

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10324 HOUSE LABOR & COMMERCE



# Copper Valley Electric Association, Inc.

P.O. Box 45 • Glennallen, Alaska 99588 • Telephone: 907-822-3211 • Facsimile: 907-822-5586 • Valdez: 907-835-4301

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February 9, 2001

Representative Lisa Murkowski  
Chair, Labor and Commerce Committee  
State Capitol  
Juneau, AK 99801-1182

Dear Representative Murkowski:

Copper Valley Electric Association, Inc., is a member of the Four Dam Pool Project Management Committee and a party to the Joint Action Agency that will be purchasing the Project from the state of Alaska.

House Bill 119 introduces necessary technical amendments to the original legislation to allow divestiture to move forward. Divestiture of the Four Dam Pool Projects and the creation and funding of the Power Cost Equalization Endowment Fund are vital to the economic future of the state.

Copper Valley Electric Association encourages the Labor and Commerce Committee to support and move this important legislation forward so the many benefits of HB 446 and HB 447 may be realized.

Sincerely,

A handwritten signature in dark ink, appearing to read "Paul M. Kildal". The signature is written in a cursive, flowing style.

Paul M. Kildal, President  
CVEA Board of Directors

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CVEA's Mission: Be the energy supplier of choice.

Goals and Objectives: Reduce power cost to Customers, Increase energy sales, Develop new income producing products and services, and Build member relations through Customer satisfaction and grassroots support.



## CITY OF PETERSBURG

P.O. BOX 329 • PETERSBURG, ALASKA 99833

TELEPHONE (907) 772-4511

TELECOPIER (907) 772-3759

February 9, 2001

Representative Lisa Murkowski, Chair  
Labor & Commerce Committee  
State Capital  
Juneau, AK 99801-1182

Dear Ms. Murkowski:

The City of Petersburg supports passage of HB 119, short titled Public Utility Joint Action Agencies. This bill will fix deficiencies in divestiture legislation passed into law with the Four Dam Pool Sales Agreement of 2000. We urge your favorable attention to this legislation.

Thank you very much for your efforts.

Sincerely,

Theodore M. Smith  
Mayor



**City of  
Ketchikan**

334 Front Street  
Ketchikan, Alaska 99901  
Phone 907-225-3111  
Fax 907-225-5075

February 9, 2001

Representative Lisa Murkowski  
Chair, Labor & Commerce Relations Committee  
State Capitol  
Juneau, Alaska 99801-1182

Dear Representative Murkowski:

**Re: House Bill No. 119 - Joint Action Agency Legislation**

I am writing in support of the above legislation, which would correct several deficiencies in Alaska Statutes relative to the operation of a Joint Action Agency (JAA) created to operate hydroelectric projects purchased from the State of Alaska.

As you know, House Bills 446 and 447, landmark legislation that provides for the energy needs of tens of thousands of Alaskans, were enacted by the Legislature and signed into law by Governor Knowles last May. The bills provided for the sale of the Four Dam Pool hydroelectric projects to the Purchasing Utilities (including the City of Ketchikan d/b/a Ketchikan Public Utilities) and the creation of a \$187,000,000 endowment to generate funding for Power Cost Equalization (PCE) programs. The legislation provided for the creation of a JAA comprised of the Purchasing Utilities to manage the hydroelectric projects and established a closing date of December 31, 2001.

Since the date that this critically important legislation was signed into law by Governor Knowles, the Purchasing Utilities have expended significant time and resources in anticipation of the closing. During the negotiation of the terms of the JAA Agreement among the Purchasing Utilities, a variety of issues were identified concerning the legal status of the JAA; the powers of the JAA; and the relationship between the JAA and its member utilities. These issues are addressed below.

Although the JAA has been established pursuant to the specific authorizing legislation, its classification for federal tax purposes is unclear due to its members being both municipal and cooperative utilities. Obtaining favorable tax status as a "governmental entity" is essential for the JAA to operate on a tax-exempt basis and to provide flexibility to sell individual projects in the future if it is determined appropriate to do so.

One of the key factors relied on by the Internal Revenue Service in determining whether an entity has governmental status is the nature and scope of the entity's condemnation or eminent domain powers. Currently the JAA legislation is silent as to whether the JAA's condemnation powers are limited to those granted generally to public utilities by AS 42.05.631, or whether they extend to those granted to its member municipal utilities. In order to achieve the necessary federal tax treatment for the JAA, legislation is required to specifically grant to the JAA the eminent domain powers granted to the State and municipalities by AS 09.55.240 to 09.55.460. Section 7 of HB 119 achieves this desired effect.

Secondly, the authorizing legislation provides that the JAA is "subject to state and local ad valorem, income, or excise taxes that may be assessed or levied against property, assets, income, and receipts . . . [and] the electric cooperative tax" only to the extent "any of the public utilities forming the agency is subject to the particular tax." Given the different tax treatment under Alaska law of the cooperative member utilities and the municipal member utilities, the impact of this provision and the tax status of the JAA under Alaska law is not clear. The uncertainty of the JAA's tax status under Alaska law is also a factor in determining the federal tax status of the JAA. As a result, legislation is necessary to provide the JAA a broad exemption from all forms of state and local taxation. Section 10 of HB 119 accomplishes this intent.

The statute authorizing the formation of the JAA provides specifically that the JAA will have a "separate and distinct legal existence from the public utilities" that form the JAA. However, unlike other Alaska statutes that provide for the formation of corporations and other legal entities, the statute authorizing the formation of the JAA did not include broad language that specifically insulates the public utilities that form the JAA from liability for claims against the JAA. Given recent reported Alaska case law on shareholder liability and the absence of specific protections in the JAA statute, there is some risk that claims against the JAA might also be asserted against member utilities. In order to ensure that the JAA is treated for all purposes as a separate and distinct legal entity from its member utilities, Section 14 of House Bill 119 includes provisions similar to those contained in other Alaska statutes which would expressly protect the member utilities from any liabilities of the JAA.

Lastly, as a result of the JAA being granted the powers of a "public utility" under AS 42.05, it is not clear that the JAA is exempt from regulation by the Regulatory Commission of Alaska (RCA). Because of the relationship of the JAA to its member utilities and the fact that the member utilities are either regulated (Kodiak Electric Association, Inc.) or exempt from regulation (Copper Valley Electric Association, Inc. and the Cities of Ketchikan, Petersburg and Wrangell) it is necessary to confirm that the JAA is not subject to RCA regulation under AS 42.05 and is not required to obtain a certificate of need and convenience under AS 42.05.221. Sections 1, 2, 3 and 4 of HB 119 accomplish this objective.

If the goals established by the Legislature and the Governor as set forth in House Bills 446 and 447 are to be accomplished, the provisions of HB 119 discussed above are required to insure a successful divestiture of the Four Dam Pool hydroelectric projects and the establishment of a long-term, viable PCE Endowment. On behalf of the Ketchikan community, I strongly urge your support of this legislation.

Should you have any questions on this matter, please do not hesitate to contact me.

Sincerely,



Bob Weinstein  
Mayor

cc: Governor Tony Knowles  
Senator Robin Taylor  
Representative Bill Williams  
Representative Peggy Wilson  
Ketchikan City Council Members

**OFFICE OF THE MAYOR**

February 9, 2001

Representative Lisa Murkowski  
Chair, Labor and Commerce Committee  
State Capitol  
Juneau, AK 99801-1182

Dear Representative Murkowski:

The City of Valdez, its residents and businesses rely on Copper Valley Electric Association to provide safe, reliable electric service. Last year, the Alaska Legislature passed legislation that Governor Knowles signed in April 2000, authorizing the state to divest of the Four Dam Pool hydroelectric facilities and create an endowment fund to support the Power Cost Equalization Program.

Recently, House Bill 119 has been introduced and is scheduled to be heard by the Labor and Commerce Committee on Monday, February 12. The purpose of HB 119 is to make technical amendments to the original legislation (HB 446 & HB 447), and that these amendments must transpire prior to the Utilities consummating the purchase of the Four Dam Pool Projects.

As we understand it, these amendments are designed to overcome federal and state tax issues, liability protections for the utilities, and finally to clarify to what extent the Regulatory Commission of Alaska provides oversight.

The City of Valdez urges the Labor and Commerce Committee to move HB 119 forward so the benefits of divestiture may be realized.

Sincerely,

Bert Cottle, Mayor  
City of Valdez



# Copper Valley Electric Association, Inc.

P.O. Box 45 • Glennallen, Alaska 99588 • Telephone: 907-822-3211 • Facsimile: 907-822-5586 • Vaildez: 907-835-4301

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February 15, 2001

Email: wilkinsou@cvea.org

Representative Lisa Murkowski, Chair  
House Labor and Commerce Committee  
Room 406, State Capitol  
Juneau, Alaska 99801-1182

**SUBJECT:** House Bill 119, *Four Dam Pool Divestiture*

Dear Representative Murkowski:

The purpose of my letter is to express strong support for House Bill 119, which in its present form authorizes certain technical amendments to last year's divestiture legislation (HB 446). Representative Murkowski, I am aware of how hard you have personally worked to draft HB 119, and I offer my true and sincere appreciation for your efforts in advancing this historic transaction.

Copper Valley Electric Association does not view HB 119 as an option or something that would be nice to have. We view this legislation as absolutely essential in order for us to proceed with closing the divestiture transaction.

Specifically, Sections 2 through 4 provide that the Joint Action Agency is exempt from economic regulation by the Regulatory Commission of Alaska. The only utility presently economically regulated by the Commission is Kodiak Electric Association. CVEA, in 1998, chose to opt for local regulation by our elected Board of Directors. In order to do so we conducted a member election to put the question before our members, and the overwhelming results were that 67% of the 36% of members who voted thought local regulation was good idea. Certainly, in my experience since, there is nothing to suggest our members are in any way unhappy with local regulation, and in that same view I do not believe the JAA would benefit from Commission oversight.

Moreover, the overriding goal of the Four Dam Pool Purchasing Utilities is to keep the cost per kilowatt-hour to a minimum. The Utilities have a good track record on that score, and Commission oversight and the attendant expense of being economically regulated would not further serve that goal of cost containment.

**CVEA's Mission:** Be the energy supplier of choice.

**Goals and Objectives:** Reduce power cost to Customers, Increase energy sales, Develop new income producing products and services, and Build member relations through Customer satisfaction and grassroots support.

HB 119  
February 15, 2001  
Page 2

Section 7 of the legislation accomplishes a number of important and necessary objectives.

First, it defines the JAA as a body corporate and politic. This is essential to obtaining a favorable ruling from the IRS that the JAA is tax exempt. Each of the five Purchasing Utilities is already tax exempt and it certainly makes sense that the JAA, the wholesale supplier, be tax exempt as well.

Second, this section provides essential protections for the member utilities from the liabilities of the JAA. These same protections appear in virtually every other Alaska Corporate statute, and it seems an oversight that they are absent from the legislation authorizing the JAA. I understand at the February 12 hearing the question was asked about what kind of liabilities could result. The electric utility industry in Alaska has experienced three fatal industrial accidents in the past two years. Certainly, CVEA, its directors, officers, agents, and ultimately, those who pay the bills should not be liable for the safety practices (or lack thereof) of other members of the JAA. Conversely, the other JAA members should not be liable for CVEA's practices.

Finally, Section 7(c) provides that the JAA is not required to obtain a Certificate of Public Convenience and Necessity from the Commission. Each of the member utilities already has a certificate to serve in their respective geographic area. In addition, the JAA is a wholesale supplier; not a retail supplier of electricity, and the JAA is not selling retail utility service for compensation. Since the individual utilities are already certificated, it seems the requirement for the JAA to be certificated is duplicative and therefore unnecessary.

Section 7 (c)(5) is basically a federal tax issue. If the JAA has the powers set out in the AS 09.55.240-460 as requested in the bill, the likelihood of a favorable ruling from the IRS is significantly improved.

Section 14 addresses protection from liability for individuals acting on behalf of the JAA. Once again, similar protections are found in virtually every other Alaska corporation statute.

Once again, my view is that HB 119 is both necessary and essential in its present form in order for Copper Valley Electric Association to proceed to a divestiture closing. The Four Dam Pool utilities have worked for six years to advance this transaction. What once was only a dream is now on the brink of reality. I urge the House Labor and Commerce Committee to move this legislation so that the historic significance we all thought we had achieved last May can be realized.

Thank you. I stand ready to provide more information to you and members of the committee.

Sincerely,



Robert A. Wilkinson  
Chief Executive Officer

**SUMMARY OF ANALYSIS  
RELATED TO RCA REGULATION OF  
FOUR DAM POOL POWER AGENCY**

**Introduction**

The State of Alaska, through the Alaska Energy Authority (the "AEA"), owns the four hydroelectric projects comprising the Four Dam Pool. The municipal utilities of the Cities of Ketchikan, Petersburg and Wrangell together with the electric cooperatives Copper Valley Electric Association, Inc., and Kodiak Electric Association, Inc. (collectively, the "Purchasing Utilities") purchase power from the Four Dam Pool projects under a single Long-Term Power Sales Agreement (the "PSA"). Pursuant to enabling legislation enacted last year, the Purchasing Utilities have formed a joint action agency called the Four Dam Pool Power Agency (the "JAA") to purchase the Four Dam Pool projects from the AEA. Each of the Purchasing Utilities is a "Member Utility" of the JAA. In connection with the formation of the JAA issues have arisen as to whether the JAA, as the successor to the AEA with respect to the Four Dam Pool projects, has the same exempt status as the AEA.

**Discussion**

Under the Alaska Public Utilities Regulatory Act, AS 42.05, the Regulatory Commission of Alaska (the "RCA") is granted broad powers to regulate public utilities engaging or proposing to engage in a utility business in the State of Alaska. This regulatory authority is not unlimited, however, and the AEA and certain utilities are, or may elect to become, exempt from regulation by the RCA.

Pursuant to the Regulatory Act's exemption provisions, four of the five Member Utilities to the JAA are currently exempt from most types of regulation by the RCA. AS 42.05.711(b) & (g). The Regulatory Act also exempts the PSA and any amendments thereto from review and approval by the RCA. This PSA exemption, as provided for in last year's enabling legislation, stays in place until such time as all indebtedness incurred by the JAA in connection with the acquisition of the Four Dam Pool projects is retired. AS 42.05.431(c). The AEA, as noted, is also exempt from regulation by the RCA. AS § 44.83.090(b). Despite these exemptions, the regulatory status of the JAA is not entirely certain.

The JAA, as an entity formed and operated by municipal utilities, appears to be exempt from RCA regulation under AS 42.05.711(b). It is not certain from the precise language of the existing exemption, however, whether the participation of the Copper Valley and Kodiak electric

cooperatives in the JAA adversely impacts the applicability of the exemption. Further, even if the exemption does apply, it is not complete, as the Regulatory Act would still require the JAA to obtain from the RCA a Certificate of Public Convenience and Necessity ("CPCN") under AS 42.05.221, despite the fact that the JAA's ownership and operation of the Four Dam Pool projects has been authorized and directed by the Alaska Legislature.

RCA regulation of the JAA would be inconsistent with the intent of the current exemptions contained in the Regulatory Act. These exemptions, as noted, exempt four of the five Member Utilities and the PSA from RCA regulation. RCA regulation would also be inconsistent with legislative action already taken which approves the sale of the Four Dam Pool projects to the JAA, as it would require the JAA to obtain a CPCN, thereby requiring RCA approval of the AEA's sale of the projects to the JAA.



**City of  
Ketchikan**

334 Front Street  
Ketchikan, Alaska 99901  
Phone 907-225-3111  
Fax 907-225-5075

February 9, 2001

Representative Lisa Murkowski  
State of Alaska, House of Representatives  
State Capital, Room 408  
Juneau, Alaska 99801-1182

Dear Representative Murkowski:

**Re: House Bill No. 119 - Joint Action Agency Legislation**

I am writing in support of the above referenced legislation, which would correct several deficiencies in Alaska Statutes relative to the operation of the Joint Action Agency (JAA) created to operate hydroelectric projects purchased from the State of Alaska.

As you are aware, landmark legislation that provides for the energy needs of tens of thousands of Alaskans was adopted during the 2000 legislation when House Bills 446 and 447 were enacted by the Legislature and signed into law by Governor Knowles last May. The bills provided for the sale of the Four Dam Pool hydroelectric projects to the Purchasing Utilities (including the City of Ketchikan d/b/a Ketchikan Public Utilities) and the creation of a \$187,000,000 endowment to generate funding for Power Cost Equalization (PCE) programs. The legislation provided for the creation of a JAA comprised of the Purchasing Utilities to manage the hydroelectric projects and established a closing date of December 31, 2001.

Since the date that this critically important legislation was signed into law by Governor Knowles, the Purchasing Utilities have expended significant time and resources in anticipation of the closing. During the negotiation of the terms of the JAA Agreement among the Purchasing Utilities, a variety of issues were identified concerning the legal status of the JAA; the powers of the JAA; and the relationship between the JAA and its member utilities. These issues are addressed below.

Although the JAA has been established pursuant to the specific authorizing legislation, its classification for federal tax purposes is unclear due to its members being both municipal and cooperative utilities. Obtaining favorable tax status as a "governmental entity" is essential for the JAA to operate on a tax-exempt basis and to provide flexibility to sell individual projects in the future if it is determined appropriate to do so.

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One of the key factors relied on by the Internal Revenue Service in determining whether an entity has governmental status is the nature and scope of the entity's condemnation or eminent domain powers. Currently the JAA legislation is silent as to whether the JAA's condemnation powers are limited to those granted generally to public utilities by AS 42.05.631, or whether they extend to those granted to its member municipal utilities. In order to achieve the necessary federal tax treatment for the JAA, legislation is required to specifically grant to the JAA the eminent domain powers granted to the State and municipalities by AS 09.55.240 to 09.55.460. Section 7 of HB 119 achieves this desired effect.

Secondly, the authorizing legislation provides that the JAA is "subject to state and local ad valorem, income, or excise taxes that may be assessed or levied against property, assets, income, and receipts . . . [and] the electric cooperative tax" only to the extent "any of the public utilities forming the agency is subject to the particular tax." Given the different tax treatment under Alaska law of the cooperative member utilities and the municipal member utilities, the impact of this provision and the tax status of the JAA under Alaska law are not clear. The uncertainty of the JAA's tax status under Alaska law is also a factor in determining the federal tax status of the JAA. As a result, legislation is necessary to provide the JAA a broad exemption from all forms of state and local taxation. Section 10 of HB 119 accomplishes this intent.

The statute authorizing the formation of the JAA provides specifically that the JAA will have a "separate and distinct legal existence from the public utilities" that form the JAA. However, unlike other Alaska statutes that provide for the formation of corporations and other legal entities, the statute authorizing the formation of the JAA did not include broad language that specifically insulates the public utilities that form the JAA from liability for claims against the JAA. Given recent reported Alaska case law on shareholder liability and the absence of specific protections in the JAA statute, there is some risk that claims against the JAA might also be asserted against member utilities. In order to ensure that the JAA is treated for all purposes as a separate and distinct legal entity from its member utilities, Section 14 of HB 119 includes provisions similar to those contained in other Alaska statutes which would expressly protect the member utilities from any liabilities of the JAA.

Lastly, as a result of the JAA being granted the powers of a "public utility" under AS 42.05, it is not clear that the JAA is exempt from regulation by the Regulatory Commission of Alaska (RCA). Because of the relationship of the JAA to its member utilities and the fact that the member utilities are either regulated (Kodiak Electric Association, Inc.) or exempt from regulation (Copper Valley Electric Association, Inc. and the Cities of Ketchikan, Petersburg and Wrangell) it is necessary to confirm that the JAA is not subject to RCA regulation under AS 42.05 and is not required to obtain a certificate of need and convenience under AS 42.05.221. Sections 1, 2, 3 and 4 of HB 119 accomplish this objective.

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If the goals established by the Legislature and the Governor as set forth in House Bills 446 and 447 are to be accomplished, the provisions of HB 119 discussed above are required to insure a successful divestiture of the Four Dam Pool hydroelectric projects and the establishment of a long-term, viable PCE Endowment. On behalf of the Ketchikan community, I strongly urge your support of this legislation.

Should you have any questions on this matter, please do not hesitate to contact me.

Sincerely,



Bob Weinstein  
Mayor

cc: Governor Tony Knowles  
Senator Robin Taylor  
Representative Bill Williams  
Ketchikan City Council Members



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February 15, 2001

E-mail: [wilkison@cvea.org](mailto:wilkison@cvea.org)

Representative Lisa Murkowski, Chair  
House Labor and Commerce Committee  
Room 406, State Capitol  
Juneau, Alaska 99801-1182

**SUBJECT:** House Bill 119, *Four Dam Pool Divestiture*

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Moreover, the overriding goal of the Four Dam Pool Purchasing Utilities is to keep the cost per kilowatt-hour to a minimum. The Utilities have a good track record on that score, and Commission oversight and the attendant expense of being economically regulated would not further serve that goal of cost containment.

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HB 119  
February 15, 2001  
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Finally, Section 7(c) provides that the JAA is not required to obtain a Certificate of Public Convenience and Necessity from the Commission. Each of the member utilities already has a certificate to serve in their respective geographic area. In addition, the JAA is a wholesale supplier; not a retail supplier of electricity, and the JAA is not selling retail utility service for compensation. Since the individual utilities are already certificated, it seems the requirement for the JAA to be certificated is duplicative and therefore unnecessary.

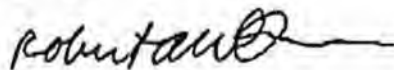
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Thank you. I stand ready to provide more information to you and members of the committee.

Sincerely,



Robert A. Wilkinson  
Chief Executive Officer

**City of  
Ketchikan**



334 Front Street  
Ketchikan, Alaska 99901  
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February 9, 2001

Representative Lisa Murkowski  
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Should you have any questions on this matter, please do not hesitate to contact me.

Sincerely,



Bob Weinstein  
Mayor

cc: Governor Tony Knowles  
Senator Robin Taylor  
Representative Bill Williams  
Ketchikan City Council Members

**SUMMARY OF ANALYSIS  
RELATED TO RCA REGULATION OF  
FOUR DAM POOL POWER AGENCY**

**Introduction**

The State of Alaska, through the Alaska Energy Authority (the "AEA"), owns the four hydroelectric projects comprising the Four Dam Pool. The municipal utilities of the Cities of Ketchikan, Petersburg and Wrangell together with the electric cooperatives Copper Valley Electric Association, Inc., and Kodiak Electric Association, Inc. (collectively, the "Purchasing Utilities") purchase power from the Four Dam Pool projects under a single Long-Term Power Sales Agreement (the "PSA"). Pursuant to enabling legislation enacted last year, the Purchasing Utilities have formed a joint action agency called the Four Dam Pool Power Agency (the "JAA") to purchase the Four Dam Pool projects from the AEA. Each of the Purchasing Utilities is a "Member Utility" of the JAA. In connection with the formation of the JAA issues have arisen as to whether the JAA, as the successor to the AEA with respect to the Four Dam Pool projects, has the same exempt status as the AEA.

**Discussion**

Under the Alaska Public Utilities Regulatory Act, AS 42.05, the Regulatory Commission of Alaska (the "RCA") is granted broad powers to regulate public utilities engaging or proposing to engage in a utility business in the State of Alaska. This regulatory authority is not unlimited, however, and the AEA and certain utilities are, or may elect to become, exempt from regulation by the RCA.

Pursuant to the Regulatory Act's exemption provisions, four of the five Member Utilities to the JAA are currently exempt from most types of regulation by the RCA. AS 42.05.711(b) & (g). The Regulatory Act also exempts the PSA and any amendments thereto from review and approval by the RCA. This PSA exemption, as provided for in last year's enabling legislation, stays in place until such time as all indebtedness incurred by the JAA in connection with the acquisition of the Four Dam Pool projects is retired. AS 42.05.431(c). The AEA, as noted, is also exempt from regulation by the RCA. AS § 44.83.090(b). Despite these exemptions, the regulatory status of the JAA is not entirely certain.

The JAA, as an entity formed and operated by municipal utilities, appears to be exempt from RCA regulation under AS 42.05.711(b). It is not certain from the precise language of the existing exemption, however, whether the participation of the Copper Valley and Kodiak electric

cooperatives in the JAA adversely impacts the applicability of the exemption. Further, even if the exemption does apply, it is not complete, as the Regulatory Act would still require the JAA to obtain from the RCA a Certificate of Public Convenience and Necessity ("CPCN") under AS 42.05.221, despite the fact that the JAA's ownership and operation of the Four Dam Pool projects has been authorized and directed by the Alaska Legislature.

RCA regulation of the JAA would be inconsistent with the intent of the current exemptions contained in the Regulatory Act. These exemptions, as noted, exempt four of the five Member Utilities and the PSA from RCA regulation. RCA regulation would also be inconsistent with legislative action already taken which approves the sale of the Four Dam Pool projects to the JAA, as it would require the JAA to obtain a CPCN, thereby requiring RCA approval of the AEA's sale of the projects to the JAA.



## Greater Ketchikan Chamber of Commerce

P.O. Box 5957, Ketchikan, Alaska 99901  
(907) 225-3184 • FAX: (907) 225-3187

February 19, 2001

Representative Lisa Murkowski  
Alaska State House of Representatives  
State Capital Building  
Juneau, AK 99801

Re: Support of House Bill 119

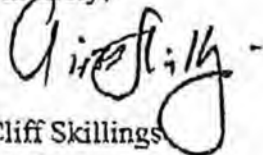
The Ketchikan Chamber of Commerce would like to take this opportunity to voice its support for House Bill 119, a bill exempting the Joint Action Agency (JAA) from Federal tax, state and municipal regulation, and the Regulatory Commission of Alaska (RCA).

The JAA is a unique conglomerate consisting of cooperatives and municipalities poised to own and operate the power supply source known as the Four Dam Pool. Bringing these entities together in the operation of this regional power source poses significant regulatory and tax issues from all levels of government.

HB 119 would limit personal liability on any of the members of the JAA, obtain a favorable federal tax status and exemption from the RCA. Obtaining favorable federal tax status is essential for the JAA to operate on a tax-exempt basis, provides maximum flexibility to allow local ownership of the individual projects on the future, and ensures the JAA future ability to secure bonding.

Once again, we support your efforts in passage of HB 119.

Sincerely,

  
Cliff Skillings  
President

**HB**

**121**

# ALASKA STATE LEGISLATURE

*Chair:*  
LABOR AND COMMERCE

*Member:*  
MILITARY AND VETERANS AFFAIRS  
COMMUNITY AND REGIONAL AFFAIRS  
LEGISLATIVE COUNCIL  
JOINT ARMED SERVICES



**REPRESENTATIVE LISA MURKOWSKI**

Government Hill • Elmendorf • East Anchorage

*Session:*  
ALASKA STATE CAPITOL  
JUNEAU, AK 99801-1182  
PHONE: (907) 465-3783  
FAX: (907) 465-2293  
Representative\_Lisa\_Murkowski@legis.state.ak.us

*Interim:*  
716 WEST 4TH AVENUE  
ANCHORAGE, AK 99501-2133  
PHONE: (907) 269-0174  
FAX: (907) 269-0177

## Sponsor Statement House Bill 121

### **“An Act relating to the issuance of qualified charitable gift annuities.”**

Charitable gift annuities can be an important way for charities to raise funds. If a donor wishes to make a charitable gift but also wants to reserve income for the future, gift annuities provide a legal contract between charity and donor (so in exchange for a donor making a gift, the charity provides an annuity to the donor).

Based on model legislation developed by the National Association of Insurance Commissioners, House Bill 121 defines and clarifies a charitable gift annuity, states that gift annuities are not insurance, provides minimum unrestricted cash requirements, and sets out specific requirements for the issuance of gift annuities. The Act protects both donors and charities by providing that notice be given to donors and provides that organizations notify the Division of Insurance when entering into their first qualified charitable gift annuity.

The model legislation has been successfully passed in over 30 states and has been approved by the American Council of Gift Annuities and the National Council of Planned Giving. I urge your considered and favorable support.

AMENDMENT

OFFERED IN THE HOUSE  
TO: HB 121

BY REPRESENTATIVE MURKOWSKI

- 1 Page 4, line 17:
- 2 Delete "comply"
- 3 Insert "confirm compliance"

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 121  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time(Note if Correction) 03/09/2001 2:30p.m.  
 Title: An Act relating to the issuance of qualified charitable gift annuities.  
 Sponsor: Representative Murkowski  
 Requester: House Labor & Commerce

Dept. Affected: DCED  
 BRU: Insurance Operations  
 Component: Insurance  
 Component Number: 354

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill has no fiscal impact on this component.

Prepared by: Robert A. Lohr  
 Division: Insurance  
 Approved by: Commissioner Deborah B. Sedwick  
 Agency: Department of Community & Economic Development

Phone 907-269-7900  
 Date/Time 03/09/2001 2:30p.m.  
 Date 3/9/2001

For distribution information, call the Governor's Legislative Office



3200 Providence Drive  
P.O. Box 196604  
Anchorage Alaska  
99519-6604

Tel 907.562.2211

September 25, 2000

Honorable Brian S. Porter  
Speaker of the House  
Alaska State legislature  
3430 Fordham Drive  
Anchorage, AK 99508

Dear Speaker of the House;

On behalf of Providence Alaska Foundation, I am submitting this letter in support of the Charitable Gift Annuities Exemption Model Act. Providence supports this legislative bill for the benefit of Alaskan charities and their donors. The Model Act which defines charitable gift annuities has been successfully passed in over than 30 states. The Exemption Act has also been approved by the National Association of Insurance Commissioners (NAIC) and has the approval of the American Council of Gift Annuities.

This legislative bill simply defines charitable gift annuities and states that gift annuities are not insurance and that the issuance of a charitable gift annuity does not constitute engaging in the business of insurance in this state. The Model Act requires notice to donors and would require charities that issues gift annuities to notify the commissioner when it enters into the organization's first qualified charitable gift annuity. It would thereby benefit the state in tracking such data. Passing the Model Act protects both charities and donors alike.

The Model Act serves to define charitable gift annuities, provides minimum unrestricted cash requirements and sets out specific requirements for the issuance of charitable gift annuities. Providence feels privileged in promoting such legislation in protecting charitable gift annuities in our state.

Sincerely,

**Douglas Bruce**  
Chief Executive  
Providence Health System in Alaska



# Alaska Pacific University

President

*Douglas M. North*

November 13, 2000

Honorable Brian S. Porter  
Speaker of the House  
Alaska State Legislature  
3430 Fordham Drive  
Anchorage, AK 99508

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Barbara Dadd Shaffer  
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Donald Wilson  
Phoebe Wood

Dear Speaker of the House;

On behalf of Alaska Pacific University, I am submitting this letter in support of the Charitable Gift Annuities Exemption Model Act. The University supports this legislative bill for the benefit of Alaskan charities and their donors. The Model Act defines charitable gift annuities and has successfully passed in over 30 states. The Exemption Act has also been approved by the National Association of Insurance Commissioners (NAIC) and has the approval of the American Council of Gift Annuities.

This simple legislative bill simply defines charitable gift annuities and states that gift annuities are not insurance and that the issuance of a charitable gift annuity does not constitute engaging in the business of insurance in this state. The Model Act requires notice be given to donors and would require charities that issues gift annuities to notify the commissioner when it enters into the organization's first qualified charitable gift annuity. It would thereby benefit the state in tracking such data. Passing the Model Act protects both charities and donors alike.

The Model Act serves to define charitable gift annuities, provides minimum unrestricted cash requirements and sets out specific requirements for the issuance of charitable gift annuities. Alaska Pacific University feels privileged in promoting such legislation and would appreciate your help in protecting charitable gift annuities in our state. Thank you for your support.

Sincerely,

Douglas M. North, President  
Alaska Pacific University

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FOLLOWING  
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# The Salvation Army

## Alaska Divisional Headquarters

Mailing Address: P.O. Box 101459  
 143 E. Ninth Avenue • Anchorage, Alaska 99510-1459  
 (907) 276-2515 • FAX (907) 276-1424

Founded in 1865  
 By William Booth  
 John Gowans  
 General  
 David Edwards  
 Territorial Commander  
 Terry W. Griffin  
 Divisional Commander

November 27, 2000

Honorable Brian Porter  
 Speaker of the House

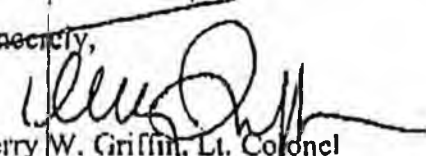
Dear Speaker of the House,

On behalf of The Salvation Army, I am submitting this letter in support of the Charitable Gift Annuities Exemption Model Act. The Salvation Army supports this legislative bill for the benefit of Alaskan charities and their donors. The Model Act, which defines charitable gift annuities, has been successfully passed in over 30 states. The Exemption Act has also been approved by the National Association of Insurance Commissioners (NAIC) and has the approval of the American Council of Gift Annuities.

This simple legislative bill defines charitable gift annuities and states that gift annuities are not insurance and that the issuance of a charitable gift annuity does not constitute engaging in the business of insurance in this state. The Model Act requires notice be given to donors and would require charities that issue gift annuities to notify the commissioner when it enters into the organization's first qualified charitable gift annuity. It would thereby benefit the state in tracking such data. Passing the Model Act protects both charities and donors alike.

The Model Act serves to define charitable gift annuities, provides minimum unrestricted cash requirements and sets out specific requirements for the issuance of charitable gift annuities. The Salvation Army feels privileged in promoting such legislation and would appreciate your help in protecting charitable gift annuities in our state. Thank you for your support.

Sincerely,

  
 Terry W. Griffin, Lt. Colonel  
 DIVISIONAL COMMANDER

cc: Douglas Bruce, Chief Executive  
 Providence Health Care System, Alaska



*Into a Second Century of Service*



Check  
the rate of  
appreciation  
on your  
next gift.

### Gift Annuities through Providence Health Systems

Families young and old benefit when you give to the Sisters of Providence. You receive guaranteed income from your gift and your gift helps us save lives, limbs, and livelihoods – all outcomes of the good work we do with your support. Payments you receive from a Providence Gift Annuity supplements your income for life, and allows you a charitable income tax deduction at the time the gift is made.

**Example for a \$10,000 Gift Annuity**

Age	Annuity Rate	Tax Deduction*
70	7.5%	4,080
75	8.2%	4,460
80	9.2%	4,884
85	10.5%	5,334
90	12.0%	5,807

\*approximate deduction, actual may vary slightly

To learn what your benefits from a gift annuity might be, please return the form below. Or call Jon Calder at 907-261-4943.

*Yes, I would like more information about Providence Gift Annuities.*

NAME \_\_\_\_\_ AGE(S) \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

PHONE ( ) \_\_\_\_\_ E-MAIL \_\_\_\_\_

Please contact Jon Calder, Annual & Planned Giving Director  
(907) 261-4943 • fax 261-3048 • jcalder@provak.org  
P.O. Box 196604 Anchorage, AK 99519



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## The Tangible Benefits are Numerous

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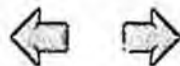
Among the many benefits you will receive are:

- ◆ Guaranteed income with your annual payment backed by all the assets of The National Heritage Foundation, plus your gift is set aside in a separate reserve account for your lifetime to back up the annuity payments to you and/or your loved one.
- ◆ An immediate charitable deduction of a portion of your gift.
- ◆ A tax savings on capital gains if your gift is funded with appreciated property such as stocks, bonds or mutual funds.
- ◆ Tax free income on a portion of your annual income payments for a number of years.
- ◆ Deferred income if you wish to begin receiving payments at a later date, such as at the start of retirement, which will earn higher interest.
- ◆ Your choice of income recipients with payments to the donor only, the donor and a surviving beneficiary, or a person other than the donor.

### You Receive Long Term, Intangible Benefits as Well!

In addition to many real benefits, your Charitable Gift Annuity investment in the National Heritage Foundation or one of its foundations will result in significant intangible and long-term benefits.

The beneficiaries and supporters of The National Heritage Foundation become partners with us as we go forth to promote the Heritage of our Nation. You walk with us in our effort to undertake a piece of the grand task of restoring, maintaining and extending our precious heritage of people making life more meaningful for each other, and helping you live a life of love and good works.



## How does the Charitable Gift Annuity Work?

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First, the donor of the gift and the secondary beneficiary, if any, must be at least 35 years old. The minimum single gift is \$5,000, and annual gifts may start with as little as \$2,000. The gifts may be in the form of cash or stocks, bonds or mutual funds. Many annuitants roll over a matured certificate of deposit into a charitable gift annuity, or they provide a gift of stock and avoid taxes on part of the capital gain.

As an example, Mr. and Mrs. Jones invested a matured certificate of deposit earning 5.5% annual interest into a gift annuity paying them 7.5%. About half of this income will not be taxable to them over their life expectancies.

They made a significant contribution to The National Heritage Foundation, or perhaps to their own foundation, while at the same time, earning a greater rate of return. In addition, they earned certain charitable deductions which a certificate of deposit does not offer. The earned interest rate of a charitable gift annuity is based on the annuitant's age at the time of the gift along with other considerations.

### Examples at Various Ages:

Single Life		Two Lives	
Age on Gift Date	Annuity Rate	Ages on Gift Date	Annuity Rate
55	6.7%	55/55	6.5%
60	6.9%	60/60	6.6%
65	7.2%	65/65	6.8%
70	7.7%	75/75	7.1%
75	8.4%	75/75	7.5%
80	9.4%	80/80	8.2%
85	10.5%	85/85	9.2%
90	12.0%	90/90	10.8%



[FAQ on Charitable Gift Annuities](#)

## Charitable Gift Annuities

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### EXAMPLE:

Mary Sharp is 82 years old and has been investing primarily in fixed income investments to supplement her pension and social security income. With interest rates dropping the last several years, investments that used to pay her 8% to 9% are now only paying her 6%.

As a supporter of The National Heritage Foundation, Mary saw some information about income producing gift plans, but never associated the idea with her situation. When her last \$20,000 Certificate of Deposit came due and she was offered a reinvestment rate of 6%, Mary decided to give her Philanthropic Development Officer at NHF a call.

At Mary's age, The NHF was able to create a gift annuity that will pay her 9.8% annually on her \$20,000.

Mary received the following benefits for creating her NHF Charitable Gift Annuity:

Annuity Income:	\$1,960
Tax Free Portion:	1,190*
Taxable Portion:	770
Income Tax Deduction:	10,660
Tax Savings at 28% Bracket:	2,968 (This reduced the cost of her gift to \$17,032) (The effective after-tax yield is therefore 11.5%) (The effective pre-tax yield is 14.2% @ 28% bracket)
Estate Tax Savings:	up to 55% of the \$20,000 gift
Probate Savings:	up to 6% to 8% of the \$20,000 gift
Lifetime Support of the NHF:	Mary named her son to work for her own foundation

\*After 8.5 years the entire annuity becomes ordinary income



The Benefits

**HB**

**128**



## **Sponsor Statement**

**HB 128**

**Representative Ogan**

### **Farm Work for Kids**

A local Valley farmer informed me that there were lots of kids who wanted to work on his farm but because it took so long to get permission from the state they declined or missed a substantial part of the harvest season.

Parents were surprised to learn that granting their permission was not good enough for the state. The Commissioner of Labor had to grant his approval so that their kids could pick vegetables or gather up some hay.

In my opinion requiring the Commissioner to grant permission after parents have already signed off is not necessary.

I can not think of a better place for young people to learn basic life lessons and come to understand the value of hard work than on a farm. How unfortunate that government has created so many barriers to those experiences with bureaucracy and senseless red tape. The result has been too much non-productive time for many of our teens. We all know what that can translate into.

House Bill 128 will help more of our young people be involved with farm work. These skills will help young people later in life when a work ethic learned on the farm makes them a valued employee as an adult.



**REPRESENTATIVE SCOTT OGAN**

**Alaska State Legislature**

House District 27 • Palmer • Greater Palmer • Sutton • Chickaloon • Sheep Mountain

## *For Immediate Release*

*February 13, 2001*

### **Farm Work For Kids**

A bill to make it easier for kids to work on the farm was introduced today in Juneau by Representative Scott Ogan ( R ) Palmer.

Current law requires that the Commissioner of the Department of Labor to personally sign off if a person between 14 and 17 years of age wishes to work on a farm. Ogan's bill would remove that stipulation if a parent or legal gaurdian grants permission for a teenager to work on a farm. "We've gone from a nation of providing meaningful employment for young workers to a nation of making it nearly impossible to employ young people.

A local farmer who has found it difficult to provide the kids who want jobs with work requested Ogan's bill. "By the time the request works it way through the maze of bureaucracy the harvest season is over," said Larry DeVilbiss of Wolverine Farms. "What relevance to the situation does a Commissioner 600 miles away have? It should be the parents and the kid deciding these matters as a family."

###

For more info: 907-465-3878

## Memorandum

**To: Chair, Representative Lisa Murkowski, and Committee Members**

**From: Representative Ogan**

**Date: April 20, 2001**

**Re: Errors on Fiscal Note on HB 128**

\*\*\*\*\*

The fiscal note prepared by the Department is incomplete and inaccurate.

- **It is incomplete** because the Department has failed to credit the time and dollars saved by not having to process the 11,000 work permits they testified that they now process annually.

That figure is: **11,000 permits @ one hour per permit** times administrative charge of **\$25.00 per hour** for a total of **\$275,000 dollars**. (not including use of equipment and communication charges for transmission of permits.) **This credit amount more than offsets the expense listed in the Department's note.**

- **It is inaccurate** because it pre-supposes that persons who sign off on the permit will not follow the law unless the Department handles it, signs it and faxes it back to them. There is nothing magical in a signed permit that converts a person from lawbreaker to law abider.

**The Department has the ability to be informed of the work duties to be performed at each employment location and do a approval and rejection based on a blanket ruling for each employer.**

**The employer can then be bound to require that all young people employed agree to the Agency stipulations. There is absolutely no need to go through this process for every employee and cause 11,000 transactions.**

Suggested Change

© An employer may employ a minor who is at least 14 year of age to perform duties without the written authorization of the commissioner under (a) of this section if

- (1) The employer must secure in advance, the approval of the Department of Labor and Workforce Development, Wage and Hour Administration for a minor to perform the duties required in the job and the employer files the written consent from the minor's parent or legal guardian described in (d) of this section within seven days after the minor begins working in the approved job duties;
- (2) The minor working in the physical presence of one of the parents or legal guardian is not required to provide a written consent form, however the job duties to be performed by the minor must be approved by the Wage and Hour Administration in advance of the minor beginning work.

(d) A written consent from a parent or legal guardian filed under (c) of this section is valid as long as the minor performs the approved job duties for the approved employer. The written consent form shall be on a form provided by the department and must be signed by

- (1) one of the minor's parents
- (2) the custodial parent if the minor only has one parent living or if a court has awarded custody of the minor to that parent; or
- (3) The legal guardian.

(e) The department shall provide a system to tract approved job duties and related information for approved employers.

- (1) Once job duties have been approved the employer need only submit a written consent form for the minor employee within seven days of the minor beginning work.

Sec.3. AS 23.10.360 (c) is amended to read:

© The department shall, after notice and hearing, adopt regulations authorizing the employment of minors under 18 years of age and exempting appropriate employers from the requirement to secure the commissioner's written authorization under AS23.10.332 (a) (REPORTING REQUIREMENTS OF AS23.10.332).

# ALASKA STATE LEGISLATURE

## House of Representatives

### COMMITTEE ASSIGNMENTS

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

website: <http://www.akrepublicans.org/Rokeberg.htm>



INTERIM:  
716 WEST 4TH AVENUE, SUITE 350  
ANCHORAGE, AK 99501  
PHONE (907) 269-0117  
FAX (907) 269-0119

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

## Representative Norman Rokeberg

e-mail: [Representative\\_Norman\\_Rokeberg@legis.state.ak.us](mailto:Representative_Norman_Rokeberg@legis.state.ak.us)

### MEMORANDUM

**TO:** Rep. Kevin Meyer  
Rep. Joe Hayes

**FROM:** Rep. Norman Rokeberg

**DATE:** April 6, 2001

**RE:** Proposed CS for HB 128

A handwritten signature in black ink, appearing to read "Norman Rokeberg".

Attached is a draft CS for your consideration. This proposed CS accomplishes the following:

1. Expands the legislation to all industries.
2. Provides that if the Department preapproves an employer, the employer must obtain the written consent of the minor's parents and file the written consent with the Department within seven days after the employee begins work. There is no need to obtain the Commissioner's signature.
3. Provides that if the Department does not preapprove an employer, the employer must obtain the written consent of the minor's parents and file the written consent with the Department within three days after the employee begins working. There is no need to obtain the Commissioner's signature.
4. Provides that no written consent is necessary if the minor is working in the physical presence of the minor's parents or legal guardian.
5. Provides that the written consent is good for the calendar year in which it is executed or, if executed in December of a year, for that calendar year and the next calendar year or both, depending on the terms of the written consent.
6. Provides that the consent must be signed by both the minor's parents or legal guardians, one of the minor's parents if only one parent is living or if the court has awarded custody to one parent, or the legal guardian.
7. Provides that the Department may develop regulations.

Let me know if you agree with this CS so that we may report back to the Chair of House Labor & Commerce.

cc: Representative Lisa Murkowski (w/CS)  
Rep. Scott Ogan (w/CS)  
Department of Labor & Workforce Development (w/CS)

22-LS0373U  
Cramer  
4/6/01

**CS FOR HOUSE BILL NO. 128( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): REPRESENTATIVES OGAN, Kohring, Hudson, Coghill, Bunde**

**A BILL**  
**FOR AN ACT ENTITLED**

1 **"An Act relating to the required approval of the commissioner of labor and workforce**  
2 **development for the employment of certain minors."**

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

4 **\* Section 1.** AS 23.10.332 is amended to read:

5 **Sec. 23.10.332. Authorization for children under 17 to work.** (a) Except  
6 for employment exempted under AS 23.10.330 and other employment specifically  
7 exempted by regulations adopted by the department, a minor under 17 years of age  
8 may not be employed or allowed to work without the written authorization of the  
9 commissioner unless authorized under AS 23.10.360 **or under (c) of this section.**

10 (b) The department shall adopt regulations necessary to implement this  
11 section.

12 **\* Sec. 2.** AS 23.10.332 is amended by adding new subsections to read:

13 (c) An employer may employ a minor who is at least 14 years of age to  
14 perform duties without the written authorization of the commissioner under (a) of this

1 section if

2 (1) the employer has, in advance, secured the approval of the  
3 commissioner for a minor to perform those duties and the employer files the written  
4 consent from the minor's parent or guardian described in (d) of this section within  
5 seven days after the minor begins working in the approved job duties;

6 (2) the employer has not secured the advance approval for a minor to  
7 perform job duties and the employer files the written consent from the minor's parent  
8 or guardian described in (d) of this section within three days after the minor begins  
9 working; or

10 (3) the minor is working in the physical presence of one of the minor's  
11 parents or legal guardians; if legal custody of the minor has been set under a court  
12 order, the minor must perform the work in the presence of a person granted legal  
13 custody of the minor to satisfy the requirement of this paragraph.

14 (d) A written consent from a parent or guardian filed under (c) of this section  
15 is valid for the calendar year in which it is executed or, in the case of a written consent  
16 executed in December, for that calendar year, the next calendar year, or both,  
17 depending on the terms of the written consent. The written consent shall be on a form  
18 provided by the department and must be signed by

19 (1) both the minor's parents or legal guardians;

20 (2) one of the minor's parents if the minor only has one parent living or  
21 if a court has awarded custody of the minor to that parent; or

22 (3) one legal guardian if only one legal guardian has been appointed.

23 \* Sec. 3. AS 23.10.360(c) is amended to read:

24 (c) The department shall, after notice and hearing, adopt regulations  
25 authorizing the employment of minors under 18 years of age and exempting  
26 appropriate employers from the requirement to secure the commissioner's written  
27 authorization under AS 23.10.332(a) [REPORTING REQUIREMENTS OF  
28 AS 23.10.332].

# ALASKA STATE LEGISLATURE

## House of Representatives

## COMMITTEE ASSIGNMENTS:

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

website: <http://www.akRepublicans.org/Rokeberg.htm>



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 JUNEAU, AK 99801-1182  
 PHONE: (907) 465-4968  
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### Representative Norman Rokeberg

e-mail: [Representative\\_Norman\\_Rokeberg@legis.state.ak.us](mailto:Representative_Norman_Rokeberg@legis.state.ak.us)

## MEMORANDUM

FAXED: 12:554/27/01

TO: Rep. Kevin Meyer  
 Rep. Joe Hayes

FROM: Rep. Norman Rokeberg

DATE: April 27, 2001

RE: HB 128

Attached is work draft L for this legislation. This work draft provides:

1. The preapproval system set forth in the J draft. An employer who has advance approval still has to obtain consent of the minor's parent or legal guardian and must file the form with the Department within 7 days after the minor begins to work;
2. If an employer does not have advance approval, the current system remains in place.
3. If the minor is working in the physical presence of one of the minor's parents or legal guardians no written consent is necessary.
4. The consent is valid for one year or, if executed in December, the next calendar year or both, depending on the terms of the written consent.
5. The Department may utilize its current work permit form to secure any necessary parental signatures.
6. The Department shall adopt necessary regulations.

I think this addresses most of the concerns expressed in that it: (1) provides employers with the opportunity to get advance approval for which jobs minors may be working in for that employer; and (2) leaves in place the current law for those employers who do not get advance approval. I would like to get this back before the full committee.

Cc: Rep. Lisa Murkowski (w/draft L)  
 Rep. Scott Ogan (w/draft L)  
 Rebecca Gamez (w/draft L)

WORK DRAFT

WORK DRAFT

WORK DRAFT

22-LS0373VL  
Cramer  
4/26/01

**CS FOR HOUSE BILL NO. 128( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): REPRESENTATIVES OGAN, Kohring, Hudson, Coghill, Bunde**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the required approval of the commissioner of labor and workforce**  
2 **development for the employment of certain minors."**

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

4 **\* Section 1. AS 23.10.332 is amended to read:**

5 **Sec. 23.10.332. Authorization for children under 17 to work. (a) Except**  
6 **for employment exempted under AS 23.10.330 and other employment specifically**  
7 **exempted by regulations adopted by the department, a minor under 17 years of age**  
8 **may not be employed or allowed to work without the written authorization of the**  
9 **commissioner unless authorized under AS 23.10.360 or under (c) of this section.**

10 **(b) The department shall adopt regulations necessary to implement this**  
11 **section.**

12 **\* Sec. 2. AS 23.10.332 is amended by adding new subsections to read:**

13 **(c) An employer may employ a minor who is at least 14 years of age to**  
14 **perform duties without the written authorization of the commissioner under (a) of this**

WORK DRAFT

WORK DRAFT

22-LS0373L

1 section if

2 (1) the employer has, in advance, secured the approval of the  
3 commissioner for a minor to perform those duties and the employer files the written  
4 consent from the minor's parent or guardian described in (d) of this section within  
5 seven days after the minor begins working in the approved job duties; or

6 (2) the minor is working in the physical presence of one of the minor's  
7 parents or legal guardians; if legal custody of the minor has been set under a court  
8 order, the minor must perform the work in the presence of a person granted legal  
9 custody of the minor to satisfy the requirement of this paragraph.

10 (d) A written consent from a parent or guardian filed under (c) of this section

11 (1) is valid for the calendar year in which it is executed or, in the case  
12 of a written consent executed in December, for that calendar year, the next calendar  
13 year, or both, depending on the terms of the written consent;

14 (2) shall be on a form provided by the department; the department may  
15 use the same form that it uses to issue work permits under (a) of this section to secure  
16 parental signatures under this subsection; and

17 (3) must be signed by a parent or legal guardian of the minor.

18 \* Sec. 3. AS 23.10.360(c) is amended to read:

19 (c) The department shall, after notice and hearing, adopt regulations  
20 authorizing the employment of minors under 18 years of age and exempting  
21 appropriate employers from the requirement to secure the commissioner's written  
22 authorization under AS 23.10.332(a) [REPORTING REQUIREMENTS OF  
23 AS 23.10.332].  
24

# ALASKA STATE LEGISLATURE

## House of Representatives

### COMMITTEE ASSIGNMENTS

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

website: <http://www.akropublicans.org/Rokeberg.htm>



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## Representative Norman Rokeberg

e-mail: [Representative\\_Norman\\_Rokeberg@legis.state.ak.us](mailto:Representative_Norman_Rokeberg@legis.state.ak.us)

### MEMORANDUM

To: Rep. Kevin Meyer  
Rep. Joe Hayes

FAXED:

2:09 pm  
2/12/02 p

DATE: 2/12/02 p

From: Rep. Norman Rokeberg

Date: February 12, 2002

Re: HB 128 Subcommittee

Attached is work draft O for this legislation. This work draft provides:

1. Section 1 remains the same as the last work draft (L).
2. Section 2 has been amended and provides:
  - a. A preapproval system setting forth a specific job consisting of listed duties. The employer may not change any of the duties listed to be performed by a minor without the approval of the commissioner.
  - b. Written consent: from parent or guardian valid only for the job and listed duties; filed with the commissioner 7 calendar days before the minor begins working the job specified; valid for the calendar year or, if executed in December, for that calendar year, the next calendar year or both depending on terms of written consent; on a form prescribed by commissioner and may be the same form as used to issue work permits; and signed by parent or legal guardian.
3. Section 3 remains the same as in the L draft.

I think this addresses most of the concerns. One issue that remains to be addressed by the full committee is the "7 calendar days" standard.

I would like to report this bill back to the full committee as soon as possible so that the full committee may again take up this legislation.

Cc: Rep. Lisa Murkowski (w/O draft)  
Rep. Scott Ogan (w/O draft)  
Commissioner: Ed Flanagan (w/O draft)

22-LS0373\O  
Craver  
2/7/02

**CS FOR HOUSE BILL NO. 128( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - SECOND SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): REPRESENTATIVES OGAN, Kohring, Hudson, Coghill, Bunde**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the required approval of the commissioner of labor and workforce**  
2 **development for the employment of certain minors."**

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

4 **\* Section 1. AS 23.10.332 is amended to read:**

5       **Sec. 23.10.332. Authorization for children under 17 to work. (a) Except**  
6 **for employment exempted under AS 23.10.330 and other employment specifically**  
7 **exempted by regulations adopted by the department, a minor under 17 years of age**  
8 **may not be employed or allowed to work without the written authorization of the**  
9 **commissioner unless authorized under AS 23.10.360 or under (c) of this section.**

10       **(b) The department shall adopt regulations necessary to implement this**  
11 **section.**

12 **\* Sec. 2. AS 23.10.332 is amended by adding new subsections to read:**

13       **(c) An employer may employ a minor who is at least 14 years of age to**  
14 **perform a specific job consisting of listed duties without the written authorization of**

1 the commissioner under (a) of this section if the employer has, in advance, secured the  
2 approval of the commissioner for a minor to perform that job and the employer files  
3 the written consent from the minor's parent or guardian described in (d) of this section.  
4 The employer may not change any of the listed duties of a job to be performed by a  
5 minor without prior approval of the commissioner.

6 (d) A written consent from a parent or guardian filed under (c) of this section

7 (1) is valid only for the job and listed duties specified on the consent;

8 (2) must be filed with the commissioner within seven calendar days  
9 after the minor begins working the job specified in the consent;

10 (3) is valid for the calendar year in which it is executed or, in the case  
11 of a written consent executed in December, for that calendar year, the next calendar  
12 year, or both, depending on the terms of the written consent;

13 (4) shall be on a form provided by the department; the department may  
14 use the same form that it uses to issue work permits under (a) of this section to secure  
15 parental signatures under this subsection; and

16 (5) must be signed by a parent or legal guardian of the minor.

17 \* Sec. 3. AS 23.10.360(c) is amended to read:

18 (c) The department shall, after notice and hearing, adopt regulations  
19 authorizing the employment of minors under 18 years of age and exempting  
20 appropriate employers from the requirement to secure the commissioner's written  
21 authorization under AS 23.10.332(a) [REPORTING REQUIREMENTS OF  
22 AS 23.10.332].

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number:       \*DRAFT\*        
 Bill Version: \_\_\_\_\_  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Department:   Labor and Workforce Development    
 Title:   CS HB 128 (L&C) Work Draft Ver J   BRU:   Labor Standards and Safety    
 Component:   Wage and Hour Admin    
 Sponsor:   Representative Ogan    
 Requester:   House L&C   Component Number:       345      

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	157.2	163.2	169.7	176.7	184.2	192.2
Travel	30.0	30.0	30.0	30.0	30.0	30.0
Contractual	12.0	12.0	12.0	12.0	12.0	12.0
Supplies	4.5	1.5	1.5	1.5	1.5	1.5
Equipment	10.5			10.5		
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>214.2</b>	<b>206.7</b>	<b>213.2</b>	<b>230.7</b>	<b>227.7</b>	<b>235.7</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	214.2	206.7	213.2	230.7	227.7	235.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>214.2</b>	<b>206.7</b>	<b>213.2</b>	<b>230.7</b>	<b>227.7</b>	<b>235.7</b>

Estimate of any current year (FY2001) cost:       None      

**POSITIONS**

Full-time	3	3	3	3	3	3
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill amends AS 23.10.332 by eliminating some of the protective standards in the child labor law. The bill removes the pre-approval requirement for work permits and allows the employer to notify the department after employment has begun. If work is performed in the presence of a parent, the employment may take place without the department's knowledge or consent.

The department anticipates the need for three more Wage and Hour Investigators (one each in Juneau, Anchorage and Fairbanks) to keep up with the increased workload caused by possible violations of the child labor laws, unsafe working conditions and other issues the department anticipates as a result of this legislation. Additional costs will include a personal computer and car for each investigator and a significant travel budget, as a number of investigations will necessarily take place outside the major metropolitan areas.

Prepared by:   Richard Mastriano, Director   Phone:   269-4900    
 Division:   Labor Standards and Safety   Date/Time:   4/19/01 11:43 AM    
 Approved by:   Ed Flanagan, Commissioner   Date:   04/19/01    
 Agency:   Department of Labor and Workforce Development  

For distribution information, call the Governor's Legislative Office



*Ron Sexton*

**Alaska Farm Bureau**

**Kenai Peninsula Northern Area Director**

**P.O. Box 882 Soldotna, Alaska 99669-0882**

**907-262-4177 H - 262-9242 W - E-Mail rksoldotna@gci.net**



April 11, 2001

Representative Scott Ogan  
And House of Representative Colleagues  
State Capitol Room 108  
Juneau, AK 99801-1182

APR 17 2001

Dear Representative Ogan:

I am writing you about HB128. This is a very important bill for the youth of our great State. I feel very strongly about existing statutes that prevent our young people from pursuing all forms of educational activities, such as learning to work. This bill is a very important beginning to bring equitable opportunities to all of our youth between the ages of 14 and 17. We should be encouraging them to participate in character and work ethic activities, without making them wait for government approval. As parents and employers, we should encourage them to work early in life, so they can become a productive member of society and not a burden.

I find it very disturbing that our state allows young people between these ages to drive high powered snow machines and 4 wheelers in the road right of ways traveling at speeds faster than the posted highway speeds. They can also pursue many extracurricular activities with no time restraints at school. Yet, we shackle some of our youth with statutes, when they desire to work and learn in an area of interest.

Parents and employers are wanting to work together, to help build character traits and work ethics, when that young person is ready to start that growth process. I therefore, encourage you and all the representatives to vote yes on HB 128 and in doing so, eliminate unnecessary loss of employment time, in our short Alaskan employment season.

This is a very busy time of the year for me. Just because people are not able to attend teleconference meetings doesn't mean there is no interest in the subjects. Yes, the special interest groups will find time and many of them are paid to go, but I urge you and all your colleges to use common sense in helping our youth to grow and succeed at what ever they pursue. If we don't encourage them to be the best they can be early on, we will have more children shooting and maiming society. Let us arm them with the tools of good character, good work ethics and a good education, from there any dream is possible.

Thank you for your time and interest in helping our greatest blessing in life, our children.

Sincerely,

Ron Sexton

**Board of Agriculture & Conservation (BAC)  
Resolution 2001-1**

**Resolution in Support of Agricultural Legislation Pending in the 22<sup>nd</sup>  
Alaska Legislature**

Whereas one of the principal functions of the Board of Agriculture and Conservation (BAC) is to address issues affecting agriculture in Alaska; and

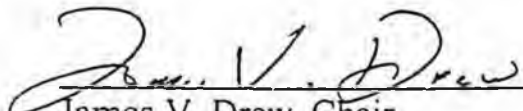
Whereas there is currently legislation pending before the 22<sup>nd</sup> Alaska Legislature which pertains to agriculture in Alaska; and

Whereas the Board of Agriculture and Conservation supports in concept HB 82 "An Act relating to agricultural facilities and operations as private nuisances; and to disclosures in transfers of real property located within one mile of an agricultural facility or an agricultural operation"; and

Whereas the Board of Agriculture and Conservation supports in concept HB 128 "An Act relating to employment of certain minors in agriculture";

Now therefore be it resolved that the Board of Agriculture and Conservation requests that the 22<sup>nd</sup> Alaska Legislature, after appropriate committee referral and review, support and approve HB 82 and HB 128.

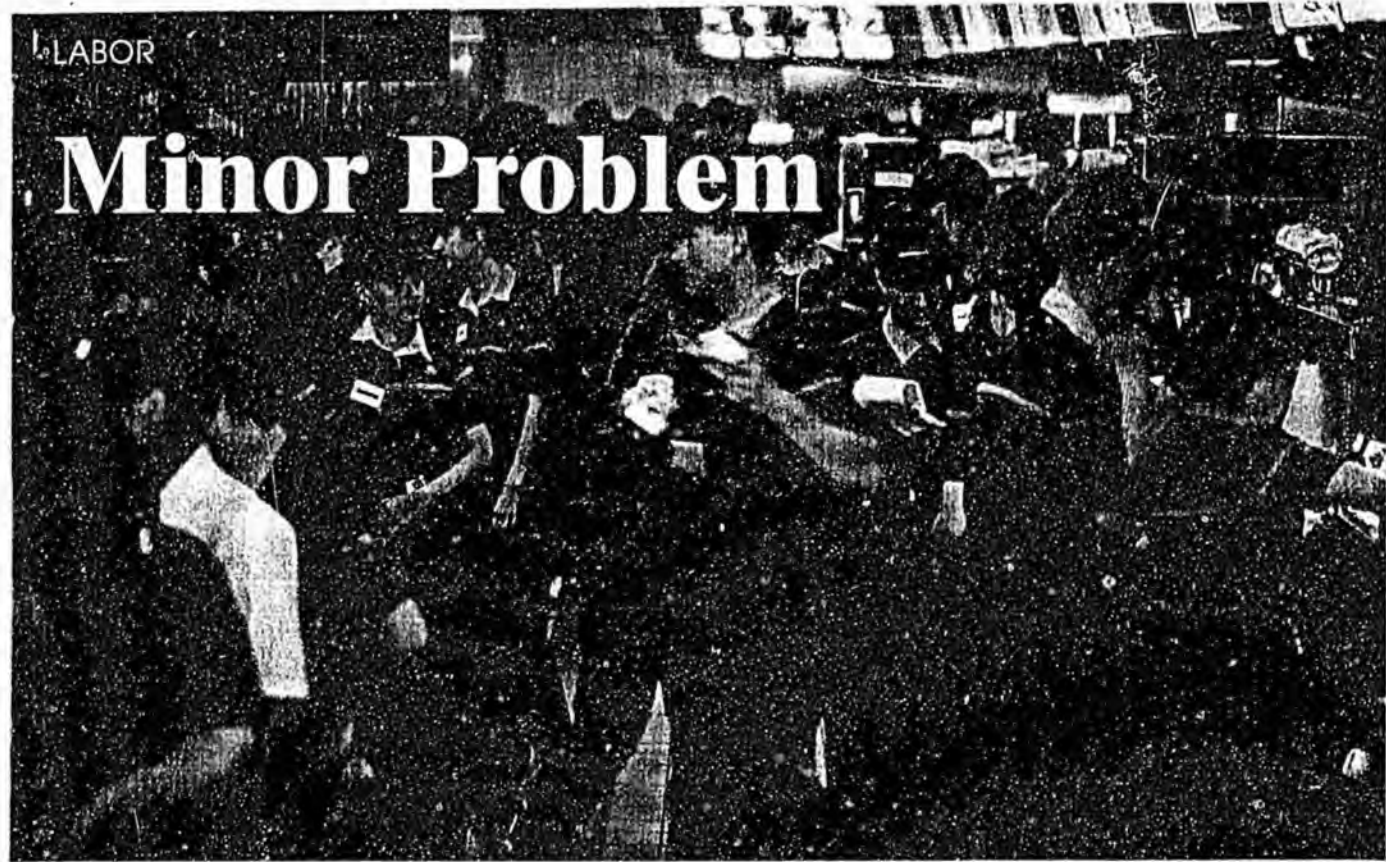
Board of Agriculture and Conservation

  
\_\_\_\_\_  
James V. Drew, Chair

02-26-01  
Date

LABOR

# Minor Problem



Millions of kids under 16 are in the work force. There are laws to protect them—but the laws were written for an economy that disappeared long ago.

BY AMY KENNA

**L**eaf through a few pages of Colorado labor law, and you'll find that the government is very particular when it comes to protecting children from the dangers of the workplace. It's a crime, for example, to hire any child under the age of 14 to operate a manual elevator anywhere in the state.

This isn't a very controversial provision, for one simple reason. Manual elevators all but disappeared decades ago. But it points up a disturbing truth about Colorado's whole package of child employment statutes: It's hopelessly out of date. Michael McArdle, the state Labor Department's policy director, readily admits this. "A lot of these statutes haven't been revisited in years," he says.

Until fairly recently, antiquated child labor laws didn't provoke much debate, in Colorado or any of the other states where they exist. But that's changing.

The tight labor market all over the

country is causing employers to hire more and more minors—but many of the jobs they are performing didn't exist when the laws were written. And the jobs the law does cover are largely obsolete. Colorado is just one of 17 states that set an age threshold for operating manual elevators. It also prohibits young people from railroading, paper-lacing, meatpacking and rubber-making, industries in which few of them could obtain work even if they wanted to.

Mississippi forbids minors between the ages of 14 and 16 "to work in any mill, cannery, workshop, factory or manufacturing establishment." Its list of hazardous occupations does not include more modern-day threats—such as handling of nuclear or radioactive chemicals, or exposure to asbestos. And it is silent on the question of how old someone needs to be to sell services door-to-door, or work the counter in a shopping mall.

The workplace that American young

people inhabit has changed in the same way that the national economy has changed in recent years. The U.S. Department of Labor estimates that 51 percent of working youth now have retail jobs, and 34 percent work in service industries. Only 8 percent work in agriculture, 4.4 percent in manufacturing and 2.4 percent in construction. But those are the occupations that dominate the child labor statutes in most of the country.

"When most of these child labor laws were created, there weren't fast food restaurants, and there weren't occupational violent crimes," says Darlene Adkins, of the National Consumers League Child Labor Coalition. "Young people being in a cash-based business with public contact is something fairly new."

Most state labor officials willingly agree that their own laws could use some revision. But such revamping is easier said than done—especially when legislators are hesitant to bring more confusion to an issue that has confounded employers and officials alike for years.

The overlapping of local, state and federal laws has always been a hassle for employers—for example, under federal law, 14- and 15-year-olds can work, as long as they limit their work to three hours per school day and 18 hours per school week. But many states restrict minors of this age from working altogether. And while federal law says that

PHOTO BY BOB VICKARD

CHUCK NACHE/PICTURE QUEST

these minors cannot work before 7 a.m. or after 7 p.m., state laws often set different cutoff times. What's more, many states forbid minors to hold occupations that are permitted under federal law.

Some states, such as Missouri, seem interested in resolving the confusion by liberalizing the system, freeing teenagers, for example, from the requirement that they obtain mandatory work permits. But in numerous other places, a booming youth work force seems synonymous with rising child labor abuse, and the urge for more regulation, and more enforcement, is growing.

**T**here is one fact that nobody disputes: More and more young people are on the job these days. It is estimated that 5.5 million youth between the ages of 12 and 17 are employed in the United States, not including those employed illegally. Two-thirds of American high school students are working—in contrast to 1950, when fewer than 5 percent had school-year jobs. Half of those employed students work more than 15 hours per school week, and one-sixth work more than 25 hours per school week. According to *Beyond the Classroom*, by Laurence Steinberg, as many as 80 percent of high school students will have a part-time, school-year job at some point before they graduate.

Many state work-force officials are convinced that, in the rush to fill vacancies, little attention gets paid to the details of child labor laws. In Tennessee, for example, the Labor and Workforce Department reports that employers are hiring more youth than ever before, but they're cutting corners and failing to get proper documentation.

Last year, Tennessee brought in a record \$140,000 in child labor penalties. That is in part because Tennessee, unlike most states, has toughened its penalties in recent years. Prior to 1993, Tennessee could assess only civil fines for child labor law abusers. Now, if a violator doesn't pay the fines, the state can take the firm to criminal court.

Illinois, whose penalties remain unchanged, reports no increase in the number of official violations. But Connie Knutti, the state's labor standards enforcement manager, says that given the current laxities of enforcement, it's hard to be sure what is really going on in the workplace. All working youth, she says, are supposed

to be issued a work certificate, a copy of which must be given to the Illinois Labor Department, as a method of tracking how many young people are working. But a lot of employers, out of either ignorance or indifference, aren't following the rules. "The violations may have been there, but we don't know. There's a very serious problem with lack of data," Knutti says. "We've done a lot of outreach, but we don't know how many children are working."

Adkins echoes concerns about proper enforcement and penalty assessments. "The number of enforcement officers varies depending on the states and resources available. But whether the resources are there to adequately cover the number of workplaces is another question," she says, claiming that under the current standards, the average business can expect to be inspected for child labor violations once every 80 years. "I think most employers can feel fairly confident that if they do something wrong, they won't get caught."

Adkins thinks that some states are pursuing a "don't ask, don't tell" policy, fearful that tightening the laws could potentially bring damage to a robust economy. "There aren't enough 16- and 17-year-olds for McDonald's, so employers want 13- and 14-year-olds," she says. "They're reaching more and more out to teen employees, and states don't want to rock the boat."

For all their reluctance, however, states do seem willing to go after one common

while working for a door-to-door magazine sales company whose driver had a suspended license. Florida officials report that children have been showing up at 10 p.m., on doorsteps far from their neighborhoods, to sell candy bars.

Even with tighter rules, however, the battle promises to be uphill—some of the door-to-door companies are notoriously slippery. "This type of work attracts people who are willing to evade radar," says Johnson. Many door-to-door marketers mimic a nonprofit sales pitch, conning buyers into believing that their purchases are supporting charity. Actual nonprofits are exempt from the door-to-door age limits.

But youth peddling is far from the only controversial aspect of child labor these days—and sometimes, public opinion bends the other way, in favor of more lax restrictions. In Snowmass, Colorado, last year, town residents were up in arms after a reporter from the local newspaper informed a supermarket that its employment of 9-year-old boys to bag groceries was a violation of state law. The reporter hadn't started out to do an exposé—she discovered the information inadvertently while researching a feature on the grocery-bagging youngsters. But irate parents called for a boycott of the paper.

The issue was caught up briefly in the national media, with several youthful baggers appearing for interviews on network news. One of the boycott leaders, a town

## 'We've done a lot of outreach,' one state official says, 'but we don't know how many children are working.'

enemy in the area of child labor: Almost all state labor departments agree that the practice of employing minors to sell products door-to-door is dangerous, increasingly prevalent and very difficult to stamp out.

"I look back over the last decade, and I just see a disturbing upward trend," says Nevada Labor Commissioner Terry Johnson. Last September, his agency made door-to-door selling a prohibited occupation for all children under the age of 16, joining a growing list of states to adopt such a rule in the wake of widely publicized tragedies. In Wisconsin in 1999, several teens were killed in a traffic accident

councilman named Mark Brady whose son was among those fired, wrote angry columns that appeared in the *Sacramento Bee* and the *New York Times*. "After the firing of my son and his fellow baggers gained national attention, I heard from parents across the country who sympathized," he wrote. "Clearly, there is support for common sense in rethinking our child labor laws."

Michael McArdle, of the state Labor Department, doesn't deny this. "We get lots of calls from people who don't understand the laws or don't agree with them," he says. "Snowmass is definitely not unique." □

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January 29, 2001

Single-Page Format

## Problems Seen for Teenagers Who Hold Jobs

By STEVEN GREENHOUSE

**S**ome weekdays, Alicia Gunther, 17, works past midnight as a waitress at a New Jersey mall, and she readily admits that her work often hurts her grades and causes her to sleep through first period.

Jason Ferry, a high school junior, loves working 30 hours a week as a cashier at a Connecticut supermarket, but he acknowledges that when he gets home from work at 9:30 p.m. he usually does not have enough time to study for big tests.

For decades, the conventional wisdom has been that it is great for teenagers like these to hold after-school jobs because they teach responsibility, provide pocket money and keep the teenagers out of trouble.

But in a nation where more than five million teenagers under 18 work, a growing body of research is challenging the conventional wisdom and concluding that working long hours often undermines



Thomas McDonald for The New York Times  
Rebecca Gohsler, 16, works part time at a dry cleaning shop in West Hartford, Conn., and concedes the job can undercut her schoolwork.



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teenagers' education and overall development.

Jon Hawkins, 16, a high school junior, cut back on work at a gas station in Berkeley Heights, N.J., when his grades suffered.

In the most important study, two arms of the National Academy of Sciences — the National Research Council and the Institute of Medicine — found that when teenagers work more than 20 hours a week, the work often leads to lower grades, higher alcohol use and too little time with their parents and families.

Influenced by such studies, lawmakers in Connecticut, Massachusetts, Alabama and other states have pushed in recent years to tighten laws regulating how many hours teenagers can work and how late they can work. In Massachusetts, several lawmakers are seeking to limit the maximum amount of time 16-year-olds and 17-year-olds can work during school weeks to 30 hours, down from the current maximum of 48 hours.

In 1998, Connecticut lawmakers reduced the maximum number of hours 16-year-olds and 17-year-olds can work during school weeks to 32 hours, down from 48, and last year they debated imposing fines on employers who violate those limits. In New York, students that age are allowed to work up to 28 hours during school weeks, while in New Jersey the maximum is 40 hours.

The impetus to tighten restrictions grows largely out of concerns about education, especially fears that American students are falling short on tougher standards and are lagging behind foreign students in comparative tests. While there are myriad reasons for poor school performance, legislators seeking tougher restrictions say American students would certainly do better if they placed more emphasis on work inside school and less emphasis on working outside school.

"We have 16- and 17-year-olds working 40 hours a week on top of 30 hours in the classroom," said Peter J. Larkin, the Massachusetts state representative sponsoring the bill to reduce the number of hours teenagers can work. "Something has to give, and academics seems to be taking a back seat. Sure there is pressure against the bill from employers who need teenage workers to help in a full-employment economy, but many other employers are complaining that the graduates of our high schools are not up to par."

With the national jobless rate at 4 percent, near its lowest point in three decades, many employers are eager to hire teenagers and say it would be bad for the economy and for their businesses to limit the number of hours teenagers can work.

In many states, those pushing for tougher restrictions include

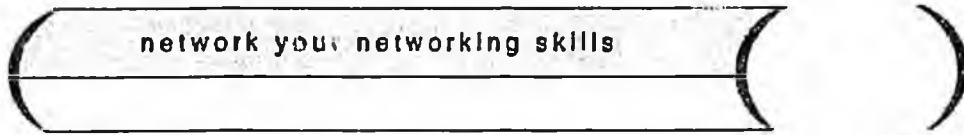
pediatricians' groups, P.T.A.'s, women's clubs, teachers' unions and the National Consumer League. Those opposing tighter restrictions usually include business groups and the many parents who see benefits in teenagers' working, and who have warm memories of their own first jobs as soda jerks or supermarket clerks.

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*Ron Sexton*

**Alaska Farm Bureau**

**Kenai Peninsula Northern Area Director**

**P.O. Box 882 Soldotna, Alaska 99669-0882**

**907-262-4177 H - 262-9242 W - E-Mail [rksoldotna@gci.net](mailto:rksoldotna@gci.net)**



April 11, 2001

Representative Scott Ogan  
And House of Representative Colleagues  
State Capitol Room 108  
Juneau, AK 99801-1182

APR 17 2001

Dear Representative Ogan:

I am writing you about HB128. This is a very important bill for the youth of our great State. I feel very strongly about existing statutes that prevent our young people from pursuing all forms of educational activities, such as learning to work. This bill is a very important beginning to bring equitable opportunities to all of our youth between the ages of 14 and 17. We should be encouraging them to participate in character and work ethic activities, without making them wait for government approval. As parents and employers, we should encourage them to work early in life, so they can become a productive member of society and not a burden.

I find it very disturbing that our state allows young people between these ages to drive high powered snow machines and 4 wheelers in the road right of ways traveling at speeds faster than the posted highway speeds. They can also pursue many extracurricular activities with no time restraints at school. Yet, we shackle some of our youth with statutes, when they desire to work and learn in an area of interest.

Parents and employers are wanting to work together, to help build character traits and work ethics, when that young person is ready to start that growth process. I therefore, encourage you and all the representatives to vote yes on HB 128 and in doing so, eliminate unnecessary loss of employment time, in our short Alaskan employment season.

This is a very busy time of the year for me. Just because people are not able to attend teleconference meetings doesn't mean there is no interest in the subjects. Yes, the special interest groups will find time and many of them are paid to go, but I urge you and all your colleges to use common sense in helping our youth to grow and succeed at what ever they pursue. If we don't encourage them to be the best they can be early on, we will have more children shooting and maiming society. Let us arm them with the tools of good character, good work ethics and a good education. From there any dream is possible.

Thank you for your time and interest in helping our greatest blessing in life, our children.

Sincerely,

Ron Sexton



# The Alaska Farm Bureau

State Office

P.O. Box 2410 • Palmer, AK 99645

Fax 745-2727



5 April 2001

**Memo to: Members of the House Labor and Commerce Committee**

**From: Robert H. Franklin, President – Alaska Farm Bureau**

**Re: HB 128**

We as members of the Alaska Farm Bureau would appreciate your passing HB128 out of committee. This piece of legislation is extremely important to not only the viability of our farms, but to the youth of this state that make their own wages for school items such as clothing, activity fees and their school year spending monies.

Thank you for your consideration of this request.

Robert H. Franklin, President  
Alaska Farm Bureau

Cc: Rep. Scott Ogan

# FISCAL NOTE

**STATE OF ALASKA  
2001 LEGISLATIVE SESSION**

Fiscal Note Number: HB 128  
 Bill Version: \_\_\_\_\_  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
 Title: Employment of Minors in Labor Standards and Safety  
Agriculture Component: Wage and Hour  
 Sponsor: Representative Ogan  
 Requester: House L&C Component Number: 345

**Expenditures/Revenues (Thousands of Dollars)**

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE (Thousands of Dollars)**

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

Estimate of any current year (FY2001) cost: None

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill amends AS 23.100.332 to provide that minors (children between the ages of 14 and 17) may be employed in agriculture without the written authorization of the commissioner of the Department of Labor and Workforce Development if the employer receives written consent from all of the child's custodial parents or legal guardians, or if the work is performed in the presence of one of the minor's parents or guardians. There is no anticipated fiscal impact to the department as a result of this legislation.

Prepared by: Richard Mastriano, Director Phone: 269-4900  
 Division: Labor Standards and Safety Date/Time: 3/23/01 2:24 PM  
 Approved by: Ed Flanagan, Commissioner Date: 03/23/01  
 Agency: Department of Labor and Workforce Development

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# Alaska State Legislature

Please enter into the record my testimony to the House Labor & Commerce  
committee name

committee on HB 128, dated 4-20-01  
bill/subject

I support HB 128, to bring Alaskan law into line with Federal law by requiring only parents' signatures for permission for kids to work on farms in summer without the cumbersome process of obtaining a signature from the Commissioner of the Dept. of Labor.

Thank you.

Signed: Norma DeVilbiss  
Testifier

Representing (Optional)

Address

HCOH-9302 Palmer AK 99645

Phone No.

(907) 745-6591



# Alaska State Legislature

Please enter into the record my testimony to the House Labor & Commerce  
 committee name  
 committee on HB 128, dated 4-20-01  
 bill/subject

Rep. Rofeberg

Rep. Murkowski

I come to testify my support for CS - HB128. I appreciate the work the sub committee has done. I ~~love~~ would remind everyone - we have never asked to be exempt from the restrictions - only the massive paperwork involved when a bunch of bids are lined up waiting to harvest.

Signed: Larry McIlbris  
 Testifier

Representing (Optional)  
HCO4-9302 Palmer AK 99645  
 Address  
745-6591  
 Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the House Labor + Commerce  
 committee name  
 committee on HB 128 , dated 4-20-01  
 bill/subject

As a minor who desires to do farm work in summer I support HB 128. I feel my parents' permission should be sufficient for me to work, without needing a signature from the Dept. of Labor. Thank you for your attention.  
 Heather Pullikin  
 age 14

Signed: Heather Pullikin (age 14)  
 Testifier

Representing (Optional)

HCO4 9302 Palmer AK 99841  
 Address

(907) 745-6591  
 Phone No.

9/86 Legislative Information Office

**HB**

**132**

# ALASKA STATE LEGISLATURE

## HOUSE JUDICIARY COMMITTEE

Representative Norman Rokeberg, Chairman  
Representative Scott Ogan, Vice-Chairman  
Representative John Coghill  
Representative Jeannette James  
Representative Kevin Meyer  
Representative Ethan Berkowitz  
Representative Albert Kookesh



State Capitol  
Juneau, AK 99801-1182  
Telephone: (907) 465-4990  
Fax: (907) 465-2040

Heather M. Nobrega  
Counsel to Committee

### Sponsor Statement for HB 132

The House Judiciary Committee has been requested to introduced this bill to address some problems in the area of bootlegging alcohol, and the issuance of liquor licenses to persons with criminal records outside the state of Alaska. Bootlegging is a prevalent problem in "dry" areas, and is a large contributor to crime in those areas. In addition, by requiring applicants for liquor licenses to give their fingerprints, we can thoroughly investigate the criminal backgrounds of these individuals so that only responsible individuals may obtain a liquor license.

#### Bootlegging

The Alaska Criminal Justice Assessment Commission has found that in rural and Bush communities, the amount of violent crime is directly proportional to the amount of alcohol consumed by the residents. The majority of villages in four rural regions (those surrounding Bethel, Nome, Kotzebue, and Point Barrow) have responded by prohibiting the sale and importation of alcohol, but the hub communities in these four regions remain either "damp" or "wet." This bill creates measures designed to restrict the availability of illegally-imported alcohol in the dry areas of Alaska to help reduce violent crime in those areas. Specifically, it reduces the amounts of alcohol that lead to a presumption that the person possessed the alcoholic beverages for purposes of sale, and it requires package stores, within 50 miles of a local option community, to record purchases of large amounts of alcohol.

#### Fingerprinting

This portion of the bill has been created in cooperation with, and at the request of, the Alcohol Beverage Control Board (ABC Board). This bill allows the ABC Board, through the Department of Public Safety, to submit fingerprint cards of prospective liquor licensees to the FBI's national criminal history record check. An agency needs specific legislative authorization for the use of the national database for licensing purposes.

Currently, a criminal record check will only produce convictions from Alaska. By chance, the ABC Board has discovered prior to issuing licenses, serious criminal convictions of an applicant that was convicted in another state. It is possible that liquor licenses have been issued to others that have serious criminal records, but due to the present system their convictions could not be brought to the attention of the ABC Board.

Members of our society are increasingly mobile making national background checks more necessary. Many of the licensees are not residents of Alaska and some are multi-national corporations. Prevention of future problems, by requiring a national background check for liquor licensees, is sound public protection policy.

The Committee urges your support of this bill.

22-LS0380J  
Ford  
3/20/01

**CS FOR HOUSE BILL NO. 132( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): HOUSE JUDICIARY COMMITTEE BY REQUEST**

**A BILL**  
**FOR AN ACT ENTITLED**

1 **"An Act relating to the possession or distribution of alcohol in a local option area;**  
2 **requiring liquor license applicants to submit fingerprints for the purpose of conducting**  
3 **a criminal history background check, and relating to the use of criminal justice**  
4 **information by the Alcoholic Beverage Control Board; providing for a review of alcohol**  
5 **server education courses by the Alcoholic Beverage Control Board every two years; and**  
6 **providing for an effective date."**

7 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 **\* Section 1. AS 04.11.010(c) is amended to read:**

9 (c) In a criminal prosecution for possession of alcoholic beverages for sale in  
10 violation of (a) of this section, the fact that a person possessed more than six [12] liters  
11 of distilled spirits, 24 liters or more of wine, or 12 gallons or more of malt beverages  
12 in an area where the sale of alcoholic beverages is restricted or prohibited under  
13 AS 04.11.491 creates a presumption that the person possessed the alcoholic beverages

1 for sale.

2 \* **Sec. 2.** AS 04.11.150(g) is amended to read:

3 (g) If a shipment is to an area that has restricted the sale of alcoholic  
4 beverages under AS 04.11.491(a)(1), (2), or (3) or (b)(1) or (2), a package store  
5 licensee, agent, or employee may not ship to a purchaser more than six [12] liters of  
6 distilled spirits, 24 liters or more of wine, or 12 gallons or more of malt beverages in a  
7 calendar month.

8 \* **Sec. 3.** AS 04.11 is amended by adding a new section to read:

9 **Sec. 04.11.295. Criminal justice information and records.** (a) An  
10 applicant for the issuance or transfer of a license under this title shall submit to the  
11 board, with the application, the applicant's fingerprints and the fees required by the  
12 Department of Public Safety for criminal justice information and a national criminal  
13 history record check. The board may require an applicant for renewal of a license  
14 under this title to submit fingerprints and pay fees as required by this subsection. The  
15 board shall submit the fingerprints to the Department of Public Safety to obtain a  
16 report of criminal justice information under AS 12.62 and a national criminal history  
17 record check. The Department of Public Safety may submit the fingerprints to the  
18 Federal Bureau of Investigation for a national criminal history record check. The  
19 board shall use the information obtained under this section in its determination of an  
20 applicant's qualification for issuance, transfer, or renewal of a license.

21 (b) In this section,

22 (1) "applicant" means all individuals whose names and addresses are  
23 required to be provided with an application for a new license under AS 04.11.260;

24 (2) "criminal justice information" has the meaning given in  
25 AS 12.62.900.

26 \* **Sec. 4.** AS 04.16.200(e) is amended to read:

27 (e) A person who sends, transports, or brings alcoholic beverages into a  
28 municipality or established village in violation of AS 04.11.499 is, upon conviction,

29 (1) guilty of a class A misdemeanor if the quantity imported is less  
30 than six [12] liters of distilled spirits, 24 liters of wine, or 12 gallons of malt  
31 beverages; or

1                   (2) guilty of a class C felony if the quantity imported is six [12] liters  
2                   or more of distilled spirits, 24 liters or more of wine, or 12 gallons or more of malt  
3                   beverages.

4       \* Sec. 5. AS 04.21.025(d) is amended to read:

5                   (d) The board shall review an approved alcohol server education course at  
6                   least once every two [THREE] years.

7       \* Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to  
8       read:

9                   TRANSITION: PENDING APPLICATIONS. Notwithstanding the requirements of  
10                  AS 04.11.295, enacted by sec. 3 of this Act, the Alcoholic Beverage Control Board may  
11                  process an application for issuance or transfer of a license under AS 04 without a national  
12                  criminal history record check from the Federal Bureau of Investigation if that application was  
13                  pending with the board on the effective date of this Act.

14       \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

# ALASKA STATE LEGISLATURE

## HOUSE JUDICIARY COMMITTEE

Representative Norman Rokeberg, Chairman  
Representative Scott Ogan, Vice-Chairman  
Representative John Coghill  
Representative Jeannette James  
Representative Kevin Meyer  
Representative Ethan Berkowitz  
Representative Albert Kookesh



State Capitol  
Juneau, AK 99801-1182  
Telephone: (907) 465-4990  
Fax: (907) 465-2040

Heather M. Nobrega  
Counsel to Committee

### Sectional Analysis for HB 132

- Section 1:** Decreases the amount of alcohol that creates a presumption that the person possessed the alcoholic beverages for purposes of sale.
- Section 2:** Decreases the amount of alcohol that a package store may send to a purchaser, located in an area that has restricted the sale of alcohol, within a calendar month.
- Section 3:** Requires a package store licensee located within 50 air miles of a local option community to keep a written record, and check the purchaser's ID, for all purchases of large amounts of alcohol.
- Section 4:** Requires an applicant for a liquor license to submit his or her fingerprints and fees for criminal justice information and a national criminal history record check.
- Section 5:** Makes AS 04.11.508(a), defining a perimeter of an established village, applicable to AS 04.11.150(l).
- Section 6:** Adds AS 04.11.150(l) to the list of sections exempted from being a class A misdemeanor for a violation of a provision in this title.
- Section 7:** Decreases the amounts of alcohol that lead to a class A misdemeanor or class C felony for a person who sends, transports, or brings alcoholic beverages into a local option community.
- Section 8:** Requires the alcohol server education course every two years.
- Section 9:** Allows the Alcoholic Beverage Control Board to process pending applications without a national criminal history record check.
- Section 10:** This act is to take effect immediately.

## JUSTIFICATION FOR NATIONAL CRIMINAL JUSTICE BACKGROUND

### CHECKS FOR LIQUOR LICENSING

- 1) Alcoholic beverages are a legal substance subject to substantial regulation, control, and oversight due to the potential of this product to create public safety and welfare problems in society. The country has chosen strict regulation over prohibition.
- 2) One means of regulating the distribution of beverage alcohol is strictly licensing the number of retail outlets and the persons involved in business of alcohol sales. Eighteen states are actually engaged in some aspect of retail alcohol sales (usually the sale of spirits), but Alaska, like most states, is a license state and licenses the private sector and non-profit clubs to conduct all alcohol sales.
- 3) As the regulator of private liquor sales, the public rightfully expects the State of Alaska, through its Alcoholic Beverage Control (ABC) Board and Department of Public Safety, to thoroughly investigate "applicants for new licenses and applicants for the transfer of existing licenses before the applications are considered by the board" (AS 04.11.300).
- 4) The debate on the proper balance between privacy for the individual vs. protection of the public prompted the ABC Board to adopt a regulation in 1981 requiring prospective licensees to authorize release of conviction and arrest records. Later changes to federal and state law limited the board's access to only information related of actual criminal convictions and not to unadjudicated arrests.
- 5) In the late 80's, the U.S. Department of Justice banned the use of the national Criminal records Information Center (NCIC) database for licensing purposes and would only allow the FBI fingerprint checks of license applicants **if required by legislative acts of individual states**. The purpose of the bill is to grant this specific authorization and allow access, through the Department of Public Safety, to the FBI's national criminal data bank.
- 6) In 1994, the Alaska Legislature passed AS 12.62.160. Section (c)(3) of that statute prohibits the release of criminal justice information "until the person requesting the information establishes the identity of the subject of the information by fingerprint comparison or another reliable means of identification approved by the department." Upon enactment of this provision the ABC Board has required submission of fingerprint cards by prospective licensees under the Board's general application powers found in AS 04.11.260(5) and AS 04.11.270(1).
- 7) **The criminal record check will only produce convictions in Alaska.** By chance, the ABC Board has discovered prior to issuing licenses, serious criminal convictions (assault, illegal possession of firearms, kidnapping for ransom, and sale of alcohol without a license) of an applicant that was convicted in another state. It is possible that liquor licenses have been issued to others that have serious criminal records, but due to the present system their convictions could not be brought to the attention of the ABC Board.

- 8) Members of our society are increasingly mobile making national background checks more necessary. Many of our licensees are not even residents of the State of Alaska and some are multi-national corporations. Prevention of future problems by conducting more systematic and thorough criminal background checks is sound public protection policy. The potential substantial benefit of not inadvertently licensing a convicted felon in the first place versus the nominal cost (zero fiscal note to the State/approximately \$25 per fingerprint card and ten additional days to process license for the licensee) of the procedure makes this a sound proposition.
- 9) This measure is supported by the Department of Public Safety and was part of its criminal records bill CSHB 292(JUD) last year.

For More info Contact: Doug Griffin, Director

Alcoholic Beverage Control Board

907-269-09351 FAX: 907-272-9412

Email: [Doug\\_Griffin@revenue.state.ak.us](mailto:Doug_Griffin@revenue.state.ak.us)

1-16-01

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Final Report  
of the  
Alaska Criminal Justice  
Assessment Commission

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May 2000

alcohol dispenser interests should be represented on the board, adding two members, one from the public health or medical community and one from the law enforcement community, will provide a broader range of interests and ensure that the public interest is better protected. Additional travel and lodging costs for two individuals for the regular meetings of the Alcohol Beverage Control Board would be minimal.

*Action Needed:* Requires substantive legislation and minimal additional funding.

*Implementing Agencies:* The legislature and the Department of Revenue.

6. **The legislature should remove the law enforcement functions of the Alcohol Beverage Control Board from the Department of Revenue and place them in the Department of Public Safety.**

*Goals:* To improve enforcement of Title 4 liquor laws and thus reduce violent crime and other harmful consequences of alcohol abuse.

*Commentary:* The enforcement authority of the Alcoholic Beverage Control Board is undermined by a lack of investigative personnel as well as by the lack of clarity in its mandate. The purpose of the Department of Revenue is to raise revenue, not to assist law enforcement. To ensure quality enforcement of Title 4, this function should be moved to a law enforcement department. Licensing functions would remain with the Alcoholic Beverage Control Board.

*Action Needed:* Requires substantive legislation but no new funding.

*Implementing Agencies:* The legislature, the Department of Revenue, and the Department of Public Safety.

7. **Recommendations relating to dry communities.**
  - 7(a). **The legislature should take steps to deter illegal alcohol sale and possession in dry communities by amending AS 04.11.010(c) to decrease the amount of alcohol that individuals may presumptively possess for their own use.**

**Goal:** To decrease rural and Bush crime by decreasing unlawful drinking in dry towns.

**Commentary:** In rural and Bush Alaskan communities, the amount of violent crime is directly proportional to the amount of alcohol consumed by the residents. The majority of villages in four rural regions (those surrounding Bethel, Nome, Kotzebue, and Point Barrow) have responded by prohibiting the sale and importation of alcohol, but the hub communities in these four regions remain either “damp” or “wet.” The Commission believes that measures designed to restrict the availability of illegally-imported alcohol in the dry areas of Alaska will reduce violent crime in those areas.

The Legislature should amend AS 04.11.010(c) to reduce by half the amount of alcohol necessary to trigger the “possession for sale” presumption. The legislative change to AS 04.11.010(c) should include a point system for each type of alcoholic beverage, so that liquor laws can be better monitored and enforced. The proposed amendment is:

- (c) In a criminal prosecution for possession of alcoholic beverages for sale in violation of (a) of this section, the fact that a person possessed more than [12 LITERS OF DISTILLED SPIRITS, 24 LITERS OR MORE OF WINE, OR 12 GALLONS OR MORE OF MALTED BEVERAGES] 24 points or more individually or in combination of distilled spirits, wine, or malt beverages in an area where the sale of alcoholic beverages is restricted or prohibited under A.S. 04.11.491 creates a presumption that the person possessed the alcoholic beverages for sale. This is based on the following point system; 1 liter of distilled spirits = 4 points; 1 liter of wine = 2 points; 1 liter of malted beverages = 1 point.

**Action Needed:** Requires substantive legislation. Initially, legislation may lead to a need for increased funding due to a potential increase in the number of bootlegging violations. However, this initial spike in violations (and funding) is not expected to continue for the long-term. The Commission anticipates an overall reduction in criminal justice system costs through a reduction in alcohol-related crime.

**Implementing Agencies:** The legislature, the court system, law enforcement agencies, prosecution and defense agencies.

- 7(b). **The legislature should take steps to deter illegal alcohol sale and possession in dry communities by amending AS 04.11.150 to require monitoring of liquor sales in package liquor stores located within 100 miles of a dry community.**

**Goals:** To decrease rural and Bush crime and thus reduce criminal justice system costs.

**Commentary:** Package stores in communities adjacent to dry towns should be required to record all purchases of alcoholic beverages that trigger the presumptive limit contained in AS 04.11.101(c). The proposed amendment reads:

- (j) If a business premises licensed under A.S. 04.11.150 is located within 100 miles of one or more communities that has banned the importation and sale of alcoholic beverages under A.S. 04.11.491, that liquor package store shall record all purchases of 24 points or more individually or in combination of distilled spirits, wine, or malt beverages. This is based on the following point system: 1 liter of distilled spirits = 4 points; 1 liter of wine = 2 points; 1 liter of malted beverages = 1 point.

Records should include the name of the purchaser, the date of the transaction, and the point total of merchandise purchased.

**Action Needed:** Requires substantive legislation. Initially, legislation may lead to a need for increased funding due to a potential increase in the number of bootlegging violations. However, this initial spike in violations (and funding) is not expected to continue for the long-term. The Commission anticipates an overall reduction in criminal justice system costs through a reduction in alcohol-related crime.

**Implementing Agencies:** The legislature, the Department of Revenue, and the Department of Public Safety.

# YOUR MONEY

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MONDAY, FEBRUARY 26

# E

## IS ANYBODY STILL DAY TRADING?

It wasn't that long ago that it seemed as if everybody's brother-in-law was making a killing in the couldn't-miss world of day trading. Then, last March, the stock market flamed out. See the Money section on Tuesday.



LYNNE CURRY  
MANAGEMENT

## Office allies can guard your back

**Q** I moved to Anchorage six months ago to take a job as special assistant to the senior manager of a growing company. I was hired to work with and for my manager, handling special projects at his request. I report directly to him, and he's the only one who really knows the quality of my work, as all of my efforts feed directly into his decisions and into reports to higher corporate officials in another state.

I have always felt loyal to my employer, and this apparently has led to some misperceptions. I've been falsely accused of "earning my salary nightly" by sleeping with my boss. Although it would not be anyone's business if I were, I resent these accusations. I'm happily married.

I believe they stem from the fact that I spend a lot of time with my manager. We have an obviously good relationship, and other people in the company treat him less loyally. The other professionals at my level seem solely inspired by self-interest and the desire to launch their individual careers. Also, the only other highly placed woman is my manager's secretary, an older and unattractive biddy who acts like I'm a viper.

How can I fight these misperceptions?

**A** First, you need one or more allies when you work with a group of people that includes people who have negative perceptions about you. Because few individuals raise problematic views directly to the person about whom they hold them, you need others who can run interference for you when they hear statements made behind your back.

For this reason, I'm sorry you consider your boss's sec-

See Page E-4, CURRY

Robin North-Seyor conducts a class for bartenders called Techniques of Alcohol Management. The course discusses how bartenders can recognize when a customer has had too much to drink.

MARC LESTER / Anchorage Daily News



## WARNING SIGNS

# Bar basics

### As saloon culture changes, so does class

By SARAH SCHELL  
Anchorage Daily News

The anything-goes atmosphere of pipeline-era saloons has passed into legend, and today's bartenders are expected to prevent brawls rather than break them up.

"Changing laws and changing attitudes" are responsible for a shift in barroom culture, said Kace McDowell, executive director for Alaska Cabare Hotel Restaurant and Retailers Association.

Three years after the trans-Alaska pipeline was built, the state enacted a law that makes businesses that serve alcohol responsible for their customers until they are home. That 1980 law was a "wake-up call" for the industry, McDowell said.

Four years later, CHARR, a trade group for bars and restaurants, began offering classes for its members in Techniques of Alcohol Management. The state mandated certified training a few years later, McDowell said.

CHARR said around 5,000 Alaska servers, bar owners and liquor store clerks take the three-hour class each year.

The class, called TAM, has just been revamped to reflect changing requirements and expectations. It still covers how to check identification and current laws and penalties. Now, though, it emphasizes a server's "legal, moral and ethical" responsibility to help customers stay out of trouble, said TAM instructor Robyn North-Seyor.

Students were shown how to estimate a patron's blood-alcohol level, and talked about signs of intoxication, like lighting the wrong end of a cigarette. They were reminded that it is illegal to serve an intoxicated person, even if the person is not driving.

"I don't care if they're walking, crawling or slithering," North-Seyor said.

The new class stresses a more conservative approach in general. An old video used up until last week showed a bartender leaping over the bar to break up an altercation.

"Don't do that," North-Seyor told her class Thursday. The current video, narrated by a talking bottle of Jim Beam, has less on how to deal with violence, she said, and more on how

See Page E-4, CLASS



## Arcane tax rules can flummox the brightest and the brilliant

■ **HELP:** Fortunately, there's plenty of aid available as tax season nears.

By SUSAN G. FOTHER CLARKE  
The Orlando Sentinel

Dan Rini knows squat about tax-

Rini, owner of Rini Technologies Inc., an Orlando, Fla., company that makes a cooling system for a military laser.

But deadlines can make an expert out of anybody. Now is the time of year when business owners are trudging to their file cabinets, pulling together the records neces-



...more than 100 million forms were downloaded last year, said Gloria Sutton, a spokeswoman for the IRS in Jacksonville, Fla.

The site is organized by type of business — corporation, sole proprietor or partnership — as well as for specific industries. Are you a restaurant owner? Type that in, and you'll learn how customers' tips should be treated and whether it makes more sense to use the cash or accrual method of accounting.

Anyone using the Web site should keep in mind that it is the "official party line,"

## CLASS: Bar owners, servers pick up some tips

Continued from E-1

to prevent it.

North-Seyer, a 30-year veteran of the hospitality industry, spiced up required information with her own practical advice.

"In the pipeline days, people would come in and say, 'I want to six-pack the bar — twice,'" recounted North-Seyer. Back then it was legal to line up 12 drinks in front of a patron, she said, whereas today the limit is two.

What to do if a patron has two drinks in front of them and someone buys the bar a round?

• Expense deductions: The mileage reimbursement rate for 2000 is 32.5 cents a mile. There's an increase too, to \$20,000, in the so-called Section 179 deduction, which allows certain business equipment to be expensed in a single year.

• Car depreciation: Cars used for business can be depreciated over five years if the purchase price does not exceed \$14,460 — above that which the IRS considers a "luxury" car. More expensive cars can still be depreciated but over a longer period. A car costing \$25,000 would take more than 10 years to depreciate.

"I like to offer (plastic) chips," North-Seyer recommended. "Some people use upside-down shot glasses, but if someone has had enough, you can tell them to put the chips in their pocket and come back tomorrow."

Watch out for what is written on those chips, she warned.

"Good for one free drink" is illegal, she said. The "happy hour" era, when bars and restaurants would offer cheap or free drinks, was accompanied by many accidents, North-Seyer said, and resulted in the no-free-drinks rule. Chips should simply say, "good for one drink."

Kathy Farmer, owner of Wolverine Lodge in Lake Louise, took the class Thursday with about 30 others. She said she appreciates CHARR's efforts to raise awareness of the issues servers face.

"We're trying to be responsible as an industry," Farmer said.

Although she has been in the business nine years, she said she still learned new things in Thursday's class.

"It was an excellent class. It keeps you sharp."

■ Reporter Sarana Schell can be reached at [sschell@adn.com](mailto:sschell@adn.com).

## Relate accomplishments to career goals

**Q** What is a good response to the interview question, "What do you think your greatest accomplishment has been?" Do you answer professionally or personally? — e-mail from Tennessee

**A** It all depends on what your greatest accomplishment was. I have a friend who won an Olympic gold medal a few years back — a rather lofty accomplishment for anyone. But it certainly is not a professional accomplishment if she is trying to land a job as a pharmaceutical saleswoman. So would citing such an accomplishment work?

I believe it would because it rings of self-determination, discipline, goal-setting, working under extreme pressure and competition, plus the obvious athletic and physical talent.

In answering such a question, I would first identify what you believe has been your greatest accomplishment, professionally or personally. Then match that accomplishment to your career goal. See what it took for your accomplishment

MARVIN  
WALBERG

WORKPLACE



used skills, talents, abilities and attitudes that would be helpful in your career. If so, that's your answer.

**Q** How do you recover from stupid interviewers who stick to questions they have written down and are so open-ended you have no idea what they want? For example, a panel of three people asking questions like:

- "What is it like to work in a group?"
- "Tell us about a time when you successfully analyzed a situation and found a solution."
- "Read these graphs and give us your impressions."

It was awful. No one even smiled. If I never hear from these people again, it will be too soon. — e-mail from E.H.

**A** I hate to be the one to tell you, but these are not stupid interviewers or stupid interview questions. They are very carefully chosen to discover just how well you would fit into their organization. The questions are designed to investigate your ability to work with a team, solve problems and assimilate data.

This is an interview style for the "now" workplace, and no matter who you are or what you're searching for, you would do well to prepare answers for these kinds of questions.

Of course, at least one of them could have smiled, at least at the beginning of the interview.

■ Marvin Walberg is a Birmingham, Ala., job search consultant and the author of "About Getting Hired: the Job Search." Send questions to P.O. Box 130757, Birmingham, AL 35213, or e-mail [mwalberg@bellsouth.net](mailto:mwalberg@bellsouth.net).

## Tech workers warming to idea of being their own boss

**SURVIVAL:** Marketing yourself is the key to making it on your own, analysts advise.

her own e-business consulting company, figuring it was as fine a time as any. But despite having a good amount of savings and the requisite "12 safety nets," there was considerable trepidation.

"I was terrified, absolutely terrified"

Jonathan Tessler, 39, agrees with Sulgit's theory of interconnected specialists. Tessler, who lives in Manhattan and is forming a small "high-end design boutique," got involved in the tech industry while doing contract

From:  
CHARR  
MAR 12 2001

## ABC REQUIRED POINTS

The following points are to be fully covered in all TAM classes:

1. Function of Alcoholic Beverage Control Board, licensing procedures, and types of Licenses;
2. Server responsibilities to the employer, patron and law;
3. Criminal and civil liability, including discussion of criminal negligence standard;
4. Effects of alcohol consumption, including:
  - A. effect of food on alcohol consumption
  - B. blood alcohol levels
  - C. identifying a drunken person; and
  - D. fetal alcohol syndrome and fetal alcohol effect
5. Drunken persons and intervention
6. Underage persons:
  - A. checking identification
  - B. identifying valid identification; and
  - C. obtaining statement of proof of age
7. State and local hours of service and cutting off service
8. Happy hour laws
9. Restaurant designation
10. Other permits
11. Local option provisions
12. Warning signs
13. Gambling, drugs, and prostitution
14. Adulteration
15. Penalties for licensees and their agents and employees
16. Sale by package stores in response to written orders

From:  
CHARR

MAR 12 2001

## Techniques of Alcohol Management Goals and Objectives

CHARR recognizes the concerns we face today in the Licensed Beverage Industry and is proud to administer the Techniques of Alcohol Management (TAM) program. This comprehensive class teaches responsible hospitality to servers and sellers of beverage alcohol in the State of Alaska. CHARR was the first to bring a program of this type to Alaska, before it became a state mandate. We currently have 23 instructors throughout the state, providing this valuable education in the rural areas of Alaska as well as our larger cities.

The National Licensed Beverage Association in cooperation with law enforcement, highway safety, substance abuse professionals and liquor control commission, developed the new TAM program and it is administered in Alaska through CHARR. The class is taught in five segments. The clinical effects of alcohol, SIR (size, interview, rate) & MAMM (move, assert, attitude, move on), False identification, customer disturbances and laws, rules and regulations.

Our main objectives through TAM are to reduce the number of alcohol related accidents on the highway through education and stop underage drinking. Our program places a great deal of emphasis on the moral, ethical and legal obligation we have in our industry towards this end.

Through our program participants learn how alcohol is absorbed into the blood stream, how to estimate BAC, the effects of alcohol on the brain, how and when to dis-continue service and effectively prevent and handle customer disturbances. Our segment on SIR and MAAM teaches participants how to effectively rate customers and make responsible decisions about serving or refusing service.

We have a segment dedicated to false identification, and the problem of underage drinking. Participants learn what to look for in and I.D. and how to handle a situation when presented with a false I.D. card.

The last segment of our program is dedicated to State laws and regulations. Attached you will find the 16 points that we cover in the TAM program, as required by the ABC board, whom we work closely with to maintain the legal integrity of our program.

Before the 22<sup>nd</sup> Alaska Legislature—First Session  
**HB 132—Section 4 and 9**  
Explanation and Justification for Statute Change

Public Law 92-544 allows the Federal Bureau of Investigation (FBI) to exchange identification records with officials of state and local governments for purposes of licensing and employment **if authorized by a State Statute that has been approved by the Attorney General of the United States.**

The Alaska Alcoholic Beverage Control (ABC) Board is directed by State law (AS 04.11.300) to have state troopers assist it "in the investigation of applicants for new licenses and applicants for the transfer of existing licenses before the applications are considered by the board." This investigation involves a criminal background check to insure that those granted the legal privilege to dispense alcoholic beverages will do so in the public interest. The background check gives the ABC Board vital information regarding the applicants past record in following the law in general and, in particular, the applicant's criminal history involving substance abuse, violence, and moral turpitude. Fingerprint cards are submitted to the Department of Public Safety to obtain a report of criminal justice information under AS 12.62. **This criminal background check only encompasses Alaska.**

Section 4 of HB 132 provides the necessary authorization to access FBI data to conduct a nationwide review of criminal history. The cost of this additional review would increase the cost borne by the applicant by about \$20 per fingerprint card and add approximately 10 working days to the background review process. However, the ABC Board believes strongly that additional protection provided to the public and the savings to the state of preventing the issuance of liquor licenses to persons with objectionable criminal records merit adoption of this provision. Section 9 of the bill insures a smooth transition of the new provision by applying the more thorough background check to "new" license applications and not to those pending with the ABC Board when the bill takes effect.

Prepared by: Doug Griffin, Director  
ABC Board  
907-269-0351 Fax: 272-9412

February 22, 2001

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HB 132  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title: Liquor License Applicant Check/Training BRU: Alcoholic Beverage Control Board  
Component: Alcoholic Beverage Control Board  
Sponsor: House Judiciary Committee by request  
Requester: House Labor and Commerce Committee Component Number: 100

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation would reduce by half the quantity of alcoholic beverages required to be in a person's possession in a local-option area to create the legal presumption (for criminal prosecution) that the beverages are intended for sale. It also would reduce by half the quantity of alcoholic beverages that could be shipped each month to a purchaser in an area that imposes restrictions on alcohol sales. Section 3 would require more extensive ID checks and record keeping by package liquor stores near a local-option community that has restricted sales of alcoholic beverages. Section 8 would require the state Alcoholic Beverage Control Board to review an approved alcohol server education course every two years instead of three years in existing statute. None of these provisions are expected to have a fiscal effect on the state Alcoholic Beverage Control Board.

Section 4 would require liquor license applicants (including license transfer applicants) to submit to the ABC Board a set of fingerprints of the applicant(s) and the fees required by the state Department of Public Safety for a national criminal history record check of the applicant's fingerprints. Because license applicants would pay the fee for the record check, this legislation is not expected to have a fiscal impact on the ABC Board.

Prepared by: Doug Griffin, Director Phone 269-0351  
Division: Alcoholic Beverage Control Board Date/Time March 9, 2001, 3 p.m.  
Approved by: Larry Persily, Deputy Commissioner Date 03/10/2001  
Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 132  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Corrections  
 Title: An Act relating to the possession or distribution BRU: 271  
of alcohol in a local option area; requiring liquor license... Component: Community Corrections  
 Sponsor: House Judiciary Committee  
 Requester: Labor and Commerce Committee Component Number: 1382

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	96.8	96.8	96.8	96.8	96.8	96.8
Travel	2.0	2.0	2.0	2.0	2.0	2.0
Contractual	7.0	7.0	7.0	7.0	7.0	7.0
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment	6.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>112.8</b>	<b>106.8</b>	<b>106.8</b>	<b>106.8</b>	<b>106.8</b>	<b>106.8</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	112.8	106.8	106.8	106.8	106.8	106.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>112.8</b>	<b>106.8</b>	<b>106.8</b>	<b>106.8</b>	<b>106.8</b>	<b>106.8</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time	2	2	2	2	2	2
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill will improve interdiction in bootlegging operations in the State. It reduces by half the amount of alcohol that a person may possess in a restricted community for the application of the presumption of intent to sell. It also reduces by half the amount of alcohol a package store is allowed to send in a calendar month to a person in a restricted community, and changes the penalty for the illegal sale or transportation of alcohol to a restricted community by reducing by half the amount of alcohol illegally sent to a community that qualifies for a C felony. Package stores within 50 air miles of a restricted community would also be required to keep records of each sale in excess of the amount of alcohol that may be sent to an individual in a restricted community in a calendar month and make the records available to law enforcement.

The Dept. of Law anticipates these changes along with the increased efforts of State Troopers and the federal authorities will in also increase the number of felony prosecutions for these offenses. They have anticipated the need for an additional prosecutor as well as a paralegal to pick up the increased workload.

Prepared by: Candaco Brower Phone 465-4652  
 Division: Commissioner's Office Date/Time 3/15/01 12:15 PM  
 Approved by: Margaret Pugh Date 3/15/01  
 Agency: Dept. of Corrections

For distribution information, call the Governor's Legislative Office

**22<sup>nd</sup> Legislature**  
**FISCAL NOTE HB 137**  
**Page 2**

The Dept. of Corrections will certainly feel the effect of these increased efforts. Although we may be able to absorb this amount in our facilities, we do not have the workforce in the field to absorb these additional cases. We are requesting an additional Probation Officer and Criminal Justice Technician to write the Pre-sentence investigations required in felony cases as well as to manage the increased caseload for supervision purposes. The Department of Law anticipates they will need their staff in Anchorage. We will assume the same thing. If it turns out that the workload is in the rural areas, we would transfer the PCN to the appropriate area.

The new staff will need a one-time computer equipment purchase. Additionally, they will need funding for a vehicle, supplies and travel.