HB

215

ALASKA STATE LEGISLATURE

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HOUSE LABOR AND COMMERCE COMMITTEE

Sponsor Statement
House Bill 215
Optometrists and Pharmaceuticals

Optometry is a primary health care profession that examines, diagnoses, and treats conditions of the human eye and visual systems using methods and procedures in accordance with professional training and competency.

Similar to other limited licensed health care professions such as dentists, podiatrists, and nurse practitioners, the methods and procedures used by optometrists are determined in regulation by their respective state boards. Over the years, as technology and training has advanced, optometry has had to return to the legislature to update statutes in order to practice at the highest standard of care.

In 1988, Alaska was the 49th state to enact statutes allowing optometrists to use diagnostic drugs. In 1992, Alaska was the 32nd state to authorize prescriptive privilege of topical therapeutic drugs to treat eye diseases. There have been no complaints to the Alaska board concerning drug prescriptions by optometrists since that privilege was granted. Currently, all 50 states authorize optometrists to prescribe drugs. 38 states, and Washington DC, allow for oral or systemic drugs. Only 12 states, including Alaska, further restrict prescriptive privilege to topical drugs only.

In 2000, SB 78 allowed qualified optometrists to prescribe and use medications related to the eye and for emergency anaphylaxis. Senate Bill 78 was passed by the legislature, but vetoed by the governor, citing inadequate board oversight of training and testing, and concern regarding eye injections.

HB 215 addresses the governor's concerns with the prior Senate Bill 78 by providing for board authority to ensure competency. House Bill 215 also prohibits injections into the globe of the eye, allows the board to require additional education for endorsement, and to apply limitations to a licensee's endorsement. Additionally, House Bill 215 provides a more concise definition of eye-only treatment scope, limits analgesics to a seven-day supply and systemic drugs to six categories, and requires a mandatory education course and exam by a college of optometry.

HB 215 allows optometrists to practice at the currently accepted standard of care, and to provide improved access to quality, cost-effective eye care throughout Alaska.

Staff Contact: Amy Erickson 465-4954
Last Updated: February 14, 2002

22-LS0538\L
Lauterbach
1/31/02

CS FOR HOUSE BILL NO. 215(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

"An Act relating to the use of pharmaceutical agents in the practice of optometry; and providing for an effective date."

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

* **Section 1.** AS 08.72.175 is amended to read:

Sec. 08.72.175. License endorsement. (a) The board may issue a license endorsement authorizing a licensee to prescribe and use **a** [THE] pharmaceutical **agent** [AGENTS] described in AS 08.72.272, if the licensee or applicant for a license **(1)** passes the written and practical portions of an examination on ocular pharmacology, approved by the board, that tests the licensee's or the applicant's knowledge of the characteristics, pharmacological effects, indications, contraindications, and emergency care associated with the prescription and use of pharmaceutical agents**; and (2) meets additional education requirements, if any, that are adopted by the board for receiving the endorsement. In addition to the limitations contained in AS 08.72.272, the board may further limit the type of**

pharmaceutical agents that are authorized for use under an endorsement. The endorsement expires at the same time as the license to which it attaches. The endorsement may be renewed upon satisfactory completion of continuing education requirements established by the board by regulation. **Regulations adopted by the board under this subsection must be related to ensuring that the licensee with an endorsement is competent to prescribe and use the pharmaceutical agents authorized under the endorsement.**

(b) A pharmacist or pharmaceutical supplier may supply a licensee with **a** pharmaceutical **agent** [AGENTS] as provided under AS 08.72.272 upon presentation of evidence that the licensee holds a license endorsement under this section **that authorizes use of the pharmaceutical agent**.

*** Sec. 2.** AS 08.72.272 is amended to read:

Sec. 08.72.272. Use of pharmaceutical agents. (a) **Except as provided in (c) of this section, a** [A] licensee may prescribe and use a pharmaceutical agent**, including a controlled substance,** in the practice of optometry if

(1) **the pharmaceutical agent is not included on schedule IA under AS 11.71;**

(2) the pharmaceutical agent is **prescribed and used for the treatment of ocular and ocular adnexal disease or conditions or for emergency anaphylaxis** [A DRUG TOPICALLY APPLIED TO THE HUMAN EYE AND ITS APPENDAGES]; and

(3) [(2)] the person holds a license endorsement issued by the board authorizing the prescription and use of **the** pharmaceutical **agent** [AGENTS].

(b) A licensee may not purchase, possess, prescribe, or use a pharmaceutical agent unless the licensee has obtained a license endorsement under AS 08.72.175 **that authorizes use of the pharmaceutical agent**.

*** Sec. 3.** AS 08.72.272 is amended by adding a new subsection to read:

(c) In addition to the other limitations of this section and AS 08.72.175, a licensee may not

(1) inject a pharmaceutical agent into the globe of the eye;

(2) prescribe a systemic analgesic agent in an amount that is more than

a seven-day supply;

(3) prescribe a pharmaceutical agent for systemic administration unless the pharmaceutical agent is in at least one of the following categories:

(A) anti-allergy;

(B) anti-microbial;

(C) anti-glaucoma;

(D) anti-inflammatory;

(E) an analgesic, including controlled substances in schedules IIA - VA under AS 11.71 that are analgesics;

(F) an over-the-counter drug available without a prescription; or

(G) a drug for treatment of anaphylaxis.

* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITIONAL PROVISION. The Board of Examiners in Optometry may not issue an endorsement under AS 08.72.175 that allows a licensee to prescribe or use a pharmaceutical agent by systemic administration unless

(1) the person's initial license to practice optometry was issued after December 31, 1999; or

(2) the person has attended and passed a course covering systemic administration of pharmaceutical agents that was offered by an accredited college of optometry and approved by the Board of Examiners in Optometry.

* **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).

Alaska Optometric Association
Alaska Optometric Assn.
1689 C Street, Suite 222
Anchorage, AK 99501-5126

Phone: 907.770.3777
Toll Free (Alaska): 877.693.2562

Why Should Optometrists be Authorized to Prescribe Meds to Treat Eye Disease?

In Alaska, the practice of optometry has been severely restricted by public policy that reflects a bygone day of ancient history. It was only recently that the Alaska Legislature authorized an optometrist to remove a foreign body (a piece of metal) embedded in the cornea of the eye. Today, in Alaska, an optometrist still may not write more than an eyedrop prescription to treat his patient's eye infection, nor prescribe a pain medication. In many locations, a doctor of optometry must refer the patient to a PA or a nurse practitioner (who is authorized) to write a prescription!

This restriction on optometry is out of step with the level of clinical training and education that today's doctor of optometry receives. What's more, it is inconsistent with what other comparably trained medical professionals (such as the dentist or the podiatrist) are authorized to practice.

Last year, with SB78, the Alaska State Legislature tried to correct that. After examining the quality of education and clinical training, the Legislature agreed that Alaskan optometrists were qualified to use advanced training to write expanded prescriptions. Stipulating that only after appropriate education and examination, Board-endorsed optometrists would be authorized to write full prescriptions for therapeutic pharmaceutical agents. Unfortunately, the Outside national Academy of Ophthalmology didn't agree with the Alaska State Legislature. After the Legislature adjourned, they staged an eleventh hour campaign to misrepresent optometric education and mislead the Alaska State Medical Board and the Governor, which resulted in the veto of SB78. (see the story behind the Governor's veto.)

This year, it's up to members of the 22nd Alaska Legislature to re-examine the credentials of optometry all over again. It is a fact that an optometrist's level of clinical and pharmacology training is comparable to that of a dentist, podiatrist, and a general medical practitioner. It is also a fact that they are restricted because of the turf opposition by the medical profession to any expansion of the scope of practice by any profession other than an MD. These battles have waged for over 30 years in all 50 States against optometrists (OD), advanced nurse practitioners, etc.

The Academy of Ophthalmology argues that an ophthalmologist is more qualified to treat diseases of the eye. This is partially true, as they are trained in tertiary care and surgery of the eye as a specialist, just as a heart surgeon is specialized. But the optometrist is specialty trained for primary and secondary care and limited surgery, including the prescribing of pharmaceuticals for treating the eye. The question is not "who is more qualified?" But rather, "Should qualified optometrists be allowed to practice at the highest level of their training with the current standard of care?" After carefully examining the facts, we are confident that you can trust the Board endorsed Alaska doctor of optometry to provide competent primary and secondary eye care for their patients, and refer to the ophthalmologists when needed for advanced specialty care, no different than family doctors that refer to specialists.

Over forty years ago, leaders in optometry discussed the future of their profession. They concluded that in order for their profession to grow and adequately serve their patients, they must expand beyond the old "detect and refer" model and change to the medical model of "diagnose and treat". Changes were implemented in the colleges of optometry and the old curriculum was expanded to a full 4-year professional program using the current medical model of training, starting about 1965. The scope of optometric education and clinical practice changed from what was an old traditional "eyeglasses" mode, to one of a primary eye care professional, diagnosing and treating eye diseases using medications and limited surgery such as foreign body removal and laser treatment as allowed by each individual state law. In every state, the older practitioners were required to update their training to use any new privileges, there was never any "grandfathering" allowed. Those older doctors that chose not to receive additional training are of course restricted from prescribing medications. In Alaska, only about 4 older optometrists are left in this restricted category.

It cannot be emphasized enough, that this came about only because of a revolution in the optometrist's training. Specifically, enhanced clinical training and education, including the study of eye conditions, clinical medicine as it relates to eye disease processes, and pharmacology. While an optometrist is trained to expertly serve as a primary eye care provider, the level, quality, and hours of professional education is equivalent to that of other health care professional programs, including medicine, dentistry, and podiatry. A 4-year undergraduate degree, followed by a 4-year professional degree (MD,DDS, DPM, OD), and often an additional residency program in an advanced clinical setting.

One of the least known facts about optometry today is how much clinical training the optometrist actually undergoes. Before graduation, optometric students have experienced approximately 3,000 hours of clinical and laboratory training, comparable to the number of hours in medical and dental training and far greater, in eye care specifically, than that of the family MD or any other type of

doctor or nurse practitioner currently authorized to treat the eye, with the exception of the specialty ophthalmologist. And Alaska's 90+ optometrists are located in over 18 towns and travel to many villages, while the ophthalmologists are located mostly in Anchorage (18), with a few in Fairbanks (4), Juneau (2), and the Kenai Peninsula (2).

The average optometry student will examine approximately 1,000 patients over the course of his or her clinical training. By comparison, the student of general medicine will see a few patients with eye problems, but in much smaller numbers than the optometrist due to the time spent on other organ systems. The Legislature offers full authority to MD's to perform anything they wish, trusting that they will not practice above their highest level of training and refer to specialists to do so. The same applies to dentists and nurse practitioners in Alaska, with their scope of practice determined by their State Board and the Alaska Legislature TRUSTING them to practice only as qualified. Why then are OD's so untrustworthy, with MORE EDUCATION, in applying the same standards of the other health professions ???? (Simple answer: Economic turf competition with the ophthalmologists.)

Since the training expansion starting 40 years ago, optometry's scope of practice has been carefully examined and expanded in the United States and around the world. Optometrists today diagnose, manage and treat their patients' eye conditions and eye diseases. This includes evaluating the eye with dilated exams, prescribing corrective lenses, removing embedded foreign objects from the eye, and all 50 states now authorized qualified optometrists to write prescriptions for therapeutic pharmaceutical agents (TPAs), with 37 states plus Wash. DC including oral drug authority. But not Alaska.

Optometrists are now recognized as "physicians" under Federal Medicare Law, and as primary eye care providers by health care consumers, primary care physicians, and benefit plan administrators. They serve as integral health care providers in numerous HMO, PPO, and other managed care plans, serving effectively as both vision and medical eye care practitioners. Today, we respectfully ask the Alaska Legislature to revise the outdated statutes so that doctors of optometry can practice their learned profession at the level that they are trained. This will provide much better access to quality eye care for Alaskans, especially in our rural areas.

For more on the Scope of Practice issue see:
Trustoptometry.com

Article 3. Miscellaneous Provisions.

Sec. 08.72.272. Use of pharmaceutical agents. (a) A licensee may prescribe and use a pharmaceutical agent in the practice of optometry if

(1) the pharmaceutical agent is a drug topically applied to the human eye and its appendages; and

(2) the person holds a license endorsement issued by the board authorizing the prescription and use of pharmaceutical agents.

(b) A licensee may not purchase, possess, prescribe, or use a pharmaceutical agent unless the licensee has obtained a license endorsement under AS 08.72.175. (§ 7 ch 49 SLA 1988; am § 2 ch 58 SLA 1992)

Sec. 08.72.273. Removal of foreign bodies. A licensee may remove superficial foreign bodies from the eye and its appendages. This section is not intended to permit a licensee to perform invasive surgery. (§ 3 ch 58 SLA 1992)

Sec. 08.72.274. Exemption. Except for AS 08.72.275, this chapter and regulations adopted under this chapter do not limit the practice of an optician licensed under AS 08.71. (§ 7 ch 49 SLA 1988; am § 7 ch 21 SLA 1991)

Sec. 08.72.275. Lenses and frames for eyeglasses and sunglasses. (a) A person may not fabricate, distribute, sell, exchange, deliver or possess with intent to distribute, sell, exchange or deliver eyeglasses or sunglasses unless they are fitted with plastic lenses, laminated lenses, heat-treated glass lenses, or glass lenses made impact resistant by other methods. All plastic and heat-treated glass lenses, before they are mounted in frames, shall be capable of withstanding the impact of a five-eighths inch steel ball dropped on the lens from a height of 50 inches. The impact test shall be conducted at room temperature, with the lens supported by a plastic tube one inch inside diameter, one and one-fourth inch outside diameter, with a one-eighth inch by one-eighth inch neoprene gasket on the top edge.

(b) A person may not fabricate, distribute, sell, exchange, deliver or possess with intent to distribute, sell, exchange or deliver eyeglasses or sunglasses having frames manufactured from cellulose nitrate or other highly flammable materials.

(c) A licensee may sell, exchange, or deliver eyeglasses or sunglasses that do not meet the requirements of (a) of this section if the sale, exchange, or delivery is authorized in a written request signed by the patient.

(d) A person who violates this section is punishable by a fine of not less than $50 nor more than $100. (§ 1 ch 220 SLA 1968; am § 1 ch 48 SLA 1973; am § 20 ch 75 SLA 1980)

Revisor's notes. — Subsection (c) was formerly (d), and subsection (d) was formerly (c). Relettered in 1991.

Sec. 08.72.280. Prohibited acts. A person may not falsely personate a licensed optometrist, or buy, sell, or fraudulently obtain a license issued to another or advertise the practice of optometry in violation of regulations of the board. Practicing or offering to practice optometry without a license is sufficient evidence of a violation of this chapter. (§ 35-3-144 ACLA 1949; am § 8 ch 50 SLA 1988)

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Sec. 08.72.290. Criminal penalty. A person who violates this chapter is guilty of a misdemeanor and is punishable by a fine of not less than $50 nor more than $500, or by imprisonment for a term of not less than 10 days nor more than 90 days, or by both. (§ 35-3-145 ACLA 1949)

Article 4. General Provisions.

Section
300. Definitions
310. Short title

Sec. 08.72.300. Definitions. In this chapter,

(1) "board" means the Board of Examiners in Optometry;

(2) "department" means the Department of Community and Economic Development;

(3) "optometry" means the examination, diagnosis, and treatment of conditions of the human eyes and visual system, other than by use of laser, x-rays, surgery, or pharmaceutical agents, other than those permitted under AS 08.72.272; "optometry" includes the employment of methods that a person licensed under this chapter is educationally qualified to use, as established by the board;

(4) "practicing optometry" means the performance of, or offer to perform, optometry for compensation;

(5) "recognized school or college of optometry" means a school or college approved by the American Optometric Association or a committee of the American Optometric Association. (§ 35-3-131 ACLA 1949; am § 2 ch 95 SLA 1966; am § 13 ch 76 SLA 1969; am § 53 ch 218 SLA 1976; am §§ 21, 22 ch 75 SLA 1980; am § 8 ch 49 SLA 1988)

Revisor's notes. — Reorganized in 1987 to alphabetize the defined terms.

In 1999, "Department of Commerce and Economic Development" was changed to "Department of Community and Economic Development" in this section in accordance with § 88, ch. 58, SLA 1999.

Cross references. — For professional designation requirements for optometrists, see AS 08.02.010.

Sec. 08.72.310. Short title. This chapter may be cited as the Optometry Law. (§ 35-3-150 ACLA 1949)

Chapter 76. Pawnbrokers and Secondhand Dealers.

Section
10. Transactions to be entered in book kept at place of business
20. Manner of recording entry
30. Criminal liability
40. Disposition of unredeemed property

Collateral references. — 53A Am. Jur. 2d, Money Lenders and Pawnbrokers, §§ 4-7.

47 C.J.S., Interest and Usury, §§ 352-365.

Failure to procure license or permit as affecting validity or enforceability of contract. 29 ALR4th 884.

Sec. 08.76.010. Transactions to be entered in book kept at place of business. A person engaged in the business of buying and selling secondhand articles, or lending money on secondhand articles, except a bank, shall maintain a book, in permanent form, in which the person shall enter in legible English at the time of each loan, purchase, or sale

(1) the date of the transaction;

(2) the name of the person conducting the transaction;

(3) the name, age and address of the customer;

February 13, 2002

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

Dear Representative Murkowski and Committee Members: RE: HB 215

I am Past Chair of the Alaska State Optometry Board, and currently the Legislative Chair for the Alaska Optometric Physicians Association, licensed here in 1976. I am an Alaska Native originally from Ketchikan, a 50 year resident, and I have been trying to get our state statutes updated for the past 26 years. Thank you for this opportunity to present on HB 215, as many of you have heard and supported this issue before the Governor vetoed last session's SB 78.

Alaska Board-endorsed optometrists (OD's) HAVE ALREADY been prescribing drugs to treat the eye since 1992, with no complaints or injuries or harm. The 1995 State Audit reported improved access to eye care since enactment of the 1992 statute. This new legislation simply adds more tools to our tool chest, by including more types of drugs necessary for treating the eye diseases we are already currently authorized to treat by state law. In 1992, a compromised bill removed these additional drugs and limited optometry to topical drugs only, and after a perfect 10 year track record, we are asking the legislature to remove this unnecessary restriction on our professional judgment, and join the 38 other states allowing systemic drug treatment for eye disease with no history of harm in 25 years. A major Professional Liability carrier states they have found no difference in claims between states with various levels of OD drug authority, and the rates are extremely low, approximately $350 per year.

In the 97-98 Legislative session, we had a hearing on a bill that would expand the scope of optometry to not only include the rest of our needed drugs, but also allow the use of lasers and minor surgery by qualified OD's, as is now being taught. One state, Oklahoma, currently allows laser surgery by optometrists. Then in the 99-00 session, SB 78 was overwhelmingly passed as a compromise with systemic drugs only, as we removed lasers and additional surgery from the bill. I note that there was no oral testimony opposed to this bill in two years of Legislative hearings, including attendance at those hearings by the Medical Association representatives, and was supported by the Division of Occupational Licensing. The Medical Board was opposed after hearing from ophthalmology, but without hearing from optometry, and on their advise the Governor vetoed SB 78 in May 2000 after the Legislature adjourned. The specialist's real concern is laser and surgery. I don't feel most MD's really care if optometry expands it's drug tool box, but recently the national American Medical Association passed a resolution to attempt to stop ALL other professions from expanding their scope in all states.

This HB 215 was written with 2 changes to answer the concerns of the Governor and Medical Board:

1.Board authority for limiting drugs, requiring education, and ensuring competence;
2.Prohibit injections into the eye globe.

And after a recent meeting and discussions between the Medical and Optometry Boards, a Committee Substitute has been drafted this past week to incorporate 4 more changes suggested to gain support from the Medical Board and the Governor:

1.More precise definition of scope of treatment for ocular tissues only;
2.No more than 7 day supply of analgesics drugs;
3.Systemic drugs limited to 6 specific categories, plus over-the-counter;
4.Mandatory course and pass an examination in systemic drug administration, from an accredited college of optometry, approved by the Board.

I personally do not agree that restrictions # 2 or #3 are needed, but are compromises. In Alaska, in addition to dentists and podiatrists, advanced nurse practitioners (ANP) with less years of training than optometrists can prescribe almost any drugs unsupervised for the entire body, as determined by the Nursing Board, and there are no claims of "harm" or complaints about "non-physicians practicing medicine". A practitioner of any type does not need a license authority to harm patients, but does need it to properly treat patients. Optometry should have the same Alaska Statute, but we are kept unduly restricted by laws that are not up to current standards of care.

The education and training of optometrists in pharmacology since the late 60's has been on a par with medical and dental schools. Optometry education includes extensive CLINICAL training in treating eye diseases. It has taken 30 years for all 50 states to finally allow QUALIFIED optometrists (no grandfathering) to prescribe therapeutic drugs, and systemic drugs began being added in 1976, with 38 states currently authorizing beyond the topical restrictions that Alaska still has. This is not new ground. An Alaskan optometry student is currently at Bascom-Palmer, a world-class eye hospital in Miami, in his 4th year clinical rotation. Will he return to Alaska with our outdated statutes restricting his practice?? Alaska has a current shortage of OD's willing to practice here because of our outdated statutes.

Many Alaskans, especially in rural areas, currently rely upon their local optometrist to treat their eye diseases, or refer them to specialists when necessary. There is no reason to restrict the OD's professional judgment in prescribing drugs. The current law and regulations already require demonstrated education and competence, and only those drugs that treat the eye are authorized. No different than dentists, podiatrists, or nurse practitioners in Alaska, yet more restricted.

In fact, optometrists are considered physicians under Federal Medicare law, as are dentists and podiatrists, who also prescribe similar drugs and are not "MD's". Optometrists have far more education and training in the treatment of eye diseases than taught in medical school, just as dentists are taught more about tooth disease. Ophthalmologists do receive specialty training in residency, but OD's are primary care eye doctors. We can treat many eye diseases, however, we often refer patients to the surgical or specialist ophthalmologists when a patient requires advanced care, just as family doctors refer to specialists. We are not claiming to be at the level of the ophthalmology specialists, we respect and need their expertise, but qualified optometrists should be allowed to practice at the highest level of their training for the benefit of patients.

Sincerely yours,

Jeff Gonnason, O.D.
Legislative Chair, Alaska Optometric Physicians Association
Past Chair, Alaska State Optometry Board

Subject: Re: HB 215
Date: Thu, 14 Feb 2002 10:40:23 -0900
From: "John T. Shank" <jtshank@ptialaska.net>
To: "Jeff Gonnason, O.D." <jeff@alaska.com>, Amy_Erickson@legis.state.ak.us

Dear Alaska Legislator,

My practice is in Kodiak, AK. I see most of the infections and eye problems in town and am the referral center for our physicians. Often patients need to be treated with systemic medication, as well as, topical ophthalmic medications. It is a waste of my time, the patient, and the physician for me to have to call or send the patient back to their practitioner or the ER. I am often requested to follow up one of their patients. These things cost our patients and their insurance, whether state or private, more money.

I urge you to pass HB 215.

Thank your for your support.
John T. Shank,O.D.,F.A.A.O.

February 8, 2002

Dear Sirs/Madames,

I am writing to urge you to pass HB 215 regarding optometrists' right to use pharmaceutical agents as part of the care we provide to our patients.

I am currently an optometrist in Anchorage. However, I have worked in Nome, Fairbanks, Kotzebue, Bethel, and about 40 Alaskan villages as an Indian Health Service optometrist. There have been several occasions, especially in the more remote sites, in which I have had to contact a medical doctor to write a prescription for oral medications. The delay of having a medical doctor write a prescription for care I am qualified to provide is unproductive use of my patients' time as well as mine.

Passing HB 215 would provide a positive step to better eye care to the public.

Sincerely,

Carmencita T. Palma, OD
(907) 265-4270

Subject: HB 215
Date: Wed, 13 Feb 2002 13:17:06 -0900
From: "Kevin C. Berg, O.D." <kevinberg@gci.net>
To: <Amy_Erickson@legis.state.ak.us>

Re: HB 215

I would like to let your office know that I am in support of HB 215, for the following reasons:

- Optometric Physicians are practicing in a state that has a huge land mass. We are licensed to use various pharmaceuticals and have a history of using them safely. This legislation helps to keep our profession current and to our level of education.

- Thirty-eight other states already have similar laws.

- Especially rural Alaska needs to have practitioners of all the professions practice to the fullest extent of their education to allow for immediate treatment of their patients and to reduce the need for expensive and inconvenient referral into the larger cities by air travel for conditions that could be safely treated from their offices.
- The current medical/legal environment tends to make practitioners conservative, which adds a safety factor that those concerned about safety issues might have.
- Please note that Optometric Physicians have very low malpractice insurance rates, which speaks highly of their history of caring for patients without incurring medical/legal problems.
- New funds are not required to implement this bill. To be able to better serve the citizens without increasing cost to the state is wonderful.

Thank-you.

Sincerely,

Kevin C. Berg, O.D., B.S.V.S.

Subject: HB215/SB173
Date: Thu, 14 Feb 2002 11:14:32 -0900
From: "Pearle Vision" <doctors8390@gci.net>
To: <Amy_Erickson@legis.state.ak.us>

Dear Representative Murkowski,

I respectfully request your support of HB215 and SB173. Current optometry law in Alaska allows the use of topical pharmaceutical agents only.
Daily we diagnose primary eyecare conditions requiring systemic treatment including internal hordeola, meibomian gland dysfunction, advanced blepharitis and corneal abrasions requiring pain relief beyond over-the-counter medications.

This legislation would greatly reduce cost and improve access for Alaskans seeking eyecare services. Currently, thirty-eight states already allow
for oral therapeutic treatment by optometry and no adverse effects have been reported.

While Alaskans are fortunate to have highly trained sub-specialty ophthalmologists for secondary and tertiary eyecare, they are equally fortunate
to have highly trained optometrists increasing their access to timely care throughout our vast state, delivering cost effective quality primary eyecare.

I thank you in advance for your time.

Sincerely,

Donna Sanzi, O.D.

Subject: HB215/SB173
Date: Wed, 13 Feb 2002 11:59:45 -0900
From: "Pearle Vision" <doctors8390@gci.net>
To: <Amy_Erickson@legis.state.ak.us>

Dear Representative Murkowski,

I respectfully request your support of HB215 and SB173. This legislation would greatly reduce cost and improve access for Alaskans seeking eyecare services. Thirty-eight states already allow appropriate oral therapeutic treatment by optometry without any adverse effects ever reported.

Current optometry law in Alaska allows the use of topical pharmaceutical agents only. Daily we diagnose primary eyecare conditions requiring systemic treatment including internal hordeola, meibomian gland dysfunction, advanced blepharitis and corneal abrasions requiring pain relief beyond over-the-counter medications.

While Alaskans are fortunate to have highly trained sub-specialty ophthalmologists for secondary and tertiary eyecare, they are equally fortunate to have highly trained optometrists increasing access to timely care throughout our vast state, delivering cost effective quality primary eyecare.

I thank you in advance for your time.

Sincerely,

Kathleen Powell, O.D.

February 14, 2002

Rep. Lisa Murkowski, Chair
House Labor & Commerce Committee
State Capitol
Juneau, AK 99801-1182

RE: HB 215, An Act relating to the prescription of pharmaceutical agents in the practice of optometry.

Representative Murkowski,

My name is Erik Christianson and I am an optometrist in practice at Ketchikan Eye Care Center in Ketchikan, Alaska. I want to comment on HB 215 coming up for house labor, and commerce committee review on February 22, 2002. This bill would allow doctors of optometry with a therapeutic endorsement to improve their ability to treat eye disease. Currently optometrists in Alaska with a therapeutic endorsement are allowed to use only topically (eye surface) applied pharmaceutical agents to treat eye disease (See current AS 08.72.272). All 50 states now have statutes that allow optometrists to use topical medications for treatment of eye disease. An additional 38 states allow use of oral medications for treatment of conditions **RELATED** to the eye. To be the best eye doctor I can be I need to have access to a complete range of medications. The medications and proper training in their indications and contraindications is the most important issue, how they are delivered to the treatment site should not be. The most effective route of delivery for treatment whether topical, oral, or intravenous should be dictated by the condition and the expertise of the doctor, not legislation. Optometric education in the areas of pharmacology and general medicine is similar to dentists, pharmacists, and general practice physicians. Oral medications are used on a less frequent basis than topicals in ophthalmologic practice. Even so, I regularly see patients who need more than a topical medication to treat their eye condition.

I live in a community that does not have a full-time ophthalmologist. There are 2-3 optometrists practicing in full-time in Ketchikan. Optometrists are the only permanent eye care providers in most communities in Alaska. Ophthalmology is permanently located only in Anchorage, Fairbanks, Soldotna, and Juneau. People throughout Alaska rely on optometrists to be their eye care providers. Medical professionals rely on optometrists to be the "eye expert" in rural Alaska. Daily our clinic receives referrals for treatment of eye and related problems from Ketchikan General Hospital; health clinics in Metlatkatla, Craig, and Klawock; Ketchikan Indian Corporation Tribal Health, USCG Health Services; all of the private medical clinics in Ketchikan; and periodically from Petersburg and Wrangell. Timely access to care is important with respect to acute eye disease. Alaskan patients cannot get into a car and drive to find the nearest ophthalmologist. Allow the family eye doctor or optometrist to have the additional tools necessary to treat their patient's eye problems more effectively.

Professional Regards,

Pacific
CATARACT AND LASER INSTITUTE

1600 A Street, Suite 200, Anchorage, AK, 99501-5146
907 272-2423 Toll-free 800 557-7254 Fax 907 272-2428

February 8, 2002

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

RE: House Bill 215

Dear Representative Murkowski and Committee Members:

As a licensed ophthalmologist in Alaska, I am writing to express my strong support of House Bill 215. If enacted, this bill will allow optometrists to incorporate the use and prescription of any eye-related pharmaceutical agent in their treatment of ocular disease. Alaska optometrists have been prescribing drugs since 1992 and need a wider range of options for certain eye diseases to better treat their patients.

For more than a decade, ophthalmologists within our organization have had the privilege of comanaging tens of thousands of surgery patients with over 900 optometrists throughout Alaska and the Pacific Northwest. We have also worked hand-in-hand with these eye care professionals to assist in the care of all types of acute and chronic eye diseases.

The education of optometrists is rigorous, extensive and more than adequate for them to safely and effectively prescribe any needed medication for treating eye diseases. Claims of deficient education are simply untrue. I have become familiar with their formal education and have had the opportunity to observe their clinical skills on many, many occasions.

Some of my colleagues in ophthalmology are protective of their "turf" and would like to limit optometry's use of medications. However, in my view, there is no valid reason to restrict optometry from full prescriptive authority.

As a health care practitioner, I believe our overall benefit to society is maximized when each health professional is utilized to the fullest extent of his or her training and competency. I support this bill and am willing to testify in person on its behalf.

Please contact me if I can clarify things or answer questions you may have.

With warm regards,

R. Ford

Robert O. Ford, MD

Subject: HB 215
Date: Sat, 16 Feb 2002 16:48:34 -0900
From: "Ron and Denise Kichura" <kichuraeye@gci.net>
To: <Amy_Erickson@legis.state.ak.us>

Rep Lisa Murkowski,
Please support HB 215. I am an optometrist serving in the Alaska Air National Guard at Kulis ANGB, Alaska and as a credentialed civilian TriCare resource sharing optometrist provider at Elmendorf AFB Medical Center in Anchorage. After graduating with honors from SUNY College of Optometry in 1984 and serving for 7 years in active duty as a USAF optometrist, I completed a USAF Optometry Residency in Hospital Based Optometry in 1997, and am well qualified to practice at the level that this bill would allow. This bill allows Alaskan optometrists like myself to practice responsibly at the level of their training.
I would appreciate your support of HB 215 during the hearing on Feb 22.

Sincerely,
Ronald Kichura, O.D.

Subject: HB215
Date: Tue, 19 Feb 2002 03:18:42 -0800 (PST)
From: tim mclaughlin <tbmclaughlin@yahoo.com>
To: Amy_Erickson@legis.state.ak.us
CC: jeff@alaska.com

Dear Representative Murkowski,
As a lifelong Alaskan and an Optometric Physician currently practicing in Alaska, as I have for the past 30 years, I ask for your support and strongly endorse HB215. This bill would continue to allow Optometric Physicians in Alaska to treat their patients at the highest, most beneficial level of care and reduce unnecessary, costly referrals for oral medications for the treatment of eye disease.
Thank you for your consideration and support.
Tim Mclaughlin O.D.

Alaska Optometric News

1689 C Street, Suite 222 • Anchorage, AK 99501
E-mail – akoa@alaska.com • www.akoa.org

February 2002, Issue 2

Who are Doctors of Optometry?

Doctors of Optometry are independent primary health care providers who examine, diagnose, treat, and manage diseases and disorders of the visual system, the eye, and associated structures as well as diagnose related systemic conditions.

Optometrists provide more than 2/3 of the primary eye care services in the U.S. They are more widely distributed geographically than other eye care providers and are readily accessible for the delivery of eye and vision care services.

There are approximately 29,500 doctors of optometry currently in practice in the U.S. Optometrists practice in more than 7,000 communities across the U.S., serving as the sole primary eye care providers in more than 4,300 communities.

Optometrists have extensive training, having completed pre-professional undergraduate education in a college or university and an additional four years of professional education at a college of optometry, leading to the doctor of optometry (O.D.) degree. Some optometrists complete a one-year clinically based residency on graduation.

Primary Eye Examinations

Source: American Optometric Association.

The Prescription of Oral Medications By Optometrists To Treat Eye Disease

Some/All Oral Medications

No Orals
(AK, FL, HI, MA, MI, MN, MS, NJ, NY, VT)

Although Alaska is the most rural in the U.S. and has many areas without an Ophthalmologist, the people here still have to travel to get the medications they need. These Alaskans are often times without the resources to perform this travel. Forty states have already decided to provide better medical services to their public. Alaska remains one of the few who have not taken this step.

The State of Alaska has 87 practicing **Optometrists in:**

40	Anchorage
3	Bethel
1	Dillingham
7	Eagle River
13	Fairbanks
1	Glennallen
1	Homer
4	Juneau
2	Kenai
2	Ketchikan
2	Kodiak
1	Kotzebue
2	Nome
1	North Pole
2	Sitka
2	Soldotna
4	Wasilla

And 26 practicing **Ophthalmologists in:**

18	Anchorage
4	Fairbanks
2	Juneau
2	Kenai

Eye Opener: *It is estimated that 90 percent of all eye injuries could be prevented through the proper use of protective eyewear.*

An optometrist or optometric physician (O.D.) practices eye care including the diagnosis, treatment, and management of disease and conditions of the human eye and related structures. Methods of treatment include prescribing drugs, eyeglasses, contact lenses, optical devices, visual therapy, and performing certain surgical procedures with hand instruments, lasers, and other devices, as regulated by state law.

An ophthalmologist (M.D.) practices eye care, specializing in consultation, treatment and surgery of the human eye and related structures.

SOUTHERN CALIFORNIA COLLEGE OF OPTOMETRY

Office of the President
2575 Yorba Linda Boulevard • Fullerton, California 92831
714/449-7450 • Fax 714/526-3907

Lesley L. Walls, O.D., M.D.
President

October 26, 2001

Members of the Alaska State Medical Board

Dear Members of the Board:

First of all, thank you for the opportunity to appear before you and deliver this written letter of support for the expansion of the optometry practice act in Alaska. It is a pleasure to offer you my personal opinion on this most important subject.

As a licensed practitioner of both optometry and medicine, I write in support of changes in the Alaska Optometry Law, which will update the optometry practice act to the proper level for the education and training of the fine optometrists in your state. I know this topic is an emotional issue; however, I believe that careful review will substantiate the fact that modern optometrists have the appropriate education and training to safely prescribe all medications for use in the diagnosis, management and treatment of the eye and adnexa. The use of systemic medications for eye related problems fits very nicely into this arena. Alaska's optometrists are currently allowed to treat ocular diseases such as glaucoma with topical drugs, as well as remove superficial foreign bodies from the eye and adnexa.

Alaska is truly a rural state where, in a number of communities, the optometrist is the best trained and best equipped practitioner to treat common eye problems and eye diseases. This fact makes passage of modern optometry practice acts extremely important. The allowing of optometrists to use all pharmaceutical agents, both topically applied and systemically administered for ocular use, would certainly improve the quality of health care delivery to the people of your beautiful state.

I personally practiced family medicine in Hartville, Ohio, after having completed a Family Practice Residency in Akron, Ohio. The only professional eye care in our community at that time was provided by an optometrist. He and I exchanged patients freely and comfortably for primary care.

Let me offer some specific observations of my own regarding optometric and medical education:

Medical school traditionally prepares the student in general medical and surgical background for post-graduate training programs. Detailed anatomy and physiology of organs such as the eye is <u>not</u> emphasized during medical school. As well, during

surgical rotation in medical school, it is uncommon to be exposed to ocular surgery. Because heart disease, cancer, and stroke are the biggest killers of the U.S. population, medical school clinical training is heavily devoted to general internal medicine, general surgery, obstetrics-gynecology, and pediatrics. There are usually fourth-year electives in 4 to 12 week blocks where a student may increase his/her exposure to subspecialty medical and surgical areas such as: ophthalmology, ear/nose and throat, urology, pulmonary medicine, cardiology, etc. In my experience, a small minority of students choose ophthalmology as a clinical rotation.

By a small personal survey in the area of California in which I now reside, most primary care physicians (general practitioners, family practice, internists, and pediatricians) admit that they had from one to three weeks of medical school devoted to ophthalmological care. This includes both didactic course work and clinical experience. I do not need to remind you that these physicians treat eye diseases on an unrestricted basis.

On the other hand, optometry school is mostly devoted to ocular training. There are courses in general pathology and ocular signs of systemic disease because the optometrist is responsible to detect systemic diseases with ocular manifestations and to make appropriate referrals. Included with the systemic disease education is the specific education and training in the use of systemic medications and medication interactions, especially in regard to medications utilized in the management of ocular conditions. The detailed ocular anatomy, ocular physiology, ocular pathology, and ocular pharmacology training in optometry school is far superior to the same ocular topics in any general medical school course in the country. This is not to slight medical education; there simply is not enough medical school curriculum time to devote to the eye because of training in vital organ systems such as the heart, lung, vascular system, etc. Additionally, the prerequisites for optometry school meet or exceed the requirements for medical school admission and the Optometry Admission Test parallels that of the Medical College Admission Test. With all the prerequisites and the primary care doctoral program in optometry school, the graduate is trained to make professional judgments and is quick to consult with other health care providers when a patient requires needed services outside the scope of practice. Alaska optometrists now routinely work with medical specialists and subspecialists in the interest of the highest quality patient care.

The clinical education of an optometrist does not have to parallel the education and training of an ophthalmologist any more that the education and training of a family physician needs to parallel that of a surgeon. Just as family physicians can safely utilize medications that are also utilized by surgeons, so can optometrists utilize medications that are utilized by ophthalmologists. The education and training for an optometrist includes the safe, effective use of all pharmaceutical agents for ocular diseases in the clinical setting which includes subsequent follow-up.

In summary, I would like to point out that ophthalmologists are vitally needed. Patients would be in sad shape without their advanced expertise in the areas of severe ocular trauma, cataract surgery, retinal surgery, complicated ocular infections, etc. These are all vital secondary and tertiary care conditions which optometrists do not propose to treat. I do regret that the opposition resorts to "scare tactics" in this

legislative turf battle. In my opinion, the risk to the public is not an issue and the safe use of these therapeutic pharmaceutical agents by optometrists has been well documented in a majority of other states over the past 25 years.

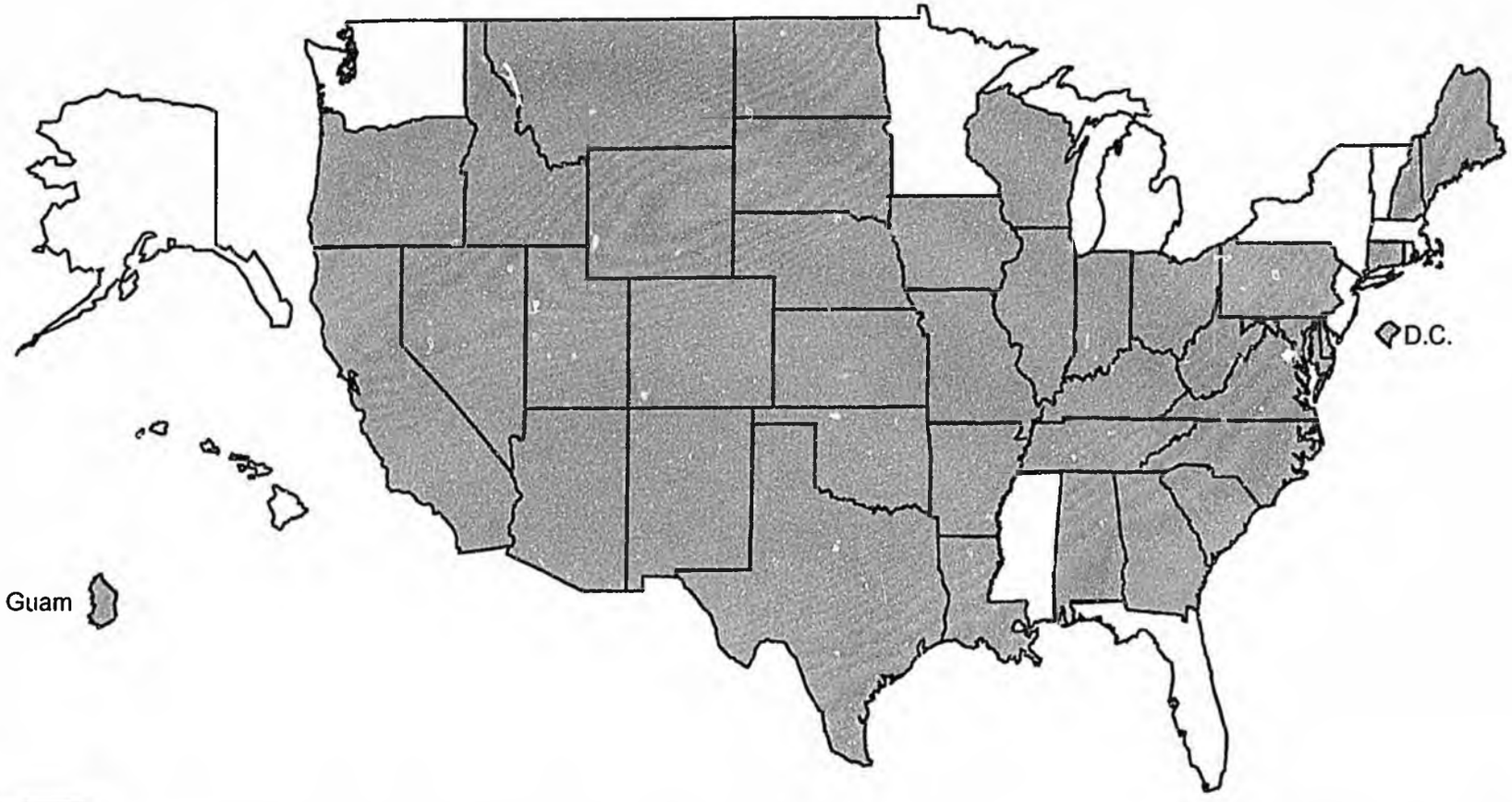
I also feel strongly that optometrists are vitally needed. There is no question that the Board of Examiners in Optometry for the State of Alaska will protect the people by insuring adequate education, continuing education and training for any optometrist allowed to utilize expanded systemic medications. It seems unfair to patients and a waste of resources to prevent optometrists from providing care at the highest level of their education and training. At best, constraints on the profession contribute to an increase in health care costs, especially with the many rural areas of Alaska served only by optometrists. When primary care is provided by specialists it is well known that the delivery of health care adds expenses to the system.

Sincerely,

Lesley L. Walls, O.D., M.D.
President

LLW:cb

The Prescription of Oral Medications By Optometrists To Treat Eye Disease



Some/All Oral Medications

February 2002

Alaska State Medical Association

4107 Laurel Street • Anchorage, Alaska 99508 • (907) 562-0304 • (907) 561-2063 (fax)

February 20, 2002

Honorable Lisa Murkowski
Alaska State House of Representatives
Chair, House Labor and Commerce Committee
Sate Capitoi, Room 408
Juneau, AK 99801-1682

Re: HB 215 – Optometrists Prescriptive Authority

Dear Representative Murkowski:

The Alaska State Medical Association (ASMA) represents Alaska's patients and the physicians who care for them.

ASMA has been provided with a copy of a Work Draft for a committee substitute for HB 215. (It is identified as 22-LS0538\L.) ASMA continues to oppose HB 215 and the Work Draft L. As ASMA has stated before, the litmus test regarding this issue is simply stated by the question – "Is it good medicine?" ASMA believes that you will arrive at the same answer it did – NO! Any other answer is an endorsement of less than quality or optimal care.

Attached are copies of letters from Drs. Bonnie Swanson and Oliver Korshin that were written last fall to the State Medical Board regarding this issue.

These letters eloquently go to the core of this issue.

ASMA asks you not to support HB 215 nor Work Draft L.

Sincerely,

John Troxel, MD, President

EDITOR'S PAGE

Encore! Encore!

Rich Kirkner
Editor-in-Chief

About 30 years ago, a handful of optometric visionaries hammered out an agenda for the profession. At the top of that agenda: gain diagnostic agents, then therapeutics.

Today, you can say mission accomplished. Because of that, our special report, "The State of Optometry," finds that state is solid.

It begs the question: What's next now that the DPA-TPA curtain has dropped?

The vanguards of optometry will have to sort that out, but here's a wish list they can work with:

- **Eye exams for infants.** Operation Bright Sight is onto something here (see "Pilot Program Takes Eye Care to the Cradle.) Cradle-to-grave eye care has to start somewhere. The cradle seems like a logical place.

- **Eye exams for school children.** Kentucky has the right idea passing a law that mandates these. Besides, hasn't anyone yet figured out that our children who see well can learn well?

- **Eye exams for licensed drivers.** The eyes can change a lot between license renewals. Imagine how much they change between the 16th and 65th birthdays. The DMV can't.

- **Promote medical comanagement.** Surgical fees are in a free-fall, so organized ophthalmology is squabbling over your role in managing these patients. To them, it's about money, not sound medical practice. Every patient deserves to have his or her family doctor quarterback care, whether it's brain surgery, foot surgery or eye surgery.

- **Continue to expand the scope of practice.** Optometry now has an excellent track record in disease management. Time to move to the next

level: universal privileges for glaucoma meds, orals and injectibles. Then go for laser privileges for all O.D.s. Today Oklahoma, tomorrow America!

- **Raise awareness of computer-related eye problems.** Most people who use a computer have some kind of eye-related symptom-and that's a lot of people, about 75 million on the job and almost as many at home. A good pair of glasses and some expert consultation can fix just about all those aches and pains.

Indeed, this is a public health agenda. Some items are legislative efforts—something the profession can proudly say it is quite skilled at. All would require big-time public awareness campaigns.

The group of visionaries who laid out optometry's DPA and TPA movements 30 years ago scored a rousing success. Now, that the profession finds itself in a pretty good state, it's time for an encore.

Rich Kirkham

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AMERICAN ACADEMY OF OPHTHALMOLOGY
The Eye M.D. Association

February 20, 2002

P.O. Box 7424
San Francisco
California 94120-7424

655 Beach Street
San Francisco
California 94109-1336

The Honorable Lisa Murkowski
State Capitol, Room 408
Juneau, Alaska 99801-1182

Dear Representative Murkowski:

I am writing to ask you to oppose HB 215, a bill that would give optometrists a Blank Check to prescribe oral and injectable drugs.

If this bill were enacted, optometrists in this state would have one of the most expansive scopes of practice in the country. Last year, in fact, 13 states rejected similar Blank Check optometric scope of practice legislation. Simply put, optometrists do not have sufficient education, training, or experience to use systemic drugs.

One cannot treat serious eye disease separate from understanding the whole body Medical schools uniquely provide this knowledge base. Here are just a few examples of the many side-effects that systemic drugs can cause:

- Extended use of steroids can lead to permanent damage of the joints and other parts of the body.
- The over prescribing of antibiotics has already contributed to the significant problem of resistant micro-organisms, resulting in infectious diseases that are more difficult to treat.
- Controlled substances can be subject to abuse.

Moreover, since seniors often have serious eye medical conditions as well as chronic illnesses and less tolerance to drug side-effects, careful evaluation and close coordination by an Eye M.D. with other medical treatment is essential.

Four years of optometry school do not equate to the eight years of ophthalmology training and education. Not only do optometrists not possess a medical degree, they are not required to complete clinical rounds, internships and residencies that focus on patients with serious eye disease. Let me contrast this with the typical training and experience of an ophthalmologist. Ophthalmologists must complete four years of medical school. Afterwards, the medical school graduate must also complete an intensive one-year hospital residency, consolidating and honing knowledge

and skills in the art of medicine. Only then does the physician begin a three year ophthalmology residency in order to concentrate on the treatment of eye disease. As a result of this training, ophthalmologists graduate confident prescribing systemic drugs to patients who seek their help. Just as importantly, because of this education and training, their patients trust them to prescribe drugs safely and appropriately

As an ophthalmologist who has trained ophthalmologists for many years, it is important for me to ensure that the citizens of your state receive appropriate medical eye care. Limiting optometrists to the tasks for which they are competent is in the best interest of patients.

Therefore, I ask you again to oppose HB 251.

Sincerely,

Thomas A. Weingeist, PhD, MD
President

February 22, 2002

Rep. Lisa Murkowski, Chair
House Labor & Commerce Committee
State Capitol
Juneau AK 99801-1182

Re: HB-215

Dear Rep. Murkowski and Committee Members:

After being greatly disappointed by Gov. Tony Knowles' veto of SB78 in 2000, I am in support of HB215, a similar bill that allows optometrists to prescribe oral medications for treatment of ocular disorders. The need for HB215 to pass in its place is imperative for the people of the State of Alaska. These are the reasons:

- Passage of this bill will put prescribing authority for current and future Alaska optometrists to a level that is commensurate with our colleagues in the lower 48. This will become important over the next decade as Alaska will see many of our current optometrists seek retirement. There is already a drop in enrollment in optometry schools and a shortage of optometrists in rural areas nationwide. It is imperative that Alaska draw optometrists to the state who are committed to providing care using 21st century technology and prescribing methods. On a personal note, I came to Alaska to practice after graduation in 1992. I had two positions offered to me in Iowa, which has one of the first and most progressive optometry prescribing bills in the nation. I decided to come to Alaska only after the topical medication bill passed.
- This bill allows patients access to appropriate eye care for eye disease and injury, especially in rural communities. There are cases where the best treatment for an eye disorder involves an oral medication. It is not in the patient's best interest to wait for another referral for this medication. It is also not in the best interest of the health care system in general to add another costly referral.
- This bill does not break new ground. It is more restrictive than SB78 which the previous legislature passed in 2000 and it addresses the Governor's concern of qualifications, education, and training. Optometrists have been trained for this in optometry schools for over a decade and 38 other states have similar legislation.

It is my hope, that as you make your decision, you understand that we seek this not for economic gain or at the expense of another profession. We seek this bill so that the people of Alaska are competently cared for quickly at a level they deserve at a time when they need it most.

Sincerely,

Jill L. Geering, OD

RONALD W. ZAMBER, M.D.
Diplomate, American Board of Ophthalmology

RANDALL W. CHRISTIANSEN, O.D.
Diplomate, National Board of Optometry

DAMIEN R. DELZELL, O.D.
Diplomate, National Board of Optometry

ROBERT P. HAMMOND, O.D.
Diplomate, National Board of Optometry

EYE CLINIC OF FAIRBANKS

February 21, 2002

Chm Mulkowski

Dear Members of the Labor and Commerce Committee:

I appreciate the opportunity to provide comment regarding House Bill No. 215. The optometric profession again appears to be seeking a shortcut to medical privileges through legislative avenues rather than through clinical training. The thousands of hours of intensive training in medical school, internship and residency are absolutely necessary to ensure optimal public safety. Unfortunately, the current optometric legislative efforts appear to be self-serving, completely unnecessary, and if enacted potentially dangerous to the public.

Although optometric training programs have made strides in didactic pharmacologic exposure, didactic training is only a small element of the educational process that enables a physician to be competent in the prescription and clinical evaluation of systemic pharmaceutical agents. A significant percentage of patients with ocular disease are elderly, medically fragile and have multiple major systemic medical problems. Administration of many of the agents addressed by HB 215 can create life-threatening risks to these patients. Any individual lacking the intense clinical training involved in medical school, internship and residency simply could not be expected to have the ability to "intuitively" manage the complex systemic effects and interactions of the pharmacologic agents addressed by HB 215. This legislation completely subverts the medical training process in the United States and radically reduces the State Medical Board's ability to ensure accountability to the public. Similar bills have repeatedly been rejected in many other states. The message should be clear – there is no acceptable shortcut to clinical competency. Public safety dictates that health care providers who prescribe systemic pharmacologic agents are certifiably competent to make life and death decisions regarding the affect of these agents.

By necessity the path that leads to appropriate clinical acumen and accountability is a long and arduous one through medical school, internship and residency.
Those individuals unwilling to achieve that level of training and accountability can still be important members of the healthcare team, but would be wise to not attempt through HB 215 to subject their patients and the public to unnecessary risks. Public safety depends on the integrity and accountability of our medical training process and we are fortunate to have arguably the best training process in the world.

Sincerely,

Ronald W. Zamber, M.D.

1919 Lathrop, Suite # 103 • Fairbanks, Alaska 99701-5953 • (907) 456-7760
1001 Noble St., Suite 410 • Fairbanks, Alaska 99701-4922 • (907) 458-7768
FAX (907) 451-7916

Alaska Native Brotherhood
Camp 2

February 22, 2002

House, Labor and Commerce Committee
Juneau, Alaska

RE: HB 215 and Draft L. (1/31/02)

Dear Members:

We at the Alaska Native Brotherhood Camp 2 believe that the HB 215 is a dangerous bill and one that requires our attention. The bill contains far-reaching negative health policies which are implicated for Alaska. This bill does not improve access to health care and they do not open new clinics.

House Bill 215 does not make new services available to residents in rural Alaska; in fact it really is putting rural Alaska at great risk. A second opinion will not be available to the optometrists or to the patients.

Without medical training, optometrists are not qualified to thoroughly and properly access medical risks. No matter how well intentioned, optometrists do not have the training to know how a drug might affect the cardiovascular system. Optometrists do not possess a medical degree, and they do not receive training in prescribing medicinal drugs.

With the desire to increase their own medical filed of expertise and the monetary benefits, which would follow an expanded medical filed, it is our concern that these optometrists will perform procedures that are not necessary.

In short, the enactment of HB 215 will not improve the health care services available to Alaskan citizens, but may increase the health care risks for all Alaskan citizens and for these reasons the bill should be defeated.

Respectfully,

George Wright
Member-In-Charge

320 W. Willoughby Avenue, Suite 100 * Juneau, Alaska 99801 * Telephone: 907-586-2049 * Fax: 586-3301
E-mail: ak.native@acoalaska.net

committee

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: HB 215
() Publish Date:

Revision Date/Time (Note if correction):
Dept. Affected: DCED
Title: An Act relating to the use of pharmaceutical agents in the practice of optometry
BRU: Occupational Licensing (117)
Component: Occupational Licensing
Sponsor: House Labor and Commerce
Requester: House Labor and Commerce
Component No.: 2360

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Administrative Manager
Phone (907) 465-2144
Division: Occupational Licensing
Date/Time 2/22/02 2:44 PM
Approved by: Deborah B. Sedwick, Commissioner
Date 2/22/2002
Agency: Department of Community & Economic Development

(Revised 9/2001 OMB)

Catherine Reardon, Director
Division of Occupational Licensing
June 16, 2000

committee file

Occupations with Authority to Prescribe or Administer Drugs

The following occupations within the Division of Occupational Licensing have some authority to prescribe or administer drugs. The Drug Enforcement Administration issues permits for prescription of controlled substances to individuals who have occupational licenses authorizing prescription of such drugs.

This document was prepared by the director of the Division of Occupational Licensing and is not intended to be a comprehensive analysis of the law regarding use of drugs nor a legal opinion.

Board of Dental Examiners

AS 08.36.360 defines the practice of dentistry and includes "diagnoses, treats, operates on, corrects, attempts to correct, or prescribes for, a disease, lesion, pain, injury…" This statute does not limit the manner in which a drug can be administered, so injections, oral and topical drugs are allowed.

AS 08.36.070 (10) directs the board to, "issue permits or certificates to licensed dentists, licensed dental hygienists, and dental assistants who meet the standards determined by the board for specific procedures that require specific education and training." In accordance with this statute, the board has adopted regulations requiring dentist to have special permits to administer general anesthesia (12 AAC 28.010) and for parenteral sedation (12C 28.600). Regulations require a special permit for dental hygienists to administer local anesthetic agents (12 AAC 28.320-340) and allow dentists to delegate to hygienists administration of nitrous oxide (12 AAC 28.720). Administration of local anesthetic agents by hygienists would include injections.

Dentists are also authorized to use laser devices without a special permit under regulation 12 AAC 28.710

State Medical Board

Physicians (includes osteopaths)
AS 08.64.380 defines "practice of medicine" and "practice of osteopathy" to mean, "…to diagnose, treat, operate on, prescribe for, or administer to, any human ailment…."
Physicians can administer and prescribe any drug topically, orally and through injection.

Podiatrists
AS 08.64.380 defines "practice of podiatry" to mean, "the medical, mechanical, and surgical treatment of ailments of the foot… the use of preparations, medicines, and drugs as are necessary for the treatment of these ailments…" The definition law allows podiatrists to treat local manifestations of systemic diseases, but requires that a patient be concurrently referred to a physician or osteopath for the treatment of the systemic disease itself. General anesthetics may be used only in colleges of podiatry and in hospitals. Podiatrists can prescribe and administer any

drug topically, orally and through injection.

Physician Assistants
AS 08.64.107 states, "The board shall adopt regulations regarding the licensure of physicians assistants and registration of mobile intensive care paramedics, and the medical services they may perform, including…. scope of activities authorized." The board could choose to adopt regulations authorizing physician assistants to prescribe any drug. In fact, current board regulations do not allow physician assistants to prescribe schedule I and II controlled substances. They may administer all drugs, provided they have permission from their collaborative physician. Drugs may be administered topically, orally or through injection.

Mobile Intensive Care Paramedics
The board has adopted 12 AAC 40.370 setting the scope of activities of paramedics including, "administering parenterally, orally or topically any approved agents or solutions," and, "performing other emergency procedures authorized by a sponsoring physician. Drugs can be administered topically, orally or through injection.

Board of Certified Direct Entry Midwives

AS 08.65.190 states, "'practice of midwifery' means providing necessary supervision, health care, and education to women during pregnancy, labor, and the postpartum period, conducting deliveries on the midwife's own responsibility, and providing immediate postpartum care of the newborn…"

Under the authority of the above statute, the board has adopted regulation 12 AAC 14.570 specifying the medications a midwife may administer and the conditions under which they may be administered. 12 AAC 14.560 authorizes midwives to perform venipuncture (injections) with appropriate training.

Board of Nursing
AS 08.68.100 states the board shall, "…adopt regulations pertaining to practice as an advanced nurse practitioner and a nurse anesthetist, and regulations necessary…relating to certified nurse aides…, " and, "develop reasonable and uniform standards for nursing practice." The board has the authority to public advisory opinions as well as regulations. Some guidelines regarding prescription and administration of drugs are contained in advisory opinions rather than regulations.

Registered Nurses
AS 08.70.040 defines "practice of registered nursing" to include, execution of a medical regimen as prescribed by a person authorized by the state to practice medicine," and, "performance of acts of medical diagnosis and the prescription of medical therapeutic or corrective measures under regulations adopted by the board." The board has not adopted regulations authorizing RN's to prescribe. RN's may administer any drug prescribed by a physician, including topical, oral and injectable drugs. A board position statement indicates that, in emergency situations, RN's may be allowed to administer drugs without a physician prescription.

Licensed Practical Nurses
AS 08.70.040 defines "practice of practical nursing" as, "the performance….of nursing functions that do not require the substantial specialized skill, judgement, and knowledge of a registered nurse." LPN's may administer any drug prescribed by a physician, including topical, oral and injectable drugs.

Advanced Nurse Practitioners
AS 08.68.410 defines "advanced nurse practitioner" to mean, "a registered nurse…who, because of specialized education and experience, is certified to perform acts of medical diagnosis and the prescription and dispensing of medical, therapeutic, or corrective measures under regulations adopted by the board."

The board adopted 12 AAC 44.440-445 authorizing ANP's to prescribe and dispense drugs, including controlled substances. Drugs can be administered topically, orally or by injection.

Registered Nurse Anesthetists
AS 08.68.410 defines "nurse anesthetist" to mean, "a registered nurse…who, because of specialized education and experience, is certified to select and administer anesthetic and give anesthesia care under regulations adopted by the board." The board adopted 12 AAC 44.525 authorizing RNA's to prescribe drugs, including controlled substances. Drugs can be administered topically, orally or by injection.

Certified Nurse Aides
The scope of practice of certified nurse aides is not set in statute. A board position statement indicates that
A nurse may be allowed to delegate to a nurse aide, or other unlicensed assistive personnel, the administration of insulin by injection into a stable patient. The board is currently working to revise its delegation regulations.

Board of Examiners in Optometry
AS 08.72.175 allows the board to issue license endorsements authorizing optometrists to prescribe and use the pharmaceutical agents described in AS 08.72.272 if the optometrist has passed a written and practical exam. AS 08.72.272 includes topical drugs, but not pills or injections.

Board of Pharmacy
AS 08.80.480(27) defines the "practice of pharmacy" to include "drug administration". This means a pharmacist may inject a patient with a drug if the patient has the appropriate prescription from another health care provider. Topical and oral drugs could also be administered.

Board of Veterinary Examiners

AS 08.98.250 defines "practice of veterinary medicine" and includes, "the prescription or administration of a drug, biologic apparatus, anesthetic, or other therapeutic or diagnostic substance," for an animal. Topical, oral and injectable drugs may be administered or prescribed.

HB

225

ALASKA STATE LEGISLATURE

Chair:
LABOR AND COMMERCE

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

Session:
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REPRESENTATIVE LISA MURKOWSKI
Government Hill • Elmendorf • East Anchorage

SPONSOR STATEMENT

HB 225
"An Act relating to municipal taxation of alcoholic beverages and increasing the alcoholic beverage tax rates."

I have introduced this bill as a way to help offset the soaring cost of the state's alcohol-related expenses. The current state excise tax collects between 3 to 4 cents per drink on beer, wine or distilled spirits, a rate that has not been adjusted in 18 years. HB 225 would increase that rate by 10 cents per drink, increasing annual state alcohol tax revenue to approximately $34 million from the current $12.1 million. It would also allow municipalities in the state the option to assess an additional 10 cents per drink in new or increased alcohol taxes, and have the state collect and return the funds to them.

Those who oppose HB 225 argue that it would place Alaska as #1 in the nation for the highest state alcohol tax. While this is true, it is important to look at the other statistics that Alaska currently holds as leader:

- Alaska has the highest alcohol related death rate – 11.2% compared to 5% nationally
- Alaska has the highest incidence of Fetal Alcohol Syndrome (FAS) in the nation, 4 times the national average
- Alaska has the 2nd highest per capita alcohol consumption in the U.S.
- In Alaska, alcohol is implicated in 83% of child abuse investigations, 63% of sexual assaults and 60% of domestic violence reports
- A National Institute of Health study indicates that the negative impacts associated with alcohol abuse in Alaska cost more than $500 million per year
- Rural Alaska alcohol-related deaths are 7 times the national average
- The prevalence of alcohol dependence and alcohol abuse is nearly 14% of Alaska's population, compared to 7% nationally

This legislation is an important part of the effort to address the problem of alcohol and alcohol abuse in Alaska, and would help provide revenue needed for the expanded treatment, therapeutic courts, diversion programs and other initiatives now under consideration in the Legislature. I urge your support of HB 225.

THE
FOLLOWING
DOCUMENT(S)
ARE
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COPIES

Subpart K—Tax on Beer

LIABILITY FOR TAX

§25.151 Rate of tax.

All beer, brewed or produced, and removed for consumption or sale, is subject to the tax prescribed by 26 U.S.C. 5051, for every barrel containing not more than 31 gallons, and at a like rate for any other quantity or for the fractional parts of a barrel as authorized in §25.156.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1333, as amended (26 U.S.C. 5051, 5052))

§25.152 Reduced rate of tax for certain brewers.

(a) *General.* Section 5051(a)(2) of Title 26 U.S.C. provides for a reduced rate of tax on the first 60,000 barrels of beer removed for consumption or sale by a brewer during a calendar year. To be eligible to pay the reduced rate of tax, a brewer:

(1) Shall brew or produce the beer at a qualified brewery in the United States;

(2) May not produce more than 2,000,000 barrels of beer per calendar year; and

(3) May not be a member of a "controlled group" of brewers whose members together produce more than 2,000,000 barrels of beer per calendar year.

The regional director (compliance) shall deny use of the reduced rate of tax provided by 26 U.S.C. 5051(a)(2) where it is determined that the allowance of such a reduced rate would benefit a person who would otherwise fail to qualify for use of such rate.

(b) *Definitions.* For the purpose of determining eligibility for payment of the reduced rate of tax on beer, terms have the following meanings:

(1) *Controlled group.* A related group of brewers as defined in 26 U.S.C. 5051(a)(2)(B). Controlled groups include, but are not limited to:

(i) Parent-subsidiary controlled groups as defined in 26 CFR 1.1563-1(a)(2);

(ii) Brother-sister controlled groups as defined in 26 CFR 1.1563-1(a)(3); and

(iii) Combined groups as defined in 26 CFR 1.1563-1(a)(4). Stock ownership in a corporation need not be direct and 51% constructive ownership, defined in 26 CFR 1.1563-3, may be acquired through:

(A) An option to purchase stock;

(B) Attribution from partnerships;

(C) Attribution from estate or trusts;

(D) Attribution from corporations; or

(E) Ownership by spouses, children, grandchildren, parents, and grandparents.

(2) *Production of beer.* The production of beer as recorded in the brewer's daily records and reported in the Brewer's Report of Operations, Form 5130.9. For the purpose of determining compliance with the 2,000,000 barrel limitation, production of beer by a brewer or a controlled group of brewers includes both beer produced at qualified breweries within the United States and beer produced outside the United States.

(c) *Brewers operating more than one brewery.* Brewers who operate more than one brewery shall include the combined production of beer at all their breweries when determining eligibility under the 2,000,000 barrel limitation. The reduced rate of tax applies to the first 60,000 barrels of beer removed for consumption or sale in a calendar year by the brewer; the brewer shall apportion the 60,000 barrels among the breweries in the manner described in the notice as provided by §25.167(b)(3).

(d) *Controlled groups of brewers.* Members of a controlled group of brewers shall include the combined production of beer by all member brewers when determining eligibility under the 2,000,000 limitation. The reduced rate of tax applies to the first 60,000 barrels of beer removed for consumption or sale in a calendar year by the controlled group of brewers; the controlled group of brewers shall apportion the 60,000 barrels among member brewers in the manner described in each brewer's notice as provided by §25.167(b)(3).

(Sec. 201, Pub. L. 85-859, 72 Stat. 1333, as amended (26 U.S.C. 5052))

[T.D. ATD-224, 51 FR 7673, Mar. 5, 1986, as amended by T.D. ATF-307, 55 FR 52738, Dec. 21, 1990; T.D. ATF-345, 58 FR 40357, July 28, 1993]

§25.153 Persons liable for tax.

The tax imposed by law on beer (including beer purchased or procured by one brewer from another) shall be paid

[Code of Federal Regulations]
[Title 27, Volume 1, Parts 1 to 199]
[Revised as of April 1, 2000]
From the U.S. Government Printing Office via GPO Access
[CITE: **27CFR25.167**]

TITLE 27--ALCOHOL, TOBACCO PRODUCTS AND FIREARMS

CHAPTER I--BUREAU OF ALCOHOL, TOBACCO AND FIREARMS, DEPARTMENT OF THE TREASURY

PART 25--BEER--Table of Contents

Subpart K--Tax on Beer

Sec. 25.**167** Notice of brewer to pay reduced rate of tax.

(a) Requirement to file notice. Every brewer who desires to pay the reduced rate of tax on beer authorized by 26 U.S.C. 5051(a)(2) by tax return, Form 5000.24, shall prepare a notice containing the information required by paragraph (b) of this section. The brewer shall file this notice with the regional director (compliance) for the first return period (or prepayment return) during which the brewer pays tax on beer at the reduced rate. The brewer shall file the notice each year in which payment of the reduced rate of tax on beer is made by return.

(b) Information to be furnished. Each notice described in paragraph (a) of this section will contain the following information:

(1) A statement that the brewer will not or is not likely to produce more than 2,000,000 barrels of beer in the calendar year for which the notice is filed.

(2) A statement that the brewer is not a member of a controlled group of brewers, or if the brewer is a member of a controlled group of brewers, a statement that the controlled group will not or is not likely to produce more than 2,000,000 barrels of beer in the calendar year for which the notice is filed.

(3) If the brewer operates more than one brewery, a statement of the locations of all the breweries and a statement of how the 60,000 barrel limitation for the reduced rate of tax will be apportioned among the breweries. If the brewer is a member of a controlled group of brewers, a statement of the names and locations of all other brewers in the group and a statement of how the 60,000 barrels limitation will be apportioned among the brewers in the group.

(c) Perjury statement. Each notice described in this section will be executed by the brewer under penalties of perjury as defined in Sec. 25.11.

(Act of Aug. 16, 1954, 68A Stat. 749, as amended (26 U.S.C. 6065); sec. 201, Pub. L. 85-859, 72 Stat. 1390, as amended, 1395, as amended (26 U.S.C. 5415, 5555))

-CITE-

26 USC Sec. ***5051*** 01/23/00

-EXPCITE-

TITLE 26 - INTERNAL REVENUE CODE

Subtitle E - Alcohol, Tobacco, and Certain Other Excise Taxes

CHAPTER 51 - DISTILLED SPIRITS, WINES, AND BEER

Subchapter A - Gallonage and Occupational Taxes

PART I - GALLONAGE TAXES

Subpart D - Beer

-HEAD-

Sec. 5051. Imposition and rate of tax

-STATUTE-

(a) Rate of tax

(1) In general

A tax is hereby imposed on all beer brewed or produced, and removed for consumption or sale, within the United States, or imported into the United States. Except as provided in paragraph (2), the rate of such tax shall be $18 for every barrel containing not more than 31 gallons and at a like rate for any other quantity or for fractional parts of a barrel.

(2) Reduced rate for certain domestic production

(A) $7 a barrel rate

In the case of a brewer who produces not more than 2,000,000 barrels of beer during the calendar year, the per barrel rate of the tax imposed by this section shall be $7 on the first 60,000 barrels of beer which are removed in such year for consumption or sale and which have been brewed or produced by such brewer at qualified breweries in the United States.

(B) Controlled groups

In the case of a controlled group, the 2,000,000 barrel

quantity specified in subparagraph (A) shall be applied to the controlled group, and the 60,000 barrel quantity specified in subparagraph (A) shall be apportioned among the brewers who are component members of such group in such manner as the Secretary or his delegate shall by regulations prescribed. For purposes of the preceding sentence, the term ''controlled group'' has the meaning assigned to it by subsection (a) of section 1563, except that for such purposes the phrase ''more than 50 percent'' shall be substituted for the phrase ''at least 80 percent'' in each place it appears in such subsection. Under regulations prescribed by the Secretary or his delegate, principles similar to the principles of the preceding two sentences shall be applied to a group of brewers under common control where one or more of the brewers is not a corporation.

(C) Regulations

The Secretary may prescribe such regulations as may be necessary to prevent the reduced rates provided in this paragraph from benefiting any person who produces more than 2,000,000 barrels of beer during a calendar year.

(3) Tolerances

Where the Secretary or his delegate finds that the revenue will not be endangered thereby, he may by regulations prescribe tolerances for barrels and fractional parts of barrels, and, if such tolerances are prescribed, no assessment shall be made and no tax shall be collected for any excess in any case where the contents of a barrel or a fractional part of a barrel are within the limit of the applicable tolerance prescribed.

(b) Assessment on materials used in production in case of fraud

Nothing contained in this subpart or subchapter G shall be construed to authorize an assessment on the quantity of materials used in producing or purchased for the purpose of producing beer, nor shall the quantity of materials so used or purchased be

evidence, for the purpose of taxation, of the quantity of beer produced; but the tax on all beer shall be paid as provided in section 5054, and not otherwise; except that this subsection shall not apply to cases of fraud, and nothing in this subsection shall have the effect to change the rules of law respecting evidence in any prosecution or suit.

(c) Illegally produced beer

The production of any beer at any place in the United States shall be subject to tax at the rate prescribed in subsection (a) and such tax shall be due and payable as provided in section 5054(a)(3) unless -

(1) such beer is produced in a brewery qualified under the provisions of subchapter G, or

(2) such production is exempt from tax under section 5053(e) (relating to beer for personal or family use).

-SOURCE-

(Added Pub. L. 85-859, title II, Sec. 201, Sept. 2, 1958, 72 Stat. 1333; amended Pub. L. 86-75, Sec. 3(a)(6), June 30, 1959, 73 Stat. 157; Pub. L. 86-564, title II, Sec. 202(a)(8), June 30, 1960, 74 Stat. 290; Pub. L. 87-72, Sec. 3(a)(8), June 30, 1961, 75 Stat. 193; Pub. L. 87-508, Sec. 3(a)(7), June 28, 1962, 76 Stat. 114; Pub. L. 88-52, Sec. 3(a)(8), June 29, 1963, 77 Stat. 72; Pub. L. 88-348, Sec. 2(a)(8), June 30, 1964, 78 Stat. 237; Pub. L. 89-44, title V, Sec. 501(d), June 21, 1965, 79 Stat. 150; Pub. L. 94-529, Sec. 1, Oct. 17, 1976, 90 Stat. 2485; Pub. L. 95-458, Sec. 2(b)(2)(A), Oct. 14, 1978, 92 Stat. 1256; Pub. L. 101-508, title XI, Sec. 11201(c), Nov. 5, 1990, 104 Stat. 1388-416.)

-MISC1-

PRIOR PROVISIONS

A prior section 5051, act Aug. 16, 1954, ch. 736, 68A Stat. 611, as amended by acts Mar. 30, 1955, ch. 18, Sec. 3(a)(8), 69 Stat. 14; Mar. 29, 1956, ch. 115, Sec. 3(a)(8), 70 Stat. 66; Mar. 29,

1957, Pub. L. 85-12, Sec. 3(a)(6), 71 Stat. 9; June 30, 1958, Pub. L. 85-475, Sec. 3(a)(6), 72 Stat. 259, consisted of provisions similar to those comprising this section, prior to the general revision of this chapter by Pub. L. 85-859.

AMENDMENTS

1990 - Subsec. (a)(1). Pub. L. 101-508, Sec. 11201(c)(1), substituted ''$18'' for ''$9''.

Subsec. (a)(2)(C). Pub. L. 101-508, Sec. 11201(c)(2), added subpar. (C).

1978 - Subsec. (c). Pub. L. 95-458 added subsec. (c).

1976 - Subsec. (a). Pub. L. 94-529 reduced the excise tax on beer for small brewers to $7 per barrel on the first 60,000 barrels produced in the United States and removed for sale or consumption or sale during the calendar year, the reduced rate to be applicable only to brewers producing no more than 2 million barrels of beer in a calendar year, and inserted provision that if several brewers are members of a controlled group, the 2-million barrel limit is to be applied to the controlled group and the 60,000-barrel limit is to be apportioned among the members of the controlled group in accordance with Treasury Department regulations promulgated by the Secretary or his delegate.

1965 - Subsec. (a). Pub. L. 89-44 struck out sentence providing for the imposition on and after July 1, 1965, of a tax of $8 in lieu of the tax imposed by the section.

1964 - Subsec. (a). Pub. L. 88-348 substituted ''July 1, 1965'' for ''July 1, 1964''.

1963 - Subsec. (a). Pub. L. 88-52 substituted ''July 1, 1964'' for ''July 1, 1963''.

1962 - Subsec. (a). Pub. L. 87-508 substituted ''July 1, 1963'' for ''July 1, 1962''.

1961 - Subsec. (a). Pub. L. 87-72 substituted ''July 1, 1962'' for ''July 1, 1961''.

1960 - Subsec. (a). Pub. L. 86-564 substituted ''July 1, 1961''

for ''July 1, 1960''.

1959 - Subsec. (a). Pub. L. 86-75 substituted ''July 1, 1960'' for ''July 1, 1959''.

EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by Pub. L. 101-508 effective Jan. 1, 1991, see section 11201(d) of Pub. L. 101-508, set out as a note under section 5001 of this title.

EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95-458 effective on first day of first calendar month beginning more than 90 days after Oct. 14, 1978, see section 2(c) of Pub. L. 95-458, set out as a note under section 5042 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Section 2 of Pub. L. 94-529 provided that: ''The amendment made by the first section of this Act (amending this section) shall take effect on the first day of the first calendar year which begins after the date of the enactment of this Act (Oct. 17, 1976).''

EFFECTIVE DATE OF 1965 AMENDMENT

Amendment by Pub. L. 89-44 applicable on and after July 1, 1965, see section 701(d) of Pub. L. 89-44, set out as a note under section 5701 of this title.

EFFECTIVE DATE

Section effective July 1, 1959, see section 210(a)(1) of Pub. L. 85-859, set out as a note under section 5001 of this title.

FLOOR STOCKS TAXES ON DISTILLED SPIRITS, WINE, AND BEER

Imposition of tax on beer, exception for small domestic producers, exception for certain small wholesale or retail dealers, credit against tax, liability for tax and method of payment, controlled groups, other laws applicable, and definitions, see section 11201(e) of Pub. L. 101-508, set out as a note under section 5001 of this title.

-CROSS-

CROSS REFERENCES

Method of collecting tax, see section 5061 of this title.

Penalty and forfeiture for evasion of beer tax, see section 5671 of this title.

-SECREF-

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 5041, 5054, 5061, 5671 of this title.

Search USC, About Database, Download USC, Classification Tables, Codification

WAC 314-20-180 Partial beer tax exemption. (1) The additional beer taxes imposed under RCW 66.24.290 (4)(a) shall not apply to the sale of the first sixty thousand barrels of beer in Washington each fiscal year beginning July 1, 1993, for beer produced in the United States if the producing brewery meets the qualifications of 26 U.S.C. Sec. 5051 (a)(2).

(2) In order to qualify for the exemption provided for in sub-section (1), it shall be the responsibility of the licensed Washington brewer and/or the out-of-state beer certificate of approval holder to provide the board with a copy of a Bureau of Alcohol, Tobacco and Firearms (BATF) acknowledged copy of their filing "Notice of Brewer to Pay Reduced Rate of Tax" for the calendar year as required under 27 C.F.R. Sec. 25.167.

(3) The BATF acknowledged copy of the "Notice of Brewer to Pay Reduced Rate of Tax" must be on file with the board prior to June 1 in order to qualify for the tax exemption beginning on July 1 of each year. If proof of eligibility is not received prior to June 1, the tax exemption will not apply until the first day of the second month following the month notice is received.

[Statutory Authority: RCW 66.08.030. 93-15-023, § 314-20-180, filed 7/12/93, effective 8/12/93.]

22-LS0806\L
Cook
4/9/01

CS FOR HOUSE BILL NO. 225( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES MURKOWSKI, Hudson

A BILL

FOR AN ACT ENTITLED

"An Act relating to municipal and state taxation of alcoholic beverages and increasing the alcoholic beverage state tax rates."

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

*** Section 1.** AS 04.21.010(c) is amended to read:

(c) A municipality may not **levy** [IMPOSE] taxes on alcoholic beverages except a

(1) property tax on alcoholic beverage inventories;

(2) sales tax on alcoholic beverage sales**; a sales tax may be levied on alcoholic beverages even if other sales are not taxed, or, if other sales are taxed, a sales tax on alcoholic beverages may be equal to, higher than, or lower than a sales tax** [IF SALES TAXES ARE] imposed on other sales within the municipality;

(3) [SALES TAX ON ALCOHOLIC BEVERAGE SALES THAT WAS IN EFFECT BEFORE JULY 1, 1985; AND

(4)] sales and use tax on alcoholic beverages if the sale of alcoholic

beverages within the municipality has been prohibited under AS 04.11.491(a)(1), (4), or (5).

*** Sec. 2.** AS 29.45.650(a) is amended to read:

(a) **As** [EXCEPT AS] provided in AS 04.21.010(c) and **except as provided** in (f) and (h) of this section, a borough may levy and collect a sales tax on sales, rents, and on services provided in the borough. The sales tax may apply to any or all of these sources. Exemptions may be granted by ordinance.

*** Sec. 3.** AS 43.60.010(a) is amended to read:

(a) Every brewer, distiller, bottler, jobber, retailer, wholesaler, or manufacturer who sells alcoholic beverages in the state or who consigns shipments of alcoholic beverages into the state, whether or not the alcoholic beverages are brewed, distilled, bottled, or manufactured in the state, shall pay on all malt beverages (alcoholic content of one percent or more by volume), wines, and hard or distilled alcoholic beverages, the following taxes:

(1) malt beverages at the rate of **$1.42** [35 CENTS] a gallon or fraction of a gallon;

(2) wine or other beverages of 21 percent alcohol by volume or less, at the rate of **$3.41** [85 CENTS] a gallon or fraction of a gallon; and

(3) other beverages having a content of more than 21 percent alcohol by volume at the rate of **$18.40** [$5.60] a gallon.

ALASKA'S ALCOHOL INDEX

Year 2000

Enough alcohol was sold in Alaska in FY99 to add up to 516 drinks for every man, woman and child. That's based on an Alaska population of 627,000 and 323,689,076 drinks of beer, wine or spirits.
State of Alaska, Departments of Labor and Revenue.

Approximately 30% of Alaskan adults don't drink.

The negative consequences of alcohol abuse generate costs to the U.S. taxpayer at about 77 cents a drink. In Alaska, that meant at least $249 million in FY99.
NIAAA - "The Economic Cost of Alcohol and Drug Abuse In the U.S."
A national study just released by the Center for Addictions and Substance Abuse at Columbia University ups the number substantially. In a state by state analysis, it calculated Alaska's cost of substance abuse at $374 million in FY98. This included the negative consequences of tobacco as well as alcohol and other drugs.

The current Alaska excise tax on alcohol has not been changed 1983, even for inflation. Alaskans who drink pay a little over three cents tax on a beer or a glass of wine, and a little over four cents on a shot of hard liquor. This raised about $12 million in state revenue in FY99.
State of Alaska, Department of Revenue

You can do the math: $249 million - $12 million = a gap of $$237 million.

Alaska ranks first among all states in alcohol mortality.
How Does Alaska Stack Up?

Alaska's arrest rate for driving under the influence (DUI) and Alaska's rate of alcohol-related vehicle fatalities are among the highest in the nation.
How Does Alaska Stack Up?

Substance Abuse among elders is a much bigger problem than most people realize. Up to 17% of the older population abuse alcohol, prescription and non-prescription drugs. Fifteen to 25 percent of people over 65 have significant symptoms of mental illness. Depression is often part of the problem. Alcohol is a depressant that makes matters worse.
NCOA/SAMHSA

As many as *half* of people with serious mental illnesses develop alcohol or other drug problems at some point in their lives.
Mental Health: A Report of the Surgeon General

In many Alaskan communities beer is cheaper than milk, fruit juice or brand name soft drinks.

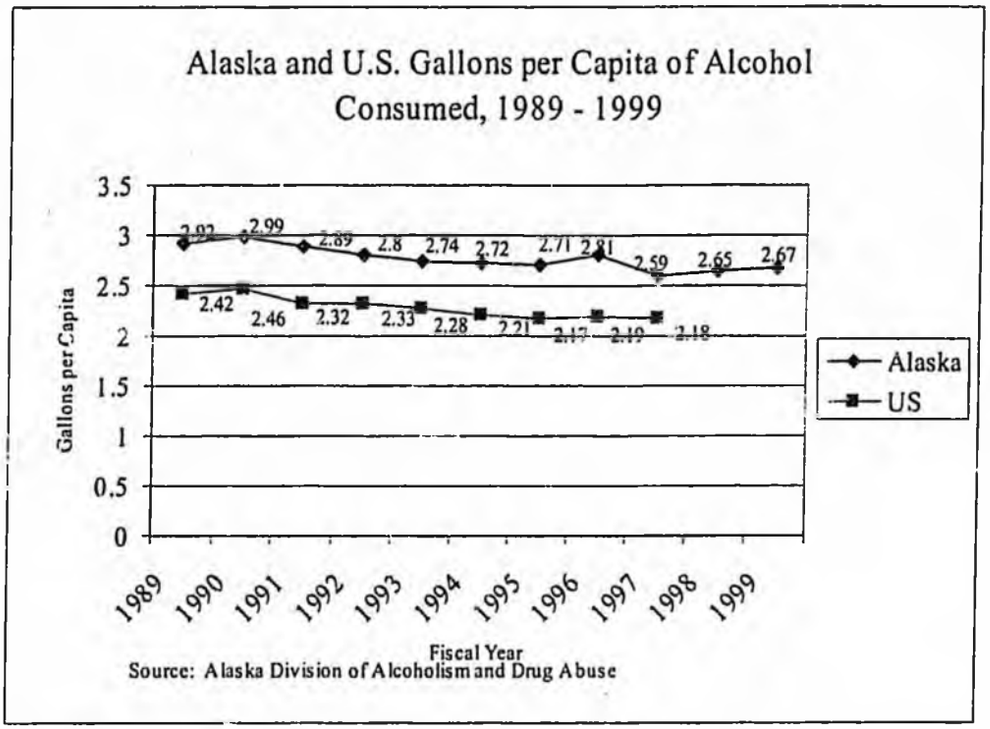
Nearly 60,000 Alaskans misuse, abuse or are addicted to alcohol. About 14,000 seek alcohol prevention or treatment services in programs that receive state funds.
State of Alaska, Division of Alcoholism and Drug Abuse

The prevalence of alcohol dependence and alcohol abuse in Alaska is just about twice the national average. About 7% nationally, and nearly 14% for Alaska.
Gallup Corporation Telephone Survey for the State of Alaska Division of Alcoholism and Drug Abuse

Alaska has the highest incidence of Fetal Alcohol Syndrome (FAS) in the world. FAS is totally preventable. Lifetime costs for an FAS birth are at least $1.4 million.
State of Alaska, Department of Health and Social Services

■

Where It All Begins: Per Capita Consumption



What We Know About Alaskan Drinking Patterns

Alaskan drinking patterns have some regional differences that were identified in the Alaska Adult Household Telephone Survey conducted by the Gallup Organization for the State Division of Alcoholism and Drug Abuse in 1999. When alcohol dependence is examined, the survey revealed that 9.7% of Alaskans age 18 and over meet that criteria. This is more than double the national number, 4.38%.

If you divide Alaska into four regions the percentage of persons who are alcohol dependent looks like this:

Southeast:	10.5%
Bush:	11.9%
Gulf Coast:	8.5%
Urban	9.5%

From this survey, we also know that 4.1% of Alaskans statewide abuse alcohol, and are at risk for dependence. The study shows that more than 58,000 Alaskans are either courting or experiencing the negative consequences that inevitably accompany alcohol abuse and dependence. ■

What About Alaska's Visitors?

There is no current definitive analysis of how much of Alaska's alcohol consumption is related to the 1.4 million visitors to the state in 1999. It is reasonable to estimate that the visitors reflect U.S. adult drinking patterns. A preliminary analysis indicates that perhaps 10% of Alaska's alcohol consumption is related to the visitor industry. At the core of this analysis is an average visit length of 11.5 days. The Advisory Board will continue to seek additional information, but we know that the great majority of the negative consequences are home-grown, not visitor-related. ■

What's the Price Tag for Alcohol's Negative Consequences?

We can be a little more precise than the late Senator Dirksen's famous quip, but the Advisory Board and many policy makers share a common frustration when it comes to putting a price tag on alcohol's negative consequences to Alaskans and their communities. The Advisory Board has learned that a comprehensive study to determine the full extent of costs is far outside the Board's budget. A small grant from the Alaska Mental Health Trust Authority will help frame the updating of two previous Alaska studies. One was completed in 1975 and the most recent one, "The Impact of Alcohol and Other Drug Abuse in Alaska," was completed in 1989.

> **"A few hundred million here, a few hundred million there. Pretty soon it starts to sound like real money."**
>
> *attributed to*
> *Senator Everet M. Dirksen, (R) IL*
> *1896-1969*

It is the Board's hope that policy makers across departments and divisions will collaborate to provide the data necessary to give all Alaskans a clear and comprehensive picture of what alcohol's negative consequences cost families, communities and the state.

Without our own Alaskan data collection and rigorous analysis, we are left estimating Alaska's costs based on national studies. The national costs of substance abuse are reviewed in studies released as recently as last month. The picture is not pretty, and we can conclude that Alaska's economic impacts are higher than the national average because Alaska's alcohol consumption is significantly higher than the national average. Because we don't have current data, we have opted for a conservative estimate based on national data: $250 million a year in public sector costs. In the meantime, the National Institutes of Health continue to develop a research agenda that encourages work on the effects of beverage prices, alcohol taxation and local regulation. Their last comprehensive study, 'The Economic Costs of Alcohol and Drug Abuse in the United States - 1992," estimated an economic cost to the country of $246 billion.

Here are some things all policymakers should know:

How does the cost of treatment for a woman of childbearing age compare with the lifetime expense of a Fetal Alcohol Syndrome birth (estimated at $1.4 million).

How does the cost of a public inebriate's frequent need for protective custody (estimated at $1,000 an incident) compare with long term care?

How does the cost of active prevention programs to discourage underage drinking compare with a year of confinement and treatment at a youth detention center? It costs at least $60,000/year to operate one detention center bed, and average length of stay can exceed one year.

How does the cost of recidivism for alcohol related crimes compare with intensive outpatient and continuing care costs to sustain good treatment outcomes?

If you think such an effort would help all Alaskans make good decisions about local and state policies and funding, we'd like to hear from you. An array of ways of contact us appear on the inside cover.

Closing the Gap Between Tax Revenue and the Costs of Negative Consequences

VARIOUS TAX INCREASE SCENARIOS

Basis for calculations	Beer	Wine	Spirits	All
Gallons sold in Alaska in FY99	13,979,490	1,380,535	1,087,720	
Alaska tax per gallon since 1983	$ 0.35	$ 0.85	$ 5.60	
Standard drink amount	12 ounces	5 ounces	1 ounce	
Drinks per gallon	10.667	25.6	128	
Current Alaska tax per drink	$ 0.0328	$ 0.0332	$ 0.0438	
FY99 drinks in this category	149,119,220	35,341,696	139,228,160	323,689,076
Actual FY99 Revenue	$ 4,892,770	$ 1,173,088	$ 6,091,190	$ 12,157,048
Calculations of various increases	Beer	Wine	Spirits	All
	Revenue	Revenue	Revenue	Revenue
Revenue @ 5 cent increase	$ 12,347,071	$ 2,940,429	$ 13,059,601	$ 28,347,101
Revenue @ 10 cent increase	$ 19,803,032	$ 4,707,514	$ 20,021,009	$ 44,531,555
Revenue @ 15 cent increase	$ 27,258,993	$ 6,474,599	$ 26,982,417	$ 60,716,009
Revenue @ 20 cent increase	$ 34,714,954	$ 8,241,684	$ 33,943,825	$ 76,900,463

Data source: Alaska Department of Revenue
Data calculations: Advisory Board on Alcoholism and Drug Abuse

Note: Revenue projections do not reflect the probable decrease in consumption based on price sensitivity.

A History of Alcohol Tax in Alaska

	Liquor per gallon	Wine per gallon	Beer per gallon
1933		$0.05	$0.05
1937	$0.50	$0.15	$0.05
1941	$1.00	$0.15	$0.05
1945	$1.60	$0.15	$0.05
1946	$2.00	$0.15	$0.05
1947	$3.00	$0.25	$0.10
1957	$3.50	$0.50	$0.25
1961	$4.00	$0.60	$0.25
1983	$5.60	$0.85	$0.35
2001	?	?	?

Source: Alaska Department of Revenue

What's the Effect of Inflation?

In 1983, a dollar was a dollar when you filled your marketbasket in Anchorage. Today, you're paying $1.48 for the same marketbasket in Anchorage. But when people purchase alcoholic beverages, they're getting a bargain. The tax is still at the 1983 level.

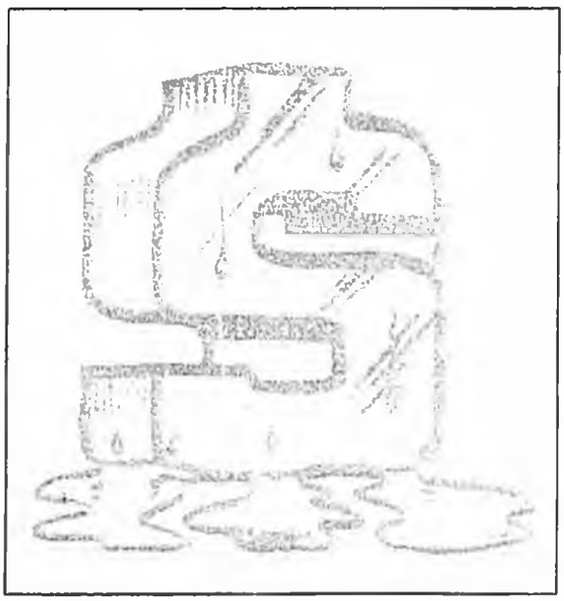
A sound tax increase strategy could occur in 3 steps: 1) correct for inflation, 2) set the increase at a level that will make a significant reduction in the gap between current revenue and the cost of negative consequences to the taxpayer. 3) Index the increase to the Anchorage CPI.

The table on page 19 shows in detail where a potential $40 million increase in revenues to the general fund was lost because the alcohol excise tax was not indexed to the Consumer Price Index.

Alcoholic Beverages Tax Revenue with and without CPI Adjustment

FY	Revenue	CPI	Revenue with CPI	Difference
1984	$ 14,042,369		$ 14,042,369	$ -
1985	$ 13,808,198	2.40%	$ 14,139,594	$ 331,396
1986	$ 13,161,742	1.90%	$ 13,733,699	$ 571,957
1987	$ 12,623,044	0.40%	$ 13,224,278	$ 601,234
1988	$ 11,862,337	0.40%	$ 12,477,047	$ 614,710
1989	$ 11,609,067	2.90%	$ 12,564,761	$ 955,694
1990	$ 12,439,104	6.20%	$ 14,297,845	$ 1,858,741
1991	$ 12,133,800	4.60%	$ 14,588,478	$ 2,454,678
1992	$ 12,088,139	3.40%	$ 15,027,721	$ 2,939,582
1993	$ 11,897,280	3.10%	$ 15,248,953	$ 3,351,673
1994	$ 11,995,612	2.10%	$ 15,645,517	$ 3,649,905
1995	$ 11,967,193	2.90%	$ 16,114,831	$ 4,147,638
1996	$ 11,986,770	2.70%	$ 16,577,006	$ 4,590,236
1997	$ 11,551,755	1.50%	$ 16,215,036	$ 4,663,281
1998	$ 11,749,709	1.50%	$ 16,740,295	$ 4,990,586
1999	$ 12,157,508	1.00%	$ 17,494,516	$ 5,337,008
	$ 197,033,627		$ 238,131,946	$ 41,098,319

Note: The current tax rate went into effect on July 8, 1983 (FY84). Data for FY90-FY99 is from Department of Revenue annual reports. Prior data is from computer files. CPI data is from the Bureau of Labor Statistics, Anchorage, Alaska CPI-U. Annual revenue amounts might differ from those calculated from gallons because of penalties, interest adjustments or timing issues. The table assumes that the tax rates on alcoholic beverages increased with the CPI index after the change in tax rates in FY84. No adjustment was made for change in consumption as a result of higher prices. No adjustment was made for timing differences between fiscal data in gallons and CPI calendar years.



A Common Sense Approach to Maintaining Service Levels

A case may be made for "lost revenue" because the alcohol excise tax was not tied to the Consumer Price Index when it went into effect in 1983. If the purpose of the tax was to pay for government services, then the buying power of that tax has gradually "melted down" over the past 17 years. While an increase in tax revenue cannot be specifically dedicated to addressing the negative consequences of substance abuse, policymakers must be mindful of the current high cost of doing nothing, and the opportunity a tax increase represents to address unmet needs.

Will you help stop some of Alaska's financial meltdown?

Let your legislator know you support an increase in the excise tax on alcoholic beverages.

WHY IS THIS SO IMPORTANT?

No change in tax since 1983.

The economic COSTS to Alaskans are more than 20 times higher than the $12 million/year in revenue now collected.

Even kids can do the math: $250 million - $12 million = $238 million.

While Alaska's Consumer Price Index went up, the excise tax on alcohol stayed the same. Result: a meltdown in buying power for the state's General Fund.

Turn the page to see what a difference a few cents per drink can make.

HINT: More than 324 MILLION drinks were sold in Alaska last year.

Simple ways to make your views known:

1. **Send a Public Opinion Message (POM).**
2. **Send a fax.**
3. **Call your legislator.**
4. **Talk to legislative staff.**
5. **Send a letter.**
6. **Send an e.mail.**
7. **Show up in person!**
8. **Better, yet, bring a friend.**

Wonder what to say? It's simple!

IT'S TIME TO RAISE THE TAX ON ALCOHOLIC BEVERAGES.

Need Addresses?

http://www.legis.state.ak.us

Call your local Legislative Information Office (LIO)

Call 1-888-464-8920

Closing the Gap Between Alcohol Tax Revenue and the Costs of Negative Consequences:

A few cents a drink on nearly 1/3 of a BILLION drinks.

Basis for calculations	Beer	Wine	Spirits	All
Gallons sold in Alaska in FY99	13,979,490	1,380,535	1,087,720	
Alaska tax per gallon since 1983	$ 0.35	$ 0.85	$ 5.60	
Standard drink amount	12 ounces	5 ounces	1 ounce	
Drinks per gallon	10.667	25.6	128	
Current Alaska tax per drink	$ 0.0328	$ 0.0332	$ 0.0438	
FY99 drinks in this category	149,119,220	35,341,696	139,228,160	323,689,076
Actual FY99 Revenue	$ 4,892,770	$ 1,173,088	$ 6,091,190	$ 12,157,048
Calculations of various increases	Beer	Wine	Spirits	All
(in millions based on FY99 sales)	Tax Revenue	Tax Revenue	Tax Revenue	Tax Revenue
Revenue @ 5 cent increase a drink	$ 12,347,071	$ 2,940,429	$ 13,059,601	$ 28,347,101
Revenue @ 10 cent increase a drink	$ 19,803,032	$ 4,707,514	$ 20,021,009	$ 44,531,555
Revenue @ 15 cent increase a drink	$ 27,258,993	$ 6,474,599	$ 26,982,417	$ 60,716,009
Revenue @ 20 cent increase a drink	$ 34,714,954	$ 8,241,684	$ 33,943,825	$ 76,900,463

Sources: Alaska Department of Revenue and Advisory Board on Alcoholism and Drug Abuse
Note: Revenue projections do not refelct the probable decrease in consumption based on price increase.

Alcoholic Beverages Tax Revenue - with and without Consumer Price Index adjustment

FY	Revenue	CPI	Revenue with CPI	Difference
1984	$ 14,042,369		$ 14,042,369	$ -
1985	$ 13,808,198	2.40%	$ 14,139,594	$ 331,396
1986	$ 13,161,742	1.90%	$ 13,733,699	$ 571,957
1987	$ 12,623,044	0.40%	$ 13,224,278	$ 601,234
1988	$ 11,862,337	0.40%	$ 12,477,047	$ 614,710
1989	$ 11,609,067	2.90%	$ 12,564,761	$ 955,694
1990	$ 12,439,104	6.20%	$ 14,297,845	$ 1,858,741
1991	$ 12,133,800	4.60%	$ 14,588,478	$ 2,454,678
1992	$ 12,088,139	3.40%	$ 15,027,721	$ 2,939,582
1993	$ 11,897,280	3.10%	$ 15,248,953	$ 3,351,673
1994	$ 11,995,612	2.10%	$ 15,645,517	$ 3,649,905
1995	$ 11,967,193	2.90%	$ 16,114,831	$ 4,147,638
1996	$ 11,986,770	2.70%	$ 16,577,006	$ 4,590,236
1997	$ 11,551,755	1.50%	$ 16,215,036	$ 4,663,281
1998	$ 11,749,709	1.50%	$ 16,740,295	$ 4,990,586
1999	$ 12,157,508	1.00%	$ 17,494,516	$ 5,337,008
	$ 197,033,627		$ 238,131,946	$ 41,098,319

Sources: Alaska Department of Revenue and Advisory Board on Alcoholism and Drug Abuse
Note: Revenue projections do not refelct the probable decrease in consumption based on price increase.

Note: The current tax rate went into effect on July 8, 1983 (FY84). Data for FY90-FY99 is from Department of Revenue annual reports. Prior data is from computer files. CPI data is from the Bureau of Labor Statistics, Anchorage, Alaska CPI-U. Annual revenue amounts might differ from those calculated from gallons because of penalties, interest adjustments or timing issues. The table assumes that the tax rates on alcoholic beverages increased with the CPI index after the change in tax rates in FY84. No adjustment was made for change in consumption as a result of higher prices. No adjustment was made for timing differences between fiscal data in gallons and CPI calendar years.

Analysis of Alcohol Tax Increases

Basis for calculations	Beer	Wine	Spirits	All
Gallons sold in Alaska in FY99	13,979,490	1,380,535	1,087,720	
Alaska tax per gallon since 1983	$ 0.35	$ 0.85	$ 5.60	
Standard drink amount	12 ounces	5 ounces	1 ounce	
Drinks per gallon	10.667	25.6	128	
Current Alaska tax per drink	$ 0.0328	$ 0.0332	$ 0.0438	
FY99 drinks in this category	149,119,220	35,341,696	139,228,160	323,689,076
Actual FY99 Revenue	$ 4,892,770	$ 1,173,088	$ 6,091,190	$ 12,157,048
Calculations of various increases	Beer	Wine	Spirits	All
Add to current tax level	Revenue	Revenue	Revenue	Revenue
Revenue @ 5 cent increase	$ 12,347,071	$ 2,940,429	$ 13,059,601	$ 28,347,101
Revenue @ 10 cent increase	$ 19,803,032	$ 4,707,514	$ 20,021,009	$ 44,531,555
Revenue @ 15 cent increase	$ 27,258,993	$ 6,474,599	$ 26,982,417	$ 60,716,009
Revenue @ 20 cent increase	$ 34,714,954	$ 8,241,684	$ 33,943,825	$ 76,900,463
Revenue @ 25 cent increase	$ 42,170,915	$ 10,008,768	$ 40,905,233	$ 93,084,916
Data Source: Alaska Department of Revenue				
Data Calculations: Advisory Board on Alcoholism and Drug Abuse				
Using FY99 gallons sold:	Beer	Wine	Spirits	All
Actual FY99 Revenue	$ 4,892,770	$ 1,173,088	$ 6,091,190	$ 12,157,048
Additional revenue tax increase scenarios:				
(before consumption decline related to price increase)	Beer	Wine	Spirits	All
Increase of 5 cents per drink	$ 7,455,961	$ 1,767,085	$ 6,961,408	$ 16,184,454
Increase of 10 cents per drink	$ 14,911,922	$ 3,534,170	$ 13,922,816	$ 32,368,908
Increase of 15 cents per drink	$ 22,367,883	$ 5,301,254	$ 20,884,224	$ 48,553,361
Increase of 20 cents per drink	$ 29,823,844	$ 7,068,339	$ 27,845,632	$ 64.737,815
Increase of 25 cents per drink	$ 37,279,805	$ 8,835,424	$ 34,807,040	$ 80,922,269

INTERNET ADDRESS:
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JUNEAU, AK 99811-0209
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Alaska Commission on Aging

Resolution 2001-01

In support of an increased alcohol excise tax

Whereas alcohol addiction and excessive use is Alaska's number one social and health problem; and

Whereas nearly 14% of Alaskan adults are dependent on or abuse alcohol, in comparison to a national rate of 7%; and

Whereas the U.S. Substance Abuse and Mental Health Services Administration estimates the rate of alcohol abuse and dependency at up to 17% for older adults; and

Whereas in 1999 the costs associated with substance abuse in Alaska totaled at least $245,800,000, the majority of which was borne by non-substance-abusing Alaskans including those who were victims of crime and other alcohol related impacts; and

Whereas these costs were absorbed in increased public safety and criminal justice services, private health and life insurance costs, and medical and property expenses; and

Whereas only $13,500,000 was generated in 1998 by alcohol tax license fees, permit fees and application fees; and

Whereas with a reasonable increase in such fees those who drink can more equitably pay to meet the social costs associated with alcohol dependency and abuse;

Now therefore be it resolved that the Alaska Commission on Aging wholeheartedly supports legislative action to significant increase the excise tax on alcoholic beverages in Alaska.

Adopted this 14th day of February, 2001.

Marjorie Hays,
Chair

22 January 2001

Dear Representative Murkowski,

I will apologize up front for the length of this letter but I know full well that you will be barraged by the alcohol lobby and I wanted to give you all the facts that will help you answer their arguments rationally and intelligently, so this will be more than a 30 second sound bite.

Most people seem to forget that alcohol is a drug. The alcohol people certainly don't market it as a drug but that is what it is (ask any pathologist). Alcohol is a depressant and its consumption affects people's judgment, coordination and memory. When those things are affected, too often innocent people suffer[1]. Drug use can cause birth defects and alcohol is the sole cause of the only fully preventable birth defect, fetal alcohol syndrome.

Alaska ranks near the very top of the nation in alcohol consumption, underage drinking and alcohol abuse. The overwhelming preponderance of evidence shows that the single most effective method to reduce crime, domestic violence[2] child abuse, increase public safety, and reduce the costs of the criminal justice system agencies is to increase the alcohol excise tax. 20 cents per drink is less than most people spend for a one minute cell phone call but that 20 cents per drink could help prevent someone from being killed by a drunk driver, raped, murdered, assaulted or born with fetal alcohol syndrome. If one less child is born without FAS, one less woman is sexually abused or if one less person is killed by a drunk driver; any of those outcomes alone would be worth another 20 cents per drink.

Alcohol abuse presently causes the State of Alaska to incur about $250,000,000 in direct costs (e.g., trooper time dealing with alcohol crimes, the D.A.'s office time spent prosecuting the crimes, court costs, the costs of incarceration, the cost of caring for fetal alcohol syndrome children and the other health and human services costs). Presently alcohol contributes only a little over $12,000,000 to help defray these alcohol abuse costs. By not making alcohol pay for more of the costs alcohol abuse causes Alaska to incur, the State is subsidizing the cost of alcohol (and thereby encouraging its consumption). I think that is wrong because Alaska would be a much better place to live if less alcohol were consumed, rather than more.

Alcohol abuse and what it costs our State in the way of destroyed lives and dollars has been studied to death. The most recent study was published in May 2000. That report, by

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[1] In Sunday's ADN there was an article about a man and his 3-month-old son being shot to death in the small Yukon River village of Koyukuk. Both the man who was shot and the 19 year older shooter were intoxicated.

[2] An analysis of 29,408 reported cases of domestic violence cases in Anchorage between 1989 and 1988 showed that in 48% of the cases alcohol was a factor. The report also found that serious injury was more likely to occur when alcohol was involved.

the Alaska Criminal Justice Assessment Commission ("CJAC"), was co-chaired by Attorney General, Bruce Bothelo, and Arthur Snowden, Retired Director of the Alaska Court System[3]. The CJAC report was published after more than a year of exhaustive study and investigation[4]. In that final report **the CJAC Alcohol Policy Committee's number one recommendation for dealing with Alaska's alcohol abuse problems was to increase the State's excise tax on alcohol by 25 cents per drink.** The reason for this No. 1 ranking was because, overwhelmingly, the evidence shows that **the single most effective method to reduce crime, child abuse, increase public safety, and reduce the costs of the criminal justice system agencies is to increase the alcohol excise tax.**

In 1994 another group of distinguished Alaskans who served in the Criminal Justice Working Group in the Hickel administration summed up their four years of work as follows:

It was the unanimous observation by all the members of the work group that what "drives" the system is alcohol, and that real progress cannot be made in cost reduction--or in the reduction of a wide range of social problems--unless the legislative and executive branches are serious about controlling alcohol.... **The work group unanimously agrees that alcohol is far and away the number one cause of crime in Alaska and that reducing alcohol by even a small amount would reduce crime and the resulting pressure on criminal justice agencies.** The group's strongest recommendation, therefore, is that the executive and legislative branches take meaningful steps to curb the use of alcohol. **The first recommendation of the 1994 group was to increase the state tax on alcohol.** The 1994 group said:

> **The liquor industry has stated in legislative hearings that an increase in tax will decrease use of alcohol. Studies elsewhere have shown this to be true, and that use will decline most in younger people who find it harder to afford. This, the workgroup believes, is the best argument that can be made for raising alcohol taxes.**

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[3] Mr. Snowden would be an excellent person to talk to if you have any doubts about how much court time is spent dealing with alcohol abuse related crimes

[4] Copies of the Final CJAC report is available by calling the Alaska Judicial Council at (907) 279-2526

A 20 cent per drink increase in the state excise tax on alcohol will bring in approximately $66,000,000 in additional revenue to the state. If that money were used to hire more troopers for the Bush maybe no more 3 month old children will have to be shot by drunk neighbors.

The alcohol industry will say that a 20 cent per drink increase is an unjustified 700% increase in the excise tax. The alcohol industry will also say that such an increase will make Alaska's alcohol excise tax way above every other state's excise tax rate. Alaska's tax on alcohol is far from the highest in the nation because, unlike most other states, most of the alcohol sold in Alaska is not subject to a sales tax. It is easy to understand why the alcohol industry does not want to pay any more taxes (because it will cut into their profits) but it is equally hard to justify why is it fair for the majority of Alaskans to continue to pay for the devastating results of alcohol abuse.

The liquor industry is looking only at its bottom line when it opposes a 20 cent per drink increase in the alcohol excise tax. They will also claim that people will lose their jobs if the excise tax is increased by 20 cents per drink but they have absolutely no economic research to back up that claim. In fact, Scott Goldsmith, a UAA economist, came to the opposite conclusion.

While it is true that the excise tax increase will be about 700% such an increase is definitely justified and long overdue. In spite of the fact that polls consistently show voters overwhelmingly approve of user taxes on alcohol, the tax on alcohol has not been increased since 1983. Public support will be even stronger if the Legislature uses the new revenue raised by a 20 cents per drink increase in the excise tax to prevent and/or deal with alcohol abuse in Alaska.

The answer to the 700% increase argument is that yes, it might be a 700% increase in the present tax rate but we are not talking about percentages here we are talking about 20 cents per drink and the impact that will have on Alaska's horrendous alcohol abuse problem. How many 3 months old are we prepared to have shot to death by drunk neighbors? How many 12 and 14 year olds driving with their grandparents need to be killed by drunk drivers before the State finally says, "No more"?

Also, any time you have something that is abysmally low, like the present state excise tax on alcohol, (the present excise tax is only 3.3 cents on 12 ounces of beer; 3.5 cents on a 5 ounce glass of wine; and 4.4 cents on 1 ounce of distilled spirits) and you want to bring it up to a level that is more in line with reason then "statistically" the increase may look huge when, in reality, it is minimal (not too many people are going to say that 20 cents extra will stop them from having a beer or two). Putting some non-statistical perspective on a 20 cent per drink increase will help. 20 cents is 1/10,000th of a $2,000 PFD; most people pay at least 20 cents per minute for their cell phones and that does not stop them from using their cell phone; 20 cents will no longer even pay for a pay phone call, a candy bar, a can of soda or much else. But, because of the huge volume of alcohol consumed in Alaska, this small increase per drink will bring in $66,000,000 in additional revenue.

Regarding the argument that Alaska will rank highest nationally in alcohol excise tax rates; I would consider that a positive statement. Most states in the lower 48 are worried that if they raise their alcohol taxes too high people on the border will drive to another state for their alcohol. That may be true in the lower 48 but it is not a problem in Alaska. Also, most of the alcohol sold in Alaska is not subject to a sales tax (unlike most alcohol sales in other states) so alcohol in Alaska would definitely not overtaxed even with a 20 cent per drink increase in Alaska's excise tax. Finally, who will be impacted the most by another 20 cents per drink? Such an increase will have zero impact on non-drinkers and light or moderate drinkers will be lightly impacted[5]. **The people who will be heavily impacted are the 15-20 % of drinkers who consume 75-80% of the alcohol and young people, who do not have the disposable income.** But these are the people who cause most of the problems so it is eminently reasonable and fair that they should pay most of the tax.

Adding 20 cents per drink to the existing alcohol excise tax will not come close to covering all of the costs the state incurs in dealing with alcohol abuse but it will at least partially offset a greater portion of the hundreds of millions of dollars that the State spends on problems created by alcohol abuse. Also, if the additional money is earmarked to deal with alcohol abuse this money will directly contribute more to the success of support for children and families and the creation of safe, healthy communities than any other effort.

20 cents per drink increase in Alaska's alcohol excise tax will cause less alcohol to be consumed and if less alcohol is consumed there would be less alcohol abuse and the costs to Alaska of dealing with alcohol abuse would also decrease. So with this tax, money would be both generated and saved. A "Two-fer" tax.

Please know that this increase in the alcohol excise tax will save and improve many lives (especially if the legislature uses the increased revenue to help prevent alcohol abuse and its to often tragic consequences).

If you have any questions please, send me an email or give me a call.

Thank you.

Cordially,
James A. Crary
2720 Kempton Hills Drive
345-4008email
craryja@gci.net

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[5] A "moderate drinker" is defined by the medical profession as a woman who drinks no more than one drink a day or a man who drinks no more than two drinks per day.

Other Alcohol Excise Tax Facts

1. Research consistently shows that increasing the alcohol excise tax will save lives and avert alcohol related suffering because less alcohol will be purchased and consumed (which is exactly why the alcohol industry does not want an increase in the excise tax). Less alcohol abuse will mean that the State will be able to spend less to deal with alcohol abuse caused problems.
2. An increase in the State alcohol excise tax would start bringing additional revenue into State coffers immediately and would not require any additional state employees to collect because the tax is already being collected. If a statewide income tax or sales tax were instituted it would take a long time to start receiving any revenue and a whole new State bureaucracy would be required to collect it.
3. While many worthwhile state and local programs are being cut the State is subsidizing the cost of alcohol to the tune of several hundred million dollars.
4. Both the Lutheran Church at it's statewide convention in June 2000 and the AFN at its 1999 convention endorsed the alcohol excise tax increase

STATEWIDE ALCOHOL TAX RESOLUTION ADOPTED BY ALASKA ORGANIZATIONS

WHEREAS, alcohol is Alaska's number one social and health problem;

WHEREAS, nearly 14% of adult Alaskans are dependent on or abuse alcohol, compared to a national rate of about 7%;

WHEREAS, Alaska has the 5th highest rate of alcohol-related problems, but ranks 32nd for treatment services provided per capita;

WHEREAS, research shows that children who start drinking before age 15 are four times more likely to develop alcohol dependency than those who wait until the legal drinking age of 21;

WHEREAS, in Alaska, alcohol is implicated in 50% of hospital emergency room visits, 65% of suicide attempts, 83% of a child abuse investigations, 60% of domestic violence reports; 63% of sexual assaults; 42% of fatal automobile crashes, 45% of fatal fires and 46% of homicides;

WHEREAS, statewide, alcohol dependence and abuse rates are twice as high among men as among women, and about 50% higher among Alaska Natives and Native Americans as among Non-Natives;

WHEREAS, public comment statewide reveals the serious level of alcohol abuse among older Alaskans and/or as victims of others who abuse alcohol;

WHEREAS, fetal alcohol syndrome and other alcohol-related birth defects are the only 100% preventable birth defects;

WHEREAS, a 1998 survey of Alaska households revealed that 40% of Alaskans who wanted alcohol treatment but had not received it in the previous year were women of childbearing age;

WHEREAS, a 1998 study of recently arrested inmates in four Alaska jails found that 60% met the criteria for a diagnosis of substance abuse or dependence;

WHEREAS, as many as *60%* of people with serious mental illnesses develop alcohol or other drug abuse problems at some point in their lives;

WHEREAS, the 1999 cost to Alaskans associated with substance abuse is at least $245.8 million, the majority of which is borne by non-alcohol abusing citizens who pay for increased public safety and criminal justice services, increase private health and life insurance costs, medical and property expenses as victims of crime and other alcohol related negative consequences;

WHEREAS, alcoholic beverage taxes combined with alcohol related tax license fees, permit fees and application fees generated only $13.5 million in FY98;

WHEREAS, a twenty-five cent per drink increase in the alcohol excise tax could generate about $90 million, a twenty cent per drink increase could generate about $70 million, and a ten cent a drink increase could generate about $43 million;

WHEREAS, the first among 18 alcohol-related recommendations adopted by the Alaska Criminal Justice Assessment Commission, including the State of Alaska Commissioners of Public Safety, Corrections, and Health and Social Services, and the Attorney General, was to increase the tax on alcohol in order to reduce crime, child abuse and other negative consequences;

WHEREAS, as increase in alcohol taxes has been demonstrated to reduce drinking overall, especially among young people;

WHEREAS, Alaskans who do not drink will experience no financial impact from such an excise tax increase;

WHEREAS, Alaskans who drink moderately will experience limited financial impact from such an excise tax increase;

WHEREAS, Alaskans who drink heavily will more equitably bear the heavy financial impact of alcohol-related costs borne by all Alaskans;

NOW THEREFORE BE IT RESOLVED that _____
(name of organization)
wholeheartedly supports current legislative efforts to increase the excise tax on alcoholic beverages in Alaska.

WHAT IS THE STATEWIDE ALCOHOL TAX COALITION?

The Statewide Alcohol Coalition is comprised of advocates, health professionals, social service providers, criminal justice professionals, child protection workers, and other concerned with the discrepancy between the cost of alcohol-related problems to the state, and revenues realized from the current alcohol tax structure. Our goal is to enlist as many statewide and community organizations as possible in our effort to raise the excise tax on alcohol for the first time since 1983. Everybody pays for the negative consequences of alcohol misuse and abuse. Together, we can make a substantial difference for Alaskan families and communities.

Contact Information:

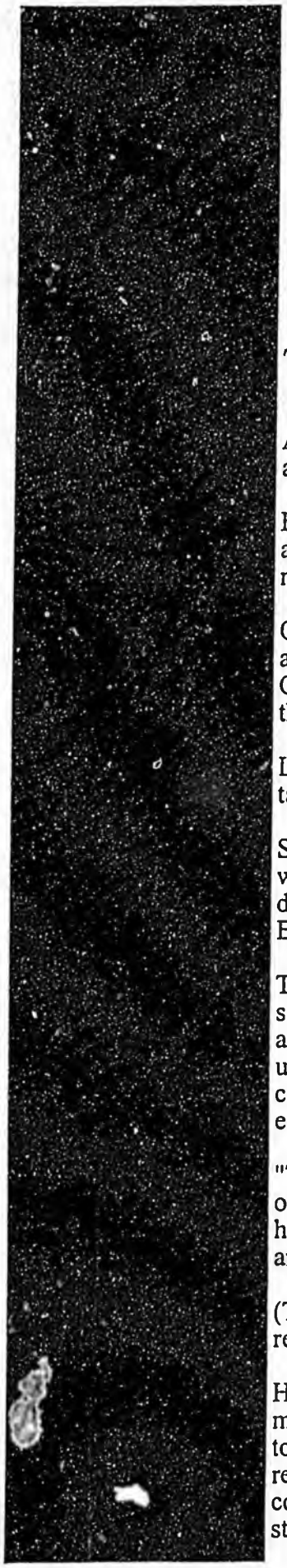
Pam Watts
1-888-464-8920
1-907-465-8920

Orgaizations that Support the Alcohol Tax Increase, as of April 1, 2001

- ARC of Anchorage Board of Directors
- Advisory Board on Alcoholism and Drug Abuse
- Alaska Commission on Aging
- Alaska Federation of Natives
- Alaska Mental Health Board
- Alaska Mental Health Trust
- Alaska Mental Health Association
- Alaska Native Sisterhood
- Alaska Native Brotherhood
- Alaska Nursing Association
- Alaska Psychiatric Institute Medical Staff
- Alaska State Medical Association
- Atmautluak Traditional Council
- American Cancer Society/Alaska
- Avenues/Wrangell Council on Alcoholism
- Boys and Girls Clubs of Alaska
- Bristol Bay Area (BBAHC) Mental Health Center
- Connecting Ties, Inc. of Valdez
- Fairbanks Native Association
- Georgetown Tribal Council
- Governor's Council on Disabilities and Special Education
- League of Women Voters of Alaska
- Lime Village Traditional Council
- MADD - Mothers Against Drunk Driving/Juneau Chapter
- National Council on Alcoholism and Drug Dependence/Juneau Affiliate
- Native Village of Mekoryuk
- Native Village of Upper Kalskag Traditional Council
- Newtok Traditional Council
- Norton Sound Health Corporation
- Organized Village of Kwethluk
- Scammon Bay Traditional Council
- Seaview Community Services of Seward
- Sleetmute Traditional Council
- Southeast Alaska Regional Health Consortium
- Stebbins Community Association
- Substance Abuse Directors Association
- Tanana Chiefs Conference
- Valdez Counseling Center

Some of the National Organizations Supporting Alcohol Tax Increase

American Academy of Family Physicians * American Academy of Pediatrics
American Association of Retired Persons (AARP) * American College of Physicians
American College of Preventive Medicine * American Medical Association
American Nurses Association * American Public Health Association
American Society on Addiction Medicine * Center for Science in the Public Interest
National Council on Alcoholism and Drug Dependence
National Congress of Parents and Teachers (PTA)



Article last updated:
Thursday, April 05, 2001 6:21 AM MST

Taxing drinkers

Alaskans, more than most, are familiar with the terrible costs attached to alcohol consumption.

From explosive incidents of domestic violence to lifelong impairments arising from Fetal Alcohol Syndrome, drinking to excess is at the root of many of Alaska's worst social problems.

One study conservatively pegged the cost to government of alcohol-related expenditures in Alaska at a $250 million annually. Contrast that whopping burden on taxpayers with the paltry $12 million this state collects each year through an excise tax on booze wholesalers.

Lawmakers are considering several proposals to raise the state's alcohol tax.

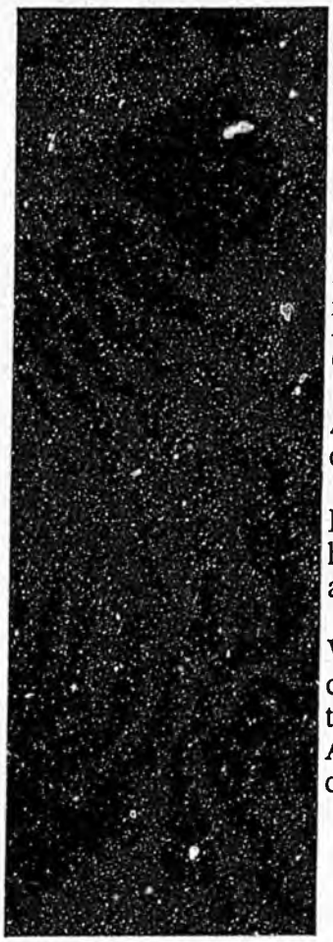
Senate Bill 8, sponsored by Sen. Kim Elton, would boost the state's wholesale alcohol tax to the equivalent of 25-cents per drink. "That doesn't amount to much in a period of time I'm spending $3 for a latte," Elton says.

The Juneau Democrat is no stranger to the issue, having introduced a similar bill in the last Legislature. To those who argue that additional alcohol tax dollars, like other revenues, will simply fuel growth in unrelated government programs, Elton responds that taxes of this nature carry an implied "moral commitment" for use, as intended, in state alcohol enforcement and treatment programs.

"The Legislature can't dedicate a tax, but we've never wavered in our use of ASMI (seafood marketing) assessments, or aquaculture assessments," he said. "Assuming there's a commitment made up front, I don't see why an alcohol tax would be any different."

(This state has freely used Tobacco Settlement dollars and cigarette tax revenues for unrelated programs and projects--but that's another editorial.)

House Bill 225, sponsored by Rep. Lisa Murkowski, calls for a more modest combination of taxes, adding the equivalent of 10-cents per drink to the state's alcohol tax. As presently written, Murkowski's bill would return a portion of a state alcohol sales tax to municipalities, but the legal complexities of that approach have her leaning toward simply raising the state's wholesale alcohol tax.



"There are people who just don't want any taxes. Others recognize that we haven't raised the state's alcohol tax in 18 years," Murkowski said. She believes she has the support of key GOP colleagues in the House Majority to raise fees collected from an industry from about $12 million to $33 million.

As for the state alcohol tax now on the books.

Discussing the issue on a revenue panel Wednesday, former Gov. Jay Hammond observed: "You know if you haven't raised a tax since 1983, in effect, actually that tax has gone down."

Alaska presently collects the equivalent of 3.2 cents per drink on beer, 3.3 cents per drink on wine, and 4.3 cents per drink on hard liquor.

Keep those pennies in mind, if and when, the alcohol sales industry starts howling in opposition to Murkowski's "300 percent" increase in state alcohol taxes.

We'll raise a glass--and that's no joke--to the success of the campaign to collect more reasonable compensation from an industry whose profits, though lawful, often come at terrible cost to society. It's reasonable that Alaskans who choose to imbibe should pay, in the form of costs passed down by retailers, a rising share of alcohol's mounting tab.

Anchorage Daily News 4-6-2001

Alcohol tax

Rep. Murkowski launches an encouraging proposal

The battle to boost the state's alcohol tax, unchanged since 1983, is now engaged. Rep. Lisa Murkowski, R-Anchorage, a member of the House majority, has introduced a bill that would raise the tax 10 cents a drink and give municipalities the option of adding their own 10-cent-a-drink tax.

Rep. Murkowski's entry into the fray improves the odds that a long-overdue increase of some sort will pass this year. State Sen. Kim Elton, D-Juneau, introduced a 25-cent a drink tax early in the session, but he is in the Senate minority, so his bill has gone nowhere. Rep. Murkowski's bill, by contrast, has its first hearing Monday.

Right now, the state spends a quarter-billion dollars to cope with the fallout from alcohol abuse, from treatment programs to police for dealing with alcohol-related crime to medical care for alcohol-related violence and injury. The current state alcohol tax brings in a paltry $12 million – barely 5 percent of the cost alcohol inflicts on the state treasury. To completely eliminate the state subsidy for alcohol, the tax would have to rise 2,000 percent. By contrast, the increases proposed by Rep. Murkowski and Sen. Elton would cover only one-tenth to one-fifth of that amount.

Some in the alcohol industry have signaled they are willing to accept a slight tax increase. The raise would be just large enough to cover the cost of new control measures the Legislature might pass, such as better treatment programs and stiffer DWI enforcement. Such an increase would be a token one, just a couple of cents per drink. It's not enough.

Another faction of the alcohol industry vows to fight any increase to the death. And why not? With today's trivial 4 to 5 cent a drink tax, they make a tidy profit and barely pay anything to cover the costs all Alaskans bear from alcohol abuse.

Increasing the state alcohol tax is not a prohibitionist measure. Many who support the tax are responsible drinkers. They simply realize that being responsible means that alcohol users should pay more of the state's costs for cleaning up after it.

Anchorage

Michael J. Sexton — President and Publisher — Patricl

Founded in 1946
Fuller A. Cowell, Publisher, 1993-1999 — Kathe
Gerald E. Grilly, Publisher, 1984-1993 — Lawre

OUR VIEW

Upping the alcohol tax

Big increase is long overdue to repay costs of abuse

Down in Juneau, it sounds more and more likely that the Legislature will pass some kind of increase in the state alcohol tax. The question seems to be how much. Will it be a token increase accepted by some people in the industry to avoid a bigger one? Or will it be a larger increase intended to cover a bigger share of the state's costs for cleaning up after alcohol abuse?

The 20-cent-a-drink increase proposed by alcohol control advocates is the better way to go. Alcohol abuse costs the state treasury an annual amount between $245 million (Alaska Criminal Justice Commission estimate) and $500 million (National Institutes of Health estimate). The current state alcohol tax produces about $12 million a year. In other words, the state subsidizes alcohol use and abuse by hundreds of millions of dollars.

Forty-six percent of homicides, 42 percent of fatal auto crashes and 45 percent of fatal fires involve alcohol. Of all suicide attempts, 65 percent involve alcohol. Of domestic violence cases, 60 percent involve alcohol. Of sexual assault reports, 63 percent involve alcohol. In more than four of every five child abuse investigations, alcohol is a factor.

With the litany of woes linked to alcohol, it's no wonder the subsidy is astronomical. Alcohol is implicated in one of every nine deaths here — twice the national average. Alaska's rate of fetal alcohol syndrome, which sentences children to a life of mental and physical impairment, is four times the national

Forty-six percent of homicides, 42 percent of fatal auto crashes and 45 percent of fatal fires involve alcohol. Of all suicide attempts, 65 percent involve alcohol. Of domestic violence cases, 60 percent involve alcohol. Of sexual assault reports, 63 percent involve alcohol. In more than four of every five child abuse investigations, alcohol is a factor.

The current state alcohol tax is barely a hiccup. For a beer, it's a tad more than 3 cents a drink. For a 6-ounce glass of wine, it's 4 cents. For hard liquor, the tax on a 1.5-ounce shot is not even 7 cents. This tax has not changed since 1983. (Conveniently for the industry, the tax is not a percentage of the sale price; it is a flat rate per ounce of product.)

Even with a 20-cent-a-drink increase, the tax would fall far short of historic levels. If the alcohol tax had kept pace with inflation since 1961, the average tax per drink in Alaska would be 47 cents.

The Legislature is considering several costly new alcohol control measures. Lowering the drunken driving limit to the 0.080 percent blood alcohol level, tougher penalties for repeat offenders, and more alcohol treatment all will boost the costs of the state's alcohol control efforts. The 20-cent-a-drink tax could fund those new initiatives — and repay a bigger share of the costs alcohol now imposes on the state.

ALASKAN BREWING CO.

5429 Shaune Dr., Juneau, AK 99801-9540 • Ph: 907.780.5866 • Fx: 907.780.4514 • Web: alaskanbeer.com • Email: info@alaskanbeer.com

FACSIMILE MESSAGE COVER SHEET

Date: 4/6/01

To: House Labor & Commerce Committee Office
Alaska State House
*******Please distribute to All House Labor & Commerce Committee Members

Fax: (907)465-2293

Following are (1) Pages including this cover sheet.

Re: **HOUSE BILL 225**

Remarks:

Alaskan Brewing Company opposes the alcohol taxation increase proposed in HB225. Alaska's alcohol excise tax rate is currently higher than any state in which we distribute our product. For example, Oregon's tax rate is currently $.08 per gallon, and Alaska's is $.35 per gallon. **This tax increase will significantly penalize all beer drinkers of fine malt beverages in Alaska without deterring drunk driving.**

From: Marcy Larson
Alaskan Brewing Co.
5429 Shaune Drive
Juneau, AK 99801-9540
Ph: (907) 780-5866
Fax: (907) 780-4514

MOA/DHHS COMMUNITY HEALTH PROMOTION
JOAN DIAMOND, BSN CHES, INJURY PREVENTION SPECIALIST

Alcohol & Anchorage

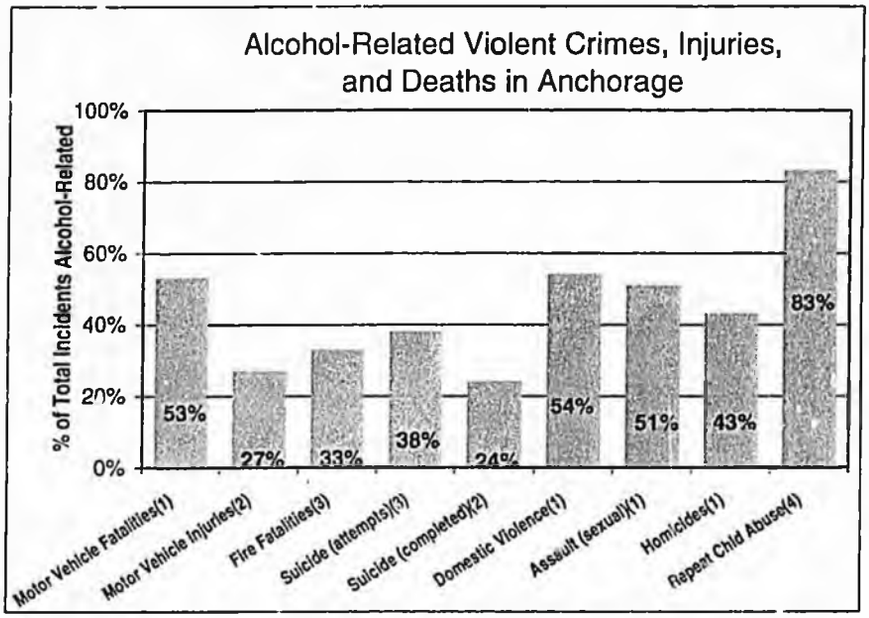
Community Problems Related to Alcohol

Why Should We Care about Alcohol?

The second hand effects of alcohol

The second hand effects of alcohol threaten public safety & environment.

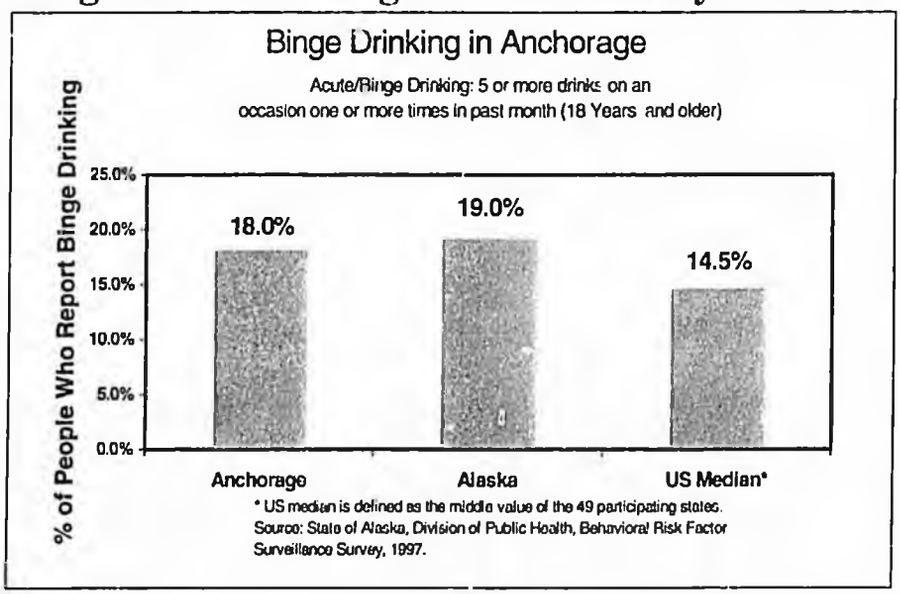
Alcohol is a common thread in the most serious problems facing Anchorage residents, including violence at home, injuries at work and injuries outdoors. Public funds from property taxes pay for government services, about 1/3 of it responding to alcohol-related emergency needs for fire, police, health and law. As city budgets are squeezed, funds for popular programs like libraries, recreation centers, pools, snowplowing, ski trails and classroom size are sacrificed to assure resources for alcohol related public protections.



(1)-*Anchorage Police Dept. Report, Crime Analysis*, 1999; (2)-*SOA, DPH, Alaska Trauma Registry*, 1994-1998; (3)-*Alaska Fire Marshall Office*, 1999; (4)-*SOA, DFYS, Special audit of repeat child abuse cases*, 1997

High Risk Drinking and Community Problems

Shrinking the pool of high risk drinkers improves public safety.

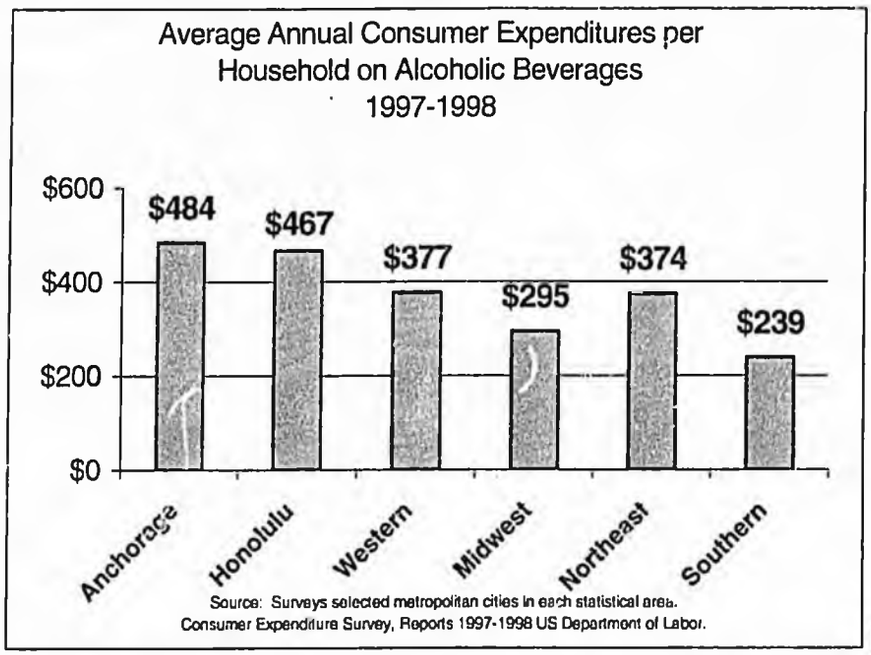


We must shrink the pool of high risk drinkers. High risk binge drinking is part of a larger picture. Serious injuries from car crashes and family violence are associated with binge drinking. (1) Bingeing is when someone consumes 5 or more drinks on 1 occasion. (2) In an Anchorage, 10 year study of domestic violence, alcohol was identified in 48% of the cases and the injuries were severe when alcohol was a factor. (3)

Household consumption influences underage drinking

Anchorage residents consume more alcohol than the US average in terms of per household expenditure. About 1/2 of all Americans report that one or more of their close relatives have a drinking problem. (4) Alcohol dependence is hereditary and associated with early onset, <15 yrs., of drinking. The earlier a person begins drinking, the more likely they are to be injured while under the influence. (5) According to the Youth Risk Behavior Survey (YRBS), 1995, 51% of high school youth self-report as current users of alcohol and 1/3 are drinking to get drunk. The Alaska Department of Motor Vehicles (DMV) assessment of minor drivers, (April-July, 2000) reported an average blood alcohol content (BAC) of .157 percent, representing 1.5 times the adult legal limit to drink and drive, (.10 BAC). Alaska law requires zero-tolerance (.00 alcohol) for minor drivers yet Alaskan teens are 4 times more likely to cause fatal crashes when driving under the influence. When minor consuming goes unchecked, it often becomes drinking and driving as an adult. (DMV, 2000)

Repeat juvenile drinking violations precede adult criminal behavior.



Price influences community problems

*First half of 1997. Sources: CRS Report for Congress, 1989. Ripy, Thomas B., *Federal Excise Taxes on Alcoholic Beverages: A Summary of Present Law & a Brief History*. AK. Dept. of Revenue, Income & Excise Audit Div., *Income and Excise Audit FY 96 Annual Report*. US Bureau of A.T.F, Revenue Operations Branch, 1998.

Alcohol does not pay its fair share of the cost for alcohol related problems.

The real price of alcohol in Alaska has eroded 50-74% since 1968. (6) The legislature has not increased the excise tax in 18 years and the tax has never been adjusted for inflation. Alaskans who drink pay about 3 cents of state tax on a bottle of beer. As a result, taxes pay only 5% of the state costs for alcohol related services. In a local survey, 2/01 by Moore, 68% of people surveyed supported increased alcohol taxes. It has been reported that states with higher alcohol taxes have lower associated community problems. (8)

ANHEUSER-BUSCH COMPANIES

Dano Starling
Vice President
Corporate Representative

April 9, 2001

Representative Lisa Murkowski
Chair, House Labor and Commerce Committee
Alaska State Legislature
Capitol Building
Juneau, Alaska 99801

Dear Representative Murkowski:

The House Labor and Commerce Committee is scheduled to hear House bill 225 "An Act relating to municipal taxation of alcoholic beverages and increasing the alcoholic beverage tax rates" on Monday, April 9th at 3:15 pm. Unfortunately, Anheuser-Busch will not be able to attend this hearing, however we want to go on record stating strong opposition to House bill 225.

Our company opposes higher excise taxes because studies have clearly shown that raising taxes on alcohol does not reduce alcohol abuse. ***"People cannot be taxed into responsible behavior."*** Abusive drinkers are the very last people who will reduce their consumption when the price of alcohol goes up, they simply switch to less expensive brands of the same product, or switch to products which provide higher concentrations of alcohol at the same price.

Surprisingly, taxes are the single most expensive ingredient in beer, costing more than the labor and raw materials combined. On January 1, 1991, the federal excise tax on beer took the largest single increase in American history, rising from $9 per barrel to $18 per barrel. Today, consumers pay more then $9.1 billion in sales and excise taxes on the beer they drink. Federal income, payroll and other taxes bring the total tax on beer to over $20 billion per year.

Beer drinkers already pay stiff beer taxes throughout Alaska. The state beer tax amounts to 79¢ for each standard case of beer (24 – 12 oz. cans or bottles). But, Alaskans also pay $1.31 per case in federal beer taxes. Combined, these two taxes amount to $2.10 per case, which makes for an effective statewide tax burden of about 13% on each beer that is sold. The state already derives nearly $6 million annually from the discriminatory tax it places on beer. It should not further tax the vast majority of Alaskans who consume beer in a responsible manner.

Anheuser-Busch Companies, Inc.
1378 Auburn Boulevard
Suite 200
Sacramento, CA 95841
(916) 487-6688

We recommend that policy makers who want to do more to help alcohol abusers should focus on areas that will truly make a difference – education, treatment, tough laws and strong enforcement.

Attached to this letter are two Anheuser-Busch position papers that further outline our reasons for opposing higher alcohol taxes.

Thank you for considering our concerns and we request you to hold this bill in your committee.

Sincerely,

Dane Starling

Dane Starling
Vice President and
Corporate Representative

cc: All members of the House Labor and Commerce Committee

Raising Alcohol Taxes Won't Reduce Alcohol Abuse

The claim that higher taxes will reduce alcohol abuse, decrease auto fatalities, reduce crime, and so forth is very appealing to the anti-alcohol activists. But real world data clearly show that there is no linkage between alcohol taxes and alcohol abuse:

- **Higher taxes do not cause alcohol abusers to drink less** – When faced with a price increase caused by higher taxes, alcohol abusers can simply switch to less expensive brands of the same product, or switch to products which provide higher concentrations of alcohol at the same or lower price. A recent *Journal of Health Economics* study confirms this common sense fact, finding that the alcohol consumption levels of the heaviest drinkers are not influenced by price at all.

- **Higher taxes, however, do punish responsible drinkers** – Moderate drinkers, on the other hand, react to higher prices in the way that consumers react to higher prices for most products – they cut back on their consumption. Thus, higher alcohol taxes work just the *opposite* of how a fair tax should: they punish the vast majority of consumers (light and moderate consumers) whose drinking harms no one, and they leave the abusive behavior of the heaviest drinkers unaffected.

- **Bad public health policy** – Numerous studies report that many light and moderate drinkers have a reduced risk of cardiovascular disease. This means that for the majority of drinkers, higher taxes are not only economically unfair, but may have negative health impacts as well. One recent estimate in the *Journal of the American Medical Association* suggests that if all light and moderate drinkers were forced to become abstainers, cardiovascular deaths in the U. S. would increase by approximately 80,000 per year.

- **No impact from the 1991 federal tax hike** – On January 1, 1991, the federal excise tax on beer took the largest single increase in American history, rising from $9 per barrel to $18 per barrel. As a direct result, beer consumers were forced to pay more than $1.5 billion additional tax each year for their beer purchases – the largest dollar increase in the tax on beer in American history. Yet independent data, from federally funded studies, show that after the tax hike, alcohol-related traffic fatalities and teen drinking continued their decade-long decline. This huge tax increase had no impact.

- **High tax states have more problems, not less** – Across the nation, state taxes on beer vary widely. Georgia, for example, imposes a state beer tax of $32.66 – more than 52 times higher than Wyoming's 62 cents per barrel. The highest 25 beer tax states have an average state beer excise tax that is about four times higher than the bottom 25 states. Yet in states with higher taxes on beer, on average there are more alcohol-related arrests, more people arrested for drunk driving, and more people killed in auto fatalities.

Policymakers who want to do more to help alcohol abusers should focus on areas that will truly make a difference – education, treatment, tough laws and strong enforcement. Higher taxes on beer just aren't part of the equation.

Local Beer Taxes in Alaska – An Unwise Policy

State legislators are urged not to permit local governments the power to impose punishing sales taxes on alcohol beverages. If local governments are extended the power to impose discriminatory sales taxes, the state would effectively be giving up on centralized tax authority and would be starting a new era of chaos and predatory tax policies. The following provides detail on why local taxation of beer should not be allowed.

- **Beer drinkers already pay stiff beer taxes throughout Alaska.** The state beer tax amounts to 79¢ for each standard case of beer (24 – 12oz. cans or bottles). But, Alaskans also pay $1.31 per case in federal beer taxes. Combined, these two taxes amount to $2.10 per case, which makes for an effective statewide tax burden of about 13% on each beer that is sold. The state already derives nearly $6 million annually from the discriminatory tax it places on beer. It should not further allow such taxes in local jurisdictions.

- **Local sales taxes would heap taxes on taxes.** The excise taxes already drive up the price of beer, by $2.10 per case. A sales tax would apply as a percentage not only on the base price, but also to the excise tax. That's wrong.

- **Beer taxes are regressive** -- they hit hardest working men and women, those least able to afford higher taxes. In fact, nearly 60 percent of beer is consumed by those who earn less than $45,000 a year, according to government and private research.

- **Beer prices in Alaska are already among the highest paid in the United States**[1] and there is only so much capacity to further tax beer without killing the golden goose. Relinquishing control to local governments would be very risky and unwise. In fact, local sales taxes would be predatory on state excise tax revenues. That's because the higher prices that result would lower sales levels, which in turn would decrease state excise tax collections.

- **The state cannot tax alcohol abuse away.** There will always be those who cling to simplistic solutions, but the facts indicate that such tactics don't work. If they did, given the high prices throughout the state, the state would already have one of the lowest abuse rates in the country. A number of studies show the futility of efforts that try, one way or another, to make alcohol more scarce. Higher taxes would lower beer sales, but research shows that it would be the responsible consumers that cut back, not the people prone to abuse.

- **Allowing a patchwork system of differential tax rates throughout the state would be chaotic.** Consumers can be very determined in avoiding taxes and some will simply stock up when they are travelling in lower taxed jurisdictions. Moreover, the issue of controlling local sales taxes, and simplifying them nationwide has been one of the main points of focus in a government commission currently examining problems with collecting taxes on interstate commerce, largely due to the explosive growth of Internet sales. It is clear, that the trend of the future is sales tax simplification – not complication.

In brief, taxes placed on beer are discriminatory. These taxes already negatively impact precisely those least able to pay higher taxes and thus should be kept under very tight, not loose control. The power to levy these taxes should remain concentrated in the state legislature, thereby avoiding the spread of an overly complex patchwork of tax rates throughout the state.

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[1] The average six pack price in 309 cities surveyed nationwide by the American Chamber of Commerce Researchers Association (1st quarter 1999 survey) was $4.41. Alaskan cities were among the very highest in the country.

My name is James A. Crary. I am a former Anchorage municipal prosecutor and a long time advocate of decreasing the subsidy to alcohol by increasing the excise tax on alcohol. When I was a prosecutor I handled DWIs, domestic violence, assaults, and disorderly conducts; about 85% of the cases I handled stemmed directly from alcohol use.

I am testifying today because I know what alcohol abuse costs Alaska in terms of dollars and human suffering. I also know that overwhelmingly, the evidence shows, that the single most effective way to reduce crime, domestic violence and child abuse, increase public safety, and reduce the costs of the criminal justice system is to increase the alcohol excise tax.

Logically the tax on alcohol should be increased because that would reduce consumption (which would cut down on alcohol abuse) and would also help Alaska pay for the costs associated with dealing with alcohol abuse.

Unfortunately logic alone is not enough to carry the day because the liquor industry knows that an additional 10 cents per drink will decrease alcohol consumption. Less consumption means lower profits. Quite simply the liquor industry is looking only at its bottom line when it opposes an addition 10 cents per drink increase in the alcohol excise tax. A decrease in sales of even 1 or 2% equates to millions of dollars of lost revenue to the alcohol industry.

Alaska would be a much better and a much safer place to live if less alcohol were consumed yet, the alcohol industry says that increasing the alcohol excise tax by a dime is not reasonable and is unjustified. The alcohol industry is totally wrong. What is not reasonable and unjustified is every fetal alcohol syndrome child born in Alaska, 12 and 14 year old children getting killed by drunk drivers and 3-month-old infants being shot to death by intoxicated

neighbors. All of those children were all worth a lot more than an additional dime for a beer, a glass of wine or a shot of whiskey. But an additional dime-a-drink is what the liquor industry is fighting so hard against.

Adding 10 cents per drink to the existing alcohol excise tax will not come close to covering all of the hundreds of millions of dollars that Alaska spends to deal with problems created by alcohol abuse but at least it will be a step in the right direction.

Here are a few sobering facts:

1. In Anchorage you can buy a gallon of beer for less than a gallon of milk!
2. Alcohol is not a benign substance. Alcohol is a drug. Beer, wine and whiskey are certainly not marketed as drugs but that is what they are. Alcohol is a depressant and its consumption affects people's judgment, coordination and memory. When those things are affected, too often innocent people suffer.
3. Alaska ranks near the top of the nation in alcohol consumption, underage drinking and alcohol abuse.
4. Alcohol is the sole cause of the only fully preventable birth defect, fetal alcohol syndrome.
5. Even with an additional dime added to the alcohol excise tax Alaska's tax on alcohol would not be the highest in the nation because, unlike most other states, most of the alcohol sold in Alaska is not subject to any sales tax.
6. It would take an 80 cent per drink increase in the excise tax to completely wipe out the quarter of a billion dollar subsidy to the alcohol industry. We are not seeking that level of subsidy reduction, we just want it reduced by 12.5%.
7. An additional dime per drink would raise $34,000,000 for the State (and the State will not have to create any new bureaucracy to collect that $34,000,000 so it is all cream).
8. An additional dime per drink will have zero fiscal impact on non-drinkers. It will cost a moderate drinker (A "moderate drinker" is defined by the medical profession as a woman who drinks no more than one drink a day or a man who drinks no more than two drinks per day) $36.50-$73.00 per year, far less than the proposed $100 head tax. The people who will be heavily impacted are the 15-20 % of drinkers who consume

75-30% of the alcohol and young people, who do not have the disposable income.

9. It has been 18 years since the alcohol excise tax has been increased.

We are talking about one thin dime more for a beer, a glass of wine or a shot of whiskey. A dime is less than most people spend for a one minute cell phone call or a minute of long distance. But a dime is what brings us all here today. We are quibbling over pocket change while people are being killed by drunk drivers, children are being sexually abused and domestic violence, fueled by alcohol, is ripping apart Alaskan families.

Only the legislature can increase the alcohol excise tax this year. When you vote on how much to raise the excise tax on alcohol please keep this thought in mind. In 20 years will Alaska have been a better place, a safer place for you, for me and for our children to live if you vote "yes" to increase the alcohol excise tax by a dime or if you vote against such a modest increase.

I know full well that you have been, and will continue to be, barraged by the alcohol lobby with their spin. I wanted to give you, "the rest of the story".

It's time for an additional dime.

Thank you.

James A. Crary
2720 Kempton Hills Drive
Anchorage, Alaska
99516-2776

345-4008

craryja@gci.net