

HB

156

SENATE COMMITTEE REPORT

FURTHER

3/20/89

DATE TURNED INTO OFFICE April 5, 1989

Mr. President:

TRSP

Committee considered HB 156

unused airline tickets; efd

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

- FISCAL NOTE(S) zero fiscal impact appropriation no FN
- new updated previous
- same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

[Handwritten signatures: J. Roberts, Paul Strick, Pat Fawcett, Vincent King]

OTHER RECOMMENDATIONS

[Handwritten signature: Lodge (Do Pass)]
 Chairman signature and recommendation

Committee Backup attached

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

Agency Affected: Revenue
BRU: Income & Excise Audit

Sponsor: Cato
Requestor: Transportation

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 Malene *Hugh Malene* Date: February 17, 1989
Agency: Department of Revenue

Distribution (by preparer):

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

Introduced: 2/8/89
Referred: Transportation,
Judiciary and Finance

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).
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STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: HB 156
PUBLISH DATE: 2/8/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Unused Airline Tickets

Agency Affected: Revenue
BRU: Income & Excise Audit

Sponsor: Cato
Requestor: Transportation

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*
Division: Income and Excise Audit

Phone: (907) 465-2320
Date: February 17, 1989

Approved by Commissioner: Hugh Malone *Hugh Malone*
Agency: Department of Revenue

Date: February 17, 1989

Distribution (by preparer):

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

HB156

February 17, 1989

Prepared by: Steven E. Kettel

Analysis:

The bill provides that AS 34.45.760(10) which exempts airlines from reporting unused airline tickets under the Uniform Unclaimed Property Act are exempt retroactive to passage of the act on September 8, 1986. The original act did not specifically exempt airlines. In 1988 Ch.29, SLA 1988 prospectively exempted unused airline tickets from the reporting requirements of the act.

Fiscal Impact

To date, a single airline has complied with AS 34.45 and submitted an unclaimed property report and paid over cash representing unclaimed airline tickets. Approximately \$25,000 was paid to the Department with over \$4,000 being returned to the rightful owners to date. The remaining \$20,900 will be returned to the airline upon passage of HB156 within 90 days after the bills effective date.

Department's Position

We do not have objections to passage of this bill

A handwritten signature in dark ink, appearing to be "S. Kettel", is written over the end of the sentence "We do not have objections to passage of this bill".

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.

Alaska Statutes

Title 34. Property.

Chapter

- 03. Uniform Residential Landlord and Tenant Act (§§ 34.03.100, 34.03.120, 34.03.220, 34.03.225)
- 07. Horizontal Property Regimes Act (§§ 34.07.020 — 34.07.050)
- 08. Common Interest Ownership (§§ 34.08.010 — 34.08.040, 34.08.070, 34.08.090, 34.08.140, 34.08.160 — 34.08.180, 34.08.200, 34.08.210, 34.08.250 — 34.08.260, 34.08.320, 34.08.340, 34.08.440, 34.08.470, 34.08.590, 34.08.620, 34.08.700, 34.08.740, 34.08.990)
- 10. Land Registration Law (§ 34.10.170)
- 15. Conveyances (§§ 34.15.010, 34.15.015, 34.15.260, 34.15.343)
- 20. Mortgages and Trust Deeds (§§ 34.20.020, 34.20.070, 34.20.090, 34.20.160)
- 35. Liens (§§ 34.35.025, 34.35.062 — 34.35.067, 34.35.069 — 34.35.071, 34.35.074, 34.35.080, 34.35.112, 34.35.114, 34.35.117, 34.35.118, 34.35.120, 34.35.135, 34.35.160, 34.35.185, 34.35.190, 34.35.200, 34.35.205, 34.35.240, 34.35.250 — 34.35.260, 34.35.275, 34.35.280, 34.35.305, 34.35.325, 34.35.330, 34.35.340, 34.35.345, 34.35.391, 34.35.400, 34.35.405, 34.35.415, 34.35.425, 34.35.440 — 34.35.445, 34.35.900)
- 45. Unclaimed Property (§§ 34.45.030, 34.45.070, 34.45.090, 34.45.110, 34.45.120, 34.45.140 — 34.45.260, 34.45.280 — 34.45.340, 34.45.360 — 34.45.430, 34.45.450 — 34.45.470, 34.45.700 — 34.45.780)
- 55. Uniform Land Sales Practices Act (§ 34.55.020)
- 65. Land Surveys (§§ 34.65.030 — 34.65.050)

Chapter 03. Uniform Residential Landlord and Tenant Act.

Article

- 3. Landlord Obligations (§ 34.03.100)
- 4. Tenant Obligations (§ 34.03.120)
- 6. Landlord Remedies (§§ 34.03.220, 34.03.225)

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§ 34.45.730

PROPERTY

§ 34.45.760

ject to AS 34.45.110 — 34.45.780 must include all items of property that would have been presumed abandoned during the six-year period preceding September 7, 1986, as if AS 34.45.110 — 34.45.780 had been in effect during that period. (§ 11 ch 133 SLA 1986)

Sec. 34.45.730. Regulations. The department shall adopt regulations necessary to carry out the provisions of AS 34.45.110 — 34.45.780. (§ 11 ch 133 SLA 1986)

Sec. 34.45.740. Uniformity of application and construction. AS 34.45.110 — 34.45.780 shall be applied and construed so as to effectuate their general purpose to make uniform the law with respect to unclaimed property among states enacting the Uniform Unclaimed Property Act. (§ 11 ch 133 SLA 1986)

Sec. 34.45.750. Report by department upon failure to make report or making false report. If a person fails to submit a report as required under AS 34.45.110 — 34.45.780, or makes, wilfully or otherwise, a false report, the department shall make the report from the information it obtains under AS 43.05.050. A report made by the department is prima facie valid for all legal purposes. (§ 11 ch 133 SLA 1986)

Sec. 34.45.760. Definitions. In AS 34.45.110 — 34.45.780, unless the context requires otherwise.

(1) "apparent owner" means the person whose name appears on the records of the holder as the person entitled to property held, issued, or owing by the holder;

(2) "banking organization" means a bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, or an organization defined by other applicable laws as a bank or banking organization;

(3) "business association" means a nonpublic corporation, joint stock company, investment company, business trust, partnership, or association for business purposes of two or more individuals, whether or not for profit, including a banking organization, financial organization, insurance company, or utility;

(4) "commissioner" means the commissioner of the Department of Revenue;

(5) "department" means the Department of Revenue;

(6) "domicile" means the state of incorporation of a corporation and the state of the principal place of business of an unincorporated person;

(7) "financial organization" means a savings and loan association, cooperative bank, building and loan association, or credit union;

(8) "holder" means a person, wherever organized or domiciled, who is

(A) in possession of property belonging to another,

(B) a trustee, or

(C) indebted to another on an obligation;

(9) "insurance company" means an association, corporation, fraternal or mutual benefit organization, whether or not for profit, that is engaged in providing insurance coverage, including accidental, burial, casualty, credit life, contract performance, dental, fidelity, fire, health, hospitalization, illness, life, including endowments and annuities, malpractice, marine, mortgage, surety, and wage protection insurance;

(10) "intangible property"

(A) includes

(i) money, checks, drafts, deposits, interest, dividends, and income;

(ii) credit balances, customer overpayments, gift certificates, security deposits, refunds, credit memos, unpaid wages, and unidentified remittances;

(iii) stocks and other intangible ownership interests in business associations;

(iv) money deposited to redeem stocks, bonds, coupons, and other securities, or to make distributions;

(v) amounts due and payable under the terms of insurance policies; and

(vi) amounts distributable from a trust or custodial fund established under a plan to provide health, welfare, pension, vacation, severance, retirement, death, stock purchase, profit-sharing, employee savings, supplemental unemployment insurance, or similar benefits;

(B) does not include

(i) unused airline tickets; or

(ii) shares of stock issued by a corporation organized under 43 U.S.C. 1601 — 1629a (Alaska Native Claims Settlement Act) or unclaimed dividends payable on the shares of stock;

(11) "last known address" means a description of the location of the apparent owner sufficient for the purpose of the delivery;

(12) "owner" means a depositor in the case of a deposit, a beneficiary in the case of a trust other than a deposit in trust, a creditor, claimant, or payee in the case of other intangible property, or a person having a legal or equitable interest in property subject to AS 34.45.110 — 34.45.780; the term includes a person's legal representative;

(13) "person" means an individual, business association, state, municipality or other government, including the United States government, subdivision or agency, public corporation, public authority, estate, trust, two or more persons having a joint or common interest, or other legal or commercial entity;

(14) "property" means personal property;

(15) "state" means a state, district, commonwealth, territory, insular possession, or other area subject to the legislative authority of the United States;

(16) "utility" means a person who owns or operates for public use a plant, equipment, property, franchise, or license for the transmission of communications or the production, storage, transmission, sale, delivery, or furnishing of electricity, water, steam, or gas. (§ 11 ch 133 SLA 1986; am § 1 ch 29 SLA 1988)

Effect of amendments. — The 1988 amendment, in paragraph (10), deleted "unused airline tickets" following "wages" in subparagraph (A)ii), divided subparagraph (B) into introductory language and item (i) and, in that subparagraph, inserted item (i) and deleted "to" preceding "unclaimed" in item (ii).

Sec. 34.45.780. Short title. AS 34.45.110 — 34.45.780 may be cited as the Uniform Unclaimed Property Act. (§ 11 ch 133 SLA 1986)

Chapter 55. Uniform Land Sales Practices Act.

Section

20. General powers and duties

Sec. 34.55.020. General powers and duties. (a) The department shall adopt regulations under the Administrative Procedure Act (AS 44.62). The regulations shall include but not be limited to provisions for advertising standards to assure full and fair disclosure; provisions for escrow or trust agreements or other means reasonably to assure that all improvements referred to in the application for registration and advertising will be completed and that purchasers will receive the interest in land contracted for; provisions for operating procedures; and other provisions as are necessary and proper to accomplish the purpose of this chapter.

(b) The department, by regulation or by an order, after notice and hearing, may require the filing of advertising material relating to subdivided land before its distribution.

(c) If it appears that a person has engaged or is about to engage in an act or practice constituting a violation of this chapter, or a regulation or order under this chapter, the department, with or without prior administrative proceedings may bring an action in the superior court to enjoin the acts or practices and to enforce compliance with this chapter or a regulation or order under this chapter. Upon proper showing, injunctive relief or temporary restraining orders shall be granted, and a receiver or conservator may be appointed. The department is not required to post a bond in court proceedings.

(d) The department may intervene in a suit involving subdivided land. In a suit by or against a subdivider involving subdivided land.

(2) the name and last known address of the person holding the property and information regarding the changes of name and last known address of the holder; and

(3) a statement that, if satisfactory proof of claim is not presented by the owner to the holder by the date specified in the published notice, the property will be placed in the custody of the department and all further claims must be directed to the department.

(f) This section does not apply to money payable on traveler's checks, money orders, and other written instruments presumed abandoned under AS 34.45.140. (§ 11 ch 133 SLA 1986)

Sec. 34.45.320. Payment or delivery of abandoned property.

(a) Except as otherwise provided in (b) and (c) of this section, a person who is required to file a report under AS 34.45.280, shall, within six months after the final date for filing the report under that section, pay or deliver to the department all abandoned property required to be reported.

(b) If the owner establishes the right to receive the abandoned property to the satisfaction of the holder before the property has been delivered or if it appears that the presumption of abandonment is erroneous, the holder need not pay or deliver the property to the department, and the property is no longer presumed abandoned. The holder shall file with the department a verified written explanation of the proof of claim or of the error in the presumption of abandonment.

(c) Property reported under AS 34.45.280 for which the holder is not required to report the name of the apparent owner shall be delivered to the department when the report is filed.

(d) The holder of an ownership interest under AS 34.45.200 shall deliver a duplicate certificate, or other evidence of ownership if the holder does not issue certificates of ownership to the department. Upon delivery of a duplicate certificate to the department, the holder and a transfer agent, registrar, or other person acting for or on behalf of a holder in executing or delivering the duplicate certificate is relieved of all liability, in accordance with the provisions of AS 34.45.330 to every person, including a person acquiring the original certificate or the duplicate of the certificate issued to the department, for loss or damage resulting to a person by the issuance and delivery to the department of the duplicate certificate. (§ 11 ch 133 SLA 1986)

Sec. 34.45.330. Custody by state. (a) Upon the payment or delivery of property to the department, the state assumes custody and responsibility for the safekeeping of the property. A person who pays or delivers property to the department in good faith is relieved of all liability to the extent of the value of the property paid or delivered for a claim existing at the time of the payment or delivery or that may

STEVE COWPER, GOVERNOR

DEPARTMENT OF REVENUE

STATE OFFICE BUILDING
P.O. BOX 5A
JUNEAU, ALASKA 99811-0400

September 8, 1988

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

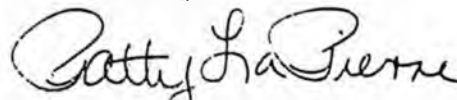
Dear Mr. Jensen:

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



Official Business

Alaska State Legislature

Senate

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

March 15, 1988

M E M O R A N D U M

To: Senate Finance Committee Members
From: Sen. Joe Josephson *Joe Josephson*
Re: SB 463 (Hearing Scheduled for March 17, 1988)

I introduced SB 463 to remove airline tickets from Alaska's unclaimed property statute. Existing law requires that sums equal to the price of all "unused" airline tickets be paid over by air carriers to the State five years from the date of ticket issuance. (In theory, these sums, when paid, are received by the State in trust for the passengers who bought the tickets. Under AS 34.35.310, the State is supposed to try to locate those people.)

The law's requirements and procedures as they apply to airline tickets are illogical and unreasonable.

1. Ordinarily, such so-called "unused" tickets were not used on the flights for which they were issued or within the applicable expiration dates, and so the value of such tickets has been eliminated or reduced under the terms of the passenger-carrier contract. In other cases the tickets were used or redeemed, but through data entry mistakes, the use or redemption was not properly recorded.

2. If small in-state airlines comply with the Unclaimed Property Act, the additional record-keeping burden could require them to purchase new equipment and suffer additional personnel costs. These requirements may cause ticket prices to increase. (Airline marketing techniques -- including the introduction of discount and frequent flyer programs -- have changed radically since airline tickets were included in the uniform law developed in 1981). Air carriers suggest that the additional record-keeping costs they will bear will be greater than the amount of money that would be produced.

3. As interpreted by the Department of Revenue, the Alaska unclaimed property statute would infringe on the airlines' ability to offer limited-duration and special restriction tickets. If a carrier wishes to offer a discounted fare for a ticket, but require that it be used by a certain date, or on certain flights, it should be able to do so. After all, that is one of the objectives of airline deregulation.

4. The fiscal note considers only superficially the real impact of SB 463. As noted above, money paid over to the State does not necessarily remain with the State. In addition, the preparer of the fiscal note gave no consideration to the reduction in administrative costs to government, if it is spared the duty of dealing with so-called "unused" airline tickets under the unclaimed property law and trying to locate the putative "owner" of the "property".

Conceptually, the issue presented is whether airline tickets should be treated the same as such property as bank accounts, stock certificates, or real estate, which are unclaimed property under the law, or whether they should be treated the same as tour packages, season theater or sports tickets, and similar items, which are not considered "unclaimed property".

Thank you for your consideration of SB 463. If there is any other information we can provide before the hearing, please contact me, or David Finkelstein of my staff, at 465-4525.

MARK

Express

Operated by Hermens Air

Box 7010 • Bethel, Alaska 99559 • (907) 543-4220

March 3, 1988

The Honorable Lloyd Jones
The State Senate
Alaska State Capitol
Senate Transportation Committee
Juneau, Alaska 99802

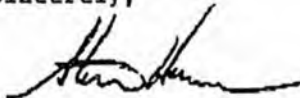
Dear Senator Jones:

I am very much in support of Senator Josephson's legislation to delete unused airline tickets from the state's unclaimed property list.

1. Our company writes around 50,000 tickets per year.
2. Four or five tickets per month are unclaimed but are paid for with a travel voucher. These vouchers are voided by the agency, thus cancelling the ticket value.
3. We have less than one ticket per month that is paid for but not picked up.
4. The average value of our ticket is only \$45.00 and the cost of tracking these unused tickets for five years would far exceed the ticket value.
5. Each time a passenger makes a reservation the airline is charged about \$1.50. Each ticket cost approximately ten cents plus the cost of the agent writing the ticket.

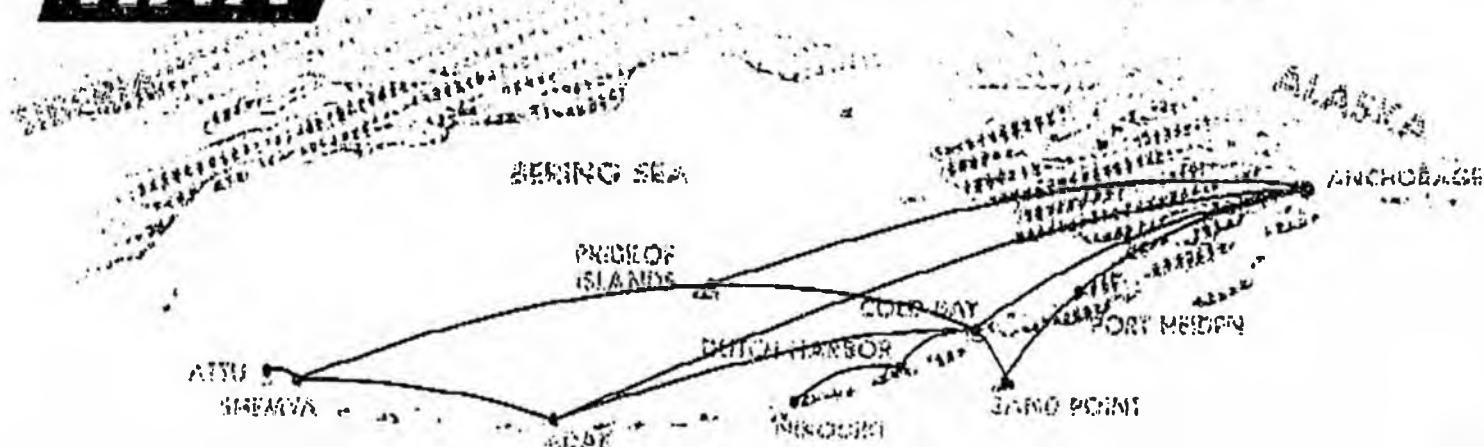
Therefore, we are not making money on unused tickets.

Sincerely,



Stan Hermens
President

SH/fc

RAA**REEVE ALEUTIAN AIRWAYS, INC.**

March 7, 1988

Honorable Lloyd Jones
Chairman
Senate Transportation Committee

Dear Senator Jones:

Reeve Aleutian Airways would like to comment on the Uniform Unclaimed Property Act (AS 34.45) that your committee is reviewing.

Reeve Aleutian Airways did remit \$25,109 in miscellaneous open accounts with credits due pursuant to Uniform Unclaimed Property Act. The accounts varied in dollar value with a vast majority less than \$50.00. I also wish to note that the time period Reeve researched and made remittance for exceeded 5 years. Accordingly, any subsequent remittances pursuant to this act would be substantially less.

Reeve did protest and assert to the Dept. of Revenue that AS 34.45 created a conflict with filed tariff rules regarding refunds by individuals or claims by other airlines. Reeve also argued that with respect to tickets, revenues and liabilities were earned. Please note that a credit may be claimed within a time frame of two years for an individual and two and one half years by an airline for unused ticket coupons.

Reeve charges a passenger the appropriate amounts for travel including taxes. Unless the passenger can prove that he did not travel by presenting an unused coupon Reeve does not refund money. Reeve does however set up credits by passenger name/airline until the entire package of ticket coupons is received to debit against credits. Coupons are lost, misplaced, not matched, misfiled, not submitted, etc., etc. Accordingly, there are credits that are not cleared during the tariff time period. That certainly does not mean that Reeve should issue a credit nor consider the credits abandoned property. Until the expiry of the tariff time period all liabilities and revenues are considered earned income.

4700 W. INTERNATIONAL AIRPORT RD. • ANCHORAGE, ALASKA 99502

RAA

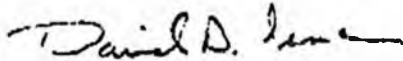
Honorable Lloyd Jones
March 7, 1988
Page 2

Reeve believes that a significant portion of the sum remitted to the State is earned revenue belonging to Reeve. The Dept. of Revenue considers unmatched coupons as miscellaneous intangible property that is abandoned and thus reportable. Reeve disputes that position. The fact that Reeve remitted sums does not mean that Reeve concurs nor agrees with the Department's position.

Please consider the various points and arguments before you carefully. I would like to urge the committee to exempt airline ticket coupons from AS 34.45.

Thank you.

Sincerely,

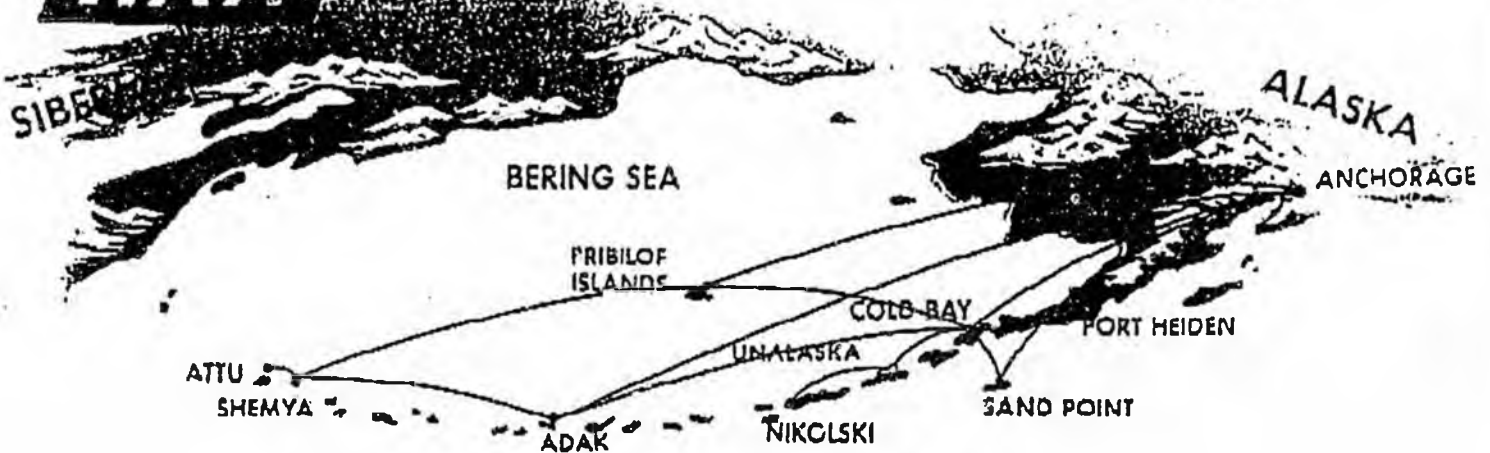


David A. Jensen
Administrative Vice President

DAJ/kd

RAA

REEVE ALEUTIAN AIRWAYS, INC.



April 9, 1987

State of Alaska
Department of Revenue
P.O. Box 5A
Juneau, Alaska 99811

Reference: Unclaimed Property Act

Dear Sir:

This is a rather gray area of interpretation of the Unclaimed Property Act and I need a letter of opinion concerning the following situation.

Reeve Aleutian Airways sells tickets to customer which can include travel on another airline or airlines. The travel on the other airline is set up in our books as a liability. When the airline bills us the correct amount or more we pay it but when the amount is less, then we have a problem with the tax regulation. For example if the other airline bills us more than was collected we deduct this amount from our revenue and pay the other airline. If the other airline bills us less or lost the ticket and never bills us do you consider this our additional revenue or do you consider this unclaimed property?

Our position in this matter is that it should be considered our revenue. We charged the passenger the appropriate amount and no refund is due the passenger unless he proves to us by an unclaimed coupon that he did not travel. Only at that time is it considered a refund. Until that time all liabilities and revenue are considered earned. Transportation regulations require that a passenger must complete travel within one year of date of issue and can be refunded in two years, thereafter, it is our revenue and their loss. As for the liability the other airlines have 2½ years to bill us, otherwise, it is considered our revenue and their loss. This helps to offset our losses when we have sold a ticket and not collected sufficient funds to cover the travel.

Your assistance in this matter will be sincerely appreciated. If you need any further information in order to give us a written opinion, please feel free to call me.

Sincerely yours,

Loretta J. Anondson, Comptroller

4700 W. INTERNATIONAL AIRPORT RD. • ANCHORAGE, ALASKA 99502-1091