

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION COMMITTEE
JANUARY 22, 2002
1:32 p.m.

MEMBERS PRESENT

Senator John Cowdery, Chair
Senator Jerry Ward, Vice Chair
Senator Robin Taylor
Senator Gary Wilken
Senator Kim Elton

MEMBERS ABSENT

All Members Present

COMMITTEE CALENDAR

SENATE BILL NO. 215

"An Act relating to licensing common carriers to dispense alcoholic beverages; and providing for an effective date."

MOVED CSSB 215 (TRA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

SB 215 - No previous action recorded.

WITNESS REGISTER

William MacKay
Vice President-Public and Government Affairs
Alaska Airlines
Box 68900
Seattle, WA 98168-0900
POSITION STATEMENT: Supports SB 215

Kim Hutchison
2 Marine Way #203
Juneau, AK 99801
POSITION STATEMENT: Answered questions about SB 215

Howard Scaman
Council on Alcohol Abuse and Public Safety
P.O. Box 23007
Juneau, AK 99802
POSITION STATEMENT: Has no objection to SB 215

Doug Griffin
Director, Alcoholic Beverage Control Board
550 W. 7th #540
Anchorage, AK 99501
POSITION STATEMENT: Supports SB 215

ACTION NARRATIVE

TAPE 02-2, SIDE A

CHAIRMAN JOHN COWDERY called the Senate Transportation Committee meeting to order at 1:32 p.m. Members present were Senators Ward and Taylor and Chairman Cowdery. The order of business was SB 215.

CHAIRMAN COWDERY gave an overview of the Transportation Committee's hearings in Anchorage over the summer.

- Aircraft Security, ideas were sent to Washington and many were adopted.
- Knik Arm Crossing, over 100 people present.
- Regional Transportation Authority, for the Anchorage region covering the area from Fairbanks to Kenai. Covering development plans in Cook Inlet.
 - o Causeway to Fire Island
 - o Port of Anchorage development
 - o Knik Arm Crossing
 - o Port at Point Mackenzie
 - o Expand the boundary to Corps of Engineer study

CHAIRMAN COWDERY talked of his trip to Vicksburg, Mississippi and was impressed with the Corps of Engineers' facility where they will be building a model of Cook Inlet. He explained other models that were built there.

He made note that Senator Wilken and Senator Elton were present.

#sb215

SB 215-COMMON CARRIER LIQUOR LICENSE

WILLIAM MacKAY, Vice President-Public and Government Affairs Alaska Airlines, read a statement giving two reasons that current licensing requirements for common carriers be modified.

- First, to simplify the requirements so adding additional aircraft will not require an entirely new application process that involves filling out the application, supplying supporting exhibits, and posting and publishing the application for a license. Alaska Airlines and the Alcoholic Beverage Control Board (ABC Board) agree that

modifying the statute to simplify obtaining additional common carrier licenses will reduce the clerical and administrative work for both Alaska Airlines and the Board and is therefore in the public interest.

- Secondly, Alaska Airlines would like the fees reduced. Alaska Airlines operates all of its 102 aircraft in Alaska. None of the other major airlines serving Alaska, with the possible exception of Delta, obtain Alaska liquor licenses since they do not operate intrastate. Alaska Airlines believes that it pays substantially more for common carrier licenses than any other licensee in Alaska. If the proposed bill becomes law, Alaska Airlines will still pay more in fees to Alaska than it pays in any other state.

The statement included the current system-wide license fees.

License Fees
Fleet of 102

	<u>Master</u>	<u>Per AC</u>	<u>Total</u>
Alaska		450.00	45,900.00*
Phoenix, Arizona	275.00	n/a	
Tucson, Arizona	275.00	n/a	550.00
California	400.00	12.00	1612.00
Illinois	n/a	60.00	1260.00**
Oregon	202.60	n/a	202.60
Virginia	1870.00	n/a	1870.00
Washington	750.00	5.00	1255.00

*Annual Cost; however required to file Biannually @ \$900.00 per aircraft

**700 & 900's only

CHAIRMAN COWDERY, understanding that eventually the entire fleet would touch in Alaska, asked what their anticipated fleet would be.

MR. MacKAY said they currently operate 102 aircraft and would be adding 1 aircraft in 2002 and at least 3 more in 2003.

CHAIRMAN COWDERY asked if this bill will impact the other carriers.

MR. MacKAY answered no because they don't serve alcohol.

SENATOR ELTON asked about the statement that Mr. MacKay had made, that even with this bill Alaska Airlines will still pay more in Alaska than any other state. Was that because they have more intrastate flights in Alaska or was that because other states charge less for the license.

MR. MacKAY thought that it was because they are charged more in Alaska. He didn't know if other states based their fees on intrastate flying.

CHAIRMAN COWDERY asked if there were any other questions.

SENATOR WARD moved that Amendment A be adopted.

Page 2, line 1, following "licenses."

Insert "Upon request of the common carrier and payment of the proportionate prorated applicable fee, the board shall change the license period of a license for a vehicle, boat, aircraft, or railroad buffet car in monthly increments to allow biennial registration to occur in the month of the licensee's choice."

SENATOR ELTON asked if the intent of the amendment was to allow the common carrier to change the period of the license.

CHAIRMAN COWDERY said the Board would change the license period.

KIM HUTCHINSON, lobbyist for Alaska Airlines, explained that the ABC Board offered the amendment, the intent being to put the licenses all in the same time period so they don't license half the aircraft one year and half the aircraft another year. That would make the paperwork easier.

SENATOR TAYLOR said all of the people serving alcohol in the state have adopted a program where the bartenders and barmaids have to attend a training program. He asked if Alaska Airlines has that as part of the training for their servers.

MR. HUTCHINSON said that Alaska Airlines employees who serve alcohol go through the techniques in alcohol management program, (TAMS) Program used to train bartenders and waitresses.

SENATOR TAYLOR wanted it on the record that this is voluntarily done by the liquor industry and is not required by law. This has had a major impact on incidence on aircraft and a salient effect on the liquor industry across the state as far as DWIs. He applauded Alaska Airlines for doing it.

HOWARD SCAMAN, Council on Alcohol Abuse and Public Safety (CAAPS), said they have no objection to the bill. This is not an alcohol bill but a revenue bill.

SENATOR ELTON asked about the difference in the numbers in CAAPS's correspondence from those submitted by Alaska Airlines.

MR. SCAMAN said that their numbers differed from Alaska Airlines'

by two licenses. The numbers came from the ABC Board, showing 104 licenses, resulting in a difference of about \$600.

DOUG GRIFFIN, Director, Alcoholic Beverage Control Board, testifying via teleconference from Anchorage, said the fiscal note is their best estimate. There will be some loss of revenue to the state from this bill. He explained that Alaska Airlines made a compelling case on how they were being treated differently in the State of Alaska and how only a small portion of their planes ever flew within locations in Alaska. Therefore the ABC Board, out of a sense of fairness, supported the sense of this bill to try to provide fairness. Westours is also affected, to a lesser extent, with some of their rail cars.

MR. GRIFFIN said the ABC Board does not see this as an alcohol issue. Alaska Airlines uses great care in how alcohol is provided. This is a revenue issue and out of a sense of fair disclosure they wanted to make sure the committee was aware it has a fiscal note.

MR. GRIFFIN explained that it would be beneficial for clerical ease, to provide a mechanism to get all the licenses on the same biennial cycle. Alaska Airlines has about 70 aircraft on one cycle and the remaining aircraft on the other cycle. The discrepancy of two licenses was due to the airplanes being on different cycles. The amendment could be a mechanism to get all the aircraft on the same cycle making it easier to keep track.

He said the amendment language went more in depth than anticipated so he had faxed possible changes to Chairman Cowdery's staff, Mr. Smith. They need a single year license for the purpose of getting all licenses on the same cycle.

He said that on line 4 he struck "in monthly increments" and "biennial" and then added "the biennial period of the balance of the licensee's common carrier licenses." This would make it simpler and it would read starting on line 4:

"aircraft, or railroad buffet car to allow registration to occur in the biennial period of the balance of the licensee's common carrier licenses."

CHAIRMAN COWDERY said he did not believe that language change is a problem with the industry.

MR. GRIFFIN believed the industry is supportive of this as well.

SENATOR TAYLOR moved that they amend amendment A beginning on line four to read:

"aircraft, or railroad buffet car to allow registration to occur in the biennial period of the balance of the licensee's common carrier licenses."

CHAIRMAN COWDERY asked for any objections. There being no objection to amending the amendment, the motion passed. Then, there being no objection to the amendment, the amendment was adopted.

SENATOR TAYLOR moved that CSSB 215 (TRA) be moved from committee with individual recommendations and fiscal note. There being no objection the motion passed.

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SENATOR WARD asked if the committee had received any information about whether or not the GARVEE bonds, according to the constitution, require a vote of the people from the Department of Administration or from Legal Services.

CHAIRMAN COWDERY said he had intercepted an inter-department email that said that it did not require a vote of the people. He personally believes bonds require a vote of the people.

SENATOR WARD said he was under the impression that the Attorney General's office was going to issue an opinion on it. He asked if they could request that.

CHAIRMAN COWDERY said they could do that.

SENATOR WILKEN said that on February 5th, at 1:30 pm General Schwartz is going to address the Joint Armed Services Committee. He asked that Chairman Cowdery not schedule a meeting that day so the legislature can attend his presentation on missile defense.

CHAIRMAN COWDERY said it had been done.

SENATOR TAYLOR thanked Chairman Cowdery for his initiative and energy. The Transportation Committee had done more work in the interim and held more hearings than any other committee in the Senate that he was aware of. He thought it was a very good series of hearings.

SENATOR WARD, Chairman of the Subcommittee on Transportation, said one of the things that will be facing the Finance and Transportation Committees this year is the fund that funds the Marine Highway System. He asked the Transportation Committee to give direction on the alternatives to the Finance Committee.

CHAIRMAN COWDERY answered that he had asked DOTPF to furnish some organizational charts and to break out the engineer and contract disputes segment of that. DOTPF thought it would be a big

project but he hoped Senator Ward's subcommittee could request them to furnish that.

SENATOR WARD said it had been requested.

SENATOR ELTON said he and Senator Taylor would be happy to serve on a subcommittee to the Transportation Committee to talk about the Marine Highways.

CHAIRMAN COWDERY agreed. He then adjourned the meeting at 2:05 p.m.