

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

February 1, 2006

3:23 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

COMMITTEE CALENDAR

HOUSE BILL NO. 242

"An Act relating to the deposit of certain penalties collected under the unemployment insurance program; requiring an employing unit with a change in ownership, management, or control to notify the Department of Labor and Workforce Development of the ownership change; regarding the unemployment contribution rate of an employing unit; and defining 'business' for purposes of statutes setting unemployment contribution rates; establishing the crime of obtaining an unemployment rate by deception; and providing for an effective date."

- MOVED CSHB 242(L&C) OUT OF COMMITTEE

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 274

"An Act relating to the practice of accounting; and providing for an effective date."

- MOVED CSSSHB 274(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 331

"An Act relating to access by persons under 21 years of age to premises licensed to sell alcoholic beverages as clubs."

- MOVED CSHB 331(L&C) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 242

SHORT TITLE: UNEMPLOYMENT INSURANCE FUND & TAXES

SPONSOR(S): REPRESENTATIVE(S) CRAWFORD

04/01/05 (H) READ THE FIRST TIME - REFERRALS
04/01/05 (H) L&C, JUD, FIN
01/25/06 (H) L&C AT 3:15 PM CAPITOL 17
01/25/06 (H) Heard & Held
01/25/06 (H) MINUTE(L&C)

BILL: HB 274

SHORT TITLE: PUBLIC ACCOUNTANTS

SPONSOR(S): REPRESENTATIVE(S) HAWKER

04/18/05 (H) READ THE FIRST TIME - REFERRALS
04/18/05 (H) L&C, FIN
01/11/06 (H) SPONSOR SUBSTITUTE INTRODUCED
01/11/06 (H) READ THE FIRST TIME - REFERRALS
01/11/06 (H) L&C, FIN
01/25/06 (H) L&C AT 3:15 PM CAPITOL 17
01/25/06 (H) Heard & Held
01/25/06 (H) MINUTE(L&C)

BILL: HB 331

SHORT TITLE: UNDERAGE MILITARY ON LICENSED PREMISES

SPONSOR(S): REPRESENTATIVE(S) ELKINS

01/09/06 (H) PREFILE RELEASED 12/30/05
01/09/06 (H) READ THE FIRST TIME - REFERRALS
01/09/06 (H) L&C, FIN

WITNESS REGISTER

PAT SHIER, Acting Deputy Director
Division of Employment Security
Department of Labor & Workforce Development
Juneau, Alaska

POSITION STATEMENT: Testified in favor of Amendment 1 to HB 242.

REPRESENTATIVE MIKE HAWKER
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Spoke as the sponsor of SSHB 274.

DON BREMNER, Member

Board of Director
Yak-Tat Kwaan, Inc. (YKI)
Juneau, Alaska

POSITION STATEMENT: Testified in support of SSHB 274 with Amendment 1.

JEANNETTE JAMES, Member
Alaska Society of Independent Accountants (ASIA)
North Pole, Alaska

POSITION STATEMENT: Expressed concerns with SSHB 274.

MICHAEL CURNOW, Independent Accountant
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SSHB 274, except with regard to the language referencing the attest functions.

BERNADETTE KOPPY, Vice President
Alaska Society of Independent Accountants (ASIA)
Fairbanks, Alaska

POSITION STATEMENT: Testified that ASIA supports Amendments 1 and 2 to SSHB 274.

ELAINE WILLIAMSON, Appointee
Alaska Board of Public Accountancy
Fairbanks, Alaska

POSITION STATEMENT: Stated her personal support for SSHB 274.

REPRESENTATIVE JIM ELKINS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Spoke as the sponsor of HB 331.

JIM VAN HORN, Staff
to Representative Jim Elkins
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 331, on behalf of the sponsor, Representative Elkins.

DOUG GRIFFIN, Director
Alcoholic Beverage Control Board ("ABC Board")
Department of Public Safety
Anchorage, Alaska

POSITION STATEMENT: Testified on HB 331.

DEAN HILL
American Legion

POSITION STATEMENT: During hearing of HB 331, discussed identification checks at military clubs.

RICHARD SMITH, Post Commander
American Legion
Seward, Alaska

POSITION STATEMENT: Indicated that he favored [HB 331].

ACTION NARRATIVE

CHAIR TOM ANDERSON called the House Labor and Commerce Standing Committee meeting to order at. Representatives Anderson, Kott, Guttenberg, Crawford, Rokeberg, and Lynn were present at the call to order [3:23:25 PM](#). Representative LeDoux arrived as the meeting was in progress.

HB 242-UNEMPLOYMENT INSURANCE FUND & TAXES

[3:23:25 PM](#)

CHAIR ANDERSON announced that the first order of business would be HOUSE BILL NO. 242, "An Act relating to the deposit of certain penalties collected under the unemployment insurance program; requiring an employing unit with a change in ownership, management, or control to notify the Department of Labor and Workforce Development of the ownership change; regarding the unemployment contribution rate of an employing unit; and defining 'business' for purposes of statutes setting unemployment contribution rates; establishing the crime of obtaining an unemployment rate by deception; and providing for an effective date."

CHAIR ANDERSON moved that the committee adopt CSHB 242 Version 24-LS0821\Y, Wayne, 1/27/06 as the working document. There being no objection, Version Y was before the committee.

REPRESENTATIVE CRAWFORD explained that the CS would change page 2, lines 1-3, further defining that a change in ownership, management or control means that it is the responsible party who pays the unemployment insurance.

PAT SHIER, Acting Deputy Director, Division of Employment Security, Department of Labor & Workforce Development (DLWD), stated that [Version Y] benefits the public by better defining who is being established as the responsible party. He added that this language has been used in other sections of statute, and has been "effective for decades."

REPRESENTATIVE ROKEBERG asked for confirmation that the only position changes that need to be reported to the department are those in management positions with check signing and payment confirmation responsibilities.

MR. SHIER confirmed that this is correct.

REPRESENTATIVE KOTT asked if there had been any discussion with the Department of Law regarding a retroactive effective date of January 2006.

REPRESENTATIVE CRAWFORD replied that he had not had a chance to discuss this with the department.

REPRESENTATIVE ROKEBERG pointed out that [Sections 1, 2, and 4] have an effective date of July 1, 2006, while [Sections 5 and 6] have an immediate effective date.

CHAIR ANDERSON opined that the department feels this is necessary.

REPRESENTATIVE GUTTENBERG moved to report CSHB 242, Version 24-LS0821\Y, Wayne, 1/27/06 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 242(L&C) was reported out of the House Labor & Commerce Standing Committee.

HB 274-PUBLIC ACCOUNTANTS

[3:31:08 PM](#)

CHAIR ANDERSON announced that the next order of business would be SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 274, "An Act relating to the practice of accounting; and providing for an effective date."

REPRESENTATIVE MIKE HAWKER, Alaska State Legislature, speaking as the sponsor of SSHB 274, informed the committee that after reviewing the issues discussed at the prior hearing, he determined that an amendment was in order. He explained that the amendment would address the "prepare" and "compile" issue and leaves intact all existing statutory authority, while providing some safe harbor language in which an independent accountant can seek refuge.

[3:32:16 PM](#)

REPRESENTATIVE ROKEBERG moved that the committee adopt Amendment 1, which read [original punctuation provided]:

Page 27, lines 9 - 20:

Delete "the following disclaimer language when used by nonlicensees in connection with financial statements:

(A) "I (we) have prepared the accompanying (financial statements) of (name of entity) as of (time period) for the (period) then ended. This presentation is limited to preparing, in the form of financial statements, information that is the representation of management (owners)."; or

(B) "I (we) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them." [COMPILATION OF FINANCIAL STATEMENT LANGUAGE THAT DOES NOT EXPRESS OR IMPLY ASSURANCE OR SPECIAL KNOWLEDGE OR COMPETENCE.] "

Insert

"(A) a compilation of financial statement language that does not express or imply assurance or special knowledge or competence; or

"(B) the following disclaimer language when used by nonlicensees in connection with financial statements:

(i) "I (we) have prepared the accompanying (financial statements) of (name of entity) as of (time period) for the (period) then ended. This presentation is limited to preparing, in the form of financial statements, information that is the representation of management (owners)."; or

(ii) "I (we) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them." [.]"

[3:33:30 PM](#)

CHAIR ANDERSON, upon determining there were no objections, announced that Amendment 1 was adopted.

[3:33:41 PM](#)

REPRESENTATIVE LYNN moved that the committee adopt Amendment 2, as follows:

Page 3, line 24, following "regulations":

Insert "per the procedures under negotiated regulation making"

CHAIR ANDERSON objected for discussion purposes.

REPRESENTATIVE LYNN explained that although the Board of Public Accountancy doesn't license independent accountants, the decisions the board makes does have a significant impact on the profession. Representative Lynn expressed his desire to maintain the [current] balance between Certified Public Accountants (CPAs) and independent accountants.

REPRESENTATIVE HAWKER stated that Amendment 2 adds the requirement of additional supplemental regulatory procedures in the regulatory authority for the Board of Public Accountancy to address the attest function. Since the regulations are addressing the attest function, there is no affect on the independent accountants. He highlighted that SSHB 274 has an immediate effective date in regard to the authority to prepared the regulations, but a delayed effective date for the legislation. Therefore, there's an opportunity for the regulatory process to go forward. The negotiated regulation making is really a supplemental procedure, and in this particular situation something is being regulated that has nothing to do with independent accountants. Representative Hawker opined that it's merely an additional regulatory burden, an additional cost, an additional time, and additional inefficiency in governing.

CHAIR ANDERSON referred to a letter from Max Mertz, Chairperson, Alaska Board of Public Accountancy, dated January 26, 2006, which related the Alaska Board of Public Accountancy's support of SSHB 274.

[3:38:05 PM](#)

REPRESENTATIVE LEDOUX inquired as to what the language "per the procedures under negotiated regulation making" means.

[3:39:12 PM](#)

DON BREMNER, Member, Board of Director, Yak-Tat Kwaan, Inc. (YKI), said that SSHB 274 has been a long time coming. The legislation draws a clear line between qualified and unqualified accountants and accounting services. Furthermore, the legislation addresses accountability and liability. Mr. Bremner recalled his past experience as an officer of Native corporations and the scams and schemes that have cost corporations large sums of money. He highlighted a Ponzi scheme that cost one Native corporation over \$7 million. Therefore, at least this legislation raises the standards such that those presenting themselves as accountants or CPAs are who they say they are. Mr. Bremner concluded by relating his hope that the committee forwards this legislation.

CHAIR ANDERSON turned attention to Amendment 2, which attempts to discern the difference between CPAs and non-CPAs.

MR. BREMNER, in further response to Chair Anderson, specified that he supports SSHB 274 with Amendment 1.

[3:42:27 PM](#)

JEANNETTE JAMES, Member, Alaska Society of Independent Accountants (ASIA), referred to the language on page 3, lines 25-26, which says: "the board may adopt the criteria established by a nationally recognized professional organization for accountants." The aforementioned doesn't specify the organizations to which it applies, and therefore there is no knowledge with regard to what it may do in relation to independent accountants. Ms. James then explained that the negotiated regulation making is a complicated system that allows the discussion of issues before the regulations are drafted. Although she understood, after talking to the sponsor, that SSHB 274 refers strictly to CPAs, she opined that it is important to place it on the record. Ms. James emphasized that she wants to

be sure that SSHB 274 doesn't impact [independent accountants], which seems to be partially addressed in Amendment 1. However, [independent accountants] don't know what the [attest] regulations [of nationally recognized professional organizations for accountants] are and what effect they will have.

[3:45:44 PM](#)

REPRESENTATIVE LEDOUX inquired as to whether, on page 3, after line 23, inserting the language "the board shall adopt regulations with respect to certified public accountants" rather than the language proposed in Amendment 2 would address these concerns.

MS. JAMES characterized Representative LeDoux's suggestion as extra language, and said that the aforementioned discussion will provide some strength with regard to the intent that this applies only to CPAs.

[3:47:19 PM](#)

REPRESENTATIVE KOTT recalled that the sponsor's opening remarks clarified that this legislation only regulates CPAs, and therefore he felt the issues [of the independent accountants] are covered.

[3:47:57 PM](#)

REPRESENTATIVE ROKEBERG highlighted that SSHB 274 falls under Title 8 and the Division of Occupational Licensing. He pointed out that Section 2 gives the [Board of Public Accountancy] the ability to regulate the profession of accountancy. He said he wasn't sure that this legislation speaks only to CPAs because part of the division's procedure is to ensure that those practicing are qualified and meet the standards. Therefore, he opined that this legislation does impact those who aren't CPAs and thus redrafting the legislation such that it excluded [independent accountants] would be "skating on thin ice."

[3:50:30 PM](#)

MS. JAMES, in response to an earlier question regarding the definition of "negotiated regulation making", explained that [negotiated regulation making] simply means that the stakeholders are called together to determine what the language in the regulation should say. When the aforementioned is completed, it moves through the regular process of regulation

making. Although it may be a lengthier process, usually there is no debate that results [after the regulations are in place].

REPRESENTATIVE ROKEBERG interjected that the negotiated rule making process works very well in the natural resources arena, particularly when there are a large number of stakeholders.

REPRESENTATIVE LEDOUX questioned why the regulations regarding attest functions only applying to CPAs wouldn't be stronger if that was specified in statute rather than merely leaving it to be ascertained from the testimony today.

[3:52:48 PM](#)

CHAIR ANDERSON inquired as to what/who is regulated now. He also inquired as to how someone would grieve to the state over mistakes made by an [independent accountant/bookkeeper] versus mistakes made by a CPA.

[3:54:01 PM](#)

MS. JAMES pointed out that there is a court system. She opined that the public is somewhat protected from those who make mistakes. She reiterated that she is comfortable with this conversation on the record that indicates that this [legislation] speaks only to CPAs and has no effect on independent accountants.

[3:55:39 PM](#)

CHAIR ANDERSON recalled Representative Rokeberg's question as to whether SSHB 274 with Amendment 1 is sufficient and accurate in relaying that the legislation doesn't impact those performing accounting activities who aren't CPAs.

[3:56:10 PM](#)

REPRESENTATIVE ROKEBERG pointed out that Section 7 only relates to rule making as it relates to attest functions. "This has nothing to do with the overall rule-making ability which is in the catch-all portion of Title 8, which allows any regulatory rulemaking by any occupational licensing board." Therefore, he opined that [Section 7] isn't a way to allow the Board of Public Accountancy to redraw the rules because they already exist.

CHAIR ANDERSON inquired as to whether Representative Rokeberg feels that Amendment 2 is in opposition to the legislation or duplicative and not necessary.

REPRESENTATIVE ROKEBERG opined that it's not appropriate in this section and he said he wasn't sure that it was appropriate in a new section either because it could "break the mold of all the other occupational licensing."

CHAIR ANDERSON expressed his concern that it might be precedential.

REPRESENTATIVE LYNN asked if Ms. James would be more comfortable with Amendment 2 as it's written or with the language as Representative LeDoux suggested.

MS. JAMES reiterated that she feels comfortable with the intent [of SSHB 274 unamended] being placed on the record. However, she noted that there are other [independent accountants] who may hold different views. Ms. James specified that she would prefer the language in Section 7 to refer to CPAs rather than merely "accountants."

[3:59:50 PM](#)

REPRESENTATIVE KOTT inquired as to how Ms. James would define "persons professing special competence in accountancy."

MS. JAMES answered that one would have to pass a test. In fact, members of the National Society of Accountants can take an examination to be certified as an accountant. The aforementioned is different than a certified public accountant which is a license from the state and for which there are different rules. She opined that the current system in Alaska works for this state, and therefore she expressed concern with the reference to the nationally recognized professional organizations because it treats all states the same.

REPRESENTATIVE KOTT, referring to Section 2, pointed out that the purpose is to regulate those who have special competence in accounting, which he associated with a CPA. He related his understanding that there are three different layers of work that a CPA can perform and a public accountant can enter the top two layers.

REPRESENTATIVE LEDOUX asked then if anyone can call himself/herself an accountant in Alaska.

MS. JAMES replied yes.

[4:03:11 PM](#)

MICHAEL CURNOW, Independent Accountant, informed the committee that he is a member of ASIA and a past president of the organization. He said that Amendment 1 addressed one of his [concerns]. However, the legislation, even in the face of today's testimony, impacts him as an independent accountant because the definition of attest was changed to include compilations, which he said he does occasionally. Therefore, he requested the negotiated regulatory process, which he said provides him with more comfort. Mr. Curnow noted that he likes the rest of the legislation and hopes that it passes.

[4:05:19 PM](#)

REPRESENTATIVE KOTT asked how Mr. Curnow would define "persons professing special competence in accountancy." He also asked if Mr. Curnow would place himself in that group.

MR. CURNOW answered that he would not include himself in that category because that [refers] to a CPA who has received a state license. Mr. Curnow explained that he holds a federal license and his work concentrates on taxes.

[4:06:40 PM](#)

BERNADETTE KOPPY, Vice President, Alaska Society of Independent Accountants (ASIA), informed the committee that ASIA supports Amendments 1 and 2 to SSHB 274. Ms. Koppy opined that this legislation [as amended] will allow independent accountants to continue doing business in the manner in which they do now.

[4:08:05 PM](#)

ELAINE WILLIAMSON, Appointee, Alaska Board of Public Accountancy, stated her personal support for SSHB 274 and its amendments. She opined that conforming the state statutes to the Uniform Accountancy Act will benefit both the profession and the Alaska Board of Public Accountancy. Ms. Williamson opined that the reciprocity afforded [by adopting the aforementioned Act by reference] is beneficial in that it will allow CPAs to practice in multiple jurisdictions without having to conform to multiple laws and requirements. Furthermore, this legislation allows the Alaska Board of Public Accountancy to amend

regulations as the national organizations change in accordance with the Uniform Accountancy Act.

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REPRESENTATIVE KOTT asked if Ms. Williamson, who is a CPA, would consider herself a person with special competence in accounting.

MS. WILLIAMSON replied yes.

[4:09:50 PM](#)

CHAIR ANDERSON, upon determining no one else wished to testify, announced that the public testimony was closed.

MS. WILLIAMSON, in response to questions regarding whether she supported Amendment 2, expressed her support for the legislation and moving forward with regard to conformity with the Uniform Accountancy Act. Therefore, she stated that she is in support of getting the legislation passed.

REPRESENTATIVE HAWKER, in response to Chair Anderson, related his opinion that Amendment 2 is not necessary.

REPRESENTATIVE KOTT agreed that Amendment 2 isn't necessary; and therefore he said that he would oppose Amendment 2.

REPRESENTATIVE LYNN opined that SSHB 274 is important legislation. However, he said he would like to err on the side of caution with Amendment 2, which he didn't believe does any harm. Therefore, he said he maintained his motion to adopt Amendment 2.

REPRESENTATIVE CRAWFORD noted his agreement with Representative Rokeberg's earlier comment that this merely provides independent accountants a seat at the table to know what regulations might result. He opined that [Amendment 2] doesn't do any harm, and therefore he said he was in favor of Amendment 2.

REPRESENTATIVE ROKEBERG reiterated his belief that Amendment 2 isn't necessary.

[4:15:17 PM](#)

A roll call vote was taken. Representatives Lynn, Guttenberg, and Crawford voted in favor of the adoption of Amendment 2. Representatives LeDoux, Kott, Rokeberg, and Anderson voted

against it. Therefore, Amendment 2 failed to be adopted by a vote of 3-4.

REPRESENTATIVE KOTT moved to report SSHB 274, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSSHB 274(L&C) was reported from the House Labor and Commerce Standing Committee.

The committee took a brief at-ease at 4:17 p.m.

HB 331-UNDERAGE MILITARY ON LICENSED PREMISES

CHAIR ANDERSON announced that the final order of business would be HOUSE BILL NO. 331, "An Act relating to access by persons under 21 years of age to premises licensed to sell alcoholic beverages as clubs."

[4:18:07 PM](#)

REPRESENTATIVE JIM ELKINS, Alaska State Legislature, sponsor of HB 331, began by pointing out that the committee packet should include a title amendment.

[4:18:54 PM](#)

REPRESENTATIVE CRAWFORD moved that the committee adopt Amendment 1, which read [original punctuation provided]:

Page 1 delete lines 1 and 2 and insert:

"An Act relating to access by persons under 21 years of age that possess a valid active duty military or armed forces identification card issued by the United States Department of Defense or the United States Department of Homeland Security to a premises licensed to sell alcoholic beverages as clubs."

REPRESENTATIVE KOTT objected for discussion purposes. He pointed out that the legislation could be amended further in the Senate to specify only 19 and 20 year olds. Therefore, if the intent is to reach a younger age, perhaps it should be specified.

REPRESENTATIVE ELKINS said he found it hard to believe that the Senate would allow that. He highlighted that there are a number of 17-year-olds who are serving today. The thought, he explained, was that this legislation only allows underage military to enter patriotic licensed clubs.

REPRESENTATIVE LYNN suggested that perhaps those with military identification cards could enter [licensed premises], and therefore it would include 17-year-olds.

REPRESENTATIVE KOTT indicated his agreement with Representative Lynn's suggestion.

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REPRESENTATIVE CRAWFORD pointed out that the body of HB 331 refers to "**18, 19, or 20 years of age**".

REPRESENTATIVE KOTT suggested that the committee address the body of the legislation first and then conform the title to it.

REPRESENTATIVE ROKEBERG further suggested that such changes should be conceptual.

REPRESENTATIVE CRAWFORD withdrew Amendment 1.

JIM VAN HORN, Staff to Representative Jim Elkins, Alaska State Legislature, paraphrased from the following written sponsor statement:

House Bill 331 is a simple, single page bill that amends AS 04.11.110(g) by authorizing access by persons under 21 years of age, who possess a valid military active duty ID card, to a club's licensed premises without specific authorization of the ABC board in certain circumstances.

Under present state law, persons under the age of 21 cannot be on premises licensed to sell alcoholic beverages unless a parent or legal guardian accompanies them. At the same time, it is recognized that the Federal Government is the legal guardian of those active duty personnel under the age of 21.

All active duty personnel are eligible for membership in veteran's organizations, including those under the age of 21. Current law causes a dilemma to the under age person. Here they are, eligible to join an organization, but unable to go to the meetings because they are under age.

This legislation will in no way allow the consumption of alcoholic beverages by persons under the age of 21 in licensed clubs. It will allow active duty people under 21 to avail themselves of the club's amenities such as television, pool table, lounge, etc.

[4:24:27 PM](#)

REPRESENTATIVE KOTT inquired as to the current description of the utilization of the various clubs on the military installations.

MR. VAN HORN related his understanding that [those carrying a valid military active duty card] can enter the clubs, but cannot consume alcoholic beverages. He opined that the military clubs have tightened [the rules] relating to the consumption of alcohol by active duty personnel.

[4:25:42 PM](#)

CHAIR ANDERSON surmised then that the sponsor's understanding is that 18 to 20-year-olds won't be drinking in these facilities.

[4:26:13 PM](#)

REPRESENTATIVE ELKINS interjected that this legislation doesn't grant the clubs [located on military facilities] the authority to serve underage individuals and if the club did serve underage individuals, it would face the same liability as any other facility.

[4:27:06 PM](#)

REPRESENTATIVE ROKEBERG expressed concern with regard to what a "**patriotic organization licensed as a club**" is.

MR. VAN HORN pointed out that AS 04.11.110(b) specified the definition of a club license, which specifies that any veterans' organization is a patriotic organization.

REPRESENTATIVE LEDOUX asked if only veterans' organizations are considered patriotic organizations. She asked specifically if patriotic organizations could include organizations other than veterans' organizations.

[4:29:12 PM](#)

MR. VAN HORN explained that for purposes of licensing, only veterans' organizations are considered patriotic.

REPRESENTATIVE KOTT moved that the committee adopt Amendment [2], as follows:

Page 1, line 11:

Delete "is 18, 19, 20 years of age and"

Page 1, lines 1 and 2:

Delete "An Act relating to access by persons under 21 years of age to premises licensed to sell alcoholic beverages as clubs."

Insert "An Act relating to access by persons possessing a valid active duty military or armed forces identification card issued by [insert entities] to premises licensed to sell."

[4:30:48 PM](#)

CHAIR ANDERSON objected for discussion purposes.

REPRESENTATIVE LYNN commented that this does not include wives of military personnel.

[4:31:38 PM](#)

REPRESENTATIVE KOTT stated that Amendment 2 captures the intent of the sponsor.

CHAIR ANDERSON commented that a "valid military identification card" represents a son, daughter, or spouse, and does not require further definition.

REPRESENTATIVE ELKINS stated that in regard to the title of the bill, he would like it to read: "An Act relating to access by military personnel under 21 years of age to a patriotic organization licensed to sell alcoholic beverages as clubs."

[4:33:42 PM](#)

CHAIR ANDERSON, providing clarification, stated that the first part of Amendment 2, which deletes "is 18, 19, or 20 years of age and", would be maintained and a title amendment in the vein specified will be requested from Legislative Legal Services.

[Amendment 2 was treated as adopted.]

[4:34:38 PM](#)

REPRESENTATIVE LYNN expressed his strong support for the legislation, and stated his feeling that active duty military personnel are adults and should be treated as such. He added that in his opinion, military personnel should be given even broader privileges, good or bad.

REPRESENTATIVE KOTT said " ... I agree with Representative Lynn, but with the federal restrictions that we currently have governing these individuals, I think it would be very tough for us to do it, independent of them making changes."

[4:36:37 PM](#)

DOUG GRIFFIN, Director, Alcoholic Beverage Control Board ("ABC Board"), Department of Public Safety, stated that the ABC Board deals with this issue often, adding that American Legion Posts, Auxiliary Posts and Veterans of Foreign Wars [Posts] are considered "patriotic organizations" that qualify for club liquor licenses. He added that the only concern he has would be the potential for putting the bartenders in "very difficult situations," because once the underage person is in the door, there is the potential to be served alcohol. He went on to say that this type of license can be very difficult to regulate and therefore he characterized this as a "policy call" for the legislature.

REPRESENTATIVE KOTT stated that the veterans' organizations have expressed support for the bill, and they stand to lose a lot if they are not diligent in checking identification.

REPRESENTATIVE ROKEBERG asked if underage, those under age 21, active duty personnel on a military base are allowed to drink alcohol.

MR. GRIFFIN replied that the ABC Board does not have jurisdiction on military bases, adding that it may vary from one military base to another. He stated that in general he feels that the policy is to not serve persons under 21.

[4:41:36 PM](#)

REPRESENTATIVE ELKINS commented that to his knowledge, the military bases conform to state law.

REPRESENTATIVE KOTT, in response to comments from Chair Anderson, said " ... I'm almost 100 percent sure that there is no military establishment in this state that allows their personnel to acquire alcohol under the age of 21 ..." He went on to say that while he is unaware of any underage drinking establishments, there are clubs that allow underage persons to be in the club during certain hours.

MR. VAN HORN explained to the committee that this legislation was drafted in response to situations involving visiting ships that have underage personnel on board who cannot enter into these clubs for food.

[4:45:32 PM](#)

DEAN HILL, American Legion, stated that the bartenders at the American Legion and Veterans of Foreign Wars [Posts] are trained to check identification and membership cards because it is against the law to sell a drink to a non-member. He added that the change will allow members to sponsor visiting military personnel so that they can enter the club, and the bartenders will check the identification cards before serving them.

[4:47:46 PM](#)

RICHARD SMITH, Post Commander, American Legion - Seward, stated that he is pleased with [HB 331]. He highlighted the difficulty with only being able to invite part of a ship's personnel to the local American Legion.

[4:48:49 PM](#)

REPRESENTATIVE LYNN moved to report HB 331, as amended, out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, CSHB 331(L&C) was reported from the House Labor and Commerce Standing Committee.

[4:49:39 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [4:49:43 PM](#).