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Referred: Transportation and  
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 824 am H

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 offer the exclusive contracts required by  
8 this section only by competitive bid and shall award the contracts after  
9 considering the generation of maximum revenues for the International Air  
10 Port Revenue Fund established by AS 37.15.430.

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

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

20 \* Sec. 3. AS 02.15.210 is amended to read:

21 Sec. 02.15.210. NO EXCLUSIVE RIGHTS GRANTED. The department may  
22 not grant an exclusive right for the use of an airway, airport, or air  
23 navigation facility under its jurisdiction. This section does not  
24 prevent the making of contracts, leases and other arrangements under  
25 [PURSUANT TO] AS 02.15.060 -- 02.15.100 and 02.15.120, including exclus-  
26 ive contracts for the sale and delivery of in-bond merchandise described  
27 in AS 02.15.091.

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

29 (13) "cargo" means goods carried by an airline which are

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

7 (14) "international airport" means an international airport  
8 owned and operated by the state.

9 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.-  
10 10.070(c).