

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date 2-17-76

The Committee on FINANCE has had NO. 573

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 NO. 576 AND THAT

NO. 573 CS FOR _____ DO PASS WITH ATTACHED AMENDMENTS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____

[Signature] Chairman

A M E N D M E N T

OFFERED IN THE HOUSE:

By: Finance Committee

To: COMMENCE CE FOR HOUSE BILL No. 570

SENATE BILL No. _____

PAGE: 1

LINE: 12

Delete the word "only"

After the word "carriers" insert the word "only"

JAN 15 1976

14B 576

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 to make miscellaneous amendments to AS 04.10, which relates to the licensing of those involved in the sale of alcoholic beverages, and to establish a possession and importation quota.

Sections 1 and 2 of the bill amend the act by adding new provisions creating a new class of liquor license to cover the activities of in-flight caterers. At the present time, there is no category of license which fits the situation.

Section 3 of the bill amends AS 04.10.300 by substituting the more inclusive term "municipality" for the word "city". (See AS 29.78.010(3)). This will make the protest provisions uniform for all local governments.

Section 4 of the bill amends AS 04.10.310 and adopts for unincorporated areas in the unorganized borough the two-mile petition-and-approval radius described in AS 04.10.300. The present standard radius of five miles from the nearest United States Post Office has proved largely unworkable in practice.

Section 5 of the bill amends AS 04.10.330(b) to enable the Alcoholic Beverage Control Board to establish reasonable policies in regard to the determination of which debts should be paid before the transfer of ownership of a liquor license. At the present time, all debts must be paid before a transfer will be approved. This practice has proved cumbersome and has put the board in the unnecessary position of a collection agency.

Section 6 amends AS 04.10.350(c)(4)(A) to allow licensees a period of only 30 days to reinstate a license instead of six months. This will aid efficient administration.

Section 7 adds a new section to AS 04.15, limiting the amount of alcoholic beverages which can be possessed by

unlicensed persons and provides a criminal penalty for its violation. Presently the State has no prohibition on this practice.

Section 8 repeals AS 04.10.440 which conflicts and overlaps the provision in Section 4 in setting out a uniform petition-and-approval radius for unorganized areas in the unorganized borough.

Sincerely,

Jay S. Hammond
Governor





JUNEAU ALASKA

Alaska State Legislature

House

January 29, 1976

MEMORANDUM

TO: Representative Hugh Malone
Chairman, Finance Committee

FROM: Representative Bob Bradley
Chairman, Commerce Committee *BB*

SUBJECT: Committee Substitute for HB 576

The following is an excerpt from the Commerce Committee meeting on the Committee Substitute for HB 576. It was recommended that this be forwarded to your committee for consideration when reviewing the CS for HB 576.

"Representative Rudd questioned the change made in the Committee Substitute for House Bill 576 on page 1, beginning with line 10.

The sentence reads as follows:

'Sec. 04.10.135. IN-FLIGHT CATERING LICENSE. The holder of an in-flight catering license may sell intoxicating liquors in the original package and wine in bulk only to certificated domestic and international air carriers.'

Representative Rudd felt that the committee's intent was to restrict the licensee to selling intoxicating liquors to the air carriers only, not to restrict them from also selling meals to the air carriers. She felt that the CS as worded above would restrict them from selling meals. It was her feeling that the line should read:

'Sec. 04.10.135. IN-FLIGHT CATERING LICENSE. The holder of an in-flight catering license may sell intoxicating liquors in the original package and wine in bulk to certificated domestic and international air carriers only.'

Discussion followed. Representative Freeman asked if the bill had another referral. Chairman Bradley confirmed that the bill was to be referred to Finance Committee. Representative Freeman asked that a memo be attached to the bill expressing Representative Rudd's concerns. Chairman Bradley so ordered."

Original Sponsor: Rules Committee
By Request of the Governor

Offered: 1/30/76
Referred: Finance

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 576

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to alcoholic beverages; and providing
7 for an effective date."

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

9 * Section 1. AS 04.10 is amended by adding a new section to read:

10 Sec. 04.10.135. IN-FLIGHT CATERING LICENSE. The holder of an
11 in-flight catering license may sell intoxicating liquors in the original
12 package and wine in bulk only to certificated domestic and international
13 air carriers. The holder of an in-flight catering license may not sell
14 to a consumer and must purchase intoxicating liquor, wine and beer from
15 a wholesaler licensed under sec. 110 of this chapter. The in-flight
16 catering license fee is \$600.

17 * Sec. 2. AS 04.10.020 is amended by adding a new subsection to read:

18 (c) in-flight catering license.

19 * Sec. 3. AS 04.10.300 is amended to read:

20 Sec. 04.10.300. PROTEST OF ISSUANCE. A resident of an area out-
21 side the incorporated boundaries of a municipality [AN INCORPORATED
22 CITY] who desires to protest the issuance of a license in the voting
23 area in which he resides, shall serve upon the applicant and the board
24 a written statement of the reasons for his protest. Upon the receipt
25 of the protest, the board shall [MAY] give notice and hold a hearing, in
26 the voting precinct in which the protestant resides, at which all persons
27 interested may be heard. If at the hearing it appears that the majority
28 of the citizens over the age of 19 years, residing within two miles of
29 the place for which a license is sought, object to the issuance of the

license, the board shall refuse to issue the license.

* Sec. 4. AS 04.10.310 is amended to read:

Sec. 04.10.310. PUBLIC APPROVAL FOR LICENSES IN REMOTE AREAS.

No license for the sale of intoxicating liquor may be issued in any area outside [, WHICH IS 50 MILES OR MORE FROM] the incorporated boundaries of a municipality, unless a petition containing the signatures of two-thirds of the bona fide residents, 19 years of age or over, residing within two miles of the place where intoxicating liquor is to be sold [A RADIUS OF FIVE MILES OF THE NEAREST UNITED STATES POST OFFICE STATION], is filed with the board asking that a license be issued within the area. [IF THERE ARE TWO OR MORE UNITED STATES POST OFFICE STATIONS WITHIN THE VICINITY OF THE PLACE WHERE INTOXICATING LIQUOR IS TO BE SOLD, THE NEAREST STATION TO SUCH PLACE CONSTITUTES THE POINT OF BEGINNING.] A petition is not necessary for a reissuance of any license granted under this section. [IF NO POST OFFICE STATION EXISTS WITHIN A RADIUS OF FIVE MILES OF THE PLACE WHERE INTOXICATING LIQUOR IS TO BE SOLD THEN SEC. 440 OF THIS CHAPTER APPLIES.]

* Sec. 5. AS 04.10.330(L) is amended to read:

(b) Application for the transfer of ownership of an existing license shall be accompanied by a statement, under oath, executed by the transferor in which he lists all [DEBTS AND THE AMOUNTS WHICH HE OWES TO A CREDITOR OF THE BUSINESS AND] taxes due. The board shall promptly inform each creditor of the application and of the amount owed that creditor. The board shall not approve the application for transfer unless all [OF THE DEBTS AND] taxes are paid, or the transferor gives security for the payment of them satisfactory to the [CREDITOR OR] taxing authority prior to approval of the application.

* Sec. 6. AS 04.10.350(c)(4)(A) is amended to read:

(A) upon application filed during the 30-day [SIX-

1 MONTH] period beginning with February 28;

2 * Sec. 7. AS 04.15 is amended by adding a new section to read:

3 Sec. 04.15.095. POSSESSION OF ALCOHOLIC BEVERAGES. A person who
4 possesses or brings into the state without a license intoxicating
5 liquor for commercial purposes in excess of 20 wine gallons is guilty
6 of a misdemeanor and upon conviction is punishable by imprisonment of
7 not more than one year, or by a fine of not more than \$500, or by
8 both.

9 * Sec. 8. AS 04.10.440 is repealed.

10 * Sec. 9. AS 43.60.010(b) is repealed.

11 * Sec. 10. For the purpose of this Act an inventory of intoxicating
12 liquors subject to the excise tax under AS 43.60 shall be taken in accordance
13 with AS 43.60.020(a) on the first day of the month following the month in
14 which this Act becomes law. The inventory required by this section shall be
15 taken by a certified public accountant. The excise tax is due and payable on
16 the first day of the following month in accordance with AS 43.60.020(b). "In
17 transit" merchandise is taxable on the effective date of this Act.

18 * Sec. 11. This Act takes effect immediately in accordance with AS 01.10.
19 070(c).

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

NONE

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

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

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

IV. ATTACHMENTS

V. DATE: 1/6/76

PREPARED BY: *John O. Cook*

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CS HB 576
 Title: An Act relating to alcoholic beverages; and providing for an effective date
 Requested by: Jim Rhode Date: 2/2/76
 Return Date Requested: 2/9/76
 Agency: Revenue Program: Alcoholic Beverage Control Board & Audit Division

II. FISCAL DETAIL

Budget Request Unit(s) Affected: NONE

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	NONE	NONE	NONE	NONE	NONE	NONE

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS: NONE

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

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

N/A

IV. ATTACHMENTS See memo dated 2/9/76 attached.

V. DATE: 2-16-76 PREPARED BY: 

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

MEMORANDUM

State of Alaska

TO: Mr. R. D. Stevenson
Special Assistant to the Commissioner
Department of Revenue

DATE: February 10, 1976

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: Committee Substitute
for House Bill 576

Among some other very minor changes, Committee Substitute for House Bill 576 provides that the election allowed liquor distributors to pay the tax either at the time the liquor was shipped into this State or was sold out of a warehouse shall be repealed. If this proposed repealer is enacted, the tax will be payable on all liquor, at the time of shipment into the State.

Based on the credits which were taken in the year that the bill was enacted allowing the change to the sales method of reporting and projecting for the total amount of potential volume of liquor sales in Alaska for the current fiscal year, it would appear that the impact of this would be to cause those wholesalers reporting on a sales basis to pay an additional \$600,000 in liquor taxes to the State of Alaska on their inventories in the state.

The major advantage from an audit point of view would be to reduce the amount of detail auditing that must be performed to currently audit alcoholic beverage returns filed with the State. We are currently forced to rely heavily on the records maintained by the distributors which are not necessarily accurate.

Regarding the establishment of the inflight catering liquor license, this is merely a technical correction in the law which is needed, and will not have any financial effects.

GLJ/lam

Original Sponsor: Rules Committee
By Request of the Governor

Offered: 1/30/76
Referred: Finance

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14 to a consumer and must purchase intoxicating liquor, wine and beer from
15 a wholesaler licensed under sec. 110 of this chapter. The in-flight
16 catering license fee is \$600.

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24 a written statement of the reasons for his protest. Upon the receipt
25 of the protest, the board shall [MAY] give notice and hold a hearing, in
26 the voting precinct in which the protestant resides, at which all persons
27 interested may be heard. If at the hearing it appears that the majority
28 of the citizens over the age of 19 years, residing within two miles of
29 the place for which a license is sought, object to the issuance of the

1 license, the board shall refuse to issue the license.

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