

ALASKA LEGISLATURE COMMITTEE FILES 2007-2008 SL&C 12642

Ben Mulligan

From: Brewer, Thomas [tbrewer@SouthcentralFoundation.com]
Sent: Friday, March 16, 2007 4:41 PM
To: Rep. Bill Stoltze
Subject: Support for House Bill #136

Date: 16 March 2007

From: Thomas B. Brewer DDS MS
24327 Thunderbird Dr.
Chugiak, AK 99567
tombrewer@gci.net
688-5580

RE: House Bill No. 136

Dear Representative Stoltze,

I would like to state my support for the passage of House Bill No. 136, changing the Statutes for Dental Hygienists in Alaska. These changes allow for local anesthesia under general supervision, restorative functions, and collaborative practice with a dentist. This expanded utilization of a licensed dental hygienist will help to address the inadequacy of access to dental care in Alaska.

It has been documented that Alaska is a state in need of increased access to dental services, especially in the rural areas. You might have noticed the article on our state's National Guard troops difficulty in achieving deployability status due to unmet dental needs in this week's Eagle River Star newspaper. Expanding the allowable functions for dental hygienists would increase the number of people that could receive treatment. The collaborative agreement statute would provide increased access to care not only for rural areas, but also for individuals in nursing homes, home bound disabled patients and low-income school programs. These individuals whether urban or rural have significant oral health needs and lack easy access to dental care.

The U.S. Surgeon General, in May of 2000, made a landmark call to action upon "*policymakers, community leaders, private industry, health professionals, the media, and the public to affirm that oral health is essential to general health and well-being and to take action.*" Furthermore, in the Surgeon General's Report: Oral Health in America, it was reported that no less that a "*silent epidemic of oral diseases is affecting our most vulnerable citizens*" and that "*no one should suffer from oral diseases or conditions that can be effectively prevented and treated.*"

I am confident that expanding the scope of practice for dental hygienists will result in improved access to care and improved overall health for Alaskans. These expanded functions are practiced in several other States throughout the country. Dental hygienists are licensed preventive oral health professionals. They have the capability and educational background to provide these services to the public in a safe and effective manner. Please support HB 136.

Sincerely, Tom Brewer

4/23/2007

Southcentral Foundation

Date: February 22, 2007

From: Kevin Gottlieb, Chief of Staff

RE: House Bill No. 136

Dear Representative Bill Stoltze

Southcentral Foundation would like to state our support for the passage of changing the Statutes for Dental Hygienists in Alaska. These changes allow for local anesthesia under general supervision, restorative functions, and collaborative practice with a dentist. This expanded utilization of a licensed dental hygienist will help to address the inadequacy of access to dental care in Alaska.

It has been documented that Alaska is a State in need of increased access to dental services, especially in the rural areas. These expanded functions would increase the number of people that could be treated while working with a dentist. The collaborative agreement statute would provide increased access to care not only for rural areas but also for individuals in nursing homes, home bound disabled patients and low-income school programs. These individuals whether urban or rural have significant oral health needs and lack easy access to dental care.

The U.S. Surgeon General in May of 2000 made a landmark call to action upon *"policymakers, community leaders, private industry, health professionals, the media, and the public to affirm that oral health is essential to general health and well-being and to take action."* Furthermore, in the Surgeon General's Report: Oral Health in America, it was reported that no less that a *"silent epidemic of oral diseases is affecting our most vulnerable citizens"* and that *"no one should suffer from oral diseases or conditions that can be effectively prevented and treated."*

4501 Diplomacy Drive • Anchorage, Alaska 99508
(907) 729-4955 • Fax (907) 729-5000



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Sincerely,

SOUTHCENTRAL FOUNDATION

Kevin Gottlieb (Chief of Staff)

Kevin Gottlieb
Chief of Staff

Alaska Primary Care Association

"...uncompromising in the pursuit of access to primary care for all Alaskans."



The Honorable Representative Stoltze
Alaska House of Representatives
State Capitol, Room 501
Juneau, Alaska 99801-1182

Re: Support for HB 136

March 20, 2007

Dear Representative Stoltze

Alaska Primary Care Association (APCA) represents 24 health care organizations and 115 non-profit Community Health Centers, as well as other safety net providers throughout Alaska. In 2005, our sites provided primary healthcare to over 80,000 patients of which 16,243 patients utilized dental services. Of the 34,639 dental encounters at community health centers, 31,210 encounters were seen by Dentists and 3,429 were seen by Dental Hygienists.

Alaska Primary Care Association knows that access to dental services can depend on the availability of providers. Increasing the scope of practice for Dental Hygienists will increase access to preventative dental services for Alaskans, particularly in rural areas where there is a shortage of clinical providers. The APCA has a vested interest in the success of HB 136 as primary care encompasses basic medical, behavioral health, and dental services.

Respectfully,

Handwritten signature of Regan Mattingly in black ink.

Regan Mattingly
State Affairs Coordinator

Handwritten signature of Shelley S. Hughes in black ink.

Shelley S. Hughes
Government Affairs Director

Handwritten signature of Marilyn Kasmar in black ink.

Marilyn Kasmar
Executive Director

Ben Mulligan

From: McGregor, Randy [Randy.McGregor@bannerhealth.com]

Sent: Tuesday, April 03, 2007 12:56 PM

To: Rep. Bill Stoltze

Cc: mcerney@mosquionet.com

Subject: House Bill 136

Dear Representative Stoltze,

I have been a practicing anesthesiologist in Alaska for 24 years and I am writing you to endorse House Bill 136 that you are the sponsor of. It is clear that many Alaskans, especially those in rural communities, are not getting access to oral health care. Allowing licensed dental hygienists to perform simple intra-oral local anesthetic infiltrations and peripheral nerve blocks under the general supervision of a licensed dentist and expanding their role in restorative dental care will remove one of the barriers to the delivery of satisfactory oral health care to those Alaskans who need it most.

I believe that these changes in the law will not pose any increased risk to Alaskans. With collaborative agreements, many more Alaskans will have access to basic oral health care. This bill mandates appropriate training and experience of dental hygienists to practice under such collaborative agreements.

Sincerely,

Randall K. McGregor, MD.
PO Box 10595
Fairbanks, Alaska 99710



February 26, 2007

Representative Bill Stoltze
State Capitol, Room 501
Juneau, AK 99801-1112

Dear Representative Stoltze:

The Alaska State Dental Hygienists' Association (ASDHA) strongly supports House Bill 136 which represents many years of discussion, debate, research and reflection upon the oral health needs of Alaskans. As dental hygienists, we are a community of professionals devoted to the prevention of disease and the promotion and improvement of the public's health. We are preventive oral health professionals who provide education, clinical, and therapeutic services to the public.

In Alaska, the Board of Dental Examiners regulates the professions of dentistry and dental hygiene. Before a license is issued in the state, dentists and hygienists are required to meet specific guidelines. Dental hygienists must graduate from an American Dental Association accredited program and pass a national written and state clinical examination before they are allowed to practice. There are dental hygiene programs in nearly every state and the U.S. Bureau of Labor Statistics states that the profession of dental hygiene is expected to be one of the fastest growing occupations through the year 2012. In comparison, the number of dentists that graduate each year continues to decline as the population continues to grow. The needs of the public cannot be met by dentists alone.

Currently, there are legal barriers that prevent dental hygienists from providing oral health care to the public. State law and regulation limit access by imposing restrictive supervision requirements on dental hygienists. By virtue of our comprehensive education and clinical preparation, dental hygienists are well prepared to deliver preventive oral health care services to the public, safely and effectively, independent of dental supervision. The nation's more progressive states, such as Minnesota and Washington, which have already expanded the role of dental hygienists, have recognized that the traditional oral health delivery system does not work for many segments of the population.

ASDHA supports the statutory changes in HB 136 as it will help address access to oral health care in all Alaskan communities; most notably, in areas with little or no access to traditional dental services. Each statute change shows a continued professional commitment to working collaboratively with dentists in order to meet the needs of the public, and provide these services in a safe and effective manner.

A landmark report by the Surgeon General in 2000, *Oral Health in America*, highlighted the barriers to oral health and the importance and effectiveness of prevention. Most importantly, it calls upon "policymakers, community leaders, private industry, health professionals, the media, and the public" to take action and make necessary changes that will improve the oral health of the nation. ASDHA strongly encourages the Alaska Legislature to help break down the barriers keeping Alaskans from the oral health they deserve.

Thank you,

Ivonne H. Millea, RDH

Ivonne Millea
ASDHA President

P.O. Box 240247 " Anchorage, AK 99524 " www.asdha.com

To: Members of the Senate Labor and Commerce Committee.
Re: House Bill 136

Although I am not a constituent of any of your districts, I am contacting you regarding the bill which will be heard in your committee today. I have been aware of this project since it was brought by the dental hygienists to the Board of Dental Examiners at our meeting in Dec 05. . I am extremely familiar with the statutes and regs regarding dentistry as I just completed my second term on the Board of Dental Examiners. At our Feb .2007 meeting we voted as a Board to support this bill and drafted a letter in support. Lately there has been some objection from a few members of the Alaska Dental Society executive board about the delegation of one common aspect of dental hygiene practice when the dentist is not physically present. I believe the big flap currently over this general supervision clause is a perceived lack of control by the dentist. The only thing this proposal changes is the degree of supervision **IF THE SUPERVISING DENTIST AUTHORIZES IT**. These opponents are missing the point that the employing dentist is still in charge in the dental office—if they are uncomfortable with a patients medically compromising conditions or the lack of experience of the hygienist, then the dentist just doesn't authorize the particular hygienist to do the procedure when the dentist is not in the office. The hygienist is in the employ of the dentist, therefore must abide by specifics that dentist works out- be it in private practice or even in a collaborative agreement.

As a practicing hygienist in this state for 32 years, I appreciate having the cooperative working relationships which have been traditionally been shared by the dentists and hygienists. However, many patients benefit from numbing a single sensitive tooth, or a section of the mouth, and it is very cumbersome for each patient to be scheduled only when the dentist is in the office. 40 states allow hygienists to give local anesthetic; dentists and hygienists give an estimated 500 million dental injections per year in the US; the track record for safety is well established. Several Fairbanks dentists are of the same opinion as well as a local anesthesiologist, who wrote a letter of support for this bill when it was in the House of Representatives. I have spoken with eight local Fairbanks dentists, all of whom are in favor of the bill and very specifically this provision for local anesthesia delivery under the general supervision and directive of the dentist. They understand the regs and that they can request we hygienists refrain from injecting a particular patient for any reason. In a small business such as a dental practice, this type of communication and the commitment toward appropriate patient care are standard operating procedures.

I know the dentists had also pushed for an amendment to the collaborative practice agreement of the statute change to require a patient to have an exam within one year of treatment by a hygienist. Specific criteria such as this, I believe, are best addressed in the regulations which must be written in order to implement this statute change. The Board of Dental Examiners will be charged with proposing regulations, which will be public noticed to all licensees, feedback taken, rewrites (several in my experience as an examiner!!), then checks by law and other depts., before finally approved and signed by the Lt. governor. This should serve to ensure legitimate care of the highest quality is appropriately delivered. The minimum criteria will be spelled out in regulations; then each collaborative agreement must be individually approved by the Board of Dental Examiners. There are 6 dentists, 2 hygienists, and a very knowledgeable public member on the Board – all serving the people of the state, not the profession---their concern is safety as well.

I urge you to move this bill along in its current form-Committee Substitute HB 136;
(accommodations in wording were already made in joint agreement by the hygienists and dentists to clarify certain aspects)

Thank you,
Mary Cerney, RDH, BS



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Sarah Palin, Governor
Emil Notti, Commissioner
Rick Urien, Director

Division of Corporations, Business and Professional Licensing

March 6, 2007

The Honorable Peggy Wilson, Chair
Health, Education and Social Services Committee
House of Representatives
Alaska State Capitol
Juneau, AK 99801-1182

Dear Representative Wilson:

RE: HB 136

The Board of Dental Examiners is in support of HB 136, "An Act relating to dental hygienists".

This legislation will be beneficial in providing more dental services to the citizens of the State of Alaska.

Please contact me at (907) 561-6262 or by email at geracedds@gca.net if you have questions regarding our support of this bill.

Sincerely,

William Gerace, DDS, Acting-Chair
Alaska Board of Dental Examiners



April 30, 2007

The Honorable Johnny Ellis, Chair
Senate Labor and Commerce Committee
Alaska State Capitol, Room 9
Juneau, AK 99801-1182

HB 136 (Stoltze)—Support

Dear Chair Ellis:

On behalf of the AARP members in Alaska, we encourage you and your colleagues on the Senate Labor and Commerce Committee to support HB 136, authored by Representative Bill Stoltze.

As you and your Committee colleagues know, Alaska has a shortage of all health professionals, particularly in our remote communities. We will never be able to find a sufficient number of physicians but we use physician assistants and nurse practitioners very effectively. We will never have enough dentists and Alaska uses dental hygienists effectively. We could use them even more effectively and HB 136 would help us accomplish this.

Dental hygienists are not independent practitioners. They work under licensed dentists and focus on preventing and treating oral diseases. HB 136 does not break new ground for their scope of practice. Other states already allow dental hygienists to:

- Place fillings into a cavity already prepared by a dentist
- Administer a local anesthetic under the supervision of a dentist
- Enter into an agreement with a dentist in which the dentist authorizes the hygienist to work on specified tasks

We recognize that any change in a scope of practice may make other professionals concerned. We want to make certain that all Alaskans have access to high quality, affordable health care, including oral health.

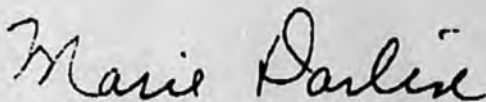
Many oral health problems can be prevented or treated by professional dental hygienists and this care may turn out to be less expensive and more accessible. Our dental costs are high. Dental procedures in Alaska cost 37.7% more than in the rest of the United States. We believe HB 136 will help reduce those costs as well as improve accessibility. Since all of these issues are under the supervision of a dentist or by agreement with a dentist, we also do not believe quality will suffer. Indeed, it may very well improve significantly since hygienists will serve as a "force multiplier" for the dentists we do have.

AARP recommends an "AYE" vote on HB 136.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,



Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Senator Gary Stevens
Senator Bettye Davis
Senator Lyman Hoffman
Senator Con Bunde
Representative Bill Stoltze



April 30, 2007

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Senate Labor and Commerce Committee
Alaska State Capitol, Room 9
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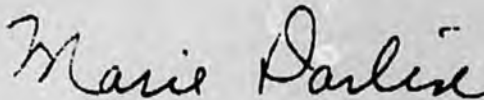
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AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Senator Gary Stevens
Senator Bettye Davis
Senator Lyman Hoffman
Senator Con Bunde
Representative Bill Stoltze



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Sarah Palin, Governor
Emil Notti, Commissioner
Rick Urien, Director

Division of Corporations, Business and Professional Licensing

March 6, 2007

The Honorable Peggy Wilson, Chair
Health, Education and Social Services Committee
House of Representatives
Alaska State Capitol
Juneau, AK 99801-1182

Dear Representative Wilson:

RE: HB 136

The Board of Dental Examiners is in support of HB 136, "An Act relating to dental hygienists".

This legislation will be beneficial in providing more dental services to the citizens of the State of Alaska.

Please contact me at (907) 561-6262 or by email at geracedds@gci.net if you have questions regarding our support of this bill.

Sincerely,

William Gerace, DDS, Acting-Chair
Alaska Board of Dental Examiners

PO Box 110806, Juneau, AK 99811-0806

Telephone: (907) 465-2534 Fax: (907) 465-2974 Website: www.commerce.state.ak.us/occ

Vice Chair:
House Finance Committee

Chair:
House Finance Subcommittees for;
Department of Public Safety
Department of Law



Session:
Alaska State Capitol, Rm 501
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

District:
600 E. Railroad Ave.
Wasilla, AK 99654

BILL STOLTZE
STATE REPRESENTATIVE
Representative_Bill_Stoltze@legis.state.ak.us

CS House Bill 136 (FIN) (title am) **Sectional Analysis**

Section 1 authorizes the Board of Dental Examiners to issue a restorative function endorsement to a licensed dental hygienist if the hygienist has successfully completed an accredited program and has passed the required restorative function examination(s).

A restorative function endorsement will allow a licensed dental hygienist to place restorations, i.e. fillings, into a cavity prepared by a licensed dentist and thereafter carve, contour and adjust contacts and occlusion of the restoration under the direct supervision of a licensed dentist.

Section 2 authorizes a licensed dental hygienist to administer local anesthetic agents under the general supervision of a licensed dentist.

Local anesthesia renders a small part of the body, such as a tooth, insensitive to pain without affecting consciousness. Licensed dental hygienists in the state who are certified by the Board have been administering local anesthesia under "direct" or "indirect" supervision of a licensed dentist since 1981. Adding "general" supervision would allow a licensed, Board-certified dental hygienist to administer local anesthetic agents without the requirement for a licensed dentist being present in the dental facility.

Section 3 includes under dental hygienists' scope of practice the ability to place restorations (section 1) and perform the activities authorized under a collaborative agreement with a licensed dentist (section 4).

Section 4 authorizes the Board to approve a collaborative agreement between a licensed dentist and a licensed dental hygienist and specifies the services and procedures allowed under a collaborative agreement.

Working under a collaborative agreement with a licensed dentist, a dental hygienist would be able to initiate treatment within their scope of practice based on his or her assessment of a patient's needs without the specific authorization of a dentist.

Section 5 applies supervision requirements to a dental hygienist operating in conjunction with a licensed dentist under a collaborative agreement.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

ALASKA STATE LEGISLATURE

Vice Chair:
House Finance Committee

Chair:
House Finance Subcommittees for;
Department of Public Safety
Department of Law



Session:
Alaska State Capitol, Rm 501
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

District:
600 E. Railroad Ave.
Wasilla, AK 99654

BILL STOLTZE
STATE REPRESENTATIVE
Representative_Bill_Stoltze@legis.state.ak.us

Explanation of Changes HB 136 to CSHB 136 (FIN) (title am)

Section 1:

Restorative Function license endorsement.

Page 2, Line 1-2

Clarifies language requiring a dental hygienist to have been a licensee in another state or United States territory as an option to receive a restorative function license endorsement.

Section 4:

Collaborative agreements.

Page 3, Line 4-5

Clarifies that the dentist a hygienist enters into a collaborative agreement with is a dentist with an Alaska license granted under AS 08.36.

Page 3, Line 16

Changes the terminology from chemotherapeutic agents to local periodontal therapeutic agents.

Page 3 Line 29

Inserts a new section, (d), that stipulates a dentist may not enter into more than five collaborative agreements with dental hygienists at a time.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

HB

155

SENATE COMMITTEE REPORT

DATE: 4/27/07

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 5/8/07

Labor and Commerce Committee considered CS FOR HOUSE BILL NO. 155(FIN)

HB 155 EXTEND ALCOHOLIC BEVERAGE CONTROL BOARD

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

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

PREVIOUS FISCAL NOTE(S):

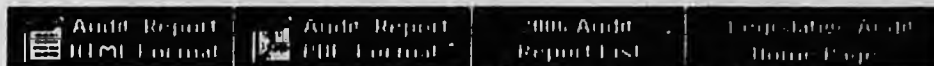
H. FIN PUBLIC SAFETY	4/19/07	✓			

APPROPRIATION - no fiscal note

SIGNATURE	PRINTED NAME	INITIALS			
<i>C Bunde</i>	Bunde	✓			
<i>B Davis</i>	DAVIS	✓			
<i>[Signature]</i>	STEWART				
CHAIR: <i>[Signature]</i>	ELLS	✓			



Alaska Division of Legislative Audit Audit Digest #12-20047-06



* Requires Acrobat Reader 

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

PURPOSE OF THE REPORT

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

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

REPORT CONCLUSIONS

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

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

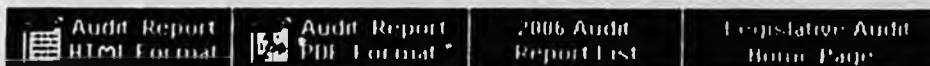
We recommend that Alaska Statute 44.66.010(a)(1) be amended to extend the termination date of the Alcoholic Beverage Control Board to June 30, 2013.

FINDINGS AND RECOMMENDATIONS

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

AUDITOR COMMENTS

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



* Requires Acrobat Reader



ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 9811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

October 21, 2006

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF PUBLIC SAFETY ALCOHOLIC BEVERAGE CONTROL BOARD SUNSET REVIEW

August 31, 2006

Audit Control Number

12-20047-06

This review examines the activities of the Alcoholic Beverage Control Board (ABC Board) to determine if there is a demonstrated public need for its continued existence and if it has been operating in an efficient and effective manner. Alaska Statute 44.66.010 specifies that the ABC Board will terminate on June 30, 2007 and will have one year from that date to conclude its administrative operations. We recommend that the legislature extend the ABC Board's termination date until June 30, 2013.

The audit was conducted in accordance with generally accepted government auditing standards. Field work procedures utilized in the course of developing the findings and discussion presented in this report are outlined in the Objectives, Scope, and Methodology section. Audit results may be found in the Report Conclusions, Findings and Recommendations, and Analysis of Public Need sections of the report.

A handwritten signature in black ink, appearing to read "Pat Davidson".

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Titles 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Alcol.olic Beverage Control Board (ABC Board or the board) to determine if there is a demonstrated public need for its continued existence and if it has been operating in an efficient and effective manner.

As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether the ABC Board should be re-established. Currently, under AS 44.66.010(a)(1), the board will terminate on June 30, 2007 and will have one year from that date to conclude its administrative operations.

Objectives

The ABC Board was created to regulate the manufacture, sale, barter, and possession of alcoholic beverages in order to protect the public health, safety, and welfare of citizens in the State.

To this end, the primary objective of this audit was to determine whether there is a public need for the board and if its existence should be extended.

The secondary objective was to review the board's major functions of licensing, inspections, and investigations for effectiveness in meeting public need and for efficiency of operation.

Scope

Alaska Statute 44.66.050 outlines the factors to be considered in determining whether the board has demonstrated a public need for its continued existence. We reviewed ABC Board activity that occurred from FY 03 through FY 06. We also reviewed the board's proceedings to determine whether it complied with Alaska Statutes and regulations.

Methodology

During the course of our examination, we reviewed and evaluated the following:

- Title IV and other applicable Alaska Statutes.
- Proposed and passed legislation concerning control of alcohol and the ABC Board since the previous sunset audit.
- Title 13, Chapter 104 of the Alaska Administrative Code.
- Department of Public Safety's (DPS) commissioner's office reading files.

- ABC Board executive director's reading files.
- ABC Board licensing files.
- ABC Board meeting minutes.
- ABC Board enforcement records and DPS' information system APSIN case data.
- ABC Board operating budgets.
- State Accounting System financial records.
- Newspaper articles pertaining to liquor licensing in Alaska.
- OMB's Review of Alcoholic Beverage Control Licensing Receipts, July 29, 2005
- Responses to the questionnaires sent to governing bodies, law enforcement agencies, community groups (community councils and Mothers Against Drunk Driving, and a sample of active licensees.
- Other documents related to the boards operations, as necessary.

In addition, we attended two board meetings, one in person and one via teleconference. We interviewed ABC Board staff, the current members of the ABC Board, and various individuals from other state agencies. We also contacted the Alaska Ombudsman, the Attorney General's office, the Office of Victim's Rights, the Human Rights Commission, the Department of Public Safety, the Department of Revenue, and the Office of the Governor.

ORGANIZATION AND FUNCTION

The Alcoholic Beverage Control Board (ABC Board or board) was established in 1959 as a regulatory and quasi-judicial agency in the Department of Public Safety¹ (DPS). The ABC Board controls the manufacture, barter, possession, and sale of alcoholic beverages in the State. The duties of the board include overseeing the issuance, transfer, renewal, suspension, and revocation of licenses, and proposing and adopting regulations necessary to carry out the purposes of governing statutes in a manner that will protect the public health, safety, and welfare. In addition, the board may grant to persons employed for the administration of Title IV peace officer powers. These powers are used as necessary for the enforcement of the criminally punishable provisions of the Title, regulations of the board, and other criminally punishable laws and regulations including laws against prostitution and gambling. These powers are subject to the concurrence of the DPS commissioner.

The board consists of five members—two industry members and three from the general public. State law requires the two board members be persons actively involved in the alcoholic beverage industry (excluding wholesale) and at least three members representing the general public. No three members of the board may be engaged in the same business, occupation, or profession. Board members (including their immediate family), representing the general public, may not have any financial interest in the alcoholic beverage industry. The board members are appointed by the governor and confirmed by the legislature. They are appointed for overlapping three-year terms. A director, appointed by the governor, serves as the executive officer and is responsible for enforcing Title IV and the regulations adopted by the board.

Title IV specifies the type of licenses, licensing fees, and the activities allowed under each class of license issued by the board. Title IV also establishes procedures for the issuance of new and renewal licenses.

ABC Board employees ensure that the approximately 1,700 licensees comply with Title IV. Employees provide three functions including licensing, enforcement, and administration. These services are briefly described as follows:

Exhibit 1

Alcoholic Beverage Control Board Members as of August 31, 2006

Michael W. Gordon, Chairman
Anchorage, Industry Member
Term expires March 1, 2008

Gail M. Niemi
Juneau, Industry Member
Term expires March 1, 2009

Shirley A. Gifford
Soldotna, Public Member
Term expires March 1, 2007

William F. Tull
Palmer, Public Member
Term expires March 1, 2008

William G. Andrews
Anchorage, Public Member
Term expires March 1, 2009

¹ Effective beginning FY 04. Prior to FY 04, the board was administered under the Department of Revenue.

- Licensing

The three-member licensing staff is responsible for processing license applications, maintaining licensing records and files, collecting licensing fees, and answering licensing questions asked by the public and licensees.

- Enforcement

The five-member enforcement staff currently consists of two Anchorage-based investigators, one Fairbanks-based investigator, one Juneau-based investigator and one state trooper on assignment from DPS located in Anchorage. Investigators perform various duties including inspecting licensed premises, investigating complaints of suspected licensing violations, overseeing a federal underage drinking grant (responsibility of the state trooper), and responding to questions from licensees and the public. Investigators monitor server training courses and perform background checks on applicants. They also give lectures relating to alcoholic beverage control laws and regulations on behalf of the board and provide Title IV training to law enforcement agencies on request.

- Administration

The ABC Board director and an administrative assistant comprise the administrative staff. They have a wide variety of administrative duties including oversight of staff, preparation of budget documents, calculation and issuance of revenue sharing payments to local municipalities, direction of special enforcement investigations, and public hearings.

The ABC Board office is located in Anchorage. In FY 06, the board had an operating budget of almost 1.2 million for its ten staff positions and activities (excluding transfers to municipalities).

REPORT CONCLUSIONS

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

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

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

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FINDINGS AND RECOMMENDATIONS

Status of Prior Audit Recommendations

The previous sunset audit² contained eight recommendations. A current status is presented below.

Prior Year Recommendation No. 1 – The legislature should consider having the Department of Public Safety (DPS) conduct criminal investigations rather than the ABC Board.

This recommendation has been partially implemented. By executive order, the board was placed under DPS. DPS has been proactive in providing assistance to the board in carrying out enforcement activities. This includes assigning a state trooper to perform compliance checks³ full-time, and having troopers trained to perform premises inspections⁴ in areas of the State where ABC Board's enforcement presence has historically been weak. The board continues to perform criminal investigations, including those involving prostitution and gambling, under the authority of AS 04.06.110. Additional improvements for enforcement are discussed in the current year Recommendation No. 2.

Prior Year Recommendation No. 2 – The ABC Board should seek an amendment to Title IV to allow the board to summarily suspend liquor licenses.

This recommendation has been resolved.

Prior Year Recommendation No. 3 – The ABC Board should conduct routine background checks on all licensees as they renew their licenses or should track licensees through the DPS information system (APSIN⁵).

This recommendation has been resolved. Starting with the 2006/2007 renewals, all licensees are required to submit fingerprints for a background check. Additionally, ABC staff now use APSIN. As background checks are performed, licensees will be entered in APSIN. Whenever a case entered in APSIN involves a licensee, ABC staff will receive an automatic electronic alert.

² *Department of Revenue, Alcoholic Beverage Control Board, November 29, 2002 (Audit Control No. 04-20019-03).*

³ Compliance checks are where minors employed by the board attempt to purchase alcohol from liquor establishments.

⁴ Premises inspections are a routine inspection for general compliance with Title IV and associated regulations. This includes server training requirements and, therefore, may result in a criminal citation.

⁵ Alaska Public Safety Information Network

Prior Year Recommendation No. 4 – The director should ensure that all fines are collected and deposited into the general fund.

This recommendation has been resolved. The board ended the practice that inappropriately diverted monies from the general fund.

Prior Year Recommendation No. 5 – The ABC Board and its director should provide goals for the enforcement staff.

This recommendation has been partially resolved. The board has provided the goal of 20 premises' inspections per month for each of the three investigators on the enforcement staff. To a certain extent, this has had the effect of refocusing ABC staff to their regulatory function. However, the board has not provided an overall strategy to ensure these goals are met in an efficient and effective manner. This issue is discussed further in Recommendation No. 2.

Prior Year Recommendation No. 6 – The director should upgrade the ABC Board licensing database.

This recommendation has been partially implemented but some problems remain. The board contracted for the development of a new database. The licensing, permitting, and payment functions are tracked on this database and work is currently being performed to integrate enforcement information. They expect this to be completed by the end of 2006. After completion, the board plans to make the database information available to the public on the ABC Board website. Problems remain with regard to licensing, permitting, and revenue sharing payments. These issues are addressed in Recommendation No. 1 of this report.

Prior Year Recommendation No. 7 – The director should require staff to prepare and maintain procedural manuals.

This recommendation has been partially implemented. Procedure manuals have been prepared for the licensing, permitting, and cash handling functions. However, the director did not take timely action on this recommendation. As a result, internal controls were inadequate for a significant portion of the audit period. We offer suggestions for additional specific controls in the current Recommendation No. 1.

Prior Year Recommendation No. 8 – The ABC Board members should urge the governor's office to fill board vacancies within the 30-day timeline required by statute.

This recommendation has been resolved. During the period FY 03 – FY 06, there was one instance of a board vacancy exceeding the 30-day requirement. This board seat was vacant for 3.5 months and resulted from the early resignation of a board member and a lack of applicants to fill the seat.

Recommendation No. 1

The ABC board and director should strengthen the control environment over alcohol regulatory functions.

Internal controls at the ABC offices are weak in a number of areas including the licensing and permitting functions, revenue sharing payments, licensee fee collection activities (including wholesaler fee collections), and the licensing database. Weaknesses are due to the lack of well-designed controls and/or the circumvention and neglect of established controls. Weaknesses are evidenced in certain aspects of the operations as outlined below:

1. Licensing. The ABC Board does not consistently adhere to procedures ensuring that proper documentation is received for licensing and that licensee information is accurately reflected in the database. Various information was missing from licensees applications or licensing files, including right of title and interest documents and a licensed premises diagram.

Title IV of the Alaska Statutes identifies specific information to be included in the application or renewal of a license. If proper documentation is not submitted and maintained, ineligible applicants may be licensed which could potentially lead to public safety issues.

To verify that only eligible applicants are licensed, the board must maintain adequate support to ensure compliance with Title IV requirements. The director should ensure that applications are complete and all required information is submitted and maintained.

2. Database Security. The licensing database has security weaknesses. The database password requirement can be easily bypassed on the terminals of some of the ABC staff. While a password is required to get access to the DPS network, once a person's computer is signed on, there is no way to keep someone from accessing and making changes to the ABC database. In addition, the licensing supervisor is a system administrator and a primary user of the database. This person is in a position to make unauthorized changes that may go undetected.

System security is crucial for ensuring no unauthorized changes are made to the data contained in the licensing database. In addition to licensing information, the database is used for recording payments and permits that have been issued and will soon include enforcement information. Therefore, integrity of this data is of utmost importance to ABC board activities as it is relied on for many decisions.

The director should ensure information in the licensing database is properly protected from unauthorized changes.

3. Permitting. Inadequate segregation of duties exists in the permitting process. The ABC investigators in Juneau and Fairbanks perform the whole process. They review and sign

the application and collect the money for the permit. They are also the individuals who may inspect a special event to ensure a permit has been obtained.

In addition, controls over the permit forms provide inadequate protection against permit misuse. The permit application, which is available on-line, acts as the permit once it is signed by the proper parties. These permits are not prenumbered and there are no procedures in place for reconciling permits issued to permit revenue received.

The inadequate segregation of duties and lack of prenumbering increases the risk of asset misappropriation. There is no effective control preventing staff from approving a permit, collecting the money, and never recording the issuance of the permit. Further, because the permits are available on-line, there is increased risk for misuse of permits by the public. To protect against misuse of permits by the public, the caterers' and special events' permits are required by AS 04.11.230(d) and AS 04.11.240(c), respectively, to be returned to ABC staff within 48 hours at the end of the event. The requirement is ineffective protection against permit misuse, given the ease with which a permit can be obtained and falsified. Enforcing this requirement is time consuming and an inefficient use of staff resources.

Overall, these issues create inefficiencies, increased risk of asset misappropriation, and the potential for decreased control over permitted events. The ABC Board and director should ensure all permits are prenumbered, remove investigators from involvement in the cash handling aspects of the process, and perform periodic reconciliation of permits issued versus permits receipts. After more effective controls have been implemented, the ABC Board should propose a statutory change to remove the requirement of permits being returned to the ABC Board.

4. Municipal Refunds. The ABC Board does not comply with either Title IV or its own procedures for municipal refunds. First, per AS 04.11.610(a), biennial license fees collected within a municipality shall be refunded semiannually to the municipality. This refund may be denied by the commissioner of Public Safety if the municipality fails to actively enforce local, state, and federal laws and regulations relating to the manufacture and sale of alcoholic beverages in the State. The commissioner of Public Safety is not currently involved in municipal refund decisions and the ABC staff has not been delegated the authority to deny refunds.

Secondly, the ABC Board's policy is to make refund payments to all municipalities that have a local law enforcement agency and deny refunds to those that do not. The decision to deny refunds is made by the ABC staff. From FY 03 through FY 06, the board did not follow their procedures and made revenue sharing refunds – totaling \$33,750 – to six municipalities who do not have local law enforcement.

In addition to the problems of determining which municipalities are eligible for refunds, the financial activity related to municipal refunds is not being reported accurately. Specifically, \$238,700 in 2002 expenditures was inappropriately recorded to 2003, due to

delays in providing the information necessary for the Department of Revenue (DOR) to process these payments.

The ABC Board and director should develop procedures to ensure municipal refunds are paid or denied in accordance with Title IV. Further, the director should ensure the information necessary to process these payments provided to the Department of Revenue is timely and accurate.

5. License Fee Collection Activities. The ABC Board is not performing the necessary basic accounting control procedures. The missing procedures include: (1) a periodic reconciliations of licenses issued to license receipts; (2) reconciliation of licenses issued to remaining license inventory; (3) compliance with daily deposits requirements; and (4) lack of oversight and review of financial activity.

Beginning April 2005, with the assistance of DPS' Administrative Services, the board initiated new cash handling procedures. While the new controls are an improvement, they still fall short of the necessary basic accounting control procedures identified in items 1 through 4 above.

The Alaska Administrative Manual (AAM 50.100) sets out the basic cash deposit requirements:

Collections should be deposited daily in a depository account prescribed by the cash management section of the treasury division. Only in unusual cases may small amounts (less than \$500) be held over for deposit the following day.

The ABC Board should ensure their cash deposit procedures match with the AAM requirements.

Additional areas for improved oversight and review of financial activities include: ensuring only the correct, common carrier fee is accepted after a statute change increased the fee; ensuring accuracy when recording licensing fees to licenses' type specific account codes, and establishing procedures for the tracking of fines to ensure they are paid within the time required by the board.

Exhibit 2

Cash Controls

During FY 03-05, the ABC Board's cash controls were insufficient. This resulted in a loss or theft of funds discovered January 2005. The amount missing was \$30,750, of which \$3,550 was cash. The checks were replaced but the cash was never recovered. No charges were filed and the case is closed.

Due to the loss or theft of funds, DPS requested the Alaska Office of Management and Budget (OMB) conduct an audit of ABC receipts. This was completed in July 2005. The audit covered the period July 1, 2003 - March 31, 2005 and found "at least \$35,150 in fees were not appropriately deposited to the ABC Board bank account." Of this, \$3,850 in cash has not been recovered. This amount includes funds noted above.

The audit concluded that the ABC Board's "internal controls were inadequate to prevent or detect diversion of funds."

Source of quotes: OMB's *Review of Alcoholic Beverage Control Licensing Receipts, July 29, 2005.*

6. **Wholesale Fee.** The board does not consistently require wholesalers to submit annual sale affidavits by the February 28th deadline as required by AS 04.11.160(c). Further, ABC staff did not receive affidavits from four wholesalers documenting their 2005 sales.

Per AS 04.11.160, in addition to the biennial license fee, wholesalers must pay an annual fee based on their gross sales. Gross sales information is provided to the board in the annual sales affidavits. ABC staff sends annual letters to wholesale licensees requesting sales information. For 2005, ABC staff did not send request letters to three wholesalers and one wholesaler simply did not submit an affidavit. This was apparently caused by miscommunication between the licensing staff and staff responsible for obtaining the required affidavits. If affidavits are not obtained, the board has no way of knowing if licensees are paying the required fees.

The ABC director should ensure all wholesalers are submitting the required affidavits within the statutory deadline and follow-up on those who do not submit the affidavit. In addition, the director should ensure the list of wholesalers, from whom it requests affidavits, is complete.

Internal control refers to a system of checks and balances designed to protect the integrity of information and the safeguarding of assets. These controls consist of policies, procedures, control activities, and measures designed to ensure the reliability of financial information, the effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

The ABC Board and director should establish a stronger control environment. The control environment sets the tone of an organization, influencing the control consciousness of its people. It is considered the foundation for all other components of internal control providing discipline and structure.

Recommendation No. 2

The ABC Board and director should develop and implement an overall plan for enforcement activities to ensure the effective allocation of their resources.

The ABC Board lacks a systematic strategy for scheduling inspections and compliance checks to ensure effective enforcement. The enforcement staff has increased the number of regulatory inspections and compliance checks performed per year. However, this has not resulted in a significantly greater percentage of licensees being inspected.

ABC enforcement staff consists of three investigators based respectively in Juneau, Anchorage, and Fairbanks; an enforcement supervisor in Anchorage; and a state trooper assigned to the ABC Board also based in Anchorage. The state trooper is specifically assigned to conducting compliance checks. Premises' inspections are conducted by the three

investigators. In addition, some state troopers⁶ also perform inspections during periods of downtime in their primary responsibilities (fish and wildlife enforcement).

The selection of licensees to be inspected is left to the individual investigators who operate primarily in their home areas. Because there are unequal numbers of licensees in these areas, the result is a disparity in the frequency of inspections within the State. Some licensees were inspected multiple times during the period FY 03 – FY 06, while many were never inspected. This regional disparity also applies to the compliance checks. Exhibit 3 summarizes the number and percentage of licensed premises that received inspections and/or compliance checks during the last four years. The exhibit shows that only 54% of licensees were inspected and 44% were checked for compliance.

Exhibit 3		Inspections and Compliance Checks FY 03 to FY 06				
Region	Premises Inspections			Compliance Checks		
	Total Licensed Premises⁷	Premises Inspected	Percent Inspected	Total Licensed Premises⁸	Premises Checked	Percent Checked
Southcentral						
Anchorage	436	227	52%	425	263	62%
Mat-Su Borough	173	104	60%	172	86	50%
Kenai Borough	208	78	38%	203	94	46%
Central						
Fairbanks	97	97	100%	93	68	73%
Fairbanks North Star Borough	94	75	80%	92	56	61%
Southeast						
Juneau	77	80	104% ⁹	71	50	70%
Other Southeast	172	145	84%	170	44	26%
Alaskan Waters	79	15	19%	79	0	0%
Other ¹⁰	347	93	27%	339	57	17%
Total	1683	914	54%	1644	718	44%

Additionally, ABC investigators are not consistently or accurately entering case record information into APSIN. The accuracy and consistency of APSIN case records is of critical importance, considering the ABC Board is currently working on integrating enforcement

⁶ From FY 03 through FY 06, state troopers conducted 135 of the 2,154 inspections.

⁷ Licensed premises as of May 2006, however does not include common carriers designated as "Alaskan Skies."

⁸ Licensed premises as of May 2006, however does include common carriers designated as "Alaskan Skies," wholesale licenses, breweries, and wineries.

⁹ Juneau inspection coverage is greater than 100% due to year-to-year fluctuations in the number of licensees.

¹⁰ "Other" includes unorganized boroughs, the Denali, Kodiak Island, Aleutians East, and Bristol Bay Boroughs. Towns in these areas include Nome, Valdez, Delta Junction, and Unalaska.

information with the licensing database and making this information available to the public on its website. Further, investigators are not consistently recording all activities including investigation of complaints and "walkthroughs."¹¹ This is due to the lack of procedures, specific to ABC activities, for documenting cases in APSIN which result in a diminished ability to evaluate the performance of enforcement staff.

Under Title IV, for the protection of the public, the board is tasked with the responsibility to control alcoholic beverages in the State. Effective enforcement of Title IV laws and associated regulations are a crucial component of this responsibility. Currently, enforcement activities are not carried out with the level of planning necessary to maximize the effectiveness of these activities.

The ABC Board should develop and implement an overall strategy for enforcement that includes clear guidance to investigators as to priorities for inspections and compliance checks. This should include risk assessment, statewide scheduling of inspections, periodic review of progress, and formulating a plan of action to address the compliance check failure rate, which is currently high at 20%. Procedures should be improved to ensure an accurate, consistent, and complete record of enforcement activities in APSIN. These improvements will enhance the board's ability to make resource allocation adjustments when necessary and improve the overall efficiency and effectiveness of Title IV enforcement.

Recommendation No. 3

The ABC Board director should ensure compliance with public notice requirements and establish procedures to ensure board meeting records are complete and accurate.

The ABC Board potentially restricted public participation and public information by failing to provide consistent meeting notifications or maintaining an accurate record of meetings. Specifically, board meetings were not consistently advertised, affected parties were not promptly notified of statutory and regulatory changes, and the board minutes were inadequately documented.

ABC staff was either unaware of requirements or lacked procedures that promote a consistent and accurate flow of information. The specific issues are as follows:

1. Board Meeting Notification. There were 20 board meetings between July 9, 2002 and April 20, 2006. Six of these meetings were not advertised in the local paper of the city where the meeting took place. One meeting was not advertised in any newspaper and eight of the 20 meetings were not advertised on the Public Notice Website.

13 AAC 104.025(b) prescribes *the board will meet at the call of the chairman after reasonable public notice is given.* To satisfy this requirement, Board policy is to advertise

¹¹ A walkthrough is a covert inspection in which the investigator checks an establishment for under-aged or over-served customers and other Title IV violations.

meetings in the local newspaper of the city where the meeting is held. In addition, they advertise all meetings in the *Anchorage Daily News*. Further, Administrative Order No. 183 requires: "... *all departments and other agencies of the executive branch must post on the State of Alaska's Online Public Notice website all new legal notices, notices of public meetings, notices of proposed actions, and other public notices required by statute or regulation.*"

Public participation in board deliberations, decisions, and changes to state law and regulation may be inhibited if adequate public notice of board meetings is not provided. To encourage public participation, the board should ensure all meetings are advertised in applicable local papers and posted on the State of Alaska's Online Public Notices website.

2. Statute and Regulation Change Notification. The ABC Board has not been promptly notifying affected licensees and municipalities of significant statute and regulation changes.

Alaska Statute 04.06.090 requires the board to promptly notify all licensees and municipalities of major changes to Title IV and associated regulations. If these changes affect only specific license classifications, the board need only notify licensees and municipalities directly affected by the changes.

The board was unaware of this requirement but does send updated Title IV books to licensees. However, because this is only done every two years, and changes are not specifically identified without close inspection of the book, this does not satisfy the requirement of prompt notification of changes. This inadequate notification could result in licensees being unaware of laws designed to protect the public. The board should ensure that all affected parties are promptly notified of significant changes to statutes and regulations.

3. Board Minutes. ABC Board's meeting minutes provide poor documentation of board deliberations and decision-making. Specifically, minutes posted on the website were incomplete or inconsistent with minutes on file with the board, they did not consistently record the members in attendance or the voting tallies, did not identify meeting locations, were frequently incomplete on administrative actions taken (fines and suspensions), and do not adequately document public testimony.

Board minutes are the public record of board deliberations. Without complete and accurate board minutes the transparency of board decision-making is significantly reduced affecting the public's ability to understand actions taken by the board. An accurate and complete record of board meetings, including documentation of public testimony, is vital to this understanding.

The ABC director should ensure adequate notification of ABC board meetings is provided to the public, and prompt notification of significant statute or regulation changes is provided to affected licensees and municipalities. Additionally, the director should ensure a consistent and accurate public record of board proceedings is created and maintained.

Recommendation No. 4

The legislature should consider amending Title IV to remove the voting ability of the board's director.

The board's director periodically votes on issues decided in board meetings. Alaska Statute 04.06.060 provides that ... *if a majority of the board is present and voting, the director, with the consent of the members present, may cast a tie-breaking vote.* The director's ability to vote is inappropriate for three primary reasons:

1. Allowing the director a vote removes an important check and balance of good government - the separation of the executive and quasi-judicial functions. Under Title IV, the director is delegated the responsibility of enforcing Title IV laws and regulations. This includes making recommendations to the board regarding administrative actions including fines, suspensions, nonrenewals, accusations, and revocations. In addition, the board often hears appeals from licensees of actions taken by the director or other employees. The director may be placed in a position of voting on his own recommendation or action. At least once during the audit period, the director was required to vote on a decision he made as an executive (issuance of a temporary license). Further, the director may be called to vote on proposed regulations that directly affect the duties of the director and staff.
2. When the director votes, he is acting as a de facto public member of the board. However, the director has not met the qualifications nor is subject to the requirements of being a board member under Title IV. The director was not appointed as a board member and, therefore, was not confirmed by the joint legislature. The director is neither subject to the three-year term limit nor to the public member restriction to be free from a financial interest in the alcohol industry.
3. The director's job duties include frequent contact and discussions with licensees, local government entities, or other interested persons. It would be impossible for the director to foresee issues upon which he may be called upon to vote. The director's objectivity may be impaired, or appear to be impaired, due to one-sided contact with licensees, and other individuals or entities in a dispute.

To ensure an appropriate balance of government, the legislature should consider amending AS 04.06.060 to remove the director's voting ability.

AUDITOR'S COMMENTS

The statutory structure for general wholesale license fees is based on a progressive tax rate; however, because of the increase in the sales volumes of the wholesalers, the licensee fee structure is actually regressive.

The annual license fee and wholesale volume fees have not changed since 1980, with the exception of golf course, brewpub, and common carrier licenses. All fees are established in Title IV. Per AS 04.11.160, wholesalers must obtain a license for each distribution point. In addition to the biennial fee of \$2,000, the wholesaler is required to pay an annual fee based on the total business transacted during the calendar year for each distribution location. The minimum annual amount is \$500 and the fee is capped at \$10,000 for sales of \$1 million or greater as is shown in Exhibit 5.

Exhibit 4

Wholesaler's Volume Fees

There are large differences in the percentage of sales the wholesalers remit as a volume fee. This is due to the structure of the fees. For example, one wholesaler accounted for 24% of the total 2005 wholesale sales and paid 6% of the total volume fees remitted. A second wholesaler made 0.08% of the total 2005 wholesale sales and paid 2.4% of the total volume fees remitted. This disparity is due to the fact that the fee structure only has brackets up to \$1,000,000 in sales.

Exhibit 5

General Wholesaler License Fees				
-----Statutory Structure-----			--2005 Actual License Holders--	
Sales Volume Ranges	License Fee	Estimated Tax Rate	Wholesale Sales	Volume Fees
\$100,000 to \$150,000	\$500	.50%		
\$150,000 to \$200,000	\$1,000	.67%		
\$200,000 to \$250,000	\$1,500	.75%		
\$250,000 to \$300,000	\$2,000	.80%		
\$300,000 to \$350,000	\$2,500	.83%		
\$350,000 to \$400,000	\$3,000	.86%		
\$400,000 to \$500,000	\$4,000	1.00%		
\$500,000 to \$600,000	\$5,000	1.00%		
\$600,000 to \$700,000	\$6,000	1.00%		
\$700,000 to \$800,000	\$7,000	1.00%		
\$800,000 to \$1,000,000	\$9,000	1.13%		
\$1,000,000 to \$5,000,000	\$10,000			
\$5,000,000 to \$10,000,000	\$10,000			
\$10,000,000 to \$20,000,000	\$10,000			
\$20,000,000 to \$40,000,000	\$10,000			
\$40,000,000 to \$60,000,000	\$10,000			

From 2002 to 2005, the total statewide wholesale sales of alcohol increased 20.7%. Over the same period, revenues collected from the variable volume fees increased 6.5%. Alcohol sales are increasing at a much faster rate than the volume fees collected. The current structure has a regressive effect and puts low-volume wholesalers at a competitive disadvantage. This is illustrated in Exhibit 5 on the previous page.

Given the substantial increase in the sales volumes that have occurred since 1980, the legislature may want to reevaluate the general wholesales license fee structure. The ABC Board could assist by proposing new volume fee brackets that take into consideration the current and projected future sales.

A ANALYSIS OF PUBLIC NEED D

Limited Analysis

The following analyses of the Alcoholic Beverage Control Board's (ABC Board or board) activities address both positive and negative conditions related to the public-need factors established in AS 44.66.050. These analyses are not intended to be all-inclusive, but rather address those areas we were able to examine within the scope of our review.

To help assess the impact of the board's programs and procedures, we sent out questionnaires to local governing bodies, law enforcement agencies, community groups (community councils and Mothers Against Drunk Driving), and active licensees. The survey covered a number of issues. Pertinent results are incorporated into applicable areas of this analysis. The complete results of the surveys are presented in Appendices D through G.

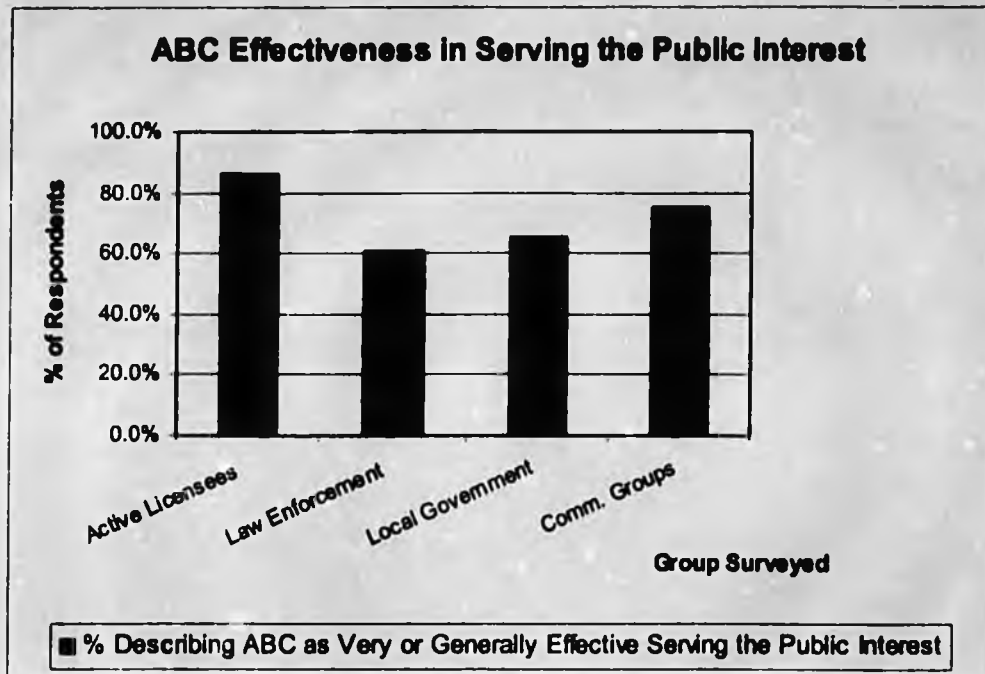
The extent to which the board, commission, or program has operated in the public interest.

The board is operating in the public interest and protects the public's health, safety, and welfare. The board has made an effort to allow only qualified applicants to own and operate licensed premises. It conducts background checks to ensure that licenses are not initially granted to individuals with significant criminal records. It is in the process of conducting background checks on all licensees during their renewal and entering all licensees into the Department of Public Safety's (DPS) information system (APSIN) with unique identification numbers. Once completed, APSIN will provide automatic, real-time notification of criminal activity on the part of licensees.

The board limits the number of licenses authorized and reviews license applications to ensure that licensed premises comply with health and safety codes and local zoning requirements. These requirements are also reviewed during routine premises' inspections. The board provides license regulation and enforcement, investigates complaints, and when warranted, takes licensing actions such as revocation or suspension.

In addition, ABC Board employees monitor the alcohol server training courses and answers questions from members of the public, community groups, licensees, law enforcement agencies, and local governing bodies regarding alcoholic beverage control statutes and regulations. We asked the four survey groups their overall opinion as to how effective or ineffective the ABC Board is in serving the public interest. The majority opinion was favorable as is shown in Exhibit 6 on the next page:

Exhibit 6



Local law enforcement and community groups provided the most negative opinion. Fourteen percent of law enforcement respondents and 17% of public respondents felt the ABC Board is generally ineffective or very ineffective in serving the public interest.

The board imposes fines and may suspend or revoke licenses or permits previously authorized if it is in the best interest of the public. The actions taken by the board during the last five fiscal years are summarized in Exhibit 7.

Exhibit 7

	FY 02	FY 03	FY 04	FY 05	FY 06	Total
Fines	3	4	1	0	7	15
Suspensions	3	5	1	2	12	23
License Denial	6	3	4	5	13	31
Revocations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u> ¹²	<u>0</u>
Total	12	12	6	7	32	69

The lack of revocations is due to the board avoiding the process when possible, purportedly due to budget constraints and the high cost of hearings. The board essentially revokes a license by either (1) denying the renewal or (2) allowing a licensee a set time period to transfer or sell the license. If the license is not transferred within the allotted time period, the

¹² One revocation was in progress at the end of FY 2006.

license holder must “voluntarily” relinquish it. This is done through an informal settlement process.

The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

There is no indication that statutes are obsolete, vague, or unduly restrictive.

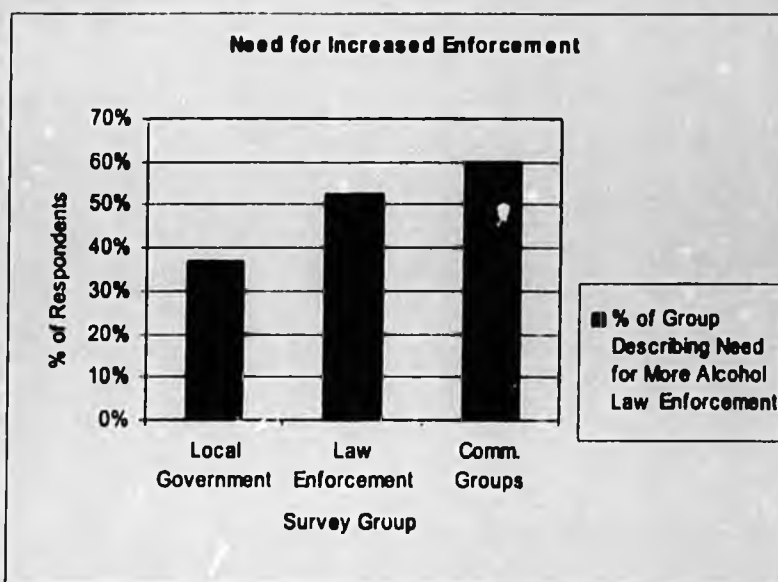
Exhibit 8

The surveyed groups identified the need for improved or increased enforcement as a primary concern. See Exhibit 8.

It has not been the policy of the ABC Board to routinely inspect licensees located off the road system. According to the ABC staff, this is due to low staffing and budget constraints. From licensee comments, there appears to be a perception that some licensees are repeatedly

inspected while many others are never inspected. Nineteen percent of licensee respondents indicated the ABC Board does not enforce laws and regulations equally and 21% that ABC enforcement staff is not active in their locale. Approximately one-third of licensee respondents indicated they have not been inspected during the period 2002–2005. Further, 42% of local law enforcement respondents indicated that ABC enforcement staff is not active in their jurisdiction. Many comments from local law enforcement indicated there is a need for more staff investigators.

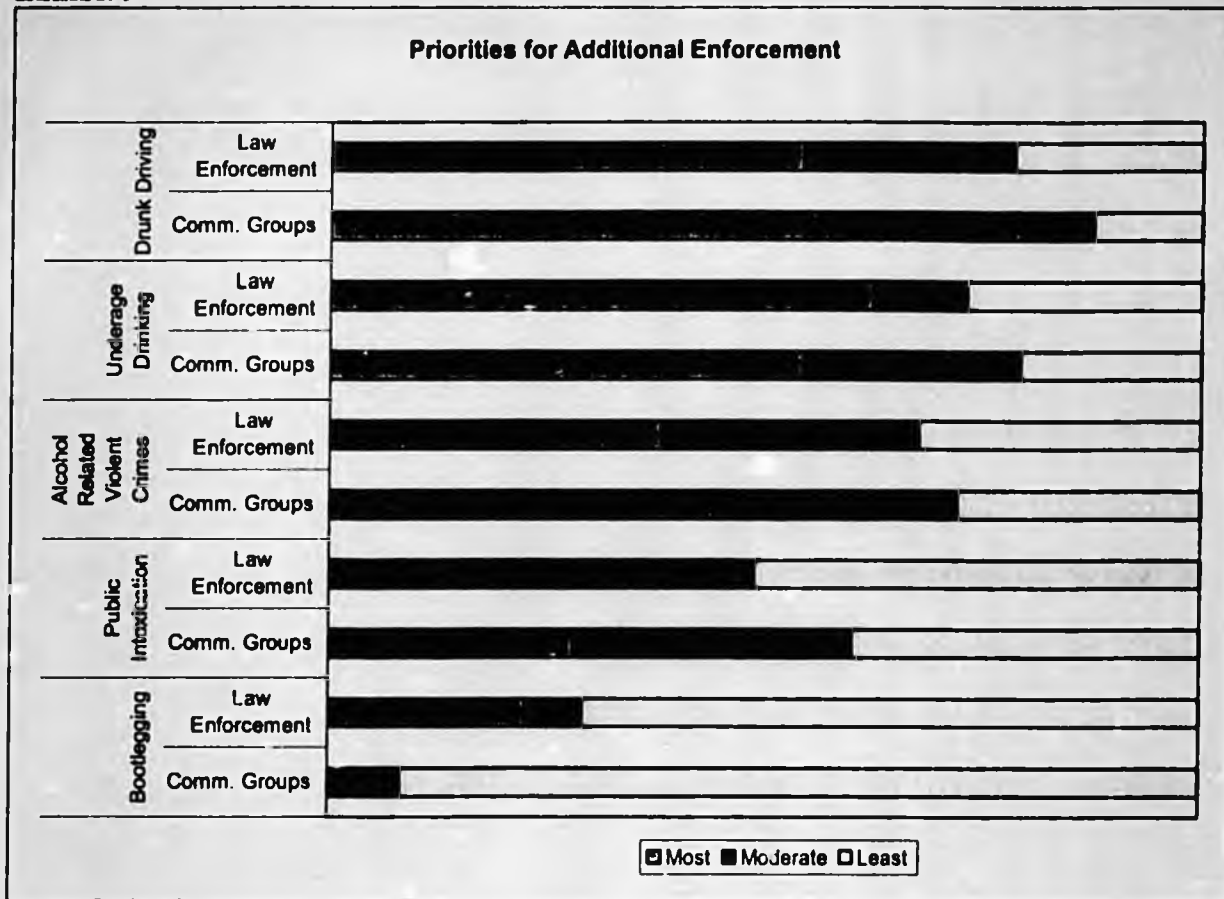
During FY 03 through FY 06, 2,154 inspections were conducted on 914 licensed premises. There were approximately 1,683 licensees during this period. Slightly over one-half of licensees were inspected during the last four years. Exhibit 3, on page 13, shows inspection coverage is highest in the Southeast and Central regions. The South Central region coverage is low due to the enforcement staff organization and the disparity in total number of licensees in their areas of operation. Anchorage, alone, has as many licensees as Southeast Alaska and Fairbanks/FNS Borough combined. Further, the Anchorage investigator also provides enforcement for the Mat-Su Borough.



There is a similar trend when reviewing the regional frequency of compliance checks. During FY 03 through FY 06, 1,589 compliance checks were performed on 718 licensees. There were approximately 1,644 licenses per year during this same period. Licensees in Juneau, Fairbanks, and Anchorage have the highest chance of being checked. Areas outside of these cities have much less chance. Less than half of the State's licensees have been checked during the last four years. The issue of enforcement resource allocation is discussed further in Recommendation No. 2.

There were many comments from licensees regarding the compliance checks. These were divided, nearly equally, between those who support the program and those who do not. Many felt the checks are a form of entrapment and that the board should focus on preventing minors from attempting to purchase alcoholic beverages, rather than penalizing licensees or employees who fail a check. Our survey asked for opinions as to priorities for enforcement. Survey results indicate that drunk driving and under-age drinking are primary concerns as is shown below.

Exhibit 9



The extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

The board has recommended or supported statutory changes of general benefit to the public interest. Most of the changes increased or expanded penalties for Title IV violations. A few changed qualifications of alcohol industry employees and several fine-tuned the requirements of certain liquor license types.

Changes to Specific License Types

Changes were made to address unique operational needs of several existing license types. The common carrier license statute¹³ was rewritten, brewpub sale quantities¹⁴ were specified, and additional allowances were made to accommodate deliveries to hotel and cruise visitors.¹⁵ There was also a new license-type created for outdoor recreational lodges.¹⁶ These changes clarified existing statutes and responded to changing industry needs. These activities serve the State economically, while providing regulation, and are of benefit to the public interest. The ABC Board supported these amendments with the exception of the brewpub change. The board did not take a position on this issue.

Enforcement Assistance

An amendment in 2005 to AS 04.16.060 made it legal for a person under 21, at the request of a peace officer, to violate the laws of purchasing or delivery of alcohol. A similar change to AS 04.16.049 made it legal for the minor to access licensed premises at a peace officer's request, to assist in enforcement of Title IV. These changes were recommended by the board and are directly aimed at the legality of the compliance checks performed by the DPS trooper assigned to the board. The goal of compliance checks is to stop the sale of alcohol to underage individuals. Statutes that promote this goal are clearly beneficial to the public.

Expanded Penalties

A 2004 amendment to the forfeiture and seizure statute¹⁷ added money, securities, and other financial instruments, as items subject to forfeiture; derived from activity prohibited under licensing or local option laws.

¹³ AS 04.11.180

¹⁴ AS 04.11.135 An insertion of "...sales under this paragraph may not exceed 15,000 gallons..." at (a)(5) and (d)(3)(b).

¹⁵ AS 04.11.150 Amendment in subsection (i) inserted "... not more than two bottles of distilled spirits, or not more than 72 ounces of beer..."

¹⁶ AS 04.11.225

¹⁷ AS 04.16.220 Added subsection (a)(6) which states the following are subject to forfeiture: "... money, securities, negotiable instruments, or other things of value used in financial transactions derived from an activity prohibited under AS 04.11.010 or in violation of a local option..."

A new statute, AS 04.16.065 in 2004, made individuals 18 years or older, emancipated minors, or a legal guardian of a minor, liable to licensees for civil penalties related to violations of AS 04.16.060 – the purchase by or delivery to persons under the age of 21.

A 2002 amendment to AS 04.16.051, regarding those who furnish alcohol to underage individuals, expands criminal liability to include criminally negligent acts of the minor.

These penalties are beneficial, as they inform and clarify expectations and responsibilities to the public, and potentially deter and discourage irresponsible actions. These statute changes were supported by the board.

Industry Employees

A 2005 amendment¹⁸ requires that individuals taking an alcohol server education course must pass a written test demonstrating an understanding of the course, before an alcohol server card will be issued. This is a clear effort to improve the quality of alcohol service, in order to decrease problems like underage drinking and over service. The board did not take a position on this issue.

Another statutory amendment¹⁹ allows persons aged 18-20 to be employed at a hotel, restaurant or eating place, without parental and Department of Labor permissions. These persons are restricted from serving, selling, delivering, or dispensing alcoholic beverages. This change evidences response to an industry-need, but still addresses the public interest, and was supported by the board.

Patriotic Organizations

In 2006, statute²⁰ was amended to allow active duty military or armed forces personnel, less than 21 years of age, access to premises of patriotic organizations with club licenses. The ABC Board did not recommend this amendment and gave testimony at legislative hearings against the change.

Statutory Changes Currently Under Consideration by the board:

1. Amend AS 04.11.295 to remove the requirement for submitting fingerprints when this information is already on file. The APSIN automatic notifications will eliminate the need for background checks during renewal. Criminal activity of licensees will be provided by APSIN on a real-time basis. Fingerprints will still be required for all new licensees.

¹⁸ AS 04.21.025 added to subsection (c)

¹⁹ AS 04.16.049 changed (d)

²⁰ AS 04.11.110 amended (g)

2. Amend AS 04.11.330(d) to include common carrier licenses, along with recreational sites, as exempt from the requirement that licenses be operated at a minimum of 30 eight-hour days each year. Due to the nature of their operations, a number of tourist vessels cannot meet the operation requirements and must apply for a waiver every year.
3. Amend AS 04.11.480 to correct an ambiguity concerning when a local governing body may protest the continued operation of license. Currently, the statute allows a local governing body to protest the continued operation of license during the second year of the biennial license period. This protest must be submitted by January 31 of the second year of the license. This appears to exclude the possibility of local government protest for a significant period of the two-year license.

The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

The board is required by statute²¹ to hold an annual meeting in each of the four judicial districts of the State in order to consider issues from both statewide and various local perspectives. It is also required to provide adequate public notice of these meetings. During the last four years the board met in Nome, Anchorage, Juneau, and Fairbanks at least once per year; however, it did not provide adequate public notice for every meeting. It failed to advertise all meetings on the State of Alaska's Online Public Notice System, and it did not consistently advertise meetings in newspapers.

Survey results show that 36% of active licensee respondents did not know that they could attend ABC Board meetings and 59% did not know they could participate via teleconference. Results also show that only 44% of the community groups, who responded, thought they had enough opportunity to provide input to the board. This raises concerns regarding the extent to which interested persons are encouraged to provide input and participate in the ABC Board's decision-making. This issue is discussed further in Recommendation No. 3.

The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

The board has adequately encouraged public participation in making its regulations and decisions.

As required by statute,²² the board notifies the public and interested persons of proposed regulation changes. During FY 03 through FY 06, regulation changes were proposed by the

²¹ AS 04.06.050 directs the board to "...meet at least once each year in each judicial district of the state to study this title and to modify existing board regulation in lights of statewide and local problems."

²² AS 44.62.192 of the Administrative Procedures Act.

board twice. On both occasions the proposed changes were advertised on the State of Alaska's Online Public Notice system, in the newspaper, and where it was judged necessary, by mail.

The board encourages public participation in the making of its regulations. The board also solicits input at its public meetings, but as discussed in Recommendation No. 3, advertisement and public notification of meetings could be improved. This is echoed by survey results which revealed that only 65% percent of active licensee respondents reported receiving information, with regards to proposed regulation changes, in a timely manner so they could participate in board proceedings. Further, 30% of local government respondents did not know they could make public comment on proposed regulation or statutory changes and only 44% of community groups respondents feel the board's proposed regulation changes are published timely enough to participate in the public hearings.

The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of Victims' Rights or the Office of the Ombudsman have been processed and resolved.

We contacted the Attorney General's Office, the Office of the Ombudsman, the Office of Victim's Rights, the Department of Revenue, and the Department of Public Safety and found that no complaints about the board or its actions were reported during the period FY 03-FY 06.

The extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

Overall, the board does an adequate job regulating entry into the alcohol industry. The board reviews liquor license applications to determine if the applicants meet all required, statutory qualifications. If a license is available and the applicant meets the requirements, the board issues a license. Some of the requirements include proving the applicant advertised the location and type of license in a local newspaper; proving the applicant posted the license application on the proposed licensed premises; proving right, title, or interest in the premises; and submitting fingerprint cards for completion of a background check.

While our review of license files did not find any violations of these requirements, there were numerous documentation errors. Most of these were minor and there is no indication of unqualified applicants receiving a license. These errors, and several areas where internal controls can be improved, are addressed in Recommendation No. 1.

One license was renewed while there were still outstanding questions regarding actual ownership of the establishment. In early 2005, ABC staff had reason to believe information submitted on a license renewal was false but did not take timely administrative action. Further, the applicant was renewed for the license period 2006/2007 without having

satisfactorily responded to the ABC staff's request for clarification. The "routine" renewal was approved by the ABC staff. The board was not informed of this situation until 2006 and the issues have yet to be resolved. In this instance, there is no evidence to suggest that lack of timely action created a threat to the public. However, submitting false information on a license renewal should have led staff to conduct an immediate investigation to determine if an administrative action (accusation) was warranted. The board director should ensure that timely investigations and administrative action are taken where necessary to enforce Title IV requirements.

The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

We found no evidence that hiring practices or board appointments were contrary to state personnel practices. No complaints have been filed with the Human Rights Commission, the Governor's Office, the Office of the Attorney General, the Department of Revenue, or the Department of Public Safety.

The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

Specific recommendations for statutory and operational changes, enabling the board to better serve the public interest, are described in Recommendations No. 1 through 4 of this report.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

Generally, the board has effectively attained its objective of regulating the manufacture, sale, barter, and possession of alcoholic beverages in Alaska. The board has protected the general public through the licensing process and administrative actions. It has proposed or supported statute and initiated regulation changes of benefit to the public, actively investigated potential violations of state liquor laws, and periodically inspected licensees to ensure compliance with Title IV requirements.

Results from our survey indicate the ABC staff is very effective in answering questions from community groups, licensees, law enforcement agencies, and local governing bodies regarding alcoholic beverage control statutes, regulations, and licensing processes.

Active licensees, local governments, and community groups indicated a favorable impression of the ABC Board based on their contact with the board. Responses indicated favorable impressions increased as the number of contacts increased.

However, numerous operational-related deficiencies hamper the efficiency of the board. DPS' Administrative Services has been working with the ABC staff to improve controls, and some progress has been made, but additional improvements are still necessary. Specific issues which are symptomatic of a substandard control environment are described in Recommendation No. 1 of this report.

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

The board is the only entity in the State that issues licenses for selling alcohol. In this regard, there is no duplication by another governmental agency or the private sector.

The enforcement activities of the ABC Board, including investigations of gambling and prostitution violations, duplicate the activities of state troopers and local law enforcement agencies throughout the State. All law enforcement agencies in the State contribute to the enforcement of alcohol laws so there is an overlap of jurisdiction. This duplication was the intent of the legislature in creating the ABC Board as a regulatory and quasi-judicial agency.

The perception among licensees and local law enforcement is that ABC Board enforcement is complementary rather than duplicative. Fifty-eight percent of local law enforcement responded that ABC enforcement complements local law enforcement. In the other 42%, ABC enforcement was not as active in their jurisdiction.

Sixty percent of active licensees believe ABC enforcement activities complement local enforcement agencies but 15% said ABC enforcement activities duplicate local enforcement activities. Based on our understanding of the board's enforcement activities and on the survey results; the board's duplication of activities is beneficial to the public interest.

APPENDICES

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APPENDIX A
Department of Public Safety
Alcoholic Beverage Control Board
Schedule of Revenues
FY 03 through FY 06
(unaudited)

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
<u>Revenue (rounded to nearest hundred)</u>				
License Application Fees	\$ 267,000	\$ 249,800	\$ 247,900	\$ 275,400
Brewery Licenses	5,000	2,000	5,000	4,000
Beverage Dispensary Licenses	746,700	781,500	756,500	843,200
Club Licenses	48,100	52,800	52,300	54,000
Common Carrier Licenses	39,500	60,600	34,000	68,000
Restaurant Licenses	100,300	99,300	98,400	114,600
Retail Store Licenses	292,500	273,300	4,500 ¹	285,100
Wholesale Licenses	154,000	147,000	159,500	16,000 ²
Malt Beverage and				
Wine Wholesale Licenses	16,600	16,300	14,600	2,000
Miscellaneous ³	<u>124,800</u>	<u>102,700</u>	<u>416,700</u>	<u>356,200</u>
<u>Total Revenues</u>	<u>\$ 1,794,500</u>	<u>\$ 1,785,300</u>	<u>\$ 1,789,400</u>	<u>\$ 2,018,500</u>

Source: Alaska State Accounting System.

¹ Low amount results from miscoding of retail store fees to miscellaneous fees

² Low amount results from miscoding of wholesale fees to miscellaneous fees

³ Includes low volume licenses such as Pub, Golf, Theatre as well as fines, penalties and other miscellaneous receipts.

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APPENDIX B
Department of Public Safety
Alcoholic Beverage Control Board
Schedule of Expenditures
FY 03 through FY 06
(unaudited)

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
<u>Expenditures</u> (rounded to nearest hundred)				
Personal Services	\$ 593,100	\$ 629,700	\$ 683,200	\$ 775,100
Travel	17,100	17,000	13,600	19,000
Contractual	114,900	113,300	94,000	207,600
Commodities	4,000	7,200	6,200	5,900
Equipment	-0-	-0-	-0-	-0-
Transfers to Municipalities ¹	<u>1,079,400</u>	<u>855,500</u>	<u>806,100</u>	<u>860,000</u>
 <u>Total Expenditures</u>	 <u>\$ 1,808,500</u>	 <u>\$ 1,622,700</u>	 <u>\$ 1,603,100</u>	 <u>\$ 1,867,600</u>

Source: Alaska State Accounting System.

¹ In accordance with AS 04.11.610, refunds of annual license fees, excluding annual wholesale license fees, collected within a municipality are to be given to the municipality semiannually. The total of these refunds is the "Transfers to Municipalities" amount. This activity is budgeted under the Department of Revenue as shared taxes.