

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

SB 268 thru SB 276 91

SR

268

SENATE COMMITTEE REPORT

FURTHER:

5/5/87

DATE TURNED INTO OFFICE _____

Mr. President:

FINANCE Committee considered SB 268

enforcement of compliance with financial responsibility and certificate of compliance requirements for air carriers, penalties, issuance and display of certificates of compliance, and the definition of aircraft;efd.

and recommended:

[] replace with CS FOR _____) [] same title
[] or adopt _____ CS FOR _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)

[] new [] updated or [] previous
[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

[] Committee Backup Attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of April 30, 1987 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)
4/22/87

DATE TURNED INTO OFFICE May 5, 1987

Mr. President:

TRANSPORTATION Committee considered SB 268

enforcement of compliance with financial responsibility and certificate of compliance requirements for air carriers, penalties, issuance and display of certificates of compliance, and the definition of aircraft; efd.

and recommended:

[] replace with CS _____ [] same title
[] attached amendment(s) and [] new title

[] do pass

[] do not pass

[] no recommendation

individual recommendations

[] further referral to _____

[] letter of intent adopted and attached

** Committee attached or [] adopted fiscal note(s)
[] zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signatures]

Tim Kelly - Do Not Pass

Robert Jones (Do Pass)
Chairman signature and recommendation

[] Committee Backup Attached

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____ Bill Version: SB 268
 _____ Publish Date: 5-5-87
 Revision Date: _____ Agency Affected: DCED
 Title: Act relating to air carriers BRU: Consumer Protection
 Sponsor: Senate Transportation Components: Measurement Standards
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	19,000	8,800	-3,800	8,800	8,800

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary) We have 107 air carriers and 436 aircraft registered in the current fiscal year. Research of last fiscal year's records indicates that approximately 14 air carriers and 122 additional aircraft will apply for certificates of compliance prior to the end of FY-87.

Revenue projections were based upon these figures and the assumption that the level of voluntary compliance will remain relatively constant.

Prepared by: Joe Swanson, Director Phone: 345-7750
 Division: Measurement Standards Date: 4/28/87

Approved by Commissioner: J. Anthony Smith Date: 4/28/87
 Agency: Department of Commerce and Economic Development

Distribution (by preparer):

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

1 IN THE SENATE

BY THE TRANSPORTATION COMMITTEE

2 SENATE BILL NO. 268

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to enforcement of compliance with
7 financial responsibility and certificate of compli-
8 ance requirements for air carriers, penalties, issu-
9 ance and display of certificates of compliance, and
10 the definition of aircraft; and providing for an
11 effective date."

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

13 * Section 1. AS 42.30.200(c) is amended to read:

14 (c) The department may authorize department personnel to enforce
15 this section and may adopt procedural regulations necessary to imple-
16 ment this section. Upon finding a violation the department may issue
17 a stop use order.

18 * Sec. 2. AS 42.30.200(e) is amended to read:

19 (e) A person who violates [(a) OF] this section is guilty of a
20 class A [B] misdemeanor and is punishable by a fine of not less than
21 \$1,000 [\$500] or more than \$5,000 for each day of violation but not to
22 exceed \$10,000 for each violation [\$1,000].

23 * Sec. 3. AS 42.30.225(a) is amended to read:

24 (a) A person may not use an aircraft in air commerce before
25 obtaining an annual certificate of compliance for that aircraft from
26 the department. The department may issue a certificate of compliance
27 for one aircraft or a fleet of two or more aircraft. The department
28 shall issue or renew a certificate of compliance upon application and
29 presentation of
S

521900

1 (1) proof of financial responsibility required under
2 AS 42.30.200;

3 (2) proof of compliance with Federal Aviation Adminis-
4 tration requirements, and, where applicable, federal certification for
5 scheduled airline service.

6 * Sec. 4. AS 42.30.225(b) is amended to read:

7 (b) The annual fee for a certificate of compliance is \$50 per
8 calendar year for one aircraft and \$100 per calendar year for a fleet
9 of two or more aircraft. [THE CERTIFICATE IS VALID FOR A PERIOD OF 12
10 MONTHS FOLLOWING THE DATE OF CERTIFICATION.] The certificate shall be
11 [DISPLAYED ON THE AIRCRAFT SO THAT IT IS] visible to boarding passen-
12 gers.

13 * Sec. 5. AS 42.30.225(b) is repealed and reenacted to read:

14 (b) The annual fee for a certificate of compliance for one
15 aircraft and for a fleet of two or more aircraft shall be set by the
16 department by regulation. The certificate is valid for a calendar
17 year. The certificate shall be visible to boarding passengers.

18 * Sec. 6. AS 42.30.225(e) is amended to read:

19 (e) The department may authorize department personnel to enforce
20 this section and may adopt procedural regulations necessary to imple-
21 ment this section. Upon finding a violation the department may issue
22 a stop use order.

23 * Sec. 7. AS 42.30.225 is amended by adding a new subsection to read:

24 (g) A person who violates this section is guilty of a class B
25 misdemeanor and is punishable by a fine of not less than \$500 or more
26 than \$1,000.

27 * Sec. 8. AS 42.30.380(3) is amended to read:

28 (3) "aircraft" means a propeller, rotor, or jet-powered
29 device used or designed for flight in the air;

1 * Sec. 9. Notwithstanding AS 42.30.225(b), as amended by sec. 4 of this
2 Act, a certificate of compliance issued by the Department of Commerce and
3 Economic Development and in effect on the day before the effective date of
4 sec. 4 of this Act is valid for the period issued.

5 * Sec. 10. AS 42.30.225(c) and 42.30.225(d) are repealed.

6 * Sec. 11. Section 5 of this Act takes effect January 1, 1989.
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ALASKA STATE LEGISLATURE

. 15th . Legislature . . 1st . Session

SENATE..... **BILL**..... NO. **258**..

By **TRANSPORTATION COMMITTEE**.....

"An Act relating to enforcement of compliance with financial responsibility and certificate of compliance requirements for air carriers, penalties, issuance and display of certificates of compliance, and the definition of aircraft; and providing for an effective date."

Introduced in the Senate **4/22**....., 19 **87**..

HISTORY IN THE SENATE

1987

4 22

5 5

Read first time and referred to Committee on **Transportation & Finance**

Reported back with recommendation that *3 do pass*

I do not pass, financial impact, to Finance. Hill

Read second time and

Read third time and

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Chapter No.

Filed with Lt. Governor

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. John B. "Jack" Coghill, Vice Chairman
Sen. Mitch Abood
Sen. Bettye Fahrenkemp
Sen. Tim Kelly



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

MEMORANDUM

TO: Senate Transportation Committee

FROM: Senator Lloyd Jones, Chairman *LJ*

DATE: April 28, 1987

SUBJECT: Senate Bill 268 - Regulation of Air Carriers

This legislation would:

1. Provide for "stop use orders" to prohibit aircraft from operating commercially without the minimum liability insurance.
2. Increase maximum penalties from \$1,000 to \$10,000 per violation.
3. Allow for a fleet certificate for two or more aircraft, instead of separate certificates for each aircraft. A fleet certificate would be \$100, regardless of the number of aircraft.
4. Allow certificates of insurance to be posted in locations other than on board the aircraft.

SECTIONAL ANALYSIS - SENATE BILL 268

Section 1: This section clarifies existing law by specifically authorizing the department (Commerce) to prevent a commercial carrier from flying passengers for hire on a plane which has not been insured for liability at the State minimum level.

Section 2: This section increases the existing penalties for flying passengers for hire without first obtaining the minimum required level of liability insurance.

Section 3: This allows the department (Commerce) to issue a single certificate of insurance for a fleet of aircraft instead of for each individual aircraft. Many air carriers obtain a fleet insurance policy rather than individual plane policies. This would simplify the existing administrative procedure.

Section 4: Maintains the existing fee for a single certificate of insurance and establishes the fee for a fleet certificate. It also allows carriers to display certificates of insurance at the counter, gate, or other location rather than on the aircraft itself.

Section 5: Allows Department of Commerce to set fees by regulation beginning January 1, 1989 (See Section 11 for effective date).

Section 6: This specifically authorizes the department (Commerce) to issue a stop use order for plane carrying passengers for hire when the carrier has not obtained a certificate of insurance from the State.

Section 7: This section establishes a penalty for the violation described in Section 6. It is a lesser penalty than for violations under Section 2, as flying without a State certificate of insurance is not as serious a violation as flying without liability insurance at the established minimum level.

Section 8: Adds helicopters to the aircraft covered under this bill. This was an oversight in 1985 when this statute was passed.

Section 9: Assures Certificates of Compliance already in effect for a one year period, remain in effect until they expire.

Section 10: Repeals existing 42.30.225(c) which is superseded by Sections 2 and 7 in this bill.

Repeals existing 42.30.225(d) which was a transitional provision of the 1985 statute, and is no longer meaningful.

sd/11.33

Sec. 42.30.200. Air carrier financial responsibility. (a) A person who carries passengers or freight for commercial purposes intrastate in an aircraft shall procure and maintain security in the following minimum amounts:

(1) \$150,000 per seat for bodily injury or death in a single occurrence; and

(2) \$100,000 for property damage in a single occurrence.

(b) Evidence of security required under (a) of this section shall be filed with the department and must be

(1) a policy or certificate of insurance issued by an insurer acceptable to the department; or

(2) a bond of a surety company licensed to write surety bonds in the state; or

(3) evidence accepted by the department, showing ability to self-insure; or

(4) other security approved by the department.

(c) The department may authorize department personnel to enforce this section and may adopt procedural regulations necessary to implement this section.

(d) A policy of insurance, surety bond, or other form of security may not be cancelled on less than 30 days' written notice to the department. This requirement must be clearly stated in the policy or endorsement for an insurance policy submitted as proof of financial responsibility under AS 42.30.225(a)(1). The 30-day notice period is measured from the date on which the department receives notice.

(e) A person who violates (a) of this section is guilty of a class B misdemeanor and is punishable by a fine of not less than \$500 or more than \$1,000. (1983 Initiative Proposal No. 2, § 3; am §§ 5, 6 ch 104 SLA 1985)

Effect of amendments. — The 1985 amendment rewrote subsection (a), in subsection (c) substituted "department personnel" for "enforcement officers" and

added "and may adopt procedural regulations necessary to implement this section" at the end of the subsection, and added subsections (d) and (e).

Sec. 42.30.225. Certification of compliance of air carriers. (a) A person may not use an aircraft in air commerce before obtaining an annual certificate of compliance for that aircraft from the department. The department shall issue or renew a certificate of compliance upon application and presentation of

(1) proof of financial responsibility required under AS 42.30.200;

(2) proof of compliance with Federal Aviation Administration requirements, and, where applicable, federal certification for scheduled airline service.

(b) The annual fee for a certificate of compliance is \$50. The certificate is valid for a period of 12 months following the date of certifica-

AS
42.30.200-225-

tion. The certificate shall be displayed on the aircraft so that it is visible to boarding passengers.

(c) Use of an aircraft in air commerce before obtaining a certificate of compliance required under (a) of this section may be cause for denial of the certificate.

(d) A person who has obtained a certificate to use an aircraft in air commerce from the Alaska Transportation Commission before June 13, 1985 is not required to obtain a certificate of compliance under (a) of this section until the date the insurance policy for the aircraft is renewed.

(e) The department may authorize department personnel to enforce this section and may adopt procedural regulations necessary to implement this section.

(f) The commissioner of administration shall separately account for certificate of compliance fees collected under this section that the department deposits in the general fund. The annual estimated balance in the account may be used by the legislature to make appropriations to the department to carry out the purposes of this section. (§ 7 ch 104 SLA 1985; am § 65 ch 138 SLA 1986)

Effect of amendments. — The 1986 amendment, effective July 1, 1986, added subsection (f).

Sec. 42.30.380. Definitions. In AS 42.30.200 — 42.30.380,

(1) "air carrier" means a person undertaking to engage in air commerce, whether directly or indirectly, or by lease, contract, or any other arrangement, and whether over regular or irregular routes;

(2) "air commerce" means carriage by aircraft of persons or freight for commercial purposes or hire in intrastate commerce, including the carriage by aircraft of persons or freight that move partly by aircraft and partly by other forms of transportation;

(3) "aircraft" means a propeller or jet-powered device used or designed for flight in the air;

(4) "commercial purposes" means activities for which the person receives direct monetary compensation and does not include activities incidental to and done in furtherance of the person's primary business;

(5) "department" means the Department of Commerce and Economic Development;

(6) "freight" means commodities, articles, and cargo, of whatever nature or value, excluding garbage and trash. (§ 7 ch 104 SLA 1985)

SR

269

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of _____ 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

**FISCAL NOTE(S) ATTACHED _____ **
IN ACCORDANCE WITH AS 24.08.035
(see below) * *Gov. Fiscal Note attached* *

4/22/87

DATE TURNED INTO OFFICE _____

Mr. President:

FINANCE

Committee considered _____ SB 269

issuance of private activity bonds; efd.

and recommended:

[] replace with CS _____ [] same title

[] attached amendment(s) and [] new title

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted and attached

** Committee [] attached or [] adopted fiscal note(s)
[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

[] Committee Backup Attached

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 269

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the issuance of private activity
7 bonds; and providing for an effective date."

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

9 * Section 1. AS 37.15 is amended by adding a new section to read:

10 ARTICLE 4. PRIVATE ACTIVITY BONDS.

11 Sec. 37.15.600. PRIVATE ACTIVITY BONDS. (a) As authorized
12 under 26 U.S.C. 146(e), the state bond committee shall allocate the
13 private activity bond volume limit for Alaska.

14 (b) The committee may make a carryforward election under 26
15 U.S.C. 146(f) with respect to all or any portion of the private activ-
16 ity bond volume limit, including allocations that lapse under (c) or
17 (d) of this section.

18 (c) An amount allocated under (a) of this section lapses on
19 December 30 of the year in which the allocation was made unless

20 (1) the entity that received the allocation uses it before
21 that date; or

22 (2) the amount allocated is the subject of a carryforward
23 election under 26 U.S.C. 146(f).

24 (d) The committee may adopt regulations relating to the lapsing
25 of amounts under (c) of this section. Regulations adopted under this
26 subsection may establish times when allocated amounts will lapse in
27 addition to the time provided in (c) of this section.

28 (e) In this section,

29 (1) "private activity bond" means a bond described in 26
S

1 U.S.C. 141;

2 (2) "private activity bond volume limit" means the maximum
3 amount of private activity bonds that may be issued under 26 U.S.C.
4 146 during a calendar year in Alaska by all issuers, including the
5 state, municipalities in the state, and public corporations that are
6 agencies of either the state or a municipality in the state.

7 * Sec. 2. AS 18.56.104 is repealed.

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

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 19, 1987

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that will permit the state bond committee to allocate the federal volume limitation for the issuance of tax-exempt private activity bonds in Alaska.

Before passage of the Tax Reform Act of 1986 (P.L. 99-514) by Congress last year, there was a \$200,000,000 limit on the amount of tax-exempt industrial development bonds that could be issued in Alaska each year (26 U.S.C. 103(n)(4)) and a separate \$200,000,000 limit on the amount of tax-exempt mortgage subsidy bonds (not including veterans' mortgage bonds) that could be issued in Alaska each year (26 U.S.C. 103A(g)(4)). The Tax Reform Act of 1986 combined those two amounts into a single limit which for 1987 and 1988 will be \$200,000,000 and for subsequent years will decline below that amount. 26 U.S.C. 146(d).

In sec. 1 of the attached bill, proposed AS 37.15.600 gives the state bond committee the authority to allocate the \$200,000,000 cap among eligible entities in Alaska, including municipalities. This changes the practice established by Governor Sheffield's November 24, 1986 executive proclamation, which allocated the cap equally between the Alaska Industrial Development Authority (AIDA) and the Alaska Housing Finance Corporation (AHFC). The amount of tax-exempt bonds actually issued each year by each of the eligible entities could be greater than that allocated by the bond committee because of various exemptions permitted by federal tax law. For example, under 26 U.S.C. 143(1), AHFC may issue \$302,500,000 of tax-exempt veterans' mortgage bonds per year, which, as mentioned earlier, are not included in the \$200,000,000 cap, and, under 26 U.S.C. 142, AIDA may issue unlimited amounts of tax-exempt bonds, not included in the cap, for certain types of "exempt facilities" -- subject, of course, to the limitations of state law.

ek 269

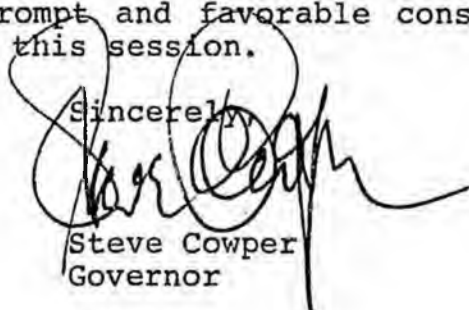
ok 267

AS 18.56.104 is repealed by sec. 2 of the bill. That statute allocates to AHFC, under 26 U.S.C. 103A, the amount of tax-exempt mortgage revenue bonds that may be issued in the state. Because that allocation is inconsistent with proposed AS 37.15.600 (sec. 1 of the bill), and because 26 U.S.C. 103A itself was repealed by the Tax Reform Act of 1986, AS 18.56.104 should be repealed.

Passage of this legislation during this legislative session is necessary to preserve the state's authority under 26 U.S.C. 146(e) over bond activity allocations. Under 26 U.S.C. 146(e)(2), the governor's authority to "proclaim" a bond activity allocation different from the one set under 26 U.S.C. 146(b) and (c) terminates on December 31, 1987. In the absence of enactment of a law this year, the allocation formula, by default, will revert to the federal formula, which allocates one-half of the total volume cap to the state and one-half, on a per capita basis, to other issuers in the state, including municipalities. 26 U.S.C. 146(b) and (c).

Under the federal formula, therefore, \$125,000,000 would, for the most part, be scattered among the 150 or so municipal entities of Alaska. Because of the small population of most of those entities, very little could be accomplished. The federally allocated caps for the 113 second class cities would, for example, range from \$113.89 for Kupreanof to \$10,225 for Bethel. The result of falling under the federal formula would be simply to waste a large part of the volume cap in Alaska. To preserve the state's authority over the allocation, I urge your prompt and favorable consideration of this legislation during this session.

Sincerely,



Steve Cowper
Governor

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: 3B269
Publish Date: _____

REQUEST: _____

Revision Date: _____

Agency Affected: Department of Revenue

Title: Issuance of Private Activity

BRU: Treasury

Bonds _____

Sponsor: Rules by Request of Governor

Components: _____

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS:

Prepared By: Milt Barker *MB*

Phone: 465-2350

Division: Treasury

Date: April 16, 1987

Approved by Commissioner: *[Signature]*

Date: 4/19/87

Agency: Department of Revenue

Distribution (by preparer):

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

ALASKA STATE LEGISLATURE

15th Legislature **1st** Session

SENATE..BILL..... NO.269..

By..THE RULES COMMITTEE BY.....
REQUEST OF THE GOVERNOR

"An Act relating to the issuance of private activity bonds; and providing for an effective date. "

Introduced in the Senate 4/22....., 19 87.....

HISTORY IN THE SENATE

19 87

4 22

Read first time and referred to Committee on

Finance

Reported back with recommendation that

Read second time and

Read third time and

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
Reconsideration not taken up

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
Reconsideration not taken up

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Chapter No.

Filed with Lt. Governor

S B

2 7 3

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE _____

4/29/88
Mr. President:

_____ FINANCE _____ Committee considered _____ S B 273 _____

authorizing gambling enterprises; efd

and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)
[] new [] updated or [] previous
[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[] Committee Backup attached _____
Chairman signature and recommendation

SENATE COMMITTEE REPORT

rev'd
4/26

FURTHER

FINANCE

4/26/88

DATE TURNED INTO OFFICE _____

Mr. President:

JUDICIARY

Committee considered

SB 273

authorizing gambling enterprises; efd

and recommended

and a majority of the committee members
"do not pass"

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee attached or [] adopted fiscal note(s)
[] new [] updated or [] previous
[] zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

1 *Arthur Stuzalewski: Do not pass*
1 *Jan. Fuchs: DO NOT PASS*
~~1 *Kurtzke: Do not pass*~~
1 *[Signature]: DO NOT PASS*
2 *Joe [Signature]: No Rec.*

[Signature]
Chairman signature and recommendation

[] Committee Backup attached

SENATE COMMITTEE REPORT

FURTHER

JUDICIARY
FINANCE

DATE TURNED INTO OFFICE _____

3/31/88
Mr. President:

LABOR AND COMMERCE Committee considered SB 273

authorizing gambling enterprises; efd

+ reports it back as follows:

and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[X] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [X] attached or [] adopted fiscal note(s)

[] new [] updated or [X] previous

[] zero [X] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

N. Fahrenkamp
N. Mike Snyder

1. DeLaso no rec

T. Kelly - No Recommendation
Chairman signature and recommendation

[] Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3-17-88 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER LABOR & COMMERCE
JUDICIARY
FINANCE

**FISCAL NOTE(S) ATTACHED ✓ **
IN ACCORDANCE WITH AS 24.08.035
(see below)

4/23/87

DATE TURNED INTO OFFICE

3/30/88

Mr. President:

STATE AFFAIRS

Committee considered

SB 273

authorizing gambling enterprises; efd.

and recommended:

[] replace with CS _____

[] same title

[] attached amendment(s) and

[] new title

[x] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted and attached

** Committee [x] attached or [] adopted fiscal note(s)
[] zero [x] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

2 Lickley (No Rec)
2 White (No Rec)
2 Joseph (No Rec)

Sen. [Signature]

Chairman signature and recommendation

[] Committee Backup Attached

Introduced: 4/23/87
Referred: State Affairs, Labor & Commerce,
Judiciary & Finance

5-0519B

1 IN THE SENATE

BY FAHRENKAMP

2 SENATE BILL NO. 273

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing gambling enterprises; and provid-
7 ing for an effective date."

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

9 * Section 1. POLICY. Gambling enterprises licensed by the state or by
10 municipalities offer a substantial contribution to the welfare and pros-
11 perity of the state and an opportunity to offset declining revenue. The
12 success of the limited gambling operations authorized by this Act is depen-
13 dent upon strict regulation and control of all persons, locations, prac-
14 tices, and activities related to operation of licensed gambling enter-
15 prises. Strict regulation and control will ensure that gambling is con-
16 ducted honestly and free from criminal and corrupt persons, practices, and
17 influences. All premises where gambling is conducted must be licensed by
18 either the state or a municipality. To further local control over the
19 conduct of gambling, residents of each municipality must vote to approve
20 gambling before it can occur in the municipality.

21 * Sec. 2. AS 05 is amended by adding a new chapter to read:

22 CHAPTER 16. LEGALIZED GAMBLING.

23 Sec. 05.16.010. GAMBLING PERMITTED. (a) Gambling is permitted
24 within the limitations of this section.

25 (b) A person under 21 years of age may not gamble.

26 (c) Only numbers wheels and card and dice games may be operated
27 for the purposes of gambling.

28 (d) A person licensed to operate a gambling enterprise or an
29 employee of a gambling enterprise may not extend credit to a patron of
S

1 a gambling enterprise.

2 (e) A person may not receive a license to operate a gambling
3 enterprise or be employed by a gambling enterprise if that person has
4 been convicted of a felony or an offense defined in AS 11.66.200 -
5 11.66.280 or a comparable provision of state or federal law.

6 (f) Only a person who has successfully completed a course of
7 study in a curriculum for employees of a gambling enterprise at a
8 school licensed by a state where gambling is legal may be employed by
9 a gambling enterprise.

10 (g) An employee of a gambling enterprise may not gamble while on
11 duty for the gambling enterprise.

12 (h) Within the boundaries of a municipality, gambling may be
13 conducted under AS 29.35.600 - 29.35.690.

14 (i) Outside the boundaries of municipalities, gambling may be
15 conducted under the terms of licenses issued by the department under
16 this chapter.

17 Sec. 05.16.020. LICENSES ISSUED BY DEPARTMENT. (a) The depart-
18 ment may issue licenses for gambling enterprises at locations outside
19 the boundaries of municipalities, on vessels of the Alaska Marine
20 Highway System, and on tour ships within the state.

21 (b) A license for a gambling enterprise entitles the licensee to
22 conduct gambling at the premises specified in the license and under
23 the terms specified in the license.

24 (c) At the time of applying to the department for the license,
25 an applicant shall notify the municipalities within 10 miles of the
26 location of the proposed gambling enterprise that the applicant has
27 applied for the license. A municipality may protest the issuance of
28 the license on the grounds that

29 (1) the applicant lacks the qualifications to operate a

1 gambling enterprise;

2 (2) the applicant has a history of gambling violations or
3 complaints against gambling enterprises operated by the applicant; or

4 (3) the issuance of the license

5 (A) would cause economic harm to the municipality or
6 adversely affect gambling enterprises licensed by the municipal-
7 ity; or

8 (B) is not in the public interest.

9 (d) An applicant for a license for a gambling enterprise shall
10 notify the law enforcement agency having jurisdiction over the loca-
11 tion of the proposed gambling enterprise at the time of applying to
12 the department for the license. The law enforcement agency may com-
13 ment on the application for the license.

14 (e) Before issuing a license for a gambling enterprise, the
15 department shall hold public hearings in the vicinity of the proposed
16 gambling enterprise.

17 (f) The department shall consider comments received from the
18 public, municipalities, and law enforcement agencies in issuing a
19 license. If a municipality protests an application for a license
20 under (c) of this section, the department shall address each issue
21 raised by the municipality in a finding and shall determine whether
22 the application should be rejected or the license should be restricted
23 in order to resolve the issues set out in the protest.

24 (g) The department shall consider the economic effect of issuing
25 a license for a gambling enterprise on gambling enterprises licensed
26 by municipalities. The department may not issue a license for a
27 gambling enterprise if the issuance of the license would have a sig-
28 nificant and adverse economic effect upon gambling enterprises
29 licensed by adjacent municipalities.

1 (h) The department may place restrictions on the license, in-
2 cluding restrictions relating to

- 3 (1) the games permitted under the license;
4 (2) the dates and hours of operation;
5 (3) prohibitions against alcoholic beverages on the prem-
6 ises; and
7 (4) other matters necessary to protect the public health,
8 safety, and welfare.

9 Sec. 05.16.030. REGULATIONS. The department shall adopt regu-
10 lations under the Administrative Procedure Act (AS 44.62) that are
11 necessary to carry out this chapter, including regulations governing

- 12 (1) the issuance, renewal, suspension, and revocation of
13 licenses;
14 (2) the immediate suspension or revocation of licenses if
15 this chapter or regulations adopted under this chapter are violated;
16 (3) requirements for detailed, sworn financial reports of
17 gambling enterprises including detailed statements of receipts and
18 payments;
19 (4) the fingerprinting and investigation of licensees and
20 their employees;
21 (5) exclusion of a person convicted of a felony, or of a
22 state, municipal, or federal gambling offense from participation as a
23 licensee, an employee, or a patron of a gambling enterprise;
24 (6) the method and manner of conducting gambling and the
25 equipment that may be used;
26 (7) the method of accounting for receipts and disbursements
27 including procedures to determine net proceeds;
28 (8) a schedule of fees for licenses;
29 (9) procedures for payment of fees and proceeds;

1 (10) the maximum amount of a wager permitted in games li-
2 censed under this chapter;

3 (11) disclosure of the identity of persons having a finan-
4 cial interest in a gambling enterprise and the nature of the interest;

5 (12) establishment of allowable rates of return on invest-
6 ment for gambling enterprises;

7 (13) procedures for resolution of disputes between patrons
8 of gambling enterprises and licensees;

9 (14) the amount that a licensee shall post as a bond to
10 ensure payment of fees, taxes, and net proceeds;

11 (15) the form and content of reports by municipalities on
12 their administration and regulation of gambling.

13 Sec. 05.16.040. EXAMINATION OF RECORDS. The department shall
14 audit the books and records of a licensee. The department may require
15 the licensee to pay the reasonable cost of the audit. The department
16 may issue subpoenas for the attendance of witnesses and the production
17 of books, records, and other documents.

18 Sec. 05.16.050. REPORTS BY LICENSEE. The licensee shall file
19 with the department each month an itemized statement showing all
20 income, expenses, and disbursement of proceeds of a gambling enter-
21 prise during the previous month.

22 Sec. 05.16.060. PROCEEDS. (a) A person licensed to operate a
23 gambling enterprise shall pay 50 percent of the net proceeds to the
24 department.

25 (b) The commissioner of administration shall separately account
26 for money received under this section and AS 29.35.620(a) that the
27 department deposits in the general fund. The annual estimated balance
28 in the account may be used by the legislature to make appropriations
29 to the department to administer this chapter except that one-half

1 percent of the annual estimated balance in the account may be used by
2 the legislature to make appropriations for the treatment and counsel-
3 ing of persons identified as compulsive gamblers.

4 Sec. 05.16.070. LICENSED GAMBLING ON STATE FERRIES. (a) The
5 department shall issue a license for a gambling enterprise on vessels
6 of the Alaska Marine Highway System if the commissioner of transporta-
7 tion and public facilities applies for a license.

8 (b) Notwithstanding AS 05.16.060, the proceeds of a gambling
9 enterprise licensed under this section shall be paid into the general
10 fund. The commissioner of administration shall separately account for
11 money that the Department of Transportation and Public Facilities
12 deposits in the general fund under this subsection. The annual es-
13 timated balance in the account may be used by the legislature to make
14 appropriations to the Department of Transportation and Public Facil-
15 ities to carry out the purposes of this section.

16 Sec. 05.16.080. COOPERATION WITH MUNICIPALITIES. The department
17 shall cooperate with municipalities in the administration and regu-
18 lation of gambling within municipalities.

19 Sec. 05.16.090. ANNUAL REPORT. The department shall make a
20 report to the governor and the legislature by March 1 of each year on
21 its administration of this chapter, the regulation of gambling by
22 municipalities, and its recommendations for legislation necessary for
23 the regulation of gambling in this state.

24 Sec. 05.16.900. DEFINITIONS. In this chapter
25 (1) "department" means the Department of Revenue;
26 (2) "gambling" means that a person stakes or risks some-
27 thing of value upon the outcome of a game or a future contingent event
28 not under the person's control or influence, upon the agreement or
29 understanding that the person or someone else will receive something

1 of value in the event of a certain outcome; "gambling" does not in-
2 clude activities authorized under AS 05.15;

3 (3) "gambling enterprise" means a business licensed to
4 conduct gambling;

5 (4) "tour ship" means a ship engaged in interstate or
6 international transportation of passengers for hire.

7 * Sec. 3. AS 11.66.280(2) is amended to read:

8 (2) "gambling" means that a person stakes or risks some-
9 thing of value upon the outcome of a contest of chance or a future
10 contingent event not under the person's control or influence, upon an
11 agreement or understanding that that person or someone else will
12 receive something of value in the event of a certain outcome; "gam-
13 bling" does not include

14 (A) bona fide business transactions valid under the
15 law of contracts for the purchase or sale at a future date of
16 securities or commodities and agreements to compensate for loss
17 caused by the happening of chance, including contracts of indem-
18 nity or guaranty and life, health, or accident insurance; or

19 (B) playing an amusement device that

20 (i) confers only an immediate right of replay not
21 exchangeable for something of value other than the privilege
22 of immediate replay; and

23 (ii) does not contain a method or device by which
24 the privilege of immediate replay may be cancelled or re-
25 voked;

26 (C) an activity authorized by the commissioner of
27 revenue under AS 05.15 or AS 05.16; or

28 (D) an activity licensed under AS 29.35.600 - 29.35.-

29 690;

1 * Sec. 4. AS 11.66.280(4) is amended to read:

2 (4) "gambling enterprise" means a gambling business which

3 (A) includes five or more persons who conduct, fi-
4 nance, manage, supervise, direct, or own all or part of the
5 business;

6 (B) has been or remains in substantially continuous
7 operation for a period in excess of 30 days or has a gross income
8 of \$2,000 or more in any single day; [AND]

9 (C) is not a municipality or a qualified organization
10 under AS 05.15.210 [AS 05.15.210(15)], except that, for purposes
11 of this paragraph, no application for a license under AS 05.15
12 [AS 05.15.210(15)] is required to be considered a qualified
13 organization; and

14 (D) is not licensed under AS 05.16 or AS 29.35.600 -
15 29.35.690;

16 * Sec. 5. AS 29.10.200 is amended by adding a new paragraph to read:

17 (49) AS 29.35.600 - 29.35.690 (gambling).

18 * Sec. 6. AS 29.35 is amended by adding new sections to read:

19 ARTICLE 9. GAMBLING WITHIN MUNICIPALITIES.

20 Sec. 29.35.600. AUTHORIZATION. Subject to AS 05.16.010, a
21 municipality may operate or license a person in the municipality to
22 operate a gambling enterprise if

23 (1) the gambling enterprise enhances the historic character
24 of the municipality;

25 (2) the municipality adopts an ordinance regulating gam-
26 bling enterprises in the municipality; and

27 (3) the ordinance is ratified by a majority of the voters
28 of the municipality.

29 Sec. 29.35.610. REGULATION OF GAMBLING. (a) The municipal

1 ordinance providing for licensing and regulation of gambling enter-
2 prises within the municipality shall

3 (1) establish a commission responsible for municipal li-
4 censing and regulation of gambling enterprises consisting of at least
5 seven members including

6 (A) a member of the governing body;

7 (B) a person experienced in law enforcement;

8 (C) a person trained in accounting or bookkeeping;

9 (D) a person active in the tourism industry;

10 (E) a historian or other person familiar with the
11 history of the municipality; and

12 (F) two public members;

13 (2) establish qualifications for persons employed by the
14 commission;

15 (3) provide for issuance, renewal, suspension, and revoca-
16 tion of licenses for gambling enterprises and for the immediate sus-
17 pension or revocation of a license for a violation of AS 05.16.010,
18 AS 29.35.600 - 29.35.690, or a municipal gambling ordinance;

19 (4) establish

20 (A) dates and hours of operation for gambling enter-
21 prises;

22 (B) locations in the municipality where gambling
23 enterprises may be located;

24 (C) the games permitted;

25 (D) the number of gaming tables permitted on the
26 premises of a gambling enterprise;

27 (E) the maximum amount of wagers permitted in games;

28 (F) a schedule of fees for licenses;

29 (G) allowable rates of return on investment for

1 gambling enterprises;

2 (H) auditing procedures for gambling enterprises;

3 (5) provide for the distribution of gambling proceeds
4 including the amounts or proportions allocated to the gambling enter-
5 prise and to winners;

6 (6) require disclosure of the identity of persons having a
7 financial interest in a gambling enterprise and the nature of the
8 interest;

9 (7) require detailed financial records of gambling enter-
10 prises.

11 (b) The municipality may operate or license a person in the
12 municipality to operate only numbers wheels and card and dice games
13 for the purposes of gambling.

14 (c) The municipality may establish by ordinance whether alco-
15 holic beverages may be sold on the premises of a gambling enterprise.

16 (d) A member of a commission responsible for municipal licensing
17 and regulation of gambling enterprises and employees of the commission
18 may not participate in or have a financial interest in a gambling
19 enterprise.

20 (e) The municipality shall make a report to the Department of
21 Revenue by February 1 of each year on its administration and regula-
22 tion of gambling during the preceding year in the form prescribed by
23 the department.

24 Sec. 29.35.620. PROCEEDS. (a) A municipality that operates or
25 licenses a person to operate a gambling enterprise shall collect three
26 and one-half percent of the gross proceeds from a gambling enterprise
27 and pay that amount to the Department of Revenue for deposit in the
28 general fund.

29 (b) If the municipality operates a gambling enterprise, the

1 municipality shall receive all of the proceeds from the gambling
2 enterprise, except the amount paid to the Department of Revenue under
3 (a) of this section.

4 (c) If the municipality licenses a person in the municipality to
5 operate a gambling enterprise, the municipality and the licensee may
6 divide the proceeds from the gambling enterprise under the terms of
7 the license after subtracting the amount paid to the Department of
8 Revenue under (a) of this section.

9 Sec. 29.35.630. REVENUE DERIVED FROM GAMBLING ENTERPRISES. The
10 fees, proceeds, and other revenue that a municipality receives from
11 gambling enterprises may be dedicated to public purposes as the munic-
12 ipality may determine by ordinance.

13 Sec. 29.35.640. APPLICATION. AS 29.35.600 - 29.35.690 apply to
14 home rule and general law municipalities.

15 Sec. 29.35.690. DEFINITION. In AS 29.35.600 - 29.35.690 "gam-
16 bling" and "gambling enterprise" have the meanings given in AS 05.16.-
17 900.

18 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).
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STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 273
PUBLISH DATE: Senate 3/31/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act authorizing gambling enterprises..."
Sponsor: Fahrenkamp
Requestor: State Affairs

Agency Affected: Revenue
BRU: Income and Excise Audit Division
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES		247.2	247.2	247.2	247.2	247.2
TRAVEL		6.0	6.0	6.0	6.0	6.0
CONTRACTUAL		32.0	14.5	14.5	14.5	14.5
SUPPLIES		5.0	5.0	5.0	5.0	5.0
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		290.2	272.7	272.7	272.7	272.7
CAPITAL						
REVENUE			250.0	500.0	750.0	1000.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	290.2	272.7	272.7	272.7	272.7
FEDERAL FUNDS					
OTHER					
TOTAL	290.2	272.7	272.7	272.7	272.7

POSITIONS:

FULL-TIME	5.0	5.0	5.0	5.0	5.0
PART-TIME					
TEMPORARY					

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320
Division: Income and Excise Audit Division Date: March 24, 1988

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: 3/24/88
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
March 24, 1988

SB 273 ANALYSIS

Personal Services

<u>Position</u>	<u>Range/Step</u>	<u>FY 89 Budget</u>
Clerk III	8A	\$29.4
Tax Examiner II	12A	\$34.0
Revenue Auditor IV	20A	\$55.9
Revenue Auditor IV	20A	\$55.9
Revenue Audit Supervisor I (Chief of Gaming)	24A	<u>\$72.0</u>
	TOTAL:	\$247.2

Travel

Associated travel to conduct hearings, audits, and/or investigations		\$6.0
--	--	-------

Contractual

Training		\$8.0
Telephone		\$2.5
Printing		\$4.0
Chairs		\$5.0
Modular Offices		\$9.0
5-drawer Legal Files		<u>\$3.5</u>
	TOTAL:	\$32.0

Supplies

Office Supplies	TOTAL:	\$5.0
-----------------	--------	-------

Prepared By: Steven E. Kettel
Income and Excise Audit Division
March 24, 1988

SB 273 ANALYSIS

The Department of Revenue believes its primary responsibility is to collect, invest, and share state revenues. Although we do have several programs in the department which are indirectly related to that program, the administration of gambling contemplated by this bill would be difficult to accomplish with our present expertise. We would suggest perhaps a Gaming Commission be established or locate the administration of this program in another department, such as Commerce. Based on the bill as currently drafted we have prepared the fiscal note with the administration being accomplished by creating a gaming unit in our Income and Excise Audit Division.

Personal Services

Under the bill "strict" regulation and control would be required to accomplish this in conjunction with Public Safety. The Department of Revenue would be responsible for licensing, auditing, collecting tax and generally administering the gaming laws. The department would be required to conduct public hearings on each gaming enterprise license, do investigations, conduct audits and review financial reports of the gaming enterprise.

This activity would require the department to create a gaming unit, comprising of a chief to supervise the gaming unit and act as lead auditor during audits and/or investigations. Two auditors would be required to do the auditing of financial statements, conduct investigations of personnel and review the methods and manners of the enterprises accounting system for receipts and disbursements. A tax examiner would be required to process returns, issue licenses and provide assistance to the public. A clerk typist would be utilized by all positions in the unit.

Revenue

This revenue estimate is at best a guess. It is assumed that the earliest the gaming enterprises could operate is during FY 90. Based on the proposed bill, 50% of net proceeds of all operations outside municipalities would be collected by the department on a monthly return. The department believes a net proceeds tax filed on a monthly basis would be very difficult to prepare and a burden to the gaming enterprise. Revenue would also be received from gaming activities on state ferries. Additionally, gaming enterprises within municipalities would pay 3.5% of gross proceeds to the department. It is very difficult to estimate what the actual revenue would be. Many factors are involved. Currently, as we understand it, three municipalities: Fairbanks, Nome, and Skagway, have expressed their desire to have these activities in their communities. In order to do a more comprehensive revenue projection, specific details would be required, such as how many and what type of games would be on the marine Highway System.

ALASKA STATE LEGISLATURE

. 15th . Legislature . 1st . . Session

SENATE... **BILL** NO. **273**

By . **FAHRENKAMP**

"An Act authorizing gambling enterprises; and providing for an effective date."

Introduced in the Senate **4/23** . . . , 19 . **87** . .

HISTORY IN THE SENATE

19	87	Read first time and referred to Committee on STATE AFFAIRS, L&C, JUDICIARY & FINANCE Reported back with recommendation that										
4	23											
<i>19 88</i>												
331		<i>SA: l do pass, 370 ye</i>										
426		<i>FN to L+C</i>										
429		<i>LK: 2 do pass, 270 ye, previous FN to Jud, ad</i>										
		<i>Jud: 4 do no pass, ad</i>										
		<i>all, previous FN to Fin</i>										
		Read second time and										
		Read third time and										
		<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date											
Yeas	Yeas											
Nays	Nays											
Excused	Excused											
Absent	Absent											
		Reconsideration Reconsideration not taken up										
		<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date											
Yeas	Yeas											
Nays	Nays											
Excused	Excused											
Absent	Absent											
		Reported correctly engrossed Signed by President Sent to House										

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19	Read first time and referred to Committee on										
	Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reconsideration Reconsideration not taken up										
	<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reported correctly engrossed Signed by Speaker Returned to Senate										

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Chapter No.
	Filed with Lt. Governor

SB

274

*Rec'd 1/20/88
Forwarded = (Rules)
R/S*

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 274 (L&C)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An act relating to access to
employment security records."
Sponsor: Fahrenkamp
Requestor: Senate Labor and Commerce

Agency Affected: Labor
BRU: Employment Security
Components: Unemployment Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Joe Sitton, Director
Division: Employment Security Division

Phone: 465-2712
Date: 1/15/88

Approved by Commissioner: Jim Sampson
Agency: Labor

Date: 1/15/88

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

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCS for CSSB 274 (L&C)

PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Labor
 Title: " An Act relating to access to
employment security records." BRU: Employment Security
 Sponsor: Fahrenkamp Components: Unemployment Insurance
 Requestor: House Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Joe Sitton, Director Phone: 465-2712
 Division: Employment Security Division Date: 03/02/88
 Approved by Commissioner: Jim Sampson Date: 03/02/88
 Agency: Department of Labor

MAR 11 1988

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

LEGISLATIVE FINANCE

SENATE COMMITTEE REPORT

FURTHER:

5/4/87

DATE TURNED INTO OFFICE 5/15/87

Mr. President:

FINANCE Committee considered SB 274

access to employment security records.

and recommended:

replace with CS FOR _____) same title
 or adopt _____ CS FOR SB 274 (LTC)) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

[Signature]
[Signature]

OTHER RECOMMENDATIONS

[Signature] (No Rec)
[Signature] (No Rec)
[Signature] (No Rec)

D3 No Rec
Chairman signature and recommendation

Committee Backup Attached

No 314

8

STATE OF ALASKA 1987 LEGISLATIVE SESSION FISCAL NOTE

REQUEST: _____

Bill Version: CS SB274 LFC

Publish Date: 5-4-87

Revision Date: _____

Agency Affected: Labor

Title: "An Act relating to access to employment security records."

BRU: Employment Security

Sponsor: Fahrenkamp

Components: Unemployment Insurance

Requestor: Senate Labor and Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a sex rate page if necessary)

Prepared by: ^{NB} Joe Sitton, Director
Division: Employment Security Division

Phone: 465-2712

Date: 5/1/87

Approved by Commissioner: ^{NB} Jim Sampson
Agency: Labor

Date: 5/1/87

Distribution (by preparer):

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

Original sponsor: Fahrenkamp

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2

CS FOR SENATE BILL NO. 274 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to access to employment security
7 records."

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

9 * Section 1. AS 23.20.110(a) is amended to read:

10 (a) Except as provided in (h) of this section, the [THE] depart-
11 ment shall hold information obtained from an employing unit or indi-
12 vidual in the course of administering this chapter and determinations
13 as to the benefit rights of an individual confidential and may not
14 disclose them or open them to public inspection in a manner which
15 reveals the identity of the individual or employing unit. A claimant
16 or the legal representative of the claimant is entitled to information
17 from the records of the department to the extent necessary for the
18 proper presentation of the claim in a proceeding under this chapter.
19 Subject to restrictions which the department prescribes by regulation,
20 the information may be made available to an agency of this state or
21 another state or federal agency charged with the administration of an
22 unemployment compensation law or the maintenance of a system of public
23 employment offices, or, for the purposes of the Federal Unemployment
24 Tax Act, to the Internal Revenue Service of the United States, or, for
25 tax purposes, to the Department of Revenue. Information obtained in
26 connection with the administration of the employment service may be
27 made available to persons or agencies for purposes appropriate to the
28 operation of a public employment service.

29 * Sec. 2. AS 23.20.110 is amended by adding a new subsection to read:

1 (h) The department shall make information obtained from an
2 employing unit or an individual available on request to an adminis-
3 trator of a joint administered defined pension benefit plan estab-
4 lished under 29 U.S.C. 1001 - 1461 (Employee Retirement Income Securi-
5 ty Act) to assist the administrator in verifying whether a person
6 receiving a retirement benefit from the plan has been employed in the
7 last six months. To the extent the information is available to the
8 department, the department shall provide the administrator with the
9 name and address of the person's current employer and the person's
10 current occupation. The administrator shall keep information received
11 under this subsection confidential. However, the administrator may
12 reveal the information if it is relevant to a legal proceeding in
13 which the administrator or the plan is a party. The department may
14 require the plan to reimburse the department for the cost of furnish-
15 ing the information.

16 * Sec. 3. Notwithstanding AS 23.20.110(h), added by sec. 2 of this Act,
17 the department may not release information to an administrator if the
18 United States Secretary of Labor rules that release of the information
19 would be grounds to find that the state is in substantial noncompliance
20 with 42 U.S.C. 503(a).

CSSB 274 An act relating to access to employment security records by Senator Bettye Fahrenkamp

Senate Finance Committee 5/13/87

Background

Under certain private pension plans established under the Employee Retirement Income Security Act, the administrator of the plan may discontinue benefits if a recipient returns to employment in the same line of work for more than 39 hours per month. However, the administrators often have great difficulty in demonstrating a recipient is no longer eligible to draw retirement benefits.

This bill would allow the Employment Security Division to provide to administrators the name and address of a person's current employer and the current occupation if known.

Without this legislation, there will continue to be instances when younger workers, who have not yet retired, will be displaced by supposedly retired older workers and the benefit fund drawn down unnecessarily.

Sectional Analysis

Section 1. AS 23.20.110 Information obtained by department

Subsection (a) is amended to refer to the exception in new subsection (h).

Section 2. AS 23.20.110

Adds a new subsection (h) to allow the department to make available upon request to an employee pension benefit plan, the name, address, and if available, the person's current occupation. The information must be kept confidential by the plan, unless it is relevant to a legal proceeding in which the plan is a party. The department may also require the requesting party for reimbursement of the cost of furnishing the information.

Section 3.

Adds a new section that directs the department not to release information of the U.S. Secretary of Labor rules that the release of the information would be grounds to find that the state is in noncompliance with federal requirements. The consequences would be a loss of funding.

Provided by Senator Fahrenkamp's office.

Bill No. Committee Substitute for
Senate Bill 274 (L&C)
Title "An Act relating to access to
employment security records."

Date May 13, 1987

Contact: Joe Sitton
465-2712

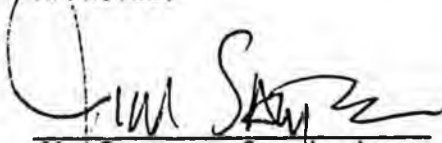
Eileen Plate
465-2700

Committee Substitute for Senate Bill 274 (L&C) allows the Employment Security Division to provide to an Administrator of a joint administered pension plan information verifying an individual's employment and occupation. The plan administrator is required to keep such information confidential, unless it is relevant to a legal proceeding in which the administrator or plan is a party. This bill will help pension plans implement and enforce ERISA's return to work regulations, which provide that trustees can disallow pension benefits to participants in a plan should they return to work in the industry in the geographical area covered by the plan and work over 39 hours in a calendar month. This bill is supported by both management and labor trustees who serve on pension plans in Alaska.

The Department's concerns with this legislation have been addressed in the Labor and Commerce Committee Substitute for Senate Bill 274, which states that should the release of this information cause the department to be out of conformity, such information cannot be released. The importance of this is that should the U.S. Department of Labor rule that Alaska is out of conformity, all funding for our Employment Service and Unemployment Insurance programs could be withheld. Section 3 of the bill, therefore, safeguards against this.

The Department of Labor supports this bill.

APPROVED:


Jim Sampson, Commissioner
Department of Labor

POSITION PAPER/Department of Labor

May 11, 1987

Senator Bettye Fahrenkamp
State Capitol
Room 125
Juneau, Alaska 99811

Re: Senate Bill No. 274

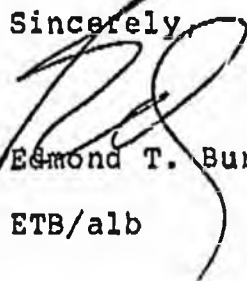
Dear Senator Fahrenkamp: .

I hope serious consideration will be given to Senate Bill No. 274.

As you know, all multi-employer pension plans are designed to provide benefits upon retirement. Most have a suspension of benefits provision should participants return to active employment after retirement. Unfortunately, it is almost administratively impossible to equitably enforce this provision as there is no "efficient" mechanism to determine if a person has returned to work. Plan sponsors have only social security, word of mouth, or statements from participants. Senate Bill No. 274 would help plan sponsors to efficiently and equitably administer the return to work provisions of multi-employer pension plans.

We, therefore, hope serious consideration is given to Senate Bill No. 274 by both the Senate and House.

Sincerely,



Edmond T. Burgan

ETB/alb

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version: CSSB 274 (L&C)

Publish Date: _____

REQUEST: _____

Revision Date: _____

Title: "An Act relating to access to
employment security records."

Sponsor: Fahrenkamp

Requestor: Senate Labor and Commerce

Agency Affected: Labor

BRU: Employment Security

Components: Unemployment Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: J Joe Sitton, Director Phone: 465-2712
 Division: Employment Security Division Date: 5/4/87

Approved by Commissioner: Jim Sampson Date: 5/4/87
 Agency: Labor

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

RECEIVED
MAY 12 1987

LEGISLATIVE FINANCE

page ____ of ____

Update

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-1-87 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)
4/23/87

DATE TURNED INTO OFFICE _____

Mr. President:

LABOR & COMMERCE Committee considered SB 274

access to employment security records.

and recommended:

replace with CS SB274 (LTC) same title
 attached amendment(s) and new title

do pass

do not pass

es. coming

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

George Zahradka

OTHER RECOMMENDATIONS

Paul Foley (No Rec.)
Mike Spitzer (No Rec.)

Tom Kelly
Chairman signature and recommendation

Committee Backup Attached

1 IN THE SENATE

BY FAHRENKAMP

2

SENATE BILL NO. 274

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to access to employment security
7 records."

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

9 * Section 1. AS 23.20.110(a) is amended to read:

10 (a) Except as provided in (h) of this section, the [THE] depart-
11 ment shall hold information obtained from an employing unit or indi-
12 vidual in the course of administering this chapter and determinations
13 as to the benefit rights of an individual confidential and may not
14 disclose them or open them to public inspection in a manner which
15 reveals the identity of the individual or employing unit. A claimant
16 or the legal representative of the claimant is entitled to information
17 from the records of the department to the extent necessary for the
18 proper presentation of the claim in a proceeding under this chapter.
19 Subject to restrictions which the department prescribes by regulation,
20 the information may be made available to an agency of this state or
21 another state or federal agency charged with the administration of an
22 unemployment compensation law or the maintenance of a system of public
23 employment offices, or, for the purposes of the Federal Unemployment
24 Tax Act, to the Internal Revenue Service of the United States, or, for
25 tax purposes, to the Department of Revenue. Information obtained in
26 connection with the administration of the employment service may be
27 made available to persons or agencies for purposes appropriate to the
28 operation of a public employment service.

29 * Sec. 2. AS 23.20.110 is amended by adding a new subsection to read:

1 (h) The department shall make information obtained from an
2 employing unit or an individual available on request to an employee
3 pension benefit plan established under 29 U.S.C. 1001 - 1461 (Employee
4 Retirement Income Security Act) to assist the plan in verifying
5 whether a person receiving a retirement benefit from the plan has been
6 employed in the last six months. To the extent the information is
7 available to the department, the department shall provide the plan
8 with the name and address of the person's current employer and the
9 person's current occupation. The plan shall keep information received
10 under this subsection confidential. However, the plan may reveal the
11 information if it is relevant to a legal proceeding in which the plan
12 is a party. The department may require the plan to reimburse the
13 department for the cost of furnishing the information.

S B

276

SENATE COMMITTEE REPORT

FURTHER

2/3/88

DATE TURNED INTO OFFICE 3/28/88

Mr. President:

Finance Committee considered SB 276

issuance of a brewery license

and recommended

replace with _____ CS SB 276 (Fin)) same title
 or adopt _____ CS _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

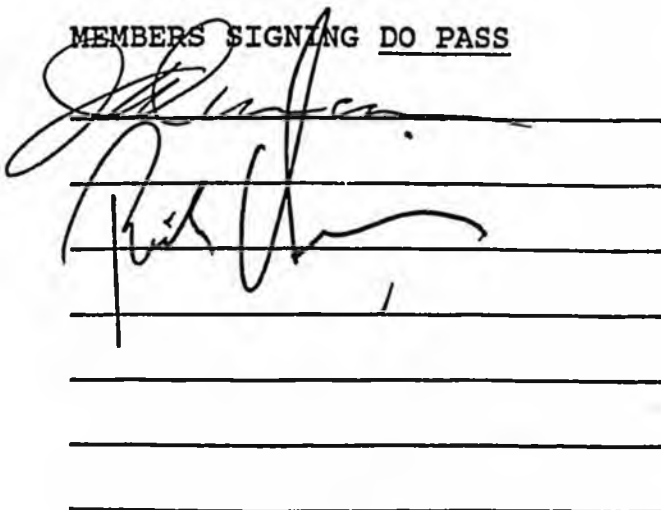
Committee attached or adopted fiscal note(s)

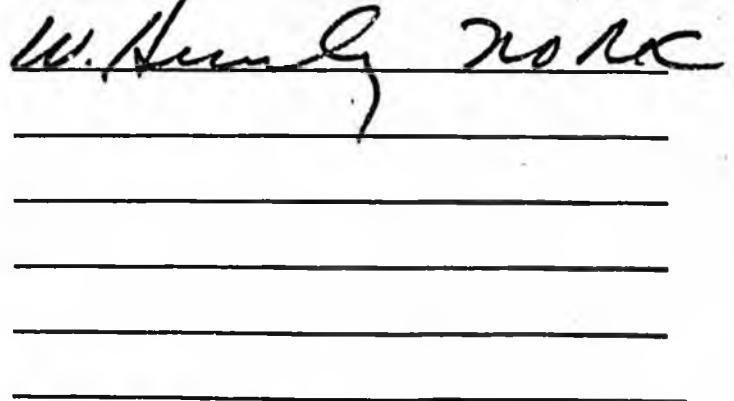
new updated or previous

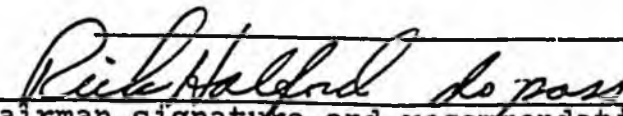
zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS






Chairman signature and recommendation

Committee Backup attached

Original sponsor: Fahrenkamp

1 IN THE SENATE

Finance
BY THE JUDICIARY COMMITTEE

2

CS FOR SENATE BILL NO. 276

Finance
(Judiciary)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to brewpub, brewery, and beverage
7 dispensary liquor licenses; and to prohibited finan-

8

cial interests in a licensed liquor business.

Insert

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

10 * Section 1. AS 04.11.080 is amended by adding a new paragraph to read:

11

(20) brewpub license.

12

* Sec. 2. AS 04.11.130(b) is amended to read:

13

(b) A brewery license authorizes the holder to sell beer in

14

quantities of more than five [WINE] gallons to persons licensed to

15

sell beer under this title, or in another state or country.

16

* Sec. 3. AS 04.11 is amended by adding a new section to read:

17

Sec. 04.11.135. BREWPUB LICENSE. (a) A brewpub license author-

18

izes the holder of a beverage dispensary license to

19

(1) manufacture on premises licensed under the beverage

20

dispensary license not more than 16,000 gallons of beer in a calendar

21

year; and

22

(2) sell beer manufactured on premises licensed under the

23

beverage dispensary license for consumption only on the licensed

24

premises.

25

(b) Except as provided under AS 04.11.360(12), the brewpub

26

license is not transferable, shall remain the property of the state,

27

and is not subject to any form of alienation.

28

(c) The annual brewpub license fee is \$250.

29

* Sec. 4. AS 04.11.360 is amended by adding a new paragraph to read:

1 (12) the license was issued under AS 04.11.135, unless the
2 transferor is also applying to transfer the beverage dispensary li-
3 cense required under AS 04.11.135 to the same transferee.

4 * Sec. 5. AS 04.11.450(b) is amended to read:

5 (b) A person who is a representative or owner of a wholesale
6 business, brewery, winery, bottling works, or distillery may not be
7 issued, solely or together with others, a beverage dispensary license
8 or package store license. A holder of a beverage dispensary license
9 may be issued a brewpub license, subject to the provisions of AS 04.-
10 11.135.

11 * Sec. 6. AS 04.11.450(c) is amended to read:

12 (c) In this section, "direct or indirect financial interest"
13 means holding a legal or equitable interest in the operation of a
14 business licensed under this title. However, credit extended by a
15 distiller, a brewery, or a winery to a wholesaler, or credit extended
16 by a wholesaler to persons licensed under this title, or a consulting
17 fee received from a person licensed under this title, is not consid-
18 *Insert #2* ered a financial interest in a business licensed under this title.

A M E N D M E N T

Offered in the SENATE

By Fahrenkamp

TO: CSSB 276 (Judiciary)

Insert # 1

Page 1, line ⁸9, after "business":

Insert "; and providing for an effective date"

Insert # 2

Page 2, after line 18:

Insert a new bill section to read:

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

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Environmental Conservation
 Title: An Act relating to brewpub, brewery, and beverage dispensary liquor licenses;* BRU: Environmental Health
 Sponsor: Rettve Fahrenkamp Comments: Sanitation
 Requestor: Senate Finance

* and to prohibit financial interest in a licensed liquor business.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Passage of this legislation will not have a significant fiscal impact on the public facility inspection program.

Prepared by: Douglas C. Donegan Phone: 465-2609
 Division: Environmental Health Date: 2-22-88

Approved by Commissioner: Dennis D. Kelso *ADK/br* Date: 2/23/88
 Agency: Environmental Conservation

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

FISCAL NOTE

REQUEST:

Revision Date: 2/19/88
Title: An Act Relating to Issuance of a Brewery License
Sponsor: Senator Fahrenkamp
Requestor: Senate Finance

Agency Affected: Revenue
BRU: Alcoholic Beverage Control Board
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary) Though the bill would establish a license fee of \$250.00 (and require a \$100.00 application fee) it is not possible to estimate its potential revenues. It should be noted that whatever revenues are generated from the new license fee 100% would be shared back to the communities within which the revenues are derived.

Prepared By: Royce Weller Phone: 465-2300
Division: Commissioner's Office Date: February 19, 1988

Approved by Commissioner: Hugh Malone Date: February 19, 1988
Agency: Department of Revenue

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

FEB 23 1988

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, LEGISLATIVE COUNCIL
CHAIRMAN, OIL AND GAS COMMITTEE
515 7TH AVENUE, SUITE 130
FAIRBANKS, ALASKA 99701
OFFICE (907) 452-4882
HOME (907) 456-2899



WHILE IN JUNEAU
PO. BOX V
JUNEAU, ALASKA 99811
CAPITOL ROOM 125
OFFICE (907) 465-3834
HOME (907) 780-6027

Senate

MEMORANDUM

TO: Senate Finance Committee

FROM: Senator Bettye Fahrenkamp

DATE: February 24, 1988

RE: CSSB 276 (JUD) An Act relating to the brewpub, brewery, and beverage dispensary liquor licenses; and to prohibited financial interests in a licensed liquor business.

Under current law, a person who has a brewery license may not receive, from the Alcohol Board of Control (ABC), a beverage dispensary license. There is no explicit prohibition for the opposite case in the statutes. However, lacking guidelines and explicit authorization, ABC will not issue a brewery license to persons already holding a beverage dispensary license.

However, there is an interest by holders of beverage dispensary licenses to be able to brew their own beer on the premises for sale to their patrons to be consumed on the premises only. This bill would create a new type of license to provide clear authority to the ABC and give them specific conditions under which they would be able to issue these new "brewpub" licenses.

If the bill passes, a new industry would be fostered in Alaska, i.e. brewpubs which are a growing trend in other states. A brewpub is the industry term for an establishment that consists of a bar and/or restaurant and a brewery.

The bill would also fix an ambiguity in the current statutes which unintentionally limits to whom a brewer can sell its products. It also makes a change in the section of the law dealing with prohibited financial interests to allow a brewer to receive a consulting fee from other license holders.

The CS has the support of the ABC and zero fiscal notes from the Departments of Revenue and Environmental Conservation. The ABC also supports an amendment to give the bill an immediate effective date.

Sectional Analysis

Section 1. AS 04.11.080 Types of Licenses and Permits

Amended to include brewpub license.

Section 2. AS 04.11.130(b) Brewery License

Deletes archaic language, i.e. changes "wine gallons" to "gallons". Amended to allow a brewer to sell beer to persons licensed to sell beer in other states and countries.

Section 3. AS 04.11.135 Brewpub License

Describes what is authorized under a brewpub license.

(a)(1) the manufacture of not more than 16,000 gallons (516 barrels or 1032 kegs) in a year. Must be brewed on the premises.

(a)(2) must be consumed on the premises.

(b) states that the brewpub license is not transferable except under the provisions of AS04.11.360(12) as amended under this bill.

(c) sets a annual fee of \$250.

Section 4. AS 04.11.360 Denial of Transfer of a license to another person.

Prohibits the transfer of a brewpub license unless it is being transferred with a beverage dispensary license.

Sections 5 and 6. AS 04.11.450 Prohibited Financial Interest

(b) Amended to authorize the holder of beverage dispensary license to obtain a brewpub license, subject to AS 04.11.135.

(c) Amends the definition of "direct or indirect financial interest" to exclude a consulting fee received from persons licensed under the alcohol beverage statutes. In this manner, the holder of a brewery license could assist the holder of a brewpub license in the start up of a brewpub, for example.

Provided by Senator Fahrenkamp's office 2/24/88

1 IN THE SENATE

BY FAHRENKAMP

2

SENATE BILL NO. 276

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to issuance of a brewery license."

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

8 * Section 1. AS 04.11.130 is amended by adding a new subsection to
9 read:

10 (e) If the holder of a brewery license is also the holder of a
11 beverage dispensary license

12 (1) beer may be sold in quantities of less than five wine
13 gallons on premises licensed under the beverage dispensary license;
14 and

15 (2) not more than 16,000 wine gallons of beer may be
16 manufactured in a calendar year.

17 * Sec. 2. AS 04.11.450(b) is amended to read:

18 (b) A person who is a representative or owner of a wholesale
19 business, brewery, winery, bottling works, or distillery may not be
20 issued, solely or together with others, a beverage dispensary license
21 or package store license. A holder of a beverage dispensary license
22 may be issued a brewery license, subject to the provisions of AS 04.-
23 11.130.

Original sponsor: Fahrenkamp

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 276 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to brewpub, brewery, and beverage
7 dispensary liquor licenses; and to prohibited finan-
8 cial interests in a licensed liquor business; and
9 providing for an effective date."

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

11 * Section 1. AS 04.11.080 is amended by adding a new paragraph to read:

12 (20) brewpub license.

13 * Sec. 2. AS 04.11.130(b) is amended to read:

14 (b) A brewery license authorizes the holder to sell beer in
15 quantities of more than five [WINE] gallons to persons licensed to
16 sell beer under this title, or in another state or country.

17 * Sec. 3. AS 04.11 is amended by adding a new section to read:

18 Sec. 04.11.135. BREWPUB LICENSE. (a) A brewpub license author-
19 izes the holder of a beverage dispensary license to

20 (1) manufacture on premises licensed under the beverage
21 dispensary license not more than 16,000 gallons of beer in a calendar
22 year; and

23 (2) sell beer manufactured on premises licensed under the
24 beverage dispensary license for consumption only on the licensed
25 premises.

26 (b) Except as provided under AS 04.11.360(12), the brewpub
27 license is not transferable, shall remain the property of the state,
28 and is not subject to any form of alienation.

29 (c) The annual brewpub license fee is \$250.

1 * Sec. 4. AS 04.11.360 is amended by adding a new paragraph to read:

2 (12) the license was issued under AS 04.11.135, unless the
3 transferor is also applying to transfer the beverage dispensary li-
4 cense required under AS 04.11.135 to the same transferee.

5 * Sec. 5. AS 04.11.450(b) is amended to read:

6 (b) A person who is a representative or owner of a wholesale
7 business, brewery, winery, bottling works, or distillery may not be
8 issued, solely or together with others, a beverage dispensary license
9 or package store license. A holder of a beverage dispensary license
10 may be issued a brewpub license, subject to the provisions of AS 04.-
11 11.135.

12 * Sec. 6. AS 04.11.450(c) is amended to read:

13 (c) In this section, "direct or indirect financial interest"
14 means holding a legal or equitable interest in the operation of a
15 business licensed under this title. However, credit extended by a
16 distiller, a brewery, or a winery to a wholesaler, or credit extended
17 by a wholesaler to persons licensed under this title, or a consulting
18 fee received from a person licensed under this title, is not consid-
19 ered a financial interest in a business licensed under this title.

20 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).
21
22
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28
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2/25/88

Copies pulled from
Committee files and
replaced by updated
notes from department.

JKU

rec'd
2/21/88

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION SSB-276 (JUD)
PUBLISH DATE: 2/1/88

FISCAL NOTE

REQUEST:

Revision Date: -
Title: An Act relating to brewpub, brewery,
and beverage dispensary liquor licenses;*
Sponsor: Bette Fahrenkamp
Requestor: Jay Korttula

Agency Affected: Environmental Conservation
BRU: Environmental Health
Components: Sanitation

* and to prohibit financial interest in a
licensed liquor business

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Passage of this legislation will not have a significant fiscal impact
on the public facility inspection program.

Prepared by: Douglas C. Donegan Phone: 465-2609
Division: Environmental Health Date: 1/29/88

Approved by Commissioner: Dennis D. Kelso Date: February 2 1988
Agency: Environmental Conservation

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

FISCAL NOTE

REQUEST:

Revision Date: 1/14/88
Title: An Act Relating to Issuance of a Brewery License
Sponsor: Sen. Fahrenkamp
Requestor: State Affairs

Agency Affected: Revenue
GRU: Alcoholic Beverage Control Board
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary) Though the bill would establish a license fee of \$250.00 (and require a \$100.00 application fee) it is not possible to estimate its potential revenues. It should be noted that whatever revenues are generated from the new license fee 100% would be shared back to the communities within which the revenues are derived.

Prepared By: Royce Weller *RW* Phone: 465-2300
Division: Commissioner's Office Date: January 14, 1988
Approved by Commissioner: Hugh Malone *H Malone* Date: January 14, 1988
Agency: Department of Revenue *1/27/88*

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

notif of way 12-86
5/5/87

SENATE COMMITTEE REPORT

FURTHER: FINANCE

DATE TURNED INTO OFFICE _____

Mr. President:

JUDICIARY

Committee considered

SB 276

issuance of a brewery license.

and recommended:

- replace with CS FOR SB 276 (JUD) same title
- or adopt CS FOR _____ new title
- attached amendment(s) and *and most of the entire remains do pass*

do pass

do not pass

no recommendation

~~do not~~ individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

- new updated or previous
- zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Joe Josephson

John F. Kelly

Charles Stangor

Kathleen

 Chairman signature and recommendation

Committee Backup Attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 4.29.87 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: JUDICIARY
FINANCE

**FISCAL NOTE(S) ATTACHED 1 **
IN ACCORDANCE WITH AS 24.08.035
(see below)

4/23/87

DATE TURNED INTO OFFICE 3/5/87

Mr. President:

STATE AFFAIRS Committee considered SB 276

issuance of a brewery license.

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- may* do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING TO PASS

OTHER RECOMMENDATIONS

Paul Chaffin (NO PASS)

Gene P. Josephson

Paul Chaffin

Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA

DEPARTMENT OF REVENUE

ALCOHOLIC BEVERAGE CONTROL BOARD

STEVE COWPER, GOVERNOR

550 W. 7TH AVE
ANCHORAGE, ALASKA 99501-6898

May 1, 1987

The Honorable Mitch Abood, Chairman
State Affairs Committee
Alaska State Senate
P.O. Box V
Juneau, AK 99811

Dear Senator Abood:

Your office called to let me know that your committee will consider SB 276 concerning brewery licenses on Monday, May 4.

Members of the Alcoholic Beverage Control Board have informally discussed micro breweries and their increasing popularity. The board believes the innovation would contribute to a new dimension of operation for licensees and, therefore, has no objection to the proposed amendments.

Thank you for notifying the board. If I can provide any additional information, please do not hesitate to let me know.

Sincerely,



Patrick L. Sharrock
Director
(907) 277-8638

PLS:cr

cc: Senator Bettye Fahrenkamp

87-91

SB 276 An Act relating to the issuance of a brewery license by
Senator Fahrenkamp 5/4/87

Before the Senate State Affairs Committee

Under current law, a person who has a brewery license may not receive, from the Alcohol Board of Control, a dispensary license. There is no explicit prohibition for the opposite case. However, lacking guidelines and explicit authorization, to date, ABC has not issued any brewery licenses to persons already holding a beverage dispensary license. This bill would provide clear authority and give them specific conditions under which they would be able to do use it.

If the bill passes, a new industry would be fostered in Alaska, i.e. "brew pubs" which are a growing trend in other states. A brew pub is the industry term for a bar that makes its own beer in small quantities for sale only on the premises. They are the size of micro breweries or smaller.

Sectional Analysis

Section 1. AS 04.11.130 Brewery License

New subsection (e) sets out the conditions under which a holder of brewery license and beverage dispensary license may sell beer:

- (1) in quantities less than five gallons on premises
- (2) not more than 16,000 gallons (5000 barrels) in a year.

Section 2. AS 04.11.450(b) Prohibited Financial Interest

Amended to authorize the holder of beverage dispensary license to obtain a brewery license, subject to AS 04.11.130(e).

Provided by Senator Fahrenkamp's office.