

COMMITTEE REPORT

SENATE

5/20/75

Mr. President:

Date 5/20/75

The Committee on FINANCE has had CSHB 246 liquor licenses, fees, and municipal regulation of sale of intoxicating liquor 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 <sup>SCS</sup> FOR CSHB 246 AND THAT  
SCS FOR CSHB 246 ~~DO PASS~~ be put out with individ. rep.
- ( ) "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>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
_____	_____	_____

Members NOT concurring in the Majority report:

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

[Signature] Chairman

Original sponsor: Guy and Itta

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 246

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 the sale of intoxicating liquor."  
7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. AS 04.10.200 is repealed and re-enacted to read:

9  
10 Sec. 04.10.200. PUBLIC NOTICE. The board shall provide by regu-  
11 lation for adequate notice to inform the public and the local governing  
12 body of a proposed issuance of a new license, renewal or transfer of an  
13 existing license. The notice shall be bilingual when necessary. Notice  
14 shall be given by posting at the location of the premises, at the  
15 nearest post office, and at one other conspicuous location in the area  
16 for a period of at least 10 days a true copy of the application.

17 \* Sec. 2. AS 04.10.300 is repealed and re-enacted to read:

18 Sec. 04.10.300. PROTEST IN AREAS OUTSIDE MUNICIPALITIES. (a) An  
19 adult resident in an area outside a municipality who desires to protest  
20 the issuance, reissuance, renewal or transfer of a license for an  
21 establishment that is outside a municipality and within two miles of his  
22 permanent place of abode or within the established village in which his  
23 permanent place of abode is located shall serve upon the applicant and  
24 the board a written statement of the reasons for his protest. Upon the  
25 receipt of the protest, the board may give notice and hold a hearing in  
26 the area in which the protestant resides, at which all persons inter-  
27 ested may be heard.

28 (b) If the protest is made in writing to the board by at least 35  
29 per cent of the adult residents having a permanent place of abode within  
the established village where the licensed premises is situated or is to

1 be situated and within two miles of the established village, a special  
2 election conducted by the Department of Community and Regional Affairs  
3 held within the village is mandatory. If at the election the majority  
4 of the adult residents having a permanent place of abode within the  
5 established village and within two miles of the established village  
6 object to issuance, renewal or transfer, the board may not issue, renew  
7 or transfer any licenses in, or within two miles of, the established  
8 village.

9 (c) If the licensed premises is situated or is to be situated  
10 outside a municipality or established village and at the hearing the  
11 majority of the adult residents having a permanent place of abode within  
12 two miles of the premises but outside the municipality or established  
13 village object to issuance, renewal or transfer, the board may, if in  
14 its opinion the public interest will be served by the refusal or if  
15 other grounds for refusal exist by law, refuse to issue or transfer the  
16 license.

17 (d) For purposes of this section, an "established village" means  
18 an unincorporated area where at least 25 people reside as a social unit,  
19 as determined by the Department of Community and Regional Affairs.

20 \* Sec. 3. AS 04.10.350(a) is amended to read:

21 (a) A license issued under this chapter is renewable automatically  
22 if the fee is paid in accordance with secs. 40 - 140 of this chapter,  
23 except as provided in sec. 300 of this chapter or except in the case of  
24 conviction of the licensee under AS 04.15.100, pending the outcome of a  
25 board hearing or judicial determination as to the legality of issuing  
26 the license, or in the case of a lawful revocation in which event the  
27 license is renewable only as provided by law and regulation.

28 \* Sec. 4. AS 04.15.070(a) is amended to read:

29 (a) A municipality may by ordinance provide rules and regulations

1 governing the barter, sale and possession of intoxicating liquor within  
2 the municipality necessary to the orderly conduct of the business of  
3 selling intoxicating liquor. When, under a local option election, the  
4 city clerk finds the majority of the voters are against the sale of  
5 intoxicating liquor, the municipality, by ordinance, may make the sale  
6 of intoxicating liquor within the municipality a misdemeanor whether the  
7 sale is made pursuant to license or otherwise. The ordinance may not be  
8 inconsistent with this title or the rules and regulations promulgated  
9 under this title. No municipality may impose taxes other than property  
10 taxes on liquor inventories and sales taxes on liquor sales when these  
11 taxes are levied on other property and sales within the municipality.

12 Sec. 5. AS 04.10.255 is repealed.  
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THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE  
Second Session - Ninth Legislature

I. REQUEST  
 Bill No. CS for House Bill No. 246 am intoxicating liquors  
 Title: Relating to liquor licenses, fees, and municipal regulation of sale of  
 Requested by: James Fennel - Senate Finance Comm. Date: December 5, 1975  
 Return Date Requested: January 1, 1976  
 Agency: Revenue Program: ABC Board

II. FISCAL DETAIL

Budget Request Unit(s) Affected: \_\_\_\_\_

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	-0-	-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

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

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

See memorandum from P. A. Wall, Director, Administrative Services Division (former Acting Director, ABC Board) dated May 15, 1975 concerning additional revenue to be derived from proposed changes in general wholesale and whole-sale malt beverage and wine license fees.

An update based on 1975 gross volume of business will be available after February 15, 1976 when holders of general wholesale and wholesale malt beverage and wine licenses file annual returns of gross volume of business with the Alcoholic Beverage Control Board.

IV. ATTACHMENTS

Memorandum dated May 15, 1975 from P. A. Wall, Director, Administrative Services Division, Department of Revenue.

V. DATE: 12-24-75

PREPARED BY: \_\_\_\_\_

*R. D. Stevenson*  
 R. D. Stevenson, Special Assistant  
 Department of Revenue

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

Original sponsor: Guy and Itta

Offered: 4/21/75  
Referred: Judiciary

1 IN THE HOUSE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 246 am

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 liquor licenses, fees, and municipal  
7 regulation of the sale of intoxicating liquor."

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

9 \* Section 1. AS 04.10.110 is amended to read:

10 Sec. 04.10.110. WHOLESale LICENSE. (a) The holder of a general  
11 wholesale license may sell intoxicating liquors in the original package,  
12 and wine in bulk, in quantities of not less than five wine gallons to  
13 holders of licenses. The holder of a general wholesale license may not  
14 sell to a consumer. Liquor requiring internal revenue strip stamps  
15 shall have the stamps intact on the package. A general wholesale li-  
16 cense shall be required for each distributing point. The general  
17 wholesale license fee schedule is based upon the total amount of busi-  
18 ness transacted during any year and is \$500 as a minimum license fee,  
19 to accompany the application, and in payment of the fee for the first  
20 \$50,000 of business transacted, and, in addition thereto, a sum equal  
21 to one percent of the business transacted during the year for which  
22 the license is issued. [ON THE BUSINESS TRANSACTED DURING ANY YEAR,

23	ABOVE \$50,000 AND NOT OVER \$75,000 .....	A FEE OF \$ 250
24	ABOVE \$75,000 AND NOT OVER \$100,000 .....	A FEE OF \$ 500
25	ABOVE \$100,000 AND NOT OVER \$125,000 .....	A FEE OF \$ 750
26	ABOVE \$125,000 AND NOT OVER \$150,000 .....	A FEE OF \$1000
27	ABOVE \$150,000 AND NOT OVER \$175,000 .....	A FEE OF \$1250
28	ABOVE \$175,000 AND NOT OVER \$200,000 .....	A FEE OF \$1500
29	ABOVE \$200,000 AND NOT OVER \$250,000 .....	A FEE OF \$2000

1 ABOVE \$250,000 AND NOT OVER \$300,000 ..... A FEE OF \$2500  
 2 ABOVE \$300,000 AND NOT OVER \$350,000 ..... A FEE OF \$3000  
 3 ABOVE \$350,000 AND NOT OVER \$400,000 ..... A FEE OF \$3500  
 4 ABOVE \$400,000 AND NOT OVER \$500,000 ..... A FEE OF \$4500  
 5 ABOVE \$500,000 ..... A FEE OF \$5000]

6 (b) The holder of a wholesale malt beverage and wine license may  
 7 sell malt beverages and wine in the original packages and malt beverages  
 8 and wine in bulk in quantities of not less than five wine gallons to  
 9 holders of licenses. The holder of a wholesale malt beverage and wine  
 10 license may not sell to a consumer. The malt beverages and wine license  
 11 fee schedule is based on the total amount of business transacted in any  
 12 year and is \$100 as a minimum license fee, to accompany the application,  
 13 and in payment of the fee for the first \$10,000 of business transacted,  
 14 and, in addition, a sum equal to one per cent of the business transacted  
 15 during the year for which the license is issued. [ON THE BUSINESS  
 16 TRANSACTED DURING ANY YEAR,

17 ABOVE \$10,000 AND NOT OVER \$25,000 ..... A FEE OF \$ 150  
 18 ABOVE \$25,000 AND NOT OVER \$50,000 ..... A FEE OF \$ 500  
 19 ABOVE \$50,000 AND NOT OVER \$75,000 ..... A FEE OF \$ 750  
 20 ABOVE \$75,000 AND NOT OVER \$100,000 ..... A FEE OF \$1000  
 21 ABOVE \$100,000 AND NOT OVER \$150,000 ..... A FEE OF \$1500  
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26 # Sec. 2. AS 04.10.200 is repealed and re-enacted to read:

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 28 lation for adequate notice to inform the public of a proposed issuance  
 29 of a new license or reissuance, renewal or transfer of an existing

1 license. The notice shall be bilingual when necessary. Notice shall  
2 be given by posting at the location of the premises, at the nearest post  
3 office, and at one other conspicuous location in the area for a period  
4 of at least 10 days a true copy of the application and by published  
5 notice by newspaper, radio and television. Where published notice is  
6 not feasible the board may make such exemptions from the requirement of  
7 publication as required.

8 \* Sec. 3. AS 04.10.300 is repealed and re-enacted to read:

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10 adult resident in an area outside a municipality who desires to protest  
11 the issuance, reissuance, renewal or transfer of any and all licenses  
12 for an establishment or establishments within two miles of his permanent  
13 place of abode or within the established village in which his permanent  
14 place of abode is located shall serve upon the applicant and the board a  
15 written statement of the reasons for his protest. Upon the receipt of  
16 the protest, the board may give notice and hold a hearing in the area  
17 in which the protestant resides, at which all persons interested may  
18 be heard.

19       (b) If the protest is made in writing to the board by at least 35  
20 per cent of the adult residents having a permanent place of abode within  
21 the established village where the licensed premises is situated or is to  
22 be situated and within two miles of the established village, a special  
23 election conducted by the Department of Community and Regional Affairs  
24 held within the village is mandatory. If at the election the majority  
25 of the adult residents having a permanent place of abode within the  
26 established village and within two miles of the established village  
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29 of, the established village.

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2 outside a municipality or established village and at the hearing the  
3 majority of the adult residents having a permanent place of abode within  
4 two miles of the premises object to issuance, reissuance, renewal or  
5 transfer, the board may, if in its opinion the public interest will be  
6 served by the refusal or if other grounds for refusal exist by law,  
7 refuse to issue, reissue or transfer the license.

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9 an unincorporated area where at least 25 people reside as a social unit,  
10 as determined by the Department of Community and Regional Affairs.

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24 city clerk finds the majority of the voters are against the sale of  
25 intoxicating liquor, the municipality, by ordinance, may make the sale  
26 of intoxicating liquor within the municipality a misdemeanor whether  
27 the sale is made pursuant to license or otherwise. The ordinance may  
28 not be inconsistent with this title or the rules and regulations pro-  
29 mulgated under this title. No municipality may impose taxes other than

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property taxes on liquor inventories and sales taxes on liquor sales  
when these taxes are levied on other property and sales within the  
municipality.

#

May 16, 1975

The Honorable Jalmar Kerttula  
Chairman  
Senate Commerce Committee  
Alaska State Legislature  
State Capitol  
Juneau, Alaska

Re: Committee Substitute for  
House Bill No. 246 am.

Dear Senator Kerttula:

Committee Substitute for House Bill No. 246 am, an Act relating to liquor licenses, fees and municipal regulation of the sale of intoxicating liquor was introduced in the Senate on May 13, 1975 and was referred to the Senate Commerce and Finance Committees.

For the consideration of the Senate Commerce Committee, I am enclosing a memorandum from P. A. Wall, Director, Administrative Services Division which will disclose the additional wholesale license fee revenues to be obtained by that portion of the bill concerning new proposed fees to be paid by holders of general wholesale licenses and by holders of wholesale malt beverage and wine licenses.

With respect the revenue portion of the bill, consideration should be given to on effective date so as to avoid two rates of license fees for one calendar year.

If you or any members of the Senate Commerce Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Wall (who served during part of 1974 as Acting Director of the Alcoholic Beverage Control Board, for further material or testimony.

Very truly yours,

R. D. Stevenson  
Special Assistant

RDS:eh

cc: The Honorable Bill Ray  
Chairman, Senate Finance Committee

P. A. Wall, Director  
Administrative Services

Linda E. Brown, Director  
Alcoholic Beverage Control Board

## MEMORANDUM

State of Alaska

TO: R. D. Stevenson  
Special Assistant  
Department of Revenue

DATE: May 15, 1975

FROM: P. A. Wall  
Director  
Administrative Services Division  
Department of Revenue

SUBJECT: CS for House Bill No. 246 am

CS for House Bill No. 246 am passed the House and has been referred to the Senate Commerce and Finance Committees.

The Committee Substitute relates to liquor licenses, fees, and municipal regulation of the sale of intoxicating liquor.

With relation to the amendment concerning liquor licenses and fees, this office has recently received the 1974 reports concerning the gross volume of business transacted by all wholesalers in Alaska for the calendar year 1974.

In order to up-date statistics and provide the Legislature with a projection of increases in revenue that would be obtained by passage of the bill, the following information is submitted:

It is to be noted from AS 04.10.110 (a) concerning general wholesale licenses that the minimum license fee is \$500 and is in payment for the first \$50,000 of business transacted for one distributing point. Effective rate of the initial fee is 1% (\$50,000 X .01 equals \$500). The schedule then provides various brackets of gross receipts with increasing fees until the top amount of \$500,000 is reached where the present additional fee is \$5,000 or again an effective rate of 1% (\$500,000 X .01 equals \$5,000). There is presently no additional fee for receipts received in amounts over \$500,000 for one distributing point.

Reference is now made to the attached schedule, prepared from statistics contained in reports furnished yearly to the Alcoholic Beverage Control Board by holders of General Wholesale Licenses and by holders of Wholesale Malt Beverage and Wine Licenses.

It is to be noted on the subject schedule that for 1959 all holders of General Wholesale Licenses paid initial fees in total amount of \$7,000 and excess fees dependent upon the present schedule in total amount of \$59,500 for a grand total of fees in amount of \$66,500 to pay all fees due on gross receipts at various distributing points totaling \$15,490,169.50.

## MEMORANDUM

State of Alaska

TO: F

DATE :

FROM:

SUBJECT:

Some 15 years later, in 1974, all holders of General Wholesale Licenses paid initial fees of \$7,500 and excess fees dependent upon the present schedule in total amount of \$66,000 for a grand total of fees in amount of \$73,500 to pay all fees due on gross receipts at various distributing points totaling \$40,439,525.74.

In comparison 15 years apart, the holders of General Wholesale Licenses were, under the prevailing fee schedule, able to increase their total volume of business from \$15,490,169.50 to \$40,439,525.74, an increase of \$24,949,356.24 or 161.07% increase, and yet pay in effect only \$7,000 more fees, an increase of 10.53% in total fees. This is due to the top fee schedule being set at \$5,000 for gross business of over \$500,000 at each distributing point.

The present fee schedule is described in 35-4-21 (H) ACLA 1949 amended by Chapter 131, SLA 1957 and Chapter 197, SLA 1959. There have been no further amendments or changes to date on the fee schedule so described.

From the present fee schedule, a wholesaler who had business transacted, for example, at some distributing point under the present fee schedule of \$4,000,000 would not pay more than the wholesaler who did total business at one distributing point of \$510,000. Each under the present fee schedule would pay the top additional fee of \$5,000.

During 1974 statistics available from the Alcoholic Beverage Control Board disclose that 13 holders of General Wholesale Licenses at various distributing points reported gross receipts in excess of \$500,000.

The present schedule for the General Wholesale License fees is in essence a fee of 1% of the total amount of business transactions each year at each distributing point up to a total of \$500,000. After that point no additional fees are incurred for gross receipts above \$500,000.

You will note from AS 04.10.110 (b) concerning Wholesale Malt Beverage and Wine Licenses that the minimum fee is \$100 and is in payment for the first \$10,000 of business transacted for one distributing point. Effective rate of the initial fee is 1% (\$10,000 X .01 equals \$100.00). The schedule then provides various brackets of gross receipts with increasing fees until the top amount of \$400,000 is reached where the present additional fee is \$5,000.

## MEMORANDUM

State of Alaska

TO: Γ

DATE :

FROM:

SUBJECT:

With respect the seven holders during 1974 of Wholesale Malt Beverage and Wine Licenses, only one holder did in excess of \$200,000 in gross receipts at one distributing point; accordingly, the top bracket in the present schedule was not reached.

Based on the 1974 receipts of all wholesale licenses of firms doing business within the State, as reported to the Alcoholic Beverage Control Board, the provisions concerning the excess fee schedule that are incorporated in CS for House Bill No. 246 am would provide increased license fee revenues as follows:

GENERAL WHOLESALERS:

15 initial fees @ \$500 (covering first \$50,000 of gross receipts)		\$ 7,500.00
Total Gross Receipts	\$40,439,525.74	
Less: Gross Receipts covered by initial fee (15 x \$50,000)	750,000.00	
Balance of gross receipts subject to 1% fee	<u>\$39,689,525.74</u>	<u>396,895.25</u>
Total proposed fees (based on 1974 sales)		\$404,395.25
Total fees under present schedule (based on 1974 sales)		<u>73,500.00</u>
Net increase in revenue on general wholesale licenses		<u>\$330,895.25</u>

WHOLESALERS MALT BEVERAGE AND WINE LICENSES:

7 initial fees @ \$100 (covering first \$10,000 of gross receipts)		\$ 700.00
Total Gross Receipts	\$ 723,405.70	
Less: Gross Receipts covered by initial fee (7 @ \$10,000)	70,000.00	
Balance of gross receipts subject to 1% fee	<u>\$ 653,405.70</u>	<u>6,534.05</u>
Total proposed fees (based on 1974 sales)		\$ 7,234.05
Total fees under present schedule (based on 1974 sales)		<u>9,200.00</u>
Net decrease in revenue on wholesale malt beverage and wine licenses		<u>\$ 1,965.95</u>

## MEMORANDUM

State of Alaska

TO: Γ

DATE :

FROM:

SUBJECT:

Summarizing the effect of the changes on both types of wholesale license fees is as follows:

Net increase in revenue on general wholesale license fees as compared to present fee schedules	\$330,895.25
Net decrease in revenue on wholesale malt beverage and wine license fees as compared to present fee schedules	<u>1,965.95</u>
Net additional revenue pursuant to CSHB 246 am	<u>\$328,929.30</u>

The new additional revenue based on 1974 sales would amount to \$328,929.30. For your information the 1975-76 budget request for the Alcoholic Beverage Control Board was in amount of \$275,200.

FIGURES FOR COMPARISON

Year	Wholesale Malt Gross	Excess Fee	License Fee	General Wholesale Gross	Excess Fee	License Fee
1959	\$ 960,001.48	\$10,700.00	\$1,600.00	\$15,490,169.50	\$59,500.00	\$7,000.00
1960	1,024,576.12	12,300.00	1,400.00	16,119,810.78	60,250.00	7,500.00
1961	764,479.56	8,700.00	1,200.00	15,650,947.52	57,250.00	7,000.00
1962	743,310.48	8,650.00	1,600.00	15,455,670.63	56,500.00	7,000.00
1963	601,747.82	7,400.00	1,000.00	16,162,541.62	57,750.00	7,500.00
1964	727,244.06	8,300.00	1,000.00	17,332,349.12	56,750.00	7,500.00
1965	708,760.25	7,300.00	1,000.00	15,914,811.61	57,750.00	9,000.00
1966	543,554.14	6,400.00	900.00	18,771,534.47	58,000.00	7,500.00
1967	663,528.38	7,550.00	1,100.00	21,616,597.71	60,750.00	7,500.00
1968	674,202.58	8,000.00	1,000.00	23,500,115.31	63,000.00	6,500.00
1969	796,918.54	9,750.00	900.00	26,658,756.88	63,500.00	6,500.00
1970	675,244.35	8,300.00	800.00	30,141,106.99	65,000.00	6,500.00
1971	649,422.17	8,050.00	800.00	30,730,205.25	65,000.00	6,500.00
1972	642,609.35	7,900.00	800.00	30,783,714.55	65,000.00	6,500.00
1973	683,507.19	8,300.00	700.00	32,919,173.60	65,000.00	7,500.00
1974	723,405.70	8,500.00	700.00	40,439,525.74	66,000.00	7,500.00

# STATE OF ALASKA

JAY S. HAMMOND, Governor

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 — JUNEAU 99801

May 16, 1975

The Honorable Jalmar Kerttula  
Chairman  
Senate Commerce Committee.  
Alaska State Legislature  
State Capitol  
Juneau, Alaska

Re: Committee Substitute for  
House Bill No. 246 am.

Dear Senator Kerttula:

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For the consideration of the Senate Commerce Committee, I am enclosing a memorandum from P. A. Wall, Director, Administrative Services Division which will disclose the additional wholesale license fee revenues to be obtained by that portion of the bill concerning new proposed fees to be paid by holders of general wholesale licenses and by holders of wholesale malt beverage and wine licenses.

With respect the revenue portion of the bill, consideration should be given to an effective date so as to avoid two rates of license fees for one calendar year.

If you or any members of the Senate Commerce Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Wall (who served during part of 1974 as Acting Director of the Alcoholic Beverage Control Board) for further material or testimony.

Very truly yours,

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Special Assistant

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The Committee Substitute relates to liquor licenses, fees, and municipal regulation of the sale of intoxicating liquor.

With relation to the amendment concerning liquor licenses and fees, this office has recently received the 1974 reports concerning the gross volume of business transacted by all wholesalers in Alaska for the calendar year 1974.

In order to up-date the statistics and provide the Legislature with a projection of increases in revenue that would be obtained by passage of the bill, the following information is submitted:

It is to be noted from AS 04.10.110 (a) concerning general wholesale licenses that the minimum license fee is \$500 and is in payment for the first \$50,000 of business transacted for one distributing point. Effective rate of the initial fee is 1% (\$50,000 X .01 equals \$500). The schedule then provides various brackets of gross receipts with increasing fees until the top amount of \$500,000 is reached where the present additional fee is \$5,000 or again an effective rate of 1% (\$500,000 X .01 equals \$5,000). There is presently no additional fee for receipts received in amounts over \$500,000 for one distributing point.

Reference is now made to the attached schedule, prepared from statistics contained in reports furnished yearly to the Alcoholic Beverage Control Board by holders of General Wholesale Licenses and by holders of Wholesale Malt Beverage and Wine Licenses.

It is to be noted on the subject schedule that for 1959 all holders of General Wholesale Licenses paid initial fees in total amount of \$7,000 and excess fees dependent upon the present schedule in total amount of \$59,500 for a grand total of fees in amount of \$66,500 to pay all fees due on gross receipts at various distributing points totaling \$15,490,169.50.

## MEMORANDUM

## State of Alaska

TO: 

DATE :

FROM:

SUBJECT:

Some 15 years later, in 1974, all holders of General Wholesale Licenses paid initial fees of \$7,500 and excess fees dependent upon the present schedule in total amount of \$66,000 for a grand total of fees in amount of \$73,500 to pay all fees due on gross receipts at various distributing points totaling \$40,439,525.74.

In comparison 15 years apart, the holders of General Wholesale Licenses were, under the prevailing fee schedule, able to increase their total volume of business from \$15,490,169.50 to \$40,439,525.74, an increase of \$24,949,356.24 or 161.07% increase, and yet pay in effect only \$7,000 more fees, an increase of 10.53% in total fees. This is due to the top fee schedule being set at \$5,000 for gross business of over \$500,000 at each distributing point.

The present fee schedule is described in 35-4-21 (H) ACLA 1949 amended by Chapter 131, SLA 1957 and Chapter 197, SLA 1959. There have been no further amendments or changes to date on the fee schedule described.

From the present fee schedule, a wholesaler who had business transacted, for example, at some distributing point under the present fee schedule of \$4,000,000 would not pay more than the wholesaler who did total business at one distributing point of \$510,000. Each under the present fee schedule would pay the top additional fee of \$5,000.

During 1974 statistics available from the Alcoholic Beverage Control Board disclose that 13 holders of General Wholesale Licenses at various distributing points reported gross receipts in excess of \$500,000.

The present schedule for the General Wholesale License fees is in essence a fee of 1% of the total amount of business transactions each year at each distributing point up to a total of \$500,000. After that point no additional fees are incurred for gross receipts above \$500,000.

You will note from AS 04.10.110 (b) concerning Wholesale Malt Beverage and Wine Licenses that the minimum fee is \$100 and is in payment for the first \$10,000 of business transacted for one distributing point. Effective rate of the initial fee is 1% (\$10,000 X .01 equals \$100.00). The schedule then provides various brackets of gross receipts with increasing fees until the top amount of \$400,000 is reached where the present additional fee is \$5,000.

## MEMORANDUM

State of Alaska

TO: Γ

DATE :

FROM:

SUBJECT:

With respect the seven holders during 1974 of Wholesale Malt Beverage and Wine Licenses, only one holder did in excess of \$200,000 in gross receipts at one distributing point; accordingly, the top bracket in the present schedule was not reached.

Based on the 1974 receipts of all wholesale licenses of firms doing business within the State, as reported to the Alcoholic Beverage Control Board, the provisions concerning the excess fee schedule that are incorporated in CS for House Bill No. 246 am would provide increased license fee revenues as follows:

GENERAL WHOLESALE:

15 initial fees @ \$500 (covering first \$50,000 of gross receipts)		\$ 7,500.00
Total Gross Receipts	\$40,439,525.74	
Less: Gross Receipts covered by initial fee (15 x \$50,000)	750,000.00	
Balance of gross receipts subject to 1% fee	<u>\$39,689,525.74</u>	<u>396,895.25</u>
Total proposed fees (based on 1974 sales)		\$404,395.25
Total fees under present schedule (based on 1974 sales)		<u>73,500.00</u>
Net increase in revenue on general wholesale licenses		<u>\$330,895.25</u>

WHOLESALE MALT BEVERAGE AND WINE LICENSES:

7 initial fees @ \$100 (covering first \$10,000 of gross receipts)		\$ 700.00
Total Gross Receipts	\$ 723,405.70	
Less: Gross Receipts covered by initial fee (7 @ \$10,000)	70,000.00	
Balance of gross receipts subject to 1% fee	<u>\$ 653,405.70</u>	<u>6,534.05</u>
Total proposed fees (based on 1974 sales)		\$ 7,234.05
Total fees under present schedule (based on 1974 sales)		<u>9,200.00</u>
Net decrease in revenue on wholesale malt beverage and wine licenses		<u>\$ 1,965.95</u>

## MEMORANDUM

State of Alaska

TO: Γ

DATE :

FROM:

SUBJECT:

Summarizing the effect of the changes on both types of wholesale license fees is as follows:

Net increase in revenue on general wholesale license fees as compared to present fee schedules	\$330,895.25
Net decrease in revenue on wholesale malt beverage and wine license fees as compared to present fee schedules	<u>1,965.95</u>
Net additional revenue pursuant to CSHB 246 am	<u>\$328,929.30</u>

The new additional revenue based on 1974 sales would amount to \$328,929.30. For your information the 1975-76 budget request for the Alcoholic Beverage Control Board was in amount of \$275,200.

FIGURES FOR COMPARISON

Year	Wholesale Malt Gross	Excess Fee	License Fee	General Wholesale Gross	Excess Fee	License Fee
1959	\$ 960,001.48	\$10,700.00	\$1,600.00	\$15,490,169.50	\$59,500.00	\$7,000.00
1960	1,024,576.12	12,300.00	1,400.00	16,119,810.73	60,250.00	7,500.00
1961	764,479.56	8,700.00	1,200.00	15,650,947.52	57,250.00	7,000.00
1962	743,310.48	8,650.00	1,600.00	15,455,670.63	56,500.00	7,000.00
1963	501,747.82	7,400.00	1,000.00	16,162,541.62	57,750.00	7,500.00
1964	727,244.06	8,300.00	1,000.00	17,332,349.12	56,750.00	7,500.00
1965	708,760.25	7,300.00	1,000.00	15,914,811.61	57,750.00	9,000.00
1966	543,554.14	6,400.00	900.00	18,771,534.47	58,000.00	7,500.00
1967	663,528.38	7,550.00	1,100.00	21,616,597.71	60,750.00	7,500.00
1968	674,202.58	8,000.00	1,000.00	23,500,115.31	63,000.00	6,500.00
1969	795,918.54	9,750.00	900.00	26,658,756.88	63,500.00	6,500.00
1970	675,244.35	8,300.00	800.00	30,141,106.99	65,000.00	6,500.00
1971	649,422.17	8,050.00	800.00	30,730,205.25	65,000.00	6,500.00
1972	642,609.35	7,900.00	800.00	30,783,714.55	65,000.00	6,500.00
1973	688,507.19	8,300.00	700.00	32,919,173.60	65,000.00	7,500.00
1974	723,405.70	8,500.00	700.00	40,439,525.74	66,000.00	7,500.00

FIGURES FOR COMPARISON

Year	Wholesale Malt Gross	Excess Fee	License Fee	General Wholesale Gross	Excess Fee	License Fee
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1974	723,405.70	8,500.00	700.00	40,439,525.74	66,000.00	7,500.00

Original sponsor: Guy and Itta

Offered: 4/21/75  
Referred: Judiciary

1 IN THE HOUSE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 246 am

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 liquor licenses, fees, and municipal  
7 regulation of the sale of intoxicating liquor."

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

9 \* Section 1. AS 04.10.110 is amended to read:

10 Sec. 04.10.110. WHOLESale LICENSE. (a) The holder of a general  
11 wholesale license may sell intoxicating liquors in the original package,  
12 and wine in bulk, in quantities of not less than five wine gallons to  
13 holders of licenses. The holder of a general wholesale license may not  
14 sel' to a consumer. Liquor requiring internal revenue strip stamps  
15 shall have the stamps intact on the package. A general wholesale li-  
16 cense shall be required for each distributing point. The general  
17 wholesale license fee schedule is based upon the total amount of busi-  
18 ness transacted during any year and is \$500 as a minimum license fee,  
19 to accompany the application, and in payment of the fee for the first  
20 \$50,000 of business transacted, and, in addition thereto, a sum equal  
21 to one percent of the business transacted during the year for which  
22 the license is issued. [ON THE BUSINESS TPANSACTIONED DURING ANY YEAR,

23	ABOVE \$50,000 AND NOT OVER \$75,000 .....	A FEE OF \$ 250
24	ABOVE \$75,000 AND NOT OVER \$100,000 .....	A FEE OF \$ 500
25	ABOVE \$100,000 AND NOT OVER \$125,000 .....	A FEE OF \$ 750
26	ABOVE \$125,000 AND NOT OVER \$150,000 .....	A FEE OF \$1000
27	ABOVE \$150,000 AND NOT OVER \$175,000 .....	A FEE OF \$1250
28	ABOVE \$175,000 AND NOT OVER \$200,000 .....	A FEE OF \$1500
29	ABOVE \$200,000 AND NOT OVER \$250,000 .....	A FEE OF \$2000

1 ABOVE \$250,000 AND NOT OVER \$300,000 ..... A FEE OF \$2500  
 2 ABOVE \$300,000 AND NOT OVER \$350,000 ..... A FEE OF \$3000  
 3 ABOVE \$350,000 AND NOT OVER \$400,000 ..... A FEE OF \$3500  
 4 ABOVE \$400,000 AND NOT OVER \$500,000 ..... A FEE OF \$4500  
 5 ABOVE \$500,000 ..... A FEE OF \$5000]

6 (b) The holder of a wholesale malt beverage and wine license may  
 7 sell malt beverages and wine in the original packages and malt beverages  
 8 and wine in bulk in quantities of not less than five wine gallons to  
 9 holders of licenses. The holder of a wholesale malt beverage and wine  
 10 license may not sell to a consumer. The malt beverages and wine license  
 11 fee schedule is based on the total amount of business transacted in any  
 12 year and is \$100 as a minimum license fee, to accompany the application,  
 13 and in payment of the fee for the first \$10,000 of business transacted,  
 14 and, in addition, a sum equal to one per cent of the business transacted  
 15 during the year for which the license is issued. [ON THE BUSINESS

16 TRANSACTED DURING ANY YEAR,

17 ABOVE \$10,000 AND NOT OVER \$25,000 ..... A FEE OF \$ 150  
 18 ABOVE \$25,000 AND NOT OVER \$50,000 ..... A FEE OF \$ 500  
 19 ABOVE \$50,000 AND NOT OVER \$75,000 ..... A FEE OF \$ 750  
 20 ABOVE \$75,000 AND NOT OVER \$100,000 ..... A FEE OF \$1000  
 21 ABOVE \$100,000 AND NOT OVER \$150,000 ..... A FEE OF \$1500  
 22 ABOVE \$150,000 AND NOT OVER \$200,000 ..... A FEE OF \$2000  
 23 ABOVE \$200,000 AND NOT OVER \$300,000 ..... A FEE OF \$3000  
 24 ABOVE \$300,000 AND NOT OVER \$400,000 ..... A FEE OF \$4000  
 25 ABOVE \$400,000 ..... A FEE OF \$5000]

26 \* Sec. 2. AS 04.10.200 is repealed and re-enacted to read:

27 Sec. 04.10.200. PUBLIC NOTICE. The board shall provide by regu-  
 28 lation for adequate notice to inform the public of a proposed issuance  
 29 of a new license or reissuance, renewal or transfer of an existing

1 license. The notice shall be bilingual when necessary. Notice shall  
2 be given by posting at the location of the premises, at the nearest post  
3 office, and at one other conspicuous location in the area for a period  
4 of at least 10 days a true copy of the application and by published  
5 notice by newspaper, radio and television. Where published notice is  
6 not feasible the board may make such exemptions from the requirement of  
7 publication as required.

8 \* Sec. 3. AS 04.10.300 is repealed and re-enacted to read:

9 Sec. 04.10.300. PROTEST IN AREAS OUTSIDE MUNICIPALITIES. (a) An  
10 adult resident in an area outside a municipality who desires to protest  
11 the issuance, reissuance, renewal or transfer of any and all licenses  
12 for an establishment or establishments within two miles of his permanent  
13 place of abode or within the established village in which his permanent  
14 place of abode is located shall serve upon the applicant and the board a  
15 written statement of the reasons for his protest. Upon the receipt of  
16 the protest, the board may give notice and hold a hearing in the area  
17 in which the protestant resides, at which all persons interested may  
18 be heard.

19 (b) If the protest is made in writing to the board by at least 35  
20 per cent of the adult residents having a permanent place of abode within  
21 the established village where the licensed premises is situated or is to  
22 be situated and within two miles of the established village, a special  
23 election conducted by the Department of Community and Regional Affairs  
24 held within the village is mandatory. If at the election the majority  
25 of the adult residents having a permanent place of abode within the  
26 established village and within two miles of the established village  
27 object to issuance, reissuance, renewal or transfer, the board may not  
28 issue, reissue, renew or transfer any licenses in, or within two miles  
29 of, the established village.

1 (c) If the licensed premises is situated or is to be situated  
2 outside a municipality or established village and at the hearing the  
3 majority of the adult residents having a permanent place of abode within  
4 two miles of the premises object to issuance, reissuance, renewal or  
5 transfer, the board may, if in its opinion the public interest will be  
6 served by the refusal or if other grounds for refusal exist by law,  
7 refuse to issue, reissue or transfer the license.

8 (d) For purposes of this section, an "established village" means  
9 an unincorporated area where at least 25 people reside as a social unit,  
10 as determined by the Department of Community and Regional Affairs.

11 \* Sec. 4. AS 04.10.350(a) is amended to read:

12 (a) A license issued under this chapter is renewable automatically  
13 if the fee is paid in accordance with secs. 40 - 140 of this chapter,  
14 except as provided in sec. 300 of this chapter or except in the case of  
15 conviction of the licensee under AS 04.15.100, pending the outcome of a  
16 board hearing or judicial determination as to the legality of issuing  
17 the license, or in the case of a lawful revocation in which event the  
18 license is renewable only as provided by law and regulation.

19 \* Sec. 5. AS 04.15.070(a) is amended to read:

20 (a) A municipality may by ordinance provide rules and regulations  
21 governing the barter, sale and possession of intoxicating liquor within  
22 the municipality necessary to the orderly conduct of the business of  
23 selling intoxicating liquor. When, under a local option election, the  
24 city clerk finds the majority of the voters are against the sale of  
25 intoxicating liquor, the municipality, by ordinance, may make the sale  
26 of intoxicating liquor within the municipality a misdemeanor whether  
27 the sale is made pursuant to license or otherwise. The ordinance may  
28 not be inconsistent with this title or the rules and regulations pro-  
29 mulgated under this title. No municipality may impose taxes other than

1 property taxes on liquor inventories and sales taxes on liquor sales  
2 when these taxes are levied on other property and sales within the  
3 municipality.  
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Introduced: 3/3/75  
Referred: Community & Regional  
Affairs and Judiciary

1 IN THE HOUSE

BY GUY AND ITTA

2 HOUSE BILL NO. 246

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 liquor licenses and municipal  
7 regulation of the sale of intoxicating liquor."

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

9 \* Section 1. AS 04.10.200 is amended to read:

10 Sec. 04.10.200. POSTING OF APPLICATION. Before a new license is  
11 issued or a license is reissued, the applicant shall post a true copy  
12 of the application for license at the location of the premises, at the  
13 nearest post office and at one other conspicuous location in the area,  
14 for a period of 10 days before the filing of the application. The  
15 applicant shall submit with the application proof of posting on a form  
16 to be provided by the board.

17 \* Sec. 2. AS 04.10.300 is amended to read:

18 Sec. 04.10.300. PROTEST OF ISSUANCE. A resident of an area  
19 outside an incorporated city who desires to protest the issuance or  
20 reissuance of a license in the voting area in which he resides, shall  
21 serve upon the applicant and the board a written statement of the  
22 reasons for his protest. Upon the receipt of the protest, the board  
23 may give notice and hold a hearing, in the voting precinct in which  
24 the protestant resides, at which all persons interested may be heard.  
25 If the protest is made in writing by at least 25 residents residing  
26 within two miles of the place for which the license is sought, the  
27 hearing is mandatory. If at the hearing or otherwise it appears that  
28 the majority of the citizens over the age of 19 years, residing within  
29 two miles of the place for which a license is sought, object to the

1 issuance or reissuance of the license, the board shall refuse to issue  
2 or reissue the license.

3 \* Sec. 3. AS 04.10.350(a) is amended to read:

4 (a) A license issued under this chapter is renewable automatically  
5 if the fee is paid in accordance with secs. 40 - 140 of this chapter,  
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17 intoxicating liquor, the municipality, by ordinance, may make the sale  
18 of intoxicating liquor within the municipality a misdemeanor whether  
19 the sale is made pursuant to license or otherwise. The ordinance may  
20 not be inconsistent with this title or the rules and regulations promul-  
21 gated under this title. No municipality may impose taxes other than  
22 property taxes on liquor inventories and sales taxes on liquor sales  
23 when these taxes are levied on other property and sales within the  
24 municipality.  
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