

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, INTERNATIONAL**  
**TRADE AND TOURISM**  
February 6, 2006  
5:18 p.m.

**MEMBERS PRESENT**

Representative Mark Neuman, Co-Chair  
Representative Jay Ramras, Co-Chair  
Representative John Coghill  
Representative Bob Lynn  
Representative Harry Crawford

**MEMBERS ABSENT**

Representative Nancy Dahlstrom  
Representative Beth Kerttula

**COMMITTEE CALENDAR**

HOUSE BILL NO. 382

"An Act relating to recorking, sealing, or packaging of wine served with a meal and removal of recorked, sealed, or packaged wine from licensed premises."

- MOVED HB 382 OUT OF COMMITTEE

PRESENTATION: JUNEAU ECONOMIC DEVELOPMENT COUNCIL

- HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 382

SHORT TITLE: RECORKING WINE SERVED WITH A MEAL

SPONSOR(S): REPRESENTATIVE(S) RAMRAS

01/20/06	(H)	READ THE FIRST TIME - REFERRALS
01/20/06	(H)	EDT, L&C
02/06/06	(H)	EDT AT 5:00 PM CAPITOL 120

**WITNESS REGISTER**

LANCE D. MILLER, Ph.D., Executive Director  
Juneau Economic Development Council  
Juneau, Alaska

POSITION STATEMENT: Presented information from the Juneau Economic Development Council (JEDC).

**ACTION NARRATIVE**

**CO-CHAIR MARK NEUMAN** called the House Special Committee on Economic Development, International Trade and Tourism meeting to order at [5:18:38 PM](#). Representatives Neuman, Ramras, Coghill, Lynn, and Crawford were present at the call to order.

HB 382-RECORKING WINE SERVED WITH A MEAL

[5:18:50 PM](#)

CO-CHAIR NEUMAN announced that the first order of business would be HOUSE BILL NO. 382, "An Act relating to recorking, sealing, or packaging of wine served with a meal and removal of recorked, sealed, or packaged wine from licensed premises."

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CO-CHAIR RAMRAS, speaking as the sponsor, explained that HB 382 is a recorking bill that relates to the consumption of wine on [a licensed] premise. He expressed his concern about the consumption of alcohol, blood alcohol concentration (BAC), and the safety of [Alaska] roads. He added that he's looking for practical ways to reduce the risk [of alcohol-related accidents] without generating a significant fiscal note in the process.

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CO-CHAIR RAMRAS noted [the general] inclination [of patrons] to not surrender the value [of purchased wine] and expressed his desire to apply the "common sense" approach toward [taking uneaten food home] to the consumption of wine. He informed the committee that a wine recorking law, which has been adopted in 33 states, generates [a zero] fiscal note. This legislation would allow, as dictated by the Alcoholic Beverage Control (ABC) Board, for a restaurant to recork a bottle [of wine].

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CO-CHAIR RAMRAS quoted from an e-mail written by Doug Griffin, Director, ABC Board, which read in part [original punctuation provided]:

Speaking only for myself and not on behalf of the ABC Board, I support this legislation. ... This just removes one more excuse for a person to drink excessively and endanger the public by driving. This concern over moderate alcohol consumption leading to a potential DUI [driving under the influence] arrest has been heightened in the public's mind and for the hospitality business owners by the adoption of the .08 BAC standard.

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CO-CHAIR RAMRAS opined that although .08 [BAC] is the criminal standard, [Alaskans] are "better off" if [patrons] leave a restaurant with a lower BAC as it is well known that [vehicle] drivers become impaired with the consumption of any [amount] of alcohol. He opined that although the [BAC] is legal up to .08, a consumer should not be faced with having to surrender the value [of the wine] because "in most cases, the consumer defaults to wanting to somehow enjoy the value that's in front of them, and if they can't take the bottle with them, then they consume it."

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CO-CHAIR RAMRAS further opined that [HB 382] is good for restaurants because they are able to continue to sell wine, good for consumers because they are able to drink until they've had enough [wine], and good for public safety because some [patrons] will choose to enjoy the remainder of the bottle [of wine] in the safety of their home. Since [HB 382] falls under the provision of the ABC Board, he said that he is very confident that [the ABC Board] will establish a measure that will allow for [wine] to be safely recorked. He referenced information from the Internet regarding new [wine] corks and [wine] corking instruments - with costs ranging from \$13.95 to \$93 - [which are necessary] for a restaurant to properly recork a bottle [of wine] in order that the open container law isn't violated.

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REPRESENTATIVE COGHILL referred to page 1, lines 10-12 [of HB 382], which read [original punctuation provided]: "a bottle of wine that is recorked, sealed, or packaged as provided in this subsection is not an open container if the cork reinserted by the licensee or the seal made by the licensee has not been disturbed." He asked, "Is there any way around having a cork

inserted in a bottle that would allow it to still be an open container?"

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CO-CHAIR RAMRAS responded that the public safety risk associated with one entering a liquor store and making his/her purchase an open container also, to some extent, exists with [HB 382]. He added that a recorker results in the [wine] bottle resembling its original form.

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CO-CHAIR RAMRAS informed the committee that the ABC Board would have the ability to regulate the manner in which a bottle of wine is recorked to its satisfaction.

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REPRESENTATIVE COGHILL said that he could appreciate the cork being reinserted in a manner that a corkscrew is needed to uncork [the bottle of wine]. He expressed his concern about [patrons] reinserting the cork by hand so that the remainder of the cork protrudes, which would allow for [patrons] to uncork [the bottle of wine] again by hand. He said, "To me, that would not be enough."

CO-CHAIR RAMRAS explained that the language [of HB 382] is worded such that a corking instrument would be required to remove [the cork].

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CO-CHAIR NEUMAN mentioned Mr. Griffin's e-mail, which read: "The bill provides for the ABC Board to establish safe and simple ways to address this issue and I do not see this as a problem." He added that fortunately, Alaska has the advantage of following 33 states [that already allow recorking].

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REPRESENTATIVE COGHILL noted that he and Co-Chair Ramras have a conflict of interest. He opined that [HB 382] is a "good common sense measure" and that he doesn't have a problem with it.

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CO-CHAIR RAMRAS explained that in his private sector job, he as well as bartenders have had to chase people who wander outside with an open container because it's against the law. The intent behind [HB 382] is to make [Alaska] roads more secure by allowing [patrons] to have bottles of wine recorked to enjoy it in the privacy of their home.

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CO-CHAIR NEUMAN asked, "Do you feel that any establishment would have a problem with any restitution from anybody trying to come back after them because it's been recorked? Do you think that those regulations pretty much have been established?"

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CO-CHAIR RAMRAS answered that the liability isn't any greater than if [an establishment] serves [a patron] a glass of wine or over serves [a patron] who has an accident. He added that the standard liability is the same.

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REPRESENTATIVE COGHILL, in regard to product quality liability, inquired as to whether there have been any challenges to recorking in other states. He said, "You're taking and recorking a brand at your own establishment; I just wonder if we open ourselves up to any other liability."

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CO-CHAIR RAMRAS confirmed that he would look into product quality liability before [HB 382] is heard by the House Labor and Commerce Standing Committee. He informed the committee that he has a conflict of interest since he controls two beer and wine licenses and two beverage dispensary licenses. He added that he sees people drink more than they intend to, of wine in particular, so that he/she doesn't surrender the value [of purchased wine]. He reiterated his advocacy for the "common sense" approach because he feels that it makes [Alaska] roads safer.

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CO-CHAIR NEUMAN, upon determining that no one else wished to testify, announced the closure of public testimony.

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REPRESENTATIVE COGHILL moved to report HB 382 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 382 was reported out of the House Special Committee on Economic Development, International Trade and Tourism.

PRESENTATION: JUNEAU ECONOMIC DEVELOPMENT COUNCIL

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CO-CHAIR NEUMAN announced that the final order of business would be a presentation from the Juneau Economic Development Council.

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LANCE D. MILLER, Ph.D., Executive Director, Juneau Economic Development Council (JEDC), explained that JEDC is a private nonprofit organization based in Juneau with programs locally, regionally, and statewide.

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MR. MILLER remarked that for the future of Alaska, [Alaskans] should be conscious of the competitive nature of the global economy. He also emphasized the importance of imagination in economic development.

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MR. MILLER informed the committee that in China, the under 18-year-old population is greater than the U.S. and Great Britain populations combined. Eighteen million people enter the workforce each year in China. Approximately 450,000 engineers graduated in China in 2004, and approximately 65,000 engineers graduated in the U.S. in 2004. He commented that for Alaska to remain competitive, it needs to develop its workforce. He noted that China is the second largest English-speaking country in the world and that there are 3 billion people living in the Pacific Rim. He informed the committee that from 1978 to 2004, China's Gross Domestic Product (GDP) grew from \$147 billion to \$1.6 trillion, with an average annual growth of 9.4 percent. He added that China's GDP will surpass the U.S. in 2025-2035, and become the world's largest. He stated that India's GDP has been growing significantly, about twice as much as the U.S. Half of India's population is under 25, about 500 million people.

Approximately 290,000 engineers graduate annually in India, and India has 55 million cell phone users and 33 million Internet users. He added that India will most likely surpass China in population by 2050.

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MR. MILLER informed the committee that since the mid-1990s, [Alaska] wages have decreased in comparison to the Lower 48. He said that attracting people [to Alaska] and/or people remaining [in Alaska] has been/is a problem. In regard to the Baby Boom generation, he remarked that it's more pronounced in Anchorage. In Fairbanks [the Baby Boom generation] is not as pronounced because of the military and the University [of Alaska Fairbanks] (UAF). He added that Juneau resembles much of rural Alaska, with a lack of 20- to 35-year-olds. He stated that the Anchorage/Matanuska-Susitna area is the lone region [in Alaska] where the population is increasing. With the exception of Juneau, Southeast Alaska has been decreasing in population.

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MR. MILLER discussed various JEDC programs. The JEDC has a revolving loan fund, which in 2004 generated over \$13 million in sales revenue [throughout Southeast Alaska]. The JEDC also counsels [over 120] clients. The JEDC created the Hoonah incubator project, which was a retail store in the Icy Straits development. [The project] was sold to locals and is one of few locally owned stores in the development. He said that [JEDC] completed a salmon by-product project [in 2005], and JEDC also has a wood products specialist in Sitka who works statewide. He added that [in 2005], the Ketchikan Wood Technology Center was created and JEDC helped manage it.

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MR. MILLER informed the committee that JEDC had a limited liability company (LLC) [in Icy Straits], which was taken over by its employees. [The LLC] received an innovation award from the National Association of Development of Organizations. He explained that JEDC's \$3 million loan fund is region wide and for high-risk businesses. The JEDC partners with banks, while taking the "more risky part of the deal." Some examples of [the loan fund] are Icy Straits Lumber and the Inter-Island Ferry Authority between Ketchikan and Hollis. He described the Wood Products Development [Program], which does business with small mill owners as well as lumber drying/kiln workshops throughout

the state. The JEDC has been working with the United States Department of Agriculture (USDA), state and private forestry, and the University [of Alaska] on valued-added lumber marketing and development. He discussed the Ketchikan Wood Technology Center, which conducts tests on the main lumber species in Alaska in order to get higher value for [the main lumber species].

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MR. MILLER informed the committee that JEDC has several partners with which it works on collaborative projects. For example, JEDC works with the Alaska Manufacturing Extension Partnership, which is a nationwide program that has been privatized. It's fee-based, one-third federal, one-third state, and one-third private sector fees, with the goal of helping the manufacturing sector grow. For every \$1 dollar spent, the client must realize \$3 in new investment, as well as \$3-\$8 in new sales or cost savings. The JEDC has been working with [the Alaska Manufacturing Extension Partnership], to share clients, leverage clients, and provide technical assistance. He stated that 10 percent of Alaska's gross state product is in overseas export. In 2005, Alaska exported \$3.5 billion worth of goods.

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MR. MILLER discussed a project entitled SpringBoard, which is a partnership with the U.S. Department of Defense. The project consists of technology transfer and commercialization. Triverus LCC, which is based in Palmer, has created something similar to a zamboni for an aircraft carrier. This zamboni re-circulates high-pressure water without soap, is environmentally friendly, cuts down on labor, and saves money. He remarked that [Triverus LLC] has a Phase III Small Business Innovation Research (SBIR) for \$2.4 million.

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MR. MILLER mentioned a few other companies with which JEDC works, such as PeopleMatter, Sequestered Solutions Alaska, Inc., and Kachemak Research Development, Inc. He discussed a project entitled the Knowledge Industry Network, a program that addresses diversifying and growing the Alaska economy through creativity and innovation, and creating a thriving environment for students and young adults. He also discussed the cruise ship industry in Juneau, which is an important component of

Juneau's economy as well as Alaska's economy. [In 2005], Juneau had about 875,000 visitors.

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MR. MILLER related that one JEDC project focuses on the by-product end of the fishing industry since 50 percent of fish are not used for human consumption. In fact, a company in Juneau, Alaska Protein Recovery, LLC, utilizes fish by-product and low-value fish to make liquid fish protein. [Alaska Protein Recovery, LLC] has invested over \$5 million of private money into [the company]. The product is being used for fertilizer, animal feed, and there is potential for human consumption. He commented that every agricultural industry has its pulp grade. Pulp mills for lumber, orange juice, guacamole, and mixed nuts.

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CO-CHAIR NEUMAN, in regard to Alaska Protein Recovery, LLC's salmon hydroslate, inquired as to whether it's the same group that's working with salmon skin for medicinal purposes.

MR. MILLER replied no.

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MR. MILLER, in regard to mineral resources, informed the committee that Greens Creek Mine is the largest silver producer in North America and the largest private employer as well as the largest taxpayer in Juneau. While [Greens Creek Mine] isn't able to pay the types of royalties and/or doesn't have the margins oil and gas does, [Green Creek Mine] is significant at the local level. In regard to the mineral industry as a whole, he remarked that the forecast for the future is looking good. The industry should grow from current levels to about \$3.4 billion by 2012. Furthermore, employment should respond in the same manner with 5,000 employees in the industry by 2012.

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REPRESENTATIVE LYNN, in regard to the road into/out of Juneau, opined that it would be a tremendous economic boom for Juneau, and asked if Mr. Miller had any comments on it.

MR. MILLER said that anytime one is able to transfer goods, services, people, and information more easily, it helps.

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CO-CHAIR NEUMAN inquired as to the role the Department of Commerce, Community, & Economic Development (DCCED) and Alaska Industrial Development and Export Authority (AIDEA) play in helping the businesses discussed today.

MR. MILLER responded that JEDC works with DCCED on business initiatives. As for AIDEA, it has been involved in many of the developments. All the different organizations fit in the state's development at different stages.

CO-CHAIR NEUMAN asked if Mr. Miller feels the State of Alaska is doing a good job in assisting companies with developing programs. He clarified that he was referring to economic development opportunities.

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MR. MILLER opined that the state could do more for the innovative businesses. One of JEDC's focuses has been on the application of science and technology to Alaska businesses. He added that there's a lot of opportunity to get more value from the industries in the state by better use of technology, innovation, and supporting companies.

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**ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Economic Development, International Trade and Tourism meeting was adjourned at 6:03 p.m.