

HOUSE FINANCE COMMITTEE
February 20, 2012
1:35 p.m.

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CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:35 p.m.

MEMBERS PRESENT

Representative Bill Stoltze, Co-Chair
Representative Bill Thomas Jr., Co-Chair
Representative Anna Fairclough, Vice-Chair
Representative Mia Costello
Representative Mike Doogan
Representative Bryce Edgmon
Representative David Guttenberg
Representative Reggie Joule
Representative Mark Neuman
Representative Tammie Wilson

MEMBERS ABSENT

Representative Les Gara

ALSO PRESENT

Representative Mike Hawker, Sponsor; Kris Curtis, Acting Legislative Auditor, Legislative Audit Division; John Aho, Chair, Seismic Hazards Safety Commission; Sam Kito, Technical Engineer, Department of Education and Early Development; Shirley Gifford, Director, Alcohol Beverage and Control Board, Department of Public Safety; Kate Burkhart, Executive Director, Advisory Board on Alcoholism and Drug Abuse, Department of Health and Social Services; Rod Combellick, Operations Manager, Division Of Geologic And Geophysical Surveys, Department of Natural Resources; Jeff Jessee, Chief Executive Officer, Alaska Mental Health Trust, Department of Revenue; Ellen Ganley, Vice Chair, Alcohol Beverage Control Board, Department of Public Safety; Dale Fox, President and CEO of Alaska Cabaret, Hotel, Restaurant, and Retailers Association (CHARR); Sassan Mossanen, General Manager, Denali Brewing Company

Talkeetna, AK, and President of the Governmental Affairs Committee for the Brewers Association of Alaska; Robin Jeffery, Owner, Robin's Landing; Patrick Hayes, Chairman, Meeting the Challenge; Matt Felix, Director, National Council on Alcoholism.

PRESENT VIA TELECONFERENCE

Michael O'Hare, Deputy Director of Homeland Security, Department of Military and Veterans Affairs; Dean Maxwell, Agent, State Farm Insurance; Jan Wrentmore, Owner, Red Onion Saloon, Skagway; Brad Johnson, Member, Alaska Association of Chiefs of Police, Fairbanks; Mark Mew, Chief of Police, Anchorage Police Department; Bob Winn, Owner, La Mex.

SUMMARY

HB 125 ALCOHOLIC BEVERAGE CONTROL BOARD

HB 125 was HEARD and HELD in Committee for further consideration.

HB 279 EXTENDING CERTAIN BOARDS & COMMISSIONS

HB 279 was HEARD and HELD in Committee for further consideration.

#hb279

HOUSE BILL NO. 279

"An Act extending the termination dates of the Board of Nursing, the Board of Dental Examiners, the Board of Barbers and Hairdressers, the Big Game Commercial Services Board, the Alcoholic Beverage Control Board, and the Alaska Seismic Hazards Safety Commission; and providing for an effective date."

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Co-Chair Stoltze expressed the intent to hear, but hold both scheduled bills.

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Co-Chair Thomas MOVED to ADOPT the proposed Committee Substitute for HB 279, Work Draft 27-LS0944\I (Martin 2/20/12).

Co-Chair Stoltze OBJECTED for discussion. There being no objection, the Committee Substitute was adopted.

REPRESENTATIVE MIKE HAWKER, SPONSOR, explained that the bill extends the sunset dates for five boards and one commission. Sunset dates are a periodic exercise to evaluate the performance of boards and commissions. Extensions are recommended by the Legislative Budget and Audit Committee. Last session an amendment was added by the Senate that was vetoed by the Governor, therefore the reauthorization of the boards and commission was before the House Finance Committee again. Boards and Commissions recommended for extension are the Board of Barbers and Hairdressers (June 30, 2019); the Board of Dental Examiners (June 30, 2019); the Board of Nursing (June 30, 2019); and the Alcohol Beverage and Control Board (June 30, 2015). Added to the bill are the Big Game Commercial Services (June 30, 2016) and Alaska Seismic Hazard Safety Commission (June 30, 2014). In reference to the Alaska Seismic Hazard Safety Commission the audit discovered issues regarding board members not attending meetings and lack of accomplishments. Representative Hawker stated that the Acting Legislative Auditor was available to discuss the report. He noted that the Department of Military and Veterans Affairs believed the commission did serve a valid purpose, but recognized it was not working as well as it could. The proposed shorter extension is to give the commission an opportunity to repair their actions. Section VII established a statute that stated there could not be an omnibus reauthorization bill.

Co-Chair Stoltze asked if the governor's veto in the previous session expressed a concern over the omnibus nature of the bills. Representative Hawker indicated the governor did not express any concerns. The item at issue was to not mix policy calls with the simple administrable activity of extending the dates of board and commissions. The Senate added a provision that was a policy call related to one board involving judicial matters that the governor felt had not been previously vetted in any judiciary committee and, therefore, it was inappropriate to pass a bill with the policy call.

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Co-Chair Stoltze expressed his approval of the more professional approach to the extension matter. Representative Hawker noted again that the Acting Legislative Auditor was available to answer any questions regarding the audits. He applauded former Legislative Auditor, Pat Davidson, for her years of service. In the interim, Kris Curtis was appointed Acting Legislative Auditor by the Legislative Budget and Audit Committee.

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Representative Guttenberg took issue with the comment that it was difficult to find board members for the Alaska Seismic Hazard Safety Commission. He noted that just because the governor does not want to appoint certain people to the board does not mean there are not any interested or qualified individuals to serve. He relayed that people in the industry want to participate and have waited to be appointed. He pointed out that some items in audit report had nothing to do with the board itself. He questioned if any board members had responded to the report. He emphasized the importance of a seismic board especially in setting up seismic codes for building construction. The insurance industry supports the activity of the commission. Before the commission was established the seismic reports generated from California which placed Alaska into one seismic region. For Alaska to control its own destiny and understand seismic activity the seismic board is important to the state. He indicated being troubled by the boards extension of only two years versus four years.

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Co-Chair Stoltze informed there had been discussion to eliminate the seismic commission entirely; therefore the two year extension was a compromise by the administration. Representative Hawker added there should not only be a seismic commission, but a functioning and effective seismic commission. He stood by the state auditor's review of the board.

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Co-Chair Stoltze requested the Acting Legislative Auditor join Representative Hawker at the table for discussion.

KRIS CURTIS, ACTING LEGISLATIVE AUDITOR, LEGISLATIVE AUDIT DIVISION, summarized the audit recommendations for the Alaska Seismic Hazard Safety Commission board. The purpose of the audit was to determine if the commission should be extended. It was determined that the commission was operating effectively and serving a public purpose. The audit recommended the commission be extended until June 30, 2016. Four recommendations were made to the board: to develop a strategic plan to mitigate seismic hazard risk in Alaska, to develop procedures to insure public notice of meetings were published in a timely manner, to follow procedures for habitually absent members, and to recommend to the governor that open positions be filled in a timely method. Representative Stoltze noted the state auditors focus on one board and that was the reason for the shorter extension. Ms. Curtis noted the legislative audit office recommended a four year extension for the commission.

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Vice-chair Fairclough spoke about the board attendance issue and understood that one board member, missing for three consecutive meetings, was working in the Gulf of Mexico. She believed the absence was an exception to the rule and not the board standard. She wondered if everyone else on the board was in attendance during that time period. She questioned if the auditor's recommendation concerned the one individual's absence or a history of absenteeism within the board. Ms. Curtis responded that the commission's own policy recommended replacement after three absences and the one individual missed ten. The commission did not recommend termination, but waited until the individual's term was completed in 2012. Co-Chair Stoltze asked if this was a systemic problem or a single problem within the board. Vice-chair Fairclough asked about the time frame for the ten absences. Ms. Curtis replied the absences were over year and a half period. Co-Chair Stoltze questioned again if the attendance issue only reflected on one person. Ms. Curtis replied it reflected on only one person.

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Representative Guttenberg asked what relationship all the boards have with the governor in filling the seats. Ms. Curtis indicated that the recommendation to the governor to fill open seats in a timely manner was a common recommendation made in many sunset reports. An insufficient applicant pool is often the cause for delay. The recommendation is for the governor's office to work with the commission because the board can be active in generating an applicant pool. Representative Guttenberg wondered if outside the recommendation for the one absent member, had there been a problem with quorums or other absent board members. Ms. Curtis replied that the only documentation indicated one position was open for nine months and one member was habitually absent. Representative Guttenberg asked if the governor had names, but simply did not make the appointment. Ms. Curtis reported that documentation indicated an insufficient applicant pool. Representative Guttenberg asked if there was a required number needed in the applicant pool. He believed the only need was for at least one qualified individual.

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MICHAEL O'HARE, DEPUTY DIRECTOR OF HOMELAND SECURITY, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS (via teleconference), voiced his support for the Alaska Seismic and Hazard Commission. The state relies on industry professionals who donate their time to provide good science information. He encouraged support of the commission. Co-Chair Stoltze asked if there was any objection to the two year extension. Mr. O'Hare supported a two year extension rather than doing away with the commission.

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DEAN MAXWELL, AGENT, STATE FARM INSURANCE (via teleconference), voiced his support of HB 279, especially the reauthorization of the Alaska Seismic Hazard Commission. He related the ongoing important work of the commission. As an insurance provider, he understands the significant impact on people and their lives after a seismic event. The role of an insurance position on the seismic board is vital to the commission that is currently involved in working with the insurance division to provide a public information brochure on earthquake insurance. Without the commission, the voice from many different important sources would not be available.

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JOHN AHO, CHAIR, SEISMIC HAZARDS SAFETY COMMISSION, declared his service on the board for the Alaska Seismic Hazard Commission and was disturbed by some of the comments. He testified in support of the extension of the commission. In response to the audit report, the commission is currently developing a strategic plan. He explained the board had a plan that was referred to as a "charter." The charter meeting established a vision, mission, goals, core values, and measures of success for the board. The board has been operating under the charter for years. The strategic plan is extremely important for long range commitments. In the area of seismic risk mitigation, a plan cannot evolve overnight. Dependable scientific back-up is needed before good decisions can be made. He stressed the need of not recommending policies as unfunded mandates. He admitted that there could be an improvement in publishing notices in a timely manner. The staff has now been instructed to have notices published at least one week in advance. Regarding the recommendation to replace members who have missed meetings, the bi-laws state that three consecutively unexcused board meetings meant expulsion; the missing person went to the Gulf of Mexico for a one and a half year project. He agreed it was remiss of the commission not to recommend a replacement for the absent member. He noted that in assisting the governor's office to fill positions, there is a line-item for interested parties who might want to serve. He believed the audit recommendations were helpful, but did not rise to the level to discontinue the board. He spoke of successful goals made by the commission.

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Mr. Aho continued that the commission is currently working with FEMA in Kodiak on an earthquake planning scenario. He would like to continue the process with other cities in Alaska. He noted yearly presentations given throughout Alaska by the commission to discuss earthquake mitigation and spoke of the dedicated meetings of the volunteers on the board. Co-Chair Stoltze emphasized that the Department of Natural Resources should have been more involved in the audit process. He stressed no fault with the volunteer members of the board. Mr. Aho remarked that the Department of Natural Resources support has been very good. Co-Chair

Stoltze interjected that the department was only lacking in the process. Representative Doogan emphasized that the purpose of the audits was intended to determine any shortcomings and to help the commission fix any problems.

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SAM KITO, TECHNICAL ENGINEER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, read a prepared statement:

The Department of Education and Early Development (DEED) began working with the Alaska Seismic Hazard Safety Commission in January 2009.

As the department's appointed representative on the Schools Committee, I have participated in teleconferences and have occasionally been able to participate in the Commission's face-to-face meetings. During the time that I have been working with the Commission, they have assisted the department in our efforts to address seismic safety of schools in the state.

As you are aware, in many communities in Alaska the school buildings are designated as emergency shelters, and where they are not specifically designated many schools end up serving that function due to their size and location. Because of these reasons, it is vitally important for the schools to be constructed in such a manner as to make them useful during emergencies.

As you are also aware, DEED administers the School Construction and Major Maintenance grant and Bond Debt reimbursement programs. Through these programs, the department prioritizes school capital projects for construction, addition, renovation and repair of school buildings in the state.

The Commission has provided valuable insight and productive comments as the department developed revisions to the Capital Improvement Project Application. These changes allow districts to separately include costs for seismic investigation and design in a project request and provide districts with guidance on the types of costs to include in the seismic hazard budget category.

The commission also developed a ground acceleration listing of school facilities for the department that is currently posted on the DEED School Facilities website along with a map produced by the Commission that graphically shows the expected peak ground acceleration for the various areas of the state. This information can be combined with other information such as building age and construction type to help school districts determine the relative risk of their facilities to seismic events. This information could not have been developed by department staff because we lack the necessary expertise.

In summary, the Department of Education and Early Development has benefitted from the existence of the Alaska Seismic Hazard Safety Commission, and supports extension of the Commission.

Representative Costello asked if charter schools in private rented buildings were inspected. Mr. Kito replied that charter schools were leased by the charter or the district and codes are not enforced for those facilities. If the facilities are purchased by the district to serve as a district facility for the charter, then those schools would need to meet current codes.

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SHIRLEY GIFFORD, DIRECTOR, ALCOHOL BEVERAGE AND CONTROL BOARD, DEPARTMENT OF PUBLIC SAFETY, understood the importance of the board's ending on June 30, 2012. She supported the continuation of the ABC Board remarking on many positive changes made within the board. She formed that she had distributed a survey in response to some reported dissatisfactions with the board and received an 18 percent return response. The licensing staff of the ABC Board scored "Above Average" to "Superior." Co-Chair Stoltze remarked that some of Ms. Gifford's comments would be best saved for the next bill's discussion. Ms. Gifford remarked that the board met all the requirements of the audit and reconciled with the state system.

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KATE BURKHART, EXECUTIVE DIRECTOR, ADVISORY BOARD ON ALCOHOLISM AND DRUG ABUSE, DEPARTMENT OF HEALTH AND SOCIAL

SERVICES, supported HB 279 extension for the Alcohol Beverage and Control Board to 2015.

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ROD COMBELICK, OPERATIONS MANAGER, DIVISION OF GEOLOGIC AND GEOPHYSICAL SURVEYS, DEPARTMENT OF NATURAL RESOURCES, referred to a handout entitled, "Alaska Seismic Hazards Safety Commission" (copy on file.) He noted the statutory mission of the commission recommending goals, priorities and policies to the governor and legislature. He referred to the membership listed on page one and the broad expertise represented. Out of the eleven members, only three were from the state or federal government; the other members represent the private sector. Three local representatives are from seismically active regions of the state that provide input to the commission on their areas and have the ability to react to commission recommendations for seismic risk mitigation. He also referred to the three highly respected public members with earthquake expertise. John Aho, one of the public members recently received a life-time achievement award by the Western State Seismic Policy Council. Another member from the private sector is a world-renowned highly respected consulting geologist from Kodiak who also has years of experience in "active faults." In the early 70s, the Kodiak geologist was on the team that mapped the Denali Fault before the Alaska Pipeline was built across it. As a result of the knowledge and prediction that the fault area would one day experience a magnitude 8 earthquake; the pipeline was built to accommodate the possibility. In 2002, there was a magnitude 7.9 earthquake on that fault, but no oil was spilt due to their work. He referred to the map on page 2, showing the known active and potentially active faults in Alaska. On page 3, the map shows the 22,096 earthquakes recorded in Alaska for an eleven month period in 2011. Often earthquakes occur in non-populated areas, but eventually earthquakes hit a populated area with serious consequences. The U. S. map on page 4, reflects the predicted average annual earthquake loss ratio. Alaska ranks second nationally in predicted average Annual Earthquake Loss Ratio. All the "red" states have seismic advisory commissions, as well as some of the "yellow" states. Alaska Earthquake Facts listed on page 5, points out that Alaska has had an average of one "great" earthquake every thirteen years. The final page lists the significant commission accomplishments since the 2006 reauthorization. He surmised

that a lot of the accomplishments were not reflected in the audit since they had been stated as "goals" by the commission. He stressed the great job performed by the commission.

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Co-Chair Stoltze responded that comments have not been against the commission, but the department. He noted if Mr. Combellick had shown up and commented at the hearings; it would have alleviated some of the problems. There was no criticism of the commission. Vice-chair Fairclough asked if meetings were scheduled with Representative Hawker. Mr. Combellick responded there were no current meeting plans, but he would be available in Juneau all afternoon.

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Representative Costello asked if going from a charter to strategic plan was a significant change. Mr. Combellick believed that the strategic plan would expand and provide valuable details on the charter.

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Co-Chair Hawker contended that some testimony seemed defensive. He emphasized there was no plan to abolish the seismic board or to denigrate their work. He affirmed the legislature's responsibility to make certain that state assets are effectively applied with the most efficient operations. The legislative audit just pointed out necessary improvements in some of the boards. It is not a personal issue. The two year extension is an opportunity to revisit the operations in a shorter period of time. Co-Chair Stoltze remarked on the committee's intent to bring back the fiscal notes to make sure they are clear and separate. The Chair closed public hearing.

HB 279 was HEARD and HELD in committee for further consideration.

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RECONVENED

#hb125

HOUSE BILL NO. 125

"An Act moving the Alcoholic Beverage Control Board to the Department of Commerce, Community, and Economic Development and relating to duties of that department; and providing for an effective date."

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Representative Mike Hawker presented HB 125. He explained the concerns of the ABC board and the manner in which it had been operating. The Legislative Audit and Budget Committee had a sub-committee review the administration of the ABC Board. The committee recommended, for administrative purposes only, the ABC Board would be better housed in the Department of Commerce, Community and Economic Development (DEC) rather than the Department of Public Safety. Co-Chair Stoltze commented on the lengthy public testimony regarding this proposed public policy change.

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JEFF JESSEE, CHIEF EXECUTIVE OFFICER, ALASKA MENTAL HEALTH TRUST, DEPARTMENT OF REVENUE, referred to the Mental Health Trust backup material provided. He understood why it might make sense to move the ABC Board to the DEC and recounted some of the deficiencies and behaviors found with the board, but he wanted to relate additional information. The ABC Board is a regulatory and quasi-judicial agency for the control of the manufacture, barter, possession and sale of alcoholic beverages in the state. He questioned if licensees of a legal product were being given the degree of respect and consideration expected of professional enforcement of these very important public safety rules and regulations. Data was researched on how the ABC employees were treating the licensees. He referred to two charts (copies on file) showing the results of a survey passed out by Director Giffords. The survey indicates that the satisfaction with the Licensing Process and staff as well as the enforcement process and staff. He referenced two opinion pieces (copies on file) published in the Anchorage Daily News. The article's 'opinion indicated that the police were not as qualified as the Teaching Alcohol Professionals (TAP) in observing or determining if a person

was drunk on a liquor licensed property. The allegations that the police force was only interested in making arrests without regard to whether it was a good arrest that would hold up in court. Mr. Jesse disputed this opinion and believed police officers are faced with assessing intoxication on a regular basis. He believed comments such as those were at the heart of the dispute on how much enforcement is appropriate in this area. He referenced article, "Effort to reduce drunken driving deaths is succeeding" Mike Mew, copy on file) that he considered a very measured carefully constructed response. Police Chief Mews stated that the police department does not want people over served liquor in order to bring down the epidemic of domestic violence and sexual assault. Excessive intoxication in bars often leads to additional DUIs and other criminal behavior outside of the bar. He emphasized the public safety interests in enforcing these laws. If the mission of the ABC Board was to treat licensees with respect, dignity, and efficiency in a knowledgeable professional way, the board meets that standard.

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Mr. Jesse referenced paper, "Alaska Alcohol vs. Tobacco Sales to Minors" (copy on file) showing that alcohol monitoring is done by the ABC Board and tobacco monitoring is performed by the Department of Health and Social Services. Co-Chair Stoltze stated for the record that the referenced handouts were prepared by the Mental Health Trust. Mr. Jesse continued that although statistics reflect improvements in the rate of illegal sales to minors; it is still at twice the rate of illegal tobacco sales to minors. He questioned the disparity and found two relevant points. In the area of alcohol compliance, unlike tobacco, the current practice is that the ABC Board brings prospective underage buyers into the board room and the board votes if they can determine who is 21 years or older.

Co-Chair Stoltze noted that this was more ABC Board testimony.

Mr. Jesse responded that the issue of underage drinking, stopping the consequences of underage drinking, and excessive adult drinking is a core-prevention issue. He noted that unlike in tobacco, when an illegal alcohol sale is made to a minor, in first offense case, there is no certain consequence to the licensee but the penalty falls

exclusively on the employee who made the sale. With tobacco sales to a minor, there is an automatic twenty day suspension of the tobacco license. He cited the paper, "Analysis of strategies designed to reduce sales of alcohol and tobacco to underage persons: A preliminary report" Alaska Alcoholic Beverage Control Board, Marny Rivera, Khristy Parker, January 19, 2012" (copy on file.) He referenced page 28-29, with Recommendations and Conclusions: Enforcement Efforts. He believed if the laws were not going to be changed, there was no difference in moving the board out of the Department of Public Safety and into the Department of Commerce, Community and Economic Development. He stressed the issue was a law enforcement issue.

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Co-Chair Thomas responded that his observation showed that city law enforcement handled most drinking related issues and the legislature has no jurisdiction over local authorities. He cited that if the local police officers are not properly trained there is nothing the legislature can do. The legislature only has authority over state troopers.

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Representative Neuman remarked that is was not just an enforcement issue, but many policy issues, including commerce.

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ELLEN GANLEY, VICE CHAIR, ALCOHOL BEVERAGE CONTROL BOARD, DEPARTMENT OF PUBLIC SAFETY, contended that the earlier move of the ABC Board from the Department of Revenue to the Department of Public Safety was very positive. She noted a level of cooperation and sharing of resources that had not been there before. Moving the board to the Department of Commerce will be counterproductive. The liquor industry is not like other industries in Alaska; it is about alcohol and the problems it causes throughout the state. She stressed the best way to deal with the problem was through enforcement. The University of Alaska study and their recommendations were based on best practices that work. She reported that in the last couple of years the curve of alcohol abuse in Alaska is rising. Co-Chair Stoltze asked

if Ms. Ganley was a public member of the board. Ms. Ganley replied she was.

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Vice-chair Fairclough requested the number of complaints on enforcement officers that had been received by the ABC Board in the past few months. Ms. Ganley responded that the board had not received any complaints.

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DALE FOX, PRESIDENT AND CEO OF ALASKA CABARET, HOTEL, RESTAURANT, AND RETAILERS ASSOCIATION (CHARR), thanked the committee and the Legislative, Budget and Audit Committee for hearing many hours of testimony. After thorough consideration, the Legislative Budget and Audit Committee concluded that the ABC Board should be located in the commerce department and that the move does not change or restrict the important enforcement responsibilities or abilities. He was proud of a survey conducted by the Substance Abuse and Mental Health Service Administration that rated Alaska retailers as the best in nation in refusing service to underage drinkers. Alaska is one of only six states that provide alcohol training for all people involved with serving alcohol. Whenever a problem is seen in educating the 25,000 in the industry, a new tool is developed to do a better job. He stressed the importance of people serving alcohol to know and follow the rules. The Department of Public Safety has a dominant tool of arrest and citations. Surveys show that underage drinking is a significant state problem.

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Mr. Fox listed sources where underage individuals can obtain alcohol: home, relatives, older friends, internet, etc. The industry takes responsibility of their part in educating. He believed enforcement was logical and needed to keep licensees on their toes. The difficulty is making sure 25,000 people are educated and aware at all times. He believed education combined with reasonable enforcement is the best solution. He saw nothing in the move to the DEC that would diminish the enforcement effort.

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Representative Joule asked how the people in the industry determine who to ask for identification. Mr. Fox responded that the law clearly states that anyone who looks under 30 should be checked. Representative Joule noted that when purchasing tobacco, he is asked for identification every time. He suggested that those who serve alcohol might consider such an action.

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Representative Neuman introduced a constituent from Talkeetna who had some issues with the board. His situation involves forty-five employees and several million dollars in investment.

SASSAN MOSSANEN, GENERAL MANAGER, DENALI BREWING COMPANY TALKEETNA, AK, AND PRESIDENT OF THE GOVERNMENTAL AFFAIRS COMMITTEE FOR THE BREWERS ASSOCIATION OF ALASKA related a meeting of the Brewers Association discussing HB 125 and all members voted unanimously in support of HB 125. It is important to recognize that the Ms. Gifford's 18 percent survey return speaks for itself. He stressed that the brewing industry works vigilantly not to encourage the abuse of alcohol. He noted his issue revolved around the board's lack of understanding licensing rules. There needs to be collaboration between industry and enforcement. When the agency responsible for licensing is not familiar with the rules, it creates a difficult operating environment. The brewing industry seeks the help of the community and takes their role in serving alcohol very seriously.

Representative Neuman gave some background about Mr. Mossanen's issues with the ABC Board on the regulatory, not enforcement side. Mr. Mossanen asked to expand his business opportunities to have a restaurant with his brewery. He applied to the ABC Board and received a temporary permit, obtained over a million dollars in private industry investment, and built a new facility. The day before the final license was due; Mr. Mossanen was informed by Ms. Gifford that according to Alaska Statutes an individual who owns a brewery license cannot own a restaurant license. Mr. Mossanen acted in good faith when they received permission to go ahead with their business plan. Now they are waiting to see if ABC Board approves the license so they may continue business. If the license is not approved, the business will lose everything. Representative Newman

stressed that this should be a commerce issue, not enforcement.

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Co-Chair Stoltze appreciated framing the issue with the example.

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ROBIN JEFFERY, OWNER, ROBIN'S LANDING, BIG LAKE, AK, feared that when the ABC board first moved to the Department of Public Safety, that law enforcement would be on the bartenders and servers who make the judgment calls. She believed that the industry does not need help, but it is the people who frequent bars that need educating. She believed it would be a step backward if the board was moved to the Department of Commerce. She believed the board should be moved to the Department of Health and Social Services. She believed the Department of Health and Social Services could reach more people who suffer from addiction problems.

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Co-Chair Stoltze reiterated that Ms. Jeffery wanted the board moved to the Department of Health and Social Services. Ms. Jeffery agreed it was important to move the board from the Department of Public Safety to the Department of Health and Social Services.

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PATRICK HAYES, CHAIRMAN, MEETING THE CHALLENGE, indicated that if the board moved to the Department of Commerce there could be a reduction of oversight and enforcement which could lead to an increase in underage drinking. Meeting the Challenge opposed the bill. Representative Doogan requested information on the Meeting the Challenge organization. Mr. Hayes explained that the Meeting the Challenge campaign was an organization of individuals who are in recovery from alcoholism and drug addiction and received their treatment from state funded substance abuse treatment facilities. Representative Wilson noted that even if the board was moved into commerce, public safety would still have the responsibility to uphold the statues on underage drinking. Mr. Hayes did not know who would be in charge of enforcing

the laws, but assumed the ABC Board was responsible for the oversight. Representative Wilson pointed out if the Department of Public Safety does not do their job, it would not make any difference into which department the board is moved.

MATT FELIX, DIRECTOR, NATIONAL COUNCIL ON ALCOHOLISM, reviewed why the ABC Board was in the Department of Public Safety. The board originally was in the Department of Revenue in order to produce tax revenue after statehood. Taxation of alcohol was a significant revenue stream for Alaska. It presented a problem that allowed a ratio of licenses per population that was double most states. A federally funded commission recommended that the ABC Board take a more enforcement stance to deal with the surge of alcohol and drug abuse problems. He acknowledged the value of enforcement to deal with the problem. He voiced his lack of support for the bill. He recognized the struggle to get the ABC Board to enforce Title IV properly and part of this was achieved by moving it into the Department of Public Safety.

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JAN WRENTMORE, OWNER, RED ONION SALOON, SKAGWAY (via teleconference), supported the bill. Hotels, bars and restaurants governed by the liquor license law make up the state's hospitality industry and are one of the state's strongest sectors of the economy. Public safety is a component of the hospitality industry. In small rural communities there are no state troopers and the enforcement of Title IV is handled well by local police. She did not believe it would make a difference whether enforcement was under Department of Public Safety or the Department of Commerce, Community and Economic Development. Under the Department of Public Safety (DPS) she has seen the Anchorage staff struggle to give adequate support to the licensing component of the industry. She believed the DPS should not be the agency in charge of the issue. The licensing component of the industry should be put into an agency experienced with these issues. Co-Chair Stoltze agreed that the liquor industry is one of the most convoluted bodies of laws in the state. He appreciated the testimony related to the complexity of the licensing aspect on the commerce side.

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BRAD JOHNSON, MEMBER, ALASKA ASSOCIATION OF CHIEFS OF POLICE, FAIRBANKS (via teleconference), spoke in opposition to the legislation. The association felt that the ABC Board was currently in the best position under the Department of Public Safety. Alcohol is a major public safety issue contributing to the majority of crimes in the state, including domestic violence. The ABC Board has inherent law enforcement responsibilities that could not be readily accomplished outside of the law enforcement arena and within an administrative division of state government. The ABC Board relies on local law enforcement to implement the enforcement of Title IV. He urged the committee to consider not passing the legislation. Vice-chair Fairclough wondered how the role of public safety would change if the administrative structure was changed to the DEC. Mr. Johnson noted a program that worked closely with the board in Title IV enforcement in Fairbanks. He believed that was possible because of the professional relationship with the board. He did not believe this cooperation would be the same if the board was under a different department. Co-Chair Stoltze asked whether cooperation would be an inadequacy in Mr. Johnson's department or an inadequacy in other departments. Mr. Johnson did not believe it was an inadequacy, but a change in how investigators are viewed as members of law enforcement versus not members of law enforcement. He stressed the difficulty in the working relationship with representatives of other departments who are attempting to perform a law enforcement mission that are not actually tasked with a law enforcement mission.

[4:00:50 PM](#)

Vice-chair Fairclough remarked that the industry has indicated that the Department of Public Safety tends to be heavy-handed in their approach. The current system lacks the educational arm to help businesses improve. Mr. Johnson informed he could only speak from his own experience with members of the board and their local employees. His own perspective is that there might have been issues in the past but he believed that Ms. Gifford has actively worked toward changing that reputation and experiences.

[4:02:27 PM](#)

MARK MEW, CHIEF OF POLICE, ANCHORAGE POLICE DEPARTMENT (via teleconference), pointed out that Title IV alcohol

enforcement is occasionally performed working with the ABC Board on the details. Co-Chair Stoltze interjected that the bill was scheduled since the beginning of session. Mr. Mew continued that periodic enforcement is beneficial for Anchorage, especially in preventing drunken driving, sexual assault and domestic violence. He noted the department's close work and training with the ABC Board and the prosecutors who try the cases. He stressed the good working relationship with the ABC Board and would like to see that positive work continue. He does not want to see the effectiveness of the ABC Board reduced.

[4:07:19 PM](#)

Representative Wilson wondered if Mr. Mew's department would stop working with the ABC Board if it moved into commerce. Mr. Mew indicated the department would still work with the board.

[4:07:49 PM](#)

BOB WINN, OWNER, LA MEX RESTAURANT, ANCHORAGE (via teleconference), supported the bill. He did not believe that enforcement would be lowered by the movement. He stressed that licensees need more counseling support and believed the Department of Commerce would provide the needed administrative support.

HB 125 was HEARD and HELD in Committee for further consideration.

#

ADJOURNMENT

[4:12:23 PM](#)

The meeting was adjourned at 4:12 PM