

HB

1555

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 155
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Public Safety
Title: Extend Alcoholic Beverage Control Board RDU: Statewide Support
Component: ABC Board
Sponsor: House Labor and Commerce Committee
Requester: _____ Component No.: 2690

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services		932.5	932.5	932.5		
Travel		28.3	28.3	28.3		
Contractual		399.0	399.0	399.0		
Supplies		6.6	6.6	6.6		
Equipment		13.3	13.3	13.3		
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	1,379.7	1,379.7	1,379.7		

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		1.7	1.7	1.7		
1005 GF/Program Receipts		1,220.5	1,220.5	1,220.5		
1037 GF/Mental Health						
Other Interagency Receipts		157.5	157.5	157.5		
TOTAL	0.0	1,379.7	1,379.7	1,379.7		

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time		9	9	9	9	9
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 155 extends the sunset date for the Alcohol Beverage Control Board to June 30, 2010. The amount represented in this fiscal note is based on the Governor's FY 08 budget request. No new funds will be needed to implement HB 155 in FY 08.

Funding is included in FY 2011 for the sunset year and close-out of the ABC Board.

Prepared by: House Finance Committee
Division: _____
Approved by: Representative Meyer
Representative Chenault

Phone 465-4945
Date/Time 4/11/07 4:04 PM
Date _____

FISCAL NOTE

replaced

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 155
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Public Safety
 Title Extend Alcoholic Beverage Control Board RDU Statewide Support
 Component ABC Board
 Sponsor House Labor and Commerce Committee
 Requester _____ Component No. 2690

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services		932.5	932.5	932.5	932.5	932.5
Travel		28.3	28.3	28.3	28.3	28.3
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Supplies		6.6	6.6	6.6	6.6	6.6
Equipment		13.3	13.3	13.3	13.3	13.3
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	1,379.7	1,379.7	1,379.7	1,379.7	1,379.7

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
1002 Federal Receipts						
1003 GF Match						
1004 GF		1.7	1.7	1.7	1.7	1.7
1005 GF/Program Receipts		1,220.5	1,220.5	1,220.5	1,220.5	1,220.5
1037 GF/Mental Health						
Other Interagency Receipts		157.5	157.5	157.5	157.5	157.5
TOTAL	0.0	1,379.7	1,379.7	1,379.7	1,379.7	1,379.7

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

POSITIONS	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Full-time		9	9	9	9	9
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 HB 155 extends the sunset date for the Alcohol Beverage Control Board to June 30, 2013. The amount represented in this fiscal note is based on the Governor's FY 08 budget request. No new funds will be needed to implement HB 155 in FY 07.

Prepared by: House Finance Committee Phone 465-4945
 Division _____ Date/Time _____
 Approved by: Representative Meyer Date _____
Representative Chenault

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 155
(H) Publish Date: 3/29/07

Revision Date/Time: Corrected 3/16/2007 10:25 a.m. Dept. Affected: Public Safety
Title: Extend Alcoholic Beverage Control Board RDU: Statewide Support
Component: ABC Board
Sponsor: House Labor & Commerce Committee
Requester: House Labor & Commerce Committee Component No. 2690

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	932.5	932.5	932.5	932.5	932.5	932.5
Travel	28.3	28.3	28.3	28.3	28.3	28.3
Contractual	399.0	399.0	399.0	399.0	399.0	399.0
Supplies	6.6	6.6	6.6	6.6	6.6	6.6
Equipment	13.3	13.3	13.3	13.3	13.3	13.3
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1,379.7	1,379.7	1,379.7	1,379.7	1,379.7	1,379.7

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1.7	1.7	1.7	1.7	1.7	1.7
1005 GF/Program Receipts	1,220.5	1,220.5	1,220.5	1,220.5	1,220.5	1,220.5
1037 GF/Mental Health						
Other Interagency Receipts	157.5	157.5	157.5	157.5	157.5	157.5
TOTAL	1,379.7	1,379.7	1,379.7	1,379.7	1,379.7	1,379.7

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time	9	9	9	9	9	9
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The funding shown represents the Governor's request for FY2008 and is continued through the six year sunset extension.

Prepared by: Douglas B. Griffin Phone 269-0351
Division: Alcoholic Beverage Control Board Date/Time 3/16/07 10:30 AM
Approved by: Commissioner Walt Monegan Date 3/16/2007
Agency: Department of Public Safety



Alaska Division of Legislative Audit

Audit Digest #12-20047-06



* Requires Acrobat Reader



SUMMARY OF: A Sunset Review of the Department of Public Safety, Alcoholic Beverage Control Board, August 31, 2006.

PURPOSE OF THE REPORT

In accordance with Titles 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Alcoholic Beverage Control Board (ABC Board or the board) to determine if there is a demonstrated public need for its continued existence and if it has been operating in an efficient and effective manner. As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether the ABC Board should be reestablished. Currently, under AS 44.66.010(a)(1), the board will terminate on June 30, 2007 and will have one year from that date to conclude its administrative operations. Our report objectives were as follows:

1. To determine whether there is a public need for the board and if its existence should be extended.
2. To review the board's major functions of licensing, inspections, and investigations for effectiveness in meeting public need and for efficiency of operation

REPORT CONCLUSIONS

In our opinion, the termination date of the ABC Board should be extended. The board should continue to regulate the manufacture, sale, barter, and possession of alcoholic beverages within the State of Alaska in order to protect the public's health, safety, and welfare. The board has demonstrated a need for its continued existence by providing protection to the general public through the issuance, renewal, revocation, and suspension of liquor licenses. Protection has also been provided through active investigation of suspected licensing violations and enforcement of the state's alcoholic beverage control laws and regulations.

As indicated in the Analysis of Public Need section of this report, the ABC Board has met the various statutory sunset criteria. With the exceptions noted in the Findings and Recommendations section of this report, the board is effectively and efficiently meeting its statutory responsibilities and is operating in the public interest. Beginning FY 04, the board was reorganized under the Department of Public Safety and improvements have been made in the regulatory aspect of the board's operations. However, the board lacks an overall strategy for accomplishing its enforcement goals. In addition, certain operational improvements are needed to allow for greater public participation and to improve the overall efficiency with which the board performs its administrative functions.

We recommend that Alaska Statute 44.66.010(a)(1) be amended to extend the termination date of the Alcoholic Beverage Control Board to June 30, 2013.

FINDINGS AND RECOMMENDATIONS

1. The ABC Board and director should strengthen the control environment over alcohol regulatory functions. Internal controls at the ABC offices are weak in a number of areas including the licensing and permitting functions, revenue sharing payments, licensee fee collection activities (including wholesaler fee collections), and the licensing database. Weaknesses are due to the lack of well-designed controls and/or the circumvention and neglect of established controls.
2. The ABC Board and director should develop and implement an overall plan for enforcement activities to ensure the effective allocation of their resources. The ABC Board lacks a systematic strategy for scheduling inspections and compliance checks to ensure effective enforcement. Increase in the number of regulatory inspections has not resulted in a significantly greater percentage of licensees being inspected.
3. The ABC Board director should ensure compliance with public notice requirements and establish procedures to ensure board meeting records are complete and accurate. Board meetings were not consistently advertised, affected parties were not promptly notified of statutory and regulatory changes, and the board minutes were inadequately documented.
4. The legislature should consider amending Title IV to remove the voting ability of the board's director. To ensure an appropriate balance of government, the legislature should amend AS 04.06.060 to remove the director's voting ability.

AUDITOR COMMENTS

The legislature may want to reevaluate the general wholesales license fee structure. The ABC Board could assist by proposing new volume fee brackets that take into consideration the current and projected future sales. The statutory structure for general wholesale license fees is based on a progressive tax rate; however, because of the increase in the sales volumes of the wholesalers, the licensee fee structure is actually regressive. Wholesale volume fees have not changed since 1980. Alcohol sales are increasing at a much faster rate than the volume fees collected. The current structure has a regressive effect and puts low-volume wholesalers at a competitive disadvantage.

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HOUSE BILL NO. 155

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Introduced: 2/26/07

Referred: Labor and Commerce, Finance

Amended

A BILL

FOR AN ACT ENTITLED

1 "An Act extending the termination date of the Alcoholic Beverage Control Board; and
2 providing for an effective date."

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

4 * Section 1. AS 44.66.010(a)(1) is amended to read:

5 (1) Alcoholic Beverage Control Board (AS 04.06.010) - June 30, ~~2013~~
6 [2007];

2010

7 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).