

HB

240

House Judiciary
March 7, 1977

The meeting was called to order at 3:10 p.m. by Vice-Chairman, Miles. Members present were Miles, Dankworth, Eliason and Rudd. Mr. Specking and Mr. Brown were absent. Mr. Gardiner came in to the meeting later.

HB 240 Alcoholic beverages

HB
240

Frank Williamson, Commissioner of Health and Social Services, was here to explain the purpose of and provisions in the bill. He stated that this bill is a response of the Dept. of H & SS and the state government to offer to local communities some mechanism where-by they may control their alcohol problems at a local level.

Bob Cole, Coordinator of the Office of Alcoholism, and Louis Snapper were also here to explain the bill and to answer questions.

There was a lengthy discussion and question/answer session. This bill will come up for consideration again at a later date.

The meeting was adjourned at 4:40 p.m.

HB 240

contact Jim Rolle
Ak Muni League

1 1

586-1325

HB 240

February 18, 1977

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill dealing with various aspects of and problems related to alcoholic beverages. This bill is based on several recommendations of the Interdepartmental Coordinating Committee on alcoholism (created by AS 47.37.050). Since excessive consumption of alcoholic beverages is the root of many of Alaska's most serious social, criminal, and economic problems, the general purpose of the bill is the reduction of that consumption.

The major elements of this bill are :

- A new class of license, a limited community liquor license, would be created and added to the ballot in local option elections. The holder would be permitted to sell at a retail store no more than 2.4 wine gallons a day to any one customer, with orders being placed two weeks in advance of delivery. Local option elections would be extended and clarified for cities, organized boroughs, unified municipalities, and election precincts in the unorganized borough.
- The holder of a retail license would not be permitted to sell liquor which has been ordered by mail or telephone from a municipality or precinct which has prohibited its sale or a municipality which holds a limited community license, if the governing body (or the electorate of the precinct) votes in opposition to mail and telephone sales and notifies the Alcoholic Beverage Control Board of its position.

- The bill authorizes issuance of an in-flight catering license for selling liquor with prepared meals aloft. This fills a gap in existing law.
- Provision would be made by this measure for compensation by the state to municipalities which have prohibited the sale of alcoholic beverages. This will, at least partially, compensate for municipal loss of revenue resulting from loss of sales tax due to that prohibition. I expect this provision to be funded from the alcohol excise tax increase that I have proposed in HB 196.
- The bill would prohibit holders of all types of license, except manufacturing and wholesaling, from advertising in Alaska newspapers and magazines, or on broadcasting stations or community cable systems in the state, but would not seek to limit national advertising of alcoholic beverages.
- The possession of more than one case of hard liquor and two of beer or wine would be made a misdemeanor in areas which have prohibited the sale of liquor or have a limited community liquor license. The sale of intoxicating liquor in an area where it has been prohibited by local option would be made a felony instead of a misdemeanor, with the ceiling on possible fines raised to \$30,000, and provision would be made for the seizure and forfeiture of conveyances used to transport such illegally sold liquor.
- Other features of the bill make minor amendments to AS 4, such as removing the constitutional infirmity of AS 04.15.090 which currently only prohibits females from soliciting drinks.

Sincerely,

Jay S. Hammond
Governor

ELEMENTS OF THE GOVERNOR'S ALCOHOL PACKAGE

EXCISE TAX-- HB 196/SB167

A conservative estimate is that alcohol abuse cost the state over \$17 million last year. Alcohol excise taxes generated only \$7 million. This bill would make up the difference. The price for a fifth of liquor would be up 50¢, a fifth of light wine up 30¢, heavy wine up 50¢ a fifth, and a six-pack of beer up 28¢. Studies have said that a price rise far higher than this would be necessary to significantly reduce alcohol sales.

In HB 241/SB ___ the Governor proposes to allocate an additional \$1.5 million for prevention, education, and treatment programs for alcohol abuse and alcoholism. Note that should the appropriations bill pass and this tax measure not pass the Governor will not be able to sign the appropriations bill.

-- SB 76

This bill links excise taxes, including these alcohol taxes, to the consumer price index. The legislature retains the right to disapprove increases.

SALES TAX--HB 232

This bill would allow municipalities to tax beverage alcohol at a rate higher than other commodities. This should encourage local treatment and begin to recompense local governments for their alcohol-caused expenses.

ALCOHOL LAW-- HB 240/SB ___ (Title 4)

Local Option Election

Upon petition of 35% of voters, or action of the governing body, an election will be held which will allow the voters to choose the following alcohol options.

--Completely restrict the sale of beverage alcohol in the community. (*Secs. 13 & 14)

--Completely restrict sale, plus ban shipment of mail or telephone ordered alcohol. (*Sec. 4)

--Have a Limited Community Liquor License which would allow the community to run a liquor store which would only be allowed to sell a limited amount (equivalent to a case of fifths) of alcohol which had been ordered two weeks in advance. (*Sec. 7)

--Have a Community Liquor License which would allow the community to run its own liquor store. The advantages are that under community management, the store may limit sales, and control sale hours to minimize abuses of alcohol and binge drinking. The profits may be used by the community for any purpose, including local treatment and alcohol-caused costs. (*Sec. 6)

Dry Communities

Should a town vote itself dry (no type of liquor store) or if a town has already voted dry, the following things will happen.

-- Compensation: Communities which limit liquor sales should not have to pay the penalty of lost sales tax revenue. Communities which are presumed-dry should have the benefit of more effective alcohol law enforcement. Therefore, the state will pay each voted dry community \$10 per resident. (*Sec. 14-end)

-- Possession Limits: In order to reduce bootlegging no person in a dry community will be allowed to possess more than the equivalent of a case of fifths of liquor and 4.5 gallons of wine and beer. (*Sec. 18)

-- Illegal Sale Penalties: Sale in violation of local option (bootlegging) will be punished as a felony with a maximum sentence of 6 years and fine of \$30,000; up from one year and \$5,000. It is thought that the present penalties are so low as to be an acceptable cost of doing business to bootleggers making up to \$100,000 a year. (*Sec. 19)

-- Confiscation of Vehicles Used in Illegal Sale: As a further deterrent to bootleggers using automobiles, aircraft or boats, the state may

sieze a vehicle used in bootlegging activities. Upon conviction of the offender the court may order the conveyance transfered to the community where the offence took place, or to the state. Owners of common carriers having no knowledge of the illegal transaction and mortgage or lien holders will be protected. (*Sec. 20)

Public Notice

The requirements for public notice when a liquor license is applied for or renewed are changed from advertised notices to posted notices unless the A.B.C. Board determines that advertised notices are in the public interest. Other technical changes are included in this section. (*Sec. 8)

In-Flight Licenses

The bill authorizes the issuance of license to permit sale of alcohol aloft. This fills a gap in existing law. (*Sec. 5)

Advertising Ban

Holders of liquor licenses may not advertise alcohol in any newspaper, magazine or on any cable or broadcast television or radio station. (*Sec. 15)

Solicitation

This section now makes it illegal for men as well as women to solicit the purchase of alcoholic beverages at licensed establishments. (*Sec. 16)

APPROPRIATIONS FOR ALCOHOL TREATMENT HB 241

This measure would spend \$1.5 million of the money generated by the excise taxes of HB 196 on prevention, education, and treatment programs for alcohol abuse and alcoholism. These funds will be administered by the Office of Alcoholism, DHSS.

OFFICES OF ALCOHOLISM AND DRUG ABUSE COMBINED

--Alcohol and Drug Abuse offices will be combined, with a combined budget. Grantees in the field will remain separate.

--Advisory boards will be combined from current nine member boards into a single nine member board.

--Office of Alcoholism's current ambiguous "approval" authority over treatment facilities will be changed to a specific licensing authority.

--Involuntary commitments to treatment facilities will be simplified by allowing the court to commit directly to a licensed facility rather than to the Office of Alcoholism.

DRAFT

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DRAFT

Terry Gardiner

Box 6092, Ketchikan, Alaska 99901 Pouch V, Juneau, Alaska 99811

March 16, 1977

Dick Whittaker
#4 Creek Street
Ketchikan, Alaska 99901

Dear Dick:

Thank you for the letter in regard to liquor licensing statutes. I have HB 240- introduced by the Governor- in the committee. This bill revamps many of the liquor license laws, especially relating to the rural areas. The problem seems to be that the Administration who drew this bill up did not confer enough with rural legislators. Even though the bill is designed to help the liquor problem in the rural areas, the rural legislators are at this time opposed to it.

I am not sure if the bill will go anyplace this year. I will bring the issue up of de-regulating liquor in larger municipalities if the bill is before the committee again.

Sincerely,

Terry Gardiner
State Representative
Alaska Legislature

LAW OFFICES

RICHARD WHITTAKER

ELLIS, SUND & WHITTAKER, INC.

CATHY V. CANORRO*

PETER R. ELLIS

ANTHONY B. CANORRO

JOHN L. SUND

NO. 4 CREEK STREET

DENNIS L. McCARTY

11 March 1977

KETCHIKAN, ALASKA 99901

907-225-6174 or 907-225-5333

ZENITH 4444

*Washington Bar Only

House of Representatives
Pouch V
State Capital
Juneau, Alaska 99801

Attn: The Honorable Terry Gardiner

Dear Terry:

Peter asked me to write you with a suggestion that at such time as the Liquor Licensing Statutes are being revamped as I understand they are now, you take a look at the possibility of easing restrictions in the larger communities. The reason is that they are generally able to regulate and restrict and care for the problems of alcohol without the need for State Control. Peter would prefer amending the section in the code which provides for a restriction on the number of licenses as one for every 1,500 population, so as to exempt municipalities of 5000 population or more.

My own view, being very involved in the war against alcoholism is that we would be very much ahead in getting rid of the vested interests in the alcohol business by deregulating the number of licenses everywhere and letting the market apply so there wouldn't be the control by the beverage industry that there is now.

Hope to see you soon to discuss this and other matters.

Sincerely yours,

ELLIS, SUND & WHITTAKER, INC.

By 

Richard Whittaker

RW:sjs

Restriction on Municipal stores to jerk
license if they sell to drunks

Sell liquor but community cannot
make profit off the store

Private licenses - but with restrictions

- ① Investigator
 - ② Police
-

Regs + stat → and enforcement

Big Problem

What commitment of state to enforce

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 240
 Title An Act Relating to Alcoholic Beverages, and Providing for an Effective Date
 Requested by Office of the Governor Date February 17, 1977

Note: The information shown on this fiscal note represents a compilation of fiscal notes submitted by the effected agencies.

II. FISCAL DETAIL

Agency Affected Office of the Governor, Departments of Revenue and Regional Affairs
 Program Category Affected General Government, Public Protection, Development
 Budget Request Unit(s) Affected Elections, ABC Board, Alcohol Revenue Sharing (new)

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		60.0	63.0	66.1	69.4	
200 TRAVEL		9.0	9.0	9.0	9.0	
300 CONTRACTUAL		28.5	28.0	3.0	3.0	
400 COMMODITIES		.8	1.0	1.0	1.0	
500 EQUIPMENT		2.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		53.0	224.2	414.6	439.5	
TOTAL		153.8	325.2	493.7	521.9	

FUNDING (Thousands of Dollars)

GENERAL FUND		153.8	325.2	493.7	521.9	
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		3	0	0	0	
PART TIME						
TEMPORARY						

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

A. Major Assumptions:

- 1) Consumer Price Index will increase annually at 6%.
- 2) Seven cities (Bethel, Eagle, Klawock, Nondalton, Ouzinkie, Port Lions, Selawick) will be eligible for compensation for lost revenue in FY 78 by virtue of their current legal status with regard to alcohol sales.
- 3) Fifty communities, with an average population of 300 people each, will vote themselves "dry" and become eligible for lost revenue compensation in each of fiscal years 1978 and 1979.
- 4) No additional districts will vote themselves "dry" after FY 79.
- 5) Eligibility for compensation for lost revenue due to "dry" status will commence on July 1st following the date of the election of such status by a community.
- 6) The population of the communities which opt for "dry" status will not, on the average, increase during the period of time covered by this fiscal note.
- 7) Each precinct election is estimated to cost \$500 with fifty such elections estimated as being required in each of two fiscal years, FY 78 and FY 79.

IV. DATE February 17, 1977 PREPARED BY Ron Lind (con't on attached page)
 AGENCY Division of Budget and Management
 PHONE 465-2213

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

B. Additional Personnel Required:

The Alcoholic Beverage Control Board staff will require two additional ABC Investigator positions to enforce the provisions of this act (\$22.8 per position plus travel and equipment).

Correspondence, licensing and clerk-typist support for the enforcement of the provisions of this Act require that an additional clerk-typist III position be assigned to the ABC board staff (\$14.4 plus equipment).

C. Estimated Budgetary Impact by Year and Budget Request Unit

Line Item	B U D G E T R E Q U E S T U N I T			Total
	Alcohol Revenue Sharing*	ABC Board	Elections	
FY 78 Personal Services		60.0		60.0
Travel		9.0		9.0
Contractual Svcs		3.5	25.0	28.5
Commodities		.8		.8
Equipment		2.5		2.5
Grants	53.0			53.0
TOTAL	<u>53.0</u>	<u>75.8</u>	<u>25.0</u>	<u>153.8</u>
FY 79 Personal Services		63.0		63.0
Travel		9.0		9.0
Contractual Svcs		3.0	25.0	28.0
Commodities		1.0		1.0
Equipment				
Grants	224.2			224.2
TOTAL	<u>224.2</u>	<u>76.0</u>	<u>25.0</u>	<u>325.2</u>
FY 80 Personal Services		66.1		66.1
Travel		9.0		9.0
Contractual Svcs		3.0		3.0
Commodities		1.0		1.0
Equipment				
Grants	414.6			414.6
TOTAL	<u>414.6</u>	<u>79.1</u>		<u>493.7</u>
FY 81 Personal Services		69.4		69.4
Travel		9.0		9.0
Contractual Svcs		3.0		3.0
Commodities		1.0		1.0
Equipment				
Grants	439.5			439.5
TOTAL	<u>439.5</u>	<u>82.4</u>		<u>521.9</u>

* New BRU

JAY S. HAMMOND
GOVERNOR



GOVERNOR HAMMOND'S STATEMENT ON INTRODUCTION OF ALCOHOL ABUSE
PACKAGE TO LEGISLATURE
FEBRUARY 18, 1977
#33

*file in HB 240
by committee
file*

"LAST SPRING I APPOINTED A CABINET-LEVEL COORDINATING
COMMITTEE TO STUDY THE PROBLEMS OF ALCOHOL ABUSE IN ALASKA.

THE COMMITTEE'S FINDINGS ARE GRIM, THOUGH NOT REALLY
SURPRISING. IN 1975, EXCESSIVE DRINKING WAS FOUND TO BE
INVOLVED IN: 45% OF ALL REPORTED CASES OF CHILD NEGLECT;
25% OF ALL REPORTED CASES OF CHILD ABUSE; 45% OF ALL
FATALITIES FROM TRAFFIC ACCIDENTS; 60% OF ALL FATALITIES
FROM BOATING ACCIDENTS; AND 30% OF ALL FATALITIES FROM FIRES.

ALCOHOL ABUSE HAS AN ENORMOUS IMPACT ON THE CRIMINAL JUSTICE
SYSTEM: OVER 30% OF THE WORK OF STATE TROOPERS AND STATE
PROSECUTORS, AND OVER 60% OF THE WORK IN THE PUBLIC DEFENDER
AGENCY, IS TRACEABLE TO ALCOHOL-RELATED INCIDENTS, INCLUDING
VIOLENT CRIME, DISORDERLY CONDUCT, DRUNK DRIVING, ALCOHOL
CODE VIOLATIONS, AND SO ON. ALCOHOL HAS ADDED COMPARABLE
COSTS TO THE STATE'S COURTS AND JAILS. IT ADDS SIGNIFICANTLY
TO THE COST OF WELFARE PROGRAMS.

"IN ADDITION, THE COMMITTEE FOUND THAT, ALTHOUGH THE STATE
RECEIVED OVER \$7 MILLION IN ALCOHOL EXCISE TAXES AND LICENSE
FEES IN 1975, ALCOHOL-RELATED STATE GENERAL FUND EXPENDITURES
WERE IN EXCESS OF \$17 MILLION. THIS FIGURE INCLUDES ALCOHOL-
RELATED COSTS INCURRED IN ALCOHOLISM TREATMENT, SOCIAL SERVICES,
WELFARE PROGRAMS, THE CRIMINAL JUSTICE SYSTEM, AND OTHER
PROGRAMS.

"FINALLY, ALASKANS DO INDEED DRINK A LOT AND ARE DRINKING MORE
ALL THE TIME. CURRENTLY ALASKANS DRINK 57% MORE ALCOHOL PER
CAPITA THAN THE NATIONAL AVERAGE. 80% MORE ALCOHOL IS CONSUMED

OBSERVATION THAT SOCIETIES WITH LOW PER CAPITAL ALCOHOL CONSUMPTION GENERALLY EXPERIENCE LOW RATES OF EXCESSIVE DRINKING, WHILE SOCIETIES WITH HIGH PER CAPITA CONSUMPTION SHOW CORRESPONDINGLY HIGH RATES OF EXCESSIVE DRINKING. THE COMMITTEE CONCLUDED THAT INCREASINGLY HEAVY PER CAPITA ALCOHOL CONSUMPTION CARRIES WITH IT INCREASINGLY HEAVY IMPACTS OF ALCOHOL ABUSE AND RELATED PROBLEMS.

"I AM INTRODUCING LEGISLATION IN RESPONSE TO THESE FINDINGS, IN THE HOPE THAT BY TAKING POSITIVE ACTION WE CAN, AS A SOCIETY, REDUCE THE CHRONICALLY DEBILITATING EFFECTS OF ALCOHOL.

"HOUSE BILL 196, WHICH I INTRODUCED ON FEBRUARY 9, WILL RAISE \$10 MILLION ADDITIONAL REVENUE FROM ALCOHOL EXCISE TAXES AND LICENSE FEES, TO MORE EQUITABLY FUND ALCOHOL-RELATED STATE COSTS AND TO STABILIZE THE OVERALL CONSUMPTION OF ALCOHOL IN ALASKA. I AM PROPOSING TO RAISE THE TAX ON HARD LIQUOR BY 50¢ PER FIFTH; ON BEER BY 28¢ PER 6-PACK; AND ON MOST WINES BY 45¢ PER HALF GALLON. TAX INCREASES OF 2¢ PER SHOT OF HARD LIQUOR AND 5¢ PER CAN OF BEER ARE HARDLY PROHIBITIVE.

"ON JANUARY 24, I INTRODUCED A BILL TO TIE EXCISE TAXES ON MOTOR FUELS, CIGARETTES, AND ALCOHOL TO THE CONSUMER PRICE INDEX. THE EXCISE TAX ON ALCOHOL HAS REMAINED AT THE SAME DOLLAR AMOUNT PER GALLON SINCE 1961. STATE COSTS RISE WITH INFLATION. THIS BILL WOULD PROVIDE FOR EXCISE TAX REVENUES TO RISE WITH INFLATION AS WELL.

"I AM NOW SUBMITTING FURTHER LEGISLATION AIMED AT PROVIDING BUSH COMMUNITITES WITH ADDITIONAL LEGAL RECOURSE IN TRYING TO COPE WITH THEIR OFTEN UNIQUE AND SEVERE ALCOHOL PROBLEMS.

"FIRST, WE PROPOSE THAT MUNICIPALITIES BE EMPOWERED TO LEVY ANY SALES TAX RATE ON ALCOHOL THEY CHOOSE; WHETHER FOR PURPOSES OF MEETING LOCAL ALCOHOL-RELATED COSTS, OR FOR FURTHER INCREASING THE PRICE, OR BOTH.

RETAILERS IN ALL IN-STATE PUBLICATIONS, AND ON ALL IN-STATE RADIO AND TELEVISION PROGRAMMING. THERE IS PRECEDENT FOR PUBLIC RESTRICTIONS ON ADVERTISING AND THE DEMAND FOR ALCOHOL IN ALASKA HAS LITTLE NEED OF MEDIA STIMULATION.

"CONCERNING DRY COMMUNITIES, MY PROPOSALS ARE AS FOLLOWS:

- 1) PROVIDE A LOCAL OPTION FOR RESIDENTS OF A DRY TOWN TO BAN IF THEY CHOOSE MAIL ORDER AND TELEPHONE ORDER SHIPMENTS OF ALCOHOL INTO THEIR COMMUNITY.
- 2) PROHIBIT THE POSSESSION IN DRY COMMUNITIES OF LARGE AMOUNTS OF ALCOHOL, IN ORDER TO REDUCE BOOTLEGGING.
- 3) CHANGE THE CRIME OF BOOTLEGGING IN DRY COMMUNITIES FROM A MISDEMEANOR TO A FELONY, AND ALLOW THE CONFISCATION OF CARS, TAXI CABS AND AIRPLANES INVOLVED IN ILLEGAL SALES.
- 4) ALLOW COMMUNITIES TO SELL PACKAGED LIQUOR UNDER A NEW CATEGORY OF LICENSE THAT CREATES A TWO-WEEK TIME LAG BETWEEN ORDER AND DELIVERY.
- 5) COMPENSATE TOWNS AND VILLAGES FOR ALCOHOL SALES TAX REVENUE LOST AS A RESULT OF VOTING DRY.

"OUR DESIRE IS TO MAKE IT MORE LIKELY THAT A COMMUNITY VOTING DRY IN RESPONSE TO SERIOUS ALCOHOL PROBLEMS CAN EXPECT A MAJOR REDUCTION IN THE FLOW OF ALCOHOL INTO THE AREA.

"FINALLY, I AM SUBMITTING LEGISLATION TO APPROPRIATE \$1.5 MILLION BEYOND THE FY '78 BUDGET REQUEST FOR EXPANDED ALCOHOL ABUSE PREVENTION AND TREATMENT PROGRAMS. THE FUNDS WOULD BE USED PRIMARILY AS FOLLOWS:

PURCHASE AND INSTALLATION OF DETOXIFICATION FACILITIES AT TWELVE NEW LOCATIONS, WITH A REQUIREMENT FOR LOCAL MATCHING FUNDS.

PROVIDE FUNDS FOR OPERATION OF A 30-DAY RESIDENTIAL TREATMENT FACILITY.

PROVIDE FOR A PUBLIC INFORMATION PROGRAM CONDUCTED THROUGH THE MEDIA, AND DEVELOP AN ALCOHOL EDUCATION CURRICULUM FOR PUBLIC SCHOOLS.

AS I HAVE STATED PREVIOUSLY, AT EVENTUAL APPROVAL OF SUCH
ADDITIONAL EXPENDITURES WILL DEPEND ON PASSAGE OF ADDITIONAL
TAXES BY THE LEGISLATURE TO PAY FOR THEM.

"THE PROPOSALS I HAVE MENTIONED CONSTITUTE A REASONABLE FIRST
STEP IN ADDRESSING THE PROBLEMS OF ALCOHOL ABUSE IN ALASKA.
SOME WILL FIND THESE PROPOSALS TOO STRONG; THOUGH I MUST ASK
THEM WHAT ALTERNATIVES THEY HAVE IN MIND FOR REDUCING OUR
ALCOHOL-RELATED PROBLEMS, AND WHAT EVIDENCE EXISTS TO PERSUADE
US THAT THE ALTERNATIVES MAY WORK. OTHERS MAY FEEL THAT WHAT
WE PROPOSE IS NOT ENOUGH TO SUBSTANTIALLY LOWER THE COSTS OF
ALCOHOL ABUSE. MY REPLY IS THAT WE DISAVOW A RETURN TO THE
UNWORKABLE EXTREME OF PROHIBITION. WE ARE ATTEMPTING TO
FIND A "MIDDLE GROUND" WHICH RECOGNIZES PEOPLE'S RIGHT TO
CONSUME ALCOHOL BUT ALSO RECOGNIZES OUR OBLIGATION TO PROTECT
THE PUBLIC HEALTH, WELFARE, AND SAFETY AND DO IT IN A COST-
EFFECTIVE WAY."



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 18, 1977

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Last spring I appointed a coordinating committee to study the problem of alcohol abuse in Alaska. The results of this study are shocking:

- Alaskans drink over half again as much liquor as the average American.
- We drink 80% more alcohol per capita than we did 20 years ago.

Excessive drinking was found to be involved in:

- 45% of all reported cases of child neglect;
- 25% of all reported cases of child abuse;
- 45% of all fatalities from traffic accidents;
- 60% of all fatalities from boating accidents;
- 30% of all fatalities from fires.

In addition, the study found that alcohol abuse has placed a tremendous burden on the criminal justice system: over 30% of the work of the State troopers and State prosecutors is devoted to incidents involving excessive drinking, and over 60% of the work of the Public Defender Agency is traceable to alcohol-related events, such as violent crimes, disorderly conduct and drunk driving.

The Honorable
Hugh Malone

-2-

Alcohol has added comparable costs to the State's courts and jails. It adds greatly to the cost of welfare programs.

The Committee found that alcohol abuse cost the State of Alaska over \$17 million in 1975. This includes the cost of alcohol treatment programs as well as the costs to all State agencies dealing with alcohol-related problems. Yet in 1975, the sale of alcohol generated only \$7 million from taxes and fees.

As a result of the Committee's work, I am introducing six pieces of legislation this session to combat the massive problem that alcohol causes in our society. Together, these measures will help deter alcohol abuse; require the sale of alcohol to more nearly repay the State for the costs it creates; and strengthen anti-bootlegging laws.

I have proposed that the alcohol excise tax and license fees be increased sufficiently to raise an additional \$10 million. House Bill 196 was introduced by me on February 9, 1977; today I have introduced an identical bill in the Senate. I have proposed in SB 76, introduced on January 24, 1977, that the excise tax on alcohol as well as on motor fuel and cigarettes be tied to the Anchorage consumer price index. Under this proposal, the Commissioner of Revenue could, with the concurrence of the legislature, revise the tax rate annually.

I am requesting appropriations totaling \$1.5 million for additional alcohol detoxification, treatment, and rehabilitation programs. I believe these expenditures must be funded through the increase in the alcohol excise tax rates which I have proposed.

I am proposing that municipalities be allowed to levy a sales tax on alcohol at a rate higher than that on other commodities.

I am also proposing major revisions to Title 4 of the Alaska Statutes which regulates the sale of alcohol. Among other things, these revisions will:

The Honorable
Hugh Malone

-3-

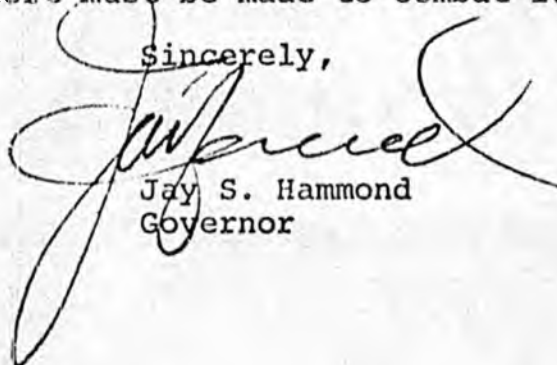
- reimburse towns and villages for sales tax revenue they may lose as a result of voting "dry"; I expect this provision to be funded from the alcohol excise tax increase that I have proposed;
- allow "dry" communities to vote to ban mail-order and telephone-order shipments of alcohol to the community;
- allow communities to elect to sell packaged liquor under a new category of license that creates a two week time-lag between the order and delivery;
- prohibit the advertising of beverage alcohol;
- prohibit the possession in "dry" communities of large amounts of alcohol;
- change the crime of bootlegging from a misdemeanor to felony and allow the confiscation of cars, boats, and airplanes which are used in bootlegging.

Finally, I propose to simplify and streamline the administration of alcohol-related programs by combining the Office of Alcoholism and the Office of Drug Abuse. Legislation to accomplish this reorganization will be introduced in the near future.

The rationale for these measures is spelled out in detail in the report of the Coordinating Committee on Alcoholism, which has been made available to every legislator. Additional documentation is available through the Office of Alcoholism.

If one or more of the measures I have proposed are regarded by some as drastic, I reply that alcohol abuse in Alaska is a drastic problem. A forceful and determined effort must be made to combat it.

Sincerely,



Jay S. Hammond
Governor