

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10602 SENATE JUDICIARY

HB

135

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 135(CRA)
(H) Publish Date: 3/22/01

Revision Date/Time (Note if correction): 03/14/2001 5:30p.m. Dept. Affected: DCED
Title: Act related to municipal fees for police BRU: Comm.Asst & Econ. Dev.
protection services. Component: Community & Business
Sponsor: Representative Guess Development
Requester: House Community & Regional Affairs Component Number: 2486

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
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)

FUND SOURCE	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

Full-time	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
This legislation would have no fiscal impact on this department.

Prepared by: Pat Poland, Director Phone 907-269-4580
Division: Division Community and Business Development Date/Time 03/14/2001 5:30p.m.
Approved by: Commissioner Deborah B. Sedwick Date 03/14/01
Agency: Department of Community & Economic Development

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CS HB 135 (JUD) am
(S) Publish Date: 4/2/02

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title Act relating to municipal fees for police BRU Community Asslt. & Econ. Dev. (405)
protection services Component Community & Business
Sponsor Representative Guess Development
Requester Senate Community & Regional Affairs Component No. 2486

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)

This legislation would have no fiscal impact on this division.

Prepared by: Pat Poland, Director Phone 907-269-4580
Division: Community & Business Development Date/Time 4/2/02 9:58 AM
Approved by: Deborah B. Sedwick, Commissioner Date 4/2/2002
Agency: Department of Community & Economic Development

ALASKA STATE LEGISLATURE



REPRESENTATIVE GRETCHEN GUESS

Memorandum

Date: March 27, 2002

To: Senator Robin Taylor, Chair
Senate Judiciary Committee

From: Representative Gretchen Guess

A handwritten signature in cursive script, appearing to read "Gretchen Guess".

Re: Hearing Request

Please consider this a formal request for a hearing of House Bill 135, *"An act relating to municipal fees for certain police protection services and to a tenant's activities that result in the imposition of those fees."*

Within many of our communities, nuisance residential properties exist which cause continued disturbances to neighbors and neighborhoods. This bill strengthens local control to hold the owners of these properties accountable.

If you have any questions regarding HB 135 please feel free to contact me or my aide Maridon Boario at 2435. Thank you very much for your consideration.

ALASKA STATE LEGISLATURE



REPRESENTATIVE GRETCHEN GUESS

Sponsor Statement HB 135

" An Act relating to municipal fees for certain police protection services. "

Within many of our communities, nuisance residential properties exist which cause continued disturbances to neighbors and neighborhoods. This bill strengthens local control to hold the owners of these properties accountable.

HB 135 grants municipalities the ability to impose a fee on the owner of residential property if the police department responds to the property an excessive number of times. The fee is granted lien status against the nuisance property. The state will not define "excessive" nor mandate a municipality to create such a fee system; it only allows municipalities to create such a system if they choose. Domestic violence calls, as defined under AS 18.66.990, have been exempted so as not to discourage a resident domestic violence victim from calling for help.

HB 135 makes several provisions to ensure cooperative landlords are not punished. It requires landlords be given "actual notice" of police contacts and a warning that failure to take appropriate corrective action may result in the imposition of a fee. It also requires the ordinance to define "appropriate corrective action" and to provide the property owner is not liable for the fee if corrective action is promptly taken. These provisions will hold harmless the responsible property owners in our communities who work in good faith to remedy the problem.

The intent of HB 135 is to provide stronger local control to hold uncooperative property owners accountable for their impact on neighborhoods. These chronically problematic properties not only impact a neighborhood's peace and calm but also directly cost municipalities in excessive police visits.

ALASKA STATE LEGISLATURE



REPRESENTATIVE GRETCHEN GUESS

Sectional Analysis
HB 135 (JUD)am

Section 1: Amends AS 29.10.200 (limitation of home rule municipality powers). All provisions under AS 29.10.200 constitute limitations on what home rule municipalities may or may not do. All provisions under this section are binding on home rule municipalities and may not be superceded by existing or future home rule enactments. This section establishes the provisions of HB 135 regarding "fees for police services" as binding on all home rule municipalities under AS 29.10.200 (limitation of home rule municipalities).

Section 2: Amends AS 29.35 (Municipal Powers and Duties) to include Sec. 29.35.125 "Fees for police protection Services".

Subsection (a): Establishes that a municipality may, by ordinance, impose a fee on the owner of residential property for excessive police visits. Domestic violence and stalking calls are exempted. The ordinance must define what constitutes excessive police visits, set the fee, and provide for actual notice to the property owner of police contacts and possible fines. The ordinance must define "appropriate corrective action" and exempt the property owner from the fine if prompt corrective action is taken.

Subsection (b): Grants the municipal fine lien status against the property. The municipal lien is subordinate to liens and notice of rights to lien recorded before it, and has priority over all liens recorded after it.

Subsection (c): Establishes that this section applies to home rule and general law municipalities.

Section 3: Amends AS 34.03.120(a) tenant obligations in the landlord and tenant act establishing that a tenant may not unreasonably engage in conduct, or permit others on the premises to engage in conduct, that results in the imposition of a fee under the provisions of HB 135.

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

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

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

MEMORANDUM

April 3, 2002

SUBJECT: Municipal fees for police protection; sectional summary
(SCS CSHB 135(CRA))

TO: Representative Gretchen Guess
Attn: Maridon Boario

FROM: Tamara Brandt Cook
Director

TBC

Sec. 1. Adds to the list of statutes that are limitations on home rule municipalities the new section added in bill sec. 1.

Sec. 2. Permits a municipality to impose a fee on the owner of residential property if municipal police are called to the property an excessive number of times. The number of responses considered excessive and amount of the fee is set by ordinance. The fee may not be imposed for responses to calls that are not reasonably justified or involve potential child neglect, domestic violence, or stalking. Notice of police contacts must be given to the property owner with a warning that failure to take appropriate corrective action may result in imposition of a fee. The fee may be a lien on the property.

Sec. 3. Prohibits a tenant from unreasonably engaging in conduct or permitting others on the premises to engage in conduct that results in a fee.

TBC:lmb
02-054.lmb



REALTOR®

ALASKA ASSOCIATION OF REALTORS, INC.
741 Sesame Street, Suite 100 • Anchorage, Alaska 99503
Telephone 907-563-7133 • Fax 907-563-8476

February 22, 2002

Representative Gretchen Guess
State Capitol
Juneau, Alaska 99801-1182

RE: HB 135 – An act relating to municipal fees for certain police protection services.

Dear Representative Guess,

The Alaska Association of REALTORS with over 1,100 members statewide supports House Bill 135 which grants municipalities the ability to impose a fee on owners of residential property if the police department responds to the property an excessive number of times.

The Association is in favor of the provisions provided in the bill to ensure that cooperative landlords are not punished, and to hold harmless the responsible property owners in our communities who work in good faith to remedy the problems that may occur.

The Alaska Association of REALTORS encourages the passage of House Bill 135.

Sincerely,

Don McKenzie
President





City of Ketchikan
POLICE DEPARTMENT

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

April 24, 2001

The Honorable Gretchen Guess
Alaska State Legislature
State Capital, Room 112
Juneau, Alaska 99801-1182

Dear Representative Guess:

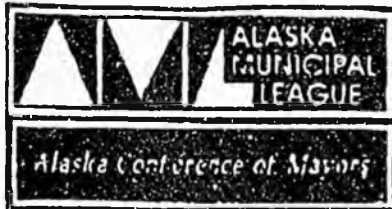
The Ketchikan Police Department is in favor of the passage of House Bill 135. This legislation allows municipalities to draft ordinances for the purpose of billing residential property owners for excessive police responses within a year. This would provide another tool for municipalities to deal with nuisance residential properties and encourage landlords of said properties to take action against tenants to deter police response.

Thank you for sponsoring this bill, and please contact me if there is anything else I can do to assist you with the passage of this bill.

Sincerely,

Grant Sirevog, Deputy Chief
Ketchikan Police Department

/ggs



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907)588-1325, Fax (907)-463-5480

April 24, 2001

Representative Gretchen Guess
Alaska State House
State Capitol
Juneau, AK 99801

Dear Representative Guess:

We are writing in support of HB 135, relating to municipal fees for certain police protection services. Our AML Public Safety, Health & Welfare subcommittee discussed this issue via teleconference and determined that passage of HB 135 would provide an option municipalities can use to impose a fee on property when municipal police have been called an excessive number of times.

We appreciate your interest in helping Alaska's municipalities and if you have any questions or concerns, please call on me.

Sincerely,

Kevin Ritchie
Executive Director

Passed 4/27/01

Submitted by: Assemblymembers TESCHE,
Taylor, Tomaine, Abney, Van Etten, Clementson
Prepared by: Assembly Office
For reading: FEBRUARY 27, 2001

ANCHORAGE, ALASKA
AR NO. 2001- 65

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING HOUSE BILL 135,
"AN ACT RELATING TO MUNICIPAL FEES FOR CERTAIN POLICE PROTECTION SERVICES."

WHEREAS, certain residential properties are the source of repeat disturbances to the peace, calm, and sometimes even the safety of our community - such as "crack house", places of prostitution, gambling, or other illegal activities; and

WHEREAS, property owners are not always held sufficiently accountable for continued violations of law committed on their property; and

WHEREAS, repeat police calls to disturbances at nuisance properties are costly to municipalities; and

WHEREAS, solutions to local problems are most effective when communities, by ordinance enacted only after a public hearing, control, devise and execute solutions; and

WHEREAS, House Bill 135, which has been introduced in the Alaska State Legislature, grants municipalities the ability to impose a fee on the owner of residential property if police respond to the property an excessive number of times; the fee is granted lien status against the nuisance property; and

WHEREAS, this bill is not a means of simply collecting more money; it makes irresponsible property owners assume the burden imposed on the public for illegal activities on their property; and

WHEREAS, under this bill, the State will not define "excessive" nor mandate a municipality to create such a fee system; it only allows municipalities to create such a system - as another tool for law enforcement - if they choose.

NOW, THEREFORE, the Anchorage Assembly resolves:

Section 1: That the Assembly supports House Bill 135 and encourages the Alaska State Legislature to pass the bill.

Section 2: That the Municipal Clerk forward copies of this resolution to the State Legislature upon passage and approval.

PASSED AND APPROVED by the Anchorage Municipal Assembly this 27 day of February, 2001.

Chair

ATTEST:

Municipal Clerk

709



April 11, 2001

Dear Representative Guess:

As the Executive Director of Standing Together Against Rape, I am writing regarding HB 135.

Municipality's having the ability to charge those who become chronic non-emergent users of a public safety system seems to be a prudent measure to insure that public emergency services are available for true emergencies.

It is my understanding that while this legislation acts as an enabler, it will still be within the individual municipal governments to develop the regulations and enforcement policies that will address the need in the communities. Alaskan communities vary. And our need to be able to structure local enforcement framework is critical.

Although we appreciate the efforts to build in safeguards for those we serve, it is also important to leave enough room for local programs to have voice before their municipal representatives in shaping the enforcement policies.

Standing Together Against Rape is an agency whose mission is to provide advocacy and support for victims of sexual assault, abuse, and incest as well as their loved ones and to provide education and outreach within our communities.

Thank you for this opportunity to provide input regarding HB135, and remember, April is sexual assault awareness month.

ALASKA MORTGAGE BANKERS ASSOCIATION
P. O. BOX 9-2691 / ANCHORAGE, ALASKA 99509-2691

April 11, 2001

Representative Gretchen Guess
Alaska State Legislature
State Capital (MS 3100)
Juneau, Alaska 99801-1182

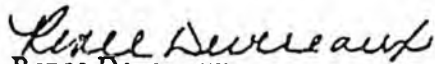
RE: HB 135

Dear Representative Guess:

The Alaska Mortgage Bankers Association (AMBA) has reviewed HB 135 work draft dated 4/10/01. The concerns expressed in our letter of April 6, 2001 have been addressed and the lien created by this bill will no longer be prior and paramount to our deed of trust.

Thank you for addressing our concerns. If you have any questions please contact me at (907) 222-8815 or (907) 222-8899 (fax).

Sincerely,



Renee Devereaux
President, Alaska Mortgage Bankers Association
1400 W. Benson Blvd. Suite #200
Anchorage, Alaska 99503



George P. Wuerch,
Mayor

ANCHORAGE POLICE DEPARTMENT

4501 South Bragaw Street • Anchorage, Alaska 99507-1599

Telephone (907) 786-8500

<http://www.ci.anchorage.ak.us>



Walt Moneyan
Chief

March 28, 2001

The Honorable Gretchen Guess
Alaska State Legislature
State Capitol, Room 112
Juneau, AK 99801-1182

Dear Representative Guess:

House Bill 135 offers municipalities a new tool for cleaning up high crime properties. This legislation authorizes cities to craft ordinances of their own for the purpose of billing owners of properties where crime runs unchecked. Local laws of this kind would encourage landlords to screen and retain renters properly, hold accountable those landlords who won't be encouraged, and permit the cities to recover some of the cost of dealing with their worst trouble spots. Further, the bill allows municipalities to tailor the crime thresholds and fee schedules to the needs and wishes of their own residents.

Anchorage, like most other cities, has its share of run down housing complexes that serve as havens for drug dealing and other criminal activity. The existence of such activity is patently obvious to neighbors and police; it cannot be unknown to the property owners. The police can (and do) cart off the criminals, but there are few means to stop the landlords from renting to more of the same. Civil abatement works, but it is a lengthy and expensive process. House Bill 135 appears to offer a very good intermediate step.

In preparing to write this letter, I asked my drug unit commander for an example of a property that would illustrate a need for the legislation you propose. He provided me the address of a thirty-five-unit complex near downtown Anchorage that is connected to the rear of a bar. According to computer records, APD was dispatched to this complex 110 times in 1999, and 112 times in 2000. The types of calls run the gamut, but most frequently drugs, drunkenness, and fighting are involved. The Anchorage citizens have paid for over 200 police responses in the last two years, and a lot of people have gone to jail, but the owner has not changed his business practices. Perhaps HB 135 will allow me to bring around his thinking.

Thank you for sponsoring this bill. Please do not hesitate to contact me if I can be of further help in supporting this effort.

Sincerely,

Mark T. Mew
Deputy Chief of Police

STATE OFFICERS
ALASKA PEACE OFFICERS ASSOCIATION

P.O. Box 240106 Anchorage, Alaska 99524-0106 Phone (907) 277-0515 Fax (907) 272-5355



March 16, 2001

Representative Gretchen Guess
Alaska State Legislature
State Capitol Building, Room 112
Juneau, Alaska 99801-1182

Dear Representative Guess,

The Alaska Peace Officers Association (APOA) would like to thank you for introducing HB135 (22-LS042C) relating to municipal fees for certain police protection services.

The APOA Legislative Advisory Committee has unanimously agreed to endorse HB135 in its current draft format. We believe this will open an avenue for municipalities to collect fees from excessive users of municipal public safety resources.

Please contact us if there is anything we can do to assist you with passage of this bill. You may contact us at the APOA office in Anchorage at 277-0515.

Sincerely,

Leo Brandlen
President

cc: Representative Kevin Meyer

Business Manager

Joseph Young
Anchorage

Board of Directors

Leo Brandlen, President
Anchorage

Chuck Kopp, Vice President
Kenai

John Charbonneau, Past Pres.
Anchorage

Kim Wannamaker, Member
Kenai
Pres. Kenai Chapter

Nick VanderVeur, Member
Anchorage
Pres. Anchorage Chapter

Angella Long, Member
Wasilla
Pres. Mat-Su Chapter

Lonnie Halman, Member
Fairbanks
Pres. Farthest North Chapter

Jerry Nankervis, Member
Juneau
Pres. Capital City Chapter

Leroy Mestas, Member
Ketchikan
Pres. First City Chapter

James See, Member
Craig
Pres. Prince of Wales Chapter

John Lucking, Jr., Member
Unalaska
Pres. Aleutian Islands Chapter

Scott Chafin, Member
Wrangell
Pres. Wrangell Chapter



CITY OF FAIRBANKS
James C. Hayes, Mayor
800 CUSHMAN STREET
FAIRBANKS, ALASKA 99701-4683
OFFICE: 907-459-6793

March 12, 2001

Representative Gretchen Guess
Alaska State Legislature
State Capital
Juneau Alaska 99801-1182

RE: House Bill 135

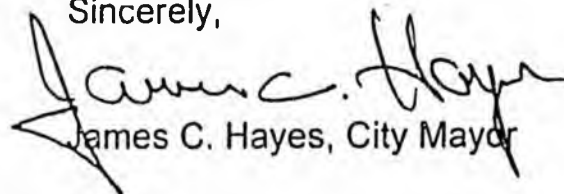
Dear Representative Guess:

Thank you for the opportunity to comment on House Bill 135. This measure would be an effective tool to encourage property owners to take responsibility for the use of their property. It is not uncommon for our police to become quite familiar with excessive criminal activity at a particular location. Currently, our law abiding taxpayers bear the cost of repeated calls for police service at "problem" locations. This bill would adopt the philosophy that "cost causer should be cost payer."

Fairbanks now has an "emergency response charge" in which persons convicted of drunk driving pay the actual cost of their arrest. We have a simple accounting system by which we compute the actual time and charges that are levied. It would be a simple solution for us - or other municipalities - to do the same thing under House Bill 135.

Fairbanks Police Chief Welch has an appointment Thursday, but in his stead Deputy Chief Ray Miller will be available to testify.

Sincerely,


James C. Hayes, City Mayor

cc: Community & Regional Affairs Committee Members
Interior Delegation
Ray Miller

HB

150

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 150
(H) Publish Date: 3/9/01

Revision Date/Time (Note if correction): 03/07/2001 2:35p.m. Dept. Affected: DCED
Title: An Act relating to insurance premiums for BRU: Insurance
rental motor vehicles Component: Insurance
Sponsor: House Labor & Commerce
Requester: House Labor & Commerce Component Number: 354

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill has no fiscal impact on this component.

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

Phone 907-269-7900
Date/Time 03/07/2001 2:35p.m.
Date 3/7/2001

For distribution information, call the Governor's Legislative Office

*AMY
@RIKSON*

ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair
Representative Andrew Halcro Vice-Chair
Representative Pete Kott
Representative Kevin Meyer
Representative Norman Rokeberg
Representative Harry Crawford
Representative Joe Hayes



Alaska State Capitol
Juneau, AK 99801-1182
Telephone: (907) 465-4954
Fax: (907) 465-2293
Representative_Lisa_Murkowski@legis.state.ak.us

HOUSE LABOR AND COMMERCE COMMITTEE

Sponsor Statement HB 150

“An Act relating to insurance premiums for rental motor vehicles.”

House Bill 150 corrects the unintended consequence of Senate Bill 87 enacted in 1999, which requires motor vehicle rental companies to hold funds received from renters who purchase insurance products in separate trust accounts.

Senate Bill 87 gave the director of the Division of Insurance the authority to waive certain bond requirements but failed to do so for fiduciary accounts required of motor vehicle rental agencies. Because of the nominal revenues generated by the incidental sale of insurance, separate trust accounts are extremely impractical and logistically impossible for small rental companies—their primary business is vehicle rental, not insurance. House Bill 150 remedies the waiver omission for motor vehicle companies by eliminating the requirement that funds received be placed in separate fiduciary accounts.

The Division of Insurance and representatives of the rental car industry have worked in tandem to develop the language contained in House Bill 150. The parties agree that the measure corrects the unintended omission of account requirement waivers for motor vehicle rental agencies. I urge your favorable support.

Alaska

**Department of Community
and Economic Development**

Division of Insurance

P.O. Box 110805, Juneau, AK 99811-0805

Telephone: (907) 465-2515 • Fax: (907) 465-3422 • Text Telephone: (907) 465-5437

Email: Insurance@dced.state.ak.us • Website: www.dced.state.ak.us/insurance/

February 28, 2001

The Honorable Lisa Murkowski
House of Representatives
State Capitol, Room 408
Juneau, AK 99801-1182

Dear Representative Murkowski:

The Alaska Division of Insurance supports HB 150.

In 1999, the legislature enacted SB 87 which required the Division of Insurance to license motor vehicle rental agency personnel conducting the business of insurance by the sale of insurance coverage to rental car customers (AS 21.27.150(a)(7)). The legislation narrowly defines those who would be required to obtain this type of limited license. The legislation, however, did not address the requirement in AS 21.27.360 regarding the maintenance of premiums in a trust account. After further discussion with industry, it was clear that while this requirement is appropriate for full-time producers, it is not practical for receipts from insurance obtained incidental to the rental transaction. The statute does not contain an exemption from this requirement or provide discretion to the director for enforcement of these requirements.

The review of premium trust requirements for licensed motor vehicle rental agency personnel weighed both the practical requirements and cost as well as the protection of the public by ensuring the proper handling and forwarding of premium received. The premium funds obtained through the motor vehicle rental agency transaction is minimal in relation to the entire transaction, but current statute requires that each location maintain a trust account and account for premiums to ensure proper handling. There would be costs incurred for the account and personnel to conduct the accounting. In addition, the motor vehicle rental transaction is often cashless and the trust requirements are geared toward monies received by the producer.

The Honorable Lisa Murkowski

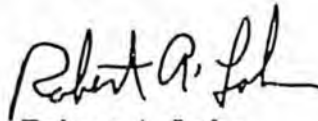
-2-

February 28, 2001

HB 150 recognizes that the premiums received in the transaction are minimal. It provides the insurance company who is to receive the funds the opportunity to agree that a premium trust fund for this type of licensee is not necessary. It is expected that the insurance company will make this decision based on its experience with the motor vehicle rental company and the guarantees the company can make to properly forward premiums to support the risk undertaken. In addition, the proposed statute requires that the insurance premium be itemized in the transaction so that determination of total premium and risk can be made. Overall, I believe that this bill properly balances the public's right to be protected from loss of coverage after premium is paid while keeping the costs of regulatory compliance reasonable.

Thank you for the opportunity to comment on HB 150.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Lohr". The signature is fluid and cursive, with the first name being the most prominent.

Robert A. Lohr
Director

RAL/pb5010.doc

HB

152

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 152(L&C)
 (H) Publish Date: 4/10/01

Revision Date/Time (Note if correction):
 Title: Brewpub Licenses

Dept. Affected: Revenue
 BRU: ABC Board
 Component: ABC Board

Sponsor: Representative Halcro
 Requester: House Labor and Commerce Committee

Component Number: 100

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill increases the amount of beer a brewpub could manufacture from 75,000 to 150,000 gallons in a calendar year.

The legislation would have no fiscal impact on the Alcoholic Beverage Control Board.

Prepared by: Douglas Griffin, Executive Director
 Division: Alcoholic Beverage Control Board
 Approved by: Larry Persily, Deputy Commission
 Agency: Department of Revenue

Phone 269-0351
 Date/Time March 30, 2001, 1 p.m.
 Date 03/30/2001

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ALASKA STATE LEGISLATURE

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CSHB 152 (RLS)

Sponsor Statement

"An Act relating to Brewpub Licenses."

Alaska is currently enjoying the proliferation of new industries that help to diversify and augment the economies of communities throughout the state. One such industry that has enjoyed newfound widespread success in Alaska is the brewing industry.

The majority of brewpubs in Alaska were created during a window in state law that allowed an individual to hold both a brewer's license and a restaurant license. This is no longer allowed, as restaurant owners must now purchase a full liquor license in order to serve their in-house beer. Also instituted at this time were draconian requirements that put a cap on the amount of house beer those brewpubs are allowed to sell in their own restaurants. Regardless of consumer demand, state law limits the amount of beer a brewpub can sell to 75,000 gallons. For a successful, growing enterprise, this amount is insufficient. As establishments enjoy success and foster growth in their communities, this production cap is limiting their operation.

The creation of this arbitrary ceiling was set during the 19th Legislature in which the cap was deemed as "a popular area in terms of annual production" (SEN C&RA, 3/8/95; SB 87). There was no substantive basis for setting the cap at this level, and history has proved that it now needs to be revised.

HB 152 represents a stopgap measure, involving a sunset provision, which would permit the continued successful operation of Alaska businesses through this year in order to allow a permanent solution to be forged with industry organizations. A production limit for brewpubs would be enacted at a level of 75,000 gallons for sale in-house through their own establishments, and a limit of 75,000 gallons for wholesale through a distributor.

These small Alaska businesses, located in most every region of the state, create very positive effects for their local economies. They generate increased employment, property tax revenue, and community involvement that were not present in Alaska just a few years ago. The growth of this industry has already transformed abandoned properties from blights in a city to viable operations that now contribute to the tax rolls. To limit the growth and success of these entities would be irresponsible as we strive for diversity in Alaska's economy.

Your positive consideration of this legislation would be greatly appreciated.

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CSHB 152 (RLS)

"An Act relating to Brewpub Licenses."

Sectional Analysis

Section 1

Enacts uncodified law beginning July 1, 2001 and ending June 30, 2002:

1(a): Authorizes the holder of a brewpub license to brew beer for sale. Enacts a production cap of 150,000 gallons on an annual basis.

1(b): Authorizes the sale of not more than 75,000 gallons of beer on retail premises under the stipulation that each retail location is operated under its own beverage dispensary license.

1(c): Authorizes the brewpub to sell up to 5 gallons per day to go from the manufacturing premises.

1(d): Allows a small sample to be given out free of charge at the premises the beer is manufactured. This section relates to brewery tours where a small complimentary taster of the product is provided at the conclusion of a tour.

1(e): Authorizes a brewpub to sell not more than 75,000 on an annual basis to a wholesaler licensed under AS 04.11.160.

Subsection 2 - This subsection simply continues the same changes to a grandfathered section of statute, AS 04.11.135(d), that enabled a brewpub to retain the separate location of their manufacturing facility and their retail establishment. The law was since revised in recent legislatures to make the co-location of these facilities mandatory, thus requiring this section that allowed the continued legal operation of these brewpubs.

(2)A: Authorizes the holder of a brewpub license to brew beer for sale. Enacts a production cap of 150,000 gallons on an annual basis.

(2)B: Allows a small sample to be given out free of charge at the premises the beer is manufactured.

Sectional Analysis
CSHB 152 (RLS) Con't

(2)C,i: Authorizes the sale of not more than 75,000 gallons of beer on a retail premises, under the stipulation that each retail location is operated under its own beverage dispensary license.

(2)C,ii: Authorizes a brewpub to sell not more than 75,000 on an annual basis to a wholesaler licensed under AS 04.11.160.

(2)C,iii: Authorizes the brewpub to sell up to 5 gallons per day to go from the manufacturing premises.

Section 2:

Enacts an effective date of July 1, 2001.

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THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Central Microfilm Services
Department of Education & Early Development
State of Alaska

Sectional Analysis
CSHB 152 (RLS) Con't

(2)C,i: Authorizes the sale of not more than 75,000 gallons of beer on a retail premises, under the stipulation that each retail location is operated under its own beverage dispensary license.

(2)C,ii: Authorizes a brewpub to sell not more than 75,000 on an annual basis to a wholesaler licensed under AS 04.11.160.

(2)C,iii: Authorizes the brewpub to sell up to 5 gallons per day to go from the manufacturing premises.

Section 2:

Enacts an effective date of July 1, 2001.

HB

157

ALASKA STATE LEGISLATURE

Session:

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REPRESENTATIVE LISA MURKOWSKI

Government Hill • Elmendorf • East Anchorage

To: Senator Robin Taylor, Chairman, Senate Judiciary

From: Representative Murkowski

Date: February 25, 2002

Re: House Bill 157

Please schedule House Bill 157 "an Act relating to trust companies and providers of fiduciary services," for Senate Judiciary as soon as possible.

The bill repeals existing AS 06.25 and replaces it with AS 06.26 "Providers of Fiduciary Services." This chapter clarifies who may provide fiduciary services in Alaska, expands on who may be a trust company, what their powers may be, and covers specific items such as certificate of authority, required capital, operation of offices, and the like.

Included with the request is:

- 1) HB 157
- 2) Amendment to SCS CSHB 157(I.&C)
- 3) Sponsor Statement
- 4) Sectional analysis

Thank you for your consideration.

Request for Hearing

ALASKA STATE LEGISLATURE

Chair:
LABOR AND COMMERCE

Member:
MILITARY AND VETERANS AFFAIRS
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LEGISLATIVE COUNCIL
JOINT ARMED SERVICES



REPRESENTATIVE LISA MURKOWSKI
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Sponsor Statement

HB 157

“An Act relating to trust companies and providers of fiduciary services”

At the request of the Division of Banking and Securities, I have introduced House Bill 157, the Revised Alaska Trust Company Act. The purpose of this bill is to update the existing Trust Company Act which has not undergone any major revisions since its adoption during the territorial days of 1949. If enacted, this legislation will be a tool that will enhance the process of formation, operation, supervision and regulation of the trust industry in Alaska.

Recent changes to Alaska trust laws make creation of trust charters in Alaska more desirable. However, the Alaska Trust Act does not provide guidance as to who or what needs a charter, nor guidance for the formation and organization of a trust entity, or provisions for permissible activities including interstate or intrastate business expansion.

The bill repeals existing AS 06.25 and replaces it with AS 06.26 “Providers of Fiduciary Services.” This chapter clarifies who may provide fiduciary services in Alaska, expands on who may be a trust company, what their powers may be, and covers specific items such as certificate of authority, required capital, operations of offices, and the like.

I have worked with local trust companies, trust attorneys and the Division to formulate this legislation. This bill meets the needs of the Division to adequately regulate new and existing trust companies and also for those providing fiduciary services without being a burden to their overall business activities. I urge your support of this legislation.

Sponsor Statement

Overview of SCS CSHB 157(L&C)

The language in the current Trust Company Act (the Act) dates back to 1949 and is virtually unchanged since. The current statute, it is not a functional act.

In the past 12 years the division has chartered only two trust companies, both of which were organized within the past 3 years. During this process it became apparent that the Act was lacking in many respects. For example, the Act includes no guidance as to who needs a charter, has minimal guidance with respect to permissible activities, and has no provisions for interstate or intrastate business expansion. In most instances the division had to improvise by using the processes of the Alaska banking code (AS 06.05) for guidance in the formation and organization of the trust companies.

In recent years, many states have rewritten their existing trust company acts. The process leading to this bill included receiving acts from several states and a draft of a uniform trust company act provided by the Conference of State Bank Supervisors. In addition, the drafts of the bill were reviewed by, and comments were considered from, the Alaska trust industry, attorneys in the trust field, and several CPAs.

Alaska's laws, concerning trusts, have undergone many changes, enhancing the desirability of a trust charter in Alaska. This bill, if enacted, will be a tool that will enhance the process of formation, operation, supervision and regulation of the trust industry in Alaska. The bill will establish a new chapter (AS 06.26) and will repeal the current act (AS 06.25).

Section 1

Section 06.05.235(g)

Technical amendment to change reference from the old trust act (AS 06.25) to the new trust act (proposed AS 06.26).

Section 2

Section 06.26.010

Specifies who is authorized to act as a fiduciary and defines "branch bank."

Old law did not specify who could act as a fiduciary and did not define the term "branch bank."

Section 06.26.020

List persons that are exempted from chartering requirements when acting as a fiduciary.

Old law did not provide for exemptions to acting as a fiduciary.

Section 06.26.030

Authorizes a trust company that has an office or branch established under this chapter to act as a fiduciary in this state, another state or another country, and to conduct any activities in offices outside of Alaska that are not prohibited by this chapter and are permitted by the host state.

Old law did not provide for in state or interstate branching unless the trust company also had banking powers.

Section 06.26.040

Prohibits any person from using the words "trust" or "trust company" unless authorized to act as a fiduciary under this chapter and grand fathers names in use prior to the enactment of this bill.

Old law did not restrict the use the words "trust" or "trust company."

Section 06.26.050

Grants various powers to a trust company and defines a "national bank exclusively exercising trust powers" as a person issued a charter with trust powers only from the Office of the Comptroller of the Currency.

Old law was similar, but more restrictive.

Section 06.26.060

Permits one or more persons to organize a trust company.

Old law required 5 or more persons to form a trust company.

Section 06.26.070

Requires a trust company be incorporated under AS 10.06 with additional specific requirements and requires a minimum of 5 directors and a maximum of 25 directors.

Old law required incorporation under AS 06.05, the Alaska banking code, and limited the maximum number of directors to 15.

Section 06.26.080

Provides procedures to amend the trust company's articles of incorporation or bylaws.

Old law was similar.

Section 06.26.085

Prohibits a person from acting as a trust company until they have received a certificate of authority from the department.

Old law was similar.

Section 06.26.090

Specifies the procedures, requirements, and restrictions to apply for, and to receive, a certificate of authority to act as a trust company in Alaska.

Old law was similar, but provided less guidance.

Section 06.26.100

Requires department to notify organizers of proposed trust company when application is accepted for filing; requires organizers to publish notice of application filing in newspaper and to provide proof of publication.

Old law did not impose these requirements.

Section 06.26.110

Give list of requirements that must be met prior to the department issuing a certificate of authority and requires the trust company to begin its operation within 6 months, or other such extended time.

Old law similar, but did not provide for a 6-month expiration period if no business conducted.

Section 06.26.120

Sets minimum capital requirements.

Old law was similar, but with a smaller minimum capital requirement.

Section 06.26.130

Details how a trust company can issue convertible or nonconvertible capital notes or debentures, if authorized by the department, sets limits on the amount of notes and debentures, disallows retirement of notes and debentures in the event of insolvency, and makes them subordinate to certain other liabilities of the trust company.

Old law did not address this.

Section 06.26.140

Prohibits cumulative voting by shareholders unless allowed by the trust company's articles of incorporation.

Old law did not address this.

Section 06.26.150

Requires a trust company to maintain a home office in this state and one executive officer to maintain an office in the home office, designates each executive officer at the home office as agent for service of process, and permits a trust company to change its home office location to any of its existing offices in the state by filing a notice with the department.

Old law did not address this.

Section 06.26.160

Provides procedures to establish branch offices gives department authority to deny the application based on safety and soundness concerns.

Old law did not address the establishment of branches unless the trust company was FDIC insured. The procedures for establishing a branch would have been governed by the Alaska banking code (AS 06.05), which are similar to this proposed section.

Section 06.26.170

Provides procedures for applying to the department to establish or acquire representative trust offices anywhere in the state.

Old law did not address this.

Section 06.26.180

Provides for interstate branching and details procedures, guidelines and restrictions.

Old law did not address this.

Section 06.26.190

Permits a trust company to be closed on holidays described in AS 44.12.101-025 and make available a notice of holiday closings to its customers, provides for other closures and addresses the hours of operation.

Old law did not address this.

Section 06.26.200

Subjects a private fiduciary to compliance with this chapter unless expressly exempted in writing by the department and restricts them from transacting business with the general public.

Old law did not address this.

Section 06.26.210

Specifies the requirements for applying and maintaining status as a private fiduciary and allows department to investigate a private fiduciary as necessary to verify annual certification. Also requires a private fiduciary with an exemption under AS 06.26.200 to comply with home office provisions of AS 06.26.150.

Old law did not address this.

Section 06.26.220

Exemption of a private fiduciary cannot be transferred. Any change in control requires an application.

Old law did not address this.

Section 06.26.230

Provides authority for the department to revoke an exemption with limitations and restriction.

Old law did not address this.

Section 06.26.240

Provides the process for a private fiduciary to convert to full service trust company.

Old law did not address this.

Section 06.26.250

Authorizes the department to adopt regulations regarding permissible investments and appropriate investment powers of trust companies.

Old law did not address this.

Section 06.26.260

Restricts pledging of company assets with some exceptions.

Old law did not address this.

Section 06.26.370 (a) - (c)

Permits a trust company to deposit trust assets with itself and provides requirements and guidelines for this practice.

Old law did not address this.

Section 06.26.380

Subject to regulations adopted by the department, a trust company may invest in common investment funds.

Old law did not address this.

Section 06.26.390

Restricts fees between a client and the trust company to be arm's length (a) and reasonable (b).

Old law did not address this.

Section 06.26.400

Requires a trust company to disclose conflicts of interest.

Old law did not address this.

Section 06.26.410

Requires a trust company to observe prudent standards of care applicable to trustees under AS 13.36.225--13.36.290(Alaska Uniform Prudent Investor Act).

Old law did not address this.

Section 06.26.450

Requires department approval for a change in control of a trust company and provides for certain exceptions.

Old law did not address this.

Section 06.26.460

Provides a process for applying for a change in control, and lists guidelines and restrictions.

Old law did not address this.

Section 06.26.470

Requires the department to approve or deny an application for acquisition or control no later than 60 days after the notice of application is published. Department may set conditions in approval.

Old law did not address this.

Section 06.26.480

AS 06.26.450-480 may not be construed to prevent the department from investigating a transfer involving voting securities evidencing a direct or indirect interest in a trust company if the department considers the transfer against the public interest.

Old law did not address this.

Section 06.26.500

Sets restrictions on voting the securities of a trust company which held by the trust company in a fiduciary capacity.

Old law did not address this.

Section 06.26.510

Provides for a minimum of 5 and maximum of 25 directors of a trust company, requires a majority of directors to be residents of this state and sets qualifications and requirements for directors.

Old law did not address this except that the number of directors was limited between 5 and 15.

Section 06.26.520

Requires board meetings to be held at least once every three months, the department or a director may call a special meeting, a majority of the board constitutes a quorum, the board shall keep minutes, attendance and voting records, and at least once every three months the board is required to review various reports of trust accounts.

Old law did not address this.

Section 06.26.530

Requires officers be appointed annually by the board, states the president is responsible for the operation of the trust company, requires an officer to be responsible for maintenance of trust company records and a different officer be responsible for attestation of signatures.

Old law required annual appointment of officers, but did not address maintenance of records.

Section 06.26.540

Requires board approval for an officer or employee to create or dispose of an asset or liability.

Old law did not address this.

Section 06.26.550

Authorizes a trust company to appoint a trust committee, which must meet monthly. Committee required to keep a record of its actions, and may elect officers to accept new accounts.

Old law did not address this.

Section 06.26.560

Lists prohibited acts of directors, officers, employees and shareholders.

Old law did not address this.

Section 06.26.570

Requires majority board approval or department approval of certain insider transactions, prohibits extension of credit to insiders unless terms are the same as would be offered to a non-insider, authorizes department to adopt regulations to implement this section, and excludes a subsidiary of a trust company from the meaning of "affiliate".

Old law did not address this.

Section 06.26.580

Generally prohibits a trust company from investing trust assets in the stocks or obligations of the trust company or using trust assets to acquire property from the trust company and prohibits use of material inside information in connection with the purchasing or selling a trust asset.

Old law did not address this.

Section 06.26.585

Requires the trust company to establish written policies and procedures for buying and selling trust assets that are securities and must include the prohibition in AS 06.26.580(b).

Old law did not address this.

Section 06.26.590

Places the responsibility for proper exercise of fiduciary powers on the board.

Old law did not address this.

Section 06.26.600

Requires segregation of trust asset records from the trust company records.

Old law did not address this.

Section 06.26.610

Requirement for confidentiality of customer information.

Old law did not address this.

Section 06.26.620

Requires the trust company to maintain various insurance policies, sets limits, requires an annual review of insurance coverages to determine adequacy, and requires filing evidence of all coverages with the department.

Old law did not address this.

Section 06.26.630

Requires for reporting of crimes.

Old law did not address this.

Section 06.26.650

Provides authority for conversions, mergers and consolidations.

Old law did not address this.

Section 06.26.660

Provides the process and guidelines for mergers and consolidations.

Old law did not address this.

Section 06.26.670

Gives dissenting shareholders of a proposed merger or consolidation rights governed by AS 10.06.574-582 (Alaska corporations code).

Old law did not address this.

Section 06.26.680

Authorizes the department to approve applications for purchases of all, or substantially all of the assets of another trust company and provides for an investigation into the application.

Old law did not address this.

Section 06.26.690

Authorizes a purchasing trust company to hold the purchase price and other money or assets delivered to it by the selling trust company and act as the disbursing agent.

Old law did not address this.

Section 06.26.700

Requires a purchasing trust company, in the case of a selling trust company being liquidated by a state or federal agency, to deliver the remaining assets to the receiver.

Old law did not address this.

Section 06.26.710

Provides for the method of payment to creditors by the purchasing trust company.

Old law did not address this.

Section 06.26.720

Authorizes the board of a trust company, with the prior approval of the department, to sell all or substantially all assets without shareholder approval under certain conditions and considers the sale of all or substantially all assets with shareholder approval as a voluntary dissolution and is governed by AS 06.26.730-800.

Old law did not address this.

Section 06.26.730

Gives the requirements, procedures and guidelines for department approval, for a trust company to voluntarily surrender its certificate of authority.

Old law did not address this.

Section 06.26.740

Gives situations where the department is authorized to revoke or suspend a trust company's certificate of authority.

Old law did not address this.

Section 06.26.750

Authorizes the department to take possession of the trust company's fiduciary operations and appoint a receiver for liquidation if the department revokes the trust company's certificate of authority.

Old law did not address this.

Section 06.26.760

Vests the department with the full and exclusive power of managing and controlling a trust company when the department has taken possession of a trust company and includes procedures and guidelines.

Old law did not address this.

Section 06.26.770

Authorizes the department to reorganize a trust company by entering an order proposing a reorganization plan.

Old law did not address this.

Section 06.26.780

Give the requirements and guidelines for the department when liquidating a trust company.

Old law did not address this.

Section 06.26.790

Directs the department to liquidate a trust company by giving notice to various parties, the process for payment of claims, and notice requirements, and the procedures for wrapping up the business via the courts.

Old law did not address this.

Section 06.26.800

The department is authorized to appoint the FDIC as receiver of a trust company to which the department has taken possession if there were deposits insured by the FDIC.

Old law did not address this.

Section 06.26.810

Authorizes out of state trust companies (interstate state, interstate national, and international trust companies) to act as fiduciary in this state only if they maintain a trust office in this state.

Old law did not address this.

Section 06.26.820

Authorizes out of state trust companies to establish a new trust office in the state or acquire one that already exists.

Old law did not address this.

Section 06.26.830

Requires an out of state trust company to file a notice with the department to establish a new trust office or acquire an existing trust office.

Old law did not address this.

Section 06.26.840

Sets out minimum qualifications for an out of state or international trust company to establish or acquire a trust office in the state including filing various items with the department.

Old law did not address this.

Section 06.26.850 (a) - (h)

Authorizes and provides a process for an out of state trust companies to establish or acquire a representative office.

Old law did not address this.

Section 06.26.860

Permits an out of state trust company to establish or acquire additional trust offices or representative offices to the same extent a trust company can under AS 06.26.160.

Old law did not address this.

Section 06.26.870

Authorizes the department to examine interstate state and international trust companies and collect fees for the examination, require reports and assess fees.

Old law did not address this.

Section 06.26.880

Authorizes the department to take enforcement actions if an office of an out of state trust company is being operated in an unsafe and unsound manner, is in violation of state laws, or is engaged in an activity not permissible under this chapter.

Old law did not address this.

Section 06.26.890

Requires an out of state trust company to give 60 days notice for mergers, consolidations, change in control, transfer of all or substantially all assets, and for closing or disposition of any office in the state.

Old law did not address this.

Section 06.26.895

Defines international trust company, interstate national trust company, and interstate state trust company.

Old law did not address this.

Section 06.26.900

Gives a list of powers of the department.

Old law did not address this.

Section 06.26.905

Permits the department to enter into cooperative agreements and enforcement actions with other governmental regulators.

Old law did not address this.

Section 06.26.910

List of instances when a person may appeal to the department, authorizes department to adopt regulations establishing procedures for appeals, and subjects appeals to AS 44.62 (Administrative Procedure Act).

Old law did not address this.

Section 06.26.920

Authorizes department to bring a civil court action against a person who has or is about to commit a violation of this chapter.

Old law did not address this.

Section 06.26.930

Requires a trust company to submit various reports.

Old law did not address this.

Section 06.26.940

Gives persons who suffer damages as a result of violations by persons subject to this chapter, the right to bring an action in court.

Old law did not address this.

Section 06.26.950

Stipulates that this chapter does not allow a trust company to engage in banking.

Old chapter did not have this provision.

Section 06.26.960

Prohibits a trust company from taking an action with respect to its corporate status or capital structure without first receiving the department's approval and authorizes the department to adopt regulations under AS 10.06 applicable to an act in this chapter.

Section 06.26.990

Defines various terms.

Old law only defined "department."

Section 06.26.995

Short title of the act is "Revised Alaska Trust Company Act."

Section 3

AS 13.36.025 is amended so that the provisions of (a) are not intended to be overridden by AS 06.26, and AS 06.26 governs in the event of a conflict.

Section 4

Technical change in AS 13.36.320(a) replacing "Alaska" with "the state" and replacing the old trust act reference of 06.25 with the new trust act reference of 06.26.

Section 5

Technical change in AS 13.36.390 (2) replacing the old trust act reference of 06.25 with the new trust act reference of 06.26.

Section 6

Technical change in AS 21.66.250 replacing the old trust act reference of 06.25 with the new trust act reference of 06.26.

Section 7

Technical change in AS 34.77.100(a) replacing the old trust act reference of 06.25 with the new trust act reference of 06.26.

Section 8

Lists sections that are repealed.

Section 9

Several areas of law are amended as a result of AS 06.26.760(b)(2). Those areas are: Rules 6 and 12 of the Alaska Rules of Civil Procedure, Rule 40 of the Alaska Rules of Criminal Procedure, Rules 204, 403, 502, 602, and 611 of the Alaska Rules of Appellate Procedure.

Section 10

Outlines requirements and time frames for trust companies existing prior to the effective date of this Act to comply with the new Act.

Section 11

Authorizes the department to adopt regulations necessary to implement sections 1-8 of this act.

Section 12

Sections 10 and 11 are effective immediately.

Section 13

Sets the effective date of this act.

HB

172

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 8
Bill Version: CSHB 172 (FIN)
(H) Publish Date: 4/6/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
Title: An Act relating to therapeutic courts for BRU: Criminal Div; Civil Div
offenders & to the authorized number Component: 3rd Judicial District; Anch
Sponsor: Representative Porter 4th Judicial Dist; Human Services
Requester: _____ Component Number: 2261, 2201, 2208

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	242.2	242.2	242.2	60.6	0.0	0.0
Travel	1.4	1.6	1.6	0.2	0.0	0.0
Contractual	65.5	74.8	74.8	9.4	0.0	0.0
Supplies	5.6	6.4	6.4	0.8	0.0	0.0
Equipment	32.5	0.0	0.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	347.2	325.0	325.0	71.0	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	347.2	325.0	325.0	71.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	347.2	325.0	325.0	71.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time	3	3	3	1	0	0
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Representative Eldon Mulder
Co-Chair
Representative Bill Williams
Co-Chair

Phone 465-2647/465-3424

Date 4/4/01

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 7
 Bill Version: CSHB 172 (FIN)
 (H) Publish Date: 4/6/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title: An Act relating to therapeutic courts for BRU: Legal & Advocacy
 offenders & to the authorized number . Component: Public Defenders Agency
 Sponsor: Representative Porter
 Requester: _____ Component Number: 1631

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	248.6	248.6	248.6	54.1	0.0	0.0
Travel	11.8	13.6	13.6	1.8	0.0	0.0
Contractual	88.6	101.7	101.7	13.1	0.0	0.0
Supplies	7.1	8.1	8.1	1.0	0.0	0.0
Equipment	29.2	3.2	3.2	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	385.3	375.2	375.2	70.0	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	385.3	375.2	375.2	70.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	385.3	375.2	375.2	70.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time	4	4	4	1	0	0
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Representative Eldon Mulder
 Co-Chair
Representative Bill Williams
 Co-Chair

Phone 465-2647/465-3424
 Date 4/4/01

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 5
Bill Version: CSHB 172(JUD)
(H) Publish Date: 3/26/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Health & Social Services
Title: An Act relating to therapeutic courts BRU: Alcohol & Drug Abuse Svcs
Component: Alcohol/Drug Abuse Grants
Sponsor: Porter
Requester: H Judiciary Component Number: 1239

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	501.3	685.4	685.4			
Miscellaneous						
TOTAL OPERATING	501.3	685.4	685.4	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	501.3	685.4	685.4			
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	501.3	685.4	685.4	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

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

ANCHORAGE PILOT PROJECT: The agencies propose that 80 DWI offenders will be handled each year in the therapeutic court. Participants will be felony DWI offenders currently prosecuted by the state, as well as offenders who have 2 or more prior DWI convictions and are currently prosecuted as misdemeanants by the Municipality of Anchorage because of the 5-year look-back for felony DWI. Under this model, the state would take over the prosecutions of these misdemeanor offenses and process them in the therapeutic court in the superior court.

BETHEL PILOT PROJECT

The agencies plan to have 15 offenders participate the first half-year and 45 offenders in years 2 and 3. Offenders charged with alcohol or drug-related felonies and misdemeanors will be eligible to participate.

Prepared by: Ernest Turner, Director Phone 465-2071
Division: Alcoholism and Drug Abuse Date/Time 3/13/01 2:05pm
Approved by: Elmer A. Lindstrom, Special Assistant Date 3/15/01 9:16 AM
Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

ANALYSIS: (continued)

The amount of grant funds needed is based on the following levels of care for one year.

The following schema is predicated on 12 months involvement with the treatment program. These figures are for a single client. The total cost then would be based on the number of persons served by the therapeutic court. Obviously "one size" does not fit all clients and some will require more intensive treatment and some will require less but this is the best design for most of the clients from either the drug or alcohol involved clients.

Phase I Intensive Outpatient 6 weeks	
Assessment	\$100.00
Urinalysis @ \$25 per week	\$150.00
10 Hours intensive outpatient/week @\$45	\$2,700.00
Naltrexone 1xday @\$4.50	\$189.00
Physical Exam for safe Naltrexone use	\$200.00
Two written reports for courts	\$60.00
Total Phase I costs	\$3,399.00
Phase II Continuing Care 20/weeks	
Urinalysis \$25 bi-weekly	\$250.00
1 group per week @\$20	\$400.00
Naltrexone 1xday @\$4.50	\$630.00
On-going medical monitoring	\$100.00
Five care coordination of 30 min.	\$75.00
Five written reports for courts	\$150.00
Total Phase II costs	\$1,605.00
Phase III Extended Continuing Care 26 weeks	
Urinalysis \$25 monthly random	\$150.00
1 group every 2 weeks @\$20	\$260.00
Six care coordination of 30 min.	\$90.00
Six written reports for courts	\$180.00
Total Phase III costs	\$680.00
Total 12 month costs per person with indirect costs @20%	\$6,821.00

For the Anchorage therapeutic court the costs would reflect serving 80 persons each year of the court.

Year 1 costs for 80 clients \$545,664 less self pay \$409,248
 Year 2 costs for 80 clients \$545,664 less self pay \$409,248
 Year 3 costs for 80 clients \$545,664 less self pay \$409,248

ANALYSIS: (continued)

For the Bethel therapeutic court the cost would reflect serving 15 persons in first year and 45 in the second year. HB 172 indicates the Bethel court is just six months (January 1, 2002) the first year.

Year 1 Costs for 15 clients \$102,312 less self pay \$92,081

Year Two Costs for 45 clients \$306,936 less self pay \$276,242

Year Three Costs for 45 clients \$306,936 less self pay \$276,242

Note: These costs are reflective of Intensive Outpatient Services. Some clients will require residential services that can be supplied only on a space available basis unless the administration's budget increments for treatment expansion are fully funded.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: CSHB 172(JUD)
(II) Publish Date: 3/26/01

Revision Date/Time (Note if correction) _____ Depi. Affected _____
Title Therapeutic Courts BRU Alaska Court System
Component Trial Courts
Sponsor: Rep. Porter
Requester House Judiciary Component No. 768

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	397.8	486.9	486.9	486.9	486.9	486.9
Travel						
Contractual						
Supplies						
Equipment	24.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	421.8	486.9	486.9	486.9	486.9	486.9

CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	421.8	486.9	486.9	486.9	486.9	486.9
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	421.8	486.9	486.9	486.9	486.9	486.9

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: Douglas Wooliver Phone 463-4750
Division: Alaska Court System Date/Time 3/20/01 @ 5:00 P.M.
Approved by: Stephanie Cole Date _____
Agency: Alaska Court System

For distribution information, call the Governor's Legislative Office

COMMITTEE COPY

HB 172
Fiscal Analysis
Alaska Court System

House Bill 172 allows the court system to establish a pilot court in Anchorage and another in Bethel for the prosecution and treatment of defendants who are addicted to alcohol. The focus of these therapeutic courts will be those charged with multiple DWI offenses.

The court system and the Department of Law estimate that the Anchorage court will see 80 defendants a year, and the Bethel court will see 15 cases the first half-year and 45 cases a year in years two and three.

Therapeutic courts are resource-intensive for the court system. They require defendants to appear regularly before the judge to report on progress and to appear for sanctions if they have failed to meet the program requirements. In order to meet this additional workload, and because the Anchorage and Bethel courts are already beyond their carrying capacity for felony cases, this bill calls for a new superior court judge in each location.

The superior court judge position in Bethel will replace the current district court position in that location so the fiscal impact is the difference between a district court judge and a superior court judge.

In both Anchorage and Bethel, a superior court judge position comes with a law clerk, a secretary, and an in-court clerk. The Anchorage position includes a court clerk to coordinate and schedule the therapeutic court procedures. This fiscal note includes one-time expenses for equipment for the judges and their staff.

Alaska Court System
 Therapeutic Drug Court HB 172
 3/20/01

<u>Positions for Bethel</u>	Range	<u>FY02 Cost Position Cost</u>	<u>FY03 Full Year Cost Position Cost</u>
Superior Court Judge (6 months)	82A	\$ 72,821	\$ 145,642
Law Clerk (6 months)	13D	\$ 30,777	\$ 61,553
Secretary (6 months)	12A	\$ 26,336	\$ 52,671
In-Court (6 months)	10A	\$ 23,378	\$ 46,755
Equipment (3 desks, 3 chairs, 3 computers)		<u>\$ 9,000</u>	<u>\$ -</u>
Total Superior Court Judge Position & Staff		\$ 162,311	\$ 306,621
Less: District Court Judge FY01 Funding (6 months)		<u>\$ (64,161)</u>	<u>\$ (128,321)</u>
Net Funding Required for Bethel Positions		\$ 98,150	\$ 178,300
 <u>Positions for Anchorage</u>			
Superior Court Judge	82A	\$ 138,467	\$ 138,467
Law Clerk for Superior Court Judge	13D	\$ 48,130	\$ 48,130
Secretary	12A	\$ 41,997	\$ 41,997
In-Court Clerk	12A	\$ 41,997	\$ 41,997
Court Clerk	10A	\$ 38,018	\$ 38,018
Equipment (5 desks, 5 chairs, 5 computers)		<u>\$ 15,000</u>	<u>\$ -</u>
Funding Required for Anchorage Positions		<u>\$ 323,609</u>	<u>\$ 308,609</u>
Fiscal Note Total		<u><u>\$ 421,759</u></u>	<u><u>\$ 486,909</u></u>

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 172(JUD)
 (H) Publish Date: 3/26/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Corrections
 Title: An Act relating to therapeutic courts for offenders and to the authorized number of superior court judges. BRU: 271
 Sponsor: Representative Porter Component: Community Corrections
 Requester: House Judiciary Component Number: 1382

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	89.9	179.9	185.9	36.0		
Travel						
Contractual	14.0	14.0	14.0	3.5		
Supplies						
Equipment	6.0	3.0				
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	109.9	196.9	199.9	39.5		

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	109.9	196.9	199.9	39.5		
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	109.9	196.9	199.9	39.5	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

Full-time	2	3	3	1		
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The first year of the Wellness Court in Anchorage would require 1 fulltime Probation Officer, including a leased vehicle as well as a one time expenditure for computer equipment. In Bethel, the Probation Officer would begin in January 2002, requiring salary for only 1/2 of a year. This person would also require a vehicle and a one time purchase of computer equipment. By the second year, Anchorage will need an additional Probation Officer position which will also include a vehicle and one-time purchase of computer equipment. This position will be responsible for case management and supervision of the Therapeutic Court offenders.

Prepared by: Candace Brower Phone 465-4652
 Division: Commissioner's Office Date/Time 3/14/01 4:00 p.m.
 Approved by: Margaret Pugh, Commissioner Date 3/14/01
 Agency: _____

For distribution information, call the Governor's Legislative Office

STATE OF ALASKA

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DIVISION OF ALCOHOLISM AND DRUG ABUSE

TONY KNOWLES, GOVERNOR

P.O. BOX 110607
JUNEAU, ALASKA 99811-0607
PHONE: (907) 465-2071
FAX: (907) 465-2185

Dear Reader:

The Division of Alcoholism and Drug Abuse is pleased to present this report on the outcomes of treatment services provided in Alaska. Preliminary findings from this study show that Alaska's treatment programs work.

The State of Alaska's treatment programs care for about 2,500 residential and 5,500 outpatients a year. Treatment services are provided by 45 programs in the State.

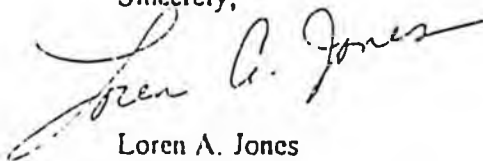
The study for the Division of Alcoholism and Drug Abuse is being conducted by New Standards, Inc., a nationally recognized authority in studying treatment programs. Under the study, some 1,600 residential patients and outpatients will be followed from their admission to a treatment program to one year following admission. In this portion of the study, NSI followed up on the first 300 patients in the study six months after they began treatment. These patients will be contacted again a year after treatment.

Findings from the study, even at this early stage, show that treatment does work. The study also confirms our belief that continuing care is very important. When complete, the study will help us design the best treatment and after care programs for Alaskans. These findings also compare very positively to studies done at programs elsewhere in the nation.

This study followed up patients from treatment centers in Anchorage, Barrow, Bethel, Craig, Dillingham, Fairbanks, Healy, Nenana, Juneau, Kenai, Ketchikan, Nome and Mat-Su. The full study is scheduled to be completed in mid-1997.

We encourage you to read and study this report. If you have any questions please contact the Division.

Sincerely,



Loren A. Jones
Director

INFORMATION
STATEMENT



ALASKA STATE LEGISLATURE

SPEAKER OF THE HOUSE BRIAN PORTER

SECTIONAL ANALYSIS

COMMITTEE SUBSTITUTE FOR HOUSE BILL 172 (FIN) am

"An Act relating to therapeutic courts for offenders and to the authorized number of superior court judges"

Section 1: Legislative purpose. This section states the purpose of the pilot therapeutic courts, their locations, criteria to consider when imposing sentences, sanctions to be imposed if conditions imposed by therapeutic court are violated, conditions of bail or probation and evaluation of the pilot projects by the Alaska Judicial Council.

Section 2: Amends AS 22.10.120. Number of judges. This section adds two superior court judges. One additional judge assigned to the Third Judicial District (to be based in Anchorage) and one additional judge assigned to the Fourth Judicial District (to be based in Bethel). These judges will preside over the pilot therapeutic courts as well as other cases that they may be assigned.



ALASKA STATE LEGISLATURE

SPEAKER OF THE HOUSE BRIAN PORTER

SPONSOR STATEMENT

COMMITTEE SUBSTITUTE FOR HOUSE BILL 172 (FIN) am

"An Act relating to therapeutic courts for offenders and to the authorized number of superior court judges."

CS for House Bill 172(FIN) will establish two therapeutic court pilot projects-Anchorage and Bethel. These courts are designed to serve as working models for the development of other similar courts throughout the state.

As stated in the legislative purpose section of CSHB 172(FIN), therapeutic courts are designed to:

- assist offenders toward lasting sobriety;
- protect society from alcohol and drug related crime;
- provide prompt payment of restitution to victims;
- encourage effective interaction and use of resources among criminal justice and community agencies; and,
- reduce long-term costs relating to arrest, trial and incarceration.

The pilot projects will be implemented through joint efforts of the Court System, Department of Law, the Public Defender Agency, the Department of Corrections, the Department of Health and Social Services and other agencies in accordance with a mutually agreed upon plan. The courts are to use existing public agencies, medical and treatment services, housing and other public, private and non-profit community services as well. The Bethel pilot project is designed to coordinate services with municipal and local entities, taking into consideration local resources and cultural traditions, to facilitate rehabilitation.

The Court System has requested two additional superior court judge positions to preside over the therapeutic courts. These positions will be assigned to Anchorage and Bethel.

Chemical Dependency Treatment Outcome Study Executive Summary

Results from a study of Alaska's chemical dependency treatment programs show that the state's efforts are succeeding on several fronts. Follow-up interviews with participants in both inpatient and outpatient treatment programs indicate that, after one year, arrests and hospitalization decreased, while participants' employment rates and work attendance increased.

The Alaska Division of Alcoholism and Drug Abuse commissioned the treatment outcome study to measure the effectiveness of publicly funded residential and outpatient treatment programs. Beginning in February 1994, the study surveyed 1024 residential/step-down patients and 510 outpatients who consented to assessments at admission, discharge, and six and 12 months after admission to treatment. The findings were collected by New Standards Inc., a Minnesota-based authority in studying treatment programs.

The study will provide information to help policymakers design the best treatment and after-care programs for Alaskans.

The outcome study found:

- Of Alaskan patients surveyed, 56 percent of those in outpatient programs abstained from alcohol for one year after treatment, compared to 42 percent of residential patients. Outpatients in the study received an average of 59 hours of care, while patients in residential programs received an average of 39 days of inpatient care.
- The study also found there is a strong association between abstinence rates and post-treatment levels of care and peer support groups like Alcoholics Anonymous. For 75 percent of residential patients, formal aftercare taken for a year resulted in a year of sobriety. Formal aftercare during the first six months appears to have the strongest impact on recovery among outpatients, with 71 to 77 percent reporting sobriety.
- Both residential and outpatient program participants reported substantial decreases in legal problems one year posttreatment. Criminal arrests, traffic arrests and motor vehicle accidents dropped. This yields overall societal benefits as a result of chemical dependency treatment by easing demands on already overburdened legal and insurance systems.
- Documented reductions in hospitalizations and emergency care and outpatient care for chemical dependency program patients support the notion that, following treatment there is a shifting away from costly hospital and emergency room "crisis" or urgent care, toward more timely and appropriate preventive or routine outpatient treatment.
- Employment rates changed dramatically from pretreatment through one year after treatment. Full-time employment increased from 30 percent before treatment to 45 percent at 12 months. Conversely, unemployment rates dropped from 45 percent to 24 percent.
- Both residential and outpatients reported significant reductions in tardiness and missing work. Outpatients in particular reported fewer problems with supervisors and fewer mistakes on the job.
- A significant number of patients surveyed reported sexual and physical abuse; 10 percent of the residential patients and 8 percent of the outpatients indicated incest by a male relative. Twenty-eight percent of the outpatients and 29 percent of the residential patients reported physical abuse prior to age 18.



FEB 16 2001

alaska judicial council

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To: See Below

Fax #: See Below

Date: 2/18/01

Time: _____

From: Teri Cams

Number of pages (including this cover sheet) 5

If you have any problems or questions, please contact Teri Cams
at (907) 279-2526.

Comments:

The Judicial Council has prepared the attached charts at the request of the members of the interim Criminal Justice Council. We thought that you would find the information helpful. Please contact me if you have questions or comments. Teri Cams

*If more than one person at the same agency please distribute copies to each one.

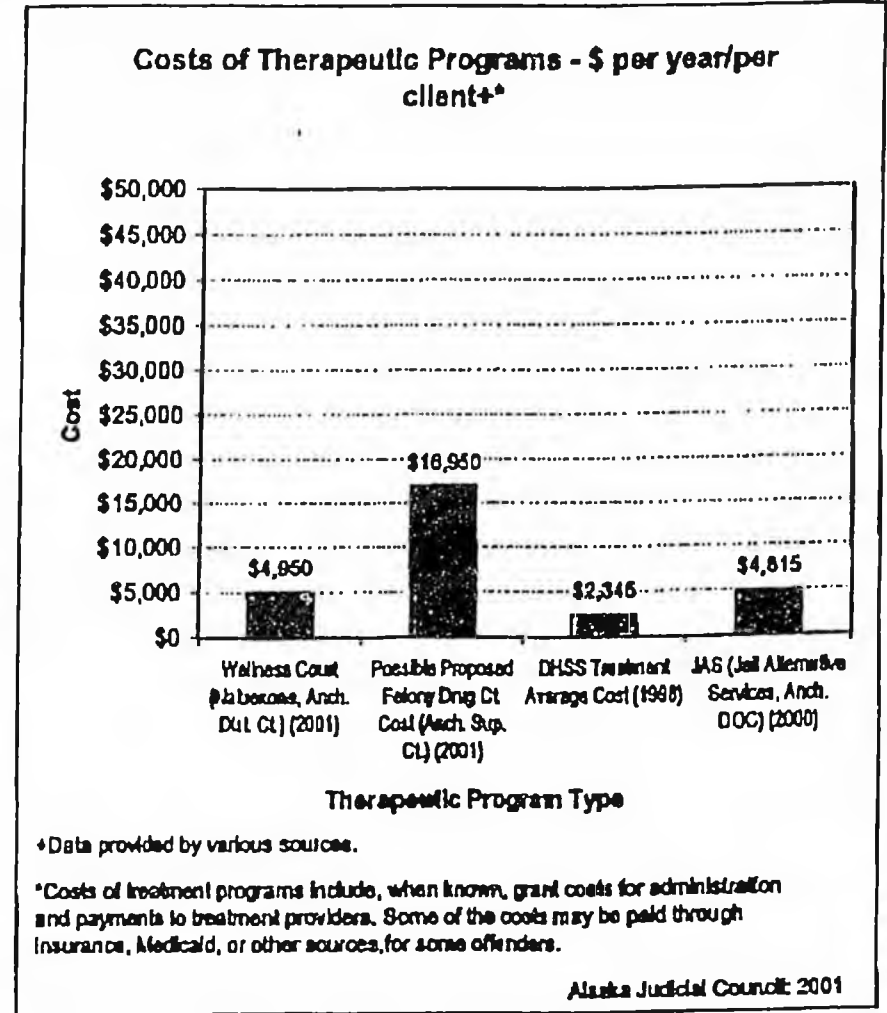
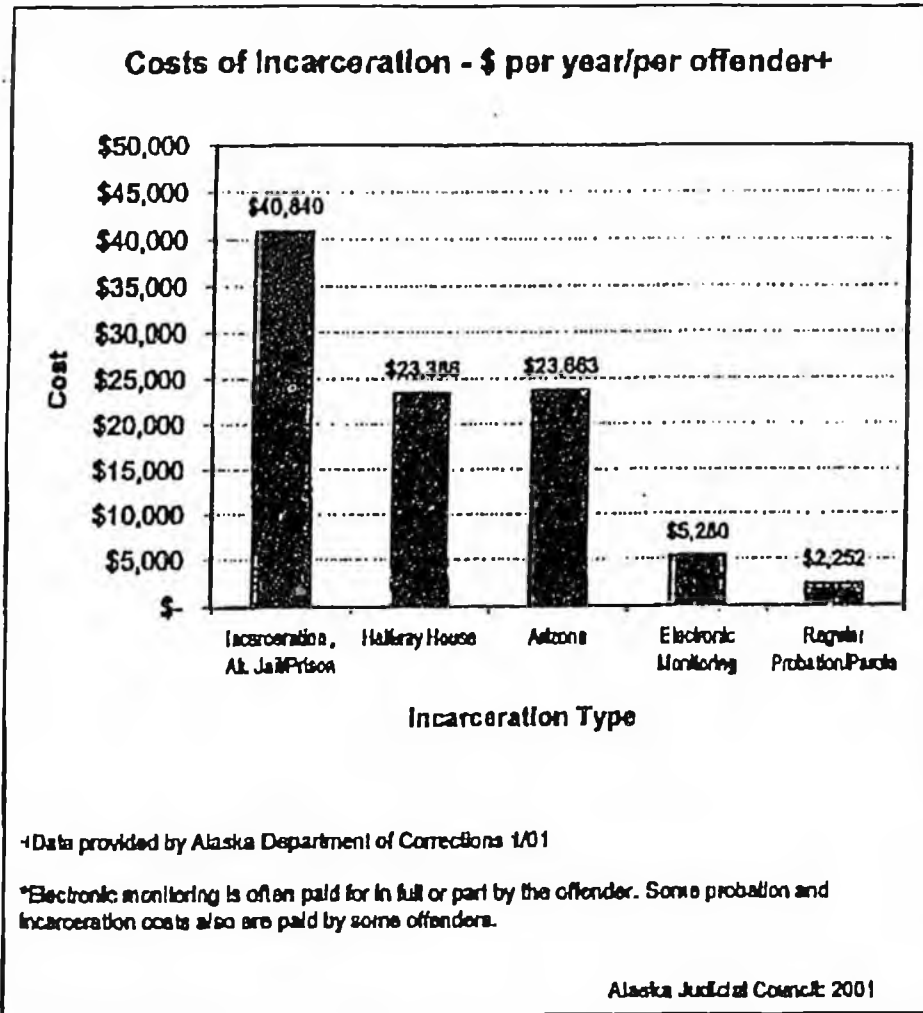
Janet McCabe - 272-2893
Lynda Zaugg - 269-7365
Senator Elton - 465-2108
Rep. Croft - 465-4419

Wendy Lyford - 264-0604
Chris Christianson - 264-8291
Rep. Rokeberg - 465-2040
Rep. Joe Green - 465-4316

Suzanne Di Pietro - 264-8291
Ron Taylor - 264-0766
Rep. Porter - 465-3834
Heather Nobrega - 465-2040

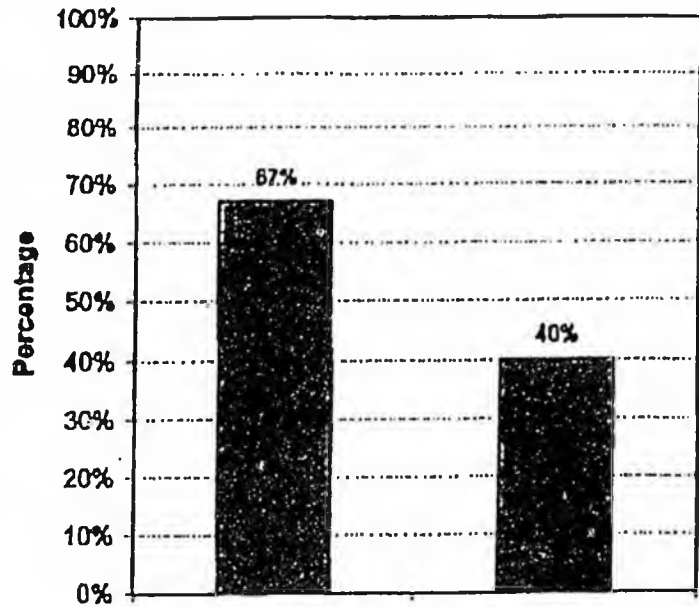
Doug Wooliver - 264-8291
Marilee Fletcher - 465-2185
Rep. Berkowitz - 465-2137

Costs and recidivism rates for incarceration compared to therapeutic programs



**Costs and recidivism rates for incarceration
compared to therapeutic programs (continued)**

Recidivism Rates After Incarceration



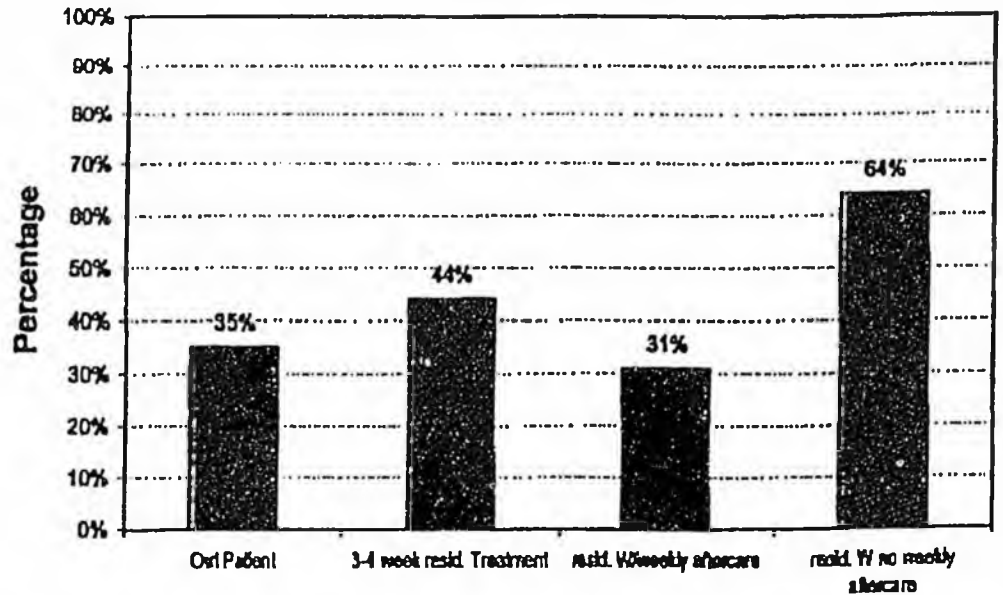
Nationwide, 67% of all released re-arrested within 3 years (p. 3, 1100 DOJ paper)

2 of 5 of all inmates released this year nationwide will return to jail within 3 years (VERA p. 3 2000)

Incarceration

Alaska Judicial Council: 2001

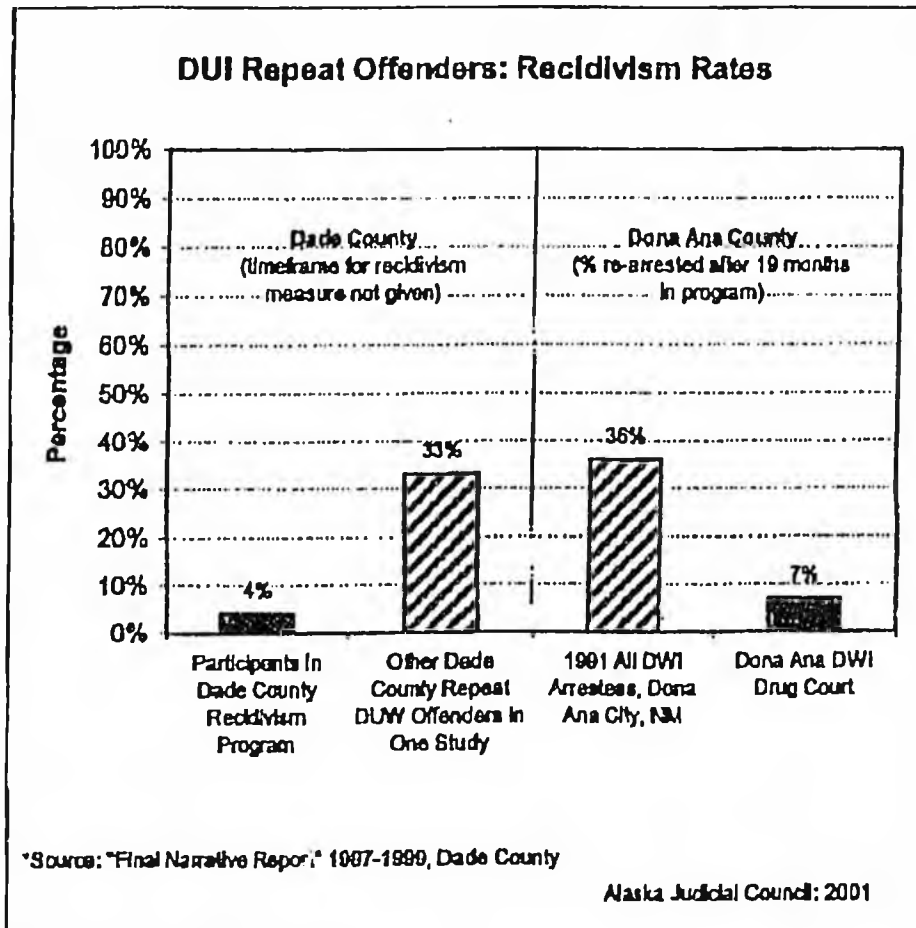
**Effectiveness of different substance abuse treatments
in one study* - Relapsed within 6 months after leaving
program**



*1994 Division of Alcoholism and Drug Abuse, cited in Legislative Audit #08-4570-89, p.30.

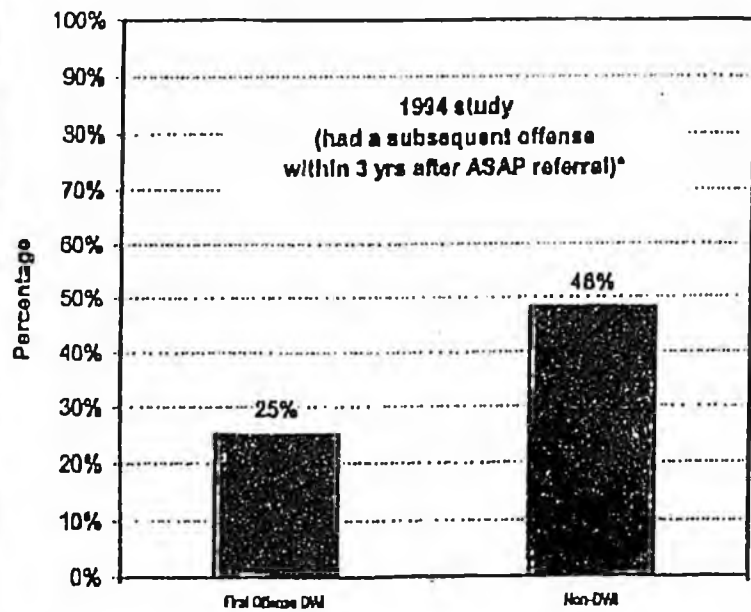
Alaska Judicial Council: 2001

Costs and recidivism rates for incarceration compared to therapeutic programs (continued)



Costs and recidivism rates for incarceration compared to therapeutic programs (continued)

Recidivism Rates, with ASAP Referral

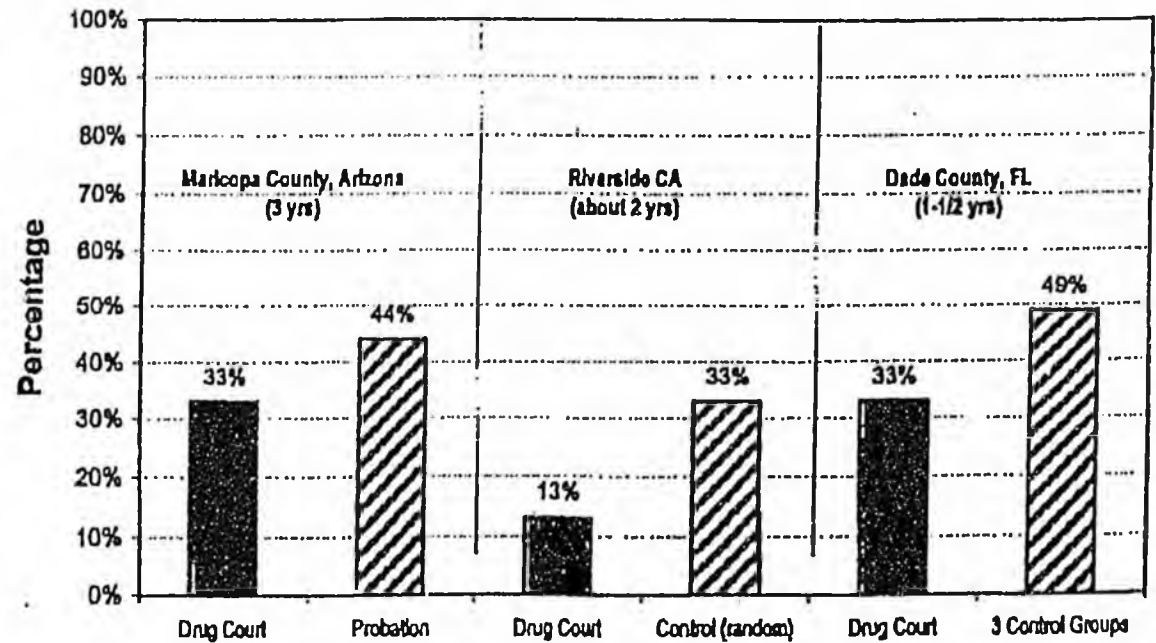


No control groups available

*ASAP Evaluation Survey, 1994, UAA

Alaska Judicial Council: 2001

Drug Courts: Recidivism Rates in Controlled Studies*



**Research on Drug Courts: A Critical Review," S. Belenko Nat'l. Drug Ct Institute Review Vol. 1, Issue 1.

Alaska Judicial Council: 2001

ABUSE IN AMERICA: Fresh research and shifting views of treatment are opening new fronts in a deadly struggle. **By Jonathan Alter**

MAYBE YOU'VE SEEN THE MOVIE: DAD, AN OHIO JUDGE AND the nation's new drug czar, needs a cocktail to "take the edge off." Mom has her own youthful history with drugs and scoffs at Dad's suggestion that she was just "experimenting." Their 16-year-old daughter, a lovely straight-A student at a fancy private school, starts freebasing cocaine, then turns tricks to pay for her habit.

Whatever happens next month at the Oscars, the movie "Traffic" is a cinematic IV injection—a jolting reminder of the horrors of drugs

**THE
WAR
ON**

ADDICTION

and the drug war. After a campaign in which both parties all but ignored the drug issue, director Steven Soderbergh manages the nearly impossible feat of illuminating a national debate without taking sides (both reformers and hard-liners like the movie), beyond attaching a patina of hopelessness to the whole issue.

Actually, the future may not be quite as bleak as the film suggests. While policy revolutions—like legalizing narcotics or somehow eradicating supply—are pipe dreams, change is coming to the world of addiction and drug policy. Voters in several states are far ahead of the politicians, appro

**INFORMATION
STATEMENT**

that offer more treatment options. "Drug courts" that allow judges to impose substance-abuse treatment in place of jail have grown 50% since the mid-1990s, part of a new understanding that, with frequent relapses, treatment is much less expensive for society than prison and interdiction. All of the former drug czars as well as the man rumored to be President Bush's choice for the job, retired Col. James McDonough, stress treatment and demand-side reduction as their first priority, though the funding decisions have yet to catch up to the new rhetoric.

More broadly, this relatively peaceful interlude in the nation's drug history (half as many regular drug users as in 1979 and the crack epidemic ebbing) offers a rare chance to rethink old approaches not just to renewed threats like heroin but to the mother of all abused substances—alcohol. Science is yielding clues about the "hedonic region" of the brain, while breakthrough medications and greater understanding of the mental-health problems that underlie many addictions are giving therapists new tools.

Addiction is hardly an American affliction, but it sometimes looks that way. The master narrative of public life these days seems to be all about abuse

Even greatly expanded prison capacity that consumes billions can't accommodate this flow. So over the next few years, as sentences from the high-crime 1980s are completed and reform of drugs laws accelerates, hundreds of thousands of offenders will be released or sentenced more leniently. Hard-core addicts in some jurisdictions are estimated to commit 100 petty crimes each per year. If their substance-abuse problems aren't addressed, the country will face another crime wave soon.

In an attempt to break the vicious cycle, drug addiction is increasingly being viewed more as a disease than a crime. (Drug trafficking is a different matter.) California approved Proposition 36 last fall, a landmark referendum that offers treatment options in place of jail for nonviolent offenders. New York is rewriting its draconian Rockefeller-era drug laws. The outgoing drug czar, retired Gen. Barry McCaffrey, says the phrase "drug war" should be retired in favor of "drug

cancer." The straight-talking military man has little to say about interdiction. His No. 1 recommendation on leaving office last

DRUG CULTURES

Stars become inmates; generals decry war. Even Hollywood can't write an ending to the substance-abuse story. Downey (far right), 'Traffic's' Michael Douglas and ex-czar McCaffrey (facing page)



Even hard-liners in the war on drugs like to say that

and recovery, with inner demons replacing outer enemies or forces of nature as the dramatic foils of choice. After leaving drug rehab, Jennifer Capriati stages an improbable tennis comeback to win the Australian Open. Robert Downey Jr. relapses once again, a haunting symbol of the limits of treatment. The departing president of the United States appears to have been addicted to sex, while the new president—by his own account—once had a drinking problem.

In the real America, the toll is incalculable. Consider Areina Garcia, 34, mother of four children ages 1, 2, 4 and 7. She admits she was "selling my ass for drugs" and getting high in front of her kids. She didn't stop until her husband reported her to family court. Or Brian Kelly, 31, who started drinking at 8 while tailgating with his alcoholic parents at Notre Dame games. His crack habit landed him in a \$14,000-a-month "country club" treatment program with a pool, tennis courts and nothing but what he calls "appeasement" of his problem. Now both Garcia and Kelly are midway through a no-nonsense, 12- to 15-month residential treatment program at Phoenix House, still at real risk of relapse, but with at least a fighting chance to salvage their lives.

The aggregate consequences of addiction are staggering. Consider that the number of inmates in American prisons more than tripled over the last 20 years to nearly 2 million, with 60 percent to 70 percent testing positive for substance abuse on arrest. These inmates are the parents of 2.4 million children, all of whom are disproportionately likely to follow their parents to jail. According to the exponential math of a Brown University study, if the prison population were to continue growing at the current rate, by 2053 the United States would actually have more people in prison than out.

month was that insurance companies offer the same level of coverage for mental-health and drug disorders as they do for any other illness. This is unlikely (managed care has led to lower reimbursements for treatments). But even hard-liners are beginning to say that we can no longer incarcerate our way out of the problem.

OF COURSE OLD HABITS DIE HARD. WASHINGTON still directs two thirds of the federal drug budget (including \$1.1 billion in military aid to Colombia) to law enforcement, while state legislatures—leery of seeming to coddle criminals—lag behind public opinion on funding treatment. So-called harm-reduction strategies like needle exchanges (common in Europe) have a tough time winning approval, despite many studies proving that they save lives. The new attorney general, John Ashcroft, has opposed not just needle exchanges, but a taxpayer-supported media campaign aimed at teens. The early signs are that the Bush team will essentially maintain the status quo on drug policy.

Even so, a "third way" consensus between liberals and conservatives is emerging, especially at the local level where the real money is spent. It combines flexible enforcement with mandatory treatment. The drug-court idea, which comes with strong backing from most prosecutors, is sometimes known as "coercive abstinence"—using the threat of jail to motivate substance abusers to get help. "The real, nut-cutting issue is motivation," says Joseph Califano, chairman of the National Center on Addiction and Substance Abuse. The research shows that those forced into treatment do at least as well as addicts who enroll voluntarily—often better, be-

... they must stay in therapy longer or risk reincarceration. In all every programs, the best predictor of success is the length of treatment. While relapse is common, those who remain at least a year are more than twice as likely to stay clean.

So drug-treatment experts now often favor the "big foot" of law enforcement. "The legalizers don't understand the psychodynamics of addiction," says Dr. George De Leon, author of the National Institute on Drug Abuse's most thorough study of treatment. "The nature of the disorder is that the client is resistant to treatment." This suggests the need for intensive drug treatment not only in jail, where addicts are a captive audience, but after release, with sentences shortened in exchange for successful enrollment. Drug-court judges use carrots (gift certificates; the promise of fewer court dates) and sticks (return to jail) to change behavior.

Drug-policy reformers like Ethan Nadelman of the Lindesmith Center don't buy the approach: "Alcoholics don't have coerced treatment," Nadelman says. "So why should drug abusers?" But those who actually provide treatment say they have fewer empty beds when the courts are involved. They worry that California's Proposition 36 doesn't do

Meanwhile, hundreds of laws remain on the books that make it hard to treat substance abuse as a public-health matter. Consider heroin addiction. In nine American cities, men 20 to 54 are more likely to die of a heroin overdose than in a car accident. But courts won't often authorize methadone treatment, and junkies routinely fail to report overdoses to the authorities for fear of being arrested. In "Traffic," the kids leave their overdosed friend at the hospital and run—a common response.

IN NEW MEXICO, WHERE GOP GOV. GARY JOHNSON IS an outspoken drug reformer, the authorities are trying a new harm-reduction strategy to fight overdoses. Last month New Mexico doctors began giving addicts syringes full of Narcan, an easy-to-inject medication that counteracts the heroin, often saving lives. One test of the new public mood on drug-policy reform will be if other states follow suit.

New York is beginning to reassess its tough drug laws, which date from the 1970s. Last month Gov.



We can no longer incarcerate our way out of the problem

enough to compel long-term treatment. Addicts will "get kind of a driver's-ed course in drugs that isn't going to force them to take a self-inventory and change themselves," says Dr. Mitchell Rosenthal, founder of Phoenix House, which operates residential-treatment centers in eight states.

Rosenthal says Phoenix House has relied on the criminal-justice system for its recent growth spurt. As in all treatment, the vast majority drop out before completing the program, but those who make it through the whole year have a surprisingly good prognosis. The research shows that about three quarters of those who graduate from 12-month residential programs are employed, drug-free and not in jail five years later. The results for in-prison programs and outpatient therapy are worse than for long-term residential care, but there, too, the key variable is length of treatment.

At the same time, all but the fanciest 28-day residential programs are less expensive than prison, and outpatient care is much cheaper. Even when you throw in the costs of the drug court, the total expense is less than half as much as jail, and the results are far more effective. Inmates assigned to drug courts in Los Angeles and Washington, D.C., were 30 percent less likely to be rearrested than those who went through conventional courts—a huge savings to society. In another survey, only about 10 percent of those under court supervision tested positive for drugs; for those in regular probation, the "dirty urine" figures were one third.

George Pataki, once a major hard-liner, proposed cutting the minimum sentences for serious drug felons from 15 years to eight and giving judges more discretion. In reviewing the clemency process, Pataki says he found "dramatically unfair sentences—people sentenced to 15 years when their involvement was minimal." But at the federal level, so-called mandatory minimum sentencing requirements are in no danger of being repealed any time soon.

Spending priorities right now look pound foolish. The Center on Addiction and Substance Abuse released a study last week showing that states spend more than 13 percent of their total budgets just "shoveling up" the wreckage of addiction—as much as they appropriate for higher education and 100 times what they spend on prevention and treatment. Another study by Rand Corp. shows that every dollar spent on treatment saves seven dollars in services. That's because even if addicts eventually relapse, they are clean during their time in treatment, saving millions in acute health-care costs and law enforcement.

For all its promise, treatment remains a spit in the ocean of national substance abuse. Phoenix House, the nation's largest network of treatment centers, has only about 5,000 residents—out of more than a million people arrested every year on drug-related charges. California's Proposition 36 will fund 10,000 new treatment slots. But that's out of 160,000 inmates who need it. While drug courts are multiplying fast, they still make up a tiny percentage of all criminal courts. In other words, like treating addiction, changing national drug policy will take patience, commitment and time. All we know for sure is that we have no choice but to try.

With MICHAEL ISIKOFF, MARK HOSENBALL and SUZANNE SKALLEY



FOR ADDITIONAL, WEB-EXCLUSIVE COVERAGE FROM OUR REPORT ON FIGHTING ADDICTION, GO TO NEWSWEEK.MSNBC.COM, AND LOG IN FOR AN AUDIO INTERVIEW WITH JONATHAN ALTER.

Millions of Americans abuse drugs, alcohol and cigarettes every year. The cost to society? Nearly \$300 billion.

MAPPING ADDICTION

HIGH TIMES:
Eleven million Americans inhale monthly; Coloradans lead the pack

LIQUID: North Dakota ranks first in binge-drinking rates; Maryland is last

RAVING: 'Club drugs,' namely ecstasy, are on the rise; Boston and St. Louis report sharp increases



Honolulu
HAWAII

SNAPSHOT
Alcohol and illicit-drug use
DEPENDENCE AS A PERCENTAGE
OF STATE POPULATION*

■ 5.50-7.30 □ 4.19-4.61
▨ 5.03-5.49 □ 3.74-4.18
▩ 4.62-5.02

✕ High-intensity drug-trafficking areas

SHOOTING UP: Heroin use among teens is rising in San Francisco, Newark, N.J., and Atlanta.

SNOWED: In Miami, San Diego and Bridgeport, Conn., cocaine use is up

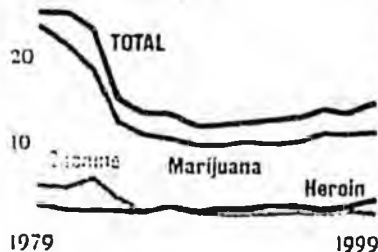
SMOKIN':
Tobacco kills 430,000 per year; Nevadans smoke the most

*1998 SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION SURVEY (SAMHSA)

SUBSTANCE ABUSE

Abuse is down, but 47 million Americans are still hooked on cigarettes, and 14 million each on drugs and alcohol.

Millions of drug users



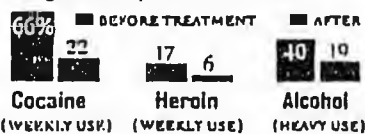
Adult users
% OF TOTAL USERS
1999 24.1

Heavy drinkers
% OF TOTAL POP.
1994 6.2%
1999 5.7%

TREATMENT

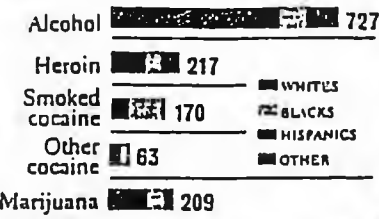
Substance abusers who stay in treatment longer are less likely to resume their bad habits.

Long-term inpatient treatment



Admissions for treatment

BY RACE/ETHNICITY IN THOUSANDS*



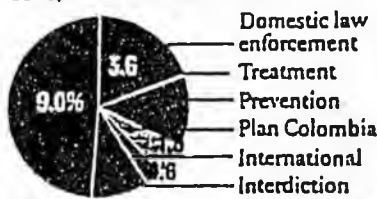
SPENDING

Federal and state governments spend only a small percentage of their budgets on treatment and prevention.

Substance-abuse-related spending

	PERCENT OF BUDGET	PREVENTION, TREATMENT, RESEARCH
New York	17.0%	1.0
Massachusetts	16.8	0.6
California	15.3	0.7

U.S. drug-control budget: \$18.4 billion 2000, IN BILLIONS OF DOLLARS



SOURCE: OFFICE OF NATIONAL DRUG CONTROL POLICY; SAMHSA; NATIONAL ACADEMY OF DRUG ABUSE; NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM; NATIONAL CENTER FOR DISEASE CONTROL AND PREVENTION; DRUG ENFORCEMENT ADMINISTRATION; DRUG ABUSE TREATMENT OUTCOME STUDIES; COLUMBIA UNIVERSITY'S NATIONAL CENTER ON ADDICTION AND SUBSTANCE ABUSE; TEXT AND RESEARCH BY SPENCER JOHNSON, DAVID S. BROWN, CHRISTOPHER BURKHARDT AND JOHN C. MCGHEE

109 BY BRAD NELSON IN 1999; PHOTOS BY
LUSTIG; MARIJUANA BY SPENCER JOHNSON;
BY FERRY; LANSOLF; ROBIN NELSON (2)

ALCOHOL: Every year, abusive drinking costs the United States more than all illegal drugs combined. Now a controversial medicine that fights the craving for booze may help alcoholics in their struggle to stay sober. But is it a magic bullet? **By Claudia Kalb**

CAN THIS PILL STOP YOU FROM HITTING THE BOTTLE?



Addicts know the pattern all too well—that roller-coaster ride of intoxicating highs and wasted lows. David Nott's journey has been one of the worst. At 28 he was a successful underwriter for Lloyds Insurance in London with a Porsche, a Ferrari and a country manor. But after two decades, Nott's life had spiraled into a mess. His addiction drowned his fortune, ruined three marriages and propelled him toward suicide. Drug of choice: alcohol. Breakfast was cheap Spanish wine; then came the vodka—a sickening cycle of passing out and coming to. He craved both another drink and a better life. "Once I was holding a glass of vodka and shaking and crying," says Nott, now 48. "I didn't want to drink it, but I couldn't stop."

It's a battle far too many are losing. Alcohol abuse costs this country a staggering \$185 billion a year in everything from lost workdays to drunken-driving accidents—more than all illegal drugs combined. Six million Americans persistently misuse alcohol, and 8 million more are addicted; 100,000 will die this year from alcohol-related causes. Hospital charts are littered with the complications of chronic heavy drinking—heart disease, stroke, liver failure. Those who are still fighting spend years in and out of treatment, unable to kill the cravings that wreck their lives and, too often, the lives of those close to them. Fixing the prob-

lem is a herculean task. Alcohol courses freely through American society, from college bars to corporate lunches. There's no government booze czar, no war declared; nor has alcohol been banished to the sidewalks like cigarettes. Every year, alcohol advertisers spend more than \$1 billion to promote the tasty, relaxing side of liquor—over three times the annual budget of the National Institute on Alcohol Abuse and Alcoholism (NIAAA). Many addicts, meanwhile, are not getting the help they need.

But they may have reason to hope. Medications that act on the brain to help control the urge to drink are forging a new direction

in alcohol treatment. Acamprosate, a pill used for years in Europe, will soon be under review by the FDA and could be available by prescription by the end of this year. David Nott took the drug in combination with counseling and has now been sober for three years. Without it, he says, "I'd be dead now." Next month the NIAAA will launch a major nationwide trial to test counseling together with a one-two punch of acamprosate and naltrexone, an anti-craving pill approved in 1994. The drugs "herald a whole new era in the treatment of alcoholism," says the NIAAA's Dr. Enoch Gordis. "The medications five to 10 years from now will be even better."

That might seem like cause for celebration—but reaction to the idea of treating alcoholism with drugs is decidedly mixed. Many recovering alcoholics, who beat their addiction with steely willpower and support groups, are leery: there are no shortcuts, they say, to staying dry. Gordy Brown, a recovering alcoholic in St. Paul, Minn., fears that addicts might be tempted by what they think will be an "easier, softer" way out of addiction—then shirk the hard work of dealing with the personal turmoil that may have led them to booze in the first place.

"A pill," he says, "is about the bottom when it comes to taking responsibility."

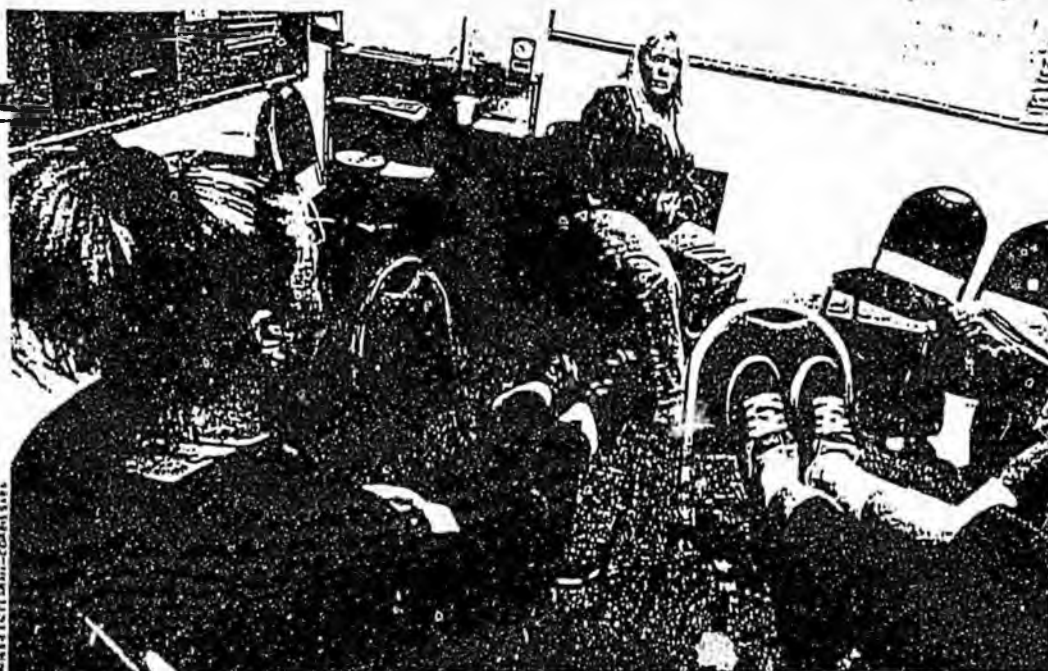
Medication also has a tortured history in addiction treatment. Antabuse, the first anti-alcohol drug, in use since 1948, blocks the body's ability to absorb alcohol. Taking it, then drinking, provokes a violent response: headache, palpitations, vomiting. Some alcoholics swear by it, but many others can't stomach the effects. Other drugs, like the habit-forming

DOSING UP

Acamprosate, together with counseling, worked for Nott. He hasn't touched alcohol in three years.

sedatives Librium and Valium, make alcoholics even wavier. They're still used to help calm the tremors and anxiety during the acute phase of detox, but they haven't completely shaken the bad rap they got decades ago when given long-term to help people stay calm after withdrawal. Kellie Baker was prescribed the sedative Xanax during rehab at the age of 16, four years after she started drinking heavily. "It was kind of a joke," says Baker, 31. "I'm trying to get sober, and here I was getting completely stoned."

But acamprosate and naltrexone are in a different class—they're non-addictive. And even their proponents are not pushing them as a cure: their effects are moderate, and they're intended for use only in combination with counseling or support. They help ward off relapse, not get active drinkers to quit. And alcoholics must be highly motivated to cork the bottle, or the pills will have little impact. The first time Pierre Galard, a Paris artist, took acamprosate, it didn't reduce his desire for booze at all. "I wasn't ready to quit," he says. What the drugs do provide, scientists say, is a new option for those who've failed traditional therapy. Only 10 percent of problem drinkers get the help they need. Of those who go into patient rehab, about half relapse within the first three months of treatment. And self-help groups like Alcoholics Anonymous don't work for everyone. "Alcoholics are not all the same," says Dr. Bankole Johnson of



tremors, hallucinations. For them, most experts agree, abstinence is the only way to go. "The normal drinker gets relaxed, gets woozy, and then something inside clicks on that says, 'You need to stop now,'" says Kathy Olund, 58, a recovering alcoholic and vice president of the visitors' bureau in Flint, Mich. "I never stopped. I drank until I was drunk, and then I began drinking every day."

Why was Olund hammered with cravings for more, while most of us can tough out the hangover with a couple of aspirin? Environmental triggers, like an unstable home, and perhaps even certain personality traits like impulsiveness, may put people at greater risk. So do certain genes—probably a whole bunch of them. Adopted boys are up to three times more likely to become alcoholics if a biological parent is—even if

order a vodka when they smell cigarette smoke or go to a party—typical drinking "cues." In European trials, patients taking acamprosate—two pills three times a day—stayed off alcohol 10 to 25 percent more days than patients on a placebo. Overall, the drug nearly doubled abstinence rates (from 28 percent on placebo to 55 percent on acamprosate) over three months of treatment, says Dr. Barbara Mason of the University of Miami School of Medicine, a Lipha consultant and lead investigator of a U.S. trial of 601 alcoholics. The effects are not magic, but "we're really starting to make some inroads," she says.

For alcoholics in the United States, the closest thing on the market to acamprosate is naltrexone, originally approved to treat heroin addiction. The drug's effectiveness has varied in studies. In one dramatic finding in a small group of alcoholics, 95 percent of those who "slipped" and took a drink while on placebo went on to binge, but only 50 percent of patients on naltrexone did. If a medicine could similarly decrease the odds of moving from angina to a heart attack, says Dr. Ted Parran, an addiction specialist at University Hospitals of Cleveland and Case Western Reserve University, "every cardiologist on the planet would be lobbying for it to be put in the public drinking water."

Other drugs are on the horizon. A naltrexone cousin called nalmeferine is being studied in the United States. An injectable form of naltrexone, given just once a month, is being tested to help improve compliance—a critical challenge in the future of drug treatment. Antidepressants

'These drugs herald a whole new era in the treatment of alcoholism. And they'll get even better.'

—DR. ENOCH GORDIS, NIAAA

the University of Texas Health Science Center at San Antonio. "The hope for the future is that we give people the treatment that is best for them."

The best treatment will depend, at least in part, on which of two broad camps drinkers fall into. "Alcohol abusers" drink persistently, despite causing chronic problems in their lives, jeopardizing relationships and jobs. They are not, however, physically addicted to alcohol, and some may be able to drink in moderation. But the "dependents"—for whom the drugs are intended—are a different story. They can't keep themselves from drinking, and many suffer the wrenching physical symptoms of withdrawal—nausea,

they're raised by nonalcoholics. Researchers recently identified "hot spots," or regions of chromosomes, linked to a risk for alcoholism. Now they're zeroing in on the actual genes, hoping those genes will be new targets for designer drugs that will one day strike at addiction with precision.

Acamprosate is nowhere near that sophisticated. No one knows precisely how it works, but the drug (marketed in Europe by Lipha Pharmaceuticals under the brand name Campral) seems to quiet the glutamate system—brain chemicals that get stuck in a hyperactive state after alcohol withdrawal. As a result, some alcoholics say, acamprosate wards off the temptation to

SUPPORT IN THE FIGHT

Baker has been sober for 14 years. Now she counsels others.



BACKSTORY: FOR AN AUDIO INTERVIEW WITH AUTHOR CLAUDIA KILB, LOG ON TO NEWSWEEK.MSNBC.COM

HB

179

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 11
Bill Version: CSHB 179 (FIN)
(H) Publish Date: 4/25/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
Title "An Act relating to underage drinking and drug offenses; and providing for an effective date." BRU Criminal Division
Sponsor House Judiciary Committee Component 3rd Judicial Dist: Anchorage
Requester House Judiciary Committee Component No. 2261

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	34.8	34.8	34.8	34.8	34.8	34.8
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	7.0	7.0	7.0	7.0	7.0	7.0
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment	6.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	49.3	42.8	42.8	42.8	42.8	42.8

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	49.3	42.8	42.8	42.8	42.8	42.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	49.3	42.8	42.8	42.8	42.8	42.8

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

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

CSHB 179 (JUD) would change the minor consuming or in possession statutes by increasing fines and creating a series of graduated sanctions for repeat offenses. Under this version, only second and subsequent underage drinking offenses would entitle the minor to a jury trial and public counsel. The first offense would be handled similar to a traffic citation.

The Division of Motor Vehicles reports that prior to the *Niedermeyer* decision, they revoked about 4,800 drivers' licenses per year for alcohol violations by minors. Not all these violations were pursued in court, because many police officers believed it was better and easier to simply refer the matter to DMV for license revocation. We will assume, however, that now all such violations will result in a citation being filed in court.

The citations for second and subsequent offenses would come to the Department of Law, and a file would be opened. Based on Division of Juvenile Justice historical data, we estimate approximately 1,300 such citations would be filed annually. We believe that

Prepared by: Joan M. Kasson Phone 465-5370
Division: Attorney General's Office Date/Time 4/24/01 11:30 AM
Approved by: Kathryn Daughhotee for Bruce M. Botelho, Attorney General Date 4/24/01
Agency: Department of Law

For distribution information, call the Governor's Legislative Office

FISCAL NOTE No. 11

STATE OF ALASKA
2001 LEGISLATIVE SESSION

BILL NO. CSHB 179 (FIN)

ANALYSIS CONTINUATION

In approximately 1 percent of the cases the defendant would request a jury trial. The estimated 13 new jury trials per year statewide could be handled within existing Criminal Division resources.

The division could not, however, absorb the increased clerical duties associated with opening more than 1,300 new files each year, and dealing with the paperwork and pleadings in all those cases. We would need to add one Administrative Clerk II position in Anchorage, where we anticipate the most citations will be filed, for a first-year cost of \$49,344, including one-time equipment costs of \$6,500.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 10
 Bill Version: CSHB 179 (FIN)
 (H) Publish Date: 4/25/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Health & Social Services
 Title: An Act relating to underage drinking and BRU: Alcohol & Drug Abuse Svcs
drug offenses Component: Alcohol/Drug Abuse Grants
 Sponsor: House (JUD)
 Requester: House (FIN) Component Number: 1239

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	400.0	400.0	400.0	400.0	400.0	400.0
Miscellaneous						
TOTAL OPERATING	400.0	400.0	400.0	400.0	400.0	400.0

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	400.0	400.0	400.0	400.0	400.0	400.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	400.0	400.0	400.0	400.0	400.0	400.0

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 179 creates a class B misdemeanor crime of "habitual minor consuming." Upon conviction the court is to require the individual to receive treatment specified under AS 28.35.030(h). AS 28.35.030(h) is geared toward the sentencing of adult DWI offenders. ASAP is responsible for the screening, referral and subsequent monitoring of persons who need substance abuse education or treatment. Those persons needing treatment would be referred to existing treatment providers in their community. This fiscal note would fund the necessary treatment expansion to meet the demand.

The existing service system for youth is under capacity and this new demand must be met with increased service capacity. The need to provide treatment to the expected 410 new cases requires expansion of the treatment capacity for youth.

Prepared by: Ernie Turner Phone 465-2071
 Division: Alcohol and Drug Abuse Date/Time 4/25/01 9:14 AM
 Approved by: Elmer A. Lindstrom, Special Assistant Date 4/25/01 9:14 AM
 Agency: Department of Health & Social Services

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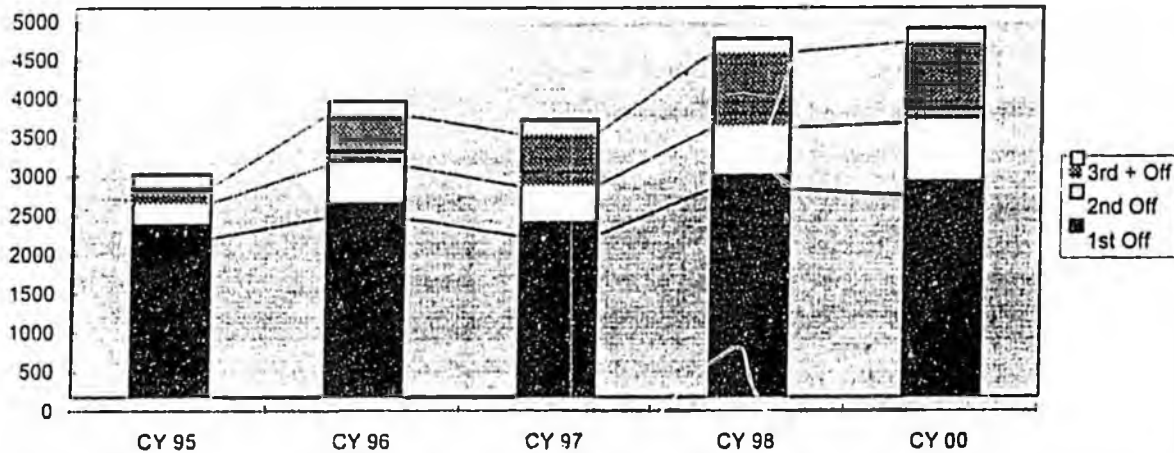
ANALYSIS: (continued)

For youth who have committed their third offense, after the fines and community work services sanction from the first and second offenses, must be considered to be at high risk. Thus all should be referred to some level of treatment. For many youth this may only require brief interventions and for some possible residential placement. It is difficult to predict what the level of care required would be for the expected number of persons. In the Division presentation to the Judiciary committee on HB 4, the Division indicated that the costs per adult treated was \$1,854. This would include care from detox to brief interventions averaged across all levels of care. No similar figures exist for treatment of youth. This request is based on our estimate that we could provide appropriate levels of care for these persons by using an average that would be a little more than half the adult costs. This estimate results in the need for \$975 per youth estimated to be affected by this bill. Thus for the estimated 410 new persons needing some level of treatment (third offenses), a total treatment cost of \$400,000 is projected. This will provide treatment services at four pilot sites; Ketchikan, Fairbanks, Kotzebue and Juneau.

The Division of Motor Vehicles has been keeping records of the number of youth who lose their driver's license under existing statutes since CY 95. As review of this data indicates that in CY 2000 1,048 youth lost their driver's license due to having had their third minor consuming or minor in possession offense. Since the number of youth with a third offense has grown each year since CY 95 we would project that under this crime we could expect to see that many youth being sent to ASAP under this bill.

As can be seen by the data from the Division of Motor Vehicles (shown in the chart below), it indicates that over the past years the number of youth losing their driving licenses for minor consuming has been increasing. The number that have lost their license for second and third or more offenses has also risen. The chart below is from this data and clearly shows that the number of youth that could be determined to be guilty of "habitual minor consuming" would be high.

Comparison of the number of youth who have lost their driver's license due to 1st, 2nd, or 3rd MC/MIP offense in CY 1995, 1996, 1997, 1998 and 2000



FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 9
 Bill Version: CSHB 179 (FIN)
 (H) Publish Date: 4/25/01

Revision Date/Time (Note if correction) _____ Dept. Affected _____
 Title Minor Consuming BRU Alaska Court System
 Component Trial Courts
 Sponsor Rep. Rokeberg
 Requester House Finance Component No. 768

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	27.2	27.2	27.2	27.2	27.2	27.2
Travel						
Contractual	13.5	13.5	13.5	13.5	13.5	13.5
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	40.7	40.7	40.7	40.7	40.7	40.7

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	40.7	40.7	40.7	40.7	40.7	40.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	40.7	40.7	40.7	40.7	40.7	40.7

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

Committee Substitute for HB 179 (JUD) makes several changes to the minor consuming alcohol (MCA) laws. Section 1 of the bill increases penalties for first-time offenders and allows for alternative sentencing. Section 2 increases penalties and includes provisions for license suspension and community work service for those convicted of their 2nd offenses and misdemeanor penalties for those convicted of their 3rd and subsequent offenses.

Under the terms of this bill, those charged with a second or subsequent offense will be entitled to appointed counsel and a jury trial. The Department of Law estimates that approximately 1300 cases with those rights will come through the district court annually.

Because MCA cases already require a court appearance, the only significant difference for the court system between a MCA violation and a MCA with a right to an attorney and a jury trial is the costs associated with jury trials. The misdemeanor trial rate is approximately 1%. This note, therefore, reflects the costs associated with 13 misdemeanor jury trials.

Prepared by: Douglas Wooliver, Administrative Attorney Phone 463-4750
 Division Alaska Court System Date/Time 4/24/01 @ 9:30 A.M.
 Approved by: Stephanie J. Cole, Administrative Director Date _____
 Agency Alaska Court System

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Alaska Court System
 Fiscal Note Calculations for 13 New Misdemeanors Trials

Fiscal Note #9, CSHB 179(FIN)

<u>District Court:</u>	FY02	FY03	FY04	FY05	FY06
25 Jurors 1.0 Days for Selection	625	625	625	625	625
7 Jurors for 1.5 Days of Court	263	263	263	263	263
6 Jurors for .5 Days of Deliberation	75	75	75	75	75
Deliberation Meal \$11/12 Jurors + balliff	77	77	77	77	77
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total per District Court Trial	1,040	1,040	1,040	1,040	1,040
Proposed # District Court Trials	13	13	13	13	13
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Estimated Cost of District Court Trials	<u>13,514</u>	<u>13,514</u>	<u>13,514</u>	<u>13,514</u>	<u>13,514</u>
District Court Judge (2 months*)	20,168	20,168	20,168	20,168	20,168
In-Court Clerk (2 months)	7,000	7,000	7,000	7,000	7,000
Personnel Costs	<hr/> 27,167	<hr/> 27,167	<hr/> 27,167	<hr/> 27,167	<hr/> 27,167
Total Jury and Personnel cos's for 13 Misdemeanor Trials	<hr/> <u>40,681</u>	<hr/> <u>40,681</u>	<hr/> <u>40,681</u>	<hr/> <u>40,681</u>	<hr/> <u>40,681</u>

*13 trials X 3 days/trial =39 work days/20 workdays per month = 2 months

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 8
Bill Version: CSHB 179(FIN)
(H) Publish Date: 4/25/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
Title: "An Act relating to underage drinking and BRU: Legal & Advocacy Service
drug offenses; and providing for..." Component: Public Defender Agency
Sponsor: House Judiciary Committee
Requester: House Finance Committee Component Number: 1631

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	128.3	128.3	128.3	128.3	128.3	128.3
Travel	5.3	5.3	5.3	5.3	5.3	5.3
Contractual	39.5	39.5	39.5	39.5	39.5	39.5
Supplies	2.9	2.9	2.9	2.9	2.9	2.9
Equipment	13.0	1.3	1.3	1.3	1.3	1.3
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	189.0	177.3	177.3	177.3	177.3	177.3

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	189.0	177.3	177.3	177.3	177.3	177.3
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	189.0	177.3	177.3	177.3	177.3	177.3

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time	1	1	1	1	1	1
Part-time	1	1	1	1	1	1
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would increase the penalties for the offense of Minor Consuming or in Possession of Alcohol (MCA). Under current law, MCA is a violation punishable by a \$100 fine. A minor cited for MCA was also subject to an administrative drivers license revocation under AS 28.15.183 (the "use it, lose it" law). However, in a recent Alaska Supreme Court case, *State v. Niedermeyer*, the "use it, lose it" law was found to violate due process. The court decided that a minor has a right to a jury trial and court-appointed counsel before a license can be revoked for MCA.

Under this bill, for a first offense, the court can place the person on probation and refer the case to a "community diversion panel." Alternatively, the court shall impose a fine of at least \$200 but not more than \$600.

Continued on Page Two

Prepared by: Barbara Brink, Director Phone 907 334-4414
Division: Public Defender Agency Date/Time April 24, 2001
Approved by: Jim Duncan, Commissioner Date 4/24/01
Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

CS HB 179 (FIN), FN#8 ANALYSIS: (continued)

For a second offense (repeat MCA), the mandatory fine is \$1,000. But \$500 can be suspended if the defendant completes probation. There is a mandatory minimum community work service of 48 hours.

A third offense (habitual MCA) would be a class B misdemeanor. A mandatory minimum of 96 hours of community work service must be imposed. The court also must revoke a minor's drivers license or privilege to drive for six months. The juvenile delinquency statutes would be amended so that habitual (third offense) MCA would be handled by the Division of Juvenile Justice and juvenile courts.

The Public Defender Agency will have a substantial fiscal impact from this bill. As the bill is currently drafted, we would be appointed to represent people charged with both repeat and habitual MCA.

Repeat MCA (second offense) is a violation. The Public Defender Agency does not generally represent people on violations. However, the Alaska Court of Appeals in *Booth v. State*, 903 P.2d 1079 (Alaska App. 1995) decided that before community work service can be imposed a defendant has a right to a jury trial and court-appointed counsel. Therefore, the Public Defender Agency would be appointed in these cases as well as the habitual (third offense) MCA's.

According to Division of Motor Vehicles and Department of Health and Social Services (DHSS) statistics, there will be about 1330 second and subsequent MCA offenses. Of these 738 will be repeat MCA and 592 will be habitual MCA.

It is difficult to estimate how many of these cases the Public Defender Agency will be appointed to. The repeat MCA is a violation. But, with the prospect of a \$500 mandatory minimum fine and 48 hours of community work service, there will be a significant percentage of defendants who will request an attorney. Even if only 40% of the repeat MCA defendants request a court-appointed attorney, the Public Defender Agency will have 295 new cases. Habitual MCA is a class B misdemeanor with a mandatory 96 hours community service and loss of a drivers license for six months. We estimate we will be appointed in 75% of these cases. The result will be 444 additional misdemeanor cases.

Under national standards, a Public Defender attorney should handle no more than 400 new misdemeanor cases per year. The repeat MCA cases will be less difficult than the average misdemeanor, so we will increase this number to 600 new repeat MCA's per year per attorney. With the addition of a half-time attorney, the Public Defender Agency will be able to handle the increased caseload due to repeat MCA. An additional full-time attorney will be needed to handle the additional caseload due to habitual MCA.

According to the DHSS statistics, the majority of these cases are filed in Anchorage, Fairbanks, and Palmer. We would place the half-time attorney in Anchorage because it would be easier to hire a part-time attorney for Anchorage. The other attorney would be placed in Palmer.

The cost per attorney includes clerical support and one-time equipment costs in the initial year.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 6
 Bill Version: CSHB 179(JUD)
 (H) Publish Date: 4/20/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Health & Social Services
 Title: An Act relating to underage drinking and BRU: Alcohol & Drug Abuse Svcs
drug offenses Component: CAASA Grants
 Sponsor: House (JUD)
 Requester: House (JUD) Component Number: 1413

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	426.0	426.0	426.0	426.0	426.0	426.0
Miscellaneous						
TOTAL OPERATING	426.0	426.0	426.0	426.0	426.0	426.0

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	426.0	426.0	426.0	426.0	426.0	426.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	426.0	426.0	426.0	426.0	426.0	426.0

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 179 creates a class B misdemeanor crime of "habitual minor consuming." Upon conviction the court is to require the individual to receive treatment specified under AS 28.35.030(h). AS 28.35.030(h) is geared toward the sentencing of adult DWI offenders. Alcohol Safety Action Program (ASAP) functions not as treatment but as the monitor of compliance with conditions of the court as part of the sentence. The existing ASAP program does not serve minors (persons under 18). Based on DMV data about youth the lose their driver's license due to MC/MIP, we are projecting that an additional 1,048 person statewide would be found guilty under this bill and referred to ASAP programs. Current ASAP programs are under funded and could not absorb this increase without increased funding. These funds would allow the Division to fund programs that would be specific for the person guilty of "habitual minor consuming."

Prepared by: Ernie Turner Phone 465-2071
 Division: Alcohol and Drug Abuse Date/Time 3/26/01 1:12 PM
 Approved by: Elmer A. Lindstrom, Special Assistant Date 3/26/01 1:12 PM
 Agency: Department of Health & Social Services

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