

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

January 31, 2005

3:20 p.m.

MEMBERS PRESENT

Representative Tom Anderson, Chair
Representative Pete Kott
Representative Gabrielle LeDoux
Representative Bob Lynn
Representative Norman Rokeberg
Representative Harry Crawford
Representative David Guttenberg

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Vic Kohring
Representative Kevin Meyer

COMMITTEE CALENDAR

HOUSE BILL NO. 61

"An Act relating to licensing for a Calcutta pool as a game of chance."

- HEARD AND HELD

HOUSE BILL NO. 35

"An Act extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; and providing for an effective date."

- MOVED HB 35 OUT OF COMMITTEE

HOUSE BILL NO. 15

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

- MOVED CSHB 15(L&C) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 35

SHORT TITLE: EXTEND BD ARCHITECTS/ENGINEERS/SURVEYORS

SPONSOR(S): REPRESENTATIVE(S) KOHRING

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
01/26/05 (H) L&C AT 3:15 PM CAPITOL 17
01/26/05 (H) Scheduled But Not Heard
01/31/05 (H) L&C AT 3:15 PM CAPITOL 17

BILL: HB 61

SHORT TITLE: CHARITABLE GAMING; CALCUTTA POOLS

SPONSOR(S): REPRESENTATIVE(S) MCGUIRE

01/10/05 (H) READ THE FIRST TIME - REFERRALS
01/10/05 (H) L&C, FIN
01/31/05 (H) L&C AT 3:15 PM CAPITOL 17

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
01/24/05 (H) Heard & Held
01/24/05 (H) MINUTE(L&C)
01/31/05 (H) L&C AT 3:15 PM CAPITOL 17

WITNESS REGISTER

SHALON SZYMANSKI, Staff
to Representative Lesil McGuire
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 61 on behalf of the sponsor,
Representative Lesil McGuire

LARRY MEYERS, Deputy Director
Tax Division
Alaska Department of Revenue
Anchorage, Alaska

POSITION STATEMENT: Answered questions concerning HB 61.

VICKI OTTE, Executive Director
Association of ANCSA Regional Corporation Presidents and CEOs
Anchorage, Alaska

POSITION STATEMENT: Testified in favor of HB 61.

JEFF BARNHART, Head Professional
Palmer Golf Course
Palmer, Alaska

POSITION STATEMENT: Testified in favor of HB 61.

SHARON MCCONNELL-GILLIS, Executive Director
Doyon Foundation
Fairbanks, Alaska

POSITION STATEMENT: Testified in favor of HB 61.

STAN HARRINGTON
Anchor Point Chamber of Commerce;
South Kenai Peninsula Sportmen Association
Anchor Point, Alaska

POSITION STATEMENT: Testified in favor of HB 61.

AMY FREEDEN, Senior Controller
Shared Services Department
Cook Inlet Tribal Council
Anchorage, Alaska

POSITION STATEMENT: Testified in favor of HB 61.

PAT DAVIDSON, Legislative Auditor
Alaska Division of Legislative Audit
Juneau, Alaska

POSITION STATEMENT: Testified in favor of HB 35.

SAM KITO III
Alaska Profession Design Council
Juneau, Alaska

POSITION STATEMENT: Testified in favor of HB 35.

MICHAEL PAWLOWSKI, Staff
to Representative Kevin Meyer
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 15 on behalf of the sponsor,
Representative Kevin Meyer.

BOB KLEIN, Chairman

Government Affairs Committee
Cabaret Hotel Restaurant and Retailers Association;
Operations Manager, Brown Jug
Anchorage, Alaska
POSITION STATEMENT: Supports Version I of HB 15.

DOUG GRIFFIN, Director
Alcoholic Beverage Control Board
Fairbanks, Alaska
POSITION STATEMENT: Supports Version I of HB 15.

ACTION NARRATIVE

CHAIR TOM ANDERSON called the House Labor and Commerce Standing Committee meeting to order at 3:20:35 PM. Representatives Anderson, Guttenberg, Kott, LeDoux, and Lynn were present at the call to order. Representatives Rokeberg and Crawford arrived as the meeting was in progress.

HB 61-CHARITABLE GAMING; CALCUTTA POOLS

CHAIR ANDERSON announced that the first order of business would be HOUSE BILL NO. 61, "An Act relating to licensing for a Calcutta pool as a game of chance."

SHALON SZYMANSKI, Staff to Representative Lesil McGuire, Alaska State Legislature, testified on behalf of Representative McGuire, sponsor of HB 61. She pointed out that under current state law there is a very narrow and specific list of allowable games of chance and skill for charitable purposes. She related that HB 61 would add Calcutta pools to this list as an allowable charitable gaming event in Alaska. She stated that Calcutta pools have been held in the past and have been shown to be a very effective way to raise money for charities across the state. She said:

The way that a Calcutta pool is ran is that prior to a golf or pool tournament, teams are auctioned off. People then bid on the team that they think will win. All the money that is raised is then put into a pot. The person who is the high bidder on the winning team gets a predetermined percentage of that pot. The remaining money goes to the organization who holds the event and the charity. ... Calcutta pools certainly present no more harm than other charitable giving

events such as rat races or classics that are currently legal under state law.

LARRY MEYERS, Deputy Director, Tax Division, Alaska Department of Revenue, pointed out that Calcutta pools are currently considered gambling, which is illegal in Alaska. He commented that the current version of the bill is very broad and doesn't limit the types of gaming. In order to make the pools more reasonable for the department to administer, he asked that the legislature make the bill more restrictive.

CHAIR ANDERSON, referring to a previous conversation between Chair Anderson and Mr. Meyer, he said, "I think you wanted the 30 percent 'take-out' by the permitted conducting the event to be distributed to the charities."

MR. MEYER agreed.

CHAIR ANDERSON moved to adopt CSHB61, Version 24-LS0281\G as the working document. There being no objection, Version G was before the committee.

MS. SZYMANSKI, in response to Representative Guttenberg, explained that, for Version G, the term "Calcutta pool" was removed from Section 3, page 2, line 11 of HB 61.

VICKI OTTE, Executive Director, Association of ANCSA Regional Corporation Presidents and CEOs, stated that she was testifying in favor of HB 61 as an avid golfer and as a board member of several nonprofits in Alaska that have benefited from golf tournaments. She remarked:

In this day and age, raising money for nonprofits that benefit people in need is very difficult. ... There is a group of people in the state, however, that love to golf and play in golf tournaments, and they also like to give money to charities. At any golf course on any given day there is at least one tournament. People play in these tournaments, of course, to have fun, but they also do so in order to support those agencies that provide necessary benefits to people that need help. ... There was one premier golf classic that was ceased in 2001. Up until that time that special event rained over \$800,000 that was given to charities throughout the state. ... People and organizations like to give money to charities, ... but they also like to have fun doing it. Golf as a sport is

becoming more and more popular in this state. Calcutta's are a time-honored method of charitable fundraising, uniquely suited to golfing events. They raise substantial amounts of money ... and present no [more] harm to the public than other charitable activities, including pull-tabs, rat races, and other classics, which are already legal under state law. I speak in support of HB 61 and urge that you consider passing this bill.

CHAIR ANDERSON asked Ms. Otte if she could explain exactly how a Calcutta pool for a golf tournament would work.

MS. OTTE replied:

The Calcutta is held before the golfing event, where the teams are auctioned off for a certain dollar amount. In this particular event, 50 percent of the proceeds went to the nonprofit organization and 50 percent was paid back to the golfers or the purchasers of those teams; you purchase a team of four. And they're broken down by percentage so there might be ... 144 players, I can't remember how many teams that is, but they might pick ... the top 20 teams and break down the proceeds that would go back to those particular teams.

JEFF BARNHART, Head Professional, Palmer Golf Course, stated that he was formerly the assistant manager of the Moose Run Golf Course in Anchorage, and was the past president of the Alaska Sled dog and Racing Association in Anchorage. He commented, "Calcutta's were a part of the dog racing and the heritage of the Last Frontier ... as much as they were a fundraising effort for golf tournaments." He remarked that he has been a part of fundraising efforts in the golfing business in Alaska for 20 years.

REPRESENTATIVE ROKEBERG asked if donated prizes are sometimes awarded for the team placement rather than the cash, which is basically a take in a part of the charity.

MR. BARNHART replied affirmatively and said that [donating prizes] is one way of donating money through the trade of a service or a product.

REPRESENTATIVE ROKEBERG asked if "mandating a certain amount of take would cause any administrative difficulties".

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MR. BARNHART responded:

I believe it would be to the benefit of both the ... facility hosting the event and the charitable organization to do it. It certainly would be a lot better than any of these ... backdoor operations that go on throughout the state, and it would be our pleasure and probably to the benefit of every ... activity to be able to administer that, whether it had limits or not, and that's probably to the benefit of ... both the state and all activities to have some limits, and requirements and have it administered to some degree. It certainly would be something that we would look forward to doing because it is such a super-effort. ... Eighty percent of the tournaments at any of our facilities in the state are for fundraising efforts. And a lot of those events ... looking for better methods of adding to the fundraising efforts.

MR. BARNHART, in response to Representative Rokeberg, remarked that there are historical accounts of Calcutta pools where the proceeds did not go to charity. However, he said, "Most of those Calcuttas have been done away with since the laws have changed here in the last few years, and I think this legislation would bring that ... complete turn, and we would look forward to raising additional funds."

REPRESENTATIVE ROKEBERG commented:

There is a tradition in the game of golf. It is most certainly the game played by gentlemen and gentle ladies, and has ... protocol, etiquette and the rules are very, very important. But one aspect of the game is the fact that, in order to develop a little internal competition, is there is some de minimus wagering that goes on ... If we continue to ... try to legislate every particular activity, I'm worried about it intruding on the privacy of people that ... engage in a little private wager here and about. I just want to go on record saying that ... I hope it's not the case that that we have the Department of Revenue sneaking around on the first tee of the golf courses.

REPRESENTATIVE GUTTENBERG pointed out that Calcutta pools are [well-defined in the bill], and he asked Mr. Barnhart if he foresaw the Calcutta pools being expanded out to events like bowling or basketball tournaments.

MR. BARNHART answered that Calcutta pools "could go just about anywhere you wanted them to go." As an example, he referred to the Fur Rendezvous World Championship Dogsled Race, which historically had a Calcutta pool.

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MR. BARNHART stated that, the way a Calcutta pool is set up, "it could fit anything that had some ... level of competitiveness, or competitive game, where there's multiple participants." In comparing dog-sledding and golf, he said that there are many things within both of these activities that regulate a level playing field for all competitors, and "helps a potential ... auctioning person to evaluate what level they want to participate."

REPRESENTATIVE GUTTENBERG asked if Calcutta pools could be expanded to the Great Alaska Shootout.

MR. BARNHART replied, "There is no reason why it could not. But ... it's a much better fundraiser when there's more participants than the 12 or the 16 ... because ... now you're only ... auctioning off 10 items instead of potentially 35 or 40 items."

CHAIR ANDERSON commented that the bill's sponsor only added pool and golf because that's traditionally where the Calcutta games are usually played, but "I'm sure you could expand it out to quite a few, and I think it's good to put that on the record." He noted that Montana, North Dakota, and Wyoming already permit Calcutta pool "as long as it's charitably-gamed with a percentage given to charities and to the state."

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JEFF BARNHART remarked, "One of the most high-profile things that the state offers ... is the Iditarod, and the Iditarod would be a perfect match for this situation also."

SHARON MCCONNELL-GILLIS, Executive Director, Doyon Foundation, stated that the Doyon Foundation is a 501c3 private foundation established in 1989 by Doyon, Limited, the regional native corporation for Interior Alaska. She said:

[The foundation's] mission is to promote self-reliance, and the economic and social well-being of Doyon shareholders and descendants, and to strengthen our native culture and heritage through education. To accomplish this mission, [the foundation provides] scholarships for higher education to over 300 students each year that total about \$350,000. To award this amount, the foundation relies on a yearly contribution from [the] parent company, Doyon, Limited, and also revenue received from corporate and individual donors. Tuition and living costs are quite high and the amount that is awarded does not nearly fund the students' needs. Doyon Foundation does have a State of Alaska gaming permit that allows us to hold raffles and this had proven very beneficial to raise needed funds for our scholarship program. However if Calcutta's were legal the amount raised could ... be substantially more, which in turn would mean more scholarship dollars that we could provide. So therefore Doyon Foundation is in support of [HB 61].

CHAIR ANDERSON asked, "If we don't pass [HB 61], doesn't it create a problem in the converse, which is now potentially it's perceived as illegal gaming, and all the folks that do this for charities may have a problem doing the activities in the future? ... Isn't the legislation really critical?"

MS. MCCONNELL-GILLIS agreed that Calcutta's are very critical and that they benefit nonprofits a lot.

STAN HARRINGTON, Anchor Point Chamber of Commerce, stated that he also represents the South Kenai Peninsula Sportsman Association. He explained that the term "Calcutta" was originally from India, and used for fundraising activities in polo tournaments. Since then it's been adopted to several other methods of fundraising for both nonprofit and for-profit organizations in the United States. He remarked that his father was the world champion Calcutta auctioneer in Colorado. In Anchor Point, he said:

We've been sponsoring a Calcutta tournament since 1994, and this is a king salmon tournament. ... Typically we will have anywhere from 25 to 40 boats enter the tournament. This is the sole fundraising activity for the South Peninsula Sportsmen Association. They receive 25 percent of the proceeds;

75 percent of the proceeds then go back out to the fishermen and the boats. And how the auction is conducted is, the night prior to the tournament, we have a banquet, and I'll do the auction at that banquet and all the boats have to preregister. And at that time I'll auction each of the boats off; betterers will bid on a boat that they feel is going to win the tournament. ... The next day when fishing starts, ... it's a one-fish-wins-all; whoever brings in the largest king salmon wins 50 percent of the pot. Whoever bid on the high boat gets 25 percent, and the South Peninsula Sportsmen Association gets the remaining 25 percent, which they utilize for a variety of youth programs, hunting safety classes ... in the Anchor Point and Homer area. I'd like to see the Calcutta reinstated. ... It's essential for nonprofit organizations in this day and age to have some method to raise funds, especially when you're small communities ... unincorporated communities that have no other way of raising funds.

CHAIR ANDERSON commented, "Mr. Harrington brings up a point that, of course, is always either the fear or apprehension when a bill like this is brought forward, which is, everybody then wants to add in" other sports or games, such as salmon derbies and dogsled races. He said:

I don't know if the sponsor's intent was to do that. I think from the associations that came to Representative McGuire it was just pool and specifically golf that they were intending. ... This may require an amendment. ... Then everybody who does a Calcutta, so it's not illegal, will want to add their activity to the legislation.

AMY FREEDEN, Senior Controller, Shared Services Department, Cook Inlet Tribal Council, she said that she works with over 40 nonprofit organizations as the financial advisor. She remarked that she also serves on several boards and volunteers for several nonprofit organizations. She stated that she supports HB 61 because Calcutta pools are a very cost-effective way for nonprofit organizations to raise funds to support their direct services. She said that she has worked with several organizations that have had golf tournaments, and one organization raised \$42,000 for educational scholarships. She commented that this past year, without a Calcutta pool, the funding was cut in half. She said, "There's over 2,000

nonprofits in the State of Alaska and they are could potentially benefit from this."

CHAIR ANDERSON closed public testimony.

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REPRESENTATIVE ROKEBERG declared a potential conflict of interest, "I have an insignificant, or perhaps a significant, ownership interest in the Settler Bay Golf Course in Wasilla, Alaska. Therefore there is the possibility that the passage of this bill may affect or not affect the activities of my business interest. However we're not sure whether it's significant or insignificant."

CHAIR ANDERSON noted the conflict and stated that Representative Rokeberg will still be required to vote. He then offered Conceptual Amendment 1, which deletes the current Section 4 and adds a new Section 4. He said:

Section 4 simply defines Calcutta pool, and it states, "Calcutta pool means wagering on a contest of skill limited to an amateur golf or pool tournament conducted by a permittee in which those who wager, bid, and auction for the exclusive right to purchase or wager upon a particular contestant or entrant in the event. And when the outcome of the event has been decided, the total wagers comprised in the pool no less than 30 percent 'take-out' by the permittee conducting the event is distributed to", and we have knocked out in the copy that it has been distributed. That last line we have added, "to the charities". So 30 percent at a minimum must go to a charity from a Calcutta pool. But in offering this Conceptual Amendment 1 I want to add in, and the legal services drafter can place this where necessary, presumably with a comma after "pool" on the first line of the amendment, "fishing derbies, and sled dog racing".

CHAIR ANDERSON moved [to adopt Conceptual Amendment 1] as written.

REPRESENTATIVE ROKEBERG objected.

CHAIR ANDERSON made the friendly amendment, adding "fishing derbies and sled dog racing" to Section 4 of Version G.

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REPRESENTATIVE LEDOUX commented that perhaps the wording could be "professional and amateur sports tournaments".

REPRESENTATIVE KOTT asked for clarification regarding the use of the words "sports activities"; he wondered if this would include viewing as well as participating in sports.

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REPRESENTATIVE KOTT said that they need to think this through further. He then goes on to ask if these are sports that you are participating in or are they ones that are being viewed.

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REPRESENTATIVE ROKEBERG stated his support of Representative LeDoux's idea and said,

Clearly from the testimony, to try to narrow the definition is going to be problematic. ... This is an old, kind of traditional fundraising mechanism. I've got some concerns about mandating charitable contributions.... It's ironic enough that once we start talking about this in the legislature, people start shutting these things down; there's a worry about enforcing so-called gambling that's been self-policed for years and now ... all of a sudden it's a no-no.

REPRESENTATIVE ROKEBERG continued by stating that it was a shame that the government has to intrude on stuff like this. He said that by introducing more legislation like this that more Calcuttas will be created.

CHAIR ANDERSON announced that while we have the conceptual amendment before us, the committees should go to the witnesses. He asked Mr. Meyers if he had any thoughts on how it should be defined and how it could be phrased.

MR. MEYERS said:

We are working under the charitable gaming statutes and regulations, this is what this bill is been introduced in. ... If we issue a permit to a qualified

organization to have a charitable gaming permit, they have certain guidelines. And they will lose their permit if they're conducting unauthorized gaming or gambling. In this instance it would be the Calcutta; that is illegal gambling in the state as it stands right now. What we're working with under this bill is trying to bring in certain types of Calcutta that would fit within the definition that would be allowable under charitable gaming. What we propose, because there already existed by definition is "contest of skill", which means "a contest or game in which prizes awarded for the demonstration of human skill in marksmanship, races, and other athletic events." So by it's nature that fits in nicely talking about human sports, and we've also inserted ... the word "amateur" so that we don't get involved in ...[a situation] where you could have a Calcutta betting on professional sporting activities, because that is again taking it into a whole new realm.

[3:59:53 PM](#)

CHAIR ANDERSON suggested changing [the bill] to define a Calcutta pool as "wagering on a contest of skill limited to amateur events in the state."

REPRESENTATIVE ROKEBERG objected. He commented that there have been professional golf tournaments such as the Alaska Open, where as many as 50 professional golfers were invited to play in tournament. He pointed out that the Calcutta has been a major proportion of the fundraising to create an actual professional purse for that event. Therefore he stated his opposition to restricting the wagering to solely amateur sports.

MR. MEYERS commented that perhaps "professional golf tournaments" could be added to the wording, but he encouraged the committee members to keep the word "amateur" in for as many activities as possible.

CHAIR ANDERSON asked if Representative Rokeberg would be satisfied with the deletion of the "golf and pool tournament" reference and replaced it with "amateur events and professional golf".

REPRESENTATIVE LEDOUX pointed out that if this change was made, the Iditarod would be eliminated.

REPRESENTATIVE KOTT commented that if Calcutta pools are currently illegal then with this bill the legislature is "legitimizing what I would view as illegitimate activities that are currently ongoing in the state". He said, "If we adopted this amendment like it is currently written, then those activities that would be sanctioned would be those that would be held within the state, therefore they would exclude ... the March Madness [basketball tournament]." He asked Mr. Meyers for confirmation of this.

MR. MEYERS agreed with Representative Kott's statement and said, "That's why the key word is 'in the state'. That fits in with the rest of the charitable activities."

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CHAIR ANDERSON recommended that Representative McGuire's staff rewrite the bill. He withdrew Conceptual Amendment 1. He said, "I still don't think we have a target on what exactly we want, and maybe consider Mr. Harrington's concern in Anchor Point, so we don't debate and throw in each sport or interested activity, and I don't think we'll be content with the final result if we don't have it worked out. ... Then we'll bring the bill back."

REPRESENTATIVE ROKEBERG stated that he is concerned about the 30 percent [required to be given to a charitable organization] and he asked Mr. Meyer, from an enforcement standpoint, "how and who has deemed this a problem in the first place and why are we even messing with this issue."

MR. MEYERS replied, "The ... 30 percent is actually already included for certain types of gaming activities that currently exist. This is to ensure that the charities based on using their name and their permit and their efforts are guaranteed a certain minimum contribution back to them. After all that's the purpose of this." He pointed out that pull-tabs have the same percentage.

REPRESENTATIVE GUTTENBERG asked if 30 percent was high or low.

MR. MEYERS replied that the 30 percent minimum is similar to other types of gaming in the state. He reiterated that the whole point of the Calcutta is for the charities and this way they are guaranteed a certain minimum.

REPRESENTATIVE KOTT asked Mr. Meyer if he had found any glaring problems in Section 4 of Version 24-LS0281\G.

MR. MEYERS stated that the definition as written in Section 4 had been borrowed from a Wyoming statute.

CHAIR ANDERSON announced that the bill would be brought back to the committee once the version was corrected and the working amendment was phrased right.

REPRESENTATIVE KOTT commented, "I think that the existing Section 4 is an appropriate section of the bill. I think it's less intrusive; it doesn't establish maximums or minimums. The charities and the operators can hold a Calcutta on whatever they want to hold it on, whether it's fishing or golfing or bowling."

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REPRESENTATIVE ROKEBERG asked Mr. Meyer what defines a qualifying organization.

MR. MEYERS read from AS 05.15.690(36):

"Qualified Organization" means a bona fide civic or service organization or a bona fide religious, charitable, fraternal, veterans, labor, political, or educational organization, police or fire department and company, dog mushers' association, outboard motor association, or fishing derby or nonprofit trade association in the state, that operates without profits to its members and that has been in existence continually for a period of three years immediately before applying for the license or permit; the organization may be a firm, corporation, company, association, or partnership."

REPRESENTATIVE ROKEBERG asked what the permitting fee costs are.

MR. MEYERS replied that it is generally \$20 and "if they have activities of more than [\$]20,000 ... the year before it's \$50, and if it's over [\$]100,000 it's \$100".

REPRESENTATIVE KOTT moved to report CSHB 61, Version 24-LS0281\G, from committee. There being no objection, CSHB 61(L&C) was reported from the House Labor and Commerce Standing Committee.

HB 35-EXTEND BD ARCHITECTS/ENGINEERS/SURVEYORS

CHAIR ANDERSON announced that the next order of business would be HOUSE BILL NO. 35, "An Act extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; and providing for an effective date."

[4:09:36 PM](#)

REPRESENTATIVE VIC KOHRING, Alaska State Legislature, testified as the sponsor of HB 35. He explained that the bill would extend the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors (AELS Board). He remarked, "It was brought to my attention as a former member of the LB&A [Legislative Budget and Audit] committee that this organization was going to sunset ... or it would at least go into a one year sunset period and then be terminated one year from Juneau if [the legislature] did not take action this year." He pointed out that there are 11 members on the board, including two civil engineers, two land surveyors, one mining engineer, one electrical or mechanical engineer, one engineer from another branch of the profession of engineering, two architects, one landscape architect, and one public member. He explained that the purpose of the board is to provide for public safety in terms of issuing licenses in these professions, and conducting disciplinary actions as needed. He noted that the legislative audit division found that the organization is operating well and serving the public interest effectively, and they have recommended that the board be continued.

PAT DAVIDSON, Legislative Auditor, Alaska Division of Legislative Audit, stated that the division conducted a sunset review on the State Board of Registration for Architects, Engineers, and Land Surveyors and recommended an extension of the sunset date until June 30, 2009. She noted that the division made three recommendations to the board. She explained:

The first [recommendation] is for the legislature to consider, requiring mandatory continuing professional education. A bill was passed a couple of years ago making it permissive. The board has not taken any action to date to implement that, and we're recommending that the legislature consider making that mandatory. ... The second recommendation involves the continuing evolution of the engineering profession. Alaska recognizes the core disciplines of civil, chemical, electrical, and mechanical engineering as

well as mining and petroleum engineers. Other states have recognized other specialties or ... sub disciplines. In this report we're recommending that the board, in conjunction with the professional society or with the University of Alaska, ... conduct a comprehensive review regarding the public benefits and the related costs associated with recognizing the additional licenses in the Alaska structure. And the third recommendation that we make is for the legislature to consider making the landscape architect a full voting member of the board. The number of landscape architects is approximately the same as mining engineers, who do have a designated seat on the board.

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SAM KITO III, Alaska Profession Design Council, explained that the council is "an organization of membership organizations that represents architects, engineers, land surveyors, landscape architects, and we are here ... to say that we fully support the extension of the AELS Board to 2009." In response to Chair Anderson, he said that the board is relatively new and they are trying to understand the board composition issue. He remarked that, at the upcoming February meeting, the board plans to address the issue of having a mining versus a mining/geological engineering seat; the board would prefer to deal with the question of the landscape architect position at that time as well.

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CHAIR ANDERSON pointed out to the new committee members that there are a multitude of board and commission extensions. He noted that in the past adding on to the bills [while in committee] can slow the bill down. He said:

One thing I fear is if we amend the bill then maybe your organization is suddenly against the bill because of the amendment, and I don't think that would be the intent. And so I don't intend to amend the bill and I hope the committee takes that lead, that we can pass it out and separate legislation can be brought forth addressing Ms. Davidson's concerns.

REPRESENTATIVE ROKEBERG focused on Ms. Davidson's second recommendation and stated that Alaska is one of the few states

that registers [engineers] by specific discipline, and "we're short of numerous other disciplines. How do we handle these people like a nuclear engineer or somebody that came up here and wanted to be licensed?"

MR. KITO responded that most of those people apply for a general civil engineering licenses or they will not be registered. He remarked that the AELS Board currently has a subcommittee to look into the issue of identification of registration categories. He offered to send a report to the legislature after the board's February meeting.

REPRESENTATIVE ROKEBERG commented that he thought the audit was well done and had valid recommendations, particularly in regards to continuing education. He also remarked that it would be nice to resolve the [issue of whether to make the landscape architect a full voting member of the board].

CHAIR ANDERSON closed public testimony.

REPRESENTATIVE KOTT moved to report HB 35 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, HB 35 was reported from the House Labor and Commerce Committee.

HB 15-SEASONAL HUNT/FISH LODGE LIQUOR LICENSE

CHAIR ANDERSON announced that the final order of business would be HOUSE BILL NO. 15, "An Act relating to seasonal alcoholic beverage licenses; and providing for an effective date." He explained that he held the bill [over from the previous week] because he wanted to ask particular lodge owners if they would be affected by the bill. He commented that he spoke with four lodge owners from rural, interior Alaska, and all four responded positively to the bill.

REPRESENTATIVE KOTT moved to adopt CSHB 15, Version 24-LS0075\I, Luckhaupt, 1/31/05 as the working document. There being no objection, Version I was before the committee.

MICHAEL PAWLOWSKI, Staff to Representative Kevin Meyer, Alaska State Legislature, testified on behalf of Representative Meyer, sponsor of HB 15. He presented an overview of the changes made in Version I. He pointed out that the name of the license was changed to "an outdoor recreation lodge". Also, the seasonal

limitation on the lodge was removed because some lodges provide more than one seasonal activity. He said that Section 9, page 1, line 9 has the added line:

An outdoor recreation lodge license may not be transferred.

MR. PAWLOWSKI stated that this line was added to address Chair Anderson's concern that the law not impact valuation on existing licenses. He said that in Section 2, page 1, line 12-14, the definition of lodge has been changed to include the following phrase:

is primarily involved in offering opportunities for persons to engage in outdoor recreation activities

MR. PAWLOWSKI commented that the above phrase was added to give the Alcoholic Beverage Control Board ("ABC Board") specific statutory direction. He remarked that the primary purpose of a lodge is to provide opportunities outdoor recreation, which is different than a hotel or motel.

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MR. PAWLOWSKI then turned to Section 3 of Version I. Because most lodges are in areas with small populations, he opined that the lodges need to be exempted from AS 04.11.400(a), which governs and limits the amount of licenses that can be issued. At the same time, he said, Version I allows the licenses to be issued but not transferred to maintain consistency with the new Section 2.

REPRESENTATIVE GUTTENBERG asked if the license will be given to the lodge or to the lodge owner. As an example, he asked if the license would stay with the property when the lodge owner sold the lodge.

MR. PAWLOWSKI replied that he would defer to ABC Board on this issue, but he said that he thinks the license would be given to the owner of the lodge. Therefore if the lodge was sold the new owner would need to get a new license.

CHAIR ANDERSON asked if Mr. Pawlowski received a response of opinion from the Cabaret Hotel Restaurant and Retailers Association (CHARR) or the Alaska Restaurant and Beverage Association (ARBA).

MR. PAWLOWSKI replied that he had not.

REPRESENTATIVE ROKEBERG turned attention to Section 2, page 1, line 14 and asked why the minimum number of guest [rooms] is two instead of four, six, or eight.

MR. PAWLOWSKI answered that it was difficult to write this bill so that it would include as many different possible permutations of an outdoor recreation lodge that exists in the State of Alaska. He explained that some lodges are very small; he explained that the bill allows lodges to serve alcohol "only to the overnight guests, but in addition we've added off-duty staff to the license to include people that are working out in the field in these lodges and want to be able to be served when they are off-duty." He said that the minimum number of two guest rooms was recommended by the ABC BOARD, and this "does provide the flexibility for a lot of the unique places in Alaska to qualify for this license, as that is the intent."

Bob Klein, Chairman, Government Affairs Committee, CHARR, stated that he is also retailer for Brown Jug in Anchorage, Alaska and was speaking for both entities. He stated that he was on the ABC Board for 12 years, nine of which he was the chairman. He said that the bill is a way of bringing an already-occurring practice under control. He also pointed out that the lodge owners who acquire this license would be required to complete [the two mandatory alcohol server training programs]: Training for Intervention Procedures (TIPS) and Techniques in Alcohol Management (TAM), and also would have the benefit of being allowed to purchase from distributors or retailers, and can have the goods sent to them. He said that [CHARR and Brown Jug] support the bill.

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REPRESENTATIVE ROKEBERG asked how many of Brown Jug's clients have only two beds in their lodge.

MR. KLEIN replied, "We actually raised the two beds as a question, but Representative Meyers' group was pretty supportive that that should be the low threshold." He commented that if the bill is passed, "it has to go before the ABC [Board] for further consideration and for some regulations that are attached to it, and if two beds is too small ... they can put come restrictions as well."

CHAIR ANDERSON pointed out that Representative Kott made the observation that the bill states "two guest rooms", not "two guest beds".

DOUG GRIFFIN, Director, ABC BOARD, said that Mr. Pawlowski did a fine job on the bill. He commented that he interpreted the "nontransferability of the license" to mean that when a lodge is sold, the new owners would have to apply for a new license. He stated that there shouldn't be any problem with someone applying for a new license. He said, "We're trying to be sensitive to the concerns of CHAR, that ... if you add transferability to the license, it does obtain, in theory, some value".

REPRESENTATIVE LEDOUX asked what the rationale was in Section 3 for distinguishing between organized and unorganized boroughs.

MR. GRIFFIN explained that this is existing language that is in the statute; the only change is the addition on subsection (m), takes into account the lodge licenses. He said, "The whole idea there is where you've got different standards where you've got any kind of liquor license that's near an organized government, that they have the ability to have some input. ... The idea is to exempt these licenses from those population limitations."

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CHAIR ANDERSON closed public testimony.

REPRESENTATIVE ROKEBERG moved [to adopt Amendment 1, labeled 24-LS0075\G.1, Luckhaupt, 1/20/05], "conceptually to fit into ... [Version I]."

CHAIR ANDERSON objected for discussion purposes.

REPRESENTATIVE ROKEBERG gave an overview of Amendment 1, which read:

Page 1, line 1, following "**licenses;**":
Insert "**relating to transfer of certain beverage dispensary licenses issued before June 6, 1985;**"

Page 1, following line 14:
Insert a new bill section to read:
"*** Sec. 3.** AS 04.11.360 is amended to read:
Sec. 04.11.360. Denial of transfer of a license to another person. An application requesting approval

of a transfer of a license to another person under this title shall be denied if

(1) the board finds, after review of all relevant information, that transfer of a license to another person would not be in the best interests of the public;

(2) the application has not been completed in accordance with AS 04.11.280;

(3) the application contains false statements of material fact;

(4) the transferor has not paid all debts or taxes arising from the conduct of the business licensed under this title unless

(A) the transferor gives security for the payment of the debts or taxes satisfactory to the creditor or taxing authority; or

(B) the transfer is under [PURSUANT TO] a promise given as collateral by the transferor to the transferee in the course of an earlier transfer of the license under which promise the transferor is obliged to transfer the license back to the transferee in the event of default in payment for property conveyed as part of the earlier transfer of the license;

(5) transfer of the license to another person would result in violation of the provisions of this title relating to identity of licensees and financing of licensees;

(6) transfer of the license to another person would violate the restrictions pertaining to the particular license under this title;

(7) transfer of the license to another person is prohibited under the provisions of this title as a result of an election conducted under AS 04.11.507;

(8) the prospective transferee does not have the qualifications required under this title of an original applicant;

(9) the license was issued under AS 04.11.100(f) or 04.11.400(g); however, this paragraph does not apply to a beverage dispensary license issued before June 6, 1985, under former AS 04.11.400(j); or

(10) the license was issued under AS 04.11.135, unless the transferor is also applying to transfer the beverage dispensary license required under AS 04.11.135 to the same transferee."

Renumber the following bill section accordingly.

REPRESENTATIVE ROKEBERG stated,

There is one license in the state left under this subsection [AS 04.11.400(j)] and that's the license for the Double Musky Restaurant in Girdwood, Alaska. And that license, the beverage dispensary license, was issued to [the owners] ... as a special public convenience license. And one of the provisions when it was issued was it had no transferability ... in other words, you couldn't transfer it at all. ... The business ... grew very successful over the years. [The owner is] reaching his ... retirement age. His son ... will be taking the business over. So even under the provisions of the state law now, [the owner] can't even will that business to his son; there's no way that you can transfer the license right now. Therefore what this particular small provision [will do is] ... change that and ... allow ... the license to be transferred to another individual.

MR. GRIFFIN stated that the ABC Board has no problem with Representative Rokeberg's provision.

CHAIR ANDERSON remarked, "I know, for the record, Representative Meyer ... didn't want the bill changed because her was in fear that maybe this would make a catalyst for someone to object to it at a future committee hearing."

MR. PAWLOWSKI said, "I believe that Representative Meyers' statement to me was that the primary concern he had was with how ... ABC viewed it."

CHAIR ANDERSON removed his objection. There being no other objections, the Amendment 1 was adopted by the committee.

REPRESENTATIVE LYNN moved to report CSHB 15, Version 24-LS0075\I, Luckhaupt, 1/31/05, as amended from committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 15(L&C) was reported from the House Labor and Commerce Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [4:37:46 PM](#).