

Introduced: 3/2/82
Referred: Transportation and
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 824

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to sale and delivery of in-bond mer-
7 chandise at international airports; and providing for
8 an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. LEGISLATIVE FINDINGS. (a) The legislature finds that
11 payments for the right to sell and deliver in-bond merchandise to foreign-
12 bound travelers departing from and passing through international airports
13 owned and operated by the state are an important source of state revenue.
14 In-bond merchandise is merchandise that is commonly referred to as "duty-
15 free" merchandise. The International Airports Revenue Fund established by
16 AS 37.15.430 receives significant revenues from these payments which are a
17 major factor in defraying international airport operating expenses, support-
18 ing international airport improvement programs, and securing international
19 airport revenue bonds.

20 (b) The legislature finds that tourism is and will continue to be an
21 important state industry. If revenues from the sale and delivery of in-bond
22 merchandise are reduced by virtue of unregulated activity, then the airlines
23 which are an important part of the tourism industry will be forced to bear a
24 greater share of international airport operating expenses through increased
25 landing and fuel flowage fees. These increases would be passed on to airline
26 passengers through higher fares and this may have a detrimental effect on
27 tourism in the state.

28 (c) The legislature finds that because the sale and delivery of in-bond
29 merchandise is an important aspect of the tourism industry in the state, it

1 is important to ensure that quality merchandise and good service are provided
2 to foreign-bound travelers at international airports. It is in the state's
3 interest to facilitate these goals by regulating the sale and delivery of
4 in-bond merchandise at international airports. In order to prevent inter-
5 ference with the safe and efficient operation of international airport facil-
6 ities, deterioration of the quality of services and merchandise offered for
7 sale at international airports, and a reduction in vital revenues to the
8 state, only an authorized concessionaire should be allowed to sell and deliv-
9 er in-bond merchandise at each facility.

10 (d) The state is presently a party to exclusive contracts authorizing
11 the sale and delivery of in-bond merchandise at the Anchorage and Fairbanks
12 International Airports. The state desires to fulfill its obligations under
13 those contracts.

14 (e) It is the state's policy and intent that the statutes enacted in
15 secs. 2 -- 4 of this Act displace unfettered business freedom in matters
16 relating to the establishment and operation of in-bond merchandise businesses
17 at international airports in the State of Alaska.

18 * Sec. 2. AS 02.15 is amended by adding a new section to read:

19 Sec. 02.15.091. SALE AND DELIVERY OF IN-BOND MERCHANDISE AT INTER-
20 NATIONAL AIRPORTS. (a) As provided by (b) and (c) of this section, the
21 department shall allow the sale and delivery of in-bond merchandise at
22 an international airport only by an exclusive contract.

23 (b) While the exclusive contracts for the sale and delivery of
24 in-bond merchandise at international airports which exist on the effec-
25 tive date of this section are in effect, the department may not permit
26 or confer a right on any other person to offer to sell, sell, or deliver
27 in-bond merchandise at an international airport.

28 (c) After the exclusive contracts existing on the effective date
29 of this section are no longer in effect, the department shall enter into

1 one exclusive contract and, on its expiration, additional successive
2 exclusive contracts for the sale and delivery of in-bond merchandise at
3 each international airport. Except under the existing and future exclu-
4 sive contracts described in this section, the department may not permit
5 or confer a right upon any person to offer to sell, sell, or deliver
6 in-bond merchandise at an international airport.

7 (d) The department shall develop guidelines to implement this
8 section and the exclusive contracts required by this section after
9 considering the following factors:

10 (1) safe and efficient operation of the international air-
11 ports;

12 (2) generation of maximum revenues for the International
13 Airports Revenue Fund established by AS 37.15.430; and

14 (3) maintenance of quality merchandise and services.

15 (e) The department shall actively supervise the operations under
16 each exclusive contract for the sale and delivery of in-bond merchandise
17 in order to ensure the effectiveness of the operations. To supervise
18 contract operations under this section, the department shall develop and
19 implement guidelines which provide for review of the reasonableness of
20 price schedules, quality and assortment of merchandise, and customer
21 service.

22 (f) Nothing in this section applies to deliveries of in-bond
23 merchandise as cargo to airlines.

24 * Sec. 3. AS 02.15.210 is amended to read:

25 Sec. 02.15.210. NO EXCLUSIVE RIGHTS GRANTED. The department may
26 not grant an exclusive right for the use of an airway, airport, or air
27 navigation facility under its jurisdiction. This section does not
28 prevent the making of contracts, leases and other arrangements under
29 [PURSUANT TO] AS 02.15.060 -- 02.15.100 and 02.15.120, including exclus-

1 ive contracts for the sale and delivery of in-bond merchandise described
2 in AS 02.15.091.

3 * Sec. 4. AS 02.15.260 is amended by adding new paragraphs to read:

4 (13) "cargo" means goods carried by an airline which are
5 carried under an agreement between the shipper and the airline other
6 than a passenger ticket, which are accepted, carried, and handled separ-
7 ately from passenger baggage, and which are delivered to a location
8 other than a baggage claim area; "cargo" does not include goods carried
9 by an airline as baggage, whether belly-loaded or handcarried and wheth-
10 er accompanied or unaccompanied by a passenger;

11 (14) "international airport" means an international airport
12 owned and operated by the state.

13 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c).