

HB

156

HOUSE COMMITTEE REPORT

(11)

Date Referred: February 24, 1989

FURTHER REFERRALS:

Date of Committee Action: 3/8/89

The FINANCE Committee considered:

HB 156

HOUSE BILL NO. 156

[UNCLAIMED PROPERTY:UNUSED AIRLINE TICKETS]

"An Act relating to unused airline tickets; and providing for an effective date."

RECOMMENDS:

- replacing with _____ the same title
- the 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):

- fiscal impact
- zero fiscal note
- zero with analysis

APPROVES PREVIOUS:

- fiscal note(s) published: 2/24/89
- zero fiscal notes(s) published:

SIGNING DO PASS:

[Signature] HOFFMAN
[Signature] LARSON
[Signature] SWACKHAMMER
[Signature] BARNES
[Signature] RIESER

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

[Signature] (No Rec) BROWN
[Signature] (No Rec) JOHNSON
[Signature] (No Rec) WILMER
[Signature] (No Rec) SILVITZ
[Signature] (No Rec) PHILLIPS
[Signature] (No Rec) WALLIS

[Signature]
 Chairman's signature
[Signature]

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: HB 156
PUBLISH DATE: HOUSE 2/24/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Unused Airline Tickets
Sponsor: Cato
Requestor: Transportation

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
OPERATING						
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
CAPITAL	0	0	0	0	0	0
REVENUE	(20.9)	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: February 17, 1989
Approved by Commissioner: Hugh Malone *Hugh Malone* Date: February 17, 1989
Agency: Department of Revenue

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

Adopted

1 IN THE HOUSE

BY CATO

2

HOUSE BILL NO. 156

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 unused airline tickets; and
7 providing for an effective date."

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

9 * Section 1. AS 34.45.760(10), as amended by ch. 29, SLA 1988, is
10 retroactive to September 7, 1986.

11 * Sec. 2. Within 90 days after the effective date of this Act, a pay-
12 ment made to the Department of Revenue under AS 34.45.320 for an unused
13 airline ticket shall be refunded by the department to the person who made
14 the payment.

15 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

STEVE COWPER, GOVERNOR

DEPARTMENT OF REVENUE

STATE OFFICE BUILDING
P.O. BOX SA
JUNEAU, ALASKA 99911-0400

September 8, 1988

Reeve Aleutian Airways, Inc.
4700 W International Airport Rd
Anchorage, Ak 99502-1091

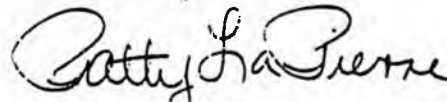
Dear Mr. Jensen:

Due to the passage of Senate Bill 463, you have requested a refund of \$22,387.29 paid by Reeve Aleutian Airways for unused airline tickets. The recently passed amendment to AS 34.45.760 was approved by the Governor on May 12, 1988 and became effective as of August 10, 1988. There were no provisions in the amendment which would make it effectively retroactive to the beginning date of the statute, or September 7, 1986. Accordingly, the requirement to report unused airline tickets as abandoned property was in effect at the time you filed and remains in effect for that time period. We are aware that you were the only airline to file during the time period; however, please be aware that we may audit other airlines to obtain the unused airline tickets which were considered to be abandoned during that two year time period.

Accordingly, your request for refund is denied.

If you feel that this action is in error, please complete the enclosed appeal form. On it, you should explain in as much detail as possible, why this action was incorrect. The appeal form should be submitted to the attention of Appeals, Department of Revenue, P.O. Box SE, Juneau, Alaska 99811 within 60 days from the date of this letter.

Sincerely,



Patty LaPierre
Unclaimed Property Administrator
Income and Excise Audit Division
(907) 465-4653

House Bill 156

"An Act Relating to Unused Airline Tickets"

Section 1

Chapter 29, SLA 1988 amended the definition of unclaimed property (under the Unclaimed Property Statute of 1986) to exclude unused airline tickets. Because Ch 29, SLA 88 was not retroactive to 1986, the Department of Revenue has the right to enforce the original statute for a two year window (1986-88). As was demonstrated during last year's hearings, this exercise would be counter productive, as the cost of enforcement would likely exceed the benefits to the State. The accounting cost of compliance to the effected airline would exceed the value of any "unused and unclaimed airline tickets." Further, the old statute was in conflict with the stated contract terms of airline tickets, and without addresses of the unclaimed ticket holders, it is extremely unlikely that money would be returned to the person who originally purchased the ticket.

After discussions with the Department of Revenue, it was concluded that this clean up legislation was the best means of solving any uncertainty about the Department's responsibilities for the period 1986-88.

Section 2

The Department of Revenue has received payment from one airline (under protest) for "unmatched airline coupons." The

airline requested a refund of the money after passage of Ch 29, SLA 88, but was denied. Section 2 requires DOR to return any funds collected while the prior statute was in effect (the total refund is approximately \$23,000). It would be unfair for one airline to have been singled out for compliance.