

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

April 12, 2006

4:59 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Norman Rokeberg

COMMITTEE CALENDAR

HOUSE BILL NO. 240

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

- MOVED CSHB 240(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 350

"An Act relating to enforcement of insurance unfair claim settlement practices by a person affected by a violation; permitting penalties for a single-act unfair claim settlement practice; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

HOUSE BILL NO. 480

"An Act relating to voluntary self-evaluative audits by insurers and providing for an insurance compliance self-evaluative privilege; and indirectly amending Rules 104, 402, and 501, Alaska Rules of Evidence, Rules 16, 26, 30, 31, 33, 34, 36, and 40, Alaska Rules of Civil Procedure, and Rules 15, 16, and 17, Alaska Rules of Criminal Procedure."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HB 240

SHORT TITLE: BREWERY & BREWPUB LICENSES

SPONSOR(s): JUDICIARY

03/30/05	(H)	READ THE FIRST TIME - REFERRALS
03/30/05	(H)	L&C, JUD
04/06/05	(H)	L&C AT 3:15 PM CAPITOL 17
04/06/05	(H)	<Bill Hearing Postponed>
03/22/06	(H)	L&C AT 3:15 PM CAPITOL 17
03/22/06	(H)	<Bill Hearing Postponed>
03/29/06	(H)	L&C AT 3:15 PM CAPITOL 17
03/29/06	(H)	Heard & Held
03/29/06	(H)	MINUTE(L&C)
04/12/06	(H)	L&C AT 3:15 PM CAPITOL 17

WITNESS REGISTER

GLENN BRADY, President
Silver Gulch Brewing
Chairman
Alaska Cabaret, Hotel, Restaurant, and Retailers Association
Fairbanks, Alaska
POSITION STATEMENT: Explained amendments to HB 240.

CRAIG JOHNSON, Staff
to Representative Lesil McGuire
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Answered questions during hearing on HB 240
on behalf of Representative McGuire, sponsor.

ACTION NARRATIVE

CHAIR TOM ANDERSON called the House Labor and Commerce Standing Committee meeting to order at [4:59:39 PM](#). Representatives Lynn, LeDoux, Kott, and Anderson were present at the call to order. Representatives Crawford and Guttenberg arrived as the meeting was in progress.

HB 240-BREWERY & BREWPUB LICENSES

[Contains discussion of HB 431]

[4:59:53 PM](#)

CHAIR ANDERSON announced that the only order of business would be HOUSE BILL NO. 240, "An Act relating to brewery and brew pub licensing."

CHAIR ANDERSON noted that the industry has "made many concessions" and there appears to be a final draft. He expressed his intent to move the bill from committee.

[5:00:33 PM](#)

REPRESENTATIVE KOTT moved Amendment 1, labeled 24-LS0734\P.2, Luckhaupt, 4/11/06, which read:

Page 2, line 20:
Delete "46,500"
Insert "37,200"

Page 3, line 14:
Delete "46,500"
Insert "37,200"

[5:01:20 PM](#)

CHAIR ANDERSON objected for discussion purposes.

[5:01:23 PM](#)

GLENN BRADY, President, Silver Gulch Brewing, Chairman, Alaska Cabaret, Hotel, Restaurant, and Retailers Association (CHARR), explained that Amendment 1 was drafted after negotiation between the breweries and brewpubs in response to external negotiations regarding the 8:00 p.m. closing time for brewery sales.

[5:01:52 PM](#)

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

[5:02:01 PM](#)

REPRESENTATIVE KOTT moved Amendment 2, labeled 24-LS0734\P.3, Luckhaupt, 4/11/06, which read:

Page 2, line 3:
Delete "or after 11:00 p.m."
Insert "and serving of the product ends no later than 8:00 p.m. [OR AFTER 11:00 P.M.]"

[5:02:25 PM](#)

CHAIR ANDERSON objected for discussion purposes.

[5:02:40 PM](#)

MR. BRADY explained that the intent of [Section 2] is to allow micro-breweries licensed under Title 4 to sell a limited amount of product produced on the premises. He said that Amendment 2 is an attempt to avoid the "creation of taverns," and would not allow the sale of product after 8:00 p.m.

[5:03:26 PM](#)

CHAIR ANDERSON removed his objection. There being no further objection, Amendment 2 was adopted.

[5:03:47 PM](#)

REPRESENTATIVE LEDOUX moved Amendment 3, labeled 24-LS0734\P.1, Finley, 3/29/06, which read:

Page 1, line 1:

Delete "**licensing**"

Insert "**licenses and to winery licenses**"

Page 4, following line 6:

Insert new bill sections to read:

"* **Sec. 6.** AS 04.11.140(b) is amended to read:

(b) The holder of a winery license may sell wine in quantities of

(1) not more [LESS] than five gallons

(A) to an individual who is present on the licensed premises; or

(B) by shipping to an individual if the shipment is not to an area that has prohibited the importation or possession of alcoholic beverages under this chapter or to an area that has limited the importation or possession of alcoholic beverages unless the sale complies with the limitation;

(2) more than five gallons to a person who is licensed under this title, or in another state or country.

* **Sec. 7.** AS 04.11.140(d) is amended to read:

(d) The biennial winery license fee is \$100 [\$500]."

CHAIR ANDERSON objected for discussion purposes.

REPRESENTATIVE LEDOUX explained that Amendment 3 changes the title of HB 240 to include winery licenses. In addition, Amendment 3 puts small, in-state wineries on the same "playing field" as out-of-state wineries. She explained that while she is the sponsor of [HB 431], which also contains this language, she would like to add the language to HB 240 to ensure its passage.

[5:04:39 PM](#)

CHAIR ANDERSON maintained his objection. He explained that Amendment 3 would substantively change the bill and recommended that [Representative LeDoux] speak with the members of the industry and with the sponsor of HB 240. He noted that HB 240 has been held up for over one year and opined that it might not be the proper vehicle for the amendment; however, he noted his support of the amendment.

[5:06:04 PM](#)

REPRESENTATIVE LYNN commented that he is also in favor of Amendment 3; however, he surmised that the aforementioned amendment would delay the passage of the bill until the next legislative session.

[5:06:22 PM](#)

CHAIR ANDERSON clarified that he objects to amending HB 240 to include wineries. He stated that the intent of this legislation is to address breweries and brewpubs, and pointed out that [HB 431] is currently addressing the issue of winery licenses.

REPRESENTATIVE LYNN asked Representative LeDoux if Amendment 3 would merely duplicate the language in [HB 431].

REPRESENTATIVE LEDOUX replied yes. In response to further questions, she explained that HB 431 has a further referral to the House Finance Committee, which may be waived.

REPRESENTATIVE LYNN reiterated that he does not want to delay HB 240.

CHAIR ANDERSON pointed out that HB 431 is further along in the legislative process [than HB 240].

REPRESENTATIVE LEDOUX stated that she has spoken to CHARR regarding this amendment and the organization is supportive.

CHAIR ANDERSON asked Mr. Brady if Alaska CHARR is amenable to amending HB 240 to include the aforementioned information.

[5:08:28 PM](#)

MR. BRADY declined to comment on this issue. He said that Alaska CHARR is in support of HB 431.

CHAIR ANDERSON asked for clarification regarding whether Alaska CHARR has spoken to Amendment 3 to HB 240.

MR. BRADY replied that he is not aware that Alaska CHARR has taken a position on this, therefore he does not wish to speak for CHARR on this issue.

[5:09:16 PM](#)

REPRESENTATIVE CRAWFORD, in regard to HB 431, noted that Section 7 was removed when it came before the committee. However, he noted that this section is included in Amendment 3.

REPRESENTATIVE LEDOUX explained that Amendment 3 should be amended to delete Section 7.

REPRESENTATIVE KOTT recommended that the sponsor of the amendment speak with the sponsor of HB 240. He speculated that if the sponsor does not support [the change], the legislation may be withdrawn.

[5:11:41 PM](#)

CRAIG JOHNSON, Staff to Representative Lesil McGuire, Alaska State Legislature, sponsor, said that he would work with the sponsor of Amendment 3 before the next committee of referral. He stated that if all parties involved are amenable to the amendment, he would work on adding this language. However, he would like to see HB 240 move from the House Labor and Commerce Standing Committee without further amendments.

[5:12:17 PM](#)

REPRESENTATIVE LEDOUX withdrew Amendment 3.

[5:12:38 PM](#)

CHAIR ANDERSON closed public testimony.

5:13:10 PM

REPRESENTATIVE KOTT noted that HB 240 goes next to the House Judiciary Standing Committee, of which the sponsor is the chair. He reiterated that the amendment should be discussed prior to the next committee hearing.

5:13:50 PM

REPRESENTATIVE KOTT moved to report CSHB 240, Version 24-LS0734\P, Finley/Luckhaupt, 3/28/06, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 240(L&C) was reported out of the House Labor and Commerce Standing Committee.

5:14:37 PM

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:14 p.m.