

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8217 SENATE COMMUNITY & REGIONAL AFFAIRS

482

THE
FOLLOWING
DOCUMENTS
ARE
POOR
ORIGINAL
COPIES

1101 St
Douglas, AK 99824
January 24, 1994

Randy Phillips, Chairman
Community & Regional Affairs Committee
State Capitol
Juneau, AK

Dear Senator Phillips;

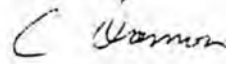
In the early 1970s I accepted a position with the Alaska Department of Education. This being a professional position, I was placed in the Teacher Retirement System. Three years latter I accepted a professional position with the Department of Highways. I was placed in the Public Employees Retirement system without any choice.

I am not vested in either program, thus not eligible for a benefit. Presently my only option is to cash out my contributions plus 4 1/2% simple interest. In another state, I was entitled for my contributions plus the 100% employer match. The other option I had was to draw my contributions upon leaving the positions. Had I accepted this offer and later returned to state employment I would have been required to pay back the withdrawn contributions plus 7% interest.

It is my opinion that 4 1/2% return through the 1980s was not fair return. I do not think it proper for the programs to benefit 100% with the matched employer contributions. To illustrate the least, the programs forced me into a very poor invest!

I wish to thank your committee in granting me the oppor unity to present my experiences. I appreciate the fact that there is an attempt to make corrections through the bill! Please advise if I may be of further assistance.

Truly,


Dr. Clark

FROM: Mr Terry Palisch
12001 Edgewater Cir

Anchorage AK 99515 263-4351

NON-CONSTITUENT

SUBJECT: BUDGET
MESSAGE: YOU ARE ALWAYS ASKING FOR BUDGET CUT SUGGESTIONS. START WITH DECREASING THE 61,000 DOLLAR PER EDUCATION UNIT. ITS TIME FOR OUR SCHOOL SYSTEM TO START LIVING WITHIN IT MEANS. WE CAN'T KEEP THROWING GOOD MONEY AFTER BAD IN THE NAME OF EDUCATION. NOTHING IS SCARED THIS YEAR.
DISTRIBUTION 31

FROM: Mr Peter Robb
PO Box 1030

Kotzebue AK 99752 485-2160

self

NON-CONSTITUENT

BILL#: SB 39 RETIREMENT CREDITED SERVICE & BENEFITS SUPPORTS
SUBJECT: RETIREMENT
MESSAGE: PLEASE PASS SB39 OUT OF COMMITTEE. I UNDERSTAND THAT I WOULD HAVE TO PAY FOR THE TIME, AND THAT IT WOULD BE AT NO COST TO THE STATE.
DISTRIBUTION 05

FROM: Mr Mickey Awbrey

FROM: Mr Charles Lean
Box 1716

Nome AK 99762 443-5167

NON-CONSTITUENT

BILL#: SB 39 RETIREMENT CREDITED SERVICE & BENEFITS SUPPORTS

MESSAGE: SB39 WILL ALLOW HIGH TIME EMPLOYEES TO RETIRE EARLIER, RESULTING IN REDUCED COST TO THE STATE. SINCE THESE EMPLOYEES ALL PLAN TO RETIRE, ADDITIONAL COST WILL NOT BE INCURRED. EMPLOYEES WILL INCUR ADDITIONAL COSTS.
DISTRIBUTION 06

Alaska State Legislature

SENATOR JIM DUNCAN

COMMITTEES:
VICE CHAIR –
FINANCE
VICE CHAIR –
STATE AFFAIRS
RULES
BUDGET & AUDIT
ETHICS REFORM

MEMORANDUM

Date: January 25, 1993

To: Senator Randy Phillips, Chair
Senate Community & Regional Affairs Committee

From: Senator Jim Duncan

Subject: SB 39, relating to credited service and retirement benefits.

Please schedule SB 39, relating to credited service and retirement benefits for a hearing in the Senate Community and Regional Affairs Committee as soon as possible.

SB 39 amends a number of different sections in the retirement statutes. Basically, the amendments in SB 39 will provide for fair treatment of individuals covered by our public retirement systems.

Sections 1 and 6. Creates a Public Service Benefit. These sections will allow a member of the TRS to claim their TRS service in PERS under certain limited circumstances. An individual with service in TRS who has never vested in either system would be allowed to claim their TRS credited service in PERS. Such an individual would be required to have at least two years credited service in PERS.

The Public Service Benefit will allow individuals with service in both public retirement systems who do not have enough service to vest in either to consolidate their public service in PERS and receive a limited benefit. If the full actuarial cost of the benefit amounts to more than the transferred in and consolidated employer and employee contributions, the member will pay the difference prior to retiring with a Public Service Benefit.

Sections 2, 3, and 7. Allows a vested member of PERS to claim credited service for active duty in a unit of the National Guard or National Guard Reserve. The member must have been honorably discharged and not entitled to receive retirement benefits from the federal government for the same period.

Sections 4 and 8. Allows an individual with temporary service credit to choose whether to claim that service as years of service credit towards "twenty and out" or "thirty and out" retirement or only for calculating benefits as is currently allowed.

Section 5. 39.35.360 (l). Allows individuals with service as temporary legislative employees to claim that service at any time provided the individual pays the full actuarial cost of the service claimed. Presently all such service must have been claimed before July 1, 1980.

39.35.360 (m). Allows former employees of the Alaska State Development Corporation (the precursor of AIDEA) to claim service credit under PERS provided they pay the full actuarial cost of claiming that service.

I feel these amendments to the Public Employees Retirement System will provide fairer treatment of current and former employees and urge your support for SB 39. I have requested fiscal notes and a sectional analysis and will provide them as soon as they are received.

Attachments

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

January 26, 1993

SUBJECT: Sectional Summary of SB 39 (Credited service and retirement benefits)

TO: Senator Jim Duncan
Attention: Roxanne Stewart

FROM: Teresa B. Cramer
Legislative Counsel

You have requested a sectional summary of the above described bill. As a preliminary matter, note that a sectional summary of a bill is not considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 makes a technical change, adding reference to the new statute created by sec. 6, to the section that exempts amounts held in the Teachers' Retirement System (TRS) from taxation and protects those amounts from being taken by another before they are received by the beneficiary.

Secs. 2, 3, and 7 permit vested members of the Public Employees Retirement System (PERS) to receive credited service for active duty service with a unit of the national guard or the national reserve. The member claiming service is indebted to the PERS system in an amount equal to the contributions that the member would have made to the system if the member had been an employee during the time of the national guard service. However, if the member was an employee participating in PERS immediately before going into the national guard and returned to PERS employment within 90 days after discharge from the national guard, the employee does not have to make any contributions. Under sec. 7, retired PERS members may claim this credited service.

Secs. 4 and 8 permit vested PERS employees who have chosen to "buy in" employment as a temporary employee, which is not part of regular membership service in PERS, to decide whether that temporary time should be counted both when the employee's retirement benefits are figured as well as when determining whether the employee is eligible to take a normal retirement. The member is

Senator Jim Duncan

January 26, 1993

Page 2

required to pay the full actuarial cost of the time claimed. The cost will vary depending on which choice the member makes. Under current law the time may only be considered when computing the amount of retirement benefits. Under sec. 8, members who have already received credit for temporary employment may elect whether the temporary time should be counted when determining eligibility for normal retirement.

Sec. 5 permits members of PERS to receive credited service in two circumstances. Under new subsection (l), a member could receive credited service for temporary employment with the state or territorial legislature. To receive this credited service, the member must pay the full actuarial cost of that service. Currently, under AS 39.35.360(g), an employee who claimed temporary legislative service before July 1, 1980, can receive up to 10 years of credited service for the employment before July 1, 1979. Under AS 39.35.345 (which is amended by sec. 4 of this bill), vested PERS employees may claim credited service for temporary employment with any PERS employer. Subsection (l) enacted in this bill permits employees who are not yet vested to receive credited service for temporary legislative employment.

Subsection (m) permits vested members of PERS to receive credited service for employment with the former Alaska State Development Corporation if the employee pays the full actuarial cost.

Sec. 6 establishes a public service benefit in PERS to permit members of PERS who are also members of TRS to combine their service in the two systems so that they become eligible for a benefit in PERS. The public service benefit is available to members who have not become vested in PERS or TRS, and therefore are not eligible for a benefit under either system. To receive a benefit under this section, the PERS member must have combined credited service totalling at least five years.

Sec. 7 is discussed above in conjunction with secs. 2 and 3.

Sec. 8 is discussed above in conjunction with sec. 4.

Please let me know if I can be of further assistance.

TC:pl
93-040.plm

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

September 28, 1988

SUBJECT: Retirement credit for national guard service
(Work Order No. 6-0065)

TO: Senator Jim Duncan

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested an opinion concerning whether the Division of Retirement and Benefits is correctly implementing statutory and legislative intent language on retirement credit for service in the national guard. In my opinion, the interpretation that the division is using is proper.

Under AS 14.25.100, a member of the Teachers' Retirement System (TRS) may receive credit for having "served as an active member of the armed forces of the United States." Under AS 39.35.340, a member of the Public Employees' Retirement System (PERS) is entitled to "credited service for active military service in the armed forces of the United States, either by enlistment or induction, if the employee received a discharge under honorable conditions". Under the definition section of TRS, AS 14.25.220(22),

"military service" means active duty in the armed forces of the United States.

The definition under PERS, AS 39.35.680(22), is almost identical, substituting "active duty service" for "active duty."

When the PERS system was established in 1960, credit for military service was limited to "military service in the Armed Forces of the United States during war." See sec. 15, ch. 143 SLA 1960. In 1976, the legislature expanded eligibility for military service credit in PERS by removing the requirement that the service have been performed during war. At the same time, the legislature adopted a Free Conference

*Sections 2, 3 & 7
Nat'l Guard - PERS*

Senator Jim Duncan
Page 2
September 28, 1988

Committee letter of intent, limiting the interpretation of what constitutes "active duty." The letter read, in part,

It is the intent of the Free Conference Committee that service credit only be allowed for active military service performed while a member of a regular unit in the armed forces. "Active duty" rendered while a member of a National Guard or Reserve unit which is commonly referred to as "summer camp", weekly or monthly drills and other special courses in schools are not periods of service which are eligible to be claimed under this bill.

House Journal, May 25, 1976, page 1572, and Senate Journal, May 25 1976, page 1359.

The division has applied the legislative letter of intent in the PERS system to preclude a member from receiving credited service for any activity in the national guard, including basic training. This appears to be consistent with the letter of intent. Although the letter does not specifically address basic training, it would be illogical to give credit for basic training but for no other involvement a member has in the national guard.

Under the 1960 version of TRS, credit was available for service "as an active member of the Armed Forces of the United States on or after January 1, 1940." The service had to be immediately preceded and followed by service as a teacher in a public school. See sec. 11, ch. 83 SLA 1960. (In ch. 155 SLA 1976, the legislature removed the requirement that the military service be preceded and followed by service as a teacher.) The legislature has not addressed the question of what constitutes "active duty" for TRS purposes. In the absence of a statute to the contrary, the division has continued to accept national guard service as military service. To change that result, an amendment to the TRS statutes would be necessary.

If I may be of further assistance, please advise.

TBC:zc
WKG3:125

April 10, 1989

The Honorable Fran Ulmer
Alaska State Representative
P.O. Box V
Juneau, AK 99811

Re: R.I.P. & Military Leave

Dear Representative Ulmer:

I began my employment with the Department of Highways on October 16, 1963. On August 17, 1963 I had to leave Alaska and report to Fort Ord, California for six weeks of basic training. I was then sent to Fort Leonardwood, Missouri for an additional 4.5 months of military training. On February 24, 1964 I returned to Alaska and back to the same job I left. During this six-months of military training I was on military leave with the State. Back in the 60's all males (men) had a military obligation to fulfill -- so I had no choice in this matter. Some of my co-workers (females) started their employment with the State about the same time as myself -- however, they did not have a military obligation. Therefore, they were not penalized this six-month period with regards toward their retirement credit.

I have asked Senator Duncan and his Assistant Roxanne Stewart to try to correct this situation. They are currently working on it. What I am asking you to help me with is this: If I had not had to leave the state for the six-months of military training, I would be eligible for 27 years of State service on October 16, 1990. That time in conjunction with the R.I.P. ("Retirement Incentive Program") would provide me with 30 years of service and I would not be penalized for early retirement.

I would not bother you with this matter unless I felt this is a good example of reverse discrimination.

I respectfully request your consideration in this matter. Just to sum things up -- I was employed by the State from October 16, 1963 to present, and I do not believe I should be penalized for something I was required to do by law. Especially, when other people are not. I believe this is a case of reverse discrimination.

Sincerely,

William B. Morris

William B. Morris

cc: Senator Jim Duncan

*Raymond
Whatami let Dan
on this*

CHAPTER 135

AN ACT

Relating to the creation of the Alaska State Development Corporation; and providing for an effective date.

(S.B. 153)

Be it enacted by the Legislature of the State of Alaska:

Article I

Organization of Development Corporation

Section 1. Purpose. The purpose of this Act is to create an instrumentality of the state to develop, stimulate and advance the business prosperity and economic welfare of Alaska and its citizens. This shall be accomplished by providing critically needed investment capital for development loans to encourage and assist the wholesome development of new business and industry in Alaska and to rehabilitate and expand existing business and industry. By providing development loans to all types of business activity, whether of an industrial, agricultural or recreational nature, the economic stability of the state will be strengthened, the employment opportunities of its citizens enlarged, and their standard of living and general welfare enhanced.

Sec. 2. Alaska State Development Corporation. The Alaska state development corporation, hereafter referred to as the corporation, is established as a public corporation of the State of Alaska. The Corporation is an instrumentality of the state, but has a legal existence independent of and separate from the state.

Sec. 3. Board of Directors. a. The Alaska state development corporation board of directors, hereafter referred to as the board, shall conduct the business of the corporation.

b. The board consists of the commissioner of commerce and six residents of Alaska appointed by the governor, who shall serve at his pleasure. Membership on the board shall be on a non-partisan basis with due regard given to representation from the different regions of Alaska, at least one member being appointed from each major senatorial district, if a qualified appointee in the opinion of the Governor resides in each such district. One-half of the appointed members shall be active in the banking business and the

other half shall be from other professions, but should have extensive knowledge of financial matters. The appointment of members to the board shall be confirmed by the legislature meeting in joint session. Newly appointed members are qualified to act and to receive compensation between the time of their appointment and the time of confirmation or rejection by the legislature.

c. The term of service for an appointed member of the board is four years. The terms of two appointed members shall expire on February 1 of each year. At the time of the initial appointments, the governor shall designate which members have been appointed for a one, two, or three year term. It is the intent of this Act that the terms of the appointed members be staggered to insure continuity of experience. A member appointed by the governor to fill a vacancy occurring other than by expiration of a term shall serve for the unexpired term of the member he succeeds.

d. At the time of the appointment of a member to the board, or should there be reason to do so while a member, he shall declare privately, in writing, to the governor and the board any financial or business interest he has, which might conflict with the public nature of his membership on the board. If there is a serious conflict, he may be asked by the board to abstain from decisions resulting in a conflict or to resign from the board. Any loan or contract of the corporation which is otherwise valid shall not be invalid because of any personal interest therein on the part of any board member; provided that such interest is so declared and that said board member abstains from decisions pertaining to such loan or contract.

Sec. 4. Organization of Board. a. Within 90 days after the effective date of this Act, the governor shall appoint the board. Public employees are not eligible for appointment to the board. Within 14 days after the last of the original appointments, the board shall meet and organize by electing from its members a president,

Sections - (m)

Royam

March 31, 1989

The Honorable Jim Duncan
Alaska State Legislature
P.O. Box V
Juneau, AK 99811-3100

RE: Senate Bill 215

Dear Senator Duncan:

As a former employee of the Alaska State Development Corporation (ASDC), I am delighted that this bill has been introduced for retirement credit, and I appreciate your efforts.

The bill only takes into account service before January 1, 1974, however, I have W-2s which show wages during the years 1971 through 1974, and 1976 and 1977. If the bill is passed in its present form, I would not receive service time for the years 1976 and 1977. It would seem appropriate that all service for ASDC should be eligible, and I request that you introduce an amendment to that end.

If there is some reason why the 1974 limitation is allowed to remain, I would appreciate knowing the reasons for it.

I look forward to hearing from you regarding this matter.

Sincerely,

Lorinda Kassner

Lorinda Kassner
P.O. Box 020346
Juneau, AK 99802-0346

fixed in SB 39

RECEIVED APR - 6 1989

April 10, 1992

The Honorable Fran Ulmer
House of Representatives
Room 421
State Capital
Juneau, Alaska 99801-1182

*Rayan
What is the
Status*

Dear Representative Ulmer:

RE: Senate Bill #53

The above bill, regarding former employees of the Alaska State Development Corporation (ASDC) has been forwarded to the House Finance Committee after passing out of House State Affairs. This bill will allow "retirement credit in the public employees retirement system for employees of the former Alaska State Development Corporation".

This bill has passed the Senate; however, it was amended in the House State Affairs committee to require full actuarial costs to be paid by the employee, which is a change from the original bill presented by Senator Duncan. As a former employee of ASDC, I will be greatly effected by this bill.

At the March 1992 House State Affairs hearing, I volunteered to turn my records over to the Division of Retirement and Benefits to calculate the cost to the employee, due to the change in the wording of the bill. I have approximately 2.5 years of service with ASDC and currently have 20.7 years of service with the Department of Revenue. I have contacted two former employees and they have also turned over their records to have the "cost" factors calculated. As of this date, Retirement and Benefits has not returned the results of their calculations.

I have done extensive research into the number of individuals who might be effected by this bill. It appears to be limited to 12 people, with only 5 or 6 people who maybe able to take advantage of the service credit. To further complicate matters, it is up to the employee to verify their employment. When the personnel records from ASDC were transferred to the Alaska Industrial Development and Export Authority (AIDEA), they were destroyed, so it cannot be verified from that source.

I have previously discussed this bill with you, at a Juneau Association of Professional Mortgage Women meeting at which you spoke on legislative issues. You asked for comments from those in attendance who had an interest in bills that were before the House, which resulted in many industry questions as well as issues that had a personal nature. I will be more than happy to discuss this bill with you again or with any members of your staff, prior to the hearing in House Finance. This letter is to remind you of our conversation and express my interest in getting this bill through the legislative process this year.

Any consideration that you can give to this bill will be greatly appreciated. I can be reached during normal business hours at 465-2354 or at my home phone 789-0704. I have made myself available to testify on this bill in the past and will be willing to do so again.

Sincerely,

Karen Ann L. Carlson

Karen Ann L. Carlson
P.O. Box 021548
Juneau, Alaska 99802-1548

cc: Senator Jim Duncan
Representative Bill Hudson

Senator Randy Phillips
Chairman, Community and Regional Affairs
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811-3100

January 24, 1994

Dear Senator Phillips:

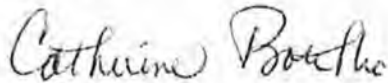
Senate Bill 39, a bill which would permit state employees with temporary service time to claim that time towards retirement years of service credit, has been scheduled for consideration on January 27th before the Community and Regional Affairs Committee. In 1992, SB 338, essentially identical to SB 39, died on the floor of the House on the last day of the session. It was a great disappointment to those of us who worked for years as temporary employees.

A letter and petition was circulated to state employees in 1992 in a loosely organized, grass-roots effort. It was supported by over 200 state employees, some of whom would not be directly affected. It is my understanding that **passage of this bill will have no fiscal impact to the State of Alaska**, because the employee would be required to pay the full actuarial cost of this option. It is also my understanding that a number of present employees may qualify, and opt, for immediate retirement, effectively resulting in a reduction in the state work force. In some small way, this may allow the state to achieve staff reductions without forcing layoffs of people with less time in state service.

Personally, I worked for 5.8 years as a temporary during the late 60's and 70's. If SB 39 passed, I would owe Retirement and Benefits approximately \$45,250 if I chose to exercise this option. While I may not be able to afford to pay this amount, I would appreciate having that option. With each passing day, the amount I would owe rises, and there are some people with more temporary time than me.

I urge you to support this bill.

Sincerely,



Catherine A. Botelho
P.O. Box 210515
Auke Bay, Alaska 99821

July 30, 1992

Dear State Employees:

As many of you remember, a petition was circulated last year to credit temporary service toward either retirement benefits or for counting the temporary time toward total service with the state. This petition was presented to Senator Jim Duncan, who agreed to sponsor what became Senate Bill 338. The bill had the support of the Department of Administration, passed the Senate, and made it through all the necessary House committees before dying on the floor of the House on the last day of the regular session. The point is that it got very, very close to being passed.

This bill moved on its own momentum due in part to the outspoken support and diligent efforts of many people throughout the state. The basic legislative research on this bill was accomplished during the last session by Senator Duncan and his staff. He is committed to sponsoring a bill with the same substance during the next legislative session.

Historical background

To provide historical background, the Blue Ribbon Commission on the State Personnel Act to the Eleventh Alaska State Legislature in 1979 concluded that temporary employees received none of the benefits provided to permanent employees by the state. As a result of the Commission's findings, Senate Bill 198 passed in 1980 to redefine the term "temporary" to "nonpermanent" and eliminate the inconsistencies and abuses in the hiring of "temporary" employees. Through this legislative reform the hiring of "non-permanent" employees after 1980 was made more equitable by law. However, this reclassifying of temporary positions, which received no benefits, to seasonal or permanent positions with benefits, did not address the issue of time spent as a "temporary" employee being counted towards service based retirement. Without legislation the system remains inequitable to employees who have worked in temporary positions during the 1960's and 1970's.

Benefits for temporary service

The legislation being proposed would allow employees eligible for "30 and out" or "20 and out" retirement to claim temporary service towards normal retirement. **There is no fiscal impact to the State** under this proposed legislation, because the employee would be required to pay the full actuarial cost of this option. Individuals interested in what the cost of this option would be should contact Ms. Liz Johnson in Retirement and Benefits (465-4460).

Request for your participation

Our goal is to have the attached petition circulated throughout the state and returned to me by November 1 so that by the time the 1993 Legislative session begins, we can have clear, well-documented support to present to Senator Duncan. Many of you signed last year's petition.

Temp. serv. credit
Section 468

Please sign this year's petition also. The 1993 House and Senate will be made up of many new members who should be informed of the importance of this bill to many state employees with many years of service. Your name on this petition will also allow us to keep you informed of developments and progress.

Once elections are over, you can help by writing your legislators in support of legislation to credit temporary time. If you are writing or FAXing to your legislators, **DO NOT** use State stationary or State FAX machines. These documents are circulated to every legislator and appear in every committee package and use of State supplies or equipment is inappropriate.

Please return completed petitions to:

Cathy Botelho
PO Box 210515
Auke Bay, Alaska 99821
(907) 789-4270 (res)

We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
Arnold Shaul	P.O. Box 2081 Kodiak, AK. 99615	21	<i>Arnold Shaul</i>
Robert Berceci	P.O. Box 106 Cold Bay, AK. 99571	13	<i>Robert Berceci</i>
Dean Beers	Box 235 TRADAKT CRIC 99683	0	<i>Dean Beers</i>

SUPPORT FOR SECTIONS 4 & 8.

We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
KENNETH C GRIFFIN	Box 556 Dutch Harbor 99692	17	Kenneth C. Griffin
Michael Ward	P.O. Box 421 Dutch Harbor AK 99692	11	Michael Ward
RANCE MORRISON	P.O. Box 1047 Dutch Harbor AK	19	Rance Morrison
DANN TRACY	P.O. Box 868 Dutch Harbor	0	Dann A. Tracy
Ben Kirkpatrick	Box 868 Dutch Harbor	0	Ben Kirkpatrick

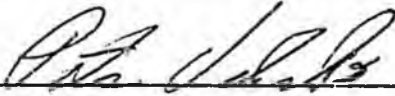
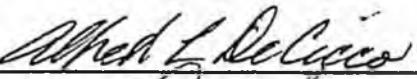
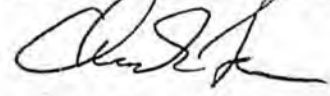
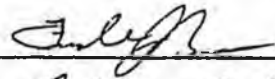
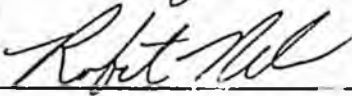
We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
James R. Dangel	1504 SMC, P.O. Box 219, Sitka 99835	1.3 years	James R. Dangel
DEMARIE S WOOD	P.O. Box 7391	1.3 years	Demarie Wood
Robert De Jong	1907 Cascade Creek, Sitka	12 months	Robert De Jong
Jeffrey D Kelly	2109 S.M.C. Road Sitka	28 months	Jeffrey D Kelly
Patricia M. Skarnes	Box 6035, Sitka	17 months	Patricia M. Skarnes
Janet Hall Schempf	800 Fritz Cove Road, Juneau 99801	20 months	Janet Schempf
GARY H. SANDERS	9167 RIVERWOOD DR., JUNEAU, AK 99801	20 MONTHS	Gary H. Sanders
SUSAN MILLARD	P.O. Box 211256 Auke Bay, AK 99821	2.7 YEARS	Susan Millard

We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
ALMA SEWARD	2151 A CROW HILL RD. DOUGLAS, AK 99824		Alma Seward
Doug Jones	9360 MINNER DR, JUNEAU AK	13	Doug Jones
Steve Elliott	P.O. Box 240653, Douglas AK	12	Steve F. Elliott
Roger Harding	P.O. 240463 Douglas AK		Roger Harding
KURT KONDZELA	P.O. Box 210931 ANCHORAGE AK 99821		Kurt Kondzela
ROBERT MARSHALL	P.O. BOX 211461 ANCHORAGE AK 99821		Robert Marshall
Paul Suchanek	Box 240107, Douglas, AK 99824		Paul Suchanek
Robert Johnson	1027 ARCTIC CIRCLE JUNEAU AK 99801	(APPROX) 40	Robert Johnson
Brian Glynn	2320 Fritz Cove Rd. JUNEAU AK 99801		Brian Glynn
Jandra Geyer	426 EAST ST. JUNEAU AK 99801		Jandra Geyer
Brendy A. Milton	PO BOX 220028 JUNEAU AK 99802		Brendy A. Milton
CHERYL SEIFERT	P.O. BOX 34016 JUNEAU, AK 99803		Cheryl Seifert

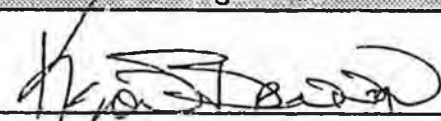
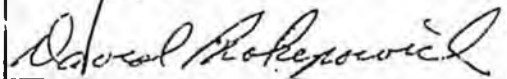

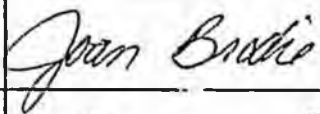
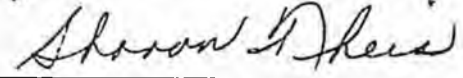

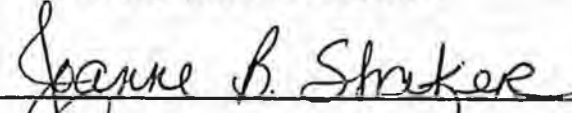
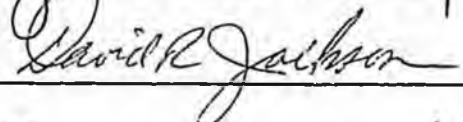
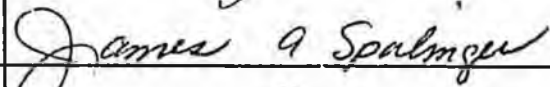
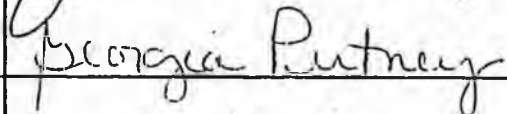
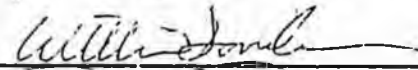
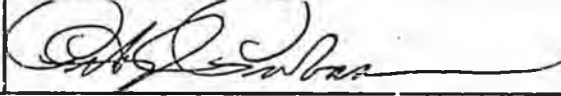
We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
PETER VELSKO	P.O. Box 1205 Nome, 99762	13	
ALFRED L. DeCicco	P.O. Box 10314 FAIRBANKS, AK 99710	12 36	
Charles Lean	P.O. Box 1716 Nome AK 99762	15	
FRED BLUE	P.O. Box 1215 Nome AK 99762	6	
Robert Nelson	Box 202 Nome, AK 99762	10	

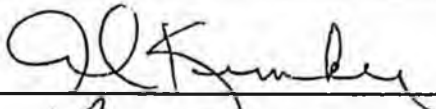
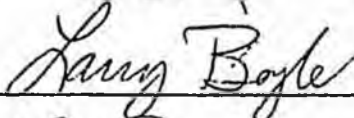


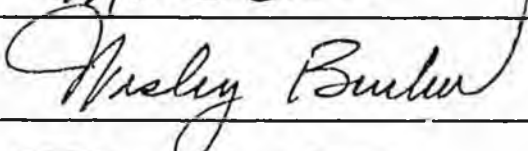

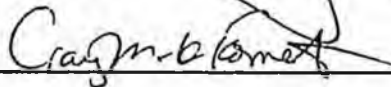
We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
LEN SCHWARZ	BOX 533 KODIAK 99615	18	Len Schwarz
Roger B. Smith	Box 2473 Kodiak 99615	9	Roger B. Smith
Joseph J. DiMascio	Box 5045 Kodiak 99615	12	Joseph J. DiMascio
Lois Menech	Box 631 Kodiak 99615	24 MONTHS	Lois A. Menech
Louise White	P.O. Box 4053 KODIAK 99615	12	Louise White
LESLIE J WATSON	PO Box 2473 Kodiak 99615	24+	Leslie J Watson
S. Forrest Blau	SR 7700 Kodiak 99615	12	S. Forrest Blau
Jim Blackburn	P.O. Box 948 Kodiak 99615	6	James S. Blackburn
Patricia Roche	PO Box 3015 Kodiak 99615	0	Patricia Roche
Charles O. Swanson	P.O. Box 2502 Kodiak 99615	0	Charles O Swanson
Lucinda P. Neel	P.O. Box 1071 Kodiak 99615	0	Lucinda P. Neel
SHARON HARRIS	2.35 ALDER WAY KODIAK, AK 99615	± 18	Sharon Harris

We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
KEVIN BRENNAN	P.O. 2230 / Kodiak, AK / 99615	0	
DAVID PROKOPOWICZ	P.O. Box 3299 / Kodiak, AK / 99615	8.0	
Dennis Grotzch	2117 Mission Rd / Kodiak / AK. / 99615	N.S.O	
Joan Brodie	715 Upper Mill Bay / Kodiak, AK. / Box 296 99615	? if any not many	
SHARON THEIS	713 Upper Mill Bay / Kodiak	0	
Joan Peterson	1417 Baranof St / Kodiak	0	
JOANNE B. SHAKER	P.O. Box 2898 / Kodiak, AK 99615	0	
DAVID R JACKSON	11248 KALVIN DR. KODIAK AK 99615	33	
JAMES A SPALINGER	P.O. Box 1462 / Kodiak, AK / 99615	9	
GEORGIA PUTNEY	PO Box 8201 Kodiak 99615	0	
William Donaldson	1713 Mission Rd. Kodiak AK 99615	3	
PETER J. PROBASCIO	P.O. Box 3149 / Kodiak, AK. / 99615	2344	

We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
Al Kimker	Box 4303 HOMER AK 99603	16	
LARRY BOYLE	PO Box 2198 HOMER AK 99603	12	
D. THOMAS BALLAND	PO Box 673 HOMER, AK 99603	44	
MARK DICKSON	58986 DEITZ LANE HOMER, AK. 99603	12	
WESLEY BUCKER	P.O. Box 1138 HOMER, AK. 99603	32	
Richard Gustafson	P.O. Box 4144 Homer, Ak, 99603	23	
Craig M. K. Forrest	P.O. Box 15261 Fritz Creek, AK	130	

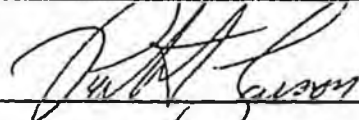

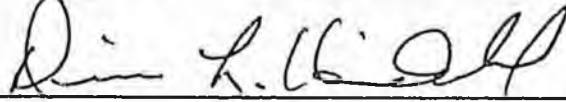
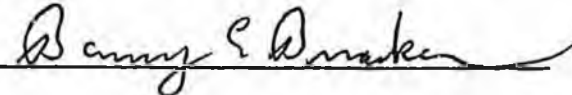
We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
W ^m Bruce Dinneford	6745 Marguerite Juneau 99801	28 1/2	<i>W Bruce Dinneford</i>
Matthew Matt Robus	POB 240181 Douglas AK 99824	3	<i>Matthew Robus</i>
Rod Flynn	745 5 th St. Douglas, AK 99824	0	<i>Rod W Flynn</i>
Zane Clark	8817 E Valley Ct Juneau AK 99801-8976	0	<i>Zane Clark</i>
Tom PAUL	Box 20628 JUNEAU, AK. 99802	1	<i>Tom Paul</i>
Anne Post	9355 Rivercourt Way, Juneau 99801	0	<i>Anne Post</i>
DENNIS LEMOND	Box 240248 DOUGLAS, AK. 99824	58	<i>Dennis Leonard</i>
Gail Blundell	Box 35054 Juneau, AK 99803	3	<i>Gail Blundell</i>
Lavern Beier	Box 021116 Juneau, AK 99802	72	<i>Lavern R. Beier</i>
Matthew Kirschhoff	11678 Auke St. JUNO AK 99802	0	<i>Matthew Kirschhoff</i>
Marilyn Sigmor Mandy Sigmor	Box 240009, Douglas, AK 99824	7	<i>Marilyn Sigmor</i>
Barbara Hackett	Box 34432, Juneau AK 99803	0	<i>Barbara Hackett</i>
Sue WORLEY	315 5 th ST. #5 Juneau		<i>Sue Worley</i>

We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
Robert G. Zovich	P.O. Box 1311 Petersburg, AK 99833	21	Robert G. Zovich
PERANNE STAFFORD	P.O. Box 312 Petersburg, AK 99833	0	Peranne Stafford
Barb Richmond	P.O. Box 857 Petersburg, AK 99833	0	Barb Richmond
TIMOTHY KOENEMA	P.O. Box 1324 PETERSBURG, ALASKA 99833	16	Timothy Koenema
Beth Rhoden	P.O. Box 426 Petersburg, AK 99833	0	Beth Rhoden
Charles R Land	Box 1348 Petersburg, AK 99833	0	Ch Land
THOMAS W ROCKWELL	Box 1305 PETERSBURG, AK 99833	3	Thomas W. Rockwell
Brian L. Lynch	Box 1247 Petersburg, AK 99833	10	Brian L. Lynch
Donald A. Cornelius	P.O. B. 1737 Petersburg, AK 99833	0	Donald A. Cornelius
William Bergmann	Box 130 PETERSBURG, ALASKA	4	Will Bergmann
LON MARIFEM	Box 175 PETERSBURG, AK 99833	1-2	Lon Marifem
CATHERINE ROBINSON	Box 1056 PETERSBURG, AK 99833	0	Catherine Robinson

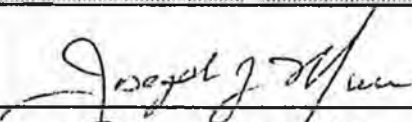
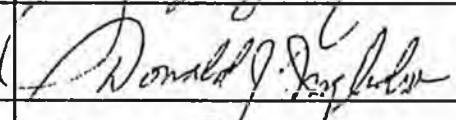
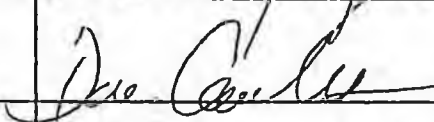

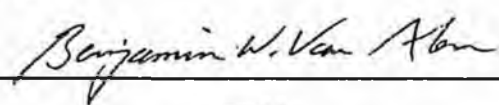
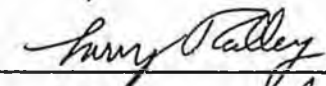
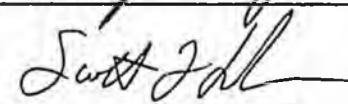
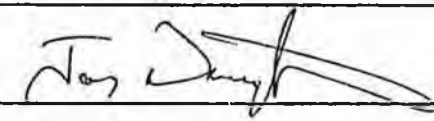
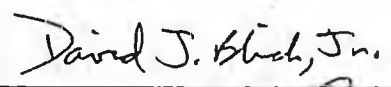
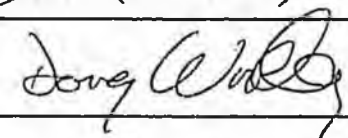
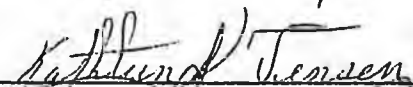
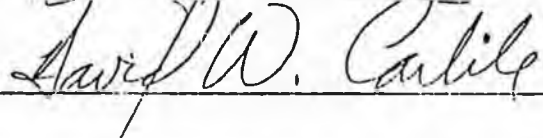
We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
Robert T Larson	PO Box 862 Petersburg AK 99833	5	
Janra Johnson	PO Box 115 Petersburg, AK 99833	0	
DENNIS L. HEIMDAHL	Box 256, PETERSBURG, AK 99833	0	
Barry E. Brackun	Box 1201, Petersburg, AK	32	

We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
Keith Pahlke	8515 Nugget Pl Juneau, AK 99801	8	<i>Keith Pahlke</i>
Kenneth K. Imamura	156 Behrends Ave Juneau, AK 99801	0	<i>K. K. Imamura</i>
Fred E. Bergander	P.O. Box 210675 Auke Bay, AK 99821	0	<i>Fred E. Bergander</i>
Karl Hofmeister	11275 Goat hill rd Juneau, AK 99801	24	<i>Karl Hofmeister</i>
Richard Bloomquist	176 Behrends Ave Juneau 99801	0	<i>Richard Bloomquist</i>
Marc Pritchett	PO Box 211192 Auke Bay 99821	0	<i>Marc Pritchett</i>
John Clark	P.O. Box 210515 Auke Bay AK 99821	0	<i>John Clark</i>
Andrew Mcgregor	P.O. Box 240945 Douglas AK 99824	2	<i>Andrew Mcgregor</i>
Glen Oliver	8189 Threadneedle Juneau, AK 99801	?	<i>Glen Oliver</i>
Scott McPherson	P.O. Box 240911 Douglas, AK 99824	0	<i>Scott A. McPherson</i>
CRAIG W. FARRINGTON	P O BOX 33064 JUNEAU AK 99803	0	<i>Craig Farrington</i>
Iris S. Frank	P.O. BOX 240864 Douglas, AK 99824	8	<i>Iris S. Frank</i>

We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
Joseph Muir	4537 Sarna Cir Juneau 99801	15	
Donald J. Fingledie	3748 Glacier Hwy, Juneau, AK 99801	14	
Dave Gaudet	Box 22202 Juneau, AK 99602	0	
Leon D. Shaul	1316 3rd St., Douglas, AK 99824	9	
Benjamin W. Van Allen	6731 Gray St., Juneau, AK 99801	~ 14 ?	
Larry Talley	3041 Douglas Hwy Juneau AK 99801	15	
Scott Johnson	8697 Ordley St Juneau AK 99801	?	
JAY DRUYESTEN	2212A GRT WEST, Douglas	?	
David J. Blick, Jr.	P.O. box 240225, Douglas, AK 99824 (2214 Muir St, Juneau)	0	
Doug Woody	3240 Nowell Ave, Juneau 99801	9	
KATHLEEN TENSEN	1316 3RD ST. DOUGLAS, AK 99824	0	
Dave Carlile	15580 Glacier Hwy 99801	0	

We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
Peter Hagen	P.O. Box 210005 Anchorage AK 99821	0	<i>Peter Hagen</i>
KRISTEN M MUNK	POB 34356 JUNEAU AK 99803	7+	<i>Kristen Munk</i>
KENT F. CRABTREE	P.O. Box 241014 DOUGLAS, AK. 99824	3	<i>Kent F. Crabtree</i>
Mark A. Olsen	P.O. Box 33334 JUNEAU, AK. 99803	2	<i>Mark A. Olsen</i>
EVELYN P. LUMDA	P.O. BOX 22577, JUNEAU, AK 99802	11	<i>Evelyn P. Lumda</i>
Linda Kinnunen	P.O. Box 20313, Juneau, AK 99802	15+	<i>Linda Kinnunen</i>
Joan E. Beier	2145-C CROW HILL DR., DOUGLAS 99824	0-	<i>Joan E. Beier</i>
ROBERT D. MECUM	3471 MEANDER WAY JUNEAU AK 99801	0	<i>Robert D. Mecum</i>

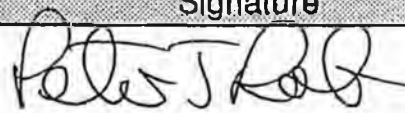


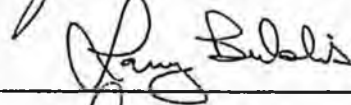
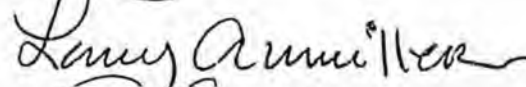
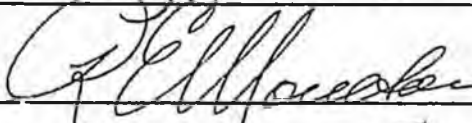
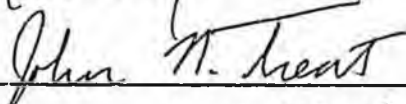
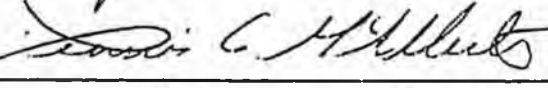
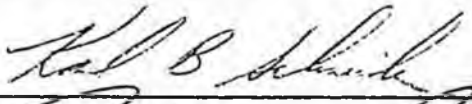

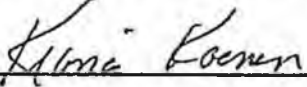
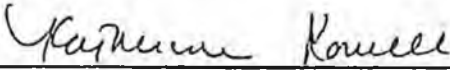
We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
Martha F. Betts	PO Box 240635, Douglas 99824	16 months	Martha F. Betts
Yvonne K. Howard	P.O. BOX 34705, Juneau, 99903	3 mth	Yvonne K. Howard
Shannon K Alps	P.O. Box 33414, Juneau 99803	9 months	Shannon K Alps
Gordon Reed	P.O. Box 240635, Douglas 99824	12 months	Gordon F. Reed
RICHARD REED	9155 SKYWOOD LANE JUNEAU, AK 99801	-0-	Richard D. Reed

We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
D. Craig Whitmore	HCO 1 Box 6022 Palmer AK 99645	36.37	D. Craig Whitmore
Dana Sweet	PO Box 871314 Wasilla 99687	12	Dana Sweet
Terrence J. Bradley	HCO4, Box 9905 Palmer, AK 99645	42	Terrence J. Bradley
Alan C Havens	PO Box 2383 Palmer AK 99645	54	Alan C Havens
Craig L Baer	Box 245 Sutton, AK 99674	1.5	Craig L Baer
JACKIE J. KEPHART	P.O. BOX 1862 PALMER, AK. 99645	0	Jackie J. Kephart
Rena A. Hile	P.O. BOX 2696 Palmer, AK 99645	0	Rena A. Hile
HERMAN J. GRIESE	P.O. BOX 836 PALMER, AK 99645	0	Herman J. Griese
MARK A. MASTELLER	Box 965 PALMER AK 99645	0	Mark Masteller
RONALD D. MODAFFERI	HCO4 Box 557 PALMER, AK 99645	0	Ronald D. Modafferi
Susie Kaiser	8321 Henry Cir Anch AK 99507	8-9 mo	Susie Kaiser
Karen B Saunders	PO Box 230268 Anchorage, AK. 99523	11 mo.	Karen B. Saunders

We the undersigned support legislation to allow employees covered by the Alaska Public Employees Retirement System to claim temporary service for retirement. Employees should have a choice of either 1) increasing their retirement benefit or 2) using this time to count toward their total service time under the terms of this legislation.

Printed Name	Address / City / Zipcode	No. of Months as a Temporary	Signature
PETER J ROB	Box 1030 KOTZEBUE 99752	40 months	
Tim McDaniel	10540 OUR RD Anchorage 99516	14 months	
John Schoen	12640 Lupine Rd. Anchorage, AK 99516	8 mo	
LARRY BUBLIS	2615 BROOKE DR. Anchorage, AK 99517	18 months	
Larry Amiller	1812 BELLEVUE LOOP ANCH. AK 99515	4 1/2 YRS	
Ruth Moulton	120 W. 11th Avenue Anchorage AK 99501	2 years	
John Trent	920 Lighthouse Drive Anchorage, AK 99525	~ 20 MONTHS	
DENNIS C. McALLISTER	P.O. Box 110728 ANCHORAGE, AK 99511	10 MONTHS	
Karl B Schneider	11620 OUR RD Anchorage, AK 99516	19 mo	
NICHOLAS P. STEEN	HC 32 BX 6561 WASILLA, AK 99654	6 mo	
Kiana Koerner	P.O. 3410 PALMER, AK 99645	3 mo.	
Katherine Powell	3605 Arctic Blvd #1257 Anchorage	2 yrs	

SB

42

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

GR

DATE: 1/11/93

FURTHER: L&C
FINANCE

Date of 5-Day Notice: 2/25/93
(in accordance with Uniform Rule 23)

DATE TURNED
INTO OFFICE: 3-9-93

CRA Committee considered SENATE BILL NO. 42

"An Act relating to municipal taxation of alcoholic beverages; and providing for an effective date."

and recommends: and recommends it
be replaced with

replace with _____ CS SE 42 CRA

attaches amendment(s)

*+ a mty of the Cmte
rpts it to
w/ no
rec*

- same title
- new title
- technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

OK

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
Dept CRA	2/17/93	0	

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

OTHER RECOMMENDATIONS:

2 Dick Halford

1 Adm. Taylor NO Rec.

1 Dick Halford 2 Halford NO Rec

1 Paul Phillips No Rec.

Chair: Signature and Recommendation

Revision Date: _____ Dept. Affected: Community and Regional Affairs
 Title: Local Sales Tax on Alcoholic Beverages BRU: _____
 Component: _____
 Sponsor: Jacko
 Requestor: _____ COMPONENT SERIAL NO. N/A

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
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 FUND SOURCE:						
-----------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current (FY93) Impact \$ _____

ANALYSIS: (Attach a separate page if necessary)
 The bill has no impact on DCRA programs.

Prepared by: Demond Henderson Phone: 465-4708
 Division: Division of Administrative Services Date: 2/17/93
 Approved by Commissioner: [Signature] Deputy Commissioner Date: 2/17/93
 Agency: Community and Regional Affairs

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

STATE OF ALASKA
DEPARTMENT OF COMMUNITY
& REGIONAL AFFAIRS

POSITION PAPER

Bill No.: SB 42

DCRA FN: Zero (attached)

Sponsor: SENATOR JACKO

Position: Support

Title: An Act relating to municipal taxation of alcoholic beverages;
and providing for and effective date.

The bill amends AS 04.21.010(c)(2) to allow municipalities to impose a sales tax "on alcoholic beverages equal to or higher than the sales tax imposed on other sales within the municipality, but may not be lower than the sales tax imposed on other sales within the municipality."

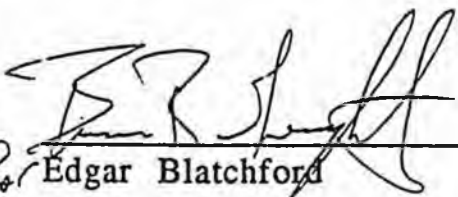
The bill also amends AS 29.45.650(b). This section AS 29.45.650 is the BOROUGH SALES AND USE TAX statute. The amendment removes this section from applying to AS 04.21.010(c). Subsection (b) reads "A borough levying a sales tax may also by ordinance levy a use tax on the storage, use, or consumption of tangible personal property in the borough. The use tax rate must equal the sales tax rate and the use tax shall be levied only on buyers."

The bill has no impact on DCRA programs.

The department supports this legislation for two primary reasons.

- 1) it allows municipalities to place a greater tax on alcoholic beverages; and
- 2) it allows a greater "use" tax to be imposed on alcoholic beverages in communities that do not allow sales of alcohol, but permit importation for personal use.

Alcohol is one of the most destructive drugs in use in rural Alaska today. This bill allows local communities to appropriately discourage its use, and stem the resultant negative impacts on rural families.



Edgar Blatchford
Commissioner

2-18-93
Date



Alaska State Legislature

SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Senator Randy Phillips, Chair
Senator Robin Taylor, Vice Chair
Senator Rick Halford
Senator Al Adams
Senator Fred Zharoff

SESSION:
State Capitol
Juneau, Ak 99801-1182
(907) 465-4989

INTERIM:
P. O. Box 142
Eagle River, Ak 99577
(907) 694-4949

AGENDA

9:00 am

February 25, 1993

1. Call to Order (time and members present)
2. SB 42 - Local Sales Tax on Alcoholic Beverages.
3. Bills held over from 2/16/93 and 2/18/92 meetings
Adopt committee substitute, discussion and adoption of amendments
SB 102 - Municipal Property Tax Exemptions
4. Adjourn



Alaska State Legislature

SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Senator Randy Phillips, Chair
Senator Robin Taylor, Vice Chair
Senator Rick Halford
Senator Al Adams
Senator Fred Zharoff

SESSION:
State Capitol
Juneau, Ak 99801-1182
(907) 465-4989

INTERIM:
P. O. Box 142
Eagle River, Ak 99577
(907) 694-4949

AGENDA

9:00 am

March 4, 1993

1. Call to Order (time and members present)
2. SB 102 - Municipal Property Tax Exemptions
Adopt committee substitute proposed by DCRA
 - (1) amendment 1 - exempt the optional taxes from the
from the full and true value determination
by DCRA in the education foundation formula
 - (2) amendment 2 - change the effective date to January 1, 1994
3. Bills Previously heard
 - (a) SB 42 Local Sales Tax on Alcoholic Beverages
Adopt committee substitute
 - (b) SB 88 Capital Matching Grants Program
 - (1) amendment 1 - limit administrative charges
 - (2) amendment 2 - changes the match requirements
(Municipality of Anchorage only wants a
75/25 match requirement)
 - (c) SB 89 Appropriation: Capital Project Matching Grants
- 4 Adjourn

8-LS0248K
Ford
3/3/93

Adopted

CS FOR SENATE BILL NO. 42(CRA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS JACKO, Lincoln

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipal taxation of alcoholic beverages; and providing for
2 an effective date."

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

4 * Section 1. AS 04.21.010(c) is amended to read:

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

6 (1) property tax on alcoholic beverage inventories;

7 (2) sales tax on alcoholic beverage sales if sales taxes are imposed on

8 other sales within the municipality; a sales tax imposed on alcoholic beverages in a

9 municipality with a population of 2,500 or fewer people or in a municipality that

10 had a population of 2,500 or fewer people on July 1, 1993, may be equal to or

11 higher than the sales tax imposed on other sales within the municipality but may

12 not be lower than the sales tax imposed on other sales within the municipality;

13 (3) sales tax on alcoholic beverage sales that was in effect before

14 July 1, 1985; and

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

3 * Sec. 2. AS 29.45.650(b) is amended to read:

4 (b) A borough levying a sales tax may also by ordinance levy a use tax on the
5 storage, use, or consumption of tangible personal property in the borough. The use tax
6 rate must equal the sales tax rate except as otherwise provided under
7 AS 04.21.010(c), and the use tax shall be levied only on buyers.

8 * Sec. 3. This Act takes effect July 1, 1993.

8-LS0248E

Ford

3/3/93

Mulene 2450

CS FOR SENATE BILL NO. 42(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS JACKO, Lincoln

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipal taxation of alcoholic beverages; and providing for
2 an effective date."

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

4 * Section 1. AS 04.21.010(c) is amended to read:

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

6 (1) property tax on alcoholic beverage inventories;

7 (2) sales tax on alcoholic beverage sales if sales taxes are imposed on

8 other sales within the municipality; a sales tax imposed on alcoholic beverages in a

9 municipality with a population of ^{2,500} 2,200 or fewer people may be equal to or higher

10 than the sales tax imposed on other sales within the municipality but may not be

11 lower than the sales tax imposed on other sales within the municipality;

12 (3) sales tax on alcoholic beverage sales that was in effect before
13 July 1, 1985; and

14 (4) sales and use tax on alcoholic beverages if the sale of alcoholic

Handwritten notes:
T
procl
falter
Crummer

1 beverages within the municipality has been prohibited under AS 04.11.490.

2 * Sec. 2. AS 29.45.650(b) is amended to read:

3 (b) A borough levying a sales tax may also by ordinance levy a use tax on the
4 storage, use, or consumption of tangible personal property in the borough. The use tax
5 rate must equal the sales tax rate except as otherwise provided under
6 AS 04.21.010(c), and the use tax shall be levied only on buyers.

7 * Sec. 3. This Act takes effect July 1, 1993.



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907) 586-1325, Fax (907) 463-5480

February 18, 1993

TO: Senator Randy Phillips, Chair
and Members, Senate Community and Regional Affairs Committee

FROM: Kent E. Swisher, Executive Director

RE: SB 42 - Relating to municipal taxation of alcoholic beverages

The Alaska Municipal League supports SB 42, relating to municipal taxation of alcoholic beverages, to the extent that it would expand the authority of local governments to determine the level and type of taxes appropriate to their communities.

As a general policy, the League, which represents over 100 municipalities throughout the state, recognizes that local governments should be given the maximum amount of authority and flexibility to make use of the resources available to them. Removing artificial obstacles such as the existing limit on the municipal sales tax that can be levied on alcoholic beverages is one way to accomplish that.

The League's *1993 Policy Statement* includes the following goal statement:

AML further wishes to manage public assets in an efficient and effective way by working with all government officials to . . . increase the revenue base to support the provision of services, collect and redistribute resources in a fair and logical manner, and maintain maximum control of financial prerogatives at the local level of government, which is under the highest level of scrutiny by Alaskans. [Part I, Taxation and Finance]

In addition, Part I, D.1, Tax-Levying Authority, in the *Policy Statement* includes the statement "The League supports broader municipal authority to consider alternatives to property taxes."

SB 42 would provide greater flexibility and autonomy to local governments, and the Alaska Municipal League supports it for that reason.

cc: Senator George Jacko

LEG933:sb42.222



Southwest Alaska Municipal Conference

Putting Resources to Work For People

3300 Arctic Blvd., Suite 203 • Anchorage, Alaska 99503 • (907) 562-7380 • FAX (907) 562-0438

RESOLUTION 92-29

A RESOLUTION OF THE SOUTHWEST ALASKA MUNICIPAL CONFERENCE SEEKING REPEAL OF THE LEGISLATIVE PROHIBITION OF HIGHER RATES OF SALES TAX ON THE SALES OF ALCOHOLIC BEVERAGES BY MUNICIPALITIES.

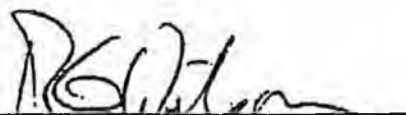
WHEREAS, it is well established that significant sums of money are spent by municipalities as a result of the sale of alcoholic beverages in these municipalities, and

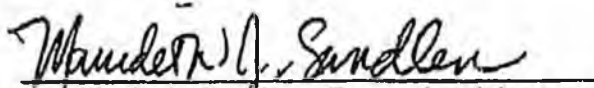
WHEREAS, the members of SWAMC believe that the liquor industry should bear more of the costs associated with such sales, and

WHEREAS, Alaska law apparently does not presently allow the imposition of a sales tax upon alcoholic beverages at a rate higher than the general sales tax rate, now therefore,

BE IT RESOLVED by the Southwest Alaska Municipal Conference that as 4.21.0010(c) be amended to allow a municipality to impose a sales tax on alcoholic beverages only and to allow a sales tax on alcoholic beverages at a higher rate than is imposed on other sales within the municipality.

PASSED this 13th day of September, 1992.


Richard G. Wilson, President


Marideth J. Sandler, Executive Director

LAGOS v. CITY AND BOROUGH OF SITKA Alaska 641

Cite as 823 P.2d 641 (Alaska 1991)

does not apply to partial indemnity claims based on implied contracts since the contribution act has never applied to implied contract cases. The majority opinion's reliance on the *Vertecs* rule is thus difficult to justify. To repeat, the *Vertecs* rule barred partial non-statutory loss shifting in tort cases because there was a partial statutory loss-shifting remedy. There has never been a partial statutory loss-shifting remedy in implied contract cases, and therefore the rationale of the *Vertecs* rule does not apply to such cases.

In summary, where two parties are at fault and are responsible for an indivisible loss, any rule that provides that one of them must bear the entire loss without the opportunity to shift part of the loss to the other is manifestly unjust. What should happen is that the loss should be shared in proportion to the fault of each party. In accord with this, the trial court should be directed on remand to instruct the jury to apportion the damages which the Borough must pay between the Borough and Roen according to the comparative degree of fault of each.



Mike LAGOS and Mei Fong Lagos, Individually, and d/b/a Marina Restaurant, House of Liquors, Inc. d/b/a House of Liquors, an Alaska corporation; and Pioneer Liquor, Inc., d/b/a Pioneer Bar, an Alaska corporation, Appellants,

v.

CITY AND BOROUGH OF SITKA, Appellees.

No. S-4136.

Supreme Court of Alaska.

Dec. 27, 1991.

Owners of business and businesses which sold alcoholic beverages filed com-

plaint for declaratory judgment and injunctive relief against ordinance of city and borough imposing additional tax on alcoholic beverages above and beyond consumer sales tax imposed on other commodities. The Superior Court, First Judicial District, Sitka, Rodger W. Peques, J., granted summary judgment for city, and owners appealed. The Supreme Court, Rabinowitz, C.J., held that statute authorizing municipalities to impose "sales tax on alcoholic beverages if sales taxes are imposed on other sales within the municipality" prohibits municipality from imposing greater tax on sales of alcoholic beverages than on sales made on other commodities.

Reversed.

1. Statutes \Rightarrow 188

Supreme Court does not adhere to plain meaning rule in interpretation of statutes.

2. Statutes \Rightarrow 188

In interpreting statute, Supreme Court looks first to language of statute.

3. Intoxicating Liquors \Rightarrow 91

Statute authorizing municipalities to impose "sales tax on alcoholic beverages if sales taxes are imposed on other sales within the municipality" prohibits municipality from imposing greater tax on sales of alcoholic beverages than on sales made on other commodities. AS 04.21.010(c), (c)(2).

William G. Royce, Anchorage, for appellants.

Theron J. Cole, Sitka, for appellees.

Barbara J. Blasco, Juneau, for amicus curiae, City and Borough of Juneau.

Before RABINOWITZ, C.J., and BURKE, MATTHEWS, COMPTON and MOORE, JJ.

OPINION

RABINOWITZ, Chief Justice.

I. FACTS AND PROCEEDINGS

This appeal raises the question of the validity of 4.08.040 of the Sitka General Code. This ordinance provides,

ANCHORAGE LAW LIBRARY

A consumer sales tax is levied on all sales made in the City and Borough of Sitka at the rate of 4% of the selling price. An additional 4% consumer sales tax is placed upon the sale of alcoholic beverages. Normally the burden of this tax rests upon the consumer.

In 1989, the City and Borough of Sitka ("Sitka") had amended this ordinance to include the additional tax on alcoholic beverages in response to a ballot proposition passed by voters on October 3, 1989. The ballot proposition also provided for "the resulting revenue to be dedicated toward the prevention and treatment of alcohol and drug abuse in Sitka." Just prior to the election, appellants, as owners of business and businesses which sold alcoholic beverages, ("Lagos") filed a complaint for declaratory judgment and injunctive relief, seeking to have the ballot proposition invalidated.

Lagos alleged that the ballot proposition and the ordinance were unlawful on three grounds:

- (1) AS 04.21.010(c) prohibits taxing alcoholic beverage sales at a rate higher than the tax on other sales;
- (2) The regulation and taxation of alcohol has been preempted by state law except where such power is specifically conferred on municipalities; and
- (3) A municipal tax purporting to dedicate resulting revenues violates Article IX, § 7, of the Alaska Constitution.

Lagos filed for summary judgment on the first ground; that Sitka's sales tax was illegal under AS 04.21.010(c). This statute provides,

A municipality may not impose taxes on alcoholic beverages except

- (1) property taxes on alcoholic beverage inventories;
- (2) sales taxes on alcoholic beverage sales if sales taxes are imposed on other sales within the municipality; and

1. The parties agree that this appeal does not raise any issues of fact, but rather concerns the interpretation of statutes. This court will employ *de novo* review to a grant of summary judgment, *Kollodge v. State*, 757 P.2d 1028, 1032

- (3) sales taxes on alcoholic beverage sales that were in effect before July 1, 1985.

Lagos read subsection two of this statute to ban discriminatory sales tax rates on alcoholic beverages. In this regard he argued that the legislative history of AS 04.21.010(c) showed that the legislature intended to ban discriminatory rates when it enacted AS 04.21.010(c)(2).

Sitka filed its own motion for summary judgment, requesting the superior court to dismiss Lagos' complaint for declaratory and injunctive relief. Sitka argued that none of the contentions advanced by Lagos raised any "issue as to any material fact and that [Sitka] is entitled to judgment as a matter of law."

The superior court granted summary judgment in favor of Sitka. The court thought Lagos' legislative history argument unpersuasive, and concluded that "[h]ad uniformity in rates of taxation been intended, the language of the legislation could easily have been written to say so.... Some legislators may have opposed a requirement for uniform rates." The superior court did not address Lagos' remaining preemption and unconstitutional dedication arguments. This appeal followed.¹

II. DISCUSSION

In this appeal Lagos raises the same arguments against Sitka's differential alcoholic beverage sales tax as were urged before the superior court.

A. Does AS 04.21.010(c) prohibit taxing sales of alcoholic beverages at a higher rate than other commodities?

AS 04.21.010(c)(2) authorizes municipalities to impose a "sales tax on alcoholic beverages if sales taxes are imposed on other sales within the municipality." Lagos interprets this provision to mean "that

(Alaska 1988), and will adopt the rule of law which is "most persuasive in light of precedent, reason and policy." *Langdon v. Champion*, 745 P.2d 1371, 1372 n. 2 (Alaska 1987) (citations omitted).

sal-
low
imp
V
cor:
[
t
t
e
s
t
t
Te.
Pi
19
me
U
P.
we
m
..
ha
de
la
20
in
tic
ut
cc
in
la.
75
th
p:
2

LAGOS v. CITY AND BOROUGH OF SITKA Alaska 643

Cite as 823 P.2d 641 (Alaska 1991)

sales taxes on alcoholic beverages are allowed only to the extent sales taxes are imposed on other sales.”²

on alcohol. It does not explicitly address rates of taxation.

We have stated that the goal of statutory construction is:

1. The legislative history

[T]o give effect to the legislature's intent, with due regard for the meaning the statutory language conveys to others. In this respect, we have repeatedly stated that unless the words have acquired a peculiar meaning, by virtue of statutory definition or judicial construction, they are to be construed in accordance with their common usage.

The language requiring a municipality to tax sales of other commodities before taxing sales of alcoholic beverages was added to AS 04.21.010(c) in 1985. Ch. 74, § 20, SLA 1985. Similar language had been deleted from the statute in 1980.³ Ch. 131, § 4, SLA 1980.

Tesoro Alaska Petroleum Co. v. Kenai Pipeline Co., 746 P.2d 896, 905 (Alaska 1987).

Lagos argues that the legislative history supports his interpretation of the 1985 amendments to AS 04.21.010(c). Senator Eliason sponsored the amendment to AS 04.21.010(c), and the Senate Finance Committee deliberated over the merits of the amendment. In proceedings before the Senate Finance Committee, Senator Eliason asked Senator Ray to “testify on the background of this particular amendment.” Proceedings of the Senate Finance Committee, May 8, 1985 (“Proceedings”) (testimony of Senator Eliason). Senator Ray testified as to his involvement with the 1980 recodification of the code dealing with alcoholic beverages. He noted that the 1980 elimination of the language in the amendment was inadvertent. He then stated, “[i]n fact, two or three years after the bill had passed when ... Juneau ... considered adding an additional tax, it surprised me immensely, and I said, ‘Well, they can't do that.’” *Id.* Senator Ray went on to explain, “It would seem to me it would be discriminatory to have an additional tax on anything.” *Id.* Because Ju-

[1,2] We do not adhere to the plain meaning rule in interpretation of statutes. *University of Alaska v. Geistauts*, 666 P.2d 124, 428 n. 5 (Alaska 1983). However, we have stated that “where a statute's meaning appears clear and unambiguous, ... the party asserting a different meaning has a correspondingly heavy burden of demonstrating contrary legislative intent.” *Id.* See also *State v. Alex*, 646 P.2d 203, 208 n. 4 (Alaska 1982) (under Alaska's sliding scale approach to statutory interpretation, the plainer the language of the statute the more convincing the evidence of contrary legislative intent must be). In interpreting a statute, we look first to the language of the statute. *Ward v. State*, 758 P.2d 87, 89 n. 5 (Alaska 1988). Here, the language of the statute, on its face, proscribes imposition of a sales tax solely

2. Before the superior court Lagos argued in part

within the municipality—thus requiring an equality of rate.

If one restricts the analysis to the language amending (c)(2), one may argue (as Sitka does) that the statute allows Sitka to tax alcoholic beverages at any rate, so long as sales taxes are imposed on some other sales within the municipality. It is true that (c)(2) contains no discussion regarding the rates of taxation on alcoholic beverage sales. Thus, so long as the analysis is restricted to (c)(2), one could argue (as Sitka does) that municipalities are free to single out sales of alcoholic beverages for taxation at a rate greater than taxes imposed on other sales. Others could argue with equal convincing force that sales taxes on alcoholic beverages are allowed only to the extent sales taxes are imposed on other sales

Thus, it is necessary to consider the meaning and intended effect of (c)(3) adopted as part of the 1985 amendment....

(Emphasis in original.)

3. The original language read, “nor shall any municipality impose taxes other than property taxes on liquor inventories and sales taxes on liquor sales when such taxes are levied on other property and sales within the community.” Ch. 86, § 1, SLA 1960. Apparently, the language requiring taxes on all commodities was inadvertently eliminated when the code was revised in 1980. See Senate Finance Comm. Proceedings, May 7, 1985 (testimony of Sen. Eliason); *id.*, May 8, 1985 (testimony of Senator Ray).

ANCHORAGE LAW LIBRARY

neau did in fact enact a tax which taxes sales of alcohol at a higher rate than it taxes other commodities, Lagos concludes that Senator Ray was interpreting the missing language to prohibit enactment of differential sales taxes on sales of alcohol.

After listening to Senator Ray's testimony, Senator Eliason explained,

The only limitations we're imposing on local governments is the fact that they cannot take a specific sales tax on a specific industry. What we're saying is that if you want to tax liquor and whatever else you might want to tax, that's alright. But we want to—its keeping any specific industry—going out and point and saying, "We're going to tax you and no one else." ... They can ... impose a ten percent tax on liquor and tobacco—that wouldn't be in violation of this provision.... If the proposition read, "Shall we impose a ten percent tax on tobacco only?" they couldn't under this provision.

Id. Earlier in the proceedings, Senator Eliason had stated,

Under this language, no they can't discriminate between alcohol or food or clothing or any other commodity that's sold in the market. Its reasoning being that the state does regulate very stringently the alcoholic program in Alaska, so that's what the intent of the legislation is to treat them all equally.

Id. This history suggests that both senators intended to eliminate differential rates of taxation on sales of alcohol.

Additional support for Lagos' position is found in a comment by Senator Ferguson. At the May 7, 1985 proceedings of the Senate Finance Committee, Senator Ferguson

4. After hearing the testimony of the Acting Commissioner, the committee then questioned the drafter of the amendment, Tamara Cook (of the legislative affairs committee staff). She stated, "[a]s I read this language, if a municipality, whether it be a city or a borough, in fact imposed a sales tax on anything other than alcohol, it would be free to then also include alcohol within its sales tax structure." Proceedings, May 7, 1985.

5. The amicus, City and Borough of Juneau, argues in part as follows:

son asked, "Dillingham is thinking about raising the taxes on alcohol, and would they be allowed to continue their movement? I guess they wouldn't be able to after July 1, 1985?" *Id.* Senator Kerttula in response stated that "[a]s long as their ordinance is fully implemented prior to July 1st, they would be grandfathered in." *Id.* Apparently, both these senators believed that the amendment in question prohibited differential rates on alcohol sales tax.

Subsequently, at the same May 7, 1985 Senate Finance Committee meeting, the strongest statement concerning the subject of differential rates of taxation was made by the then Acting Commissioner of the Department of Community & Regional Affairs, in response to the comment by Senator Ferguson. The Acting Commissioner stated, "I understand then in the amendment that this refers to tax equalization and you cannot set a sales tax for alcohol higher than any other commodity within the community." *Id.*

Sitka counters by noting that

the Lagos' are relying upon the statements of individual legislators made in a single committee. There are no committee findings, no report, no journal entries, no indication that the whole legislature knew of or considered the statements or even considered anything beyond the words of the amendment that was part of a much larger bill.... Since there is no indication that the statements made in the committee were before the legislature, the legislature's intent must be presumed to be that expressed in the words of the statute.⁵

Sitka, and the amicus, also rely on an opinion from an Assistant Attorney General

Under the statute, a preexisting sales tax on alcoholic beverages was "grandfathered" regardless of whether the tax was part of a two-tiered sales tax system (such as Juneau's sales tax on alcoholic beverages) or part of a single-tiered system which imposed a tax on the sales of alcoholic beverages only. Thus, the only sales tax system proscribed by the statute is one which would impose a tax on the sales of alcoholic beverages only and which was not in effect before July 1, 1985.

(Emphasis in original.)

al and a merely Director es for the L of which cc ment to AS the rate of

2. The

Lagos further clause mits the alcoholic before July legislature rates of amendment serts that to the com Kotzebue, in place di alcoholic b amendment: Lagos poin ate Finance the commit nities were by the gra of the legis to AS 04.2 sales tax c Kotzebue, 010(c)(3) w pose of pre sales taxes munities.

ambiguity prohibits on sales o by the pr

The City there is no 04.21.010(of unequa the comm

6. In supp uments 5 sources : nn. 6 & 7 of Fisher ("Opinio: controlli. tion arc

7. In add surround

LAGOS v. CITY AND BOROUGH OF SITKA Alaska 645

Cite as 823 P.2d 641 (Alaska 1991)

al and a memorandum from the then Deputy Director of the Division of Legal Services for the Legislative Affairs Agency, both of which concluded that the 1985 amendment to AS 04.21.010(c) did not speak to the rate of taxation.⁶

2. The effect of AS 04.21.010(c)(3)

Lagos further argues that the grandfather clause of AS 04.21.010(c)(3), which permits the continuation of "sales taxes on alcoholic beverage sales that were in effect before July 1, 1985," demonstrates that the legislature intended to prohibit differential rates of taxation when it enacted its amendments to AS 04.21.010(c). Lagos asserts that this grandfather clause applied to the communities of Craig, Juneau, and Kotzebue, because those communities had in place differential taxes on the sale of alcoholic beverages at the time the 1985 amendments were enacted. Additionally, Lagos points to the discussions of the Senate Finance Committee which indicate that the committee believed these three communities were the only communities affected by the grandfather clause. From a review of the legislative history of the amendment to AS 04.21.010(c)(3), and the differential sales tax ordinances of Juneau, Kotzebue, Lagos concludes AS 04.21.010(c)(3) was enacted for the purpose of preserving the two-tier sales taxes on alcohol in the communities. Thus, Lagos concludes there is no ambiguity as to whether AS 04.21.010(c)(3) prohibits discriminatory rates of taxation on sales of alcoholic beverages by the provisions of AS 04.21.010(c)(3).

letter to Mayor

The City and Borough of Sitka reply that there is no indication in the wording of AS 04.21.010(c)(3) that it is limited to instances of unequal taxation or that it is limited to the communities of Craig, Juneau, and Kotzebue.

6. In support of its reliance on these two documents Sitka cites *State, Dep't of Natural Resources v. City of Haines*, 627 P.2d 1047, 1049 nn. 6 & 7 (Alaska 1981) and *Carney v. State, Bd. of Fisheries*, 785 P.2d 544, 548 (Alaska 1990) ("Opinions of the Attorney General, while not controlling on matters of statutory interpretation are entitled to some deference.").

7. In addition to the text and legislative history surrounding the adoption of AS 04.21.010(c)(3),

zebue. "It could just as easily be applied to communities taxing alcohol alone prior to July 1, 1985."

III. CONCLUSION

[3] Our review of the merits leads us to the conclusion that Lagos' position is the more persuasive one. We therefore hold that the Sitka ordinance which taxes the sales of alcoholic beverages at a 4% higher rate than sales made on other commodities within the City and Borough of Sitka is violative of AS 04.21.010(c).

The text of AS 04.21.010(c)(2) is ambiguous in that it fails to clearly indicate whether it prohibits the imposition of discriminatory rates of sales taxes on sales of alcoholic beverages. On the other hand, the text of AS 04.21.010(c)(3) and the relevant legislative history concerning this 1985 amendment to AS 04.21.010(c), indicate that the legislature intended its amendments to prohibit the imposition of discriminatory sales taxes, whether in the form of sales tax rate differentials or a sales tax imposed solely on the sale of alcoholic beverages.⁷ Thus, we conclude that AS 04.21.010(c)(2) and AS 04.21.010(c)(3) when read together, bar a municipality from taxing only the sale of alcoholic beverages and further require that if sales taxes are imposed on other commodities, the rate of taxation on sales of alcoholic beverages may not be higher than the rate of taxation on sales of other commodities.⁸

REVERSED.⁸



the legislative history of AS 04.21.010(c)(2) noted above, provides evidence that some members of the Senate Finance Committee, including the amendment's sponsor, intended that there be no discrimination in a municipality's rate of taxation concerning alcoholic beverages.

8. Our holding that the ordinance in question is unlawful makes it unnecessary to address any of the remaining issues in this appeal.

DISTILLED
SPIRITS
COUNCIL
OF THE
UNITED
STATES

February 4, 1993

The Honorable George Jacko
Senate Finance Committee
State of Alaska
State Capitol *SBH*
Juneau, Alaska 99801

Dear Senator Jacko:

The Distilled Spirits Council of the United States (DISCUS) represents the producers and marketers of over 85 percent of the liquor sold in this country.

As a result of the nation's sluggish economy, the state of Alaska is facing difficult budget issues. You will probably hear it said that your budget problems can be solved in 1993 by increasing excise taxes on distilled spirits. The seductive argument will be that "it's easy, it's politically expedient and no one will care since it is only the liquor industry that is being taxed."

The fact is that whether one supports or opposes the liquor industry on any given social issue, excise taxes on liquor should be opposed for these fundamental public policy positions -- they are regressive, hitting hardest those least able to pay; they hurt your state by costing jobs (especially in small businesses); reduce state economic activity; increase state costs and have repeatedly produced less revenue than forecast.

The National Governor's Association and the National Conference of State Legislators' draft study "Financing State Government in the 1990's" examined every avenue to help states cope with budget issues in the 90's: business taxes, individual taxes, retail sales and use taxes, value-added taxes and property taxes.

Excise taxes were not mentioned as an avenue of future financial help for the states, perhaps because they do not meet the five principles of good tax policy that are consistently recognized in economics and public administration:

...they do not provide: (1) "appropriate and timely revenues"; they do not (2) "distribute burdens equitably"; they do not (3) "promote economic efficiency and growth"; and a strong case can be made that they are not (4) "easily administered"; and (5) "ensure accountability".

It has been well documented that excise taxes on distilled spirits do not produce the expected revenue. At the Federal level, the eight percent tax increase on liquor passed in 1990 was estimated to produce an additional \$104 million by the end of FY-91. In fact, for the first time ever the Federal government received no new taxes. The eight percent increase actually resulted in \$87 million less in revenues than before the tax. The point of diminishing returns has occurred. The resulting loss in revenue had to be made up by cuts in other parts of the budget, or by increasing the Federal deficit.

Clearly the 1991 excise tax increase did not provide "appropriate and timely revenue." It is not hard to picture the problems Alaska would have if it depended on such an unstable revenue base for a program like Medicaid or universal health care.

Excise taxes are unfair to Alaska residents because they do not "distribute burdens equitably." An excise tax, Federal or state, is paid equally by all regardless of income levels. The poor and middle class pay a larger percentage of their income for the excise tax than do the wealthy. In a word, excise taxes are unfair and heavily regressive since the largest burden falls on those least able to pay.

Excise taxes act as a drag on the state's economy by costing jobs, income, state revenue and increased costs through unemployment compensation.

The 1991 excise tax increase did not "promote economic efficiency and growth." It not only lost revenues for the Federal government, it lost an estimated 26,000 jobs nationwide, because of business cut-backs; it cost state government an extra \$25 million in unemployment compensation; state and local governments lost an additional \$60 million in direct and indirect revenues and state economies overall lost \$1.4 billion in economic output. 30 of those jobs and \$3 million of those dollars belonged to Alaska.

Let me close with a warning from another report by the National Governor's Association and the National Association of State Budget Officers, "The Fiscal Survey of States: October 1992":

"Alcohol taxes. Two states changed alcohol taxes. This category accounts for a net revenue reduction. After both state and Federal increases the past several years, states have reached the limit in the revenue capacity of this tax."

Sincerely,



F. A. Meister
President/CEO

FAM:bp
Attachments

ALASKA VS THE EXCISE TAX

Fact

The beverage alcohol industry in Alaska contributes \$710 million to the gross state product; generates \$5,700 in wages annually; accounts for 6,000 direct and indirect jobs and provides \$36 million in state and local revenues.

Public Policy Question

Recent facts at the Federal and state level indicate that any future excise tax increase in distilled spirits will hurt the residents of Alaska through increasing unemployment, reducing state economic activity and increasing unemployment compensation costs.

Is it good public policy, or does it make political sense, to pass a tax law with this kind of negative economic impact if experience shows it will cost the state jobs; will curtail economic activity; will not meet revenue estimates; and is very regressive by favoring the rich at the expense of low and middle income tax payers?

Excise Tax Increases

Regardless of any social issues concerning beverage alcohol, the fact is that a state hurts itself when it increases the excise tax on distilled spirits.

As the result of an 8% increase in the Federal excise tax on liquor in 1991, the Federal government collected \$87 million less in liquor excise taxes after the tax went into effect than it had in FY-90, before the increase was passed. Alaska lost 30 jobs and \$3 million in economic activity.

The same experience holds in the states as well. Numerous states have found out the hard way that increased liquor taxes are a tax failure.

Excise taxes also are regressive and unfair. They fall heaviest on low and middle income taxpayers. They favor the rich.

Excise taxes are a demonstrated unstable source of revenue and they are hidden from the public because they are paid by manufacturers.

Alaska Considerations

Any decreased revenues, lost jobs and reduced economic activity is especially critical for the State of Alaska, since the liquor tax burden in Alaska already is virtually at the point of diminishing returns and any future increase could produce substantially negative results for Alaska.

Is it good government to hurt your own low and middle income taxpayers, put your own people out of work and run the risk of having to cut other beneficial state programs because revenue estimates are not met? The answer is no, no matter how "easy" or how "popular" it seems to be to raise so-called sin taxes. Economically and politically, the "sin" is in the tax:

Alaska's liquor tax burden is exceptionally high – another increase would be counterproductive:

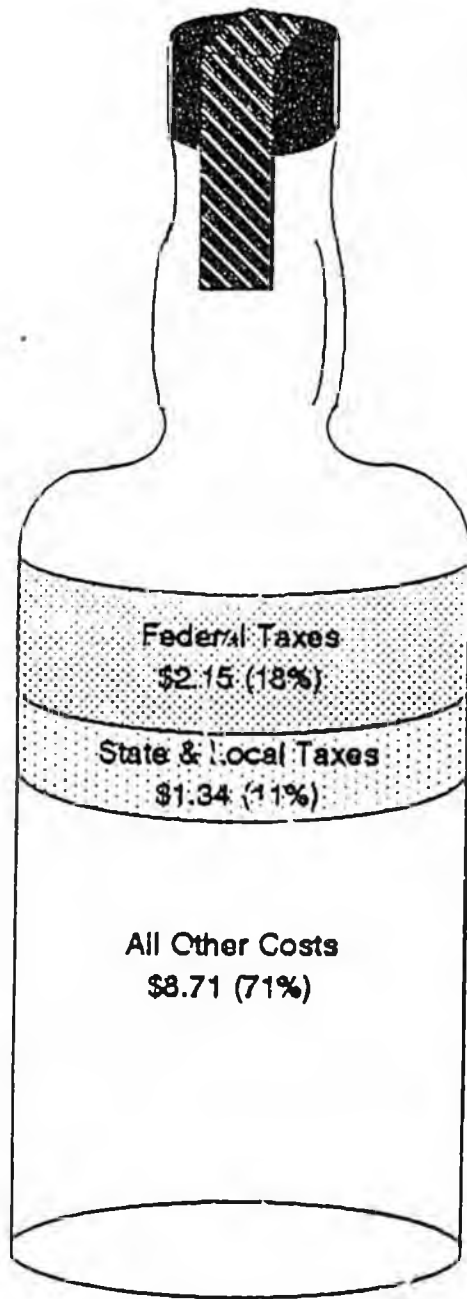
- Federal, state and local taxes now account for 29% of the 1992 retail price of a typical bottle of liquor (\$3.49 of the \$12.20 price for a 750 ml bottle at 80 proof).
- State and local taxes alone account for 11% of the Alaska price. Federal taxes account for 18% (\$2.15/750 ml bottle) after the 1991 federal excise tax (FET) increase.
- Liquor taxes constitute 50% of state revenues from all beverage alcohol, but liquor accounts for less than 37% of total alcohol consumed in the state. The liquor revenue burden per gallon of actual alcohol is \$14.70.
- At \$5.60 per gallon, Alaska's revenue burden on liquor is 55% higher than the U.S. license state average.

Liquor tax hikes already have caused sales to fall decreasing state revenues:

- It is estimated that the January, 1991, 8% Federal tax increase cost the state \$210,000 in state revenue and cut employment in the state by 30 jobs.
- In 1983, when Alaska raised the excise tax rates on liquor to \$5.60 per gallon, liquor consumption in the state declined 11%.
- The 19% liquor FET increase of October, 1985, was followed by a 5.6% decline in the tax base nationwide. Alaska citizens paid an additional \$1.6 million to the federal government in higher liquor taxes.

Alaska's liquor industry is in a persistent downturn – this means lost revenue:

- Apparent consumption of liquor is down 21% in Alaska since 1983, an average drop of 2.9% per year. Liquor consumption declined 5.6% in 1991 alone.
- Nationwide, liquor apparent consumption has fallen an average of 2.0% annually from 1981 to 1990.



Excessive Tax Burden Distilled Spirits, 1992

ALASKA

\$3.49 (29%) Goes
to Taxes and Fees

Retail Price of a Typical
750-ml Bottle of
80 Proof Spirits:
\$12.20

Alaska State Legislature

FEB 15 1993

Telephone Number:
(907) 465-4942

FAX Number:
(907) 465-2997

Session Address:
State Capitol, Room 125
Juneau, Alaska 99801-1182



Chair:
Rules Committee

Vice-Chair:
Finance Committee

Member:
Judiciary Committee
Legislative Council

Senator George Jacko

MEMORANDUM

TO: Senator *Handy* Philips, Chair
Senate Community and Regional Affairs Committee

FROM: Senator *George* Jacko, Chair
Senate Rules Committee

DATE: February 15, 1993

RE: Scheduling request -- SB 42

=====
This memo is to respectfully request that Senate Bill 42 be scheduled for a hearing at your earliest convenience.

SB 42 will enable communities to hold local elections to impose an alcohol sales tax at a higher rate than other commodities subject to sales tax. Currently, Alaska law does not give municipalities this option.

Many communities in my district are supportive and view this legislation as a potential source for increased revenue. As oil production continues to decline it is apparent that local governments will have to generate more local revenue. SB 42 offers municipalities another revenue tool to work with.

Please contact Bryce Edgmon of my staff at 4942 for further information. Thank you for considering this request.

GJ/be

enclosure

SOUTHWEST ALASKA MUNICIPAL CONFERENCE

RESOLUTION NO. _____
Sales tax on alcohol

A RESOLUTION OF THE SOUTHWEST ALASKA MUNICIPAL CONFERENCE
SEEKING REPEAL OF THE LEGISLATIVE PROHIBITION OF HIGHER RATES
OF SALES TAX ON THE SALES OF ALCOHOLIC BEVERAGES BY
MUNICIPALITIES.

WHEREAS, it is well established that significant sums of money are
spent by municipalities as a result of the sale of alcoholic
beverages in these municipalities, and

WHEREAS, the members of SWAMC believe that the liquor industry
should bear more of the costs associated with such sales, and

WHEREAS, Alaska law apparently does not presently allow the
imposition of a sales tax upon alcoholic beverages at a rate higher
than the general sales tax rate, now therefore,

BE IT RESOLVED by the Southwest Alaska Municipal Conference that
AS 4.21.0010(c) be amended to allow a municipality to impose a
sales tax on alcoholic beverages only and to allow a sales tax on
alcoholic beverages at a higher rate than is imposed on other sales
within the municipality.

SOUTHWEST ALASKA MUNICIPAL CONFERENCE

DATED: _____

By: _____

Alice J. Ruby
P.O. Box 121

Dillingham, Alaska 99576

November 11, 1992

Senator George Jacko
Alaska State Legislature
3111 C Street, Suite 200C
Anchorage, Alaska 99503-3957

Dear Senator Jacko,

I was given copies of your letters to Mr. Graper and Mr. Torrisi in my recent Council packet. I was very happy to be made aware of your willingness to work on the alcohol taxation issue during the upcoming legislative session. As you may be aware, a resolution submitted by the City of Dillingham supporting this effort was adopted by the Southwest Alaska Municipal Conference during their Fall Conference.

I would like to offer my support for the effort to amend the statute. Thank you for your time and interest.

Sincerely,



Alice Ruby

TORRISI & SNYDER
ATTORNEYS AT LAW
Box 210 DILLINGHAM, AK 99576
(907) 842-5608

FREDERICK TORRISI

September 14, 1992

DAVID B. SNYDER

George Jacko
Box 47001
Pedro Bay, Alaska 99647

Dear George:

Enclosed is a copy of a draft resolution that I prepared for SWAMC seeking amendment of AS 4.21.010(c), the issue we discussed when you were in Dillingham. Lagos v. City of Sitka was the court decision that made it plain that this statute is an obstacle to taxing the sale of booze at a rate higher than other items.

I'm sure you will be receiving the official version of this from SWAMC later. It is an issue that merits attention, and it will be interesting to see who leads the opposition. Please let me know if I can help on this.

Sincerely,
TORRISI & SNYDER



Fred Torrison
Attorney

FT:ilk
enclosure

cc: Henry E. Graper, Jr., City Manager

jury instruction defining sale as requiring a transfer of title from the defendant to the consumer. *Herrera v. State*, 753 P.2d 150 (Alaska Ct. App. 1988).

Conviction and sentence affirmed.

In accord with main pamphlet. *Tuckfield v. State*, 805 P.2d 982 (Alaska Ct. App. 1991).

Sentence of six months' incarceration as a condition of receiving a suspended imposition of sentence, upon conviction of one

count of selling intoxicating beverages without a license in a local option area, was not clearly mistaken, where defendant had set up a commercial enterprise, although of short duration, and sold a pint of whiskey to a man who murdered a woman shortly after buying the whiskey. *Wassille v. State*, 790 P.2d 1386 (Alaska Ct. App. 1990).

Cited in *Cleland v. State*, 759 P.2d 553 (Alaska Ct. App. 1988).

Chapter 21. General Provisions.

Section

- 10. Municipal regulation
- 15. Private manufacture of alcoholic beverages

Section

- 65. Posting of warning signs
- 80. Definitions

Sec. 04.21.010. Municipal regulation. (a) A municipality may adopt ordinances governing the importation, barter, sale, and consumption of alcoholic beverages within the municipality and may ban possession of alcoholic beverages under AS 04.11.498(d) or (e). An ordinance adopted under this section may not be inconsistent with this title or regulations adopted under this title.

(b) If, as a result of an election held in accordance with AS 04.11.502 in a municipality, the board is prohibited from issuing, renewing, or transferring a license between holders or locations or if the importation of alcoholic beverages is prohibited in the municipality, the municipality may adopt an ordinance making the sale or importation of alcoholic beverages a misdemeanor. The ordinance may not be inconsistent with this title or the regulations adopted under this title.

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

- (1) property tax on alcoholic beverage inventories;
- (2) sales tax on alcoholic beverage sales if sales taxes are imposed on other sales within the municipality;
- (3) sales tax on alcoholic beverage sales that was in effect before July 1, 1985; and
- (4) sales and use tax on alcoholic beverages if the sale of alcoholic beverages within the municipality has been prohibited under AS 04.11.490.

(d) At least 10 days before the date set for municipal action on an application for the issuance, renewal, relocation, or transfer of ownership of a proposed license, the municipality shall provide written notice of the proposed action and the time and place for a hearing to a community council that

- (1) is established by municipal charter or ordinance to advise the municipal governing body; and