

COMMITTEE REPORT

HOUSE

(11)

FURTHER:

3/22/82

Date:

3-25-82

Mr. Speaker:

The Committee on FINANCE has had HB 838

"An Act increasing the liquor tax; and providing for an effective date."

under consideration and ~~(a majority of the committee)~~ ~~(the committee)~~ reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 838 (FINANCE) same title
 new title
and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation 7,500
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

[Signature]
[Signature]
[Signature]
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**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

[Signature]
[Signature]
[Signature]
[Signature]

[Signature]
CHAIRMAN

Original sponsor: Adams

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 238 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

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

10 (a) Every brewer, distiller, bottler, jobber, retailer, wholesaler,
11 or manufacturer who sells alcoholic beverages [INTOXICATING LIQUORS] in
12 the state or who consigns shipments of alcoholic beverages [INTOXICATING
13 LIQUORS] into the state, whether or not the alcoholic beverages [LIQUORS]
14 are brewed, distilled, bottled, or manufactured in the state, shall pay
15 on all malt beverages (alcoholic content of one percent or more by
16 volume), wines, and hard or distilled alcoholic beverages [LIQUORS], the
17 following taxes (as adjusted when required under (c) of this section):

18 (1) malt beverages at the rate of 50 [25] cents a gallon or
19 fraction of a gallon;

20 (2) wine or other beverages [LIQUOR] of 21 percent alcohol by
21 volume or less, at the rate of \$1.20 [60 CENTS] a gallon or fraction of
22 a gallon; and

23 (3) other beverages [LIQUORS] having a content of more than
24 21 percent alcohol by volume at the rate of \$3 [\$4] a gallon.

25 * Sec. 2. AS 43.60.010 is amended by adding a new subsection to read:

26 (c) Beginning on January 1, 1983, the Department of Revenue shall
27 annually adjust the rate of taxes levied under (a) of this section based
28 on changes in the cost of living as reflected in the consumer price
29 index for Anchorage, Alaska rounded to the nearest cent for malt bever-

1 ages and to the nearest five cents for all other alcoholic beverages.

2 * Sec. 3. The increase in taxes under sec. 1 of this Act takes effect on
3 the first day of the month after the month in which this Act takes effect.

4 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
5 070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: CS HB 838
 Title: An act increasing the liquor tax.
 Requested by: House Finance Date: 03/26/82

II. FISCAL DETAIL

Agency Affected:
 Program Category Affected:
 BRU, Program, or Subprogram(s) Affected:
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)						
	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

FUNDING (Thousands of Dollars)						
	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	0	7,500	8,100	9,900	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS						
	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	-	-	-	-	-
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

The above General Fund amounts are in addition to receipts estimated for existing law of about (in thousands of dollars) 9,000 per fiscal year from 1983-1985, bringing total liquor tax receipts under this proposal to the following:

FY	Tax (\$ thous.)
83	16,500
84	17,100
85	18,900

IV. DATE: 03/26/82

PREPARED BY: Vincent D. Wright
 AGENCY: Revenue
 PHONE: 465-2174

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 838
 Title "An Act increasing the liquor tax; and providing for an effective date".
 Requested by _____ Date 3/15/82

II. FISCAL DETAIL

Agency Affected Department of Health & Social Services
 Program Category Affected Office of Alcoholism/Drug Abuse
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
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-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
POSITIONS	-0-	-0-	-0-	-0-	-0-	-0-
FULL TIME						
PART TIME						
TEMPORARY						
	-0-	-0-	-0-	-0-	-0-	-0-

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

IV. DATE March 15, 1982 PREPARED BY Robert L. Cole *R.L.C. by George H. Miller*
 AGENCY Office of Alcoholism/Drug Abuse
 Original: Legislative Finance PHONE 586-6201
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Rec'd after bill
RLO HFC

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: CS for HB 838
Title: An Act increasing the liquor tax
Requested by: House Finance

Date: March 31, 1982

II. FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: Revenue Collection and Management
BRU, Program, or Subprogram(s) Affected: Audit Division
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)	None					
	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

FUNDING (Thousands of Dollars)	None					
	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS	None					
	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	-	-	-	-	-
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

See attached memo to R. D. Stevenson dated March 31, 1982.

IV. DATE: March 31, 1982

PREPARED BY: Robert R. Kessel
AGENCY: Audit Division
PHONE: 465-2320

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

Robert R. Kessel

M E M O R A N D U M

TO: R. D. Stevenson
Special Assistant

FROM: Robert R. Kessel RK
Director, Audit Division

DATE: March 31, 1982

RE: CS for HB 838 (Finance)

In addition to increasing the taxes on alcoholic beverages, CS for HB 838, in general, updates the statute to conform with terminology which is currently in vogue. Alcoholic beverages is substituted for the current terminology of intoxicating liquor.

It would appear that two other considerations should be given to the writing of this bill:

- 1) The title for Chapter 60 be changed to "Excise Tax on Intoxicating Liquor";
- 2) All sections of Chapter 60 in addition to those now specifically covered by the proposed bill should be modified for language conformance.

Section 2 of the bill provides for an annual adjustment of the rate of tax based on changes in the cost of living as reflected in the consumer price index for Anchorage, Alaska. There apparently has not been an increase in the rate of tax per gallon for many years. Therefore, the continuous increase in sales prices of liquor over the years has not directly resulted in additional revenue for Alaska. The only increase in liquor tax collections for Alaska resulted from more consumption per capita and a population increase.

Many taxes, including sales and income, produce more tax revenue as inflation occurs. This happens because of the progressive rates for income taxes and the increased sales prices of products for sales tax. Section 2 of this bill provides the opportunity for Liquor Excise Tax collections to grow right along with inflation.

RRK/gb

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: CS HB 838
 Title: An act increasing the liquor tax.
 Requested by: House Finance Date: 03/26/82

II. FISCAL DETAIL

Agency Affected:
 Program Category Affected:
 BRU, Program, or Subprogram(s) Affected:
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	0	7,500	8,100	9,900	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	-	-	-	-	-
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

The above General Fund amounts are in addition to receipts estimated for existing law of about (in thousands of dollars) 9,000 per fiscal year from 1983-1985, bringing total liquor tax receipts under this proposal to the following:

FY	Tax (\$ thous.)
83	16,500
84	17,100
85	18,900

IV. DATE: 03/26/82 PREPARED BY: Vincent D. Wright

AGENCY: Revenue

PHONE: 465-2174

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

REVISED 3-26-82

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: HB 838
Title: An Act increasing the liquor tax.
Requested by: House Judiciary & Finance Committees Date: 03/25/82

II. FISCAL DETAIL

Agency Effected: Department of Revenue
Program Category Effected:
BRU, Program, or Subprogram(s) Effected:
(Note: If more than one budget component is effected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	0	3,585	4,592	5,679	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	-	-	-	-	-
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

In this analysis it is assumed that rates of \$5.75/gal. (hard liquor), \$.60/gal (wine), and 32.5¢/gal. (beer) are effective July 1, 1982, and the CPI escalator is effective January 1, 1983. A CPI of 8 percent was used.

The above General Fund amounts are in addition to receipts estimated for existing law of about (in thousands of dollars) 9,000 per fiscal year from 1983-1985, bringing the total liquor tax under this proposal to the following:

FY	Tax (\$ thous.)
83	12,585
84	13,592
85	14,679

IV. DATE: 03/25/82

PREPARED BY: Vincent D. Wright

AGENCY: Research

PHONE: 465-2174

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

FINAL w/
NOTED CHANGES

Cook ✓

Original sponsor: Adams

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 838 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act increasing the liquor tax; and providing for an
7 effective date."

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

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

10 (a) Every brewer, distiller, bottler, jobber, retailer, wholesaler,
11 or manufacturer who sells alcoholic beverages [INTOXICATING LIQUORS] in
12 the state or who consigns shipments of alcoholic beverages [INTOXICATING
13 LIQUORS] into the state, whether or not the alcoholic beverages [LIQUORS]
14 are brewed, distilled, bottled, or manufactured in the state, shall pay
15 on all malt beverages (alcoholic content of one percent or more by
16 volume), wines, and hard or distilled alcoholic beverages [LIQUORS], the
17 following taxes (as adjusted when required under (c) of this section):

18 (1) malt beverages at the rate of ⁵⁰~~32-1/2~~ [25] cents a gallon
19 or fraction of a gallon;

20 (2) wine or other beverages [LIQUOR] of 21 percent alcohol by
21 volume or less, at the rate of ^{\$1.20}~~\$1~~ [60 CENTS] a gallon or fraction of a
22 gallon; and

23 *add section* (3) other beverages [LIQUORS] having a content of more than
24 21 percent alcohol by volume at the rate of ^{\$8}~~\$5.75~~ [\$4] a gallon. (8)

25 * Sec. 2. AS 43.60.010 is amended by adding a new subsection to read:

26 (c) Beginning on January 1, 1987, the Department of Revenue shall
27 annually adjust the rate of taxes levied under (a) of this section based
28 on changes in the cost of living as reflected in the consumer price
29 index for Anchorage, Alaska rounded to the nearest cent for malt bever-

ages and to the nearest five cents for all other alcoholic beverages.

* Sec. 3. The increase in taxes under sec. 1 of this Act takes effect on the first day of the month after the month in which this Act takes effect.

* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-070(c).

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POSITION PAPER

HOUSE BILL NO. 838

"An Act increasing the liquor tax; and providing for an effective date".

Using FY '81 data as reported by the Department of Revenue, the impact of HB 838 would have amounted to an additional \$3,501,428. in revenue to the State of Alaska in FY '81.

Tax Rate Comparison

<u>Beverage</u>	<u>Existing Rate per Gallon</u>	<u>HB 838 Rate per Gallon</u>	<u>Rate Increase</u>
Beer	\$.25	\$.32 1/2	\$.07 1/2
Wine	.60	1.00	.40
Liquor	4.00	5.75	1.75

Tax Revenue Comparison

<u>Beverage</u>	<u>FY '81 Taxable Gallons</u>	<u>FY '81 Revenue</u>	<u>HB 838 FY '81 Revenue</u>	<u>Revenue Increase</u>
Beer	10,924,927	\$2,731,232.	\$ 3,550,601	\$ 819,369
Wine	1,209,076	725,446.	1,209,076	483,630
Liquor	1,256,245	5,024,980.	7,223,409	2,198,429
TOTAL		\$8,481,658.	\$11,983,086	\$3,501,428

Price Per Drink Comparison
Rounded to Nearest 1/4 cent

<u>Beverage</u>	<u>Existing Tax Rate</u>	<u>HB 838 Tax Rate</u>	<u>Increase Per Drink</u>
12 oz. can of beer	.02 1/2	.03 1/4	.00 3/4
4 oz. glass of wine	.02	.03	.01
1 oz. jigger of liquor	.03	.04 1/2	.01 1/2

The Department of Health and Social Services is highly supportive of increasing the liquor tax rate. This action has previously been endorsed by the Review Board on Alcoholism, Alaska Federation of Natives, Interdepartmental Coordinating Committee, Association of Alaska Alcoholism Professionals, Village Mayor Conference, and the Community Mental Health Directors Association.

The Department supports this bill for the following reasons:

- The Department has evidence that the price of beverage alcohol is one determinant of levels of per capita consumption and that levels of per capita consumption are directly related to levels of alcohol abuse.
- The existing annual economic benefit to the State of under \$9 million in alcoholic beverage tax revenue is far exceeded by the estimated \$180 million economic cost to the State each year in criminal justice system costs, lost production, and Health and Social Service programs.
- The rate of tax on alcoholic beverages has not increased since 1961 thus making it a cheaper item than other commodities over the years due to inflation.
- The Department believes that increasing the alcoholic beverage tax is equitable in that those who drink the most pay the most and are most at risk for being recipients of State funded alcohol related service, such as with public safety, the courts, and health.

Since the proposed increases in HB 838 would result in only 3/4 of cent per beer, .01 cent per glass of wine, and .01 1/2 cent per jigger of liquor, the Legislature might consider either; 1) increasing the rates included in HB 838 or 2) relating this tax to the Consumer Price Index (CPI) so the revenue to the State of Alaska would better keep pace with inflation.

The Department will be pleased to provide additional information on HB 838.

Recommended by: Robert L. Cole by George Thunda
Robert L. Cole
Coordinator
Office of Alcoholism &
Drug Abuse

Date: 3/15/82

Approved by: Helen D. Beirne
Helen D. Beirne
Commissioner
Department of Health &
Social Services

Date: 3-17-82

(1) December 29, 1981 letter to President Reagan from F.A. Meister, President, Distilled Spirits Council of the United States. (DISCUS)

- Descriptive Analysis of the Impact of Alcoholism and Alcohol Abuse in Alaska, Volume IV, 1977.

The Alcoholism Report

The White House listed the alcohol, drug abuse and mental health services (ADMS) block grant among 43 aid programs slated for transfer to the states--beginning in FY-84, under President Reagan's "New Federalism" approach.

Details of the wholesale shift from federal to state and local control were still being worked out, according to Administration officials, and would be spelled out in legislative proposals to be submitted to Congress in the coming months.

As outlined in Mr. Reagan's State-of-the-Union address to Congress Jan. 26, programs targetted for extinction at the federal level would be financed initially from a \$28 billion trust fund made up of current federal excises on alcoholic beverages, tobacco, gasoline and telephone services plus the windfall profits tax on decontrolled oil. The states would receive shares of the fund based on amounts going to them in 1979-82 for the designated programs. There would be a mandatory pass-through to local governments.

Beginning in FY-87, the trust fund would decline by 25 percent a year with a proportionate decline in the federal taxes until total elimination of the trust fund and the taxes by 1991. States would have to raise their own tax rates to fund those programs they chose to continue.

The federal aid programs would be maintained through FY-87 with states having the option during the FY-84-87 period of dropping out of any of the programs and using the designated monies in the trust fund for any purpose, with no federal strings. Total federal withdrawal would occur by the end of the decade as the trust fund vanished.

"In a single stroke, we will be accomplishing a realignment that will end cumbersome administration and spiraling costs at the federal level while we ensure these programs be more responsive to both the people they are meant to help and the people who pay for them," said Mr. Reagan.

The White House list of programs slated for transfer included, in addition to the ADMS block grant, 17 other social, health and nutrition aid efforts, including: child nutrition, child welfare, adoption assistance, foster care, runaway youth, child abuse, social services block grant, legal services, community services block grant, crime prevention block grant, primary care research and development, black lung clinics, migrant health clinics, family planning, women, infants and children (WIC), primary care block grant, and maternal and child health block grant.

Vocational rehabilitation, CETA and WIN were among five education and training programs listed, while 11 transportation aid program would fall under the proposal. Six community development and facilities programs were on the roster along with revenue sharing, low income home energy, and occupational safety and health state grants.

The omnibus budget reconciliation act authorizes the ADMS block through FY-84 with provisions designed to maintain separate funding for mental health and alcohol/drug abuse under a formula based on a state's share of the programs in FY-80 and FY-81. Mr. Reagan made plain last summer that he was unhappy with Congressional modifications of his original block grant proposals and would push for elimination of categorical features incorporated into the ADMS and other block grant mechanisms.

Embracing the jurisdictions of scores of Congressional committees and subcommittees and even more constituencies, Mr. Reagan's sweeping proposals were given little chance of enactment during the current session of Congress, expected to be short because of the elections next fall. But the Administration was mounting an elaborate campaign for their passage.

The President's speech put an end to reports that his Administration would propose hikes in excise taxes on alcoholic beverages and other products. The Chief Executive had been reported in favor of such increases, but was said to have changed his mind just a few days before his State-of-the-Union address. Business groups, including the alcoholic beverage industry, had lobbied vigorously against the tax boosts, which had included proposals for increases up to 100 percent in the excise on distilled spirits.

F. A. Meister, President of the Distilled Spirits Council of the U.S. (DISCUS), in a Dec. 29 letter to Mr. Reagan, protested that his industry "already is hit harder by the federal excise tax (FET) than any other U.S. industry."

"A major increase in the FET could remove from the states a key revenue source at the very time that the states are being asked to fund a larger share of the financial burden of state and local governments," Meister said.

"Our industry estimates that a 100 percent increase in the federal excise tax could increase liquor prices by as much as 50 percent and reduce consumption by as much as 20-25 percent," Meister wrote.

"A consumption drop of this magnitude would have devastating results on our industry and the roughly 826,000 people employed in the beverage alcohol industry at the manufacturing, wholesaling and retailing level in the United States."

Field groups plan to submit a legislative proposal which would mandate alcoholism and drug abuse treatment and rehabilitation benefits for all government workers embraced by the federal employee health benefits (FEHB) program.

At a meeting among mental health and alcohol/drug abuse groups Jan. 25, mental health interests agreed to include proposals for alcoholism/drug abuse coverage in a package of draft amendments seeking a legislative remedy to the action by the Office of Personnel Management (OPM) drastically curtailing mental health coverage and eliminating the alcoholism treatment benefit under Blue Cross/Blue Shield (AR, Dec. 15 et seq.).

Rep. Mary Rose Oakar (D-OH), who chairs the House Subcommittee on Compensation and Employee Benefits, had requested those interests adversely affected by the OPM cutbacks to submit proposals for her consideration in introducing a package of amendments in February.

As AR went to press, alcohol/drug abuse groups were still negotiating with mental health associations in drafting language for the proposals to be presented to Oakar. An attempt was being made to ensure that the mandate for alcoholism and drug abuse benefits extend to "health care" facilities rather than strictly medical settings, and include care by non-medical personnel.

If the legislative effort is successful, it would, in fact, achieve more than was lost with the OPM action affecting the BC/BS plan by requiring alcohol/drug abuse coverage in all the more than 100 health plans for federal workers. The BC/BS Service Benefit plan covers about half the 9.2 million federal employees, their families and retirees.

Meanwhile, the National Assn. of Alcoholism Treatment Programs (NAATP) disclosed that it has arranged for a meeting with officials of OPM as well as BC/BS in Washington Feb. 3. An attempt will be made to persuade them to reinstate the alcoholism treatment benefit, which was dropped after only one year. Frederick W. Graefe, of the Washington law firm of Perito, Duerk, Carlson & Pinco, which is being retained by NAATP, said a decision will be made following the meetings on whether to proceed with plans for a court challenge to the OPM decision.

Scheduled to be on hand for the meetings were: Herb Pratt, Chairman of Raleigh Hills Hospitals; Michael Ford, Ex. Dir., NAATP; A. Bela Maroti, NAATP President, DePaul Rehabilitation Hospital, Milwaukee; Gerald Shulman, Spofford Hall, Spofford, NH; Eck Prud'homme, Schick Shadel, Dallas/Fort Worth, TX; and Graefe.

In another development, the Federal Government Service Task Force--a bipartisan group of 37 Senators and House members--was reportedly preparing to join the protest against the elimination of the alcoholism treatment benefit.

A task force staffer told AR that a letter has been drafted for dispatch to OPM Director Donald Devine expressing the group's concern about the dropping of the alcoholism benefit specifically. The letter was being circulated for signatures of task force members as AR went to press. The task force is a legislative support group concerned with issues bearing on federal employment and is chaired by Rep. Michael Barnes (D-MD). (Federal Government Service Task Force, House Annex #2, Rm. H-2301, Washington, DC 20515; 202/226-2494)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HOUSE BILL NO. 838
 Title "An Act increasing the liquor tax; and providing for an effective date".
 Requested by _____ Date 3/15/82

II. FISCAL DETAIL
 Agency Affected Department of Health & Social Services
 Program Category Affected Office of Alcoholism/Drug Abuse
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
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-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
POSITIONS	-0-	-0-	-0-	-0-	-0-	-0-

FULL TIME						
PART TIME						
TEMPORARY						
	-0-	-0-	-0-	-0-	-0-	-0-

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

IV. DATE March 15, 1982 PREPARED BY Robert L. Cole *R.L.C. by Gary Hunder*
 AGENCY Office of Alcoholism/Drug Abuse
 Original: Legislative Finance PHONE 586-6201
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

100000

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 838
 Title An Act increasing the liquor tax.
 Requested by Adams Date February 23, 1982

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, Or Subprogram(s) Affected Audit Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars) None

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) None

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memo to R. D. Stevenson dated February 23, 1982.

Robert R. Kessel

IV. DATE February 23, 1982 PREPARED BY Robert R. Kessel
 AGENCY Audit Division
 Original: Legislative Finance PHONE 465-2320
 cc: Budget and Management
Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

MEMORANDUM

State of Alaska

Department of Revenue

TO: R. D. Stevenson
Special Assistant

DATE: February 23, 1982

FILE NO:

TELEPHONE NO:

FROM: Robert R. Kessel *RR*
Director, Audit Division

SUBJECT: HB 838 - An Act
increasing liquor
tax

In addition to increasing the taxes on alcoholic beverages, HB 838, in general, updates the statute to conform with terminology which is currently in vogue. Alcoholic beverages is substituted for the current terminology of intoxicating liquor.

It would appear that two other considerations be given to the writing of this bill:

- 1) The title for Chapter 60 be changed to "Excise Tax on Intoxicating Liquor";
- 2) All sections of Chapter 60 in addition to those now specifically covered by the proposed bill should be modified for language conformance.

RRK/gb

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 838
 Title An act increasing the liquor tax
 Requested by House Judiciary & Finance Committees Date 02/24/82

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected _____
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	0	971	993	1012		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

The above General Fund amounts are in addition to receipts estimated for existing law of about (in thousands of dollars) 9,000 per fiscal year from 1983-1985, bringing the total liquor tax under this proposal to the following:

FY	Tax (\$ thous.)
83	9,971
84	9,993
85	10,012

IV. DATE 02/23/82 PREPARED BY Mary Ellen Frank
 AGENCY Department of Revenue
 Original: Legislative Finance PHONE 465-2174
 cc: Budget and Management
Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: HB 838
 Title: An Act increasing the liquor tax.
 Requested by: House Judiciary & Finance Committees Date: 03/19/82

II. FISCAL DETAIL

Agency Effected: Department of Revenue
 Program Category Effected:
 BRU, Program, or Subprogram(s) Effected:
 (Note: If more than one budget component is effected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	0	3,101	3,117	3,232	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	-	-	-	-	-
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

The above General Fund amounts are in addition to receipts estimated for existing law of about (in thousands of dollars) 9,000 per fiscal year from 1983-1985, bringing the total liquor tax under this proposal to the following:

FY	Tax (\$ thous.)
83	12,101
84	12,117
85	12,232

IV. DATE: 03/19/82 PREPARED BY: Vincent D. Wright
 AGENCY: Research
 PHONE: 455-2174
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HOUSE BILL NO. 838
Title "An Act increasing the liquor tax; and providing for an effective date".
Requested by _____ Date 3/15/82

II. FISCAL DETAIL
Agency Affected Department of Health & Social Services
Program Category Affected Office of Alcoholism/Drug Abuse
BRU, Program, Or Subprogram(s) Affected _____
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
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-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
POSITIONS	-0-	-0-	-0-	-0-	-0-	-0-
FULL TIME						
PART TIME						
TEMPORARY						
	-0-	-0-	-0-	-0-	-0-	-0-

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

IV. DATE March 15, 1982 PREPARED BY Robert L. Cole *R.L.C. by George Mudd* *JCC*
AGENCY Office of Alcoholism/Drug Abuse
Original: Legislative Finance PHONE 586-6201
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 838
 Title An Act increasing the liquor tax.
 Requested by Adams Date February 23, 1982

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, Or Subprogram(s) Affected Audit Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars) None

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) None

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memo to R. D. Stevenson dated February 23, 1982.

IV. DATE February 23, 1982 PREPARED BY Robert R. Kessel
 AGENCY Audit Division
 Original: Legislative Finance PHONE 465-2320
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

February 25, 1982

The Honorable Ramona L. Barnes
Chairwoman
House Judiciary Committee
Room 122 - Capitol Building
Juneau, Alaska

Dear Ms. Barnes:

Re: House Bill No. 838

House Bill No. 838, an Act increasing the liquor tax, was introduced in the House on February 16, 1982 and was referred to the House Judiciary and Finance Committees.

For the consideration of the House Judiciary Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Robert R. Kessel, Director, Audit Division and Ms. Mary Ellen Frank, Economist, Research Section of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

Enclosures.

cc: The Honorable Albert P. Adams
Chairman
House Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Robert R. Kessel, Director
Audit Division
Department of Revenue

Vincent Wright, Chief
Research Section
Department of Revenue

Introduced: 2/16/82
Referred: Judiciary and Finance

1 IN THE HOUSE

BY ADAMS

2 HOUSE BILL NO. 838

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act increasing the liquor tax; and providing for an
7 effective date."

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

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

10 (a) Every brewer, distiller, bottler, jobber, retailer, wholesaler,
11 or manufacturer who sells alcoholic beverages [INTOXICATING LIQUORS] in
12 the state or who consigns shipments of alcoholic beverages [INTOXICATING
13 LIQUORS] into the state, whether or not the alcoholic beverages [LIQUORS]
14 are brewed, distilled, bottled, or manufactured in the state, shall pay
15 on all malt beverages (alcoholic content of one percent or more by
16 volume), wines, and hard or distilled alcoholic beverages [LIQUORS], the
17 following taxes: (1) malt beverages at the rate of 32-1/2 [25] cents a
18 gallon or fraction of a gallon; (2) wine or other beverages [LIQUOR] of
19 21 percent alcohol by volume or less, at the rate of \$1 [60 CENTS] a
20 gallon or fraction of a gallon; and (3) other beverages [LIQUORS] having
21 a content of more than 21 percent alcohol by volume at the rate of \$5.75
22 [\$4] a gallon.

23 * Sec. 2. The increase in taxes under sec. 1 of this Act takes effect on
24 the first day of the month after the month in which this Act takes effect.

25 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
26 070(c).