

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10689 SENATE STATE AFFAIRS

534

FOCL

Friends of Cooper Landing

Post Office Box 815
Cooper Landing, Alaska 99572

**FRIENDS OF COOPER LANDING
RESOLUTION 2001-01
REGARDING HB 165
March 30, 2001**

Whereas, HB 165 seeks to add lands adjacent to critical waters in the Cooper Landing area to the Kenai River Special Management Area, and

Whereas, the residents of Cooper Landing have participated in years of planning efforts that produced the Kenai River Comprehensive Management Plan, the Kenai Area Plan, and the Cooper Landing Land Use Plan, and

Whereas, the residents of Cooper Landing recognize the importance of preserving habitat, preventing water pollution, and retaining public recreational access to these waters and the Kenai Lake shore, and

Whereas, additional development of the Kenai Lake shore will destroy habitat, introduce water pollution, and restrict public access, and

Whereas, the health of Kenai River and all of its tributaries is a critical factor in maintaining robust commercial and sport salmon fisheries, and trout fisheries; and traditional incomes on the Kenai Peninsula, and

Whereas, the economy of Cooper Landing is totally based on tourism and outdoor activities, which are dependent upon retaining the natural waters, habitat, and viewshed of the area, and

Whereas, addition of the land parcels described in HB 165 to the Kenai River Special Management Area will prevent negative impacts, which is critical to both the present economy and the future vitality of Cooper Landing; and is supported by a majority of Cooper Landing residents.

Therefore, the Friends of Cooper Landing strongly support passage of HB 165 and gratefully thank Peninsula legislators for its introduction.

Friends of Cooper Landing, P.O. Box 815, Cooper Landing, Alaska 99752
Bob Baldwin, President, 907-595-2129; 250-3913
<cooperlanding@alaska.com>

-- Our focal point is Cooper Landing --

3-26-01

Representative Ken Lancaster,
A quick note (since I can't
take part in to-morrow tele conference)
to support land additions
to KRSMA. I'm especially
concerned with protecting
Kenai Lake, Kenai River, &
tributaries of both. Our Snail-
a-thon Beach site is in Unit 390 -
a site very important to Cooper
Landing. Helen Rhode Memorial
Park is in Unit 391 (can't recall
sub-section ^{letter} ~~number~~) and is also
an important community
maintained and supported
KRSMA property - our welcome
to all passing through on the
Sterling Highway.

Sincerely

Monal Painter

POB 711
Cooper Landing, AK 99572
(907) 595-1248
painter@arctic.net



COOPER LANDING COMMUNITY CLUB, INC.
Library, Park, Cemetery, Ambulance Squad, Dall Homemakers, Gun Club
P.O. Box 508 Cooper Landing, AK 99572

February 1, 1999

Chris Degernes, Kenai Area Superintendent
Department of Natural Resources Division of Parks and Outdoor Recreation
P.O. Box 1247
Soldotna, AK 99669

Dear Chris:

The Cooper Landing Community Club voted to endorse the accompanying Resolution in Support of Expanding the Kenai River Special Management Area during our last meeting on Jan. 28, 1999. Sixteen members were present; there was one dissenting vote. Notice of this possible action appeared on agendas posted the week before at the post office, library, and at the Shrew's Nest. Agendas were passed out at the Cooper Landing Advisory Planning Commission meeting on Jan. 21. The agenda item read: " 10 b. State Parks Chris Degernes, Jim Richardson, David Rhode: Consider endorsing addition of State lands to KRSMA as outlined in KRSMA plan available at the library and previously endorsed by CLAPC."

As you know, Jim H. Richardson and David Rhode made the presentation aided by maps of the lands in question. Several people entered into the discussion. One of the concerns was that the Dept. of Transportation lot adjacent to the old Community Hall site near Mile 49 (for which the Community Club holds patent) would be put into KRSMA. Several members of the community have been wanting to have that piece added to the old Hall site which is to become a museum site. It was explained that while this is also state land, it is managed by DOT and so is not a part of KRSMA lands.

Another concern expressed was that this was taking land away from ownership by the public. It was explained that these lands are already DNR lands and they are not borough selectable lands nor state lands that would be earmarked for settlement.

Hope you are feeling well now---we missed your participation!

Sincerely,

Mona Painter, president

painter@arctic.net

**A Resolution in Support of Expanding
the
Kenai River Special Management Area**

WHEREAS, the Kenai River Special Management Area (KRSMA) was established in 1984 to preserve and protect the important fish and wildlife habitat and resources of the Kenai River watershed and to provide for recreational opportunities; and

WHEREAS, certain state owned lands adjacent to the Kenai River were combined with the waters of Kenai River, Kenai Lake and Skilak Lake to form the KRSMA; and

WHEREAS, the Kenai River Comprehensive Management Plan was revised in December, 1997 and recommended the addition of a number of new state owned parcels and tributaries to the KRSMA; and

WHEREAS, these land parcels adjacent to Kenai Lake, Cooper Lake, Upper and Lower Trail Lakes, plus a number of Kenai Lake tributaries, and the waters of Upper and Lower Trail Lakes and Trail River all combine to provide additional protection of fish and wildlife resources and habitat, as well as provide an opportunity manage recreational activities in a larger area of the Kenai River watershed;

NOW, THEREFORE, BE IT RESOLVED BY the Cooper Landing Community Club:

We hereby urge the Alaska Legislature to expand the Kenai River Special Management Area by adding the lands and waters identified in the 1997 Kenai River Comprehensive Management Plan. Such lands and waters are to be managed consistently with the mandate within Alaska Statutes Section 41.21.500.

Approved:

Monte Painter, president

Jan. 28, 1999
Date



Printed On Recycled Paper

March 30, 2001

TO: Representative Lancaster
FAX: 907-465-3835

RE: Kenai River Special Management Area

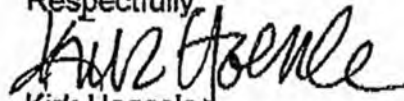
Dear Representative Lancaster,

As a tour operator doing business on the Kenai River, we fully support the expansion of the Kenai River Special Management Area.

Our main base of summer operations is in Cooper Landing. We provide rafting trips on the upper Kenai and through the Kenai River Canyon. We also offer day trip and multi day fishing packages along the upper and lower Kenai. We recognize that our guests appreciate the fine quality of this river environment. It is imperative that the fish habitat and wildlife resources be protected. The riparian ecosystem must remain intact in order to provide quality recreational opportunities – especially for those who are willing to spend money to experience a river with wild attributes.

The Kenai River Comprehensive Management Plan recommended the addition of new state owned parcels and tributaries to the KRSMA. By doing so, the intent of providing additional fish and wildlife resource protection will be accomplished. Quality recreational opportunities will simultaneously be expanded. This is good for business and good for the environment.

Respectfully,


Kirk Hoessle
President


Cc: Representative Drew Scalzi
Senator John Torgerson



KENAI PENINSULA
Learning Center
At the Scenic Trail Lake Lodge

Date: 4/1/00

To: Rep. Ken Lancaster (fax 907-465-3835)
Rep. Drew Scalzi (fax 907-465-3472)
Sen. John Torgerson (fax 907-465-4779)
Dir. Jim Stratton (fax 269-8907)

From: Justin Ripley 

Re: Support for KRSMA Additions

As the owners of the Trail Lake Lodge located in scenic Moose Pass, we recognize the need to protect the area's watershed resources and corresponding recreational opportunities. We therefore support the 1997 Management Plan additions to KRSMA to the extent that they accomplish such protection.

Thank you for your attention to this matter. If you have any questions regarding our operations in Moose Pass, please do not hesitate to call me at 907-245-0900.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

COOPER LANDING FISH AND GAME ADVISORY COMMITTEE

P.O. BOX 721
COOPER LANDING, AK 99572
PHONE: (907) 595-1540
FAX: (907) 595-1540

April 6, 2001

Honorable Ken Lancaster
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Representative Lancaster,

At its scheduled and advertised meeting of April 3, 2001, the Cooper Landing Fish and Game Advisory Committee took public comment, discussed and voted on agenda item HB 165, KRSMA additions. Our recorded vote was 6 members in support of HB 165 and 2 members opposed to HB 165.

Those supporting HB 165 felt these land and water additions support public future access and recreational opportunity, the sustainability of future fish and wildlife resources, and the protection of fish and wildlife habitat. Those opposed felt that this legislation was not politically viable and that future public access, use and development of these lands and waters could be needlessly protected and restricted by adding these lands and waters to KRSMA.

We hope that our comments both pro and con are useful during the debate on HB 165. If we can be of further assistance on this issue, please contact Bill Stockwell at 595-1540.

Sincerely,



Bill Stockwell, Chair

cc: Senator John Torgerson
Representative Drew Scalzi
Ted Wellman, KRSMA Advisory Board President
ADF&G Board Support Section

APR 4 - 2001



ALASKA FLYFISHERS



Winners of the 1994 McKenzie Cup

March 31, 2001

Representative Lancaster
State Capitol, Room 421
Juneau Alaska 99801-1182

Dear Representative Lancaster:

I am writing you on behalf of the Alaska Fly Fishers (AFF) regarding an issue which we feel is important to a large number of Alaskans. That issue is the habitat and resources related to the Kenai River and Russian River and their tributaries. According to a study published by UAA/ISER at the request of ADF & G, the Kenai and Russian Rivers were the most popular fishing sites in the State of Alaska, with 14% of the total fishing trips in the State being to this destination. Of the total households in the Anchorage and Kenai areas 75,163 households reported they had fished during the three years previous to the study being conducted. In 1993 approximately 540 million dollars were spend on sports fishing in Alaska and I'm confident that number has increased significantly by now.

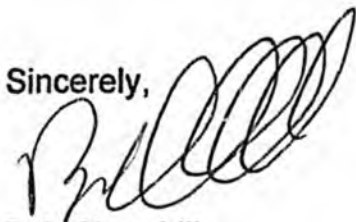
AFF is a nonprofit organization that has approximately 500 members. The majority of our members are located in Southcentral Alaska, including the Kenai Peninsula. When AFF was formed in 1973 one of our primary objectives was to protect and enhance the fisheries resources in Alaska. It is not our intent to "lock up lands", but to make sure the lands are available for use by the broadest number of people consistent with responsible use of the habitat. Examples of these types of actions directly related to the Kenai Peninsula, include our members are active members of Fish & Game Advisory Committees, sit on task forces related to habitat and resource issues on the Kenai River, and in 1992 initiated a Kenai River Cleanup which takes place each fall.

It is our understanding that the legislature is considering areas on the Kenai Peninsula for inclusion in the State of Alaska Park through HB 165. It is also our understanding this effort is made to insure these lands are put into uses consistent with the Kenai River Comprehensive Management Plan adopted in December of 1997. We have reviewed the text of HB 165, discussed these issues with the Chair of the Cooper Landing Fish & Game Advisory Committee and one of the members of the Kenai River Board. We encourage the legislature to consider the importance of the habitat and resources of this area prior to taking any action or failing to take action regarding this area.

We are very concerned about insuring the use these lands are consistent with the enhancement of the habitat and resources of the rivers and drainage's in this area (Trail Lakes, Kenai River, etc.). The Kenai River and it's tributaries are valuable and irreplaceable that if lost would have an extremely negative impact on Alaska and many Alaskans. This is clearly supported by the data contained in, "Economics of Sport Fishing In Alaska" published by the Institute of Social and Economic Research of UAA referenced earlier.

Therefore, it is our hope that whatever action is taken by the legislature is consistent with the enhancement of the habitat and fisheries resources of this area. This will provide an exception fisheries resource for Alaskan's and our visitors. This is not only for the inherent value of these lands and waters, but for the dollars in brings in to support Alaskan and for the enjoyment it provides for many of us.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Churchill", written in a cursive style.

Bob Churchill
President



APR 17 2001

COOK INLET
AQUACULTURE ASSOCIATION

40610 KALIFORNSKY BEACH ROAD
KENAI, AK 99611
(907) 283-5761
FAX: (907) 283-9433
email: ciaa@ptialaska.net

April 10, 2001

Representative Ken Lancaster
Alaska House of Representatives
State Capitol
Juneau, AK 99801-1182

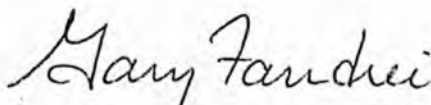
Rc: Resolution in Support of Expanding the Kenai River Special Management Area.

Dear Representative Lancaster:

Attached, for your consideration, is a resolution supporting expansion of the Kenai River Special Management Area.

The Cook Inlet Aquaculture Association (CIAA) passed this resolution at its March 31, 2001 Board of Director's meeting. CIAA seeks protection of self-perpetuating salmon stocks and their habitat through planning, permitting and enforcement processes. We feel expansion of the Kenai River Special Management Area supports this objective and encourage your support of the legislation permitting the expansion.

Sincerely,


Gary Fandrei, Executive Director

File: Legislature/Correspondence

SALMON ENHANCEMENT TODAY MEANS BETTER SALMON FISHING TOMORROW



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**COOK INLET
AQUACULTURE ASSOCIATION**

40610 KALIFORNKY BEACH ROAD
KENAI, AK 99611
(907) 283-5761
FAX: (907) 283-9433
email: claa@ptialaska.net

**A Resolution in Support of Expanding
The
Kenai River Special Management Area**

Whereas, the Kenai River Special Management Area (KRSMA) was established in 1984 to preserve and protect the important fish and wildlife habitat and resources of the Kenai River watershed and to provide for recreational opportunities; and

Whereas, certain state owned lands adjacent to the Kenai River were combined with the waters of Kenai River, Kenai Lake and Skilak Lake to form the KRSMA; and

Whereas, in 1996-97, the KRSMA Advisory Board conducted an extensive public process to update and revise the original 1986 Kenai River Comprehensive Management Plan, which included a recommendation to add a number of new state owned parcels and tributaries to the KRSMA; and

Whereas, these land parcels adjacent to Kenai Lake, Cooper Lake, Upper and Lower Trail Lakes, plus a number of Kenai Lake tributaries, and the waters of Upper and Lower Trail Lakes and Trail River all combine to provide additional protection of fish and wildlife resources and habitat, as well as provide an opportunity to manage activities in a larger area of the Kenai River watershed; and

Whereas, one of the goals of CIAA is to seek protection of salmon habitat through active participation (testimony, committee work, data input, etc.) in planning, permitting and enforcement processes; and

Whereas, it is the mission of the Cook Inlet Aquaculture Association (CIAA) to protect self-perpetuating salmon stocks and the habitats upon which they depend;

NOW, THEREFORE BE IT RESOLVED BY THE COOK INLET AQUACULTURE ASSOCIATION:

We hereby urge the Alaska Legislature to expand the Kenai River Special Management Area by adding the lands and waters identified in the 1997 Kenai River Comprehensive Management Plan. Such lands and waters are to be managed consistently with the mandate within Alaska Statute Section 41.21.500.

Approved:

David Martin, President, CIAA Board of Directors

April 6, 2001

Date

SALMON ENHANCEMENT TODAY MEANS BETTER SALMON FISHING TOMORROW



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Subject: House press releases 04102001: HB 156, HB 111, HB 34, HB 156

Date: Tue, 10 Apr 2001 19:20:40 -0800

From: Dan Saddler <Dan_Saddler@legis.state.ak.us>

Organization: House Majority

**To: media <lsncdrs+media@legis.state.ak.us>,
reps <lsncdrs+housemajlegs@legis.state.ak.us>,
people <lsncdrs+people@legis.state.ak.us>, staff <lsncdrs+hmajstaff@legis.state.ak.us>**

File

Alaska State Legislature
House of Representatives
Representative Ken Lancaster

State Capitol
Juneau, Alaska 99801-1182
(907) 465-2693 Phone
(907) 465-3835 Fax

FOR IMMEDIATE RELEASE: April 10, 2001
CONTACT: Rep. Ken Lancaster, (907) 465-2693

**House Passes Kenai River Area Expansion
HB 165 Would Help State Better Manage Popular Watershed**

(JUNEAU) – The House today passed legislation that would help the state better manage the Kenai River watershed to protect not only environmental quality, but also the region’s recreational and commercial industries that depend on a healthy river system.

Rep. Ken Lancaster (R-Soldotna) sponsored House Bill 165, which would expand the Kenai River Special Management Area (KRSMA) to include an additional 7,938 acres of land and water.

“The health of the entire Kenai River system, including its many communities, depends upon sustaining adequate water quality and healthy wildlife habitat throughout the watershed basin,” he said. “Now that the federal government has conveyed this land to the state, the Legislature needs to make this designation to assure good management practices and to protect this key element of the Kenai Peninsula’s natural resources.”

The Legislature created the KRSMA as a unit of the state parks system in 1984, and during public testimony on revisions of the area’s comprehensive management plan, it became clear the state could do a better job of managing the area if it included the entire watershed, Lancaster said.

The bill would expand the KRSMA to encompass almost all of the public lands and waters that contribute to sustaining the river’s fish and wildlife. It includes 200 feet of riverbank along each side of 11 upper Kenai River or Kenai lake tributaries, and the waters of the Upper and Lower Trail Lakes.

A healthy Kenai River, and access to it, is at the heart of the Kenai Peninsula’s fishing, boating, camping and sightseeing businesses, and the improved management afforded by expansion of the management area should help protect and enhance the local economy, Lancaster said.

HB 165 moves next to the Senate for consideration.

Alaska State Legislature

SESSION ADDRESS:
State Capitol
Juneau, Alaska 99801-1182
Phone (907) 465-2693
Toll Free 800-463-2693
Fax 907-465-3835



INTERIM ADDRESS:
35477 Suite 101-B Spur Hwy
Soldotna, Alaska 99669
Phone 907-260-5236
Fax 907-260-3044

Representative Ken Lancaster
District 8

May 3, 2001

MEMORANDUM

To: Senator ^{Gene} Therriault, Chairman
Senate State Affairs

From: Representative Ken Lancaster

Subject: House Bill 165 – “An Act relating to the Kenai River Special Management Area”

I would like to request a hearing in the Senate State Affairs Committee for HB 165. I have attached the necessary back-up material for this legislation.

If you have any questions, please let me know.

Alaska State Legislature

SESSION ADDRESS:
State Capitol
Juneau, Alaska 99801-1182
Phone (907) 465-2693
Toll Free 800-463-2693
Fax 907-465-3835



INTERIM ADDRESS:
35477 Suite 101-B Spur Hwy
Soldotna, Alaska 99669
Phone 907-260-5236
Fax 907-260-3044

Representative Ken Lancaster District 8

Sponsor Statement
For

HOUSE BILL 165

"An Act relating to the Kenai River Special Management Area;"

The Kenai River Special Management Area (KRSMA), under direction from the Alaska Legislature (AS 41.2.1500), is managed as a unit of the Alaska State Park system by the Division of Parks and Outdoor Recreation, Department of Natural Resources. To provide the protection and management called for in the management plan revision, 7,938 acres of general state lands, 11 upper Kenai River or Kenai lake tributaries, and the waters of Upper and Lower Trail Lakes must be legislatively added to the boundary of KRSMA. This includes almost all the public lands and waters that contribute to sustaining the Kenai River's important fish, wildlife, and recreational resources. The level and consistency of management to adequately protect the valuable resources of these lands and waters is currently not possible without KRSMA designation. Existing park staff assigned to KRSMA is adequate to cover additional management responsibilities. No new facilities are planned for the proposed additional lands.

The largest blocks of proposed lands are on the south side of Kenai Lake along Snug Harbor Road and up to Cooper Lake, and around much of Upper and Lower Trail lakes, and Trail River in the Moose Pass area. Of key importance are the numerous tributary streams draining into the upper Kenai River and Kenai Lake. These are important contributors to the watershed's fishery and water resources. A 200-foot corridor has been retained along each side of most of the tributaries and is proposed for KRSMA addition, along with each tributary. The mineral closing order for the KRSMA does not include those streams north of Cooper Creek.

Downstream from Skilak Lake there are a few limited additions proposed, primarily lands acquired as habitat and recreation lands under the Exxon Valdez Oil Spill settlement funding, or isolated tracts of state land overlooked during the 1984 KRSMA legislation.

This bill will transfer State lands to the Kenai River Comprehensive Management Area.

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

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

New Proposed Land Additions For the Kenai River Special Management Area

Background

During public meetings to revise the Kenai River Comprehensive Management Plan and subsequent review of DNR's Kenai Area Plan, comments clearly suggested that the State should manage the Kenai River as a watershed system. The health of the entire Kenai River system, including its many communities, depends upon sustaining adequate water quality and quantity, and healthy riparian fish and wildlife habitat throughout the watershed's basin. The region's economy depends on the \$37 million in direct spending by non-locals visiting the Kenai River. River guides, RV Park owners, motels, B&B and restaurant operators, car and boat rental dealers, and many other local Kenai Peninsula businesses depend upon a healthy Kenai River for economic sustainability.

Proposal

The Kenai River Special Management Area (KRSMA), under the direction from the Alaska Legislature (AS 41.21.500), is managed as a unit of the Alaska State Park system by the Division of Parks and Outdoor Recreation. To provide the protection and management called for in the management plan revision, 7938 acres of general state lands, 11 upper Kenai River or Kenai Lake tributaries, and the waters of Upper and Lower Trail Lakes are proposed to be legislatively added to the boundary of KRSMA. This includes almost all of the public lands and waters that contribute to sustaining the Kenai River's important fish, wildlife and recreational resources. The level and consistency of management to adequately protect the valuable resources of these lands and waters is currently not possible without KRSMA designation. Existing park staff assigned to KRSMA is adequate to cover additional management responsibilities.

Where are these lands?

The largest blocks of proposed lands are on the south side of Kenai Lake along Snug Harbor Road and up to Cooper Lake, and around much of Upper and Lower Trail Lakes, and Trail River. Of key importance are numerous tributary streams draining into the upper Kenai River and Kenai Lake. These are important contributors to the watershed's fishery and water resources. A 200-foot corridor has been retained along each side of most of the tributaries and is proposed for KRSMA addition, along with each tributary.

Why now?

During the creation of the KRSMA in 1984, the State had not yet received title from the federal government to lands surrounding Upper and Lower Trail Lakes, Trail River, and adjacent lands around the upper Kenai River and Kenai Lake. The original Kenai River Comprehensive Management Plan directed the State to designate these lands for the KRSMA once they became available. Since that time, these lands have been conveyed to the State. The recent plan revision re-emphasizes the intent that these important habitat and recreation lands and waters should be included in the boundaries of the Special Management Area.

Future Management: Facility development for most of the new land additions would not be consistent with KRSMA's intent: to preserve and protect the important fish and wildlife resources and habitat of the river and adjacent area. However, the KRSMA enabling legislation has directed Parks to manage and to provide for quality recreation. Some recreational development, primarily improved access, is appropriate, but the exact sites have not been selected. Recreational demands and user conflicts already occur on several access sites within the proposed additions. Examples of such areas include the Upper Trail Lake boat launch (also known as the "Ball Diamond"), and the Kenai Lake "Snail-a-thon Beach." Conceptually, the Division could enter into cooperative management agreements with the Cooper Landing and Moose Pass communities to care for these popular sites with minimal cost to the State. Basic sanitary facilities are greatly needed at these sites along with a clear management presence to deter negative behavior by some visitors. Without the lands being legislatively added to KRSMA, no solutions can be pursued to solve some of the most immediate problems at specific sites.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 165
 () Publish Date: _____
 Dept. Affected: Natural Resources
 BRU: Minerals, Land & Water Dev.
 Component: Title Defense & Acquis.
 Component Number: 2459

Revision Date/Time (Note if correction): _____
 Title: Kenai River Special Management Area
 Sponsor: Reps. LANCASTER, Scalzi
 Requester: (H) RES

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

Estimate of any current year (FY2001) cost: None

Check this box if funding for this bill is included in the Governor's FY2002 budget proposal: []

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill transfers management of the listed parcels from Division of Mining, Land & Water to Division of Parks as additions to the Kenai River Special Management Area. These additions were envisioned in both the 1997 Revised Kenai River Comprehensive Management Plan, adopted by DNR in 1997, and the Kenai Area Plan adopted by DNR last year. There is no fiscal impact on this division.

Prepared by: Bob Loeffler Phone 269-8600
 Division: Mining, Land and Water Date/Time 23-Mar-01
 Approved by: Pat Pourchot Date 23-Mar-01
 Agency: Natural Resources

For distribution information, call the Governor's Legislative Office



APR 17 2001

COOK INLET
AQUACULTURE ASSOCIATION

40610 KALIFORNKY BEACH ROAD
KENAI, AK 99611
(907) 283-5761
FAX: (907) 283-9433
email: ciaa@ptialaska.net

April 10, 2001

Representative Ken Lancaster
Alaska House of Representatives
State Capitol
Juneau, AK 99801-1182

Re: Resolution in Support of Expanding the Kenai River Special Management Area.

Dear Representative Lancaster:

Attached, for your consideration, is a resolution supporting expansion of the Kenai River Special Management Area.

The Cook Inlet Aquaculture Association (CIAA) passed this resolution at its March 31, 2001 Board of Director's meeting. CIAA seeks protection of self-perpetuating salmon stocks and their habitat through planning, permitting and enforcement processes. We feel expansion of the Kenai River Special Management Area supports this objective and encourage your support of the legislation permitting the expansion.

Sincerely,

Gary Fandrei, Executive Director

File: Legislature/Correspondence

SALMON ENHANCEMENT TODAY MEANS BETTER SALMON FISHING TOMORROW



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**COOK INLET
AQUACULTURE ASSOCIATION**

40610 KALIFORNISKY BEACH ROAD
KENAI, AK 99611
(907) 283-5761
FAX: (907) 283-9433
email: ciaa@ptlalaska.net

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The
Kenai River Special Management Area**

Whereas, the Kenai River Special Management Area (KRSMA) was established in 1984 to preserve and protect the important fish and wildlife habitat and resources of the Kenai River watershed and to provide for recreational opportunities; and

Whereas, certain state owned lands adjacent to the Kenai River were combined with the waters of Kenai River, Kenai Lake and Skilak Lake to form the KRSMA; and

Whereas, in 1996-97, the KRSMA Advisory Board conducted an extensive public process to update and revise the original 1986 Kenai River Comprehensive Management Plan, which included a recommendation to add a number of new state owned parcels and tributaries to the KRSMA; and

Whereas, these land parcels adjacent to Kenai Lake, Cooper Lake, Upper and Lower Trail Lakes, plus a number of Kenai Lake tributaries, and the waters of Upper and Lower Trail Lakes and Trail River all combine to provide additional protection of fish and wildlife resources and habitat, as well as provide an opportunity to manage activities in a larger area of the Kenai River watershed; and

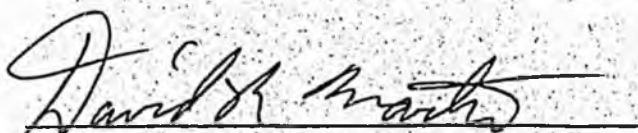
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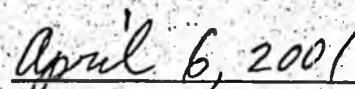
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Approved:



David Martin, President, CIAA Board of Directors


Date

SALMON ENHANCEMENT TODAY MEANS BETTER SALMON FISHING TOMORROW



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ALASKA FLYFISHERS

Winners of the 1994 McKenzie Cup



March 31, 2001

Representative Lancaster
State Capitol, Room 421
Juneau Alaska 99801-1182

Dear Representative Lancaster:

I am writing you on behalf of the Alaska Fly Fishers (AFF) regarding an issue which we feel is important to a large number of Alaskans. That issue is the habitat and resources related to the Kenai River and Russian River and their tributaries. According to a study published by UAA/ISER at the request of ADF & G, the Kenai and Russian Rivers were the most popular fishing sites in the State of Alaska, with 14% of the total fishing trips in the State being to this destination. Of the total households in the Anchorage and Kenai areas 75,163 households reported they had fished during the three years previous to the study being conducted. In 1993 approximately 540 million dollars were spend on sports fishing in Alaska and I'm confident that number has increased significantly by now.

AFF is a nonprofit organization that has approximately 500 members. The majority of our members are located in Southcentral Alaska, including the Kenai Peninsula. When AFF was formed in 1973 one of our primary objectives was to protect and enhance the fisheries resources in Alaska. It is not our intent to "lock up lands", but to make sure the lands are available for use by the broadest number of people consistent with responsible use of the habitat. Examples of these types of actions directly related to the Kenai Peninsula, include our members are active members of Fish & Game Advisory Committees, sit on task forces related to habitat and resource issues on the Kenai River, and in 1992 initiated a Kenai River Cleanup which takes place each fall.

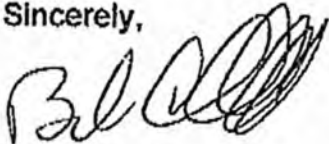
It is our understanding that the legislature is considering areas on the Kenai Peninsula for inclusion in the State of Alaska Park through HB 165. It is also our understanding this effort is made to insure these lands are put into uses consistent with the Kenai River Comprehensive Management Plan adopted in December of 1997. We have reviewed the text of HB 165, discussed these issues with the Chair of the Cooper Landing Fish & Game Advisory Committee and one of the members of the Kenai River Board. We encourage the legislature to consider the importance of the habitat and resources of this area prior to taking any action or failing to take action regarding this area.

ALASKA FLYFISHERS • P.O. BOX 90011 • ANCHORAGE, ALASKA 99509

We are very concerned about insuring the use these lands are consistent with the enhancement of the habitat and resources of the rivers and drainage's in this area (Trail Lakes, Kenai River, etc.). The Kenai River and it's tributaries are valuable and irreplaceable that if lost would have an extremely negative impact on Alaska and many Alaskans. This is clearly supported by the data contained in, "Economics of Sport Fishing In Alaska" published by the Institute of Social and Economic Research of UAA referenced earlier.

Therefore, it is our hope that whatever action is taken by the legislature is consistent with the enhancement of the habitat and fisheries resources of this area. This will provide an exception fisheries resource for Alaskan's and our visitors. This is not only for the inherent value of these lands and waters, but for the dollars in brings in to support Alaskan and for the enjoyment it provides for many of us.

Sincerely,



Bob Churchill
President

File

adn.com

Anchorage Daily News

Group buys land along Kenai River

HABITAT: Conservation Fund purchases 'Wally's hole,' described as a bear magnet.

By Jon Little
Anchorage Daily News

(Published April 9, 2001)

Soldotna -- A growing patchwork of protected brown bear habitat along a Kenai River tributary near Sterling has expanded with The Conservation Fund's announcement that it bought six riverfront lots in thick spruce woods where the Killey River joins the Kenai.

There, biologists say, spawned out salmon carcasses pile up every summer, attracting a number of hungry brown bears. Kenai River anglers know the spot as "Wally's hole."

The largely undeveloped waterfront on the southern bank of the Kenai faces the Kenai Keys, a subdivision on the river's accessible northern shore that is packed with recreational cabins and buzzing with boats and anglers each summer.

"Apparently folks over there love to watch the bears gamboling in the stinking fish," said Brad Meiklejohn, the fund's Alaska representative.

He said the fund had worked on buying the land since 1995 from its owner, Wallace J. Wellenstein of Anchorage. Wellenstein was interested in protecting the property but took some persuading, Meiklejohn said.

Wellenstein could not be reached for comment.

This purchase, concluded last week, is the third in a recent series of conservation land deals along the Killey River.

In 1997, The Nature Conservancy accepted a 40-acre donation from the owner of a 1949 Killey River homestead that borders the Kenai National Wildlife Refuge. The conservancy closed a deal a year ago with the Alaska Mental Health Trust Authority to buy 160 more acres along the river.

At only 8 acres, this latest purchase is much smaller but is significant because the shoreline is such a bear magnet and because Kenai riverfront lots are selling as fast as developers can build new cabins, Meiklejohn said.

Just one lot has a tiny shack, he said; the rest are untouched.

The Killey River area has attracted conservationists since the mid-1990s, when biologists identified the

area as critical habitat for the Kenai Peninsula's isolated population of brown bears.

It's a largely undeveloped zone between Sterling and Skilak Lake where the bodies of millions of spawned-out red salmon collect each summer. Bears congregate to fatten up for winter, according to Sean Farley, a state research biologist who heads an interagency brown bear study team.

Money for the purchase was provided by the Richard and Rhoda Goldman Fund of San Francisco. A sale price was not disclosed.

The Conservation Fund, a national nonprofit organization, has made more than 70 real estate deals in Alaska, most of them for habitat protection. Many have been along the Kenai and Anchor rivers, near Kachemak Bay and near Lake Clark.

Reporter Jon Little can be reached at jlittle@adn.com or at 907-260-5248.

Close Window

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Column for Peninsula Clarion, 3/30/01

LOCKING UP LAND FOR PUBLIC USE

by Les Palmer

Rep. Ken Lancaster recently introduced HB 165, a bill that would add state-owned lands along the Kenai River and its tributaries to the Kenai River Special Management Area (KRSMA).

This idea was hatched 15 years ago, but couldn't be put forward until state and borough land selections had been completed. That accomplished, it's time to protect these lands.

In 1985, the Lands Subcommittee of the KRSMA Advisory Board met 38 times, part of the long process of writing the first comprehensive management plan for the river. As a member of that body, I well remember why we wanted those lands in the special management area. Left alone, they would be administered by the Department of Natural Resources.

Unfortunately, DNR historically has been less than a perfect landlord. Only after squatters' cabins had proliferated on state lands along Cook Inlet and in the Caribou Hills did this agency take notice that anything was amiss. Judging by its dismal record -- and it's not likely to change -- "DNR" could well mean "Department of No Responsibility."

The inclusion of state-owned lands in the special management area would give them at least minimal protection. Such enforcement as would be necessary would be administered by State Parks, which has year-round staff on the peninsula.

The best reasons for including these additional lands can be found in the 1984 act establishing the Kenai River Special Management Area, in Section 1, Findings: "The river's fishery and wildlife are its most important resources. The highest priority uses of the river and its adjacent land derive from its fishery and wildlife resources, which must be protected and preserved to ensure their renewability and continued usefulness."

Since the Kenai River Special Management Area is in effect a state park, some people will no doubt object to "locking up" more land. To that I say, if you're locking up lands for public fishing, hunting and recreation, lock away! That's the kind of locking up we need more of. The grim alternative is privatization, a true lock-up.

Water quality is another, even more important, reason for protection of these lands. Pollutants in the upper watershed pollute the entire Kenai River. A chemical spill in the Trail lakes or upper Kenai Lake could become a disaster beyond measure.

While serving on the Lands Committee, I was also a real estate broker and developer of recreational properties. At the time, my first thought about those lands along Kenai Lake and the Trail lakes was that they would make nice future home or cabin sites. But I had second thoughts. I decided such development wasn't worth the risk.

The lower 50 miles of the Kenai had already been allocated to private development, along with quite a lot of the upper watershed and lands

along several important tributaries. The Lands Subcommittee concluded that the state lands in the upper watershed should be added to the special management area, which would protect them from most kinds of development, but leave them open for public recreation. Both the Lands Subcommittee and the Kenai River Advisory Board unanimously adopted this recommendation.

That was 15 years ago. The reasons for including those lands are even more important today.

We can't allow ourselves to forget the importance of the Kenai. We must not allow ourselves to take it for granted. Those of us who love the Kenai must regularly remind one another and our elected officials that the river is valuable, but also vulnerable. Protecting the lands along the Kenai is an investment in the river's future.

And our future.

* * *

Want to learn more about the Kenai River and how you can help it to remain one the best salmon-producing streams on earth? Visit the Kenai River Center, 514 Funny River Road; or call 260-4882; or, visit the river center on the Internet at:
www.borough.kenai.ak.us/KenaiRiverCenter

Les Palmer is a freelance writer who lives in Sterling.

CORRECTION

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



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

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www.borough.kenai.ak.us/KenaiRiverCenter

Les Palmer is a freelance writer who lives in Sterling.

QUARTZ CREEK HOMEOWNERS' ASSOCIATION
P.O. Box 815, Cooper Landing, AK 99572
907-595-2129

RESOLUTION SUPPORTING HB 165
March 31, 2001

Whereas, HB 165 will protect important land parcels adjacent to Quartz Creek Homeowners' Association (QCHA) properties, by including these parcels in the Kenai River Special Management Area, and

Whereas, the members of the QCHA have been stewards of the subject land parcels beginning as early as 1947, and following establishment of the QCHA in 1958, and

Whereas, the members of the QCHA now extend into the 4th generation, and have individually and collectively worked with the residents of Cooper Landing; and local, state, and federal agencies to plan for the future of the area; and

Whereas, the members of the QCHA understand that the natural setting and habitat of the alpine area around QCHA properties and Cooper Landing is very fragile and cannot be randomly developed without initiating undesirable and irreversible changes, which will greatly reduce property values and other personal values related to the natural setting, and

Whereas, inclusion of the important land parcels listed in HB 165, as parkland within the Kenai River Special Management Area will prevent loss of property values and other personal values related to the natural setting.

Therefore, the Quartz Creek Homeowners' Association strongly supports passage of HB 165.

FOCL

Friends of Cooper Landing

Post Office Box 815
Cooper Landing, Alaska 99572

**FRIENDS OF COOPER LANDING
RESOLUTION 2001-01
REGARDING HB 165
March 30, 2001**

Whereas, HB 165 seeks to add lands adjacent to critical waters in the Cooper Landing area to the Kenai River Special Management Area, and

Whereas, the residents of Cooper Landing have participated in years of planning efforts that produced the Kenai River Comprehensive Management Plan, the Kenai Area Plan, and the Cooper Landing Land Use Plan, and

Whereas, the residents of Cooper Landing recognize the importance of preserving habitat, preventing water pollution, and retaining public recreational access to these waters and the Kenai Lake shore, and

Whereas, additional development of the Kenai Lake shore will destroy habitat, introduce water pollution, and restrict public access, and

Whereas, the health of Kenai River and all of its tributaries is a critical factor in maintaining robust commercial and sport salmon fisheries, and trout fisheries; and traditional incomes on the Kenai Peninsula, and


Whereas, the economy of Cooper Landing is totally based on tourism and outdoor activities, which are dependent upon retaining the natural waters, habitat, and viewshed of the area, and

Whereas, addition of the land parcels described in HB 165 to the Kenai River Special Management Area will prevent negative impacts, which is critical to both the present economy and the future vitality of Cooper Landing; and is supported by a majority of Cooper Landing residents.

Therefore, the Friends of Cooper Landing strongly support passage of HB 165 and gratefully thank Peninsula legislators for its introduction.

Friends of Cooper Landing, P.O. Box 815, Cooper Landing, Alaska 99752
Bob Baldwin, President, 907-595-2129; 250-3913
<cooperlanding@alaska.com>

-- Our focal point is Cooper Landing --

Printed On Recycled Paper ALASKA WILDLAND
March 30, 2001

TO: Representative Lancaster
FAX: 907-465-3835

RE: Kenai River Special Management Area

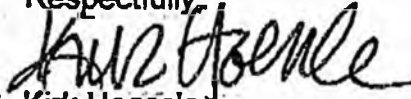
Dear Representative Lancaster,

As a tour operator doing business on the Kenai River, we fully support the expansion of the Kenai River Special Management Area.

Our main base of summer operations is in Cooper Landing. We provide rafting trips on the upper Kenai and through the Kenai River Canyon. We also offer day trip and multi day fishing packages along the upper and lower Kenai. We recognize that our guests appreciate the fine quality of this river environment. It is imperative that the fish habitat and wildlife resources be protected. The riparian ecosystem must remain intact in order to provide quality recreational opportunities – especially for those who are willing to spend money to experience a river with wild attributes.

The Kenai River Comprehensive Management Plan recommended the addition of new state owned parcels and tributaries to the KRSMA. By doing so, the intent of providing additional fish and wildlife resource protection will be accomplished. Quality recreational opportunities will simultaneously be expanded. This is good for business and good for the environment.

Respectfully,



Kirk Hoessle
President

Cc: Representative Drew Scalzi
Senator John Torgerson

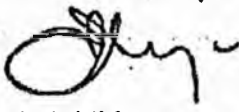


KENAI PENINSULA
Learning Center

At the Scenic Trail Lake Lodge

Date: 4/1/00

To: Rep. Ken Lancaster (fax 907-465-3835)
Rep. Drew Scalzi (fax 907-465-3472)
Sen. John Torgerson (fax 907-465-4779)
Dir. Jim Stratton (fax 269-8907)

From: Justin Ripley 

Re: Support for KRSMA Additions

As the owners of the Trail Lake Lodge located in scenic Moose Pass, we recognize the need to protect the area's watershed resources and corresponding recreational opportunities. We therefore support the 1997 Management Plan additions to KRSMA to the extent that they accomplish such protection.

Thank you for your attention to this matter. If you have any questions regarding our operations in Moose Pass, please do not hesitate to call me at 907-245-0900.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

COOPER LANDING FISH AND GAME ADVISORY COMMITTEE

P.O. BOX 721
COOPER LANDING, AK 99572
PHONE: (907) 595-1540
FAX: (907) 595-1540

April 6, 2001

Honorable Ken Lancaster
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Representative Lancaster,

At its scheduled and advertised meeting of April 3, 2001, the Cooper Landing Fish and Game Advisory Committee took public comment, discussed and voted on agenda item HB 165, KRSMA additions. Our recorded vote was 6 members in support of HB 165 and 2 members opposed to HB 165.

Those supporting HB 165 felt these land and water additions support public future access and recreational opportunity, the sustainability of future fish and wildlife resources, and the protection of fish and wildlife habitat. Those opposed felt that this legislation was not politically viable and that future public access, use and development of these lands and waters could be needlessly protected and restricted by adding these lands and waters to KRSMA.

We hope that our comments both pro and con are useful during the debate on HB 165. If we can be of further assistance on this issue, please contact Bill Stockwell at 595-1540.

Sincerely,



Bill Stockwell, Chair

cc: Senator John Torgerson
Representative Drew Scalzi
Ted Wellman, KRSMA Advisory Board President
ADF&G Board Support Section

Introduced by:	Navarre
Date:	02/02/99
Action:	Adopted
Vote:	7 Yes, 2 No

KENAI PENINSULA BOROUGH

RESOLUTION 99-013

**A RESOLUTION URGING THE ALASKA STATE LEGISLATURE
INCLUDE ADDITIONAL STATE LAND INTO THE
KENAI RIVER SPECIAL MANAGEMENT AREA**

WHEREAS, the Alaska State Legislature established the Kenai River Special Management Area in 1984 to preserve and protect important fish and wildlife habitat and resources and to provide for recreational opportunities; and

WHEREAS, the Alaska Department of Natural Resources in cooperation with the Kenai River Special Management Area Advisory Board developed the 1986 Kenai River Comprehensive Management Plan; and

WHEREAS, in December 1997 a revised Kenai River Comprehensive Management Plan was adopted by the Commissioner of Natural Resources based on recommendations from the Kenai River Special Management Area Advisory Board; and

WHEREAS, the revised plan has recommended the additional State-owned lands and tributaries adjacent to the Kenai River be included in the boundary of the Kenai River Special Management Area; and

WHEREAS, Goal 3.9 of the Kenai Peninsula Borough Comprehensive Plan is to provide quality outdoor recreational areas and opportunities for Borough residents and visitors; and

WHEREAS, Goal 4.3 of the Kenai Peninsula Borough Coastal Management Program recommends public lands be retained for public open space or recreation areas; and

WHEREAS, the addition of these State lands and tributaries meets the goals and objectives of these Borough plans;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. The Kenai Peninsula Borough Assembly supports the addition of State land adjacent to the

Kenai River and the addition of Kenai River tributaries into the boundaries of the Kenai River Special Management Area.

SECTION 2. The Alaska State Legislature is urged to introduce legislation to amend Alaska Statute 41.21.500 and to expand the boundaries of the Kenai River Special Management Area to include the 9,681 acres identified in the 1997 Kenai River Comprehensive Management Plan.

SECTION 3. That copies of this resolution shall be provided to The Honorable Tony Knowles, Governor, State of Alaska; the Honorable John Shively, Commissioner of Alaska Department of Natural Resources; the Honorable Brian Porter, Speaker of the House, Alaska House of Representatives; the Honorable Drue Pearce, Senate President, Alaska State Senate; Representative Gary Davis, Representative Hal Smalley, Representative Scott Ogan, Representative Jerry Sanders, Senator John Torgerson, and Senator Jerry Ward.

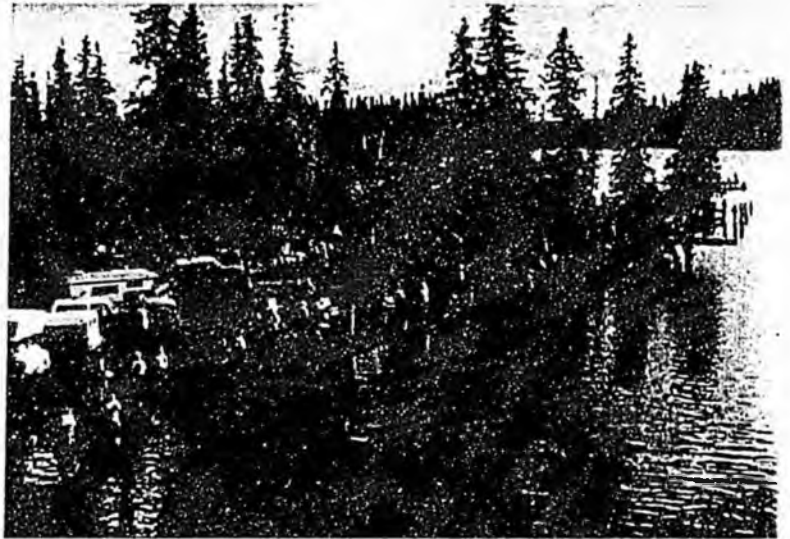
SECTION 4. This resolution shall take effect immediately upon adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 2ND DAY OF FEBRUARY, 1999.

New Proposed Land Additions for the Kenai River Special Management Area

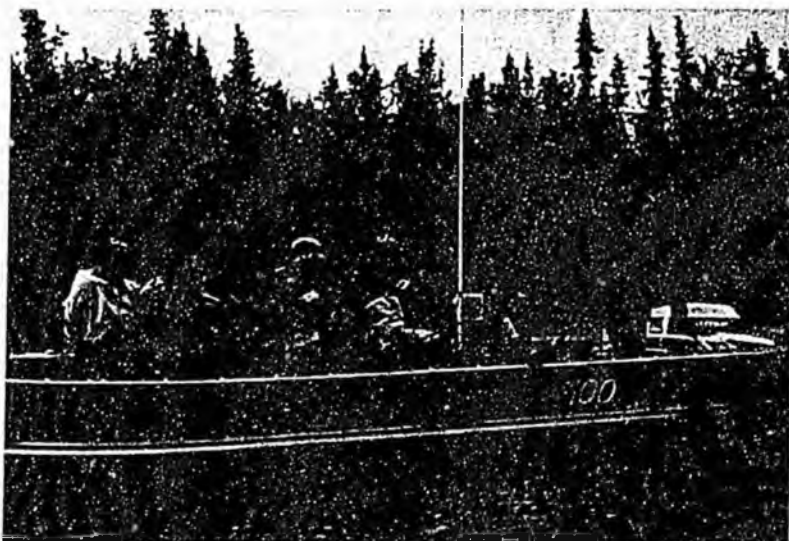
Background

During public meetings to revise the Kenai River Comprehensive Management Plan (KRCMP) and subsequent public review of the Kenai Area Plan, comments clearly suggested that the State should manage the Kenai River as a watershed system. The health of the entire Kenai River system, including its many communities, depends on sustaining adequate water quality and quantity, and healthy riparian fish and wildlife habitat throughout the watershed's basin. The region's economy depends on the \$37 million in direct spending by non-locals visiting the Kenai River. River guides, RV Park owners, motels, B&B and restaurant operators, car and boat rental dealers, and many other local Kenai Peninsula businesses depend upon a healthy Kenai River for economic sustainability.



Proposal

The Kenai River Special Management Area (KRSMA), under direction from the Alaska Legislature (AS 41.21.50) is managed as a unit of the Alaska State Park system by the Division of Parks and Outdoor Recreation, Department of Natural Resources. To provide the protection and management called for in the management plan revision, 7938 acres of general state lands, 11 upper Kenai River or Kenai Lake tributaries, and the water of Upper and Lower Trail Lakes must be legislative added to the boundary of KRSMA. This includes almost all the public lands and waters that contribute to sustaining the Kenai River's important fish, wildlife, and recreational resources. The level and consistency of management to adequately protect the valuable resources of these lands and waters is currently not possible without KRSMA designation. Existing park staff assigned to KRSMA is adequate to cover additional management responsibilities. No new facilities are planned for the proposed additional lands.



Why now?



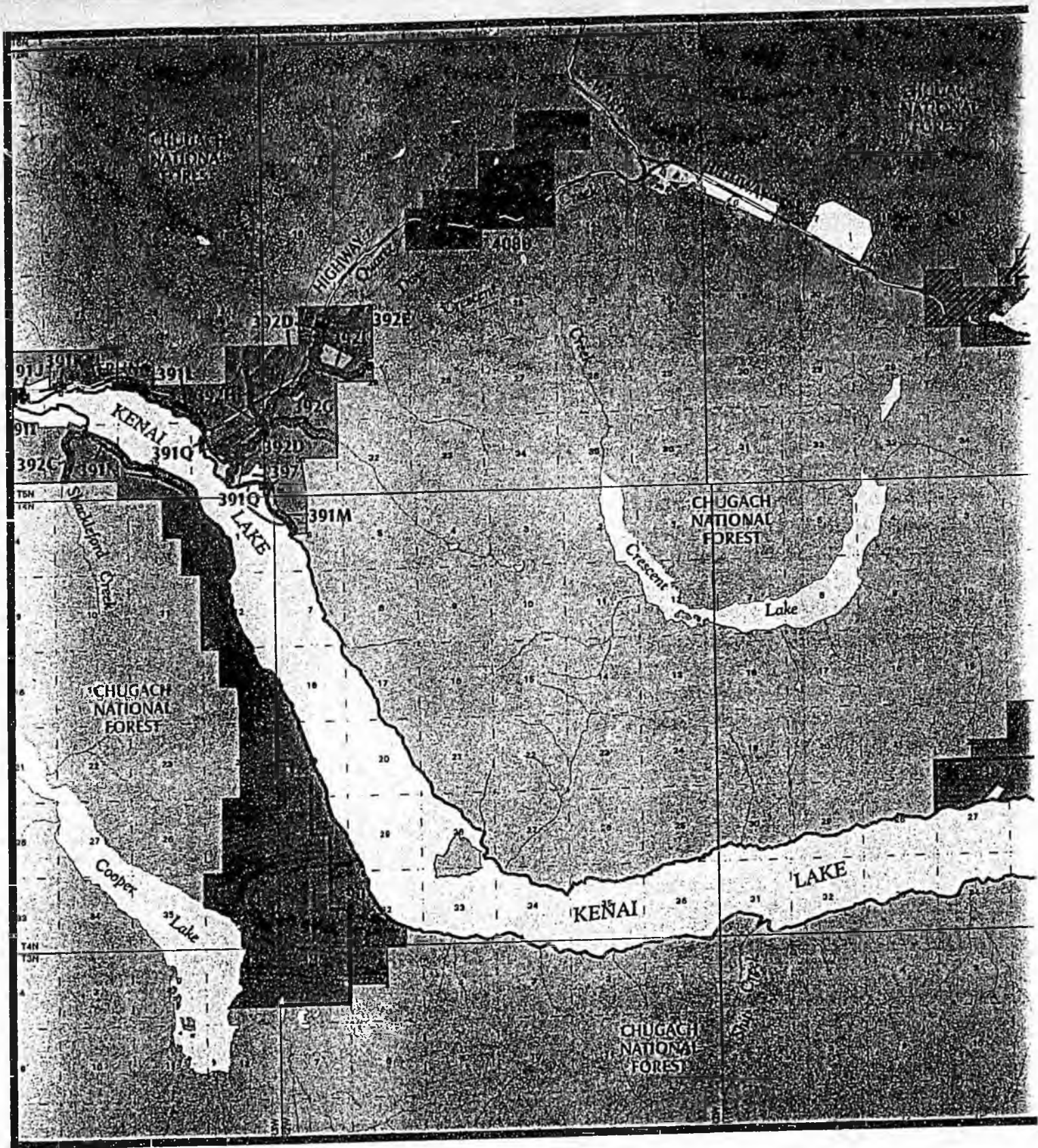
During the creation of the KRSMA in 1984, the State had not yet received title from the federal government to lands surrounding Upper and Lower Trail lakes, Trail River, and adjacent lands around the upper Kenai River and Kenai Lake. The original Kenai River Comprehensive Management Plan directed the state to designate these lands for the KRSMA once they became available. Since that time, these lands have been conveyed to the state. The recent plan revision re-emphasizes the intent that these important habitat lands and waters should be included in the boundaries of the Special Management Area.

Where are these lands?

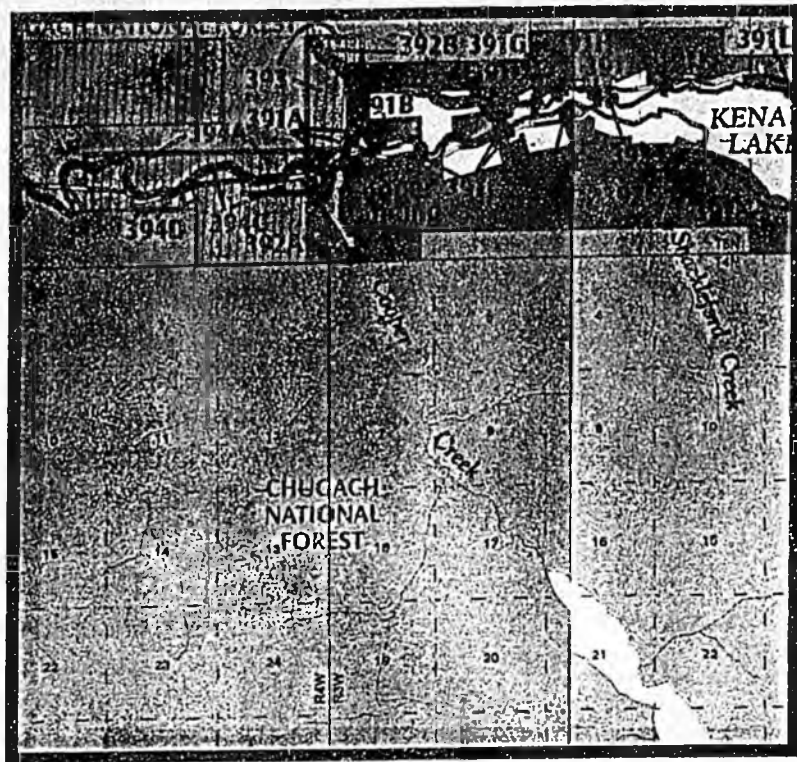
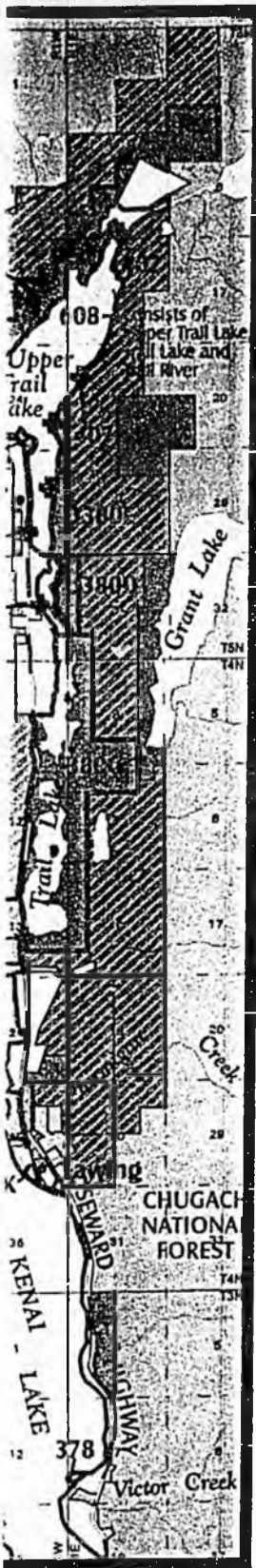
The largest blocks of proposed lands are on the south side of Kenai Lake along Snug Harbor Road and up to Cooper Lake, and around much of Upper and Lower Trail lakes, and Trail River in the Moose Pass area. Of key importance are the numerous tributary streams draining into the upper Kenai River and Kenai Lake. These are important contributors to the watershed's fishery and water resources. A 200-foot corridor has been retained along each side of most of the tributaries and is proposed for KRSMA addition, along with each tributary. The mineral closing order for the KRSMA does not include those streams north of Cooper Creek.

Downstream from Skilak Lake are a few limited additions proposed, primarily lands acquired as habitat and recreation lands under the Exxon Valdez Oil Spill settlement funding, or isolated tracts of state land overlooked during the 1984 KRSMA legislation.











Kenai Lake



Upper River Segment

LEGEND

Land Ownership:

-  ANY COLOR KRSMA - Managed by Alaska State Parks
-  Other State Owned
-  Borough
-  Borough selected
-  Federal (Nat'l. Forest, Refuge, Wilderness)
-  Private

Proposed Additions to KRSMA:

-  State
-  State parcels smaller than 2 acres

Map features

-  Main roads



HB

167



Alaska State Legislature

- Interim (May-Dec.) -
10928 Eagle River Rd., Suite 140
Eagle River, Alaska 99577
☎ (907) 694-6683
FAX (907) 694-1015

- Session (Jan.-May) -
Alaska State Capitol
Juneau, Alaska 99801-1132
☎ (907) 465-2199
FAX (907) 465-4587

Toll free (800) 342-2199

REPRESENTATIVE FRED DYSON

MEMORANDUM

April 27, 2001

To: Senator Gene Therriault
Senate State Affairs Committee

From: Fred Dyson *Fred Dyson*
State Representative

RE: Request for consideration of HB 167

HB 167 is a bill that makes minor changes to license plates law. It should be non-controversial and take very little time.

I respectfully request that you schedule it for public hearing at your earliest convenience. Thank you.

- E-mail -
Representative_Fred_Dyson
@Legis.state.ak.us

- Internet -
<http://www.akrepublicans.org>



Alaska State Legislature

- Interim (May-Dec.) -
10928 Eagle River Rd., Suite 140
Eagle River, Alaska 99577
☎ (907) 694-6683
FAX (907) 694-1015

- Session (Jan -May) -
Alaska State Capitol
Juneau, Alaska 99801-1182
☎ (907) 465-2199
FAX (907) 465-4587

Toll free (800) 342-2199

REPRESENTATIVE FRED DYSON

HB 167 Sponsor Statement

"An Act relating to License Plates

Updated: April 18, 2001

Contact: Representative Fred Dyson's office at (907) 465-2199

HB 167 makes two changes to the law relating to specialty plates:

First, it eliminates a requirement that special plates for Alaska National Guard personnel return the plates within 10 days following discharge from the Alaska National Guard. This provision has not been enforced and places an unnecessary burden on those who choose to willingly comply with existing law. Besides being a nuisance, it is difficult not to interpret this as a slap in exchange for service to our state.

Second, HB 167 makes a provision for antique vehicle owners to use license plates that match the year of when it was new. The owner provides the plates and the department has the right of refusal if the number is a duplicate, the provided plates are illegible, or are considered unacceptable by the department. This plate would carry current license expiration date tags.

HB 167 also sets the appropriate registration fee rates for these initiatives. There is no change on the \$30 fee for National Guard Plates and a \$30 fee is set for antique vehicle owner plates.

This bill costs the State of Alaska nothing and allows for vehicle owners to do creative and unique things with their license plates

- E-mail -
Representative_Fred_Dyson
@Legis.state.ak.us

- Internet -
<http://www.akrepublicans.org>

CSHB 167(CRA) Sectional Analysis

Revised: April 6, 2001 22-LS0694\C

Section 1: Eliminates the requirement that National Guard specialty plates be returned within 10 days of discharge from the Alaska National Guard.

Section 2: Allows owners of antique vehicles to use license plates that correspond to the year of the manufacture of the vehicle. The vehicle owner must supply the plates. The department may disapprove the registration plates if the plates are not legible, are a duplication, or if they are otherwise unacceptable.

Section 3: Sets the rate for use of antique plates at \$30.

Section 4: Sets an effective date.

Sectional Analysis

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 167(STA)
 (H) Publish Date: 4/6/01

Revision Date/Time (Note if correction): 5-Apr-01 Dept. Affected: _____
 Title: License Plates for AK National Guard BRU: Legislature
Personnel & Antique Vehicles Component: _____
 Sponsor: Representative Dyson
 Requester: H(STA) Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

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

This resolution has no fiscal impact on state spending.

Prepared by: State Affairs Committee

Phone 465-3719

Representative ss/ Representative John Coghill
Committee Chair

Date 4/5/01

Fiscal Note

HB

2000

ALASKA STATE LEGISLATURE

HOUSE JUDICIARY COMMITTEE

Representative Norman Rokeberg, Chairman
Representative Scott Ogan, Vice-Chairman
Representative John Coghill
Representative Jeannette James
Representative Kevin Meyer
Representative Ethan Berkowitz
Representative Albert Kookesh



State Capitol
Juneau, AK 99801-1182
Telephone: (907) 465-4990
Fax: (907) 465-2040

Heather M. Nobrega
Counsel to Committee

Sponsor Statement for CSHB 200 (STA)

On July 3, 2000, an Anchorage man with six previous drunk driving convictions was allegedly driving drunk when he struck and killed Jessie Withrow. Jessie, a college student, was riding her bike down the sidewalk on Minnesota Drive when she was hit. Jessie's death is just one tragedy in a numerous string of drunk driving deaths that occurred throughout the state last year.

By establishing July 3rd as Drunk Driving Victims Remembrance Day, we create a day when drunk driving victims like Jessie, and others, can be remembered. July 3rd has been chosen by Mothers Against Drunk Driving because it was the day of Jessie's death, and because it is right before a major summer holiday when Alaskans are more susceptible to drinking and driving accidents.

Alaska will be the first state in the union to establish a day devoted to commemorating the individuals who died as a result of a traffic accident involving a drunk driver. Drinking and driving has reached epidemic proportions in our state. By establishing a Drunk Driving Victims Remembrance Day, we hope to bring awareness to this problem, and help prevent future victims of drunk driving.

The committee urges your support of this bill.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 200(STA)
 (H) Publish Date: 4/17/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Office of the Governor
 Title: An Act Establishing July 3 as Drunk Driving BRU: Executive Operations
Victims Remembrance Day Component: Executive Office
 Sponsor: House Judiciary
 Requester: H(STA) Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This resolution has no fiscal impact on state spending.

Prepared by: Rynniva Moss

Phone 465-3719

Representative John Coghill
 Committee Chair

Date 4/12/01

Pickup ^{5 July 2000} hits, kills bicyclist

Police say man drunk had 6 previous DWIs

By LISA DEMER
Daily News reporter

An Anchorage man with six previous drunken driving convictions was driving drunk when he struck and killed a college student riding her bicycle on the sidewalk along Minnesota Drive late Monday, Anchorage police said.

Russell D. Carlson, 39, who had a 2-year-old child in the truck with him, was charged with manslaughter, child abuse, driving while intoxicated and driving while his license was revoked, according to police.

The bicyclist was Jessie Withrow, who grew up in Anchorage and



Jessie Withrow died Tuesday in Anchorage.

BICYCLIST: Student enjoyed friends, family, music

Continued from Page A-1

was a dean's list student at Bates College in Lewiston, Maine. She was pronounced dead at Providence Alaska Medical Center on Tuesday afternoon.

Police Lt. Bob Griffiths said Carlson had six DWI convictions in Alaska. Details about those cases were not available Tuesday because of the July Fourth holiday.

The crash happened about 11:30 p.m. Carlson was driving a white full-size pickup, police spokesman Ron McGee said.

Witnesses told police that Carlson was weaving and driving fast while heading south on Minnesota. He ran into a Ford Explorer that had stopped for a red light on Northern Lights Boulevard; then went on the sidewalk and struck Withrow on

her bike, according to police. His truck then went into the parking lot of the Aurora Village Shopping Center and crashed into three parked cars, police said.

The 2-year-old child and another man in the truck were not hurt, police said. The relationship between Carlson and the child wasn't clear.

Family friends of the young woman who died described her as exceptionally bright and creative.

"Jessie was a very unusual child. It was like she was way grown up beyond her years. She was destined to do great things. The world is going to be a cheated place for the fact she was not able to achieve her potential," said Susan Peck, who has a daughter close to Withrow and who is a friend of Withrow's mother, Wendy.

Withrow wrote for Perfect World, the

teen-oriented pages in the Anchorage Daily News. She sang with her mother at the Renaissance Festival and the Anchorage Folk Festival. She served on the Anchorage Youth Court, helping kids who had gotten in trouble. In 1998, she graduated with honors from Steller Secondary School and won a scholarship to Bates College, a liberal arts school. She was home for summer break and would have been a junior, studying English.

"Her friends, her family and her music were the things she enjoyed the most," said another family friend, Ray Booker.

Carlson is being held at Cook Inlet Pre-Trial Facility on \$100,000 bail.

Reporter Lisa Demer can be reached at ldemer@adn.com and 257-4390.

See Back Page, BICYCLIST

ALASKA STATE LEGISLATURE

HOUSE JUDICIARY COMMITTEE

Representative Norman Rokeberg, Chairman
Representative Scott Ogan, Vice-Chairman
Representative John Coghill
Representative Jeannette James
Representative Kevin Meyer
Representative Ethan Berkowitz
Representative Albert Kookesh



State Capitol
Juneau, AK 99801-1182
Telephone: (907) 465-4990
Fax: (907) 465-2040

Heather M. Nobrega
Counsel to Committee

MEMORANDUM

To: Senator Gene Therriault, Chairman
Senate State Affairs Committee

From: Rep. Norman Rokeberg, Chairman
House Judiciary Committee

Date: April 24, 2001

Re: Request to Hear House Bill 200

Norman Rokeberg
Chairman

The House Judiciary Committee respectfully requests that HB 200, Drunk Driving Remembrance Day, be scheduled for a hearing.

Attached are:

1. HB 200
2. Sponsor Statement
3. Anchorage Daily News article

HB

212

COMMITTEE: SENATE STATE AFFAIRS

SUBJECT: HB 212-WORKERS'
COMP: CONTRACTORS & SUBCONTRACTOR

DATE: May 2, 2002



PLEASE SIGN IN

NAME
PLEASE PRINT

ADDRESS
(MAILING & ZIP)

E-MAIL

REPRESENTING
(No Acronyms)

TESTIFY?
Y/N

NAME PLEASE PRINT	ADDRESS (MAILING & ZIP)	E-MAIL	REPRESENTING (No Acronyms)	TESTIFY? Y/N
✓ AMY ELIKSON			REP. MURKOWSKI	YES
✓ DON ETH-KIDGE	710 W 9TH ST 99501		REL CIO	YES
✓ Paul Grossi	Dept of Labor		DW W Comp	yes
✓ Alan Wilson	Home Builders		ASHBA	Yes
✓ Barbara Huff Truckers	Teamsters		Teamsters	yes
✓ Charlie Miller	10200 102286 99510		Alaska Natural Ins.	Y

RUSSELL, TESCHE, WAGG, COOPER & GABBERT

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

610 L STREET, SUITE 300
ANCHORAGE, ALASKA 98501-1952
TELEPHONE (907) 258-1747
FACSIMILE (907) 258-5846

KAREN L. RUSSELL
ALLAN E. TESCHE
RICHARD L. WAGG
JOSEPH M. COOPER
ROBIN JAGER GABBERT
MICHAEL A. BUZDZINSKI

MERRILEE S. HARRELL
OF COUNSEL
ELIZABETH D. GOUDREAU

April 22, 2002

Robin Ward
Alaska Workers' Compensation Board
P.O. Box 107019
Anchorage, Alaska 99510-7019

Re: CSHB 212

Dear Robin:

You requested a comment from me regarding CSHB 212 now before the Alaska Legislature.

As I understand the bill, a simple amendment to AS 23.30.045(a) would require subcontractors who act as "employers" to secure payment of worker's compensation insurance for themselves as well as their employees. Current law requires subcontractors to provide workers' compensation insurance for their employees, but does not necessarily require a sole proprietor acting as a subcontractor to provide the same coverage for himself.

In the fifteen years I have handled worker's compensation claims for insurers and employers, I have seen a number of unfortunate cases involving uninsured subcontractors who are injured in industrial accidents and have little recourse for payment of medical bills or time loss. Many of these cases involve so called "independent" truckers whose families are severely impacted by uninsured industrial accidents.

CSHB 212 plugs a loophole in Alaska's Workers' Compensation Act and will reduce the burden of industrial accidents now born by the families of uninsured subcontractors who are injured on the job. I recommend its passage by the Legislature.

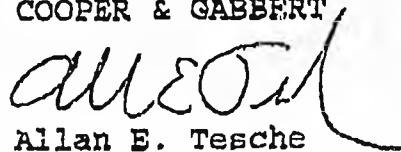
Letters of Support

Robin Ward
April 22, 2002
Page 2

If you have further questions about the bill, please contact me.

Cordially,

RUSSELL, TESCHE, WAGG
COOPER & GABBERT



Allan E. Tesche

AET/sbl
J:\AETHB213.LTR



ALASKA STATE HOMEBUILDERS ASSOCIATION

March 27, 2002

HB 212

The Alaska State Home Builders Association supports HB 212 as the most equitable approach to solving a problem that has frustrated the insurance and contracting industries for years. The ASHBA was an active member of the Sole Proprietor Workers Compensation Task Force along with representatives from the insurance, re-insurance, and trucking industries. Also participating on the task force were representatives from the state Division of Insurance and the Workers Compensation Division. This task force researched and debated options to address the issues related to current Sole Proprietor Workers Compensation regulations and finally brought forth the subject legislation in HB 212. At a recent Alaska State Home Builders Association Board of Directors Meeting, the board reaffirmed its support for this legislation.

Sincerely,

**Jim Ward
President
Alaska State Home Builders Association**



8301 SCHOON ST • SUITE 200 • ANCHORAGE, ALASKA • 99518
(907) 522-3931 • FAX (907) 522-3757



WARD
Development
& Construction Management
INCORPORATED

April 18, 2001

Rep. Lisa Murkowski
State Capitol
Juneau, AK 99801

RE: HB 212

Dear Rep. Murkowski:

I am writing to you in support of the above subject House Bill. I have been involved with the statewide task force that has been researching a solution to the problem of uninsured sole proprietors working as subcontractors for a prime contractor.

After a lengthy process of research, communication and negotiation, this bill is the best solution that could be found to solve the problem and create a level playing field for subcontractors and prime contractors.

A handwritten signature in cursive script that reads "Robin E. Ward".

Robin E. Ward
Ward Development

WCCA WORKERS' COMPENSATION COMMITTEE OF ALASKA
P.O. Box 200631 • Anchorage, Alaska • 99520

April 19, 2001

Rep. Lisa Murkowski
Chair, House Labor and Commerce Committee
State Capitol, Room 408
Juneau, AK 99801-1182

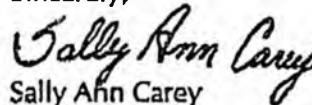
Dear Representative Murkowski:

The WCCA board of directors has reviewed House Bill 212 currently pending before the Labor and Commerce Committee and has voted to endorse the proposed legislation. WCCA directors feel the proposed change fills an obvious void in the State's Workers' Compensation law. The language in the legislation provides the necessary protection for both sole proprietors and general contractors in a fair and equitable way.

The Workers' Compensation Committee of Alaska is a private, nonprofit organization supported entirely through its membership. WCCA represents the interests of employers statewide with the mission "to ensure the quick, efficient, fair and predictable delivery of indemnity and medical benefits to injured workers at a reasonable cost to employers."

We encourage the committee to recommend passage of House Bill 212.

Sincerely,



Sally Ann Carey
President, WCCA Board of Directors

CC: Paul Grossi
Director, Division of Workers' Compensation

ALASKA STATE LEGISLATURE

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



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

HOUSE LABOR AND COMMERCE COMMITTEE

8 AAC 45.890. Determining Employee Status. For purposes of AS 23.30.265 (12) and this chapter, the board will determine whether a person is an "employee" based on the relative-nature-of-the-work test. The test will include a determination under (1) - (6) of this section. Paragraph (1) of this section is the most important factor and is interdependent with (2) of this section, and at least one of these factors must be resolved in favor of an "employee" status for the board to find that a person is an employee. The board will consider whether the work

(1) is a separate calling or business; if the person performing the services has the right to hire or terminate others to assist in the performance of the service for which the person was hired, there is an inference that the person is not an employee; if the employer

(A) has the right to exercise control of the manner and means to accomplish the desired results, there is a strong inference of employee status;

(B) and the person performing the services have the right to terminate the relationship at will, without cause, there is a strong inference of employee status;

(C) has the right to extensive supervision of the work then there is a strong inference of employee status;

(D) provides the tools, instruments, and facilities to accomplish the work and they are of substantial value, there is an inference of employee status; if the tools, instruments, and facilities to accomplish the work are not significant, no inference is created regarding the employment status;

(E) pays for the work on an hourly or piece rate wage rather than by the job, there is an inference of employee status; and

(F) and person performing the services entered into either a written or oral contract, the employment status the parties believed they were creating in the contract will be given deference; however, the contract will be construed in view of the circumstances under which it was made and the conduct of the parties while the job is being performed;

(2) is a regular part of the employer's business or service; if it is a regular part of the employer's business, there is an inference of employee status;

(3) can be expected to carry its own accident burden; this element is more important than (4) - (6) of this section; if the person performing the services is unlikely to be able to meet the costs of industrial accidents out of the payment for the services, there is a strong inference of employee status;

(4) involves little or no skill or experience; if so, there is an inference of employee status;

(5) is sufficient to amount to the hiring of continuous services, as distinguished from contracting for the completion of a particular job; if the work amounts to hiring of continuous services, there is an inference of employee status;

(6) is intermittent, as opposed to continuous; if the work is intermittent, there is a weak inference of no employee status.

Regulations

ALASKA STATE LEGISLATURE

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



Alaska State Capitol
Juneau, AK 99801-1182
Telephone: (907) 465-4954
Fax: (907) 465-2293

Representative_Lisa_Murkowski@legis.state.ak.us

HOUSE LABOR AND COMMERCE COMMITTEE

Sec. 23.30.045. Employer's liability for compensation. (a) An employer is liable for and shall secure the payment to employees of the compensation payable under AS 23.30.041, 23.30.050, 23.30.095, 23.30.145, and 23.30.180 - 23.30.215. If the employer is a subcontractor, the contractor is liable for and shall secure the payment of the compensation to employees of the subcontractor unless the subcontractor secures the payment.

(b) Compensation is payable irrespective of fault as a cause for the injury.

(c) For a person eligible for vocational rehabilitation service under this chapter or AS 23.15.080 who is placed with an employer for service at the request of the rehabilitation administrator or division of vocational rehabilitation to provide on the job training, work readiness, work therapy experience, or work sampling, the liability set out in (a) of this section applies to the state rather than to the employer. However, an employer may elect to assume the liabilities in (a) of this section.

(d) A contract may not be awarded by the state or a home rule or other political subdivision of the state unless the person to whom the contract is to be awarded has submitted to the contracting agency proof, furnished by the insurance carrier, of current coverage by workers' compensation insurance from an insurance company or association authorized to transact the business of workers' compensation insurance in this state or proof, furnished by the board, of a current certificate of self-insurance from the board. The person to whom the contract is awarded shall keep the workers' compensation insurance policy in effect during the life of the contract with the state or political subdivision. If the state or the political subdivision of the state fails to obtain proof of coverage or self-insurance or to protect itself under (e) of this section, and an employee of the contractor is injured during the term of the contract, the state or the political subdivision is liable for workers' compensation to the employee if the employee is unable to recover from the employer because of the employer's lack of financial assets. The state or the political subdivision is not liable, however, to the employee for workers' compensation if the employee can recover from the employer under (a) and (b) of this section.

(e) When a contracting agency of the state or a political subdivision receives notice that the workers' compensation insurance policy of an employer to whom the agency has awarded a contract has been cancelled due to nonpayment of a premium, without being replaced by a comparable policy, the agency may either terminate the contract with the employer or continue the premium payments on behalf of the employer in order to keep the policy in force during the life of the agency's contract. If the agency chooses to keep the policy in force, it may deduct its payments from the contract price or bring an action against the employer to recover the amount of the payments. When the contracting agency receives notice that the board has revoked a certificate of self-insurance held by a person to whom a contract has been awarded, the agency may terminate the contract. This subsection does not limit the causes of action or remedies that the state or political subdivision may have against the employer.

(f) In this section,

- (1) "contractor" means a person who undertakes by contract performance of certain work for another; and
- (2) "subcontractor" means a person to whom a contractor sublets all or part of the initial undertaking.

Statutes

Over the past several years, complaints have been received from general contractors in Alaska who have had to pay increased workers compensation premiums for subcontracting a job with a sole proprietor who might potentially be considered an employee of the general contractor rather than an independent contractor. The general contractors have tried to appeal what they considered unfair or inappropriate premium charges through the review procedures in the insurance code of the Alaska statutes. This situation cannot be resolved through the current insurance code but will instead require legislative changes in the workers compensation statutes.

Under current Alaska statutes, a contractor is responsible for workers compensation insurance for employees of a subcontractor unless the subcontractor provides the coverage. If subcontractors are sole proprietors, they are not required to have workers compensation unless they have employees and then they may choose to cover only the employees. Alaska statute allows a sole proprietor to purchase workers compensation coverage, but it is not mandatory.

Using Alaska Supreme Court case law, the Workers Compensation Board has found in certain cases that injured sole proprietors are employees of the general contractors and not independent contractors. Therefore, the general contractor is responsible for workers compensation coverage for the sole proprietor. Because of these cases, insurance companies frequently charge general contractors an additional premium for sole proprietor subcontractors after the general's policy is audited at the end of the policy period. These additional premiums are often substantial and were not included in the general's bid costs.

General contractors and subcontractors believe that the additional premium charge is unfair. From their point of view, there is no exposure since the sole proprietor is not considered the general's employee by either the general or the subcontractor and since the sole proprietor is not required by statute to be covered under a workers compensation policy. However, the Workers Compensation Board determines whether the injured individual is an employee or not only after an injury has occurred. This is because the intent of workers compensation laws is to provide the broadest amount of coverage for individuals who suffer injuries arising out of employment.

The Division of Workers Compensation is concerned with providing coverage for the most number of injured individuals. Approximately 10% of the work force is injured in on-the-job accidents each year and these injured workers need protection. Insurance companies and general contractors are concerned with having a clear knowledge of their liability for injuries and with knowing the costs of workers compensation coverage before bidding jobs. General contractors are also concerned that injuries to subcontractors and their employees may affect the general's individual loss history resulting in even higher costs for workers compensation coverage. Sole proprietors and other affected subcontractors are concerned about the cost of coverage and the situations where they would be required either to purchase coverage or have it purchased for them through the general even though Alaska statute says they do not have to have coverage.

Two possible options have been identified that could address everyone's concerns. The more complicated option would be to provide in statute the conditions under which a sole proprietor would be considered an employee of the general. If subcontractors do not meet the criteria for an employee, then they would be considered an independent contractor for purposes of workers compensation coverage. As an independent contractor, they would not be able to file a claim for workers compensation coverage against the general for injuries on the job. This option, however, would not prevent the independent contractor from filing other legal actions against the general for negligence. The difficulty with this option would be to establish clear and objective criteria that can be fairly evaluated to determine employee status. Another difficulty with this option is that some injured workers who should receive workers compensation benefits will be barred from recovery unless there is an appeal mechanism. This then re-introduces the unpredictability that exists in the current system.

White Paper

A simpler option would be to require sole proprietors who work as subcontractors to carry workers compensation coverage. This would provide the clarity that the generals and subcontractors seek, but it will increase costs for either the subcontractor who purchases coverage directly or for the general contractor if the subcontractor does not. This option would also meet the concerns of the Division of Workers compensation to provide coverage to the broadest range of injured workers by providing certainty as to liability in the controversy of subcontractor vs. employee issue. The benefit to the sole proprietor of having workers compensation coverage is the security from financial ruin if the sole proprietor were to sustain a serious injury.

A workers compensation policy for sole proprietors is available currently. To obtain this coverage, a sole proprietor would purchase a policy based on a flat payroll charge of \$20,100 which is the amount set by advisory organizations and approved by the Division of Insurance. This flat payroll charge for a sole proprietor is then multiplied by the rate per \$100 for each specific job classification. For example, some classifications and base rates are:

Classification	Rate	Est. Premium at \$20,100
5437 Cabinet Work/Interior Trim	9.05	\$1,819
5478 Carpet & Vinyl Install	7.30	\$1,467
5645 Carpentry - 1 & 2 Family	13.42	\$2,697
5474 Paint & Paper Hanging	9.17	\$1,843
7219 Trucking	9.84	\$1,978

Many people are unaware that most health insurance policies do not cover work related injuries. This could mean that injured workers do not have health insurance to respond to claim costs related to injuries suffered at a job site. Considering the benefits provided by workers compensation coverage, these costs are not out of reason.

Another currently available policy called a "Policy With No Employees" has been suggested as a possible solution to the problems outlined above. This policy is issued with a premium of \$150. Many sole proprietors do not have employees and have no intention of hiring employees. However, on occasion the sole proprietor may need to hire someone unexpectedly. For instance, if the sole proprietor becomes ill and cannot personally fulfill a contractual obligation, someone might be hired to help and then, by law, workers compensation coverage must be provided for this employee. Obtaining a "Policy With No Employees" for a minimum premium allows the sole proprietor to hire someone on an emergency basis without having to first worry about obtaining workers compensation coverage. At policy audit, the actual payroll and class code will be assigned to the policy and additional premium collected for those employees hired during the policy period. The policy does not provide coverage for the sole proprietor. This policy does not eliminate the possibility of "after the fact" determinations of employee/employer relationships between the general contractor and the subcontractor. Nor does it provide predictability of premium levels since the actual payroll, if any, will be used when the policy is audited. Neither of the primary concerns of the general and subcontractor, knowledge of liability and knowledge of workers compensation costs before bidding on jobs, are resolved through the use of this policy.

ALASKA STATE LEGISLATURE

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



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

HOUSE LABOR AND COMMERCE COMMITTEE

Sponsor Statement House Bill 212 Employer's Liability for Workers Compensation

Under current Alaska statute, contractors are responsible for workers compensation insurance for employees of subcontractors unless subcontractors provide their own coverage. If the contractors are sole proprietors, they are not required to have workers compensation. Alaska statute provides for sole proprietors to purchase workers compensation coverage but does not require it. House Bill 212 requires workers compensation insurance for sole proprietors.

The Workers Compensation Board has found in certain cases that injured sole proprietors are employees of the general contractors and not independent contractors. Therefore, the general contractor has been responsible for workers compensation coverage. Because of these cases, insurance companies have charged general contractors an additional premium for sole proprietor subcontractors. As a matter of fairness to all parties, HB 212 requires sole proprietors to carry their own workers compensation coverage.

Understandably, insurance companies and general contractors are concerned about their liability for on-the-job injuries and seek a clear understanding of the costs of workers compensation coverage before bidding jobs. General contractors are also concerned that injuries to subcontractors and their employees may affect their individual loss history, which would result in higher costs for workers compensation coverage. Sole proprietors and subcontractors are concerned about the cost of coverage and the situations where they are required to either purchase coverage or have it purchased for them through the general contractor even though Alaska statute does not require such coverage.

The simplest solution, requiring workers compensation for sole proprietors, provides clarity to subcontractors who purchase coverage directly, and to the general contractor if the subcontractor does not. HB 212 meets the concerns of the Division of Workers Compensation and more importantly, provides protection and coverage to the broadest range of injured individuals.

ALASKA STATE LEGISLATURE

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



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

HOUSE LABOR AND COMMERCE COMMITTEE

Memorandum

Date: April 25, 2002
To: Senator Gene Therriault
State Affairs Chair
From: Representative Lisa Murkowski
Subject: Hearing Request

House Bill 212, Employee Liability for Workers' Compensation, requires sole proprietors to purchase workers' compensation insurance.

Under current Alaska statute, contractors are responsible for workers compensation insurance for employees of subcontractors unless subcontractors provide their own coverage. Requiring workers compensation for sole proprietors provides clarity to subcontractors who purchase coverage directly, and to general contractors if the subcontractor does not. HB 212 provides protection and coverage to the broadest range of injured individuals.

Enclosed you will find a copy of House Bill 212, sponsor statement, zero fiscal note, and supporting documentation. Please schedule HB 212 in Senate State Affairs the earliest your schedule will allow.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 212(L&C)
 (H) Publish Date: 4/21/01

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
 Title: Employer's Liability for Workers' Comp BRU: Workers' Compensation
 Component: Workers' Compensation
 Sponsor: House L&C
 Requester: House L&C Component Number: 344

Expenditures/Revenues (Thousands of Dollars)

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

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2001) cost: None

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would amend AS 23.30.045(a) to require subcontractors to carry workers compensation coverage for their employees and themselves. If the subcontractor fails to secure coverage the contractor is liable for the coverage. The department does not anticipate an increase in operating costs as the result of this legislation.

Prepared by: Paul Grossi, Director Phone: 465-2790
 Division: Workers' Compensation Division Date/Time: 4/4/01 2:04 PM
 Approved by: Ed Flanagan, Commissioner Date: 04/04/01
 Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

HB

216

AMENDMENT

OFFERED IN THE SENATE

TO: CSHB 216(RES)

1 Page 1, lines 1 - 2:

2 Delete "to the emergency order authority of the commissioner of fish and game
3 and"

4

5 Page 2, line 6:

6 Delete "is, in certain circumstances,"

7 Insert "may, in certain circumstances, be"

8

9 Page 2, line 15:

10 Delete "and surprises and inconvenience to the public would be avoided"

11

12 Page 2, line 19:

13 Delete "is"

14 Insert "may be"

15

16 Page 2, lines 20 - 21:

17 Delete "supersede a regulatory action of the board as necessary"

18 Insert "exercise emergency authority under AS 16.05.060"

19

20 Page 2, line 23:

21 Delete "and to avoid surprises and inconvenience"

22

23 Page 2, line 29:

24 Delete "the commissioner of fish and game"

- 1 Insert "the board, after consultation with the commissioner of fish and game,"
- 2
- 3 Page 2, line 31, through page 3, line 14:
- 4 Delete all material.
- 5
- 6 Renumber the following bill section accordingly.
- 7
- 8 Page 3, lines 19 - 20:
- 9 Delete "the commissioner concurs in the determination of the board"
- 10 Insert "the board, after consultation with the commissioner, determines"



Alaska State Legislature

Please enter into the record my testimony to the SSTA
committee name

Committee on HB216, dated 4-9-02
bill # / subject

SEE 1 PAGE ATTACHED

Signed: BOB MERCHANT
Testifier

UCIDA
Representing (optional)

43961 K-BEACH RD STE E SOLDOTNA AK 99669
Address

(907) 260-9436
Phone number

**United Cook Inlet Drift Association**43961 K-Beach Rd, Ste E, Soldotna, AK 99669 ~ (907) 260-9436 ~ fax (907) 260-9438

March 14, 2002

House of Representatives
Alaska State Legislature
Juneau, Alaska

RE: UCIDA supports passage of HB216

Dear Representative:

UCIDA considers HB216 the most important fisheries bill to come before the Legislature this session.

This two part Bill is simple and straightforward. First it clarifies the commissioner's authority to exercise emergency orders to both close and open commercial fisheries independent of the Board of Fisheries. HB216 does not interfere with the power of the Board, and it does not give the commissioner additional powers. It does prevent the board from directly or indirectly negating the E.O. authority of the Commissioner, which was not the Legislative intention when the "checks and balances" between the Board and the Administration was first implemented.

Secondly, this Bill requires concurrence by the ADF & G when a conservation concern is presented to the Board of Fisheries by a member of the public, and will be considered by the Board outside the regular cycle of Board meetings. This provision of HB216 will prevent the Board from spending time and money on out of cycle issues because the Board was reacting to incomplete information or a mistaken belief that there was a problem when, in fact, there was not. Simply put, with the concurrence of ADF & G, the Board will be assured that an identified conservation problem is genuine and requires immediate action.

At some point the politics of fishery management must give way to sound biological management. HB 216 is about Alaska's future. Passage of this Bill will demonstrate the Legislature's intention to continue the "checks and balances" approach to the regulation of our fish and game resources.

Please support HB216. Thank you.

Respectfully Yours,

Handwritten signature of Bob Merchant in cursive.

Bob Merchant
UCIDA President

HB

228



ALASKA STATE LEGISLATURE
REPRESENTATIVE JOHN HARRIS
STATE CAPITOL 513, JUNEAU, ALASKA 99801-1182 (907) 465-4859

MEMORANDUM

May 1, 2001

To: Senator Gene Therriault, Chair
Senate State Affairs Committee

From: Representative John Harris *JH*

Subject: HB 228 – Tobacco sales to minors

HB 228 has passed the House and been referred to the Senate State Affairs committee. The aim of HB 228 is to reduce the sale of tobacco products to minors, which takes place at an alarmingly high rate across Alaska. I would appreciate it very much if you would schedule it for a hearing as soon as your calendar can accommodate it.

Thank you for your expeditious attention to this request. Attached are basic background materials for HB 228. If you need more detailed information or have any questions, please contact me or John Manly of my staff.



ALASKA STATE LEGISLATURE
REPRESENTATIVE JOHN HARRIS
STATE CAPITOL 513, JUNEAU, ALASKA 99801-1182 (907) 465-4859

Sponsor Statement
HB 228 - Tobacco Sales Enforcement

Alaska has a huge problem with the sale of tobacco products to kids. In a recent survey of tobacco retailers initiated by the Department of Health and Social Services, it was determined that nearly 2/3 of vendors in rural Alaska sold tobacco products to children, while more than 1/3 of those in urban Alaska did.

This will take a toll on these young people if they continue to use tobacco products into their adult years, in terms of unnecessary illness and early death. It also continues to place a heavy burden on health care providers whose duty it is to help those who are battling tobacco related disease. The cost to the public will continue to spiral upward. Additionally, the state is liable, under the federal Synar amendment, for a penalty of \$1.5 million (to be deducted from its drug and alcohol abuse block grant) because the rate of sales to minors is above the 20 percent federal limit. If increased state enforcement effort of at least \$481,687.00 is approved through the fiscal notes for this bill, the Synar penalty will be lifted.

HB 228 seeks to derail some of the ever-growing problem of tobacco sales to minors – and the consequences down the road – by beefing up enforcement of state laws prohibiting the sale of tobacco products to minors, and it does so in several areas.

First, the CS proposes fining a business that sells tobacco to minors from \$300 on a first offense to \$2,500 on a fourth offense. It also provides for mandatory suspensions and possible revocation of the endorsement to sell tobacco products if multiple violations take place over a two-year period. The bill also gives authorized employees or agents of the Department of Health and Social Services the authority to issue citations for certain tobacco offenses.

The bill would increase revenues from tobacco vendors to help pay for enforcement efforts by raising the fee for a tobacco endorsement on a business license from \$25 to \$100. It would also require a separate endorsement for each location at which a retailer sells tobacco products. Current law requires only one, regardless of how many locations or outlets a business has in which it sells tobacco.

In sections unrelated to the problem of tobacco sales to minors, HB 228 also adds language to allow the Department of Revenue to keep better track of compliance with the tobacco settlement.



ALASKA STATE LEGISLATURE
REPRESENTATIVE JOHN HARRIS
STATE CAPITOL 513, JUNEAU, ALASKA 99801-1182 (907) 465-4859

Sectional Summary
CSHB 228 (Fin) – Tobacco Sales Enforcement

Section 1 – Amends AS 37.05.146(b)(4) to add tobacco endorsement fees to the list of “designated program receipts”.

Section 2 – Adds a new section (40.25.105) to allow Department of Revenue to disclose information to the attorney general and others to assure compliance with the Master Settlement Agreement. Person receiving information is bound to confidentiality as well.

Section 3 – Adds a new section (43.50.145): (Regards brands – not sales to minors) Department of Revenue would notify a licensee in writing when they have determined that a manufacturer has failed to comply. After the department notifies manufacturer of brands, the company has 30 days to destroy those brands or return them to the manufacturer or distributor. After that they become contraband and are subject to confiscation. The department may allow tax credit for returned or destroyed product.

Section 4 – Amends 43.70.075(a) Community and Economic Development. This section would require a business license tobacco endorsement **for each location** where tobacco products are sold. Current law only requires one tobacco endorsement statewide no matter how many stores or outlets are utilized by the business. It also adds that a person may not apply for an endorsement if an endorsement issued for the same location is currently suspended or revoked and indicates such endorsement would be void.

Section 5 – Amends AS 43.70.075(b) to raise the fee for a tobacco endorsement from \$25 to \$100. (Good for 2 years). Labor and Commerce committee added language to require the department to include vendor education material, describing the penalties for selling to minors, when it issues a business license with endorsement.

Section 6 – Amends AS 43.70.075(d) to provide for mandatory suspension of a tobacco endorsement following a conviction for a violation of AS 11.76.100, .106, or .107. This section also now includes civil fines, which have been reduced from the original HB 228. Provides a \$300 fine and 20 day suspension to be assessed for a first conviction; \$500

Sectional Summary

and 45 days for a second within 2 years; \$1,000 and 90 days for a third; and \$2,500 and one year suspension for a fourth conviction. Both fine and suspension are mandatory; in current statute, the suspension is discretionary, fines are nonexistent.

Section 7 – Amends 43.70.075(e) to clarify that the endorsement suspension is only for the location in which the violation occurs.

Section 8 –adds several new subsections to AS43.70.075.

(k) Adds language that allows for a civil conviction when someone violates (a), having an endorsement for each location that sells tobacco.

(l) This allows a person with vending machines to have one endorsement for all the vending machines, regardless of location. Changes made in Judiciary committee ensure that if the owner of the vending machine violates this section, the resulting suspension applies only to the vending machine where the violation occurred.

(m) This establishes the process for suspending the endorsement. The department will hand deliver, or send by certified mail, the notice of suspension, and pertinent information. The suspension will begin 30 days after receipt of the notice unless the endorsement holder requests a hearing within the timeline set in regulations. The hearing officer will use the preponderance of evidence test. This section includes the questions that the hearing officer will use to determine his/her findings.

(n) The commissioner has the option of accepting the hearing officer's findings, require more proceedings or reject the hearing officer's decision.

(o) If a person disregards the suspension, the department has the option of revoking the endorsement or increasing the period of suspension. This section also disallows that person from having or seeking an endorsement for up to 2 years.

(p) Provides that a person who sells tobacco products, but fails to post a sign that it is illegal to sell tobacco products to minors, may be assessed a civil fine of \$250 for each day of the violation, not to exceed \$5,000. The department may not suspend or revoke a tobacco endorsement for violation of the signage provision.

(q) This allows the department to establish the necessary regulations. It also states that the Administrative Procedures Act does not apply to these hearings.

(r) This section defines when a person has acted within the scope of the agency or business that has the endorsement. It also defines when a conviction occurs, as well as the civil process.

(s) Provides a civil penalty of up to \$250 per day (not to exceed \$5,000) for a person who sells tobacco products without obtaining a business license tobacco endorsement.

Section 9 – Adds a new subsection to AS 43.70.105 to require a person who sells tobacco products to have a business license and a tobacco endorsement.

Section 10 – This section gives the Department of Health and Social Services the authority to issue citations for certain tobacco offenses. The citation must be in writing and contain a notice to appear in court within at least 5 working days (not including holidays or weekends). It does not have to be signed by the person receiving the citation. This section lays out the department's responsibility for issuing citation books, and that the department will deposit the issued citation with the local court of jurisdiction. The department will need to make sure the citation form meets with court rules and includes essential information to be considered a lawful complaint. The Judiciary committee added "sideboards" to make sure that a peace officer, agent or employee of DHSS who will be issuing the citations is authorized by the commissioner to enforce this section.

Section 11 – Adds new uncodified law that includes establishment of regulations.

Section 12 – Allows existing endorsement holders to continue to use that endorsement for the balance of that endorsements timeframe.

Section 13 – Establishes immediate effective dates for sections 2-4, 11 and 12.

Section 14 – Establishes an effective date of July 1, 2001 for sections 1 and 5.

Section 15 – Establishes an effective date of January 1, 2002 for remaining sections.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 228(L&C)
 (H) Publish Date: 4/20/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: Sale of Tobacco Products BRU: Revenue Operations
 Component: Tax Division
 Sponsor: Representative Harris
 Requester: House Labor and Commerce Committee Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Johanna Bales Phone 269-6628
 Division: Tax Division Date/Time April 13, 2001, 10 a.m.
 Approved by: Larry Persily, Deputy Commissioner Date 4/13/01
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

Department of Revenue Bill Analysis

HB 228 – Tobacco Enforcement - April 13, 2001 - FN#1

The Department of Revenue supports HB 228, which would increase the penalties for selling cigarettes to individuals under the age of 19 and give the Department of Revenue new tools to enforce the nationwide Master Settlement Agreement (MSA) signed by the major cigarette producers and states.

Under the provisions of the MSA, entered into and subsequently adopted by the State of Alaska under AS 45.53, cigarette manufacturers that did not sign the MSA (nonparticipating manufacturers) must establish and fund escrow accounts for the benefit of the State of Alaska. If the state fails to enforce this provision of the MSA, the state can be sued by manufacturers that signed the MSA (participating manufacturers) and could potentially lose some or all of its payments under the agreement.

Alaska expects to receive approximately \$28 million each year from the MSA, provided the payments are not reduced for failing to enforce the provisions of the agreement.

The following sections of HB 228 would enhance the Department of Revenue's ability to protect the state's revenue from the MSA:

Section 3. Disclosure of information for compliance with the tobacco product Master Settlement Agreement.

The Department of Revenue is responsible for determining the amount of escrow payments that must be made by each nonparticipating manufacturer each year. The information used to determine the amount of the escrow payments comes from cigarette tax and tobacco product tax returns filed with the Department of Revenue. The Department of Law is responsible for suing those nonparticipating manufacturers that fail to make escrow payments. Although the Department of Revenue may provide information to the Department of Law at the time an official investigation begins, it is precluded from sharing this information with other states and entities that may aid the Department of Revenue in enforcing the MSA. We believe this section of the bill is needed to allow for increased sharing of information with the Department of Law and other entities, such as the National Association of Attorneys General and the Federation of Tax Administrators. Both of these agencies are heavily involved with aiding states in enforcing the provisions of the MSA.

Section 4. Notification of noncompliance; confiscation of noncomplying cigarettes.

The MSA was recognized and adopted by the State of Alaska effective June 3, 1999. For the period June 3, 1999, through December 31, 1999, the Department of Revenue identified 23 nonparticipating manufacturers that sold cigarettes into Alaska. Of these 23 nonparticipating manufacturers, only three have established and funded escrow accounts as required in AS 45.53. Section 4 of this bill would prohibit the state's cigarette and tobacco products licensees from importing and selling cigarettes made by nonparticipating manufacturers that have failed to comply with AS 45.53. This provision is needed to aid in the enforcement of the MSA and protect Alaska's current and future payments under the MSA.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 228(L&C)
 (H) Publish Date: 4/20/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
 Title "An Act relating to the offense of selling or BRU Civil Division
giving tobacco to a minor, ..." Component Fair Business Practices
 Sponsor Representative Harris
 Requester House Labor and Commerce Committ Component No. 2206

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	60.6	60.6	60.6	60.6	60.6	60.6
Travel	0.2	0.2	0.2	0.2	0.2	0.2
Contractual	9.4	9.4	9.4	9.4	9.4	9.4
Supplies	0.8	0.8	0.8	0.8	0.8	0.8
Equipment	6.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	77.4	70.9	70.9	70.9	70.9	70.9

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						
1007 Interagency Receipts	77.4	70.9	70.9	70.9	70.9	70.9
TOTAL	77.4	70.9	70.9	70.9	70.9	70.9

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

HB 228 provides additional tools to prohibit the sale of tobacco to minors.

Several changes are made to the current requirement that a person selling tobacco products must have a tobacco endorsement attached to their state business license. The fee for a two-year tobacco endorsement would be increased from \$25 to \$100. The bill would require a tobacco endorsement for each location and outlet where the business sells tobacco products. Current law requires only one, no matter how many store locations or outlets a business uses to sell tobacco products. This change will make it easier to track locations or outlets where tobacco products are sold to be sure the tobacco tax and other law are being uniformly followed. This change, as well as the increased endorsement fee, would help offset the increasing cost of the administration and enforcement of endorsement requirements. The bill establishes civil penalties in the form of significant fines for those who sell tobacco without an endorsement, for sale of gray market cigarettes, and failure to post required warning signs. It would

Prepared by: Joan M. Kasson Phone 465-5370
 Division: Attorney General's Office Date/Time 4/12/01 2:57 PM
 Approved by: Kathryn Daughhete for Bruce M. Botelho, Attorney General Date 4/12/01
 Agency: Department of Law

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

BILL NO. HB 228 - FN#2

ANALYSIS CONTINUATION

establish a streamlined administrative process for suspending the endorsements of those businesses who violate the state's laws on selling tobacco products to minors. It would also allow for the revocation of endorsements or an increase in the suspension period if the person continues the conduct which led to an endorsement during a suspension period.

A recent survey initiated by the Department of Health and Social Services indicated that nearly two-thirds of tobacco vendors in rural Alaska sold tobacco products to children, and more than one-third of the vendors in urban Alaska did. Federal law requires no more than a 20 percent noncompliance rate. In order to improve Alaska's noncompliance rate, DH&SS anticipates approximately 1,500 enforcement checks each year will be performed if this bill is enacted.

The Department of Law estimates the services of one-half of a full-time equivalent attorney position will be necessary to provide the necessary legal services associated with the compliance checks and the administrative process resulting from any noncompliance. This position will be funded by interagency receipts from the Department of Health and Social Services, and will be assigned to the Fair Business Practices section in the Anchorage office of the Civil Division.

This estimate is based on our prior experience with tobacco compliance checks and endorsement proceedings under current law. The few cases undertaken in FY99 took an average of 27 hours of attorney time each to complete. With the streamlined process intended by this bill, cases should move faster. However, none of the cases pursued in FY99 went to administrative hearing, which by requiring additional time, may offset the gains from the streamlined procedure to some extent.

Using the department's FY02 standard attorney cost schedule, the fiscal impact from this legislation for the Civil Division's Fair Business Practices section would be \$70,888. This cost includes clerical support, communications, space, supplies, data processing, and other normal overhead expenses. The standard cost does not include one-time new equipment purchases, and \$6,500 is added in FY02 for this purpose.