

HB

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# HOUSE COMMITTEE REPORT

(11)

Date Referred: March 20, 1989

FURTHER REFERRALS:

Date of Committee Action: 4/7/89

The FINANCE Committee considered:

HB 141

HOUSE BILL NO. 141

[LICENSING RETAIL TOBACCO SALES]

"An Act relating to retail sale of tobacco, tobacco products, and devices for smoking tobacco."

### RECOMMENDATIONS:

- [  ] be replaced with CS HB 141 (Finance) [ ] the same title
- [ ] have attached amendment(s) [ ] a new title
- [  ] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- [ ] fiscal impact \_\_\_\_\_
- [ ] zero fiscal note \_\_\_\_\_
- [ ] zero with analysis \_\_\_\_\_

- [  ] fiscal note(s) CED 3/20/89
- [ ] zero fiscal note(s) \_\_\_\_\_
- [ 2 ] zero fn/analysis Rev. 3/3/89 Ak. Ct. Syst. 3/20/89

### SIGNING DO PASS:

SIGNING:  
(Check approp. column)

Do Not Pass No Rec Amend

[Signature] Hoffman

[Signature] Larson

[Signature] Brown

[Signature] Koponen

[Signature] Ulmer

[Signature] Phillips

[Signature] Wallis

	Do Not Pass	No Rec	Amend
<u>[Signature]</u> Barner	<input checked="" type="checkbox"/>		
<u>[Signature]</u> Shultz	<input checked="" type="checkbox"/>		
<u>[Signature]</u> Rieger	<input checked="" type="checkbox"/>		

co- [Signature]

co- [Signature]

Chairman's Signature

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: An Act relating to tobacco and products containing tobacco.  
Sponsor: House HESS Committee  
Requestor: House HESS Committee

Agency Affected: Commerce and Economic Dev.  
BRU: Occupational Licensing  
Components: Administration

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

<b>CAPITAL</b>	0	0	0	0	0	0
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<b>REVENUE:</b>	0	32.5	0	32.5	0	32.5
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**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

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

**ANALYSIS : (Attach a separate page if necessary)**

The bill creates an endorsement requirement to be placed on business licenses for manufacturers and distributors who sell tobacco or products containing tobacco. No additional costs are anticipated to apply the endorsement to a business license. Revenues are based on approximately 1300 licensees paying a \$25.00 endorsement fee.

Prepared by: Jennifer Strickler, Administrative Officer  
Division: Occupational Licensing

Phone: 465-2144  
Date: March 7, 1989

Approved by Commissioner: Larry Mercurieff  
Agency: Commerce and Economic Development

Date: 3/8/89

**Distribution (by preparer):**

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

Adopted

**Adopted**

STATE OF ALASKA 1989 LEGISLATIVE SESSION  
FISCAL NOTE

No. 3

**REQUEST:**

Bill Version: CSHB 141 (JUD)  
Publish Date: HOUSE 3/20/89

Revision Date:  
Title: An act relating to tobacco and products containing tobacco  
Sponsor: Brown, Menard, Hudson...  
Requestor: Judiciary

Agency Affected: Alaska Court System  
BRU: Trial Courts  
Components:

EXPENDITURES/REVENUES:	(Thousands of Dollars)					
OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
Personal Services	.	.	.	.	.	.
Travel	.	.	.	.	.	.
Contractual	.	.	.	.	.	.
Supplies	.	.	.	.	.	.
Equipment	.	.	.	.	.	.
Land & Structures	.	.	.	.	.	.
Grants & Claims	.	.	.	.	.	.
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL</b>	.	.	.	.	.	.
<b>REVENUE</b>	.	.	.	.	.	.

FUNDING:	(Thousands of Dollars)					
General Funds	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	.	.	.	.	.	.
Other	.	.	.	.	.	.
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS:						
Full-time	.	.	.	.	.	.
Part-time	.	.	.	.	.	.
Temporary	.	.	.	.	.	.

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: *Jan Strandberg*  
Jan Strandberg, General Counsel  
Division: Alaska Court System

Phone: 264-8228  
Date: 03/16/89

Approved by: *Arthur H. Snowden, II*  
Arthur H. Snowden, II, Administrative Director  
Agency: Alaska Court System

Date: 03/16/89

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management & Budget
  - Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An act relating to tobacco  
and products containing tobacco  
Sponsor: Brown  
Requestor: H. E & S

Agency Affected: Revenue  
BRU: Income & Excise Audit  
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320  
Division: Income and Excise Audit Date: February 27, 1989

Approved by Commissioner: Hugh Malone Date: February 27, 1989  
Agency: Department of Revenue

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

**RECEIVED**  
FEB 27 1989

LEGISLATIVE FINANCE

Adopted

Original sponsors: Brown, Menard,  
Hudson, et al.

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 141 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to tobacco and products containing  
7 tobacco."

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

9 \* Section 1. AS 11.76.100 is amended by adding a new subsection to  
10 read:

11 (e) The court shall forward a record of each person convicted  
12 under this section who holds a business license endorsement under  
13 AS 43.70.075, to the Department of Commerce and Economic Development.

14 \* Sec. 2. AS 43.50.070 is amended to read:

15 Sec. 43.50.070. REVOCATION OF LICENSES. The department may  
16 suspend or revoke a license issued under AS 43.50.010 - 43.50.180 (1)  
17 for violation of AS 11.76.100, AS 43.50.010 - 43.50.180, or a regula-  
18 tion of the department adopted under AS 43.50.010 - 43.50.180; [, OR]  
19 (2) if a licensee ceases to act in the capacity for which the license  
20 was issued; or (3) if a manufacturer, distributor, or wholesale dis-  
21 tributor negligently sells tobacco or products containing tobacco to a  
22 nonlicensed retailer or a retailer whose license endorsement under  
23 AS 43.70.075 has been suspended or revoked. A [. NO] person whose  
24 license is suspended or revoked may not [SHALL] sell cigarettes or  
25 permit cigarettes to be sold during the period of the suspension or  
26 revocation on the premises occupied or controlled by that person. A  
27 [NO] disciplinary proceeding or action is not barred or abated by the  
28 expiration, transfer, surrender, renewal, or extension of a license  
29 issued under AS 43.50.010 - 43.50.180. The department shall comply

1 with the provisions of the Administrative Procedure Act (AS 44.62).

2 \* Sec. 3. AS 43.70 is amended by adding a new section to read:

3 Sec. 43.70.075. LICENSE ENDORSEMENT. (a) Unless a person has a  
4 business license endorsement issued under this section, a person may  
5 not sell cigarettes, cigars, tobacco, or products containing tobacco  
6 as a retailer. An endorsement required under this section is in  
7 addition to any other license or endorsement required by law.

8 (b) The department, upon payment of a fee of \$25, shall issue a  
9 business license endorsement to a person who applies for a business  
10 license under this chapter, and may renew the endorsement issued under  
11 this subsection for a fee of \$25. The endorsement expires at the same  
12 time as the license to which it attaches.

13 (c) The department may refuse to issue an endorsement under this  
14 section if there is reasonable cause to believe that the information  
15 submitted in the application is false or misleading and is not made in  
16 good faith.

17 (d) If a person who holds an endorsement issued under this  
18 section has been convicted of violating AS 11.76.100, or violates a  
19 provision of this section or a regulation implementing this section  
20 adopted under AS 43.70.090, the department shall suspend the endorse-  
21 ment for a period of

22 (1) 45 days; or

23 (2) 90 days, if within the past 24 months the person has  
24 been previously convicted of violating AS 11.76.100, or a provision of  
25 this section or a regulation implementing this section adopted under  
26 AS 43.70.090.

27 \* Sec. 4. APPLICABILITY. The business license endorsement requirement  
28 imposed under AS 43.70.075(a), added by sec. 3 of this Act, applies only  
29 upon issuance or renewal of a business license required under AS 43.70.020.



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

Official Business

REPRESENTATIVE RANDY PHILLIPS  
HOUSE DISTRICT 15  
(907) 465-4949

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

AMENDMENT #1

By Phillips

Proposed CS HB 141 (Finance)

Page 2, Line 23

Delete "one year"

Insert "Ninety days"

Prepared by:  
Rep. Kay Brown  
March 30, 1989

By: Brown, Menard, Hudson,  
Koponen, Gruenberg,  
Ellis and M. Davis

**CS HB 141 (JUD): "An Act relating to tobacco, and products containing tobacco."**

**The Committee Substitute would:**

- require a business license endorsement for retail sales of cigarettes, cigars, tobacco, or products containing tobacco;
- designate the Department of Commerce as the licensing authority for tobacco retailers;
- require a separate fee of \$25 to be issued a license endorsement or to renew the endorsement, which expires at the same time the business license expires;
- require the Court to notify the Department of Commerce of all convictions of violations of AS 11.76.100, selling tobacco to a minor, by persons holding a business license endorsement;
- provide the Department of Revenue authority to suspend or revoke license endorsements if distributors, wholesalers or manufacturers *negligently* sell tobacco or tobacco products to non-licensed or suspended retailers;
- prohibit the sale of a product for which the license was issued during the period of the suspension or revocation of the license endorsement;
- provide the Department of Commerce authority to suspend or revoke license endorsements for a violation of the provisions of Section 3 of the bill, or of a regulation adopted by the Department; and
- provide for suspension of the license endorsement for a period of one year for convictions of selling tobacco to a minor.

# Government must kick the nicotine habit

**BOSTON** — Those who recognize the symptoms of withdrawal watched Bill Bennett closely. Did he fiddle a bit desperately with his pen? Did he seem just a touch cranky? Had he added a pound or two around the middle?

After more than 20 years as a two-pack-a-day smoker, Bennett had gone through a six-day crash program to kick the habit. He'd done the long walks through the woods. He'd done the aerobics. He'd done the meditation. He'd had the ashtray on his desk replaced by a bowl of fruit and some lollipops.

Now in his second drug-free week, he was under the stress of a Senate confirmation hearing. But not to worry. The new drug czar has to be one of the most highly motivated smokers to ever go to a clinic. When he was chosen for the job in January, he swore he'd quit. It's better than even money that he'll stay clean.

Indeed, Bennett's pledge made a contemporary case study of changed attitudes toward cigarettes. It has be-

come obvious, at last, that cigarettes are addictive. No drug czar could head up an anti-drug operation while chained to nicotine.

If that is true for Bennett, it's true for the rest of the government. One of the other sticky questions to be asked about our drug policy is this one: Can the United States credibly pressure countries that export drugs to us while we push cigarettes?

As a nicotine-free Bennett was being approved for his new post, the State Department released a report on international drug trafficking. It cited worldwide increases in marijuana, opium and coca. It listed countries that are and aren't helping us in the effort. The report didn't list our own tobacco cartels or the worldwide increase in the use of nicotine.

The comparisons are not pure. Tobacco is legal and cocaine is illegal. People are not being mugged by desperate smokers in pursuit of money for their next hit. Nor are there gun battles in the urban streets between corporate executives from



**ellen  
goodman**

RJR and Philip Morris.

But in the scheme of things, tobacco is far more deadly. An estimated 395,000 Americans die annually because of smoking. That's easily 10 times the number who die from illegal drugs, even if you include those addicts who die from AIDS. In foreign policy, we threaten governments that don't inhibit the flow of drugs. We also threaten governments that don't permit the flow of cigarettes. What's wrong with this picture?

American companies made 600 billion cigarettes last year, the highest number on record. Of these, 100 billion went overseas, half

to the Far East. It's no longer news that the one trade breakthrough there has been cigarettes.

The tobacco companies are not, to put it mildly, a goodwill ambassador for other American products. "We've created a poisonous environment for trade," says Rep. Chester Atkins (D-Mass.).

Atkins, along with Democratic California congressmen Henry Waxman and Mel Levine and Kansas Republican Bob Whittaker, has introduced a bill that would at least restrain our role as nicotine pushers. American companies would be forbidden from advertising overseas in ways that are prohibited here.

The tobacco leaf is as imbedded in American history and culture as the coca leaf is in Latin America. It is a tangled part of our political life. But if Bill Bennett can break his addiction to the evil weed, so can this government.

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□ Ellen Goodman is a Boston Globe columnist.

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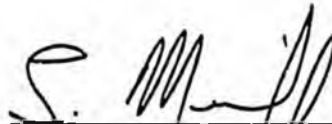
CSHB 141 (HESS): An Act relating to tobacco and products containing tobacco.

CSHB 141 (HESS) requires any retail business in Alaska interested in selling cigarettes, cigars, tobacco, or products containing tobacco to first possess an endorsement on its business license authorizing the sale of these products. A retail business without such an endorsement is prohibited from the sale of tobacco and tobacco-containing products. To reinforce this requirement, the bill provides that the Department of Revenue may suspend or revoke the license of a manufacturer, distributor, or wholesaler who sells tobacco or tobacco-containing products to retail businesses who do not have the requisite endorsement on their business licenses.

The endorsement may be issued or renewed after payment of a \$25.00 fee that is in addition to the (biennial) business license fee of \$50.00.

The bill also provides, following a conviction under AS 43.70.090 of selling tobacco or tobacco products to minors, that the Department of Commerce and Economic Development shall suspend the endorsement for a period of one year. This would prohibit the retailer who violated the law to sell tobacco products for one year.

The department does not oppose HB 141 in its present form and, as a matter of public policy, supports the intent of the bill.



Larry Mercurieff, Commissioner

Date: 3/16/89

LM/RPB/dgl3576D  
031589a

Prepared by:  
Rep. Kay Brown  
April 5, 1989

By: Brown, Menard, Hudson,  
Koponen, Gruenberg, Ellis  
and M. Davis

**Proposed CS HB 141 ( ), "An Act relating to tobacco and products containing tobacco."**

The proposed Committee Substitute would delete all material on lines 17-22, Page 2, Section 3, and insert new language that would provide:

- 1) 45 days' suspension of the license endorsement for a conviction of a violation of a provision of this section, or a regulation adopted by the department, or a violation of AS 11.76.100 (selling tobacco to a minor); or
- 2) a one year suspension of the license endorsement if within the past 24 months the person has been previously convicted of violating AS 11.76.100, or a provision of this section, or a regulation implementing this section.

**The penalties suspending a tobacco license endorsement do not affect a business owner's ability to continue to sell other products that do not contain tobacco during the period of suspension.**

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: SCS CS HB 141  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An act relating to tobacco and products containing tobacco  
Sponsor: Brown  
Requestor: Finance

Agency Affected: Revenue  
BRU: Income & Excise Audit  
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320  
Division: Income and Excise Audit Date: March 1, 1990

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: March 1, 1990  
Agency: Department of Revenue

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Prepared by:  
Steven E. Kettel  
Income and Excise Audit Division

Analysis

Sec. 4 of this legislation gives the Department of Revenue authority to revoke a tobacco manufacturer or distributors license if they sell tobacco products to a non-licensed retailer or a retailer whose license has been suspended or revoked.

The Department does not believe this legislation will greatly impact its operation and estimates no increase in administrative costs to collect tobacco taxes.

The Department takes no position on the legislation and refers the committee to the Department of Commerce and Economic Development concerning the other provisions of this legislation.