



Alaska State Legislature
ABC Board Audit Review Subcommittee of the
Legislative Budget & Audit Committee

In August 2010, the Alcoholic Beverage Control (ABC) Board Audit Review Subcommittee, under the direction of the Legislative Budget and Audit Committee, held hearings related to the 2009 ABC Board Sunset Audit and the provisional one year extension of the ABC Board's operations. Specifically, the Subcommittee was tasked with performing an analysis of the Board and policy issues related to its 2004 transfer from the Department of Revenue to the Department of Public Safety, and to make recommendations regarding the continuance of its operations.

The Subcommittee held two meetings where it solicited testimony and data from both the alcohol industry and the regulatory and enforcement agencies providing oversight to it. On August 13, 2010, the Subcommittee received presentations from Alaska Cabaret, Hotel, Restaurant and Retailer's Association (CHARR), Anchorage CHARR and the Anchorage Responsible Beverage Retailers Association (ARBRA), as well as public testimony in the form of written submissions from individual licensees. Then, on August 27, 2010, the Subcommittee received a presentation on ABC Board operations from Director Shirley Gifford, testimony from Commissioner Masters of Department of Public Safety (DPS) and ABC Board Chairman Bob Klein, and updated audit information from the Legislative Audit Division.

Regarding recent audits, testimony indicated the administration and operations of the ABC Board have greatly improved under the tenure of Director Gifford, who received high praise from all parties. Testimony also indicated the 2004 move of the ABC Board to Public Safety had been successful in achieving the more rigorous enforcement atmosphere which had served as the original justification for the transference. These positive points were counter-balanced, however, by recognition that the cultural shift towards a more exclusively enforcement mentality had inadvertently created an adversarial relationship between the ABC Board and industry and, in the words of ABC Board Chair Klein, an apparent loss of recognition of and/or respect for the industry's "commercial aspects".

It is acknowledged by the ABC Board it will continue to perform its enforcement and oversight duties regardless of the Department under which it operates. It is further acknowledged by the Department of Public Safety (which provides administrative services to the Board but, by admission, exercises little or no directive control) it will continue to assist the ABC Board with its enforcement and compliance activities. Therefore, recognizing such a move should entail no diminishment of service by the ABC Board but is likely to engender a greater sensitivity on its part for the commercial benefits the industry generates for the State, it is the recommendation of the ABC Board Audit Review Subcommittee that the ABC Board be transferred to the Department of Commerce, Community and Economic Development.

Respectfully submitted by Subcommittee Members:

Senator Kevin Meyer, Chair

Representative Mike Hawker

Representative Bill Stoltze

Senator Linda Menard, Alternate