

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 8672

10106 SENATE LABOR & COMMERCE

SB 248--HB 342
AIDEA Bill
Sectional Analysis

Section 1 – Clarifying changes to Property Tax Exemption Provisions

Section 1 together with Sections 6, 7, and 8 make clarifying changes in tax exemption and payment in lieu of tax provisions relating to AIDEA owned projects.

Background. Under AIDEA's development finance program, AIDEA can own development projects that further the Authority's mission. Examples of these projects include the DeLong Mountain Transportation System serving the Red Dog Mine and the Federal Express Maintenance Facility at Anchorage International Airport.

By statute, AIDEA's interests in development finance projects are exempt from property taxes. Other statutory provisions allow for local jurisdictions to exempt the property interests of private users of AIDEA's facilities from property taxation and authorize local jurisdictions to enter into payment in lieu of tax agreements with these users.

The bill makes technical changes to clarify how the property tax and the payment in lieu of tax agreement mechanisms operate.

Section 1. Permissive Property Tax Exemption for AIDEA Owned Projects. Section 1 amends the provisions to AS 29.45.050 to allow municipalities to grant tax exemptions with respect to interests of private users in AIDEA property. Current law (AS 44.88.140 (b)) authorizes the use of payment in lieu of tax agreements for private interests held in AIDEA owned projects but does not clearly describe the methods that can be used to implement those agreements. Section 1 allows municipalities to grant, by ordinance, partial or total property tax exemptions in private property interests held by users of the Authority's assets. While other statutory provisions allow municipalities to grant various tax exemptions including an exemption for economic development property, none of the exemptions specifically relate to AIDEA owned projects. Adding a specific permissive exemption together with the clarifying changes to the payment in lieu of tax agreement provisions will provide municipalities with appropriate mechanisms and simplify the process by which municipalities can implement these property tax provisions.

Sections 2 through 4 – Transfer of Rural Development Initiative Fund Program (RDIF)

Section 2-4 together with Sections 9-11 and 13-14 transfer the Rural Development Initiative Fund Program (RDIF) to AIDEA.

Background -- The RDIF program encourages economic development in rural Alaska by providing loans to small businesses in communities with populations of less than 5,000. The program was originally administered by the Department of Community and Regional Affairs and with the passage of HB 40 last year, is now within the Department of Community and Economic Development (DCED).

Because the RDIF program advances the Authority's economic development mission, AIDEA has supported the program over the last several years. The Authority has coordinated its Business and Export Assistance Loan Guarantee program with the RDIF program to increase the effectiveness of both programs. In 1993 and again in 1996, the Legislature authorized AIDEA to purchase loan portfolios from the State as an investment for the Authority. These loan purchases helped to re-capitalize the RDIF fund so that the fund had sufficient cash assets to make additional loans.

With the consolidation accomplished under HB 40, it is appropriate to transfer the RDIF program to the Authority. Transferring the program to AIDEA furthers AIDEA's mission in rural Alaska. In addition, the transfer will allow the program to continue to operate from year to year without the need for periodic AIDEA loan purchases or other legislative appropriations to re-capitalize the program. AIDEA will contract with DCED to administer the program utilizing the Department's rural program staff. This will help maximize efficiencies and ensure the continued effectiveness of the program in rural Alaska.

There are two steps to accomplishing the RDIF transfer to AIDEA. First, the bill statutorily creates a new RDIF loan program within AIDEA. This new program mirrors the existing statutory program. Second, upon the purchase by AIDEA of the existing RDIF loan portfolio, the bill repeals DCED's existing program. An appropriation will be required to authorize AIDEA's purchase of the existing portfolio.

Sections 2-4. Sections 2, 3 and 4 rename the existing DCED Rural Development Initiative Fund to the Rural Economic Development Initiative Fund. Under the bill (Sections 10, 13 and 14), the existing DCED program is not repealed until AIDEA completes the purchase of the existing RDIF loan portfolio from the State. Pending this purchase, the existing DCED statutes are modified to rename DCED's fund. This action is necessary so there is no statutory conflict with the AIDEA Rural Development Initiative Fund created under the bill.

Section 5 – Extension of AIDEA's Bonding Authority

Section 5 extends AIDEA's general bonding authority, which would otherwise sunset on July 1, 2000. Bonds for development finance projects in excess of \$10,000,000 will continue to require legislative authorization.

Background. Effective July 1, 2000, AIDEA's ability to issue bonds, other than refunding bonds, will sunset. The sunset would prevent AIDEA from issuing any new bonds (other than refunding bonds) without legislative approval and severely curtail AIDEA's ability to fulfill its statutory mission.

The sunset would prevent AIDEA from issuing bonds to assist key development projects, bonds to fund loan participations and conduit revenue bonds that do not involve the credit of AIDEA or the State. In recent years, AIDEA has issued tax-exempt conduit revenue bonds to help finance the Fort Knox gold mine (\$71 million), the Goat Lake Hydroelectric project (\$23 million), the South Central Alaska chapter of the American Red Cross (\$2.2 million), the Fairbanks Sewer and Water project (\$6 million) and the Association of Village Council Presidents (\$916,000). These bonds helped lower the cost of financing for these projects without any financial risk to AIDEA or the State.

The bill extends the sunset until July 1, 2003. In addition, the bill clarifies that the sunset does not apply to conduit revenue bonds, which do not impact the State's or AIDEA's credit. Bonds in excess of \$10 million for development finance projects will continue to require specific legislative approval.

Sections 6 through 8 -- Clarifying changes to Property Tax Exemption Provisions

Section 6 – This section amends AS 44.88.140(a) to recognize the permissive property tax exemption (adopted under Section 1 of the bill) that local governments may grant for AIDEA own projects.

Section 7 – This section amends AS 44.88.140(b) to clarify the mechanism to be used by local governments and users of AIDEA projects for entering into payment in lieu of tax agreements. The bill makes clear that these agreements are to be made directly between the local governments and the project users.

Section 8 – This section amends AS 44.88.140 to add a clarifying definitional section for "local political subdivision." The provision provides that the political subdivision in which the AIDEA project is located is the "local political subdivision" for purposes of the statute.

Sections 9 through 11 -- Transfer of Rural Development Initiative Fund Program (RDIF)

Section 9 – Creation of AIDEA RDIF Program. Section 9 establishes the RDIF program within AIDEA by enacting AS 44.88.600-620. With minor changes to reflect the program's status within AIDEA, these provisions mirror the provisions of the existing DCED RDIF program (AS 44.33.765-775).

AS 44.88.600 – This section establishes the RDIF within AIDEA outside of the AIDEA revolving fund. The section allows AIDEA to transfer funds between the revolving fund and the RDIF.

AS 44.88.610 – This section establishes the basic parameters of the RDIF program and mirrors the provisions of the current DCED program (See AS 44.33.770). Under the program, loans of up to \$200,000 (\$100,000 for individuals) may be made to businesses located in communities of less than 5000. These loans require that collateral be pledged to secure repayment and that a reasonable amount of money from non-State sources also be pledged to the project. The Authority may, by regulation establish interest rates of not less than 6% and other conditions for RDIF loans.

AS 44.88.620 – This section grants AIDEA the power to dispose of property acquired through foreclosure of defaulted RDIF loans.

Section 10 – Repeal of DCED Program. This section repeals the existing RDIF program within DCED. However, as noted below (see Sections 13 and 14), this section only becomes effective upon AIDEA's purchase from the State of the existing RDIF portfolio.

Section 11 – Transitional Provisions. This section enacts several transitional provisions related to the transfer of the RDIF program to AIDEA.

Sections 11(a) and 11(b) – These sections provide that regulations adopted under DCED's RDIF program will continue to apply to AIDEA's RDIF program until such time as AIDEA adopts new regulations for the program.

Section 11(c) – This section clarifies that the existing legal contracts, liabilities and obligations created under the DCED RDIF program remain in effect notwithstanding the transfer of the program under the bill.

Section 11(d) – This section provides that any amounts retained within DCED's RDIF, following AIDEA's purchase of the assets and the repeal of the DCED program, lapse into the general fund.

Sections 12 through 15 – Effective Date Provisions

Section 12 – Effective Date -- Bonding Sunset Extension. This section provides that the effective date of the bonding sunset extension provision of the bill (Section 5) is June 30, 2000. This effective date is necessary to insure that the current July 1, 2000 sunset date does not become effective.

Section 13 and 14 – Effective Date – RDIF Transfer. These sections provide special effective dates related to the transfer of the RDIF program to AIDEA. Specifically, these sections provide that the repeal of the DCED program (Section 10) and the transition provisions (Section 11) become effective on the day after AIDEA purchases the existing assets in the RDIF fund. A separate appropriation will be required to authorize AIDEA to purchase the existing RDIF assets from the State.

Section 15 – General Effective Date. This section provides that the remainder of the bill becomes effective July 1, 2000 to coincide with the beginning of the next fiscal year.

SB

260

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SB 260

Revision Date/Time (Note if correction) _____	Dept. Affected _____	Revenue _____
Title <u>Denial of Alcoholic Beverage License</u>	BRU	<u>Alcoholic Beverage Control Bd.</u>
	Component	<u>Alcoholic Beverage Control Bd.</u>
Sponsor <u>Senator Taylor</u>		
Requester <u>Senate Labor & Commerce Committee</u>	Component No.	<u>100</u>

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

Estimate of any current year (FY2000) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would not require a local-option election in an established village for liquor licenses associated with a resort facility. To meet this exemption from a local-option election, the resort must be inaccessible by road and only serve alcohol to registered guests. This exemption from the local-option election would apply only if 75 or fewer registered voters reside within a five-mile radius of the licensed premises.

Prepared by: <u>Doug Griffin, Director</u>	Phone <u>269-0351</u>
Division <u>Alcoholic Beverage Control Board</u>	Date/Time <u>March 28, 2000 - 10 a.m.</u>
Approved by: <u>Commissioner Wilson Condon</u>	Date <u>03/28/2000</u>
Agency <u>Department of Revenue</u>	

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Unidentified Observers: 0

SITKA (SIT)

1

Name: Dan K. Coffey

Phone:

Address:

Affiliation:

City /St /Zip: Anchorage

Type: Testifier

Bill: SB 260: DENIAL OF ALCOHOLIC BEVERAGE LICENSE

CORRECTION

THE FOLLOWING DOCUMENT(S)
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AGENDA

SB 260, Denial of Alcohol Beverage License.

HB 190, Viatical Settlements.



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Unidentified Observers: 0

SITKA (SIT)

1

Name: Dan K. Coffey

Phone:

Address:

Affiliation:

City /St /Zip: Anchorage

Type: Testifier

Bill: SB 260: DENIAL OF ALCOHOLIC BEVERAGE LICENSE

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

ADVISORY BOARD ON ALCOHOLISM AND DRUG ABUSE

P.O. BOX 110608
JUNEAU, ALASKA 99811-0608
PHONE: (907) 465-8920
FAX: (907) 465-4410
TOLL FREE: 1-800-420-8920

March 28, 2000

Senator Jerry Mackie, Chair
Senate Labor and Commerce Committee
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Senator Mackie and Committee Members:

On behalf of the Advisory Board on Alcoholism and Drug Abuse, I urge you to defeat passage of SB260, "Denial of Alcoholic Beverage License". Contrary to its title, this bill seeks an exception to current statute by allowing for issuance of a new alcoholic beverage license in an established village if the licensed premises include a resort facility providing lodging, food, and outdoor recreational services to its customers, the premises are not accessible by automobiles, and alcohol is sold only to registered guests or employees of the facility, and there are not more than 75 registered voters within a 5-mile radius of the premises.

The Advisory Board on Alcoholism and Drug Abuse has been charged with reducing consumption of alcohol statewide. The State Plan for Alcohol and Drug Abuse Services, "Results Within Our Reach" outlines a series of strategies aimed at reducing the negative consequences of substance abuse on individual Alaskans, families and communities.

Almost every legislative session bills are introduced to increase the number of licenses or circumvent existing legislation involving the sale of alcoholic beverages. This is going in the wrong direction. The Legislature has repeatedly expressed its concern about the high amount of alcohol consumption in the state and related devastating consequences. Hunting, snowmobile accidents, and drownings are high on the list of such consequences. Visitors to remote lodges are also at risk for such accidents when alcohol is in the picture.

The Board understands the rationale for this legislation, however we believe it is time to turn the tide on increasing the number of alcohol beverage licenses and urges you to vote no on passage of this bill.

Thank you for your consideration of this most important issue.

Sincerely,


Pamela L. Watts
Executive Director

Alaska State Legislature

Chairman,
Judiciary Committee

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



50 Front Street
Suite 203
Ketchikan, Alaska 99901
(907) 225-8088
Fax: (907) 225-0713

Senator Robin L. Taylor

SB 260

Sponsor Statement

"...relating to denial of an application for issuance of a new alcoholic beverage license in an established village."

This proposed bill is designed to update existing law governing alcoholic beverage license. Since it was first written there have been changes in the state that I feel need to be addressed.

Many visitors come to Alaska for a remote location experience. As a result we are seeing an increase in the number of remote resorts. These facilities give visitors the comfort of a rustic hotel and the freedom to truly experience Alaska. Like any such facility success is based on a combination of factors. Profits come from rooms, foodservice and beverage service. This bill once passed will make it easier for these remote facilities to operate more profitably. The restrictions on the license prevent the creation of a "Public Bar."

Passage of this measure will assist in the operation of a growing industry in the state.

District A:

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Alaska State Legislature

Chairman,
Judiciary Committee
Administrative Regulations
Revenue Committee

Vice Chairman,
Resources Committee



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50 Front Street
Suite 20
Ketchikan, Alaska 99901
(907) 225-808
Fax: (907) 225-071

Senator Robin L. Taylor

March 16, 2000

The Honorable Jerry Mackie, Chair
Senate Labor and Commerce Committee
Alaska State Legislature
State Capitol, Room 427
Juneau, Alaska 99811

Dear Senator Mackie:

SB 260 – "An Act relating to denial of an application for issuance of a new alcoholic beverage license in an established village...." has been referred to your committee. I am writing today to ask that you schedule it for a hearing at the earliest possible date.

A beverage dispensary license was issued to Whale's Pass Resort in 1991 and every year thereafter until 1999. The Alcohol Beverage Board then did not issue one citing the fact that a vote of the community had not been taken. The Resort only wants to sell alcoholic beverages to its paying guests, not the community at large. This bill would allow the Resort to do this.

If you need additional information about SB 260, please call me at 465-3873. I look forward to working with the committee on advancing this important bill.

Sincerely,

Handwritten signature of Robin L. Taylor in cursive.

Senator Robin L. Taylor
District A

RLT/rk

District A:

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

STATE OF ALASKA
DEPARTMENT OF REVENUE
Alcoholic Beverage Control Board

TONY KNOWLES, GOVERNOR

550 W. 7TH AVENUE, STE. 350

Anchorage, Alaska 99501

Phone: 907-269-0350

FAX: 907-272-9412

March 11, 1999

Clifford Smith
Smith & McCarty
111 Stedman Street #201
Ketchikan, Alaska 99901

Re: Whale's Resort liquor license

Dear Mr. Smith:


Thank you for your letter of March 9, 1999 concerning your client's interest in obtaining a liquor license for the Whale's Resort. This letter is to confirm our telephone conversation regarding the requirement for a local option election in Whale's Pass before a liquor license can be approved.

As we discussed, Whale's Pass meets the criteria for an established village under AS 04.21.080(9)(A). AS 04.11.320(a)(10) provides that an application for a new license shall be denied unless a majority of the voters in the established village have voted not to approve a local option to restrict or prohibit the sale of alcoholic beverages under AS 04.11.491.

For information and assistance in preparing the petition and conducting a local option election, you may contact the Division of Elections. The Elections Supervisor of the Southeast Region is Pam Crowe. Ms. Crowe may be contacted at 465-3021; P. O. Box 110018, Juneau, Alaska 99811-0018.

If you have any questions please call our office.

Sincerely,



Donna Johnson
Records & Licensing Supervisor

SB

276

Message

Date: Thursday Mar 02, 2000

Time: 3:20 PM

To: JUNEAU

From: JEAN MILLER

TC Number: 10471

Message: The two people left in Anchorage to testify both want to say something - they have promised to be brief / Jean/Anc

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Alaska State Legislature



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Senator Pete Kelly, Vice Chairman
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Senator Gary Wilken
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State Capitol, Rm 119
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(907) 465-3762

Senate Committee on Health, Education and Social Services

Sponsor Statement SB 276

"An Act requiring that health care insurers provide coverage for treatment of diabetes."

Senate Bill 276 would require that health insurers in Alaska provide coverage for diabetes equipment, supplies, training and education as deemed necessary by state licensed health care providers. To date, 37 states have enacted legislation providing similar diabetes coverage.

Over 30,000 Alaskans are affected by diabetes. Without education or proper treatment, diabetes can lead to kidney failure, amputation, nerve damage, blindness, associated suffering and resulting costs are often avoidable through patient education on proper nutrition, exercise, blood sugar monitoring and medication.

Education is the foundation of quality diabetes care. It is the process of providing the person with diabetes the knowledge and skills needed to perform self-care, prevent crisis and make important life style changes required to effectively avoid complications. Through proper education, the diabetic may assume his/her appropriate role as an active participant in the treatment plan.

A number of published studies by the American Diabetes Association show decreased in health care utilization for people with diabetes receiving appropriate education and access to supplies.

A Milliman study for the ADA estimates annual savings of \$917 per person with diabetes that translates into savings for the insurance industry as well.

SB 276 promotes better health, and ultimately, lower health costs for the people of Alaska.

I urge your support of SB 276.



**American
Diabetes
Association** ®

Mission

to prevent and cure diabetes
and to improve the lives of all
people affected by diabetes.

Senator Mike Miller
State Capitol
Juneau, Alaska 99801-1182

February 24, 2000

Dear Senator Miller:

I am writing to Thank you for your support of diabetes insurance reform legislation in Alaska. This legislation, Senate Bill 276, will ensure that Alaskans have access to diabetes medicines, equipment and education. Diabetes insurance reform will promote improved health and lower health costs for the people of Alaska. This legislation needs your support.

Talking Points:

- **Diabetes is a serious disease affecting 30,000 Alaskans.** It is the leading cause of kidney failure, blindness, nerve damage and amputations. Diabetes is also a major risk factor for heart disease and stroke. These serious health complications can result in significant medical costs.
- **Diabetes is a disease that is largely self-managed.** In order to stay healthy, a person with diabetes must have access to supplies, such as test strips, meters and insulin. People with diabetes need training on how to use these supplies. Patient education is also essential to support the nutritional, exercise and lifestyle changes required for successful self-management of the disease.
- **Studies show that diabetes complications can be minimized and health care costs can be significantly reduced** when people with diabetes have access to supplies and patient education. Some insurance plans in our state do cover diabetes supplies and education, but Alaska does not currently require insurers to provide this coverage. Many people with diabetes have trouble obtaining reimbursement from their insurers and are unable to successfully self-manage their disease.

Thank you for considering my request for your support of this important legislation.
I look forward to your response.

Sincerely,

Michelle A. Cassano
Executive Director

Enclosures

Alaska Office

801 W. Fireweed Lane, Suite 103, Anchorage, Alaska 99503 Tel: (907) 272-1424 Fax: (907) 272-1428

For Diabetes Information Call 1-800-DIABETES • <http://www.diabetes.org>

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**American
Diabetes
Association**

Mission

to prevent and cure diabetes
and to improve the lives of all
people affected by diabetes.

Senator Mike Miller
119 North Cushman Street
Fairbanks, Alaska 99701

February 11, 2000

Dear Senator Miller:

Thank you for supporting diabetes insurance reform legislation in Alaska. This legislation, drafted today, will ensure that Alaskans have access to diabetes medicines, equipment and education. Legislation sponsored by Senate Health Education and Social Services committee will be a companion bill to HB 298, introduced by Representative Lisa Murkowski and co-sponsored by Representatives Phillips and Brice.

Diabetes is a serious disease affecting more than 36,000 Alaskans. It is the leading cause of kidney failure, blindness, nerve damage and amputations. Diabetes is a major risk factor for heart disease and stroke. In addition to these serious health complications, diabetes care results in significant medical costs.

Diabetes is a disease that is largely self-managed. In order to stay healthy, the patient must have access to supplies, such as test strips, meters and insulin. People with diabetes need training on how to use these supplies. Patient education is also essential to support the lifestyle changes required for successful self-management of the disease.

Diabetes complications can be minimized and health care costs can be significantly reduced with access to the proper supplies, equipment, and education. Some insurance plans in our state do cover diabetes supplies and education, but Alaska does not currently require insurers to provide this coverage. Many people with diabetes have trouble obtaining reimbursement from their insurers and are unable to manage their disease.

Diabetes insurance reform will promote improved health and will also lower health costs for people living with diabetes in Alaska. Please take time to review the material enclosed with this letter. It demonstrates why the new legislation will benefit Alaska and Alaskans. Thank you.

Sincerely,

Betsy Turner-Bogren
Fairbanks District Manager
American Diabetes Association

Enclosures

Alaska Office

801 W. Fireweed Lane, Suite 103, Anchorage, Alaska 99503 Tel: (907) 272-1424 Fax: (907) 272-1428

For Diabetes Information Call 1-800-DIABETES • <http://www.diabetes.org>

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**DIABETES STATISTICS
 FOR
 Alaska**

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Total Number with Diabetes 36,698.00

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Number Diagnosed with Diabetes 24,073.89

[Staff Forums](#)

Number Undiagnosed with Diabetes 12,624.11

[PBD Online](#)

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Number of Children with Diabetes 338.37

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Number Aged 65 and Older with Diabetes 6,189.94

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Number on New Cases of Diabetes 1,866.00

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Number of Deaths each year caused by Diabetes 438.14

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Number of Amputations each year caused by Diabetes 156.48

[HOME](#)

Number of new cases of Blindness each year caused by Diabetes Between 28.17 and 56.33

Number on Dialysis or Receiving a Kidney Transplant 231.11

Annual Economic Cost of Diabetes
 Indirect \$125,984,674.38
 Direct \$103,078,369.94
 Total \$229,063,044.32

[Click here to return to American Diabetes Month Operational Guide](#)



The Case for Diabetes Insurance Reform in Alaska

Objective: Improved access to diabetes self-management education, equipment and supplies.

Results: Cost savings and better health for 30,000 Alaskans with diabetes.

WHAT WILL THIS LEGISLATION DO?

It will require that individual and group health insurance policies provide coverage for diabetes equipment and supplies and for diabetes education for self-management.

WHO WILL BENEFIT AND WHY IS IT NEEDED?

30,000 Alaskans have diabetes. Many have trouble obtaining the medically necessary equipment, supplies, and self-management education that providers prescribe.

Numerous studies show that access to the proper equipment, supplies and education results in improved health care at no additional cost, and often a cost savings.

HOW CAN THERE BE COST SAVINGS?

Short-term savings, as documented in states where this legislation is in place, are due to fewer hospitalizations, length of hospital stays, and emergency room visits, as the following studies show:

- 32% fewer hospitalizations and hospital days in Maine,
- 40-50% drop in hospitalization and 50% lower frequency of emergency room visits in Maryland,
- 63% reduction in emergency room visits for insulin using diabetics in Rhode Island.

Long-term savings, as documented in states where this legislation is in place, result from a reduction in expensive long-term complications as documented in the Diabetes Control and Complications Trial:

- Blindness reduced by 60%,
- Kidney disease reduced by 56%,
- Microvascular nerve disease reduced by 61%.

HOW MUCH WILL THE COST SAVINGS BE?

It is hard to say exactly but experience and studies show:

- In Maine, \$3 saved for every \$1 spent on diabetes self-management training, saving \$293 per participant,
- Estimated savings of \$2,319 per patient each year in a county hospital setting as reported in the New England Journal of Medicine,
- Estimated savings of \$437,500 per year for education involving 12,950 individuals with diabetes as reported in the Journal of the American Dietetic Association,
- Estimates savings of \$917 per patient in the most likely scenario of a study for the American Diabetes Association,
- Per person costs for Medicaid patients after diabetes education dropped from \$5,271 to 3,533.

IS THIS NEW, CUTTING EDGE LEGISLATION?

No. In fact, thirty-seven states have passed similar legislation. It has been signed by Republican and Democratic governors alike.

WILL INSURANCE PREMIUMS RISE?

Not according to a Wisconsin study undertaken after its law passed. New Mexico and Maine report no expected increases in administrative costs.

Common Issues Regarding Insurance Coverage For Diabetes

Responses from Steve Bieringer, Regional Advocacy Director, American Diabetes Association & David Holtzman, Director, Government Affairs, American Association of Diabetes Educators.

ISSUE: Mandating coverage of benefits will increase the cost of health insurance which may have the unintended consequence of increasing the number of uninsured as employers decrease their contributions or drop insurance.

RESPONSE: The insurance industry often raises these issues in general as an argument against mandates. I have not seen, and they have never produced, a study that shows Diabetes Insurance Reform will increase costs resulting in lost coverage for people. In fact numerous studies show that covering diabetes equipment, supplies and the education to learn to self-manage the disease will reduce costs. Short-term costs are reduced because of fewer hospitalizations, length of hospital stays and fewer emergency room visits. Lessening complications of diabetes such as blindness, end-stage renal disease, and microvascular disease reduces long-term costs. The industry opposes the diabetes mandate simply because they are afraid it will open the door to other mandates that may have a cost.

ISSUE: Small employers moving to self-funding to avoid state insurance laws; the majority of Alaskans are not impacted because their plans are not subject to state law.

RESPONSE: It is true that a federal law, ERISA, not state law, regulates the self-insured plans usually associated with large employers. It does not lessen the need for state insurance reform to help the 30% or so who are in state regulated plans. Of those covered by health plans not subject to state insurance laws, many already have the benefit of such coverage. The Medicare program provides coverage of monitors, strips and diabetes education. The Federal Employee Health Plan requires, with a few exceptions for some collective bargaining units, coverage for pumps, monitors, strips and education. Some, but not all, self-funded self-insuring plans provide coverage for strips and monitors although education is covered in limited cases. Finally, Alaska's Medicaid program covers monitors, strips and medical nutrition therapy for people with Type 1 or Type 2 diabetes

ISSUE: Mandated offers vs. mandated coverage

RESPONSE: While some insurers may offer this benefit and some employers may purchase it, serious gaps are left with mandatory offerings. Those gaps prevent and make it difficult for people with diabetes to receive the needed supplies, equipment, and education. Of the 37 states that require coverage and the three that have mandatory offering, only one does not include access or reimbursement to diabetes education. The experience of the mandatory offering states is not good. When coverage is provided only by way of a mandatory offering of a rider, the cost of coverage for the rider is borne exclusively by the people with diabetes participating in the coverage. In addition, the cost of the insurer's overhead is added to the costs of the rider pool. Experience shows that for many people with diabetes the cost of the rider is greater than the out of pocket expense they incurred prior to the rider.

12/5/97

To whom it may concern.

I don't have diabetes, and I no longer have a family member suffering from this awful disease either. You see, my husband died of "diabetes related complications" on Sept 28, 1997, just 2½ weeks after he turned 34. The medical examiner wasn't able to find anything more specific to list on the death certificate. It seems that nobody does blood-insulin level tests anymore for autopsy purposes.

My husband suffered from diabetes for 17 years. In the last year he was diagnosed with diabetic nephritis and went blind from diabetic retinopathy. He was repeatedly turned down for government assistance and

was unable to receive proper medical care for years. He was turned down for Social Security Disability in July, 1997, two months before he died. After his death, they expedited his appeal and determined that he has been disabled since July of 1996. He has contacted your office several times since we moved here in 1991. You have always done everything possible to help him. He has received advice, literature, a list of pharmaceutical companies that provide free medication, and blood sugar test strips, and always with compassion from your office. He was told many times that you wish you could do more, but there just wasn't enough funding.

I cried today when I opened your request for donations. At first, I almost just threw it away. But instead I want to thank you for reminding me that there are still others suffering. I don't have much, but I want to help. I also have a One Touch II, lancets, test strips, and other supplies that I would like to donate. As soon as I get a chance I will bring these items to your office.

I also want you to know that I contacted the Anch. Daily News & they ran a story about the problems we had obtaining medical care.

It ran in the Sunday edition, 11/9/97. I sent copies of it with a 3 page letter to every member of the AK legislature, Congress, and President Clinton. I have received a few responses, and I am still hugging

them on a regular basis. The State of Alaska does not consider diabetes serious enough to provide help to those who suffer from it, and the federal government doesn't consider advanced diabetes complications to be a disability. I believe that there needs to be some changes. I don't intend to leave them alone until it happens.

Once again, thank you for reminding me that there is still a need to fight this terrible disease. I wish I could do more to help. My prayers are with all of you as you continue to help others.

Sincerely,

Bob Spencer

Bob Spencer
3007 Arctic Blvd., #3
Anch., AK 99503

Return-Path: <verlie@sherwincpa.com>

Received: from server.sherwincpa.com (cable-199-5-237-24.anchorageak.net [24.237.5.199])
by jnu-unix.legis.state.ak.us (8.9.1/8.9.1) with ESMTP id UAA23624 for
<Senator_Jerry_Mackie@legis.state.ak.us>; Tue, 29 Feb 2000 20:10:05 -0900

Received: by SERVER with Internet Mail Service (5.5.2448.0) id <CD484SBB>; Tue, 29 Feb
2000 20:13:21 -0900

Message-ID: <B111450E1354D21183DE00A0C9DEDAC757CE@SERVER>

From: Verlie A Sherwin <verlie@sherwincpa.com>

To: "Jerry Mackie (E-mail)" <Senator_Jerry_Mackie@legis.state.ak.us>

Subject: SB 276 - Insurance Reform for Diabetes

Date: Tue, 29 Feb 2000 20:13:18 -0900

Return-Receipt-To: Verlie A Sherwin <verlie@sherwincpa.com>

MIME-Version: 1.0

X-Mailer: Internet Mail Service (5.5.2448.0)

Content-Type: text/plain; charset="iso-8859-1"

Committee

Dear Senator Mackie:

The purpose of this message is to request your support for SB 276 during the Senate Labor and Commerce Committee hearing that is scheduled for March 2nd. This bill, along with a companion bill in the House of Representatives (CSHB 298), will ensure that Alaskans will have access to diabetes medicines, equipment and education. There is no cost to the State of Alaska for this legislation.

I have been involved as a volunteer with the Alaska Area of the American Diabetes Association for over 8 years and have come to appreciate that diabetes is as serious a disease as any you can name. It affects over 30,000 Alaskans and is the leading cause of kidney failure, blindness, nerve damage and amputation. It is also a major risk factor for heart disease and stroke. In addition to significant medical costs, there are human costs to these complications of diabetes. I have attended the funerals of many close friends who have died from these complications.

Although not afflicted with diabetes myself, I have seen that diabetes can be controlled and regulated by the patient. A person with diabetes must have access to supplies (test strips, meters and insulin), training in how to use these supplies and the education to change nutrition, exercise and lifestyles for successful self-management. Many of these costs are not now covered by existing insurance plans. If they were, the insurance companies, those suffering from diabetes, the families that support them, in fact every Alaskan would benefit from the reduced health care costs that would result.

Alaskans need your support of SB 276 for guaranteed access to this necessary coverage. Please let me know you will help. I await your reply.

Sincerely,

Verlie Sherwin
1131 St. Gotthard Avenue
Anchorage, AK 99508

Alaska State Legislature

Senator Mike Miller, Chairman
Senator Pete Kelly, Vice Chairman
Senator Drue Pearce
Senator Gary Wilken
Senator Kim Elton



State Capitol, Rm 119
Juneau, Alaska 99801-1182
(907) 465-3762

Senate Committee on Health, Education and Social Services

Sponsor Statement
SB 276

"An Act requiring that health care insurers provide coverage for treatment of diabetes."

Senate Bill 276 would require that health insurers in Alaska provide coverage for diabetes equipment, supplies, training and education as deemed necessary by state licensed health care providers. To date, 37 states have enacted legislation providing similar diabetes coverage.

Over 30,000 Alaskans are affected by diabetes. Without education or proper treatment, diabetes can lead to kidney failure, amputation, nerve damage, blindness, associated suffering and resulting costs are often avoidable through patient education on proper nutrition, exercise, blood sugar monitoring and medication.

Education is the foundation of quality diabetes care. It is the process of providing the person with diabetes the knowledge and skills needed to perform self-care, prevent crisis and make important life style changes required to effectively avoid complications. Through proper education, the diabetic may assume his/her appropriate role as an active participant in the treatment plan.

A number of published studies by the American Diabetes Association show decreased in health care utilization for people with diabetes receiving appropriate education and access to supplies. A Wisconsin study estimates annual savings of \$917 per person with diabetes that translates into Savings for the insurance industry as well. SB 276 promotes better health, and ultimately, lower health costs for the people of Alaska.

I urge your support of SB 276.

Return-Path: <lawwill@alaska.net>

Received: from alaska.net (root@kitsune.alaska.net [209.112.130.10]) by jnu-unix.legis.state.ak.us (8.9.1/8.9.1) with ESMTP id UAA31942 for <Senator_Jerry_Mackie@legis.state.ak.us>; Mon, 28 Feb 2000 20:46:13 -0900

Received: from alaska.net (154-pm35.nwc.alaska.net [209.112.159.154]) by alaska.net (8.9.1/8.9.1) with ESMTP id UAA24357 for <Senator_Jerry_Mackie@legis.state.ak.us>; Mon, 28 Feb 2000 20:40:05 -0900 (AKST)

Message-ID: <12D43AC9.E729A2F0@alaska.net>

Date: Fri, 04 Jan 1980 20:36:09 -0900

From: "LAWRENCE A. WILLIAMS II" <lawwill@alaska.net>

Reply-To: lawwill@alaska.net

Organization: csfra

X-Mailer: Mozilla 4.5 [en] (Win95; I)

X-Accept-Language: en

MIME-Version: 1.0


To: Senator_Jerry_Mackie@legis.state.ak.us

Subject: (no subject)

Content-Type: multipart/mixed; boundary="-----EFFD7EA026F1D4026D352812"

Dear Senator Mackie:

Thank you for scheduling SB 276, I will be in the Anchorage Legislative Affairs Office to listen to the hearing. I'm writing today to ask that you support this important legislation. In the time you read this letter 2200 Americans will be told they have diabetes, a disease with no cure. Help keep Alaskans healthy support SB 276


 Case for Diabetes Insurance Reform in Alaska.doc

X-Mozilla-IMAP-Part: 2

Content-Type: application/msword
name="Case for Diabetes Insurance Reform in Alaska.doc"

Content-Transfer-Encoding: base64

Content-Disposition: inline;
filename="Case for Diabetes Insurance Reform in Alaska.doc"

 position paper hb 298.doc

X-Mozilla-IMAP-Part: 3

Content-Type: application/msword; name="position paper hb 298.doc"

Content-Transfer-Encoding: base64

Content-Disposition: inline; filename="position paper hb 298.doc"

Return-Path: <dnovotney@hisea.org>

Received: from hisea.org ([208.151.101.9]) by jnu-unix.legis.state.ak.us (8.9.1/8.9.1) with ESMTP id IAA29816 for <senator_jerry_mackie@legis.state.ak.us>; Mon, 28 Feb 2000 08:19:09 -0900

Received: from bartlett1.hisea.org ([172.16.0.10]) by gateway.hisea.org with ESMTP id <13444-1>; Mon, 28 Feb 2000 08:19:04 -0900

Received: by bartlett1.hisea.org with Internet Mail Service (5.0.1460.8) id <FWASPJWA>; Mon, 28 Feb 2000 08:21:54 -0900

Message-ID: <04365F31147FD211A8FD0000F8775F3B2ACF69@bartlett1.hisea.org>

From: Don Novotney <dnovotney@hisea.org>

To: Senator_Jerry_Mackie@legis.state.ak.us

Subject: SB 276

MIME-Version: 1.0

X-Mailer: Internet Mail Service (5.0.1460.8)

Content-Type: text/plain; charset="iso-8859-1"

Date: Mon, 28 Feb 2000 08:19:03 -0900

February 28, 2000

Dear Senator Mackie

I urge you to support and pass SB 276 "An Act requiring that health care insurers provide coverage and treatment of Diabetes."

I have had diabetes 22 years. Since 1980, I have tested my blood 4 times a day. Those blood sugar results guide me in giving the right amount of insulin to keep my blood sugar "Normal". Glucose strips cost \$0.65/strip. Over the years my hospitalizations could have easily exceeded the costs of my insulin, diabetes self-education, and glucose strip costs that I've laid out. Diabetes can cost you a lot of money, affect your family and friends, and severely shorten your life if you do not achieve blood glucose control. People afflicted with diabetes need to control blood glucose levels to prevent complications and additional costs.

Control of blood glucose is achieved through diabetes self-management components which include, complications training, exercise and stress management, gestational diabetes, group seminars, individual instruction, insulin and medication management, and nutritional counseling. According to current literature, treatment of diabetes in the United States costs \$92 billion per year in related care and lost wages. If 30,000 Alaskans would loose their jobs to complications of diabetes, our state would be in pretty sad shape. According to the, "Diabetes Complications and Control Trial (DCCT)", a nine-year study completed by the National Institutes of Health (NIH) in 1993, ..."diabetic patients who carefully monitor and control blood glucose can reduce the long-term complications caused by their condition by two-thirds, thus substantially reducing the cost of treatment".

Costs of diabetes management are sometimes hidden. In an article by "Levetan, C and R. Ratner. "The Economic Bottom Line on Preventive Diabetes Care." Practical Diabetology. (December 1995): 10-19. Traditionally medical insurance companies, have been wary to reimburse for inpatient self management education, causing hospitals to charge these services under another billing category (for example, nursing care or social work). The hospital then increases the charge for inpatient diabetes care for the respective category in which education is included, thereby covering the cost of inpatient diabetes education and management.

Diabetic foot complications are the most common cause of non-traumatic lower extremity amputations in the United States and Alaska. The risk of lower extremity amputation is 15-46 times higher in diabetics than in persons who

do not have diabetes mellitus. Furthermore, foot complications are the most frequent reason for hospitalization in-patients with diabetes, accounting for up to 25 percent of all diabetic admissions in the United States. According to a recent article in American Family Physician. "Diabetic Foot Ulcers: Prevention, Diagnosis and Classification." (7 May 1998), between 50 -75 percent of all diabetic amputations are preventable. Telling patients what they need to know and persuading them to practice diligent routine of self-management can prevent these complications.

Diabetes touches all of us. When you walk through the airport in Juneau, the Dimond Mall, or at a fund raising dinner 10% of those people you come in contact with have diabetes. Most manage their diabetes fairly well but like all things in society some people just sit back and ignore their health and create a burden for the community. Awareness, medical insurance reimbursement, education, and supplies must be available to improve all Alaskans Lives.

How have we let medical Insurance companies offer policies in our state and created a double standard for the Thousands of Alaskans that suffer from Diabetes. I ask you to support and get HB 298, "An Act requiring that health care insurers provide coverage and treatment of Diabetes," passed. I hope to hear your reply.

Sincerely,

Donald Novotney
1120 Timberline CT.
Juneau, AK 99801

Return-Path: <theodore@sherwincpa.com>

Received: from server.sherwincpa.com (cable-199-5-237-24.anchorageak.net [24.237.5.199]) by jnu-unix.legis.state.ak.us (8.9.1/8.9.1) with ESMTP id QAA30028 for <Senator_Jerry_Mackie@legis.state.ak.us>; Sun, 27 Feb 2000 16:41:23 -0900

Received: by SERVER with Internet Mail Service (5.5.2448.0) id <CD484R0Y>; Sun, 27 Feb 2000 16:44:42 -0900

Message-ID: <B111450E1354D21183DE00A0C9DEDAC701FA16@SERVER>

From: Theodore P Sherwin <theodore@sherwincpa.com>

To: "Jerry Mackie (E-mail)" <Senator_Jerry_Mackie@legis.state.ak.us>

Subject: SB 276 - Insurance Coverage for Treatment of Diabetes

Date: Sun, 27 Feb 2000 16:44:40 -0900

MIME-Version: 1.0

X-Mailer: Internet Mail Service (5.5.2448.0)

Content-Type: text/plain; charset="iso-8859-1"

Dear Senator Mackie:

The purpose of this message is to request your support for SB 276 during the Senate Labor and Commerce Committee hearing that is scheduled for March 2nd. This bill, along with a companion bill in the House of Representatives (CSHB 298), will ensure that Alaskans will have access to diabetes medicines, equipment and education. There is no cost to the State of Alaska for this legislation.

I have been involved as a volunteer with the Alaska Area of the American Diabetes Association for over 13 years and have come to appreciate that diabetes is as serious a disease as any you can name. It affects over 30,000 Alaskans and is the leading cause of kidney failure, blindness, nerve damage and amputation. It is also a major risk factor for heart disease and stroke. In addition to significant medical costs, there are human costs to these complications of diabetes. I have spoken at the funerals of a close friend and my mother who have died from these complications.

Although not afflicted with diabetes myself, I have seen that diabetes can be controlled and regulated by the patient. A person with diabetes must have access to supplies (test strips, meters and insulin), training in how to use these supplies and the education to change nutrition, exercise and lifestyles for successful self-management. Many of these costs are not now covered by existing insurance plans. If they were, the insurance companies, those suffering from diabetes, the families that support them, in fact every Alaskan would benefit from the reduced health care costs that would result.

Alaskans need your support of SB 276 for guaranteed access to this necessary coverage. Please let me know you will help. I await your reply.

Sincerely,

Theodore P. "Ted" Sherwin, CPA, CVA
1131 St. Gotthard Avenue
Anchorage, AK 99508
Telephone 907.562.4448
Facsimile 907.562.4447

Return-Path: <dnovotney@hisea.org>

Received: from hisea.org ([208.151.101.9]) by jnu-unix.legis.state.ak.us (8.9.1/8.9.1) with ESMTP id LAA09888 for <Senator_Jerry_Mackie@legis.state.ak.us>; Wed, 1 Mar 2000 11:56:42 -0900

Received: from bartlett1.hisea.org ([172.16.0.10]) by gateway.hisea.org with ESMTP id <13443-1>; Wed, 1 Mar 2000 11:55:52 -0900

Received: by bartlett1.hisea.org with Internet Mail Service (5.0.1460.8) id <GCM1CD96>; Wed, 1 Mar 2000 11:58:40 -0900

Message-ID: <04365F31147FD211A8FD0000F8775F3B2B1C8A@bartlett1.hisea.org>

From: Don Novotney <dnovotney@hisea.org>

To: Senator_Jerry_Mackie@legis.state.ak.us

Subject: SB276

MIME-Version: 1.0

X-Mailer: Internet Mail Service (5.0.1460.8)

Content-Type: text/plain; charset="iso-8859-1"

Date: Wed, 1 Mar 2000 11:55:42 -0900

Dear Senator Mackie,

I urge you to support senate bill 276 " Coverage for treatment of diabetes."

I have lived with diabetes 22 years. Diabetes is my number one goal to beat in my lifetime. Serious complications haven't hit me yet (loss of vision, kidney dialysis, or loss of limb). I sought diabetes education to beat diabetes. Paid for the education when it wasn't available through my insurance company to survive this disease.

Since 1980 I have checked my blood glucose 4 times a day, I adjust my insulin dose related to my blood glucose so I can be "NORMAL" (normal blood glucose 70-115 mg/dl). Those blood sugar results guide me in giving the right amount of insulin to keep my blood sugar "Normal". Glucose strips cost \$0.65/strip or \$949/yr.

Over the years I have had diabetes, my hospitalizations could have easily exceeded the costs of my insulin, diabetes self-education, and glucose strip costs that I've laid out.

Diabetes touches all of us. When you walk through the offices in Juneau, the airport in Anchorage, or at a fund raising dinner, up to 10% of those people you come in contact will develop diabetes in their lifetime. Most manage their diabetes fairly well but like all things in society some people just sit back and ignore their health and create a burden for the community. Awareness, medical insurance reimbursement, education, and supplies must be available to improve all Alaskans Lives.

How have we let medical insurance companies offer policies in our state that don't provide the basics of self-management education, medicines and supplies? Thousands of Alaskans suffer from Diabetes. I ask you to support and get SB 276, " Coverage for treatment of diabetes," passed.

I look forward to your reply.

Sincerely,

Donald Novotney
1120 Timberline CT.
Juneau, AK 99801
907-780-4300

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

February 28, 2000

Dear Senator Mackie,

Someone I love has diabetes. I am writing to ask for your support of diabetes insurance reform legislation in Alaska. This legislation, SB 276, will ensure that Alaskan's have access to diabetes medications, equipment and education, which is needed to successfully manage diabetes and to prevent diabetes complications. As of December 1999, 37 states had passed essential diabetes insurance reform legislation. Please show all Alaskan's with diabetes that their health matters by supporting this very important legislation.

Diabetes affects at least 30,000 Alaskans. It is the leading cause of kidney failure, blindness, and nerve damage and limb amputations. Diabetes is also a major cause of heart disease and strokes. Because the cause of death is usually listed as fatal heart attack, or massive stroke, or chronic heart failure, most people are unaware that diabetes was the underlying factor. Studies have shown that people who can obtain reimbursement for diabetes education and equipment are able to successfully manage their disease and dramatically reduce the incidence of diabetes related health problems. Not only will this reduce the financial and emotional burden of Alaskan's with diabetes and their families but also it will dramatically reduce health care costs in Alaska.

Thank you for considering support of this important legislation.

Sincerely,



Cc:

Senator Tim Kelly
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffman

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

February 28, 2000

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Thank you for considering support of this important legislation.

Sincerely,

Marceline E. Moore

Cc:
Senator Tim Kelly
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffman

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

February 28, 2000

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Thank you for considering support of this important legislation.

Sincerely,

Patrick M. Nolan, MD, FACE

Cc:
Senator Tim Kelly
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffman

*Dr. Patrick M. Nolan, MD, FACE
Endocrinology / Diabetology / Internal Med.
Anchorage, Alaska 99508*

Providence Alaska Med Ctr.

Director, Diabetes Center

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

February 28, 2000

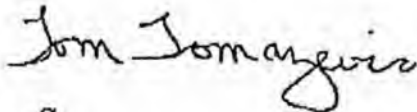
Dear Senator Mackie,

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Thank you for considering support of this important legislation.

Sincerely,



Cc:
Senator Tim Kelly
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffman

Tom Tomazevic
9826 Dinaaku Dr.
Eagle River, Ak 99577

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

February 28, 2000

Dear Senator Mackie,

I have diabetes. I am writing to ask for your support of diabetes insurance reform legislation in Alaska. This legislation, SB 276, will ensure that Alaskans like myself have access to diabetes medications, equipment and education, which is needed to successfully manage my diabetes and to prevent diabetes complications. As of December 1999, 37 states had passed essential diabetes insurance reform legislation. Please show me and all Alaskan's with diabetes that our health matters by supporting this very important legislation.

Diabetes affects at least 30,000 Alaskans. It is the leading cause of kidney failure, blindness, and nerve damage and limb amputations. Diabetes is also a major cause of heart disease and strokes. Because the cause of death is usually listed as fatal heart attack, or massive stroke, or chronic heart failure, most people are unaware that diabetes was the underlying factor. Studies have shown that people who can obtain reimbursement for diabetes education and equipment are able to successfully manage their disease and dramatically reduce the incidence of diabetes related health problems. Not only will this reduce the financial and emotional burden of Alaskan's with diabetes and their families but also it will dramatically reduce health care costs in Alaska.

Thank you for considering support of this important legislation.

Sincerely,

Melinda Tomazevic

Cc:

Senator Tim Kelly
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffman

Melinda Tomazevic
9826 Dinaaka Dr.
Eagle River, AK
99577

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

February 28, 2000

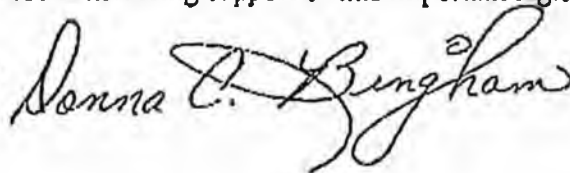
Dear Senator Mackie,

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Thank you for considering support of this important legislation.

Sincerely,



Cc:

Senator Tim Kelly
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffman

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

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Sincerely,



Cc:

Senator Tim Kelly
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffman

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

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Thank you for considering support of this important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Ted Kelly", with a long horizontal flourish extending to the right.

Cc:
Senator Tim Kelly
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffman

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

February 28, 2000

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Diabetes affects at least 30,000 Alaskans. It is the leading cause of kidney failure, blindness, and nerve damage and limb amputations. Diabetes is also a major cause of heart disease and strokes. Because the cause of death is usually listed as fatal heart attack, or massive stroke, or chronic heart failure, most people are unaware that diabetes was the underlying factor. Studies have shown that people who can obtain reimbursement for diabetes education and equipment are able to successfully manage their disease and dramatically reduce the incidence of diabetes related health problems. Not only will this reduce the financial and emotional burden of Alaskan's with diabetes and their families but also it will dramatically reduce health care costs in Alaska.

Thank you for considering support of this important legislation.

Sincerely,



Cc:

Senator Tim Keliy
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffman

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

February 28, 2000

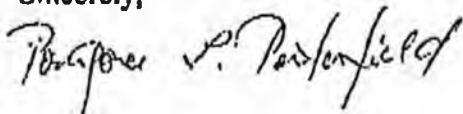
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Sincerely,



Cc:
Senator Tim Kelly
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffinan

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

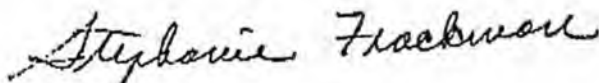
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Cc:
Senator Tim Kelly
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffman

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

February 28, 2000

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Sincerely,

Cc:
Senator Tim Kelly
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffman



Wallace Bruce Crist 2-28-00

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

February 28, 2000

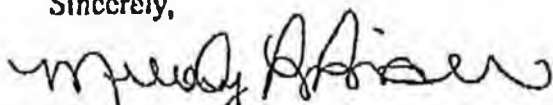
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Thank you for considering support of this important legislation.

Sincerely,


Anchorage, Ak

Co:

Senator Tim Kelly
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffman

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

February 28, 2000

Dear Senator Mackie,
Someone I love has diabetes. I am writing to ask for your support of diabetes insurance reform legislation in Alaska. This legislation, SB 276, will ensure that Alaskan's have access to diabetes medications, equipment and education, which is needed to successfully manage diabetes and to prevent diabetes complications. As of December 1999, 37 states had passed essential diabetes insurance reform legislation. Please show all Alaskan's with diabetes that their health matters by supporting this very important legislation.

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Thank you for considering support of this important legislation.

Sincerely,



Cc:
Senator Tim Kelly
Senator Dave Donley
Senator Loren Leman
Senator Lyman Hoffman

SB

279

WOHLFORTH, VASSAR, JOHNSON & BRECHT
A PROFESSIONAL CORPORATION

JULIUS J. BRECHT
CHERYL RAWLS BROOKING
CYNTHIA L. CARTLEDGE
ROBERT M. JOHNSON
BRADLEY E. MRYEN
KENNETH E. VASSAR
MARSHALL T. WHITE
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900 WEST 8TH AVENUE, SUITE 600
ANCHORAGE, ALASKA 99501-2048

TELEPHONE
907.276.6461

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907.276.6083

March 29, 2000

Representative Lisa Murkowski
State Capitol, Room 406
Juneau, Alaska 99801

Via Facsimile: 907.465.2293
and U.S. Mail

Re: Additional Question Regarding Legislative History of Share Redemption
Provision of HB 357, a bill relating to Share Redemption of Certain
Alaska Corporations

Dear Representative Murkowski:

You have asked me to respond to an additional question that has been raised in
Senate floor discussion on HB 357.

It is my understanding that this question is essentially as follows:

- Did the California legislature in providing for share redemption at the
request of a holder of preferred stock, further amend the California
Corporations Code to protect holders of common stock, e.g., require
notice to holders of common stock of a corporation's intent to issue
preferred stock with those share redemption rights?

The legislative history of AS 10.06.325 indicates that the section is based upon
the California Corporations Code provision for share redemption. In my initial review of
those provisions of the California code, in particular, Section 402 of that code pertaining
to share redemption, I reviewed the legislative history as reported in the official Califor-
nia statutes. The legislative history of that section does not indicate that the California
legislature made any change to enhance protection of holders of common stock. In
particular, the legislative history of Section 402 does not indicate any such additional
notice requirement. My further observation in this regard is that to require such notice
would be counter to the intent of providing a timely mechanism for a corporation to set
forth in its articles a procedure for the issuance of preferred stock under terms and
conditions as approved by the corporation's board of directors, without prior shareholder
approval of the specific issuance.

Should you have other questions in this regard, please contact me.

Sincerely,

WOHLFORTH, VASSAR
JOHNSON & BRECHT


Julius J. Brecht

*I SENT THIS
INFO TO ANSWER
ANOTHER SEN. TAYLOR
QUESTION - SHAN STAFF
JJB/neb TO REP MURKOWSKI*

Subject: HB 357

Date: Tue, 28 Mar 2000 17:27:09 -0900

From: "Dan Branch" <Dan_Branch@law.state.ak.us>

To: <Annette_Kreitzer@legis.state.ak.us>

CC: <Shan_Han@legis.state.ak.us>

Dear Senator Leman:

You asked whether the passage of this bill would affect the transfer restrictions placed on settlement common stock issued by a corporation formed under the authority of the Alaska Native Claims Settlement Act (ANCSA). It will not.

At the current time, under ANCSA, a person holding voting shares in a corporation formed under ANCSA may not sell the stock or use it as security for a loan. Nothing in HB 357 will change that.

I understand there was also some concern expressed that HB 357 would increase the financial risk to ANCSA corporations by giving them authority to raise capital by issuing preferred stock. It is true that the issuance of preferred stock, by any corporation, creates a financial risk to the corporation. However, the passage of HB 357 would not, for the first time, give the ANCSA corporations authority to issued preferred stock. The corporations already have that authority under Section 7(g)(2) of ANCSA. The shareholders of the corporation must first amend the articles of incorporation before issuing such stock.

I hope this answers your questions.

WOHLFORTH, VASSAR, JOHNSON & BRECHT
A PROFESSIONAL CORPORATION

JULIUS J. BRECHT
CICELY RAWLS BROOKING
CYNTHIA L. CARTLEDGE
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900 WEST 6TH AVENUE, SUITE 800
ANCHORAGE, ALASKA 99501-2048

TELEPHONE
907.275.6401FACSIMILE
907.276.6003

March 28, 2000

Via Facsimile: 907.465.2293
and U.S. Mail

Representative Lisa Murkowski
State Capitol
Room 406
Juneau, Alaska 99801

Re: Certain Questions Regarding Consequences of Changes Proposed
by HB 357, a Bill Relating to Share Redemption of Certain Alaska
Corporations

Dear Representative Murkowski:

You have asked me to respond to two questions that have been raised in Senate floor discussion on HB 357. As you know, that bill changes the manner in which share redemption is allowed involving a domestic corporation, i.e., a corporation formed under Alaska corporate law.

It is my understanding that these questions are essentially as follows:

- Do the changes made by the bill allow management to subvert the best interests of holders of common stock of a corporation through the issuance of preferred stock to holders who might force the corporation into insolvency through a demand for redemption of the preferred stock?
- Are Alaska Native corporations at risk through those changes?

The short answer to both questions is no.

The primary focus of the bill is on changes to AS 10.06.325. At present, Section 325 allows share redemption at the option of the issuing corporation. However, it expressly prohibits an Alaska corporation from selling stock that includes a right in the holder of the stock to require the corporation to redeem the stock. The bill expands the circumstances under which share redemption may

Representative Lisa Murkowski
State Capitol
Re: Certain Questions Regarding Consequences
of Changes Proposed by HB 357
March 28, 2000
Page 2

occur for preferred shares to the extent and upon the happening of one or more specified events, at the option of the holder, or upon the vote of at least a majority of the outstanding shares of the class or series to be redeemed.

In response to the first question, under the Alaska Corporations Code, management, i.e., officers and directors of a corporation, is subject to a duty of loyalty and a duty of care to the corporation and its shareholders. In other words, management is prohibited from subverting the best interest of holders of common stock of a corporation whether through the issuance of preferred stock or otherwise. More specifically, any action by management to cause a distribution to shareholders of a corporation is strictly limited through the provisions of AS 10.06.358 prohibiting a distribution that puts a corporation within a specified limit of insolvency. The use of the phrase "distribution to its shareholders" as used in Section 358 is defined in the code at AS 10.06.990(17) to expressly *include* a dividend in shares of the corporation or the purchase or redemption of its shares for cash or property.

The legislative history on the initial enactment of the Alaska Corporations Code in 1988 clearly states that both such dividends and redemption of shares are included within that definition and, therefore, subject to the provisions of Section 358. Even if management were to enter into terms and conditions for the issuance of shares of preferred stock, which included a right of redemption in the holders of that stock, the corporation would, in addition to the restrictions of Section 358, be prohibited under AS 10.06.360 from making a distribution to the shareholders if the corporation is or, as a result of that distribution, would be likely to be unable to meet its liabilities as they mature. Also note that shareholders receiving a prohibited distribution are subject to liability as set forth at AS 10.06.378, including the return of the distribution with interest.

In response to the second question, an Alaska Native corporation is subject to the Alaska Native Claims Settlement Act and is formed pursuant to and subject to Alaska corporate law, i.e., at present the Alaska Corporations Code. To the extent that an Alaska Native corporation is allowed, under the combination of these two laws, to issue preferred stock, the changes in the bill do not lessen the protection of shareholders. However, management of such a corporation is subject to the same duty of care and duty of loyalty to the corporation as any other domestic corporation under the Alaska Corporations Code. Such a corporation is also subject to the restrictions on a distribution by a

Representative Lisa Murkowski
State Capitol
Re: Certain Questions Regarding Consequences
of Changes Proposed by HB 357
March 28, 2000
Page 3

corporation set forth under AS 10.06.358 as interpreted through AS 10.06.960(b), (g), and (h).

In summary, the bill expands the circumstances under which share redemption may occur. However, no fundamental change is made under the bill in treatment of preferred stock under the Alaska Corporations Code. The issuance of preferred stock remains subject to the same restriction on a distribution which would result in placing the corporation close to or in insolvency. The bill simply follows the lead of other commercial states, including California, Michigan, Ohio, Connecticut, Delaware and New Jersey, to provide a corporation the flexibility of raising capital under terms generally anticipated in the financial marketplace. Nevertheless, such share redemption is subject to the very strict limitations on a distribution as set forth in AS 10.06.358 and the further prohibitions set forth in AS 10.06.360-10.06.378.

I would be most pleased to respond to other questions which you may have concerning this legislation.

Sincerely,

WOHLFORTH, VASSAR
JOHNSON & BRECHT



Julius J. Brecht

JJB/neb

Sectional Analysis of HB 357

Section 1:

- Provides drafting style corrections to make specific reference to AS 10.06.325

Section 2:

- Provides that a corporation may through its articles of incorporation, establish common shares that are redeemable either at the option of the corporation or on the happening of specified events.
- Provides that preferred shares are redeemable at the option of the corporation, on the happening of a specified event, at the option of the holder, or upon vote of the shareholders.

Section 3:

- Eliminates the prohibition against share redemption at the option of the holder.
- Clarifies existing law as to share redemption involving an open-end investment company.

Section 4:

- Establishes general guidelines to be followed in share redemption.
 - Clarifies that AS 10.06.325 is the only manner by which a corporation may issue redeemable shares notwithstanding the provisions of AS 10.06.375 which allow a corporation to impose additional restriction on share redemption.
-

HOUSE BILL NO. 357

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE MURKOWSKI

Introduced: 2/9/00

Referred: Labor and Commerce, Judiciary

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the redemption of shares of certain Alaska corporations."

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

3 * Section 1. AS 10.06.308 is amended to read:

4 Sec. 10.06.308. Issuance of preferred or special classes of shares. If
5 authorized by the articles of incorporation, a corporation may issue preferred or special
6 classes of shares

7 (1) subject to [THE RIGHT OF THE CORPORATION TO REDEEM
8 ANY OF THE SHARES AT THE PRICE FIXED BY THE ARTICLES FOR]
9 redemption as provided under AS 10.06.325:

10 (2) entitling the holders to cumulative, noncumulative, or partially
11 cumulative dividends;

12 (3) having preferences over another class or classes of shares for the
13 payment of dividends;

14 (4) having preference in the assets of the corporation over another class
15 of shares upon the voluntary or involuntary liquidation of the corporation;

1 (5) convertible into shares of another class or into shares of a series of
 2 the same or another class, except a class having prior or superior rights and
 3 preferences as to dividends or distribution of assets upon liquidation.

4 * Sec. 2. AS 10.06.325(a) is repealed and reenacted to read:

5 (a) A corporation may provide in the articles of incorporation for one or more
 6 classes or series of

7 (1) common shares that are redeemable, in whole or in part,

8 (A) at the option of the corporation; or

9 (B) to the extent and upon the happening of one or more
 10 specified events;

11 (2) preferred shares that are redeemable, in whole or in part,

12 (A) at the option of the corporation;

13 (B) to the extent and upon the happening of one or more
 14 specified events;

15 (C) at the option of the holder; or

16 (D) upon the vote of at least a majority of the outstanding
 17 shares of the class or series to be redeemed.

18 * Sec. 3. AS 10.06.325(b) is amended to read:

19 (b) Notwithstanding the other provisions of this section, [A
 20 CORPORATION MAY NOT ISSUE REDEEMABLE OR OTHER SHARES THAT
 21 PURPORT BY THEIR TERMS TO GRANT TO A HOLDER OF THE SHARES THE
 22 RIGHT TO COMPEL THE CORPORATION TO REDEEM THE SHARES, EXCEPT
 23 THAT] an open-end investment company registered under the United States Investment
 24 Company Act of 1940 may, if its articles of incorporation so provide, issue shares that
 25 are redeemable at the option of the holder at a price approximately equal to the shares'
 26 proportionate interest in the net assets of the corporation, and a shareholder may
 27 compel redemption of the shares in accordance with their terms.

28 * Sec. 4. AS 10.06.325 is amended by adding new subsections to read:

29 (d) Except as provided by AS 10.06.385, a redemption of shares shall be made
 30 at the price, within the time, and upon the terms and conditions stated in the articles.

31 When the articles permit a partial redemption of a class or series of shares, the articles

1 must prescribe the method of selecting the shares to be redeemed. The method of
2 selection may be

3 (1) pro rata;

4 (2) by lot;

5 (3) at the discretion of, or in a manner approved by, the board; or

6 (4) upon other terms and conditions stated in the articles.

7 (e) Notwithstanding the provisions of AS 10.06.375, a corporation may not
8 issue redeemable shares unless the shares are redeemable as provided in this section.

STATEMENT OF TESTIMONY IN SUPPORT SHARE REDEMPTION BILL (HB 357)

Submitted Before the
House Labor and Commerce Committee
on
February 25, 2000

Members of the committee, my name is Julius J. Brecht. I am an attorney and the managing shareholder of the law firm of Wohlforth, Vassar, Johnson & Brecht, A Professional Corporation having offices in Anchorage, Alaska. I am a past director of the Alaska Division of Banking, Securities and Corporations, serving from 1976 through 1980. Since then I have been in private practice in Anchorage, Alaska. My law practice is in the area of business law with a focus on securities, corporate and finance law.

I participated in the development and, later, the review of proposals for a new Alaska corporate code in the late-1970s and through the 1980s. That ten year effort resulted in a bill being enacted by the Alaska Legislature which became the Alaska Corporations Code, effective July 1, 1989. That code is codified at AS 10.06.

As comprehensive as was the effort to prepare and enact the Alaska Corporations Code, the needs of corporate law do change with time. For example, the Alaska Corporations Code provisions on redemption of shares found at AS 10.06.325 was based upon a similar provision of the California Corporation Code at that time. California law had, for some time, prohibited shares which are redeemable at the option of the holder, with limited exception. However, in 1983, the California Corporations Code was changed expressly to allow share redemption at the option of the holder.

HB 357 provides for amendment of the Alaska Corporations Code pertaining to share redemption of an Alaska corporation. The primary focus of the bill is on changes to AS 10.06.325. At present, Section 325 allows share redemption at the option of the

issuing corporation. However, it prohibits an Alaska corporation from selling stock that includes a right in the holder of the stock to require the corporation to redeem the stock.

The bill expands the circumstances under which share redemption may occur. The right to have stock redeemed under specific conditions is an important commercial term in a sale of stock to a holder. It is a provision commonly included in the issuance and sale of redeemable preferred stock. It gives the holder a mechanism for the return of the holder's investment under terms as negotiated with the corporation.

The changes to AS 10.06.325 proposed in HB 357, in major part, simply revise Alaska corporate law to reflect the same changes adopted in California relating to share redemption at the option of the holder. A number of other states, which have become commercial centers in this country, have similar provisions regarding share redemption at the option of the holder. Based upon my limited review of a small portion of those commercial states, I found that, in addition to California, the states of Michigan, Ohio, Connecticut, Delaware and New Jersey have similar provisions.

Even with enactment of HB 357, a share redemption right would continue to be subject to other provisions of the code which preclude the exercise of the redemption right under certain circumstances. A distribution to a corporation's shareholders, e.g., as a result of an exercise of share redemption rights, is prohibited unless certain conditions are met. Those conditions are that the amount of the corporation's retained earnings immediately before the proposed distribution equals or exceeds the amount of the proposed distribution or otherwise satisfies conditions on distributions set forth in the code. These restrictions on distributions are codified at AS 10.06.358.

In my view, the proposed changes to Section 325 do not lessen the provisions of the code protecting shareholders of the corporation. However, the proposed changes will

allow greater flexibility to a corporation's board of directors in addressing capital needs in present day financial markets.

The other provisions of HB 357 make other changes to the Alaska Statutes to accommodate these primary changes to Section 325. I have prepared a brief section-by-section outline of the provisions of the bill. It is attached to this statement of testimony.

In summary, the Alaska Corporations Code is, in my view, presently in need of amendment to recognize the needs of modern corporations, while retaining shareholder protection as already adopted in other commercial states. Specifically, that amendment is needed to incorporate changes to code provisions of California on which Section 325 is based.

Thank you for the opportunity to present this testimony before the committee.

STATEMENT OF TESTIMONY IN SUPPORT OF THE SHARE
REDEMPTION BILL (HB 357)

Submitted Before the
House Labor and Commerce Committee
On
February 25, 2000

Members of the committee, my name is John M. Lowber. I am a Senior Vice President and the Chief Financial Officer for General Communication, Inc. and its Subsidiaries and have been serving in that capacity for nearly fifteen years. I am also a certified public accountant in the state of Alaska. In my capacity as Chief Financial Officer, it is my responsibility to raise various types of debt and equity financing necessary to meet the requirements of GCI's continuously evolving business plans.

My interest in the proposed revision to the Alaska Corporations Code is based on my recent experience negotiating the terms of a preferred stock transaction.

During the spring of 1999, GCI became interested in raising a modest amount of additional capital in order to fully implement its business plan for the remainder of 1999. Our interest in raising additional capital led us to negotiate with a couple of investors willing to purchase convertible preferred stock of GCI. The company and the potential investors negotiated and executed a term sheet, and attorneys began preparing definitive agreements. It was during this process that it was brought to my attention that, unlike that of many other states, Alaska law does not allow the sale of securities that are redeemable at the option of the holder.

In a normal situation, an investor buys convertible securities that can be exchanged for a fixed number of shares of common stock. As the value of the underlying common stock increases, so does the likelihood that the convertible security will be converted into common stock. The investors' expected strategy is to convert to common stock, usually at a premium to the market price at the time of the initial investment, and then sell the common stock in order to realize the gain on the investment. Oftentimes, the security will provide for an interest element to go along with the conversion feature. The investor enjoys a current return on his or her investment while at the

same time sharing in the upside potential posed by an increase in the value of the common stock.

An investor will generally require protection in the event that the underlying stock does not appreciate or in fact, depreciates. This protection is usually in the form of a redemption option. Should things not materialize as planned, the investor would have the right, under previously negotiated conditions, to ask the Company to redeem the shares. The right to request redemption under certain circumstances provides comfort to the investor that the monies invested will be returned. Absent such a right, the investor would likely require an increased return to compensate for the perceived increase in risk. An increased return to the investor equates to a higher cost of capital to the issuer.

This bill will help Alaska companies raise capital in an increasingly competitive marketplace. Without that opportunity, Alaskan businesses will have an increasingly hard time raising capital to invest in their Alaskan business. Alternatively, businesses may find it necessary to incorporate in other states, driving the services which support incorporation to those states. It is my belief that the legislature should do what it can to eliminate any competitive disadvantages that might arise as a result of incorporating in Alaska

Thank you for your consideration.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB357

Revision Date/Time (Note if correction) _____ Dept. Affected Community & Econ. Dev.
 Title Redemption of shares of certain AK Corporations BRU Banking, Securities, and Corporations
 Component Banking, Securities, and Corporations
 Sponsor Rep. Murkowski
 Requester H L&C Component Serial No. 1233

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY00) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The division does not anticipate any fiscal impact with this proposed legislation.

Prepared by Franklin T. Elder, Director
 Division Banking, Securities and Corporations
 Approved by Commissioner Deborah B. Sedwick
 Agency Community and Economic Development

Phone 465-2521
 Date/Time 2/24/00 8:24 AM
 Date 2/24/00

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Tony Knowles, Governor

Division of Banking, Securities, and Corporations

P.O. Box 110807, Juneau, AK 99811-0807

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Email: dbsc@dcad.state.ak.us • Website: www.dced.state.ak.us/bsc/bsc.htm

March 28, 2000

Compliments of
Senator Loren Leman

Honorable Senator Loren Leman
State Capitol, Room 115
Juneau, AK 99801-1182

Dear Senator Leman:

This letter is in response to your request for information regarding HB357 and if there are impacts to native corporations. Enclosed is a list of native corporations who are incorporated under AS 10.06.

While this bill was not introduced at our request and so we have not official position on it, our division has not objection to the bill. We are not aware of any public policy issue that would cause us to argue that corporations should not at least have the option of issuing shares redeemable at the option of the holders. If you have any further questions, do not hesitate to ask.

Sincerely,



Franklin T. Elder
Director

Enclosure: List of Native Corporations as shown under AS 10.06

cc: Annette Kreitzer, Senator Leman's Office
Sally Sadler, Legislative Liason, DCED
Pat Pourcnot, Legislative Director, Office of the Governor

• Native Village Corporations

10914-D
KENAI NATIVES ASSOCIATION, INC.
LANCE E GIDCUMB
2530 BRITTANY DRIVE
ANCHORAGE AK 99504

11308-D
EKLUKNA, INC.
LANCE E GIDCUMB
16515 CENTERFIELD DR STE 201
ANCHORAGE AK 99501

11353-D
SELDOVIA NATIVE ASSOCIATION, INC.
FRED H ELVSAAS
DRAWER L
SELDOVIA AK 99663

11360-D
NINILCHIK NATIVES ASSOCIATION, INC.
WILLIAM CHOQUETTE
701 W 41ST AVE STE 201
ANCHORAGE AK 99503

11392-D
SALAMATOF NATIVE ASSOCIATION, INC.
JAMES O SEGURA
P O BOX 2682
KENAI AK 99611

11396-D
BREVIG MISSION NATIVE CORPORATION
RJTA OLANNA
GENERAL DELIVERY
BREVIG MISSION AK 99785

11398-D
SIVUQAQ, INC.
MERLE APASSINGOK
P O BOX 101
GAMBELL AK 99742

11399-D
TELLER NATIVE CORPORATION
WILLIS O KUGZRIK
P O BOX 509
TELLER AK 99762

11404-D
GOLOVIN NATIVE CORPORATION
DORA SMITH
P O BOX 62099
GOLOVIN AK 99762

11429-D
THE KING COVE CORPORATION
LOYD MILLER
900 W 5TH AVE STE 700
ANCHORAGE AK 99501

11504-D
COUNCIL NATIVE CORPORATION
MELISSA BOECKMANN
PO BOX 1183
NOME AK 99762

11563-D
KOYUK NATIVE CORPORATION
GABRIEL DOWEY
21C-N-SPRUCE ST
KOYUK AK 99753

11564-D
SHAKTOOLIK NATIVE CORPORATION
ARLENE M SOOKIAYAK
P O BOX 46
SHAKTOOLIK AK 99771

11585-D
SITNASUAK NATIVE CORPORATION
ROBERT L FAGERSTROM
P O BOX 905
NOME AK 99762

Native Village Corporations

11595-D
WALES NATIVE CORPORATION
TERRY CRISCI
P O BOX 529
WALES AK 99783

11596-D
STEBBINS NATIVE CORPORATION
PETER P MARTIN
GENERAL DELIVERY
STEBBINS AK 99671

11597-D
SHISHMAREF NATIVE CORPORATION
JOHNSON P ENINGOWUK
GENERAL DELIVERY
SHISHMAREF AK 99772

11598-D
SAVOONGA NATIVE CORPORATION
GEORGE NOOGWOOK
PO BOX 160
SAVOONGA AK 99769

11599-D
ST. MICHAEL NATIVE CORPORATION
THOMAS CHEEMUK
P O BOX 59049
ST MICHAEL AK 99659

11603-D
ELIM NATIVE CORPORATION
JOSEPH H MURRAY
P O BOX 39010
ELIM AK 99739

11647-D
WHITE MOUNTAIN NATIVE CORPORATION
ROY ASHENFELTER
GENERAL DELIVERY
WHITE MOUNTAIN AK 99784

11747-D
QANIRTUUQ, INC.
COLE HARTIG RHODES NORMAN
717 K ST STE 201
ANCHORAGE AK 99501

11748-D
SOLOMON NATIVE CORPORATION
ROSE ANN TIMBERS
BOX 61
NOME AK 99762

11814-D
KUIUKPIK CORPORATION
JERALD M REICHLIN
2550 DENALI ST STE 1500
ANCHORAGE AK 99503

11815-D
UKPEAGVIK INUPIAT CORPORATION
VAN D EDWARDSON
PO BOX 890
BARROW AK 99723

11816-D
NATIVES OF KODIAK, INCORPORATED
ANTHONY DRABEK
BOX 164
KODIAK AK 99615

11817-D
LEISNOI, INCORPORATED
DON BAUERMEISTER
4220 B ST STE 207
ANCHORAGE AK 99503

11839-D
UNALAKLEET NATIVE CORPORATION
WILLA ECKENWEILER
P O BOX 100
UNALAKLEET AK 99684

Native Village Corporations

11857-D
INALIK NATIVE CORPORATION
PHILIP AHKINGA
GEN DEL
DIOMEDE AK 99762

11868-D
NUNAMIUT CORPORATION, INC.
MARK MORRY
PO BOX 21009
ANAKTUVUK PASS AK 99721

11869-D
OLGOONIK CORPORATION
JUNE CHILDRESS
P O BOX 29
WAINWRIGHT AK 99782

11870-D
TIKIGAQ CORPORATION
CHERRY PERLEY
201 ARCTIC SLOPE AVE SUITE 202
ANCHORAGE AK 99518

11871-D
KAKTOVIK INUPIAT CORPORATION
ARCHIE K BROWER
P O BOX 73
KAKTOVIK AK 99747

11878-D
IQFIJOUAQ COMPANY
NICK A CARTER
PO BOX 49
EEK AK 99578

11879-D
ALAKANUK NATIVE CORPORATION
RONALD L BAIRD
P O BOX 100440
ANCHORAGE AK 99510

11880-D
ATMAUTLUAK LIMITED
GLEN PRICE ESQ
601 W 5TH AVE STE 500
ANCHORAGE AK 99501

11881-D
TUNUNRMIUT RINIT CORP.
TOMMY S ANGAIK
GEN DEL
TUNUNAK AK 99681

11882-D
KASIGLUK, INC.
JERALD M REICHLIN % FORTIER & MIKKO
2550 DENALI ST STE 1500
ANCHORAGE AK 99503

11883-D
KUTTSARAK, INC.
LAURA BAVILLA
P O BOX 10
GOOD NEWS BAY AK 99589

11884-D
NUNAKAUIAK YUPIK CORPORATION
JOHN SIMEON
PO BOX 37068
TOKSOOK BAY AK 99637

11886-D
NUNAPITCHUK LIMITED
CHRISTOPHER R COOKE
P O BOX 129
NUNAPITCHUK AK 99641

11953-D
UYAK NATIVES, INC.
GABE MCKILLY
PO BOX 31
CHIGNIK AK 99564

Native Village Corporations

11991-D
NAPAKIAK CORPORATION
CARL MOTGIN
P O BOX 30
NAPAKIAK AK 99634

11992-D
AKIACHUK, LIMITED
BRIAN M HENRY
P O BOX 51010
AKIACHUK AK 99551

11993-D
CHULONAWICK CORPORATION
MARIA C MOORE
567 W 31ST STREET #1
ANCHORAGE AK 99503

11994-D
EMMONAK CORPORATION
ROBERT MOORE
GENERAL DELIVERY
EMMONAK AK 99581

11995-D
AZACHOROK INCORPORATED
HARRY O WILDE SR
P O BOX 32213
MOUNTAIN VLG AK 99632

11996-D
PILOT STATION, INCORPORATED
ARTHUR S HECKMAN
GENERAL DELIVERY
PILOT STATION AK 99650

12040-D
AFOGNAK NATIVE CORPORATION
ARNOLD A OSEN
P O BOX 1277
KODIAK AK 99615

12041-D
SHUYAK, INC.
LOIS L STOVER
PO BOX 727
KODIAK AK 99615

12055-D
ANTON LARSEN, INC.
KONLAG INC
4300 B ST STE 407
ANCHORAGE AK 99503

12058-D
CHEFARNRMUTE INCORPORATED
RUSSELL GALLAGHER
GENERAL DELIVERY
CHEFORNAK AK 99561

12060-D
QEMIRTALEK COAST CORPORATION
JERRY REICHLIN C/O FORTIER & MIKKO
2550 DENALI ST STE 1500
ANCHORAGE AK 99503

12061-D
ASKINUK CORPORATION
NAAMAN KAGANAK
P O BOX 89
SCAMMON BAY AK 99662

12063-D
ST. MARY'S NATIVE CORPORATION
STEPHEN H HUTCHINS ESQ
1127 W 7TH AVE
ANCHORAGE AK 99501

12064-D
ARVIQ INCORPORATED
CALISTA CORPORATION
516 DENALI ST
ANCHORAGE AK 99501

Native Village Corporations

12065-D
KONGNIKILNOMUTT YUITA CORPORATION
LINDA OKITKUN
P O BOX 20037
KOTLIK AK 99620

12066-D
KWETHLUK INCORPORATED
COLE HARTIG RHODES & ASSOCIATES
717 K ST STE 201
ANCHORAGE AK 99501

12067-D
BETHEL NATIVE CORPORATION
GREGORY C TAYLOR
3000 A ST STE 300
ANCHORAGE AK 99503

12084-D
UGANIK NATIVES, INC.
PATRICIA SIMEONOFF
BOX 2523
KODIAK AK 99615

12100-D
ALEKNAGIK NATIVES LIMITED
DORA ANDREW
P O BOX 1630
DILLINGHAM AK 99576

12101-D
CHIGNIK RIVER LIMITED
ELIA LIND
P O BOX 24
CHIGNIK LAKE AK 99548

12102-D
CHOGGIUNG LTD.
TOM TILDEN
P O BOX 330
DILLINGHAM AK 99576

12107-D
TWIN HILLS NATIVE CORPORATION
ARTHUR SHARP
P O BOX TWA
TWIN HILLS AK 99576

12117-D
IGIUGIG NATIVE CORPORATION
JULIE SALMON
PO BOX 4009
IGIUGIG AK 99613

12118-D
BECHAROF CORPORATION
HAZEL NELSON
PO BOX 145
EGEGIK AK 99579

12119-D
EKWOK NATIVES LIMITED
FRED R NISHIMURA
P O BOX 1189
DILLINGHAM AK 99576

12126-D
TETLIN NATIVE CORPORATION
DONALD F ADAMS
GENERAL DELIVERY
TETLIN AK 99779

12127-D
EVANSVILLE, INC.
LULA JAMES
214 2ND AVE
FAIRBANKS AK 99701

12129-D
DOT LAKE NATIVE CORPORATION
IVAN CHARLES
BOX 2275
DOT LAKE AK 99737

Native Village Corporations

12132-D
NORTHWAY NATIVES INCORPORATED
EMMA HILDEBRAND
P O BOX 401
NORTHWAY AK 99764

12133-D
CHALKYITSIK NATIVE CORPORATION
DAVID SALMON
GENERAL DELIVERY
CHALKYITSIK AK 99788

12134-D
DELOYCHEET, INCORPORATED
AGNES SIMS
P O BOX 206
HOLY CROSS AK 99602

12136-D
ZHO-TSE, INCORPORATED
GLORIA A COLLINS
GENERAL DELIVERY
SHAGELUK AK 99665

12139-D
INGALIK, INCORPORATED
CHRISTINE ELSWICK
PO BOX 150
ANVIK AK 99558

12141-D
HEE - YEA - LINGDE CORPORATION
REBECCA SHELLIKOFF
P O BOX 9
GRAYLING AK 99590

12155-D
KIKIKTAGRUK INUPIAT CORPORATION
DONALD L GALLAHORN
P O BOX 1050
KOTZEBUE AK 99752

12173-D
CHEVAK COMPANY
DAVID T ULROAN
BOX 179
CHEVAK AK 99563

12174-D
THE KUSKOKWIM CORPORATION
MICHAEL C HARPER
601 W 5TH AVE STE 420
ANCHORAGE AK 99501

12176-D
KOTLIK YUPIK CORPORATION
MARTIN P OKITKUN SR
P O BOX 20207
KOTLIK AK 99620

12180-D
STUYAHOK LIMITED
WILLIAM GUMLICKPUK
PO BOX 50
NBW STUYAHOK AK 99636

12181-D
SAGUYAK INCORPORATED
JOSEPH L CLARK
P O BOX 16
CLARKS POINT AK 99569

12182-D
MARY'S IGLOO NATIVE CORPORATION
JACK CARPENTER
P O BOX 1008
NOME AK 99762

12183-D
KING ISLAND NATIVE CORPORATION
MARILYN KOEZUNA IRELAN
P O BOX 992
NOME AK 99762

Native Village Corporations

12184-D
GWITCHYAA ZHEE CORPORATION
NANCY JAMES
PO BOX 329
FORT YUKON AK 99740

12188-D
OUZINKIE NATIVE CORPORATION
WILLIAM A ANDERSON
PO BOX 89
OUZINKIE AK 99644

12207-D
NIMA CORPORATION
MOSES M WHITMAN SR
PO BOX 52
MEKORYUK AK 99630

12209-D
LIME VILLAGE COMPANY
CHARLES D MCGEE
P O BOX 104460
ANCHORAGE AK 99510

12210-D
KOKARMUTT CORPORATION
HARTIG RHODES NORMAN ET AL
717 K ST
ANCHORAGE AK 99501

12212-D
THE ENGLISH BAY CORPORATION
DONALD D EMMAL
1637 STANTON AVE
ANCHORAGE AK 99508

12213-D
THE EYAK CORPORATION
STEVEN J UJIOKA
P O BOX 340
CORDOVA AK 99574

12214-D
THE PORT GRAHAM CORPORATION
PATRICK N NORMAN
PO BOX 5569
PORT GRAHAM AK 99603

12220-D
PILOT POINT NATIVE CORP.
STEPHEN VOGLER
237 E FIREWEED LN STE 200
ANCHORAGE AK 99503

12228-D
OCEANSIDE CORPORATION
GERALD KOSBRUK
P O BOX 84
PERRYVILLE AK 99648

12229-D
PAUG-VIK INCORPORATED, LIMITED
DOLLY HERRMANN
P O BOX 61
NAKNEK AK 99633

12230-D
FAR WEST, INC.
DALE CARLSON
2550 DENALI STREET SUTTE 1500
ANCHORAGE AK 99503

12232-D
KNIKATNU, INC.
PAUL THEODORE
P O BOX 872130
WASILLA AK 99687

12238-D
TOZITNA, LIMITED
DAVID P WOLF
550 W 7TH AVE STE 1350
ANCHORAGE AK 99501

Native Village Corporations

12240-D
SETH-DE-YA-AH CORPORATION
CHARLIE TITUS JR
P O BOX 56
MINTO AK 99758

12243-D
DINEEGA, CORPORATION
JOHN HONEA
GENERAL DELIVERY
RUBY AK 99768

12274-D
LEVELOCK NATIVES LIMITED
TONY TALLEKPALEK
P O BOX 109
LEVELOCK AK 99625

12276-D
TOGLAK NATIVES LIMITED
LAWCO INC
1029 W 3RD AVE STE 300
ANCHORAGE AK 99501

12327-D
THE AKUTAN CORP
ZENIA BORENIN
P O BOX 8
AKUTAN AK 99553

12328-D
OUNALASHKA CORPORATION
OWENS & TURNER
1500 W 33RD AVE STE 200
ANCHORAGE AK 99503

12329-D
TANADGUSIX CORPORATION
ANTHONY PHILEMONOFF
P O BOX 88
ST PAUL ISLAND AK 99660

12330-D
ST. GEORGE TANAQ CORPORATION
ANNA PHILEMONOF
2600 DENALI STREET STE 300
ANCHORAGE AK 99503

12349-D
CHICKALOON MOOSECREEK NATIVE ASSOCIATION, INC.
GARY HARRISON
P O BOX 1105
CHICKALOON AK 99674

12380-D
BAY VIEW INCORPORATED
SAMUEL J FORTIER
2550 DENALI STE 604
ANCHORAGE AK 99503

12381-D
PEDRO BAY CORPORATION
DEBI G JACKO
P O BOX 47015
PEDRO BAY AK 99647

12382-D
CHITINA NATIVE CORPORATION
MILDRED BUCK
BOX 3
CHITINA AK 99566

12391-D
OLD HARBOR NATIVE CORPORATION
JAMIN EBELL ET AL
323 CAROLYN ST
KODIAK AK 99615

12440-D
KOLIGANEK NATIVES LIMITED
CHARLIE NELSON
GENERAL DELIVERY
KOLIGANEK AK 99576

Native Village Corporations

12506-D

THE TATTLEK CORPORATION
CARROLL KOMPKOFF
P O BOX 650
CORDOVA AK 99574

12522-D

MASERCULIQ, INCORPORATED
BRIAN CARTER BOYD
825 W 8TH AVE STE 200
ANCHORAGE AK 99501

12525-D

SEA LION CORPORATION
EDGAR HOELSHER
P O BOX 87
HOOPER BAY AK 99604

12526-D

NERKLIK MUTE NATIVE CORPORATION
WILLIAM F ALSTROM
PO BOX 87
ST MARYS AK 99658

12527-D

QINARMIUT CORPORATION
HARTIG RHODES NORMAN MAHONEY ED
717 K STREET
ANCHORAGE AK 99501

12529-D

NAPASKIAK, INCORPORATED
GLEN PRICE
601 W 5TH AVE STE 500
ANCHORAGE AK 99501

12547-D

CHALUKA CORPORATION
DORA JOHNSON
8630 ANGE STREET
ANCHORAGE AK 99515

12549-D

KOOTZNOOWOO INCORPORATED
HARTIG RHODES NORMAN ET AL
717 K ST STE 201
ANCHORAGE AK 99501

12550-D

KLAWOCK HEENYA CORPORATION
ROBERT L GILLEY
PO BOX 129 - 805 W BAYVIEW BLVD
KLAWOCK AK 99925

12551-D

KAKE TRIBAL CORPORATION
JANET SHELDON
P O BOX 263
KAKE AK 99830

12552-D

HUNA TOTEM CORPORATION
FRED J BAXTER
P O BOX 32819
JUNEAU AK 99803

12553-D

RUSSIAN MISSION NATIVE CORPORATION
JERALD M REICHLIN
2550 DENALI ST STE 1500
ANCHORAGE AK 99501

12556-D

YAK-TAT KWAAN INCORPORATED
HARTIG RHODES NORMAN MAHONEY EDWARD
717 K STREET
ANCHORAGE AK 99501

12557-D

HAIDA CORPORATION
ROBERT HAMILTON
P O BOX 89
HYDABURG AK 99922

Native Village Corporations

12558-D
KAVILCO INCORPORATED
LOUIS A THOMPSON
GENERAL DELIVERY
KASAAN AK 99924

12559-D
CAPE FOX CORPORATION
DOUGLAS M CAMPBELL
P O BOX 8558
KETCHIKAN AK 99901

12560-D
SHAAN-SEET INCORPORATED
GLENN O CHARLES
PO BOX 690 501 MAIN
CRAIG AK 99921

12561-D
KLUKWAN, INC.
ROBERTSON MONAGLE EASTAUGH
P O BOX 21211
JUNEAU AK 99802

12625-D
CHIGNIK LAGOON NATIVE CORPORATION
FORTIER & MIKKO PC
2550 DENALI ST STE 604
ANCHORAGE AK 99503

12635-D
HUNGWITCHIN CORPORATION
APRIL M FRANK
PO BOX 10682
FAIRBANKS AK 99710

12636-D
TOGHOTTHELE CORPORATION
EDNA HANCOCK
P O BOX 249
NENANA AK 99760

12637-D
BEAN RIDGE CORPORATION
DIXIE DAYO
P O BOX 110
MANLEY HOT SPGS AK 99756

12668-D
THE TYONEK NATIVE CORPORATION
BART K GARBER
1689 C STREET., SUITE 219
ANCHORAGE AK 99501

12693-D
KWIK INCORPORATED
WILLIE ATTI
P O BOX 50
KWIGILLINGOK AK 99622

12699-D
BEAVER KWITCHIN CORPORATION
PATRICIA BILLY
PO BOX 24090
BEAVER AK 99724

12700-D
DANZHIT HANLAI, CORPORATION
IRENE E. ROBERTS
PO BOX 72077
FAIRBANKS AK 99707

12701-D
DINYEA CORPORATION
CHERYL MAYO
PO BOX 71372
FAIRBANKS AK 99707

12703-D
BAAN O YEEL KON CORPORATION
MARY JANE FATE
P O BOX 74558
FAIRBANKS AK 99707

Native Village Corporations

12729-D
GOLDBELT, INCORPORATED
JOSEPH M BEEDLE
9097 GLACIER HWY STE #200
JUNEAU AK 99801

12740-D
PITKA'S POINT NATIVE CORPORATION
SANDRA DRAKE
P O BOX 184
ST MARY'S AK 99658

12766-D
BELKOFSKI CORPORATION
MAKRINA MACK
PO BOX 46
KING COVE AK 99612

12799-D
PAIMIUT CORPORATION
FRANKLIN I NAPOLEON
GEN DEL
HOOPER BAY AK 99604

12966-D
MENDAS CHA-AG NATIVE CORPORATION
GARY D. LEE
457 CINDY DRIVE
FAIRBANKS AK 99701

12980-D
SANAK CORPORATION
GEORGE GUNDERSEN
P O BOX 194
SAND POINT AK 99661

12981-D
UNGA CORPORATION
EDGAR SMITH
P O BX 130
SAND POINT AK 99661

12982-D
NELSON LAGOON CORPORATION
JUSDUE GUNDERSEN
P O BOX 13
NELSON LAGOON AK 99571

12983-D
SHUMAGIN CORPORATION
A ROBERT HAHN JR
431 W 7TH AVE STE 105
ANCHORAGE AK 99501

12988-D
SHEE ATIKA, INCORPORATED
JAMES SENNA
201 KATLIAN STREET STE 200
SITKA AK 99835

13293-D
ISANOTSKI CORPORATION
TOM C HOBLET
101 ISANOTSKI DR
FALSE PASS AK 99583

16293-D
MINT, LTD.
GUESS & RUDD
P O BOX 309
MCGRATH AK 99627

18331-D
GANA-A' YOO, LIMITED
MICHAEL J RATH
P O BOX 38
GALENA AK 99741

19238-D
ALASKA PENINSULA CORPORATION
TREFON ANGASAN JR
P O BOX 104360
ANCHORAGE AK 99510

Native Village Corporations

20332-D

AKHOK-KAGUYAK, INC.
DAVID H MERSEREAU
1400 W BENSON BLVD STE 350
ANCHORAGE AK 99503

20707-D

KIJK CORPORATION
ELEANOR M C JOHNSON
4155 TUDOR CENTRE DR STE 104
ANCHORAGE AK 99508

20861-D

ALEXANDER CREEK, INC.
STEPHANIE THOMPSON
8126 WISTERIA
ANCHORAGE AK 99502

22191-D

K'OYITL'OTSTINA, LIMITED
CHARLES A QUIRLAN
1603 COLLEGE RD
FAIRBANKS AK 99709

23341-D

AYAKULIK, INC.
CHARLES A WINEGARDEN
100 TRADING BAY RD STE 8
KENAI AK 99611

24609-D

SWAN LAKE CORPORATION
MARCEL B. ISIDORE
PO BOX 25
SHELDON POINT AK 99666

28955-D

POINT POSSESSION, INC.
DAVID D CLARK
101 E NINTH AVE SUITE 12 B
ANCHORAGE AK 99501

35006-D

BELLS FLATS NATIVES, INC.
ROBERT C BERG SR
PO BOX 54
SOLDOTNA AK 99669

36920-D

ATQASUK CORPORATION
JIMMY NAYUKOK
PO BOX 91021
ATQASUK AK 99791

37309-D

THE CHENEGA CORPORATION
CHARLES W TOTEMOFF
4000 OLD SEWARD HWY STE 101
ANCHORAGE AK 99503

37451-D

TANACROSS INCORPORATED
JAMES B GOTTSTEIN, ATTORNEY
406 G STREET
ANCHORAGE AK 99501

42030-D

CHINURUK INCORPORATED
GUESS & RUDD
510 L ST STE 700
ANCHORAGE AK 99501

12146-D

KUGKAKTLIK LIMITED
JAMES T BRENNAN
1227 W 9TH AVE STE 300
ANCHORAGE AK 99501

12177-D

NUNAPIGLLURAQ CORPORATION
CALISTA INC
601 W 5TH AVE STE 200
ANCHORAGE AK 99501