

ALASKA LEGISLATURE COMMITTEE FILES 1900-1900 00/2

4374 SSTA HB 30 - HB 35 1253



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James A. Smith
Signature of Camera Operator

11/24/89
Date

HB

30

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

Page 1 of 4

REQUEST

Bill/Resolution No.: CS HB30

Title: Relating to Payment for
Purchases by the State

Sponsor: Schultz

Requestor: House State Affairs

Date of Request: February 15, 1985

FISCAL DETAIL

Agency Affected: A11

Program Category Affected: A11

BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|---------|---------|---------|---------|---------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | 0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 |

| | | | | | | |
|----------------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|----------------|--|--|--|--|--|--|

| | | | | | | |
|----------------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|----------------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|---------|---------|---------|---------|---------|
| GENERAL FUND | 0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 |

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Kenneth E. Bischoff *KES*

Phone: 465-2240

Division: Finance

Date: February 15, 1985

Approved by Commissioner: Lisa Rudd *L. Rudd*

Date: 2-18-85

Agency: Department of Administration *for*

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

transfer Adm.

Rev. 7/1/84

10/201/0122-01/5

Fiscal Note AnalysisCS HB 30

The issue of timely payment for State purchases has been before the Legislature for several sessions. It is clearly desirable that the State pay for its purchases as promptly as possible. This proposal will cause the State to have to choose between verifying invoiced charges to avoid questionable payments, and short-cutting review procedures to avoid penalty interest payments.

Currently, the average payment time for the State is 25 days from the vendors' invoicing date to the paying warrant date. Generally, those agencies which show payment time in excess of 30 days are:

1. Military Affairs
2. Fish and Game
3. Corrections
4. Alaska Court System

These four agencies have a wide network of field locations, causing delays in verification and transmission of invoices.

To decrease the penalties under this legislation, State agencies will incur costs for increased staff to track and pay all purchase invoices within this legislation's time constraints. It is hard to arrive at a definite cost for this legislation, but by using various assumptions, such as that \$1,997.2 million of a \$4.7 billion dollar budget is for vendor payments and that 5% will fall under the interest penalty provisions, and that all penalty payments are made within 60 days of receipt of invoice, then an estimated interest penalty cost of \$1.7 million ($\$1,997.2 \text{ million} \times .05 \times 10.5\%/12 \text{ mos.} \times 2 \text{ mos.}$) would occur. It is estimated that additional effort required of the agencies to track and make timely payments for purchases would cost the State about \$1.0 million.

It would be difficult to improve payment times under existing payment systems without incurring significant additional costs. The new State accounting system is targeted for July 1, 1985 implementation. This system will improve the ability of geographically disbursed agencies to submit their payments more timely through remote terminals. The system will speed up turnaround and reflect status changes on an overnight basis. These features will allow agencies to be more responsive to their creditors.

All costs of this legislation would be 100% State funds. The U.S. Office of Management and Budget has advised us that the Prompt Payment Act (P.L. 970177) prohibits use of Federal grant funds for payment of interest penalties and disallows the use of any non-Federal funds expended for such interest penalty toward any matching requirement applicable to any Federal grant.

Additional Fiscal Note Analysis - CS HB 30

It appears to us that this Bill is not consistent. In Section 1(c), to pay interest from the date of receipt of the invoice is not consistent with another provision that allows us a period of 30 days to make payment without penalty. The penalty should start accruing on the 30th day after receipt of the invoice.

Fiscal Note Analysis - CS HB-30
Computation of Vendor Payments Basis

| | |
|--|-------------------------|
| 1. Enacted Budget for Fiscal Year 1984 | <u>\$4,691,603,187.</u> |
| Less 2. Permanent Fund Dividends | (2,409,200.) |
| 3. Grants & Claims | (469,850,200.) |
| 4. University of Alaska Payments | (272,468,600.) |
| 5. State Salaries | (844,676,700.) |
| 6. Loans | (146,125,000.) |
| 7. Debt Service | (270,089,474.) |
| 8. Capital | (306,971,179.) |
| 9. Energy Program | <u>(381,800,000.)</u> |
| | <u>\$1,997,212,834.</u> |

$1,997,212,334 \times .05 \times 10.5\%/12 \text{ mos.} \times 2 = 1,747,560$ or 1.7 million

From FY 85 Legislature's Summary of Appropriation as annotated

1. Lead page - Enacted (less Governor's Vetos) Total Column
2. FCC page 7, CH 122, page 13, line 10
3. FCC page I, Objects of Expenditure Grants, Claims
4. FCC page 41, CH 122, page 80, line 10
5. FCC page I, Objects of Expenditure, Personal Services line, CC column
6. Lead page - Loans & Grants line, Enacted (less Governor's Vetos) Total Column
7. FCC Lead page, Debt Service line, Enacted less Governor's Vetoes
8. Lead page enacted less Governor's Vetoes
9. Lead page enacted less Governor's Vetoes



STATE OF ALASKA
OFFICE OF THE GOVERNOR
BILL ANALYSIS

| | | | |
|--|---------------------|--|--------------------|
| DEPARTMENT Administration | DIVISION Finance | BILL NUMBER CS HB 30 | SPONSOR Schultz |
| DEPARTMENT POSITION Do Not Support | | | |
| PREPARED BY Ken Bischoff <i>KCB</i> | DATE 02/15 | COMMISSIONER'S SIGNATURE <i>A. B. ...</i> | DATE 2-18-85 |

SUMMARY

| | |
|---|--|
| OTHER AGENCIES AFFECTED BY BILL All | CONSTITUENT GROUP(S) AFFECTED BY BILL Small Business |
| ORGANIZATIONAL SUPPORT FOR BILL None Known | ORGANIZATIONAL OPPOSITION TO BILL Most State Agencies |

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

This same bill has been introduced for the past several Legislature sessions. The bill would require the State to pay interest on vendor invoices that have been held by the State without payment for more than 30 days.

ANALYSIS OF BILL/PROGRAM EFFECTS

See Fiscal Note and Fiscal Note Analysis attached. Projected fiscal impact due to interest and additional administrative costs is estimated to be \$2,700.0 annually. The new Statewide Accounting System, which will be implemented July 1, will improve vendor payment times and reduce the need for this legislation.

AMENDMENTS PROPOSED

None

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

MF
2/11

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____ Page 1 of 4

REQUEST
Bill/Resolution No.: HB30
Title: Relating to Payment for
Purchases by the State
Sponsor: Schultz
Requestor: State Affairs & Finance
Date of Request: _____

FISCAL DETAIL
Agency Affected: A11
Program Category Affected: A11
BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|-----------------------|-------|---------|---------|---------|---------|---------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | 0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|---------|---------|---------|---------|---------|
| GENERAL FUND | 0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 | 2,700.0 |

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Kenneth E. Bischoff *KEB A* Phone: 465-2240
Division: Finance Date: February 7, 1985

Approved by Commissioner: Lisa Rudd *LJR* Date: 2/8/85
Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

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

Fiscal Note AnalysisHB 30

The issue of timely payment for State purchases has been before the Legislature for several sessions. It is clearly desirable that the State pay for its purchases as promptly as possible. This proposal will cause the State to have to choose between verifying invoiced charges to avoid questionable payments, and short-cutting review procedures to avoid penalty interest payments.

Currently, the average payment time for the State is 25 days from the vendors' invoicing date to the paying warrant date. Generally, those agencies which show payment time in excess of 30 days are:

1. Military Affairs
2. Fish and Game
3. Corrections
4. Alaska Court System

These four agencies have a wide network of field locations, causing delays in verification and transmission of invoices.

To decrease the penalties under this legislation, State agencies will incur costs for increased staff to track and pay all purchase invoices within this legislation's time constraints. It is hard to arrive at a definite cost for this legislation, but by using various assumptions, such as that \$1,997.2 million of a \$4.7 billion dollar budget is for vendor payments and that 5% will fall under the interest penalty provisions, and that all penalty payments are made within 60 days of receipt of invoice, then an estimated interest penalty cost of \$1.7 million ($\$1,997.2 \text{ million} \times .05 \times 10.5\%/12 \text{ mos.} \times 2 \text{ mos.}$) would occur. It is estimated that additional effort required of the agencies to track and make timely payments for purchases would cost the State about \$1.0 million.

It would be difficult to improve payment times under existing payment systems without incurring significant additional costs. The new State accounting system is targeted for July 1, 1985 implementation. This system will improve the ability of geographically disbursed agencies to submit their payments more timely through remote terminals. The system will speed up turnaround and reflect status changes on an overnight basis. These features will allow agencies to be more responsive to their creditors.

All costs of this legislation would be 100% State funds. The U.S. Office of Management and Budget has advised us that the Prompt Payment Act (P.L. 970177) prohibits use of Federal grant funds for payment of interest penalties and disallows the use of any non-Federal funds expended for such interest penalty toward any matching requirement applicable to any Federal grant.

Additional Fiscal Note Analysis - HB 30

It appears to us that this Bill is not consistent. In Section 1(c), to pay interest from the date of receipt of the invoice is not consistent with another provision that allows us a period of 30 days to make payment without penalty. The penalty should start accruing on the 30th day after receipt of the invoice.

Fiscal Note Analysis - HB-30
Computation of Vendor Payments Basis

| | |
|--|-------------------------|
| 1. Enacted Budget for Fiscal Year 1984 | <u>\$4,691,603,187.</u> |
| Less 2. Permanent Fund Dividends | (2,409,200.) |
| 3. Grants & Claims | (469,850,200.) |
| 4. University of Alaska Payments | (272,468,600.) |
| 5. State Salaries | (844,676,700.) |
| 6. Loans | (146,125,000.) |
| 7. Debt Service | (270,089,474.) |
| 8. Capital | (306,971,179.) |
| 9. Energy Program | <u>(381,800,000.)</u> |
| | <u>\$1,997,212,334.</u> |

$1,997,212,334 \times .05 \times 10.5\%/12 \text{ mos.} \times 2 = 1,747,560$ or 1.7 million

From FY 85 Legislature's Summary of Appropriation as annotated

1. Lead page - Enacted (less Governor's Vetos) Total Column
2. FCC page 7, CH 122, page 13, line 10
3. FCC page I, Objects of Expenditure Grants, Claims
4. FCC page 41, CH 122, page 80, line 10
5. FCC page I, Objects of Expenditure, Personal Services line, CC column
6. Lead page - Loans & Grants line, Enacted (less Governor's Vetos) Total Column
7. FCC Lead page, Debt Service line, Enacted less Governor's Vetoes
8. Lead page enacted less Governor's Vetoes
9. Lead page enacted less Governor's Vetoes

Offered: 3/4/85
For Today's Calendar

Original sponsor: Shultz

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 30 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to payment for purchases by the state; and providing for an effective date."

7

8

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

9

* Section 1. AS 37.05 is amended by adding a new section to read:

10

Sec. 37.05.275. PAYMENT FOR STATE PURCHASES. (a) Payment for

11

purchases of goods or services provided a state agency must be made by a required payment date that is

12

13

(1) the date on which payment is due under the terms of a

14

contract; or

15

(2) 30 days after receipt of a proper billing for the

16

amount of the payment due, if a date on which payment is due is not

17

established by contract and if the billing contains or is accompanied

18

by documents required by the contract or purchase order.

19

(b) If a seller offers a discount from the amount otherwise due

20

for property or services in exchange for payment within a specified

21

period of time, the state agency may make payment in an amount equal

22

to the discounted price only if payment is made within the specified

23

period of time.

24

(c) If payment for goods or services purchased by the state is

25

not made on or before a required payment date under (a) of this sec-

26

tion, the state shall, ^{upon request by seller} pay interest on the unpaid balance from the

27

required payment date at the rate of 1.5 percent a month, unless an

28

agreement exists between the seller and the state that establishes a

29

lower rate of interest or precludes the charging of interest. If the

1 interest-bearing period of time is either (1) a fraction of a month or
2 (2) one or more full months plus a fraction of a month, the state
3 agency shall pay the same amount of interest for the fraction of a
4 month as it would pay for a full month.

5 (d) This section does not apply

6 (1) if the cost of the goods or services purchased exceeds
7 \$500,000;

8 (2) to payment for specific goods or services in dispute
9 after a seller of goods or services receives notice from the state
10 official responsible for authorizing payment for goods and services
11 that the amount of the invoice or quality of specific goods or ser-
12 vices is in dispute and stating the reasons for the dispute; the state
13 agency shall pay for the specific goods or services in dispute within
14 30 days after resolution of the dispute; or

15 (3) to a contract covered by AS 36.90.001.

16 (e) Interest paid under (c) of this section shall be charged to
17 the budget of the state agency that purchased the goods or services.

18 (f) In this section

19 (1) "dispute" means a determination by the state official
20 responsible for authorizing the payments for the purchase of goods or
21 services that the performance or price charged is not in compliance
22 with the terms of the contract or purchase order;

23 (2) payment is considered made on the date when the payment
24 is personally delivered to the seller or agent of the seller or on the
25 date the payment is mailed;

26 (3) "state agency" has the meaning given in AS 37.05.400
27 and also includes the legislative and judicial branches.

28 * Sec. 2. This Act does not apply to contracts entered into before the
29 effective date of this Act.

1 * Sec. 3. This Act takes effect October 1, 1985.

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

3/5/85

Date 3/14/85

Mr. President

The Committee on STATE AFFAIRS considered CSHB 30(Fin) relating to payment for purchases by the state; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title _____
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

Edna De Vries

Tim Kelly

MEMBERS HAVING
OTHER RECOMMENDATIONS

Wish more

Bill Kay DO PASS IF COST

TO THE STATE IS VIRTUAL

[Signature]

Chairman

[Signature]

Chairman recommendation

Abroad

ANALYSIS OF HB NO. 30

"An Act relating to payment for purchase by the State; and providing for an effective date".

Section 1 (a) Requires the agency to pay on a required payment date as defined under terms of a contract or 30 days after receipt of proper invoice.

Subsection (b) Provides for the State to take advantage of any discounts offered by a vendor and if invoice is paid on time, the State agency will deduct the amount of the discount offered from the total amount of the invoice.

Subsection (c) Establishes the rate of interest at 1.5% per month that must be paid by the State for past due balance -- also provides for the exclusion of interest in the event the seller and the State have mutual agreement.

Subsection (d) 1. Exempts purchases of more than \$500,000 from the provisions of the bill.

Subsection (d) 2. Provides for an exemption in the event the State notifies a vendor or seller of a dispute in the invoice.

Subsection (e) Provides that any interest incurred by lack of prompt payment will be charged to the budget of the department involved.

Subsection (f) 1. Defines dispute as non-compliance, in performance or price with the terms of the contract, as determined by administering State Officer.

Subsection (f) 2. Defines when payment is made.

Subsection (f) 3. Defines a state agency

Section 2. Exempts and contracts entered into before the effective date from this Act's provisions.

Section 3. Provides an effective date of July 31, 1983.

ANALYSIS OF HB 30
SPONSOR'S BACKUP

PS.
came to me, ran-off the page

ANALYSIS OF CSHB 30 (FINANCE)

SECTION 1, PARAGRAPH 3

This paragraph provides that the State shall pay $1\frac{1}{2}\%$ interest on any billing due a vendor which is not paid by the required payment date specified in paragraph (a) of this section. As with normal business charge accounts or credit card accounts, the interest is computed on the first day after the required payment date and the full $1\frac{1}{2}\%$ is due for any portion of a month that the billing remains unpaid past the required payment date.

The section further provides that if a billing remains unpaid for more than 30 days past the required payment date, an additional $1\frac{1}{2}\%$ will be due for each subsequent 30 day period or portion of a period that the billing remains unpaid.

Lastly, the paragraph provides that the interest rate of $1\frac{1}{2}\%$ may be reduced or the payment of interest precluded, if the contract terms specifically include language to that effect.

BACKGROUND ON HB NO. 30

This bill has been requested by numerous vendors that do business with the State of Alaska. The State has become notorious for late payment of invoices, forcing many private vendors to borrow money to supplement their cash flow. This reduces their profit, and in some cases even eliminates it as the profit on articles is very marginal.

The bill is patterned after a federal law entitled "The Prompt Payment Act--Public Law 97-177". The Prompt Payment Act became effective October 1, 1982 and when it was introduced in Congress, it carried 133 sponsors.

The U. S. Army Comptroller in Fort Greely, Mr. Leonard Lemon, advised the Prompt Payment Act has improved their payment schedule and payment of invoices has become routing and very prompt.

In a poll conducted by the National Federation of Independent Business, 3312 businesses in Alaska were in favor of this bill.

In the past the State has placed a very high fiscal note on this bill and the State Administration claims it will have to completely reorganize it's accounting system in order to fulfill the requirements set forth in this bill. If this is so, then it should be done as this is an indicator our State's method of handling accounts payable is inefficient and needs modifying.

Businessmen in Alaska need this bill--they have requested it. Their request is not unreasonable and should be supported by elected representatives of their community.



NFIB National Federation
of Independent Business

The Guardian of Small Business.

February 12, 1985

The Honorable Dick Shultz
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear ~~Representative~~ ^{Dick} Shultz:

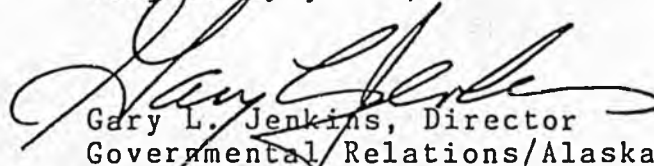
There is a wide variety of legislation introduced each year which will have a significant impact on small business in Alaska. Normally, when business is effected by a change in the law, the impact on small businesses is much greater than on the medium to large businesses. To ensure that legislators are made aware of how existing law and proposed legislation affects small businesses, the National Federation of Independent Business (NFIB) has been working with state legislatures nationwide for several years.

In Alaska, NFIB currently has a membership in excess of 3,700 businesses. Thus, we are representing a significant majority of the businesses in most of the cities in Alaska. Each year we send a ballot to all of our members requesting their input on issues of current interest in Alaska. This ballot permits each member to express their feelings on the issues and provide direction regarding which issues should be pursued legislatively. It is NFIB policy that we cannot take a position on an issue for NFIB unless the members have voted on it and a majority favor the position being taken.

For your information I have enclosed a copy of our 1985 State Ballot showing the vote of the membership on the various issues. The issues which received strong support are ones which I will be discussing with legislators during this and subsequent legislative sessions.

If I can provide you any additional information on NFIB or if you would like to know our position on a particular issue, feel free to contact me.

Very truly yours,



Gary L. Jenkins, Director
Governmental Relations/Alaska

NFIB/ALASKA
Legislative Office
P.O. Box 210194
Auke Bay, AK 99821
907/586-4100

*Supports HB 30 and will
TESTIFY FOR it.*

Prompt pay laws require government agencies to pay interest penalties on late payments. The survey in this report shows that prompt pay laws are succeeding. Government executives in states with prompt pay laws say they are paying few or no interest payments and attribute the low figures to dramatic changes in administrative procedures which occurred following adoption of the prompt pay laws.

For example:

- For fiscal year 1983, Federal agencies paid over 99 percent of their bills on time compared to 61 percent on time before the Prompt Payment Act of 1982.
- Arizona has paid no interest penalties since the Arizona prompt pay law became effective July 1982. *Agencies made sure that invoices were processed and did not lie around on someone's desk,* reported Don Olson, Assistant Director for Finance. *29 mil. - Int.*
- California's payment records have improved since the January 1983 prompt pay law, according to Eric Brooks in the Department of General Services.
- "There was an instant positive effect on most agencies and they are now paying bills faster than they used to before the prompt pay law," said Kathy Fletcher, a legislative consultant to Assemblyman Richard Katz in California.
- In Florida, *the statute necessitated improvement in bill paying procedures.* George Haynie, Director of Accounting and Auditing, added: *We have not paid that much out in interest penalties - probably less than \$5,000 during the last couple of years.*
- Maryland's Assistant State Comptroller, Robert Swann said: *following the law, bills were paid more promptly. Also, agencies have to periodically inform the Governor of interest penalties paid.* According to Swann, audit figures this year as compared with before the law, show a significant decrease in the percent of late payments. Before the law, 30-50 percent of the invoices were paid late, compared with 2-4 percent of late payments now. The biggest improvement was seen in the larger state agencies such as the Department of Transportation, Department of Natural Resources and the Department of Health.
- In Massachusetts, the prompt pay law dealing with public construction contracts, *meant that payments had to be reviewed and processed in a more timely fashion. Contractors are quite pleased that contracts are paid in a more timely fashion,* said Alan Jewett, Director of Contract Administration. Jewett estimates that not more than \$10,000 has been paid in interest penalties based on contracts totaling \$127 million in the past 2 years.
- Oregon's prompt pay law, effective 1980, has resulted in such promptness that no interest payments have been made, according to Management Analyst Don Seufert. He added: *We have a standing policy of paying our bills in 30 days.* Administrator Neil Fisher, who receives regular audit reports, agreed that no interest penalties were reported by any agencies.
- Oregon Chamber of Commerce's Vice President Assistant Counsel, Jack Munro has not heard any complaints about late pay since passage of the law.

those who do business with the Federal Government and State governments, and for those governments themselves.

Kenton Pattie, whose indefatigable efforts as leader of the Slow Pay Coalition—a coalition consisting primarily of small business groups—contributed much toward the enactment of the Prompt Payment Act, recently wrote me to tell me that similar coalition efforts at the State level are producing similar statutes in our Nation's States.

A total of 35 States now have prompt payment laws.

Mr. President, in order that additional information on State prompt payment laws be available for review by my colleagues and others, I ask that Mr. Pattie's letter to me, along with excerpts from an accompanying report, be printed in the Record at the conclusion of my remarks.

This report of success on prompt pay laws at the State level follows another encouraging report earlier this year from the Office of Management and Budget (OMB). The OMB reported that, following the first full year of implementation of Public Law 97-177, the Federal Government was paying its bills promptly 99 percent of the time. This compares favorably to a 60 percent prompt payment rate reported in a 1978 study by the U.S. General Accounting Office. The latter rate represented a sorry state of affairs, especially when one considered that the majority of the late payments involved small businesses.

Unlike large corporations, small businesses have neither the administrative personnel available nor the cash flow capability required to carry overdue accounts for long periods of time. I should note here, to emphasize this point, that even though the Federal Government now has a 99-percent "on time" rate in paying its bills, the remaining 1 percent represents 180,000 overdue bills. Most of these are owed small businesses.

When the financial practices of the Federal Government affect small businesses so directly, I have a special concern: I serve on both the Governmental Affairs Committee, which oversees Federal financial management practices, and the Small Business Committee, which focuses its attention on the special concerns of this country's small businesses and entrepreneurs.

It is in this context that the objective of the prompt payment standard was, and remains, two-fold: First, to make certain that those businesses which provide goods and services to Government receive payment in a reasonable period of time; and second, through the prospect of interest charges, to encourage Government agencies to develop and maintain efficient financial management practices.

The improvement from 1978 to 1984 in the rate at which Federal agencies pay their bills on time—from 60 percent to 99 percent—as well as the determined efforts of small businesses in

coalition to encourage the enactment of prompt payment legislation by State governments shows that there is substantial progress toward meeting this objective. If such progress continues, I feel confident that the initiative of 1981 will soon become a standard for all levels of government. I welcome such a standard.

The material follows:

NAVA, THE INTERNATIONAL
COMMUNICATIONS INDUSTRIES
ASSOCIATION

Fairfax, Va., June 1, 1984.

Hon. JIM SASSER,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR SASSER: It has been a while since I wrote you about prompt pay laws. A lot has happened:

10 states passed prompt pay laws last year.

8 states passed prompt pay this spring.

Prompt pay is currently pending in 17 state legislatures.

A total of 35 states now have prompt pay laws. By the end of the year, I hope we can report to you on several more.

Meanwhile, in April we published "Prompt Pay Laws Are Succeeding" which documents the fact that prompt pay laws are working. The Prompt Pay Act of 1982, which requires Federal agencies to pay interest penalties when late in paying companies, has been particularly successful.

Of course, there are some problems. Companies still have problems getting paid by the U.S. Navy although Congressman Sisk is trying to solve the problem. (For more details, call Diane Worthington (225-6365)). Meanwhile, some states with prompt pay laws are passing amendments to tighten up language, raise interest penalties, and strike loopholes.

If you, your staff, or supporters back home need more information about the prompt pay issue, please feel free to contact me. We appreciate your support and encouragement and look forward to continuing to work with you in the months and years ahead.

Sincerely,

KENTON PATTIE,
Senior Staff Vice President.

STATES WITH PROMPT PAY STATUTES

Adopted prior to 1981

1. (1) Florida.
2. (2) Hawaii (strengthened by Senate Bill 866 in 1983).
3. (3) Illinois.
4. (4) Massachusetts (limited).
5. (5) Oregon.
6. (6) Arkansas (limited).
7. (7) Michigan (limited).
8. (8) North Carolina (limited).
9. (9) Indiana.

Adopted in 1981

1. (10) South Carolina.
2. (11) Washington.
3. (12) North Dakota (strengthened by Senate Bill 2056 in 1983).

Adopted in 1982

1. (13) Alaska (limited).
2. (14) Arizona.
3. (15) California.
4. (16) Louisiana.
5. (17) Pennsylvania.
6. South Carolina.

Adopted in 1983

1. California.
2. (18) Colorado.
3. (19) Delaware.

PROMPT PAYMENTS BECOMING
AN INTERGOVERNMENTAL
STANDARD

● Mr. SASSER. Mr. President, paying one's bills on time was such a universal business standard that it hardly deserved to be considered the innovation it was when I called for making it a statutory requirement for Federal agencies through the introduction of S. 30, the Late Payments Act of 1981, on the first day of the 97th Congress. The purpose and content of this legislation is clear and unequivocal: Government ought to pay its bills on time, within 30 days, or face up to interest charges.

Yet, this standard was an initiative. And this initiative, which grew ultimately to be the Prompt Payment Act of 1982 (Public Law 97-177), is yielding more and more results and benefits for

ment that a municipality use ordinances to exempt contractors from compliance with general requirements relating to certain bonds, see AS 29.48.130(a)(12).

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

statute. 33 ALR3d 397.

Liability of municipality on quasi contract for value of property or work furnished without compliance with bidding requirements, 33 ALR3d 1164.

Municipal property as subject to mechanic's lien. 51 ALR3d 657.

Chapter 90. Miscellaneous Provisions.

Section

01. Public construction contract payments

Sec. 36.90.001. Public construction contract payments. (a) The state shall initiate procedures to pay the contractor under a public construction or public work contract within 15 days after the contractor submits to the state a bill for materials provided or services performed and a sworn statement that all employees employed on the project by the contractor and all subcontractors have been paid not less than the established prevailing rate of pay as determined and published by the Department of Labor.

(b) If the state fails to make a payment due the contractor under this section within 30 days after receiving a contractor's billing, the state shall pay interest to the contractor under AS 45.45.010(a) on the amount due.

(c) The state or a political subdivision of the state is liable to a contractor registered under AS 08.18 for interest at the rate provided in AS 45.45.010(a) on retainage on a contract for public works or public construction. Interest on retainage accrues from the date of approval of a pay estimate until the date of payment to the contractor. A contract provision purporting to waive the interest provisions of this subsection is void as contrary to public policy.

(d) A political subdivision that has a population of 500 or less is exempt from the payment of interest provided in (c) of this section.

(e) A political subdivision that receives a state grant for a public construction or public works project may use money from the state grant to pay the interest on retainage under contracts for the project as required by (c) of this section. (§ 1 ch 85 SLA 1982)

Editor's notes. — Section 3, ch. 85, SLA 1982, provides: "The provisions of this Act apply to contracts entered into after the effective date of this Act [July 1, 1982]."

Revisor's notes. — Formerly AS
37.05.319. Renumbered in 1983.

Sec. 37.05.400. Definitions for chapter. In this chapter

(1) "fiscal year," "budget year," "accounting year," or similar term means a year beginning on July 1 of one calendar year and ending on June 30 of the following calendar year;

(2) "handicapped individual" means an individual under a physical or mental disability which constitutes a substantial handicap to employment;

(3) "sheltered workshop" means a place where manufacture or handiwork is carried on, and which is operated for the primary purpose of providing remunerative employment to handicapped individuals.

(4) "state agency," "agency," "department," or similar term means a department, office, institution, board, commission, bureau, division, or other administrative unit forming the state government, and includes the Alaska Pioneers' Home and the University of Alaska. (§ 3 art I ch 82 SLA 1955; am § 1 ch 186 SLA 1957; am § 2 ch 92 SLA 1975; am § 6 ch 46 SLA 1977)

Revisor's notes. — Formerly AS reorganized to alphabetize the defined
37.05.320. Renumbered in 1983 and terms.

NOTES TO DECISIONS

Cited in Carter v. Alaska Pub.
Employees Ass'n, Sup. Ct. Op. No. 2657
(File No. 6586), P.2d (1983).

Sec. 37.05.410. Short title. This chapter may be cited as the Fiscal
Procedures Act. (§ 1 art I ch 82 SLA 1955)

Revisor's notes. — Formerly AS
37.05.330. Renumbered in 1983.

Chapter 07. Executive Budget Act.

Section

- 10. Statement of policy
- 20. Responsibilities of the governor
- 30. Responsibilities of the legislature
- 40. Office of management and budget
- 50. Agency program and financial plans
- 60. Governor's recommendation
- 62. Capital budget
- 70. Legislative review

Section

- 80. Program execution
- 90. Performance reporting
- 100. Proposed supplemental or special appropriations
- 110. Interpretation of chapter
- 120. Definitions
- 130. Short title

Revision Date: _____

REQUEST
Bill/Resolution No.: CSHB30 (Fin)
Title: Payment for purchases

FISCAL DETAIL
Agency Affected: All
Program Category Affected: All

Sponsor: Representative Shultz
Requestor: House Finance
Date of Request: 2/26/85

ERU, Program or Subprogram(s) Affected:
All

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FI 85 | FI 86 | FI 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | -0- | | | | |
| 200 TRAVEL | | -0- | | | | |
| 300 CONTRACTUAL | | -0- | | | | |
| 400 SUPPLIES | | -0- | | | | |
| 500 EQUIPMENT | | -0- | | | | |
| 500 LAND & STRUCTURES | | -0- | | | | |
| 700 GRANTS, CLAIMS | | -0- | | | | |
| 800 MISCELLANEOUS | | -0- | | | | |
| TOTAL OPERATING | | -0- | | | | |
| CAPITAL | | -0- | | | | |
| REVENUE | | -0- | | | | |

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: / The purpose of this legislation is to encourage state agencies to pay bills on time. It would be contrary to this purpose to appropriate funds for interest payments or related staff costs. It is the House Finance Committee's intent that any funds needed be absorbed within an agency's existing budget.

Prepared By: Al Adams - Chairman Phone: 465-3706
Division: House Finance Committee Date: 2/26/85

Approved by Commissioner: _____ Date: _____
Agency: _____

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

7/1/84

House FIN. version of fiscal note



RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James A. Smith
Signature of Camera Operator

11/24/89
Date

H B

3 4

Alaska State Legislature



House of Representatives House Judiciary Committee

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4990

MEMORANDUM
May 10, 1985

TO: Senator Mitch Abood
Chair, Senate State Affairs

FROM: Representative Mike Miller *mm*

RE: CSHB 34 (Finance)

On per capita basis Alaska has over twice the number of licensed liquor outlets as other states. Passage of HB 34 would tend to move Alaska more towards the norm of national experience with respect to the ratio of licenses to population.

Additionally, this legislation should assist in stabilizing Alaska's near nation leading per capita consumption rate of alcohol and it's related problems.

Fiscal Impact: Fiscal notes have been provided by the:

| | |
|--------------------------------|-------|
| Department of Revenue | \$0.0 |
| Department of HESS | \$0.0 |
| Department of C & RA | \$0.0 |
| Alcohol Beverage Control Board | \$1.5 |

I have provided you, in your Senate State Affairs packet, the following:

1. Sectional analysis of CSBH 34 (Finance) prepared by legal services.
2. 5/10/85 staff analysis.
3. 4 Fiscal Notes (listed above).
4. Position paper from the Department of Health & Social Services.
5. House Judiciary Committee minutes (hearings: 3/14, 4/8, 4/13).
6. 2/14/85 staff memorandum regarding liquor license fees.
7. Alcohol Beverage Control Board population census and liquor license data.
8. Information regarding population formula used in HB 150/ Liquor Licenses, Governor's version of bill. This language is incorporated in HB 34 in Section 9 and 10.
9. Other related back-up material.

Thank you for your attention on this legislation.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

No. 1

Revision Date: _____

REQUEST CSHB34
 Bill/Resolution No.: (St. Affrs)
 Title: "An Act relating to the
 administration of liquor licenses"
 Sponsor: Rep M.M. Miller/St Affrs.
 Requestor: State Affrs Committee
 Date of Request: 2/21/85

FISCAL DETAIL
 Agency Affected: Community & Regional Affairs
 Program Category Affected: _____
 Community Development
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | | | | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | -0- | -0- | -0- | | |

| | | | | | | |
|----------------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|----------------|--|--|--|--|--|--|

| | | | | | | |
|----------------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|----------------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

The Department remains only remotely affected by this committee substitute bill. The bill does potentially have an affect on local governments and continues to base administration of liquor licenses on population figures issued by C&RA.

Prepared By: Doug Griffin, Deputy Director
 Division: Municipal & Regional Assistance

Phone: 465-4750
 Date: 2-22-85

Approved by Commissioner: _____
 Agency: Community & Regional Affairs

Date: 2-22-85

Distribution (by Agency preparing fiscal note):

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

7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/22/85

REQUEST No. 2
 Bill/Resolution No.: CSHB 34 (SA)
 Title: AN ACT RELATING TO THE
ADMINISTRATION OF LIQUOR LICENSES
 Sponsor: REP. M. M. MILLER
 Requestor: HOUSE STATE AFFAIRS COM.
 Date of Request: 2/21/85

FISCAL DETAIL
 Agency Affected: DEPARTMENT OF REVENUE
 Program Category Affected: _____
PUBLIC PROTECTION
 BRU, Program or Subprogram(s) Affected: _____
ALCOHOLIC BEVERAGE CONTROL BOARD

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | | | | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |
| CAPITAL | | | | | | |
| REVENUE | -0- | -0- | -0- | -0- | -0- | -0- |

FUNDING: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|---------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS: Attach a separate page if necessary

Prepared By: Patrick L. Sharrock Phone: 277-8638
 Division: Alcoholic Beverage Control Board Date: 2/22/85
 Approved by Commissioner: *Marv A. Nordale* Date: 2/22/85
 Agency: Department Of Revenue

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

Handwritten initials

7/1/84



Alaska State Legislature

House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

MEMORANDUM
May 10, 1985

TO: Rep. Mike Miller

FROM: Denise Zachary, A.A. *dz*

RE: staff analysis/ HB 34: Limitation Liquor Licenses

CS for HB 34 (Finance)

Section 1, 2, and 3. AS 04.06.100(b), AS 04.11.040(c), and AS 0.11.055: Partnerships and limited partnerships shall be treated the same as corporations in regards to liquor licensing.

Section 4. AS 04.11.100: Adds new language to restaurant section;
"50% of gross receipts must be from sale of food"
(prior to 1981 statute changes, above language was included as well as
"no alcohol consumption on premises unless served with sale of food")

Section 5 and 6. AS 04.11.260(a) and AS 04.11.260: Adds partnership/ limited partnership language to existing statutes.

Section 7. AS 04.11.310: Community council notification of liquor license application in their areas of jurisdiction and notice of A.B.C. Board proposed action. (This section added by House Judiciary results in a Fiscal Note from the A.B.C. Board in the amount of \$1.5).

Section 8. AS 04.11.340: Amended adding relocation [TRANSFER OF LOCATION] to make language consistent throughout bill.

Section 9 and 10. AS 04.11.400(a) and (b): CRUX OF BILL. Adds language from HB 150 (Gov's) but ups population limits to 3000 for all license types except beer and wine licenses which will remain at current 1500 limit. Adds areas outside of a city, municipality, or village, but inside an organized borough --- provides that such areas will be governed by same quota formula as inside established villages, incorporated cities, and unified municipalities.

**** SHORT TERM EFFECT:** no package store or beverage dispensary licenses will be available in immediate future or until areas have sufficient population growth. The Board may, in their discretion, continue to issue special licenses for public convenience or to promote tourism.

Section 11. AS 04.11.400(e): Changes date for determining population where "5 Mile Rule" is used. Current law = use population statistics from Dec. 31, preceding the year of date of application. CSHB 34(Fin) = population will be determined as of the date application is filed with A.B.C. Board, or another date not more than 60 days earlier.

Section 12. AS 04.11.400(f): Technical changes adding HB 150 amendments.

Section 13. AS 04.11.400(g): Issue or transfer of beverage dispensary or restaurant license may be approved by Board if it appears to encourage tourist trade by construction or improvement of hotel, motel, or resort.

Sets up population standards for Board determination of hotel-motel licenses. (uses 1/25/85 A.B.C. Board draft regulations but increases by 5 rooms each population unit.)

Section 14. AS 04.11.400(h): Technical changes.

Section 15. AS 04.11.400(i): Ups population limits to 3000 [1500].

Relocation allowed if less than one mile from original location. No ground for Board denial if relocation necessary due to termination of lease agreement, condemnation, or destruction of premises by any cause.

Section 16. AS 04.11.400(j): Pertains to issuance or transfer of restaurant or eating place licenses. Board has public convenience discretion.

Section 17. AS 04.11.430(a): Partnership/ limited partnership licensing language.

Section 18. AS 04.11.504(a) (in original HB 34): Regards issuance or relocation of liquor licenses by majority vote at local elections.

If local governing body requests fewer licenses than population limit, Board may only issue that amount. If city is "dry" and local vote changes to allow alcohol, priority shall be given to liquor licenses previously issued although applicants have no legal right to license and Board is not required to approve application.

Section 19. AS 04.21.010: Regards notification to community councils.

Section 20. Adds Immediate Effective Date.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 10, 1985

SUBJECT: Liquor Licenses; CSHB 34 (Fin)
TO: Representative M. Mike Miller
Chairman, House Judiciary Committee
FROM: George W. Edwards *gwe*
Legislative Counsel

This is in response to your request for a sectional analysis of CSHB 34 (Fin) offered on May 1, 1985.

Section 1 AS 04.06.100(b) is amended by adding a new paragraph permitting the Alcoholic Beverage Control Board (the board) to adopt regulations that require partnerships that hold liquor licenses, including limited partnerships, to submit reports that include notice of any change of a partnership interest of 10 percent or more.

Section 2 AS 04.11.040(c) is amended to prohibit transfer of controlling interest in a liquor license held by a partnership except with the written consent of the board.

Section 3 AS 04.11 is amended by adding a new section 04.11.055, REPORTS REQUIRED OF PARTNERSHIPS. Subsection (a) requires that a partnership holding a liquor license report a transfer of a partnership interest of 10 percent or more or a change of general partners.

Subsection (b) provides that such a report be submitted to the board in duplicate within 10 days of the change in interest or change of general partners.

Section 4 AS 04.11.100 is amended by adding a new subsection that permits renewal of a restaurant or eating place license only if the licensee provides evidence to the board's satisfaction that gross receipts from the sale of food on the licensed premises constitute no less than 50

percent of the gross receipts of the premises for the preceding license year.

Section 5 AS 04.11.260(a) is amended by replacing the pronoun "him" with the sex-neutral term "applicant's" and by providing that the application for a liquor license for a partnership shall be executed by an authorized general partner.

Section 6 AS 04.11.260 is amended by adding a new subsection that requires partnerships applying for a liquor license to provide information required by the board including the names and addresses of all general partners and all other partners with an interest of 10 percent or more.

Section 7 AS 04.11.310 is amended by adding a new subsection requiring that upon receipt of an application for issuance, renewal, relocation, or transfer of ownership of a liquor license within an area of a municipality under the jurisdiction of a community council established by charter or ordinance to advise the municipality, or within an area adjacent to such an area, the board shall provide notice of the application to the community council and, at least 10 days in advance, advise the council of the date and time of any proposed action on the application.

Section 8 AS 04.11.340 is amended by substituting the term "relocation" for the term "transfer." The change eliminates possible confusion caused by the current usage of "transfer" as applicable both to the sale of an existing liquor license and to the relocation of licensed premises. Since there is a critical difference between the two acts, this section substitutes the term "relocation" for "transfer" with reference to the relocation of licensed premises. The term "transfer" remains applicable to sales of licenses.

Paragraph (2) of the section requires that relocation of a license be denied if prohibited under AS 04.11.400 (a) or (b).

Paragraph (3) of the section requires that relocation of a license be denied if the license would be relocated outside of the established village, incorporated city, unified municipality, or population area established under AS 04.11.400(a) within which it is located.

Paragraph (10) of the section requires that relocation of a license be denied if the license was issued under AS 04.11.400(g), (h), or (j).

Section 9 AS 04.11.400(a) is amended to substitute "relocation" language for "transfer" language.

Paragraph (1) provides for retention of the population requirement, outside a specified governmental unit including an established village and organized borough, at 1,500 or a fraction of 1,500 for each restaurant or eating place license that may be issued and for raising the population requirement to 3,000 or a fraction of 3,000 for each other license that may be issued within a five mile radius of the licensed premises, excluding the populations of established villages, incorporated cities, unified municipalities, and organized boroughs that are wholly or partly included within the radius.

Paragraph (2) provides for retention of the population requirement, inside a specified governmental unit including an established village, organized borough and unified municipality, at 1,500 or a fraction of 1,500 for each restaurant or eating place license that may be issued and for raising the population requirement to 3,000 or a fraction of 3,000 for each other license that may be issued within the unit.

Paragraph (3) provides for a population limitation inside an organized borough but outside an established village or incorporated city within the borough of 1,500 or a fraction of 1,500 for each restaurant or eating place license that may be issued and 3,000 or a fraction of 3,000 for each other license that may be issued within the area, excluding the population of those established villages that have conducted an election under AS 04.11.490, 04.11.496, or 04.11.500 and the population of incorporated cities within the organized borough.

Section 10 AS 04.11.400(b) is amended to provide that when the five-mile radius described in subsection (a) encompasses all of a governmental unit, including an established village, incorporated city, or unified municipality, and the population inside and outside of the unit but inside the five-mile radius is less than 3,000, rather than the former 1,500, the board may deny issuance or relocation of a liquor license.

Section 11 AS 04.11.400(e) is amended to define "population," as used in subsection (a)(1), as persons residing within the five-mile radius not later than the date the application is received by the board and not earlier than 60 days before the application is received.

Section 12 AS 04.11.400(f) is amended to include within the "population" referred to in subsection (a)(2) and (3) only those persons who resided in a specified governmental unit, including an organized borough, as of December 31 of the year preceding the date of application.

Section 13 AS 04.11.400(g) is repealed and reenacted to provide for the issuance or transfer of ownership of a beverage dispensary license or a restaurant or eating place license without regard to subsection (a) population restrictions to encourage tourism. A license may be issued under this section to an airport terminal or to a hotel-type business that has a dining room or kitchen facilities if:

- (a) it is within a population area of less than 1,501 and has at least 15 rental rooms;
- (b) it is within a population area of 1,501 to 2,500 and has at least 20 rental rooms;
- (c) it is within a population area of 2,501 to 5,000 and has at least 25 rental rooms;
- (d) it is within a population area of 5,001 to 15,000 and has at least 30 rental rooms;
- (e) it is within a population area of 15,001 to 25,000 and has at least 35 rental rooms;
- (f) it is within a population area of 25,001 to 50,000 and has at least 40 rental rooms; or
- (g) it is within a population area of greater than 50,000 and has at least 50 rental rooms.

Section 14 AS 04.11.400(h) is amended to restate the board's authority to issue a restaurant or eating place license without regard to subsection (a) under certain circumstances.

Section 15 AS 04.11.400(i) is amended to make the license transfer provision of this section applicable to licenses limited under either subsection (a) or (b).

Section 16 AS 04.11.400(j) is amended to provide that the board may approve the issuance or transfer of a restaurant or eating place license in a municipality without regard to subsection (a) if necessary for the public convenience.

Section 17 AS 04.11.430 (a) is amended to include partnerships and limited partnerships among entities that may hold liquor licenses.

Section 18 AS 04.11.504(a) is amended by the insertion of the term "relocation" to indicate the relocation of licensed premises.

Section 19 AS 04.21.010 is amended by adding a new subsection that requires that at least 10 days before a date set for municipal action on an application for the issuance, renewal, relocation, or transfer of ownership of a liquor license, the municipality provide written notice of the time and place of hearing to a community council, with jurisdiction over the affected area, established by charter or ordinance to advise the municipality.

Section 20 provides for an immediate effective date.

GWE:csh
J15/003

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST
Bill/Resolution No. CSHB34 (Jud)
Title: Relating to administration
of liquor licenses
Sponsor: M.M. Miller & Boucher
Requestor: House Judiciary
Date of Request: 4/17/85

FISCAL DETAIL
Agency Affected: ~~Dept. of Revenue~~
Program Category Affected: ~~Public~~
Protection
BRU, Program or Subprogram(s) Affected:
Alcoholic Beverage Control Board

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | .5 | .5 | .5 | .5 | .5 |
| 300 CONTRACTUAL | | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | | | | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |

| | | | | | | |
|----------------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|----------------|--|--|--|--|--|--|

| | | | | | | |
|----------------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|----------------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|---------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND | -0- | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS: Attach a separate page if necessary

Prepared By: Patrick L. Sharrock, Director
 Division: Alcoholic Beverage Control Board

Phone: 277-8638
 Date: 4/20/85

Approved by Commissioner: Mary A. Nordale
 Agency: Department of Revenue

Date: 4/30/85

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

I. REQUEST

Bill/Resolution No.: CS for HB 34
Title: An Act relating to the administration*
Sponsor: M.H. Miller
Requestor: _____

II. FISCAL DETAIL

Agency Affected: _____
Program Category Affected: _____
BRU, Program of Subprogram(s) Affected: _____

Date of Request: 1/28/85

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|-------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC | | | | | | |
| TOTAL OPERATING | - 0 - | - 0 - | - 0 - | - 0 - | - 0 - | - 0 - |
| CAPITAL | - 0 - | - 0 - | - 0 - | - 0 - | - 0 - | - 0 - |
| REVENUE | - 0 - | - 0 - | - 0 - | - 0 - | - 0 - | - 0 - |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|------------------------|--|--|--|--|--|--|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |

POSITIONS:

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

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

*of liquor licenses; and providing for an effective date."

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Matthew C. Felix
Division: Alcoholism and Drug Abuse

Phone: 586-6201
Date: 3/13/85

Approved by Commissioner: [Signature]
Department: HEALTH & SOCIAL SERVICES

Date: 3/14/85 JCC

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

No. 1

Revision Date: _____

REQUEST

CSHB34

FISCAL DETAIL

Bill/Resolution No.: (St. Affrs)

Agency Affected: ~~Community & Regional Affairs~~

Title: "An Act relating to the administration of liquor licenses"

Program Category Affected: _____

Community Development

Sponsor: Rep M.M. Miller/St Affrs.

BRU, Program or Subprogram(s) Affected: _____

Requestor: State Affrs Committee

Date of Request: 2/21/85

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|-----------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | | | | | |
| 900 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | -0- | -0- | -0- | | |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

The Department remains only remotely affected by this committee substitute bill. The bill does potentially have an affect on local governments and continues to base administration of liquor licenses on population figures issued by C&RA.

Prepared By: Doug Griffin, Deputy Director *Griffin*

Phone: 465-4750

Division: Municipal & Regional Assistance

Date: 2-22-85

Approved by Commissioner: _____

Date: 2-22-85

Agency: ~~Community & Regional Affairs~~

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

7/1/84

Revision Date: 2/22/85

No. 2

REQUEST
Bill/Resolution No.: CSHB 34 (SA)
Title: AN ACT RELATING TO THE
ADMINISTRATION OF LIQUOR LICENSES
Sponsor: REP M M MILLER
Requestor: HOUSE STATE AFFAIRS COM
Date of Request: 2/21/85

FISCAL DETAIL
Agency Affected: DEPARTMENT OF REVENUE
Program Category Affected:
PUBLIC PROTECTION
BRU, Program or Subprogram(s) Affected:
ALCOHOLIC BEVERAGE CONTROL BOARD

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|-----------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | | | | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |
| CAPITAL | | | | | | |
| REVENUE | -0- | -0- | -0- | -0- | -0- | -0- |

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 Phone: 277-8638
Division: Alcoholic Beverage Control Board Date: 2/22/85
Approved by Commissioner: *Marv A. Nordale* Date: 2/22/85
Agency: Department of Revenue

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

7/2, 84

POSITION PAPER

CS FOR HOUSE BILL 34 (STATE AFFAIRS)

"An Act relating to the administration of liquor licenses; and providing for an effective date."

Section 1

This section would attempt to require that a restaurant or eating place license derive at least 50% of its gross receipts from the sale of food. This provision is currently in regulation, 15 AAC 104.305. While this idea is laudable it is uncertain how the ABC Board will effectively monitor licensees' receipts. Since the intent of this classification of license is to allow patrons to consume beer or wine with meals, the Department recommends consideration be given to using the pre 1980 title 04 language in this section.

"A restaurant or eating place licensee may sell beer and wine in a restaurant or eating place with meals furnished in good faith to patrons."

This should assist in avoiding the proliferation of restaurants that are promoting the sale of beer and wine regardless of whether patrons are eating food. In effect, some establishments have a beer and wine tavern in a section of their restaurant. Again, this does not appear to be consistent with the intent of this category of license.

Sections 3 and 4

The Department supports Sections 3 and 4, the population requirement change from 1500 to 3000 for beverage dispensary or package store licenses.

The Alaska State Plan (84-86) indicates that on a per capita basis Alaska has over twice the number of licensed liquor outlets as other states. In 1983 the national average for the ratio of licenses to each 1000 population was 1.18 while the Alaska ratio was 2.65. The attachment is from the Liquor Handbook 1984 and details all states relationships of liquor licenses to population for 1983. Passage of this bill would tend to move Alaska more towards the norm of the national experience with respect to the ratio of licenses to population. Furthermore, this action should assist in stabilizing Alaska's near nation leading per capita consumption rate of beverage alcohol, with its attendant related problems, including driving while intoxicated.

The Alaska Chapter of Mothers Against Drunk Driving is supportive of this bill and the Anchorage Mayor's Task Force on Drunk Driving of 1984 contained the following recommendation:

"The accessibility of alcohol should be limited by reducing liquor outlets (licenses) from 1-1500 population to 1-3000 population."

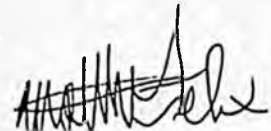
Additionally, the Governor's Task Force on Drunk Driving heard testimony favoring the concept contained in HB 34, however did not take action on this idea when they were advised this bill would be introduced to the legislature this session.

Section 7

This section more fully defines the number of rental rooms and population ratio applicants for beverage dispensary, or restaurant or eating licensee must demonstrate in order to be considered for a license designated to encourage tourist trade. The Department is supportive of this section since its passage would tend to limit the issuance of additional new licenses.

The Department will be pleased to provide additional information regarding CS for HB 34 and urges its passage.

Recommended by:

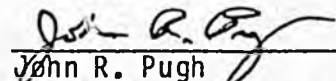


Matthew C. Felix
Coordinator
Office of Alcoholism/
Drug Abuse

Date:

3/13/85

Approved by:



John R. Pugh
Commissioner
Dept. of Health &
Social Services

Date:

3/14/85

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: CS for HB 34
 Title: "An Act relating to the administration"
 Sponsor: M.H. Miller
 Requestor: _____

II. FISCAL DETAIL

Agency Affected: _____
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

Date of Request: 1/28/85

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|-------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC | | | | | | |
| TOTAL OPERATING | - 0 - | - 0 - | - 0 - | - 0 - | - 0 - | - 0 - |

| | | | | | | |
|---------|-------|-------|-------|-------|-------|-------|
| CAPITAL | = 0 - | - 0 - | - 0 - | - 0 - | - 0 - | - 0 - |
|---------|-------|-------|-------|-------|-------|-------|

| | | | | | | |
|---------|-------|-------|-------|-------|-------|-------|
| REVENUE | - 0 - | - 0 - | - 0 - | - 0 - | - 0 - | - 0 - |
|---------|-------|-------|-------|-------|-------|-------|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|------------------------|--|--|--|--|--|--|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |

POSITIONS:

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

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

*of liquor licenses; and providing for an effective date."

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Matthew C. Felix *Matthew Felix* Phone: 586-6201
 Division: Alcoholism and Drug Abuse Date: 3/13/85

Approved by Commissioner: *John R. Poy* Date: 3/14/85 JCC
 Department: HEALTH & SOCIAL SERVICES

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

Retail Licenses For Sale of Distilled Spirits

| State | Number of Licenses | | | Total Licenses | Estimated* Population (thousands) 7/1/83 | Number of Licenses per 1,000 Population | | | |
|----------------------|--------------------|-------------|-------------------|----------------|--|---|-------------|-------------------|----------------|
| | On-Premise | Off-Premise | On- & Off-Premise | | | On-Premise | Off-Premise | On- & Off-Premise | Total Licenses |
| Control States | | | | | | | | | |
| Alabama | 801 | 463 | - | 1,264 | 479 | 1.67 | 0.97 | - | 2.64 |
| Arizona | 1,275 | 1,361 | 1,523 | 4,159 | 2,963 | 0.43 | 0.46 | 0.51 | 1.40 |
| Arkansas | 591 | 682 | - | 1,273 | 2,328 | 0.25 | 0.29 | - | 0.55 |
| California | 14,581 | 11,501 | - | 26,082 | 25,174 | 0.58 | 0.46 | - | 1.04 |
| Colorado | 3,687 | 1,373 | - | 5,060 | 3,139 | 1.17 | 0.44 | - | 1.61 |
| Connecticut | 3,426 | 1,810 | - | 5,246 | 3,138 | 1.09 | 0.58 | - | 1.67 |
| Delaware | 443 | 290 | 101 | 914 | 606 | 0.73 | 0.48 | 0.30 | 1.51 |
| District of Columbia | 746 | 340 | - | 1,086 | 623 | 1.70 | 0.75 | - | 2.45 |
| Florida | 1,299 | 677 | 6,298 | 8,274 | 10,630 | 0.12 | 0.16 | 0.59 | 0.77 |
| Georgia | 1,905 | 1,669 | - | 3,574 | 5,732 | 0.33 | 0.29 | - | 0.62 |
| Hawaii | 1,070 | 781 | - | 1,851 | 1,023 | 1.05 | 0.76 | - | 1.81 |
| Illinois | - | - | 17,783 | 17,783 | 11,486 | - | - | 1.55 | 1.55 |
| Indiana | 1,147 | 1,695 | 3,739 | 6,581 | 5,479 | 0.21 | 0.31 | 0.68 | 1.20 |
| Iowa | 1,220 | 1,085 | - | 2,305 | 2,425 | 0.50 | 0.48 | - | 0.95 |
| Kentucky | 1,260 | 944 | 84 | 2,288 | 3,714 | 0.34 | 0.25 | 0.02 | 0.62 |
| Louisiana | 6,902 | 2,950 | - | 9,852 | 4,438 | 1.56 | 0.66 | - | 2.22 |
| Maryland | 556 | 1,026 | 3,217 | 4,799 | 4,304 | 0.13 | 0.24 | 0.75 | 1.12 |
| Massachusetts | 6,210 | 1,799 | - | 8,009 | 5,767 | 1.08 | 0.31 | - | 1.39 |
| Minnesota | 2,375 | 700 | 1,112 | 4,187 | 4,144 | 0.57 | 0.17 | 0.27 | 1.01 |
| Missouri | - | 4,110 | 4,295 | 8,405 | 4,970 | - | 0.83 | 0.86 | 1.67 |
| Nebraska | 452 | 585 | 2,031 | 3,068 | 1,597 | 0.28 | 0.37 | 1.27 | 1.92 |
| Nevada | 926 | 599 | 839 | 2,364 | 891 | 1.04 | 0.67 | 0.94 | 2.65 |
| New Jersey | 1,535 | 1,939 | 8,012 | 11,486 | 7,468 | 0.21 | 0.26 | 1.07 | 1.54 |
| New Mexico | 217 | 79 | 1,308 | 1,604 | 1,399 | 0.16 | 0.06 | 0.93 | 1.15 |
| New York | 23,672 | 4,098 | - | 27,770 | 17,667 | 1.34 | 0.23 | - | 1.57 |
| North Dakota | 110 | 95 | 1,075 | 1,280 | 680 | 0.16 | 0.14 | 1.58 | 1.88 |
| Oklahoma | - | 846 | - | 846 | 3,298 | - | 0.26 | - | 0.26 |
| Rhode Island | 1,449 | 308 | - | 1,757 | 955 | 1.52 | 0.32 | - | 1.84 |
| South Carolina | 1,571 | 1,196 | - | 2,767 | 3,264 | 0.48 | 0.37 | - | 0.85 |
| South Dakota | 958 | 615 | - | 1,573 | 700 | 1.37 | 0.88 | - | 2.25 |
| Tennessee | 1,045 | 506 | - | 1,551 | 4,084 | 0.27 | 0.13 | - | 0.40 |
| Texas | 8,213 | 3,474 | - | 11,687 | 15,774 | 0.52 | 0.22 | - | 0.74 |
| Virginia | 1,276 | 1,581 | - | 2,857 | 4,300 | 0.65 | 0.09 | - | 0.66 |
| Washington | 1,276 | 158 | - | 1,434 | 1,965 | 0.65 | 0.08 | - | 0.73 |
| West Virginia | 654 | 96 | 180 | 930 | 514 | 1.27 | 0.19 | 0.35 | 1.81 |
| Wyoming | 60,615 | 8,275 | 2,607 | 71,497 | 68,289 | 0.89 | 0.12 | 0.04 | 1.05 |
| Total License | 162,371 | 61,460 | 51,491 | 275,322 | 165,001 | 0.70 | 0.26 | 0.23 | 1.18 |
| Control States | | | | | | | | | |
| Alabama | 1,071 | 140 | 752 | 2,963 | 3,999 | 0.42 | 0.04 | 0.19 | 0.65 |
| Idaho | 924 | 132 | - | 1,056 | 909 | 0.93 | 0.13 | - | 1.07 |
| Iowa | 4,598 | 214 | - | 4,812 | 2,905 | 1.58 | 0.07 | - | 1.66 |
| Maine | 1,211 | 132 | - | 1,343 | 1,146 | 1.06 | 0.12 | - | 1.17 |
| Michigan | 9,335 | 3,942 | - | 13,277 | 9,069 | 1.03 | 0.43 | - | 1.46 |
| Mississippi | 593 | 667 | - | 1,260 | 2,587 | 0.23 | 0.26 | - | 0.49 |
| Montana | - | 141 | 1,557 | 1,698 | 817 | - | 0.17 | 1.91 | 2.08 |
| New Hampshire | 1,014 | 70 | - | 1,084 | 959 | 1.06 | 0.07 | - | 1.13 |
| North Carolina | 1,216 | 368 | - | 1,584 | 6,082 | 0.20 | 0.06 | - | 0.26 |
| Ohio | 11,834 | 426 | - | 12,260 | 10,746 | 1.10 | 0.04 | - | 1.14 |
| Oregon | 1,569 | 231 | - | 1,800 | 2,662 | 0.59 | 0.09 | - | 0.68 |
| Pennsylvania | 19,010 | 713 | - | 19,723 | 11,895 | 1.60 | 0.06 | - | 1.66 |
| Utah | 159 | 168 | 118 | 445 | 1,619 | 0.10 | 0.10 | 0.07 | 0.27 |
| Vermont | 1,108 | 65 | - | 1,173 | 525 | 2.11 | 0.12 | - | 2.23 |
| Virginia | 1,960 | 236 | - | 2,196 | 5,550 | 0.35 | 0.04 | - | 0.40 |
| Washington | 2,481 | 376 | - | 2,857 | 4,300 | 0.58 | 0.09 | - | 0.66 |
| West Virginia | 1,276 | 158 | - | 1,434 | 1,965 | 0.65 | 0.08 | - | 0.73 |
| Wyoming | 654 | 96 | 180 | 930 | 514 | 1.27 | 0.19 | 0.35 | 1.81 |
| Total Control | 60,615 | 8,275 | 2,607 | 71,497 | 68,289 | 0.89 | 0.12 | 0.04 | 1.05 |
| Grand Total | 162,973 | 59,044 | 54,104 | 276,821 | 233,981 | 0.70 | 0.26 | 0.23 | 1.18 |

*Totals may not add because of rounding.

Note: Georgia and New York data are for 1979. New Mexico data are for 1980. The number of off-premise licenses in Control States represents state stores and agencies with the following exceptions: North Carolina represents county and city stores. Michigan includes specially designated distributors and Mississippi and Wyoming cover private licenses since these states operate a monopoly at wholesale level only.

Source: DISCUS

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 30, 1985

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811



Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill primarily relating to the population formula used for issuance of an alcoholic beverage license in an area outside of a city, municipality, or village, but inside an organized borough. The bill would amend existing law to provide that such an area will be governed by the same quota formula now employed inside established villages, incorporated cities, and unified municipalities.

The number of licenses of each type that may be issued inside established villages, incorporated cities, and unified municipalities is limited to one for each 1,500 persons residing in the village, city, or municipality. Under current law, a different rule is applied, however, to applications for licenses to be located outside of these governmental entities, both in organized boroughs and in the unorganized borough. For these applications, the quota is based on the number of licenses and persons within a five-mile radius of the proposed premises; the quota allows one license for each 1,500 persons within the radius.

The five-mile-radius quota worked well when the organized boroughs were relatively unpopulated, and continues to work well in the unorganized borough. Recently, however, the five-mile-radius rule has resulted in the issuance of an excessive number of licenses in populous organized boroughs -- particularly in the Kenai and Matanuska-Susitna Boroughs.

The difficulty in these populous organized boroughs is caused by the fact that the five-mile radii of premises that are within five miles of each other cover much of the

same area. This means that a single population can be counted towards several different licenses. The result in a densely populated area for which many licenses are sought can be alarming; in the Matanuska-Susitna Borough, for example, there is now approximately one beverage dispensary license for each 556 persons, and one package store license for each 899 persons, who live in the borough and outside of cities and villages within the borough.

The present result of applying the five-mile-radius rule in the organized boroughs is clearly contrary to the intent of the legislature that created it. It is also contrary to the health, safety, and welfare of the residents of our organized boroughs. A likely short-term effect of the enactment of the attached bill will be that no package store or beverage dispensary licenses will be generally available in the Matanuska-Susitna or Kenai Boroughs in the immediate future, until those areas experience sufficient population growth. The board may, however, continue to issue, in its discretion, special licenses if necessary for the public convenience or if issuance will promote the tourism industry by encouraging the construction of a hotel or motel that would not otherwise be built.

An analysis of the proposed amendments, including several technical and stylistic amendments, follows.

ANALYSIS OF AMENDMENTS TO AS 04.11.400

1. Use of terms, generally. Throughout the bill, the terms "incorporated city," "unified municipality," and "organized borough" are used instead of the term "municipality" as defined in AS 04.21.080(b)(11). The use of the defined term "municipality" was considered too confusing in this context because of the need to distinguish in this bill between "municipalities" that are organized boroughs and "municipalities" that are other entities inside organized boroughs.

2. Changes to AS 04.11.400(a)(1). The phrase "for each 1,500 population or fraction of 1,500 population" has been moved to a later position in the paragraph for greater grammatical clarity.

The added language, "excluding the populations of established villages, incorporated cities, unified municipalities, and organized boroughs that are wholly or partly included within the radius," is drawn from language -

currently appearing in AS 04.11.400(e). Placing that language in subsection (a)(1), and deleting it from subsection (e), was considered preferable for two reasons. First, it prevents an important legal requirement from being hidden in a definition section. Second, the change makes the structure of (a)(1), (2), and (3) parallel.

3. Changes to AS 04.11.400(a)(2). The phrase "for each 1,500 population or fraction of 1,500 population" has been repositioned in the sentence for greater grammatical clarity.

The phrase "boundaries of the" is deleted because it adds nothing to the meaning of the paragraph.

4. Addition of AS 04.11.400(a)(3). This entire paragraph is new and contains the most significant amendment to the statute, applying the "one license per 1,500 persons" rule to organized boroughs of the state.

5. Changes to AS 04.11.400(b). This subsection was reworded for greater clarity and simplicity.

6. Changes to AS 04.11.400(e). The deleted language "but outside an established village, an incorporated city, or a unified municipality" has been moved, in slightly revised form, to subsection (a)(1).

Subsection (e), as rewritten, also changes the date for determining population where the five-mile radius rule is applied. Under current law, the relevant date is December 31 of the year preceding the date of application. The use of this date is effective and practical where the quota is based on the entire population of a government entity, because those entities determine their populations yearly. However, where the five-mile-radius rule is applied, government figures are generally unavailable and the applicant will in most cases be required to do an actual count of the number of persons residing inside the radius. A person doing this count in, for example, November has no way of determining what the count would have been on December 31st of the previous year. For this reason, the bill provides that where the five-mile-radius rule applies, the population will be determined as of the date the application is filed with the Alcoholic Beverage Control Board, or another date not more than 60 days earlier.

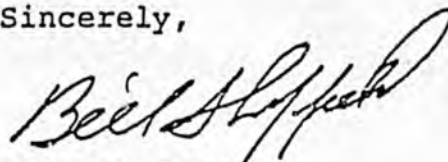
7. Change to AS 04.11.400(h)(1). The words "an

incorporated" were added for clarity and uniformity.

8. Change to AS 04.11.400(i). The change in this subsection is a technical correction only.

9. Changes to AS 04.11.400(j). This subsection presently uses only the term "municipality," which is defined in AS 04.21.080(b)(11) as meaning "an incorporated city, unified municipality, or organized borough." The specific terms are substituted here for the defined term for two reasons. First, the specific terms are used in the remainder of this section and their use here promotes uniformity. Second, because the specific terms are used elsewhere in the section, their use here will avoid any consequent confusion regarding whether the term "municipality" is intended to mean all three types of government entities or only a unified municipality.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

Total Number of Licenses by Type,¹ by Year, Alaska
1978 - 1982.*

| | 1978 | 1979 | 1980 | 1981 | 1982 | Number on 2/26/85 |
|--------------------------------|-------|-------|-------|-------|-------|----------------------|
| Beverage Dispensary Club | 483 | 583 | 592 | 624 | 629 | 625 |
| Commercial Carrier | 51 | 61 | 62 | 66 | 66 | 73 |
| Restaurant | 64 | 78 | 79 | 83 | 84 | 129 |
| Retail | 181 | 218 | 222 | 234 | 236 | 272 |
| Pub | 351 | 424 | 431 | 454 | 458 | 487 |
| Total | 1 | 1 | 1 | 1 | 1 | 1 |
| | 1,131 | 1,365 | 1,387 | 1,462 | 1,474 | 1,587 |
| On-Premise | 780 | 941 | 956 | 1,008 | 1,016 | 1,100 |
| Off-Premise | 351 | 424 | 431 | 454 | 458 | 487 |

1. Department of Revenue: Alcohol Beverage Control Board

* The total number of Liquor License's was made available by the ABC Board. The distribution of license's by type was based on the percentage breakout for 1981 a year for which data on number of each type of license was available. Data on the exact type breakout for previous years was unavailable.

Number of persons per license, Alaska , 1978-1982

| | 1978 | 1979 | 1980 | 1981 | 1982 | Number on 2/26/85 |
|---------------------------------|-------|-------|-------|-------|-------|----------------------|
| ON PREMISE LICENSE'S | 780 | 941 | 956 | 1,008 | 1,016 | 1,100 |
| 19+ Population | 345 | 288 | 277 | 271 | 291 | 299 |
| State Population | 525 | 431 | 418 | 426 | 452 | 465 |
| OFF PREMISE LICENSE'S | 351 | 424 | 431 | 454 | 458 | 487 |
| 19+ Population | 766 | 639 | 614 | 603 | 646 | 676 |
| State Population | 1,168 | 957 | 928 | 947 | 1,004 | 1,049 |
| TOTAL LICENSE'S | 1,131 | 1,365 | 1,387 | 1,462 | 1,474 | 1,587 |
| 19+ Population | 237 | 198 | 191 | 187 | 200 | 207 |
| State Population | 363 | 297 | 288 | 294 | 312 | 322 |
| STATE POP. (000's) ¹ | | | | | | |
| 19+ years ² | 269 | 271 | 265 | 274 | 296 | 329 |
| State Pop. ³ | 410 | 406 | 400 | 430 | 460 | 511 |

1. Department of Labor: Annual Population Statistics.

2. The number of state population aged 19 and over.

3. The entire state population.

SUMMARY

February 1985

ANALYSIS OF AVAILABILITY FACTORS
RELATED TO PER CAPITA ALCOHOL CONSUMPTION

· For

THE ALASKA COUNCIL ON PREVENTION
OF ALCOHOL AND DRUG ABUSE, INC.
· Anchorage, Alaska

Partially funded by

THE STATE OFFICE OF ALCOHOLISM AND DRUG ABUSE
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
STATE OF ALASKA

Prepared by

P.C.H.S. GROUP
Pouch 3-6500 - #15A
Juneau, Alaska 99802

SUMMARY

DO ALCOHOL LAWS AFFECT ALCOHOL CONSUMPTION

Synopsis

In the simplest possible terms, this report indicates that:

- States with "strict," "tight," or "conservative" liquor laws have low per capita alcohol consumption.
- And, states with "permissive," "loose," or "liberal" liquor laws have high per capita alcohol consumption rates.

The factors which apparently most affect per capita consumption are:

- The cost of alcohol.
- The hours in which alcohol is available for sale.
- The number of outlets in which alcohol may be purchased.

Background and Reason for this Research

This report is a small part of an intensive two-year study by the Alaska Council on Prevention of Alcohol and Drug Abuse, Inc., to determine if Alaska's liquor laws and policies were in any way responsible for that state's inordinately high per capita alcohol consumption rate.

Much research has been done on the relationship of individual factors in affecting per capita consumption, and/or attempting to tie in one factor or another with a specific type of health disorder or crime problem.

Only one piece of research attempted to look at the overall liquor policies of a specific state as they relate to per capita alcohol consumption. In 1975, Dr. Reginald Smart of the Addiction Research Foundation in Toronto, developed an "availability score" by assigning weights to a variety of factors. He has proved that states with a high "availability score" (e.g. Alaska) had high per capita alcohol consumption rates. States which had low scores on his "availability scale" (e.g. North Carolina) had low per capita alcohol consumption levels.

The 1975 Smart Study, which was cited as "an overwhelming preponderance of scientific evidence," indicated a direct correlation between availability factors and per capita consumption. However, any attempt to change liquor laws to moderate alcohol availability anywhere is always challenged with the statement that the specific factor under discussion cannot be proven to have any specific effect. This research attempted to find the specific effect.

Methodology

The following factors were considered in an attempt to learn how much each of these factors influences per capita alcohol consumption in each of the 50 states and the District of Columbia.

- Minimum drinking age.
- Per capita income.
- Hours per week that alcohol may be purchased.
- Number of outlets which sell alcohol per population.
- Whether alcohol is sold through licensed, independent retail outlets or a state monopoly.

Baseline data was accumulated for each state, for the year 1980. Regression analysis, a commonly-used statistical technique, was utilized with a formula designed to indicate how much each of these factors influenced per capita consumption.

In the final analysis:

- Minimum drinking age does not seem to affect the per capita consumption rate.
- Having individual licensees rather than a state monopoly does not seem to affect the per capita consumption rate.
- Per capita income does affect per capita consumption. Every \$1,000 of per capita income indicates additional consumption of approximately one quart of alcohol.
- The cost of alcohol does directly affect consumption. Each additional dollar of cost reduces consumption by more than a quart.
- The number of outlets does affect consumption. One point of logarithmic difference will decrease per capita consumption by .39 gallons.

Conclusions

There are many demographic variables which influence per capita consumption, that cannot be changed by legislation. For example, per capita income is a variable that would be of little help to decision makers in attempts to reduce per capita consumption.

Should any political jurisdiction wish to lower its per capita consumption level, the three most influential factors to be considered are:

- Cost of alcohol
- Number of outlets
- Hours of availability



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

11/24/89
Date

H B

3 5

Position Paper

CS for House Bill No. 35 (Rules)

For "An Act relating to state regulations of fireworks; and providing for an effective date."

The Department of Health and Social Services supports this bill for two reasons:

- 1) Fireworks contribute to fire losses, as documented by the State Fire Marshal;
- 2) Fireworks cause injuries, often to children, although no one as yet has systematically documented fireworks injuries in Alaska.

BACKGROUND

In 1984, according to the Consumer Product Safety Commission, there were 7 reported deaths and over 9,800 injuries associated with fireworks. Over half of the injuries consisted of burns or lacerations and many were suffered by children under 15. Some of these injuries were quite severe, involving loss of hearing, loss of sight, or loss of limb.

The Center for Disease Control in Atlanta reports that the trend in fireworks related injuries has been generally upward since 1975, when approximately 4,700 persons were treated for fireworks related injuries in hospital emergency rooms.

According to a book on Injury Control, by Dr. Julian A. Waller, bottle rockets, in particular, were associated with high injury rates. These devices are especially likely to cause eye injuries.

The National Fire Protection Association reports that the rate of injuries in states allowing many types of fireworks is significantly greater than in states that ban all fireworks or allow only sparklers and snakes.

POSITION

The Department of Health and Social services believes that restricting the sale of fireworks to persons over 16 years of age,

and prohibiting the sale of firecrackers and bottle rockets, will result in reduced injuries, especially among children.

Recommended by: Elizabeth Ward
Elizabeth Ward, M.N.
Director
Division of Public Health

Date: 5/5/86

Approved By: John R. Pugh
John R. Pugh
Commissioner
Department of Health and
Social Services

Date: 5/5/84

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : CS HB 35 (Rules)
 Title : An Act Relating to State
 Regulation of Fireworks...
 Sponsor : Rep. Pourchot
 Requestor : _____
 Date of Request : 5/5/86

FISCAL DETAIL

Agency Affected : Health & Social Services
 BRU : State Health Services, Adm.
 Services, Emergency Medical Services
 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |

| | | | | | | |
|----------------|-----|-----|-----|-----|-----|-----|
| CAPITAL | -0- | -0- | -0- | -0- | -0- | -0- |
|----------------|-----|-----|-----|-----|-----|-----|

| | | | | | | |
|----------------|-----|-----|-----|-----|-----|-----|
| REVENUE | -0- | -0- | -0- | -0- | -0- | -0- |
|----------------|-----|-----|-----|-----|-----|-----|

FUNDING : (Thousands of Dollars)

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

POSITIONS :

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

ANALYSIS : Attach a separate page if necessary

Prepared by : Elizabeth Ward, M.N. E. Ward
 Division : Public Health

Phone : 465-3090
 Date : May 5, 1986

Approved by Commissioner : J. R. O'Neil
 Agency : Dept. of Health & Social Services

Date : 5/5/86

Distribution (by Agency preparing fiscal note) :

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

INDEX TO PACKET

- 1) Cover Memo
- 2) CSHB 35 (Rules)
CSHB 35 (Judiciary)
CSHB 35 (State Affairs)
HB 35
- 3) Sectional Analysis
- 4) Summary
- 5) Position Papers
 - Department of Public Safety
 - Department of Health and Social Services
- 6) Bill History
- 7) Alaska Statutes Regulating Fireworks - AS 18.72
- 8) U.S. Department of Transportation Regulations - 49 CFR 173.100
- 9) Consumer Product Safety Regulations
- 10) News Articles
- 11) Fiscal Notes
 - Department of Public Safety
 - Department of Health and Social Services: Public Health Division
 - Department of Law
- 12) Documentation

McFarland, Lynne, et al. 1984. "Risk Factors for Fireworks-Related Injury in Washington State," JAMA, Vol. 251, No. 24, pp. 3251-3254.

Alaska Department of Natural Resources. "Wildland Fires Caused by Fireworks."

National Safety Council. "Policy on the Use of Fireworks."

Kale, Deborah and Beatrice Harwood. 1981. "Fireworks Injuries." U.S. Consumer Product Safety Commission, Directorate for Epidemiology, Division of Hazard Analysis. (Summary only)

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE
COMMITTEE ON OIL AND GAS



ANCHORAGE
P O BOX 104836
ANCHORAGE, AK 99510
(907) 338-2425

JUNEAU
POUCH V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

House of Representatives

MEMORANDUM

DATE: May 6, 1986

TO: Senate State Affairs Committee
Senator Mitch Abood, Chairman
Senator Edna DeVries, Vice-Chairman
Senator Vic Fischer
Senator Bill Ray
Senator Tim Kelly

FROM: Representative Pat Pourchot *Pat*

SUBJECT: CSHB 35 (Rules), Regulation of Fireworks

Last week the House passed the above bill over to the Senate by a vote of 27 to 11.

CSHB 35 (Rules) would:

- 1) allow the sale of all Class C fireworks currently permitted under federal regulation - except for fire-crackers and bottle rockets;
- 2) restrict sales to persons age 16 years or older; and
- 3) require supervision of fireworks sales by a person age 18 or older.

CSHB 35 (Rules) has received strong support from the Alaska Department of Public Safety, the Alaska Department of Health and Human Services, and the state Division of Forestry, as well as from most of the municipalities in the state. Additionally, representatives of the Alaska Fireworks Retailers Association have worked on the bill and support its provisions.

Most people who have worked on the bill, including dealers, have agreed that most of the personal injury, fire and nuisance problems can be attributed to the two types of fireworks prohibited by this bill. Ironically, retail profits from firecrackers and bottle rockets are reported by wholesalers and retailers to be small when compared to all other items sold.

Virtually all of our municipalities currently have a total ban on sale and use of fireworks within their jurisdictions. However, numerous problems still occur due to the availability of these items outside a municipality's boundaries.

CSHB 35 (Rules) would not affect public fireworks displays in any way. The bill seeks only to prevent injuries and to restore a small amount of peace to our neighborhoods.

Offered: 4/21/86
Referred: Rules

Original sponsor: Pourchot

1 IN THE HOUSE BY THE RULES COMMITTEE

2 CS FOR HOUSE BILL NO. 35 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state regulation of fireworks;
7 and providing for an effective date."

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

9 * Section 1. AS 18.72.010(a) is amended to read:

10 (a) The sale, [OR] offer to sell, possession with intent to
11 sell, or manufacture of dangerous fireworks at wholesale or retail for
12 a [ANY] purpose other than industrial, agricultural, wildlife control
13 or public display purposes is prohibited.

14 * Sec. 2. AS 18.72.010(c) is amended to read:

15 (c) All dangerous fireworks shall be purchased from a fireworks
16 wholesaler licensed as such in this state. A [NO] fireworks whole-
17 saler may not sell dangerous fireworks to anyone, unless the wholesal-
18 er [HE] has a currently valid permit required by the fire safety code,
19 the number of which shall be affixed to each record of sale by the
20 [FIREWORKS] wholesaler, and maintained as a permanent record of the
21 sale.

22 * Sec. 3. AS 18.72 is amended by adding a new section to read:

23 Sec. 18.72.025. PURCHASE AND SALE OF FIREWORKS BY MINORS. The
24 sale of fireworks to a person under 16 years of age is prohibited. A
25 person under 18 years of age may not sell fireworks unless supervised
26 by a person 18 years of age or older.

27 * Sec. 4. AS 18.72.030(a) is amended to read:

28 (a) A person who desires to sell fireworks at wholesale in the
29 state shall first make verified application for a license to the state

1 fire marshal on forms provided by the state fire marshal [HIM]. The
2 application shall be accompanied by an annual license fee of \$50.

3 * Sec. 5. AS 18.72.040 is amended to read:

4 Sec. 18.72.040. PENALTIES [VIOLATION]. A person who recklessly
5 [KNOWINGLY AND WILFULLY] fails to comply with a provision of this
6 chapter or fireworks regulations adopted in the fire safety code is
7 guilty of a class B misdemeanor [AND UPON CONVICTION IS PUNISHABLE BY
8 A FINE OF NOT MORE THAN \$500, OR BY IMPRISONMENT FOR NOT MORE THAN SIX
9 MONTHS, OR BY BOTH]. Each day of noncompliance constitutes a separate
10 offense.

11 * Sec. 6. AS 18.72.050 is repealed and reenacted to read:

12 Sec. 18.72.050. DEFINITIONS. In this chapter and in fireworks
13 regulations adopted in the state fire safety code

14 (1) "bottle rocket" means a type of skyrocket consisting of
15 a tube, not exceeding one-half inch (12.5 mm) inside diameter and two
16 and one-half inches in length, and a stick fastened to or contained in
17 the tube for guidance and stability;

18 (2) "dangerous fireworks" includes all fireworks that are
19 not defined as salable fireworks;

20 (3) "fire safety code" means the fire safety code of the
21 state adopted and administered by the division of fire prevention of
22 the Department of Public Safety;

23 (4) "firecracker" has the meaning given in 49 C.F.R. 173.-
24 100(r);

25 (5) "fireworks" means a composition or device designed to
26 produce a visible or an audible effect by combustion, deflagration or
27 detonation, and that meets the definition of "common" or "special"
28 fireworks as set out in the hazardous materials regulations of the
29 United States Department of Transportation, but does not include

1 (A) toy pistols, toy canes, toy guns, or other devices
2 in which are used paper or plastic caps manufactured, packed, and
3 shipped in accordance with United States Department of
4 Transportation regulations; and

5 (B) model rockets and model rocket motors designed,
6 sold, and used for the purpose of propelling recoverable aero
7 models;

8 (6) "manufacture" means the preparation of fireworks mixes
9 and the loading and assembly of all fireworks;

10 (7) "recklessly" has the meaning given in AS 11.81.900(a)-
11 (3);

12 (8) "salable fireworks" means common fireworks, as de-
13 scribed in 49 C.F.R. 173.100(r), other than

14 (A) firecrackers; and

15 (B) skyrockets that meet the definition of bottle
16 rockets under this section.

17 * Sec. 7. AS 18.72.060 is amended to read:

18 Sec. 18.72.060. APPLICATION OF CHAPTER. This chapter and fire-
19 works regulations adopted under the fire safety code supersede the
20 provisions of an ordinance adopted by a city or borough, whether
21 before or after May 23, 1969, that [WHICH] are less restrictive than
22 this chapter or the code. However, nothing in this section affects
23 the authority of a city or organized borough under other law to pro-
24 hibit or regulate more restrictively than this chapter the offering
25 for sale, exposure for sale, sale, use, or explosion of fireworks.

26 * Sec. 8. AS 18.72.060 is amended by adding a new subsection to read:

27 (b) This chapter does not apply to

28 (1) the sale of pyrotechnic signaling devices and distress
29 signals for marine, aviation, and highway use;

1 (2) the retail sale and use of explosives or signaling
2 flares used in the course of ordinary business or industry;

3 (3) gold star producing sparklers that contain no magnesium
4 or chlorate;

5 (4) toy snakes that contain no mercury;

6 (5) smoke novelties and party novelties that contain less
7 than 0.25 grain of explosive mixture;

8 (6) shells or cartridges used as ammunition in firearms;

9 (7) blank cartridges used for a theatrical or other enter-
10 tainment production, or for signal or ceremonial purposes in sporting
11 events or by military organizations.

12 * Sec. 9. This Act takes effect December 31, 1986.

Offered: 2/3/86
Referred: Rules

Original sponsor: Pourchot

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2

CS FOR HOUSE BILL NO. 35 (Judiciary)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to state regulation of fireworks;

7

and providing for an effective date."

8

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

9

* Section 1. AS 18.72.010(a) is amended to read:

10

(a) The sale, [OR] offer to sell, possession with intent to

11

sell, or manufacture of dangerous fireworks at wholesale or retail for

12

a [ANY] purpose other than industrial, agricultural, wildlife control

13

or public display purposes is prohibited.

14

* Sec. 2. AS 18.72.010(c) is amended to read:

15

(c) All dangerous fireworks shall be purchased from a fireworks

16

wholesaler licensed as such in this state. A [NO] fireworks whole-

17

saler may not sell dangerous fireworks to anyone, unless the wholesal-

18

er [HE] has a currently valid permit required by the fire safety code,

19

the number of which shall be affixed to each record of sale by the

20

[FIREWORKS] wholesaler, and maintained as a permanent record of the

21

sale.

22

* Sec. 3. AS 18.72.030(a) is amended to read:

23

(a) A person who desires to sell fireworks at wholesale in the

24

state shall first make verified application for a license to the state

25

fire marshal on forms provided by the state fire marshal [HIM]. The

26

application shall be accompanied by an annual license fee of \$50.

27

* Sec. 4. AS 18.72.040 is amended to read:

28

Sec. 18.72.040. PENALTIES [VIOLATION]. A person who recklessly

29

[KNOWINGLY AND WILFULLY] fails to comply with a provision of this

1 chapter or fireworks regulations adopted in the fire safety code is
2 guilty of a class B misdemeanor [AND UPON CONVICTION IS PUNISHABLE BY
3 A FINE OF NOT MORE THAN \$500, OR BY IMPRISONMENT FOR NOT MORE THAN SIX
4 MONTHS, OR BY BOTH]. Each day of noncompliance constitutes a separate
5 offense.

6 * Sec. 5. AS 18.72.050 is repealed and reenacted to read:

7 Sec. 18.72.050. DEFINITIONS. In this chapter and in fireworks
8 regulations adopted in the state fire safety code

9 (1) "cone fountain" means a cardboard or heavy paper cone
10 containing not more than 50 grams of pyrotechnic composition and that
11 has the same effect as a cylindrical fountain;

12 (2) "cylindrical fountain" means a cylindrical tube not
13 more than three-fourths of an inch (19 mm) inside diameter, containing
14 up to 75 grams of pyrotechnic composition, that may be supported on a
15 base or spike or may be hand-held and that, upon ignition, produces a
16 shower of colored sparks and, sometimes, a whistling effect;

17 (3) "dangerous fireworks" includes all fireworks that are
18 not defined as salable fireworks;

19 (4) "dipped stick" means a stick or wire coated with not
20 more than 100 grams of pyrotechnic composition, or if containing
21 perchlorate or chlorate salts, not more than five grams of pyrotechnic
22 composition, and that produces a shower of sparks upon ignition;

23 (5) "fire safety code" means the fire safety code of the
24 state adopted and administered by the division of fire prevention of
25 the Department of Public Safety;

26 (6) "fireworks" means a composition or device designed to
27 produce a visible or an audible effect by combustion, deflagration or
28 detonation, and that meets the definition of "common" or "special"
29 fireworks as set out in the hazardous materials regulations of the

1 United States Department of Transportation, but does not include

2 (A) toy pistols, toy canes, toy guns, or other devices
3 in which paper or plastic caps manufacture, packed, and shipped
4 in accordance with United States Department of Transportation
5 regulations; and

6 (B) model rockets and model rocket motors designed,
7 sold, and used for the purpose of propelling recoverable aero
8 models;

9 (7) "flitter sparkler" means a narrow paper tube filled
10 with pyrotechnic composition that produces color and sparks upon
11 ignition; this device does not have a fuse for ignition; the paper at
12 one end of the tube is ignited to make the device function;

13 (8) "ground spinner" means a small device similar to wheel
14 in design and effect and placed on the ground and ignited; a shower of
15 sparks and color is produced by the rapidly spinning device;

16 (9) "illuminating torch" means a cylindrical tube contain-
17 ing not more than 100 grams of pyrotechnic composition, that may be
18 supported on a base or spike or may be hand-held and that, upon igni-
19 tion, produces a colored fire;

20 (10) "recklessly" has the meaning given in AS 11.81.900(a)-
21 (3);

22 (11) "Roman candle" means a tube not exceeding three-eighths
23 inches (9.5 mm) inside diameter, containing not more than 20 grams of
24 pyrotechnic composition and not more than 10 balls spaced uniformly in
25 the tube;

26 (12) "salable fireworks" includes only the following United
27 States Department of Transportation common fireworks:

28 (A) cone fountains;

29 (B) cylindrical fountains;

- 1 (C) dipped sticks;
- 2 (D) flitter sparklers;
- 3 (E) ground spinners;
- 4 (F) illuminating torches;
- 5 (G) Roman candles;
- 6 (H) skyrockets with sticks;
- 7 (I) wheels;

8 (13) "skyrocket with stick" means a tube not exceeding
9 one-half inch (12.5 mm) inside diameter, containing not more than 20
10 grams of pyrotechnic composition, with a stick fastened to or con-
11 tained in the tube for guidance and stability;

12 (14) "wheel" means a pyrotechnic device attached to a post
13 or tree by means of a nail or string, containing a total pyrotechnic
14 composition of not more than 60 grams in each driver unit or 240 grams
15 in each complete wheel, and that, upon ignition, revolves and produces
16 a shower of color and sparks and, sometimes, a whistling effect.

17 * Sec. 6. AS 18.72.060 is amended to read:

18 Sec. 18.72.060. APPLICATION OF CHAPTER. This chapter and fire-
19 works regulations adopted under the fire safety code supersede the
20 provisions of an ordinance adopted by a city or borough, whether
21 before or after May 23, 1969, that [WHICH] are less restrictive than
22 this chapter or the code. However, nothing in this section affects
23 the authority of a city or organized borough under other law to pro-
24 hibit or regulate more restrictively than this chapter the offering
25 for sale, exposure for sale, sale, use, or explosion of fireworks.

26 * Sec. 7. AS 18.72.060 is amended by adding a new subsection to read:

27 (b) This chapter does not apply to

28 (1) the sale of pyrotechnic signaling devices and distress
29 signals for marine, aviation, and highway use;

- 1 (2) the retail sale and use of explosives or signaling
2 flares used in the course of ordinary business or industry;
3 (3) gold star producing sparklers that contain no magnesium
4 or chlorate;
5 (4) toy snakes that contain no mercury;
6 (5) smoke novelties and party novelties that contain less
7 than 0.25 grain of explosive mixture;
8 (6) shells or cartridges used as ammunition in firearms;
9 (7) blank cartridges used for a theatrical or other enter-
10 tainment production, or for signal or ceremonial purposes in sporting
11 events or by military organizations.
12 * Sec. 8. This Act takes effect December 31, 1986.

Offered: 3/20/85
Referred: Judiciary

Original sponsor: Pourchot

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 35 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to state regulation of fireworks;
7 and providing for an effective date."

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

9 * Section 1. AS 18.72.010(a) is amended to read:

10 (a) The sale, [OR] offer to sell, possession with intent to
11 sell, or manufacture of dangerous fireworks at wholesale or retail for
12 a [ANY] purpose other than industrial, agricultural, wildlife control
13 or public display purposes is prohibited.

14 * Sec. 2. AS 18.72.010(c) is amended to read:

15 (c) All dangerous fireworks shall be purchased from a fireworks
16 wholesaler licensed as such in this state. A [NO] fireworks whole-
17 saler may not sell dangerous fireworks to anyone, unless the wholesal-
18 er [HE] has a currently valid permit required by the fire safety code,
19 the number of which shall be affixed to each record of sale by the
20 [FIREWORKS] wholesaler, and maintained as a permanent record of the
21 sale.

22 * Sec. 3. AS 18.72.030(a) is amended to read:

23 (a) A person who desires to sell fireworks at wholesale in the
24 state shall first make verified application for a license to the state
25 fire marshal on forms provided by the state fire marshal [HIM]. The
26 application shall be accompanied by an annual license fee of \$50.

27 * Sec. 4. AS 18.72.040 is amended to read:

28 Sec. 18.72.040. PENALTIES [VIOLATION]. A person who recklessly
29 [KNOWINGLY AND WILFULLY] fails to comply with a provision of this

1 chapter or fireworks regulations adopted in the fire safety code is
2 guilty of a class B misdemeanor [AND UPON CONVICTION IS PUNISHABLE BY
3 A FINE OF NOT MORE THAN \$500, OR BY IMPRISONMENT FOR NOT MORE THAN SIX
4 MONTHS, OR BY BOTH]. Each day of noncompliance constitutes a separate
5 offense.

6 * Sec. 5. AS 18.72.050 is repealed and reenacted to read:

7 Sec. 18.72.050. DEFINITIONS. In this chapter and in fireworks
8 regulations adopted in the state fire safety code

9 (1) "cone fountain" means a cardboard or heavy paper cone
10 containing not more than 50 grams of pyrotechnic composition and that
11 has the same effect as a cylindrical fountain;

12 (2) "cylindrical fountain" means a cylindrical tube not
13 more than three-fourths of an inch (19 mm) inside diameter, containing
14 up to 75 grams of pyrotechnic composition, that may be supported on a
15 base or spike or may be hand-held and that, upon ignition, produces a
16 shower of colored sparks and, sometimes, a whistling effect;

17 (3) "dangerous fireworks" includes all fireworks that are
18 not defined as salable fireworks;

19 (4) "dipped stick" means a stick or wire coated with not
20 more than 100 grams of pyrotechnic composition, or if containing
21 perchlorate or chlorate salts, not more than five grams of pyrotechnic
22 composition, and that produces a shower of sparks upon ignition;

23 (5) "fire safety code" means the fire safety code of the
24 state adopted and administered by the division of fire prevention of
25 the Department of Public Safety;

26 (6) "fireworks" means a composition or device designed to
27 produce a visible or an audible effect by combustion, deflagration or
28 detonation, and that meets the definition of "common" or "special"
29 fireworks as set out in the hazardous materials regulations of the

1 United States Department of Transportation, but does not include

2 (A) toy pistols, toy canes, toy guns, or other devices
3 in which paper or plastic caps manufacture, packed, and shipped
4 in accordance with United States Department of Transportation
5 regulations; and

6 (B) model rockets and model rocket motors designed,
7 sold, and used for the purpose of propelling recoverable aero
8 models;

9 (7) "flitter sparkler" means a narrow paper tube filled
10 with pyrotechnic composition that produces color and sparks upon
11 ignition; this device does not have a fuse for ignition; the paper at
12 one end of the tube is ignited to make the device function;

13 (8) "ground spinner" means a small device similar to wheel
14 in design and effect and placed on the ground and ignited; a shower of
15 sparks and color is produced by the rapidly spinning device;

16 (9) "illuminating torch" means a cylindrical tube contain-
17 ing not more than 100 grams of pyrotechnic composition, that may be
18 supported on a base or spike or may be hand-held and that, upon igni-
19 tion, produces a colored fire;

20 (10) "recklessly" has the meaning given in AS 11.81.900(a)-
21 (3);

22 (11) "salable fireworks" includes only the following United
23 States Department of Transportation common fireworks:

- 24 (A) cone fountains;
25 (B) cylindrical fountains;
26 (C) dipped sticks;
27 (D) flitter sparklers;
28 (E) ground spinners;
29 (F) illuminating torches;

1 (G) wheels;

2 (12) "wheel" means a pyrotechnic device attached to a post
3 or tree by means of a nail or string, containing a total pyrotechnic
4 composition of not more than 60 grams in each driver unit or 240 grams
5 in each complete wheel, and that, upon ignition, revolves and produces
6 a shower of color and sparks and, sometimes, a whistling effect.

7 * Sec. 6. AS 18.72.060 is amended to read:

8 Sec. 18.72.060. APPLICATION OF CHAPTER. This chapter and fire-
9 works regulations adopted under the fire safety code supersede the
10 provisions of an ordinance adopted by a city or borough, whether
11 before or after May 23, 1969, that [WHICH] are less restrictive than
12 this chapter or the code. However, nothing in this section affects
13 the authority of a city or organized borough under other law to pro-
14 hibit or regulate more restrictively than this chapter the offering
15 for sale, exposure for sale, sale, use, or explosion of fireworks.

16 * Sec. 7. AS 18.72.060 is amended by adding a new subsection to read:

17 (b) This chapter does not apply to

18 (1) the sale, and use in emergency situations, of pyro-
19 technic signaling devices and distress signals for marine, aviation,
20 and highway use;

21 (2) the retail sale and use of explosives or signaling
22 flares used in the course of ordinary business or industry;

23 (3) gold star producing sparklers that contain no magnesium
24 or chlorate;

25 (4) toy snakes that contain no mercury;

26 (5) smoke novelties and party novelties that contain less
27 than 0.25 grain of explosive mixture;

28 (6) shells or cartridges used as ammunition in firearms;

29 (7) blank cartridges used for a theatrical or other

1 entertainment production, or for signal or ceremonial purposes in
2 sporting events or by military organizations.

3 * Sec. 8. This Act takes effect December 31, 1985.

Introduced: 1/14/85
Referred: State Affairs and
Judiciary

1 IN THE HOUSE

BY POURCHOT

2

HOUSE BILL NO. 35

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state regulation of fireworks;
7 and providing for an effective date."

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

9 * Section 1. AS 18.72.010(a) is amended to read:

10 (a) The sale or offer to sell dangerous fireworks at wholesale
11 or retail for a [ANY] purpose other than industrial, agricultural,
12 wildlife control or public display purposes is prohibited.

13 * Sec. 2. AS 18.72.010(c) is amended to read:

14 (c) All dangerous fireworks shall be purchased from a fireworks
15 wholesaler licensed as such in this state. A [NO] fireworks whole-
16 saler may not sell dangerous fireworks to anyone, unless the wholesal-
17 er [HE] has a currently valid permit required by the fire safety code,
18 the number of which shall be affixed to each record of sale by the
19 [FIREWORKS] wholesaler, and maintained as a permanent record of the
20 sale.

21 * Sec. 3. AS 18.72.030(a) is amended to read:

22 (a) A person who desires to sell fireworks at wholesale in the
23 state shall first make verified application for a license to the state
24 fire marshal on forms provided by the state fire marshal [HIM]. The
25 application shall be accompanied by an annual license fee of \$50.

26 * Sec. 4. AS 18.72.040 is amended to read:

27 Sec. 18.72.040. VIOLATION. A person who knowingly [AND WILFUL-
28 LY] fails to comply with a provision of this chapter or fireworks
29 regulations adopted in the fire safety code is guilty of a misdemeanor

1 and upon conviction is punishable by a fine of not more than \$500, or
2 by imprisonment for not more than six months, or by both. Each day of
3 noncompliance constitutes a separate offense.

4 * Sec. 5. AS 18.72.050 is repealed and reenacted to read:

5 Sec. 18.72.050. DEFINITIONS. In this chapter and in fireworks
6 regulations adopted in the state fire safety code

7 (1) "cone fountain" means a cardboard or heavy paper cone
8 containing not more than 50 grams of pyrotechnic composition and that
9 has the same effect as a cylindrical fountain;

10 (2) "cylindrical fountain" means a cylindrical tube not
11 more than three-fourths of an inch (19 mm) inside diameter, containing
12 up to 75 grams of pyrotechnic composition, that may be supported on a
13 base or spike or may be hand-held and that, upon ignition, produces a
14 shower of colored sparks and, sometimes, a whistling effect;

15 (3) "dangerous fireworks" includes all fireworks that are
16 not defined as salable fireworks;

17 (4) "dipped stick" means a stick or wire coated with not
18 more than 100 grams of pyrotechnic composition, or if containing
19 perchlorate or chlorate salts, not more than five grams of pyrotechnic
20 composition, and that produces a shower of sparks upon ignition;

21 (5) "fire safety code" means the fire safety code of the
22 state adopted and administered by the division of fire prevention of
23 the Department of Public Safety;

24 (6) "fireworks" means a composition or device designed to
25 produce a visible or an audible effect by combustion, deflagration or
26 detonation, and that meets the definition of "common" or "special"
27 fireworks as set out in the hazardous materials regulations of the
28 United States Department of Transportation, but does not include

29 (A) toy pistols, toy canes, toy guns, or other devices

1 in which paper or plastic caps manufacture, packed, and shipped
2 in accordance with United States Department of Transportation
3 regulations; and

4 (B) model rockets and model rocket motors designed,
5 sold, and used for the purpose of propelling recoverable aero
6 models;

7 (7) "illuminating torch" means a cylindrical tube contain-
8 ing not more than 100 grams of pyrotechnic composition, that may be
9 supported on a base or spike or may be hand-held and that, upon igni-
10 tion, produces a colored fire;

11 (8) "salable fireworks" includes only the following United
12 States Department of Transportation common fireworks:

- 13 (A) cone fountains;
14 (B) cylindrical fountains;
15 (C) dipped sticks;
16 (D) illuminating torches;
17 (E) wheels;

18 (9) "wheel" means a pyrotechnic device attached to a post
19 or tree by means of a nail or string, containing a total pyrotechnic
20 composition of not more than 60 grams in each driver unit or 240 grams
21 in each complete wheel, and that, upon ignition, revolves and produces
22 a shower of color and sparks and, sometimes, a whistling effect.

23 * Sec. 6. AS 18.72.060 is amended to read:

24 Sec. 18.72.060. APPLICATION OF CHAPTER. This chapter and fire-
25 works regulations adopted under the fire safety code supersede the
26 provisions of an ordinance adopted by a city or borough, whether
27 before or after May 23, 1969, that [WHICH] are less restrictive than
28 this chapter or the code. However, nothing in this section affects
29 the authority of a city or organized borough under other law to