

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10423 HOUSE STATE AFFAIRS

HB

35

22-LS0289\L
Cook
2/6/02

CS FOR HOUSE BILL NO. 35()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE HUDSON

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the market value of the permanent fund and to distribution of the**
2 **income of the permanent fund; and providing for an effective date."**

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

4 *** Section 1. AS 37.13.140 is amended to read:**

5 **Sec. 37.13.140. Income available for distribution. The market value [NET**
6 **INCOME] of the fund includes the market value [INCOME] of the earnings reserve**
7 **account established under AS 37.13.145. The market value [NET INCOME] of the**
8 **fund shall be computed annually as of the last day of the fiscal year in accordance with**
9 **generally accepted accounting principles [, EXCLUDING ANY UNREALIZED**
10 **GAINS OR LOSSES]. Income available for distribution equals 5 [21] percent of the**
11 **average year-end market value [NET INCOME] of the fund for the last five fiscal**
12 **years, including the fiscal year just ended, but may not exceed [NET INCOME OF**
13 **THE FUND FOR THE FISCAL YEAR JUST ENDED PLUS] the balance in the**
14 **earnings reserve account described in AS 37.13.145.**

1 * **Sec. 2.** AS 37.13.145(b) is amended to read:

2 (b) **By October 1** [AT THE END] of each fiscal year, the corporation shall
3 transfer from the earnings reserve account to the dividend fund established under
4 AS 43.23.045, 50 percent of the income available for distribution under AS 37.13.140,
5 **or the balance in the account, whichever is less.**

6 * **Sec. 3.** AS 37.13.145(d) is amended to read:

7 (d) Notwithstanding (b) **and (e)** of this section, income earned on money
8 awarded in or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ.
9 (Superior Court, First Judicial District), including settlement, summary judgment, or
10 adjustment to a royalty-in-kind contract that is tied to the outcome of this case, or
11 interest earned on the money, or on the earnings of the money shall be treated in the
12 same manner as other income of the Alaska permanent fund, except that it is not
13 available for distribution [TO THE DIVIDEND FUND], and shall be annually
14 deposited into the principal of the Alaska permanent fund.

15 * **Sec. 4.** AS 37.13.145 is amended by adding a new subsection to read:

16 (e) By October 1 of each fiscal year after the transfer under (b) of this section,
17 the corporation shall transfer from the earnings reserve account to the general fund 50
18 percent of the income available for distribution under AS 37.13.140, or the balance in
19 the earnings reserve account, whichever is less.

20 * **Sec. 5.** AS 37.13.150 is amended to read:

21 **Sec. 37.13.150. Corporation budget.** The revenue generated by the fund's
22 investments must be identified as the source of the operating budget of the corporation
23 in the state's operating budget under AS 37.07 (Executive Budget Act). The
24 unexpended balance of the corporation's annual operating budget does not lapse at the
25 end of the fiscal year but shall be treated as income **from the fund** under
26 **AS 37.13.145(a)** [AS 37.13.140].

27 * **Sec. 6.** AS 37.13.300(c) is amended to read:

28 (c) **Income or other money** [NET INCOME] from the mental health trust
29 fund may not be included in the computation of [NET] income available for
30 distribution under AS 37.13.140.

31 * **Sec. 7.** AS 37.14.031(c) is amended to read:

~~HOUSE STATE AFFAIRS~~
COPY

324 Willoughby
Juneau, AK 99801

February 25, 2002

The Hon. Ethan Berkowitz; Alaska House of Representatives
State of Alaska
Juneau, AK 99811

re: Dickens & Numbers

Thanks for the opportunity to talk to State Affairs today-- here are a few comments on Alaska's budget and growth percentages.

Dickens One of Charles Dickens' characters, Micawber, succinctly expresses the facts of budget life (paraphrased below):

"Income twenty pounds, expenditures 19 pounds, 11 shillings, 19 pence; result, happiness. Income twenty pounds, expenditures 20 pounds, 0 shillings, 1 penny; result, DESPAIR."

Irrelevant Percentages It really doesn't matter what percentage Alaska's income or expenditures increased by, whether this percentage is above or below some hypothesized ideal. All that matters is that current income be a bit MORE than current spending.

7% Seven percent, compounded for THIRTY years, results in a multiplier close to that 10.34 multiplier derived from actual population increases times inflation (consumer price index increases; using CPI gives a HIGHER number than producer price increases).

Only THREE, Not 4, doubles But using 1960 as a starting point, when actually the \$150 million was the 1969 budget figure for Alaska, is incorrect. This 9-year difference is significant because 1969-2002 would be about THREE 'doubles' at 7% {using the 'Rule of 72'} but 1960-2002 would be FOUR.

Three doubles would be: \$300, \$600, \$1,200 millions (\$1.2 billion). See accompanying "Claims & Facts", which shows a 10.34 ACTUAL multiplier: i.e., 1969 budget = \$1.551 billion in 2003.

As I told the Committee, this is of historical interest only, because the essential point is that current spending be kept below current income, regardless of historical trendlines.

Panama Canal Revelance? Whatever was spent on the Panama Canal (1895-1915?), even if of the same nominal dollar amount as Alaska's 1969 budget [UNTRUE], is irrelevant to Alaska's present situation. ["Nominal dollars" of course are radically different in real value when separated in time by perhaps 70 years, yes?].

Please keep the PFD program and Permanent Fund UNTOUCHED and UNCHANGED. Build up--and TAX--value-added manufacturing, winding down the CBR and balance State spending with State income. Yes, it can be done, probably in any of many different ways. Please do NOT involve the PFD or Permanent Fund: don't break the big piggy bank.

Sincerely & cordially,

Dr. Joe Sonneman



~~HOUSE BUDGET AFFAIRS~~
CO. 9

CLAIMS AND FACTS RE: PANAMA CANAL, ALASKA POPULATION, PRICE INDEX

by Joe Sonneman

CLAIM

FACT & SOURCE

The Panama Canal cost \$150 million.

One encyclopedia lists the cost of construction at \$380 million. Another encyclopedia does not list the construction cost, but notes that the U.S. paid Panama \$10 million to start, plus \$250,000 per year (starting in 1913), with the annual payment increased in 1936 to \$400,000 and increased again in 1955 to about \$1.9 million. {Panama always called this a "rental payment," not a purchase; hence, the return of the canal under Pres. Carter in 1978-79.}

The combination of Alaska population and inflation from 1969 [NOT 1960] to present is a compounded 7% {so it is OK to use the Rule of 72 in comparing 1969 and present Alaskan budgets]

[All numbers from the Statistical Abstract of the United States, 2001 and 1981 editions].

| | | | |
|---|---------|--------|---------|
| POPULATION of Alaska | | | |
| 1970: | 303,000 | 2000: | 627,000 |
| INFLATION (national Consumer Price Index) | | | |
| 1982-83 = | 100: | | |
| 1969 = | 2.726 | 2000 = | .581 |

ANALYSIS: Not quite clear what kind of 'combination' is meant, additive or multiplicative, so let's take the bigger number by multiplying the differences.

$$\text{Population increase} = \frac{627,000}{303,000} = 2.069 \quad (1970 - 2000)$$

ROUNDING: let's round this up to 2.2 (1969 -2003)

$$\text{Price Index increase} = 2.726/.581 = 4.6919 \quad \{\text{round to } 4.7\}$$

MULTIPLYING the 2.2 population increase x 4.7 price increase yields a result of 10.34, taking both population and inflation into maximum account ['maximum', because these were multiplied, not just added].

APPLYING the 10.34 multiplier to the 1969 Alaska budget total of \$150 million yields an equivalent year 2003 budget of about \$1.551 billion.

CONCLUSION: Alaska is spending far more in 2002 & 2003 than it did in 1969, even when corrections are made both for population increases and for inflation. That extra spending may be good in part--no one says the 1969 level was ideal--but the higher present level may be bad if spending continues to run ahead of income, especially if income actually declines as predicted by Dept. of Revenue (which does not have a good track record on predicting).

BACK UP MATERIALS SENT TO REP. BERKOWITZ

Sponsor Statement for CS HB 35 ()

Distribution of Permanent Fund Income

Representative Bill Hudson

"An Act relating to the market value of the permanent fund and to distribution of income of the permanent fund; and providing for an effective date."

The Permanent Fund currently provides each resident of this state a dividend. The source for that dividend depends on what we all know is an unsteady income stream: returns (or losses) from the Permanent Fund's investments. The Permanent Fund Board of Trustees has long recommended a "percent-of-value" determination for the annual payout, rather than an average of five year's income (or loss) from investments. HB 35 incorporates the Board of Trustees' recommendations to change the method used to calculate the annual distribution to the method used by most large managed funds. That is - paying out, "distributing" a percentage of the Market Value of the Fund, averaged over five years. With an expected average rate of return on the Permanent Fund's investments of 8.25%, paying out 5% ensures an annual inflation-proofing factor of around 3%.

The Board of Trustees recommends a 5% payout. HB 35 also statutorily fixes a distribution stream for that 5% payout; 50% to the dividend program, and 50% to the general fund. This will pay for approximately one-half of the \$1.0 billion dollar budget deficit each year while allowing for the continuation of the PFD. The Permanent Fund Dividend's would be reduced initially, but would continue to grow with the infusion of inflation proofing dollars. Those very inflation-proofing dollars are at risk to cover general fund spending if dramatic but effective measures are not adopted to deal with the fiscal gap.

HB 35 was introduced to give the Permanent Fund strength, security and stability far into the future, ensuring the commitment to pay dividends to Alaskans, while also allowing that the infrastructure of the state does not fall into further neglect. In fact, this bill would allow for the first major contribution for payment for essential services provided to the people of Alaska, while still preserving the continuation of the people's dividend for the foreseeable future.

Passage of HB 35 would allow the Permanent Fund Corporation to hold investments that historically need more time to mature rather than to cash them out in order to pay dividends each year. Another unique feature of the market value approach is that it produces a distribution program that is inherently more level. This is consistent with accepted methods of measuring Permanent Fund performance and with the market value accounting requirement now mandated by the Governmental Accounting Standards Board.

This bill is a major change to the status quo for the state budget, for the permanent fund dividend program, and for our personal contribution and our individual obligation for Alaskan programs that are vital parts of the economy and traditions of this state. If we don't modify the method for determining permanent fund dividends, if we don't find new sources for paying for roads, education and public safety and health programs, we will find ourselves the overseers of a weakened and poorer state. The erosion of both the CBR and, in time, the Earnings Reserve Account - ERA, (the current source for dividends and inflation proofing) is the alternative to broad-based taxes or other new revenues.

THE
FOLLOWING
DOCUMENT(S)
ARE
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P.O. Box 1417
Homer, AK 99603
October 10, 2001

Representative Bill Hudson
State Capitol, Room 502
Juneau, AK 99801

Re: Fiscal Policy Caucus

Dear Representative Hudson,

I strongly support instituting a combination of modest taxes to help bridge our fiscal gap. I attended a Fiscal Policy Caucus meeting and talked to you when I was in Juneau last April. I was impressed that you as a group agreed to sponsor town meetings across the state during the interim. I must admit that I was skeptical that these would actually take place. But to my relief, they are. I firmly believe that people will accept unwelcome responsibility when they are included in the process that determines a necessity.

I played with the Revenue Fiscal Model on the state web site and was a little disappointed at how hard it is to balance the budget. But, I am still committed to doing my share to help make it happen. I hope you will find a little residual fat to trim in order to make the taxes less painful.


In combination with this fiscal plan, I hope you will support HJR 15 to enact a 5 POMV payout limitation for the Permanent Fund. POMV payout reduces the pressure to manage the permanent fund for return over value. A 5% payout is generally recognized by large endowments as the highest sustainable payout, beyond which the real value of the fund would diminish over time.

A secondary benefit is that this methodology will provide a reasonable money stream for government if the legislature chooses to use it.

5 POMV payout combined with allocating 80% for dividends and 20% for government would preserve the status quo dividend formula with the understanding that the 20% transfer from the fund will reduce the fund's future income producing potential (as opposed to using earnings only for dividends as presently done). I would prefer no cap on the dividend and a progressive income tax.

I will be watching the fiscal plan and urge you to keep it alive and get it passed next session.

Sincerely,



Mary Griswold

Alaska State Legislature



REPRESENTATIVE BILL HUDSON
House Finance Committee

State Capitol
Juneau, Alaska
99801-1182
(907) 465-3744
Fax (907) 465-2273

MEMORANDUM

TO: Representative John Coghill, Chairman
House State Affairs Committee

FROM: Representative Bill Hudson *Bill*

SUBJECT: HB 35 Hearing Request

DATE: February 11, 2002

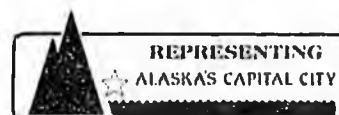
Thank you for scheduling HB 35 for hearing in the House State Affairs Committee. This letter concerns the timing of that hearing and my hope that you will consider moving the hearing date forward from February 23, 2002 to the meeting scheduled for February 19, 2002.

I believe that due to the extreme importance of this bill and the narrowing window of opportunity for public hearing, committee and floor debate of the full Fiscal Policy Caucus' recommendations that we need to treat this bill with expeditious handling. I would like to suggest that HB 35 and the other bills concerning the fiscal gap be acted on in State Affairs Committee at the earliest possible opportunity and then moved to the House Finance Committee to be bundled together with the tax measures that are already sitting in that committee.

Full and timely consideration of this series of measures needs to be considered together to determine how best to resolve the estimated \$1 billion dollar fiscal gap. Given your welcome agreement to timely hearing of the bills introduced and currently in House State Affairs Committee, I am respectfully requesting that HB 35 and HB 304 be moved up the calendar to February 19, 2002 and that if necessary they be continued to February 23, 2002.

While I appreciate the impact on the sponsors of the bills currently scheduled for that date, I believe that the advancement and public hearing on using a portion of the permanent fund to narrow the fiscal gap is of paramount importance to the purposes of this legislature and the people of Alaska.

Your consideration of this unusual request is deeply appreciated.



LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 11, 2002

SUBJECT: Distribution of permanent fund income and the rainy day account; summary (CSHB 35()); version L

TO: Representative Bill Hudson
Attn: Melanie Lesh

FROM: Tamara Brandt Cook
Director *TBC*

Sec. 1. Requires that the market value of the permanent fund be computed annually. Income available for distribution equals 5 percent of the average year-end market value for the last five fiscal years, but may not exceed the balance in the earnings reserve account.

Sec. 2. Requires the Alaska Permanent Fund Corporation, by October 1, to transfer from the earnings reserve account to the dividend fund 50 percent of the income available for distribution.

Sec. 3. Technical amendment.

Sec. 4. After the transfer is made to the dividend fund, requires the corporation to transfer from the earnings reserve account to the general fund 50 percent of the income available for distribution.

Secs. 5 - 9. Technical amendments.

Sec. 10. Repeals provision on inflation proofing the principal of the permanent fund.

Sec. 11. Establishes a phased in transition under which the income available for distribution is determined through the end of fiscal year 2005.

Sec. 12. Takes effect June 29, 2002.

TBC:med
02-137.med

Alaska State Legislature



REPRESENTATIVE BILL HUDSON
House Finance Committee

State Capitol
Juneau, Alaska
99801-1182
(907) 465-3744
Fax (907) 465-2273

MEMORANDUM

TO: Representative John Coghill, Chairman
House State Affairs Committee

FROM: Representative Bill Hudson *Bill*

SUBJECT: HB 35 Hearing Request

DATE: February 8, 2002

I respectfully request that you schedule HB 35 before the House State Affairs Committee at your earliest possible convenience.

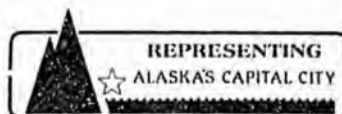
Attached are my sponsor statement and a draft committee substitute. The original introduction of HB 35 copied the last version of the Percent of Market Value Payout (POMV) concept discussed at length in the prior legislature. That bill (HB 411) died at the end of the 2000 legislative session, so I introduced HB 35 to renew this major element of the Balanced Budget Plan.

This draft committee substitute tweaks the percentage payout rates slightly to conform to the Permanent Fund Board of Trustees' recommendations contained in their version of this concept: HJR 15/SJR 13. This bill goes further in the reformatting of the permanent fund payout method in that it also contains directions to statutorily distribute the payout.

I am enclosing the sectional analysis prepared by Tamara Cook, and a projection prepared by the Department of Revenue that plots the extended life of the Constitutional Budget Reserve balance if the conditions proposed in the bill should pass.

If you have any questions regarding this request please contact my staff member handling this legislation, Melanie Lesh at 465-4230.

Thanks for your consideration.



Subject: Fiscal Gap

Date: Mon, 11 Feb 2002 10:22:23 -0900

From: "Micky A Becker" <mbecker@ppco.com>

To: Representative_John_Coghill@legis.state.ak.us

I'm not opposed to taxes -- having said this. I feel it is absolutely not in the best interest of anyone to start taxing people when we are sitting on a \$25 billion+ savings account.

I realize capping the permanent fund won't fix the entire gap, but please don't pass taxes until we have reasonable approached this for our "savings account" point of view!

A. S. Micky Becker
907 265-6512 ph
907 265-6922 fx
Phillips Alaska, Inc., ATO 2100

Subject: Taxes

Date: Sun, 10 Feb 2002 11:59:08 +0100

From: fairbanksak@t-online.de (Colin Wanner)

To: Representative_John_Coghill@legis.state.ak.us

Dear Representative Coghill,

In light of recent discussion of new taxes, my wife and I would like to state our support for a REDUCTION or ELIMINATION of the annual DIVIDEND checks, rather than an income tax. Much of the Dividend money flows out of state anyway, so this method would be more likely to result in having funds directed inside Alaska.

Thanks,

Colin and Dale Wanner
Beacon Rd/Box 81704
Fairbanks, AK 99708

I wish you the best in your efforts to cut state spending.

Subject: I wish you the best in your efforts to cut state spending.

Date: Thu, 7 Feb 2002 09:24:22 -0900

From: "McFarlane" <lmcfarlane@mosquitonet.com>

To: <Representative_John_Coghill@LEGIS.state.ak.us>

Dear Rep. John Coghill,

I wish you the very best in Juneau. I wish you the very best in your efforts to cut state spending. I'm sure next week will be a very busy week for you with the hearings that you will be holding. If cuts in spending are not enough to fill the billion-dollar hole in the state budget, I would rather see the permanent fund dividend cut or eliminated before a state income tax or a state sales tax would be enacted. I agree with Sen Pete Kelly's comment that the state should not give you a dividend with one hand and charge you a state income tax with the other hand. That was his thought if not his exact words.

I'm hoping for the best on the Redistricting issue. I'm looking forward to helping you in your reelection campaign this summer. I'll be remembering you in prayer.

Your friend,
Leslie McFarlane

<Representative_Carl_Moses@legis.state.ak.us>,
<Representative_Norman_Rokeberg@legis.state.ak.us>,
<Representative_Peggy_Wilson@legis.state.ak.us>

Dear Senators and Representatives of the State of Alaska-

I am an Anchorage resident. I have been following the legislature's debate of the State's fiscal gap closely, as I hope other Alaskans have. I believe the answer is very simple. You can not spend what you do not have. The state must do as all citizens and businesses do when we are in financial straits. We cut back. I have heard very little from anyone in the legislature about cutting payroll, non-essential services and travel expenditures. Shame on you Mr. Halford for the quote I read in the Anchorage Daily News: "And I think you also have to put some reductions (in state spending) on the table that people consider important enough that they are willing to contribute to avoid," Halford said. What exactly are you saying Mr. Halford? That the esteemed governmental leaders of our state are going to cut the services that are most needed in order to convince the citizens that an income tax is necessary? What are you going to tell us next Mr. Halford? Perhaps you should threaten to take our Permanent Fund Dividends away from us too. Scare tactics work good when you are trying to divert the public from the real issue, which is the State is overspending. The citizens are not getting their moneys worth. There is too much governmental waste.

Why not start with trimming the fat first? Why is it that the State has the largest number of employment ads consistently when I look at the Anchorage Daily News classifieds? Not only does the State have the most ads, but the wages are higher than any other private sector counterpart. Can anyone (this means you Senators and Legislators) please tell me what the annual payroll expenditure is for the State of Alaska? How much money would a 10% reduction be equal to? Maybe not enough to fill the so-called gap, but, hey it's a start. Then perhaps we could reduce each department budget by 20%. What kind of figure would that be?

I think you should put a panel of 12 residents together, give them red pens and let them have a look at the budget.

I was talking to an Anchorage proprietor last week whose business was directly and negatively affected by the events of September 11. The first thing he did was to cut the salary of the officers of the business. He knows that in order to meet the necessary obligations of his business, he had to make cuts. But that business is doing what it takes to survive one more year.

I obviously have the time to e-mail every senator, legislator and representative. Believe me, if nothing is done to reduce the State budget before new taxes are enacted, I will have the time to talk to the constituents in your districts. I have a feeling that I am not the only hard working Alaskan that views our budget (overspending) gap this way. The answer is not to take more money from the residents, but to live within your means, which is what the residents have not choice but to do. Thank you for your time.

Sincerely,

Rachel K. Morrison
907-349-7224

Subject: NO NFW TAXES!!! REDUCE THE BUDGET!!!

Date: Wed, 6 Feb 2002 23:46:30 -0900

From: "Rachel Morrison" <rachellak@gci.net>

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

CC: <Senator_Loren_Leman@legis.state.ak.us>, <Senator_Johnny_Ellis@legis.state.ak.us>, <Senator_Alán_Austerman@legis.state.ak.us>, <Senator_Kim_Elton@legis.state.ak.us>, <Senator_Robin_Taylor@legis.state.ak.us>, <Senator_John_Cowdery@legis.state.ak.us>, <Senator_Lyda_Green@legis.state.ak.us>, <Senator_Georgianna_Lincoln@legis.state.ak.us>, <Senator_Gene_Therriault@legis.state.ak.us>, <Senator_Bettye_Davis@legis.state.ak.us>, <Senator_Rick_Halford@legis.state.ak.us>, <Senator_Donny_Olson@legis.state.ak.us>, <Senator_John_Torgerson@legis.state.ak.us>, <Senator_Dave_Donley@legis.state.ak.us>, <Senator_Lyman_Hoffman@legis.state.ak.us>, <Senator_Randy_Phillips@legis.state.ak.us>, <Senator_Jerry_Ward@legis.state.ak.us>, <Senator_Pete_Kelly@legis.state.ak.us>, <Senator_Ben_Stevens@legis.state.ak.us>, <Senator_Gary_Wilken@legis.state.ak.us>, <Representative_Brian_Porter@legis.state.ak.us>, <Representative_Jeannette_James@legis.state.ak.us>, <Representative_Ethan_Berkowitz@legis.state.ak.us>, <Representative_Harry_Crawford@legis.state.ak.us>, <Representative_Richard_Foster@legis.state.ak.us>, <Representative_Joe_Hayes@legis.state.ak.us>, <Representative_Beth_Kerttula@legis.state.ak.us>, <Representative_Beverly_Masek@legis.state.ak.us>, <Representative_Eldon_Mulder@legis.state.ak.us>, <Representative_Drew_Scalzi@legis.state.ak.us>, <Representative_Con_Bunde@legis.state.ak.us>, <Representative_Eric_Croft@legis.state.ak.us>, <Representative_Joe_Green@legis.state.ak.us>, <Representative_Bill_Hudson@legis.state.ak.us>, <Representative_Vic_Kohring@legis.state.ak.us>, <Representative_Lesil_McGuire@legis.state.ak.us>, <Representative_Lisa_Murkowski@legis.state.ak.us>, <Representative_Gary_Stevens@legis.state.ak.us>, <Representative_Mike_Chenault@legis.state.ak.us>, <Representative_John_Davies@legis.state.ak.us>, <Representative_Gretchen_Guess@legis.state.ak.us>, <Representative_Albert_Kookesh@legis.state.ak.us>, <Representative_Kevin_Meyer@legis.state.ak.us>, <Representative_Scott_Ogan@legis.state.ak.us>, <Representative_Jim_Whitaker@legis.state.ak.us>, <Representative_Sharon_Cissna@legis.state.ak.us>, <Representative_Fred_Dyson@legis.state.ak.us>, <Representative_Andrew_Halcro@legis.state.ak.us>, <Representative_Reggie_Joule@legis.state.ak.us>, <Representative_Pete_Kott@legis.state.ak.us>, <Representative_Carl_Morgan@legis.state.ak.us>, <Representative_John_Coghill@legis.state.ak.us>, <Representative_Hugh_Fate@legis.state.ak.us>, <Representative_John_Harris@legis.state.ak.us>, <Representative_Mary_Kapsner@legis.state.ak.us>, <Representative_Ken_Lancaster@legis.state.ak.us>.

"Representative_Andrew_Halcro@legis.state.ak.us" <Representative_Andrew_Halcro@legis.state.ak.us>
"Representative_Reggie_Joule@legis.state.ak.us" <Representative_Reggie_Joule@legis.state.ak.us>
"Representative_Pete_Kott@legis.state.ak.us" <Representative_Pete_Kott@legis.state.ak.us>
"Representative_Carl_Morgan@legis.state.ak.us" <Representative_Carl_Morgan@legis.state.ak.us>
"Representative_Bill_Williams@legis.state.ak.us" <Representative_Bill_Williams@legis.state.ak.us>
"Representative_John_Coghill@legis.state.ak.us" <Representative_John_Coghill@legis.state.ak.us>
"Representative_Hugh_Fate@legis.state.ak.us" <Representative_Hugh_Fate@legis.state.ak.us>
"Representative_John_Harris@legis.state.ak.us" <Representative_John_Harris@legis.state.ak.us>
"Representative_Mary_Kapsner@legis.state.ak.us" <Representative_Mary_Kapsner@legis.state.ak.us>
"Representative_Ken_Lancaster@legis.state.ak.us" <Representative_Ken_Lancaster@legis.state.ak.us>
"Representative_Carl_Moses@legis.state.ak.us" <Representative_Carl_Moses@legis.state.ak.us>
"Representative_Norman_Rokeberg@legis.state.ak.us" <Representative_Norman_Rokeberg@legis.state.ak.us>
"Representative_Peggy_Wilson@legis.state.ak.us" <Representative_Peggy_Wilson@legis.state.ak.us>

I have never written legislators or testified concerning state budget matters, but my resistance has been overcome by the posturing and lack of courage to take actions necessary to put the State on a sound fiscal course. I am copying all members of the legislature, so those characterizations may or may not fit any particular recipient of this message. Even if it fits, my intention is not so much to offend as it is to voice a challenge to be forthright in addressing the budget. For anyone who has not read "Profiles in Courage" by Jack Kennedy, I commend it to you, as it enables the reader to see that doing what is right is far and away better than doing what is popular.

I have heard the "gap" figured at around \$1 billion this year. I will forego commenting on the need to control spending, the need to create motivation at the agency and employee level to actively question how functions can be prioritized and accomplished at lesser cost (i.e., the type of motivation and response the private sector employs of necessity as it has no power to tax others), and the availability of other funding sources. Rather, I wish to challenge the legislature to address the wisdom as well as the moral and economic propriety of continuing the PFD giveaway in unabated fashion in perpetuity. I can already hear minds calculating the votes (99 constituents against touching "my" PFD for each 1 willing to give up a portion of the giveaway for the sake of fiscal solvency). Recognizing the politics involved, I have little hope that the legislature will act, but am making my comments despite the odds.

The Permanent Fund was not created for the purpose of enabling the state to hand out \$1,700 checks every year to every toddler, every mailbox bashing bored teenager, every Seattle retiree who decided to move to Alaska to be near children (or fish), every snow birding millionaire, or every member of my family. Rather, the Fund was created to provide a savings account in which revenues excess to current needs would accumulate and grow until such time as they could be tapped to cover necessary budget components for which declining oil revenues proved insufficient. Lest you think I am proposing an invasion of the Fund or a depletion of its principal, I am not. Nor am I proposing that inflation proofing end. Contributions to the Fund, and inflation proofing can continue unabated until such time as the fiscal demands are even greater than at present.

What I find unconscionable is the insistence that the State maintain the public circuses (unlimited PFD's) lest the voters revolt. Many, and possibly most citizens of Alaska were not born here, but came of their own free will because they thought it in their best interest to do so, just as others move to Seattle, Florida, Texas, or anywhere else seeking a better job, climate, life, etc. We do not need to pay everyone for moving to, or remaining in Alaska.

I have three children who receive PFD's every year. Make no mistake, it's

nice to get the money. Like most others, it goes to Costco (headquartered outside Alaska with most shareholders outside Alaska) or Alaska Airlines (Seattle), or Charles Schwab (with no meaningful benefit to Alaska) or a condo rental in Hawaii. Some small portion no doubt trickles down within the state, in theory helping to create a few more jobs (which add nothing to the State revenue base and only add more mouths at the PFD trough). It's unfortunate that the majority of people (whether in Alaska or elsewhere) seem to evaluate right and wrong, fair and unfair, largely in reliance on the impact to their personal wallet. It is equally unfortunate when elected representatives are unwilling to explain the facts of life and risk non-retention.

This year the State will take in a stream of revenues. Of those revenues, roughly \$1 billion will then be mailed out to every resident, irrespective of any need-based considerations, irrespective of any deliberate policy determination that the benefits merit such an expenditure, and irrespective of the fact that roughly \$200-300 million of those State revenues will be needlessly siphoned off to the U.S. Treasury in the form of income taxes.

The budget gap could be closed in a heartbeat if the State would close down the PFD bribe system (we pay you, you let us save some current revenue for future needs instead of wasting it all each year). The budget gap could be reduced to a modest problem if we even capped PFD's at, say \$500 (still enough of a bribe to keep folks going to the public circus). Or, if the shock is too much to bear, cap it at a tolerable level with step down decreases over 3-5 years to wean people from the trough.

Unfortunately, the political current seems to be flowing in the direction of imposing income taxes. The target, seen all too often in political spheres, is to divide the population and put the burdens on the lesser number of voters in order to ensure continued favor with the greater number of voters. As Alaskans who would like to see ANWR developed, we know what that feels like (congressional members who are adamant in opposing oil and gas development because they can count the votes in their district). Its too bad we are so quick to parrot that approach to decision making. Instead of dealing with runaway PFD outflows, an income tax will, sooner or later, be imposed. Those who drag themselves out of bed, bleary-eyed, and trudge off to work each day to earn a living, will have their pockets tapped so the State can simply give the money to others (toddlers, unemployed teens, millionaire retirees, etc.).

If the State needed an income tax in order to pay for health care, to address the scourge of poverty for those who due to circumstances are unable to have decent housing, nutrition, clothing, etc., to build out sewer and water infrastructure where it is lacking, I would be the first to step up and gladly pay an income tax (or donate to charities absent an income tax). If the State needed an income tax to create or continue any program which, on its merits, was deemed necessary, I might disagree on a case by case basis, but would defer to the collective judgment. Where I draw the line, and urge the legislature to draw the line, is when an income tax is not imposed to carry out any government function at all, but simply to redistribute income from those who earn it to those who do not (with a hefty slice going to Uncle Sam).

Is there a valid economic reason to impose an income tax and keep paying \$1 billion out in PFD's each year? No. Is there a state government need which will not be otherwise met? No. Is there a need-based rationale to take income from those who earned it and simply give everyone a check (Marx would love the concept)? No. Is there any other state government in the United States, or any national government on the face of the planet which taxes income for the sole purpose of redistributing it on a non-need based, non-program based approach? No.

There is no budget gap. The State takes in enough revenue to fund the expense side. Where we get into red ink is only after taking \$200-300

million of State revenue each year to send (indirectly) to the U.S. Treasury, and sending another \$700-1,000 million of State revenue to every person who meets minimum residency requirements and has a pulse. If the legislature is looking for a way to reduce the PFD burden without cutting PFD's, perhaps an income tax is the way to go. Those who work hard and create jobs for others will eventually move out of state (fewer PFD obligations). Of course, they might be offset by the inflow of others who want to take their vacated spot at the public trough. Thanks for reading this, and may your conscience be your guide.

Subject: Closing the Budget Gap

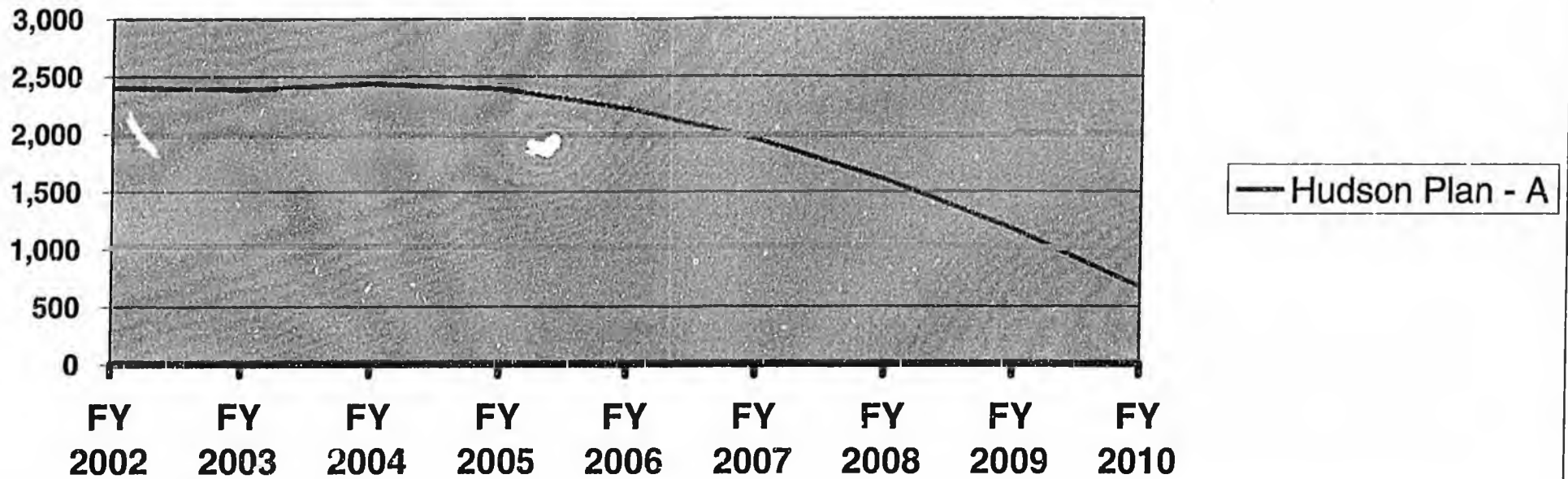
Date: Thu, 7 Feb 2002 16:09:09 -0900

From: Steve Tervooren <SST@htl.w.com>

To: "Senator_Rick_Halford@legis.state.ak.us" <Senator_Rick_Halford@legis.state.ak.us>

CC: "Senator_Loren_Leman@legis.state.ak.us" <Senator_Loren_Leman@legis.state.ak.us>, "Senator_Johnny_Ellis@legis.state.ak.us" <Senator_Johnny_Ellis@legis.state.ak.us>, "Senator_Alان_Austerman@legis.state.ak.us" <Senator_Alان_Austerman@legis.state.ak.us>, "Senator_Kim_Elton@legis.state.ak.us" <Senator_Kim_Elton@legis.state.ak.us>, "Senator_Robin_Taylor@legis.state.ak.us" <Senator_Robin_Taylor@legis.state.ak.us>, "Senator_John_Cowdery@legis.state.ak.us" <Senator_John_Cowdery@legis.state.ak.us>, "Senator_Lyda_Green@legis.state.ak.us" <Senator_Lyda_Green@legis.state.ak.us>, "Senator_Georgianna_Lincoln@legis.state.ak.us" <Senator_Georgianna_Lincoln@legis.state.ak.us>, "Senator_Gene_Therriault@legis.state.ak.us" <Senator_Gene_Therriault@legis.state.ak.us>, "Senator_Bettye_Davis@legis.state.ak.us" <Senator_Bettye_Davis@legis.state.ak.us>, "Senator_Donny_Olson@legis.state.ak.us" <Senator_Donny_Olson@legis.state.ak.us>, "Senator_John_Torgerson@legis.state.ak.us" <Senator_John_Torgerson@legis.state.ak.us>, "Senator_Dave_Donley@legis.state.ak.us" <Senator_Dave_Donley@legis.state.ak.us>, "Senator_Lyman_Hoffman@legis.state.ak.us" <Senator_Lyman_Hoffman@legis.state.ak.us>, "Senator_Randy_Phillips@legis.state.ak.us" <Senator_Randy_Phillips@legis.state.ak.us>, "Senator_Jerry_Ward@legis.state.ak.us" <Senator_Jerry_Ward@legis.state.ak.us>, "Senator_Pete_Kelly@legis.state.ak.us" <Senator_Pete_Kelly@legis.state.ak.us>, "Senator_Ben_Stevens@legis.state.ak.us" <Senator_Ben_Stevens@legis.state.ak.us>, "Senator_Gary_Wilken@legis.state.ak.us" <Senator_Gary_Wilken@legis.state.ak.us>, "Representative_Brian_Porter@legis.state.ak.us" <Representative_Brian_Porter@legis.state.ak.us>, "Representative_Jeannette_James@legis.state.ak.us" <Representative_Jeannette_James@legis.state.ak.us>, "Representative_Ethan_Berkowitz@legis.state.ak.us" <Representative_Ethan_Berkowitz@legis.state.ak.us>, "Representative_Harry_Crawford@legis.state.ak.us" <Representative_Harry_Crawford@legis.state.ak.us>, "Representative_Richard_Foster@legis.state.ak.us" <Representative_Richard_Foster@legis.state.ak.us>, "Representative_Joe_Hayes@legis.state.ak.us" <Representative_Joe_Hayes@legis.state.ak.us>, "Representative_Beth_Kerttula@legis.state.ak.us" <Representative_Beth_Kerttula@legis.state.ak.us>, "Representative_Beverly_Masek@legis.state.ak.us" <Representative_Beverly_Masek@legis.state.ak.us>, "Representative_Eldon_Mulder@legis.state.ak.us" <Representative_Eldon_Mulder@legis.state.ak.us>, "Representative_Drew_Scalzi@legis.state.ak.us" <Representative_Drew_Scalzi@legis.state.ak.us>, "Representative_Con_Bunde@legis.state.ak.us" <Representative_Con_Bunde@legis.state.ak.us>, "Representative_Eric_Croft@legis.state.ak.us" <Representative_Eric_Croft@legis.state.ak.us>, "Representative_Joe_Green@legis.state.ak.us" <Representative_Joe_Green@legis.state.ak.us>, "Representative_Bill_Hudson@legis.state.ak.us" <Representative_Bill_Hudson@legis.state.ak.us>, "Representative_Vic_Kohring@legis.state.ak.us" <Representative_Vic_Kohring@legis.state.ak.us>, "Representative_Lesil_McGuire@legis.state.ak.us" <Representative_Lesil_McGuire@legis.state.ak.us>, "Representative_Lisa_Murkowski@legis.state.ak.us" <Representative_Lisa_Murkowski@legis.state.ak.us>, "Representative_Gary_Stevens@legis.state.ak.us" <Representative_Gary_Stevens@legis.state.ak.us>, "Representative_Mike_Chenault@legis.state.ak.us" <Representative_Mike_Chenault@legis.state.ak.us>, "Representative_John_Davies@legis.state.ak.us" <Representative_John_Davies@legis.state.ak.us>, "Representative_Gretchen_Guess@legis.state.ak.us" <Representative_Gretchen_Guess@legis.state.ak.us>, "Representative_Albert_Kookesh@legis.state.ak.us" <Representative_Albert_Kookesh@legis.state.ak.us>, "Representative_Kevin_Meyer@legis.state.ak.us" <Representative_Kevin_Meyer@legis.state.ak.us>, "Representative_Scott_Ogan@legis.state.ak.us" <Representative_Scott_Ogan@legis.state.ak.us>, "Representative_Jim_Whitaker@legis.state.ak.us" <Representative_Jim_Whitaker@legis.state.ak.us>, "Representative_Sharon_Cissna@legis.state.ak.us" <Representative_Sharon_Cissna@legis.state.ak.us>, "Representative_Fred_Dyson@legis.state.ak.us" <Representative_Fred_Dyson@legis.state.ak.us>

CBRF Balances FY2002 - FY2010



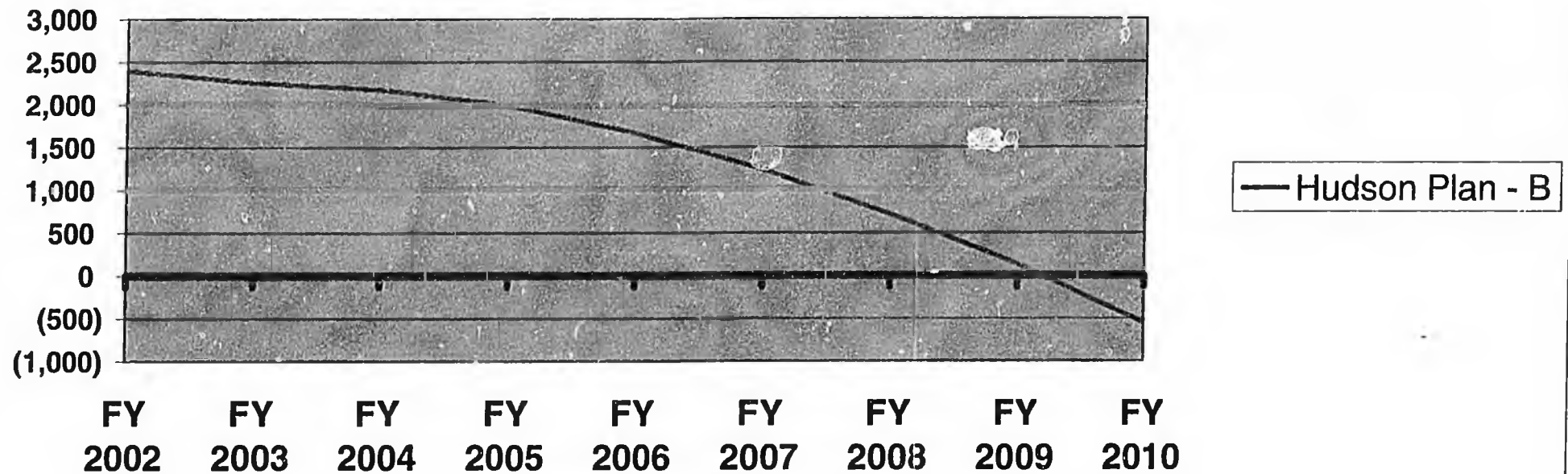
2002 Session

- * Income tax: \$258 million in FY03, \$285 million thereafter
- * \$25 per passenger cruise ship fee (\$17 million to the state): implemented January 1, 2003
- * 10 cent per drink alcohol tax (\$30 million to the state): implemented for 3/4 of FY 2003
- * POMV 5% (50% to dividend program / 50% to state government): approximately \$630 million starting FY 2003

| Hudson Plan - A * | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Income Tax | | 258 | 285 | 285 | 285 | 285 | 285 | 285 | 285 |
| Cruise Ship Tax | | 8.5 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Alcohol Tax | | 23 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| POMV 5% (50/50) | | 633 | 630 | 631 | 638 | 642 | 660 | 685 | 712 |
| Projected Dividend (by Calendar Year) | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Status Quo | 1,710 | 1,560 | 1,430 | 1,370 | 1,510 | 1,640 | 1,710 | 1,790 | 1,860 |
| Hudson Plan - A | 1,016 | 999 | 990 | 988 | 985 | 1,001 | 1,030 | 1,060 | 1,090 |
| Permanent Fund Market Value (End of Fiscal Year) | | | | | | | | | |
| Status Quo | 24,168 | 25,374 | 26,769 | 28,279 | 29,792 | 31,329 | 32,928 | 34,591 | 36,318 |
| Hudson Plan - A | 23,940 | 24,822 | 25,797 | 26,814 | 27,879 | 28,987 | 30,127 | 31,299 | 32,499 |

* Assumes 1% increase in expenditures per year starting FY 2004.

CBRF Balances FY2002 - FY2010



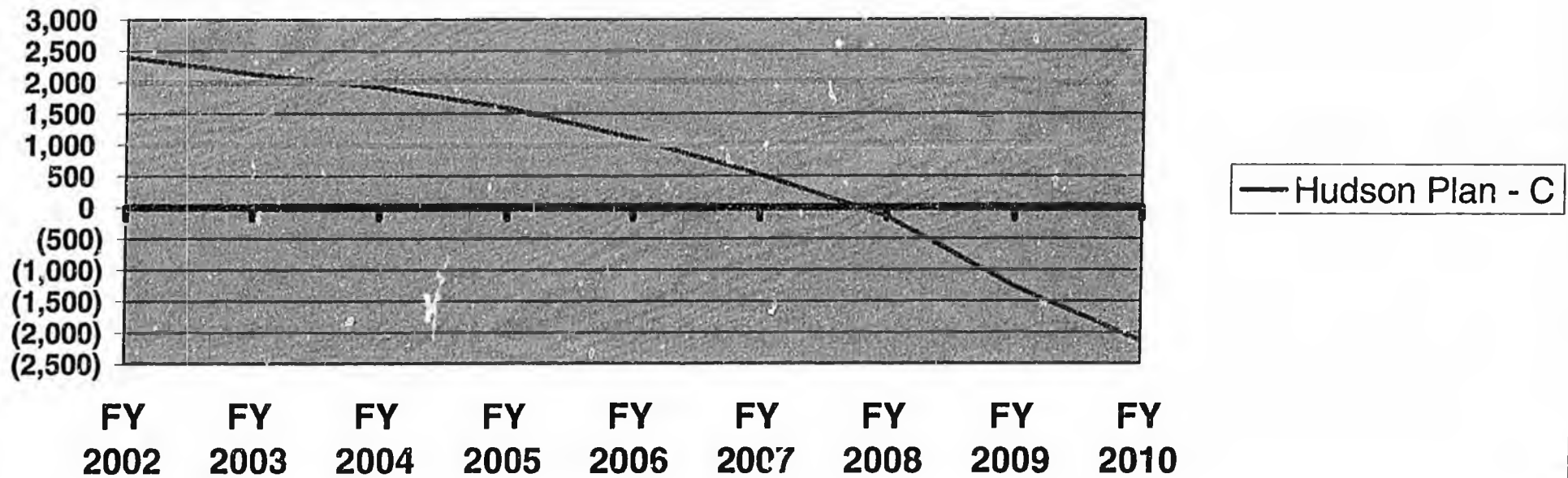
2002 Session

- * Income tax: \$258 million in FY03, \$285 million thereafter
- * \$25 per passenger cruise ship fee (\$17 million to the state): implemented January 1, 2003
- * 10 cent per drink alcohol tax (\$30 million to the state): implemented for 3/4 of FY 2003
- * POMV 5% (60% to dividend program / 40% to state government): approximately \$510 million starting FY 2003

| Hudson Plan - B * | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Income Tax | | 258 | 285 | 285 | 285 | 285 | 285 | 285 | 285 |
| Cruise Ship Tax | | 8.5 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Alcohol Tax | | 23 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| POMV 5% (60/40) | | 508 | 506 | 508 | 513 | 518 | 532 | 553 | 574 |
| Projected Dividend (by Calendar Year) | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Status Quo | 1,710 | 1,560 | 1,430 | 1,370 | 1,510 | 1,640 | 1,710 | 1,790 | 1,860 |
| Hudson Plan - B | 1,237 | 1,217 | 1,207 | 1,207 | 1,204 | 1,224 | 1,260 | 1,296 | 1,334 |
| Permanent Fund Market Value (End of Fiscal Year) | | | | | | | | | |
| Status Quo | 24,168 | 25,374 | 26,769 | 28,279 | 29,792 | 31,329 | 32,928 | 34,591 | 36,318 |
| Hudson Plan - B | 23,940 | 24,822 | 25,797 | 26,814 | 27,879 | 28,987 | 30,127 | 31,279 | 32,499 |

* Assumes 1% increase in expenditures per year starting FY 2004.

CBRF Balances FY2002 - FY2010



2002 Session

- * Income tax: \$258 million in FY03, \$285 million thereafter
- * \$25 per passenger cruise ship fee (\$17 million to the state): implemented January 1, 2003
- * 10 cent per drink alcohol tax (\$30 million to the state): implemented for 3/4 of FY 2003
- * POMV 5% (70% to dividend program / 30% to state government): approximately \$380 million starting FY 2003

| Hudson Plan - C * | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Income Tax | | 258 | 285 | 285 | 285 | 285 | 285 | 285 | 285 |
| Cruise Ship Tax | | 8.5 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Alcohol Tax | | 23 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| POMV 5% (70//30) | | 381 | 379 | 381 | 385 | 388 | 399 | 415 | 431 |
| Projected Dividend (by Calendar Year) | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Status Quo | 1,710 | 1,560 | 1,430 | 1,370 | 1,510 | 1,640 | 1,710 | 1,790 | 1,860 |
| Hudson Plan - C | 1,452 | 1,429 | 1,417 | 1,417 | 1,414 | 1,437 | 1,473 | 1,521 | 1,565 |
| Permanent Fund Market Value (End of Fiscal Year) | | | | | | | | | |
| Status Quo | 24,168 | 25,374 | 26,769 | 28,279 | 29,792 | 31,329 | 32,928 | 34,591 | 36,318 |
| Hudson Plan - C | 23,940 | 24,822 | 25,797 | 26,814 | 27,879 | 28,987 | 30,127 | 31,299 | 32,499 |

* Assumes 1% increase in expenditures per year starting FY 2004.

8:07 am 2/19/02

Larry Persily

Chuck - Tax Division

James - CER

Mechanism to put

Proportion of Income

Line 52

Scott Goldsmith Prof of Economics UAA

1. If we don't do anything today we are going to throw Alaska's economy into a recession
2. Size of gap forces a combination of revenue sources
3. Not if but when we impose a tax
4. Income tax

Every dollar collected Alaskans pay 75¢
out of state's & fed government

Reduce dividends 84¢ paid by Alaska

Sales tax 93¢ ✓

5. Income tax is progressive tax - people with higher income pays higher tax than people with low income
6. 20% of 15% federal income tax is an increase of 3% in tax liability
7. Alaska disconnect - income tax generates revenues from economic growth.
8. Average federal tax liability 20%

324 Willoughby
Juneau, AK 99801

State Affairs
copy

March 1, 2002

Rep. Gary Stevens
House State Affairs Committee
& other interested Alaskans

Requested Follow-up
Letter on
re: Solving Fiscal Gap

Thank you for allowing me to testify to your Committee on why the PFD is so important to Alaskan children and others of low income, and on why you should not cut nor cap the PFD nor change Permanent Fund operations.

You asked me where to cut the budget--a different but related topic--and I promised to write you. Here's the first installment:

Severely cut the Department of Corrections budget--IN HALF--with no more than 2,000 inmates. Saves \$90? million. Here's why:

a. The catch phrase for the past decade was that "Corrections is Alaska's growth industry." If true, that's both sad and shows that Alaska is ill: the economy can not grow with so many in jail.

b. According to the Department's own website, Inmate Population chart for 1984-2000 [copy enclosed] shows that inmate pop-ulations rose over this 16-year period from about 1750 to about 4250 [about 243% increase] while Alaska's population rose from 525,000 to about 625,000 [a 19% increase].

c. A fair way to cut inmate populations while preserving Alaska's public safety is to require the Department of Corrections to increase "good time" as necessary to reach the required inmate maximum. For example, an inmate presently gets 1 day off for "good time" for each 3 days served without incident. Increasing "good time" to, say, 10 days off for each day served, will shorten sentences and require greater emphasis on preparing inmates to re-enter Alaskan society as economically productive members. Increasing "good time" rates may also induce more inmates to reform, but I am not a penologist nor criminologist (consult with them on this plan). Consult also with attorneys, so that you do not expose the State to suits from inmates or prior inmates.

d. A deputy Comm'r of Revenue says that each inmate now costs the State an average of \$40,000 per year. Each 25 inmates, or one inmate for 25 years, therefore costs the State \$1,000,000. One may suggest paying inmates \$10,000 a year NOT to commit crimes if released early, but then people might see that committing one crime pays fives times more than NOT committing crime [getting PFD of under \$2,000]--so do NOT do that, but instead increase "good time" so as to reduce inmate populations, close many prisons, and cut the Department of Corrections budget IN HALF.

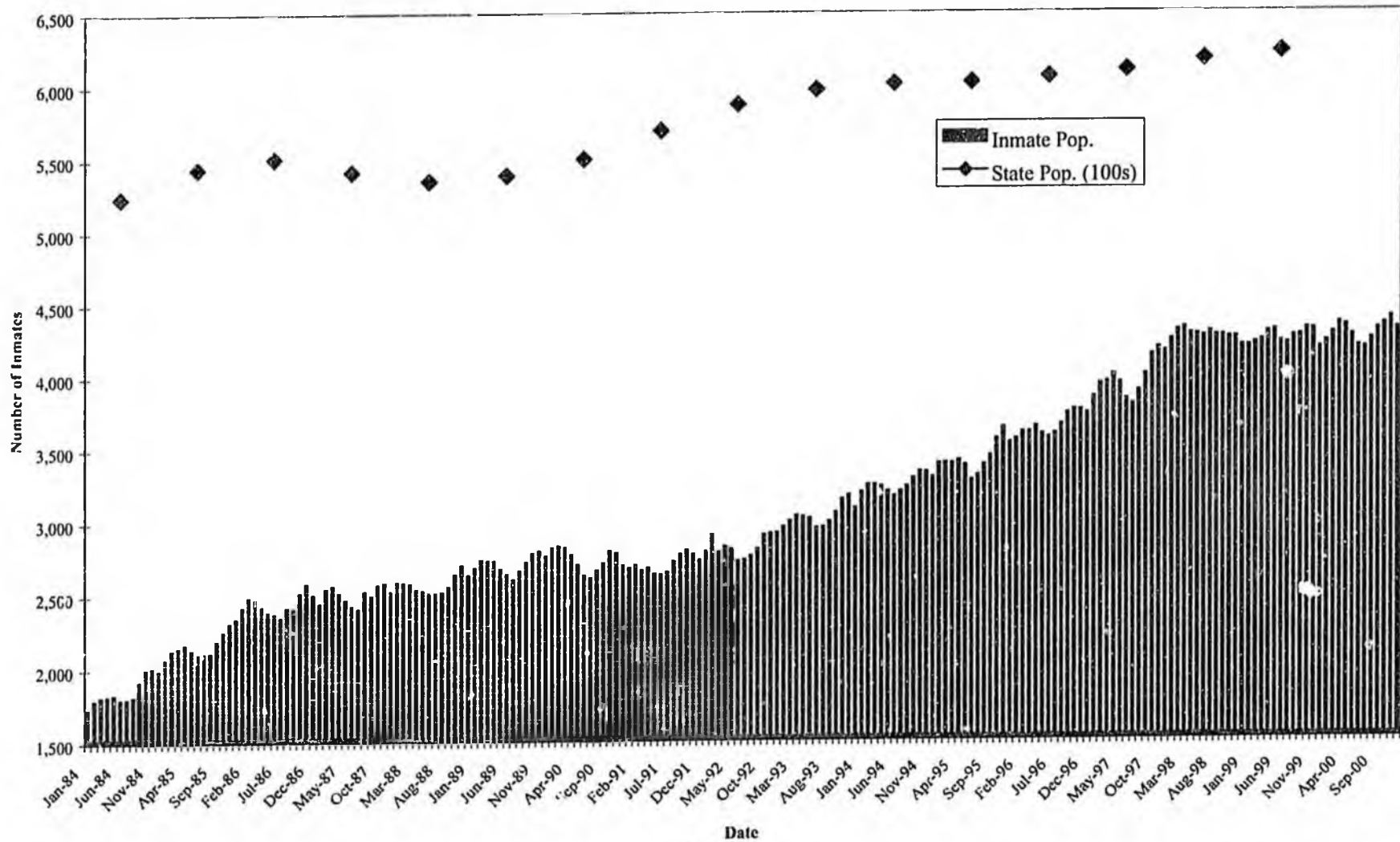
I may have other suggestions later and will write when I do. Of course, Alaska should also be tightening revenue loopholes (by ending non-tax-paying limited liability corporations and partnerships [LLCs and LLPs] by passing a progressive personal income tax [don't just copy the semi-flat Federal tax] and by making Alaska's corporate income tax more progressive.

Bring current spending in line with current revenues, using up the CBR as needed to soften the process. Then modernize Alaska's present colonial-style economy by emphasizing manufacturing and the in-state value-added processing of resources and ideas, and by taxing those you aid. Reduce imports by making those items here; increase exports of finished goods.

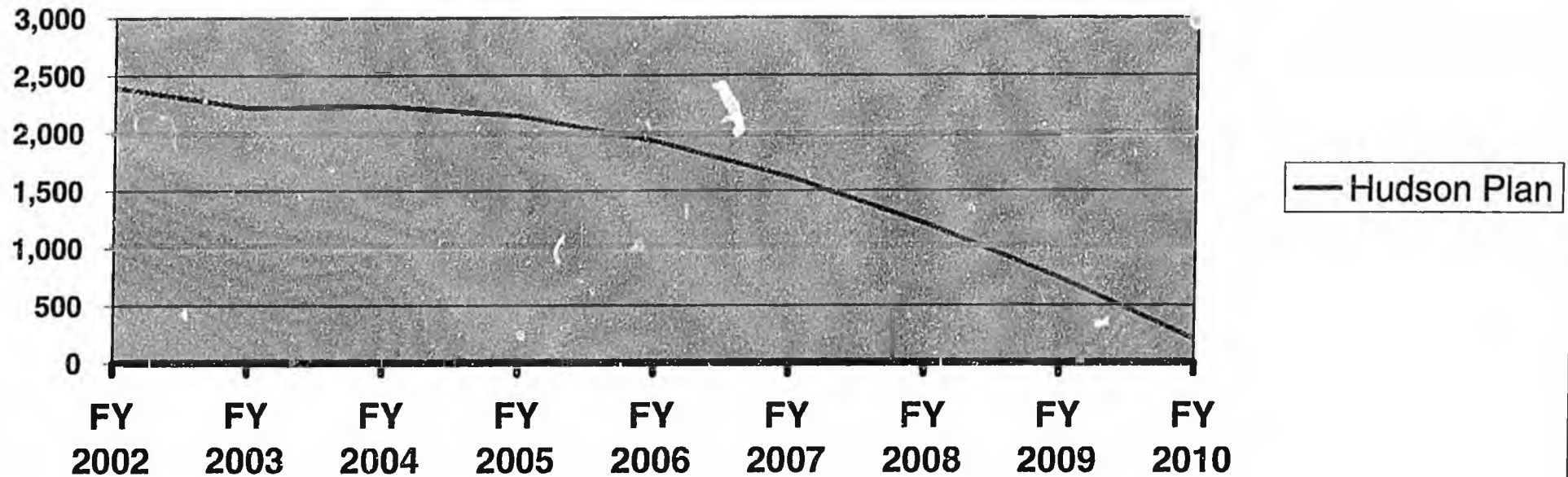
Sincerely,

Joe Sonneman
Dr. Joe Sonneman, PhD (Government)

Alaska State and Inmate Populations, 1984 - 2000



CBRF Balances FY2002 - FY2010



2002 Session

- * Income tax: \$118 million in FY03, \$285 million thereafter
- * \$25 per passenger cruise ship fee (\$17 million to the state): implemented January 1, 2003
- * POMV 5% (50% to dividend program / 50% to state government): approximately \$630 million starting FY 2003

| Hudson Plan | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Income Tax | | 118 | 285 | 285 | 285 | 285 | 285 | 285 | 285 |
| Cruise Ship Tax | | 8.5 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| POMV 5% (50/50) | | 633 | 630 | 631 | 638 | 642 | 660 | 685 | 712 |
| Projected Dividend (by Calendar Year) | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Status Quo | 1,710 | 1,560 | 1,430 | 1,370 | 1,510 | 1,640 | 1,710 | 1,790 | 1,860 |
| Hudson Plan | 1,016 | 999 | 990 | 988 | 985 | 1,001 | 1,030 | 1,060 | 1,090 |

HB

42

22-LS0043VP

Ford

4/16/01

CS FOR HOUSE BILL NO. 42(STA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE GREEN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the consumption, purchase, furnishing, delivery, offer for sale, and
2 sale of alcoholic beverages, and to driver's licenses and identification cards used to
3 purchase alcoholic beverages."

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

5 * Section 1. AS 04.11.491 is amended by adding a new subsection to read:

6 (g) In addition to the options provided under (a) and (b) of this section. if a
7 majority of the persons voting on the question vote to approve the option, a
8 municipality shall adopt an ordinance and an established village shall exercise a local
9 option to require an identification check by licensees as provided under AS 04.16.167.
10 A ballot question to adopt a local option under this subsection must at least contain
11 language substantially similar to "Shall (name of municipality or village) adopt a local
12 option to require an identification check by licensees as provided under AS 04.16.167?
13 (yes or no)."

14 * Sec. 2. AS 04.11.495 is amended by adding a new subsection to read:

1 (d) In addition to the option provided under (a) of this section, if a majority of
 2 the persons voting on the question vote to approve the option, a municipality or an
 3 established village shall remove the option set out in AS 04.11.491(g) to require an
 4 identification check by licensees as provided under AS 04.16.167. Notwithstanding
 5 (b) of this section, a ballot question to remove a local option under this subsection
 6 must at least contain language substantially similar to "Shall (name of municipality or
 7 village) remove the local option to require an identification check by licensees as
 8 provided under AS 04.16.167 so that there is no longer a requirement of an
 9 identification check in effect? (yes or no)."

10 * Sec. 3. AS 04.11.509(a) is amended to read:

11 (a) If a majority of the voters vote to impose [PROHIBIT], change, or remove
 12 a local option under AS 04.11.491 - 04.11.495, the clerk of the municipality [,] or, if
 13 the election is in an established village, the lieutenant governor shall notify the board
 14 of the results of the election immediately after the results are certified. The board
 15 shall immediately notify the Department of Law and the Department of Public Safety
 16 of the results of the election.

17 * Sec. 4. AS 04.16 is amended by adding new sections to read:

18 **Sec. 04.16.160. Privilege to purchase alcoholic beverages.** (a) A person
 19 who is 21 years of age or older has a privilege to purchase alcoholic beverages, unless
 20 the privilege is revoked as provided under (b) of this section, is voluntarily
 21 relinquished as provided under (c) of this section, or as otherwise provided by law.

22 (b) If a person is convicted of operating a motor vehicle, aircraft, or watercraft
 23 while intoxicated in violation of AS 28.35.030 or refusal to submit to a chemical test
 24 under AS 28.35.032, the court may revoke the person's privilege to purchase alcoholic
 25 beverages. If a person is convicted of operating a motor vehicle, aircraft, or watercraft
 26 while intoxicated in violation of AS 28.35.030 or refusal to submit to a chemical test
 27 under AS 28.35.032 or is convicted of a different offense and consumption of an
 28 alcoholic beverage was a substantial factor in the commission of the offense and the
 29 person has, within five years preceding the date of the present conviction, been
 30 convicted of violating AS 28.35.030 or 28.35.032, the court shall revoke the person's
 31 privilege to purchase alcoholic beverages. A revocation imposed under this

1 subsection shall be for the following periods:

2 (1) for a first offense, one year;

3 (2) for a second offense, three years;

4 (3) for a third or subsequent offense, five years.

5 (c) A person may volunteer to relinquish the person's privilege to purchase
6 alcoholic beverages. A voluntary relinquishment shall continue until the person elects
7 to end the relinquishment.

8 (d) A person whose privilege to purchase alcoholic beverages is revoked
9 under (b) or relinquished under (c) of this section may not knowingly possess,
10 consume, or purchase an alcoholic beverage, or solicit another person to purchase an
11 alcoholic beverage. This subsection does not apply to sacramental wine used for
12 religious purposes.

13 (e) For purposes of (b) of this section, a prior conviction of any of the offenses
14 described under (b) of this section subjects the person to the penalties described under
15 (b)(2) or (3) of this section.

16 ~~Sec. 04.16.165. Prohibition relating to persons with revoked privilege to~~
17 ~~purchase.~~ (a) A person may not knowingly furnish or deliver an alcoholic beverage
18 to a person whose privilege to purchase alcoholic beverages is revoked under
19 AS 04.16.160.

20 (b) If a person is convicted of violating (a) of this section, the court shall
21 impose a civil penalty of \$500.

22 **Sec. 04.16.167. Identification check by licensees.** If a local option to require
23 an identification check is adopted under AS 04.11.491(g), a licensee or an agent or
24 employee of a licensee within that municipality or established village may not
25 knowingly sell or offer for sale an alcoholic beverage unless the licensee, agent, or
26 employee first examines the identification of the person purchasing the alcoholic
27 beverage and determines that the person's privilege to purchase alcoholic beverages is
28 not revoked.

29 **Sec. 04.16.169. Required notice.** A court that revokes a privilege to purchase
30 alcoholic beverages shall promptly notify the Department of Public Safety and the
31 component of the Department of Administration that administers motor vehicle and

1 driver's license laws of the revocation.

2 * Sec. 5. AS 04.16.180(a) is amended to read:

3 (a) Except as provided in AS 04.11.015, AS 04.16.025, 04.16.050
4 [AS 04.16.050(b)], 04.16.051, 04.16.165, 04.16.200 - 04.16.210, and AS 04.21.065, a
5 person who violates a provision of this title or a regulation adopted by the board is
6 guilty, upon conviction, of a class A misdemeanor. Each violation is a separate
7 offense.

8 * Sec. 6. AS 28.15.111(a) is amended to read:

9 (a) Upon successful completion of the application and all required
10 examinations, and upon payment of the required fee, the department shall issue to
11 every qualified applicant a driver's license indicating the type or general class of
12 vehicles that the licensee may drive. The license must display (1) a distinguishing
13 number assigned to the license; (2) the licensee's full name, address, date of birth,
14 brief physical description, and color photograph; (3) either a facsimile of the signature
15 of the licensee or a space upon which the licensee must write the licensee's usual
16 signature with pen and ink; (4) a holographic symbol intended to prevent illegal
17 alteration or duplication; [AND] (5) for a qualified applicant who is under age 21, the
18 words "UNDER 21"; and (6) for a person whose privilege to purchase alcohol has
19 been revoked under AS 04.16.160, a distinctive color. A license is not valid until
20 signed by the licensee. If facilities are not available for the taking of the photograph
21 required under this section, the department shall endorse on the license, the words
22 "valid without photograph."

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An Affiliate of the American Civil Liberties Union

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Statement in opposition to HB 42 ("Privilege to purchase" alcohol)

**Presented to the House State Affairs Committee on April 10, 2001
by Jennifer Rudinger, Executive Director**

Mr. Chairman and members of the Committee:

I am here to represent over one thousand supporters and members of the AkCLU in Alaska, and I thank you for the opportunity to testify in opposition to HB 42. While the AkCLU understands and supports the goal of preventing people from driving while intoxicated, we believe that HB 42 sweeps way too broadly in its efforts to curtail drunk driving and actually creates an unworkable bureaucracy which will violate Alaskans' rights to privacy. Furthermore, in some circumstances, it may also violate Alaskans' rights to free exercise of religion under the First Amendment and Article 1, Section 4 of the Alaska Constitution. I will summarize our concerns below, and then I would be very happy to speak with you further about this matter.

- 1.) **HB 42 does not only apply to driving offenses involving alcohol. Rather, it allows for the revocation penalty to be imposed in any conviction in which alcohol played a substantial role, even if the offender does not have a driver's license and does not drive.**

I have not seen a sponsor's statement by Rep. Green yet, but I can only conclude from news reports about this bill that Rep. Green's intent is to curtail drunk driving in Alaska. If that is so, then the first problem with this HB 42 is that it sweeps much more broadly than drunk driving. While Section 1 (b) mandates that a person's privilege to purchase alcohol shall be revoked if a person is convicted of a d.u.i. offense, this section also allows for the revocation of the privilege to purchase alcohol in *any* conviction for *any* offense in which alcohol consumption played a substantial role in the commission of the offense.

Allowing for the revocation of the privilege to purchase alcohol for a minimum of one year in circumstances that did not involve operating a motor vehicle -- such as a simple disorderly conduct charge for an argument in a bar -- sweeps much more broadly than is justified by the bill's intent to protect people from the safety hazard posed by drunk drivers. Although we have not yet researched whether there is a constitutional right to purchase alcoholic beverages, we assume for purposes of this paper that purchasing alcohol is a "privilege" and not a "right." Nevertheless, the government is unlikely to be able to demonstrate a rational relationship between the goal of curtailing drunk driving and the means of allowing for this harsh penalty in circumstances that do not involve driving at all. In fact, this revocation may be imposed against people who do

not even have a driver's license or have any intention of driving! Thus, we feel that the second sentence of Section 1(b) sweeps too broadly to be rationally related to the State's goal of curtailing drunk driving.

Furthermore, even if the sponsor's objective *is* to curtail all offenses involving alcohol, and *not* just d.u.i. offenses, this bill sweeps much more broadly than necessary to accomplish that objective for the reasons listed below.

2.) HB 42 would prohibit a person whose privilege to purchase has been revoked from even entering the premises of *any* licensed establishment.

Section 1(c) of HB 42 prohibits a person whose privilege has been revoked from even entering the premises of any establishment licensed to serve alcoholic beverages. As a practical matter, this prohibition would prevent a person whose privilege has been revoked from going to dinner with his/her family unless they eat at a fast food restaurant. For example, almost every restaurant in Anchorage (even Alaska Bagel) serves alcohol. In Anchorage, this prohibition would prevent people whose privilege has been revoked from attending concerts or events at the Performing Arts Center or the Sullivan Arena because alcohol is made available at those events. Not allowing a person whose privilege has been revoked to even *attend* a performance by the Anchorage Symphony Orchestra seems again to sweep more broadly than is rationally related to the State's goal of preventing drunk driving.

Furthermore, Section 1(c) contains no exception for people who are employed by licensees and need to enter licensed premises in order to earn their livelihood during the period in which their privilege is revoked. Surely, the legislature does not intend for these people to lose their jobs and lose their ability to provide for their families ... but HB 42, as currently drafted, would have that effect.

3.) HB 42 extends beyond public facilities and invades the private home.

Section 04.16.165 seems to extend the government's prohibition into the private home. In order to comply with this new law, people who have guests in their home would arguably have to demand proof from their friends that their privilege to consume alcohol has not been revoked. HB 42 sweeps too broadly by effectively mandating that guests who are *not driving* are nevertheless subjected to this sort of interrogation by their friends and that anyone who serves a glass of wine at a dinner party to someone whose privilege has been revoked will themselves lose their privilege to purchase alcohol for six months. Given Alaskans' deeply rooted value of individual privacy, we are confident that your constituents would find this provision to be eerily Orwellian in that it inserts Big Brother into the private home and forces friends to "card" each other.

4.) HB 42's database requirement creates both an impractical bureaucracy and an invasion of privacy.

Section 04.16.167(b) and Section 04.16.167(c) create a "list," or database, of people whose privilege to purchase alcohol has been revoked. Although the bill requires changes to this list to be made "promptly" by the ABC Board and by the court system, there is no definition of what HB 42's sponsor would consider "prompt." It hardly seems realistic to assume that in fact these changes will be made with expediency and that every licensee in the State of Alaska will be "promptly" informed of changes to this list. People whose privileges have been reinstated will nevertheless find themselves unable to purchase alcohol or to enter licensed premises as long as some government database claims that their privilege is still revoked.

Furthermore, this database could easily constitute an invasion of privacy in that many people will have access to it and there is no protection in HB 42 for the confidentiality of this list. Particularly in smaller communities, it is easy to predict that who is on "the list" will become public knowledge. The interest of the State lies in protecting the public from the hazards caused by intoxicated drivers, *not* in heaping shame and humiliation on people who have made one mistake.

5.) The requirement that the driver's license of a person whose privilege has been revoked must be a distinctive color constitutes an unwarranted violation of Alaskans' right to privacy.

There are many circumstances in which a person is asked to show his/her driver's license that have nothing to do with drinking or driving. Employers are required to ask for proof of I.D. when filling out W-4 forms for new employees, and often, a driver's license is the only form of state I.D. that people have. Banks often ask to see the driver's licenses of people applying for new checking accounts so that the driver's license number can be displayed on the checks. Post offices may require that one show one's proof of I.D. before accepting a certified letter or collecting mail that has been held while on vacation. These are just a few examples of when Alaskans are asked to display their driver's licenses in circumstances that have nothing to do with driving or drinking. Forcing people's drivers' licenses to be colorized if their privilege to purchase has been revoked is akin to forcing them, in many circumstances, to display a colorized badge of shame. One Alaskan who heard a news report about this bill recently contacted the AkCLU and told me that he feels this is similar to the Nazis forcing Jews to wear yellow stars in Germany. While I would not personally go so far as to make this comparison, I mention this only to illustrate how strongly Alaskans feel about government intrusions into their privacy.

AkCLU position paper re: HB 42
Page 4 of 4

6.) HB 42 contains no exemption for religious practices that involve the consumption of alcohol.

The First Amendment and Article I, Section 4 of the Alaska Constitution prohibit the government from interfering with the free exercise of religion. Insofar as this bill contains no exception to allow a person to participate in religious ceremonies involving wine or other alcoholic beverages, HB 42 is unconstitutional.

Conclusion

In conclusion, we reiterate that we believe the State has a legitimate interest in protecting Alaskans from hazards caused by drunk drivers. However, HB 42 sweeps much too broadly in light of its apparent purpose and will have the severe consequences of invading Alaskans' privacy, creating an unworkable bureaucracy, and preventing people who have made one mistake from going to restaurants, keeping a job, attending a friend's dinner party, or exercising religious practices which involve the consumption of alcoholic beverages.

Thank you again for your consideration of this issue and for contacting the Alaska Civil Liberties Union. Please feel free to contact me at 258-0044 if you wish to discuss this matter further.

Sincerely,



Jennifer Rulinger
Executive Director

Alaska State Legislature

WHILE IN SESSION
CAPITOL BUILDING
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(907) 465-4931
1-800-870-4931
(907) 465-4316 FAX

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ANCHORAGE, ALASKA 99501
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MEMBER, ETHICS
MEMBER, MILITARY & VETERAN AFFAIRS

BUDGET SUBCOMMITTEES
ALASKA COURT SYSTEM
DEPT. OF CORRECTIONS
DEPT. OF LAW

Representative Joe Green
District 10

SPONSOR STATEMENT

House Bill 42 - "Consumption and purchase of alcohol"

House Bill 42 requires the court to revoke a person's privilege to drink alcohol if they are convicted of driving while intoxicated. It also allows a judge to revoke a person's privilege to drink if the court finds that the consumption of alcohol was a substantial factor in the commission of any offense. A person whose privilege to drink has been revoked by a court will be required to obtain a driver's license or state identification card that reflect the restrictions. The possession or consumption of alcohol during the period of restriction would be a class A misdemeanor. Anyone who knowingly provides an alcoholic beverage to a person whose privilege to drink has been revoked will lose *their* privilege to drink for a period of six months.

HB 42 also provides a new tool to local communities to assist them in their efforts to curb alcohol abuse. Much like a community's ability to vote itself "dry" or "damp," House Bill 42 provides a "local option" for communities to require that all persons provide personal identification before purchasing alcoholic beverages. Communities that choose this option would be able to refuse alcohol availability to those persons who have lost their privilege to drink.

Recent fatality accidents involving drunk drivers has focused our attention on the misuse of alcohol and its costs to society. Most of the attention to date has focused on driving while intoxicated; while this is a significant component of alcohol abuse it is by no means the most prevalent or most costly. Studies indicate that alcohol was a factor in the crimes committed by more than half of the prisoners incarcerated in our prisons.

I would appreciate your support of HB 42 as we endeavor to separate alcohol from alcohol abusers.

22-LS0043\L
Ford
4/2/01

CS FOR HOUSE BILL NO. 42()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION**

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE GREEN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the consumption, purchase, furnishing, delivery, offer for sale, and
2 sale of alcoholic beverages and to driver's licenses and identification cards used to
3 purchase alcoholic beverages."

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

5 * **Section 1.** AS 04.11.491 is amended by adding a new subsection to read:

6 (g) In addition to the options provided under (a) and (b) of this section, if a
7 majority of the persons voting on the question vote to approve the option, a
8 municipality shall adopt an ordinance and an established village shall exercise a local
9 option to require an identification check by licensees as provided under AS 04.16.167.
10 A ballot question to adopt a local option under this subsection must at least contain
11 language substantially similar to "Shall (name of municipality or village) adopt a local
12 option to require an identification check by licensees as provided under AS 04.16.167?
13 (yes or no)."

14 * **Sec. 2.** AS 04.11.495 is amended by adding a new subsection to read:

1 (d) In addition to the option provided under (a) of this section, if a majority of
2 the persons voting on the question vote to approve the option, a municipality or an
3 established village shall remove the option set out in AS 04.11.491(g) to require an
4 identification check by licensees as provided under AS 04.16.167. Notwithstanding
5 (b) of this section, a ballot question to remove a local option under this subsection
6 must at least contain language substantially similar to "Shall (name of municipality or
7 village) remove the local option to require an identification check by licensees as
8 provided under AS 04.16.167 so that there is no longer a requirement of an
9 identification check in effect? (yes or no)."

10 * Sec. 3. AS 04.11.509(a) is amended to read:

11 (a) If a majority of the voters vote to impose [PROHIBIT], change, or remove
12 a local option under AS 04.11.491 - 04.11.495, the clerk of the municipality [,] or, if
13 the election is in an established village, the lieutenant governor shall notify the board
14 of the results of the election immediately after the results are certified. The board
15 shall immediately notify the Department of Law and the Department of Public Safety
16 of the results of the election.

17 * Sec. 4. AS 04.16 is amended by adding new sections to read:

18 **Sec. 04.16.160. Privilege to purchase alcoholic beverages.** (a) A person
19 who is 21 years of age or older has a privilege to purchase alcoholic beverages, unless
20 the privilege is revoked as provided under (b) of this section, is voluntarily
21 relinquished as provided under (c) of this section, or as otherwise provided by law.

22 (b) If a person is convicted of operating a motor vehicle, aircraft, or watercraft
23 while intoxicated in violation of AS 28.35.030 or refusal to submit to a chemical test
24 under AS 28.35.032, the court shall revoke the person's privilege to purchase alcoholic
25 beverages. If a person is convicted of an offense other than operating a motor vehicle,
26 aircraft, or watercraft while intoxicated in violation of AS 28.35.030 or refusal to
27 submit to a chemical test under AS 28.35.032 and the consumption of an alcoholic
28 beverage was a substantial factor in the commission of the offense, the court may
29 revoke the person's privilege to purchase alcoholic beverages. A revocation required
30 under this subsection shall be for the following periods:

31 (1) for a first offense, one year;

1 (2) for a second offense, three years;

2 (3) for a third or subsequent offense, five years.

3 (c) A person may volunteer to relinquish the person's privilege to purchase
4 alcoholic beverages. A voluntary relinquishment shall continue until the person elects
5 to end the relinquishment.

6 (d) A person whose privilege to purchase alcoholic beverages is revoked
7 under (b) or relinquished under (c) of this section may not knowingly possess,
8 consume, or purchase an alcoholic beverage, or solicit another person to purchase an
9 alcoholic beverage. This subsection does not apply to sacramental wine used for
10 religious purposes.

11 (e) For purposes of (b) of this section, a prior conviction of any of the offenses
12 described under (b) of this section subjects the person to the penalties described under
13 (b)(2) or (3) of this section.

14 **Sec. 04.16.165. Prohibition relating to persons with revoked privilege to**
15 **purchase.** (a) A person may not knowingly furnish or deliver an alcoholic beverage
16 to a person whose privilege to purchase alcoholic beverages is revoked under
17 AS 04.16.160.

18 (b) If a person is convicted of violating (a) of this section, the court shall
19 revoke the person's privilege to purchase alcoholic beverages for a period of six
20 months.

21 **Sec. 04.16.167. Identification check by licensees.** If a local option to require
22 an identification check is adopted under AS 04.11.491(g), a licensee or an agent or
23 employee of a licensee within that municipality or established village may not
24 knowingly sell or offer for sale an alcoholic beverage unless the licensee, agent, or
25 employee first examines the identification of the person purchasing the alcoholic
26 beverage and determines that the person's privilege to purchase alcoholic beverages is
27 not revoked.

28 **Sec. 04.16.169. Required notice.** A court that revokes a privilege to purchase
29 alcoholic beverages shall promptly notify the Department of Public Safety and the
30 component of the Department of Administration that administers motor vehicle and
31 driver's license laws of the revocation.

1 * Sec. 5. AS 04.16.180(a) is amended to read:

2 (a) Except as provided in AS 04.11.015, AS 04.16.025, 04.16.050
3 [AS 04.16.050(b)], 04.16.051, 04.16.165, 04.16.200 - 04.16.210, and AS 04.21.065, a
4 person who violates a provision of this title or a regulation adopted by the board is
5 guilty, upon conviction, of a class A misdemeanor. Each violation is a separate
6 offense.

7 * Sec. 6. AS 28.15.111(a) is amended to read:

8 (a) Upon successful completion of the application and all required
9 examinations, and upon payment of the required fee, the department shall issue to
10 every qualified applicant a driver's license indicating the type or general class of
11 vehicles that the licensee may drive. The license must display (1) a distinguishing
12 number assigned to the license; (2) the licensee's full name, address, date of birth,
13 brief physical description, and color photograph; (3) either a facsimile of the signature
14 of the licensee or a space upon which the licensee must write the licensee's usual
15 signature with pen and ink; (4) a holographic symbol intended to prevent illegal
16 alteration or duplication; [AND] (5) for a qualified applicant who is under age 21, the
17 words "UNDER 21"; and (6) for a person whose privilege to purchase alcohol has
18 been revoked under AS 04.16.160 or 04.16.165, a distinctive color. A license is not
19 valid until signed by the licensee. If facilities are not available for the taking of the
20 photograph required under this section, the department shall endorse on the license,
21 the words "valid without photograph."
22

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 42
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title: An act relating to the consumption, purchase, BRU: Motor Vehicles
furnishing, delivery, offer for sale, and sale of alcoholic..... Component: _____
 Sponsor: Representative Green
 Requester: (H) STA Component Number: 2348

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | 29.8 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 29.8 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

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

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 29.8 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 29.8 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 |

Estimate of any current year (FY2001) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal: _____

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)
 See attached sheet

Prepared by: Charles R. Hosack Phone 269-5559
 Division: Motor Vehicles Date/Time: #####
 Approved by: Jim Duncan, Commissioner Date: 4/9/01
 Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

HB 42 Fiscal Note Continuation

This bill requires DMV to issue a driver license with a distinctive color if a person's authority to purchase alcohol has been revoked. For purposes of this fiscal note DMV assumes the bill will be amended to include ID cards issued under AS 18.65.310. The majority of persons who have had their driver license revoked obtain an ID card during the period they do not have the license.

Under this bill a court revokes a person's authority to purchase alcohol if the person is convicted of DWI or other offenses where alcohol is involved. There are approximately 5000 arrests for DWI each year. It is not known how many other offenses other than DWI would trigger the revocation. For purposes of this fiscal note it is assumed that there will be 1000 offense each year. DMV will have to issue special licenses or ID cards to 6,000 each year.

The periods of the revocation of authority to purchase alcohol are different from the standard license revocation periods for DWI. Plus persons convicted of offenses not related to driving may have their authority to purchase alcohol revoked. These people may go to any DMV office in the state at any time during the revocation period to obtain an ID card or, if eligible a driver license. To ensure that the correct license or ID card is issued DMV will have to modify the data system to reflect this new status. This system modification will be done by a contractor. The estimated time required is 240 hours (6 weeks) at the state contract rate of \$122.77 per hour. The total cost is \$29,448.00.

After the period of revocation is over the person will obtain a regular license or ID card without the distinctive color. This cost will not be incurred until the second year of the program since the minimum period of revocation is for one year. This will be 6,000 additional licenses or cards issued at a cost of \$2.00 each. The total annual cost is \$12,000.00.

Each year there will be a forms cost of \$300.00 for the distinctive license card.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 42
() Publish Date: _____

Revision Date/Time(Note if Correction): _____ Dept. Affected: Correction
Title: An Act relating to the consumption, purchase, BRU: Administration & Operations
furnishing, delivery, offer for sale, and sale of alcoholic..... Component: All
Sponsor: Representative Green
Requester: House State Affairs Component Number: 694

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 |
| TOTAL OPERATING | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

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

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 |

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

HB 42 would establish a statute allowing the revocation of the privilege to purchase alcohol. This legislation requires a judge to revoke someone's privilege to purchase alcohol if that person is convicted of DWI, and allows the court to revoke the privilege for any other offense where consumption of alcohol was a substantial factor. A first offender's revocation would be 1 year, a second offender within 10 years would be receive a 3 year revocation and a third offender within 10 years would receive a 5 year revocation. A master list of all those individuals who have had their privilege revoked would be maintained by the Alcohol Beverage Control Board and they would be responsible for ensuring all of the liquor licensees had updated lists. Additionally, anyone whose privilege has been revoked would be required to go to Motor Vehicles and obtain a license with a distinctive color to differentiate them from those whose privilege has not been revoked and all licensees would be required to check the identification of everyone purchasing alcohol. Entering a licensed premise, possession or purchase of an alcoholic beverage, or soliciting someone else to purchase an alcoholic beverage when the privilege is revoked would be a class A misdemeanor.

Prepared by: Candace Brower Phone 465-4652
Division: Commissioner's Office Date/Time 4/09/01/4:51pm
Approved by: Margaret Pugh Date 4/9/01
Agency: Department of Corrections

For distribution information, call the Governor's Legislative Office

If this legislation is enacted, it is anticipated to have a significant fiscal impact on the Department of Corrections. In Calendar year 2000, the Department of Corrections had 31,019 bookings. We know that alcohol is a significant factor in a great number of those bookings. If we assume 60% have alcohol as a significant factor, those 18,611 bookings would be eligible for the privilege revocation. The judges might not impose that revocation on 10% of those 18,611 bookings leaving 16,751 who might have this imposed. If 60% of those violate their revocation that would leave 10,751. Out of those bookings, the Department of Law and Department of Corrections agree that it is conceivable 7500 offenders would serve a minimum of 3 days in jail. If we average a CRC bed cost and a prison bed cost it comes to \$88.00 a day. That results in an additional cost to the Department of Corrections of \$1,980,000. We believe that to be a conservative estimate, depending on the judges decisions and the level of enforcement.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 42
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
Title "An Act relating to the consumption, purchase, BRU Criminal Division
furnishing...sale of alcoholic beverages and to driver's licenses..." Component 1st-4th Judicial Districts
Sponsor Representative Green
Requester House State Affairs Committee Component No. 2198-99;2201;61;79

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|------------------------|----------------|--------------|--------------|--------------|--------------|--------------|
| Personal Services | 841.6 | 841.6 | 841.6 | 841.6 | 841.6 | 841.6 |
| Travel | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 |
| Contractual | 130.1 | 130.1 | 130.1 | 130.1 | 130.1 | 130.1 |
| Supplies | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 |
| Equipment | 71.5 | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 1,057.1 | 985.6 | 985.6 | 985.6 | 985.6 | 985.6 |

| | | | | | | |
|----------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|----------------------|--|--|--|--|--|--|

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

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------|----------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 1,057.1 | 985.6 | 985.6 | 985.6 | 985.6 | 985.6 |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 1,057.1 | 985.6 | 985.6 | 985.6 | 985.6 | 985.6 |

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

| | | | | | | |
|-----------|----|----|----|----|----|----|
| Full-time | 11 | 11 | 11 | 11 | 11 | 11 |
| Part-time | | | | | | |
| Temporary | | | | | | |

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

HB 42 requires the court to revoke a person's privilege to purchase alcoholic beverages for a DWI conviction, and allows the court to revoke the privilege for any other offense where consumption of alcohol was a substantial factor. The length of time the privilege is revoked increases with the number of prior offenses within the preceding 10 years. The Alcoholic Beverage Control Board would be required to maintain a list of people whose privilege to purchase alcoholic beverages was revoked, and provide all liquor licensees with the information. Persons whose privilege to purchase alcoholic beverages has been revoked would carry a driver's license or identification card of a distinctive color, and licensees would be required to check the identification of everyone purchasing an alcoholic beverage for this color. Entering a licensed premise, possession or purchase of an alcoholic beverage, or soliciting someone else to purchase an alcoholic beverage when the privilege is revoked would be a class A misdemeanor.

Passage of this legislation is expected to have a significant fiscal impact on the criminal justice system, including the Department of Law.

Prepared by: Joan M. Kasson Phone 465-5370
Division Attorney General's Office Date/Time 4/9/01 1:44 PM
Approved by: Kathryn Daughhete for Bruce M. Botelho, Attorney General Date 4/9/01
Agency Department of Law

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

BILL NO. HB 42

ANALYSIS CONTINUATION

Alcohol is a substantial factor in a majority of crimes committed in Alaska. In CY 2000, Corrections had over 31,000 total bookings for all offenses, statewide. If 60 percent of these bookings involved alcohol as a substantial factor, over 18,000 of these bookings could be subject to the revocation of the privilege to purchase alcohol. Of these 18,000 alcohol-related offenders, in FY00, 4,000 were for DWI alone. Under this bill, the privilege to purchase alcohol must be revoked for every conviction for DWI. Of the remaining 14,000 alcohol-related offenders, we conservatively estimate that at least half would be sufficiently serious to warrant revocation of the privilege to purchase alcohol. Thus, in each year of the operation of this proposed law, there would be at least 11,000 persons whose privileges are revoked. Because the period of revocation will often last longer than one year, however, at any one time there will be many more than 11,000 persons with revoked privileges. Because most of these offenders have chronic and longstanding alcoholism, and because this bill makes it a crime for these high-risk individuals to even possess alcohol, we believe that a high percentage will reoffend each year. For the purposes of this fiscal note, we assume that approximately 8,000 people per year would reoffend and be subject to a new misdemeanor charge as a result of this bill. It is difficult to judge how many of those individuals would be brought up on other charges at the same time, in which case the new misdemeanor charge resulting from passage of this legislation would not increase the department's workload. However, we would anticipate that more than half of these cases, five thousand, would involve the sole charge of the new crime of being in a licensed premise, possession or purchasing alcohol, or soliciting another person to purchase alcohol.

Five thousand new cases represents a 25 percent increase in the department's current misdemeanor caseload. The department would need 5 new FTE attorneys (Anchorage, Fairbanks, Palmer, Kenai, Bethel DAO), 3 paraprofessionals (Anchorage, Fairbanks, Palmer DAO), and 3 secretaries (Anchorage, Fairbanks, Palmer DAO) to manage this new caseload.

All position costs are based on the department's FY02 cost allocation plan, and include clerical support, communications, space, supplies, data processing, and other normal overhead expenses. The standard cost does not include one-time new equipment purchases, and \$6,500 per position is included. Proportionate support position funding is included in the standard attorney and paraprofessional cost schedule at a rate of approximately one support position for every three professional positions. Position authorizations for the support positions are required, however, and three FTE legal secretary positions are requested, along with \$6,500 for one-time equipment costs for each position. A line-item summary by component follows:

| Component | Position | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|--|----------------------------|---------|---------|---------|---------|---------|---------|
| Criminal Division: 3rd Judicial District: Anchorage (2261) | | | | | | | |
| | 100 1 FTE Attorney | 199.8 | 199.8 | 199.8 | 199.8 | 199.8 | 199.8 |
| | 200 1 FTE Paraprofessional | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| | 300 1 PFT Legal Secy | 30.9 | 30.9 | 30.9 | 30.9 | 30.9 | 30.9 |
| | 400 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 |
| | 500 | 19.5 | | | | | |
| | Total 1004 General Fund | 253.5 | 234.0 | 234.0 | 234.0 | 234.0 | 234.0 |
| Criminal Division: 3rd Judicial District: Outside Anchorage (2279) | | | | | | | |
| | 100 2 FTE Attorney | 320.9 | 320.9 | 320.9 | 320.9 | 320.9 | 320.9 |
| | 200 1 FTE Paraprofessional | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| | 300 1 PFT Legal Secy | 49.6 | 49.6 | 49.6 | 49.6 | 49.6 | 49.6 |
| | 400 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 |
| | 500 | 26.0 | | | | | |
| | Total 1004 General Fund | 401.8 | 375.8 | 375.8 | 375.8 | 375.8 | 375.8 |
| Criminal Division: 4rd Judicial District (2201) | | | | | | | |
| | 100 2 FTE Attorney | 320.9 | 320.9 | 320.9 | 320.9 | 320.9 | 320.9 |
| | 200 1 FTE Paraprofessional | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| | 300 1 PFT Legal Secy | 49.6 | 49.6 | 49.6 | 49.6 | 49.6 | 49.6 |
| | 400 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 |
| | 500 | 26.0 | | | | | |
| | Total 1004 General Fund | 401.8 | 375.8 | 375.8 | 375.8 | 375.8 | 375.8 |

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 42
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title: "An Act relating to the consumption,
purchasing...sale of alcoholic beverage BRU: Legal & Advocacy Services
 Component: Public Defender Agency
 Sponsor: Representative Green
 Requester: House State Affairs Committee Component Number: 1631

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Personal Services | 536.8 | 536.8 | 536.8 | 536.8 | 536.8 | 536.8 |
| Travel | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 |
| Contractual | 124.0 | 124.0 | 124.0 | 124.0 | 124.0 | 124.0 |
| Supplies | 11.6 | 11.6 | 11.6 | 11.6 | 11.6 | 11.6 |
| Equipment | 19.5 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 710.9 | 693.3 | 693.3 | 693.3 | 693.3 | 693.3 |

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

| | | | | | | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 710.9 | 693.3 | 693.3 | 693.3 | 693.3 | 693.3 |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 710.9 | 693.3 | 693.3 | 693.3 | 693.3 | 693.3 |

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| Full-time | 8 | 8 | 8 | 8 | 8 | 8 |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

Please see page 2 for analysis.

Prepared by: Barbara Brink, Director Phone 907 334-4414
 Division: Public Defender Agency Date/Time 04/10/01
 Approved by: Jim Duncan, Commissioner Date 4/10/01
 Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

HB 42 ANALYSIS:

This bill revises Title 4 of the Alaska Statutes to provide that a person over 21 only has a "privilege" to purchase alcohol that can be revoked. The bill would make it a class A misdemeanor to possess or purchase alcohol if a person has had their privilege to purchase alcohol revoked. It would also be a class A misdemeanor to enter licensed premises or solicit a person to purchase alcoholic beverages.

A person's privilege must be revoked upon conviction for driving while intoxicated. The privilege may be revoked upon conviction of another type of offense if consumption of alcoholic beverages was a substantial factor.

The Department of Law estimates that passage of this bill will result in approximately 5,000 new misdemeanor prosecutions. The Public Defender Agency is appointed in about 80% of criminal prosecutions like these. Therefore, we would have a caseload increase of 3,750 additional new misdemeanor cases. This would be a huge increase.

According to the Department of Law's fiscal note, they will add five new prosecutors and three paralegals. The most conservative estimate the Public Defender Agency can use is to conclude that we would need 80% of this additional staffing level or four attorneys and two paralegals. We would place the attorneys in Anchorage, Palmer, Fairbanks, and Bethel. The paralegals would be placed in Anchorage and Palmer.

These costs include one-time equipment costs and costs for clerical support.

FISCAL NOTE

**STATE OF ALASKA
2001 LEGISLATIVE SESSION**

Fiscal Note Number: _____
 Bill Version: HB 42
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title: An act relating to the consumption, purchase, BRU: Motor Vehicles
furnishing, delivery, offer for sale, and sale of alcoholic..... Component: _____
 Sponsor: Representative Green
 Requester: (H) STA Component Number: 2348

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | 29.8 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 29.8 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 |

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| CAPITAL EXPENDITURES | | | | | | |
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| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| FUND SOURCE | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 29.8 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 29.8 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 |

Estimate of any current year (FY2001) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal: _____

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)
 See attached sheet

Prepared by: Charles R. Hosack Phone 269-5559
 Division: Motor Vehicles Date/Time: #####
 Approved by: Jim Duncan, Commissioner Date: 4/9/01
 Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

HB 42 Fiscal Note Continuation

This bill requires DMV to issue a driver license with a distinctive color if a person's authority to purchase alcohol has been revoked. For purposes of this fiscal note DMV assumes the bill will be amended to include ID cards issued under AS 18.65.310. The majority of persons who have had their driver license revoked obtain an ID card during the period they do not have the license.

Under this bill a court revokes a person's authority to purchase alcohol if the person is convicted of DWI or other offenses where alcohol is involved. There are approximately 5000 arrests for DWI each year. It is not known how many other offenses other than DWI would trigger the revocation. For purposes of this fiscal note it is assumed that there will be 1000 offense each year. DMV will have to issue special licenses or ID cards to 6,000 each year.

The periods of the revocation of authority to purchase alcohol are different from the standard license revocation periods for DWI. Plus persons convicted of offenses not related to driving may have their authority to purchase alcohol revoked. These people may go to any DMV office in the state at any time during the revocation period to obtain an ID card or, if eligible a driver license. To ensure that the correct license or ID card is issued DMV will have to modify the data system to reflect this new status. This system modification will be done by a contractor. The estimated time required is 240 hours (6 weeks) at the state contract rate of \$122.77 per hour. The total cost is \$29,448.00.

After the period of revocation is over the person will obtain a regular license or ID card without the distinctive color. This cost will not be incurred until the second year of the program since the minimum period of revocation is for one year. This will be 6,000 additional licenses or cards issued at a cost of \$2.00 each. The total annual cost is \$12,000.00.

Each year there will be a forms cost of \$300.00 for the distinctive license card.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 42
 () Publish Date: _____

Revision Date/Time(Note if Correction): _____ Dept. Affected: Correction
 Title: An Act relating to the consumption, purchase, BRU: Administration & Operations
furnishing, delivery, offer for sale, and sale of alcoholic..... Component: All
 Sponsor: Representative Green
 Requester: House State Affairs Component Number: 694

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 |
| TOTAL OPERATING | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
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|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 | 1,980.0 |

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

HB 42 would establish a statute allowing the revocation of the privilege to purchase alcohol. This legislation requires a judge to revoke someone's privilege to purchase alcohol if that person is convicted of DWI, and allows the court to revoke the privilege for any other offense where consumption of alcohol was a substantial factor. A first offender's revocation would be 1 year, a second offender within 10 years would be receive a 3 year revocation and a third offender within 10 years would receive a 5 year revocation. A master list of all those individuals who have had their privilege revoked would be maintained by the Alcohol Beverage Control Board and they would be responsible for ensuring all of the liquor licensees had updated lists. Additionally, anyone whose privilege has been revoked would be required to go to Motor Vehicles and obtain a license with a distinctive color to differentiate them from those whose privilege has not been revoked and all licensees would be required to check the identification of everyone purchasing alcohol. Entering a licensed premise, possession or purchase of an alcoholic beverage, or soliciting someone else to purchase an alcoholic beverage when the privilege is revoked would be a class A misdemeanor.

Prepared by: Candace Brower
 Division: Commissioner's Office
 Approved by: Margaret Pugh
 Agency: Department of Corrections

Phone 465-4652
 Date/Time 4/09/01/4:51pm
 Date 4/9/01

For distribution information, call the Governor's Legislative Office

If this legislation is enacted, it is anticipated to have a significant fiscal impact on the Department of Corrections. In Calendar year 2000, the Department of Corrections had 31,019 bookings. We know that alcohol is a significant factor in a great number of those bookings. If we assume 60% have alcohol as a significant factor, those 18,611 bookings would be eligible for the privilege revocation. The judges might not impose that revocation on 10% of those 18,611 bookings leaving 16,751 who might have this imposed. If 60% of those violate their revocation that would leave 10,751. Out of those bookings, the Department of Law and Department of Corrections agree that it is conceivable 7500 offenders would serve a minimum of 3 days in jail. If we average a CRC bed cost and a prison bed cost it comes to \$88.00 a day. That results in an additional cost to the Department of Corrections of \$1,980,000. We believe that to be a conservative estimate, depending on the judges decisions and the level of enforcement.

FISCAL NOTE

**STATE OF ALASKA
2001 LEGISLATIVE SESSION**

Fiscal Note Number: _____
 Bill Version: HB 42
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
 Title "An Act relating to the consumption, purchase, BRU Criminal Division
furnishing...sale of alcoholic beverages and to driver's licenses..." Component 1st-4th Judicial Districts
 Sponsor Representative Green
 Requester House State Affairs Committee Component No. 2198-99;2201;61;79

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2002 | FY 2003 | FY 200* | FY 2005 | FY 2006 | FY 2007 |
|------------------------|----------------|--------------|--------------|--------------|--------------|--------------|
| Personal Services | 841.6 | 841.6 | 841.6 | 841.6 | 841.6 | 841.6 |
| Travel | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 |
| Contractual | 130.1 | 130.1 | 130.1 | 130.1 | 130.1 | 130.1 |
| Supplies | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 |
| Equipment | 71.5 | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 1,057.1 | 985.6 | 985.6 | 985.6 | 985.6 | 985.6 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
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|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------|----------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 1,057.1 | 985.6 | 985.6 | 985.6 | 985.6 | 985.6 |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 1,057.1 | 985.6 | 985.6 | 985.6 | 985.6 | 985.6 |

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

| | | | | | | |
|-----------|----|----|----|----|----|----|
| Full-time | 11 | 11 | 11 | 11 | 11 | 11 |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

HB 42 requires the court to revoke a person's privilege to purchase alcoholic beverages for a DWI conviction, and allows the court to revoke the privilege for any other offense where consumption of alcohol was a substantial factor. The length of time the privilege is revoked increases with the number of prior offenses within the preceding 10 years. The Alcoholic Beverage Control Board would be required to maintain a list of people whose privilege to purchase alcoholic beverages was revoked, and provide all liquor licensees with the information. Persons whose privilege to purchase alcoholic beverages has been revoked would carry a driver's license or identification card of a distinctive color, and licensees would be required to check the identification of everyone purchasing an alcoholic beverage for this color. Entering a licensed premise, possession or purchase of an alcoholic beverage, or soliciting someone else to purchase an alcoholic beverage when the privilege is revoked would be a class A misdemeanor.

Passage of this legislation is expected to have a significant fiscal impact on the criminal justice system, including the Department of Law.

Prepared by: Joan M. Kasson Phone 465-5370
 Divisor: Attorney General's Office Date/Time 4/9/01 1:44 PM
 Approved by: Kathryn Daughhete for Bruce M. Botelho, Attorney General Date 4/9/01
 Agency: Department of Law

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

BILL NO. HB 42

ANALYSIS CONTINUATION

Alcohol is a substantial factor in a majority of crimes committed in Alaska. In CY 2000, Corrections had over 31,000 total bookings for all offenses, statewide. If 60 percent of these bookings involved alcohol as a substantial factor, over 18,000 of these bookings could be subject to the revocation of the privilege to purchase alcohol. Of these 18,000 alcohol-related offenders, in FY00, 4,000 were for DWI alone. Under this bill, the privilege to purchase alcohol must be revoked for every conviction for DWI. Of the remaining 14,000 alcohol-related offenders, we conservatively estimate that at least half would be sufficiently serious to warrant revocation of the privilege to purchase alcohol. Thus, in each year of the operation of this proposed law, there would be at least 11,000 persons whose privileges are revoked. Because the period of revocation will often last longer than one year, however, at any one time there will be many more than 11,000 persons with revoked privileges. Because most of these offenders have chronic and longstanding alcoholism, and because this bill makes it a crime for these high-risk individuals to even possess alcohol, we believe that a high percentage will reoffend each year. For the purposes of this fiscal note, we assume that approximately 8,000 people per year would reoffend and be subject to a new misdemeanor charge as a result of this bill. It is difficult to judge how many of those individuals would be brought up on other charges at the same time, in which case the new misdemeanor charge resulting from passage of this legislation would not increase the department's workload. However, we would anticipate that more than half of these cases, five thousand, would involve the sole charge of the new crime of being in a licensed premise, possession or purchasing alcohol, or soliciting another person to purchase alcohol.

Five thousand new cases represents a 25 percent increase in the department's current misdemeanor caseload. The department would need 5 new FTE attorneys (Anchorage, Fairbanks, Palmer, Kenai, Bethel DAO), 3 paraprofessionals (Anchorage, Fairbanks, Palmer DAO), and 3 secretaries (Anchorage, Fairbanks, Palmer DAO) to manage this new caseload.

All position costs are based on the department's FY02 cost allocation plan, and include clerical support, communications, space, supplies, data processing, and other normal overhead expenses. The standard cost does not include one-time new equipment purchases, and \$6,500 per position is included. Proportionate support position funding is included in the standard attorney and paraprofessional cost schedule at a rate of approximately one support position for every three professional positions. Position authorizations for the support positions are required, however, and three FTE legal secretary positions are requested, along with \$6,500 for one-time equipment costs for each position. A line-item summary by component follows:

| Component | Position | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|--|----------------------------|---------|---------|---------|---------|---------|---------|
| Criminal Division: 3rd Judicial District: Anchorage (2261) | | | | | | | |
| | 100 1 FTE Attorney | 199.8 | 199.8 | 199.8 | 199.8 | 199.8 | 199.8 |
| | 200 1 FTE Paraprofessional | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| | 300 1 PFT Legal Secy | 30.9 | 30.9 | 30.9 | 30.9 | 30.9 | 30.9 |
| | 400 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 |
| | 500 | 19.5 | | | | | |
| | Total 1004 General Fund | 253.5 | 234.0 | 234.0 | 234.0 | 234.0 | 234.0 |
| Criminal Division: 3rd Judicial District: Outside Anchorage (2279) | | | | | | | |
| | 100 2 FTE Attorney | 320.9 | 320.9 | 320.9 | 320.9 | 320.9 | 320.9 |
| | 200 1 FTE Paraprofessional | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| | 300 1 PFT Legal Secy | 49.6 | 49.6 | 49.6 | 49.6 | 49.6 | 49.6 |
| | 400 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 |
| | 500 | 26.0 | | | | | |
| | Total 1004 General Fund | 401.8 | 375.8 | 375.8 | 375.8 | 375.8 | 375.8 |
| Criminal Division: 4rd Judicial District (2201) | | | | | | | |
| | 100 2 FTE Attorney | 320.9 | 320.9 | 320.9 | 320.9 | 320.9 | 320.9 |
| | 200 1 FTE Paraprofessional | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| | 300 1 PFT Legal Secy | 49.6 | 49.6 | 49.6 | 49.6 | 49.6 | 49.6 |
| | 400 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 |
| | 500 | 26.0 | | | | | |
| | Total 1004 General Fund | 401.8 | 375.8 | 375.8 | 375.8 | 375.8 | 375.8 |

Bill History/Action Display



BILL: HB 42 SHORT TITLE: PRIVILEGE TO PURCHASE ALCOHOL/I.D. CARDS
 BILL VERSION:
 SPONSOR(S): REPRESENTATIVE(S)GREEN
 CURRENT STATUS: (H) STA STATUS DATE: 01/10/01
 THEN JUD, FIN
 HEARING: (H) STA Apr 10 8:00 AM CAPITOL 102 TELECONFERENCE

TITLE: "An Act relating to the consumption, purchase, furnishing, delivery, offer for sale, and sale of alcoholic beverages and to driver's licenses and identification cards used to purchase alcoholic beverages."

[Full Text](#)

No Fiscal Notes Available

[Committee Action with Bill History](#)

| Jrn-Date | Jrn-Page | Action |
|----------|----------------------|-------------------------------------|
| 01/10/01 | 0049 | (H) READ THE FIRST TIME - REFERRALS |
| 01/10/01 | 0049 | (H) STA, JUD, FIN |
| 01/10/01 | 0049 | (H) REFERRED TO STATE AFFAIRS |

[Similar Subject Match](#) or [Exact Subject Match](#)

- [ALCOHOL](#)
- [CRIMES](#)
- [CRIMINAL PROCEDURE](#)
- [LICENSING](#)
- [MOTOR VEHICLES](#)
- [RIGHTS](#)

Bill Root: [Display Bill Root](#)

BASIS HAS BEEN RE-PROGRAMMED THIS YEAR



[TO REPORT PROBLEMS WITH BASIS INQUIRY](#)

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Alaska State Legislature

WHILE IN SESSION
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(907) 269-0124 FAX




CHAIRMAN, LEGISLATIVE COUNCIL
VICE CHAIR, ECONOMIC DEVELOPMENT,
TRADE & TOURISM
MEMBER, RESOURCES
MEMBER, ETHICS
MEMBER, MILITARY & VETERAN AFFAIRS

BUDGET SUBCOMMITTEES
ALASKA COURT SYSTEM
DEPT. OF CORRECTIONS
DEPT. OF LAW

Representative Joe Green
District 10

MEMORANDUM

To: The Honorable John Coghill
Chairman, State Affairs Committee

From: Representative Joe Green 

Date: March 30, 2001

Subject: HB 42, Privilege to Purchase Alcohol/ID Cards

Please schedule HB 42 at your earliest convenience. This bill should be considered with the other bills being reviewed to reduce driving carnage and death by drunk drivers.

If you have any questions, please contact either me or Kevin Jardell of my office.

ALASKA STATE HOUSE OF REPRESENTATIVES

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Fax# (907)-456-8245



Session Contact:
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FAX# (907)-465-3258
State Capitol
Room 102

REPRESENTATIVE JOHN COGHILL

Date: Saturday, April 28, 2001
To: Michael Ford, Legal Services
From: Rynniva Moss, Legislative Aide *RwM-20*
Re: CS for HB 42

State Affairs passed a committee substitute of version P of LS0043 (HB 42) with the following changes:

Page 3, delete Lines 16 through 21

Sec. 4. Conceptual amendment for subsection (b) to apply to second offense

22-LS0043\P
Ford
4/16/01

CS FOR HOUSE BILL NO. 42(STA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE GREEN

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the consumption, purchase, furnishing, delivery, offer for sale, and**
2 **sale of alcoholic beverages, and to driver's licenses and identification cards used to**
3 **purchase alcoholic beverages."**

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

5 *** Section 1.** AS 04.11.491 is amended by adding a new subsection to read:

6 (g) In addition to the options provided under (a) and (b) of this section, if a
7 majority of the persons voting on the question vote to approve the option, a
8 municipality shall adopt an ordinance and an established village shall exercise a local
9 option to require an identification check by licensees as provided under AS 04.16.167.
10 A ballot question to adopt a local option under this subsection must at least contain
11 language substantially similar to "Shall (name of municipality or village) adopt a local
12 option to require an identification check by licensees as provided under AS 04.16.167?
13 (yes or no)."

14 *** Sec. 2.** AS 04.11.495 is amended by adding a new subsection to read:

1 (d) In addition to the option provided under (a) of this section, if a majority of
2 the persons voting on the question vote to approve the option, a municipality or an
3 established village shall remove the option set out in AS 04.11.491(g) to require an
4 identification check by licensees as provided under AS 04.16.167. Notwithstanding
5 (b) of this section, a ballot question to remove a local option under this subsection
6 must at least contain language substantially similar to "Shall (name of municipality or
7 village) remove the local option to require an identification check by licensees as
8 provided under AS 04.16.167 so that there is no longer a requirement of an
9 identification check in effect? (yes or no)."

10 * **Sec. 3.** AS 04.11.509(a) is amended to read:

11 (a) If a majority of the voters vote to impose [PROHIBIT], change, or remove
12 a local option under AS 04.11.491 - 04.11.495, the clerk of the municipality [,] or, if
13 the election is in an established village, the lieutenant governor shall notify the board
14 of the results of the election immediately after the results are certified. The board
15 shall immediately notify the Department of Law and the Department of Public Safety
16 of the results of the election.

17 * **Sec. 4.** AS 04.16 is amended by adding new sections to read:

18 **Sec. 04.16.160. Privilege to purchase alcoholic beverages.** (a) A person
19 who is 21 years of age or older has a privilege to purchase alcoholic beverages, unless
20 the privilege is revoked as provided under (b) of this section, is voluntarily
21 relinquished as provided under (c) of this section, or as otherwise provided by law.

22 (b) If a person is convicted of operating a motor vehicle, aircraft, or watercraft
23 while intoxicated in violation of AS 28.35.030 or refusal to submit to a chemical test
24 under AS 28.35.032, the court may revoke the person's privilege to purchase alcoholic
25 beverages. If a person is convicted of operating a motor vehicle, aircraft, or watercraft
26 while intoxicated in violation of AS 28.35.030 or refusal to submit to a chemical test
27 under AS 28.35.032 or is convicted of a different offense and consumption of an
28 alcoholic beverage was a substantial factor in the commission of the offense and the
29 person has, within five years preceding the date of the present conviction, been
30 convicted of violating AS 28.35.030 or 28.35.032, the court shall revoke the person's
31 privilege to purchase alcoholic beverages. A revocation imposed under this

1 subsection shall be for the following periods:

2 (1) for a first offense, one year;

3 (2) for a second offense, three years;

4 (3) for a third or subsequent offense, five years.

5 (c) A person may volunteer to relinquish the person's privilege to purchase
6 alcoholic beverages. A voluntary relinquishment shall continue until the person elects
7 to end the relinquishment.

8 (d) A person whose privilege to purchase alcoholic beverages is revoked
9 under (b) or relinquished under (c) of this section may not knowingly possess,
10 consume, or purchase an alcoholic beverage, or solicit another person to purchase an
11 alcoholic beverage. This subsection does not apply to sacramental wine used for
12 religious purposes.

13 (e) For purposes of (b) of this section, a prior conviction of any of the offenses
14 described under (b) of this section subjects the person to the penalties described under
15 (b)(2) or (3) of this section.

16 ~~Sec. 04.16.165. Prohibition relating to persons with revoked privilege to~~
17 ~~purchase. (a) A person may not knowingly furnish or deliver an alcoholic beverage~~
18 ~~to a person whose privilege to purchase alcoholic beverages is revoked under~~
19 ~~AS 04.16.160.~~

20 ~~(b) If a person is convicted of violating (a) of this section, the court shall~~
21 ~~impose a civil penalty of \$500.~~

22 **Sec. 04.16.167. Identification check by licensees.** If a local option to require
23 an identification check is adopted under AS 04.11.491(g), a licensee or an agent or
24 employee of a licensee within that municipality or established village may not
25 knowingly sell or offer for sale an alcoholic beverage unless the licensee, agent, or
26 employee first examines the identification of the person purchasing the alcoholic
27 beverage and determines that the person's privilege to purchase alcoholic beverages is
28 not revoked.

29 **Sec. 04.16.169. Required notice.** A court that revokes a privilege to purchase
30 alcoholic beverages shall promptly notify the Department of Public Safety and the
31 component of the Department of Administration that administers motor vehicle and

1 driver's license laws of the revocation.

2 * **Sec. 5.** AS 04.16.180(a) is amended to read:

3 (a) Except as provided in AS 04.11.015, AS 04.16.025, 04.16.050
4 [AS 04.16.050(b)], 04.16.051, 04.16.165, 04.16.200 - 04.16.210, and AS 04.21.065, a
5 person who violates a provision of this title or a regulation adopted by the board is
6 guilty, upon conviction, of a class A misdemeanor. Each violation is a separate
7 offense.

8 * **Sec. 6.** AS 28.15.111(a) is amended to read:

9 (a) Upon successful completion of the application and all required
10 examinations, and upon payment of the required fee, the department shall issue to
11 every qualified applicant a driver's license indicating the type or general class of
12 vehicles that the licensee may drive. The license must display (1) a distinguishing
13 number assigned to the license; (2) the licensee's full name, address, date of birth,
14 brief physical description, and color photograph; (3) either a facsimile of the signature
15 of the licensee or a space upon which the licensee must write the licensee's usual
16 signature with pen and ink; (4) a holographic symbol intended to prevent illegal
17 alteration or duplication; [AND] (5) for a qualified applicant who is under age 21, the
18 words "UNDER 21"; and (6) for a person whose privilege to purchase alcohol has
19 been revoked under AS 04.16.160, a distinctive color. A license is not valid until
20 signed by the licensee. If facilities are not available for the taking of the photograph
21 required under this section, the department shall endorse on the license, the words
22 "valid without photograph."

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 16, 2001

SUBJECT: Alcoholic beverages (CSHB 42(STA))

TO: Representative John Coghill, Jr.
Attn: Rynniva Moss

FROM: Michael F. Ford
Legislative Counsel

*Theresa [unclear]
for Mike Ford*

The draft CS you requested is attached. In Sec. 04.16.160(b), I removed the first clause referencing conviction of an offense where alcohol was a substantial factor. This subsection also contains a second clause referencing this same type of conviction and I wanted to point this out to make sure that you wanted to leave this provision in the draft.

Please contact me if you need further changes.

MFF:jhb
01-040.jhb

Enclosure

*Conceptual amendment
Page 2
sub section (b)
applies to second offense
~~Page 1~~*

ALASKA STATE HOUSE OF REPRESENTATIVES

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Session Contact:
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FAX# (907)-465-3258
State Capitol
Room 102

REPRESENTATIVE JOHN COGHILL

Date: Saturday, April 28, 2001
To: Michael Ford, Legal Services
From: Rynniva Moss, Legislative Aide *Rw Moss*
Re: CS for HB 42

State Affairs passed a committee substitute of version P of LS0043 (HB 42) with the following changes:

Page 3, delete Lines 16 through 21

Sec. 4. Conceptual amendment for subsection (b) to apply to second offense

CS FOR HOUSE BILL NO. 42(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE GREEN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the consumption, purchase, furnishing, delivery, offer for sale, and
2 sale of alcoholic beverages, and to driver's licenses and identification cards used to
3 purchase alcoholic beverages."

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

5 * **Section 1.** AS 04.11.491 is amended by adding a new subsection to read:

6 (g) In addition to the options provided under (a) and (b) of this section, if a
7 majority of the persons voting on the question vote to approve the option, a
8 municipality shall adopt an ordinance and an established village shall exercise a local
9 option to require an identification check by licensees as provided under AS 04.16.167.
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13 (yes or no)."

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1 (d) In addition to the option provided under (a) of this section, if a majority of
2 the persons voting on the question vote to approve the option, a municipality or an
3 established village shall remove the option set out in AS 04.11.491(g) to require an
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5 (b) of this section, a ballot question to remove a local option under this subsection
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14 of the results of the election immediately after the results are certified. The board
15 shall immediately notify the Department of Law and the Department of Public Safety
16 of the results of the election.

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21 relinquished as provided under (c) of this section, or as otherwise provided by law.

22 (b) If a person is convicted of operating a motor vehicle, aircraft, or watercraft
23 while intoxicated in violation of AS 28.35.030 or refusal to submit to a chemical test
24 under AS 28.35.032, the court may revoke the person's privilege to purchase alcoholic
25 beverages. If a person is convicted of operating a motor vehicle, aircraft, or watercraft
26 while intoxicated in violation of AS 28.35.030 or refusal to submit to a chemical test
27 under AS 28.35.032 or is convicted of a different offense and consumption of an
28 alcoholic beverage was a substantial factor in the commission of the offense and the
29 person has, within five years preceding the date of the present conviction, been
30 convicted of violating AS 28.35.030 or 28.35.032, the court shall revoke the person's
31 privilege to purchase alcoholic beverages. A revocation imposed under this

1 subsection shall be for the following periods:

2 (1) for a first offense, one year;

3 (2) for a second offense, three years;

4 (3) for a third or subsequent offense, five years.

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6 alcoholic beverages. A voluntary relinquishment shall continue until the person elects
7 to end the relinquishment.

8 (d) A person whose privilege to purchase alcoholic beverages is revoked
9 under (b) or relinquished under (c) of this section may not knowingly possess,
10 consume, or purchase an alcoholic beverage, or solicit another person to purchase an
11 alcoholic beverage. This subsection does not apply to sacramental wine used for
12 religious purposes.

13 (e) For purposes of (b) of this section, a prior conviction of any of the offenses
14 described under (b) of this section subjects the person to the penalties described under
15 (b)(2) or (3) of this section.

16 **Sec. 04.16.165. ~~Prohibition relating to persons with revoked privilege to~~**
17 **~~purchase.~~** (a) A person may not knowingly furnish or deliver an alcoholic beverage
18 to a person whose privilege to purchase alcoholic beverages is revoked under
19 AS 04.16.160.

20 (b) If a person is convicted of violating (a) of this section, the court shall
21 impose a civil penalty of \$500.

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23 an identification check is adopted under AS 04.11.491(g), a licensee or an agent or
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27 beverage and determines that the person's privilege to purchase alcoholic beverages is
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30 alcoholic beverages shall promptly notify the Department of Public Safety and the
31 component of the Department of Administration that administers motor vehicle and

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5 person who violates a provision of this title or a regulation adopted by the board is
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12 vehicles that the licensee may drive. The license must display (1) a distinguishing
13 number assigned to the license; (2) the licensee's full name, address, date of birth,
14 brief physical description, and color photograph; (3) either a facsimile of the signature
15 of the licensee or a space upon which the licensee must write the licensee's usual
16 signature with pen and ink; (4) a holographic symbol intended to prevent illegal
17 alteration or duplication; [AND] (5) for a qualified applicant who is under age 21, the
18 words "UNDER 21"; and (6) for a person whose privilege to purchase alcohol has
19 been revoked under AS 04.16.160, a distinctive color. A license is not valid until
20 signed by the licensee. If facilities are not available for the taking of the photograph
21 required under this section, the department shall endorse on the license, the words
22 "valid without photograph."

HEB

53

Alaska State Legislature

Legislative Committees:
House Finance Committee

119 N. Cushman Street Suite 207
Fairbanks, Alaska 99701
(907) 456-8172
FAX (907) 451-9293

Legislative Budget Subcommittees:
University of Alaska
Department of Natural Resources
Department of Environmental Conservation

While in Session
State Capitol
Juneau, Alaska 99801-1182
(907) 465-4457
FAX (907) 465-3519

Representative John Davies District 29

Date March 28, 2001

To: Representative John Coghill

From: Representative John Davies

Re: Bill Scheduling - House Bill 53 "Seismic Hazards Safety
Commission"

I am requesting that HB 53 "Seismic Hazards Safety Commission," be heard in the House State Affairs Committee at the earliest possible date.

HB 53 would establish the Alaska Seismic Hazards Safety Commission. The state of Alaska is on the edge of the Pacific Plate which acts like a conveyor belt, moving about six centimeters a year, the legislature needs to create a seismic commission patterned after those in other states on major fault lines. An effort needs to be made to reduce disaster potential and increase disaster preparedness, and this bill does both.

Thank you for your consideration.



Alaska State Legislature

Legislative Committees
House Finance Committee

Legislative Budget Subcommittees:
University of Alaska
Department of Natural Resources
Department of Environmental Conservation

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Fairbanks, Alaska 99701
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FAX (907) 451-9293

While in Session
State Capitol
Juneau, Alaska 99801-1162
(907) 465-4457
FAX (907) 465-3519

Representative John Davies District 29

SPONSOR STATEMENT

House Bill 53

“An act establishing the Alaska Seismic Hazards Safety Commission”

A Seismic Hazards Safety commission needs to be established to address the pressing need to provide a consistent policy framework and a means for ongoing coordination of programs and public safety practices related to seismic hazards. Currently this need is not being addressed by any continuing state government organization. The seismic Hazard Safety Commission would encourage long-term progress toward mitigating the effects of earthquakes.

Alaska is on the edge of the Pacific Plate, which acts like a relentless conveyor belt, moving about six centimeters a year. It is inevitable that there will be large earthquakes, the only question is when will they occur, not if they will occur. Although the state has made great improvements in disaster preparedness there has been little corresponding improvement in measures to reduce the disaster potential of major earthquakes and, consequently, to reduce dependence on disaster relief. Creating a seismic commission patterned after those in California, Oregon, Washington and other states on major fault lines will help address the issues. If you prepare for a major earthquake ahead of time and prepare appropriately, when the earthquake does occur less damage will result, less lives will be lost and the cost of recovery will be less.

Through ten years of experience as state seismologist I have extensive knowledge in this subject area. I have first hand experience with the difficulty of coordinating earthquake information for the university and state, federal, and municipal governments. Anchorage does have an active geo-



tech advisory commission, but the state needs to strengthen that work while broadening efforts throughout the state. A Seismic Safety Hazards Commission can provide that strength.

The scientific community is working hard on earthquake prediction, but it is not yet a reality, except in the most general sense. We can predict in a probabilistic way where earthquakes are likely to occur so we can focus resources in those areas, but in terms of knowing the date and time of occurrence of earthquakes we will not have that information for some time, if ever.

The state can mitigate possible effects of earthquakes by encouraging appropriate land use and building design so it can reduce loss of life and property, as well as the costs of recovery when earthquakes occur. It costs a lot of money to rebuild after a large earthquake and, of course there is no way to replace lost lives; so it is clearly worth spending some time and money before earthquakes occur to prepare for them. If mitigation efforts are undertaken at the time a building or subdivision is in the planning stages, the costs are relatively minor compared to retrofit or rebuilding. This commission would help our state be better prepared.

Members of the commission would be appointed by the governor to represent the university and governmental agencies, as well as members of the public who are knowledgeable in earthquake hazard mitigation. The commission would recommend to the public and governmental sector goals and priorities for reducing earthquake effects. The commission may accept grant contributions and appropriations from public agencies, private foundations, and individuals. The authority and responsibilities of other state agencies, boards, councils, commissions or local governments are not intended to transfer to the Alaska Seismic Hazards Safety Commission.

22-LS0278\C
Lauterbach
3/24/01

CS FOR HOUSE BILL NO. 53()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES DAVIES, Hudson, Kerttula

*CS
ADOPTED IN
MJA*

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Alaska Seismic Hazards Safety Commission."**

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

3 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
4 to read:

5 **FINDINGS.** The legislature finds that

6 (1) although the state has made significant improvements in disaster
7 preparedness since the great earthquake of 1964, there has been little corresponding
8 improvement in measures to reduce the disaster potential of major earthquakes and,
9 consequently, to reduce dependence on disaster relief;

10 (2) there is a pressing need to provide a consistent policy framework and a
11 means for continuing coordination of programs and public safety practices related to seismic
12 hazards at all governmental levels and in the private sector; this need is not being addressed
13 by any continuing state government organization;

14 (3) through concerted efforts coordinated by a Seismic Hazards Safety
15 Commission, the state can make long-term progress toward mitigating the effects of seismic

1 hazards on persons and property, thereby reducing the costs of responding to and recovering
2 from major earthquakes.

3 * Sec. 2. AS 44.19 is amended by adding new sections to read:

4 **Article 13. Alaska Seismic Hazards Safety Commission.**

5 **Sec. 44.19.635. Commission established; membership.** (a) The Alaska
6 Seismic Hazards Safety Commission is established in the Office of the Governor. The
7 Office of the Governor shall provide staff support to the commission.

8 (b) The commission is composed of nine members appointed by the governor
9 for terms of three years. A member holds office until a successor is appointed. A
10 vacancy is filled for the unexpired term.

11 (c) The governor shall appoint to the commission

12 (1) a representative from the University of Alaska;

13 (2) a representative from local government;

14 (3) a representative from the Department of Natural Resources;

15 (4) a representative from the Department of Military and Veteran

16 Affairs;

17 (5) a representative from an appropriate federal agency;

18 (6) a representative of the insurance industry; and

19 (7) three members from members of the public who are knowledgeable
20 in the fields of geology, seismology, hydrology, geotechnical engineering, structural
21 engineering, emergency services, or planning.

22 (d) The commission shall elect annually from its members a chair and vice-
23 chair. A majority of the commission may vote to replace an officer of the
24 commission.

25 (e) Six members constitute a quorum.

26 (f) Members of the Alaska Seismic Hazards Safety Commission serve without
27 compensation but are entitled to per diem and travel expenses authorized for boards
28 and commissions under AS 39.20.180.

29 **Sec. 44.19.637. Powers and duties.** (a) The commission shall

30 (1) recommend goals and priorities for seismic hazard mitigation to the
31 public and private sectors;

1 (2) recommend policies to the governor and the legislature, including
2 needed research, mapping, and monitoring programs;

3 (3) offer advice on coordinating disaster preparedness and seismic
4 hazard mitigation activities of government at all levels, review the practices for
5 recovery and reconstruction after a major earthquake, and recommend improvements
6 to mitigate losses from similar future events;

7 (4) gather, analyze, and disseminate information of general interest on
8 seismic hazard mitigation;

9 (5) establish and maintain necessary working relationships with other
10 public and private agencies;

11 (6) review predictions and warnings issued by the federal government,
12 research institutions, and other organizations and persons and suggest appropriate
13 responses at the state and local levels; and

14 (7) review proposed seismic hazard notifications and supporting
15 information from state agencies, evaluate possible socioeconomic consequences,
16 recommend that the governor issue formal seismic hazard notifications when
17 appropriate, and advise state and local agencies of appropriate responses.

18 (b) The commission may

19 (1) advise the governor and the legislature on disaster preparedness
20 and seismic hazard mitigation and on budgets for those activities and may recommend
21 legislation or policies to improve disaster preparedness or seismic hazard mitigation;

22 (2) conduct public hearings;

23 (3) appoint committees from its membership and appoint external
24 advisory committees of ex-officio members; and

25 (4) accept grants, contributions, and appropriations from public
26 agencies, private foundations, and individuals.

27 **Sec. 44.19.639. Definitions.** In AS 44.19.635 - 44.19.639,

28 (1) "commission" means the Alaska Seismic Hazards Safety
29 Commission;

30 (2) "disaster preparedness" means establishing plans and programs for
31 responding to and distributing funds to alleviate losses from a disaster as defined in

1 AS 26.23.900;

2 (3) "seismic hazard mitigation" or "mitigation" mean activities that
3 prevent or alleviate the harmful effects of seismic hazards to persons and property,
4 including identification and evaluation of the seismic hazards, assessment of the risks,
5 and implementation of measures to reduce potential losses before a damaging event
6 occurs.

7 * Sec. 3. AS 44.66.010(a) is amended by adding a new paragraph to read:

8 (20) Alaska Seismic Hazards Safety Commission (AS 44.19.635) --
9 June 30, 2005.

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

12 INITIAL TERMS. Notwithstanding AS 44.19.635, enacted by sec. 2 of this Act, three
13 initial members of the Alaska Seismic Hazards Safety Commission shall serve terms of two
14 years, and three initial members shall serve terms of four years.

15 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
16 read:

17 CONSTRUCTION. This Act is not intended to transfer to the Alaska Seismic
18 Hazards Safety Commission the authorities and responsibilities of other state agencies,
19 boards, councils, or commissions or of local governments.

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: March 30, 2001

FURTHER REFERRALS: Finance

Date of Committee Action: April 24, 2001

The STATE AFFAIRS Committee considered:

HB 53

HOUSE BILL NO. 53

SEISMIC HAZARDS SAFETY COMMISSION

"An Act establishing the Alaska Seismic Hazards Safety Commission."

Recommends it be replaced with CS HB 53 (STA) [] Same Title [] New Title
 For Senate Bills with new title: [] Technical Title [] New Title: HCR _____

- [] attach amendments
- [] add new referral to _____ Committee
- [] Letter of Intent _____ Committee

List of Abbrev. For Depts.:

- ADM
- CED
- COR
- CRT
- EED
- DEC
- DFG
- GOV
- HSS
- LAA
- LAW
- LWF
- MVA
- DNR
- DPS
- REV
- DOT
- UA

| <u>NEW FISCAL NOTES</u> | | | | |
|------------------------------------|------------------|--------|--------|------|
| *For Chief Clerk's Office Use Only | | | | |
| FN# | List by Dept(s): | Fiscal | Indet. | Zero |
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| <u>PREVIOUS FISCAL NOTES</u> | | | | |
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| List by Dept(s): | FN # | Fiscal | Indet. | Zero |
| DNR | 2 | ✓ | | |
| GOV | 1 | ✓ | | |
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| <u>Signing with recommendations</u> | Printed Last Name | DP | DNP | NR | AM |
|-------------------------------------|----------------------------|--------------|-----|----|----|
| <i>Rogey Wilson</i> | Wilson | ✓ | | | |
| <i>James Crawford</i> | STEVEN CRAWFORD | X | | | |
| <i>James Crawford</i> | CRAWFORD | ✓ | | | |
| <i>James James</i> | JAMES | ✓ | | | |
| <i>Joseph Felt</i> | Felt | ✓ | | | |
| <i>Joe Hughes</i> | Hughes | ✓ | | | |
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| Chair: <i>James Felt</i> | Felt | ✓ | | | |