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5/9/75

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date 5/13/75

The Committee on JUDICIARY has had SSSB 357

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)

(x) recommends it BE REPLACED WITH CS FOR SSSB 357 AND THAT

CS FOR SSSB 357 DO PASS

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

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

[Handwritten signatures]

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Handwritten signature] Chairman

A M E N D M E N T

OFFERED IN THE HOUSE:

By: House Judiciary

To: _____ HOUSE BILL No. _____

Judiciary CS SENATE BILL No. SS SB 357

PAGE: 3

LINE: 5

DELETE all of line 5 and
REPLACE with: canceling if accompanied by his parent, guardian, or
spouse who has attained the age of 19 years,
or by the parent or

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 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,

R. D. Stevenson
Special Assistant

RDS:en

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: Phil A. Wall
Director
Administrative Services Division

DATE: May 14, 1975

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

SUBJECT: CSHB 246 am

Attached is a copy of Committee Substitute for House Bill No. 246 amended, an Act relating to liquor licenses, fees and municipal regulation of the sale of intoxicating liquor.

The bill passed the House with an amendment to increase wholesale liquor license fees and now has been referred to the Senate Commerce and Finance Committees.

Please review the attached bill and prepare a memorandum to the writer advising of effect on Treasury.

Please comment on the lack of an effective date as it concerns the fee increases.

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 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 Ch. 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

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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 (II) 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

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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)		\$401,395.25
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 :

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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	57,250.00	7,500.00
1964	727,244.06	8,300.00	1,000.00	17,332,349.12	56,750.00	7,500.00
1965	703,760.25	7,300.00	1,000.00	15,914,811.61	57,750.00	6,000.00
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	60,250.00	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	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