

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10441 HOUSE STATE AFFAIRS

HB

254

Alaska State Legislature

REPRESENTATIVE
JEANNETTE JAMES

P.O. Box 56622
North Pole, Alaska 99705
(907) 488-1546
FAX (907) 488-4271



While in Juneau
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Juneau, Alaska
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House of Representatives
House District 34

Sponsor Statement

House Bill 254

TAX-QUALIFIED STATE RETIREMENT SYSTEMS

2/12/02

HB 254 is necessary to ensure tax qualification of the State of Alaska's employee retirement systems, including the Public Employees' Retirement System, the Teachers' Retirement System, and the Judicial Retirement System. This legislation is technical in nature, addressing Internal Revenue Code requirements necessary for continued plan qualification.

Enactment of this legislation will benefit public employees and teachers by allowing them to purchase service credit in their retirement plans with transfers of pre-tax savings in certain plans allowed by the Internal Revenue Code or payroll deductions. The provisions in this legislation allowing such purchases are allowed under new federal pension legislation, but incorporation in Alaska statute is necessary for Alaska public employees and teachers to take advantage of them.

I urge prompt action on this legislation.

Alaska Government Finance Officers Association

Resolution No. 01-03

A Resolution of the Alaska Government Finance Officers Association Supporting Legislation That Makes the Alaska Retirement System Statutes Consistent with the 2001 Tax Relief Act

Whereas, the U.S. Congress passed the 2001 Tax Relief Act which made significant positive changes in the laws governing public employees Section 457 deferred compensation plans; and

Whereas, in order to take full advantage of the new law, changes need to be made to the State of Alaska retirement plan statutes; and

Whereas, House Bill 254, introduced by Representative Jeanette James, and supported by the Alaska Division of Retirement and Benefits, is intended to address the necessary changes; and

Whereas, enactment of this legislation will benefit public sector employers and employees; and

Whereas, this legislation has no adverse impact on the state or its political subdivisions,

Now, Therefore be it resolved by the Alaska Government Finance Officers Association (AGFOA) that:

Section 1. The members of the AGFOA strongly support enactment of legislation which makes changes to Alaska Retirement System statutes to allow full utilization of federal law changes under the 2001 Tax Relief Act.

Section 2. This resolution be forwarded to the AML for distribution to appropriate legislators and committees.

Adopted by the membership of the Alaska Government Finance Officers Association this 27th day November 2001.



APPROVED:

Catherine Wallace
Catherine Wallace, President
Alaska Government Finance Officers Association

ATTEST:

Robin Feltman
Robin Feltman, President Elect
Alaska Government Finance Officers Association

Internal Revenue Code Compliance Legislation - House Bill 254
Division of Retirement and Benefits - Section by Section Analysis

Sections 1 - 14 Apply to the Teachers' Retirement System

Section 1 Clarifies that the Teachers' Retirement System (TRS) is intended to be a qualified retirement plan under the Internal Revenue Code. TRS must maintain its qualified status in order to ensure that members receive favorable tax treatment of contributions made on their behalf and of distributions that they receive from the plan. Except as otherwise noted, none of the amendments in this bill will alter current practice.

Section 2 Adds member information handbook as a statutory requirement in TRS. This is current practice.

Section 3 Adds mandatory language relating to Internal Revenue Code requirement that contributions deducted from employee salaries be treated as employer contributions. This requires the contribution to be made by a payroll deduction and not a separate post tax payment that is converted to pre-tax monies. This is necessary for these contributions to be taken pre-tax. This is current practice.

Section 4 Clarifies that employer contributions to TRS include any adjustments to contributions as a result of a change or error made in the contributions made on behalf of an employee. This is current practice.

Section 5 Adds language allowing purchase of service credit in TRS using pre-tax money in other tax deferred plans (from a 403(b) Tax Sheltered Annuity or a 457 Deferred Compensation Plan). It also allows purchase of service credit through pre-tax payroll deductions. The language in this section is drafted to comply with the requirements of the IRS.

Section 6 Adds mandatory language prohibiting TRS from paying benefits in excess of the maximum permitted under section 415 of the Internal Revenue Code and limiting compensation taken into account for plan purposes in accordance with section 401(a)(17) of the Code.

Section 7 Allows direct rollover of TRS employee contribution accounts to an eligible retirement plan. Section 401(a)(30) of the Internal Revenue Code requires qualified plans to permit such rollovers. This is current practice.

Section 8. Conforms the plan's distribution provisions to the minimum distribution requirements of section 401(a)(9) of the Internal Revenue Code.

Section 9 Adds reference to change or error in contributions made on behalf of a TRS employee.

Section 10 Specifies that the money in the TRS trust is for the exclusive benefit of the members and their beneficiaries. Specifies what occurs if the system is terminated. These provisions are required by section 401(a)(2) of the Internal Revenue Code.

Section 11 Conforms plan provisions to the requirements of the Uniformed Services Employment and Reemployment Rights Act, under which the plan must treat certain service in the Armed Forces by returning veterans as service with the employer.

Section 12 Conforms plan provisions to the requirement of section 401(a)(25) of the Internal Revenue Code that actuarial assumptions used to determine benefits be specified in writing. A reference to the actuarial tables will be added to the member information handbook.

Section 13 Adds language to the TRS section on qualified domestic relations orders to require reference to the plan to which an order applies.

Section 14 Defines "Internal Revenue Code" and "fiscal year" to conform to IRC requirements.

Sections 15 - 23 Apply to the Judicial Retirement System

Section 15 Allows pre-tax deduction of contributions to the Judicial Retirement System. This is similar to the current practice for PERS, TRS, SBS, and Deferred Compensation.

Section 16 Corrects an erroneous reference in the Judicial Retirement System (JRS) statute to 'compensation' rather than 'retirement pay'.

Section 17 Specifies distributions of monies. Section 401(a)(30) of the Internal Revenue Code requires qualified plans to permit such rollovers. Conforms the plan's distribution provisions to the minimum distribution requirements of section 401(a)(9) of the Internal Revenue Code. This section is required to avoid immediate taxation of such rollovers. This is current practice. Adds mandatory language prohibiting JRS from paying benefits in excess of the maximum permitted under section 415 of the Internal Revenue Code and limiting compensation taken into account for plan purposes in accordance with section 401(a)(17) of the Code.

Section 18 Clarifies that the Judicial Retirement System (JRS) is intended to be a qualified retirement plan under the Internal Revenue Code. JRS must maintain its qualified status in order to ensure that members receive favorable tax treatment of contributions made on their behalf and of distributions that they receive from the plan. Except as otherwise noted, none of the amendments in this bill will alter current practice.

Section 19 Corrects an erroneous reference to 'compensation' rather than 'survivors' benefits'.

Section 20/21 These provisions are required by section 401(a)(2) of the Internal Revenue Code. Specifies that the money in the JRS trust is for the exclusive benefit of the members and their beneficiaries. Specifies what occurs if the system is terminated.

Section 22 Conforms plan provisions to the requirements of the Uniformed Services Employment and Reemployment Rights Act, under which the plan must treat certain service in the Armed Forces by returning veterans as service with the employer.

Section 23 Adds and amends definitions to conform plan provisions to the requirement of section 401(a)(25) of the Internal Revenue Code. (1) Actuarial assumptions used to determine benefits be specified in writing. The assumptions will be added to the member information handbook. (2) Adds a requirement that a qualified domestic relations order identify the plan to which it applies.

Sections 24 - 38 Apply to the Public Employees' Retirement System

Section 24 Clarifies that the Public Employees' Retirement System (PERS) is intended to be a qualified retirement plan under the Internal Revenue Code. PERS must maintain its qualified status in order to ensure that members receive favorable tax treatment of contributions made on their behalf and of distributions that they receive from the plan. Except as otherwise noted, none of the amendments in this bill will alter current practice.

Section 25 Specifies that the money in the PERS trust is for the exclusive benefit of the members and their beneficiaries. These provisions are required by section 401(a)(2) of the Internal Revenue Code.

Section 26 Adds member information handbook as a statutory requirement in PERS. This is current practice.

Section 27 Adds mandatory language relating to Internal Revenue Service ruling that contributions deducted from employee salaries be treated as employer contributions. This is necessary for these contributions to be taken pre-tax. This is current practice.

Section 28 Adds language allowing purchase of service credit in PERS using pre-tax money in other tax deferred plans. (Included are allowed transfers from 401(a) - Non-SBS, from a conduit IRA, from a 403(b), from a 457 plan, from the SBS Plan if the IRS makes a determination to allow this (see section 40 for IRS determination required). It also allows purchase of service credit through pre-tax payroll deductions. This requires the contribution to be made by a payroll deduction and not a separate post tax payment that is converted to pre-tax monies. The language in this section is drafted to comply with the requirements of the IRC

Section 29 Allows direct rollover of PERS employee contribution accounts to an eligible retirement plan. Section 401(a)(30) of the Internal Revenue Code requires qualified plans to permit such rollovers. This is current practice.

Section 30 Clarifies that employer contributions to PERS include any adjustments to contributions as a result of a change or error made in the contributions made on behalf of an employee. This is current practice.

Section 31 Adds IRS required language relating to the administrative director of the Alaska Court System, in the event the administrative director elects to withdraw from the Judicial Retirement System.

Section 32 Adds mandatory language prohibiting PERS from paying benefits in excess of the maximum permitted under section 415 of the Internal Revenue Code and limiting compensation taken into account for plan purposes in accordance with section 401(a)(17) of the Code.

Section 33 Conforms the plan's distribution provisions to the minimum distribution requirements of section 401(a)(9) of the Internal Revenue Code.

Section 34 Adds clarifying language to a section relating to a change or error in contributions made on behalf of a PERS employee.

Section 35 Indicates that benefits paid by PERS may be subject to Federal Income taxes. The present version of the statute indicates that PERS benefits are exempt from Alaska state and municipal taxation. This clarifies the tax applicability at the Federal level.

Section 36 Conforms plan provisions to the requirements of the Uniformed Services Employment and Reemployment Rights Act, under which the plan must treat certain service in the Armed Forces by returning veterans as service with the employer.

Section 37 Conforms plan provisions to the requirement of section 401(a)(25) of the Internal Revenue Code relating to the actuarial assumptions used to determine benefits. Reference to the assumptions will be included in the member information handbook.

Section 38 Adds language to the PERS section on qualified domestic relations orders to require reference to the plan to which an order applies.

Sections 39 - 42 Relate To The Effective Date of Parts of This Act

Section 39 Repeals out-of-date sections in the TRS, JRS and PERS statutes.

Section 40 A temporary section of law that makes section 28, direct transfers from the SBS Annuity Plan, contingent on a favorable IRS ruling. Section 28 as it relates to SBS direct transfers are not effective unless the IRS favorably rules on this issue.

Section 41 Retroactivity clauses to meet IRC requirements.

Section 42 Immediate Effective Date

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SS HB 254
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title Retirement System Tax Qualification BRU Centralized Administrative Services
 Component Retirement and Benefits
 Sponsor Representative James
 Requester House State Affairs Component No. 64

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

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

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation will have no fiscal impact. It makes technical changes to the Public Employees', Teachers', and Judicial retirement systems required for compliance with the Internal Revenue Code. Enactment of this legislation will benefit public employees and teachers by allowing them to purchase service credit in their retirement plans with transfers of pre-tax savings in certain plans allowed by the Internal Revenue Code or payroll deductions. The provisions in this legislation allowing such purchases are allowed under new federal pension legislation, but incorporation in Alaska statute is necessary for Alaska public employees and teachers to take advantage of them.

Prepared by: Guy Bell, Director Phone 465-4471
 Division Retirement and Benefits Date/Time February 15, 2002
 Approved by: Jim Duncan, Commissioner Date February 15, 2002
 Agency Department of Administration

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

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CAPITAL EXPENDITURES						
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Prepared by: Guy Bell, Director Phone 465-4471
Division Retirement and Benefits Date/Time February 15, 2002
Approved by: Jim Duncan, Commissioner Date February 15, 2002
Agency Department of Administration

HB

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HB

275

Alaska State Legislature


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Soldotna, Alaska 99669
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Fax 907-260-3044

Representative Ken Lancaster
District 8

March 15, 2002

MEMORANDUM

To: Representative  John Coghill, Chairman
House State Affairs Committee

From: Representative  Ken Lancaster

Subject: House Bill 275 – “An Act relating to the use of broadcasting to promote charitable gaming activities.”

I would like to request a hearing on the above-mentioned legislation. Enclosed you will find a copy of the bill, the sponsor statement and the back-up information. If you need anything further, please let me know.

Thank you.

Alaska State Legislature

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Representative Ken Lancaster District 8

Sponsor Statement for

House Bill 275

“An Act relating to the use of broadcasting to promote charitable gaming activities.”

House Bill 275 will allow broadcasting organizations to promote a raffle or lottery, as well as a fish derby or classic. Currently there is no law allowing radio or TV when it comes to advertising and promotion of any state licensed non-profit lottery or game of chance. Newspapers, magazines and other print media are exempt from prohibition.

The United States Congress enacted the “Charity Games Advertising Clarification Act of 1988.” That act removed the absolute federal bar to the use of broadcasting to promote or conduct gambling or lotteries. In its place, an exception was created for lotteries conducted by states and lotteries, gift enterprises, or similar schemes which are authorized under state law (or at least not prohibited by state law) not-for-profit organizations or a governmental organization.

Other States have enacted laws to allow broadcasting organizations to promote not-for-profit organization activities. Currently the State of Alaska does not allow broadcasting organizations to promote a raffle, lottery, fish derby or classic. This bill will allow broadcasters of radio and TV to promote charitable gaming activities. Examples of advertising would be: Girl Scout/Boy Scout fundraising event, Lions Kenai River Duck Race, a Little League Bingo Game, A Baseball Fund Raising Event, a Chamber Pull-Tab Shop, just to mention a few.

E-Mail: Representative_Ken_Lancaster@legis.state.ak.us

Cooper Landing • Bear Creek • Funny River • Hope • Moose Pass • Ridgeway • Seward • Soldotna • Sterling
Listening to you – Getting things done.



(907) 283-5811

Hometown Radio



(907) 283-9430

January 26, 2001

Representative Ken Lancaster
Alaska State Legislature
Mail Stop: 3100
Juneau, AK 99801-1182
Re: Lottery Advertising Prohibition

JAN 30 2001

Dear Ken;

Hope you are getting settled and into the groove as a legislator, and that rainy Juneau weather is not too depressing. Thanks for being on the air on Fridays.

Ken, we need your help. As you might know that state for some reason chooses to discriminate against radio and TV when it comes to advertising and promotion of any state licensed non-profit lottery or game of chance. Newspapers, magazines and other print media are exempt from the prohibition.

I can think of no reason at all for this discriminatory regulation.

In other words, when the chamber came in to promote their Goose Arrival lottery, the FCC now allows us to promote it on our radio stations. When we put it on the air, the state immediately threatened the chamber with loss of their state lottery permit so they are forced to cancel all radio promotion and use only the print media. That is the main reason they were forced to give up on the promotion, which would have been a great fundraiser for the chamber.

Its the same way with a Lions Kenai River Duck Float Lottery, a Little League Bingo game, a Chamber Pull-Tab shop or a Girl Scout Bicycle Giveaway ticket sales promotion. If they attempt to promote the state-licensed lottery on the air, radio or TV, the state threatens them with loss of their lottery permit if the promotion isn't pulled from the air immediately.

In radio, now, the FCC even allows us to promote lotteries for a commercial business, which are not eligible for licenses from the state. For instance, and sign up for a color TV set with every purchase. The state of course will make the business pull the promotion immediately if they hear about it.

Would you please consider looking into the situation and sponsoring legislation, if necessary, that would allow promotion of state licensed non-profit lotteries on radio and TV. This is also a concern of every broadcaster in the state as well as the Alaska Broadcasters Association.

In Juneau, a person who has been in management of Radio/TV stations and understands the problem is Dennis Eagan. Call him if you need more information or help with lobbying other legislators.

Please let me know how you feel about this.

Thanks;


John Davis
KSRM, Inc.



Alaska Juneau
Communications, Inc.

TO: Helen Donohue
FROM: Dennis Egan, Alaska Broadcasters Association
SUBJECT: Proposed Charitable Gaming Legislation
DATE: May 4, 2001

*Proposed changes
approved by
representative*

After a meeting of the Board of the Alaska Broadcasters Association this morning we offer two suggestions for amendments to Representative Lancaster's proposed Legislation regarding charitable gaming.

1. To change the underlined changes to: or (2) to allow compliance with the Charity Games Advertising Act of 1988.
2. To change the underlined changes to: or (2) radio or television broadcasting to promote a raffle or lottery as defined within the Charitable Games Advertising Clarification Act of 1988.

With either change we believe there is superfluous language that pertains to broadcasting by 2,500 megahertz, microwave video and audio programming, slow-scan television programming, and programming via satellite, cable, teletype, or facsimile transmission and distribution methods. We think the term radio or television broadcasting covers this.

Thank you for letting us offer changes to this proposed legislation and applaud Representative Lancaster, you and the rest of your staff for agreeing to introduce this.

5/12/01

LEGAL SERVICES

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

COPY

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Mail Stop 3101

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

MEMORANDUM

April 17, 2001

SUBJECT: Broadcast Advertising of Charitable Gaming
(Work Order No. 22-LS0919/A)

TO: Representative Ken Lancaster

FROM: Gerald P. Luckhaupt
Legislative Counsel

AS 05.15.640 restricts the use of broadcasting to promote or conduct charitable gaming activities. The enclosed draft would allow broadcasting to promote a raffle or lottery, as well as a fish derby or classic. AS 05.15.640, as originally enacted as ch. 33, SLA 1990, was apparently prompted by the United States Congress enacting the "Charity Games Advertising Clarification Act of 1988." That act removed the absolute federal bar to the use of broadcasting to promote or conduct gambling or lotteries. In its place, an exception was created for lotteries conducted by states and lotteries, gift enterprises, or similar schemes which are authorized under state law (or at least not prohibited by state law) and which are conducted by a not-for-profit organization¹ or a governmental organization. This exception provided that the prohibitions of 18 U.S.C. §§ 1301 - 1304 (copy attached), did not apply to advertisements, lists of prizes, or other information concerning lotteries² conducted by states or by not-for-profit organizations or governmental organizations under the authority of (or not otherwise prohibited by) state law.³ 18 U.S.C. § 1307.

¹ A "not-for-profit organization" is defined under the federal law as "any organization that would qualify as tax exempt under section 501 of the Internal Revenue Code of 1986. 18 U.S.C. § 1307(d). This is an interesting dilemma for Alaska, for while we require that charitable organizations be "not for pecuniary profit" in order to conduct charitable gaming, those organizations are not required to be eligible to qualify as tax exempt under § 501 of the Internal Revenue Code of 1986. If the organizations do not qualify under § 501 then they may not avail themselves of the exception provided by 18 U.S.C. § 1307.

² And certain other gift enterprises and similar schemes conducted under the authority of state law.

³ An additional exception was provided for promotional activities "conducted by a commercial organization and which is clearly occasional and ancillary to the primary

Representative Ken Lancaster
February 20, 2001
Page 2

In the bill draft, I also removed the word "sweepstakes" as there are no longer any sweepstakes authorized under the charitable gaming laws.

If you have further questions, please contact me at your convenience.

GPL:jhb
01-041.jhb

business of that organization." This language would allow a business like McDonalds to advertise the contests that they occasionally conduct.

*US Code as of: 01/23/00***Sec. 1301. Importing or transporting lottery tickets**

Whoever brings into the United States for the purpose of disposing of the same, or knowingly deposits with any express company or other common carrier for carriage, or carries in interstate or foreign commerce any paper, certificate, or instrument purporting to be or to represent a ticket, chance, share, or interest in or dependent upon the event of a lottery, gift enterprise, or similar scheme, offering prizes dependent in whole or in part upon lot or chance, or any advertisement of, or list of the prizes drawn or awarded by means of, any such lottery, gift, enterprise, or similar scheme; or, being engaged in the business of procuring for a person in 1 State such a ticket, chance, share, or interest in a lottery, gift, enterprise or similar scheme conducted by another State (unless that business is permitted under an agreement between the States in question or appropriate authorities of those States), knowingly transmits in interstate or foreign commerce information to be used for the purpose of procuring such a ticket, chance, share, or interest; or knowingly takes or receives any such paper, certificate, instrument, advertisement, or list so brought, deposited, or transported, shall be fined under this title or imprisoned not more than two years, or both.

Sec. 1302. Mailing lottery tickets or related matter

Whoever knowingly deposits in the mail, or sends or delivers by mail:

Any letter, package, postal card, or circular concerning any lottery, gift enterprise, or similar scheme offering prizes dependent in whole or in part upon lot or chance;

Any lottery ticket or part thereof, or paper, certificate, or instrument purporting to be or to represent a ticket, chance, share, or interest in or dependent upon the event of a lottery, gift enterprise, or similar scheme offering prizes dependent in whole or in part upon lot or chance;

Any check, draft, bill, money, postal note, or money order, for the purchase of any ticket or part thereof, or of any share or chance in any such lottery, gift enterprise, or scheme;

Any newspaper, circular, pamphlet, or publication of any kind containing any advertisement of any lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance, or containing any list of the prizes drawn or awarded by means of any such lottery, gift enterprise, or scheme, whether said list contains any part or all of such prizes;

Any article described in section 1953 of this title -

Shall be fined under this title or imprisoned not more than two years, or both; and for any subsequent offense shall be imprisoned not more than five years.

US Code as of: 01/23/00

Sec. 1303. Postmaster or employee as lottery agent (FOOTNOTE 1)

[1] Section catchline was not amended to conform to change made in the text by Pub. L. 91-375. Whoever, being an officer or employee of the Postal Service, acts as agent for any lottery office, or under color of purchase or otherwise, vends lottery tickets, or knowingly sends by mail or delivers any letter, package, postal card, circular, or pamphlet advertising any lottery, gift enterprise, or similar scheme, offering prizes dependent in whole or in part upon lot or chance, or any ticket, certificate, or instrument representing any chance, share, or interest in or dependent upon the event of any lottery, gift enterprise, or similar scheme offering prizes dependent in whole or in part upon lot or chance, or any list of the prizes awarded by means of any such scheme, shall be fined under this title or imprisoned not more than one year, or both.

*US Code as of: 01/23/00***Sec. 1304. Broadcasting lottery information**

Whoever broadcasts by means of any radio or television station for which a license is required by any law of the United States, or whoever, operating any such station, knowingly permits the broadcasting of, any advertisement of or information concerning any lottery, gift enterprise, or similar scheme, offering prizes dependent in whole or in part upon lot or chance, or any list of the prizes drawn or awarded by means of any such lottery, gift enterprise, or scheme, whether said list contains any part or all of such prizes, shall be fined under this title or imprisoned not more than one year, or both.

Each day's broadcasting shall constitute a separate offense.

Sec. 1305. Fishing contests

The provisions of this chapter shall not apply with respect to any fishing contest not conducted for profit wherein prizes are awarded for the specie, size, weight, or quality of fish caught by contestants in any bona fide fishing or recreational event.

US Code as of: 01/23/00

Sec. 1306. Participation by financial institutions

Whoever knowingly violates section 5136A of the Revised Statutes of the United States, section 9A of the Federal Reserve Act, or section 20 of the Federal Deposit Insurance Act shall be fined under this title or imprisoned not more than one year, or both.

Sec. 1307. Exceptions relating to certain advertisements and other information and to State-conducted lotteries

- (a) The provisions of sections 1301, 1302, 1303, and 1304 shall not apply to -
 - (1) an advertisement, list of prizes, or other information concerning a lottery conducted by a State acting under the authority of State law which is -
 - (A) contained in a publication published in that State or in a State which conducts such a lottery; or
 - (B) broadcast by a radio or television station licensed to a location in that State or a State which conducts such a lottery; or
 - (2) an advertisement, list of prizes, or other information concerning a lottery, gift enterprise, or similar scheme, other than one described in paragraph (1), that is authorized or not otherwise prohibited by the State in which it is conducted and which is -
 - (A) conducted by a not-for-profit organization or a governmental organization; or
 - (B) conducted as a promotional activity by a commercial organization and is clearly occasional and ancillary to the primary business of that organization.
- (b) The provisions of sections 1301, 1302, and 1303 shall not apply to the transportation or mailing -
 - (1) to addresses within a State of equipment, tickets, or material concerning a lottery which is conducted by that State acting under the authority of State law; or
 - (2) to an addressee within a foreign country of equipment, tickets, or material designed to be used within that foreign country in a lottery which is authorized by the law of that foreign country.
- (c) For the purposes of this section (1) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States; and (2) "foreign country" means any empire, country, dominion, colony, or protectorate, or any subdivision thereof (other than the United States, its territories or possessions).
- (d) For the purposes of subsection (b) of this section "lottery" means the pooling of proceeds derived from the sale of tickets or chances and allotting those proceeds or parts thereof by chance to one or more chance takers or ticket purchasers. "Lottery" does not include the placing or accepting of bets or wagers on sporting events or contests. For purposes of this section, the term a "not-for-profit organization" means any organization that would qualify as tax exempt under section 501 of the Internal Revenue Code of 1986.

THE
FOLLOWING
DOCUMENT(S)
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STATE OF ALASKA

DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL

TONY KNOWLES, GOVERNOR

P.O. BOX 110300
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-9800
FAX: (907) 465-2075

March 2, 2001

Barry H. Goffried
ShawPitman
2300 N. Street, NW
Washington, D.C. 20037-1128

Re: State Restrictions on Broadcast
Advertising of Gaming Activities

Dear Mr. Goffried:

I write in response to your letter of February 5, 2001, regarding state restrictions on broadcast advertising of gaming activities. In that letter you requested that I provide written assurance to the Alaska Broadcasters Association that this office will not enforce AS 05.15.640(a), the state statute which bans radio and television advertising of charitable gaming activities, because in your view the statute is an unconstitutional ban on commercial free speech.

In the absence of a court order directing me to refrain from enforcement of a state statute, I decline to provide you the written assurance you seek for two reasons. First, my office does not provide assurances about the enforcement or non-enforcement of state laws, nor does it issue attorney general opinions at the request of private entities. Rather, by law, our function is to provide legal advice and assistance to state agencies and state officials. See generally Section 3.0.1 A.3.6. *Department of Law Civil Manual* and AS 44.23.020. Second, to reach the outcome you have suggested would require me to declare a state statute invalid. This the Alaska Supreme Court in another context has admonished me not to do. *O'Callaghan v. Coghill*, 888 P2d 1302, 1303-04 (Alaska 1995).

Sincerely,



Prince M. Rostala

ShawPittman

A Law Partnership Including Professional Corporations

BARRY H. GOTTFRIED
202.663.8184
barry.gottfried@shawpittman.com

February 5, 2001

VIA FEDERAL EXPRESS
Honorable Bruce M. Botelho
Attorney General
State of Alaska
P.O. Box 110300
Juneau, Alaska 99811-0300

Re: State Restrictions on Broadcast Advertising of Gaming Activities

Dear General Botelho:

This firm represents the Alaska Broadcasters Association (the "ABA"), a non-profit association of radio and television stations located throughout the State of Alaska, in connection with a potential challenge to the constitutionality of Alaska Stat. §05.15.640(a). That statute prohibits broadcasters from airing truthful and non-misleading advertisements of lawful "charitable gaming activity." Our review of recent caselaw in the United States Supreme Court demonstrates that the statute cannot withstand constitutional review. The purpose of this letter is, therefore, to request that, in order to avoid litigation, you provide written assurances to the ABA, for the benefit of its member stations, that the Attorney General's Office will not enforce this unconstitutional ban on commercial free speech.

As you know, Alaska Stat. §05.15.640(a) bans, but only via radio and television, the advertising of lawful charitable gaming activity or conduct. Newspapers are free to advertise the very same activity and conduct that radio and television stations may not advertise. There is no logic or legislative rationale for the inconsistent treatment of broadcast and print media. Additionally, although broadcast advertising of "charitable gaming activity" is prohibited, media advertisements of legal gambling activity or conduct that transpires outside of Alaska is not prohibited by any statute. The disparate treatment relating to broadcasters between truthful advertisements for in-state charitable gaming activity and such advertisements for out-of-state gambling activity is neither explained nor supportable.

Given this statutory pattern, we believe there can be no question that the enforcement of Alaska Stat. §05.15.640(a), to prohibit radio and television stations in Alaska from broadcasting truthful, non-misleading information promoting lawful charitable gaming activity or conduct, violates the First Amendment of the United States Constitution. This is so for essentially the same reasons that the United States Supreme Court held unconstitutional the federal law prohibiting broadcast advertisement of lawful

ShawPittman

Honorable Bruce M. Botelho
February 5, 2001
Page 2

commercial casino gambling in *Greater New Orleans Broadcasting Association, Inc. v. United States*, 570 U.S. 173 (1999) ("*Greater New Orleans*"). In that case, the Court found that the advertising ban "sacrifice[d] an intolerable amount of truthful speech about lawful conduct" and was "so pierced by exemptions and inconsistencies" that it could not be sustained. The Court said that the ban did not advance the federal government's interest in minimizing the social costs of casino gaming, or promote any other state government interest, because the various statutory exemptions precluded the statute from meaningfully reducing public demand for casino gaming. Moreover, the ban could not be sustained under the Constitution because less restrictive measures, such as a prohibition or supervision of gambling on credit or controls in admission, would serve the federal government's interests in controlling gambling more directly and effectively without violating the First Amendment rights of broadcasters.

Alaska Stat. §05.15.640(a) has similar defects to the federal statute struck down in *Greater New Orleans*, and is unconstitutional for a number of reasons. As noted above, it is lawful for newspapers to advertise legal gambling and all media can lawfully advertise legal *out-of-state* gambling. The only ban is on broadcast advertising of charitable gaming activity or conduct. Thus, Alaska's gaming statute is too "pierced by exemptions and inconsistencies" to serve the goal of thwarting any postulated gambling and social ills. Alaska Stat. §05.15.640(a), like the federal law deemed unconstitutional in *Greater New Orleans*, "sacrifices an intolerable amount of truthful speech about lawful conduct when compared to all of the policies at stake and the social ills that one could reasonably hope [a gambling] ban to eliminate." Thus, the requisite governmental interest in restricting speech is excessive, ineffective and cannot be upheld. You should be aware that *Greater New Orleans* has been persuasive in convincing courts that prohibitions in other states' laws are unconstitutional. See e.g., *Michigan Association of Broadcasters v. Michigan*, 99-90792-CZ (Circuit Court MI 1999), in which we successfully represented the Michigan Association of Broadcasters in a constitutional challenge against Michigan statutes prohibiting broadcasters from broadcasting advertisements for lawful commercial casino gaming. See also *ACLU v. Reno*, 217 F.3d 162 (3rd Cir. 2000), supporting strong constitutional protection for commercial speech.

In addition, there is another problem with the statute— it actually impedes *positive* governmental interests. Under Alaska Stat. §05.15.640(a), the ABA's member stations cannot assist deserving not-for-profit organizations in their efforts to raise money to meet their goals. In a period of declining state revenues and charitable giving, this unwarranted restriction is simply bad policy.

Lastly, Alaska Stat. §05.15.640(a) may well deny broadcasters equal protection under the Federal and State Constitutions since the act prohibits, without rational basis, the broadcast media from engaging in conduct which is allowed by the print media,

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Honorable Bruce M. Botelho

February 5, 2001

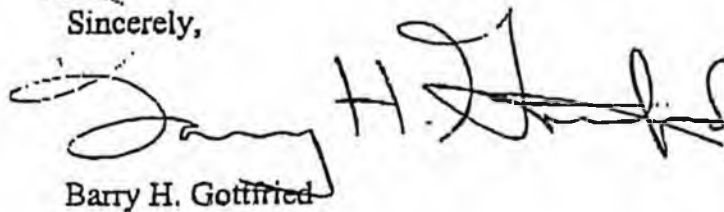
Page 3

namely the carriage of third party advertising promoting lawful "charitable gaming activity."

For all the foregoing reasons, we are hopeful you will agree that the statute in question cannot survive court scrutiny and that you will promptly provide written assurances to the ABA that neither the Attorney General's office nor any other state prosecutor in the State will enforce this statute against broadcasters advertising truthful, non-misleading information about any lawfully conducted charitable gaming activity. While we would like to settle this matter outside the formal judicial process, should your office not respond favorably within a reasonable period of time, we have been authorized to file an action in an appropriate court.

We look forward to hearing from you shortly and thank you for your consideration of this matter of importance to broadcasters and the listening public in Alaska.

Sincerely,



Barry H. Gottfried

cc: David Geesin
Linda Simmons

HB

285

Alaska State Legislature

SESSION AND INTERIM
State Capitol Building, Suite 434
Juneau, Alaska 99801-1182
Phone: 907-465-4527
Fax: 907-465-2197
Toll Free: 800-491-4527
E-Mail: Representative_Carl_Morgan@legis.state.ak.us

CO-CHAIR
Community and Regional Affairs

MEMBER
Economic Development, Trade and Tourism
Rules

INTERIM
P.O. Box 243
Aniak, Alaska 99557
Phone: 907-675-4413

Representative Carl M. Morgan, Jr.
District 36

SPONSOR STATEMENT

HB 285

This legislation is a vehicle to officially add a second verse, written by Carol Beery Davis, to the Alaska state song.

"Alaska's Flag" written by Marie Drake and composed by Elinor Dusenbury was adopted as the official state song in 1956, and was gifted to the University of Alaska in April 1960. Carol Beery Davis wrote the second verse to "Alaska's Flag" and gifted the words (protected by copyright) to the University of Alaska Foundation in February 1987. This legislation would allow for the gift, a second verse to "Alaska's Flag", to be recognized and adopted as part of the official state song as was the first verse in 1956.

Further, this legislation would recognize Carol Beery Davis, an Alaskan pioneer and poet laureate, as the maker of the second verse. While the official Alaska state song recognizes and describes Alaska's flag, the words of Davis in the second verse of "Alaska's Flag", "*A Native lad chose the Dipper's stars, For Alaska's flag that there be no bars*", provides recognition of Bennie Benson who designed Alaska's official flag in 1927. Benny Benson described his design of the flag:

"The blue field is for the Alaska Sky and the forget-me-not, an Alaskan flower. The North Star is for the future of Alaska, the most northerly in the union. The Dipper is for the Great Bear - symbolizing strength."

It is timely to have this second verse officially added to the Alaska state song as 2002 marks the 75th Anniversary of the Alaska Flag.

Additionally, it is appropriate to recognize the contributions of all Alaskans, whether it was our sourdoughs who dreamed of gold in the streams nearby or a young native lad who saw and gave Alaska a flag of great symbolism.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____

Bill Version: HB 285

() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: UA

Title An Act Relating to the Second BRU _____

Verse of the Alaska Flag Song Component _____

Sponsor Rep. Morgan Component No. _____

Requester Rep. Morgan Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Joe Beedle, Vice President for Finance

Phone 907.474.7448

Division: Joseph M. Beedle

Date/Time 1/10/02 11:51 AM

Approved by: Joe Beedle, Vice President for Finance

Date 1/10/2002

Agency: University of Alaska

For the Committee on the Second Verse of the Alaska Flag Song

I would like to give you a little summary of my family history on this eventful occasion. My paternal grandfather arrived in Juneau early in 1891 for a short stay, working for the Nowell Mining Co. as a bookkeeper. With paints, brushes and canvas, my grandmother landed at the Juneau docks a few months later. She planned to paint Alaskan scenery for a month or two. The following year they were married in the Log Cabin church. Both of them came from England.

My mother came to Juneau in 1920 to play for the silent movies at the Palace Theater, a three-month, temporary job that lasted for seven years. By that time, Marie Drake was a good friend, the contest to choose a flag for Alaska was underway, and my father was a member of the Final Awards Committee to choose the flag. Mother took notes of the events at that time. Later she wrote that once the design was chosen, Marie felt that the school children of Alaska would understand the historical event better if they had words to recite, something like those in her head. The Territorial Commissioner of Education gave his approval, and so the first step towards a song was born.

When mother was approached to add a second verse to the state song, she believed that it was important to do so, and that her old friend, Marie, would approve. Using the themes of unity, history, progress and the state's natural beauty, she carefully composed the verse with her enduring love for Alaska. It was her last gift. She was 95 years old.

01-08-02

I arrived in Alaska in 1971 and was interested in the Alaska Flag song which mentions gold and sourdoughs' dreams but not the first Alaskans. My further research brought me to the author of the book on the Alaska Flag, Carol Beery Davis. The song was originally written as a poem by Marie Drake which was read at the dedication of the Alaska statehood flag ceremony.

I met Senator Frank Ferguson and Representative Alvin Osterback at a Native Caucus pot luck dinner, and discussed with them the possibility of adding a second verse contest honoring the first Alaskans. They both agreed that a contest would not be wise, but perhaps a gift of a second verse would be acceptable. The years went by without follow up. In 1986 I lost my new State job due to the 87' budget shortfall, and I called Carol Beery Davis to tell her that before I leave Alaska I would like to see a second verse. Carol was 95 years of age, and our poet laureate, who has published over many books of prose and poetry. Also, she was a musician, teacher and community leader and the performing and literary art's.

I received a call the next morning to ask me to pick up the draft of the second verse which she wrote during the night. I was amazed! I brought it to Senator Ferguson and Representative Osterback for review and they liked it and said to get it registered and approved by other groups. I brought it to the Alaska Native Sisterhood and Alaska Native Brotherhood Camp 2 in Juneau for review. They approved and passed a resolution to accept the second verse by Carol Beery Davis as a beautiful gift to all people of Alaska. Member Dorothy Wallace testified in a Legislative Committee on the resolution. The staff of Community Schools reviewed the verse and it was very well received by them also.

The second verse was then given to the University of Alaska in Fairbanks where the first verse is in trust. I returned to my job at the Department of Education working with Federal programs and Community Schools which enabled me to distribute the second verse state wide. Many schools use both verses at graduations and special events as well as in performances at post secondary graduations and state conferences. In addition, Native organizations sing both verses at conferences and meetings.

It would be wonderful if a bill was passed by the State Legislature to accept her gift and to add it as the official second verse to the Alaska Flag song.

Connie Munro
120 W. 9th. Street
Juneau, Alaska 99801

VOL 1078 PAGE 401

GIFT OF MUSICAL WORK

KNOW ALL MEN BY THESE PRESENTS: That we, MARIE C. DRAKE and ELINOR DUSENBURY, respectively the author and composer of the song "ALASKA'S FLAG", for and in consideration of the sum of One (\$1.00) Dollar, the receipt whereof is hereby acknowledged, and other good and valuable consideration, do hereby give, donate, transfer and assign unto the Board of Regents of the University of Alaska, as trustees for and on behalf of the benefit of said university, all of their right, title and interest in and to that certain musical work known as "ALASKA'S FLAG" together with all of their right, title and interest in and to the copyright thereof.

Dated this 3 day of April, 1960.

Witnessed in the presence of:

Witness signatures: Mrs. Margaret King, Hazel L. Kirnse, U. Mary F. LeKuski, J.D. Eastman. Donor signatures: Marie C. Drake, Elinor Dusenbury.

GIFT OF MUSICAL WORK

KNOW ALL MEN BY THESE PRESENTS: That I, Carol Beery Davis, the author of the attached lyrics entitled "Alaska's Flag (second verse)," for and in consideration of the sum of One (\$1.00) Dollar, the receipt whereof is hereby acknowledged, and other good and valuable consideration, do hereby give, donate, transfer and assign unto the Board of Trustees of the University of Alaska Foundation, all of my rights, title and interest in and to those certain lyrics known as "Alaska Flag (second verse)" together with all of my rights, title and interest in and to the copyright thereof.

Dated this 24th day of February, 1987.

Carol Beery Davis

STATE OF ALASKA)
) ss.
 FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 24th day of February, 1987, before me, the undersigned, a Notary Public and for the State of Alaska, personally appeared Carol Beery Davis, known to me and to me known to be the individual named in and who executed the foregoing document and she acknowledged to me that she executed the foregoing document as her free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and notarial seal the day and year first hereinabove writte.

[Signature]
 Notary Public in and for Alaska
 My Commission Expires: _____
 District Court Judge

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The University of Alaska Foundation is a private nonprofit corporation, operated as a public Foundation, which was established in 1974 to solicit, manage and invest donations for the exclusive benefit of the University of Alaska. The Foundation is a tax-exempt organization as described in Subsection 501 (c) (3) of the Internal Revenue Code and donations made to the Foundation are deductible according to schedules established under income and estate tax regulations. The Foundation qualifies as a public charitable organization under Subsection 170 (b) (1) (A) (vi) of the Internal Revenue Code.

The Foundation is legally separate and distinct from the University of Alaska and is organized under its own Articles of Incorporation and Bylaws. Its members are its College of Fellows and it is governed by its own Board of Trustees. This thirty member board is composed of prominent Alaskans and includes the University President, the three University Chancellors, as well as two members of the Board of Regents. The Board meets three times annually and establishes the Foundation's investment policy for the endowments, manages donated property and oversees the distribution of the Foundation's assets to its sole beneficiary, the University of Alaska system.

The Board of Regents of the University of Alaska has recognized the University of Alaska Foundation as the entity which should manage private gifts and governmental gifts restricted to 501 (c) (3) organizations made to support all campuses of the University of Alaska system. The Regents Policies further direct that all unrestricted gifts to the University of Alaska must be transferred to the Foundation. It further states that restricted gifts, too, may be transferred to the

Teleconference Order Form FAX TO 465-2864

Sponsor and/or Committee Name			Date
House State Affair			17 Jan 02
Start/End Time	Chairing site	Juneau Room	Testimony
8:00 a.m.	Juneau	102	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Invitational <input type="checkbox"/>
Contact Person and	Phone Number	Other sites may add?	Testimony Limit
Rynnieva Moss	465-3719	Yes	
Subject of meeting and/or Bills on agenda			
HB 285 Alaska Flag Song			
Sites - LIOs		Sites - Offnets	Phone #
Anchorage			
Barrow			
Bethel			
Cordova			
Delta Junction			
Dillingham			
Fairbanks		Scott Taylor UA Foundation Exec Director	474-5922 Ann Ruugstad
Glennallen			
Homer			
Juneau			
Kenai			
Ketchikan			
Kodiak			
Kotzebue			
Matsu			
Nome			
Petersburg			
Seward			
Sitka			
Tok			
Valdez			
Wrangell			
Notes			
Please call me a Bridge #			

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PR

Alaska State Legislature

SESSION AND INTERIM
State Capitol Building, Suite 434
Juneau, Alaska 99801-1182
Phone: 907-465-4527
Fax: 907-465-2197
Toll Free: 800-491-4527
E-Mail: Representative_Carl_Morgan@legis.state.ak.us



CO-CHAIR
Community and Regional Affairs

MEMBER
Economic Development, Trade and Tourism
Rules

INTERIM
P.O. Box 243
Aniak, Alaska 99557
Phone: 907-675-4413

Representative Carl M. Morgan, Jr.
District 36

SPONSOR STATEMENT

HB 285

This legislation is a vehicle to officially add a second verse, written by Carol Beery Davis, to the Alaska state song.

"Alaska's Flag" written by Marie Drake and composed by Elinor Dusenbury was adopted as the official state song in 1956, and was gifted to the University of Alaska in April 1960. Carol Beery Davis wrote the second verse to "Alaska's Flag" and gifted the words (protected by copyright) to the University of Alaska Foundation in February 1987. This legislation would allow for the gift, a second verse to "Alaska's Flag", to be recognized and adopted as part of the official state song as was the first verse in 1956.

Further, this legislation would recognize Carol Beery Davis, an Alaskan pioneer and poet laureate, as the maker of the second verse. While the official Alaska state song recognizes and describes Alaska's flag, the words of Davis in the second verse of "Alaska's Flag", "*A Native lad chose the Dipper's stars, For Alaska's flag that there be no bars*", provides recognition of Bennie Benson who designed Alaska's official flag in 1927. Benny Benson described his design of the flag:

"The blue field is for the Alaska Sky and the forget-me-not, an Alaskan flower. The North Star is for the future of Alaska, the most northerly in the union. The Dipper is for the Great Bear - symbolizing strength."

It is timely to have this second verse officially added to the Alaska state song as 2002 marks the 75th Anniversary of the Alaska Flag.

Additionally, it is appropriate to recognize the contributions of all Alaskans, whether it was our sourdoughs who dreamed of gold in the streams nearby or a young native lad who saw and gave Alaska a flag of great symbolism.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 285
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: UA
 Title An Act Relating to the Second BRU _____
 Verse of the Alaska Flag Song Component _____
 Sponsor Rep. Morgan _____
 Requester Rep. Morgan Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

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

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Joe Beedle, Vice President for Finance Phone 907.474.7448
 Division: John M. Beedle Date/Time 1/10/02 11:51 AM
 Approved by: Joe Beedle, Vice President for Finance Date 1/10/2002
 Agency: University of Alaska

VOL 1078 PAGE 401

GIFT OF MUSICAL WORK

KNOW ALL MEN BY THESE PRESENTS: That we, MARIE C. DRAKE and ELINOR DUSENBURY, respectively the author and composer of the song "ALASKA'S FLAG", for and in consideration of the sum of One (\$1.00) Dollar, the receipt whereof is hereby acknowledged, and other good and valuable consideration, do hereby give, donate, transfer and assign unto the Board of Regents of the University of Alaska, as trustees for and on behalf of the benefit of said university, all of their right, title and interest in and to that certain musical work known as "ALASKA'S FLAG" together with all of their right, title and interest in and to the copyright thereof.

Dated this 3 day of April, 1960.

Witnessed in the presence of:

<u>Mrs. Margaret King</u>	<u>Marie C. Drake</u> Marie C. Drake
<u>Hazel L. Kirnse</u>	
<u>U. Mary Pelkowski</u>	<u>Elinor Dusenbury</u> Elinor Dusenbury
<u>J.D. Eastman</u>	



Alaska Native Brotherhood
And
Alaska Native Sisterhood
Camp #2



January 11, 2002

The Honorable Carl Morgan
House of Representatives
State Capitol, Room 434
State of Alaska
Juneau, Alaska 99801-1182

Representative Carl Morgan:

On behalf of the Alaska Native Brotherhood and Alaska Native Sisterhood, Juneau Camp #2, we extend sincere appreciation for your leadership role in sponsoring HB 285. We believe passage of this Bill would be a beautiful gift to all peoples of the State of Alaska and a unique way to honor all.

Please don't hesitate to contact us if you think that we can assist you in the passage of this Bill or other matters. You may contact us in writing, 320 W. Willoughby Avenue, Suite 100, Juneau, Alaska 99801, or by leaving a message with the receptionist at the ANB Hall, 586-2049.

Paul White, President
Alaska Native Brotherhood, Camp #2

Alberta J. Aspen, President
Alaska Native Sisterhood, Camp #2

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The Foundation is legally separate and distinct from the University of Alaska and is organized under its own Articles of Incorporation and Bylaws. Its members are its College of Fellows and it is governed by its own Board of Trustees. This thirty member board is composed of prominent Alaskans and includes the University President, the three University Chancellors, as well as two members of the Board of Regents. The Board meets three times annually and establishes the Foundation's investment policy for the endowments, manages donated property and oversees the distribution of the Foundation's assets to its sole beneficiary, the University of Alaska system.

The Board of Regents of the University of Alaska has recognized the University of Alaska Foundation as the entity which should manage private gifts and governmental gifts restricted to 501 (c) (3) organizations made to support all campuses of the University of Alaska system. The Regents Policies further direct that all unrestricted gifts to the University of Alaska must be transferred to the Foundation. It further states that restricted gifts, too, may be transferred to the

GIFT OF MUSICAL WORK

KNOW ALL MEN BY THESE PRESENTS: That I, Carol Beery Davis, the author of the attached lyrics entitled "Alaska's Flag (second verse)," for and in consideration of the sum of One (\$1.00) Dollar, the receipt whereof is hereby acknowledged, and other good and valuable consideration, do hereby give, donate, transfer and assign unto the Board of Trustees of the University of Alaska Foundation, all of my rights, title and interest in and to those certain lyrics known as "Alaska Flag (second verse)" together with all of my rights, title and interest in and to the copyright thereof.

Dated this 24th day of February, 1987.

Carol Beery Davis

STATE OF ALASKA)
) ss.
 FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 24th day of February, 1987, before me, the undersigned, a Notary Public and for the State of Alaska, personally appeared Carol Beery Davis, known to me and to me known to be the individual named in and who executed the foregoing document and she acknowledged to me that she executed the foregoing document as her free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and notarial seal the day and year first hereinabove writte.

[Signature]
 Notary Public in and For Alaska
 My Commission Expires: _____
 District Court Judge



Alaska Native Brotherhood
And
Alaska Native Sisterhood
Camp #2



Resolution # 02-01

A Resolution in Support of HB 285 Titled: An Act adding a Second Verse to the Official Alaska State Song.

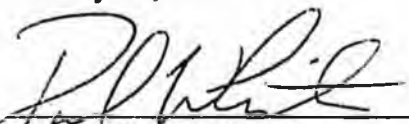
Whereas, The Alaska Native Brotherhood and the Alaska Native Sisterhood organized in 1912 and 1923 respectively to advocate for Alaska Native health, safety, welfare and cultural preservation; and

Whereas, The Alaska Native Brotherhood and the Alaska Native Sisterhood Local Camp #2 was chartered by the Alaska Native Brotherhood and Alaska Native Sisterhood Grand Camp in 1914 and 1926 respectively as a constituent part of the Grand Camp.

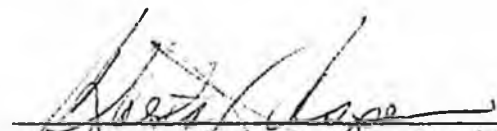
Whereas, the Alaska Native Brotherhood, Camp #2 is comprised of 53 Regular Members; 2 Life Members; and 3 Student Members for a total of 58 members. The Alaska Native Sisterhood, Camp #2 is comprised of 118 Regular Members, 16 Life Members, and 21 Student Members for a total of 155 members.

Now, therefore be it resolved, The Alaska Native Brotherhood and Alaska Native Sisterhood, Camp #2 strongly urge the passage of HB 285 in the Legislature of the State of Alaska by Representatives Morgan, Porter, Foster, Williams, Hudson, Harris, Coghill, Meyer, Dryson, Whitaker, Halcro and Lancaster, for an act entitled "An Act adding a second verse to the official Alaska State Flag song.

Adopted by the Alaska Native Brotherhood and Alaska Native Sisterhood, Camp #2 on January 11, 2002.



Paul White, President
Alaska Native Brotherhood, Camp #2



Alberta J. Aspen, President
Alaska Native Sisterhood, Camp #2

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Sourdough Jack says....

Column Last Updated:
Wednesday, January 16, 2002 - 4:58:37 AM MST



Alaskans should all weigh in on 'Alaska's Flag' verse

By Dermot Cole

Wednesday, January 16, 2002 - HOW ABOUT A statewide contest to write a second verse for "Alaska's Flag?"

That would be in keeping with the way in which the elegant flag described by the song was created. It would also bring together people from across Alaska for this, the 75th anniversary of the simple flag of a last frontier.

I make this suggestion because a legislative committee chaired by Rep. John Coghill plans a hearing Thursday morning in Juneau on plans to add a second verse to "Alaska's Flag," the official state song.

The committee is considering a proposed second verse written by the late Carol Beery Davis, former poet laureate of Alaska.

But many artists across the state may have good ideas on a second verse for the official song that would recognize Alaska Native cultures and other important themes and do so in words that are both as simple and as memorable as those in the original.

The Thursday hearing on the flag song will be teleconferenced to Fairbanks and testimony will be taken at the Legislative Information Office in Fairbanks in the Denali State Bank building at 8 a.m.

The story of the flag song begins with Benny Benson, a Native student at the Jessie Lee Home in Seward who submitted the winning design for an Alaska flag when the territory held a contest among schoolchildren in 1927.

In his written description of his flag, Benson made it clear why he chose a blue

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OTHER COLUMNS IN THIS SECTION

Jan. 15:
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[First Territorial Legislature achieved a sense of unity.](#)

Jan. 12:
[Animal rights group in a 'father over Disney movie.](#)

Jan. 9:
[Scots, sans kilts, golf to extremes on world's coldest golf course.](#)

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background and the stars: "The blue field is for the Alaska sky and the forget-me-not, an Alaskan flower. The North Star is for the future state of Alaska, the most northerly in the union. The Dipper is for the Great Bear--symbolizing strength."

Based on Benson's text, Marie Drake wrote the poem that became the flag song. Drake was a secretary to the commissioner of Education and her poem was set to music by Elinor Dusenbury in 1938. It became Alaska's official song in 1955.

"When they sing 'Alaska's Flag,'" Dusenbury once said, "People always stand, and older ones cry when they come to the words, 'Alaska's Flag to Alaskans dear, the simple flag of the last frontier.'"

With the exception of the images added by Drake, "The gold of the early sourdough's dreams, the precious gold of the hills and streams," the song follows Benson's explanation of what the flag meant to him.

THE PROPOSED NEW verse begins, "A Native lad chose the Dipper's stars, For Alaska's flag that there be no bars, Among our cultures. Be it known, Through years the Natives' past has grown..."

In subjective matters like this there is always poetic license, but the line makes it seem as if Benson's motivation for choosing the Dipper as a symbol was something other than what he said it was.

The proposed second verse also contains a line that will take some explaining, namely, "With nature's flag to Alaskans dear..."

When Lt. Gov. Fran Ulmer was a legislator she introduced a bill to add the words by Davis as the second verse. The bill was approved by the House in 1987, but rejected by the Senate.

Among the 23 House members who have already signed on to back the bill this year, HB 285, four are from the Fairbanks area--Coghill and Reps. Jim Whitaker, Jeannette James and John Davies.

The proposed second verse is as follows:

"A Native lad chose the Dipper's stars
for Alaska's flag that there be no bars
Among our cultures. Be it known
Through years the Natives' past has grown
To share life's treasures, hand in hand,
To keep Alaska our Great Land;
We love the northern, midnight sky,
The mountains, lakes and streams nearby.
The great North Star with its steady light
Will guide all cultures, clear and bright,
With nature's flag to Alaskans dear,
The simple flag of the last frontier."

Channels

Privacy Po

Find'y

AN EXHIBIT ABOUT Alaska's flag opens Thursday in Juneau at the Alaska State Museum. It includes 36 of the original 142 proposed flag designs submitted by children in Alaska in 1927. Among the students with designs in the exhibit are Bob DeArmond, Paul Solka, Steve McCutcheon, Mary Walsh and Frances Meals.

The exhibit is designed to be a traveling one and I hope that someone will arrange to get it to Fairbanks as it tours the state over the next two years. The display includes the gold watch Benson received for winning the flag contest and other items.

The catalog to the flag exhibit, written by UAF archivist India Spartz, quotes a letter that William Paul, a Native lawyer and legislator, sent to Benson after the flag was chosen.

"I had the honor of writing the bill--now a law--which made your winning design the official flag of Alaska ... Altogether, this should encourage the Native races in Alaska to enter competition with all others, to do so without fear, and to stick to it until we win something," Paul wrote.

Paul's bill said the flag was selected for its "simplicity, its originality and its symbolism."

Spartz writes that Benson, who died in 1972, often said that the biggest thrill of his life was when he received a standing ovation from the delegates of the Alaska Constitutional Convention in Fairbanks. "The noise was so loud I couldn't hear a thing; people whistled and hollered and stamped," he said.

ON THE WAY: Elementary school report cards should be personally delivered by local scholars this week. In the interests of seeing that the middle school and high school report cards reach parents, those are sent by mail and should show up by the end of the week.

Dermot Cole can be reached at cole@newsminer.com or 459-7530.



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Anchorage Daily News

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"Jerome Logan should have walked away. Anger and alcohol clouded his judgment," the prosecutor said.

But defense attorney Rex Butler said Logan, 22, didn't intend to shoot anyone when he brandished the gun. Logan was angry because of racial taunts directed at him after the basketball game, Butler said. The gun went off during a struggle between Logan and other people, he said.

"I suspect evidence will show that during the course of this fight ... that the gun ended up discharging at least twice, maybe three times, and unfortunately Billy Watterson is dead," Butler said.

See Page B-3, SHOOTING

Billy Watterson was 21 when he was shot and killed in 2000 at a party in East Anchorage.



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See Page B-3, SONG

11/15/02
ADN



MARC LESTER / Anchorage Daily News

Junior Hollenbeck offers some advice about the UAA campus to Theresa Rzczecki at the student center. The booth at the University of Alaska Anchorage was provided by the Campus Life group for new student orientation. Hollenbeck said most people just wanted directions to a building or room. Spring semester began last week.

SONG: Youth Choir sings proposed second verse

Continued from B-1

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SHOOTING says tussle to Watter.

Continued from B-1

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Twete told Logan, "Welcome you to school," and, "All you white boys beat me." French said, adding Twete also may have used a racial slur.

Logan and Twete got into a fight, and Logan punched Twete in the face, the report said. Another man, L. Sherburne, tackled Logan and told him to leave.

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FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 285
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: UA
 Title An Act Relating to the Second BRU _____
 Verse of the Alaska Flag Song Component _____
 Sponsor Rep. Morgan _____
 Requester Rep. Morgan Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Joe Beedle, Vice President for Finance Phone 907.474.7448
 Division: Joe Beedle Date/Time 1/10/02 11:51 AM
 Approved by: Joe Beedle, Vice President for Finance Date 1/10/2002
 Agency: University of Alaska

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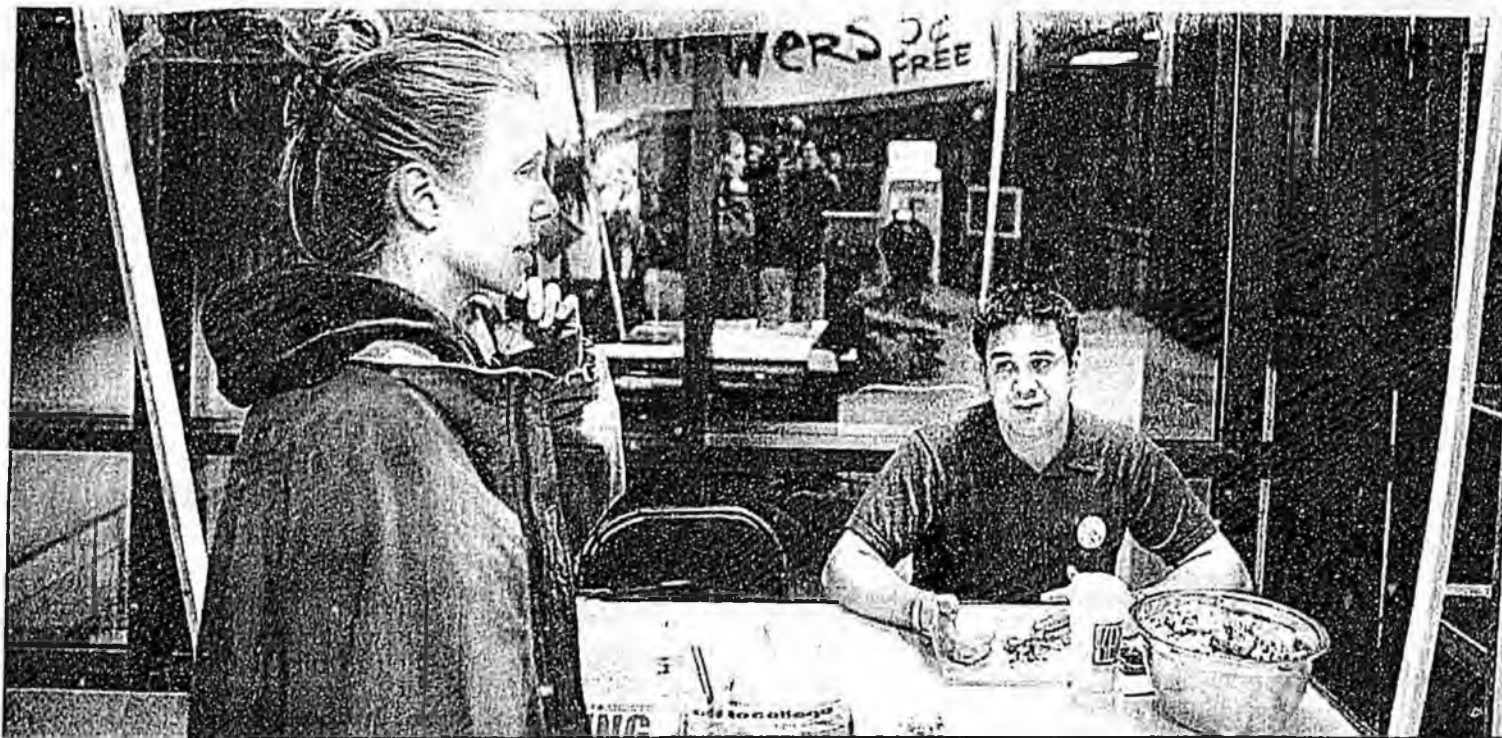
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HB

300

House Committees

Labor & Commerce
Military & Veterans Affairs
State Affairs
Regulation Review

Alaska State Legislature
Representative
Joe Hayes

119 N. Cushman, Ste. 205
Fairbanks, AK 99701
(907) 456-7423 / Fax: 451-9293

While in Juneau
State Capitol
Juneau, AK 99801-1182
(907) 465-3466 / Fax: 465-2937

Memorandum

To: Representative Coghill, Chair State Affairs Committee
From: Representative Joe Hayes *JH*
Date: February 02, 2002
RE: HB 300, Travel Procurement

I respectfully request that this bill be scheduled for a hearing in your committee.
Attached are all the pertinent backup materials requested.

District 30

representative_joe_hayes@legis.state.ak.us

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: January 14, 2002

FURTHER REFERRALS: Finance

Date of Committee Action: 21 Feb 02

The STATE AFFAIRS Committee considered:

HB 300

HOUSE BILL NO. 300

PROCUREMENT OF TRAVEL SERVICES

"An Act relating to the procurement of certain travel services."

Recommends it be replaced with CS () [] 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				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
<u>ALL</u>			✓	

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Wilson	✓			
	STEVEN CRAWFORD	X			
	Hayes	✓			
Chair:	Coyne	✓			
Chair:					

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 300
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: All
 Title An Act relating to the procurement of certain BRU All
travel services Component All
 Sponsor Representative Hayes
 Requester House State Affairs Component No. All

Expenditures/Revenues (Thousands of Dollars)

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Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
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1005 GF/Program Receipts						
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Other (Specify)						
TOTAL	*	*	*	*	*	*

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)	
Estimated impact is based on the following assumptions and calendar year 2001 data, provided by the State's travel card provider. The assumption is that state agencies will absorb the cost in existing budgets.	
Total number of tickets purchased	49,308
less purchased direct from Airlines	<u>11,195</u>
Tickets purchased from travel agents	38,113
less tickets from contract travel agents (fees charged)	<u>9,514</u>
Tickets purchased from travel agents who waived fees	28,599
Cost of paying fees for services currently received at no cost	\$228,792
(28,599 tickets X assumed fee of \$8)	

Prepared by: Vern Jones Phone 465-5684
 Division Division of General Services Date/Time 02/04/02
 Approved by: Jim Duncan, Commissioner Date 2/7/2002
 Agency Department of Administration

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

January 15, 2002

SUBJECT: Sectional Summary of HB 300 relating to the procurement of certain travel services (Work Order No. 22-LS1195\A)

TO: Representative Joe Hayes
Attn: Melinda

FROM: *JB*
Theresa L. Bannister
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, please note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Provides legislative findings and intent for the bill.

Section 2. Excludes from the state's procurement code (AS 36.30) contracts for travel services, except for motor vehicle rentals.

Section 3. States that sec. 2 of the bill does not apply to ongoing contracts entered into before the effective date of the Act.

If I may be of further assistance, please advise.

TLB:med
02-008.med

House Committees

Labor & Commerce
Military & Veterans Affairs
State Affairs
Regulation Review

Alaska State Legislature
Representative
Joe Hayes

119 N. Cushman, Ste. 205
Fairbanks, AK 99701
(907) 456-7423 / Fax: 451-9293

While in Juneau
State Capitol
Juneau, AK 99801-1182
(907) 465-3466 / Fax: 465-2937



Sponsor Statement
HB 300

HB 300 will allow for the exemption of contracts for certain types of travel services including airplane travel, hotel accommodations and travel agency services from the procurement procedures of AS 36.30.

Recently Alaska Airlines adopted a policy similar to other major airlines capping travel agent commissions from 5% of the total ticket price to \$10 and \$20 for one-way and roundtrip airline tickets, respectively. Due to the cap it has become necessary for many travel agencies to rely on agency fees to stay in business.

Since HB 300 will exempt certain travel services from the procurement procedures codified in AS 36.30, administrative agencies will be able to choose travel providers on a case-by-case basis. This will foster competition by allowing for the consideration of all agencies.

Passing the bill will give all travel agencies an opportunity to provide state travel, thus protecting and fostering Alaskan jobs and businesses. Protecting Alaska's economy is extremely important and HB 300 will aid in that endeavor.

I ask for your support in passing this legislation.

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January 14, 2002

To: Rep. Hayes
FAX: 907 465-2937

F

From: Carol Callahan, Owner/Partner
Sweetwater Travel
FAX: 907 452-2154

Subject: House Bill No. 300

House bill sounds great. Short and sweet and shows all of the agencies intent of using more than one provider and being able to charge fees, which are essential for the existence of smaller agencies. Hope it flies.

Carol Callahan



Northern Lights Travel

606 Old Steese Hwy., Suite 117 • Fairbanks, Alaska 99701
Phone (907) 451-7111 • 1-800-478-7048 • Fax (907) 451-8701

January 31, 2002

Representative Joe Hayes
(907) 465-2937 FAX

Dear Mr. Hayes,

I would like to lend my support to HB300. Travel agencies are facing greater financial challenges every year as the airlines continue to decrease our commissions. Service fees are a must for travel agencies to continue to survive.

The STATE should NOT be exempt from paying for services from any business. We provide a valuable service. I do not want to see our public servants wasting time and money trying to be travel agents, when a call to a professional and efficient travel agent can have a state employee off the phone and the internet in minutes. Currently the State does not pay for the service of ticket delivery or the additional time spent if a ticket has to be changed and reissued.

Thank you, Mr. Hayes for supporting HB300. Please let me know if I can assist, in any way, to help pass this bill.

Sincerely,

Northern Lights Travel
Yularida Johansen, CTC
Owner

Alaska Native Owned

Email: yularida@northernlightstravel.com

012 - 30005



Vagabond Travel

January 29, 2002

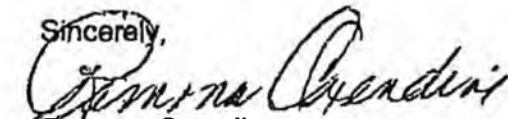
Representative Joe Hayes
907/465 2927 Fax

Dear Mr. Hayes;

I would like to lend my support to HB300. Travel agencies are facing great financial challenges as we see our airline commissions shrinking with every passing year. Service fees have become a way of life in the travel agent industry and without them few of us could remain in business. The state should not be exempt from paying for services from any business. We provide a great service, as anyone who has sat on hold with the airlines or fumbled through an internet booking can attest to. Quite frankly, I do not want to see our public servants wasting time and money trying to be travel agents, when a call to a professional and efficient travel agent can have a state employee off the phone in minutes. The state does not even pay for the service of ticket delivery or the additional time spent if a ticket has to be changed and reissued.

My hat is off to you Mr. Hayes, please do not hesitate to contact me if there is anything further I can do in this endeavor.

Sincerely,



Ramona Oxendine
Manager/partner

December 27, 2000

Kymm Bowthorpe
3262 Mendenhall Loop Rd. #2
Juneau, AK 99801
790-3282-h

Senator Kim Elton
State Capitol Room 504
Juneau, AK 99801-1182

Dear Mr. Elton,

I am writing to you today regarding an issue that I believe is a very serious one, the State of Alaska and its travel.

As a former travel consultant of 15 years, I have seen many arguments the state has made against putting its travel out to bid. Enclosed you will find a letter written by Fran Ulmer to our former governor, Walter Hickle, concerning the subject.

At this point I believe it is time for the state to make a major change. Several travel agencies in Juneau, as well as around the state, have gone out of business in the last couple of years. For some, it was due to the airlines cutting their commissions, for others it was a direct result of the states unwillingness to pay service fees in support of local businesses.

I have also enclosed a research paper that I have done on the subject. I do hope you will take the time to look it over. I believe this is a serious issue and one that needs your attention.

Thank you for your time.

Sincerely,



Kymm Bowthorpe

The Future of State Travel

Kymm Bowthorpe

This past year has been a real test for the travel agents in our state. The airlines have cut their commissions in half. What once was a thriving enterprise is now a business struggling to hang on by its fingernails. Even when commissions were 10 percent of airline ticket sales, the agencies were only making it with about a 1 percent profit margin. When the airlines cut commissions, agencies were forced to charge their customers service fees, or risk going out of business altogether. In our little town of Juneau, two years ago there were eight travel agencies, now only three remain (those who started charging the fees). The agencies that tried to hold out on charging fees, just to keep some of their corporate and State of Alaska business, have failed.

The State of Alaska has refused to pay agencies fees from the very beginning. With some agents not charging state travelers a service fee, it was easy for the state to get away with not paying service fees. To me this very practice goes against the state's willingness to support local businesses. Because the state's travel is such a large amount of business, agencies were willing to forgo charging the state travelers a fee, just to get their business. However, the agency not charging a service fee to the state has paid the ultimate price. Southeast Executavel, one of the agencies not charging state travelers service fees, closed their doors this past Friday, December 8th.

Just the mere mention of The State of Alaska and travel in the same sentence is enough to start an argument in some political circles. For many years the state has been trying to cut expenses, but travel seems to be the one area where the government is reluctant to make a change in the way they are currently doing business. At the moment, the State of Alaska has a travel policy listed in The State of Alaska Administrative Manual for its travelers to follow. The state currently has its travelers make their own arrangements with whomever or however they wish. Employees are simply trusted to make their arrangements in the best interest of the state. Kim Gamero, Director of Finance at The Department of Administration, says that the state wants its travelers to have a choice when it comes to making travel arrangements (pers commun). However,

with the state unwilling to pay travel agency service fees, the travelers ultimately will not have a choice.

Another point Garnero makes in regard to contracting out the state's travel business is that right now the procurement code requires the state to competitively bid where competition exists, and choose the lowest cost provider of the services needed. This is being interpreted to mean that if an agency is not charging a fee, then they must be the lowest cost provider. But what guarantee is there? How does the state know it is not being overcharged for an airline ticket? Maybe a lower fare was available, but the agent was instructed to sell the state traveler the higher fare. Maybe there was a lower rate at the hotel, but the agent gave them the higher one because they knew it was within the allowed per diem. At this time some travel agencies are charging fees and some are not. In Juneau, for instance, there is one that does not charge fees and two that do charge service fees. Since some are not charging a fee, there is no need for the state to competitively bid out its travel. Therefore, travelers are forced by the state to use the agencies that do not charge service fees regardless of the level of service the agency is providing. The state wants its travelers to book whatever is in the best interest of the state, but how do travelers know if they are getting the best deal for the state? Why does the state leave it up to the traveler to ensure it is getting the best deal? Why is it assumed by the state that if it is not paying a fee for a service, it is getting the best deal?

If the State of Alaska contracted out its travel, it would ensure that its travelers received the best possible service, as well as saving the state time and money in the long run. Travel agencies currently can help businesses negotiate with vendors (car rental companies, hotels, and airlines), track travel expenses, provide very detailed reporting for accounting purposes, and save the travelers time when arranging travel. Some agents will even reconcile billings and travel claims. All of these services can be negotiated in a contract. Travel companies will usually try to negotiate as much service into a contract as a customer calls for.

Sharon Lowe, Administrative Manager for Public Health, Department of Health and Social Services, says that when she needs to travel, all she wants to do is call someone up, tell them where she is going, that she needs a car and a hotel, and have them fax the confirmation to her (pers commun). She does not want to spend time searching

for everything she needs on-line, nor does she wish to make a multitude of phone calls to all the separate vendors. She does not want her staff to waste their time searching for everything as though they were amateur travel arrangers. She needs a professional to handle her travel for her. If Sharon and her staff are doing their own travel arranging, as many state workers are, by the time they are finished researching everything, it probably would have cost the state less to go ahead and pay a travel agent a service fee to do the work for them. After speaking in depth with Sharon on the subject, as well as other coworkers, this seems to be the consensus. State travelers do not want to spend their time researching travel, they want to be able to call a professional and have them handle it and spend their time doing the work the state hired them to do.

A travel professional that is skilled at booking government reservations, which by the way is a specialty in the travel business, is a highly revered individual. They usually have many years of experience and know which vendors will give government travelers the best deals. When I called American Express Travel and spoke to Sanci Raynor (pers commun), a Government Travel Counselor, she was able to tell me right off the top of her head how much a government rate is at the Hilton in Anchorage, and at the Warwick in Seattle. She knows exactly who has the lowest government rate for a car rental, and what the best deal on an airline ticket is. The software that is available to a travel professional is different than what is available to the public. A travel agent has all the airline rates on one screen, enabling her/him to see just who has the lowest fares. The same goes for car rentals and hotels. If state travelers are using unskilled agents or the Internet to book their travel, perhaps they are not using all of the travel discounts they could be.

Because the Internet has become a whole new world for travelers, there is a myth that John Q. Public now has as much knowledge in regard to travel as a professional travel consultant does. The reality is that when John Q. Public is booking his own complicated reservations to Sydney, Australia on-line he will spend as much as four hours researching, then only to find he booked himself on a misconnect (he didn't give himself enough time to catch his connection). When he arrives in Sydney, trying to get through customs turns into a nightmare. There was no one on the Internet to advise him that he needed a passport and a visa to enter the country. Finally he makes it out of the airport only to find that he booked his hotel for the wrong day (he forgot about the

international date line) and now he has no where to stay. All of these things could have been avoided by using a professional.

Another thing you may not realize about booking airline tickets on-line that involve more than one carrier is you and your luggage may have problems making it to your destination. When you have one ticket that is Juneau to Seattle on Alaska Airlines and another ticket Seattle to Minneapolis on Northwest Airlines, Alaska Airlines is only obligated to protect you to Seattle if you get weathered in. In other words since your ticket on Alaska is only to Seattle, they do not have to rebook you on any Northwest Flights. So technically Northwest could make you purchase a new ticket once you arrive in Seattle. Any seasoned traveler knows this is not something they want to have to deal with, especially if they are on business travel.

Something else the state may want to take a hard look at is negotiating with vendors. Travel agencies will negotiate on behalf of the state for special rates. Some travel companies, such as American Express Travel, already have negotiated rates in place for their clients. Shannon Wiley, Manager of the Juneau American Express Travel office, told me that her company has negotiated rates with car rental companies, hotels, and airlines world wide that any of their customers can use (pers commun). Up to this time, the state has not had any luck negotiating a special rate with any airline; however, with the buying power of a large travel company, it may have a better chance. For example, Green's Creek Mining Company has a 5 percent discount on most domestic carriers and an even larger discount on international carriers. That may not sound big when you are talking about one airline ticket, but when you are talking about thousands of tickets, it adds up.

With travel companies willing to track travel expenses and reconcile billings and travel claims, what state traveler or state accountant wouldn't want to contract it out? The money the state spends on these activities alone would most likely pay for the contract within the first month. The state has a very outdated accounting system. Corporate travel companies spend millions on keeping their systems up to date to keep up with their customers' needs. They have programmers and state-of-the-art computer equipment. The state would just have to ask for what they want in backroom services, and the travel company would most likely be able to accommodate them.

Contracting out travel is the way corporate America and even the Federal Government does their travel business. They have come to realize that outsourcing is the best option for such a complicated task. Companies that don't want to be in the travel business are leaving it up to the professionals. The State of Alaska needs to move into the twenty-first century. If it were to contract out its travel, it would save time for its accountants as well as its travelers. Outsourcing allows state workers the opportunity to cut down travel problems by using a professional agent and the state would have more negotiating power with vendors. All of these things together make good business sense and would save a great deal of money for the state in the long run.

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