

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 86 / 2

10630 SENATE LABOR & COMMERCE

SB

317

FY 02 National Forest Receipts Payments

Organized Borough Payments

City and Borough of Juneau	\$930,246.22
City and Borough of Sitka	\$977,058.77
City and Borough of Yakutat	\$666,918.66
Haines Borough	\$498,410.12
Kenai Peninsula Borough	\$29,160.01
Ketchikan Gateway Borough	\$402,359.48
Kodiak Island Borough	\$92.03
Matanuska-Susitna Borough	\$1,155.72
Municipality of Anchorage	\$7,325.05

Tongass Unorganized Borough Payments

Annette Island REAA	\$443,645.19
Chatham REAA	\$337,075.01
City of Angoon	\$28,921.97
City of Coffman Cove	\$58,445.69
City of Craig	\$738,324.10
City of Hoonah	\$343,244.43
City of Hydaburg	\$163,391.49
City of Kake	\$277,445.67
City of Kasaan	\$31,855.53
City of Klawock	\$321,881.15
City of Pelican	\$35,461.22
City of Petersburg	\$1,004,876.64
City of Port Alexander	\$3,309.67
City of Skagway	\$231,562.31
City of Tenakee Springs	\$9,402.46
City of Thorne Bay	\$127,873.45
City of Wrangell	\$704,621.20
Metlakatla Community Development Corp.	\$130,506.14
Southeast Island REAA	\$382,903.59

Chugach Unorganized Borough Payments

Chugach REAA	\$10,887.39
City of Cordova	\$33,079.98
City of Valdez	\$60,460.22
City of Whittier	\$1,696.41

State of Alaska - DOT/PF	\$170,000.00
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Total Payments	\$9,163,597.00
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Title 41. Public Resources.

Chapter

- 15. Forests (§ 41.15.180)
- 17. Forest Resources and Practices (§§ 41.17.116, 41.17.950)
- 23. Multiple Use Management of Public Resources (§§ 41.23.420, 41.23.500)
- 35. Historic Preservation (§ 41.35.350)

Chapter 15. Forests.

Article

- 2. Forest Reserve Fund (§ 41.15.180)

Article 1. Protection of Forested Land.

Sec. 41.15.010. Intent.

NOTES TO DECISIONS

Quoted in *Brady v. State*, 965 P.2d 1 (Alaska 1998), cert. denied, — U.S. —, 119 S. Ct. 1268, 143 L. Ed. 2d 363 (1999).

Sec. 41.15.020. Regulations.

NOTES TO DECISIONS

Failure to control beetle epidemic. — The fact that this section directs the commissioner to protect the forests from destructive agents does not render the Department of Natural Resources negligent per se for failure to control a beetle epidemic; such a theory

would, in effect, make the state liable for all harm to its forests. *Brady v. State*, 965 P.2d 1 (Alaska 1998), cert. denied, — U.S. —, 119 S. Ct. 1268, 143 L. Ed. 2d 363 (1999).

Article 2. Forest Reserve Fund.

Section

- 180. National forest income

Sec. 41.15.180. National forest income. (a) When the commissioner of community and economic development receives national forest income under 16 U.S.C. 500, the commissioner shall immediately pay to each organized borough in which national forest land is located a share of the income from that forest; an organized borough's share of income from a national forest shall be proportional to the area of the national forest located within its boundaries.

(b) There is created as a separate account in the general fund the unorganized borough national forest receipts fund. The fund consists of national forest income received by the Department of Community and Economic Development under 16 U.S.C. 500 for the percentage of a national forest located within the unorganized borough. Seventy-five percent of the fund shall be allocated for public schools and 25 percent for public roads.

(c) From the percentage of the unorganized borough national forest receipts fund allocated to the public schools under (b) of this section, the commissioner shall pay to each home rule or first class city located within the unorganized borough and within a national forest or within 20 miles of a national forest, or regional educational attendance area that has a school located within the unorganized borough and within a national forest or

within 20 miles of a national forest, a share of the income from the public schools allocation of the fund. A home rule city, first class city, or regional educational attendance area's share shall be calculated as the proportion of the number of children in average daily membership of the city school district or regional educational attendance area compared to the total number of children in average daily membership in city school districts located within the unorganized borough and within the national forest or within 20 miles of the national forest and in regional educational attendance areas that have a school located within the unorganized borough and within the national forest or within 20 miles of the national forest.

(d) From the percentage of the unorganized borough national forest receipts fund allocated to public roads under (b) of this section, the commissioner shall pay to each

(1) home rule city, first class city, or second class city that exercises road powers, that is located within the unorganized borough and within a national forest or within 20 miles of a national forest, a share of the income from the roads allocation of the fund; a home rule city, first class city, or second class city's share shall be calculated as the proportion of the number of road miles within municipal boundaries over which the community exercises road powers plus the number of state road miles maintained by the municipality under agreement with the state compared to the total number of road miles maintained by state or local governments in the unorganized borough and within the national forest or within 20 miles of the national forest;

(2) municipality organized under federal law as an Indian reserve that existed before the enactment of 43 U.S.C. 1618(a) and is continued in existence under that subsection and that has formed a community development corporation under AS 29.60.365, that exercises road powers and that is located within the unorganized borough and within the national forest or within 20 miles of the national forest a share of the income from the roads allocation of the fund; the share due a municipality organized under federal law that exercises road powers shall be calculated as the proportion of the number of road miles within municipal boundaries over which the community exercises road powers plus the number of state road miles maintained by the municipality under agreement with the state compared to the total number of road miles maintained by state or local governments in the unorganized borough and within the national forest or within 20 miles of the national forest; however, the commissioner may pay income from national forest receipts under this paragraph only after the corporation has delivered a written waiver of sovereign immunity from legal action by the state to recover all or a portion of the money distributed under this section.

(e) A distribution made under (a) of this section shall be expended for public schools and public roads. A distribution made under (c) of this section shall be expended for public schools. A distribution made under (d) of this section shall be expended for public roads.

(f) For the purpose of making distributions from the fund, the commissioner of community and economic development shall consult with the commissioner of education and early development, for purposes of determining the number of children in average daily membership in the public schools affected by this section, and the commissioner of transportation and public facilities, to determine the total number of road miles in the unorganized borough affected by this section.

(g) An organized borough, home rule city, first class city, second class city, regional educational attendance area, or a municipality organized under federal law that receives a national forest income payment or distribution under 16 U.S.C. 500 or this section shall annually report and account to the commissioner of community and economic development its use of the payment or distribution for the purposes provided in (a) — (e) of this section. The commissioner of community and economic development may not distribute national forest income under this section to an entity in the unorganized borough that has previously failed to report and account as required under this subsection.

(h) For purposes of this section, if a portion of a home rule city, first class city, or second class city, or municipality organized under federal law in the unorganized borough is

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located within the national forest or within 20 miles of a national forest or if a regional educational attendance area has a school located within the national forest or within 20 miles of the national forest, the entire home rule city, first class city, or second class city, regional educational attendance area, or municipality organized under federal law is considered to be within the national forest.

(i) A payment or distribution made under this section shall be made under an appropriation for the purpose.

(j) That portion of the unorganized borough national forest receipts fund remaining in the account unobligated and unexpended on June 30 of a fiscal year shall be deposited into the unrestricted portion of the general fund and shall be used to offset expenses of the general fund for school and road maintenance in the affected areas of the unorganized borough for which direct distribution of funds has not been made. (§ 47-5-1 ACLA 1949; am § 1 ch 106 SLA 1965; am § 1 ch 32 SLA 1969; am § 2 ch 37 SLA 1991)

Revisor's notes. — In 1999, in (f) of this section, "commissioner of education" was changed to read "commissioner of education and early development" in accordance with § 89, ch. 58, SLA 1999; in (a), (f), and (g) of this section, "commissioner of community and regional affairs" was changed to read "commissioner

of community and economic development" in accordance with § 91(a)(10), ch. 58, SLA 1999; and in (b) of this section "Community and Regional Affairs" was changed to "Community and Economic Development" in accordance with § 91(a)(10), ch. 58, SLA 1999.

Chapter 17. Forest Resources and Practices.

Article

2. Riparian Management (§ 41.17.116)
7. General Provisions (§ 41.17.950)

Article 1. Administration and Management.

Sec. 41.17.010. Declaration of intent.

NOTES TO DECISIONS

Quoted in *Brady v. State*, 965 P.2d 1 (Alaska 1998), cert. denied, — U.S. —, 119 S. Ct. 1268, 143 L. Ed. 2d 363 (1999).

Article 2. Riparian Management.

Section

116. Riparian standards for private land

Sec. 41.17.116. Riparian standards for private land. (a) Private forest land adjacent to the following types of waters and located in a coastal forest of spruce or hemlock is subject to the riparian protection standards established in this section:

(1) along a Type A water body,

(A) operations within 100 feet of the stream or to the break of the slope, whichever area is smaller, shall be conducted in compliance with slope stability standards established in regulations adopted under this chapter; and

(B) harvest of timber may not be undertaken within 66 feet of the water body;

(2) along a Type B water body,

(A) operations within 100 feet of the stream or to the break of the slope, whichever area is smaller, shall be conducted in compliance with slope stability standards established in regulations adopted under this chapter; and

(B) harvest of timber may not be undertaken within 66 feet of the water body or to the break of the slope, whichever area is smaller;

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Total Payments \$9,163,597.00

TITLE 3. COMMUNITY AND ECONOMIC DEVELOPMENT.
PART 2. COMMUNITY AND BUSINESS DEVELOPMENT.
CHAPTER 132. NATIONAL FOREST RECEIPTS PROGRAM.

Article

1. General Provisions
2. Program Eligibility
3. Procedures
4. Definitions

ARTICLE 1. GENERAL PROVISIONS.

Section

10. Purpose
20. Objective
30. Delegation of authority

3 AAC 132.010 is amended to read:

3 AAC 132.010. PURPOSE. 3 AAC 132.010 — 3 AAC 132.160 implement, interpret, and make specific 16 U.S.C. 500 and AS 41.15.180 to provide for payments under the national forest receipts program to eligible municipalities and regional educational attendance areas.

(Eff. / / , Register)

Authority: AS 41.15.180
AS 44.33.020

3 AAC 132.020 is amended to read:

3 AAC 132.020. OBJECTIVE. The objective of the national forest receipts program is to allocate a share of national forest income under 16 U.S.C. 500 and AS 41.15.180 to eligible municipalities to be expended for public schools, [AND] public roads, and Title II and Title III projects and to eligible regional educational attendance areas to be expended for public schools and Title II and Title III projects. (Eff. / / , Register)

Authority: AS 41.15.180
AS 44.33.020

3 AAC 132.030. DELEGATION OF AUTHORITY. The commissioner will, in the commissioner's discretion, delegate the authority to administer the national forest receipts program under AS 41.15.180 to the division of community and business development in the department.

Authority: AS 41.15.180
AS 44.17.010
AS 44.33.020

ARTICLE 2. PROGRAM ELIGIBILITY.

Section

40. Eligibility requirements

3 AAC 132.040 is amended to read:

3 AAC 132.040. ELIGIBILITY REQUIREMENTS. To be eligible to receive a payment under the national forest receipts program, a municipality or regional educational attendance area must

(1) apply to the department under the procedures set out in 3 AAC 132.050 — 3 AAC 132.160;

(2) be classified before October 1 of the state fiscal year immediately preceding the application year, as a

(A) municipality under AS 29.04.010 — 29.04.030;

(B) municipality organized as an Indian reserve having formed a community development corporation under AS 29.60.365; or

(C) regional educational attendance area under AS 14.08.031; and

(3) be located within

(A) the national forest; or

(B) 20 miles of the national forest. (Eff. / / , Register)

Authority: AS 41.15.180

AS 44.33.020

ARTICLE 3. PROCEDURES.

Section

50. Application procedures

55. Allocation of national forest receipt funds between the Chugach and Tongass national forests

60. Calculation on national forest within [ORGANIZED] boroughs

- 70. Calculation of average daily membership
- 80. Calculation of locally maintained roads
- 85. Calculation of title II and title III projects**
- 90. Waiver of sovereign immunity
- 100. Expenditure of national forest receipts for public schools
- 110. Expenditure of national forest receipts for public roads
- 115. Expenditure of national forest receipts for title III projects; public comment period**
- 120. Accounting and reporting requirements
- 130. Reduction of payments
- 140. Appeal procedures
- 150. Underpayment and adjustment
- 160. Overpayment and adjustment

3 AAC 132.050 is amended to read:

3 AAC 132.050. APPLICATION PROCEDURES. (a) An application for payment under the national forest receipts program must be made on a form provided by the department.

(b) By **July 1** [OCTOBER 1] of each application year, the department will distribute application forms to municipalities and regional educational attendance areas that the department determines may be eligible for participation in the national forest receipts program. The department will make application forms available to the public upon request.

(c) To be eligible for the national forest receipts program, an applicant must meet the eligibility requirements in 3 AAC 132.040 and must submit to the department an annual application form including, as appropriate, a certified road mileage statement as described in 3 AAC 32.080, a state road maintenance agreement as described in 3 AAC 132.080, **a declaration allocating its share of project funds between Title II and Title III**

projects, a waiver of sovereign immunity as described in 3 AAC 132.090, and an annual accounting report as described in 3 AAC 132.120 postmarked no later than August 15 [DECEMBER 15] of the application year.

(d) The commissioner will, in the commissioner's discretion, waive the filing deadline if the commissioner determines that the municipality or regional educational attendance area made a good faith effort to comply with the provisions of this section and if the commissioner determines that a waiver will not unreasonably disrupt the administration of the program. (Eff. / / , Register)

Authority: AS 41.15.180

AS 44.33.020

3 AAC 132 is amended by adding a new section to read:

3 AAC 132.055. ALLOCATION OF NATIONAL FOREST RECEIPT FUNDS BETWEEN THE CHUGACH AND TONGASS NATIONAL FORESTS. The department shall allocate the state's annual full payment of national forest receipts received from the federal government between the Tongass and Chugach National Forests for distribution to eligible applicants located within each national forest using the following formula:

- (1) 98.43 percent shall be allocated for the Tongass National Forest;
- (2) 1.57 percent shall be allocated for the Chugach National Forest.

(Eff. / / , Register)

Authority: AS 41.15.180

AS 44.33.020

3 AAC 132.060 is amended to read:

3 AAC 132.060. CALCULATION OF NATIONAL FOREST WITHIN [ORGANIZED] BOROUGH. The amount of a payment made under the national forest receipts program to each [AN ORGANIZED] borough will be calculated based upon the area of the national forest located within its boundaries as of September 30 of the state fiscal year immediately preceding the application year. (Eff. / / , Register)

Authority: AS 41.15.180
AS 44.33.020

3 AAC 132.070 is amended to read:

3 AAC 132.070. CALCULATION OF AVERAGE DAILY MEMBERSHIP. The amount of a payment made under the national forest receipts program to a regional educational attendance area or a municipal school district in the unorganized borough for public schools will be calculated based upon the average daily membership of school districts as determined under AS 14.17.600 [AS 14.17.160(A), ENDING THE FOURTH FRIDAY IN OCTOBER] of the state fiscal year immediately preceding the application year. (Eff. / / , Register)

Authority: AS 41.15.180
AS 44.33.020

3 AAC 132.080 is amended to read:

3 AAC 132.080. CALCULATION OF LOCALLY MAINTAINED ROADS. (a)
The amount of a payment made under the national forest receipts program to a municipality

in the unorganized borough for public roads will be calculated based upon the number of road miles located within the municipality over which it exercises road powers plus the number of state road miles maintained by the municipality under a road maintenance agreement with the state in effect as of September 30 of the state fiscal year immediately preceding the application year.

(b) A municipality shall submit with its annual application to the department a road mileage statement certified by the mayor of the number of miles of eligible locally maintained roads. The road mileage statement must be on a form provided by the department. If the municipality is under agreement with the state to provide for maintenance of state roads, a copy of the road maintenance agreement between the municipality and the state in effect as of September 30 of the state fiscal year immediately preceding the application year must be provided in addition to the certified road mileage statement. The department may require the municipality to submit a scale map displaying the roads claimed. (Eff. / / , Register)

Authority: AS 41.15.180
AS 44.33.020

3 AAC 132 is amended by adding a new section to read:

3 AAC 132.085. CALCULATION OF TITLE II AND TITLE III PROJECTS. (a) The amount of Title II and Title III project money allocated for the unorganized borough under the national forest receipts program shall equal 15 percent of the unorganized borough's payment calculated under 3 AAC 132.060.

(b) National forest receipts money allocated to the state under AS 41.15.180 (j) is exempt from the requirements of this section.

(c) The portion of national forest receipts program money allocated to each municipality or regional educational attendance area in the unorganized borough that must be used for Title II and Title III projects under paragraph (a) of this section shall be based upon the municipality's or regional educational attendance area's pro rata share of the total amount allocated to it under AS 41.15.180 (c) and (d) during the application year.

(d) If the total amount allocated to a municipality or regional educational attendance area in the unorganized borough for schools under AS 41.15.180 (c), roads under AS 41.15.180 (d), and Title II and Title III projects under this section, totals less than \$100,000, the municipality or regional educational attendance area is exempt from the requirement to spend a portion of its national forest receipts payment on Title II or Title III projects. If exempt from spending national forest receipt money on Title II or Title III projects under this section, a municipality or regional educational attendance area must spend an amount equal to the amount that would have been allocated for Title II or Title III projects for schools and roads proportional to its allocation for schools under AS 41.15.180 (c) and roads under AS 41.15.180 (d).

(e) Notwithstanding the requirements of (c) of this section, if the total amount allocated to a municipality or regional educational attendance area in the unorganized borough for schools under AS 41.15.180 (c), roads under AS 41.15.180 (d), and Title II and Title III projects in \$100,000 or more, the municipality or regional educational attendance area must spend a pro rata share of the total amount exempted for Title II and Title III projects as provided for under (b) and (d) of this section, the amount to be determined by the department. The department shall proportionately reduce a municipality's or regional educational attendance area's school and road allocations to equal the amount determined to be exempt under (b) and (d) of this section so that the 15 percent requirement of (a) of this section is met. (Eff. / / , Register)

Authority: AS 41.15.180

3 AAC 132.090 is amended to read:

3 AAC 132.090. WAIVER OF SOVEREIGN IMMUNITY. A municipality **organized as an Indian reserve having formed a community development corporation under AS 29.60.365** applying for a payment from the national forest receipts program [UNDER AS 41.15.180(D)(2)] shall submit with its annual application to the department a written waiver of sovereign immunity from legal action by the state to recover all or a portion of the payments distributed. The written waiver of sovereign immunity must be on a form provided by the department. (Eff. / / , Register)

Authority: AS 41.15.180

AS 44.33.020

3 AAC 132.100 is amended to read:

3 AAC 132.100. EXPENDITURE OF NATIONAL FOREST RECEIPTS FOR PUBLIC SCHOOLS. A payment made under the national forest receipts program for public schools must be used only for the operation, maintenance, repair, or construction of public schools and may be used as the local government contribution to public schools under **AS 14.17.410(b)(2)** [AS 14.17.025]. (Eff. / / , Register)

Authority: AS 41.15.180

AS 44.33.020

3 AAC 132.110. EXPENDITURE OF NATIONAL FOREST RECEIPTS FOR PUBLIC ROADS. A payment made under the national forest receipts program for public roads must be used only for the operation, maintenance, repair, or construction of public roads over which the municipality exercises road powers. The purchase of materials and equipment used to operate, maintain, repair, or construct public roads is permitted under this section.

Authority: AS 41.15.180
AS 44.33.020

3 AAC 132 is amended by adding a new section to read:

3 AAC 132.115. EXPENDITURE OF NATIONAL FOREST RECEIPTS FOR TITLE III PROJECTS; PUBLIC COMMENT PERIOD. (a) Title III project payments may be used for the following purposes by a municipality or regional educational attendance area:

(1) Reimbursement for search and rescue and other emergency services, including fire fighting, performed on Federal lands and paid for by the municipality or regional educational attendance area;

(2) Reimbursement for all or part of the costs incurred by municipal or regional educational attendance area to pay the salaries and benefits of their employees who supervise adults or juveniles performing mandatory community service on Federal lands;

(3) Acquisition of easements on a willing seller basis to provide for nonmotorized access to public lands for hunting, fishing, and other recreational purposes and conservation easements;

(4) Establishing and conducting forest-related after school programs;

(5) Educating homeowners in fire-sensitive ecosystems about the consequences of wildfires and techniques in home siting, home construction, and home landscaping than can increase the protection of people and property from wildfires; and

(6) Planning efforts to reduce or mitigate the impact of development on adjacent Federal lands and to increase the protection of people and property from wildfires.

(b) A municipality or regional educational attendance area that intends to spend national forest receipts money on a Title III project authorized in (a) of this section, must give public notice of the proposed Title III project and provide for a minimum 45 day public comment period before money can be expended. Public notice under this subsection means (1) publication of a description of the proposed Title III project, at least one time, in a newspaper of general circulation in the municipality or regional educational attendance area boundaries, or (2) posting of a notice of the description of the proposed Title III project in at least three public and prominent locations in the municipality or regional educational attendance area boundaries, to remain posted for the entire comment period. The public notice must include the mailing address for comments from interested parties to be received by the municipality or regional educational attendance area. After the 45-day comment period has ended, the municipality or regional educational attendance area may amend the proposed Title III project based upon comments received or institute the project as described in the public notice. (Eff. / / , Register)

Authority: AS 41.15.180

AS 44.33.020

3 AAC 132.120. ACCOUNTING AND REPORTING REQUIREMENTS. A municipality or regional educational attendance area that receives a payment from the national forest receipts program shall establish a separate accounting of the receipt and expenditure of the payment. A municipality or regional educational attendance area shall

submit with its annual application to the department an accounting report that documents the expenditure of the income received from the national forest receipts program in the previous application year. The report must be on a form provided by the department and must be certified by the mayor of the municipality or by the superintendent of the regional educational attendance area.

Authority: AS 41.15.180

AS 44.33.020

3 AAC 132.130. REDUCTION OF PAYMENTS. The department will reduce a municipality's or regional educational attendance area's payment under the national forest receipts program if the department determines that a municipality or regional educational attendance area failed to properly expend a payment received from the national forest receipts program. The amount of the reduction will equal the amount determined by the department to have been improperly expended. At the discretion of the department, the reduction will occur over more than one application year. The department will notify the municipality or regional educational attendance area of the determination in writing by certified mail.

Authority: AS 41.15.180

AS 44.33.020

3 AAC 132.140. APPEAL PROCEDURES. (a) A municipality or regional educational attendance area may appeal a determination made by the department under 3 AAC 132.130 to the commissioner. An appeal must be made in writing to the commissioner within 15 days after receipt of the department's determination.

(b) Not later than 15 days after receipt of the appeal, the commissioner or the commissioner's designee will decide the appeal and will notify the municipality or regional

educational attendance area of the decision in writing by certified mail. The written decision is the agency's final administrative decision for purposes of appeal to superior court.

Authority: AS 41.15.180
AS 44.33.020

3 AAC 132.150 is amended to read:

3 AAC 132.150. UNDERPAYMENT AND ADJUSTMENT. (a) A municipality or regional educational attendance area may submit a request for adjustment if the municipality or the regional educational attendance area believes that an underpayment was made. A request for adjustment under this section must be made in writing to the commissioner and must be postmarked on or before August 1 [NOVEMBER 1] of the application year following the application year in which the underpayment was made. The request must include relevant evidence to demonstrate a good faith effort by the municipality or regional educational attendance area to comply with the provisions of this chapter and must include documentation in support of the adjustment.

(b) Not later than 15 days after receipt of the request for adjustment, the commissioner or the commissioner's designee will make a determination and will notify the municipality or regional educational attendance area of the decision in writing by certified mail. The written decision is the agency's final administrative decision for purposes of appeal to the superior court.

(c) Upon a determination by the commissioner or the commissioner's designee that the municipality or regional educational attendance area made a good faith effort to comply with the provisions of this chapter and that an underpayment was made, the department will adjust the payment during the application year in which the request for adjustment was made.

The adjustment will be the difference between the amount that the municipality or regional educational attendance area received and the amount it was entitled to receive.

(d) If the commissioner or the commissioner's designee determines that the municipality or regional educational attendance area did not make a good faith effort to comply with the provisions of this chapter or that an underpayment was not made, the request for adjustment will be denied. (Eff. / / , Register)

Authority: AS 41.15.180

AS 44.33.020

3 AAC 132.160. OVERPAYMENT AND ADJUSTMENT. (a) If the department determines that a payment that a municipality or regional educational attendance area received under the national forest receipts program exceeded the amount that the municipality or regional educational attendance area was entitled to receive during an application year, the department either will

(1) request that the excess payment be returned to the state; or

(2) reduce the municipality's or regional educational attendance area's payment during the following application year.

(b) If the commissioner or the commissioner's designee determines that it is in the best interests of the state and the municipality or regional educational attendance area, the commissioner or the commissioner's designee will reduce the municipality's or regional educational attendance area's payment under (a)(2) of this section over a period of not more than three application years.

(c) The commissioner or the commissioner's designee will waive the return of the overpayment if the commissioner or the commissioner's designee determines that

(1) the municipality or regional educational attendance area reasonably and in good faith relied upon the department's determination of the amount of the payment; and

(2) the reason for the overpayment was all or in substantial part departmental error.

Authority: AS 41.15.180
AS 44.33.020

3 AAC 132.900 is amended to read:

ARTICLE 4. DEFINITIONS.

Section

900. Definitions

3 AAC 132.900. DEFINITIONS. In this chapter

(1) "application year" means the state fiscal year during which a municipality or regional educational attendance area submits an application form for a payment under this chapter;

(2) "automotive equipment" means a self-propelled vehicle with a minimum of three wheels used to transport one or more persons, materials, or commodities;

(3) "commissioner" means the commissioner of the Department of Community and Economic Development;

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

(5) "Federal lands" means lands within the National Forest System as defined in section 11 (a) of 16 USC 1609 (a).

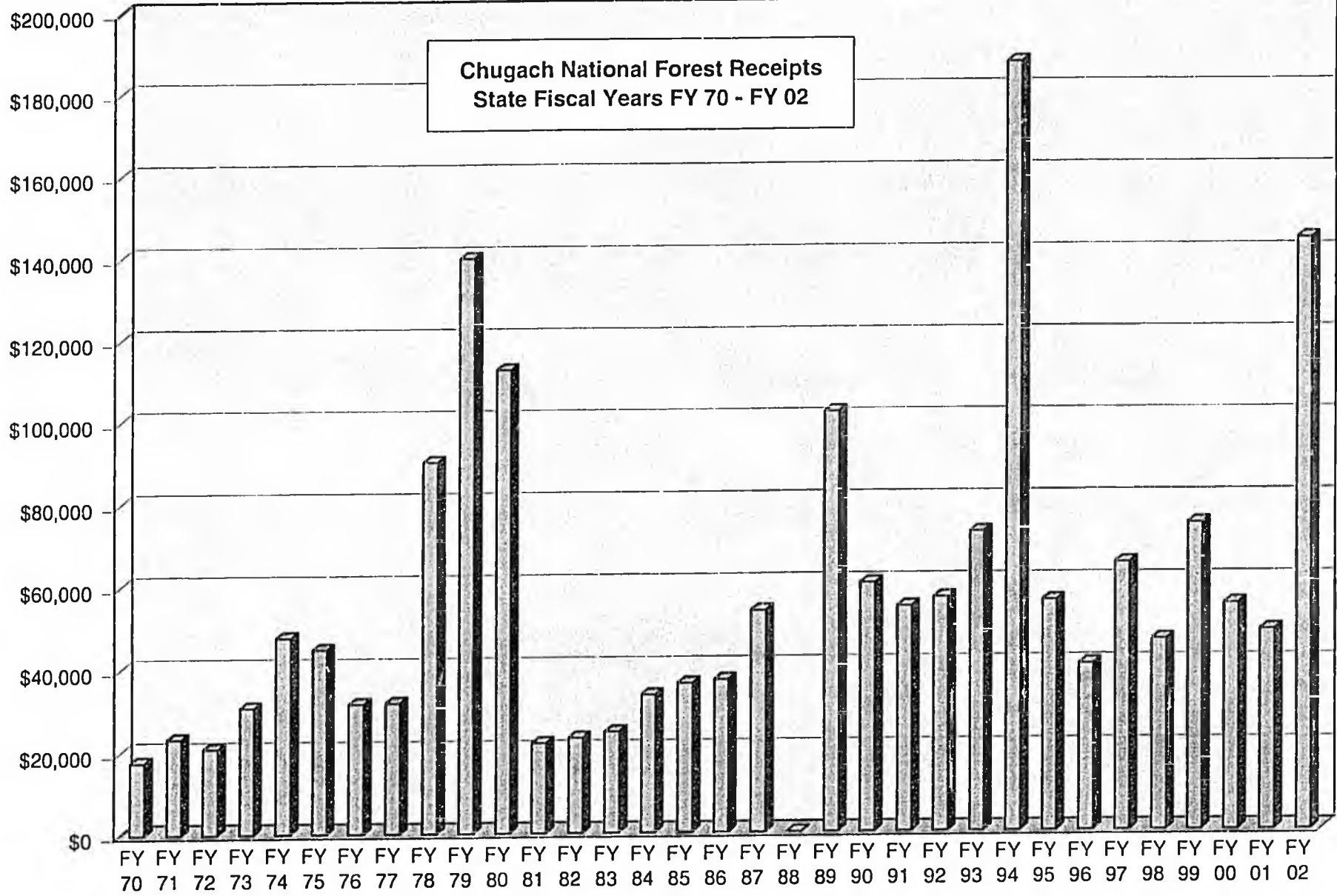
(6) [(5)] "public roads" means public right-of-ways dedicated and maintained for use by automotive equipment;

(7) [(6)] "public schools" means a school that is a member of a district of the state public school system as defined by AS 14.12.010. (Eff. / / , Register)

Authority: AS 41.15.180

AS 44.33.020

Chugach National Forest Receipts
State Fiscal Years FY 70 - FY 02



Alaska State Legislature

Chairman,
Judiciary Committee

Vice-Chairman,
Administrative Regulations
Review Committee

Member,
Transportation Committee
Resources Committee



Senator Robin L. Taylor

State Capitol
Juneau, AK 99801-1182
(907) 465-3873
Fax: (907) 465-3922

50 Front Street
Suite 203
Ketchikan, Alaska 99901
(907) 465-225-8088
Fax: (907) 225-0713

SPONSOR STATEMENT SB 317

"An Act relating to the national forest income program in the Department of Community and Economic Development and to the authority of the department to adopt regulations; and providing for an effective date."

SB 317 is, basically, nothing more than cleanup language that will enable the Department of Community and Economic Development to disburse what is commonly know as "Timber Receipts" money.

The "Secure Rural Schools and Community Self-Determination Act of 2000" (PL 106-393) made substantive changes to the federal program commonly known as National Forest Receipts. The Federal Act is subject to reauthorization in 2006.

In order to address the federal changes, the Department of Community and Economic Development amended its program regulations so that payments to communities located within the Chugach and Tongass National Forests would conform to the new federal requirements.

Subsequent to the adoption of the program regulation changes, the Department of Law advised the Department of Community and Economic Development that it lacked the statutory authority to implement the federal changes through its regulations. SB 317 provides the Department with the authority to adopt regulations necessary to implement the revised federal program in a manner consistent with federal law.

The bill also provides general regulation adoption authority for the Department to carry out its statutory functions. The change corrects a statutory problem created by the merger of the former Department of Commerce and Economic Development and the former Department of Community and Regional Affairs.

**STATE OF ALASKA
 FY 02 NATIONAL FOREST RECEIPTS
 BOROUGH PAYMENTS
 BASED ON PRIOR-YEAR BOROUGH ACREAGE AND
 14 YEAR HISTORICAL PAYMENTS TO EACH NATIONAL FOREST**

TONGASS NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Haines Borough	916,669	\$423,648.60	\$74,761.52	\$498,410.12
City & Borough of Juneau	1,710,896	\$790,709.29	\$139,536.93	\$930,246.22
Ketchikan Gateway Borough	740,014	\$342,005.56	\$60,353.92	\$402,359.48
City & Borough of Sitka	1,796,993	\$830,499.96	\$146,558.82	\$977,058.77
City & Borough of Yakutat	1,226,567	\$566,871.35	\$100,036.12	\$666,907.47
Unorganized Borough	10,197,822	\$4,713,034.90	\$831,712.04	\$5,544,746.95
TOTALS	16,588,961	\$7,666,769.65	\$1,352,959.35	\$9,019,729.00
TOTAL TONGASS PAYMENT				\$9,019,729.00

CHUGACH NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Municipality of Anchorage	274,983	\$7,325.05	\$0.00	\$7,325.05
Kenai Peninsula Borough	1,094,670	\$29,160.01	\$0.00	\$29,160.01
Kodiak Island Borough	3,455	\$92.03	\$0.00	\$92.03
Matanuska-Susitna Borough	43,386	\$1,155.72	\$0.00	\$1,155.72
City & Borough of Yakutat	420	\$9.51	\$1.68	\$11.19
Unorganized Borough	3,983,906	\$90,205.39	\$15,918.60	\$106,123.99
TOTALS	5,400,820	\$127,947.72	\$15,920.28	\$143,868.00
TOTAL CHUGACH PAYMENT				\$143,868.00

TOTAL STATE OF ALASKA PAYMENT **\$9,163,597.00**

STATE OF ALASKA
 FY 02 NATIONAL FOREST RECEIPTS
 TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH
 DOT/PF FUNDED AT \$170,000 AND PROJECTS @ 15%
 PROJECTS \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage Total School & Road \$	State Redistribution > \$170 K	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Petersburg	21.56	\$61,903.30	678.30	\$705,239.70	\$767,143.00	\$82,234.59	\$849,377.59	\$155,499.04	\$1,004,876.64	\$67,887.84	\$773,419.19	\$163,569.60
Wrangell	10.51	\$30,176.42	488.35	\$507,745.55	\$537,921.98	\$57,663.03	\$595,585.01	\$109,036.19	\$704,621.20	\$33,093.75	\$556,832.17	\$114,695.28
First Class												
Craig	9.35	\$26,845.82	516.30	\$536,805.63	\$563,651.45	\$60,421.13	\$624,072.58	\$114,251.53	\$738,324.10	\$29,441.16	\$588,701.65	\$120,181.30
Hoonah	9.10	\$26,128.02	226.90	\$235,911.67	\$262,039.69	\$28,089.58	\$290,129.27	\$53,115.16	\$343,244.43	\$28,653.96	\$258,718.58	\$55,871.89
Hydaburg	6.20	\$17,801.51	102.85	\$106,934.84	\$124,736.35	\$13,371.23	\$138,107.57	\$25,283.92	\$163,391.49	\$19,522.48	\$117,272.83	\$26,596.18
Kake	14.02	\$40,254.37	165.00	\$171,553.22	\$211,807.60	\$22,704.91	\$234,512.50	\$42,933.17	\$277,445.67	\$44,145.99	\$188,138.24	\$45,161.44
Klawock	10.30	\$29,573.47	207.90	\$216,157.06	\$245,730.53	\$26,341.31	\$272,071.84	\$49,809.31	\$321,881.15	\$32,432.50	\$237,054.18	\$52,394.46
Pelican	1.10	\$3,158.33	23.00	\$23,913.48	\$27,071.81	\$2,901.99	\$29,973.80	\$5,487.43	\$35,461.22	\$1,137.08	\$31,324.14	\$0.00
Skagway	12.05	\$34,598.09	136.75	\$142,181.23	\$176,779.32	\$18,950.02	\$195,729.34	\$35,832.97	\$231,562.31	\$37,942.88	\$155,926.69	\$37,692.74
Second Class												
Angoon	7.69	\$22,079.61	N/A	N/A	\$22,079.61	\$2,366.84	\$24,446.45	\$4,475.51	\$28,921.97	\$28,921.97	N/A	\$0.00
Coffman Cove	15.54	\$44,618.61	N/A	N/A	\$44,618.61	\$4,782.93	\$49,401.55	\$9,044.14	\$58,445.69	\$58,445.69	N/A	\$0.00
Kasaan	8.47	\$24,319.15	N/A	N/A	\$24,319.15	\$2,606.91	\$26,926.07	\$4,929.47	\$31,855.53	\$31,855.53	N/A	\$0.00
Port Alexander	0.88	\$2,526.67	N/A	N/A	\$2,526.67	\$270.85	\$2,797.51	\$512.15	\$3,309.67	\$3,309.67	N/A	\$0.00
Tenakee Springs	2.50	\$7,178.03	N/A	N/A	\$7,178.03	\$769.46	\$7,947.48	\$1,454.98	\$9,402.46	\$9,402.46	N/A	\$0.00
Thorne Bay	34.00	\$97,621.16	N/A	N/A	\$97,621.16	\$10,464.59	\$108,085.75	\$19,787.70	\$127,873.45	\$107,058.75	N/A	\$20,814.70
Federal Law												
Metlakatla	34.70	\$99,631.01	N/A	N/A	\$99,631.01	\$10,680.04	\$110,311.05	\$20,195.10	\$130,506.14	\$109,262.90	N/A	\$21,243.24
REAA'S												
Annette Island	N/A	N/A	325.75	\$338,687.65	\$338,687.65	\$36,305.93	\$374,993.58	\$68,651.61	\$443,645.19	N/A	\$371,430.49	\$72,214.70
Chatham	N/A	N/A	247.50	\$257,329.83	\$257,329.83	\$27,584.71	\$284,914.54	\$52,160.47	\$337,075.01	N/A	\$282,207.36	\$54,867.66
Southeast Island	N/A	N/A	281.15	\$292,316.29	\$292,316.29	\$31,335.11	\$323,651.40	\$59,252.19	\$382,903.59	N/A	\$320,576.15	\$62,327.44
TOTAL LOCAL	197.97	\$568,413.58	3,399.75	\$3,534,776.17	\$4,103,189.75	\$439,845.15	\$4,543,034.90	\$831,712.04	\$5,374,746.94	\$645,514.61	\$3,881,601.69	\$847,630.64
STATE	212.40	\$609,845.15	N/A	N/A	\$609,845.15	\$170,000.00	\$170,000.00	\$0.00	\$170,000.00	\$170,000.00	\$0.00	\$0.00
GRAND TOTAL	410.37	\$1,178,258.73	3,399.75	\$3,534,776.17	\$4,713,034.90	\$609,845.15	\$4,713,034.90	\$831,712.04	\$5,544,746.94	\$815,514.61	\$3,881,601.69	\$847,630.64

STATE OF ALASKA
 FY 02 NATIONAL FOREST RECEIPTS
 CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH
 PROJECTS @ 15% WITH PROJECT \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage School & Road \$	State Redistribution	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Cordova	12.90	\$1,776.56	475.95	\$21,318.82	\$23,095.38	\$5,022.60	\$28,117.98	\$4,962.00	\$33,079.98	\$2,544.61	\$30,535.37	\$0.00
Valdez	25.25	\$3,477.38	864.75	\$38,734.00	\$42,211.38	\$9,179.80	\$51,391.18	\$9,069.03	\$60,460.22	\$4,980.73	\$55,479.49	\$0.00
Second Class												
Whittier	8.60	\$1,184.38	N/A	N/A	\$1,184.38	\$257.57	\$1,441.95	\$254.46	\$1,696.41	\$1,696.41	N/A	\$0.00
REAA'S												
Chugach	N/A	N/A	169.70	\$7,601.23	\$7,601.23	\$1,653.05	\$9,254.28	\$1,633.11	\$10,887.39	N/A	\$10,887.39	\$0.00
TOTAL LOCAL	46.75	\$6,438.32	1,510.40	\$67,654.04	\$74,092.36	\$16,113.03	\$90,205.39	\$15,918.60	\$106,123.99	\$9,221.74	\$96,902.25	\$0.00
STATE	117.00	\$16,113.03	N/A	N/A	\$16,113.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTAL	163.75	\$22,551.35	1,510.40	\$67,654.04	\$90,205.39	\$16,113.03	\$90,205.39	\$15,918.60	\$106,123.99	\$9,221.74	\$96,902.25	\$0.00

SB

320



Honorable Ben Stevens, Chair
Senate Labor and Commerce Committee
Alaska Capitol Room 119
Juneau, AK 99801

RE: HB 395 (Cowdery) – Support

March 4, 2002

Dear Chair Stevens:

On behalf of the 112,000 AARP members in Alaska, we urge you and your colleagues on the Senate Labor and Commerce Committee to support SB320, authored by Senator John Cowdery.

SB320 addresses problems arising from insurance companies using "credit scores" to set rates for individuals.

As you know, retirees are the group least likely to use credit cards and to have debt. Five factors are primarily used for credit scoring:

- payment history
- amount of debt
- credit account history
- recent credit history
- types of credit

If an individual does not use credit regularly, s/he may face a negative discriminatory score on the credit report.

We understand the industry's interest in using tools that may help them identify poor risks, but we do not believe older individuals who do not use credit should be forced to pay higher insurance premiums simply because they are reluctant to build up debt.

AARP Alaska recommends an "AYE" vote on SB 320.

Should you have any questions about our position, please feel free to contact Marie Darlin (586-3637), Coordinator of the AARP Capitol City Task Force; Patrick Luby (907-762-3314), AARP Legislative Representative; or me (907-245-5259).

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Marguerite Stetson".

Marguerite Stetson - Executive Council Member for Advocacy

Cc: Senator Alan Austerman
Senator Loren Leman
Senator John Torgerson
Senator Bettye Davis
Senator John Cowdery

Sponsor Statement
Committee Substitute for Senate Bill 320 (TRA)

"An Act prohibiting discrimination in insurance rates based on credit rating or credit scoring; and providing for an effective date."

CSSB 320 (TRA) relates to insurers using credit scoring and or rating in determining insurance policy rates and premiums. What does your credit score have to do with how much you pay for automobile insurance? EVERYTHING!

Currently Alaska allows credit scoring to be part of insurance company rating plans, in which underwriting and rate setting is done. The Alaska Division of Insurance has a statutory mandate (AS 21.36.120) to protect the Alaska consumer against discrimination. Every car and home insurance company in Alaska, except one, uses credit scoring. Companies believe this method is a way to predict risk in determining potential insurance losses. Credit has nothing to do with risk. The practice of using this data discriminates against certain types of consumers.

First of all, credit scores and credit reports are many times inaccurate and contain errors. They are also very difficult and cumbersome to correct. Divorced women are often disadvantaged, especially when left with a high debt-to-income ratio. A sudden illness or employment loss may influence credit. Minorities may not use credit the same way as others and some religions don't even believe in the use of credit. Personal circumstances become unimportant when basing rates on credit scores. This method of calculating insurance rates favors the wealthy due to low debt-to-income ratios. You can have a spotless driving record, but maybe your business failed or you have a serious medical condition in your family, or even an error on your credit report; any of these situations would make you unavailable for preferred insurance, and you will pay a lot more in premiums. People without any credit history usually pay up to 25% more. Small business owners may pay up to 40% more because they operate on a line of credit.

There are about 25 states currently considering banning the use of credit history in determining insurance rates. Hawaii banned this insurance underwriting and rate setting practice 15 years ago. Not only does Hawaii ban credit scoring, but they have gone so far as to eliminate age, gender, marital status, and length of driving experience, as well. Their premiums remain some of the lowest in the United States.

The insurance industry wants to utilize this easy method to raise rates. Because of epidemic credit problems throughout our society, this is an easy way to target consumers and raise premiums. Why are we punishing the 40-year old woman with a clean driving record simply because a divorce changed her credit status? Why are we raising the premiums of a 70-year old man with a clean driving record whose medical bills affected his credit history? Your driving record alone should be the factor for rate increases.

The bottom line is common sense. We have mandatory insurance laws in this state. By using credit scores we are making it even more difficult and expensive for the consumer to obtain insurance. Simply, SB 320 prohibits insurance companies in Alaska from using credit scores in either underwriting or rate setting practices.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 320
 (S) Publish Date: 3/1/02

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Motor Vehicle Insurance & Repairs BRU Insurance (116)
 Component Insurance Operations
 Sponsor Senator Cowdery
 Requester Senate Transportation Component No. 354

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 bill has no fiscal impact on the operations of the department.

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

Phone: 907-269-7896
 Date/Time: 2/26/02 10:06 AM
 Date: 2/26/2002



Honorable John J. Cowdery, Chairman
Senate Transportation Committee
Alaska Capitol, Room 101
Anchorage, AK 99501

February 28, 2002

RE: SB 320 (support)

Dear Chair Cowdery:

On behalf of the 112,000 Alaska Members of AARP, we would like to thank you for introducing the modified version of SB 320, which would help eliminate the discriminatory aspects of credit scoring and auto insurance rates.

As you know, retirees are the group least likely to use credit cards and to have debt. Five factors are primarily used for credit scoring:

- payment history
- amount of debt
- credit account history
- recent credit history
- types of credit

If an Individual does not use credit regularly, s/he may face a negative discriminatory score on the credit report.

We understand the industry's interest in using tools that may help them identify poor risks, but we do not believe older individuals who do not use credit should be forced to pay higher insurance premium's simply because they are reluctant to build up debt.

We appreciate your leadership on this issue and look forward to working with you this.

Should you have any questions about our position, please feel free to contact Marie Darlin (586-3637), Coordinator of the AARP Capitol City Task Force; Patrick Luby (907-762-3314), AARP Legislative Representative; or me (907-245-5259).

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Marguerite Stetson".

Marguerite Stetson - Executive Council Member for Advocacy

Cc: Senator Jerry Ward
Senator Robin Taylor
Senator Gary Wilken
Senator Kim Elton

Bcc: Dave D'Amoto
Marie Darlin



Illinois Wins Top Spot In Economic Ranking

Illinois has displaced Michigan as the top state in a coveted economic-development ranking, thanks to a rules change.

Previously Site Selection magazine's Governor's Cup was awarded to the state landing the most new or expanded corporate facilities. That prompted smaller states to complain that bigger states had an unfair edge. For the 2001 rankings, to be announced today, nine additional criteria—including several per-capita measures—were added to "level the playing field," says Mark Arend, editor of the trade magazine published by Conway Data Inc. of Norcross, Ga.

Pam McDonough, director of the Illinois Department of Commerce and Community Affairs, agrees the new rules are "much fairer." She also credits new tax incentives, including a package that lured Boeing Co.'s corporate headquarters to Chicago from Seattle.

Officials in Michigan, which won the Governor's Cup for the past four years and would have won again if the rules hadn't changed, weren't as pleased. Kathleen Blake, senior vice president of business development for the Michigan Economic Development Corp., objects that the change was announced in November for a yearlong contest that ended in December. "They changed the rules at the 11th hour," she says. "We were shocked." Michigan tied for fourth with Virginia, behind Illinois, Kentucky and New York.

—Ken Gempfert

Aiming at Credit Scoring

Indiana and Washington are likely to pass legislation to restrict the use of credit history in determining insurance rates and eligibility, according to insurance-industry officials.

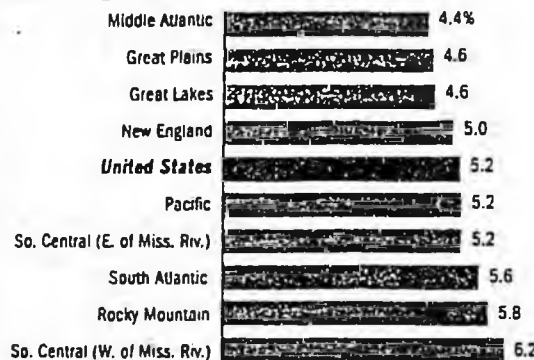
These states are among 25 that are considering or expected to consider bills to ban or limit the controversial practice, known as credit scoring, which has become widespread in auto and homeowners insurance in recent years. The reason insurers like credit scoring: They have established a correlation that shows people with bad credit are more likely to suffer an insured loss, such as a car accident, than people with good credit.

The insurance lobby, which insists credit scoring is fair, objective and accurate, is fighting proposals to curb the practice. Critics, however, say credit scoring smacks of redlining—in which banks used neighborhood boundaries in evaluating loan requests to discriminate against the minorities and the poor.

Economic Focus / Retail Sales

Percentage change from year earlier in retail sales (4th Qtr. 2001 vs. 4th Qtr. 2000)

The Regions



Biggest Gains

Texas	6.56%
New Mexico	6.35
Utah	6.33
Arkansas	6.31
Nevada	6.29

Smallest Gains

Washington	3.47%
Hawaii	3.57
New Jersey	3.58
South Dakota	3.63
Nebraska	3.68

Source: Economy.com

Buyers Through and Through

Consumers remained resilient spenders in many states during fourth quarter last year. The 5.2% gain in U.S. retail sales, compared with a year earlier, was caused partly by 0% auto-financing and other discounts. A big drop in gasoline prices and a record number of mortgage refinancings also gave consumers money to spend and outweighed layoff woes. Texas led in retail sales, partly because it was still adding jobs in the quarter. In Utah, sales were buoyed by preparations

for the Winter Olympics. New Mexico was boosted by increased spending at its military installations after the terrorist attacks. But recovery from the attacks' effects was uneven. Nevada started regaining some jobs lost to air-travel cutbacks, but continuing attack-related disruptions damped residents' willingness to spend in New York and Washington, D.C. Another damper in areas ranging from Boston to Seattle: hot housing markets that once fueled retail sales started to cool.

In Indiana, different versions of bills that would, at a minimum, prohibit using credit scores as the sole reason for canceling or denying coverage have passed each house of the legislature. And in Washington, bills to impose several restrictions on credit scoring, such as preventing insurers from penalizing people with no credit histories, have cleared the Senate and a key House committee.

—Robert Gavin

Drug Crackdowns

Prompted by a spate of overdose deaths tied to abuse of painkiller OxyContin, several states are seeking to crack down on illegal use of prescription drugs.

Lawmakers in Florida, Kentucky, Ohio and Pennsylvania are considering a range of measures, including proposals to tighten physicians' standards for prescribing addictive pills, set up prescription-tracking systems to catch fraudulent users and strengthen sentencing laws for offenders. Maine has adopted tougher penalties for illegally selling OxyContin and other prescription drugs, according to the National Conference of State Legislatures, while government studies were launched in Louisiana and Virginia to study possible legislative action.

Reports of widespread OxyContin abuse first surfaced in Appalachia, where users were crushing the pill, then

snorting or injecting it. The Drug Enforcement Agency noted the painkiller was a probable factor in about 300 overdose deaths since January 2000. OxyContin maker Purdue Pharma LP, Stamford, Conn., says it supports measures that would more closely track patients seeking multiple prescriptions, and says it is developing an abuse-resistant painkiller.

—Will Pinkston

Massive Layoffs Toll

The Northeast had the largest increase in workers losing their jobs in extended mass layoffs in the fourth quarter of 2001: The 65,305 layoffs were 70% more than those in the year-earlier quarter, new data from the Bureau of Labor Statistics shows. The South had a 40% increase in such layoffs, with 88,769. The agency tracks so-called mass layoffs, in which 50 or more workers are laid off in a single job cut, and extended layoffs, in which workers are out of a job for more than 30 days.

In sheer numbers, though, the Northeast still had the fewest total extended mass layoffs of the four regions. The West had the largest amount of workers laid off in large scale job cuts, with 178,000 layoffs, driven by job cuts in agricultural companies. Heavy construction layoffs helped give the Midwest the second highest number of layoffs: 154,367.

—Andrew Caffrey

The Insurance Guide **Consumer** Professional

Front Page Today Annuities Auto Business Health Home Life Ratings

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go go go

Instant Auto Insurance Quote!

ONE FORM 10 MINUTES Instant & Comparative Online Quotes

See what you can save on your auto insurance.

Agent Find a

How your credit history affects your auto and home insurance premiums

by *Brendan McKenna*
insure.com

Does having bad credit make you a worse driver or a riskier homeowner?

Think you are paying too much?

No, but your premium bills might make you believe that your insurance company thinks so.

Most people believe they are paying too much for their car insurance. To find out how your state ranks in comparison with others in your region and across the country, read [Best and worst states for auto insurance premiums](#).

According to a study by Conning and Co., more than 90 percent of auto insurance companies, and an increasing number of home insurers, use your credit information, filtered through a formula to create an "insurance risk score," to determine how likely you are

to file a claim on an insurance policy. More than half of those insurers use that information to determine how much to charge you in premiums.

Insurance risk scores are similar to credit risk scores — used by lenders to determine whether or not to approve a loan or line of credit — because both look at your credit information, but the two are *not* the same thing, says Craig Watts, a spokesperson for Fair, Isaac, and Co., whose insurance risk scores are used by about 300 insurers nationwide.

"Consumers are becoming more familiar with credit risk scoring, but insurance risk scoring is still fairly arcane," says Watts.

A peak inside the "black box"

While Fair, Isaac & Co. will not release the details of their insurance risk scoring model to the public, spokesperson Craig Watts says that your credit score can give you an idea of your insurance risk

While both insurance scores and credit scores look at the same five characteristics of a person's credit

Term

Largest Of Ins: Insurance Cov 250,000

Plan Year 20

Gender M

Birthdate

Height

Private No

Get C

Get a Quote!

Full Insurance with 24-hour roadside

Free Home Inspection

go

Travel Insurance Services

Partnerships

Web Site

characteristics of a person's credit report (see list at right), the data are weighted differently. This difference in weighting can swing 5 to 10 percent in each category.

"The biggest difference is that insurance risk scores look for stability, but credit risk scores look for a reliable pattern," says Watts. "Insurance scores are also more interested in how regularly you pay than in how much you already owe."

Insurers use these insurance scores to try to identify consumers who are consistent and reliable, as well as those who show a pattern of demonstrating common sense with money. Insurers say these people are less likely to file a claim on an insurance policy.

"We've studied millions of records and have found that there is a clear and reliable correlation between credit history and insurance risk," says Watts.

Allstate Insurance Co. and State Farm Mutual Auto Insurance Co., the nation's two largest auto and home insurers, have also noted this correlation and have developed their own insurance risk-scoring systems that incorporate credit information.

"We went in and looked at our data . . . to see if we could find differences between groups of people," says Mike Trevino, a spokesperson for Allstate. That analysis showed that people who have better credit — at least as reflected in their insurance scores — tend to file fewer claims, thus costing the insurer less money.

"Our feeling is that using credit information allows us to more fairly price our insurance," says Trevino. "Those that have better credit pay a lower rate."

Idea of your insurance risk score.

The five categories of your credit score are:

Past payment history (approx. 35%)

How you've paid your credit bills in the past, if your bills have been paid on time, items in collection, the number of "adverse public records" (bankruptcy, wage attachments, liens), and the number and length of delinquencies or items in collection.

Amount of credit owed (approx. 30%)

How many accounts, what kind of accounts, and how close you are to your credit limits.

Length of time credit established (approx. 15%)

How long you have had credit accounts and how long you have had specific accounts.

New credit (approx. 10%)

Number and proportion of recently opened accounts, the number of credit inquiries, and the reestablishment of positive credit history after payment problems.

Types of credit established (approx. 10%)

The number and activity of various types of credit accounts including credit cards, retail store accounts, installment loans, and mortgages.

Insurers place importance on the factors that show long-term stability, so by demonstrating responsible use of credit and keeping your balances low, you should be able to improve your insurance score. That could translate into lower insurance premiums, if you've been impacted by a negative credit history in the past.

You can purchase your credit score, credit report, and tips on how to improve your score from [myFICO](http://myFICO.com), a Web site from Fair, Isaac & Co.

Dick Luedke, a spokesperson for State Farm, which uses credit information only in deciding whether or not to issue an insurance policy, points out that in some cases use of credit information has allowed State Farm to cover people that wouldn't ordinarily have qualified.

"Study after study has shown that credit history can be correlated with the likelihood that someone will file a claim," says Luedke. "We don't claim to have the definitive answer as to why there is a correlation, but we believe one exists."

Correlations can't explain *why* insurance scoring works

"Study after study has shown that credit history can be correlated with the likelihood that someone will file a claim."

That reasoning for using insurance risk scoring infuriates Georgia Insurance Commissioner John Oxendine, who is also a member of the Consumer Protection Working Group of the National Association of Insurance Commissioners.

"I hear a lot of talk about correlation, but no talk about causation," says Oxendine. "Insurers don't have any reason for *why* scoring works, they just say 'correlation' over and over."

While Oxendine acknowledges that credit information — which has been used by some insurers for more than a decade — can be useful to insurance companies for avoiding insurance fraud-motivated arson and similar hazards, he places little faith in computer-modeled insurance scores and statistical relationships.

"If you punch enough numbers through a computer you can get anything," says Oxendine. "It's time we learn about how it works and make sure the criteria they use are in the best interest of the public."

So far Oxendine has had little success in getting insurers to divulge their methods for calculating insurance risk scores. "The information currently available to consumers seems designed to limit their understanding of [insurance] scores," says Oxendine. "If you don't know the rules of the game, you can't protect yourself."



It isn't quite that simple, says Dan Kummer, an expert on credit information issues and the director of auto insurance for the National Association of Independent Insurers, a property/casualty trade organization that has been an outspoken advocate for the use of credit-based insurance risk scores for selling and pricing insurance.

The computer models used to generate insurance scores from credit information represent a tremendous investment of time and money for insurers and they don't want that proprietary information to be leaked to other companies, says Kummer.


"This is very disturbing — it's like a black box," counters consumer advocate J. Robert Hunter, the director of insurance for the Consumer Federation of America (CFA) and a former Texas Insurance Commissioner. "They haven't verified that minorities, people with disabilities, and the poor aren't discriminated against by these systems."

According to Kummer and Watts, insurance risk-scoring models *do not* discriminate. "In the studies we've done, we looked specifically at the scoring of low- to moderate-income and high minority areas," says Watts. "People in those areas score the same as in areas of higher income. We didn't see a pattern of indirect discrimination." [Go to Page 2: Growing pains and growing regulation](#)

"If you punch enough numbers through a computer you can get anything."

Last updated Dec. 4, 2001

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Wednesday, December 26, 2001, 12:00 a.m. Pacific



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No credit history? It may raise your insurance

By Peter Lewis

Seattle Times consumer-affairs reporter

In the war of words over "credit scoring" — a contentious practice used by insurance companies to set rates for drivers and homeowners based on their credit history — there is at least one point of agreement among advocates and opponents:

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Those without credit histories cannot enjoy the system's "benefits," meaning they pay as much as 25 percent more for insurance.

Comparing the number of adult Americans counted in the 2000 Census with the number of active-credit files maintained by major credit-reporting agencies, there appear to be between 4 million and 19 million Americans who are 18 and older without credit histories.

Critics of the credit industry say most of those are immigrants, older people, those who are culturally uncomfortable or distrustful of credit, certain religious groups or those too poor to qualify.

At its core, credit scoring is based on the belief there is a strong, statistical correlation between personal financial responsibility and the likelihood that someone will get into an accident or otherwise file a claim to recover losses.

As a result, the system works against people who cannot prove through records kept by credit agencies that they have managed their money responsibly.

The consequences of an absence of credit came to light in Yakima, where many Hispanics live, at a public hearing in October hosted by Washington state insurance commissioner Mike Kreidler.

Testifying on the subject was an insurance-agency owner, David Hargreaves of Yakima-based Argus Insurance. In a subsequent interview, Hargreaves said some Hispanics were forced to spend more on expensive policies because they lacked credit histories.

It's happened about a dozen times in the past year, he said, mostly in the last quarter, indicating the credit-scoring trend is on the upswing. "The biggest problem we have relative to the Hispanic population is that, culturally, they by and large pay cash and do not have an established credit history," Hargreaves said.

"Even though their 'credit' may be perfectly good, they pay in cash. By virtue of that, when we order a credit score, we get a 'no hit' or it shows 'no credit.' And depending on the various insurance companies, if they solely use credit scoring, then it's a negative, and they get placed in a more 'surcharged' market," he said.

Depending on the particular insurance company's policy, the resulting difference will cost clients without credit histories from 10 to 25 percent more for auto insurance, Hargreaves said.

Kreidler, the insurance commissioner, recounted the impact on Hispanics, among other groups, in a presentation for state lawmakers in November. He used the occasion to announce his intent to introduce legislation in the upcoming legislative session to curb the practice, which has become widespread in the industry.

Kreidler, who fears credit scoring could increase the number of uninsured motorists, wants to ban it as the sole criterion to cancel, nonrenew or deny coverage. He also wants to cap at 20 percent the premium differential tied to credit scoring.

Kreidler acted after listening to scores of consumers at four public hearings last fall. Some consumers questioned the reliability of the underlying data in credit reports, and the potentially discriminating impact of credit scoring on divorced people, those with sudden, staggering medical expenses and victims of identity theft.

Even agents are frustrated

Credit scoring is an evolving technology that assigns a point value to attributes such as payment history, outstanding debt and the number and types of accounts. No two models are alike, and different companies can give more or less weight to the overall value of credit history vs. more traditional measures, such as driving history, accident records and claims.

Representatives of the insurance industry maintain that credit scoring is an objective, effective tool to place consumers into the appropriate risk categories. They further assert it permits companies to write more policies and to charge lower premiums for many consumers.

But because the companies do not spell out how they arrive at scores (they consider it intellectual property), some insurance agents have become frustrated trying to explain to customers decisions that neither agent nor customer fully understands. Also worrisome, agents say, is the move by some companies to cut underwriting costs by downgrading or ignoring traditional yardsticks.

Even the system's advocates acknowledge that consumers with no credit history become instant losers. "We're not penalizing anybody. But they (people without credit history) won't get a reward for having good credit," said Michael Harrold, northwest regional manager of the National Association of Independent Insurers, an industry trade group with more than 690 members who write \$98 billion in premiums annually.

Discrimination seen

Among those apparently not getting a reward are members of certain ethnic and religious groups, including Hispanics, Asians, strictly observant Muslims and older Americans who lived through the Depression and do not believe in credit.

"Most immigrant communities have some kind of mechanism where people pool their money with each other to have capital to begin whatever projects they need," said KaYing Yang, executive director of Searac, a Seattle-based advocacy group for the Southeast Asian community. "I believe the Korean name is 'kae.'

"The question about credit is a serious one," Yang said. "People don't want to have debt in the cultures I'm aware of. At the end of the year, before the new year, they pay off debt." This is particularly common in the Vietnamese-American community, she said, "to start the new year fresh."

Then there are observant Muslims. The Koran outlaws the paying of interest. "To make money on money without working for it is not allowed," said Jamil Abdul Razaak, spokesman for Seattle's Idriss Mosque. There are many Muslims who overlook the prohibition out of necessity, he said. But some strict followers of the Koran could interpret ownership of a credit card as a violation, even if they do not allow finance charges to accrue, Razaak said.

Others have an aversion to credit because of their life experience. Bruce Reeves, lobbyist for the Senior Citizens Lobby, an Olympia-based advocacy group, said that many older people who went through the Depression "have a pretty jaundiced feeling about who we trust to do business with, and how we handle our money. A number of people don't have credit cards."

Birny Birnbaum, a former assistant insurance commissioner in Texas who now works as a consultant, maintains that credit scoring discriminates against the poor, who generally have a harder time qualifying for credit.

Pete McCorkell, a former vice president for Fair, Isaac, a California-based company that has developed some of the most heavily used credit-scoring models, acknowledged that poor people and minorities are turned down for credit more often than others. But he maintained such outcomes are based on sound data and represent an accurate assessment of the risks they pose.

Mike Trevino, a spokesman for Allstate Insurance, said his company insures customers without credit histories, but they pay more. They are charged more because data show that such customers "perform worse" than the average Allstate customer. In other words their "loss costs" tend to be 12 percent to 25 percent more than average.

Still, Trevino acknowledged that, intuitively, it feels funny to charge customers more for the absence of certain characteristics rather than for things they actually did, like piling up debt or having too many accidents.

Andy Schoenholtz, a professor at Georgetown University who has studied international immigration, said many immigrant groups "have no idea what the U.S. credit system is." They often come from places with no formal financial structures or where such institutions were reserved for the wealthy or business interests.

That does not mean that such people are not credit-worthy, Schoenholtz said. He says he believes that financial institutions need to figure out nontraditional ways of tracking the saving, spending and regular payments made by those in immigrant communities.

It's only smart business to do so, the professor added, because otherwise the financial institutions and insurance companies "are missing a market for themselves."

Peter Lewis can be reached at 206-464-2217 or plewis@seattletimes.com.

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GARY WILKEN

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SECTIONAL ANALYSIS

Senate Bill 321 Revision of Veterinary Statutes

Section 1. Limitation of Liability. Limits the liability of those who report possible violations of regulations in section 22.

Section 2. Creation and membership of the Board. Current language permits a person licensed in any jurisdiction and/or a non-resident to be eligible for appointment to the Board. The section is amended to state that a licensed practitioner living and working in Alaska or a layperson at least 21 years of age with no vested interest in veterinary medicine would best serve Alaska's public interest.

Section 3. Addition of a new section on removal of board members. A system is put in place to remove a board member for the grounds stated.

Section 4. Officers. Provides clarification of the process involved in electing or appointing a chairperson and defining their term of office.

Section 5. Board meetings amendment. Clarifies that the Board is to determine the place of meeting.

Section 6. Powers and duties of the Board. Amendments to this section clarify the position and the duties of the Board. An addition is made in regard to the regulation of euthanasia of animals at humane shelters for the purpose of disposing of unwanted pets and the regulation of potentially abusive, controlled substances is to be administered by the Board of Veterinary Examiners.

Section 7. Addition of a new section on jurisdictions. The addition of this language reflects current policy of the Board in exercising its power to enforce disciplinary sanctions. Potential acts that would call for sanctions are identified. Licensees suspected of substance abuse or mental illness are subject to a physical or mental examination to protect public health and safety.

Section 8. Compensation. It is current policy of the Board to compensate a board member for all expenses incurred in performing their duties while on the Board; in addition to per diem and transportation, this change allows for the claiming of expenses such as postage, long distance calls, and photocopying, etc.

Section 9. Amendment to License required; prohibition; penalty. Language in this section has been added to clarify the Board's jurisdiction over persons engaged in unlicensed practice of veterinary medicine.

Section 10. Addition of a new section permitting the practice of veterinary medicine by other medical professionals licensed in this state when consulted by a veterinarian licensed in this state.

Section 11. Administration of examination. Language is added to clarify the process of contracting with a professional examination service to administer national exams and maintains the Board's authority to determine a passing score for licensure.

Section 12. Additions to licensure by examination. Language in this section is added to communicate the requirements and fees of licensure by examination for those individuals who have practiced veterinary medicine for less than 5 of the last 7 years (i.e., new graduates).

Section 13. Addition of determination of educational equivalency. In order to avoid discriminating against qualified individuals who have graduated from veterinary schools that are not accredited with the American Veterinary Medical Association, the Board will establish procedures and standards for education equivalency through regulation.

Section 14. Provisional license. The word "provisional" replaces "temporary" in order to be consistent with national terminology. This is a license intended for graduating applicants who have a diploma and are awaiting scores from national exams. Because of the amount of time it takes to process and report these scores (up to two or three months), the additions made to this section will permit these graduates to practice medicine under the direct supervision of a licensed veterinarian until the scores are reported to the Board administrator.

Section 15. Licensure by license transfer. The name change, "license transfer" in place of "credentials" has been made to follow national terminology for this type of license. This license is applied for by veterinarians who have been actively practicing in another jurisdiction for the past five of seven years, with no disciplinary action pending against them. The requirements outlined here are similar to those found nationally.

Section 16. Temporary license. The change in the name of this license reflects the terminology found nationally for a license intended for a veterinarian licensed in another jurisdiction who will temporarily be practicing in Alaska for a licensed veterinarian who will be absent from their practice (i.e., relief veterinarians).

Section 17. Fees. The changes here reflect the name changes of the respective licenses.

Section 18. Reinstatement of lapsed license. The current statute does not allow for licenses that lapse for short duration due to mail delivery or other human errors. All licenses that have lapsed are investigated. This change assesses fines according to the length a license has lapsed in regulation.

Section 19. Civil penalty for unauthorized practice. This new section is added to communicate the current policy and procedure used in investigating and regulating civil penalty for unauthorized practice. The civil penalty is increased to a maximum \$25,000.

Section 20. Grounds for imposition of disciplinary sanctions. The Board is given the authority to discipline persons or veterinarians who violate the act or its rules, including the ability to prohibit these persons from practice, and/or re-education and rehabilitate.

Section 21. Authority to impose fine. The Board's is given authority to impose a civil penalty of up to \$25,000.

Section 22. Exemptions, Confidentiality of communications, Required reports, Definitions. This section has been added to replace Sec 08.98.250.

Exemptions: Veterinarians fulfilling their duty while in the United States armed forces or employed with federal and state agencies are exempt. Individuals performing euthanasia under this chapter would also be excluded. Animal control agencies implanting microchips for identification purposes are exempt. As current language does not provide for this supervised assistance, veterinary student interns are allowed to assist veterinarians and treat animals similar to veterinary technicians as determined by the Board in regulation.

Confidentiality of communications. Language has been added to communicate the importance of confidentiality in communications between parties.

Required reports. This section establishes a veterinarian's legal responsibility to report activities that may be harmful to clients, including incompetence, negligence and unethical practice.

Definitions. Additions have been made to the definitions to reflect new terminology incorporated in the previous section, including Complementary or Alternative veterinary medical procedure, convicted or conviction, and veterinary-client-patient relationship (VCPR). The definition of "practice of veterinary medicine" has been changed.

GARY WILKEN

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SPONSOR STATEMENT

Senate Bill 321 Revision of Veterinary Statutes

Senate Bill 321 is the product of considerable discussion and preparation to update the statutes relating to the practice of veterinary medicine. The Board of Veterinary Examiners has reviewed the American Association of Veterinary State Boards (AAVSB) model veterinary practice act and has used it as a guide for revising the State's statutes.

The purpose of changing the statutes that regulate the practice of veterinary medicine is to create a statute which reflects a national perspective and one that was developed professionally by an association which shares the Board's public protection mission. Guided by this mission, the proposed statute changes reflect the most current thinking on professional regulation in veterinary medicine.

Revising the veterinary practice statutes will facilitate standardization of terminology and regulation among states. Such developments are advantageous by clarifying the role of veterinary medical regulatory boards while creating valid and accurate expectations for veterinary medical services. The proposed revisions would also facilitate mobility of veterinarians from jurisdiction to jurisdiction through the licensing process, providing the public with greater access to qualified veterinarians to perform important services.

With the availability of electronic medical advice and the advances made in the field of veterinary medicine, the Board of Veterinary Examiners needs to have a concise and thorough statute to insure the citizens of Alaska have qualified professionals accessible for their veterinary needs.

Robin Young 4940 Manytell Ave., Anchorage, AK 995 Phone: 345-5581 (hm)
Fax: 258-2963

QUICK MESSAGE

TO: Senator Bill Stevens Office
ATTN: Debbie
PHONE NO: _____
FAX NO: 907-465-3872

DATE: 3/20/02

PAGES INCLUDING THIS ONE:

4

RE: SB No. 321

MESSAGE: Please include the following pages in the packet that goes to all Labor and commerce
committee members before hearing begins.

Thank you,

Robin Young

RE: Senate House Bill No. 321

I strongly oppose Senate Bill No. 321. Please consider my comments on specific sections of this bill below.

Section 1: Limitation of Liability

It is inappropriate for this language to be specific to this bill. If the absence of legal liability is acceptable for members of voluntary or paid veterinary review boards, then this language should be enacted as a standalone bill that protects voluntary members of all professional review and licensing boards. Conversely, if members of all other types of review and licensing boards are not exempt from lawsuits and liability, why should veterinarian board members be?

Section 2: Citizen Review Board Members

One citizen member is not enough. Clearly the number of problems that exist with this bill in its entirety indicate that veterinarians are out of touch with the needs of the citizens of Alaska. Perhaps having better citizen representation will help to solve this problem.

Section 3: Removal of Board Members

Suggest additional language that allows the Governor to remove board members upon receipt of a petition by residents of the State of Alaska in addition to requests by the Board.

Section 5: Board Meetings

Suggest that the three annual meetings be rotated between the three largest cities (Anchorage, Fairbanks, Juneau) so interested citizens may participate and be heard. Since state resources are clearly being used and dictated by the Board (through occupational licensing, etc.) these meetings should be open to the public and well publicized such as the Board of Game meetings, etc.

Section 9:

Oppose the inclusion of dentistry in Section 08.98.120 in this section. See later comments regarding the definition of veterinary medicine.

Strongly oppose the enactment of euthanasia except by licensed veterinarians or the animal's owner. Veterinarians may dislike euthanizing animals, but we trust that they have sufficient training and judgment to make good decisions in this area. A lay person may lack sufficient medical training to safely and humanely euthanize an animal. Controlling the substances used in these procedures is also very important. Having them readily accessible

In public facilities with minimal security is inappropriate.

Section 19: Civil Penalties

Do not object as long as the definition of veterinary medicine is better defined. Unacceptable as currently defined.

Section 20(2): Addition

Request that "or engaging in professional activities" be amended to "or engaging in professional activities, including providing verbal or written cost estimates" so that veterinarians who give grossly misstated cost estimates for services can be sanctioned by their board, disciplined, and fined.

Section 22:

08.98.910 Confidentiality of Communications (a)

Add language that ensures vets may not use a clients medical records, x-rays, or case studies in professional meetings, public clinics (free or for compensation), or other private consults without the express written consent of the animals owner at the time the services were provided. Owners should be able to seek compensation for violations of confidentiality agreements in civil court after disciplinary action by review board.

08.98.990 Definitions

(4) Please mandate that the vet board define the difference between veterinary acupuncture and acupuncture, veterinary acutherapy and acutherapy, veterinary acupressure and acupressure, veterinary homeopathy and homeopathy, veterinary manual or manipulative therapy and manual or manipulative therapy. Please define how veterinarians will be approved to practice these procedures for compensation, and what training and skill level will be required. Who and how will they be tested for proficiency since most of these healing arts are not included in their traditional veterinary degree programs? Just because they have a DVM after their name does not make them more qualified to practice homeopathy than I am if we both read the same book about it. If the vet board wants to regulate complimentary medicine they need to establish standards and guidelines for doing so. If they are going to mandate a government monopoly in this area they need to mandate that all veterinarians will receive training in these practices so these services are readily available to those of us who want to use them. Do not let the vet board have control over these practices until they have established how they will train, test, and monitor veterinarians who are practicing these methods and have put this process into place for at least five years.

(7) The "practice of veterinary medicine" as currently defined means that

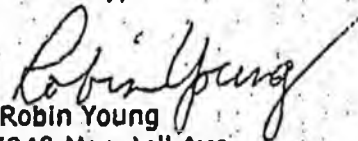
anyone who has an animal will at sometime break the law, knowingly or unknowingly. This is poor lawmaking at it's best. In fact, this definition as currently written is absolutely ridiculous. A 4-H leader who shows a young person how to clean a surface skin wound is breaking the law (would you fine a mother for putting a bandaid on her or her neighbor's child?). A person working in a feed store who sells a supplement for arthritis is breaking the law (are you going to fine a Wal-Mart salesperson for showing you where the vitamin C is kept?). A person who runs a boarding stable or kennel cannot administer feed supplements nor medications to animals entrusted to their care, which for many people will mean they can no longer have animals because their professions do not allow them to be available 24 hours/day to provide care to their own animal.

Right now, a person who simply holds an animal while the owner is bandaging a wound is breaking the law. An owner who treats their own animals is apparently breaking the law, even when they administer drugs that are given to them by their own veterinarian! This is totally unworkable. Is a veterinarian going to show up at my house every 4 hours to administer medication to my sick/injured horse? I don't think so! There is currently a shortage of veterinarians in the State of Alaska. A person can wait several days for routine services and emergency care for large animals is often simply not available. For these people to assume that they can provide these services in remote areas, such as the bush, is just plain arrogance.

Veterinarians are apparently looking for a state sanctioned monopoly with this bill. This is inappropriate. If I can seek out homeopathic, acupuncture, chiropractic, therapeutic massage, and related services for my own well being without a doctors prescription or oversight, I should be able to seek out the same services for my animals without the oversight of a veterinarian. This is particularly true here, since most vets in the state of Alaska are totally ignorant regarding complimentary and alternative medicinal practices. It appears that they simply do not want competition for standard veterinary practices which are proving to be, in many instances, less result-orientated than complimentary/alternative procedures.

Again, I strongly oppose Senate Bill No. 321 as currently written and urge you dismiss it as contrary to the best interest of the citizens (and animals) of the State of Alaska.

Sincerely,


Robin Young
4940 Manytell Ave.
Anchorage, AK 99516
(907) 345-5581



**THREE
PARAMETERS+**
Natural Resource Consulting

FAX TRANSMITTAL

DATE: 3/18/02

TO: Debbie

(907) 485-3872

FROM: Cheryl Ann Moody
Three Parameters Plus
(907) 746-1500 - voice
(907) 746-1501 - fax
email: cmoody@matnet.com
mtconline

RE: Please put a copy of this in the Labor & Commerce
Hearing packet for SB 321 hearing on Thursday.

Thanks!

NUMBER
PAGES 4 (Including Cover Sheet)

MEMORANDUM

Date: March 18, 2002
To: Members of the Senate Labor & Commerce Committee
From: Cheryl Moody
RE: Senate House Bill No. 321; Written Testimony for March 21, 2002 Hearing

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(4) Please mandate that the vet board define the difference between veterinary acupuncture and acupuncture, veterinary acuthery and acuthery, veterinary acupressure and acupressure, veterinary homeopathy and homeopathy, veterinary manual or manipulative therapy and manual or manipulative therapy. Please define how veterinarians will be approved to practice these procedures for compensation, and what training and skill level will be required. Who and how will they be tested for proficiency since most of these healing arts are not included in their traditional veterinary degree programs? Just because they have a DVM after their name does not make them more qualified to practice homeopathy than I am if we both read the same book about it. If the vet board wants to regulate complimentary medicine they need to establish standards and guidelines for doing so. If they are going to mandate a government monopoly in this area they need to mandate that all veterinarians will receive training in these practices so these services are readily available to those of us who want to use them. Do not let the vet board have control over these practices until they have established how they will train, test, and monitor veterinarians who are practicing these methods and have put this process into place for at least five years.

(7) The "practice of veterinary medicine" as currently defined means that anyone who has an animal will at sometime break the law, knowingly or unknowingly. This is poor lawmaking at it's best. In fact, this definition as currently written is absolutely ridiculous. A 4-H leader who shows a young person how to clean a surface skin wound is breaking the law (would you fine a mother for putting a bandaid on her or her neighbor's child?). A person working in a feed store who sells a supplement for arthritis is breaking the law (are you going to fine a Wal-Mart salesperson for showing you where the vitamin C is kept?). A person who runs a boarding stable or kennel cannot administer feed supplements nor medications to animals entrusted to their care, which for

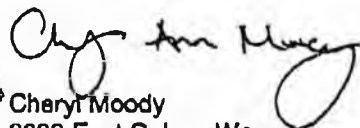
many people will mean they can no longer have animals because their professions do not allow them to be available 24 hours/day to provide care to their own animal.

Right now, a person who simply holds an animal while the owner is bandaging a wound is breaking the law. An owner who treats their own animals is apparently breaking the law, even when they administer drugs that are given to them by their own veterinarian! This is totally unworkable. Is a veterinarian going to show up at my house every 4 hours to administer medication to my sick/injured horse? I don't think so! There is currently a shortage of veterinarians in the State of Alaska. A person can wait several days for routine services and emergency care for large animals is often simply not available. For these people to assume that they can provide these services in remote areas, such as the bush, is just plain arrogance.

Veterinarians are apparently looking for a state sanctioned monopoly with this bill. This is inappropriate. If I can seek out homeopathic, acupressure, acupuncture, chiropractic, therapeutic massage, and related services for my own well being without a doctors prescription or oversight, I should be able to seek out the same services for my animals without the oversight of a veterinarian. This is particularly true here, since most vets in the state of Alaska are totally ignorant regarding complimentary and alternative medicinal practices. It appears that they simply do not want competition for standard veterinary practices which are proving to be, in many instances, less result-orientated than complimentary/alternative procedures.

Again, I strongly oppose Senate Bill No. 321 as currently written and urge you dismiss it as contrary to the best interest of the citizens (and animals) of the State of Alaska.

Sincerely,



• Cheryl Moody
9896 East Colony Way
Palmer, Alaska 99645
(907) 746-1500

March 19, 2002

FROM: TRACY AUBETTE

RE: SB 321

To Whom It May Concern:

I am adamantly opposed to the adoption of SB 321. Please enter this letter into the public record and consider the following objections:

In the Sponsor's Statement Senator Wilken states that this will bring our state into compliance with other states' guidelines regarding the veterinary practice act. This is patently false. The organization responsible for this is being paid to write and implement this elsewhere, but it is being met with the same opposition as it is in our state. New Jersey is a good example of this.

Section 2—Representation by a five-member board; four of whom have heavy financial investments in all regulations passed by the board is not acceptable. Their views do not reflect those of the animal owners or others conducting animal related businesses in our state.

Section 5—This is a public board and should be required to respond to the needs of the public. It would be helpful if notices of meetings were published in journals that deal with animal issues. Most of the public is not aware of the changes being sought by the veterinary board. In fact, nearly all of the veterinarians I have spoken to including the State veterinarian were not informed of these revisions. None were aware that it had been submitted to the legislature. If the veterinary board is not even required to inform their members of changes as monumental as these, how are they supposed to comply with them? And as importantly, how are we?

Section 19—A licensing board should not have the power to levy fines of any sort on any citizen without due process. We are all innocent until proven guilty and should not be required to prove our innocence after a \$25,000 has been levied.

Section 22—I do not agree with euthanization of animals except by veterinarians or the animals' owner. I do not believe that the drugs required for lethal injection should be stored anywhere but under the strictest of security. Too easily, they could end up in the wrong hands and used to commit suicide or murder. These are the most strictly controlled drugs of all and should stay that way.

08.98.900 Exemptions (7) Farriers - With this exemption anyone who can afford to buy a few tools and some business cards can be a horseshoer in our state. This profession involves cutting with a knife, rasping and using nippers on the feet of horses to trim them. After which, nails, or semi-permanent foreign objects are driven by a hammer into the walls of the hoof. This procedure is invasive and, if done improperly can permanently disable a horse. There are very few processes performed on horses that can seriously damage the biomechanics of an animal the way improper shoeing will. The veterinary board allows them to work totally unsupervised and no certification, understudy, or completion of course work is required. There is also no requirement for proof of insurance. The farriers associations do have certification programs within their industry, but in Alaska you are a farrier because you say you are, and the veterinary board agrees. If this exemption is to remain in place, then all complimentary and holistic

therapists and all 'blue-collar' animal industry entrepreneurs should enjoy the same right to do business. These have much less potential for harm than does horseshoeing.

08.98.920 Required Reports (7) (b) Requiring veterinarians to report other healing arts practitioners who might be in violation of this practice act is not in the best interest of the animals. In many rural areas, there are no veterinarians and owners must be able to rely on human care providers for even the most routine situations. (Line 26) I will NOT have my veterinarian or the veterinary board infringing on my freedom of religion. If I choose to have my religious or spiritual practitioner pray for or perform a religious ceremony for my animals that is nobody's business but mine. To intimate that my spiritual practices are also the practice of veterinary medicine is downright scary. Who do they think they are? This board needs to be seriously reined in, and I mean literally.

08.98.990 Definitions—(1) This section defines 'accredited veterinary school' and what is required to become a veterinarian in our state. This should also serve as the definition of the veterinary board's scope of jurisdiction. Areas of practice not taught in traditional veterinary colleges should not be regulated by the veterinary board. The board was put in place to monitor the conduct of veterinarians working in Alaska, not to create a monopoly on all aspects of animal care for this professional group.

08.98.990 Definitions – (4) By adding the word veterinary or veterinary medical procedure to each of the items on lines nine through eleven of this section is defining them as a medical procedure. When in fact they are non-invasive physical therapies that are far outside the scope of diagnosis, prescription, and surgery, and do not constitute medicine and are not taught in veterinary schools.

08.98.990 Definitions – (4) Lines twelve through fifteen further expands the power of the veterinary board in the areas they have very little or no expertise. To grant them jurisdiction over an area that 'may' (and does!) diverge from what is taught or used in a traditional veterinary practice is ludicrous. This conveys that while the veterinarians are not willing or able to provide this type of service to the public, they can forbid it by law; even if it does not reflect the wishes of the animals' owner. Simply stated, if they diverge from what is taught in veterinary medical schools they are simply NOT veterinary medicine.

08.98.990 Definitions – (7) (A) I will not have my freedom of speech infringed upon. To prevent the neighbor to neighbor exchange of help and ideas regarding animal health issues is unconstitutional. We all depend on each other to increase our awareness of animal health issues. We wouldn't even be allowed to recommend a veterinarian much less a supplement, periodical, publication, trainer or groomer. Who is going to enforce this? Basically all people and professionals in non-veterinary positions will at some point violate this practice act, right down to the crematoriums that process the remains of animals that are no longer living, but dead.

08.98.990 Definitions – (7) (B) I strongly object to 'or treatment of whatever nature'. Not only is it unenforceable, but again gives jurisdiction to something not defined and assures the veterinary community a monopoly on 'whatever'.

08.98.990 Definitions – (7) (C) I oppose dentistry for horses by veterinarian only. What are their credentials? Most veterinarians receive less than eight hours of classroom training, some as little as three. If they are providing sub-standard care (in the opinion of the horse owner), the owner must have the right to seek out a dental professional whether or not he or she is a licensed veterinarian. (Line 31-1) Again, I believe the use of veterinary medical procedure is misleading and improper as stated above. Therapy is therapy, not an invasive medical procedure, and should be addressed as such, and monitored by someone other than the veterinary board.

08.98.990 Definitions – (7) (E) This also infringes on my freedom of speech and right to express my opinion in private or publicly. Owners of stables, kennels, trainers, pet sitters, etc. are paid to determine the health, fitness, and soundness on a daily basis. 4-H and FFA leaders volunteer to instruct our young people in exactly these areas. Would this eliminate dog and horse shows, as this is what we pay our judges to do?

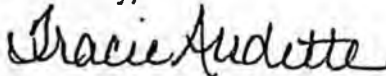
08.98.990 Definitions – (8) I would like this to read 'only medical judgements' and leave decisions regarding wellness and other treatments to the animal owner.

At no point in this bill does the veterinary board acknowledge the rights of the animal owner to choose what they feel is appropriate treatment. The rights of a property owner should never be superceded by the veterinary community. This legislation does not reflect the will of the people nor does it protect our individual freedoms. Forbidding owners care options and creating a situation where our choices are veterinary care at the veterinary clinic or nothing; does not serve the highest good of the animals.

This act does not require the veterinarian to provide services for all species of animals regardless of his or her personal preference. If they choose to work on small animals only, we the people may not compel them to work on a horse or cow, as it infringes on their right of choice. Nor may we compel them to provide services for us unless we are financially able to meet our obligations.

No single group of professional care providers can possibly provide all services required for the entire animal kingdom. Therefore, when the options we require are not provided for at our local veterinary clinic, the veterinary board shall not forbid by law our right to pursue other avenues of animal wellness.

Sincerely,



Tracie Audette
PO Box 2032
Palmer, Alaska 99645
(907) 745-1151

March 21, 2002
Re: SB 321

To Whom It May Concern:

At the request of the Labor and Commerce Committee I am submitting this statement to oppose the adoption of Senate Bill 321. Please consider my comments as a matter of public record. I am a second generation born and raised lifelong Alaskan who has been fortunate enough to live in both the rural areas and its cities. Throughout my life I have been involved with animals regarding their care, breeding and performance.

First and foremost I would like to make respectful clarification to the sponsor statement made by Senator Gary Wilken for this bill. It has been stated that this bill will bring Alaska into compliance with other states current regulation. This statement is profoundly false. This proposed law change has been met with opposition in every state that it has been introduced in. The theories in the bill reflect a national associations wishes and ideals but do not reflect that of the public interest or in my opinion the well being of animals.

The very introduction of this bill reflects greatly on the representation we currently have in this state. The many quotes to public protection surprise me. A board made up of five members, of which incidentally had its sunset review in this past year. In this sunset bill of which I as an animal owner and therefore, an interested party never was given the opportunity to provide comment. There was a clear mention of public advertising as requirement this sunset review. No public advertising was made to interested parties that I am aware of. How can a board that cannot comply with their own rules hold the entire animal owning community to standards such as these that are outlined in this Senate Bill?

As someone who was raised in "the bush" of Alaska, I have had to perform many tasks of animal care myself for the well being of my animals, many of which this bill would make illegal or require these tasks subsist within the realm of veterinary medicine. This bill creates a sense of helplessness as an animal owner, I would not be able to provide care for my animals let alone others in need. Further, if I did so I could be fined and reported.

IN REGARDS TO DEFINITIONS:

The definition of Animal Husbandry, is not currently clear in the existing Statute, nor is not expounded upon in Senate Bill 321. According to The American Heritage Dictionary of the English Language, Houghton Mifflin Co. 1969, 1970, 1971, and 1975; it is as follows...

Animal Husbandry: The *care* and breeding of *domestic* animals such as cattle, hogs, sheep, and horses.

Why was this definition not expounded upon in this Senate Bill? I believe it was not mentioned due to the very definition of this term completely eradicating everything that this bill restricts.

Alternative Care, this definition leads me to believe that all of these acts are to be considered as veterinary medicine. The very thought that therapeutic massage to an injury, acutheraapy, homeopathy, or acupressure is considered medicine is profoundly inaccurate. Veterinarians can not learn these arts in their accredited schools so why should they have rights to govern this body of individuals. I can choose this modality for myself and be charged for it, there is no reason I should not be able to choose this method of care for my animals.

In closing what rights do I as an animal owner have to know the credentials of the veterinarians here in Alaska? Sadly in this state the motto with us animal owners is this. "How do you find a good veterinarian? You go to the bad ones." Sadly many of us have learned this lesson by losing our animals. Until I feel assured that the practicing body of veterinarians as a whole is qualified to render care to my animals in a manner that meets my standards of excellence, I will oppose them further restricting my rights to find other sources of care.

Cc John Cowdery
Con Bunde



Alaska State Legislature

Please enter into the record my testimony to the SLYC
committee on SB 321, dated 03/21/02
bill/subject committee name

Blackhawk Ranch



Marc & Heather Petersen
PO Box 2555 - Palmer, AK 99645
home - (907) 746-1662 cell - (907) 232-7404

March 20, 2002

I strongly oppose SB 321 as written. I have been an active member of the Alaska horse community for over 15 years. I have never been active in the legislative process until I recently was made aware of SB 321 and realized its negative impact on any animal owning citizen of Alaska.

My occupation is in the animal husbandry industry and would be grossly affected as much of my business includes board and care of horses, riding instruction and training horses. The definition of "veterinary medicine" [Sec. 08.98.990. (7)(A)] As defined in SB 321 limits owners to the possession of their animals but not the ability to legally care for them. This is unacceptable. This limits anyone employed as trainers or instructors from "...giving advice as to the physical or mental well being of an animal". Trainers and instructors are the very people who are often providing a foundation of education in all-around horse care to their clients. In many instances advice far from relating to veterinary medicine. In consideration to an animal's physical well being, my veterinarian would laugh if I called every night to ask if I should blanket my horse.

Large animal veterinarians are in demand in Alaska, routine injuries are not a priority and many vets give instructions and recommend treatment over the phone without ever seeing an injury. Then the same veterinarians produce SB 321 making it illegal for me to treat my own animal or any other animal under my care. This bill would be a state sanctioned monopoly and limits animal owners to what veterinarians choose to offer as services.

There are many complimentary and alternative medical treatments available that are illegal to engage in the use of unless provided by a veterinarian. Many complimentary and alternative medical treatments are not taught in veterinary schools and are therefore not available from a veterinarian. I can choose to see a homeopathic doctor for my own use without consulting my doctor but not for my animals? Sec. 09.98.990. (4) and (7)(C) limits the use of "complimentary and alternative veterinary procedures" but does not define "complimentary and alternative procedures". Many complimentary and alternative procedures should in no way be defined as veterinary medicine. Complimentary and alternative procedures are taking the healing arts to new levels in regard to animal well being but veterinarians are turning a blind eye to this, choosing to deal with sickness rather than opening their eyes to the possibility of wellness.

I strongly oppose SB 321 as written and urge you to dismiss it as contrary to the best interest of the citizens of the State of Alaska.

Sincerely,

Heather Petersen

DeB.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 321
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title An Act relating to the Board of Veterinary BRU: Occupational Licensing (117)
Examiners and the practice of veterinary medicine Component Occupational Licensing
Sponsor Senator Wilken
Requester Senate Labor & Commerce Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

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

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

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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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)

SB 321 makes several amendments to the veterinary licensing statutes. New funds are not required to implement the changes.

Prepared by: Jennifer Strickler, Administrative Manager
Division Occupational Licensing
Approved by: Deborah B. Sedwick, Commissioner
Agency Department of Community & Economic Development

Phone (907) 465-2144
Date/Time 3/19/02 10:28 AM
Date 3/19/2002

To: Sen. Ben Stevens
Chairman

From: Donna Perry
456-2710

Re: Testimony on SB #321

Please submit

My name is Donna Perry, I am the owner of Northern Quest Kennel which I established in 1989. My family and I live at 300 Front Street, Fairbanks, Alaska. I have a self-financed project to keep the aboriginal, sub-arctic, northern breed husky, commonly called the Mackenzie River Husky from extinction. I personally have 4 of these huskies as pets who live with me. My "kennel" is the over 300 huskies I have produced from my breeding program who belong to and live with other families. My project works from the cooperation both verbally and contractually between these people and myself. I personally breed, birth, place, and follow each of these dogs for life. My huskies come with a lifetime warranty. This project takes my total dedication, commitment and devotion both emotionally and financially.

If passed, the way I organize and facilitate this project, would place me in violation of the law. This laws says I cannot use the skills I have learned from over 25 years of owning this type of dog to help teach other people how to be the best owner they can be. Under this bill, I don't know if I can morally continue my project if I'm not allowed to give my dogs their best chance of success in this modern world, they come from a different century. This law thwarts my ability to pass on the knowledge and care needed for this rare aboriginal breed that helped settled the interior of Alaska. Under SB 321, Charly Boyd and John Schultz (God rest their souls), who taught me how to handle, feed, care for and practice "veterinarian medicine" would have been in violation of the law when they passed on to me traditional dog handling care and treatment.

Here are some specifics of my intended violations if this bill is passed. Last month I breed one of my bloodline huskies who I do not "own". I have illegally diagnosed her pregnancy by a physical examination. I have advised her owners of the due date, feeding supplements, behavioral changes that take place as a result of her pregnancy, requested a scheduled xray that I will attend before the due date so we know how many pups to expect. I will further violate the law when I advise her people to take her temperature rectally so I have the early warning of 12-24 hours before she goes into whelp. I will then illegally deliver the pups, use my knowledge that comes from delivering over 30 litters without ever losing the mother dog. In doing so I will probably illegally save a pup with fluid in its lungs or euthanasia a pup who has been crushed in the birth canal rather than let it slowly die while the mother circles around stepping on and possibly damaging other puppies as she nuzzles the puppy and tries to comfort his death cries. If the mother dog gets in trouble that I cannot help her with, I will keep her and the pups warm and as comfortable as possible until we can get her to a clinic.

I will further violate the law when the potential owner's sign my contract. "Condition of Sale: Donna Perry, retains the right to remove her bloodline dogs from any home or situation that jeopardizes the emotional and/or physical well-being of the dog." Since I'm the one who makes this judgment, I would be again practicing veterinary medicine without a license. My puppy instruction page is full of "veterinary" advise, the type of food to feed, vaccine schedules, supplements to reduce risk of panosteitis (growing pains) and to promote overall well-being for the life of the dog. This includes instruction on dental care. I instruct the new owners to contact me with any health, behavior or psychological problems, questions or concerns.

Testimony SB 321 Page 1
Perry

I have a paying job which helps to support my dog obsession so I could not be available for testimony today. My friend, Jan Wrentmore, graciously agreed to read my statement. She is familiar with my project and might be able to answer questions you may have on my behalf.

Please do not pass this bad bill that will not allow me to take care of the animals I have brought into this world. I will have to stop my husky project if I'm not allowed to keep my huskies safe. I cannot morally turn my back on them.

Thank you for listening.

Sec. 08.98.121. License required; prohibitions; penalty.

A person may not practice veterinary medicine in this state, surgery, or dentistry unless the person is licensed as a veterinarian under this chapter or is exempt from licensure under AS 08.98.900 has a temporary permit issued under as 08.98.186 except that a person may perform euthanasia for an animal if authorized under regulations adopted under as 08.98.050 and a person may perform functions authorized by regulation of the board if the person is licensed as a veterinary technician. **THERE IS NO ROOM FOR PEOPLE WHO DO NOT HAVE VETS ON HAND OR TO HANDLE MANY SITUATIONS THAT DO NOT NEED A VET, WHERE IS COMMON SENSE AND INFORMATION EXCHANGE FROM EXPERIENCED HANDLERS AND BREEDERS.**

Sec. 08.98.232. Civil penalty for unauthorized practice. (a) In addition to any other provision of law, if a person practices or offers to practice veterinary medicine in the state without being authorized to practice veterinary medicine in the state without being authorized to practice in accordance with the provisions of this chapter, the board may enter an order levying a civil penalty. **UNDER THE DEFINITION MOST ELDERS CANNOT PASS ON TRADITIONAL KNOWLEDGE OR NATURAL REMEDIES.**

Sec. 08.98.900. Exemptions. As long as the person is not licensed as a veterinarian under this chapter and does not hold out as being licensed as a veterinarian under this chapter, a person is exempt from the licensing requirements and other provisions of this chapter if the person is --- **NONE APPLY TO ME OR ANY OTHER PERSON LIVING IN THE BUSH OR PASSING ON TRADITIONAL KNOWLEDGE**

Sec. 08.98.990 Definitions. SEE MY CONTRACT & PUP INSTRUCTIONS

(7) "practice of veterinary medicine" means, with respect to animals, to do any of the following:

(A) directly or indirectly consult, diagnose, give a prognosis, correct, supervise, or recommend treatment for the prevention, cure, or relief of a wound, fracture, bodily injury, disease, or physical or mental condition;

(B) prescribe, dispense, or administer a drug, medicine, biologic, appliance, application, or treatment of whatever nature;

Testimony SB 321, page 2

Perry

Sec. 08.98.990 Definitions (7) "practice of veterinary medicine" cont'd

(C) perform surgery, a dental procedure, or a complementary or alternative veterinary medical procedure;

(D) perform a manual procedure for the diagnosis or treatment of pregnancy, sterility, or infertility;

(E) determine the health, fitness, or soundness of an animal;

(F) represent oneself directly or indirectly as engaging in the practice of veterinary medicine;

(8) "veterinary-client-patient relationship" means that the veterinarian has assumed responsibility for making medical treatment;

(9) "veterinary technician" means a person who performs functions delegated by a veterinarian licensed under this chapter.

Testimony SB 321 page 3
 Perry



Northern Quest Kennels

300 Front Street
Fairbanks, Alaska 99701
(907) 456-2710

1st vaccine given 7-13-99
2nd due Aug 2-6th
3rd needed 3-4 wks
from 2nd vaccine.

Your puppy was born May 16, 1999 from Chandler of Skagway ((Teslin of Klwane) & (Rumor of NQK [Dolly of Skwentna & Beau of Big Delta])) & Tliga of NQK ((Sadie of NQK) & (Kiska of Linda Hewitt's Fairbank line)). Please feel free to contact me at any time with any problems or question. If at any time you're in our neighborhood with your puppy, I'd love to see her. As per our agreement: if you can't keep your dog or feel you must spay, please call me first; if you would like to breed get with me for a suitable stud, pre-natal care, whelping; puppy care, placement and tracking. Please contact me one and two years with pictures, weight and height measurements for my records. Your part in the resurrection of these rare huskies could be essential.

Since these are big breed dogs they tend to mature slowly, not reaching adult status physically or mentally until they are 2-3 years old. She will go through an adolescence phase at around 8-9 months when she 'forgets' everything you've taught her. It will pass with guidance coupled with mutual respect. At one year she will appear to be a grown dog, but she is still a puppy brain. At two years the magic happens, she'll realize she loves you and will do anything to please you as long as she views you as the trusted alpha dog. If she growls at you, ignores commands, or gives any other indication that she views herself as the alpha dog, call me immediately for training guidance.

You must make sure she doesn't get to 'hot' (high protein) of food since it can give joint problems from growing too fast. Make it a life long habit to feel the fat layer beneath her fur at the hip bone area to can make sure she is not too fat or too thin. **DON'T FEED ANY HIGH PROTEIN PUPPY CHOW LIKE IAMS OR BUKANUBA!** I recommend Eagle Premium Select 22% protein/ 15% fat, National 22/15, or an equivalent protein/fat percentage of regular dog food ('puppy food' is not necessary) for the first year. At one year she can be put on the higher protein dog food. I feed my dogs Quality Care 26/15. Because of their different metabolism; table scrapes, fresh vegetables & fruits, cooked grains, and raw beef bones are excellent for her health. Vit C (sodium ascorbate) & Vit E will also aid in general health & well being. She should be socialized with other people & dogs.

I strongly suggest working with your puppy for short periods every day with simple commands such as NO, COME, STAND, STAY, FETCH, HEEL and GOOD. All this is done in the spirit of fun. From now until 12 week is the critical stage in a puppy's social development. Great care should be taken that nothing traumatic happens to the puppy during these critical weeks. If your puppy comes through this period safely with love & affection, she will respond with trust & affection. House breaking is rarely fully accomplished before 4 months. Make sure your puppy is never allowed to jump up on people after 4 months. Guaranteed, no one will think it's cute when she is full grown. If you work with her commands on a leash first, that knowledge will easily transfer to the sled or skis (pulling comes naturally, it must be discourage on the leash). Handle her feet & teeth regularly, this will make it easier to cut toe nails & clean teeth as she's older.

Since these are sled dogs, they are born to run. If you spend time and make sure your pup gets plenty of exercise, you shouldn't have a problem with her running off. If she can play with another dog, that will help. If you plan on weight pulling, make sure she is over 2 years old before you try any real weight (over 500 pounds).

She will come into heat around 7-10 months. This first heat is a baby heat, the urge to find a mate will be less and the heat will be shorter. This is your wake up call. Don't let her get pregnant or she will never be the dog she could have been. Heats start with bright red discharge for 1-2 weeks. It will then clear to a watermelon juice color and her vulva will swell, this is when she is fertile. After her ovulation, the discharge will turn dark brown and you are safe until the next heat in approximately six month. I suggest purchasing a safe, chain link heat pen in advance complete with security against digging under and climbing over. This one time expense, will pay dividends against future headaches.

AGE EQUIVALENCE PUPPY=human

1-7 months=1-10 yrs/8-12 months=11-13 yrs/13-24 months=14-18 yrs/25-36 months=19-25 yrs

Testimony SB321 page 4
Perry

SELLING CONTRACT & TERMS

Name of Puppy: **BUSTER**

Sex: **M**

Sire: **SHAMUS**

Date of Birth: **March 27, 2001**

Dam: **KELTY**

Color:

Owner:

Price: **\$250 with signed contract,
breach of contract below value owed**

Address:
(+ physical)

Puppy Value: **\$2,250.00**

SAME

Owner's Telephone:

Emergency Contact: **Kevin + Missy CURRIGAN**

CONDITION OF SALE: I understand that I have acquired a rare husky and have become a participant in a program to bring this breed back from extinction. I agree not to neuter, spay or breed my dog without the consent of Donna Perry, Northern Quest Kennel. Any offspring from my dog will become the property of Donna Perry, NQK and will automatically fall under the same terms, conditions, and intent of this contract. If at any time I must part with my dog, I will contact Donna Perry. The new owner must agree to this contract verbally and in writing. Donna Perry, retains the right to remove her blood-line dogs from any home or situation that jeopardizes the emotional and/or physical well-being of the dog. I will contact Donna Perry when my dog is 1 and 2 years with a progress and growth report plus stay in contact for the life of my husky. Or in the event, of the husky's address change or health problems. Breach of any part of this contract will result in full payment of the value. If any person causes the unnatural death of this dog, said person will be sued for full value of the dog plus the loss of potential value on each future offspring based on an average litter size for the entire breeding life of this rare husky.

Date: **5-21-01**

Lori McLante
Owner's Signature

GROWTH RECORD

_____ 8 wks. _____ 1 yr. _____ 2 yrs. _____ maturity

Height

Weight

Comments:

*Testimony SB 321 page 5
Perry*

Donna Perry, NQK (907)456-2710
300 Front St, Fairbanks AK 99701
email: nackriv@mosquiltonet.com

SB 321

Jan Wrentmone yes

S B

3 2 4



KETCHIKAN PUBLIC UTILITIES

2830 TC GASS AVENUE

KETCHIKAN, ALASKA 99901-5742

TELEPHONE: 907-225-1000
FAX 907-225-1888

MUNICIPALLY OWNED
ELECTRIC TELEPHONE WATER

TESTIMONY OF JIM VOETBERG IN SUPPORT OF SB 324

Good afternoon. My name is Jim Voetberg, and I am the Assistant City Manager of the City of Ketchikan. I also serve as the Assistant General Manager for Ketchikan Public Utilities ("KPU"). I am here to speak in support of SB 324.

This bill will allow a municipality like the City of Ketchikan to continue to regulate its utilities, including its telephone utility, even if it faces competition from another telecommunications company. This is important to us and we strongly support it.

A. State of Ketchikan's Economy.

As many of you know, the Ketchikan economy is very fragile and has faltered for some time. Many of you are aware that the Ketchikan pulp mill, the community's largest employer, closed its doors in 1997, resulting in the loss of over 500 jobs. The saw mill has also closed its doors. Gateway Forest Products' veneer mill has filed a Chapter 11 petition, jeopardizing another 80 jobs. The Ketchikan area payroll has decreased 21% from 1990-1999; wages have decreased 13% from 1990-1999; and Ketchikan's per capita income has decreased 8% from 1990-1999.¹ While we remain optimistic that a new

¹ These statistics are from *Southeast Alaska's Economy*, Presented to the Southeast Conference on September 19, 2001 by the McDowell Group, Inc.

economy in Ketchikan will emerge, one that is more diverse and stronger than before, the fact remains that the Ketchikan community is going through a very difficult and painful transition.

B. Tools Available To Help Rebuild Ketchikan's Economy.

The City of Ketchikan believes that to strengthen our economy, local government needs various tools to build the infrastructure that businesses are demanding, in order to compete on a worldwide basis. Ketchikan is fortunate in that one of the tools it has to help rebuild the community's economic base is ownership and regulatory authority of its utilities. As you may know, the City of Ketchikan has owned, operated and regulated various public utilities for over 50 years, including telephone, water, electric, wastewater collection and treatment and solid waste collection and disposal.

As an example of utilizing our utility as a tool for economic development, the City through its electric utility and as a member of the Four Dam Pool, recently completed the purchase of four formerly owned state hydroelectric projects. Divestiture, in part, not only assures residents and businesses in Ketchikan, power at an affordable rate, but funds the PCE Endowment for the benefit of the State's rural electric consumers. Furthermore, through efforts to construct the Swan Lake-Lake Tyee Intertie, the City is working toward insuring its electrical power rates remain low and that there is sufficient capacity to attract new industries which may be looking to locate in Ketchikan. Without this tool

of local ownership and regulatory control of the electric utility, such economic development enhancements could not have occurred.

Similarly, the City through its KPU Telecommunication Division has made the investments necessary to insure that the community does not fall behind in the ever changing world of telecommunications and that businesses can compete in the worldwide market. In addition to basic telephone service, the KPU Telecommunication Division provides enhanced services such as call-waiting, call forwarding and caller ID; it provides dial-up internet services and most recently has begun offering high speed DSL. We are particularly proud of our high speed DSL, as this is another example of an economic development tool local government has used to attract and maintain businesses in Ketchikan.

C. City of Ketchikan's Stewardship and Operation of Public Utilities.

While an important economic tool, the City of Ketchikan's stewardship over its public utilities is not strictly geared toward economic development. Nor is its stewardship driven by profits. KPU does not target or cherry pick the high revenue customers while ignoring marginal or low revenue customers. Rather, KPU is a community owned utility whose regulatory oversight is made by locally elected officials and whose decisions on how it provides services is based on the community's best interest.

For example, KPU has installed several remote Customer Service Area terminals, allowing for the deployment of fiber from KPU's central office to within 15,000 feet of

90% of all residents located on the roaded areas of Ketchikan. This will allow KPU to offer high speed Internet service to nearly all residents of the community. And, in its 2002 budget, KPU plans to install an additional four miles of fiber to the end of the road system north of the City and directly into the North Point Higgins Elementary School, allowing the elementary school to be directly connected with the School District's data network. As another example, last year KPU with the advancement of new technology was able to install a wireless point to point telecommunication system that allowed a pocket of residences located across Tongass Narrows, just south of the airport on Gravina Island, to receive telephone service.

The point I want to stress is that local ownership, control and regulatory oversight has allowed the City to not only provide quality services to the community, but has permitted the City to use its utility as a tool to assist in economic development of a fragile economy.

D. Importance Of This Legislation.

This legislation is important to the City of Ketchikan in its efforts to continue to offer high-quality service to its residents while encouraging economic development. This legislation has been narrowly crafted to ensure that competition amongst utilities is not hampered and that competition occurs on a level playing field. Without this legislation, should the City of Ketchikan face competition from another telecommunications

company such as a wireless provider, the City will likely lose the ability to regulate its telephone utility as well as all of its other utilities. Here is why:

E. Alaska Law.

Alaska law provides that where a municipality owns and operates a public utility, the municipality may regulate the terms and conditions governing the provision of that public utility service. AS 42.05.711(b). Other than obtaining a certificate from the Regulatory Commission of Alaska ("RCA"), municipalities have full control over the provision of public utility service. This is why Ketchikan has been able to operate and regulate its public utility services for over 50 years.

However, regulatory authority changes if a municipal utility faces competition. Current Alaska law also provides that if a municipal utility faces competition, then all of the municipalities' utilities become fully subject to the jurisdiction of the RCA. AS 42.05.711(b)(2). The only exception to this rule is if the RCA grants an exemption.

If Ketchikan becomes subject to the jurisdiction of the RCA, competition will not be on a level playing field. The RCA fully rate regulates all incumbent local exchange companies subject to its jurisdiction. This means that each company's rates are based on their costs, and those costs are established through lengthy and very expensive rate proceedings. Rate cases can cost hundreds of thousands of dollars, and can take years to process. Moreover, as a fully rate regulated company, we would not be able to change our rates quickly in order to meet customer needs or to respond to the marketplace.

Instead, the City would only be able to change its rates through expensive filings with the RCA and even then, we would have to obtain approval through a process which can be very time consuming.

By contrast, the RCA has never rate regulated a new entrant such as a wireless telephone provider. New entrants receive light regulatory treatment. They post new rates that become effective in a matter of days, and their rates are not cost-based. This means that the new entrant can price its services at whatever level it wishes, including just below ours, without having to spend hundreds of thousands of dollars on a rate case. And, the new entrant can raise or lower its rates without proving anything to the Commission.

The current State Statute does not serve the interests community residents and it is not good for the City of Ketchikan. Ratepayers benefit from competition when competition is on a level playing field. If one carrier is heavily regulated and the other is not, the lightly regulated entity can price its services just under the rates of its highly regulated competitor to gain market share. Such prices are not necessarily the lowest possible rates and are not necessarily as low as the rates would be given unfettered competition. Establishing a level playing field aids the public because competition results in the highest level of service at the lowest possible price when, but only when, the marketplace is allowed to function properly.

Having the City of Ketchikan's Telephone Division fully rate regulated, while having a competitor lightly regulated if at all, is not good for the City of Ketchikan. The

City has done an excellent job bringing high quality telecommunication service to our residents and businesses through investing in our infrastructure. If we become regulated by the RCA, we estimate that our overall annual utility costs will increase by nearly \$ 700,000 due to regulatory fees to the RCA, the need to hire more staff and more consultants to meet the RCA's regulatory requirements. That will almost certainly result in rate increases and in fewer dollars being available to invest in new infrastructure and new services.

Moreover, we strongly object to being hamstrung in our ability to compete. Principles of fairness and regulatory parity provide that this statute should be amended when a municipality faces competition from a telecommunications company.

F. The Proposed Legislation.

This legislation makes a small change to AS 42.05.711(b)(2). As it is currently written, any time a municipally-owned utility faces any competition, all of the City's utilities become subject to the jurisdiction of the RCA. In terms of telecommunication services, Ketchikan is the only municipally owned telecommunication provider in the state. In the event a partially or non-regulated telecommunication provider competing with services provided by KPU, all of Ketchikan's utilities are subject to becoming regulated. The proposed legislation simply allows the City of Ketchikan to continue to regulate its utilities, including its telephone utility, if it faces competition from another telephone company that may or may not be regulated.

We believe that this amendment helps to ensure that there is a level playing field in the event another telecommunications company enters the Ketchikan market and competes with the City of Ketchikan's Telephone Division. By allowing the City of Ketchikan to continue to regulate its telephone utility, as it has done for over 50 years, it ensures that the City is not subjected to heavy regulation, which is not comparably applied to its competition. Only in this way can consumers truly benefit from competition.

G. Comments from opponents.

Opponents of this legislation may argue that it eliminates competition or that Ketchikan has some hidden agenda. First of all, there is no hidden agenda. The City, representing the citizens of our community, believes that regulatory control of its utility is better managed at the local level than at the State level. Second, it is no secret that the economy in Ketchikan is fragile and that local governmental entities are looking at any tools they can utilize to insure the economic survival of our community.

Federal law allows rural exemptions for telecommunication competition services because it is often in the public's best interest for one company to provide quality and reliable telecommunication services to rural Americans. This only makes sense as it prohibits competitors from cherry picking high revenue customers while leaving low revenue customers to the incumbent. It cannot be stressed enough. Competition only works when there exists a level playing field.

H. Closing.

In closing, I wish to stress the importance of this relatively small change to AS42.05.711(b)(2) to the community of Ketchikan. The City looks to the State to allow it to preserve local control as it has had for over 50 years and to insure that local government has the tools it needs to better server our community and better assist in turning Ketchikan's economy around.

Thank you for your time, and I'm happy to answer any questions you may have.

STATE OF ALASKA

DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA

TONY KNOWLES, GOVERNOR

701 WEST EIGHTH AVENUE, SUITE 300
ANCHORAGE, ALASKA 99501-3469
PHONE: (907) 276-6222
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March 5, 2002

The Honorable Ben Stevens, Chairman
Senate Labor & Commerce Committee
Alaska State Legislature
State Capitol, MS 301
Juneau, Alaska 99801-1182

RE: SB 324 (An Act providing that a utility or electric operating entity owned and operated by a political subdivision of the state competing directly with a telecommunications utility is not subject to the Alaska Public Utilities Regulatory Act)

Dear Senator Stevens:

The Regulatory Commission of Alaska has reviewed SB 324, which provides that a utility or electric operating entity owned and operated by a political subdivision of the state competing directly with a telecommunications utility is not subject to the Alaska Public Utilities Regulatory Act. The RCA is not taking a position in support of or in opposition to this legislation. We believe it presents policy issues that are within the legislature's province. We do not anticipate any fiscal impact on the agency from this bill. RCA will not submit a fiscal note for SB 324.

My participation in a telephone rate case hearing today makes it difficult to participate in the scheduled hearing for this bill. However, I would be happy to answer any questions you may have regarding the RCA and its role.

Sincerely,

REGULATORY COMMISSION OF ALASKA



G. Nanette Thompson
Chair

cc: Deborah Sedwick, DCED Commissioner
Sally Saddler, DCED

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 324
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Public Utilities Exempt from Regulation BRU Regulatory Commission of Alaska (399)
 Component Regulatory Commission of Alaska
 Sponsor Senator Taylor
 Requester Senate Labor & Commerce Component No. 2417

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 ()	0.0	0.0	0.0	0.0	0.0	0.0
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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 bill has no fiscal impact on the operations of this agency.

Prepared by: Nan Thompson, Chair Phone 907-276-6222
 Division Regulatory Commission of Alaska Date/Time 3/6/02 2:24 PM
 Approved by: Deborah B. Sedwick, Commissioner Date 3/6/2002
 Agency Department of Community & Economic Development

Alaska State Legislature



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Chairman,
Judiciary Committee

Vice-Chairman,
Administrative Regulations
Revenue Committee

Member,
Transportation Committee
Resources Committee

Senator Robin L. Taylor

SPONSOR STATEMENT SB 324

"An Act providing that a utility or electric operating entity owned and operated by a political subdivision of the state competing directly with a telecommunications utility is not subject to the Alaska Public Utilities Regulatory Act."

SB 324 ensures that the City of Ketchikan retains the ability to set rates for its telephone utility in the event it faces competition from another utility company.

Alaska law provides that where a municipality owns and operates a public utility, the municipality may regulate the terms and conditions governing the provision of that public utility and has the power to set the terms and conditions for the utility services they offer.

Alaska law also provides that if a municipal utility faces competition, all of the municipalities' utilities become fully subject to economic regulation by the Regulatory Commission of Alaska. The RCA may grant an exemption to this rule.

Principles of fairness and regulatory parity provide that this statute should be amended when a municipality faces competition from a telecommunications company. New competitive providers are subject to less regulation by the RCA. Under federal law, some new telecommunications companies are not regulated at all. (Cellular providers) By contrast, if the municipally owned telephone utility becomes subject to economic regulation by RCA, it will be more heavily regulated than the new entrant.

By economically regulating the municipally owned utility while allowing the new entrant to set prices without regulatory oversight, the marketplace is unable to provide the benefits of competition to the public. The new entrant will be able to set its rates based on market forces and competitive need, while the municipally owned utility will be required to set its rates based on its costs through rate cases. These cases can be expensive and time consuming, and sometimes attract input from other interveners.

The unregulated entity has only to price its service slightly under the regulated rates of its competitor to gain market share. Such prices are not necessarily the lowest possible rates, and are not necessarily as low as the rates would be, given unfettered competition.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell
E-mail: Senator_Robin_Taylor@legis.state.ak.us