

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

March 29, 2012

1:31 p.m.

MEMBERS PRESENT

Senator Dennis Egan, Chair
Senator Joe Paskvan, Vice Chair
Senator Bettye Davis
Senator Cathy Giessel

MEMBERS ABSENT

Senator Linda Menard

COMMITTEE CALENDAR

SENATE BILL NO. 211

"An Act allowing a person who retires as a peace officer or firefighter under the defined benefit plan of the public employees' retirement system to receive credited service in the plan for up to five years of past military service; and providing for an effective date."

- MOVED CSSB 211(L&C) OUT OF COMMITTEE

SENATE BILL NO. 143

"An Act relating to the Board of Registration for Architects, Engineers, and Land Surveyors and to the Department of Commerce, Community, and Economic Development."

- MOVED SB 143 OUT OF COMMITTEE

SENATE BILL NO. 128

"An Act relating to brewery licenses."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 211

SHORT TITLE: PERS CREDIT FOR MILITARY SERVICE

SPONSOR(S): SENATOR(S) MCGUIRE

| | | |
|----------|-----|---------------------------------|
| 02/21/12 | (S) | READ THE FIRST TIME - REFERRALS |
| 02/21/12 | (S) | L&C, FIN |

03/27/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/27/12 (S) Heard & Held
03/27/12 (S) MINUTE(L&C)
03/29/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 143

SHORT TITLE: BD OF ARCHITECTS, ENGINEERS, SURVEYORS
SPONSOR(s): SENATOR(s) GIESSEL BY REQUEST

01/17/12 (S) PREFILE RELEASED 1/6/12
01/17/12 (S) READ THE FIRST TIME - REFERRALS
01/17/12 (S) L&C, FIN
03/27/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/27/12 (S) Heard & Held
03/27/12 (S) MINUTE(L&C)
03/29/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 128

SHORT TITLE: BREWERY LICENSES/PERMITS
SPONSOR(s): SENATOR(s) MCGUIRE

04/15/11 (S) READ THE FIRST TIME - REFERRALS
04/15/11 (S) L&C, JUD
03/29/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

GENEVIEVE WOJTUSIK, Staff
Senator Lesil McGuire
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Presented SB 128 for the sponsor.

SHIRLEY GIFFORD, Director
Alcohol Beverage Control Board (ABC)
Anchorage, AK

POSITION STATEMENT: Addressed questions related to SB 128.

BOB WINN
La Mex Restaurant
Anchorage, AK

POSITION STATEMENT: Addressed issues he saw with SB 128 and was not in support of it.

DANA WALUKIEWICZ
King Street Brewing Co.
Anchorage, AK

POSITION STATEMENT: Supported SB 128.

DEBRA KASSIK
Kassik's Brewery
Kenai, AK

POSITION STATEMENT: Supported SB 128.

MIKE PAWLOWSKI, Staff
Senator Lesil McGuire
Alaska State Legislature
Anchorage, AK

POSITION STATEMENT: Provided information on SB 211 on behalf of the sponsor.

ACTION NARRATIVE

[1:31:29 PM](#)

CHAIR DENNIS EGAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Paskvan, Davis, Giessel and Chair Egan.

SB 143-BD OF ARCHITECTS, ENGINEERS, SURVEYORS

[1:32:06 PM](#)

CHAIR EGAN announced the consideration of SB 143 [version 27-LS1065\M was before the committee].

[1:32:45 PM](#)

SENATOR CATHY GIESSEL, sponsor of SB 143, said the Board of Architects, Engineers and Land Surveyors did an excellent job of explaining and letting people know why they need a dedicated investigator especially with the expansion of the branches of licensure for engineers from 6 branches to 16.

SENATOR PASKVAN moved to report SB 143, version \M, from committee to the next committee of referral with individual recommendations and attached fiscal note(s). There were no objections and it was so ordered.

[1:34:09 PM](#)

At ease from 1:34:09 to 1:34:59 p.m.

SB 128-BREWERY LICENSES/PERMITS

[1:34:56 PM](#)

CHAIR EGAN announced the consideration of SB 128.

CO-CHAIR PASKVAN moved to bring CSSB 128(), version 27-LS0647\I before the committee for purposes of discussion.

CHAIR EGAN objected.

GENEVIEVE WOJTUSIK, staff to Senator Lesil McGuire, sponsor of SB 128, explained that SB 128 proposes to amend AS 04.11.080. Currently, this statute allows a brewery to sell as much as 36 ounces of beer a day to persons for consumption on the premises if the brewery does not allow entertainment, does not provide seats at the counter or bar where their product is being served, or if the room where the consumption occurs is not open before 9 a.m. or close after 8 p.m.

She said the breweries that brought this bill to their attention are part of the Brewers Guild of Alaska that has 18 members. They asked to amend this law slightly by allowing breweries to have chairs or bar stools for consumption where they have their sampling bar and to also extend their hours from 8 p.m. to 10 p.m.

More importantly to them, the second part of this bill allows a brewery to apply for a brewery special events permit that would allow a brewery to sell or dispense beer manufactured on the brewery premises for a special occasion in a limited period of time, like an anniversary party or a first tap. It provides authority for the board to issue a brewery special events permit to the license holder if the permit is received at least 10 days before the event it requires that the application for the permit to be signed by both the brewery license holder and a law enforcement agency having jurisdiction over the brewery premises. She said that a brewery may not request more than five permits in a calendar year and are required to return the permit within 48 hours of expiration.

SENATOR DAVIS asked what changes the committee substitute (CS) made.

MS. WOJTUSIK replied that this is the second CS and the first CS added the special events permit. The latest CS takes out the entertainment portion. Breweries want to be able to have entertainment only five times a year during those special events. She said that the first CS made it sound like they could have live entertainment anytime. The Alaska Cabaret, Hotel, Restaurant and Retailer's Association (CHARR) did not approve of that and neither did the sponsor. They only want entertainment during special events.

SENATOR PASKVAN said that the ABC Board would have to do some sort of investigation and asked if the special events permit had a fee and what would occur during those investigations.

MS. WOJTUSIK replied that a \$50 fee will be charged. The brewery would apply for the permit and then it has to first be signed off by law enforcement on the premises of the brewery and then by the ABC board.

1:39:11 PM

SENATOR PASKVAN asked if five times a year after applying and paying \$50, a brewery special events permit might be issued.

1:39:36 PM

SHIRLEY GIFFORD, Director, Alcoholic Beverage Control Board (ABC), answered yes, a \$50 fee per event, not \$50 for the year.

SENATOR PASKVAN asked if the seating is fixed or temporary.

MS. GIFFORD answered that the breweries would like to provide seating at the counter or the bar wherever the product is served. She understood that to be fixed seating, not for the special events permit only. Currently, the brewery does not allow for seating at the bar.

SENATOR PASKVAN clarified that there will be permanent seating at the brewery bar.

MS. WOJTUSIK replied yes, during the hours of 8 p.m. to 10 p.m., not just during special events.

SENATOR PASKVAN said that being open to 10 p.m. every night with permanent seating seems different than a brewery.

MS. WOJTUSIK said that was the intent of the bill. She added that the seating would be for sampling up to the 36 ounces on the premise, which is up to three beers.

SENATOR PASKVAN asked if there is a limit on how much they can give away.

MS. GIFFORD replied that the samples are free, but the issue of what a sample is up in the air and on ABC's agenda for May 16.

SENATOR PASKVAN said it stills sounds like a bar instead of a brewery to him with fixed seating and selling beer and that he

was trying to understand the bill's language. They can't sell more than 36 ounces, and he asked if there is a limit on how much they can give away.

MS. GIFFORD replied that it is one of the arguments he would hear from industry.

SENATOR PASKVAN assumed that would be from either the restaurant, pub or beverage dispensary license holders.

MS. GIFFORD replied probably mostly from beverage dispensaries, because that is the thing they can have their patrons do inside a beverage dispensary. Under the brew pub license, they can provide a small sample of the brew pubs beer manufactured on the premises free of charge, unless prohibited under another statute. However, the brewery license statute doesn't say they can provide a small sampling. She didn't see that in the CS either and didn't know if including small samples with this permit was intended.

[1:44:54 PM](#)

SENATOR PASKVAN said it was his understanding that free samples can be provided under the brew pub license now; it's just that you can never charge for them or have fixed seating.

MS. GIFFORD stated he was correct; she didn't see that right away.

SENATOR PASKVAN asked if the ABC board has a position on SB 128.

MS. GIFFORD replied that the ABC Board does not have an opinion one way or the other. It wouldn't cost them in terms of needing additional resources.

[1:46:02 PM](#)

CHAIR EGAN wondered how SB 128 would affect the Alaska Brewing Co. during tourist season.

MS. GIFFORD answered that they would be limited to doing special events five times a year and she didn't see them being able to do that to accommodate the tourism season. But they could have all five special events in the summer.

CHAIR EGAN stated the Alaska Brewery does do special events, but he was assuming that they would not be prohibited from providing small samples to tourists who come out and tour the brewery every summer, like they are doing now.

MS. GIFFORD answered yes, that was her understanding.

[1:47:13 PM](#)

BOB WINN, La Mex, Anchorage, said he didn't support SB 128. He said this bill is an interesting change to the current law, and said one of the biggest issues as a member of the industry is that it violates the three-tier system. He said Title 4 was set up to have three very distinct areas: the manufacturing, the whole-sale level and the retail level. Allowing this kind of thing would break that down. As a holder of several expensive beverage dispensary licenses, he saw them being devalued. He said:

I'm not quite sure how we can continue to do this. If we are looking to create a tavern license in the state of Alaska, we should look to other states and that could be addressed in a different way, but to continually water down Title 4 is an extreme concern of mine.

MR. WINN said these breweries have many ways to do these same special events. For instance, they could partner with one of the retailers that is selling their product when otherwise they would be in direct competition with them. He told King Street Brewing that is 200 yards away from his Dimond location that he would be more than willing to take a catering permit and provide them the same things they are looking for in the bill. It would be legal and they wouldn't be creating a whole new class of license or permit.

SENATOR PASKVAN asked his understanding of the difference between the special events permit compared to fixed seating every day.

MR. WINN said this bill has been kind of a moving target, but his draft doesn't address the fixed seating. But he agreed that fixed seating is no longer a tasting at a brew pub; it becomes a place to go drink and enjoy beer, and then they've created a tavern license, which is not the goal. He stated that the goal of Title 4 is to keep these very distinct parts of the alcohol industry very separate.

CHAIR EGAN asked if the brewery would be competing with his business.

MR. WINN replied yes, no question. King Street Brewery is 200 yards away from him, and at this point they are doing small tastings with tables and chairs for about 16 or 18 people. As soon as they are allowed to sell these tastings five times a year and put up a big tent outside of their building (allowed under catering permits) they would be direct competition for him.

[1:52:45 PM](#)

DANA WALUKIEWICZ, King Street Brewing Co., Anchorage, said that he supported SB 128. He said that they established King Street Brewing Co. last year with a lot of hard work and their own money. It is based in Anchorage and is licensed as brewery under AS 04.11.130. As a small craft brewery, they primarily distribute their ales and lagers to bars and restaurants in the Anchorage area, including La Mex.

He said they have a very small production facility on King Street with a tap room that is open three days a week from 4 p.m. to 8 p.m. and on Saturday from 1 p.m. to 8 p.m. He said that he had invested over \$500,000 and has spent much time and holidays planning and building it. They began brewing in August 2011 and hired their first employee a few months ago. They were able to do that because of the demand they generated through grass roots marketing originating from their tap room. As a small startup business, their advertising dollars pale in comparison to the national and international brands they are competing against. King Street Brewery utilizes the tap room to introduce people to the beer and spread the word about their offerings. He said the tap room is very small, and has five tables.

MR. WALUKIEWICZ said people are welcome to sample the beer in their tap room and fill half-gallon jugs called "growlers" for offsite consumption. He said one of the most commonly asked questions is where people can purchase the beer and they answer by telling customers to go to local establishments that sell their beer; they also list all the bars and restaurants that carry their beer on their website. At the tap room, they collect e-mail addresses of interested customers and routinely update Facebook on when and where their beer is featured. King Street Brewing Co. has over 250 Facebook followers and 300 people on their mailing list.

He said he supported SB 128 as it will provide them with initial opportunities to grow their business which will result in them being able to hire more employees and promote more local

establishments. Specifically extending the hours of operations from 8 p.m. to 10 p.m. would make it worthwhile to hire individuals year-round specifically for the tap room, as they could stay open for a full six hours. Additionally, the special use permits would give them the ability to host promotional events such as the anniversary party that they could use to promote their product as well as the bars and restaurants that serve their beer. Eventually, if they have enough demand, they would like to add personnel solely dedicated to service the bar accounts.

SENATOR PASKVAN asked what he believed the brewery special events permit in SB 128 would allow him to do on a day-to-day basis.

MR. WALUKIEWICZ replied that it wouldn't necessarily change their operations a lot. Maybe a couple times a year they would host an event and invite other vendors to participate. It will give them some control on how the brand is marketed. If they were to use someone else's catering permit, they lose a bit of control on how the alcohol is dispensed in using other people's servers and such. They are trying to promote a brand, and it is important to promote it in such a manner that is consistent with how they want the public to see them.

SENATOR PASKVAN asked when the sale of 36 ounces applies.

MR. WALUKIEWICZ answered that it applies to the tap room consumption, which they are not asking to change. They are asking to expand that for the special events permit a couple times a year.

SENATOR PASKVAN said that focuses on the seating issue and on a daily basis people could come in, sit down and purchase up to three beers a day.

MR. WALUKIEWICZ answered yes. That is the current law.

SENATOR PASKVAN asked if they could sit down.

MR. WALUKIEWICZ replied that they are allowed to have tables and chairs in the tap room, but the provision relating to chairs at the bar, specifically, was deleted. No one really understood why that was in there.

[2:00:15 PM](#)

CHAIR EGAN asked him to respond to Mr. Winn's comments.

MR. WALUKIEWICZ replied that he sells beer to Mr. Winn at La Mex; he is one of their first accounts. They do not intend to operate like a bar or restaurant, and that is not the intention of the bill. Hearing concerns from CHARR, they modified the language to prohibit live music during normal working hours and to keep a 36 ounce consumption limit. As a small business owner, they are looking for every opportunity to market their beer and he didn't think he was competing with Mr. Winn's business. He sent people to Mr. Winn's establishment.

CHAIR EGAN said that he could use Mr. Winn's catering license.

MR. WALUKIEWICZ replied that he would remember that, but then he wouldn't be able to control how their product is served and that is important in establishing their brand. He said it is important to control, especially on their own premises.

CHAIR EGAN asked Mr. Walukiewicz what he thought about Mr. Winn's concern about dilution of his license value.

MR. WALUKIEWICZ said that he thought special event permits would bring more people to the area.

[2:05:22 PM](#)

SENATOR PASKVAN asked if brewery employees are required to take alcohol service classes.

MR. WALUKIEWICZ replied yes and that they need to be taken every three years.

[2:06:05 PM](#)

DEBRA KASSIK, Kassik's Brewery, Kenai, said that they are family owned with six employees and have been in business for six years. They want a brewery permit to help market and grow their business. When they do something outside the brewery it is mostly donating beer and glassware and advertising for non-profit events in the community. She said these community events don't always bring people to the brewery; the special events permit for a holiday or a new release is a great way to market their product. It gives them little bit of extra cash flow, but it doesn't compete with the local bars and restaurants. They always promote other establishments and tell customers about other places to get their beer statewide.

CHAIR EGAN asked the director if she wanted to comment on the testimony.

MS. GIFFORD clarified that requiring the alcohol server education course is through a municipal ordinance; breweries are not required by state law to ensure that their employees have an alcohol server education course. Current statute covers seven different types of licenses where an alcohol server course must be approved by the board, and breweries are not part of that, although pubs are, and those are two distinct licenses.

[2:11:03 PM](#)

CHAIR EGAN asked if the folks at the Alaska Brewing wouldn't be required to have TAM cards.

MS. GIFFORD answered that they wouldn't.

SENATOR PASKVAN asked the ABC board's understanding of why the brewery does not provide seats at the counter or bar where the product is served under current statute in reference to AS 04.11.130(e)(2).

MS. GIFFORD speculated that if you have seating at the bar in the brewery it is taking on the characteristics of a beverage dispensary. However, tables are allowed away from the bar if one exists.

CHAIR EGAN found no further questions, but said he wanted to hold public testimony open until the next hearing.

[SB 128 was held in committee.]

SB 211-PERS CREDIT FOR MILITARY SERVICE

[2:13:32 PM](#)

CHAIR EGAN announced consideration of SB 211. [The committee was discussing CSSB 211(), version 27-LS1398\M].

[2:13:40 PM](#)

MIKE PAWLOWSKI, staff to Senator Lesil McGuire, sponsor of SB 211, noted a fiscal note based for the committee substitute (CS). He said the purpose of SB 211 is to provide an opportunity for peace officers or fire fighters to purchase up to five years of previous military service and allow that purchase to be credited towards their qualification for medical care within the existing statute. He said that if the employee asks for this benefit, they would pay the cost to the state for providing it.

[2:15:03 PM](#)

SENATOR PASKVAN moved to report CSSB 211(), version 270LS0647\M, from committee to the next committee of referral with individual recommendations and attached fiscal note(s). There were no objections, and it was so ordered.

[2:15:25 PM](#)

At ease from 2:15 to 2:16 p.m.

[2:16:27 PM](#)

There being no further business to come before the committee, Chair Egan adjourned the Senate Labor and Commerce Committee meeting at 2:17 p.m.