

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

March 22, 2006

4:24 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**

CS FOR SENATE BILL NO. 207(FIN)

"An Act relating to the membership on the board of directors of the Alaska Aerospace Development Corporation."

- MOVED CSSB 207(FIN) OUT OF COMMITTEE

CONFIRMATION HEARING(S)

BOARD OF CERTIFIED DIRECT-ENTRY MIDWIVES

Mila (Melinda) A. Cosgrove - Juneau

- CONFIRMATION(S) ADVANCED

BOARD OF PSYCHOLOGIST AND PSYCHOLOGICAL ASSOCIATE EXAMINERS

Dr. Lorin L. Bradbury - Bethel

- CONFIRMATION(S) ADVANCED

BOARD OF SOCIAL WORK EXAMINERS

Gail La Rose-Henderson - Wasilla

- CONFIRMATION(S) ADVANCED

HOUSE BILL NO. 447

"An Act relating to the use of broadcasting to promote raffles and lotteries."

- MOVED CSHB 447(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 240

"An Act relating to brewery and brew pub licensing."

- BILL HEARING POSTPONED

**PREVIOUS COMMITTEE ACTION**

BILL: SB 207

SHORT TITLE: AK AEROSPACE DEVEL. CORP BD MEMBERSHIP

SPONSOR(S): SENATOR(S) STEVENS G

01/09/06	(S)	PREFILE RELEASED 12/30/05
01/09/06	(S)	READ THE FIRST TIME - REFERRALS
01/09/06	(S)	L&C, FIN
01/24/06	(S)	L&C AT 1:30 PM BELTZ 211
01/24/06	(S)	Heard & Held
01/24/06	(S)	MINUTE(L&C)
02/02/06	(S)	L&C AT 1:30 PM BELTZ 211
02/02/06	(S)	Moved CSSB 207(L&C) Out of Committee
02/02/06	(S)	MINUTE(L&C)
02/06/06	(S)	L&C RPT CS 4DP 1NR SAME TITLE
02/06/06	(S)	DP: BUNDE, SEEKINS, DAVIS, STEVENS B
02/06/06	(S)	NR: ELLIS
02/13/06	(S)	FIN AT 9:00 AM SENATE FINANCE 532
02/13/06	(S)	Heard & Held
02/13/06	(S)	MINUTE(FIN)
03/01/06	(S)	FIN RPT CS 5DP SAME TITLE
03/01/06	(S)	DP: BUNDE, OLSON, DYSON, STEDMAN, HOFFMAN
03/01/06	(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/01/06	(S)	Moved CSSB 207(FIN) Out of Committee
03/01/06	(S)	MINUTE(FIN)
03/07/06	(S)	TRANSMITTED TO (H)
03/07/06	(S)	VERSION: CSSB 207(FIN)
03/08/06	(H)	READ THE FIRST TIME - REFERRALS
03/08/06	(H)	L&C
03/22/06	(H)	L&C AT 3:15 PM CAPITOL 17

BILL: HB 447

SHORT TITLE: BROADCASTING PROMOTING CHARITABLE GAMING

SPONSOR(s): REPRESENTATIVE(s) MCGUIRE

02/13/06	(H)	READ THE FIRST TIME - REFERRALS
02/13/06	(H)	L&C, FIN
02/22/06	(H)	L&C AT 4:00 PM CAPITOL 17
02/22/06	(H)	Heard & Held
02/22/06	(H)	MINUTE(L&C)
03/22/06	(H)	L&C AT 3:15 PM CAPITOL 17

**WITNESS REGISTER**

SENATOR GARY STEVENS  
Alaska State Legislature  
Juneau, Alaska  
POSITION STATEMENT: Spoke as the sponsor of SB 207.

DAVE WOODRUFF  
City of Kodiak  
Board of Directors  
Alaska Aerospace Development Corporation (AADC)  
Kodiak, Alaska  
POSITION STATEMENT: Testified in favor of SB 207.

BARBARA WILLIAMS, Member  
Kodiak Island Borough Assembly  
Kodiak, Alaska  
POSITION STATEMENT: Testified in favor of SB 207.

CECIL RANNEY  
Kodiak Borough Assembly  
Kodiak, Alaska  
POSITION STATEMENT: Testified in favor of SB 207.

CRAIG JOHNSON, Staff  
to Representative Lesil McGuire  
Alaska State Legislature  
Juneau, Alaska  
POSITION STATEMENT: Presented HB 447 on behalf of  
Representative McGuire, sponsor.

**ACTION NARRATIVE**

**REPRESENTATIVE ROKEBERG, Acting Chair,** called the House Labor and Commerce Standing Committee meeting to order at [4:24:36 PM](#). Representatives Crawford, Lynn, LeDoux, Guttentberg, and Rokeberg were present at the call to order. Representatives Anderson and Kott arrived as the meeting was in progress.

SB 207-AK AEROSPACE DEVEL. CORP BD MEMBERSHIP

ACTING CHAIR ROKEBERG announced that the first order of business would be CS FOR SENATE BILL NO. 207(FIN), "An Act relating to the membership on the Board of Directors of the Alaska Aerospace Development Corporation."

[4:25:39 PM](#)

SENATOR GARY STEVENS, Alaska State Legislature, sponsor, explained that the bill would ensure that two members of the Alaska Aerospace Development Corporation (AADC) Board of Directors (Board) reside in Kodiak, where the AADC launches take place. In addition, he said, the bill would ensure that no members are removed from the Board in order to meet this requirement. He stated that there had been two members [from Kodiak] on the Board until recently. He said that Kodiak is the location of the majority of AADC's activities, including several rocket launches and construction projects. He stated that the facility in Kodiak is complex and has had an enormous impact on the community. He explained that the facility impacts the recreational activities, as beaches must be closed down and waters must be closed to fisherman when there is a rocket launch. He commented that it is important for Kodiak to have a voice when decisions are being made.

SENATOR GARY STEVENS went on to say that this bill is supported by the community of Kodiak, Kodiak Island Borough, City of Kodiak, and by the [Kodiak] Chamber of Commerce.

ACTING CHAIR ROKEBERG asked how many members are currently on the Board.

SENATOR GARY STEVENS replied that there are seven members, including one member from Kodiak.

REPRESENTATIVE GUTTENBERG asked for a description of the Board's duties and responsibilities.

SENATOR GARY STEVENS replied that he served as the ex officio member of the Board, although he was unable to attend meetings. He said that the Board makes all decisions which impact the corporation, is responsible for hiring the director, and decides the direction of the corporation.

[4:29:03 PM](#)

DAVE WOODRUFF, City of Kodiak, Alaska Aerospace Development Corporation (AADC) Board of Directors, said that he has been involved with the AADC project since its inception. He offered his understanding that when the project began, Kodiak was promised two seats on the Board. He stated that at that time, he was not aware that the AADC was a state corporation, and was, therefore, unaware that there was no requirement to have two Kodiak Board members.

MR. WOODRUFF went on to say that, as the host city, Kodiak is responsible for transporting the rockets to and from the launch site, in addition to responding to complaints from community members regarding the AADC's actions.

[4:31:06 PM](#)

MR. WOODRUFF, in response to a question, said that the Board members have overlapping terms, and he added that the intent of the bill is to place an additional Kodiak resident on the Board and maintain two members from Kodiak in the future.

REPRESENTATIVE GUTTENBERG asked what would happen to the public seat if one of the scientists or corporate members was from Kodiak.

MR. WOODRUFF opined that it would not be difficult to find a qualified member from Kodiak. He stated that in the past, the members have been drawn from the business community.

REPRESENTATIVE GUTTENBERG asked if there is a subcommittee of the city council that monitors the Board meetings and reports back to the city council and the public.

MR. WOODRUFF replied that Martha Schoenthal [Vice President of Business Operations, AADC] visits Kodiak on a quarterly basis to explain what is currently happening. He noted that he, as a Board member, also reports back to the community.

ACTING CHAIR ROKEBERG asked if it would be beneficial to amend the bill to include a state liaison.

MR. WOODRUFF replied that the communication between the Kodiak Borough Assembly, the Kodiak City Council, and the AADC has always been open, keeping all the parties updated.

[4:37:17 PM](#)

BARBARA WILLIAMS, Member, Kodiak Island Borough Assembly, said that Martha Schoenthal of AADC has visited Kodiak two or three times in the past year. She expressed that [the borough] would like to see this continue, as this has been "very helpful." She went on to say that the borough would like to see two representatives from Kodiak on the Board in order to maintain a continuous flow of current and accurate information.

ACTING CHAIR ROKEBERG said

"It seems to me as if there's always been - ... because of the nature and size of the population ... - some almost incidental cross fertilization between ... the city council, and the borough assembly, and this Board. ... Nothing formal, even in the committee substitute, ... requires that. Do you think that would be an improvement if we had some mandate ... [that] one member was a member of a local governmental body, as well as meeting the other requirements?"

MS. WILLIAMS opined that it would be helpful, as [the city council and borough assembly members] are the most aware of community concerns. However, she said that a person in the private sector would serve "just as well," especially if the individual had the knowledge required to understand problems that may arise. She added that this might be someone with military or aerospace background.

[4:40:20 PM](#)

CECIL RANNEY, Kodiak Borough Assembly, expressed agreement with the previous testimony. He said that the communication between the AADC and Kodiak has been "rocky" in the past; however, over the past year, due to the efforts of [Mr. Woodruff], there is a better understanding of the AADC's actions. He noted that the quarterly reports have been helpful, and he stated that he would support having two members from Kodiak on the Board.

[4:41:44 PM](#)

ACTING CHAIR ROKEBERG asked Senator Gary Stephens if there would be any merit in expanding the qualification requirements of the public members.

SENATOR GARY STEVENS replied that this may not be necessary, as having two Board members from Kodiak has worked sufficiently in

the past. He opined that there is wisdom in having members from Kodiak who can solve problems before they occur. He stated that in the past, there have been problems with rumors and a lack of sensitivity to local fishermen and residents.

REPRESENTATIVE LEDOUX said, "I think this is an excellent bill," and she noted that there has been friction between the AADC and the community of Kodiak. She added that having two local members on the Board would help both the community of Kodiak and the AADC by stopping problems before they become even larger.

REPRESENTATIVE GUTTENBERG, referring to [page 1, line 9], asked what the qualification is for a "high level [of experience]."

SENATOR GARY STEVENS replied that he is not aware of a definition, although this means that a person may be denied if they do not have the necessary experience. He noted that this is a statewide board.

REPRESENTATIVE GUTTENBERG asked if designating members from a specific geographic location on a statewide board is troubling from a statewide perspective.

SENATOR GARY STEVENS replied that this may be of concern; however, all of AADC's actions affect Kodiak. He stated that it is important to ensure that there is local representation when a particular community is affected.

REPRESENTATIVE GUTTENBERG asked if the flats are under AADC.

SENATOR GARY STEVENS said no.

[4:46:55 PM](#)

REPRESENTATIVE ROKEBERG closed public testimony.

[4:47:10 PM](#)

REPRESENTATIVE LEDOUX moved to report CSSB 207(FIN) out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSSB 207(FIN) was reported from the House Labor and Commerce Standing Committee.

CONFIRMATION HEARING(S)

Board of Certified Direct-Entry Midwives

Board of Psychologists and Psychological Associate Examiners

Board of Social Work Examiners

[4:47:28 PM](#)

ACTING CHAIR ROKEBERG announced that the next order of business would be the confirmation hearings for the governor's appointments to the Board of Certified Direct-Entry Midwives, the Board of Psychologists and Psychological Associate Examiners, and the Board of Social Work Examiners. He noted that each committee member was provided with the names and resumes for each of the appointees. He reminded the committee that each member's signature on the committee report does not reflect the member's vote during the joint floor session.

[4:48:41 PM](#)

ACTING CHAIR ROKEBERG moved to advance the names of the appointees to the boards, as specified above in the committee calendar, to the joint session for consideration. There being no objection, the confirmations were advanced.

The committee took an at-ease from 4:48 PM to 4:53 PM.

[4:54:01 PM](#)

[The gavel was returned to Chair Anderson.]

HB 447-BROADCASTING PROMOTING CHARITABLE GAMING

CHAIR ANDERSON announced that the final order of business would be HOUSE BILL NO. 447, "An Act relating to the use of broadcasting to promote raffles and lotteries."

[4:54:19 PM](#)

CRAIG JOHNSON, Staff to Representative Lesil McGuire, Alaska State Legislature, on behalf of Representative McGuire, sponsor, said that this bill levels the playing field for advertising, yet "keeps certain things out." He stated that the amendments offered will help to solve potential problems.

[4:54:55 PM](#)

REPRESENTATIVE LYNN offered Amendment 1, by Legislative Legal and Research Services:

Page 1, line 6, following "classic":  
Insert ", other than animal classics,"

CHAIR ANDERSON objected for discussion purposes.

REPRESENTATIVE LYNN explained that the intention of the amendment is to correct a loophole created by previous legislation which was intended to allow "animal classics" at the state fair.

CHAIR ANDERSON asked if Representative Lynn was targeting the Tudor Bingo Rat Race, which started after the aforementioned legislation passed, yet was not the intent of the bill.

REPRESENTATIVE LYNN said yes.

[4:56:22 PM](#)

CHAIR ANDERSON removed his objection. There being no further objection, Amendment 1 was adopted.

REPRESENTATIVE CRAWFORD offered Conceptual Amendment 2, as follows [original punctuation provided]:

Before each use of the word "raffle" or "lottery," including the title of the bill, insert the word "charitable."

Page 1, Line 8:

Following "lottery" insert "as defined in AS 05.15.690."

[4:56:34 PM](#)

REPRESENTATIVE ROKEBERG objected for discussion purposes.

[4:56:48 PM](#)

REPRESENTATIVE CRAWFORD explained that this makes it clear that the bill is intended to allow broadcasting for charitable purposes only.

REPRESENTATIVE ROKEBERG said that he would be supporting the amendment due to the reference to AS 05.15.690, which defines "raffle" and "lottery".

REPRESENTATIVE ROKEBERG removed his objection.

REPRESENTATIVE LEDOUX asked how the sponsor feels about Amendment 2.

MR. JOHNSON replied that the sponsor does not have a problem with the aforementioned amendment.

[Conceptual Amendment 2 was treated as adopted.]

[4:58:24 PM](#)

REPRESENTATIVE CRAWFORD moved Amendment 3 [original punctuation provided]:

Page 1, line 5, following "broadcasting":  
Insert, ", if the broadcasting is limited to public service announcements provided free of charge by a broadcaster to a permittee,"

Page 1, line 8:  
Delete ""broadcasting""  
Insert ""broadcasting," if the broadcasting is limited to public service announcements provided free of charge by a broadcaster to a permittee, ["Broadcasting"]"

CHAIR ANDERSON objected for discussion purposes.

[4:58:54 PM](#)

REPRESENTATIVE CRAWFORD explained that he does not want to expand gaming of any kind, regardless of whether or not it is charitable. He stated that the bill was presented as a way to allow charities to advertise fundraising events, and he opined that [public service announcements] PSAs are the way to do this. He said that he does not want to see this expand to for-profit advertising, adding his belief that the only reason to pay to advertise a raffle or lottery is to expand and involve more people.

[5:00:11 PM](#)

CHAIR ANDERSON clarified that if the advertising is not limited to PSAs, any company would be able to advertise [gaming activities]. He noted that ultimately, a portion of the money would likely go to a charity. However, he acknowledged that this may encourage many people to spend more money gambling, thereby expanding gambling in the state. He surmised that

another reason for Amendment 3 would be to prevent any loopholes in the future.

[5:01:18 PM](#)

CHAIR ANDERSON removed his objection.

REPRESENTATIVE ROKEBERG objected.

REPRESENTATIVE LYNN noted that currently, newspapers are able to [advertise charitable gaming] for a fee, and he asked how this discrepancy is addressed. He also expressed concern with expanding gambling of any kind.

[5:02:00 PM](#)

REPRESENTATIVE CRAWFORD replied that while he is aware that newspapers are currently able to advertise charitable gaming, he has not seen any ads of this nature. He pointed out that the bill includes television, radio, satellite, cable teletype, and fax as methods of advertising that are acceptable. He said that this is "pretty broad." He stated that gambling is currently illegal and he feels it should remain this way.

CHAIR ANDERSON remarked that [PSAs are intended] to assist charities with advertisements; however, if all charities did PSAs, the broadcasters may go out of business.

[5:03:26 PM](#)

MR. JOHNSON replied that the bill does not expand gambling. He opined that limiting the broadcasting to PSAs would have a negative effect on charities, as it would cause more operators to request PSAs. He surmised, then, that this would result in no PSAs, as the stations may be willing to do six, but not twelve. In response to an earlier comment, he said that the bill is not specifically intended for pulltab and bingo advertising.

[5:04:35 PM](#)

REPRESENTATIVE CRAWFORD said that he did not specify pulltabs and bingo.

[5:04:44 PM](#)

REPRESENTATIVE CRAWFORD went on to say that he does not believe limiting the amount of advertising for gaming is a "negative effect". He said "I think that if we [put] less advertising and less money into gambling, then that's a good thing."

MR. JOHNSON, in response to a question, said that this may cause charities to seek funding from the legislature, as they would require alternative funding sources.

CHAIR ANDERSON commented that while he understands the concern, he feels that the bill is good.

CHAIR ANDERSON asked if any member of the [broadcasting] industry would like to testify.

The committee took a brief at-ease.

5:07:27 PM

REPRESENTATIVE KOTT pointed out that there is no legalized gambling in the state; however, there are "games of chance." He opined that use of the term "gambling" in this discussion is incorrect.

5:07:52 PM

A roll call vote was taken. Representatives Guttenberg, Crawford, and Lynn voted in favor of Amendment 3. Representatives LeDoux, Kott, Rokeberg, and Anderson voted against it. Therefore, Amendment 3 failed by a vote of 3-4.

5:08:22 PM

REPRESENTATIVE GUTTENBERG indicated that he objected to moving HB 447 from committee and expressed concern with the possibility of enhancing gaming. He opined that a better approach would be to limit the amount of advertising newspapers are able to do, rather than expanding the advertising requirements to include other forms of media. He said that while he does not wish to "put a burden" on the industry, he does not want to expand gaming. Moreover, he said this seems to be a national issue, and noted that there are restrictions in place that have not been discussed. He questioned how overhead costs are currently dealt with and inquired as to how the added overhead costs would affect the charities. He opined that this may cause a decrease in funds for the charity.

[5:11:23 PM](#)

REPRESENTATIVE ROKEBERG noted that the adoption of Amendment 1 prohibits the Alaska State Fair from holding its "animal classic." He suggested that the sponsor consider an amendment to the amendment to deal with this issue.

[5:11:57 PM](#)

REPRESENTATIVE LYNN stated that this was not the intent of the amendment.

REPRESENTATIVE ROKEBERG noted that HB 477 has an additional referral to the House Finance Committee.

REPRESENTATIVE LYNN said that regardless of whether the term is "games of chance" or "gambling," [the same concerns apply].

[5:12:52 PM](#)

REPRESENTATIVE CRAWFORD opined that Alaska is "under assault" as one of the few states that has not legalized for-profit gambling. He said that there is a large amount of money in gaming, which he feels is why more effort is being made to expand charitable gaming. He stated that one way to expand this is through advertising. He agreed with a previous statement regarding a possible decrease in the amount of money a charity would receive. He suggested limiting the advertising to the charity, rather than the operators, as a possible conceptual amendment.

[5:14:28 PM](#)

CHAIR ANDERSON commented that gambling exists, and the vendors do make a profit. He said that while he does understand the concern with the legalization of gambling in the state, certain types of gambling, such as online poker, already exist. He opined that there is good intent and merit in enabling charities to advertise raffles and lotteries.

[5:15:42 PM](#)

REPRESENTATIVE GUTTENBERG remarked that the broadcasters have a legitimate concern regarding the nature of the industry, and the burdens involved; however, there is a cascading effect outside of this. He acknowledged that there are "good" operators which are sanctioned and regulated by the state, although the

regulations may not always be enforced. He said that all operators make a living off of [games of chance]. In the past, he said, nonprofits "ran the game" and received most of the profit. Currently, however, there are operators and distributors involved, and the amount of money that goes back to the charity continues to decrease. He expressed concern with the high cost for television advertising, and he suggested that this be looked into further.

[5:17:43 PM](#)

CHAIR ANDERSON asked for more information regarding the costs of a raffle or lottery and whether HB 447 will cause the charity and [raffle or lottery winner] to receive less money because of the higher advertising costs.

MR. JOHNSON replied that the House Finance Committee would be taking a look at this issue.

[5:18:27 PM](#)

REPRESENTATIVE KOTT said that the aforementioned concerns are valid. He opined that the end result would be a higher return as a result of more advertising, adding that allowing these new types of advertising is a better way to "level the playing field," rather than eliminating the advertising altogether.

[5:19:52 PM](#)

REPRESENTATIVE ROKEBERG moved to report HB 447, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE CRAWFORD objected.

[5:20:05 PM](#)

A roll call vote was taken. Representatives Lynn, LeDoux, Kott, Rokeberg, and Anderson voted in favor of moving HB 447, as amended, from committee. Representatives Guttenberg and Crawford voted against it. Therefore, CSHB 447(L&C) was reported out of the House Labor and Commerce Standing Committee by a vote of 5-2.

[5:20:25 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [5:20:36 PM](#).