3536
FAX (907) 283-8117
aaesp@alaska.net

2-4-99

Representative Fred Dyson, Co Chair
House Hess Committee
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Representative Dyson:

I am writing to express Alaska Association of Elementary School Principals strong support for investing tobacco settlement money on effective tobacco prevention and cessation treatment programs. We therefore, support the spirit and intent of House Bill 21.

While the tobacco tax does seem to be working, we still have a long way to go. Even with decreased consumption, it is estimated that 14,000 Alaskans alive today under 18, will die from a tobacco related illness. Our children continue to start smoking at alarming rates. Between 1988 and 1996, American teenagers taking up the smoking habit jumped 73%.

Significant changes require substantial investment. Increased school awareness programs and cessation programs for teen smokers are two components of a comprehensive plan that should be adequately funded. The tobacco industry has given us the opportunity. We encourage you to take a step forward to make the opportunity a reality.

For the Alaska Association of Elementary School Principals and all the children we serve, we thank you for sponsoring this bill.

Sincerely Yours,

Greg Daniels
AAESP Executive Director

cc. Mary Johnstone, AAESP President

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PHONE MESSAGE

FOR Fred
 M Judith Benderosky
 OF Po: Hess committee
 PHONE (1345-1173 ext 1175
 FAX MOBILE PAGER ()
 MESSAGE At least 30% of \$
 should go for tobacco
 taxation & education.
 She is a
 Public Health educator

SIGNED F

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 RECALL

DATE 3/8 TIME 12:30 PM

FAX TRANSMISSION

Teens Against Tobacco Use

Juneau, Alaska

463-5845

Fax: 4635877

To: Rep. Gene Therriault (907-465-3884) **Date:** March 8, 1999
Rep. Fred Dyson (907-465-4587)
Rep. John Coghill (907-465-3258)
Rep. Jim Whitaker (907-465-2070)
Rep. Tom Brice (907-465-2937)
Rep. Allen Kemplen(907-465-6615)

Fax #: **Pages:** 1/1

From: Deborah Baune
Tanya Ewing
Vanessa Glanzer

Subject: HB 21

COMMENTS:

Hello, we are with TATU (Teens Against Tobacco Use). This organization has been going for 3 year now and we have had a lot of success getting the message out to the youth of Juneau. So we support using AT LEAST 30% of the tobacco settlement money for tobacco prevention and cessation programs. (30% is approximatly \$8.2 million of the total annual payment of 24 million)

Thank you,

Deborah Baune

Vanessa Glanzer

Hannah T. Slotnick

Tanya Ewing

Deborah Baune
Vanessa Glanzer
Hannah Slotnick
Tanya Ewing

6448 Village Parkway
Anchorage, Alaska 99504 3903
USA
Tel-Fax 1 907 333 2300

Email hnp@Alaska.net


March 8, 1999

FAX 907 465 4587
Representative Fred Dyson
Alaska State Legislature
Juneau, Alaska

Dear Representative Dyson,

As a former president of the former Alaska Council on Smoking OR Health I respectfully urge your consideration of the designation of a significant portion of the tobacco settlement money - at least a third of it would be appropriate I think - for the purpose of preventing tobacco use among the youth of Alaska, and for cessation programs for both the young as well as the old who are interested in terminating their use of that addictive and poisonous substance. It seems to me that this would be one of the most important and appropriate uses of these funds, resulting in the enhancement of Alaskans' health and the extension of Alaskan lives potentially endangered and damaged by current tobacco use. For these funds, which have been derived from the merchants of death, I suggest that there is no better use than for enhancing health and life.

Sincerely,



Dr. Hal Post, (UAA, retired)



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FINDINGS

Washington Post story
Feb. 26, 1999

Compiled from reports by the Associated Press
Friday, February 26, 1999; Page A07

Per-Person Cigarette Sales
Fall as Oregon Raises Taxes

Per-capita sales of cigarettes have dropped 11.3 percent in Oregon in the two years since the state raised taxes 30 cents a pack and put the additional money into an anti-smoking campaign, the government said yesterday.

During the previous four years, Oregon had a 2.2 percent increase in sales per capita. Oregon voters in November 1996 raised cigarette taxes to 68 cents per pack. The extra money went toward smoking prevention and education programs and expanding insurance coverage.

Sales dropped by about 10 packs per person from 1996 to 1998, the Centers for Disease Control and Prevention reported. The CDC calculated that the tax increase alone contributed to a 6.3 percent decline.

Oregon is the third state to report a dramatic drop in smoking as a result of the combined use of stiff cigarette taxes and aggressive anti-tobacco programs, the CDC said. Similar findings have been reported by Massachusetts and California, the federal agency said.



Some studies have shown that for every 10 percent increase in price, there is a 4 percent decrease in smoking among adults, the CDC said.

The CDC said smuggling or cross-border sales of cigarettes probably did not contribute to the decline in Oregon because a large portion of the state's population lives in Portland, near Washington state, where cigarette prices are even higher.

Nationwide, the CDC said, the average annual rate of decline in cigarette sales from 1990 to 1997 was 1.4 percent.

SUITS: SO WHO WON?

The states' battle with the tobacco companies is finally over. The states get large chunks of money, and the companies get guaranteed immunity from state lawsuits. A few questions remain, however.

By Carl Tubbesing and Joy Johnson Wilson

It must be like winning the lottery. Win the lottery and you quickly discover friends you had long forgotten, cousins whose addresses you lost years ago, financial advisors promising to double your winnings in a year, and charities you never, ever heard of.

On Nov. 23, attorneys general from 46 states, four territories and the District of Columbia agreed to a massive and unprecedented settlement with the five major tobacco companies. A week later, the Colorado legislature held a hearing on what to do with the state's share of the \$206 billion.

"It was standing room only," reported the *Denver Post*, "as public health advocates jammed a state Capitol hearing room to give officials advice on how best to spend the \$2.7 billion Colorado will reap in a legal settlement from the nation's major tobacco companies. Filling the Capitol's Old Supreme Court Chambers to overflowing, an eclectic mix of hopeful persuaders clamored for a piece of the settlement pie."

Money talks. Lots of money draws lots of attention and lots of advice. Colorado's "eclectic mix of hopeful persuaders" was joined by the *New York Times*, whose lead editorial on Dec. 1 stated unequivocally that New York's

Carl Tubbesing, NCSL's deputy executive director heads the Washington, D.C., office. Joy Johnson Wilson directs the NCSL Health Committee.

ALASKA HAS OIL SETTLEMENT FUND

The tobacco settlement agreement will bring most states their largest revenue windfall ever. Not so for the state of Alaska, which currently holds \$3.3 billion in its constitutional reserve fund, created primarily as a result of settlements between the state and six large oil companies in the early 1990s regarding mineral lease bonuses, royalties and taxes.

The fund has had a total of \$4.8 billion deposited into it since 1991. Since the fund does not have any restrictions on its use, other than requiring a three-fourths vote of each legislative chamber, the Legislature has appropriated portions of the fund into general state operations in recent years. Last year, the Legislature appropriated \$300 million from the constitutional reserve fund into its general fund. During the life of the fund, the state general fund has "borrowed" \$2.3 billion from the reserve fund for state operations.

Creation of the reserve fund required placing a constitutional amendment before voters, who approved the change at the 1990 general election. The fund was reported to have earned \$335.5 million in investment earnings in FY 1998.

—Arturo Pérez, NCSL

share of the settlement "should be dedicated to anti-smoking programs and other health uses."

Lots of money also raises lots of questions. How much will my state get? Who decides how the money is spent? When does it start? Can the federal government claim any of it? Can this agreement take effect without congressional action? How does this agreement compare with the aborted 1997 settlement? Are the amounts listed in the agreement what states actually get? Here are a few answers starting with how this all happened.

Q How did this all come about?

A. The events leading to the November 1998 agreement began in 1994 when attorneys general in Mississippi, West Virginia and Minnesota sued the tobacco industry. Although the tobacco companies had fended off several earlier suits, these relied on a different set of legal theories from the earlier unsuccessful ones. In 1995, the Liggett Company split from the other major firms and settled with 41 states for approximately \$41 million over 25 years. In

early 1997, Mississippi and Florida secured out-of-court settlements worth \$3.6 billion and \$11.3 billion, respectively. Texas and Minnesota negotiated similar settlements. Each of these involved large amounts of money and numerous other concessions, most of which were aimed at reducing smoking, especially among teenagers.

While attorneys general in 41 states pursued suits in court, several also entered negotiations with tobacco companies to produce a so-called global settlement. In June 1997, the attorneys general and the companies announced agreement on a global settlement. This agreement was so comprehensive that it required federal legislation to implement it. Attempts to move a bill ratifying the agreement foundered in the early summer of 1998. Shortly thereafter, attorneys general in Washington, Colorado, North Dakota, Oklahoma, California, New York, Pennsylvania and North Carolina began discussions with the industry on a settlement that would not require congressional approval. They announced their new agreement in mid-November.

Q What are the major features of the new agreement?

A. The new agreement contains two components. One focuses on advertising, marketing and lobbying. Companies have to stop targeting young people in their advertising, and they have to stop using cartoon characters. The agreement also limits corporate sponsorships of sporting and other events. It bans billboard and transit advertising and product placement in movies. It stops the sale of apparel, such as T-shirts

and backpacks, with brand name logos. It keeps companies from selling cigarettes in packs of less than 20 until December 2001. It prohibits the companies from lobbying state and local governments on certain issues, for example, vending machine and proof of age laws. The companies also will not be able to lobby to divert settlement funds from anti-smoking and health programs.

The central feature of the money side

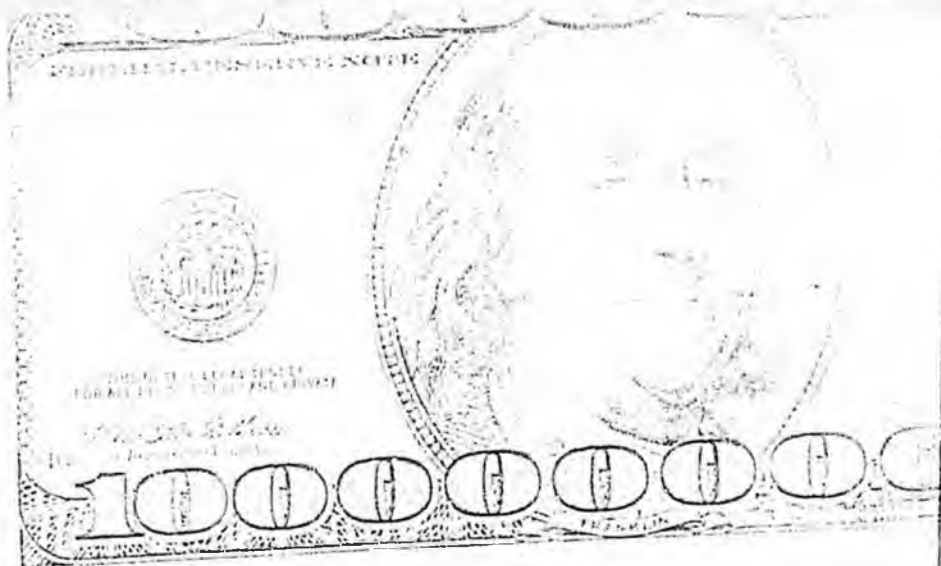
EARLY PLANS MADE FOR TOBACCO FUNDS

At least six states involved in the historic \$206 billion tobacco settlement have approved legislation over the last two years in anticipation of the December 1998 settlement.

Alabama created the Children First Trust Fund while Kansas voted to appropriate 50 percent of the tobacco money toward a fund for children's health care. Nebraska set up a trust fund from which interest will provide grants and loans for nursing home projects.

Kentucky and North Carolina approved legislation that would help tobacco farmers affected by the settlement and other new laws. New Hampshire says that tobacco money is subject to the same department and agency planning requirements as federal block grants.

—Steve Lewis, NCSL





of the agreement is the payments tobacco companies will make to states. They will be made forever, with the total reaching \$206 billion through 2025. They will be made annually starting April 15, 2000, and will be based on formulas to which the attorneys general have agreed. Alaska, for example, would receive about \$668 million over 25 years. California and New York would get about \$25 billion over that period. Florida, Minnesota, Mississippi and Texas—the states that have already arranged their own settlements—receive no additional money.

In return, the companies have the assurance from 50 states, four territories and the District of Columbia that they will not be sued again. The attorneys general have agreed to drop any pending suits and not to pursue future suits on any grounds, whether based on fraud, anti-trust, health or other reasons.

Q How does the new agreement differ from the failed June 1997 agreement?

A. The June 1997 settlement was truly global. The new agreement is more limited. The 1997 settlement was expansive. The new agreement is primarily confined to matters the attorneys general and the companies can control. The global settlement covered a lot of issues not included in the November 1998 agreement, such as second-hand smoke, removal of vending machines, placement of products in stores, and conducting "sting" operations. The global settlement restricted advertising not just by companies, but by retail outlets. The new agreement does not.

A hallmark of the global settlement was the inclusion of "look back" penalties—financial penalties against the companies if they failed to reduce youth smoking by specified amounts. Look back penalties are not included in the new agreement. The global settlement would

have expanded the authority of the federal Food and Drug Administration to regulate nicotine as a drug. The new agreement does not.

The two agreements differ substantially in the amount of money involved. The original global settlement called for payments that would have totaled \$368.5 billion over 25 years, compared with the \$206 billion in the 1998 agreement. The global settlement included money for the federal government. The new agreement does not. (This is a debatable point, though. See below.)

Q How is the agreement enforced?

A. Each attorney general must get the settlement and a consent decree implementing the settlement approved in state court.

Q What is the effective date of the settlement?

A. This is complicated and involves adding several new phrases to your glossary of public policy terms. The effective dates for the non-economic provisions vary. Many are tied to the "master settlement execution date," which was Nov. 23, the day the 51 attorneys general signed on to the master settlement. For example, companies have to drop cartoon characters from their advertising 180 days after that. There are two important dates related to the economic provisions. The "state specific finality date" is the date when a state court gives final approval to the settlement and the consent decree. The final approval date is the earlier of June 30, 2000, or the date when 80 percent of the states have obtained state specific finality and those states represent 80 percent of the payments.

Q When can states spend the money?

A. States cannot receive funds until the final approval date—thus, no later than June 30, 2000. The timing—it is the last day of most

WHAT STATES EXPECT TO GET FROM THE TOBACCO SETTLEMENT (THROUGH 2025)

STATES	(IN MILLIONS)
Alabama	\$ 3,166
Alaska	669
Arizona	2,888
Arkansas	1,622
California	25,007
Colorado	2,686
Connecticut	3,637
Delaware	775
District of Columbia	1,189
Georgia	4,809
Hawaii	1,179
Idaho	712
Illinois	9,119
Indiana	3,996
Iowa	1,704
Kansas	1,633
Kentucky	3,450
Louisiana	4,419
Maine	1,507
Maryland	4,429
Massachusetts	7,913
Michigan	8,526
Missouri	4,456
Montana	832
Nebraska	1,166
Nevada	1,195
New Hampshire	1,305
New Jersey	7,576
New Mexico	1,168
New York	25,003
North Carolina	4,569
North Dakota	717
Ohio	9,869
Oklahoma	2,030
Oregon	2,248
Pennsylvania	11,259
Rhode Island	1,408
South Carolina	2,305
South Dakota	684
Tennessee	4,782
Utah	872
Vermont	806
Virginia	4,006
Washington	4,023
West Virginia	1,737
Wisconsin	4,060
Wyoming	487
American Samoa	30
N Marianas	17
Guam	43
U.S. Virgin Islands	34
Puerto Rico	2,197

Note: Florida, Minnesota, Mississippi and Texas settled on their own and have their own schedule of payments.

Come to Jacksonville for the Assembly on State Issues (ASI) Spring Meeting

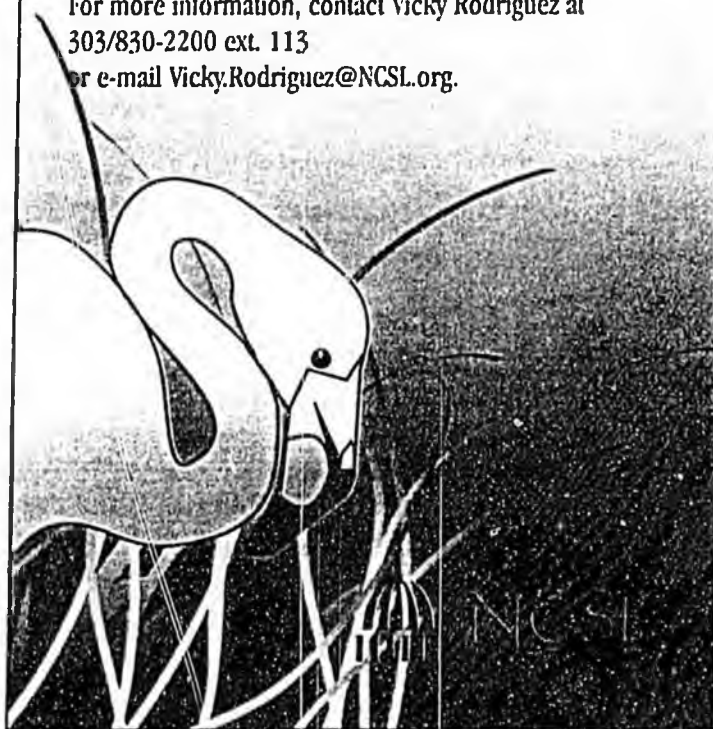
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- economic and cultural development
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- fiscal, oversight and intergovernmental affairs
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- redistricting

You do not need to be a committee member to attend this meeting. Everyone is welcome.

For more information, contact Vicky Rodriguez at 303/830-2200 ext. 113
or e-mail Vicky.Rodriguez@NCSL.org.



states' fiscal years—and the uncertainty about when the final approval date will actually occur could pose some interesting appropriations questions for state legislatures, at least in the first year.

Q What happens if a state does not reach state specific finality?

A. If a state's court does not give final approval to the settlement and the consent decree by Dec. 31, 2001, that state is dropped from the master settlement.

Q The companies started making payments in December 1998. Where will this money be until June 2000?

A. The companies are paying into an escrow account. When a state obtains state specific finality, its share of the money goes into a state specific escrow account. It will earn interest there until the funds become available on the final approval date.

Q Who decides how the state's money will be spent?

A. The agreement does not answer this question. Because the money will go into a state's general fund, it is almost certain that state legislatures will appropriate it. A few legislatures have already passed legislation clarifying their roles and establishing procedures for dealing with the settlement money. Others may follow their lead before the final approval date.

Q Does the agreement specify how the states can spend the money?

A. No. That's why the Colorado hearing room was so crowded a week after the agreement was signed. That's why the *New York Times* believes Congress should set conditions on the money so it will be used "to improve health care, particularly for children, and to combat smoking." That's why the American Lung Association chapter in North Carolina has already said that 10 percent of their money, about \$500 million, should be spent on anti-smoking programs.

Public health advocates and others argue that tobacco causes illnesses, and the money should be used to reduce smoking and improve health care. Colorado Attorney General Gale Norton told the Colorado task force that "a large portion of the money should go to tobacco-related programs. That would include efforts to teach kids about the dangers of substance abuse, stop smoking programs, research into addiction and the diseases caused by smoking." She said the other major focus of the money should be on children's health care in general.

Others assert that the money that states have spent over the years to treat smoking-related illnesses could have been used elsewhere. "I'm not against using some of the money, say, to persuade kids not to smoke," says Indiana Senator Lawrence Borst. "On the other hand, state health costs have risen steeply over the past 20 years. That's diverted money from other priorities. Why not treat this settlement money in that context? Let the legislative process determine what the priorities are."

Q Is there a chance that states won't get all of the settlement money?

A. Yes, and for several reasons. One is that the federal government may try to claim a large portion of it. The Clinton administration

(continued on page 19)

(continued from page 18)

asserts that current Medicaid law entitles the Health Care Finance Administration to recoup part of the settlement money. It argues that the settlement money is reimbursement for Medicaid costs related to smoking, and the federal government has a legal right to some of it because of its contributions to Medicaid. In 1998, Texas Speaker Pete Laney, Florida Speaker Daniel Webster and Mississippi Speaker Tim Ford led an aggressive effort in support of federal legislation that would deny the HCFA claim. The bill died at the end of the session, but will get new attention now that all of the states have settled. Newly elected Ohio Senator George Voinovich may attempt to tie a denial of the recoupment claim to a requirement that states spend a portion of the settlement money on anti-smoking, health care and related programs.

There also are elements in the master settlement agreement that could reduce the states' payments. For example, they could be reduced if the federal government enacts a new tax on tobacco products and earmarks these funds for health care or gives them to the states on an unrestricted basis. States would also lose a portion of their share if they fail to pass a model statute included in the agreement that is designed to protect the five major U.S. tobacco companies that are parties to the agreement from unfair competition by foreign and smaller companies that are not.

Q Are there other roles for state legislatures in the agreement?

A. The agreement allows several opportunities for state legislatures to act. For example, it prohibits the sale of cigarettes in packages of less than 20 until the end of 2001. Legislatures could choose to continue

that prohibition. The master settlement does not place restrictions on vending machines or on placement of tobacco products in retail outlets. It does not require states to conduct "sting" operations to discourage retailers from selling cigarettes to minors. These are areas in which some legislatures have chosen to legislate and others could. The fact that the master agreement prohibits the companies from lobbying on some of these issues presumably removes an obstacle to passage of these and other anti-smoking laws.

Q What effect does the settlement have on the likelihood of comprehensive federal legislation?

A. The states' settlement leaves open the possibility of congressional action. President Clinton has called the agreement "a good step." On the other hand, he says, "We have a lot more to do, for only the national government can take the full range of steps needed to protect our children." Senate Minority Leader Tom Daschle has noted that he also would like to see federal legislation, especially dealing with the Food and Drug Administration's authority to regulate nicotine as a drug. Senator Mitch McConnell, a Kentucky Republican, however, believes the state settlement "reduces the argument for federal legislation, which should help those of us from tobacco states fend off another big tax, big government proposal like the one we defeated last year."

Editor's note: Check out NCSLS Web site at www.ncsl.org/statefed/health-faq.shtm for more information. The National Association of Attorneys General is another good source. Look for them at www.naag.org/settle.htm.

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Investing Alaska's Tobacco Settlement
in Tobacco Control, Children's Health and Protection, and Public Health

FY 2000 Tobacco Settlement Payment = \$21.9 million
A Sustainable Revenue Source for 25 Years
Annual Amounts from \$23.6 million to \$28.7 million

Dept Name	Investments	Tobacco Settlement Funds	Federal & Mental Health Trust Funds
Tobacco Control - Moving toward a Smoke-Free Alaska: 14%		3,000.0	
Health & Social Svcs	Comprehensive State Tobacco Prevention and Control Initiative	3,000.0	
Health and Consumer Protection: 45%		9,832.4	
Health & Social Svcs	Children's Health Insurance Program: implement new law partially funded last year	4,568.4	10,925.6
Health & Social Svcs	Chronic Acute Medical Assistance	1,637.5	
Health & Social Svcs	Child Custody Related Medicaid Costs	1,334.8	1,985.6
Health & Social Svcs	Maternal, Child & Family Health: replace school based claim underfunding	296.8	
Health & Social Svcs	Alcohol/Drug Abuse Grants: substance abuse treatment for women	850.0	706.0
Health & Social Svcs	Village Mental Health and Substance Abuse Services	465.0	150.0
Health & Social Svcs	Fetal Alcohol Syndrome (FAS)/Alcohol Related Neurodevelopmental Disorder Prevention Grants	489.9	275.0
Law	Increase Consumer Protection Services	190.0	
Child Protection and Abuse Prevention: 33%		7,303.1	
Health & Social Svcs	Family Preservation: Independent Living Program	200.0	
Health & Social Svcs	Residential Child Care: emergency shelter and treatment care for children	1,065.4	303.0
Health & Social Svcs	26 New Child Protection Staff - Moving to Zero Tolerance	1,769.8	387.1
Health & Social Svcs	Kawerak Social Services for child protection	63.2	
Health & Social Svcs	Front Line Social Workers Training	145.9	
Health & Social Svcs	State Medical Examiner: HB375 fiscal note for pathologist	193.0	
Health & Social Svcs	Foster Care Special Need: parent training	135.0	123.8
Health & Social Svcs	Training for Adoptive Parents of Special Needs Children	200.0	50.0
Health & Social Svcs	Foster Care Augmented Rate: caseload growth	276.4	92.1
Health & Social Svcs	Foster Care special need: caseload growth	648.9	142.4
Health & Social Svcs	Healthy Families Home Visiting Program expansion: 220 more families	978.0	
Comm. & Reg Affairs	Increase Child Care Grant amount from \$22 to \$33	880.0	
Administration	2 Guardians Ad Litem for Child Protection - Office of Public Advocacy	135.8	
Administration	1.5 attorneys for Child Protection - Public Defender	225.0	
Law	2 Attorneys for Children in Need of Aid and Paraprofessional Support	386.7	
Full Year Funding for the FY99 Smart Start Initiatives: 8%		1,755.4	
Health & Social Svcs	Front Line Social Workers - annual costs for child protection staff partially funded in FY99	631.5	70.7
Health & Social Svcs	Family Preservation - Dual track: Differential Response to Child Protection	635.9	37.0
Health & Social Svcs	Subsidized Adoption & Guardianship - Project Succeed	488.0	312.0
		<u>21,890.9</u>	<u>15,560.3</u>
New Revenue to Offset Expenditures		<u>-21,890.9</u>	
Impact on Constitutional Budget Reserve		<u>0.0</u>	

CONTACT: Janet Clarke, Director of Admin Svcs 465-3082

COMPONENT GOALS:

The goal of this component is to develop, implement and follow-through with a program to make Alaska tobacco free. This will accomplished by building community programs to reduce tobacco use, implement school programs, establishing partnerships, enhancing enforcement, counter the tobacco industry marketing efforts and establish a surveillance and evaluation system to measure how effective the program is. The program will follow the Centers for Disease Control and Prevention's (CDC's) "Best Practice Guidelines".

	FY 98 ACTUAL	FY 99 AUTHORIZED	FY 2000 GOVERNOR
EXPENDITURES:			
Personal Services	0.0	0.0	269.1
Other Program Costs	0.0	0.0	2,730.9
Total	0.0	0.0	3,000.0
FUNDING SOURCES:			
Federal Receipts	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0
General Fund	0.0	0.0	0.0
GF Program Receipts	0.0	0.0	0.0
I/A Receipts	0.0	0.0	0.0
GF Mental Health	0.0	0.0	0.0
CIP Receipts	0.0	0.0	0.0
MHTAAR	0.0	0.0	0.0
Stat Desig	0.0	0.0	0.0
Other	0.0	0.0	3,000.0
Total	0.0	0.0	3,000.0
STAFFING:			
Permanent Full-Time	0	0	4
Permanent Part-time	0	0	0
Temporary	0	0	0

DESCRIPTION OF COMPONENT SERVICES:

This component will issue grants and contracts to local community organizations to support the development of community-based coalitions, tobacco prevention programs for schools and enforcement activities; provide for training and technical assistance; and provide surveillance and evaluation.

DESCRIPTION OF COMPONENT CHANGES:

This is a new component being establish with funds from the tobacco settlement.

COMPONENT GOALS AND SERVICES
Form CE1

AGENCY Department of Health and Social Services
BRU State Health Services

Page 1 of 1
Revised Date:

FY 2000

CONTACT: Janet Clarke, Director of Admin Svcs 465-3082

OBJECTIVES AND ACCOMPLISHMENT MEASURES:

Build community-based coalitions

Develop public awareness activities that target tobacco prevention, control and cessation.

Identify the social influences that promote tobacco use among our youth and develop prevention programs to counter these influences.

Establish a statewide Quitline to support cessation efforts.

Provide health provider training.

Develop a statewide internet/communications exchange capacity.

Ensure that youth are restricted access to tobacco products by local law enforcement activities.

Counter tobacco industry marketing with a major state marketing campaign.

Develop a surveillance and evaluation system to provide information for targeting resources and demonstrating progress in the tobacco rate use.

STATUTORY/REGULATORY CITATIONS

AS 08.64.369	AS 18.12.035	7 AAC 16.10 - 90	7 AAC 26.610 - 700	AS 17.35.010 - 080	
AS 09.65.090, 091, 095, 100, 120	AS 18.15.250	7 AAC 26.010-170	7 AAC 26.710 - 745		
AS 11.81.430	AS 47.17.020	7 AAC 26.210 - 290	7 AAC 26.810 - 840		
AS 12.55.155	AS 47.24.010	7 AAC 26.310 - 400	7 AAC 26.999		
AS 18.08.010, 015, 020, 060, 070, 075, 080, 082, 084, 086, 087, 089	AS 47.24.110	7 AAC 26.410 - 490			

**COMPONENT
OBJECTIVES AND
ACCOMPLISHMENT
MEASURES
FORM CF2
REVISED 9/12/95**

AGENCY Department of Health and Social Services

BRU State Health Services

COMPONENT Tobacco Prevention and Control # 2375

Page 1 of 1

Revised Date:

FY 2000

001558

TITLE:

Comprehensive State Tobacco Prevention & Control Initiative

A comprehensive tobacco control plan must be developed and significant work carried out, if Alaska is to ever become tobacco free. The Centers for Disease Control and Prevention (CDC) has recommended planning and funding tobacco control work in specific categories, according to their "Best Practices" guidelines. These categories include:

- Community Programs to Reduce Tobacco Use
- School Programs
- Partnership Grants
- Enforcement
- Counter-Marketing
- Surveillance and Evaluation
- Administration, Management and Technical Assistance

Alaska's tobacco prevention and control plan will follow this "best practices" model. The community programs component will fund grants to local community organizations to support the development of community-based coalitions, public awareness activities targeting tobacco prevention and control and cessation activities, as well as training and technical assistance. Schools will be funded to deliver prevention programs which identify the social influences that promote tobacco use among youth and teach the skills needed to resist such influences. Partnership grants will be awarded to establish a statewide Quit-line to support cessation efforts, provide health provider training and develop statewide internet/communication exchange capacity. Some enforcement dollars will fund activities required to ensure the state meets the Synar amendment requirements. These Synar goals must be met or the state will lose major federal substance abuse funding. Other enforcement activities will be carried out by local law enforcement in the areas of restricted access by youth and environmental exposure. A major counter marketing effort will be launched to promote quitting, decrease the likelihood of initiating smoking and support school and community efforts to create tobacco free social norms. An aggressive counter advertising campaign will be developed to combat the ads from the tobacco companies. Surveillance and evaluation efforts will provide the critical information needed to target resources and demonstrate progress.

EXPENDITURES	
100 Personal Services	269.1
200 Travel	80.0
300 Contractual Services	701.6
400 Supplies	25.0
500 Equipment	30.0
600 Lands, Buildings, Etc.	
700 Grants, Claims, Etc.	1,894.3
800 Miscellaneous	
TOTAL	3,000.0
Inc	
FUNDING SOURCES	
1002 Federal Receipts	
1003 General Fund Match	
1004 General Fund	
1005 GF/Program Receipts	
1007 I-A Receipts	
1037 GF/Mental Health	
1061 CIP Receipts	
1092 MHTAAR	
1108 Stat Desig	
Other	3,000.0
TOTAL	3,000.0
STAFFING	
Permanent Full-Time	4
Permanent Part-Time	
Temporary	

DECREMENT
or INCREMENT
Form C5 (#1)

AGENCY: Department of Health and Social Services
BRU: State Health Services

Page 1 of 2
Revised Date:

FY 2000

This work will include data collection, analysis and interpretation and training and technical assistance to communities in how to use the data. Development and implementation of a comprehensive plan will require a strong management structure within DHSS. Funding within the category of administration, technical assistance and management will provide this foundation.

The actual tobacco control work with individuals, families and local businesses will take place within individual communities at the grass roots level. As a result, the major part of the funding being requested in this increment will be distributed statewide through the grant process to community agencies and organizations, schools, law enforcement entities and other grass roots organizations. The portion of the funding being requested for DHSS personnel is needed to design and implement the on-going enforcement, surveillance and evaluation efforts required to, among other things, monitor tobacco control efforts and use over time and to evaluate tobacco control efforts at all level. PCN 06-#468, a Public Health Medical Specialist (range 27) and PCN 06-#396, an Analyst Programmer (range 20), both based in Anchorage, are being requested to carry out this work. Additionally, staff are needed to manage the grants, contracts and other activities funded by this increment. Liaison work between the state and the local tobacco control efforts is also critical to the long term success of the initiative. PCN 06-#470, a Health Program Manager II (range 19) and PCN 06-#471, an Administrative Clerk (range 10), based in Juneau, are being requested to do this work.

A statewide effort such as this requires significant travel funding. A Tobacco Free Alaska Advisory Council will be formed with representation from all the stakeholder groups in the state. It is expected this group will meet monthly, or at a minimum bi-monthly, to develop a comprehensive plan for making Alaska tobacco free and provide guidance during the implementation period. Additionally, staff will need to travel to local communities to provide training and technical assistance and to carry out grant and contract monitoring. This initiative will require some office supplies, software, and educational materials. Computers, telephones and modular work spaces will be also be needed for the staff being hired for this initiative. The funding being requested in the equipment and supply lines will cover these costs.

The combination of multi-level efforts proposed in this increment has the potential to move the state significantly closer to the long term goal of being a tobacco free state. Without this basic funding level the work that must be done to make Alaska tobacco free will not be possible.

DECREMENT
or INCREMENT
Form C5 (#1)
Revised 10/15/96

AGENCY: Department of Health and Social Services
BRU: State Health Services
COMPONENT: Tobacco Prevention and Control # 2375

Page 2 of 2
Revised Date:

FY 2000

1 JB 10:24:47.4 PERSONAL SERVICES EXPENDITURES (S
 DEPARTMENT OF HEALTH AND SOCIAL SERVICES
 COMP # : 06 04-06-02-88-00 NAME: TOBACCO PREVENTION AND CONTROL

REPORT
 .10: 1 (FY00 AGENCY SCENARIO 1)
 DRU NAME: STATE HEALTH SERVICES

PAGE: 6

PCH	JOB CLASS TITLE	T R B S C U	LOCATION NAME	S R&S	HOS	ANNUAL SALARY	PREM PAY	ANNUAL BENES	TOTAL COSTS	G.F. AHT	COLA AHT
06#396	ANALYST/PROGRAMMER IV	F A GG	ANCHORAGE	2A 20A	12.00	49764	0	16695	66,459	0	0
06#468	PUBLIC HLTH MEDICAL SPEC	F A GG	ANCHORAGE	2A 27C	12.00	80196	0	22785	102,981	0	0
06#470	HEALTH PROGRAM MGR II	F A GG	JUNEAU	2A 19A	12.00	46560	0	16005	62,565	0	0
06#471	ADMINISTRATIVE CLERK III	F A GG	JUNEAU	2A 10A	12.00	25632	0	11497	37,129	0	0
COMPONENT TOTALS:			NEW+AUTH			TOTAL SALARY COSTS			202,152.00		
STAFF MONTHS		48.00	TOTAL	NEW	DELETED	TOTAL PREMIUM PAY COSTS			0.00		
FULL TIME POSITIONS			4	4		TOTAL BENEFITS COSTS			66,983.77		
PART TIME/SEASONAL POSITIONS						TOTAL PERSONAL SERVICES			269,135.77	0.00	
NON PERMANENT POSITIONS						PLUS LUMP SUM PREMIUM PAY			0.00		
NUMBER OF POSITIONS IN COMPONENT 0406028800 =			====	====	====	SUB-TOTAL			269,135.77		
			4	4		- 0.01329 % VACANCY FACTOR			35.77	0.00	
						PERSONAL SERVICES, LINE 100			269,100.00	0.00	
FUND SOURCE		FUNDING AMOUNT	PERCENT								
1119 TOBACCO SETTLEMENT REVENU		269,135.77	100.00								
TOTAL W/O VACANCY ADJUSTMENT:		269,135.77									

12/17/98

10:50:04.8

PERSONAL SERVICES EXPEND

NEW POSITION DETAIL REPORT

PAGE:

47

 DEPARTMENT OF HEALTH AND SOCI.
 COMPONENT #: 0406028800 NAME: TOBACCO PREVENTION AND CONTROL

 SERVICES SCENARIO: 1
 BRU NAME: STATE HEALTH SERVICES

PCN	UNAUTII PCN	JOB CLASS TITLE	Y S	LOCATION NAME	R C	B U	S R&S	HOS BUDG	SALARY	PREM PAY	BENES	PER.SERV. COSTS	G. F. AMOUNT	
06#396		ANALYST/PROGRAMMER IV	F	ANCHORAGE	A	GG	2A 20A	12	49764	0	16695	66459.63		
**** JUSTIFICATION:														
THE POSITION WILL AID IN THE TOBACCO PREVENTION AND CONTROL INITIATIVE. THE POSITION WILL BE FUNDED WITH GF.														
												TRAVEL COSTS	0.00	
												CONTRACTUAL COSTS	0.00	
												SUPPLIES COSTS	0.00	
												EQUIPMENT COSTS	0.00	
												OTHER COSTS	0.00	
												=====		
												TOTAL COSTS	66459.63	0.00
*** FUNDING DETAIL:														
1119 TOBACCO SETTLEMENT REVENUE												66459.63		
												=====		
												TOTAL FUNDING	66459.63	
06#468		PUBLIC HLTH MEDICAL SPEC	F	ANCHORAGE	A	CC	2A 27C	12	80196	0	22785	102981.05		
**** JUSTIFICATION:														
THE NEW MEDICAL POSITION WILL WORK ON THE TOBACCO PREVENTION AND CONTROL INITIATIVE. THE POSITION IS FUNDED WITH GF.														
												TRAVEL COSTS	0.00	
												CONTRACTUAL COSTS	0.00	
												SUPPLIES COSTS	0.00	
												EQUIPMENT COSTS	0.00	
												OTHER COSTS	0.00	
												=====		
												TOTAL COSTS	102981.05	0.00
*** FUNDING DETAIL:														
1119 TOBACCO SETTLEMENT REVENUE												102981.05		
												=====		
												TOTAL FUNDING	102981.05	
06#470		HEALTH PROGRAM MGR II	F	JUNEAU	A	CG	2A 19A	12	46560	0	16005	62565.49		
**** JUSTIFICATION:														
THE POSITION WILL WORK ON THE TOBACCO PREVENTION AND CONTROL INITIATIVE. THE POSITION IS FUNDED WITH GF.														
												TRAVEL COSTS	0.00	
												CONTRACTUAL COSTS	0.00	
												SUPPLIES COSTS	0.00	
												EQUIPMENT COSTS	0.00	
												OTHER COSTS	0.00	
												=====		
												TOTAL COSTS	62565.49	0.00
*** FUNDING DETAIL:														
1119 TOBACCO SETTLEMENT REVENUE												62565.49		
												=====		
												TOTAL FUNDING	62565.49	
06#471		ADMINISTRATIVE CLERK III	F	JUNEAU	A	CG	2A 10A	12	25632	0	11497	37129.60		
**** JUSTIFICATION:														
THE POSITION WILL WORK ON THE TOBACCO PREVENTION AND CONTROL INITIATIVE. THE POSITION IS FUNDED WITH GF.														
												TRAVEL COSTS	0.00	
												CONTRACTUAL COSTS	0.00	
												SUPPLIES COSTS	0.00	
												EQUIPMENT COSTS	0.00	

001509

2/17/98

10:50:04.9

PERSONAL SERVICE EXPENDIT

NEW POSITION DETAIL REPORT

PAGE:

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DEPARTMENT OF HEALTH AND SOGIA.

VICES SCENARIO: 1

COMPONENT #: 0406028800 NAME: TOBACCO PREVENTION AND CONTROL

BRU NAME: STATE HEALTH SERVICES

PCN	UNAUTH PCN	JOB CLASS TITLE	T S	LOCATION NAME	R B C U	S	R&S BUDG	HOS	SALARY	PREM PAY	BENES	PER.SERV. COSTS	G.F. AMOUNT
-----	---------------	-----------------	--------	---------------	------------	---	-------------	-----	--------	-------------	-------	--------------------	----------------

OTHER COSTS 0.00

TOTAL COSTS 37129.60 0.00

*** FUNDING DETAIL:

1119 TOBACCO SETTLEMENT REVENUE 37129.60

TOTAL FUNDING 37129.60

**** COMPONENT TOTALS:

FULL TIME NEW POSITIONS	4
PART TIME/SEASONAL NEW POSITIONS	0
NON PERMANENT NEW POSITIONS	0
OTHER.....	0
====	

TOTAL PERSONAL SERVICES 269135.77

TOTAL COSTS INC. ASSOC COSTS 269135.77

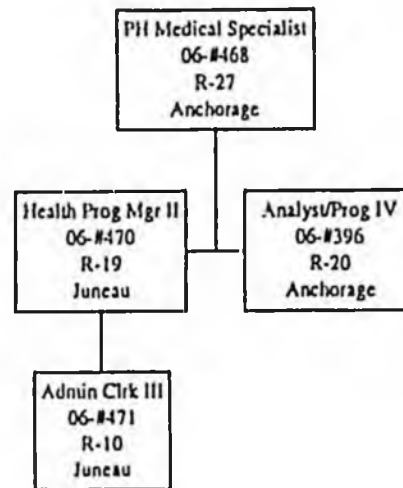
NUMBER OF NEW POSITIONS IN COMPONENT: 4

FUNDING DATA: C.F. & G.F. MATCH: 0.00

OTHER FUNDS: 269135.77

TOTAL FUNDING: 269135.77

Department of Health & Social Services
Division of Public Health
State Health Services/Tobacco Prevention and Control (2375)
November 17, 1998



CODE	TRAVEL AND MOVING CLASSIFICATION	FY 98 ACTUAL	FY 99 AUTHORIZED	FY 2000 ADJ BASE	FY 2000 GOVERNOR
72000	Total Travel and Moving Interagency Transfers (non-add)	0.0	0.0	0.0	80.0

FUNDING SOURCES

1002	Federal Receipts				
1003	General Fund Match				
1004	General Fund				
1005	General Fund Program Receipts				
1007	Interagency Receipts				
1037	General Fund Mental Health				
1061	CIP Receipts				
1092	MHTAAR				
1108	Statutory Designated Program Receipts Other				80.0

CODE	DESCRIPTION	EXPLANATION	FY 99 AUTHORIZED	FY 2000 ADJ BASE	FY 2000 GOVERNOR
72240	Field Travel: to provide training to Contractors and Grantees.				40.0
72500	Per Diem: Meals and Lodging costs associated with field travel.				40.0

TRAVEL AND
MOVING
Form C200

AGENCY Department of Health and Social Services

BRU State Health Services

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Revised Date:

FY 2000

CODE	CONTRACTUAL SERVICES CLASSIFICATION	FY 98 ACTUAL	FY 99 AUTHORIZED	FY 2000 ADJ BASE	FY 2000 GOVERNOR
73000	Total Contractual Services Interagency Transfers (non-add)	0.0	0.0	0.0	701.6

FUNDING SOURCES

1002	Federal Receipts				
1003	General Fund Match				
1004	General Fund				
1005	General Fund Program Receipts				
1007	Interagency Receipts				
1037	General Fund Mental Health				
1061	CIP Receipts				
1092	MHTAAR				
1108	Statutory Designated Program Receipts				
	Other				701.6

CODE	DESCRIPTION	EXPLANATION	FY 99 AUTHORIZED	FY 2000 ADJ BASE	FY 2000 GOVERNOR
73100	Professional Services: Agreement with local groups				556.6
73300	Communications: Local and long distance service, State Network, data lines				20.0
73500	Advertising, printing and binding				100.0
73600	Public Utilities: electricity, water, sewer, refuse				8.0
73800	Rent/Lease				17.0

**C300
CONTRACTUAL
SERVICES**

AGENCY Department of Health and Social Services

BRU State Health Services

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Revised Date:

FY 2000

CODE	SUPPLIES AND MATERIALS CLASSIFICATION	FY 98 ACTUAL	FY 99 AUTHORIZED	FY 2000 ADJ BASE	FY 2000 GOVERNOR
74000	Total Supplies and Materials Interagency Transfers (non-add)	0.0	0.0	0.0	25.0

FUNDING SOURCES

1002	Federal Receipts				
1003	General Fund Match				
1004	General Fund				
1005	General Fund Program Receipts				
1007	Interagency Receipts				
1037	General Fund Mental Health				
1061	CIP Receipts				
1092	MHTAAR				
1108	Statutory Designated Program Receipts				
	Other				25.0

CODE	EXPLANATION	FY 99 AUTHORIZED	FY 2000 ADJ BASE	FY 2000 GOVERNOR
74220	Office and Library Supplies: Paper, stationery, reference and educational materials			10.0
74560	Data Processing Supplies			15.0

**C400
SUPPLIES AND
MATERIALS**
Revised 7/98

AGENCY Department of Health and Social Services

BRU State Health Services

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Revised Date:

FY 2000

AD 117

CODE	EQUIPMENT AND MACHINERY CLASSIFICATION	FY 98 ACTUAL	FY 99 AUTHORIZED	FY 2000 ADJ BASE	FY 2000 GOVERNOR
75000	Total Equipment and Machinery Interagency Transfers (non-add)	0.0	0.0	0.0	30.0

FUNDING SOURCES

1002	Federal Receipts				
1003	General Fund Match				
1004	General Fund				
1005	General Fund Program Receipts				
1007	Interagency Receipts				
1037	General Fund Mental Health				
1061	CIP Reciepts				
1092	MHTAAR				
1108	Statutory Designated Program Receipts				
	Other				30.0

CODE	DESCRIPTION	EXPLANATION	FY 99 AUTHORIZED	FY 2000 ADJ BASE	FY 2000 GOVERNOR
76050	Furniture and Office Equipment: Computers, monitors,, printer and modular work spaces.				30.0

**C500
EQUIPMENT AND
MACHINERY**

AGENCY Department of Health and Social Services

BRU State Health Services

Page 1 of 1

Revised Date:

FY 2000

001508

CODE	EXPENDITURE CLASSIFICATION	FY 98 ACTUAL	FY 99 AUTHORIZED	FY 2000 ADJ BASE	FY 2000 GOVERNOR
75025	Total Lands, Buildings, Non-structural Improvements Interagency Transfers (non-add)	0.0	0.0	0.0	0.0
77000	Total Assistance, Grants, and Benefits Interagency Transfers (non-add)	0.0	0.0	0.0	1,894.3
78000	Total Miscellaneous and Debl Service Interagency Transfers (non-add)	0.0	0.0	0.0	0.0

FUNDING SOURCES

1002	Federal Receipts				
1003	General Fund Match				
1004	General Fund				
1005	General Fund Program Receipts				
1007	Interagency Receipts				
1037	General Fund Mental Health				
1061	CIP Reciepts				
1092	MHTAAR				
1108	Statutory Designated Program Receipts				
	Other				1,894.3

CODE	DESCRIPTION	EXPLANATIO..	FY 99 AUTHORIZED	FY 2000 ADJ BASE	FY 2000 GOVERNOR
77400	Grants to Other Government agencies: Grants to local community groups				1,894.3

C700
LANDS, GRANTS, &
MISCELLANEOUS
Revised 7/98

AGENCY Department of Health and Social Services

BRU State Health Services

Page 1 of 1

Revised Date:

FY 2000

001519

ADN 2/4/99

Settlement could aid smokers

I am writing this letter concerning Alaska's tobacco settlement.

The state of Alaska says it's going to use the money for teenage smoking. I don't believe that. It's going in the pockets of the Anchorage Police Department and the politicians. My father died from emphysema, so it's too late to help him. Now my wife is trying to quit. She and many others started smoking as teenagers. What about them?

The taxes on cigarettes were paid by these people and should be used to give them the help they need to quit. Put this money where it belongs to help the people who paid it with their lungs and taxes over many years.

Make it harder for teens to get tobacco by selling it only in special smoke shops and alcohol establishments where IDs are already checked and you wouldn't have to pay APD officers overtime to stake out the places teens frequent. Some examples are movie theaters, service stations, restaurants, malls,

grocery stores — the list is endless.

If the people and politicians are serious about stopping teenage smoking, take away all the chances they have to buy cigarettes each day.

If they even enter an alcohol establishment they can be fined \$1,000. Make it the same for the smoke shops. If they can't get them, they can't smoke them. Then the people who really need the help, that the tobacco settlement represents, would be able to get the medical help they need to quit the deadly habit they acquired by the greed of the tobacco companies.

These people are the ones who are hooked

and in danger, not the teens who could easily be stopped.

— Dan Gates
Chuglak

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER



INTERIM:
716 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 269-0117
FAX: (907) 269-0119

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4968
FAX: (907) 465-2040

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us

Representative Norman Rokeberg

Tobacco Settlement Bill

SPONSOR STATEMENT House Bill 21

This legislation concerns funds that Alaska will receive under the tobacco settlement. It is an appropriation bill that would allocate 50 percent of the funds received before July 1, 2000 to the medical assistance program, and 50 percent to tobacco smoking education and cessation programs, including health screening and chest x-rays for tobacco smokers.

On November 23, 1998, the Attorneys General and representatives of 46 states, Puerto Rico, the U.S. Virgin Islands, the Northern Mariana Islands, Guam, and the District of Columbia signed an agreement with the five largest tobacco manufacturers. This settlement ended a four-year legal battle involving the effects of tobacco use. During the next twenty-five years, states will receive over \$206 billion from the settlement. Alaska will receive an up-front payment of \$8,194,049.54 in addition to annual payments through 2025. The first annual payment will total \$21,890,915.46. Receipt of this first payment and the up-front payment is expected no later than June 30, 2000. (See Exhibits A and B for additional information.)

The concept of House Bill 21 is a simple one: the people who inspired the lawsuit against the tobacco companies—smokers and others who suffer from the effects of smoking—are entitled to benefit from the settlement funds.

Appropriating a portion of these funds to the medical assistance program will offset Alaska's Medicaid expenses attributed to smoking-related illnesses. Increased Medicaid expenses were among the damages claimed by the State in its lawsuit against the tobacco companies, and the State has an obligation to use a portion of the damages it collected for Medicaid.

The designation of the remaining portion of the funds for tobacco smoking education, cessation, and health screening programs (including chest x-rays) aids Alaskans who currently smoke. Further, it ensures sufficient funding for educational programs aimed at discouraging and reducing consumption, particularly among our youth. As a smoker myself, I am personally aware of the hazards of smoking, the difficulties involved in quitting, and the importance of having access to the proper care and resources in

order to avoid serious medical consequences. I believe that smokers are the tobacco companies' biggest victims, and consequently have a right to benefit from a portion of the settlement.

Although individuals may still file lawsuits against tobacco companies, it would be difficult for them to win; their resources are limited compared to those of the industry. **Practically speaking, the settlement reached between the tobacco companies and the states is the only recourse smokers will have in recovering damages inflicted by the tobacco industry.** Thus a portion of the settlement should be allocated to help those who physically suffered at the hands of the tobacco companies.

It is the sponsor's intention that upon passage of this bill, the education, cessation, and screening programs would be contracted out to several non-profit organizations under the umbrella of the Department of Health and Social Services (See House Bill 37). A major focus of these programs would be providing smokers with access to smoking-cessation aids (such as gum and patches) either at nominal costs or free of charge. The Department of Health and Social Services would be responsible for oversight of these programs only, so as to avoid more bureaucracy in government.

The State has the responsibility to disburse the funds in a way that will benefit those for whom the settlement was intended. In the long run, all Alaskans—smokers or not—will profit from these appropriations and I urge you to support this legislation.

Sources: National Conference of State Legislatures
State v. Philip Morris, Inc., Superior Court, First Judicial District, 1JU-97-915 Civil

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us



INTERIM:
716 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 269-0117
FAX: (907) 269-0119

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4968
FAX: (907) 465-2040

Representative Norman Rokeberg

SECTIONAL ANALYSIS HOUSE BILL 21 TOBACCO SETTLEMENT

Prepared by: Rep. Rokeberg

Section 1: All money received by the state (except money received for attorney and litigation costs) before July 1, 2000 via the settlement of State v. Philip Morris, Inc., Superior Court, First Judicial District, 1JU-97-915 Civil is appropriated to the Department of Health and Social Services as follows: Fifty (50) percent for the medical assistance for needy persons program and fifty (50) percent for tobacco smoking education and cessation programs and for health screening programs for tobacco smokers, including chest x-rays.

Section 2: Act takes effect immediately under AS 01.10.070(c).

EXHIBIT A

Under provisions of the agreement, states must begin implementation of the settlement agreement immediately. There are two effective dates related to the economic provisions of the settlement agreement: the State Specific Finality Date and the Final Approval Date. The State Specific Finality Date is the date when a state court gives final approval to the settlement and the consent decree. The Final Approval Date is the earlier of June 30, 2000 or the date when 80 percent of the states have obtained State Specific Finality and those states represent 80 percent of the payments. If the requisite number of states have not reached State Specific Finality before June 30, 2000, the funds will become available to all states that *have* reached State Specific Finality on June 30, 2000.

The State Attorney General anticipates that Alaska's State Specific Finality will be reached by April 1999. However, due to other states' delays in achieving State Specific Finality, the "80-80" rule might not be met soon. Consequently, it is likely that Alaska's first payment will be received close to the June 30, 2000 deadline.

Sources: National Conference of State Legislatures
Alaska Legislative Finance Division
Alaska Attorney General Bruce Botelho

EXHIBIT B

Annual Payments to Each State

Year	1998	1999	2000	2001	2002	2003	2004 to 2007	2008 to 2017	2018 to 2025	Total
Amount	\$2,400,000,000.00	\$0.00	\$6,411,750,000.00	\$6,923,660,000.00	\$8,313,294,800.00	\$8,391,971,144.00	\$7,004,000,000.00	\$7,143,000,000.00	\$8,003,999,997.00	\$195,918,675,920.00
Alabama	\$38,787,139.87	\$0.00	\$103,622,268.35	\$111,895,403.67	\$134,353,720.06	\$135,625,232.71	\$113,193,803.17	\$115,440,225.02	\$129,355,111.40	\$3,166,302,118.81
Alaska	\$8,194,049.54	\$0.00	\$21,890,915.46	\$23,638,672.09	\$28,383,145.58	\$28,651,761.36	\$23,912,967.90	\$24,387,539.93	\$27,327,155.19	\$668,903,056.50
Arizona	\$35,373,226.92	\$0.00	\$94,501,786.55	\$102,046,748.46	\$122,528,359.76	\$123,687,958.17	\$103,230,867.24	\$105,279,566.63	\$117,969,711.74	\$2,887,614,909.02
Arkansas	\$19,873,586.24	\$0.00	\$53,093,527.74	\$57,332,480.87	\$68,839,575.47	\$69,491,067.60	\$57,997,749.17	\$59,148,761.04	\$66,278,410.08	\$1,622,336,125.69
California	\$306,334,930.78	\$0.00	\$818,392,913.50	\$883,732,877.84	\$1,061,105,244.62	\$1,071,147,458.11	\$893,987,439.65	\$911,729,337.72	\$1,021,626,993.76	\$25,006,972,510.74
Colorado	\$32,900,674.16	\$0.00	\$87,896,267.30	\$94,913,784.01	\$113,963,751.40	\$115,042,295.05	\$96,015,134.08	\$97,920,631.45	\$109,723,748.27	\$2,685,773,548.89
Connecticut	\$44,556,896.25	\$0.00	\$119,036,533.13	\$128,540,333.44	\$154,339,422.45	\$155,800,078.15	\$130,031,875.55	\$132,612,462.45	\$148,597,248.93	\$3,637,303,381.55
Delaware	\$9,491,268.84	\$0.00	\$25,356,517.92	\$27,380,966.02	\$32,876,548.30	\$33,187,689.27	\$27,698,686.24	\$28,248,388.89	\$31,653,381.58	\$774,798,676.89
D.C.	\$14,570,838.84	\$0.00	\$38,926,906.65	\$42,034,805.86	\$50,471,532.83	\$50,949,191.30	\$42,522,564.69	\$43,366,459.11	\$48,593,747.53	\$1,189,458,105.56
Florida	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Georgia	\$58,906,980.41	\$0.00	\$157,373,679.86	\$169,938,293.33	\$204,046,289.14	\$205,977,366.58	\$171,910,204.50	\$175,321,900.45	\$196,454,779.60	\$4,808,740,668.60
Hawaii	\$14,444,759.81	\$0.00	\$38,590,078.62	\$41,671,085.70	\$50,034,811.08	\$50,508,336.45	\$42,154,624.04	\$42,991,216.38	\$48,173,273.94	\$1,179,165,923.07
Idaho	\$8,718,317.14	\$0.00	\$23,291,529.13	\$25,151,109.85	\$30,199,141.89	\$30,484,944.11	\$25,442,955.52	\$25,947,891.39	\$29,075,587.65	\$711,700,479.23
Illinois	\$111,701,933.67	\$0.00	\$298,418,697.16	\$322,244,254.19	\$386,921,293.46	\$390,583,085.03	\$325,983,476.42	\$332,452,880.08	\$372,525,948.64	\$9,118,539,359.10
Indiana	\$48,955,278.39	\$0.00	\$130,787,085.94	\$141,229,042.84	\$169,574,858.88	\$171,179,701.52	\$142,867,820.78	\$145,703,147.32	\$163,265,853.39	\$3,996,355,551.01
Iowa	\$20,872,006.95	\$0.00	\$55,760,871.07	\$60,212,783.18	\$72,297,977.85	\$72,982,200.02	\$60,911,473.61	\$62,120,310.68	\$69,608,143.15	\$1,703,839,985.56
Kansas	\$20,008,109.65	\$0.00	\$53,452,915.44	\$57,720,561.87	\$69,305,547.47	\$69,961,449.52	\$58,390,333.34	\$59,549,136.35	\$66,727,045.67	\$1,633,317,646.19
Kentucky	\$42,267,806.11	\$0.00	\$112,921,085.75	\$121,936,632.68	\$146,410,305.30	\$147,795,920.49	\$123,351,547.49	\$125,799,557.93	\$140,963,133.32	\$3,450,438,586.10
Louisiana	\$54,128,474.21	\$0.00	\$144,607,601.88	\$156,152,979.89	\$187,494,151.32	\$189,268,580.68	\$157,964,930.57	\$161,099,871.36	\$180,518,461.42	\$4,418,657,915.22
Maine	\$18,464,411.55	\$0.00	\$49,328,829.47	\$53,267,211.52	\$63,958,373.54	\$64,563,670.37	\$53,885,307.70	\$54,954,704.87	\$61,578,812.49	\$1,507,301,275.81
Maryland	\$54,250,967.50	\$0.00	\$144,934,850.37	\$156,506,355.69	\$187,918,452.52	\$189,696,897.43	\$158,322,406.83	\$161,464,442.03	\$180,926,976.56	\$4,428,657,383.58
Mass.	\$96,935,496.43	\$0.00	\$258,969,237.19	\$279,645,174.68	\$335,772,232.68	\$338,949,953.70	\$282,890,090.42	\$288,504,271.26	\$323,279,880.48	\$7,913,114,212.77
Michigan	\$104,446,741.41	\$0.00	\$279,035,997.59	\$301,314,052.34	\$361,790,230.09	\$365,214,183.32	\$304,810,407.01	\$310,859,614.11	\$348,329,882.46	\$8,526,278,033.60
Minnesota	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mississippi	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Missouri	\$54,590,425.53	\$0.00	\$145,841,733.70	\$157,485,644.00	\$189,094,291.94	\$190,883,864.90	\$159,313,058.50	\$162,474,753.97	\$182,059,069.06	\$4,456,368,286.30
Montana	\$10,194,218.72	\$0.00	\$27,234,492.45	\$29,408,876.82	\$35,311,477.28	\$35,645,662.22	\$29,750,128.30	\$30,340,543.46	\$33,997,719.42	\$832,182,430.63
Nebraska	\$14,279,599.86	\$0.00	\$38,148,843.51	\$41,194,622.66	\$49,462,718.04	\$49,930,829.17	\$41,672,632.27	\$42,499,659.09	\$47,622,465.53	\$1,165,683,457.48
Nevada	\$14,638,443.42	\$0.00	\$39,107,516.49	\$42,229,835.47	\$50,705,706.47	\$51,185,581.14	\$42,719,857.37	\$43,567,667.21	\$48,819,208.77	\$1,194,976,854.76
New Hampshire	\$15,982,416.92	\$0.00	\$42,698,025.70	\$46,107,008.63	\$55,361,059.77	\$55,884,992.33	\$46,642,020.04	\$47,567,668.35	\$53,301,360.40	\$1,304,689,150.27
New Jersey	\$92,807,910.83	\$0.00	\$247,942,134.27	\$267,737,674.95	\$321,474,801.04	\$324,517,212.33	\$270,844,419.77	\$276,219,544.60	\$309,514,382.50	\$7,576,167,918.47
New Mexico	\$14,313,352.87	\$0.00	\$38,239,016.77	\$41,291,995.30	\$49,579,634.15	\$50,048,851.76	\$41,771,134.78	\$42,600,116.47	\$47,735,031.79	\$1,168,438,809.05
New York	\$306,288,745.07	\$0.00	\$818,269,525.50	\$883,599,638.62	\$1,060,945,263.21	\$1,070,985,962.65	\$893,852,654.37	\$911,591,877.52	\$1,021,472,964.43	\$25,003,202,243.12
North Carolina	\$55,974,840.09	\$0.00	\$149,540,283.73	\$161,479,483.90	\$193,889,727.95	\$195,724,684.52	\$163,353,241.67	\$166,595,117.83	\$186,676,091.64	\$4,569,381,898.24
North Dakota	\$8,784,330.94	\$0.00	\$23,467,889.12	\$25,341,550.30	\$30,427,805.29	\$30,715,771.56	\$25,635,605.78	\$26,144,364.95	\$29,295,743.66	\$717,089,369.09
Ohio	\$120,900,234.58	\$0.00	\$322,992,532.93	\$348,780,049.22	\$418,783,038.09	\$422,746,366.61	\$352,827,184.57	\$359,829,323.15	\$403,202,282.16	\$9,869,422,448.51
Oklahoma	\$24,867,287.65	\$0.00	\$66,434,513.15	\$71,738,602.00	\$86,137,122.12	\$86,952,316.82	\$72,571,034.45	\$74,011,264.86	\$82,932,404.27	\$2,029,985,862.29
Oregon	\$27,543,797.82	\$0.00	\$73,584,977.37	\$79,459,954.68	\$95,408,213.01	\$96,311,148.56	\$80,381,983.32	\$81,977,228.27	\$91,858,565.71	\$2,248,476,833.11
Penn.	\$137,924,610.41	\$0.00	\$368,474,217.00	\$397,892,961.71	\$477,753,311.03	\$482,274,729.42	\$402,509,988.05	\$410,498,121.73	\$459,978,575.54	\$11,259,169,603.46
Rhode Island	\$17,253,727.23	\$0.00	\$46,094,410.65	\$49,774,558.78	\$59,764,717.02	\$60,330,325.43	\$50,352,127.30	\$51,351,405.67	\$57,541,180.29	\$1,408,469,747.28
South Carolina	\$28,232,446.25	\$0.00	\$75,424,744.69	\$81,446,607.84	\$97,793,603.59	\$98,719,114.28	\$82,391,688.98	\$84,026,818.16	\$94,155,208.21	\$2,304,693,119.82
South Dakota	\$8,374,699.41	\$0.00	\$22,373,532.90	\$24,159,821.39	\$29,008,893.79	\$29,283,431.59	\$24,440,164.46	\$24,925,199.13	\$27,929,622.54	\$683,650,008.54
Tennessee	\$58,581,467.29	\$0.00	\$156,504,051.21	\$168,999,234.09	\$202,918,753.08	\$204,839,159.61	\$170,960,248.71	\$174,353,092.02	\$195,369,193.34	\$4,782,168,127.09
Texas	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Utah	\$10,677,285.47	\$0.00	\$28,525,035.47	\$30,802,455.97	\$36,984,759.08	\$37,334,779.83	\$31,159,878.10	\$31,778,270.89	\$35,608,747.04	\$871,616,513.42
Vermont	\$9,868,441.49	\$0.00	\$26,364,158.22	\$28,469,055.67	\$34,183,026.39	\$34,506,531.76	\$28,799,401.75	\$29,370,948.99	\$32,911,252.36	\$805,588,329.25
Virginia	\$49,073,882.70	\$0.00	\$131,103,944.75	\$141,571,199.45	\$169,985,689.11	\$171,594,419.81	\$143,213,947.68	\$146,056,143.38	\$163,661,398.74	\$4,006,037,550.26

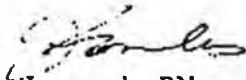
Washington	\$49,278,196.65	\$0.00	\$131,649,782.25	\$142,160,616.27	\$170,693,406.67	\$172,308,835.15	\$143,810,203.90	\$146,664,232.79	\$164,342,785.78	\$4,022,716,266.79
West Virginia	\$21,275,048.98	\$0.00	\$56,837,623.03	\$61,375,502.33	\$73,694,064.18	\$74,391,498.79	\$62,087,684.60	\$63,319,864.52	\$70,952,288.31	\$1,736,741,427.33
Wisconsin	\$49,728,936.59	\$0.00	\$132,853,962.15	\$143,460,937.12	\$172,254,712.48	\$173,884,917.03	\$145,125,613.28	\$148,005,747.52	\$165,846,003.46	\$4,059,511,421.32
Wyoming	\$5,960,276.82	\$0.00	\$15,923,252.04	\$17,194,554.25	\$20,645,640.96	\$20,841,029.62	\$17,394,074.52	\$17,739,273.88	\$19,877,523.19	\$486,553,976.10
American Samoa	\$365,208.62	\$0.00	\$975,677.65	\$1,053,575.12	\$1,265,036.21	\$1,277,008.41	\$1,065,800.48	\$1,086,952.15	\$1,217,970.74	\$29,812,995.31
N. Marianas	\$202,503.22	\$0.00	\$541,000.00	\$584,193.09	\$701,445.39	\$708,083.81	\$590,971.89	\$602,700.20	\$675,348.22	\$16,530,900.80
Guam	\$526,489.51	\$0.00	\$1,406,549.63	\$1,518,847.65	\$1,823,692.71	\$1,840,951.99	\$1,536,471.89	\$1,566,964.41	\$1,755,842.52	\$42,978,803.27
US Virgin Island	\$416,623.09	\$0.00	\$1,113,034.64	\$1,201,898.61	\$1,443,129.42	\$1,456,787.08	\$1,215,845.06	\$1,239,974.49	\$1,389,438.02	\$34,010,102.11
Puerto Rico	\$26,910,657.33	\$0.00	\$71,893,502.96	\$77,633,434.04	\$93,215,094.84	\$94,097,274.89	\$78,534,268.30	\$80,092,843.87	\$89,747,042.15	\$2,196,791,813.07
	\$2,400,000,000.00	\$0.00	\$6,411,750,000.00	\$6,923,660,000.00	\$8,313,294,800.00	\$8,391,971,144.00	\$7,004,000,000.00	\$7,143,000,000.00	\$8,003,999,997.00	\$195,918,675,920.00

Source: National Association of Attorneys General (<http://www.naag.org/tob2.htm>)

Jane combs, RN
box 566
barrow, AK 99723
4 march 1999

I support using at lease 25% of the tobacco settlement money for tobacco prevention and cessation programs.

As a public health nurse, I see the damage done to both smokers and recipients of second-hand smoke, most notable, children. It is imperative that we do everything in our power to help others fight this terrible addiction and medical problem.



Jane combs, RN
513 42 3498
907 852 5792

to:
rep. John coghill
rep. Jim whitaker
rep. Tom brice
rep. Gene therriault
rep. Fred dyson
rep. Allen kemplen

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CSHB37

Revision Date/Time (Note if correction) _____ Dept. Affected DHSS
 Title Relating to Smoking Education and Cessation BRU State Health Services
 Component Tobacco Prevention & Control
 Sponsor Rokeberg
 Requester House (HES) Component Serial No. 2375

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	84.4	84.4	84.4	84.4	84.4	84.4
Travel	15.0	15.0	15.0	15.0	15.0	15.0
Contractual	1,026.0	1,026.0	1,026.0	1,026.0	1,026.0	1,026.0
Supplies	5.5	5.5	5.5	5.5	5.5	5.5
Equipment	7.5	7.5	7.5	7.5	7.5	7.5
Land & Structures						
Grants & Claims	1,860.0	1,860.0	1,860.0	1,860.0	1,860.0	1,860.0
Miscellaneous	1.6	1.6	1.6	1.6	1.6	1.6
TOTAL OPERATING	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0

Estimate of any current year (FY99) cost: 0.0

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

A comprehensive tobacco prevention and control program is required if Alaska is ever to become tobacco-free. Based on CDC's "Best Practices" Guidelines, the attached one page summary describes the core components and requested funding levels of a comprehensive tobacco prevention and control program. A critical component of the program is the capacity for planning, evaluation, and surveillance. Funding is requested to support 0.5 FTE of a public health specialist and 0.5 FTE of a research analyst III. These positions would work with tobacco prevention and control staff to design and implement on-going surveillance and evaluation efforts required to monitor tobacco control efforts and use over time and to evaluate tobacco control efforts at all levels. Liasion work between the state and local programs, as well as training, are imperative. (See attached document for budget details)

Prepared by Peter M. Nakamura, MD Phone 465-3090
 Division Public Health Date/Time 4/15/99 10:28 AM
 Approved by Commissioner [Signature] Date 4/15/99
 Agency Department Health and Social Services

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Local Community Programs and Statewide Partnerships (\$1,439,475)

- Involve individuals in their homes, work sites, places of worship, entertainment venues, and civic organizations.
- Include community professional, geographic and ethnic diversity and strengths.
- Promote community-wide policies such as access and advertising restrictions, and clean indoor air initiatives.
- Promote and support accessible cessation programs.
- Statewide quit line providing general information, referrals, and self-help kits
- Physician training, and statewide evaluation coordination
- Reaching special populations such as youth, women, ethnic minorities, and low income individuals
- Technical support to provide updates and materials on educational strategies, policy and current research
- Program coordination to expand diversity of alliance members to include tobacco industry target populations such as minorities, youth and women.

School-Based Programs - (\$416,475)

- Promote a zero tolerance school policy on tobacco use for students, staff, and visitors.
- Provide peer-teaching programs.
- Assure tobacco prevention instruction for all students and teachers.
- Provide cessation support for smokers.

Counter-Marketing - (\$511,475)

- Place effective ads on primetime television, radio, billboard, and print.
- Focus on the responsibility of the industry both towards financial costs and health liability.
- Maintain tested, up to date, rapid response, and sustained ads.
- Provide technical assistance to local programs to ensure that statewide campaigns are coordinated with local efforts

Surveillance and Evaluation - (\$257,100)

- Assist in local program evaluation and outcomes measurement work
- Develop capacity for data collection and analysis in such areas as regional, state, and national health and smoking cessation statistics.
- Produce reports and disseminate findings to partners, grantees, and policy makers.
- Provide training and technical assistance to partners and grantees on the collection and use of data in program evaluation.

Enforcement - (\$375,475)

- FDA Merchant Inspections
- Local Agency Merchant Inspections/Prosecutions/Hearings
- Merchant Education
- Diversion Programs for under age offenders

1-LS0185VH/
Cook
2/17/99

CS FOR HOUSE BILL NO. 21()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE ROKEBERG

A BILL

FOR AN ACT ENTITLED

1 "An Act making a special appropriation for the medical assistance for needy
2 persons program and for certain programs relating to tobacco smoking and use;
3 and providing for an effective date."

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

5 * Section 1. Except for money to reimburse the state for attorney fees and costs of
6 litigation, all money received by the state before July 1, 2000, as a result of the settlement of
7 State v. Philip Morris, Inc., Superior Court, First Judicial District, 1JU-97-915 Civil, is
8 appropriated to the Department of Health and Social Services as follows:

9 (1) 50 percent of the receipts for the medical assistance for needy persons
10 program (AS 47.07); and

11 (2) 50 percent of the receipts for a comprehensive tobacco smoking cessation
12 and tobacco use prevention and control program.

13 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

- 1 (4) nutrition services;
- 2 (5) health education;
- 3 (6) laboratories;
- 4 (7) mental health treatment and diagnosis;
- 5 (8) management of state institutions, except for adult penal institutions;
- 6 (9) medical facilities;
- 7 (10) adult public assistance;
- 8 (11) Alaska temporary assistance program;
- 9 (12) child welfare services;
- 10 (13) general relief; [AND]
- 11 (14) licensing and supervision of child care facilities; and
- 12 (15) a comprehensive smoking education, tobacco use prevention,
- 13 and tobacco control program; to the maximum extent possible, the department
- 14 shall conduct the program required under this paragraph by contract with
- 15 nonprofit organizations in the state; the program must include
- 16 (A) a community-based smoking cessation component using
- 17 cessation aids such as a nicotine patch or a gum tobacco substitute;
- 18 (B) school-based efforts;
- 19 (C) anti-tobacco marketing;
- 20 (D) tobacco use surveillance and evaluation; and
- 21 (E) enforcement components.

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE AND BOARD MEMBERS

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BUDGETARY COMMITTEE MEMBER
LEGISLATIVE COUNCIL MEMBER
SPECIAL COMMITTEE ON HEALTH CARE COSTS MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT & TOURISM MEMBER



MEMBER
LEGISLATIVE COUNCIL
ALASKA STATE CAPITAL
BUDGETARY COMMITTEE
SPECIAL COMMITTEE ON
ECONOMIC DEVELOPMENT & TOURISM

e-mail Representative Norman Rokeberg: nrokeberg@alaska.gov

Representative Norman Rokeberg

Smoking Education and Cessation Programs Bill

SPONSOR STATEMENT House Bill 37

This legislation was introduced in conjunction with House Bill 21, which concerns funds that Alaska will receive under the tobacco settlement. House Bill 37 adds smoking education and cessation programs to the list of state programs administered by the Department of Health and Social Services.

According to the Alaska Tobacco Control Alliance, about 500 Alaskans die every year from smoking-related illnesses. Alaska has one of the highest smoking rates in the country, and more than 80 percent of Alaskans who smoke report that they want to quit. We need to lend a hand to those who want to quit, and prevent people—our youth, in particular—from starting this potentially deadly habit.

As a smoker myself, I can sympathize with those who are addicted to tobacco. I personally know how difficult it can be to quit, especially with limited support and resources. Even for smokers who have the will to quit, the high costs of smoking-cessation aids such as patches (approximately \$108 per month) and gum (about \$120 per month) may discourage their efforts. Thus an important focus of the programs in this bill would be providing smokers with access to smoking-cessation aids either at a discount or for free. Programs such as the ones introduced in this bill are vital to ensure that smokers have the assistance they need in kicking their habit, and that our youth are educated on the dangers of smoking. Improving the health of Alaskans would also reduce the costs to individuals and the State for smoking-related illnesses.

It is the sponsor's intention that contractual agreements be made with non-profit organizations such as (but not limited to) the American Lung Association of Alaska, the American Cancer Society, and the Alaska Native Health Board to implement the smoking education and cessation programs. The Department of Health and Social Services would be responsible for oversight of these programs only. We do not need to contribute to government bureaucracy by adding additional program responsibilities to the State.

We believe this bill will be a valuable tool in shaping the future of **all** Alaskans—whether they be young or old, smokers or not—by improving their overall health, decreasing smoking-related medical costs, protecting our future generations from the negative effects of smoking, and even saving lives.

I urge you to support this legislation.

SPONSOR STATEMENT

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR COMMERCIAL COMMITTEE - CHAIRMAN
LEGISLATIVE COMMITTEE - MEMBER
REGULATORY COMMITTEE - MEMBER
SPECIAL COMMITTEE ON THE 1990 BUDGET - MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT - MEMBER
TOUR MEMBER

e-mail: Representative.Norman.Rokeberg@legis.state.ak.us



CLERK
THE HOUSE OF REPRESENTATIVES
ALASKA STATE CAPITAL
JUNEAU, ALASKA 99801
PHONE: 907.586.3117
FAX: 907.586.3119

SENATOR
ALASKA STATE CAPITAL
JUNEAU, ALASKA 99801
PHONE: 907.586.3119
FAX: 907.586.3119

Representative Norman Rokeberg

SECTIONAL ANALYSIS HOUSE BILL 37 SMOKING EDUCATION AND CESSATION PROGRAMS

Prepared by: Rep. Rokeberg

Section 1: Amends AS 44.29.020(a) (Duties of department) to include smoking education and cessation programs in the list of state programs administered by the Department of Health and Social Services.

FROM THE OFFICE OF HEALTHY NATIONS

320 W. Willoughby Ave., Suite 300, Juneau 99801

463-7350 (fax 586-8970)



TO: Representative Fred Dyson **Fax No:** 465-4587

FROM: Georgia Finau, Program Manager
Healthy Nations

DATE: March 8, 1999

SUBJECT: Tobacco Settlement Hearing **1 Page**

Healthy Nations of Central Council Tlingit/Haida Indian Tribes of Alaska would like to go on record that we support using AT LEAST 30% of the tobacco settlement money for tobacco prevention and cessation programs. Tobacco use amongst our Native youth is very high. The consequence of smoking harms the body and causes much heartache for the individual and family.

We at Healthy Nations work to provide factual information on the consequence of smoking to all of our clients. However, the percentage of smokers continues to increase. Smoking is an addiction that can be avoided by not starting! Prevention programs can get the word out and; hopefully, individuals would think twice about starting to smoke.

We encourage you to support the 30% of the tobacco settlement to go towards prevention and cessation programs.

Thank you for your support.

RECOVERY CENTER

126 Washington Street
Ketchikan, AK 99901
(907) 247-4330
(907) 247-4293 fax

March 10, 1999

Representative Fred Dyson, Co-Chair
Representative John Coghill, Co-Chair
House HESS Committee
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Dear Representatives Dyson and Coghill:

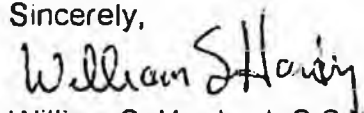
Ketchikan General Hospital Recovery Center gives strong support for investing tobacco settlement money on effective tobacco prevention and cessation programs. We believe tobacco company payments should go to fight tobacco company harms, and therefore support House Bill 21 and 37.

You are aware of the devastating statistics. Tobacco-related diseases are the leading cause of preventable death in Alaska; claiming the lives of one out of five Alaskans. Nearly all these people started using tobacco as children. The tobacco tax was an important first step, but only part of what is needed to establish a comprehensive tobacco prevention and cessation effort in Alaska.

Representative Rokeberg's House Bill 21 requests 50% of the tobacco settlement moneys be appropriated for tobacco reduction programs. We applaud Representative Rokeberg's effort and support this bill. Alaskans want to see the money spent for the intended purpose. Seventy-seven percent of Alaskans polled believe about half or more of the settlement should be invested to reduce smoking among kids.

A comprehensive statewide tobacco prevention and cessation strategy would dramatically reduce tobacco use rates in Alaska. The tobacco industry has given us the opportunity. We encourage you to take a step forward to make the opportunity a reality.

Sincerely,


William S. Hardy, L.C.S.W.
KGHRC Program Manager



Representative Rokeberg
Margaret Leinic
A community ministry with the Sisters of St. Joseph of Peace



Peace Health

Ketchikan
General Hospital

3100 Kingess Ave.
Ketchikan, AK 99901-5791

Tel. (907) 225-5171
Fax (907) 228-8322

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us



INTERIM:
716 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 269-0117
FAX: (907) 269-0119

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4968
FAX: (907) 465-2040

Representative Norman Rokeberg

Smoking Education and Cessation Programs Bill

SPONSOR STATEMENT House Bill 37

This legislation was introduced in conjunction with House Bill 21, which concerns funds that Alaska will receive under the tobacco settlement. House Bill 37 adds smoking education and cessation programs to the list of state programs administered by the Department of Health and Social Services.

According to the Alaska Tobacco Control Alliance, about 500 Alaskans die every year from smoking-related illnesses. Alaska has one of the highest smoking rates in the country, and more than 80 percent of Alaskans who smoke report that they want to quit. We need to lend a hand to those who want to quit, and prevent people—our youth, in particular—from starting this potentially deadly habit.

As a smoker myself, I can sympathize with those who are addicted to tobacco. I personally know how difficult it can be to quit, especially with limited support and resources. Even for smokers who have the will to quit, the high costs of smoking-cessation aids such as patches (approximately \$108 per month) and gum (about \$120 per month) may discourage their efforts. Thus an important focus of the programs in this bill would be providing smokers with access to smoking-cessation aids either at a discount or for free. Programs such as the ones introduced in this bill are vital to ensure that smokers have the assistance they need in kicking their habit, and that our youth are educated on the dangers of smoking. Improving the health of Alaskans would also reduce the costs to individuals and the State for smoking-related illnesses.

It is the sponsor's intention that contractual agreements be made with non-profit organizations such as (but not limited to) the American Lung Association of Alaska, the American Cancer Society, and the Alaska Native Health Board to implement the smoking education and cessation programs. The Department of Health and Social Services would be responsible for oversight of these programs only. We do not need to contribute to government bureaucracy by adding additional program responsibilities to the State.

We believe this bill will be a valuable tool in shaping the future of **all** Alaskans—whether they be young or old, smokers or not—by improving their overall health, decreasing smoking-related medical costs, protecting our future generations from the negative effects of smoking, and even saving lives.

I urge you to support this legislation.

SPONSOR STATEMENT

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER



e-mail: Representative_Norman_Rokeberg@legis.state.ak.us

INTERIM:
716 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 269-0117
FAX: (907) 269-0119

SESSION
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-1968
FAX: (907) 465-2040

Representative Norman Rokeberg

SECTIONAL ANALYSIS HOUSE BILL 37 SMOKING EDUCATION AND CESSATION PROGRAMS

Prepared by: Rep. Rokeberg

Section 1: Amends AS 44.29.020(a) (Duties of department) to include smoking education and cessation programs in the list of state programs administered by the Department of Health and Social Services.

House Bill 21 Worksheet
Tobacco Settlement Expenditures

			FY2000 Governor		HB21	
			Tobacco	GF	Tobacco	GF
Tobacco Control Program						
PH		Tobacco Prevention and Control	3,000.0	0.0	10,064.2	0
Health and Consumer Protection						
MA	Medicaid Services	Children's Health Insurance Program	4,568.4	0.0	4,568.4	0.0
MA	Medicaid Services	Chronic Acute Medical Medical Assistance(CAMA)	1,637.5	0.0	NF	1,637.5
MA	Medicaid Services	Child Custody Related Medicaid Costs	1,334.8	0.0	1,334.8	0.0
PH	MCFH	Maternal Child & Family Health: replace school based claim underfunding	296.8	0.0	NF	296.8
ADA	ADA Grants	Alcohol/Drug Abuse Women & children	850.0	0.0	NF	850.0
ADA	ADA Admin	Project Assistant Village Based Services	60.0	0.0	NF	60.0
ADA	Rural Services Grants	Village MH and Substance Abuse Services	460.0	0.0	NF	460.0
ADA	ADA Grants	FAS Grants	489.9	0.0	NF	489.9
MA	Medicaid Services	Formula Growth	0.0	4,000.0	4,161.0	0.0
			<u>9,697.4</u>	<u>4,000.0</u>	<u>10,064.2</u>	<u>3,794.2</u>
Child Protection and Abuse Prevention						
FYS	Family Preservation	Family Preservation-Independent Living	200.0	0.0	NF	200.0
FYS	Residential Child Care	Residential Child Care: Emergency Shelters/Out of Home Care	1,065.4	0.0	NF	1,065.4
FYS	Front Line Social Workers	Front Line Social Workers-26 Workers	1,769.8	0.0	NF	1,769.8
FYS	Kawerak Social Services	Kawerak Social Services	63.2	0.0	NF	63.2
FYS	FYS Staff Training	Social Workers Training	145.9	0.0	NF	145.9
PH	SME	State Medical Examiner	193.0	0.0	NF	193.0
FYS	Foster Care Special Need	Foster Care Special Need: Parent Training	135.0	0.0	NF	135.0
FYS	Subsidized Adopt and Guard	Subsidized Adoption Training	200.0	0.0	NF	200.0
FYS	Foster Care Augmented	Foster Care Augmented Rate:Caseload	276.4	0.0	NF	276.4
FYS	Foster Care Special Need	Foster Care Special Need: Caseload growth	648.9	0.0	NF	648.9
PH	Healthy Families	Healthy Families	978.0	0.0	NF	978.0
			<u>5,675.6</u>	<u>0.0</u>	<u>0.0</u>	<u>5,675.6</u>
Full Year Funding for the FY99 Smart Start Initiatives						
FYS	Front Line Social Workers	Annualize Front Line Social Workers	631.5	0.0	NF	631.5
FYS	Family Preservation	Family Preservation-Dual Track	635.9	0.0	NF	635.9
FYS	Subsidized Adopt and Guard	Subsidized Adoption-Project Succeed	488.0	0.0	NF	488.0
			<u>1,755.4</u>	<u>0.0</u>	<u>0.0</u>	<u>1,755.4</u>
Totals			20,128.4	4,000.0	20,128.4	11,225.2
					Incremental GF	7,225.2

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

David Smith
ALAA President
Little Caesar's

David Lawer
ALAA President Elect
First National Bank of Anchorage

John Petraitis
ALAA Vice President
University of Alaska, Anchorage

Joyce A. Miles
ALAA Secretary
Respiratory Care, PRN

Beverly A. Reem
ALAA Treasurer
ATU

George Stewart, MD
ALA Representative Delegate
Alaska Pulmonary Clinic

R. Kevin Fischer
ALAA Past President
Geneva Woods

Christie McIntire
ALAA Executive Director

1057 West Fireweed Lane, Suite 201
Anchorage, Alaska 99503-1760
TEL: (907) 276-LUNG (5864)
Statewide: (800) LUNG-USA
FAX: (907) 263-2090
URL: www.aklung.org

**When You Can't
Breathe,
Nothing Else
Matters**



March 5, 1999

Representative Fred Dyson, Co-Chair
Representative John Coghill, Co-Chair
House HESS Committee
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

MAR 09 1999

Dear Representatives Dyson and Coghill:

I am writing to express the American Lung Association of Alaska's strong support for investing tobacco settlement money in effective tobacco prevention and cessation programs. We believe tobacco company payments should go to fight tobacco company harms and therefore support House Bill 21.

The Alaska Tobacco Control Alliance (ATCA) has prepared a comprehensive tobacco control plan that would utilize these dollars effectively toward reducing tobacco use and associated costs. This plan is based upon state of the art programs that produce results. We believe the proper use of these dollars will be an investment in our future for individual health and Alaska's fiscal health.

The failure to allocate the settlement funds for tobacco control and prevention will not only fail our kids, it will result in rising costs related to caring for sick smokers. The tobacco tax is already bringing in approximately 50 million per year to our state from addicted smokers. Don't we need to provide some help to those who want to quit and prevent our children from becoming addicted?

The settlement funds provide an unprecedented opportunity for us to reduce the death and suffering from tobacco addiction. Please support House Bill 21 and urge your fellow legislators to do the same.

Sincerely,

A handwritten signature in black ink, appearing to read "C. McIntire".

Christie McIntire
Executive Director

cc: Representative Norman Rokeberg



Alaska Dental Society

3305 Arctic Blvd., Suite 102
Anchorage, Alaska 99503-4975
(907) 563-3003 • FAX: 563-3009

MAR 09 1999

March 4, 1999

Representative Fred Dyson, Co-Chair
Representative John Coghill, Co-Chair
House HESS Committee
State Capitol (MS 3100)
Juneau, AK 99801-1182

Gentlemen:

The Alaska Dental Society is writing to urge strong support for investing the "tobacco settlement" money on effective **tobacco** prevention and cessation programs. These dollars were made available only through the serious and long term efforts of those individuals who know first hand the horrors tobacco addiction can cause. To spend these monies on anything but **tobacco** concerns is wrong.

Representative Rokeberg has introduced House bill #21. It requests 50% of the tobacco settlement monies be appropriated for tobacco reduction programs. We applaud Representative Rokeberg's efforts and realize that between now and the passage of HB 21 there will be many alterations. Please through your deliberations, be sensitive to the reasons why this money is now even available and be prudent in your decisions to amend, delete and/or tack on other items which would dilute the purpose of this bill.

Dentistry, like everyone else is more and more recognizing its particular responsibility in addressing tobacco concerns. One huge step forward would be a comprehensive tobacco prevention and cessation program in Alaska. These programs work, the expertise to create Alaska programs is here - the only item lacking is the feeling that tobacco cessation is a public health issue worthy of funding.

Sincerely,

David Logan, DDS

David G. Logan, DDS

President

Alaska Dental Society



Alaska Dental Society

3305 Arctic Blvd., Suite 102
Anchorage, Alaska 99503-4975
(907) 563-3003 • FAX: 563-3009

MAR 08 1999

March 5, 1999

Fred Dyson
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Representative Dyson:

The Alaska Dental Society wants to urge your support to save a percentage of the "Tobacco Settlement" money to create an Alaska based tobacco prevention and cessation program. We understand Alaska's portion of the settlement with the tobacco industry will net \$669 *million* dollars. This money is to be paid to Alaska in annual payments of \$25 million dollars for 25 years.

There is a bill currently before the legislature HB 21 which asks that 50% of this money per year be put toward tobacco prevention and cessation projects. The Alaska Dental Society supports this legislation, but realizes there are many hands in this pot. Because we have participated with the *Alaska Tobacco Control Alliance*, we have turned to them for expertise.

ATCA is a consortium of many agencies, associations, and the State of Alaska working to lower the consumption of all tobacco products. They have proposed a comprehensive tobacco control program which would cost approximately \$8.2 million annually - only 30% of the states annual allotment.

1. Community Programs for tobacco education & cessation. (\$2.3 million)
2. School based tobacco education and cessation (\$1 million)
3. Statewide tobacco education and cessation partnership contracts (\$2 million)
4. Enforcement (\$750,000)
5. Counter-marketing (\$750,000)
6. Surveillance and evaluation (\$800,000)
7. Administration and management (\$400,000)

Please vote for HB 21 - BUT, if you cannot because of other obligations, we strongly urge you (for the 35.5% of Alaska's high school kids who use tobacco - highest in the nation) to approve **\$8.2 million dollars** of the annual \$25 million dollars be used for the program outlined above.

Sincere Thanks.

David Logan, DDS

David G. Logan, DDS - President
Alaska Dental Society

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER



INTERIM:
716 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 269-0117
FAX: (907) 269-0119

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4968
FAX: (907) 465-2040

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us

Representative Norman Rokeberg

MEMORANDUM

TO: Representative Fred Dyson, Co-Chairman
Representative John Coghill, Co-Chairman
Health, Education and Social Services Committee

FROM: Representative Norman Rokeberg *Norman Rokeberg/TZ*

DATE: February 23, 1999

RE: Scheduling Request

I am requesting that House Bill 21 (an act making a special appropriation for the medical assistance for needy persons program and for certain programs related to tobacco smoking) and House Bill 37 (an act relating to smoking education and cessation programs administered by the Department of Health and Social Services) be heard before the HESS Committee on Tuesday, March 9, 1999. The bills are closely related, therefore I am requesting they be heard the same day. The date of March 9 is important, as I have several witnesses who are available to testify on that day. I would also appreciate the Committee's consideration of the amendments proposed in the enclosed Committee Substitutes.

I am submitting the following:

1. Sponsor statements
2. Sectional analyses
3. Blank CS for HB 37
 - Adds a section prohibiting sales of cigarettes in packs less than 20 and in packaging that is not the original manufacturer's packaging
 - Makes the programs under HB 37 more specific
4. Blank CS for HB 21
 - In (2), changes language to reflect "a comprehensive tobacco smoking cessation and tobacco use prevention and control program," deleting health screening programs and chest x-rays.

Bill packet information, including a list of witnesses, is forthcoming. I am requesting that the hearing be teleconferenced at a minimum, to Anchorage. Some of my witnesses wish to show samples of anti-smoking advertisements if a television and VCR could be made available.

If you have any questions, please contact me or Tracey Zahradka in my office.

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

David Smith
ALAA President
Little Caesar's

David Lawer
ALAA President Elect
First National Bank of Anchorage

John Petraitis
ALAA Vice President
University of Alaska, Anchorage

Joyce A. Miles
ALAA Secretary
Respiratory Care, PRN

Beverly A. Reem
ALAA Treasurer
ATU

George Stewart, MD
ALA Representative Delegate
Alaska Pulmonary Clinic

R. Kevin Fischer
ALAA Past President
Geneva Woods

Christie McIntire
ALAA Executive Director

1057 West Fireweed Lane, Suite 201
Anchorage, Alaska 99503-1760
TEL: (907) 276-LUNG (5864)
Statewide: (800) LUNG-USA
FAX: (907) 263-2090
URL: www.aklung.org

**When You Can't
Breathe,
Nothing Else
Matters®**



March 8, 1999

Representative Fred Dyson, Co-Chair
Representative John Goghill, Co-Chair
House HESS Committee
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

MAR 11 1999

Dear Representatives Dyson and Coghill:

I am writing to express the American Lung Association of Alaska's strong support for investing tobacco settlement money in effective tobacco prevention and cessation programs. We believe tobacco company payments should go to fight tobacco company harms and therefore support House Bill 21 and House Bill 37.

The Alaska Tobacco Control Alliance (ATCA) has prepared a comprehensive tobacco control plan that would utilize these dollars effectively toward reducing tobacco use and associated costs. This plan is based upon state of the art programs that produce results. We believe the proper use of these dollars will be an investment in our future for individual health and Alaska's fiscal health.

The failure to allocate the settlement funds for tobacco control and prevention will not only fail our kids, it will result in rising costs related to caring for sick smokers. The tobacco tax is already bringing in approximately 50 million per year to our state from addicted smokers. Don't we need to provide some help to those who want to quit and prevent our children from becoming addicted?

The settlement funds provide an unprecedented opportunity for us to reduce the death and suffering from tobacco addiction. Please support House Bill 21 and urge your fellow legislators to do the same.

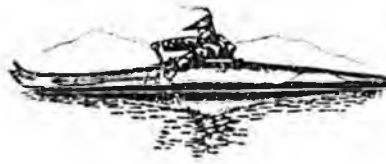
Sincerely,

A handwritten signature in cursive script, appearing to read "Christie McIntire".

Christie McIntire
Executive Director

cc: Representative Norman Rokeberg

Kodiak Area Native Association



3449 Rezanof Dr. East
Kodiak, Alaska 99615
Phone (907) 486-9800

March 5, 1999

MAR 11 1999

Representative Fred Dyson, Co-Chairman
House Health Education & Social Services Committee
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Dear Representative Dyson:

The Kodiak Area Native Association's Community Health Aide Program (CHAP) wishes to express its strong support for investing tobacco settlement money on effective tobacco prevention and cessation treatment programs. Therefore, we strongly support House Bill 21.

Tobacco kills one out of five Alaskans. Although the tobacco tax is working (sales are down 17%) we still have a long way to go. Even with decreased consumption, it is estimated 14,000 Alaskans alive today, between the ages of 0 and 18 years of age, will die from a tobacco related illness.

Representative Rokeberg's House Bill 21 requests 50% of tobacco settlement monies be appropriated for tobacco reduction programs. We applaud his effort. Significant changes require substantial investment.

The tobacco industry has given us the opportunity. We encourage you to step forward to help making the opportunity a reality.

Sincerely,

KODIAK AREA NATIVE ASSOCIATION
RITA L. STEVENS, PRESIDENT

Martha Randolph
CHAP Manager

cc: Representative Norman Rokeberg
Jenny Murray



Tobacco Alliance of the Peninsula, T.A.P.

Box 1452
Soldotna, Alaska 99669
(907) 262-8166

"Another New Step
Help Us Help That Way"

Representative Fred Dyson, Co-Chair
Representative John Coghill, Co-Chair
House HESS Committee
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Subject: House Bill 21 -- Support

Dear Representative Dyson and Coghill:

I am writing to express the Tobacco Alliance of the Peninsula's strong support for investing tobacco settlement money on effective tobacco prevention and cessation treatment programs. We would like to express our support for House Bill 21.

Tobacco kills -- We all know the stats so I won't take up your time restating them. It is enough to know that we are making some progress in the war against teen addiction to tobacco. But we need to do more. Continued change will require continued financial investment (doesn't everything?).

The Tobacco Alliance of the Peninsula (TAP) supports this bill, and respectfully asks your support.

Thank you.

Patti Truesdell
Tobacco Alliance of the Peninsula
(907) 262-9231

Sponsors of the "Tobacco Free Youth Program"

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: January 19, 1999

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/11/99

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 21

HOUSE BILL NO. 21

APPROP: TOBACCO SETTLEMENT

"An Act making a special appropriation for the medical assistance for needy persons program and for certain programs relating to tobacco smoking; and providing for an effective date."

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

[] additional referral to _____ Committee [] attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal note(s) _____

[] fiscal note(s) _____

[] zero fiscal note(s) _____

[] zero fiscal note(s) _____

Table with columns: SIGNING WITH RECOMMENDATIONS, DP, DNP, NR, AM. Contains handwritten signatures and checkmarks.

CHAIR'S SIGNATURE

Handwritten signature of Paul Ryan

Handwritten signature of John Coffey

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: January 19, 1999

FURTHER REFERRALS:

Date of Committee Action: 3/16/99

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 37

HOUSE BILL NO. 37

SMOKING CESSATION AND EDUCATION PROGRAMS

"An Act relating to smoking education and cessation programs administered by the Department of Health and Social Services."

recommends it be replaced with the following committee substitute CSHB 37 (HES) [] the same title [x] a new title

[] additional referral to _____ Committee [] attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal note(s) _____

[] fiscal note(s) _____

[x] zero fiscal note(s) DHSS

[] zero fiscal note(s) _____

Table with 5 columns: SIGNING WITH RECOMMENDATIONS, DP, DNP, NR, AM. Contains handwritten signatures and checkmarks.

CHAIR'S SIGNATURE [Signature] [Signature]

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

P.O. BOX 110300
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 465-2075

March 12, 1999

The Honorable Fred Dyson, Co-Chair
House HESS Committee
Alaska State Legislature
Juneau, AK 99801-1182

Dear Representative Dyson:

At yesterday's HESS Committee hearing on House Bills 37 and 21, Representative Green asked whether, under the terms of the Master Settlement Agreement (MSA), the annual payments to the State of Alaska from the tobacco industry are subject to inflation adjustments. The answer to Representative Green's question is yes. Enclosed is Exhibit C to the MSA, which describes the inflation adjustments for those payments

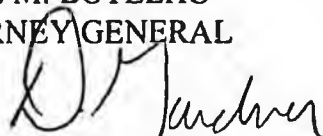
The HESS Committee also requested additional information on the settlement, the state's tobacco control initiatives, and the "Model Statute" that the MSA anticipates each state will pass. I have enclosed a handout that I hope will give you and the other committee members a better understanding of these issues. It should be noted that HB 102 and SB 84 are the model statute bills introduced in the 21st Legislature.

If any committee member has questions that are not answered by these materials, I would be happy to provide further explanation. I may be reached directly at 465-4682. I will be out of town March 15-19, but you can also call Chrystal Smith, at 465-2132 with your questions. Again, thank you for allowing me the opportunity to testify yesterday, and for considering our amendments to HB 37.

Sincerely,

BRUCE M. BOTELHO
ATTORNEY GENERAL

By:


Doug Gardner
Assistant Attorney General

Enclosures

cc: Members, House HESS Committee

EXHIBIT C

FORMULA FOR CALCULATING INFLATION ADJUSTMENTS

(1) Any amount that, in any given year, is to be adjusted for inflation pursuant to this Exhibit (the "Base Amount") shall be adjusted upward by adding to such Base Amount the Inflation Adjustment.

(2) The Inflation Adjustment shall be calculated by multiplying the Base Amount by the Inflation Adjustment Percentage applicable in that year.

(3) The Inflation Adjustment Percentage applicable to payments due in the year 2000 shall be equal to the greater of 3% or the CPI%. For example, if the Consumer Price Index for December 1999 (as released in January 2000) is 2% higher than the Consumer Price Index for December 1998 (as released in January 1999), then the CPI% with respect to a payment due in 2000 would be 2%. The Inflation Adjustment Percentage applicable in the year 2000 would thus be 3%.

(4) The Inflation Adjustment Percentage applicable to payments due in any year after 2000 shall be calculated by applying each year the greater of 3% or the CPI% on the Inflation Adjustment Percentage applicable to payments due in the prior year. Continuing the example in subsection (3) above, if the CPI% with respect to a payment due in 2001 is 6%, then the Inflation Adjustment Percentage applicable in 2001 would be 9.1800000% (an additional 6% applied on the 3% Inflation Adjustment Percentage applicable in 2000), and if the CPI% with respect to a payment due in 2002 is 4%, then the Inflation Adjustment Percentage applicable in 2002 would be 13.5472000% (an additional 4% applied on the 9.1800000% Inflation Adjustment Percentage applicable in 2001).

(5) "Consumer Price Index" means the Consumer Price Index for All Urban Consumers as published by the Bureau of Labor Statistics of the U.S. Department of Labor (or other similar measures agreed to by the Settling States and the Participating Manufacturers).

(6) The "CPI%" means the actual total percent change in the Consumer Price Index during the calendar year immediately preceding the year in which the payment in question is due.

OVERVIEW OF TOBACCO ISSUES

prepared by Alaska Department of Law

March 7, 1999

INTRODUCTION

During the past two years, the Knowles administration, with the help of the Alaska Legislature, has addressed the problems caused by tobacco and the challenge of limiting access on a number of fronts. Our joint efforts have included legislation to increase taxes on tobacco products, measures to limit youth access to tobacco, stepped-up enforcement activities, and, of course, litigation and participation in the national settlement with the industry. The Department of Law's efforts have been closely coordinated with the Alaska Departments of Health and Social Services and Revenue, local tobacco control groups, and other state attorneys general

ENFORCEMENT OF TOBACCO VENDOR AND TAX LAWS

- **TOBACCO VENDOR ENFORCMENT (STING OPERATIONS):** During 1997 and 1998, the Department of Law ("Law") worked closely with the Anchorage and Juneau Police Departments to coordinate enforcement and prosecution of tobacco vendors that sold tobacco products to persons under 19. Law plans to work with the Fairbanks Department of Public Safety and Fairbanks City Attorney's Office during the early spring to emphasize enforcement of state tobacco laws.
 - Last month Law announced a settlement related to tobacco business licensing litigation with 9 vendors operating a total of 11 stores (5 in Anchorage and 6 in Juneau). The vendors agreed to a settlement that required: (1) a three-day suspension of their tobacco licenses, (2) that they re-train all of their tobacco sales clerks in stores where violations occurred, and (3) that vendors make contributions totaling more than \$50,000 to a statewide youth tobacco prevention television campaign. This television campaign will air statewide for a month this spring.
- **STATE SALES TAX ENFORCEMENT:** State law requires any person who causes cigarettes to be brought into the state for personal consumption or resale to obtain a license from the Alaska Department of Revenue and pay the appropriate taxes. A federal law known as the "Jenkins Act" requires persons shipping cigarettes into Alaska to provide the state with a list identifying the recipients. With the growth of Internet sales, the Alaska Departments of Law and Revenue have worked closely with the federal Alcohol, Tobacco and

Firearms investigators and U.S. Attorney's Office to vigorously pursue illegal cigarette shipments. Investigations are currently underway, and additional investigations are likely.

- **EFFECTS OF TOBACCO TAX INCREASE:** In 1997 the Alaska Legislature adopted the nation's highest tax on tobacco products, \$1 per pack on cigarettes and 75 percent of the wholesale price on other tobacco products. According to a recent study released by the Departments of Health and Social Services and Revenue, taxable consumption of cigarettes has declined 17 percent since the tax went into effect. Although it will take several years to collect enough data to complete an analysis of the impact of the tax increase on tobacco consumption by youth and adults, the decline in consumption is viewed as a positive result of the increase in taxes. In addition, the monthly revenue from tobacco taxes has risen from \$1.5 million to \$4.3 million, a 190 percent increase, since the tax was raised.

LITIGATION AND THE NATIONAL SETTLEMENT

- **ALASKA'S LITIGATION:** In April 1997, Alaska filed suit against the major tobacco manufacturers based on state consumer protection and antitrust laws. The suit was scheduled to go to trial in February 2000.
- **NATIONAL SETTLEMENT:** On November 23, 1998, after extended negotiations, the State of Alaska and 45 other states reached a final settlement of litigation with the tobacco industry – Mississippi, Texas, Florida, and Minnesota had already settled their lawsuits. The settlement, which was approved by the Juneau Superior Court on February 9, 1999, ends the State's litigation with the industry. The settlement will mean payments of nearly \$670 million to Alaska over the next 25 years, starting in FY 2000.
- **PUBLIC HEALTH TERMS:** The significant public health terms of the settlement require: bans on marketing to youth; changes in corporate culture; disbanding trade associations; lobbying restrictions; opening industry research; and creation of a national teen smoking foundation and public education fund. The full settlement agreement is available at www.naag.org on the Internet.
- **THE PAYMENT STREAM:** The State of Alaska does not need to pass any legislation to receive payments under the settlement. However, legislation is required to protect Alaska's payments from the rather remote possibility of a nonparticipating manufacturer reduction, which is discussed in more detail below. The State also needs protection against attempts by HCFA (the federal Health Care Finance Administration) to recoup a portion of the state's funds, as will also be discussed below.

Under terms of the settlement agreement, Alaska will receive the following payments:

PAYMENTS TO ALASKA		
under		
SETTLEMENT OF TOBACCO LITIGATION		
	Date of Payment	Amount of Payment
Up-front Payment	between April 1999 and June 2000 (depending on actions of other states)	\$8,194,049.54
Annual Payments	between April and June 2000	\$21,890,915.46
	April 2001	\$23,638,672
	April 2002	\$28,383,145.58
	April 2003	\$28,651,761.36
	April 2004	\$23,912,967.90
	April 2005	\$23,912,967.90
	April 2006	\$23,912,967.90
	April 2007	\$23,912,967.90
	April 2008	\$24,387,539.93
	April 2009	\$24,387,539.93
	April 2010	\$24,387,539.93
	April 2011	\$24,387,539.93
	April 2012	\$24,387,539.93
	April 2013	\$24,387,539.93
	April 2014	\$24,387,539.93
	April 2015	\$24,387,539.93
	April 2016	\$24,387,539.93
	April 2017	\$24,387,539.93
	April 2018	\$27,327,155.20
	April 2019	\$27,327,155.20
	April 2020	\$27,327,155.20
	April 2021	\$27,327,155.20
	April 2022	\$27,327,155.20
	April 2023	\$27,327,155.20
	April 2024	\$27,327,155.20
	April 2025	\$27,327,155.20
	TOTAL	\$668,903,056.53

- **TIMING OF UP-FRONT PAYMENT:** On December 28, 1998, the tobacco companies paid an up-front payment into escrow as part of the agreement. No legislation is required for Alaska to receive its up-front payment, which will be disbursed to Alaska only when 80 percent of the states' lawsuits are dismissed without any appeal, or on June 30, 2000, whichever comes first. Right now, there are appeals in California and New York, so the anticipated receipt of the up-front payment will probably come closer to June 30, 2000.
- **TIMING OF ANNUAL PAYMENTS:** The first annual payment will be available no later than June 30, 2000. No legislation is required for Alaska to receive its annual payments. Alaska's first annual payment could come as early as April 2000, if 80 percent of the states' lawsuits are dismissed without any appeal, but in any case will be made no later than June 30, 2000. Beginning in 2001, the annual payments will be made to the state on April 15 each year.
- **ATTORNEYS' FEES:** The State of Alaska was represented in the tobacco litigation by the law firm of Hagens & Berman, which represented all the Northwest states. The settlement agreement allows the state's outside counsel to seek payment from the tobacco companies without affecting Alaska's share of the settlement. Hagens & Berman requested reimbursement directly from the tobacco companies, which agreed to pay \$10 million as full payment for the firm's representation of Alaska. This payment did not affect Alaska's share of the settlement. However, when compared to the state's settlement of \$668,903,056.53, the Hagens & Berman fee is approximately 1.5 percent.

THREAT TO SETTLEMENT FROM HCFA

- **FEDERAL RECOUPMENT:** The U.S. Health Care Finance Administration (HCFA) has taken the position that as much as half of the funds recovered through the national settlement are subject to the agency's right of recoupment. HCFA apparently bases its position on an interpretation of §1903(d)(2)(A-B) of the Social Security Act, which states that reimbursements to a state by a third party are "overpayments" from which HCFA may claim a pro-rata share.
 - The agency's position is based on the assumption that the state was specifically suing to collect state and federal dollars under a Medicaid reimbursement theory. One estimate shows that HCFA's interpretation of §1903(d) could result in a loss to the State of Alaska of \$400 million over 25 years. The Department of Law is working through Alaska's congressional delegation and other states to solve this problem, and it will defend the state's right to settlement funds in court if necessary. HCFA has represented

that it will assert its claim against annual state payments beginning after the Year 2000 payment.

- **ALASKA'S RESPONSE TO THREAT: Alaska's Objectives** - The State had four primary objectives when it brought suit against the tobacco industry: (1) to end the industry's targeting of Alaska's children as new consumers for its products; (2) to force the industry to disclose the harmful effects of smoking and decades of research demonstrating that tobacco kills; (3) to thwart the industry's apparent efforts to prevent the development of a safer product; and (4) to require the industry to pay for the harm it already has caused and, in the future, fund public health programs directed at alleviating the related public health concerns.
- **Alaska Sued to Protect Alaskans:** Alaska brought suit to protect Alaskans and to protect the fiscal integrity of the state's Medicaid program against future smoking-related treatment costs. Unlike other states, Alaska did not specifically plead a federal Medicaid recoupment claim in state superior court. Collecting federal dollars is the responsibility of HCFA and the U.S. Department of Justice. The U.S. Department of Justice declined to sue the tobacco industry on behalf of HCFA, and HCFA provided no support to the states during the litigation.
 - **First Proposed Settlement and Congress vs. State Settlement:** The first settlement was signed by the states and tobacco industry on June 20, 1997. It called for the tobacco industry to make payments to the states and fund federal enforcement programs totaling \$368.5 billion over 25 years. This settlement also required congressional approval, which did not occur. Accordingly, the states returned to litigation and resumed negotiations with the industry on their own. The litigation and resumed negotiations resulted in the second state settlement of November 23, 1998. HCFA could have acted along with the states to protect its rights during the second settlement process, but chose not to.
 - **Use of Settlement Funds:** A key provision of the McCain Bill in the 105th Congress provided that if states directed 50 percent of the settlement money (of the proposed 1997 settlement) to supplement but not supplant existing health care programs, HCFA could not assert its claim for recoupment. Although the McCain Bill did not pass and the states take the position that all settlement dollars are state funds, many states are abiding by the provisions of the McCain Bill (spending no less than 50 percent to supplement health care-related programs) to protect against recoupment by the federal government. Governor Knowles' proposal for spending tobacco settlement proceeds on annualized payments for Head Start, Healthy Families, and tobacco prevention programs will provide a strong argument against recoupment by HCFA.

- **Recent Development: SB 346:** On February 3, 1999, U.S. Senator Frank Murkowski and U.S. Senator Kay Bailey Hutchinson co-sponsored SB 346. SB 346 would protect all the states' settlement dollars from HCFA's attempted recoupment.

LEGISLATION

- **MODEL STATUTE:** The state is not required to pass the model statute included in the settlement to receive settlement payments. However, if the state does not pass the model statute, the state will risk a possible reduction in payments under the nonparticipating manufacturers' payment (NPM) reduction formula of the settlement. The settlement provides for an adjustment to the state's payments if the participating manufacturers experience a disadvantage and lose market share for sales of their tobacco products to other nonparticipating manufacturers as a result of the marketing restrictions, payments, and other restrictions in the settlement agreement.
- **NPM Risk Low In Alaska** - At this point, the risk to Alaska of a non-participating manufacturer reduction is minimal, given that many of the very small tobacco product manufacturers have decided to sign on to the settlement, which reduces the risk that they will take market share away from the largest companies. The risk is further lowered by the fact that the small tobacco products manufacturers only represent 1-2 percent of the U.S. market, making it unlikely that sales of their products will trigger the nonparticipating manufacturer reductions.
- **NPM Risk Can Be Eliminated** - The risk of nonparticipating manufacturer reductions can be eliminated by passage of the model statute (SB 84/HB 102). Under the terms of the settlement agreement, if the state passes the model statute and enforces it, the state will be exempt from any payment reductions even if the settlement was a significant factor contributing to the participating manufacturers' loss of market share.

CONCLUSION

In the upcoming months, Law will be working closely with the Alaska Departments of Revenue and Health and Social Services, and the federal Alcohol, Tobacco and Firearms investigators to assure full compliance with state tax laws. Law is also working closely at the direction of the governor with members of Alaska's congressional delegation to protect the state settlement from HCFA.

*Prepared by Alaska Department of Law
March 7, 1999*

LEGISLATION TO ACCOMPANY TOBACCO SETTLEMENT

"MODEL STATUTE" – HB 102/SB 84

The Tobacco Settlement: The tobacco manufacturers that participated in the November 23, 1998, settlement with the states represent over 98 percent of the tobacco manufacturing industry. The participating manufacturers agreed to make payments to the state for their violations of state law and to restrict their marketing practices. Alaska's payments over 25 years will total nearly \$670 million. No legislation to approve the terms of the settlement is required. However, the Master Settlement Agreement (MSA) contemplates important legislation, referred to as the "Model Statute," to assure that all manufacturers of tobacco products are accountable to Alaskans for potential future costs associated with their tobacco sales in the state.

Overview of the Model Statute Legislation: The settlement contemplates that all states will pass a model statute, with the goal being to provide assurances that all companies that sell tobacco products, including those that did not participate in the settlement, are financially capable of fulfilling their economic obligations, if any, to citizens and to the states. The model statute will give all tobacco manufacturers that sell their products in a state the option to either 1) sign on to the settlement agreement or 2) establish an escrow account and pay into that account at a stated rate per unit of tobacco sold in the state. The rates are proportional to the payments to be made by the participating manufacturers under the settlement. In other words, a tobacco manufacturer that did not participate in the settlement agreement could not get around the restrictions in the settlement and sell its products in Alaska with impunity, leaving either individual Alaskans, or the state, to pay the costs of treating resulting illnesses.

In addition, passage of the model statute legislation will protect the state's annual payments from a potential, but unlikely, Non-Participating Manufacturer Adjustment (see explanation below).

This statute was the subject of extensive and difficult negotiations, including discussions on whether the statute would survive legal challenges. The statute was reviewed by a number of antitrust and constitutional law experts who opined that this statute would survive legal challenge. Except for a few minor procedural changes, SB 84 and HB 102 are identical to the Model Statute provided in Exhibit T of the MSA.

Importance of Model Statute: Alaska is not required to pass the model statute to receive payments under the terms of the settlement. However, if Alaska does not pass the model statute, it will risk a reduction in payments under the Non-Participating Manufacturer (NPM) Adjustment formula of the settlement. Passing and enforcing the model statute will protect against such a reduction.

The settlement provides for an adjustment to a state's payments if the participating manufacturers experience a disadvantage and lose in-state market share for sales of their tobacco products to non-participating manufacturers as a result of the marketing restrictions, payments, and other provisions in the settlement agreement. However, each state has a safe haven from the application of the reduction formula: if it passes the model statute and enforces it, the state will be exempt from any payment reductions even if the settlement was a significant factor contributing to the participating manufacturers' loss of market share. Indeed, even if a court were to find the statute unconstitutional, the maximum NPM Adjustment Alaska would have to bear is 65% of the payment in any particular year. Without the passage of the statute, the maximum NPM Adjustment would be 100%.

Sectional Analysis

Section One: Section One is the findings and purpose section of the model statute legislation. Section One identifies tobacco as a serious public health problem in Alaska and discusses the burden that treating tobacco-related illnesses places on the State of Alaska. This section also establishes that it is the policy of the State of Alaska that tobacco product manufacturers—not the state or its citizens—bear the financial costs of treating smoking-related illnesses. Section One establishes the need to prevent other non-participating manufacturers from reaping short-term profits in Alaska, while leaving the state and its citizens without any financial protection from the known harms related to cigarette smoking. Finally, Section One identifies the purpose of the model statute legislation as the implementation of the November 23, 1998, MSA

Section Two: Section Two amends Alaska Statutes, Title 45, by adding Chapter 53, which is entitled "Cigarette Sales."

Sec. 45.53.010 recognizes the MSA entered into between the State of Alaska, and the Participating Manufacturers in *State v. Philip Morris*, 1JU-97-915 CI.

Sec. 45.53.020 requires that all tobacco product manufacturers do one of two things: (1) participate in the MSA, or (2) establish an escrow account and place dollars into that account at a stated rate per unit sold in this state. The rates are calculated to be equivalent to the rates paid by the Subsequent Participating Manufacturers (tobacco companies that signed the MSA after it was signed by the four original participating manufacturers) pursuant to the MSA. The changes in the rates also mirror the changes in the MSA annual payments on a per unit basis.

A manufacturer who places funds in escrow is entitled to withdraw interest or other earnings from the account as they are earned. The principal deposited in escrow can be released from escrow only:

1. to pay a judgment or settlement on any claim brought by the State or a party located in or residing in Alaska;
2. if the manufacturer establishes that the amount it would have paid the State had it participated in the MSA is less than the amount the manufacturer is required to place in escrow. In this case the manufacturer is allowed to withdraw the excess from the escrow; or
3. if the funds have remained in escrow for a period of 25 years from the date of payment.

Sec. AS 45.53.030 requires the commissioner of revenue to adopt regulations under the Administrative Procedure Act necessary to determine the volume of cigarettes manufactured by a tobacco product manufacturer that enter Alaska for sale in the state based on the amount of excise taxes paid. This will allow the commissioner of revenue to determine whether a tobacco manufacturer that does not sign the Master Settlement Agreement is making the appropriate deposits into the escrow account provided under AS 45.53.020.

Sec. AS 45.53.040 provides for auditing by the Alaska Department of Revenue of payments into escrow required by a tobacco manufacturer and enforcement by the Alaska Department of Law. This section provides for different levels of penalties against a tobacco manufacturer that fails to make the required deposits into escrow. If enforcement by the department of law is required and

the state prevails in an action brought under this section, the court may award the department full reasonable attorney's fees.

Sec. AS 45.53.990 sets forth the definitions. Many of the bill's definitions incorporate by reference the definitions in the MSA. This was done to avoid any confusion between the two documents, and to prevent this legislation from being overly lengthy. The MSA is a public document approved by the Juneau Superior Court on February 9, 1999, in the case of *State of Alaska v. Philip Morris*, 1JU-97-915 CI. A complete copy of the MSA can be found at www.naag.org on the Internet.

Consequences If the Legislature Does Not Pass the Model Statute

It is important to note that the State of Alaska is **not** required to pass the model statute legislation. The MSA and the Consent Decree will remain in force and effect regardless of legislative action on this bill. However passage of this statute will help protect public health and will protect the state settlement payments from a possible draconian and dramatic reduction. The MSA provides for an adjustment to state payments if the disadvantages experienced as a result of the MSA are a significant factor contributing to the participating manufacturers' loss of market share, i.e., the "Non-Participating Manufacturer Adjustment" (NPM Adjustment) found on page 58, at Section IX (d), of the MSA

To illustrate the potential impact of the NPM Adjustment, assume the following hypothetical situation:

1. In 2003 the Original Participating Manufacturers' (as defined at Section II (hh) of the MSA) (OPMs) market share was reduced from 97.5% in 1997 to 93.5%;
2. The OPMs shipped fewer cigarettes into the United States and Puerto Rico in 2003 than they shipped in 1997;
3. The MSA was a "significant factor" contributing to the market share loss;
4. All states except Alaska, California, Colorado, and Wyoming have adopted a Model Statute; and
5. The year for which payments are being calculated is 2004.

Alaska's payments based on the above hypothetical would be calculated as follows if the state had not passed the model statute:

Step One: Calculate the total dollars to be adjusted. In this hypothetical the loss of market share for which an adjustment is required is 2%. That 2% is calculated by subtracting the 2003 market share of 93.5% from the 1997 market share of 97.5% for a total market share loss of 4%; however, the first 2% of the total market share loss is not counted as part of the NPM Adjustment calculations. Then multiply the 2% market share loss times 3, resulting in a total percentage adjustment of 6%. (Note: under the MSA each 1% loss in market share results in a 3% reduction until the loss in market share reaches 16 2/3%, at which time the percentage reduction is calculated at a variable ratio.)

The 2004 total annual payment of \$7,004,000,000.00 to all of the states is reduced by an NPM adjustment of 6%, or \$420,240,000.00.

Step Two: Allocate the \$420,240,000.00 among the four states that did not pass the Model Statute. The following illustrates the allocation method:

States	Allocation % Established in Exhibit A to the MSA	2004 payment without NPM adjustment	% share of NPM Adjustment	Total NPM Adjustment \$420,240,000.00	2004 adjusted Payments
CALIFORNIA	0.127639554	\$893,987,436.22	0.866846800	\$364,283,699.20	\$529,703,737.01
COLORADO	0.013708614	\$ 96,015,132.46	0.093100201	\$ 39,124,428.61	\$ 56,890,703.84
ALASKA	0.003414187	\$ 23,912,965.75	0.023186990	\$ 9,744,100.72	\$ 14,168,865.03
WYOMING	0.002483449	\$ 17,394,076.80	0.016866009	\$ 7,087,771.46	\$ 10,306,305.33
Totals	0.147245804	\$1,031,309,611.22	1.000000000	\$420,240,000.00	\$611,069,611.22

The "% share of NPM Adjustment" (fourth column above) is calculated pro rata based on the states' relative allocations given in Exhibit A to the MSA. For example, Alaska's allocation established in Exhibit A is .03414187% of the total allocation of the four states whose payments will be adjusted by the NPM Adjustment because they did not pass a Model Statute.

The NPM Adjustment is calculated each year. For instance, if the Participating Manufacturers continued to lose market share and the market share in 2005 remained at 93.5%, these four states would continue to experience an NPM Adjustment.

2/28

facsimile transmittal

To: Reps Dyson and Coghill *3* Fax: 465-4587 Rep Coghill 465-3258

From: Judith Bendersky and Christina Reagle Date: 03/16/99

Re: Tobacco Settlement Money Pages: 1

RE: HB 21 and HB 37

- Urgent For Review Please Comment Please Reply Please Recycle

Dear Representatives Dyson and Coghill:

We are writing to express our strong support for investing tobacco settlement money on effective tobacco prevention and cessation programs. We support House Bill 21 and 37, believing that tobacco company payments should go to pay for tobacco related problems, issues and challenges.

We are both health educators that work in numerous villages and schools throughout our beautiful state. We see the devastating consequences of widespread, early tobacco use by young Alaskan girls and boys, parents and elders. The tobacco industry keeps on pushing and addicting new users.

We must have a comprehensive tobacco prevention and cessation plan in Alaska. Please do what you can to move us towards this golden opportunity.

THANK YOU



American Industrial Hygiene Association

Midnight Sun Section, AIHA

1998-1999 Theme: *Increasing Partnerships Between Occupational and Environmental Health & Safety*

March 15, 1999

Midnight Sun Section, AIHA
3705 Arctic #2591
Anchorage, AK 99503

Representative Fred Dyson, Co-Chair
Representative John Coghill, Co-Chair
House HESS Committee
State Capitol (MS 3100)
Juneau, AK 99801-1182

MAR 18 1999

Dear Representatives Dyson and Coghill:

I am writing to express the Midnight Sun Section of the American Industrial Hygiene Association's strong support for investing tobacco settlement money on effective tobacco prevention and cessation treatment programs. We therefore, strongly support House Bill 21.

Tobacco kills one out of five Alaskans. While the tobacco tax is working (sales are down 17%), we still have a long ways to go. Even with decreased consumption, it is estimated that 14,000 Alaskans alive today between 0 and 18 years of age will die from a tobacco related illness.

Representative Rokeberg's House Bill 21 requests 50% of the tobacco settlement monies be appropriated for tobacco reduction programs. We applaud his effort. Significant changes require substantial investment.

The tobacco industry has given us the opportunity. We encourage you to take a step forward to making the opportunity a reality.

Sincerely,

Sandy Witek, IHIT

Sandy Witek, IHIT
President, Midnight Sun Section
American Industrial Hygiene Association

Cc: Representative Norman Rokeberg

Subject: Tobacco Settlement

Date: Wed, 17 Mar 1999 09:31:17 -0900

From: Evelyn Williams <ewilliam@stikheen.alaska.ihs.gov>

To: Representative_Gene_Therriault@legis.state.ak.us

CC: Representative_Fred_Dyson@legis.state.ak.us

Sir:

I support using at least 30% of the tobacco settlement money for tobacco prevention and cessation programs. Please support the bill which designates some of the money to be earmarked for programs that will help save lives.

Thank you.

Evelyn Williams, Box 232, Klawock, AK 99925

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

March 15, 1999

SUBJECT: Restricting sale of cigarettes (CSHB 37(HES))

TO: Representative Fred Dyson
Attn: Wes

FROM: Michael F. Ford *M.F.F.*
Legislative Counsel

The CS you requested is attached. As we discussed there are three substantive changes from the draft that was passed from committee. First, I have added both notice and opportunity for a hearing to amendment #2. Without this I believe this provision raises constitutional due process problems. This change is contained in Sec. 43.70.075(i). Second, I have omitted amendment #4, because this provision of law (AS 43.70.075(a)) already applies to individuals who are not licensed. Therefore there it is not necessary (or possible) to amend this provision in the same manner as Sec. 43.70.075(a). Third, on page 2, line 31, of the CS I have deleted the word "nonprofit", so the provision requires the department to conduct tobacco control programs with organizations in the state, but without specifying that the organization be either profit making or not. I believe the result is what was intended by amendment #5, and is simpler than having the provision read "nonprofit or other organizations".

Please contact me if you have further questions.

MFF:lmb
99-037.lmb

Enclosure

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB37

Revision Date/Time (Note if correction) _____ Dept. Affected DHSS
 Title _____ BRU Health Services
 Relating to smoking education and cessation Component Community Health and EMS
 Sponsor Rep Rokeberg
 Requester House (HES) Component Serial No. 2078

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY99) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)
 See attached documentation for the allocation of the tobacco settlement dollars included in the Governor's budget for these activities.

Prepared by Peter M Nakamura MD, MPH Phone 465-3090
 Division Public Health Date/Time #####
 Approved by Commissioner Date 3/9/99
 Agency Department Of Health and social Services

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Statewide Tobacco Prevention and Control Program

Statewide Partnerships - (\$440,000)

- ☐ Reaching special populations such as youth, women, ethnic minorities, and low income individuals
- ☐ Exchanging information, experience, and technical support.
- ☐ Statewide quit line providing general information, referrals, and self-help kits
- ☐ Physician training, and statewide evaluation coordination

School-Based Programs - (\$405,000)

- ☐ Promote a zero tolerance school policy on tobacco use for students, staff, and visitors.
- ☐ Provide peer teaching programs.
- ☐ Assure tobacco prevention instruction for all students and teachers.
- ☐ Provide cessation support for smokers.

Local Community Programs - (\$1,188,000)

- ☐ Involve individuals in their homes, work sites, places of worship, entertainment venues, and civic organizations.
- ☐ Include community professional, geographic and ethnic diversity and strengths.
- ☐ Promote community-wide policies such as access and advertising restrictions, and clean indoor air initiatives.
- ☐ Promote and support accessible cessation programs.

Enforcement - (\$364,000)

- ☐ FDA Merchant Inspections
- ☐ Local Agency Merchant Inspections/Prosecutions/Hearings
- ☐ Merchant Education
- ☐ Diversion Programs for under age offenders

Counter-Marketing - (\$500,000)

- ☐ Place effective ads on primetime television, radio, billboard, and print.
- ☐ Focus on the responsibility of the industry both towards financial costs and health liability.
- ☐ Maintain tested, up to date, rapid response, and sustained ads.

Surveillance and Evaluation - (\$257,100)

- ☐ Contract for local program evaluation and outcomes measures.
- ☐ Analyze data such as regional, state, and national health and smoking cessation statistics.
- ☐ Disseminate findings to partners, grantees, and policy makers.
- ☐ Provide training and technical assistance to partners and grantees on the use of data in program evaluation.

Program Coordination, Training, and Technical Support - (\$45,900)

- ☐ Provide updates and materials on educational strategies, policy and current research
- ☐ Expand diversity of alliance members to include tobacco industry target populations such as minorities, youth and women.
- ☐ Help promote policy restructuring, cessation program availability
- ☐ Coordinate technical training opportunities with partners.

Program	CDC			FDA			GF			Total	%	
	Pers. Svcs	Operational	Direct Svcs	Pers. Svcs	Operational	Direct Svcs	Pers. Svcs	Operational	Direct Svcs			
I Statewide Partnerships	0.0	0.0	0.0						440.0	440.0	11%	
II School Program	0.0	0.0	0.0						405.0	405.0	10%	
III Local Community Programs	94.3	44.3	76.0						1,188.0	1,402.6	36%	
IV Enforcement					10.0	115.0			364.0	489.0	13%	
V Counter Marketing	38.7	18.7	0.0						500.0	557.4	14%	
VI Surveillance & Evaluation	78.2	36.7	15.0				52.0	40.0	165.1	387.0	10%	
VI Administration, Management & Program Coordination	69.9	22.4	5.8	50.0			22.0	23.9		194.0	5%	
Sub Total	281.1	122.1	96.8	50.0	10.0	115.0	74.0	63.9	3,062.1	3,875.0	100%	
Sub Total by funding source	500.0			175.0			3,200.0					
Grand Total										3,875.0		

Current Staffing:

Currently funded positions through CDC grant include a Health Program Manager II (1 FTE) for program coordination, Health Program Manager I (1 FTE) for technical assistance to local grantees, and Administrative Clerk II (.5 FTE).

Staffing requested under CDC application due March 23, 1999:

Alaska's application will include the above currently funded positions plus a Health Program Manager I (1 FTE) for media initiatives; Public Health Specialist I (1 FTE) for program evaluation and surveillance, and expanding the current Adm. Clerk II to full time and upgrading the position to an Adm. Clerk III.

Staffing requested under general funds:

Public Health Medical Specialist (.5 FTE) for designing surveillance and evaluation systems, preparing and publishing reports, and monitoring Alaska's goals for Healthy People 2000 and 2010; and an Analyst Programmer (.45 FTE) for technical support, data analysis, and computer programming.

Note:

CDC's Request for Applications states, "At minimum, States should hire a full-time manager or coordinator; a full-time administrative support position; at least two FTE's to assist local programs; at least 0.5 FTE dedicated to surveillance and evaluation; and at least 0.5 FTE dedicated to counter-marketing."

Subject: Re: CSHB37

Date: Fri, 16 Apr 1999 10:11:16 -0800

From: Shari Kochman <shari_kochman@gov.state.ak.us>

Organization: Alaska Office of the Governor

To: Wes Keller <Wes_Keller@legis.state.ak.us>

CC: "Marie G. Jacobsen" <marie_jacobsen@gov.state.ak.us>,
Elmer A Lindstrom <elmer_lindstrom@health.state.ak.us>

well -- actually, the original note that you got (not just a fax) should have been sent on to mike to put in the bill packet. the note was delivered to you because it was for a hess cs. technically, you should not have passed the bill on to the next committee without the updated fiscal note. (however, this is common practice more and more often these days). but in these cases, when the bill has gone forward without the note, it really is up to you to get the note into the bill packet -- wherever it may be. so -- thanks for faxing it on to next committee, but is it possible to get them the real copy as well? thanks.

Wes Keller wrote:

>
> Hello Shari, Thanks for copy of fiscal note for CSHB37 from HSS. I
> faxed copy of it to Mike (Committee Aide in House Finance) where the
> bill is now. I wasn't sure if we got a copy simply for our information
> because it changed or if it was mis-delivered. This is fyi, no
> response needed. wes