

**SB**

**215**

ALASKA STATE LEGISLATURE  
SENATE DISTRICT I

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**Session:**  
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**John J. Cowdery**  
Senate Transportation Committee, Chair  
World Trade State & Federal Relations, Chair  
Legislative Council, Rules, Judiciary

**Senate Bill 215**

**"An Act relating to licensing common carriers to dispense alcoholic beverages; and providing for an effective date."**

**Sponsor:**

**Senator John Cowdery**

### **Sponsor Statement**

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The purpose of SB215 is to reduce the administrative and clerical burden to common carriers when licensing vehicles, boats, aircraft, or railroad buffet cars, via a modification of the current licensing requirements for beverage dispensary licenses.

SB215 would simplify the current licensing process for the Alcoholic Beverage Control Board, and at the same time, reduce fees to licensees to more accurately reflect the actual costs to the Board of issuing licenses.

SB215 removes a competitive disadvantage experienced by intrastate operators and also brings Alaska's licensing costs more in line with similar fees levied by other states.

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSSB 215 (Trans)  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Common Carrier Liquor License BRU Alcoholic Beverage Control Board  
 Component Alcoholic Beverage Control Board  
 Sponsor Senator Cowdery  
 Requester Senate Finance Committee Component No. 100

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<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 EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>(6.9)</b>	<b>(37.1)</b>	<b>0.0</b>	<b>(37.1)</b>	<b>0.0</b>	<b>(37.1)</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<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>

Estimate of any current year (FY2002) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 Liquor licenses are issued for two years, renewable at either an even or odd year. As part of the change in fees for common carriers that this legislation proposes (reducing fees for multiple-license holders), a change in the biennial period for all common carriers is also being proposed, making all common carrier licenses renewable in odd years. At present, Alaska Airlines would be the largest entity to benefit from this legislation. The company currently has 104 common carrier licenses -- 92 renewable in odd years, and 12 renewable in even years. Therefore, the savings to Alaska Airlines (and cost to the State of Alaska) is based on 94 aircraft being licensed at the reduced rate (94 X \$600 discount) under this legislation.

Prepared by: Dawn Holland-Williams Phone 269-0359  
 Division Alcoholic Beverage Control Board Date/Time 3/4/02 4:50 PM  
 Approved by: Larry Persily, Deputy Commissioner Date 03/04/2002  
 Agency Department of Revenue

# Alaska Airlines

## Senate Transportation Committee Hearing SB 215

### Common Carrier Liquor Licenses

Testimony by William L. MacKay, Vice President-Public & Government Affairs

Alaska Airlines has requested that the current licensing requirements for common carrier beverage dispensary licenses be modified for two reasons. First, to simplify the requirements so that adding additional aircraft will not require an entirely new application process, involving filling out the application, supplying supporting exhibits, and posting and publishing the application for a license. Alaska and the Board agree that modifying the statute to simplify obtaining additional common carrier licenses will reduce the clerical and administrative work for both Alaska Airlines and the Board and is therefore in the public interest.

Secondly, Alaska Airlines would like the fees reduced. Alaska Airlines currently has 102 aircraft and plans to add additional aircraft each year. The growth of the fleet substantially exceeds the growth of its intrastate flying. Alaska Airlines recently began service from Seattle to Washington D.C. and will soon commence service from Seattle to Denver and Boston. The Company does not have an effective means of limiting the aircraft that serve Alaska to a select few and instead operates all of its aircraft in Alaska, often to enable it to provide single plane service from cities in Alaska to cities south or east of Seattle. Since every aircraft must be separately licensed, and every license costs Alaska Airlines \$450 a year (a \$700 biannual fee plus a \$200 license fee), the license fees have become quite high and will continue to escalate at a faster rate than the Company's intrastate flying will escalate. Alaska Airlines only operates a small portion of its fleet on intrastate routes on any given day. In addition, it should be noted that none of the other major airlines serving Alaska, with the possible exception of Delta, obtain Alaska liquor licenses since they do not operate intrastate. Alaska Airlines believes that it pays substantially more for common carrier licenses than any other licensee in Alaska. It seems fair to reduce the fees to more accurately reflect the costs to the Board of issuing licenses and the intrastate presence that Alaska Airlines actually has. If the proposed bill becomes law, Alaska Airlines will still pay more in fees to Alaska than it pays in any other state.

Current System-wide State License Fees:

**License Fees**  
**Fleet of 102**

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	<u>Master</u>	<u>Per AC</u>	<u>Total</u>
Alaska		450.00	45,900.00 *
Phoenix, Arizona	275.00	n/a	
Tucson, Arizona	275.00	n/a	550.00
California	400.00	12.00	1,612.00
Illinois	n/a	60.00	1,260.00 700 & 900's only
Oregon	202.60	n/a	202.60
Virginia	1,870.00	n/a	1,870.00
Washington	750.00	5.00	1,255.00

\* Annual Cost; however required to file Biannually @ \$900.00 per aircraft

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR COWDERY

TO: SB 215

- 1 Page 2, line 1, following "licenses.":
- 2       Insert "Upon request of the common carrier and payment of the proportionate prorated
- 3 applicable fee, the board shall change the license period of a license for a vehicle, boat,
- 4 aircraft, or railroad buffet car in monthly increments to allow biennial registration to occur in
- 5 the month of the licensee's choice."

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<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>(22.7)</b>	<b>(39.5)</b>	<b>(27.2)</b>	<b>0.0</b>	<b>(27.2)</b>	
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Prepared by: Dawn Holland-Williams Phone 269-0359  
 Division Alcoholic Beverage Control Board Date/Time 1/17/02 1:28 PM  
 Approved by: Larry Persily, Deputy Commissioner Date 01/17/2002  
 Agency Department of Revenue