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COMMITTEE REPORT  
SENATE

FURTHER:

5/12/85

Date \_\_\_\_\_

Mr. President

The Committee on STATE AFFAIRS considered HB 373

repealing the regulation of concert promoters.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title \_\_\_\_\_
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_ N.R.

\_\_\_\_\_ DO NOT PASS

UNLESS CONSUMERS PROTECTED

SOME OTHER WAY

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Chairman

\_\_\_\_\_ Chairman recommendation

# Alaska State Legislature

INTERIM OFFICE  
1024 WEST SIXTH AVENUE  
ANCHORAGE, ALASKA 99501  
(907) 274-2843

IN SESSION:  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4714



Senator Mitch Aboud  
CHAIRMAN

Senate Committee on State Affairs

**DRAFT**

## Letter of Intent

Passage of HB 373 reflects the Legislature's recognition that provisions contained in AS 08.92 restrict the availability of live entertainment in the State of Alaska, while providing no corresponding consumer protection.

The Legislature expresses its intent to allow municipalities to establish their own regulations in governing live entertainment as a matter of local option and urges municipalities to consider the protection of the consumer as its primary goal.

# Alaska State Legislature

## COMMITTEES:

Committee on Community and Regional Affairs  
Committee on Transportation  
Special Committee on Oil and Gas  
Special Committee on Fisheries  
Finance Sub-committee on Fish and Game




**Andre Marrou**  
Representative

## District 5

Kenai	Sterling
Soldotna	Anchor Point
Homer	Port Graham
Seldovia	English Bay
Kachemak	Nikolaevsk
Kasilof	Halibut Cove
Ninilchik	Clam Gulch

Fenbruary 25, 1986

To: Mitch Abbod, Chairman Senate State Affairs  
From: Andre Marrou, Representative 

Subject: Hb 373; Letter of Intent

The Legislative intent of HB 373, "An Act Repealing the Regulation of Concert Promoters", is to allow more avenues of live entertainment in Alaska. The current law is too restrictive and does far more to limit live entertainment than it does to protect consumers, as indicated in witness testimony before your committee.

It is also the Legislative intent to allow each municipality to set their own rules governing live entertainment. As pointed out in the committee dialouge on February 20, many municipalities already regulate these events because most of them are conducted on city property.

# STATE OF ALASKA

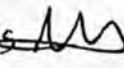
BILL SHEFFIELD, GOVERNOR

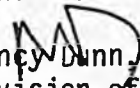
## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

POUCH D  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2534

### DIVISION OF OCCUPATIONAL LICENSING

DATE: February 21, 1986

TO: ~~Senate Finance Committee~~ SENATOR MITCH ABDOO  
SENATE STATE AFFAIRS 

FROM:  Nancy Dunn, Director  
Division of Occupational Licensing  
Department of Commerce & Economic  
Development

SUBJECT: Explanation of the Fiscal Note for HB 373

Please accept the following information in support of our April 23, 1985 fiscal note to HB 373, an act repealing the regulations of concert promoters. This should clear up any discrepancies concerning the cost of licensing concert promoters.

We have developed a zero fiscal note for HB 373 because of the small percentage of time and resources dedicated to this licensing area. The cost of licensing concert promoters is largely reflected in the amount of time the licensing examiner dedicates to this function. Historically, less than 1% of the assigned examiner's time is spent on this area while about 99% of her time is dedicated to other licensing responsibilities. Even with the repeal of concert promoter licensing, the licensing examiner who provided its support would be needed by the division to continue the responsibilities that absorb 99% of her time. We could not reflect the elimination of this 1% cost when, in fact, that cost will still be realized by the department in the continued funding of her salary and benefits.

I think that an explanation of costs assigned to the concert promoters area may be helpful. The original estimate of \$21,000 is inaccurate; the costs assigned to that area will be in the range of \$500 to \$1,000.

Last session when the Legislature was deliberating HB 78, an act authorizing the department to set licensing fees by regulation, the division was asked to quickly provide an illustration of how the cost of each board or licensing area might be determined. The formula used at that time equally distributed the administrative salary and contractual costs of FY 84 to all licensing areas. This resulted in nonboard areas, like concert promoters, being assessed a very heavy share of the division costs in relation to the very small number of licensees in that area.

Since the passage of HB 78, we have done a more extensive analysis of board costs. In fact, this process is still continuing. We have found that the previous formula for determining board cost placed an unfair burden on non-board licensing areas, especially ones like concert promoters that involve a very small number of licensees.

Now, based on distributing costs in part on the percentage of licensees, the cost of licensing all concert promoters is likely to be in the neighborhood of \$500 to \$1,000. For the 11 current licensees, this would mean fees in the range of \$46 to \$92 annually.

In summary, the \$21,000 cost figure previously suggested by the division is no longer valid, and the department does support the passage of this legislation with a zero fiscal note.

ND/1t4768t  
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STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST  
 Bill/Resolution No.: HB 373  
 Title: Repealing the regulation  
of Concert Promoters  
 Sponsor: Rep. Marrou  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL  
 Agency Affected: Commerce & Economic Dev.  
 Program Category Affected: \_\_\_\_\_  
Consumer Protection  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_  
Occupational Licensing

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>						
<b>REVENUE</b>	[.1]	[.1]	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Because of the required documents that must be submitted for licensing, the time of one staff person has been a necessity in only a minimal amount. The person assigned also has the responsibility of licensing construction contractors and geologists.

(See continuation attached)

Prepared by: Jennifer Strickler, Management Analyst Phone: 465-2144

Division: Occupational Licensing Date: April 23, 1985

Approved by Commissioner: Loren H. Lounsbury

Agency: Commerce and Economic Development Date: 4/24/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

HB 373 Analysis, continued

The statute as written requires posting of a cash deposit or bond in the amount of \$5,000.00. This account must be reconciled by an individual other than the person posting the account. At present, there are five licensees which are subject to biennial license renewal, two occurring in FY '85, and three in FY '86.

HB 373: "An Act repealing the regulation of concert promoters."

The Department of Commerce and Economic Development, Division of Occupational Licensing, supports House Bill No. 373 repealing the regulation of concert promoters.

AS 08.92.030 requires bonding to protect the public in the event of concert cancellations. Bonding in the amount of \$5,000 or the alternatives provided in the statute (cash deposit in the amount of \$5,000 or establishment of an escrow account containing 50% of advance ticket sales) provide at least some protection against losses incurred by the public as a result of cancelled concerts.

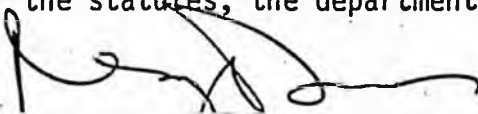
However, if claims against the bond exceed the limits of the bond, the court determines and orders which claimants will receive proceeds of the bond. There is no guarantee that all claimants will receive full compensation.

In addition, complications are encountered when the escrow account consisting of 50% of advance ticket sales is used. Advance ticket sales under control of the promoter could represent a very small portion of the financial investment of ticket holders.

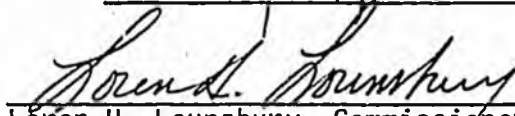
Currently, there are two complaints on file with the Division of Occupational Licensing. One involved unlicensed activity which was promptly resolved, and the other, currently being handled by the Department of Law, involves an incident in which a licensee failed to provide refunds for a concert not held.

There were only twelve licensed concert promoters in Alaska as of the end of January 1986. Because the number of concert promoters subject to licensure are few, as evidenced by the small number of licensees, the department does not view a rewrite of AS 08.92 as a priority.

Based on the relatively small amount of licensing activity in the area of concert promotion and weakness of the statutes, the department supports repeal of AS 08.92.

  
\_\_\_\_\_  
Nancy Dunn, Director  
Division of Occupational Licensing

Date: 11/31/86

  
\_\_\_\_\_  
Loren H. Lounsbury, Commissioner

Date: 2/3/86

# Alaska State Legislature

## COMMITTEES:

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Finance Sub-committee on Fish and Game



Andre Marrou  
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January 17, 1986

To: Mitch Abood; Chairman Senate C & RA  
From: Andre Marrou 

Subject: HB 373, Deregulation of Concert Promoters

HB 373 was introduced to alleviate a glaring and ludicrous application of the law. As of this month, there are 7 licensed concert promoters in the state of Alaska. The Department of Commerce and Economic Development estimates that the annual cost of regulating this occupation is \$21,000.

Last may, HB 78 was signed into law (Ch. 37, SLA 85) which gave the Department the authority to adjust occupational license fees by regulation. This would allow the State to recoup more of the cost of administering the programs. The Division of Occupational Licensing has not yet revised the annual license fee for concert promoters but estimates that the fee might be around the \$400 to \$500 range.

This higher fee will probably result in fewer than 7 licensed concert promoters in the State. Thus, in the name of "consumer protection", we will have made it virtually impossible to promote religious concerts or stage performances legally. However, the demand for quality entertainment will not diminish. It will otherwise most likely be provided by those very people whom we seek to protect the public from-- that is, people willing to break the law to provide this service.

On a broader, more philosophical perspective, occupational licensing just doesn't work as it is intended to. In fact, what really happens is just the thing we were trying to avoid in the first place-- higher prices and poorer service. Anything that limits competition will have this effect. The best way to protect the consumer is to maximize competition and to encourage promoters to stand upon their reputations as professionals. As Milton Friedman, Nobel Laureate in 1977 so eloquently states:

"Perfection is not of this world. There will always be shoddy products, quacks, con artists. But on the whole, market competition, when it is permitted to work, protects the consumer better than do the alternative government mechanisms which have been increasingly superimposed on the market."<sup>2</sup>

<sup>1</sup> See Governor's transmittal letter page 65, House Journal

<sup>2</sup> Free To Choose; by Milton Friedman, 1979, page 222.

From what I have been able to learn, this law is a knee-jerk reaction to a promotion sponsored by the Anchorage Jaycees in which somebody absconded with the money. This has happened twice again since the law has been in effect, which underlines the fact that it doesn't work.

There are currently 14 members of the current Legislature who voted on both sides of the original law. Perhaps they could be contacted for more information.

Passing this bill would provide for more entertainment opportunities as well as saving the State about \$20,000 yearly. I urge its passage.

# Alaska State Legislature

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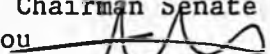
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<b>TOTAL OPERATING</b>		-0-	-0-	-0-	-0-	-0-

<b>CAPITAL</b>						
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<b>REVENUE</b>	[.1]	[.1]	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

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Prepared By: Jennifer Strickler, Management Analyst Phone: 465-2144  
 Division: Occupational Licensing Date: April 23, 1985  
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