

COMMITTEE REPORT

4/2/75

HOUSE

Mr. Speaker:

Date _____

The Committee on FINANCE has had HB 309

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

"An Act relating to the excise tax on intoxicating liquors; and providing for an effective date."

COMMITTEE REPORT

3/18/75

HOUSE

FINANCE

Mr. Speaker:

Date 1 April 75

The Committee on State Affairs has had HB 309

under consideration. A ~~Majority~~ of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

"other" INDIVIDUAL RECOMMENDATIONS, WITH AMENDMENT

Members signing the Majority report:

<u>John Miller</u>	<u>no pass</u>	_____
<u>John B. ...</u>	<u>do pass</u>	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

<u>John Miller</u>	recommends: <u>no pass</u>
<u>Joe McKinnon</u>	recommends: <u>no pass</u>
<u>Bin Pal</u>	recommends: " "
_____	recommends: _____
_____	recommends: _____

Bin Pal Chairman

AMENDMENT #1

OFFERED IN THE HOUSE:

By: STATE AFFAIRS

To: _____ HOUSE BILL No. 309

SENATE BILL No. _____

PAGE: 1

LINE: 16

DELETE "50" AFTER "OF"; INSERT "57"

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. House Bill No. 309

Title: Relating to the excise tax on intoxicating liquors

Requested by: House State Affairs Committee Date: March 21, 1975

Return Date Requested: March 21, 1975

Agency: Department of Revenue Program:

II. FISCAL DETAIL

Budget Request Unit(s) Affected:

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 /	0 /	0 /	0 /	0 /	0 /
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Projected increases in revenues for the fiscal years 1976 through 1980 are shown in memorandum dated March 12, 1975 from Frederick P. Boetsch, Deputy Commissioner, Department of Revenue.

IV. ATTACHMENTS

Copy of memorandum dated March 12, 1975 from Frederick P. Boetsch, Deputy Commissioner, Department of Revenue

V. DATE: March 21, 1975

PREPARED BY:

R. D. Stevenson
R. D. Stevenson
Special Assistant

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

MEMORANDUM

TO: Sterling Gallagher
Commissioner
Department of Revenue

DATE : March 12, 1975

FROM: Frederick P. Boetsch
Deputy Commissioner for Taxation
Department of Revenue

FPB

SUBJECT: Proposed Bill Increasing the
Excise Tax on Intoxicating
Liquor

A Bill has been proposed which would increase the tax rate on beer from 25¢ to 50¢ per gallon, on wine from 60¢ to \$1.00, and on hard liquor from \$4.00 to \$4.50.

Obviously, the incidence of this tax will fall primarily on consumers of alcoholic beverages. However, in line with the Governor's philosophy of on-going programs paying for themselves, this increase will help to support the high costs of alcohol consumption to the state. These increases will bring us up to among the highest state liquor taxes in the country.

Estimated increases in revenues for FY 76 - FY 80 are as follows:

Projected Increases in Revenues
(\$000 Omitted)

<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
<u>3432.0</u>	<u>3772.8</u>	<u>3698.6</u>	<u>3956.0</u>	<u>4233.6</u>

There are no administrative costs connected with this Bill.

FPB:gd

Excise Tax Rates on Specified Alcoholic Beverages Levied by
31 License States and the District of Columbia Ranked According to Magnitude,
and by the Federal Government*

As of January 14, 1975

Distilled Spirits		Table Wine		Dessert Wine		Beer	
State	Rate Per Gallon	State	Rate Per Gallon	State	Rate Per Gallon	State	Rate Per Gallon
1	2	3	4	5	6	7	8
Minn.	\$4.39	Ga.	\$1.50	Ga.	\$2.50	S. Car.	.768
Alaska	4.00	Fla.	1.15	Fla.	1.60	Ga.	.322
Okla.	4.00	Tenn.	1.10	Tenn.	1.10	La.	.322
Tenn.	4.00	S. Car.	1.08	S. Car.	1.08	Okla.	.322
Fla.	3.75	Ark.	.75	Okla.	1.00	Fla.	.320
Ga.	3.75	Neb.	.75	S. Dak.	.95	S. Dak.	.267
Mass.	3.36	Alaska	.60	Minn.	.79	Alaska	.250
N. Y.	3.25	Ky.	.50	Ark.	.75	Ark.	.234
S. Dak.	3.05	N. Dak.	.50	Neb.	.75	Texas	.165
N. J.	2.80	Okla.	.50	Alaska	.60	N. Dak.	.160
S. Car.	2.72	Mass.	.46	Ill.	.60	Kansas	.150
Wisc.	2.60	Ind.	.45	N. Dak.	.60	Minn.	.129
Ariz.	2.50	Ariz.	.42	Kans.	.50	Tenn.	.110
Ark.	2.50	Del.	.40	Ky.	.50	Neb.	.100
Conn.	2.50	Md.	.40	Nev.	.50	Ind.	.095
La.	2.50	N. Mex.	.40	Mass.	.46	Md.	.090
N. Dak.	2.50	R. I.	.40	Ind.	.45	Mass.	.088
R. I.	2.50	Mo.	.30	Ariz.	.42	Conn.	.081
Ind.	2.28	Nev.	.30	Del.	.40	Ky.	.081
Del.	2.25	N. J.	.30	Md.	.40	Ariz.	.080
Calif.	2.00	S. Dak.	.30	N. Mex.	.40	N. Mex.	.080
D. C.	2.00	Minn.	.27	R. I.	.40	D. C.	.073
Ill.	2.00	Conn.	.25	Wisc.	.39	Ill.	.070
Mo.	2.00	Ill.	.23	Texas	.34	Del.	.065
Neb.	2.00	Colo.	.20	D. C.	.33	R. I.	.065
Texas	2.00	Kans.	.20	Colo.	.30	Wisc.	.065
Ky.	1.92	Wisc.	.195	Mo.	.30	Colo.	.060
Nev.	1.90	Texas	.17	N. J.	.30	Mo.	.060
Colo.	1.80	D. C.	.15	Conn.	.25	Nev.	.060
Kansas	1.50	La.	.11	La.	.21	N. Y.	.044
Md.	1.50	N. Y.	.10	N. Y.	.10	Calif.	.040
N. Mex.	1.50	Calif.	.01	Calif.	.02	N. J.	.033
Median of State Taxes	2.50		.40		.455		.089
Average of State Taxes	2.60		.51		.60		.152
Fed. Tax	10.50**		.17		.67		.29***

*Hawaii, the only other license state, levies an excise tax on alcoholic beverages of 20 percent of the wholesale price.

**Per proof gallon if withdrawn from bond at over 100° proof and per wine gallon if withdrawn from bond at not over 100° proof.

***Actual rate is \$9.00 per 31 gallon barrel.

Source: Commerce Clearing House, State Tax Guide: All States

Introduced: 3/18/75
Referred: State Affairs and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 309

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the excise tax on intoxicating
7 liquors; and providing for an effective date."

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

9 * Section 1. AS 43.60.010(a) is amended to read:

10 (a) Every brewer, distiller, bottler, jobber, retailer, whole-
11 saler, or manufacturer who sells intoxicating liquors in the state or
12 who consigns shipments of intoxicating liquors into the state, whether
13 or not the liquors are brewed, distilled, bottled, or manufactured in
14 the state, shall pay on all malt beverages (alcoholic content of one
15 per cent or more by volume), wines, and hard or distilled liquors, the
16 following taxes: (1) malt beverages at the rate of 50 [25] cents a
17 gallon or fraction of a gallon; (2) wine or other liquor of 21 per
18 cent alcohol by volume or less at the rate of \$1.00 [60 CENTS] a
19 gallon or fraction of a gallon; and (3) other liquors having a content
20 of more than 21 per cent alcohol by volume at the rate of \$4.50 [\$4.00]
21 a gallon.

22 * Sec. 2. This Act takes effect July 1, 1975.
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HB 309

HB 309

March 18, 1975

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill increasing the rates of the excise tax on intoxicating liquors. The bill would increase the tax rate on beer from 25 cents to 50 cents per gallon, on wine from 60 cents to \$1, and on hard liquor from \$4 to \$4.50.

The Department of Revenue has estimated that these increased rates will result in additional revenues of over three million dollars in the next Fiscal Year. This increase is justified when viewed in the context of the increasing costs to the State related to alcohol consumption. These costs include not only the direct costs of alcohol rehabilitation programs, but also other alcohol-related costs, such as increased law enforcement costs, medical care, property damage and personal injury.

In terms of the effect of the tax increase on consumers, the hard liquor increase would raise the cost per drink by less than one-half cent and the cost of a 12-ounce can of beer by about two cents. A fifth of wine would be increased by eight cents. Surely, this is a small cost for the consumer to contribute to the alleviation of the social costs of liquor consumption.

Sincerely,

Jay S. Hammond
Governor

STATE
of ALASKA

MEMORANDUM

TO: Sterling Gallagher
Commissioner
Department of Revenue

DATE: March 12, 1975

FROM: Frederick P. Boetsch
Deputy Commissioner for Taxation
Department of RevenueSUBJECT: Proposed Bill Increasing the
Excise Tax on Intoxicating
LiquorHB 309
HB 309

FPB

A Bill has been proposed which would increase the tax rate on beer from 25¢ to 50¢ per gallon, on wine from 60¢ to \$1.00, and on hard liquor from \$4.00 to \$4.50.

Obviously, the incidence of this tax will fall primarily on consumers of alcoholic beverages. However, in line with the Governor's philosophy of on-going programs paying for themselves, this increase will help to support the high costs of alcohol consumption to the state. These increases will bring us up to among the highest state liquor taxes in the country.

Estimated increases in revenues for FY 76 - FY 80 are as follows:

Projected Increases in Revenues
(\$000 Omitted)

<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
<u>3432.0</u>	<u>3772.8</u>	<u>3698.6</u>	<u>3956.0</u>	<u>4233.6</u>

There are no administrative costs connected with this Bill.

FPB:gd

ALASKA STATE LEGISLATURE

. NINTH Legislature . FIRST Session

HOUSE BILL NO. 309

By .. THE RULES COMMITTEE BY ...
REQUEST OF THE GOVERNOR

"An Act relating to the excise tax on intoxicating liquors; and providing for an effective date."

liquor tax

Introduced in the House ... 3/18/... 19... 75

HISTORY IN THE HOUSE

19 75	Read first time and referred to Committee on State Affairs and Finance										
Mar 18	Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	<p>Reconsideration</p> <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reported correctly engrossed										
	Signed by Speaker										
	Sent to Senate										
	CHIEF CLERK OF THE HOUSE										

HISTORY IN THE SENATE

19	Read first time and referred to Committee on										
	Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reported correctly engrossed										
	Signed by President										
	Returned to House										
	SECRETARY OF THE SENATE										

HISTORY IN THE HOUSE

19	Received from Senate
	Reported correctly engrossed
	Sent to Governor
 By Governor
	Filed with Lt. Governor
	Chapter No-

Introduced: 3/18/75
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 309

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the excise tax on intoxicating
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13 or not the liquors are brewed, distilled, bottled, or manufactured in
14 the state, shall pay on all malt beverages (alcoholic content of one
15 per cent or more by volume), wines, and hard or distilled liquors, the
16 following taxes: (1) malt beverages at the rate of 50 [25] cents a
17 gallon or fraction of a gallon; (2) wine or other liquor of 21 per
18 cent alcohol by volume or less at the rate of \$1.00 [60 CENTS] a
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22 * Sec. 2. This Act takes effect July 1, 1975.
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The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. House Bill No. 300
 Title: Relating to the excise tax on intoxicating liquors
 Requested by: House State Affairs Committee Date: March 21, 1975
 Return Date Requested: March 21, 1975
 Agency: Department of Revenue Program: _____

II. FISCAL DETAIL

Budget Request Unit(s) Affected:

A. EXPENDITURES: (Thousands of dollars)

OBJECT	PY 75	PY 76	PY 77	PY 78	PY 79	
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND					
FEDERAL FUNDS					
OTHER					

C. POSITIONS:

PERMANENT/TEMPORARY	0 /	0 /	0 /	0 /	0 /	0
MAN MONTHS (P./T.)	/	/	/	/	/	

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section 100)

Projected increases in revenues for the fiscal years 1976 through 1980 are shown in memorandum dated March 12, 1975 from Frederick F. Boetsch, Deputy Commissioner, Department of Revenue.

IV. ATTACHMENTS

Copy of memorandum dated March 12, 1975 from Frederick F. Boetsch, Deputy Commissioner, Department of Revenue

V. DATE: March 21, 1975

PREPARED BY:

R. D. Stevenson
R. D. Stevenson
Special Assistant

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

TO: Sterling Gallagher
Commissioner
Department of Revenue

DATE : March 12, 1975

FROM: Frederick P. Boetsch
Deputy Commissioner for Taxation
Department of Revenue

SUBJECT: Proposed Bill Increasing the
Excise Tax on Intoxicating
Liquor

FPB

A Bill has been proposed which would increase the tax rate on beer from 25¢ to 50¢ per gallon, on wine from 60¢ to \$1.00, and on hard liquor from \$4.00 to \$4.50.

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There are no administrative costs connected with this Bill.

FPB:gd

Excise Tax Rates on Specified Alcoholic Beverages Levied by
31 License States and the District of Columbia Ranked According to Magnitude,
and by the Federal Government*

As of January 14, 1975

Distilled Spirits		Table Wine		Dessert Wine		Beer	
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***Actual rate is \$9.00 per 31 gallon barrel.

Source: Commerce Clearing House, State Tax Guide: All States

all HB 309

CHAR

Cabaret, Hotel & Restaurant Association of Anchorage

APRIL 4, 1975

REP. WILLIAM K. PARKER
POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811

DEAR REP. PARKER:

AT THE REQUEST OF THE GOVERNOR, HB 309 HAS BEEN INTRODUCED WHICH WOULD INCREASE THE EXCISE TAXES ON MALT BEVERAGES FROM 25 TO 50 CENTS PER GALLON, ON WINES FROM 60 CENTS TO \$1.00 PER GALLON, AND ON DISTILLED SPIRITS FROM \$4.00 TO \$4.50 PER GALLON.

THE ALASKA CABARET, HOTEL AND RESTAURANT ASSOCIATION IS DISTRESSED OVER THIS BILL, AS IT IS CLEARLY PUNITIVE TO AN ALREADY HEAVILY TAXED INDUSTRY. ATTACHED HERETO IS A TABLE SHOWING THE LIQUOR EXCISE TAXES OF ALL THE STATES THAT TAX LIQUOR. AS YOU CAN SEE, ALASKA ALREADY RANKS SECOND HIGHEST IN DISTILLED SPIRITS TAX, SEVENTH AND NINTH ON WINES, AND SEVENTH HIGHEST ON BEER.

IF HB 309 IS ENACTED IN ITS PRESENT FORM, ALASKA WILL HAVE THE HIGHEST DISTILLED SPIRITS TAX IN THE NATION, THE FIFTH HIGHEST WINE TAX, AND THE SECOND HIGHEST BEER TAX. THESE RATES ARE MADE STILL MORE BURDENSOME BY THE HIGH TRANSPORTATION COSTS TO ALASKA, AND FOR PLACE THAT DISPENSE BEVERAGES FOR ON PREMISES CONSUMPTION, BY ALASKA'S HIGH LABOR COSTS AS WELL.

WE HOPE YOU WILL CONSIDER THESE FACTS WHEN YOU TAKE UP THIS BILL.

SINCERELY,

Bern Marsh

BERNARD L. MARSH, EXECUTIVE DIRECTOR
ANCHORAGE CHAR

BLM/sd

Excise Tax Rates on Specified Alcoholic Beverages Levied by
31 License States and the District of Columbia Ranked According to Magnitude
and by the Federal Government^{1/}

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State	Rate per Gallon	State	Rate per Gallon	State	Rate per Gallon	State	Rate per Gallon
1	2	3	4	5	6	7	8
Minn.	\$4.39	Ga.	\$1.50	Ga.	\$2.50	S. Car.	.768
Alaska	4.00	Fla.	1.15	Fla.	1.60	Ga.	.322
Okla.	4.00	Tenn.	1.10	Tenn.	1.10	La.	.322
Tenn.	4.00	S. Car.	1.08	S. Car.	1.08	Okla.	.322
Fla.	3.75	Ark.	.75	Okla.	1.00	Fla.	.320
Ga.	3.75	Neb.	.75	S. Dak.	.95	S. Dak.	.267
Mass.	3.36	Alaska	.60	Minn.	.79	Alaska	.250
N.Y.	3.25	Ky.	.50	Ark.	.75	Ark.	.234
S. Dak.	3.05	N. Dak.	.50	Neb.	.75	Texas	.165
N.J.	2.80	Okla.	.50	Alaska	.60	N. Dak.	.160
S. Car.	2.72	Mass.	.46	Ill.	.60	Kansas	.150
Wisc.	2.60	Ind.	.45	N. Dak.	.60	Minn.	.129
Ariz.	2.50	Ariz.	.42	Kans.	.50	Tenn.	.110
Ark.	2.50	Del.	.40	Ky.	.50	Neb.	.100
Conn.	2.50	Md.	.40	Nev.	.50	Ind.	.095
La.	2.50	N. Mex.	.40	Mass.	.46	Md.	.090
N. Dak.	2.50	R.I.	.40	Ind.	.45	Mass.	.088
R.I.	2.50	Mo.	.30	Ariz.	.42	Conn.	.081
Ind.	2.28	Nev.	.30	Del.	.40	Ky.	.081
Del.	2.25	N.J.	.30	Md.	.40	Ariz.	.080
Calif.	2.00	S. Dak.	.30	N. Mex.	.40	N. Mex.	.080
D.C.	2.00	Minn.	.27	R.I.	.40	D.C.	.073
Ill.	2.00	Conn.	.25	Wisc.	.39	Ill.	.070
Mo.	2.00	Ill.	.23	Texas	.34	Del.	.065
Neb.	2.00	Colo.	.20	D.C.	.33	R.I.	.065
Texas	2.00	Kans.	.20	Colo.	.30	Wisc.	.065
Ky.	1.92	Wisc.	.195	Mo.	.30	Colo.	.060
Nev.	1.90	Texas	.17	N.J.	.30	Mo.	.060
Colo.	1.80	D.C.	.15	Conn.	.25	Nev.	.060
Kans.	1.50	La.	.11	La.	.21	N.Y.	.044
Md.	1.50	N.Y.	.10	N.Y.	.10	Calif.	.040
N. Mex.	1.50	Calif.	.01	Calif.	.02	N.J.	.033
Median of State Taxes	2.50		.40		.455		.089
Average of State Taxes	2.60		.51		.60		.152
Federal Tax	10.50 ^{2/}		.17		.67		.293 ^{3/}

^{1/} Hawaii, the only other license state, levies an excise tax on alcoholic beverages of 20 percent of the wholesale price.

^{2/} Per proof gallon if withdrawn from bond at over 100° proof and per wine gallon if withdrawn from bond at not over 100° proof.

^{3/} Actual rate is \$9.00 per 31 gallon barrel.

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. House Bill No. 309
 Title: Relating to the excise tax on intoxicating liquors
 Requested by: House State Affairs Committee Date: March 21, 1975
 Return Date Requested: March 21, 1975
 Agency: Department of Revenue Program: _____

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, SALARIES, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 /	0 /	0 /	0 /	0 /	0
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section 300)

Projected increases in revenues for the fiscal years 1976 through 1980 are shown in memorandum dated March 12, 1975 from Frederick P. Boetsch, Deputy Commissioner, Department of Revenue.

IV. ATTACHMENTS

Copy of memorandum dated March 12, 1975 from Frederick P. Boetsch, Deputy Commissioner, Department of Revenue

V. DATE: March 21, 1975

PREPARED BY: _____

R. D. Stevenson
 R. D. Stevenson
 Special Assistant

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

TO: Sterling Gallagher
Commissioner
Department of Revenue

DATE: March 12, 1975

FROM: Frederick P. Boetsch
Deputy Commissioner for Taxation
Department of Revenue

SUBJECT: Proposed Bill Increasing the
Excise Tax on Intoxicating
Liquor

A Bill has been proposed which would increase the tax rate on beer from 25¢ to 50¢ per gallon, on wine from 60¢ to \$1.00, and on hard liquor from \$4.00 to \$4.50.

Obviously, the incidence of this tax will fall primarily on consumers of alcoholic beverages. However, in line with the Governor's philosophy of on-going programs paying for themselves, this increase will help to support the high costs of alcohol consumption to the state. These increases will bring us up to among the highest state liquor taxes in the country.

Estimated increases in revenues for FY 76 - FY 80 are as follows:

Projected Increases in Revenues
(\$000 Omitted)

<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
<u>3432.0</u>	<u>3772.8</u>	<u>3698.6</u>	<u>3956.0</u>	<u>4233.6</u>

There are no administrative costs connected with this Bill.

FPB:gd

Excise Tax Rates on Specified Alcoholic Beverages Levied by
 31 License States and the District of Columbia Ranked According to Magnitude,
 and by the Federal Government*

As of January 14, 1975

Distilled Spirits		Table Wine		Dessert Wine		Beer	
State	Rate Per Gallon	State	Rate Per Gallon	State	Rate Per Gallon	State	Rate Per Gallon
1	2	3	4	5	6	7	8
Minn.	\$4.39	Ga.	\$1.50	Ga.	\$2.50	S. Car.	.768
Alaska	4.00	Fla.	1.15	Fla.	1.60	Ga.	.322
Okla.	4.00	Tenn.	1.10	Tenn.	1.10	La.	.322
Tenn.	4.00	S. Car.	1.08	S. Car.	1.08	Okla.	.322
Fla.	3.75	Ark.	.75	Okla.	1.00	Fla.	.320
Ga.	3.75	Neb.	.75	S. Dak.	.95	S. Dak.	.267
Mass.	3.36	Alaska	.60	Minn.	.79	Alaska	.250
N. Y.	3.25	Ky.	.50	Ark.	.75	Ark.	.234
S. Dak.	3.05	N. Dak.	.50	Neb.	.75	Texas	.165
N. J.	2.80	Okla.	.50	Alaska	.60	N. Dak.	.160
S. Car.	2.72	Mass.	.46	Ill.	.60	Kansas	.150
Wisc.	2.60	Ind.	.45	N. Dak.	.60	Minn.	.129
Ariz.	2.50	Ariz.	.42	Kans.	.50	Tenn.	.110
Ark.	2.50	Del.	.40	Ky.	.50	Neb.	.100
Conn.	2.50	Md.	.40	Nev.	.50	Ind.	.095
La.	2.50	N. Mex.	.40	Mass.	.46	Md.	.090
N. Dak.	2.50	R. I.	.40	Ind.	.45	Mass.	.088
R. I.	2.50	Mo.	.30	Ariz.	.42	Conn.	.081
Ind.	2.20	Nev.	.30	Del.	.40	Ky.	.081
Del.	2.25	N. J.	.30	Md.	.40	Ariz.	.080
Calif.	2.00	S. Dak.	.30	N. Mex.	.40	N. Mex.	.080
D. C.	2.00	Minn.	.27	R. I.	.40	D. C.	.073
Ill.	2.00	Conn.	.25	Wisc.	.39	Ill.	.070
Mo.	2.00	Ill.	.23	Texas	.34	Del.	.065
Neb.	2.00	Colo.	.20	D. C.	.33	R. I.	.065
Texas	2.00	Kans.	.20	Colo.	.30	Wisc.	.065
Ky.	1.92	Wisc.	.195	Mo.	.30	Colo.	.060
Nev.	1.90	Texas	.17	N. J.	.30	Mo.	.060
Colo.	1.80	D. C.	.15	Conn.	.25	Nev.	.060
Kansas	1.50	La.	.11	La.	.21	N. Y.	.044
Md.	1.50	N. Y.	.10	N. Y.	.10	Calif.	.040
N. Mex.	1.50	Calif.	.01	Calif.	.02	N. J.	.033
Median of State Taxes	2.50		.40		.455		.089
Average of State Taxes	2.60		.51		.60		.152
Fed. Tax	10.50**		.17		.67		.29***

*Hawaii, the only other license state, levies an excise tax on alcoholic beverages of 20 percent of the wholesale price.

**Per proof gallon if withdrawn from bond at over 100° proof and per wine gallon if withdrawn from bond at not over 100° proof.

***Actual rate is \$9.00 per 31 gallon barrel.

Source: Commerce Clearing House, State Tax Guide: All States

POSITION PAPER
ON
SENATE BILL 309

An act relating to the legal maximum amount of assistance to families under Aid to Families with Dependent Children.

This bill was introduced at the request of the Governor to correct legislation passed last year which changed the legal maximum payment amounts effective July 1, 1974 in the Aid to Families with Dependent Children (AFDC) Program. Corrective action is necessary because of a compliance issue the Federal Social and Rehabilitation Service (SRS) has issued the State concerning the maximum payment amounts.

At issue is the different maximum amounts the State pays to two person families which include one adult and one child. At present, the State pays an adult and (1) child the maximum amount of \$250 per month when the child is under the age of 13, and \$300 per month when the child is age 13 through 18. Also at present, the State pays up to \$300 per month where two children, regardless of age, are living with an adult whose needs are not included in the AFDC payment.

The Federal government has taken exception to these conflicting payment levels and contends that payment differentials based on age present an unreasonable classification. In order to continue collecting full Federal Financial Participation in the AFDC program, the maximum AFDC payment amounts must be consistent for all groupings of two eligible persons, be it an adult and 1 child, or no adult and 2 children. Thus, the State has the options of 1) lowering the payment of \$250 or 2) raising it to \$500 for all two person AFDC families.

Section 1 of Senate Bill 309 proposing to amend AS 47.25.320 (a) (2) (A), would satisfy the compliance issue by increasing the legal maximum payment to \$300 for all two person AFDC families.

Approximately 1,000 persons per month will be included in the group covered by the compliance issue. FY76 costs are thus calculated as follows:

1. If payment levels are increased to \$300 per month:

$$1,000 \times \$50 \times 12 = \$600,000$$

This amount is not included in the FY76 budget request.

2. If payment levels are decreased to \$250 per month:

$$1,000 \times \$50 \times 12 = (\$600,000)$$

This amount could be subtracted from the FY76 request.

Section 2 of this bill proposing to amend AS 47.25.320 (a) (2) (c), is no longer necessary and should be deleted. At one time the upper limit legal maximum payment of \$520 for any family, regardless of size, was also a compliance issue. However, this issue has since been resolved and the corrective legislation sought in Senate Bill 309 is no longer required.

Section 3 of this bill proposing to remove AS 47.250 (a) (2) (B) from the Alaska Statutes, should be retained. If Section 1 of Senate Bill 309 is passed, AS 47.250 (a) (2) (B) becomes redundant and is no longer necessary in the statutes.

Departmental Recommendations

1. Recommend the passage of Section 1 of Senate Bill 309.
2. Recommend that Senate Bill 309 be amended to remove Section 2 of the bill. Section 2 is no longer necessary.
3. Recommend the passage of Section 3 of Senate Bill 309.

\$600,000 needed to cover costs of bill is not included in FY76 Budget request. If bill is passed, recommend funds be appropriated to cover new costs.

Recommended by:

[Signature]
(Acting Director)

[Date]
(Date)

Approved by:

Francis R. Williamson
(Commissioner)

4/14/75
(Date)

Comments by Governor's Office

By: _____

(Date)

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. Senate Bill 309
 Title: An act relating to local maximum payments in AFDC
 Requested by: Senator Croft Date: April 14, 1975
 Return Date Requested: _____
 Agency: Health and Social Services Program: Social Services-Assistance Payments

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Assistance Payments

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		600.0	650.0	661.5	694.6	729.3
TOTAL		600.0	650.0	661.5	694.6	729.3

B. FUNDING: (Thousands of dollars)

GENERAL FUND		300.0	315.0	330.0	345.0	361.6
FEDERAL FUNDS		300.0	335.0	330.0	349.6	367.7
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Estimate 1000 recipients will be eligible for \$50 per month additional AFDC benefits.

$$1000 \times \$50 \times 12 = \$600,000$$

All expenditures to be paid by Federal Funds.

IV. ATTACHMENTS

V. DATE: 4/14/75 PREPARED BY: [Signature]

Original: Legislative Finance
 Budget and Management
 cc: Prime Sponsor (First Legislator Named)