

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 128  
 (S) Publish Date: 4/11/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Common Carrier Liquor License BRU Alcoholic Beverage Control Board  
 Component Alcoholic Beverage Control Board  
 Sponsor Senator Cowdery  
 Requester Senate Labor and Commerce Component No. 100

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES ( )</b>	<b>(37.8)</b>	<b>(2.9)</b>	<b>(36.9)</b>	<b>(2.9)</b>	<b>(36.9)</b>	<b>(2.9)</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
Fees with proposed legislation:						
Current fees:						
Change in Revenues:						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation would increase the fee for liquor licenses held by common carriers from \$700 to \$1,000, and would amend statute to change the full \$1,000 fee on the first 10 licenses held by a common carrier with a reduced fee of \$100 per license for all other licenses held by that same common carrier. Liquor licenses are issued for two years, renewable at either an even or odd year. This legislation also would allow common carriers the option of putting all their licenses into the same renewal period.

At present, Alaska Airlines would be the largest entity to benefit from the reduced fees of this legislation. The company has 104 common carrier licenses -- 92 renewable in odd years and 12 renewable in even years, with 6 new applications pending. For example, the savings to Alaska Airlines from the new fee structure (and the loss to the state) is based on 10 aircraft being licensed at the higher rate (10 X \$1,000) and 100 aircraft being licensed at the new reduced rate in this legislation (100 X \$100).

But the legislation also would generate increased revenue for the state from the fee increase for license holders with fewer than 10 licenses. This fiscal note shows the net effect to state revenues, and the attached chart shows the change for each licensee.

Prepared by: Dawn Holland-Williams Phone 269-0359  
 Division Alcoholic Beverage Control Board Date/Time 4/8/03 6:11 PM  
 Approved by: Larry Persily, Deputy Commissioner Date 4/8/2003  
 Agency Department of Revenue

Changes in fees based on new legislation

Owner	2yr/Sea	CURRENT FEES				PROJECTED CHANGES WITH SB128							
		FY 03		FY 04		FY 03		FY 04		FY 05		FY 06	
		# Lic	12/02	# Lic	12/03	# Lic	12/02	# Lic	12/03	# Lic	12/04	# Lic	12/05
Alaska Heritage Tours - 3	S	3	1050	0	0	3	1050	0	0	3	1500	0	0
Alaska Riverways Inc - 3	S	1	350	2	700	1	350	2	1000	1	500	2	1000
Singles - 22	S	13	4550	9	3150	13	4550	9	4500	13	6500	9	4500
Celebrity Cruises - 3	S	2	700	1	350	2	700	1	500	2	1000	1	500
ERA Aviation - 4	S	2	700	2	700	2	700	2	1000	2	1000	2	1000
Glacial Reflections - 4	S	4	1400	0	0	4	1400	0	0	4	2000	0	0
Glacier Bay Park Concession Inc - 5	S	1	350	4	1400	1	350	4	2000	1	500	4	2000
Holland America Line - Westours Inc.	S	4	1400	2	700	4	1400	2	1000	4	2000	2	1000
New World Ship Mgmt Co LLC - 2	S	0	0	2	700	0	0	2	1000	0	0	2	1000
Norwegian Cruise Line Limited - 2	S	2	700	0	0	2	700	0	0	2	1000	0	0
Princess Cruise Lines Ltd - 6	S	6	2100	0	0	6	2100	0	0	6	3000	0	0
Radisson Seven Seas Cruises Inc - 2	S	1	350	1	350	1	350	1	500	1	500	1	500
Royal Caribbean Cruises Ltd - 4	S	1	350	3	1050	1	350	3	1500	1	500	3	1500
Royal Celebrity Tours Inc 4	S	2	700	2	700	2	700	2	1000	2	1000	2	1000
Special Expeditions Inc - 2	S	0	0	2	700	0	0	2	1000	0	0	2	1000
The Boat Company Ltd - 2	S	2	700	0	0	2	700	0	0	2	1000	0	0
Tour Alaska LLC - 10	S	10	3500	0	0	10	3500	0	0	10	5000	0	0
West Travel Inc - 5	S	5	1750	0	0	5	1750	0	0	5	2500	0	0
Westours Motorcoaches Inc - 14	S	2	700	12	4200	2	700	12	5100	2	100	12	5100
Singles - 3	F	2	1400	1	700	2	1400	1	1000	2	2000	1	1000
ERA Aviation - 5	F	1	700	4	2800	1	700	4	4000	1	1000	4	4000
Phillips Alaska Inc - 2	F	0	0	2	1400	0	0	2	2000	0	0	2	2000
TMT Corporation - 2	F	2	1400	0	0	2	1400	0	0	2	2000	0	0
Alaska Airlines - 110	F	18	12600	92	64400	18	12600	110	19100	0	0	110	20000
		<b>84</b>	<b>37450</b>	<b>141</b>	<b>84000</b>	<b>84</b>	<b>37450</b>	<b>159</b>	<b>46200</b>	<b>66</b>	<b>34600</b>	<b>159</b>	<b>47100</b>

	FY 03		FY 04		FY 05		FY 06		FY 07		FY 08		FY 09	
	#	Fees	#	Fees	#	Fees	#	Fees	#	Fees	#	Fees	#	Fees
<b>Fees with proposed legislation:</b>	<b>84</b>	<b>37450</b>	<b>159</b>	<b>46200</b>	<b>66</b>	<b>34600</b>	<b>159</b>	<b>47100</b>	<b>66</b>	<b>34600</b>	<b>159</b>	<b>47100</b>	<b>66</b>	<b>34600</b>
<b>Current fees:</b>	<b>84</b>	<b>37450</b>	<b>141</b>	<b>84000</b>	<b>84</b>	<b>37450</b>	<b>141</b>	<b>84000</b>	<b>84</b>	<b>37450</b>	<b>141</b>	<b>84000</b>	<b>84</b>	<b>37450</b>
<b>Change in Revenues:</b>			0	-37800		-2850		-36900		-2850		-36900		-2850

The chart above features a change in biennial period for Alaska Airlines, changing 18 licenses from December 2002 renewal to December 2003. This changes the fees to the following: 10 licenses x \$1000; 82 licenses x \$100; and the 18 licenses that change biennial period will pay (18 x \$50) for 1/2 of the fee for the new biennial period (they have already paid the current biennial fees of \$700 through December 2004.)

**Alcoholic Beverage Control Board  
April 8, 2003  
SENATE BILL 128 FN #1**

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BACKGROUND AND ANALYSIS

The State licenses various modes of transportation that serve alcoholic beverages in commercial operations as “common carriers” under provisions of AS 04.11.180. This licensing requirement requires that each vehicle, ship, car or aircraft that could operate within Alaska be licensed on a biennial basis for \$700. A seasonal license good for six months each year is available at half-price for visitor-related operations.

The Alcoholic Beverage Control (ABC) Board has been advised by license holders that this system of licensing every aircraft, ship or car that could operate within the State of Alaska is unfair and unreasonable, and the ABC Board concurs with that assessment. This is particularly true in the way the law has come to affect airlines that operate within Alaska, but do extensive business on an interstate and international basis. The logistic challenges of a modern airline operating in a very competitive environment make it very difficult, if not impossible, to predict which aircraft will be used in various parts of the system. As a result, Alaska Airlines, which desires to ensure full compliance with Alaska’s common carrier alcoholic beverage laws, has opted to license every one of its growing fleet of aircraft, now approaching 110 planes. With only a fraction of Alaska Airlines fleet flight hours being flown within Alaska, this licensing method extracts fees beyond what is logically warranted.

While Alaska Airlines is uniquely affected by the present common carrier licensing requirements, this system would also discourage other national and international airlines from entering the Alaska market (flying between two or more Alaska cities). The principle of licensing every plane that might fly within the State would be a clear case of licensing overkill.

SB 128 would provide some relief for this unfair licensing circumstance. The bill would increase the biennial license fee to \$1,000 for the first 10 licenses and charges only \$100 for each license additional license. There is also provision made to aid both the industry and the ABC Board licensing staff by allowing consolidation of all of the licenses on to the same biennial licensing cycle. This approach is simple and provides a greater degree of equity for those licensing numerous vessels, cars, or aircraft.

Changes in other areas, particularly as they apply to the visitor industry, may also benefit from this bill. Presently, passengers on the Alaska Railroad must use the dining or buffet cars if they wish to purchase food and alcoholic beverages. The railroad caterer has expressed interest in providing better service to passengers by providing refreshments, including alcoholic beverages, to passengers in their seat. This would require licensing each passenger car for a common carrier license.

There would be a slight increase from \$700 to \$1,000 for the first 10 biennial licenses. This partially offsets the break that is given to the holder of multiple licenses. The overall loss of revenue to the state would be about \$24,000 on an annualized basis.