

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

SB 366 thru SE 371 ~~LEG. FILES~~ 115

SR

366

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE _____

2/3/88

Mr. President:

Finance

Committee considered

SB 366

establishing rebates for motor fuel taxes for fuel used in watercraft outside the state; and limiting the authority of the attorney general and the Department of Revenue to recover refunds paid before the effective date of this Act; 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

Chairman signature and recommendation

[] Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

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

FURTHER: Finance

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

1/25/88
Mr. President:

DATE TURNED INTO OFFICE _____

Resources _____ Committee considered SB 366

establishing rebates for motor fuel taxes for fuel used in watercraft outside the state; and limiting the authority of the attorney general and the Department of Revenue to recover refunds paid before the effective date of this Act; efd and recommended:

replace with CS _____ same title
 new title

attached amendment(s) and

majority
 do pass

do not pass

no recommendation

~~individual~~ 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

Kevin Finnerty
Carliss Jurgens
Paul Frisell

McKeasick needs amending
Jim Duncan - No Rec

John Blumenthal
Chairman signature and recommendation

Committee Backup Attached

Introduced: 1/25/88
Referred: Resources and
Finance

5-1622B

1 IN THE SENATE

BY ZHAROFF

2 SENATE BILL NO. 366

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing rebates for motor fuel taxes for
7 fuel used in watercraft outside the state; and limit-
8 ing the authority of the attorney general and the
9 Department of Revenue to recover refunds paid before
10 the effective date of this Act; and providing for an
11 effective date."

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

13 * Section 1. AS 43.40 is amended by adding a new section to read:

14 Sec. 43.40.033. REFUND OF TAX PAID ON FUEL USED IN OR ON WATER-
15 CRAFT OUTSIDE THE STATE. (a) A purchaser of motor fuel sold and
16 delivered in the state on which the tax levied by AS 43.40.010(a)(2)
17 has been paid is entitled to a refund of the tax paid on all fuel used
18 or consumed in the operation of watercraft outside the state.

19 (b) The department shall adopt the necessary regulations to
20 implement this section and prescribe the appropriate forms for a
21 purchaser to use to ensure that the motor fuel was used or consumed in
22 the operation of watercraft outside the state.

23 * Sec. 2. AS 43.40.050(b) is amended to read:

24 (b) A person entitled to a [CLAIM FOR] refund under AS 43.40.-
25 030 - 43.40.035 must file a claim for the refund [AS 43.40.030 OR
26 43.40.035 SHALL BE FILED] within one year from the date of the pur-
27 chase of the motor fuel as indicated on the invoice, and failure to
28 file within the one-year period is a waiver of the right to the re-
29 fund. A claim is considered to be filed when the claim is mailed or
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1 personally presented to an office of the department.

2 * Sec. 3. The provisions of AS 43.40.033, added by sec. 1 of this Act,
3 apply to motor fuel sold and delivered in the state and used or consumed in
4 the operation of watercraft outside the state after June 30, 1988.

5 * Sec. 4. Notwithstanding AS 37.10.090, the attorney general and the
6 Department of Revenue may not recover from the purchaser of motor fuel sold
7 and delivered in the state a refund of the motor fuel tax paid to the
8 purchaser under AS 43.40.010(a)(2) before July 1, 1988, for motor fuel that
9 was used or consumed in the operation of watercraft outside the state.

10 * Sec. 5. This Act takes effect July 1, 1988.
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STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 366
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: February 1, 1988 Agency Affected: Revenue
Title: An Act establishing rebates for fuel used in watercraft outside the state. BRU: Income and Excise Audit
Sponsor: Zharoff Components: _____
Requestor: Resources

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		34.0	34.0	34.0	34.0	34.0
TRAVEL						
CONTRACTUAL		2.0	2.0	2.0	2.0	2.0
SUPPLIES						
EQUIPMENT		2.5	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
M'SCELLANEOUS						
TOTAL OPERATING		38.5	36.0	36.0	36.0	36.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		[2000.0]	[2000.0]	[2000.0]	[2000.0]	[2000.0]
FEDERAL FUNDS						
OTHER						
TOTAL		[2000.0]	[2000.0]	[2000.0]	[2000.0]	[2000.0]

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached.

Prepared by: Steven E. Kettel *Steven E. Kettel* Phone: 465-2320
Division: Income and Excise Audit Date: 2/1/88

Approved by Commissioner: J. Malone Date: 2/1/88
Agency: REVENUE

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

Prepared by Steven E. Kettel
Director, Income & Excise Audit
Department of Revenue
February 1, 1988

Analysis of SB 366

Prior to July, 1984, the Department of Revenue did not issue motor fuel tax refunds to in-state purchasers, such as fishermen and fish processors that used the fuel outside the state's 3-mile taxing jurisdiction. In July, 1984 the Department began issuing the refunds, and at the same time assessing the motor fuel tax against out-of-state fuel purchasers that imported untaxed fuel and used the fuel in state waters. Several recent U.S. Supreme Court decisions allowing a properly apportioned tax were the basis for the change in the Department's watercraft tax policy.

This policy, which placed the incidence of the tax on the use of the fuel in-state was overturned by a Departmental Hearing Decision #87-07 dated March 20, 1987. This decision was based on the lack of a specific regulation, as well as some underlying lack of clarity in the law. Later in September of 1987, the Attorney General's office advised this Department that additional statutory authority was necessary to support the tax refunds to those purchasing fuel inside but consuming it outside the 3-mile limit.

SB 366 would provide the necessary authority for the Department to issue refunds of tax to out-of-state consumers. The legislation, however, does not provide a mechanism for taxing fuel imported and consumed by a vessel in this state. Passage of this legislation without consideration of the importation issue is strongly opposed.

Department's Position on SB 366

The Department opposes this legislation for the following reasons:

- 1) The legislation further narrows the state's tax base by approximately \$2 million per year.
- 2) The recipients of these refunds are, by an overwhelming majority, non-resident individuals and businesses. Based upon our 18 month refunding project, only 14% of the claimants listed in-state addresses.
- 3) Purchasers of out-of-state fuel do not pay the 5¢ tax and thus have a competitive advantage over their Alaska resident competitors.
- 4) We have not seen evidence showing that without the refund legislation, motor fuel purchasers will move off-shore to make their fuel purchases. We have no evidence that fuel sold on the high seas is significantly cheaper than fuel sold on-shore.
- 5) The watercraft tax account in the general fund has historically been used as a benchmark for appropriations to harbor facilities around the state. A decrease in marine fuel tax may reduce funding for these essential services and facilities.
- 6) A preliminary indication from the Department of Transportation & Public Facilities is that:
 - A) there are deferred maintenance costs on the order of three or four times the annual income from this source;
 - B) debt service costs alone for watercraft facilities exceed \$1,000,000 per year, without allowing for any new construction;
 - C) these refunds come directly from the highway fuel tax account and the Administration has legislation pending to increase these revenues.

ALASKA STATE LEGISLATURE

15th . . . Legislature 2nd . . . Session

SENATE BILL NO. 366 .

By . . . ZHAROFF

"An Act establishing rebates for motor fuel taxes for fuel used in watercraft outside the state; and limiting the authority of the attorney general and the Department of Revenue to recover refunds paid before the effective date of this Act; and providing for an effective date."

Introduced in the Senate . . . 1/25, 19 88

HISTORY IN THE SENATE

19 88

Read first time and referred to Committee on

1 25

Resources, Finance

Reported back with recommendation that

2 2

*Res: 30 days, 1 month
1 month amendy
FN - To Finance*

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

FISCAL NOTE

REQUEST:

Revision Date: February 5, 1988 Agency Affected: Commerce & Econ. Dev.
Title: Establishing rebates for motor BRU: Division of Business Development
fuel taxes
Sponsor: Cato Components: _____
Requester: _____

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-			

CAPITAL	-0-	-0-	-0-			
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REVENUE	-0-	-0-	-0-			
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FUNDING: (Thousands of dollars)

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

POSITIONS:

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

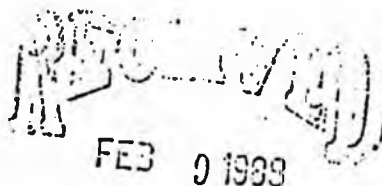
ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact on this department

Prepared by: Paul Peyton, Project Manager Phone: 465-2162
Division: Business Development Date: February 5, 1988
Approved by Commissioner: J. Anthony Smith Date: 2/8/1988
Agency: Department of Commerce and Economic Development

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- 07850-2/020588a



HB 366

SB

367

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE _____

3/21/88
Mr. President:

_____ FINANCE _____ Committee considered _____ SB 367 _____

optional exemptions from municipal taxes

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

Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

5-16636
(b)

FIRST COMMITTEE OF REFERRAL

Date of 3/10/88 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

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

FURTHER: Finance
3/18/88

1/25/88
Mr. President:

DATE TURNED INTO OFFICE 3/18/88

C&RA

Committee considered SB 367

optional exemptions from municipal taxes

and recommended:

replace with CS for SB 367 (C&RA) 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

2. Mike Saunders - Do Not Pass
2. Tim Kelly - Do Not Pass

Curtis Sturgalinski Do Pass
Chairman signature and recommendation

Committee Backup Attached

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
TIM KELLY, Vice Chairman
RICK HALFORD
MIKE SZYMANSKI
FRED ZHAROFF



P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4989

Senate Community and Regional Affairs Committee

TO: Senate C&RA Committee

February 3, 1988

FROM: Senate C&RA Staff

MFA

RE: SB 367 "An Act relating to optional exemptions from municipal taxes."

In this packet is a sectional analysis by Senator Duncan, a position paper and fiscal note by the Department of Community and Regional Affairs, a position paper by the Alaska Municipal League, and some back up information from the Juneau Economic Development Council.

DC&RA and the AML both support the bill but suggest amendments in their position papers.

BY SENATOR DUNCAN

Senate Bill 367

"An Act relating to optional exemptions from municipal taxes."

Section 1.

Sub-paragraph (6) provides that a municipality may by ordinance grant a total or partial exemption from inventory taxation any type of inventory that is created from the processing or manufacturing in Alaska of natural resources originating in Alaska.

Sub-paragraph (7) provides that a municipality may by ordinance grant up to a 100 percent tax exemption to real or personal property that is used in the processing or manufacture of fisheries resources this includes all aquatic plants and animals.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

February 3, 1988

POSITION PAPER

RE: Senate Bill 367: "An Act relating to optional exemptions from municipal taxes."

SPONSOR: Senator Duncan

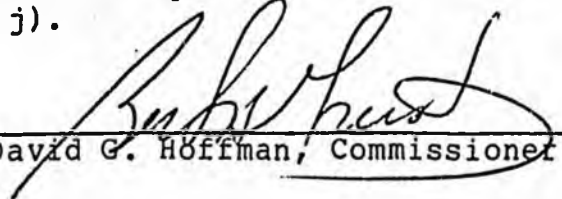
Program Summary

This bill relates to property taxes and adds two sections to the optional exemptions that municipalities may adopt under AS 29.45.050. Under current law, municipalities may exempt all business inventories from taxation. Paragraph (6) of this bill would allow municipalities to classify and exempt certain inventories from taxation, specifically, those inventories made in Alaska from Alaska resources.

Paragraph (7) of the bill would allow municipalities to exempt real and personal property used in the processing of marine resources. This is similar to existing language which currently allows municipalities to exempt up to 75% of timber processing property [AS 29.45.050 (j)].

Comments

The Department supports passage of this bill with two amendments. We recommend that the percentage of exemption currently allowed under AS 19.45.050(j) (see attached) be changed from 75% to 100% to be consistent with paragraph (7) of this bill. In addition, we suggest the bill be amended to provide for an exemption which would not exceed five years in duration. That amendment would be compatible with the exemption allowance under AS 29.45.050 (j).



David G. Hoffman, Commissioner

ATTACHMENT

Section 1.(7) amend by adding:

An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration.

Section 2. AS 29.45.050(j) is amended to read:

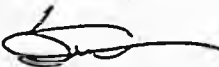
A municipality may by ordinance approved by the voters exempt real or personal property in a taxing unit used in processing timber after it has been delivered to the processing site from up to 100 [75] percent of the rate of taxes levied on other property in that taxing unit. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration.

Alaska
MUNICIPAL
League

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

TO: The Honorable Jim Duncan, Senator

FROM: Scott A. Burgess, Executive Director 

DATE: February 2, 1988

SUBJECT: SB 367 - Optional exemptions from municipal taxes

On behalf of its 135 municipal members, the Alaska Municipal League supports SB 367, allowing municipalities to exempt inventory and property taxes on certain natural resources industries. In addition, I would like to offer the following comments.

The AML's support is based on the 1988 AML Policy Statement language below:

PART X - ECONOMIC DEVELOPMENT, B. INCENTIVES:

1. Local Incentives: The League urges the Legislature to adopt legislation which would allow local municipalities greater flexibility through the use of local options in offering property tax incentives to new and expanding industry and business.

The bill would accomplish this in the area of optional exemptions on "inventories produced from the processing or manufacturing in the state of a natural resource originating in the state" and optional exemptions on "real and personal property used in the processing or manufacturing of fisheries resources". A similar provision is provided in AS 29.45.050(j), allowing a more limited exemption for timber processing.

The AML would request that you or the Senate Community and Regional Affairs Committee broaden the language to allow municipalities the option of exempting taxes on any business or industry. Many municipalities do not enjoy the wealth of natural resources available to Juneau and, therefore, cannot attract resource-related industries or businesses. However, once a municipality identifies the type of industry or business it wishes to attract or support, it should have similar "tools" available such as offering tax incentives.

Again, the AML supports SB 367 but asks that it be broadened to allow all municipalities to benefit from flexibility in the statutes dealing with local taxing powers. Allowing optional tax exemptions for all businesses and industries will provide municipalities another option in developing community development strategies to fit their unique circumstances.

cc: Senator Sturgulewski, Chair, Senate Community and Regional Affairs Committee

JUNEAU ECONOMIC DEVELOPMENT COUNCIL

463-3662
(2)

P.O. Box 21227 • 1107 West 8th St.

Juneau, Alaska 99802



MEMBERS

Greg O. Cleary, Chairperson
Deborah Bales, Vice-Chairperson

William Brock, Treasurer

Patrick Anderson
William M. Howe

Peter Hildre

John B. Sisk

CBJ REPRESENTATIVES

Mayor Ernest E. Polley
Kevin Ritchie

463-3662

MEMORANDUM

TO: Kevin Ritchie
FROM: James M. Kohler
DATE: November 5, 1987
SUBJ: AML Policy Proposals

I have attached a draft of two proposed additions to the AML Policies which could be introduced during the upcoming AML Conference.

The first addresses the need to change existing state statute to allow a local exemption from property tax on inventory that is needed in the manufacture of product within the community. This is something that Mayor Polley tried to enact locally but couldn't because of conflicting state law.

The second would embed into AML policy the preference for state economic development support at the local and regional level to come in the form of financial assistance to execute local and regional plans -- not to have them created at the state level and passed down. The specific resolution supporting the regional entity funding by the Department of Commerce and Economic Development, enacted by the Assembly on November 2, is one example of this type of program or legislation.

I will be happy to review these proposed policy insertions with you and the Juneau delegation at your convenience.

JUNEAU ECONOMIC DEVELOPMENT COUNCIL

907 463-3662

P.O. Box 21227 • 1107 West 5th St.

Juneau, Alaska 99802



MEMBERS

Lynn S. Taylor, Chairperson
Deborah Bates, Vice Chairperson

William Brock, Treasurer
Patrick Anderson
William M. Howe

Peter Hildre
John B. Nisk

CITY REPRESENTATIVES

Mayor Ernest E. Polley
Kevin Ritchie

**DRAFT
PROPOSED POLICY STATEMENTS
AML CONFERENCE
NOVEMBER 11-13, 1987**

PART I: TAXATION AND FINANCE

D. LOCAL TAXES

6. Local Taxes: The League endorses legislation that would amend AS 29.45.050(j), permitting a local option exemption from property taxes for inventory used in the in-state manufacture of product. *DERIVED FROM ALASKA RESOURCES.*

PART X: ECONOMIC DEVELOPMENT

B. INCENTIVES

2. The League urges state programs be implemented and/or legislation be enacted that encourages, through direct financial assistance, economic development efforts to be developed and implemented at the local and regional levels.

Original sponsor: Duncan

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 367 (C&RA)

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 optional exemptions from munic-
7 ipal taxes."

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

9 * Section 1. AS 29.45.050(b) is amended to read:

10 (b) A municipality may by ordinance

11 (1) classify boats and vessels for the purposes of taxation
12 and may establish the assessed valuation of boats and vessels on the
13 basis of their registered or certificated net tonnage;

14 (2) classify and exempt from taxation

15 (A) the property of an organization not organized for
16 business or profit-making purposes and used exclusively for
17 community purposes if the income derived from rental of that
18 property does not exceed the actual cost to the owner of the use
19 by the renter;

20 (B) historic sites, buildings, and monuments;

21 (C) land of a nonprofit organization used for agricul-
22 tural purposes if rights to subdivide the land are conveyed to
23 the state and the conveyance includes a covenant restricting use
24 of the land to agricultural purposes only; rights conveyed to the
25 state under this subparagraph may be conveyed by the state only
26 in accordance with AS 38.05.069(c);

27 (3) exempt personal property from taxation;

28 (4) exempt business inventories from taxation;

29 (5) classify as to type and exempt or partially exempt any
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1 or all types of motor vehicles from taxation;

2 (6) classify as to type and exempt or partially exempt any
3 or all inventories produced from the processing or manufacturing in
4 the state of a natural resource originating in the state;

5 (7) exempt, for a period not to exceed five years, personal
6 property used in the processing of fisheries resources from up to 100
7 percent of the rate of taxes levied on other property; for purposes of
8 this paragraph "fisheries resources" includes all aquatic plants and
9 animals.

Introduced: 1/25/88
Referred: Community and Regional
Affairs and Finance

5-1663A

1 IN THE SENATE

BY DUNCAN

2 SENATE BILL NO. 367

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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3 or all inventories produced from the processing or manufacturing in
4 the state of a natural resource originating in the state;

5 (7) exempt real or personal property used in the processing
6 or manufacturing of fisheries resources from up to 100 percent of the
7 rate of taxes levied on other property; for purposes of this paragraph
8 "fisheries resources" includes all aquatic plants and animals.
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FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to optional
exemptions from municipal taxes."
Sponsor: Duncan
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: Local Government Assistance
Components: State Assessor

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	-0-	-0-	-0-	-0-	-0-	-0-
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)

Prepared by: Jim Plasman, Deputy Director
Division: Municipal & Regional Assistance

Phone: 465-4750

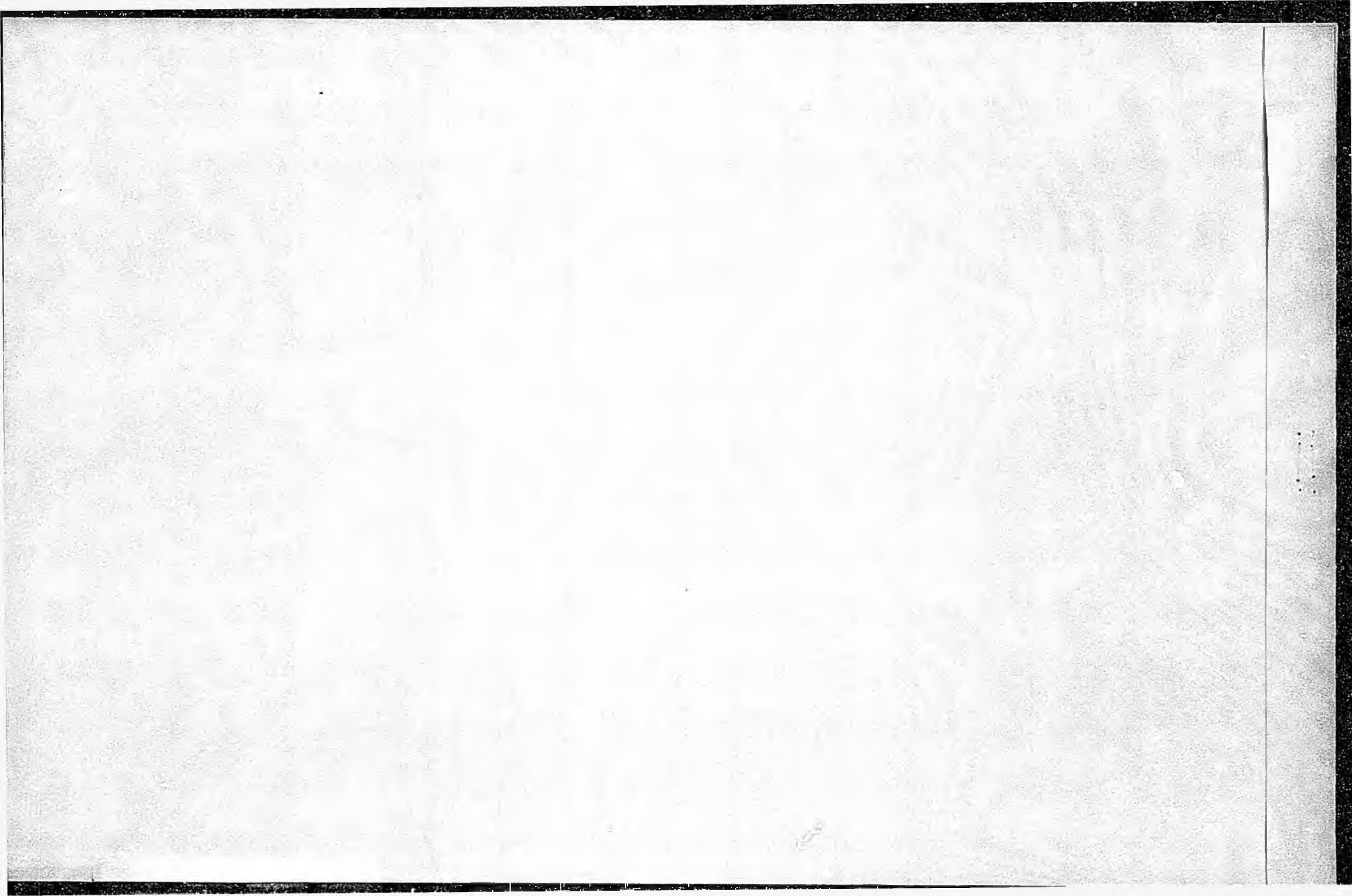
Date: 1-27-88

Approved by Commissioner: [Signature]
Agency: Community & Regional Affairs

Date: 1-27-88

Distribution (by preparer):

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



ALASKA STATE LEGISLATURE

15th . . . Legislature **2nd** . . . Session

SENATE **BILL** NO. **367** .

By . . . **DUNCAN**

"An Act relating to optional exemptions from municipal taxes."

Introduced in the Senate **1/25** , 19 **88** . . .

HISTORY IN THE SENATE

1988

Read first time and referred to Committee on

1 25 C&RA, Finance

Reported back with recommendation that

3 21 *C&RA replace w/CS
1 do pass, 2 do not pass,
CFR to Finance*

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

SB

370

SENATE COMMITTEE REPORT

FURTHER

4/26/88

DATE TURNED INTO OFFICE _____

Mr. President:

FINANCE Committee considered SB 370

rates and fees of the Alaska marine highway system and providing for preferential vehicle rates for the transportation of agricultural products grown in Alaska 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

Chairman signature and recommendation

[] Committee Backup attached

SENATE COMMITTEE REPORT

FURTHER

FINANCE

4/21/88

DATE TURNED INTO OFFICE _____

Mr. President:

Resources _____ Committee considered SB 370

rates and fees of the Alaska marine highway system and providing for preferential vehicle rates for the transportation of agricultural products grown in Alaska

and recommended

+ reports it back as follows

[] 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 [Signature]
4 [Signature]

2 [Signature] no rec
2 [Signature] no rec
2 [Signature] no rec

[Signature]
Chairman signature and recommendation

SENATE COMMITTEE REPORT

5-1500B

FIRST COMMITTEE OF REFERRAL

Date of 4/14/88 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

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

FURTHER: Resources
FINANCE

1/26/88
Mr. President:

DATE TURNED INTO OFFICE 4/21/88

Transportation Committee considered SB 370

relating to rates and fees of the Alaska marine highway system
and providing for preferential vehicle rates for the transportation
of agricultural products grown in Alaska

mapu
and recommended:

- replace with CS SB 370 (TR.SP) (b) same title
 new title
- attached amendment(s) and *do pass*
- do pass
- do not pass
- no recommendation
- individual recommendations *For*
- further referral to _____
- letter of intent adopted and attached

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

MEMBERS SIGNING DO PASS

Tim Kelly
[Signature]
[Signature]

OTHER RECOMMENDATIONS

Do not Pass

[Signature] (Do Pass)
Chairman signature and recommendation

Committee Backup Attached

Offered: 4/21/88
Referred: Resources and Finance

5-1500B

Original sponsors: Kerttula, Szymanski,
Zharoff and Fischer

1 IN THE SENATE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR SENATE BILL NO. 370 (Transportation)

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 rates and fees of the Alaska
7 marine highway system and providing for preferential
8 vehicle rates for the transportation of agricultural
9 products grown in Alaska."

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

11 * Section 1. AS 19.65 is amended by adding a new section to read:

12 Sec. 19.65.030. RATES AND FEES FOR ALASKA MARINE HIGHWAY SYSTEM.

13 (a) The Department of Transportation and Public Facilities shall set
14 rates and fees for the transportation of passengers and vehicles and
15 for other services provided by the Alaska marine highway system.

16 (b) The department shall set a preferential vehicle rate for
17 vehicles transporting agricultural products grown, raised, harvested,
18 or produced in the state that is approximately 50 percent of the
19 established vehicle rate for vehicles of the same type. A vehicle is
20 eligible for the preferential vehicle rate if space is available on a
21 vessel of the Alaska marine highway system for intrastate travel to
22 accommodate the vehicle after all vehicles paying the established
23 vehicle rate have been accommodated and if the vehicle's primary
24 purpose for travel is to transport agricultural products grown,
25 raised, harvested, or produced in the state. In this subsection
26 "agricultural products" means dairy, vegetable, or grain products and
27 farm animal products other than live horses.

1 IN THE SENATE

BY KERTTULA, SZYMANSKI,
ZHAROFF AND FISCHER

2 SENATE BILL NO. 370

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 rates and fees of the Alaska
7 marine highway system and providing for preferential
8 vehicle rates for the transportation of agricultural
9 products grown in Alaska."

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

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14 rates and fees for the transportation of passengers and vehicles and
15 for other services provided by the Alaska marine highway system.

16 (b) The department shall set a preferential vehicle rate for
17 vehicles transporting agricultural products grown, raised, harvested,
18 or produced in the state that is equal to 50 percent of the estab-
19 lished vehicle rate for vehicles of the same type. A vehicle trans-
20 porting agricultural products grown, raised, harvested, or produced in
21 the state is eligible for the preferential vehicle rate if space is
22 available on a vessel of the Alaska marine highway system to accommo-
23 date the vehicle after all vehicles paying the established vehicle
24 rate have been accommodated. The department shall adopt regulations
25 to implement this subsection. In this subsection "agricultural
26 products" means animal, dairy, vegetable, or grain products.

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSSB 370 (TRSP)
Publish Date: SENATE 4/21/88

REQUEST

Revision Date: _____
Title: "Relating to rates and fees for
Alaska Marine Highway System..."
Sponsor: Kerttula et al
Requestor: Jones

Agency Affected: DOT&PF
BRU: Alaska Marine Highway System
Components: Southeast and Southwest
Vessel Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL		2.0				
CONTRACTUAL		3.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	5.0	0	0	0	0

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

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Assuming changes were made to this bill as outlined in the attached position paper, no cost increase would be experienced. The revenue impact would be minimal.
See additional analysis attached.

Prepared by: George W. Davidson (Signed) Phone: 465-3950
Division: Alaska Marine Highway System Date: 3-3-88
Approved by Commissioner: Mark S. Hickey Date: 3-3-88
Agency: DOT&PF

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

FISCAL NOTE ANALYSIS

1. Analysis of Expenditures:

The proposed legislation specifies that regulations shall be adopted to implement the preferential vehicle rate for those vehicles transporting Alaskan agricultural products.

\$5.0 funding will be required in FY89 only to cover legal fees and other costs to draft and implement the necessary regulations.

2. Revenue Impacts:

Assuming that the changes in this bill recommended in the Position Paper were adopted, it is estimated that there would be a minimal loss of revenue from those currently transporting Alaskan agricultural products and paying full fare. Because we do not have manifests of goods transported, it is not possible to accurately estimate the resulting revenue decrease.

**STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version: SB 370
Publish Date: _____

REQUEST _____

Revision Date: _____
Title: "Relating to rates and fees for
Alaska Marine Highway System..."
Sponsor: Kerttula et al
Requestor: Jones

Agency Affected: DOT&PF
BRU: Alaska Marine Highway System
Components: Southeast and Southwest
Vessel Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL		2.0				
CONTRACTUAL		3.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	5.0	0	0	0	0
CAPITAL						
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Assuming changes were made to this bill as outlined in the attached position paper, no cost increase would be experienced. The revenue impact would be minimal.
See additional analysis attached.

Prepared by: George W. Davidson (Signed) Phone: 465-3950
Division: Alaska Marine Highway System Date: 3-3-88

Approved by Commissioner: Mark S. Hickey Date: 3-3-88
Agency: DOT&PF

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

FISCAL NOTE ANALYSIS

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Assuming that the changes in this bill recommended in the Position Paper were adopted, it is estimated that there would be a minimal loss of revenue from those currently transporting Alaskan agricultural products and paying full fare. Because we do not have manifests of goods transported, it is not possible to accurately estimate the resulting revenue decrease.

ALASKA STATE LEGISLATURE

.15th .Legislature 2nd...Session

SENATE....BILL..... NO. 370..

By .KERTTULA; .SZYMANSKI;. ZHAROFF,
FISCHER

"An Act relating to rates and fees of the Alaska marine highway system and providing for preferential vehicle rates for the transportation of agricultural products grown in Alaska."

Introduced in the Senate 1/26, 19 88

HISTORY IN THE SENATE

19 88
3 14 Read first time and referred to Committee on Finance Referral added
1 26 **TRANSPORTATION, RESOURCES**

Reported back with recommendation that
4 21 *Prop: replace w/CS, 4 do pass, 1 do not pass, 0 FN to Res*
4 26 *Res: 3 do pass 2 no, 1 FN to Finance*

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



Dept. of Transportation & Public Facilities

POSITION PAPER

BILL NO: SB 370

TITLE: HALF FARE ON ALASKA MARINE HIGHWAY
SYSTEM FOR ALASKA AGRICULTURE

APPROVED: 
Mark S. Hickey
Commissioner

DATE:

The scope of this bill is extremely broad but includes a provision for administration regulations in implementation which allow for certain restrictions. These restrictions would be required to prevent those who might see the special tariff as an opportunity to save money by simply transporting a qualifying product or animal.

The following changes to the proposed legislation are suggested:

- (1) Insert the word "approximately" before 50 percent, in paragraph (b). This would allow the Alaska Marine Highway System (AMHS) to round the tariff to the nearest dollar.
- (2) In paragraph (b), change the sentence that reads beginning (line 19): "A vehicle transporting agricultural products grown, raised, harvested or produced in the State is eligible for the preferential vehicle rate if space is available on a vessel of the Alaska Marine Highway System to accommodate the vehicle after all vehicles paying the established vehicle rate have been accommodated."

Change the sentence to read: A vehicle whose primary purpose for travel is to transport agricultural products grown, raised . . . "

- (3) The definition of "agricultural products" as written includes live animals. The transport of horses, which is quite common, would be included and it is felt that horses should be specifically eliminated from eligibility for the special tariffs.

Assuming the scope were narrowed to include only those vehicles whose primary reason for travel was for the transportation of agricultural products (not forest products or fish) and assuming horses were not included, the impact on the AMHS would be minimal.

The position of the Department on such legislation would be neutral.

The net result and intent of the bill is to provide financial support for Alaska farm products. The cleaner way to do so, from AMHS's view, is to provide that assistance directly to the farmer in the form of a rebate on approved shipping bills.

One final concern is that if such a tariff provision is approved for the agricultural industry, this would set a precedent for other industries, such as mining or fishing or timber, further reducing revenues and increasing the net cost of AMHS operations.

Sec. 19.60.030. Regulations. The department may adopt rules and regulations governing the use of ferry terminal facilities by the public which it considers necessary and proper in the public interest. (§ 3 ch 189 SLA 1959)

Sec. 19.60.040. Private enterprise not affected. Any person may construct a ferry terminal facility upon obtaining the approval of the department as to its location. A ferry terminal facility constructed by a person other than the department is subject to reasonable rules and regulations governing its use which the department considers necessary and proper in the public interest. (§ 3 ch 189 SLA 1959)

Sec. 19.60.050. Approval of department required for construction. A ferry terminal facility shall not be constructed without the approval of the department. (§ 3 ch 189 SLA 1959)

Sec. 19.60.060. Existing facilities not affected. A ferry terminal facility in existence and serving the public on January 1, 1959, is not affected by this chapter. (§ 3 ch 189 SLA 1959)

Sec. 19.60.070. Definitions. As used this chapter 19.60.070

(1) "department" means the Department of Transportation and Public Facilities;

(2) "ferry" means a vessel used in the common carriage of passengers and self-propelled vehicles in intrastate commerce. (§ 2 ch 189 SLA 1959; am Executive Order No. 39, § 11 (1977))

Revisor's notes. — The definition of "highway" found in AS 19.45.001 includes a "ferry system, whether operated solely inside the state or to connect with a Canadian highway, and any such related facility."

Effect of amendments. — The 1977 amendment substituted a reference to the Department of Transportation and Public Facilities for a reference to the Department of Public Works in paragraph (1).

Constitutional section is not clearly in favor of ferry Alaska, and valid independent inaction, this under the clause (U.S. No. 1 v. W. Wash. 1981)

Where the disadvantage is substantial; retaining it given for the which ferry

Collateral 2d Ferries, § 36A C.J.S.

Sec. 19.65.010 of the Department of Public Works — 19.65.010

(b) A vessel shall bear the cost of the state. (§ 2)

Chapter 65. Alaska Marine Highway System.

Sections

- 10. Duty station or port change for employees of the Alaska marine highway system
- 20. Naming of vessel or facility

Sec. 19.65.010. Duty station or port change for employees of the Alaska marine highway system. No employee of the Alaska marine highway system may be relieved at a duty station or port which is outside the state. Appropriate state duty stations or ports for relief changes shall be designated by the Department of Public Works. (§ 1 ch 3 SLA 1977)

STATUTES

§ 19.65.010

the department may adopt rules and ferry terminal facilities by the public interest. (§ 3 ch

are not affected. Any person may obtain the approval of the terminal facility constructed by subject to reasonable rules and the department considers necessary. (§ 3 ch 189 SLA 1959)

department required for construction shall not be constructed without ch 189 SLA 1959)

not affected. A ferry terminal public on January 1, 1959, is not LA 1959)

and this chapter 19.60.070 of Transportation and Public

common carriage of passengers in commerce. (§ 2 ch 189 SLA (1977))

effect of amendments. The 1977 amendment substituted a reference to the Department of Transportation and Public Facilities for a reference to the Department of Public Works in paragraph

Highway System.

change for employees of No employee of the Alaska a duty station or port at any stations or ports for the Department of Public Works

§ 19.65.020

HIGHWAYS AND FERRIES

§ 19.65.020

NOTES TO DECISIONS

Constitutionality. — Although this section is nondiscriminatory on its face, it clearly has the effect of discriminating in favor of ferry employees who reside in Alaska, and given the absence of some valid independent reason for the discrimination, this section is unconstitutional under the privileges and immunities clause (U.S. Const., art. 4, § 2). District No. 1 v. Ward, 505 F. Supp. 93 (W.D. Wash. 1981).

Where the enforcement of this section so disadvantaged Washington residents as to substantially burden their accepting or retaining employment, no reason was given for changing the previous custom by which ferry employees were permitted to

change shifts in Seattle, and no important state interest to be served by the statute was advanced, this section was found to impose an unreasonable burden on interstate commerce and must fall under the commerce clause (U.S. Const., art. 1, § 8). District No. 1 v. Ward, 505 F. Supp. 93 (W.D. Wash. 1981).

Enforcement of section enjoined. — Federal district court permanently enjoined state officials from enforcing this section to the extent that such enforcement would bar employees of the Alaska marine highway from changing duty stations at regular ferry ports in the State of Washington. District No. 1 v. Ward, 505 F. Supp. 98 (W.D. Wash. 1981).

Collateral references. — 35 Am. Jur. 2d Ferries, §§ 10-16, 51-53.
36A C.J.S. Ferries, §§ 102, 23-25.

Sec. 19.65.020. Naming of vessel or facility. (a) A vessel or facility of the Alaska marine highway system constructed or acquired by the Department of Transportation and Public Facilities under AS 19.60 — 19.65 may be given a name only by law.

(b) A maritime vessel shall bear the name of an Alaska glacier.

(c) A vessel used principally on the inland waterways of the state shall bear the name of a historical vessel which used the rivers of the state. (§ 2 ch 4 SLA 1981)

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

3/1/88
5 (Trans)
RS
Lock of
File
revised
A/B

Bill Version: SB 370
Publish Date: _____

REQUEST

Revision Date: _____
Title: "Relating to rates and fees for
Alaska Marine Highway System..."
Sponsor: Kerttula et al
Requestor: Jones

Agency Affected: DOT&PF
BRU: Alaska Marine Highway System
Components: Southeast and Southwest
Vessel Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL		2.0				
CONTRACTUAL		3.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	5.0	0	0	0	0
CAPITAL						
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Assuming changes were made to this bill as outlined in the attached position paper, no cost increase would be experienced. The revenue impact would be minimal. See additional analysis attached.

Prepared by: George W. Davidson (Signed) Phone: 465-3950
Division: Alaska Marine Highway System Date: 3-3-88
Approved by Commissioner: Mark S. Hickey Date: 3-3-88
Agency: DOT&PF

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

RECEIVED
MAR 11 1988

LEGISLATIVE FINANCE

58 370

FISCAL NOTE ANALYSIS

1. Analysis of Expenditures:

The proposed legislation specifies that regulations shall be adopted to implement the preferential vehicle rate for those vehicles transporting Alaskan agricultural products.

\$5.0 funding will be required in FY89 only to cover legal fees and other costs to draft and implement the necessary regulations.

2. Revenue Impacts:

Assuming that the changes in this bill recommended in the Position Paper were adopted, it is estimated that there would be a minimal loss of revenue from those currently transporting Alaskan agricultural products and paying full fare. Because we do not have manifests of goods transported, it is not possible to accurately estimate the resulting revenue decrease.

SB

371



Official Business

Alaska State Legislature

SENATE

Committee on Finance

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

LETTER OF INTENT
CSSB 371 (FINANCE)

CSSB 371 (FIN) represents the compilation of a number of pieces of legislation introduced this session and ideas expressed during hearings and work sessions on those bills. It is the intent of the Legislature, through this piece of legislation, to assist those communities which have elected to adopt one or more of the local option provisions authorized under AS 04.11.490 -.500 by allowing for more local control once the option is adopted, and by clarifying other provisions of Title 4.

It is also the intent of the Legislature that the Alcohol Beverage Control Board review its regulations to identify those areas which might be in conflict with the purpose of this bill or unclear as to intent with regard to the local option provisions in Title 4. The Alcohol Beverage Control ~~Beverage~~ Board should also ensure that those package licensees which do business with local option communities are aware of and understand the statutory and regulatory provisions of Alaska local option laws.

FISCAL NOTE

REQUEST:

Revision Date: 2/4/88 Agency Affected: Revenue
 Title: An Act Relating to the Sale of BRU: Alcoholic Beverage Control Board
Alcoholic Beverages
 Sponsor: Sen. Halford Components: _____
 Requestor: Senate Finance

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	-	-	-	-	-	-
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)

Prepared By: Patrick L. Sharrock, Director Phone: 277-8638
 Division: Alcoholic Beverage Control Board Date: February 4, 1988
 Approved by Commissioner: Hugh Malone Date: February 4, 1988
 Agency: Department of Revenue

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

FISCAL NOTE

REQUEST

Revision Date: _____
Title: "An Act relating to the sale of
alcoholic beverages"
Sponsor: Sen. Halford
Requestor: Senate Finance

Agency Affected: Public Safety
BRU: Alaska State Troopers
Components: Detachments and the Criminal
Investigation Bureau

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY88	FY89	FY90	FY91	FY92	FY93
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 FUNDS						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

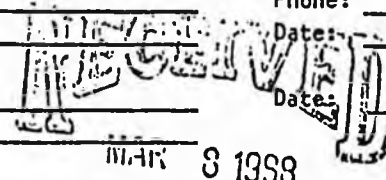
ANALYSIS: (Attach a separate page if necessary)

No additional enforcement activities are anticipated to result from the passage of this legislation.

Prepared by: Francis C. Allan *F.C.A.* Phone: 269-5691
Division: Alaska State Troopers Date: 2/11/88

Approved by Commissioner: Arthur English *A.A.H.* Date: 2/11/88
Agency: Public Safety

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



*Changes on pages
1, 2 & 3*

5-1706N
Ford
3/17/88A

*Adopted by SFC
4/7/88*

Original sponsors: Halford, Binkley,
Kelly, et al.

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 371 (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 alcoholic beverages in an area
7 that has prohibited or restricted the sale of alco-
8 holic beverages by local option election; and to
9 delivery, purchase, and municipal regulation of
10 alcoholic beverages."

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

12 * Section 1. AS 04.11.010 is amended by adding a new subsection to read:

13 (c) In a criminal prosecution for possession of alcoholic bever-
14 ages for sale in violation of (a) of this section, the fact that a
15 person possessed 12 liters or more of distilled spirits, 24 liters or
16 more of wine, or 45 liters or more of malt beverages in an area where
17 the sale of alcoholic beverages is prohibited under AS 04.11.490,
18 04.11.492, 04.11.496, or 04.11.500 creates a presumption that the
19 person possessed the alcoholic beverages for sale.

20 * Sec. 2. AS 04.11 is amended by adding a new section to read:

21 Sec. 04.11.015. PURCHASE FROM NONLICENSEE PROHIBITED. A person
22 may not purchase alcoholic beverages from a person who is not a ^{permitter} ali-
23 censee or an agent or employee of a licensee ^{or permitter}

24 * Sec. 3. AS 04.11.150(a) is amended to read:

25 (a) Except as provided under (h) of this section, a [A] package
26 store license authorizes the holder to sell alcoholic beverages to a
27 person in response to a verbal solicitation for purchase received from
28 the person present on the licensed premises or in response to a writ-
29 ten solicitation made by a person known to the licensee for a purchase

1 to be received by the person making the solicitation.

2 * Sec. 4. AS 04.11.150 is amended by adding new subsections to read:

3 (h) A package store licensee, agent, or employee may not ship
4 more than two liters of distilled spirits, an amount equivalent to ⁴⁸~~two~~
5 twelve-ounce bottles of malt beverages or ^{12 liters}~~two and one-fourth gallons~~
6 of wine within a seven-day period to a purchaser off the licensed
7 premises if the shipment is to an area that has restricted the sale of
8 alcoholic beverages under AS 04.11.490, 04.11.492, or 04.11.500.

9 (i) A package store licensee, agent, or employee may not divide
10 or combine shipments of alcoholic beverages so as to circumvent the
11 limitation imposed under (h) of this section.

12 * Sec. 5. AS 04.11.502 is amended by adding a new subsection to read:

13 (d) Notwithstanding any other provisions of law, an election
14 under (a) or (b), of this section to remove a restriction on the sale,
15 importation, or possession of alcoholic beverages previously imposed
16 under AS 04.11.490 - 04.11.500 may not be conducted more than once
17 every 12 months.

18 * Sec. 6. AS 04.16.030 is amended by adding a new subsection to read:

19 (b) A person receiving compensation for transporting alcoholic
20 beverages by motor vehicle, watercraft, aircraft, or railroad car may
21 not knowingly deliver the alcoholic beverages to a ~~intoxicated~~
drunken person.

22 * Sec. 7. AS 04.16.051(a) is amended to read:

23 Sec. 04.16.051. FURNISHING OR DELIVERY OF ALCOHOLIC BEVERAGES TO
24 PERSONS UNDER THE AGE OF 21. (a) A person may not furnish or deliver
25 an alcoholic beverage to a person under the age of 21 years.

26 * Sec. 8. AS 04.16.051(b) is amended to read:

27 (b) This section does not prohibit the furnishing or delivery of
28 an alcoholic beverage

29 (1) by a parent to the parent's child, by a guardian to the

1 guardian's ward, or by a person to the legal spouse of that person if
2 the furnishing occurs off licensed premises; or

3 (2) by a licensed physician or nurse to a patient in the
4 course of administering medical treatment.

5 * Sec. 9. AS 04.16 is amended by adding a new section to read:

6 Sec. 04.16.125. ALCOHOLIC BEVERAGES TRANSPORTED BY COMMON CAR-
7 RIER. (a) A person may not use a common carrier to transport alco-
8 holic beverages into an area that has restricted the sale of alcoholic
9 beverages under AS 04.11.490, 04.11.492, or 04.11.500 unless

10 (1) the shipping container holding the alcoholic beverages
11 is clearly labeled as containing alcoholic beverages with letters that
12 contrast in color to the shipping container and that are at least two
13 inches in height; and

14 (2) an itemized invoice showing the purchase value of the
15 alcoholic beverages is attached to the outside of the shipping con-
16 tainer.

17 (b) This section does not apply to a person transporting not
18 more than two liters of wine or malt beverages, or not more than one
19 liter of distilled spirits.

20 (c) In this section, "common carrier" means a motor vehicle,
21 watercraft, aircraft, or railroad car available for public hire to
22 transport freight ^{or passengers}.

23 * Sec. 10. AS 04.21.010(a) is amended to read:

24 (a) A municipality may adopt ordinances governing the importa-
25 tion, barter, sale, and consumption of alcoholic beverages within the
26 municipality [AS NECESSARY FOR THE ORDERLY CONDUCT OF THE BUSINESS OF
27 SELLING ALCOHOLIC BEVERAGES WITHIN THE MUNICIPALITY] and may ban
28 possession of alcoholic beverages under AS 04.11.498(d) or (e). An
29 ordinance adopted under this section may not be inconsistent with this

1 title or regulations adopted under this title.

2 * Sec. 11. AS 04.21.010(c) is amended to read:

3 (c) A municipality may not impose taxes on alcoholic beverages
4 except a

5 (1) property tax [TAXES] on alcoholic beverage inventories;

6 (2) sales tax [TAXES] on alcoholic beverage sales if sales
7 taxes are imposed on other sales within the municipality; [AND]

8 (3) sales tax [TAXES] on alcoholic beverage sales that were
9 in effect before July 1, 1985; and

10 (4) sales and use tax on alcoholic beverages if the sale of
11 alcoholic beverages within the municipality has been prohibited under
12 AS 04.11.490.

Original sponsors: Halford, Binkley,
Kelly, et al.

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 371 (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 prohibiting the sale, delivery, and shipment
7 of alcoholic beverages under certain circumstances."

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

9 * Section 1. AS 04.11.150(a) is amended to read:

10 (a) A package store license authorizes the holder to sell alco-
11 holic beverages to a purchaser [PERSON IN RESPONSE TO A VERBAL SOLICI-
12 TATION FOR PURCHASE RECEIVED FROM THE PERSON] present on the licensed
13 premises [OR IN RESPONSE TO A WRITTEN SOLICITATION MADE BY A PERSON
14 KNOWN TO THE LICENSEE FOR A PURCHASE TO BE RECEIVED BY THE PERSON
15 MAKING THE SOLICITATION]. A licensee, agent, or employee may not
16 deliver or ship alcoholic beverages to a purchaser off the licensed

17 premises. *in a community which has exercised local*

18 *Sen. Halford option laws in quantities over XXXX.*

19 *suggested*

BY HALFORD, BINKLEY, KELLY, FAIKS,
STURGULEWSKI, FISCHER, ZHAROFF,
DUNCAN, HENSLEY, JOSEPHSON AND
ABOOD

1 IN THE SENATE

2

SENATE BILL NO. 371

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 the sale of alcoholic beverages."

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

8 * Section 1. AS 04.16 is amended by adding a new section to read:

9 Sec. 04.16.025. MAIL OR PHONE SALES TO NONLICENSEES PROHIBITED.

10 Unless the sale is to a person licensed under this title or licensed

11 to sell alcoholic beverages in another state or country, a licensee,

12 agent, or employee may not sell alcoholic beverages by telephone or by

13 mail.

CITY OF BARROW

RECEIVED FEB 9 1988

"farthest north incorporated city"

BOX 629

BARROW, ALASKA 99723

PHONE (907) 852-5211

RESOLUTION 88-6

"A RESOLUTION OF THE CITY COUNCIL OF BARROW, ALASKA ENDORSING SENATE BILL NO. 371, AN ACT RELATING TO THE SALE OF ALCOHOLIC BEVERAGES."

WHEREAS, the Alaska State Senate has introduced a bill to prohibit the sale of alcohol by phone or mail to nonlicensees; and,

WHEREAS, the City Council of Barrow understands that a need exists to address the alcohol abuse problem that exists within its City; and,

WHEREAS, the City Council of Barrow feels that the Senate bill will assist Barrow in dealing with its alcohol abuse problem; and,

WHEREAS, the City Council of Barrow suggests that Senate Bill No. 371 will be more effective if it was amended to include TELEX sales as being prohibited ; and,

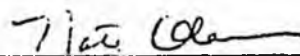
WHEREAS, the City Council of Barrow suggests that the bill be amended to prohibit the delivery of alcohol through air freight shipment;

NOW, THEREFORE, BE IT RESOLVED that the City Council of Barrow endorses Senate Bill No. 371 with an amendment to include TELEX orders as prohibited sales; and,

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council of Barrow endorses Senate Bill No. 371 with an amendment to prohibit the delivery of liquor through airfreight shipment.

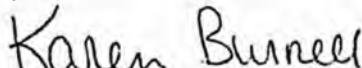
INTRODUCED: FEBRUARY 4, 1988

ADOPTED: FEBRUARY 4, 1988



Nathaniel Olemaun, Jr., Mayor
CITY OF BARROW

Attest:



City Clerk

*Sec. 9. AS 04.16 is amended by adding a new section to read:

Sec. 04.16.125. ALCOHOLIC BEVERAGES TRANSPORTED BY COMMON CARRIER. (a) A person or a person licensed under this title may not use a common carrier to transport alcoholic beverages into an area that has restricted the sale of alcoholic beverages under AS 04.11.490, 04.11.492, or 04.11.500 unless

(1) the shipping container holding the alcoholic beverages is clearly labeled with the words "containing alcoholic beverages" with contrasting letters that contrast in color to the shipping container and that are at least two inches in height and two inches wide; and

(2) an itemized invoice showing the purchase value of the alcoholic beverages is attached to the outside of the shipping container.

(b) In this section, "common carrier" means a person licensed by a state or federal agency to carry passengers, freight or both for hire. A common carrier may not knowingly deliver alcoholic beverages to a _____ person.

(c) Unless licensed by a state or federal agency to transport passengers, freight or both a person may neither receive compensation for transporting alcoholic beverages nor, except under (a) and (d) of this section, knowingly transport alcoholic beverages into an area that has restricted the sale of alcoholic beverages under _____

(d) This section does not apply to a person transporting not more than two liters of wine or malt beverages, or not more than one liter of distilled spirits.

Note: (b) & (c) replace section 6 on page 2

Pat Sharrock
4/7/88 pm

FISCAL NOTE

REQUEST

Revision Date: _____ Agency Affected: Public Safety
 Title: "An Act relating to the sale of
alcoholic beverages" BRU: Alaska State Troopers
 Sponsor: Sen. Halford Components: Detachments and the Criminal
 Requestor: Senate Finance Investigation Bureau

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY88	FY89	FY90	FY91	FY92	FY93
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 FUNDS						
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)

No additional enforcement activities are anticipated to result from the passage of this legislation.

Prepared by: Francis C. Allan ^{F.C.A.} Phone: 269-5691
 Division: Alaska State Troopers Date: 2/11/88

Approved by Commissioner: Arthur English ^{A.A.} Date: 2/11/88
 Agency: Public Safety

Distribution: (by preparer):

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

RECEIVED
MAR 8 1988

LEGISLATIVE FINANCE

FISCAL NOTE

REQUEST:

Revision Date: 2/4/88
Title: An Act Relating to the Sale of
Alcoholic Beverages
Sponsor: Sen. Halford
Requestor: Senate Finance

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

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	-	-	-	-	-	-
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)

Prepared By: Patrick L. Sharrock, Director Phone: 277-8638
Division: Alcoholic Beverage Control Board Date: February 4, 1988
Approved by Commissioner: Hugh Malone Date: February 4, 1988
Agency: Department of Revenue

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

LIST OF CITIES WHO HAVE VOTED TO BAN
THE SALE AND IMPORTATION OF ALCOHOLIC BEVERAGES
December 16, 1987

<u>City</u>	<u>Date of Election</u>	<u>Results</u>	<u>Date of Certification</u>	<u>Effective Date</u>
Alakanuk	7-20-81	94-24	7-27-81	8-1-81
Ambler	12-15-81	--	12-15-81	1-1-82
Atmautluak	10-6-81	60-12	4-29-82	5-1-82
Brevig Mission	3-8-83	26-14	3-8-83	4-1-83
Buckland	5-10-82	52-6	5-11-82	6-1-82
Chalkyitsik	7-20-82	21-2	7-28-82	8-1-82
Chefornak	10-14-82	48-29	10-15-82	11-1-82
Deering	5-26-82	32-24	6-1-82	7-1-82
Diomedea	9-10-81	27-11	9-29-81	10-1-81
Emmonak	10-12-81	54-12	10-12-81	11-1-81
Eek	11-27-82	90-15	11-27-82	12-1-82
Ekwok	6-10-82	20-3	6-10-82	7-1-82
Elim	8-24-81	49-17	8-81	9-1-81
Golovin	1-16-84	31-22	1-17-84	2-1-84
Goodnews Bay	11-8-83	36-25	11-8-83	12-1-83
Grayling	3-5-85	43-37	3-12-85	4-1-85
Holy Cross	6-12-83	70-44	6-13-83	7-1-83
Hooper Bay	3-1-83	103-44	3-1-83	4-1-83
Kasigluk	10-4-83	74-3	10-17-83	11-1-83
Kiana	12-10-87	81-38	12-17-87	1-1-88
Kipnuk	10-5-82	82-7	10-25-82	11-1-82
Kivalina	1-8-85	79-33	1-9-85	2-1-85
Kwethluk	2-1-82	82-30	2-1-82	3-1-82
Kokhanok	9-18-84	38-19	9-27-84	10-1-84
Kongiganak	7-13-82	50-9	7-28-82	8-1-82
Koyuk	8-25-81	57-8	8-25-81	9-1-81
Kwigillingok	8-9-83	63-5	9-1-83	10-1-83
Minto	7-12-83	59-34	7-21-83	8-1-83
Mountain Village	3-13-84	72-52	3-19-84	4-1-84
Napaskiak	11-1-82	55-4	11-8-82	12-1-82
Newtok	10-30-84	37-9	11-2-84	12-1-84
Noatak	12-7-82	69-53	12-22-82	1-1-83
Noorvik	4-28-87	103-58	4-28-87	5-1-87
Pilot Station	3-8-85	67-58	3-20-85	4-1-85
Point Hope	6-29-82	62-39	7-2-82	8-1--82
Platinum	1-14-82	12-9	1-25-82	2-1-82
Point Lay	7-1-86	30-15	7-11-86	8-1-86
Russian Mission	10-6-87	46-22	10-27-87	11-1-87
Saint Marys	9-22-81	63-48	9-28-81	10-1-81
Saint Michael	8-4-86	39-21	8-7-86	9-1-86
Savoonga	10-14-81	103-18	10-14-81	11-1-81
Scanmon Bay	12-7-81	57-10	12-8-81	1-1-82
Selawik	12-17-86	89-69	12-22-86	1-1-87

LIST OF CITIES WHO HAVE VOTED TO BAN
THE SALE AND IMPORTATION OF ALCOHOLIC BEVERAGES
December 16, 1987

<u>City</u>	<u>Date of Election</u>	<u>Results</u>	<u>Date of Certification</u>	<u>Effective Date</u>
Shageluk	3-8-84	31-25	3-84	4-1-84
Shaktoolik	3-13-84	34-28	3-15-84	4-1-84
Stebbins	8-25-87	89-14		
Sheldon Point	8-26-86	26-7	8-27-86	9-1-86
Shishmaref	1-4-83	82-47	1-4-83	2-1-83
Shungnak	10-6-87	46-44	10-10-87	11-1-87
Stevens Village	6-5-84	31-11	6-15-84	7-1-84
Tatitlek	8-23-83	28-15	9-13-83	10-1-83
Teller	5-16-83	47-31	5-16-83	6-1-83
Tetlin	12-7-82	54-7	12-22-82	1-1-83
Toksook Bay	11-23-81	78-32	11-23-81	12-1-81
Tuluksak	10-5-82	61-16	10-5-82	11-1-82
Tununak	8-12-81	90-11	8-81	9-1-81
Wales	8-14-81	29-21	8-17-81	9-1-81
Wainwright	7-8-82	61-42	7-14-82	8-1-82

LIST OF CITIES WHO HAVE VOTED
TO BAN POSSESSION OF ALCOHOLIC BEVERAGES
December 16, 1987

<u>City</u>	<u>Date of Election</u>	<u>Results</u>	<u>Date of Certification</u>	<u>Effective Date</u>
Anaktuvuk Pass	11-4-86	59-45	12-16-86	1-1-87
Atkasuk	10-7-86	28-21	10-9-86	11-1-86
Birch Creek	10-6-87	13-2	10-22-87	11-1-87
Gambell	12-23-86	72-13	12-29-86	1-1-87
Kotlik	3-24-87	51-22	3-25-87	4-1-87
Marshall	10-7-86	37-34	10-8-86	11-1-86
Mekoryuk	10-7-86	49-29	10-8-86	11-1-86
Napakiaik	5-5-87	62-14	5-5-87	6-1-87
Nuiqsut	11-4-86	60-56	11-10-86	12-1-86
Nunapitchuk	10-7-86	75-23	10-13-86	11-1-86
Quinhagak	10-6-87	71-27	10-12-87	11-1-87
Scammon Bay	10-6-87	76-29	10-87	11-1-87
Togiak	10-7-86	80-38	10-31-86	11-1-86
Tuntutliak	10-6-87	41-22	10-28-87	11-1-87

LIST OF CITIES WHO HAVE VOTED
TO BAN THE SALE OF ALCOHOLIC BEVERAGES
December 16, 1987

<u>City</u>	<u>Date of Election</u>	<u>Results</u>	<u>Date of Certification</u>	<u>Effective Date</u>
Barrow	10-4-77	221-135	10-6-77	11-1-77
Bethel	10-4-77	611-207	10-6-77	11-1-77
Iliamna	10-5-82	35-24	10-25-82	1-23-83
Kotzebue	10-6-87	427-404	10-12-87	1-10-87
Nondalton	11-10-86	46-30	12-30-86	1-28-87

7
LIST OF CITIES WHO HAVE
COMMUNITY LIQUOR LICENSES
December 16, 1987

DBA

Fort Yukon Community Liquor
Kake Community Liquor Store
Liquor Store

CITY

Fort Yukon
Kake
Tanana

Daily News - Jan 31, 1988 G-2

One solution to mail order booze

The war on alcoholism in Alaska's villages must be waged on many fronts, but Sen. Rick Halford has launched a frontal assault that promises immediate gains. In a one-sentence bill co-sponsored by 10 Senate colleagues, Sen. Halford proposes flatly prohibiting telephone and mail liquor orders. An amendment may be added in committee that would include telegram orders, as well.

Repeated examples show that such shipments play a major part in both bootlegging and the binge drinking that spawns so much violence and misery in the Bush. Too often, existing regulations are skirted for the "convenience" of customers — and for the profits of urban liquor stores.

Under Sen. Halford's bill, SB 371, only licensed distributors could order shipments by phone or mail. Bush residents who want liquor would have to travel to the nearest package store to buy it.

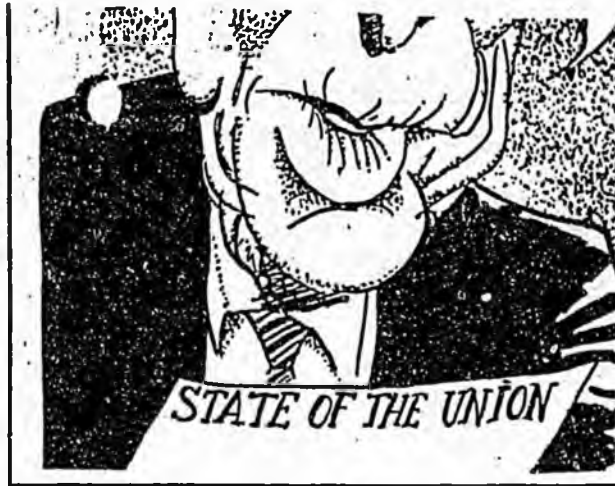
Certainly, a lot of determined souls will snowmobile their way several miles through the wilderness to get their hands on a bottle. But many others would be dissuaded by the cost and inconvenience — and they would no longer have cases of liquor virtually delivered to their doors.

Already, support for SB 371 has started coming in from the Bush. And the fact of 10 co-sponsors — including two Bush senators, John Binkley of Bethel and Willie Hensley of Kotzebue — virtually guarantees Senate passage.

A hearing on the measure is scheduled before the Senate Finance Committee at 9 a.m. Friday. The committee should make that a teleconference hearing. This measure obviously is aimed at the Bush, and Bush residents deserve an opportunity to be heard on it.

But concerned urban dwellers need to show their support to the Senate, too. Powerful forces can be expected to oppose Sen. Halford's bill; Alaskans need to demonstrate to the Senate the support SB 371 needs.

For too long state regulations have blindly catered to the demand for alcohol while overlooking the obvious side effects of such a policy — and its dire social and economic costs. Sen. Halford's bill would reverse that woefully wrong-headed approach, and help stop the river of booze drowning much of Alaska.



Another one that

Try this idea for size: Let's give the oil companies operating in Alaska an extra \$150 million to add to their growing profits, and then tap into our permanent fund to pay for education in the state.

Sound crazy to you? Me, too, but that's precisely what Gov. Steve Cowper and Big Oil's buddies in the Alaska State Senate have planned for this legislative session. It's the dumbest idea since Mike Gravel suggested using blimps to take tourists to Mt. McKinley, but it's got a good chance of becoming real in the funhouse in Juneau this session.

Gov. Cowper, to give him credit, doesn't think the oil companies deserve that gift. He tried last session to take it back, and got the state House to go along with him, but ran afoul of the Senate Oil Slick and skidded off course. Senate President Jan Faiks and the other Slickers managed to hold off every effort to repeal the ELF (economic limit factor) law that cuts taxes on the vastly profitable oil operations at Prudhoe Bay.

But although the governor would rather see Alaskans get back the fair share legislators gave away, he's offering the



Howard Weave

Oil Slicks a p avoid the quest plan — setting t of Alaska Per earnings as an dowment — m than ever for t duck their publ ties and reward pany buddies.

That is true governor's end takes some of t legislators who working to ge back. It lets some basic sta this case, educ send the oilles check at our ex

It's a bad p ill-considered a

It is astonish any kind of p

Maybe the FBI is

NEW YORK — The latest FBI horror story is about the pranks white agents in Omaha played on Donald Rochon, the only black agent in the office.

Like the time somebody

tigated and au the Justice D. Equal Employ: nity Commis: course FBI DI S. Sessions say not be tolerate

nor staff cuts

tions. g cuts of the for a Alaska n this inated radio Guard : costs recre- ie loss ignifi-

cant problem to the public. Commercial vessels have high frequency radio transmitters that will enable them to reach other distress receivers still in operation, he said.

.A 30 percent cut in the sea time of high- and medium-endurance cutters and a 15 percent reduction in fixed-wing aircraft time already is in place in Alaska, Moreth said. There are no plans to move cutters now working in Alaska.

The Coast Guard has been working since its fiscal year started Oct. 1 to reduce its expenses.

"Life-saving missions shouldn't be affected by the cuts," Moreth said.

or seat belt users

: River, said he ; the mandatory might be consid- erate. mp's incentive fine, but it's no : a mandate, Cot- e point of having ry to encourage se safety equip- uldn't be against 't think it would ve as a mandato- w," he said.

Nix said the bill might prompt more use of seat belts, but police officers and troopers might have a hard time enforcing it. They would not be able to tell if a driver and passengers were wearing seat belts all along or had just buckled up after being stopped.

The state would lose a small amount of fine revenues if the bill becomes law.

The 10 percent reduction would apply to bail or fines connected with such violations as speeding, ignoring a stop sign or having faulty equipment. It would apply only to infractions that do not carry jail time.

r administration neutral position ntive bill after 1 potential prob-

outlined by Bill s acting commis- sioner safety when : introduced in

onomy

y indicated that money and that's uld stay," Fink

to Juneau was since taking of- with legislators and Tuesday be- g to Anchorage t.

TOP

legislative news

Coghill goes to bat for small utilities

JUNEAU — Sen. Jack Coghill is trying again to get small phone and electric companies freed from oversight by the Alaska Public Utilities Commission, a proposal vetoed last year by Gov. Steve Cowper. Coghill has introduced a bill (SB36) that would halt automatic commission oversight of rate changes made by utilities with fewer than 500 customers. The Nenana Republican says the small utilities cannot afford to go through the regulatory process. Cowper said at the time he did not believe blanket exemptions from oversight would benefit ratepayers. The governor's office has not taken any position on new proposal, said Cowper spokesman David Ramseur.

Bill would ban mail-order liquor sales

JUNEAU — Sen. Rick Halford wants the state to ban the sale of alcoholic beverages by phone or mail order. The Chugiak Republican on Tuesday introduced a bill (SB371) that would prohibit liquor license holders from taking phone or mail orders. The bill would allow such sales between license holders, such as one store selling to another outlet in a different town.

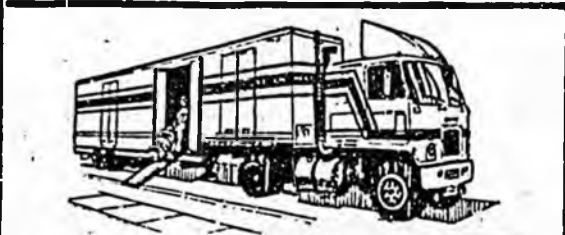
Senators want state history in schools

JUNEAU — A dozen senators have sponsored a resolution asking the state Board of Education to require Alaska history and government instruction in high school. The resolution (SCR39) says 33 percent of Alaska's high school seniors reported in a 1987 survey that they received no school instruction in state history. The Board of Education requires high school students to take at least three years of social studies, but Alaska history and government are not included in the requirement. The resolution asks the state board to require at least one semester of Alaska history and government for graduation.

Daily News wire reports

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Lawmakers offer few measures against alcohol abuse in villages

By HAL SPENCER
Daily News reporter

1-24-88 analysis

JUNEAU — Between bites of a turkey sandwich, Sen. Arliss Sturgulewski remembered Harold Napoleon, a rising Native leader until he was imprisoned for the drunken slaying of his 4-year-old son in 1984.

Sturgulewski's words were tinged with genuine sadness as she recalled Napoleon's eloquence in a 1979 speech seeking more local control in village Alaska.

"Harold's words were beautiful, like poetry," the Anchorage Republican said of the former head of the Bethel-based Association of Village Council Presidents. Now Napoleon is serving a 40-year sentence for a murder he didn't remember, Sturgulewski said.

Alaska legislators travel the state more than most, and many are intimately acquainted with the devastation



Halford



Hoffman



Binkley

that regularly visits Native villages: alcohol-fueled self-destruction, suicide, homicide, drownings, freezings. One lawmaker talks with quiet anger of a Bethel bootlegger, a man who swaps booze for food stamps he then uses to buy groceries, a man who

spends four months of the year in Hawaii on his illegal earnings. Another mentions the liquor store at Red Devil, and the misery its alcohol spreads up and down the Kuskokwim River. Somebody, in-

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LEGISLATORS: They're aware of alcohol and despair in villages, but not sure what they can do

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dividual legislators say, should do something.

But this Alaska Legislature, like its predecessors, has yet to truly address the deep social problems of rural Alaskans, or to give village Alaska the tools it might use in the struggle with a modern plague of alcohol and despair now killing its young.

And perhaps, some lawmakers say, the legislature cannot. It knows, for example, that the state law permitting villages to ban or regulate the flow of booze is, in Sturgulewski's words, "a joke." The legislature also knows that big petrodollars alone cannot, indeed have not, helped mend the torn cultural fabric of Bush Alaska. The task does get discouraging, legislators say.

Two events during the first days of the 1988 session reminded lawmakers once again

that Alaska Natives are being swept away in a gray river of alienation and despair. Yet there was scarcely a ripple in Juneau. One event was Kotzebue Sen. Willie Hensley's special Senate committee draft report on an epidemic of Native suicide, complete with recommendations. A few reporters, Sturgulewski, and executive branch officials showed up at the report's unveiling late last Monday afternoon. Few lawmakers are aware of what is in the report, and fewer still are prepared to take action on problems it identified, ranging from too much red tape in preventive programs to the lack of residential treatment facilities for suicidal youth.

The other was a 10-day Daily News series that focused in part on the ruined lives among a generation of Natives battling forces beyond its control. Many legislators read at least parts of it, a few made floor speeches, but that was all.

A \$20,000 report commissioned by Gov. Steve Cowper focusing on child care and other needs of Alaska children, drew far more attention as politically connected backers scurried around "touching bases" with the right people.

Sen. Fred Zharoff, an Aleut who represents southwest Alaska from Kodiak to the Aleutians, said he pays little attention to Native social problems because "The problem is pretty much in western Alaska," not in his district, he asserted. Zharoff is by no means the only legislator to view his role in that light.

Cowper called the problems of village Alaska a terrible tragedy, but said he wanted the villages themselves to propose solutions.

Health and Social Services Commissioner Myra Munson said the fiscal year 1989 budget, to be effective July 1, will contain no new money or ideas to address rural social problems. It's too late and money is too scarce this time

around, she said.

That isn't to say the Cowper administration is doing nothing. Cowper's assistant for Native affairs is Rosita Worl, a Tlingit and anthropologist. Worl is behind Cowper's basic position that ideas and solutions must flow from the villages to government.

Worl is busy these days working on issues such as the village of Kipnuk's efforts to search visitors for alcohol and drugs. How can the state help the village, and remain within the law as it applies to individual rights, Worl asked. "We're trying to help the village find a way," she said. But, Worl added, Kipnuk leaders told the state what needed to be done, not the other way around. That, Worl said, is the only truly workable approach.

Among lawmakers, there are a handful who have been working, some of them for years, on the complex needs of rural Alaska.

One is Rep. Lyman Hoff-

man, D-Bethel, who on Friday introduced a bill to come down a little harder on bootleggers. Among other things, the bill would appropriate \$250,000 to finance undercover operations and to amply reward tipsters. Current law allows rewards of only \$200 for tips leading to the arrest and conviction of bootleggers. Sen. John Binkley, R-Bethel, is working on similar legislation.

Binkley on Friday introduced legislation requiring insurance companies to cover the cost of treatment of alcoholism. Many rural Alaskans can ill afford the kind of help they need to defeat the disease, Binkley said.

Republican Sen. Rick Halford of Chugiak said he is working on legislation to ban mail-order sale of booze in Alaska. This is the only state that allows such sales. Halford said it would not stop the flow of booze from urban liquor stores to dry villages, but would establish a better-

paper trail to nail bootleggers, and would make alcohol harder to get. "I don't even know if, legally, I can do this. But we're looking into it," he said.

If anything, though, legislators voice a sense of helplessness. "We've thrown big money at alcohol treatment, for instance, and the situation just doesn't seem to get any better," said Rep. Pat Fourchot, D-Anchorage.

"Anything's worth a try at this stage," he said.

But as a whole, the legislature is preoccupied with other issues, those that matter most to urban voting blocs. Legislators are bickering over a proposed \$150 million "jobs bill" aimed primarily at white, urban Alaska. They're fretting over who gets credit for a bill to fatten dividend checks. They're readying for the 1988 elections, and in the capital press room, the flow of self-promoting press releases is picking up.

A culture in crisis, a people in peril

If it happened in any city in the country, it would make headlines nationwide: a rash of suicides and violent deaths punctuated by rapes, beatings and child abuse.

But the crisis in Alaska's villages is a quiet crisis. When hope dies, it dies silently. And the epidemic of despair that is robbing an entire generation of its birthright happens far from city lights.



Today, the Daily News begins a series that will detail that crisis. These stories run not as a criticism but as a warning to us all. The Native culture that is the heritage of all Alaskans is endangered, threatened by alcoholism, helplessness and despair. From Fort Yukon to Kake, Alaska Natives are dying in vastly disproportionate numbers.

The causes are complicated and varied, but one constant appears over and over again — booze.

In rural Alaska, alcohol is misery's mask. One hundred economic and social problems may lie behind it, but until the mask is laid aside no one can see them clearly.

Make no mistake, Alaska's predominantly white cities offer their own share of grief. Violence born of liquor is no stranger here. But the the statistics gradually emerging from the Bush point inexorably to an entire culture in peril.

- Alaska Natives are four times as likely to commit suicide as other Alaskans.

- Alaska Native men between the ages of 20 and 24 are 10 times more likely to kill themselves than non-Natives nationwide.

- Fetal Alcohol Syndrome, where a pregnant woman's drinking damages her unborn child, is 2½ more times more common among Native women than non-Natives.

- Natives comprise only 16 percent of Alaska's population, but make up 34 percent of its prison inmates.

- While the official U.S. Department of Labor unemployment figure for the Yukon-Koyukuk region is 15.5 percent, experts say that if "discouraged workers" — those who have given up — were included, that figure would be two or three times higher.

- And even when they come to the cities in search of jobs or a new life, Natives in Anchorage are three times more likely to be raped, four times more likely to die violent deaths than non-Natives.

Yet the numbers remain cold and impersonal. One cannot remain impersonal in the bush. There are no statistics in the villages, there are husbands and wives, cousins and neighbors — entire families whose potential is lost, and whose despair passes from one generation to the next.

Gradually, though, the code of silence is being broken and the people themselves are talking, exploring ways to break the cycle. By confronting the hegemony of the white culture, they hope to retain their own. It is a sobriety movement born of pain, and it is the best hope for village Alaska.

We talked to many villagers in preparing these articles, including a woman who has lost two sons to suicide. Adeline Edmund's son, Louis, was 22 and a former Alakanuk honor student when he shot himself in the heart on the tundra behind his village. Louis' brother, Benji, was 21 when he killed himself 14 months later.

"Write it down," Adeline Edmund said, so others can learn. In that spirit, we have.

other views

By RICHARD MAUER
and HAL BERNTON
Daily News reporters

BETHEL — A sole Alascom telegram office has survived the communications revolution that brought telephones to nearly every village in the Bush.

The office is in Bethel, and it owes its staying power to a steady accumulation of crumpled currency shoved through a slot beneath tinted, bullet-proof glass.

The cash, \$100 and \$200 at a time, comes from bootleggers and whiskey drinkers wiring money orders to Anchorage liquor stores.

The office is a humming pump, nourishing the headwaters of Alaska's fearsome river of booze.

Though Alascom shut its other Bush telegram counters over the past decade, the Bethel office is different. The continuous flow of alcohol money orders and

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represents 95 percent of the money wires out of Bethel. Though the liquor stores are 225 miles away, the network linking them with Alascom and the airlines guarantees same-day delivery and mocks Bethel's voter-approved ban on in-town liquor sales.

Alascom is one of dozens of legitimate enterprises whose decisions and policies, sometimes passively, sometimes not, have kept the floodgates wide open for bootleggers and consumers of low-grade whiskey in villages, both wet and dry.

Alascom, like most of the others, says it shouldn't be asked to play policeman and go beyond the restrictions imposed by society itself. "It's a judgment call we can't make," said spokesman Tom Jensen.

Yet the aftermath of those business choices is widespread death, violence, abuse and neglect — for adults whose choice it is to binge, and for children and other victims who find themselves trapped inside another's nightmare.

A passive state liquor agency with a history of toothless regulations, an ineffective local option law, flagrant bootlegging and ambiguous community standards have kept the flood of liquor unchecked. Because liquor starts out as a legal commodity, unlike marijuana or cocaine, gray- and black-marketeers openly take advantage of the network that ties together even the remotest parts of Alaska for legal commerce.

In recognition of the role of alcohol in human misery, the legislature has offered communities a menu of options for its control, ranging from community-owned liquor stores to a complete ban on possession. Some 82 places, from the Kuskokwim Delta center of Bethel, population 4,462, to the Athabascan hamlet of Birch Creek, population 40, have chosen to restrict the sale or possession of booze.

But residents of those places and the authorities who enforce the laws readily admit that even in the most restrictive villages, where arriving travelers are frisked for flasks, there are still ways for the booze to get in.

Some of it is due to the ingenuity of bootleggers. By uncorking a jug and filling it to the brim before hiding it in a suitcase, they can avoid the telltale gurgle a conscientious baggage handler might detect. Plastic bottles have eliminated the risk of breakage — and the giveaway odor.

It is 1:15 p.m. on a Friday afternoon in October. A steady flow of customers has journeyed to the silver-sided building, beside the huge satellite dish, where Alascom conducts its telegram business. It is just up a dirt street from the Kuskokwim River and the office of Bush Air Service, whose owner was recently charged with transporting liquor to a dry village.

In walks a man with bushy-blond hair. "You must be glad it's Friday," says the Alascom agent, making small talk. "What difference does it make to me?" replies the customer. "One day of the week is the same as the next." He wires \$172 to Party Time Liquor in Anchorage.

The next customer, a Native man with the smell of liquor on his breath, sends \$219.74 to

International Liquor, also in Anchorage.

"Hello, Al," a clerk says to another man. "\$189.50, Party Time," he replies. He pushes a wad of bills through the window; she gives him back some change. Then she walks to the teletype machine. In seconds, the message beams from the dish outside to the satellite Aurora, and back down to the Alascom office in Anchorage. In minutes, a check is ready for Party Time.

ORDERS FROM ANIAK

Like Bethel and a half-dozen other communities in Alaska, the Kuskokwim River village of Aniak has banned the sale of booze, but not its possession or importation.

On a Friday afternoon last October, Postmaster Leonard Morgan was on the phone to a customer. The weather outside was rotten — snow, wind and low clouds — and Morgan told his customer that the Northern Air Cargo plane would be late, so there was still time to get a postal money order shipped by Express Mail to a liquor store in Anchorage.

The one-day Express Mail service provided by the Aniak post office attracts booze customers from as far away as Kalskag, 25 miles downriver. In the summer, they make the two-hour journey by boat, and in winter, in a quarter of the time, by snowmachine or truck on the frozen river. If they make the mail deadline, they'll be back the next day to pick up their shipments at 1:30 p.m. when the Northern Air Cargo DC-6 roars into town.

Where do those orders go? Primarily to a half-dozen liquor stores in Anchorage and Fairbanks that specialize in the Bush trade, some of which have teamed up with

airlines to offer drinkers a package deal.

20-GALLON LIMIT

Since territorial days, Alaska has allowed people to place orders for alcoholic beverages through the mail for shipment by common carrier. In 1980, the legislature revamped the liquor code and eliminated restrictions on the amount that can be shipped.

Alcoholic Beverage Control Board regulations that went into effect in November require the liquor store to notify the board when an order is 20 gallons or more — the equivalent of about 8½ cases of Windsor Canadian in plastic bottles. Though the rule was supposed to detect bootleggers, loopholes remain, conceded Bill Roche, the commission's chief investigator. Bootleggers selling a case or two a week don't need to place single orders in such a large quantity, he said, and even if they did, they could avoid detection by splitting their orders among several stores, or having confederates place orders.

If 20 gallons proves too loose a restriction, Roche said, the board may change it.

The new rules will mainly affect the few stores that specialize in mail-order sales. In Anchorage, according to ABC board staff, they are Party Time Liquors, Value Liquor, International Liquor, Our Liquor and Brown Jug Warehouse.

According to records filed with the Alaska Department of Revenue, Party Time No. 1 on Spenard Road, where the Bush sales are made, sold an average of 1,400 gallons of hard liquor a month over the past year, the equivalent of 5,000 "jugs." That's more than twice its nearest mail-order competitor, Value

Liquor No. 3 on Jewel Lake Road.

The records don't show the proportion of liquor sold over the counter as opposed to mail order, and Party Time owners Michael and Paula Gallagher won't discuss their business. But their competitors estimate that as much as 75 to 80 percent of their sales from the Spenard store goes to the Bush.

In an interview in Bethel, self-described bootlegger said he prefers Party Time because it understands his needs. Clerks ship the bottles in innocuous cartons, like those for potato chips, he said, so "no one can see what you are getting in the box."

And evidence now in court indicates that Party Time may have been increasing its sales by actively courting the bootleg trade. In addition to opening the operations of Party Time to public view, the unusual lawsuit, brought in Superior Court in Bethel, has shown the state liquor board to be ineffective in policing mail-order sales.

The suit, filed in 1986 and not yet tried, was brought by the parents of Moses Strauss Jr., a 20-year-old minor when he was struck by a Bethel city bus on Jan. 14, 1986, and suffered severe head injuries. The suit charges that Strauss was drunk at the time and that he bought his liquor from Malachy Polty, a customer of Party Time.

The Gallaghers declined to be interviewed. Through their attorney, they denied the Strausses' allegations. "We are confident we will be found blameless when all of the facts are presented to a judge and jury. However, we and our attorneys believe it is highly inappropriate to try cases in the press," they said in a prepared statement.

Depositions and documents obtained by the Strausses'

attorney, Kneeland Taylor, include the record of a previously undisclosed 1985 investigation by the beverage commission into allegations that Party Time flouted mail-order rules, shipped to customers from dry villages, and was likely dealing with bootleggers.

In visits to Party Time's store at 4008 Spenard Road over a six-month period, agency investigator Virginia Holland found that the store was helping its large-order customers over regulatory hurdles designed to slow the flow of booze to the Bush, keep liquor from the hands of minors and discourage impulse consumption and binge drinking.

Among the requirements of the law then and now, according to Roche, the beverage board's enforcement officer, was that mail-order customers send the liquor store a signed, written request for each purchase.

Party Time took a creative approach to the rule. According to the depositions, it told customers to mail a batch of signed order forms filled in with huge quantities of anything they could possibly want. Then, when they decided to actually make a purchase, they called Party Time, directed which part of the order to fill, and wired the cash by Alascom. The Party Time clerk scratched off the portion of the order that was filled, leaving the remainder for the next call.

About 2:30 each afternoon, the Party Time truck would leave the liquor store for the MarkAir SpeedMark package express window at the airport for same-day delivery to Bethel.

On a single day, April 12, 1985, most of the orders that left Party Time for the Bush

came from forms with matching handwriting but different names, according to the investigation report. In a later visit to the store, Holland uncovered orders from residents of Napakiak and Nunapitchuk, two dry villages in the Yukon-Kuskokwim Delta.

On Jan. 6, 1986, ABC board Executive Director Patrick Sharrock signed the report of his investigators recommending suspension or revocation of Party Time's license for a pattern of on-going violations: accepting telephone orders, shipping liquor to customers in dry villages and failing to correct deficiencies pointed out during the course of the investigation.

Three days later, Party Time attorney Dan Coffey responded that the fault was not with the store, but with vague regulations. He accused investigator Holland of writing "rules and regulations herself."

In a letter to the beverage board on March 10, 1986, Assistant Attorney General Kay Gouwens recommended against prosecution.

"I understand and sympathize with your concerns about package stores such as this that have a large volume of Bush sales and seem undaunted by the fact that some of what they sell almost certainly finds its way to villages that have banned importation, to bootleggers, and to individuals with drinking problems," she wrote. "However, our existing statutes and regulations are poorly equipped to deal with the problem."

The ABC case was shelved. It took a year and a half to implement new regulations that clarify the absolute ban on telephone orders.

PLENTY OF 'LOOPHOLES'

Holland quit her job in March 1986 and moved to Seattle. In a recent interview, she said her tenure at the liquor board was an exercise in futility. The kinds of violations she observed at Party Time could be found in other liquor stores that ship to the Bush, she said.

"My foremost frustration was the way the regulations were written. They were very vague and nebulous and although anyone can read them and know the intent of the law, they leave all sorts of loopholes for someone who doesn't have a conscience to violate them," she said.

She said she didn't find much official support from either the attorney general's office or the ABC board. The people in positions of authority didn't seem to want to make the effort to fight bootlegging by controlling sales.

"If there is a general consensus, it is that (bootlegging) is one of those victimless crimes. People up there want liquor. People in Anchorage are willing to send it. And nobody gets hurt."

Roche and Sharrock said they sympathized with Holland's frustrations, but they said she quit before the last chapter of her investigation was written.

Roche said the liquor board saw the need for tighter rules, and responded with the new regulations.

AMAZING NUMBERS

In their suit against Party Time, the Strausses built their case upon the ABC investigation. By using a computer to examine subpoenaed records, they've taken it much further.

During 1986, the Strausses reported, Party Time shipped \$475,445.19 in booze to Bethel.

They also documented that the 11 biggest Party Time customers bought 12,175 bottles of whiskey and 2,430 cases of beer during the year, for a total of \$125,775.89.

That averages out to three bottles of whiskey and 72 cans of beer a day for each buyer.

Assuming the proportions of beer to whiskey are roughly comparable among all buyers as they are with the top 11, Party Time's sales to Bethel would translate to a

hard liquor per capita adult consumption rate of 3.5 gallons — more than one and half times the national rate.

And Party Time is only one of five Anchorage liquor stores selling directly to Bethel. Adding to the consumption would be whiskey carried in luggage or booze purchased over the counter and shipped by individuals themselves.

It all goes to a town where the sale of liquor is officially outlawed.

Between Jan. 6 and June 18, 1986, defendant Polty spent \$6,471.46 at Party Time, and among his purchases were 480 bottles of whiskey, according to the court record.

To preserve the privacy of the other Party Time patrons, their names were not disclosed in the court filings. But a computer printout showed that one of them, identified as "Customer 1," bought 283 bottles of whiskey between June 2 and July 12, 1986, a period that includes

the busy Fourth of July holiday. The most orders went to "Customer 11," who spent \$23,239.47 during the calendar year on 2,423 bottles of whiskey, six bottles of other hard liquor and 21 cases of beer.

The July 14, 1987, affidavit of a former employee, Edith Turkington, accused the Gallagher's son-in-law, Richard Marietta, of forging signatures on Bush order forms.

From a back-room office crammed to the ceiling with booze, she and Marietta would take orders over the telephone or by mail. "Each day we would call Alascom and see who had sent money in," she testified.

When a phone order arrived from a regular customer, she or Marietta searched the customer's file for an order form. The forms were often blank, with only the signature of the customer at the bottom, she said.

"On many occasions, we would not have a signed blank order form and Richard just forged the signature," she said.

The Gallaghers kept a ledger for each customer. Turkington testified. "On some of the pages in the book, the word 'bootlegger' was written. I asked Richard Marietta what that meant, and he just said it was a person who sold booze out in the Bush.

"We shipped large liquor orders to persons who were marked as 'bootleggers' in the book. As far as I know, we treated bootleggers just the same as anyone else, although Mike Gallagher often would give discounts and free booze to persons ordering large amounts of liquor."

Attempts to locate Marietta were unsuccessful. An employee of Party Time said Marietta was in California, but didn't know where. Paula Gallagher said she couldn't provide his location or a way to reach him.

AIRLINES' ROLE

In Aniak one Friday afternoon in October, a Northern Air Cargo DC-8 touches down on the runway in the center of town, a few

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minutes behind a MarkAir jet. It taxis to the terminal area. A forklift goes to work on the freight pallets. Within an hour, both planes are back in the sky.

The Northern Air Freight plane leaves four shipments of booze, three of them — cases of whiskey and beer — for men suspected of bootlegging by the local police. Shipping records show that one of the men has received three cases of whiskey over the past six days.

Outside, two men, each with a case of beer tucked under an arm, tread from the MarkAir terminal toward a river slough. They are met by a woman, who helps them load the beer into a pair of boats. After pausing for a drink, they take off up the slough and disappear around the bend, a tiny current in the big river of booze.

Half an hour later, Tommy Toms of Aniak is perched on a bluff above the same slough. He and a friend are holding the cases of beer and whiskey that arrived under his name at Northern Air, and they have cracked the beer case and are drinking.

He's no bootlegger, Toms says, but he also doesn't believe it is wrong for anyone to buy or sell liquor. "It's their money, they could do what they want. There should be no law in spending money the way you want."

A third friend emerges from the thicket below. He ambles up the hill, chats for a few minutes, then hoists the two cases to his shoulders and turns back the way he came.

The next day, Aniak police report a complaint from Kalskag that Toms was bootlegging there.

FLIGHTS FOR BOOZE

Airlines large and small are huge channels for Alaska's river of booze. Their role was recognized last year by an elders council of the Seward Peninsula and the northern Bering Sea islands. In a formal resolution, they asked air carriers to refuse liquor shipments to the Bering Straits villages.

A more discreet role is played by private planes.

James Michelangelo, chief of the National Transportation Safety Board's office in Anchorage, said he believes that booze is the cargo aboard some of the hundreds of planes that take off each day from Merrill Field, one of the nation's busiest airports. The only time anyone knows for sure, though, is when something goes wrong.

That happened Jan. 24, 1987, when a single-engine plane crashed on takeoff at Merrill. The pilot survived, but was uncooperative with authorities, Michelangelo said. He gave his address as General Delivery, Bethel.

When authorities went through the plane, they found

it loaded with liquor.

"They had booze up the kazoo," Michelangelo said.

Michelangelo said alcohol, in small amounts, is suspected as a hidden cargo on a Yute Air mail plane that crashed and exploded May 7, 1987, on a hillside near Cheforak, killing the pilot. The flight manifest listed no volatile liquids, yet the plane burned with a ferocity that could only have been fueled by an extremely flammable cargo, he said.

Most booze, at least to Bethel and the surrounding wet villages, moves on scheduled airlines and air taxis. For some, the business can be an important part of the profit picture.

Phil Hoversten, once an official for now-defunct Wien Air Alaska, said the expedited booze packages that arrived on Fridays brought in enough money to cover the entire weekly payroll of the Bethel staff. "We'd get 100 to 150 packages at 50 bucks a crack," he said.

Audi Air, a commuter airline based in Fairbanks that serves the Inupiat and Athabaskan communities of the North Slope and Interior, has a pad of order forms from International Liquor of Fairbanks stuck on the wall of its Fort Yukon terminal.

MarkAir has had promotions with liquor stores. Brown Jug has distributed flyers saying it has teamed up with MarkAir to bring speedy and convenient service to Bethel. MarkAir will pick up checks and money orders at its counter in Bethel, whiz them to Anchorage for delivery to Brown Jug, and have the the booze waiting for the customer by the next day — with no Alascom charges.

MarkAir's express package rates are the best to Bethel. Clerks at Party Time and Our Liquor in Anchorage recommend the price and convenience of the daily 3:45 p.m. MarkAir flight to Bethel. The cost for up to 70 pounds is \$36.75 for a SpeedMark versus \$47 for an Alaska Airlines Goldstreak, they said.

MarkAir's former Bethel

station manager, Kent Harding, says the airlines should shoulder more responsibility for controlling booze.

"Anyone that lives in a community — management or employees — should like to see bootlegging controlled," said Harding, now a sergeant with the Bethel police department.

But that attitude got him in trouble when he worked for MarkAir, he said.

"When a box (not marked

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as liquor) came in that would go slosh, that had obvious signs of liquor, we would bring it to the attention of police. They would get a search warrant. And it would be safe to say that what was reported turned out 100 percent of the time to being alcohol."

Harding said the concealment of the liquor indicated that it was bound for the bootleg market and justified a search warrant.

But his attitude made his bosses unhappy, he said. "You can either be an employee of MarkAir and keep the revenue, or go back to being a cop," he quoted them as saying. So he quit.

MarkAir President Ralph Brumbaugh declined to respond to Harding's comments.

Officials of airlines in Alaska say they refuse to ship liquor to dry villages. But most say they are duty-bound to carry all legal cargo — and booze to Bethel and most

western Alaska villages is legal.

MAKING A STAND

One airline is different. Bering Air decided to just say no.

The airline offers commuter service to 17 northwest villages out of Nome and serves as a contract carrier for continuing Alaska Airlines passengers and cargo.

Bering Air President Jim Rowe said the airline will carry no booze to any village, wet or dry.

"It was my choice," said Rowe, who has flown in the area for 14 years.

"I'm responsible for the impact of this company on the people it serves. The fact is that we do provide a lot of services for the troopers, and we're on medevac duty. When there's an emergency call to go out to a village, if you're the pilot and it's 2 o'clock in the morning, and you're looking at somebody about to go into a body bag, and the

troopers ask where they got the booze, I don't want them pointing their fingers at me.

"Anytime I get a call that someone's hurt in a village, it's somebody I know. There are villages where there are 13-, 14-year-old kids having alcohol problems, and I may have flown the mother to the hospital to have those kids. So it's personal."

Rowe said he has no delusion that his action is diminishing the flow of booze into the villages. With the exception of Little Diomedea, at least one other carrier serves each of his destinations, and none flies by his rules.

Alaska Airlines was not happy with his decision because of concerns that it would run afoul of common carrier regulations. Rowe said he sympathizes with their concerns.

"Even though we're certified the same as Mark Air or Alaska, it's harder politically (for them) to make the stand we have. Alaska

he tells the ticket counter clerk, with a note of disgust in his voice. "I'm not doing any more."

Later, during the flight to Nome, he talks about the last straw: a flight chartered the previous day by two women to the nearest liquor store. It was in Galena, 130 miles away.

"People's permanent fund checks have just come in, and they're taking charters to get booze," he says. "They don't have food for their kids at home. Their kids don't have good shoes and jackets for the winter. I don't want to be a part of it anymore. It makes me feel guilty."

"You just got to draw the line," he says. "I'm just tired of seeing the kids of parents I've taken sitting outside crying because their parents are home drunk."

If recent history is any example, Twedo's action would only divert the business somewhere else, like a small weir in the river of booze.

Airlines doesn't support our stand. They're a publicly held company. If they make a stand such as we have, it goes all the way back to Washington, D.C. When Bering Air does it, there's only one person it comes back to, Jim Rowe.

"One hundred percent of all the mail we had was positive," he said, including letters from local councils and elders. "No one has even suggested we were out of line. Having alcohol in the villages is not a position that's easily defended. There are not many good points for alcohol abuse."

While other airline companies have not followed Rowe's example, some individual pilots have.

'NO MORE BOOZE FLIGHTS'

It is a cool, windy morning in October, 8 a.m., and there is no hint yet of dawn. Pilot Jim Twedo walks into the Ryan Air Service terminal at Unalakleet.

"No more booze flights,"

By Dave Nulato
Daily News reporter

NULATO — The trouble started simply, as a dispute over a liquor store. Most people here didn't want one in the village, and they let Elmer Manook know it.

Yet over the past 18 months, this small, local confrontation has tangled itself into an ever larger and more frustrating knot that now includes a state agency, federal law, Native corporation politics and a gaggle of lawyers. Meanwhile, people keep dying because of booze.

Over the protests of a majority of registered voters in Nulato, a village of 350 people on the middle Yukon River, the state Alcoholic Beverage Control Board gave Elmer Manook a license to open a liquor store a few miles outside the municipal boundaries of the village.

Nulato Mayor Victor Nicholas, a leader of the movement against Manook's store, was dumbfounded when the ABC board ignored a petition opposing the new license. The petition had been signed by nearly all the village's registered voters and hand-carried to Anchorage by Nicholas late in 1986.

"After the petition, the testimony we gave, I just figured they wouldn't give it to him. There was enough of a concern that we spent the city's money to send someone down to Anchorage to testify," he said.

Nicholas was outraged when he found that the Gana-a' Yoo village corporation, which represents Native shareholders in Galena, Kaltag, Koyukuk and Nulato, helped the liquor store along by leasing Manook the land he needed.

"To me, that was really underhanded," said Nicholas. "Geez, I was upset. That's kind of odd. It's our land, our corporation. They should have asked us for input."

So how did it happen? Why would a state board ignore such strong protests from a community? And by what logic do village corporation leaders support the sale and distribution of a substance that is killing their neighbors, families, friends and shareholders?

"To whom it may concern: My concern in Nulato is alcohol. One thing I hate about alcohol is that it killed my aunt. I don't really want to talk about it that much so I will tell you a little. See, she was drunk, she was coming in town and because she was drinking she got sleepy and fell asleep in the cold. She froze. . . . It was a very sad moment in my life. There was another, my uncle. He was walking down town, some people were drunk driving and they ran into him. Thanks for listening."

— Letter to the ABC board from a child in Nulato, Nov. 14, 1986

DEATH TOLL GROWS

In Nulato, six deaths have been blamed on alcohol, directly or indirectly, in the past 15 months. In a village 350 people, that's nearly 2 percent of the population. In Anchorage, the equivalent would be about 3,700 people.

Three of the deaths wiped out most of a family — two brothers and a sister. One brother, while drunk, accidentally strangled him in September 1986. His sister, despondent, hanged herself within a month. The third sibling, an older brother, died when a drunken driver on a snowmachine rammed into him.

Two more of the deaths came on successive nights in August. A man shot himself and his closest friend hanged himself within hours.

No one blames the death on the opening of Manook's store. Booze is available at Last Chance, a store 13 miles above Nulato, and at Galena 40 miles away. Booze come

by boat, snowmachine and airplane on a regular basis. Bootleggers sell it in town.

Nulato's people have been unable to stem the flow of booze from outside sources, but they don't want it sold in town.

Manook grew up in Nulato but has lived in Anchorage for 30 years. When he first proposed to open a liquor store in town, local pressure and an official citywide vote against a store forced him to back down.

He then decided to open a store outside the municipal boundaries near Nine Mile Bluff, a well-known landmark below Nulato where many villagers own land and many others fish and cut wood.

Manook went to Gana-a' Yoo, the village corporation, told them his plan and asked to lease about two acres of

land. Although members of the Gana-a' Yoo board knew about the opposition to a liquor store, and all of them knew that alcoholism and alcohol-related death is epidemic in the area, Manook got the lease for \$432 a year, according to papers filed with the ABC board.

"Any and all of our land is for lease to anyone," said Pa Klier, Gana-a' Yoo's chief executive. "If it is a remote area, such as where Elmer is, we're willing to lease it as long as it isn't in conflict with the subsistence activities of our shareholders. . . . We didn't get into the right or wrong of the alcohol issue. Be it right or wrong, our intent was to lease it, whatever he wanted."

Not all Native corporation read their corporate duties so narrowly. Years before Kotzebue voted itself dry, the

NANA Regional Corp. closed the bar in its hotel in Kotzebue, a move that made the business instantly unprofitable. Other corporations have instituted no-alcohol policies for corporate functions in recognition of the problems among shareholders and their families.

Gana-a' Yoo's board did not consider the issue.

A BUSINESS MATTER

Frederic Stickman, a former mayor of Nulato, was a member of the board that approved the lease. This was a business matter, he said, and a profit-making corporation has to keep its mind on business if it is to succeed.

"This is my opinion on

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Elmer," said Stickman, a firm, fit and imposing community leader and businessman. "It's free enterprise. He leased the land. He went through the procedures, and no one should have the right to object to any business, liquor store or whatever."

"To Whom May Concern: I feel un happy Because I hate to see my mom and dad Drink. When I come home from School I see them Drunk. Our house is missy when they Drink. My Baby Brother is one year old. I have to take care of him. I till my mom and dad to quit drinking and go to bed. But they do not listing to me so I clean up the house and dress up my house and go up to my grandad ———'s house. I tell them what them what they are doing to themselves and to us.

"Sometimes I don't even have any food to eat."

— Letter to the ABC board from a child in Nulato Nov. 14, 1986

After acquiring the site, Manook went before the ABC board, a five-member panel of citizens appointed by the governor. The board has the power to grant and renew liquor licenses, and otherwise regulate the industry in Alaska. Two of the five seats are reserved for industry representatives.

Mike Gordon, the current chairman, owns Chilkoot Charlie's, a popular Anchorage bar. In his view, the board has a difficult, dual role. It should "rationally, intelligently assist the industry, nudging it in the right direction as far as meeting local concerns, and keeping the industry healthy, too."

Even non-industry board members feel they serve in a cooperative as well as a regulatory role. "You just weigh the pros and cons. You've got to protect the guy that has the substantial investment," says James McNamee, an insurance executive from Fairbanks.

In short, the board, over the years, has acted as more of a self-policing arm of the industry than as an activist watchdog. While board members and executive director Patrick Sharrock express familiarity with the problems caused by alcohol in the Bush, they do not feel the board should try to address the broad public policy issues raised by alcohol abuse in rural Alaska.

"We're not legislators," Gordon said.

ROUTINE APPROVAL

Alcoholism was not discussed when Elmer Manook came before the board in 1986. In fact, nothing was discussed. Manook's license was handled and approved routinely. No one testified at the hearing before the board granted Manook a license on Oct. 16, 1986.

Where were the opponents?

The people in Nulato knew that Manook planned to open a store somewhere, at some point, but they expected to be officially notified before it happened. They had, after all, voted in April 1986 against a liquor store.

But no official notice ever came. It wasn't required because Manook's site was outside Nulato's official municipal boundaries. Manook did, as required by law, advertise his intentions in two newspapers, but neither circulates frequently or is read regularly in Nulato.

Moreover, because of a technical reading of the state's liquor laws, the village's April vote did not apply to Manook's application, according to both Sharrock and the board's legal counsel.

The week after the application was approved

without debate, many of Nulato's residents were both shocked and angered.

Dear Mr. Sharrock: The approval of Elmer Manook's liquor application was received in Nulato as a complete surprise and indignation. . . .

His family does not live in the village. . . . His family will therefore not be subjected to the troubles that alcohol abuse causes among rural Natives. They will not have to personally experience the accidents and fatalities that frequently occur due to alcohol accessibility. They will be insulated and isolated from future effects. That Mr. Manook will assure his family's protection, but willingly subject the people here and their families to additional nuiseries is completely incomprehensible."

— Letter to the ABC board from a Nulato resident, Oct. 24, 1986.

OPPOSITION FORMS

Although it was a little late for protest, it wasn't too late. Local residents began circulating a petition that eventually carried about 140 signatures, representing nearly all the adults in Nulato.

In the school, a teacher organized a letter-writing campaign by students, who sent a package of wrenching letters about alcohol and death in their families. The letters included crayon drawings of people flying off snowmachines into open water on the river and stick figures clutching beer cans while other, smaller figures peeked from behind curtains in the background.

Mayor Nicholas took the petition to Anchorage for the December meeting of the ABC board. Accompanying him was Mike Walleri, an attorney from the Tanana Chiefs Conference, a regional non-profit group that offers legal and social assistance to interior villages.

Nicholas and Walleri asked the board to reconsider its earlier vote. The board's attorney said that was possible. Walleri encouraged the board to consider the

public safety issue. Nicholas asked the board to come to Nulato for a proper hearing. The board listened politely for about an hour, then held a desultory discussion.

One board member endorsed the idea of a hearing in Nulato, but the idea was dropped because the board figured it would cost too much. The discussion ended abruptly and the board voted to deny the requests of Nicholas and Walleri. At the same meeting, the board gave Manook an extension on a requirement that his business open within 30 days after approval of the license.

Sharrock explained that Nulato can, under current local option law, vote to ban the sale or importation of alcohol in the village. If residents imposed a ban, it would extend five miles

beyond the official boundaries. That would put Manook out of business at his current site.

However, opponents say, this dodges a larger question: What if someone wanted to open a liquor store a mile or even one foot outside the buffer zone? Would that be another loophole in the law?

Walleri says there are too many loopholes. He has filed a lawsuit in federal District Court on behalf of the Nulato tribal council, a group organized under federal law and independent of the state-chartered village government.

The suit claims that the tribe has jurisdiction over liquor regulation on all the lands owned or selected by the village corporation, Gana-a' Yoo, and says federal law gives the tribal council the right to regulate liquor

inside "traditional boundaries."

Naturally, Gana-a' Yoo sees the suit as a threat. Only Manook was named as a defendant, but the court has allowed Gana-a' Yoo to intervene as a second defendant.

Nulato has never been a hotbed of tribal rights activism, a fact that villagers and Walleri acknowledge. It is unfortunate, Walleri said, that he and the village council have had to resort to such a controversial alternative. Tribal rights, he said, are really "a secondary issue."

"Where the state system is responsive to the needs of the villages, I don't think we have any problem," he said. But, he added, when villages hit dead ends with the state and their own corporations, they have only federal law left to turn to.