



Legislative Testimony

Senate Bill 52 Alcohol Regulation

March 27, 2020

Chairman Johnston, Chairman Foster & Members of the House Finance Committee,

As we are all seeing in today's real-world environment dealing with the pandemic, government policies make a substantial difference in people's lives. Several policies being considered in Senate Bill 52 will make a real difference in the lives of consumers, employees, and business owners. Many of those employees and business owners are the very same ones who are now dealing with the economic fallout of the pandemic.

Increasing the hours that breweries, wineries, and distilleries may be open is a very positive policy reform. It allows business owners to choose hours that align most closely with those desired by their clientele. Expanded hours also simply allows these establishments can bring in revenue and pay salaries to employees for more hours every week. That allows the businesses to thrive and to potentially employ more people.

Likewise, allowing these establishments to host events is good. But limiting the number or types of events is simply not good for business. And right now, to recover from our current economic situation, Alaska needs to be good to our business community. When we begin to recover from the effects of this pandemic, we will need as many jobs as possible.

Not so long ago, microbreweries were not even "a thing" but some very creative and entrepreneurial people decided to take a chance by creating an entirely new market. Now this niche market employs hundreds of Alaskans. Each establishment should be free to express its own unique offerings via the special events it offers. That's the best way to allow these businesses to flourish.

Putting a cap on the number of licenses that can be issued for breweries, distilleries, and wineries is a clear and direct attempt at stifling competition. As basic economics

teaches us, competition creates better products and better prices. The proposed caps will in fact limit competition, which will drive up prices and may reduce the quality of existing establishments.

Perhaps even more concerning, though, is the effect that these caps will have on future entrepreneurs and business owners. Those who already own a distillery, winery or brewery will likely be quite content with the caps. But what about those for whom this is still a dream? What about the bartender who was laid off as a result of this pandemic, and who dreams of opening his own distillery in the future? Why is it acceptable to tell him that his community has hit its cap—"sorry, no new distilleries." Shouldn't the market determine the number of distilleries each community will bear—not a random number set by the legislature?

Setting caps on the numbers of distilleries, wineries and breweries is simply creating a new limited entry system. The legislature regularly has to involve itself in resolving problems that arise from other limited entry systems such as the recent issues with ridesharing companies and taxi medallions. The last thing we need is yet another limited entry system.

According to the Brewers' Association, in 2018, craft breweries alone created an economic impact in Alaska of \$326 million dollars, with 42 craft breweries. So why not \$500 million in 2021? Why not \$750 million in 2023? Why would government want to limit economic growth for our state?

In some communities around the country, these new establishments have revitalized blighted areas. In Alaska, these businesses are popular with tourists, and our state will need every tool in our toolbox to bring back our tourism industry.

The more government places restrictions and impositions on these establishments, the less chance these businesses have to thrive, and the fewer new ones we'll see opening.

Particularly at times like we are experiencing now, when we know that our economy is faltering, it is incumbent upon government to roll back and reduce restrictions that limit competition, that tamp down entrepreneurship, and that disincentivize job creation.

I would encourage the committee to do everything in its power to grow Alaska's private economy, not cap it.

Bethany L. Marcum
Executive Director

From: Bethany Marcum <bethany@alaskapolicyforum.org>
Sent: Friday, March 27, 2020 2:08 PM
To: House Finance
Subject: Testimony for SB 52
Attachments: Marcum Testimony to House Finance - SB52.pdf

Please see attached testimony for Senate Bill 52.

Thank you!

Bethany Marcum
Executive Director
Alaska Policy Forum
www.AlaskaPolicyForum.org
ph 907-334-5853
cell 907-440-7000
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From: The Banks Alehouse <thebanksalehouse@gmail.com>
Sent: Friday, March 27, 2020 9:03 AM
To: House Finance
Subject: Re: SB52

Good morning House Finance Committee,

Thank you. Thank you for taking the time to hear, read, review and discuss SB52. The Title 4 rewrite is a large bill with thousands of stakeholders throughout the state of Alaska in many different sectors of the Hospitality Industry as well as Health & Social Services. The current version of SB52 is many years of back and forth with compromises to have a comprehensive bill to present to Legislators. We are here. We have a comprehensive bill, the is the best for the industry. This bill isn't perfect for everyone nor one sector. It's a compromise for all sectors to come together and move the industry forward and help the Hospitality Industry grow in the future.

As a BDL holder, I took the time to read over the proposed amendments but would like to remind the Committee by adding amendments to the current version would cause bigger problems. Amendments have not been discussed for years nor understand the compromises between the different sectors. 1 amendment change could create a situation where Health & Social Services no longer supports the bill. The same would be for the Brewers Guild, Distillers Guild and/or Alaska CHARR. All different associations representing different sectors of the Hospitality Industry. I ask the Committee to reject any and all proposed amendments currently being reviewed and discussed. Thank you for your time and continued support of the Hospitality Industry.

Michael Cervantes, Owner
The Banks Alehouse
O: 907-374-3265
C: 907-469-2704

www.thebanksalehouse.com

On Mar 24, 2020, at 11:54 AM, The Banks Alehouse <thebanksalehouse@gmail.com> wrote:

Good morning House Finance Committee Members,

My name is Michael Cervantes. I am the owner of The Banks Alehouse in Fairbanks, Alaska. My business has been a BDL holder since 2004 when the license was privately purchased. I have been following the Title 04 rewrite since the start 8 years ago and actively assisting the last 5 years. I appreciate all the hard work that has gone into this process and the many individuals, groups, companies and legislators that have put countless hours towards making this rewrite come to fruition. I know that in the past we have been here before; a compromise between all stakeholders. This year is very different.

I hope the committee has seen the public letters submitted by Alaska CHARR and the Brewers Guild of Alaska stating the industry has come together as 1 in support of SB 52 with language regarding consensus with provisions.

Getting Title 04 modernized and the alcohol industry clearer direction and understanding is priceless. Please approve the current version of SB 52 and help the industry by providing clarity of privileges and restrictions, enhance consistent enforcement, protect Alaska's hospitality industry by updating violations with civil fines instead of criminal penalties moving forward. There is so much more

this version of SB52 does for the industry. I would as the House Finance Committee to approve with no amendments and send it forward to the Governor's office. Thank you for your time and consideration.

Thank you,
Michael Cervantes, Owner
The Banks Alehouse
O: 907-374-3265
C: 907-469-2704
www.thebanksalehouse.com