

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

January 24, 2005

3:24 p.m.

MEMBERS PRESENT

Representative Tom Anderson, Chair
Representative Gabrielle LeDoux
Representative Bob Lynn
Representative David Guttenberg
Representative Norman Rokeberg (via teleconference)

MEMBERS ABSENT

Representative Pete Kott
Representative Harry Crawford

COMMITTEE CALENDAR

HOUSE BILL NO. 15

"An Act relating to seasonal alcoholic beverage licenses; and providing for an effective date."

PREVIOUS COMMITTEE ACTION

BILL: HB 15

SHORT TITLE: SEASONAL HUNT/FISH LODGE LIQUOR LICENSE

SPONSOR(S): REPRESENTATIVE(S) MEYER

01/10/05	(H)	PREFILE RELEASED 12/30/04
01/10/05	(H)	READ THE FIRST TIME - REFERRALS
01/10/05	(H)	L&C, FIN
01/24/05	(H)	L&C AT 3:15 PM CAPITOL 17

WITNESS REGISTER

REPRESENTATIVE KEVIN MEYER

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented HB 15 as bill sponsor

DOUG GRIFFIN, Director

Alcohol and Beverage Control Board

Anchorage, Alaska

POSITION STATEMENT: Answered questions pertaining to HB 15

ACTION NARRATIVE

CHAIR TOM ANDERSON called the House Labor and Commerce Standing Committee meeting to order at [3:24:11 PM](#). Representatives Anderson, Rokeberg (via teleconference), LeDoux, Lynn, and Guttenberg were present at the call to order.

HB 15-SEASONAL HUNT/FISH LODGE LIQUOR LICENSE

CHAIR TOM ANDERSON announced that the only order of business would be HOUSE BILL NO. 15, "An Act relating to seasonal alcoholic beverage licenses; and providing for an effective date."

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REPRESENTATIVE KEVIN MEYER, Alaska State Legislature, sponsor of HB 15, presented a brief overview of the bill, which pertains to the sale of alcohol in remote lodges. He stated that remote lodges can either give free alcohol to the guests, have the guests bring their own alcohol, or charge the guests for the alcohol, which is currently illegal. He said that the lodge owners are in a difficult situation because they are trying to provide alcohol to their guests, but at the same time the wholesalers want to make sure that these owners are legally distributing the beverages.

REPRESENTATIVE MEYER explained that under the current system the lodge owners would have to purchase a full dispensary license costing \$2,500. Lodge owners would be required to pay another \$1,500 to sell off sale alcoholic beverages. He further explained that HB 15 will create a seasonal alcoholic beverage license for lodges by combining the two licenses into one, allowing the lodge to serve the beverages to overnight guests. The license would be only be good for six months out of a calendar year. The new license would be much cheaper for the lodges, and would provide the lodge owners with the additional revenue raised from charging the guests for beverages.

REPRESENTATIVE MEYER defined a seasonal hunting or fishing lodge as: "A resort facility that provides lodging, food, and outdoor hunting or fishing guiding services to its registered overnight guests that is not directly accessible by automobile." He said that [his staff] has been in contact with the Alcoholic Beverage Control Board (ABC), which has suggested some changes to this definition.

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DOUG GRIFFIN, Director, Alcoholic Beverage Control Board remarked that the board welcomes the bill. He opined that lodges have fallen between the cracks in the present licensing scheme in Alaska and that the current licensing process for lodges is very expensive. He said that one critical, nonnegotiable part of the bill is the limitation that the alcohol be served only to overnight guests; if the lodge is near a village or community, the lodge should not be allowed to serve liquor to the residents. He explained that by regulation, liquor and liquor licenses in Alaska are limited by population.

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Mr. GRIFFIN continued:

What you may have ... are good fishing areas where you have a small village which by our population requirement should only have one liquor license ... of each type. That doesn't really work for lodges where you may have several lodges and maybe the first one in the door gets the only license that's allowed for that [area] based on the population limitations under AS 04.11.400. So there are some provisions under AS [04.11.400] that relax population [limitations] for tourism licenses and ... for public convenience licenses for restaurants that serve beer and wine.... We think a similar exception needs to be made for lodges. But again, the reason we feel comfortable making that exception for population is that we're focusing on a business that is not serving the community at large or ... any residents.

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MR. GRIFFIN expressed his belief that the bill should provide a broader definition of a lodge and that the duration of the licenses should not be limited to a six-month season. He gave some examples of lodges that may expand operations beyond the peak summer months. He said, "We suggest that that be expanded and still provide an option for the seasonal lodge operation ... which is provided for under AS 04.11.680, where someone can ... get just a seasonal license good for six months during a twelve month period and basically pay a half price for the lodge license."

MR. GRIFFIN suggested that the best way to address [the issue of lodge alcohol licenses] is to base the license fee on the number of rooms in the lodge; he suggested a fee of \$250 per room for a full year license and half of that for a seasonal operation.

MR. GRIFFIN, referring to Representative Meyer's definition that a lodge be inaccessible by automobile, noted that there are some remote lodges that people can drive to; for example, lodges off of the Denali Highway or Parks Highway or lodges on the Kenai that are remote, but accessible by road. He said that it is up to the legislature to decide how to define that.

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CHAIR ANDERSON concurred with Mr. Griffin and said:

At first blush this bill appears ... to be consumer-protective [in] nature. The caution though is the notes that you made regarding definition if a lodge and how detailed we want to be. ... It would be nice to know if there is a devaluation of current liquor licenses. For instance, I can think of places that I have been to ... in rural Alaska ... where there are quote 'lodges' already existing who have full dispensary licenses which are worth between \$100, \$150,000 where someone can come in and secure one of these type permits to distribute and sell alcohol and then maybe cause a problem or ... a devaluation of those other liquor licenses at nearby lodges or hotels. And so that definition being secured and tightened is important, I think, in this legislation, finding out the effect on other lodges in the state.
...

CHAIR ANDERSON said that he would like to hear what the state Cabaret Hotel Restaurant and Retailers Association (CHARR) and the Anchorage Restaurant and Beverage Association (ARBA) think of the proposed bill.

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REPRESENTATIVE LEDOUX asked for the definition of "road system". She said that the entire island of Kodiak is off the road system, though there are state roads. She also asked if this bill expanded the number of people who are able to get lodge licenses, or if it merely meant that the people who are already able to get those licenses can get them on a biannual basis.

REPRESENTATIVE MEYER replied that one of the planned amendments would eliminate the mention of a road system. He deferred the second question to Mr. Griffin.

MR. GRIFFIN answered that all licenses are currently renewed on a biannual basis.

REPRESENTATIVE MEYER then clarified that the only difference the bill would make is to require the lodge to have one seasonal lodge license instead the currently required two licenses (a dispensary license and a package license).

REPRESENTATIVE LEDOUX asked if this bill would allow lodges to have a license even if they did not qualify for a license under state law in the past.

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MR. GRIFFIN answered:

It depends, ... depending on the circumstances. I don't see this allowing someone to be able to get a license if they're within the jurisdiction of a dry village or a damp community that's ... banned sale by local option. So those people are just still out of luck ... If there is a population limitation because there is, say, a community nearby that's not dry or damp, then with the amendment that I suggested where they be some type of a population exception made for ... these businesses, then yes, it would allow someone perhaps under that scenario to get a ... license that they ... might not be able to get any other type of liquor license that might be available. ... If we do some type of a population relief segment then that is a possibility. ... It sort of depends, depending on the exact scenario. It might allow someone to get a license who wouldn't be able to get one now. I think again the bigger issue is that we've got lodges operating, dispensing alcohol, either selling it or putting into a package, giving it away or whatever, that should ... come under the regulatory framework.

CHAIR ANDERSON asked if non-guests could purchase alcohol at the lodges under this licensing scheme.

REPRESENTATIVE MEYER reiterated that only guests who stay overnight at the lodge can drink alcoholic beverages. He compared this license to a full dispensary license, which would allow the facility to operate like a bar.

CHAIR ANDERSON asked if this would be like a full liquor license and include all alcoholic beverages.

REPRESENTATIVE MEYER answered affirmatively.

REPRESENTATIVE LEDOUX asked if this type of license is available now on an annual basis, or if this doesn't exist at all right now.

REPRESENTATIVE MEYER stated that it does not exist at the current time.

CHAIR ANDERSON remarked that should the bill pass, it would ensure that lodges have been licensed, had a background check by the ABC board, are in full compliance, and are paying a biannual fee, and those that are not will either be denied or if they are selling without the license, would be violating the law.

MR. GRIFFIN agreed and said that under this bill, the lodge owners who apply for a license would have a criminal background check, attend alcohol-server training, and "all of those things which we think is a public safety, welfare benefit to the State of Alaska."

CHAIR ANDERSON commented that since the ABC has a limited budget, the most likely way for a lodge owner to be caught would be if someone else turned him/her in to the authorities.

MR. GRIFFIN remarked that ABC doesn't have to budget to travel to a lodge to investigate a complaint; however ABC is now part of the Department of Public Safety and ABC personnel train troopers and wildlife protection officers, who could in turn investigate such complaints.

CHAIR ANDERSON asked what happens if a lodge is located in a dry or damp city that later decides to be wet. He asked, "Does the community, borough, city, whatever class city it is, do they have to adopt a provision to allow this or would the statutory authority preempt that?"

MR. GRIFFIN replied, "We would not see this as countermanding or overriding any kind of local option.... If they voted to ban

sale ... but maybe allow importation, which is the definition of a damp community, then we would not see this as ... trumping that local decision." He said that when a license comes up for renewal, the local governments have the opportunity to protest the license if they feel that the licensee is not operation in the public interest.

REPRESENTATIVE GUTTENBERG commented that it would be awkward if the guest was allowed to drink alcohol but the guide was not. He asked for clarification of the difference in enforcement expenses between a full-time facility that operates year-round and a seasonal facility.

MR. GRIFFIN answered that the ABC personnel probably won't get out to the lodges due to high expenses unless a complaint was filed. He said that ABC would probably rely on a regional trooper or perhaps even a wildlife protection officer for enforcement. He commented that ABC's long-term goal is to have each licensed facility inspected once every two years.

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MR. GRIFFIN, in response to Representative Guttenberg, replied that license renewals are rarely protested by local community government. He said:

When a license is protested by a local government, ... there's a good chance that we will at least initiate ... proceedings against that license, perhaps to revoke it. Sometimes those things get settled prior to the actual revocation; [the licensees] correct the problem that is the reason for the protest. But the standard is, if a local governing body protests renewal of a license, the board has to find that protest to be arbitrary, capricious, and unreasonable.

MR. GRIFFIN estimated that, aside from protests stemming from unpaid tax issues, the ABC receives a protest of license renewal from a local government once every five or six years.

REPRESENTATIVE MEYER, in response to Representative LeDoux, replied that he believed that if this bill is passed, people would still be able to bring their own liquor to the lodges and the lodge owners would still be able to offer the customers free alcoholic beverages.

MR. GRIFFIN stated that this is an issue that should be addressed because presently people are not allowed to bring alcohol onto a licensed premise. He said, "I would leave that to the discretion of the lodge owner, about whether people are allowed to bring their alcohol. I don't see any big problem with it.... We may need to make a provision similar to the corkage language to address that." He noted that it can be challenging for the clients to bring their own alcohol because sometimes they have to travel through a dry village to get to the lodge.

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CHAIR ANDERSON announced that public testimony will remain open. He noted that Representative Rokeberg's staff brought an amendment, which will be addressed at the next meeting.

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REPRESENTATIVE MEYER commented that Bob Kline from Brown Jug, Inc. was not able to testify today, "and I know he wanted to. In fact, this bill is basically their idea ... [Brown Jug is] one of the larger distributors or wholesalers, and they're concerned that they may be sending out the alcohol to areas that aren't licensed to be selling this.... They will also help the ABC and [the Department of Public Safety] as far as making sure that these places are [legitimate]."

[HB 15 was held over.]

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [4:10:22 PM](#).