

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 9, 2015

1:30 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Cathy Giessel, Vice Chair
Senator Kevin Meyer
Senator Gary Stevens
Senator Johnny Ellis

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 149 am

"An Act relating to an amendment of the articles of incorporation of certain Native corporations to establish a lower quorum requirement for shareholder meetings."

- HEARD AND HELD

SENATE BILL NO. 61

"An Act establishing a museum construction grant program in the Department of Commerce, Community, and Economic Development."

- HEARD AND HELD

SENATE BILL NO. 99

"An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, and retailers of alcoholic beverages; relating to licenses, endorsements, and permits involving alcoholic beverages; relating to the Alcoholic Beverage Control Board; relating to offenses involving alcoholic beverages; relating to the offense of minor consuming; relating to revocation of a driver's license for a minor consuming offense; relating to the effect of the revocation of a driver's license for a minor consuming offense on a motor vehicle liability insurance policy; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 149

SHORT TITLE: NATIVE CORP. ART. AMENDMENTS

SPONSOR(s): REPRESENTATIVE(s) PRUITT

03/18/15 (H) READ THE FIRST TIME - REFERRALS
03/18/15 (H) CRA
03/26/15 (H) CRA AT 8:00 AM BARNES 124
03/26/15 (H) Heard & Held
03/26/15 (H) MINUTE(CRA)
03/28/15 (H) CRA AT 10:00 AM BARNES 124
03/28/15 (H) Moved HB 149 Out of Committee
03/28/15 (H) MINUTE(CRA)
03/30/15 (H) CRA RPT 4DP 1NR
03/30/15 (H) DP: DRUMMOND, NAGEAK, SEATON, TILTON
03/30/15 (H) NR: HUGHES
04/02/15 (H) TRANSMITTED TO (S)
04/02/15 (H) VERSION: HB 149 AM
04/03/15 (S) READ THE FIRST TIME - REFERRALS
04/03/15 (S) L&C
04/09/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 61

SHORT TITLE: MUSEUM CONSTRUCTION GRANT PROGRAM

SPONSOR(s): SENATOR(s) STEVENS

02/25/15 (S) READ THE FIRST TIME - REFERRALS
02/25/15 (S) L&C, FIN
04/09/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 99

SHORT TITLE: ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

SPONSOR(s): SENATOR(s) MICCICHE

04/07/15 (S) READ THE FIRST TIME - REFERRALS
04/07/15 (S) L&C, JUD
04/09/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

REPRESENTATIVE LANCE PRUITT
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 149.

ALLEN TODD, General Counsel

Doyon, Limited

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 149 am.

CINDY ALLRED, Deputy Director

ANCSA Regional Association

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 149 am.

NICHOLA RUEDY, Director

Alaska Native Village Corporation Association (ANVCA)

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 149 am.

AARON SHUTTS, President

Doyon, Limited

Fairbanks, Alaska

POSITION STATEMENT: Testified that Doyon, Limited supports HB 149 am.

DOUG LETCH, Staff

Senator Gary Stevens

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced SB 61 on behalf of the sponsor.

JAMES BROOKS, Board Member

Alaska Historical Society

Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 61.

KATHERINE ELDEMAR, Director

Division of Community and Regional Affairs (DCRA)

Department of Commerce, Community and Economic Development

Juneau, Alaska

POSITION STATEMENT: Testified to the role DCRA plays in the grant program.

FRED PARADY, Deputy Commissioner

Department of Commerce, Community and Economic Development

Juneau, Alaska

POSITION STATEMENT: Provided supporting testimony for SB 61.

JANET DAVIS

Grants Manager

Division of Community and Regional Affairs (DCRA)

Department of Commerce, Community and Economic Development
Fairbanks, Alaska

POSITION STATEMENT: Provided supporting testimony for SB 61.

PATRICIA RELAY, Executive Director
Valdez Museum & Historical Archive
Valdez, Alaska

POSITION STATEMENT: Testified in support of SB 61.

ANJULI GRANTHAM, Curator of Collections and Exhibits
Baranov Museum
Kodiak, Alaska

POSITION STATEMENT: Testified in support of SB 61.

MICHELE MILLER, Member
Pratt Museum Board of Directors
Homer Alaska

POSITION STATEMENT: Testified in support of SB 61.

BETHANY BUCKINGHAM-FOLLETT, Curator
Dorothy G. Page Museum
Wasilla, Alaska.

POSITION STATEMENT: Testified in support of SB 61.

EVA MALVICH, Director/Curator
Yupiit Piciryarait Museum
Bethel, Alaska

POSITION STATEMENT: Testified in support of SB 61.

SENATOR PETER MICCICHE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 99.

BOB KLINE, Chair
Alcoholic Beverage Control (ABC) Board
Anchorage, Alaska

POSITION STATEMENT: Responded to questions and provided information related to SB 99.

JEFF JESSE, Chief Executive Officer
Alaska Mental Health Authority
Anchorage, Alaska

POSITION STATEMENT: Delivered a PowerPoint outlining the Title 4 proposed revisions included in SB 99.

ACTION NARRATIVE

[1:30:55 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Giessel, Ellis, Meyer, and Chair Costello.

HB 149-NATIVE CORP. ART. AMENDMENTS

[1:31:59 PM](#)

CHAIR COSTELLO announced the consideration of HB 149. "An Act relating to an amendment of the articles of incorporation of certain Native corporations to establish a lower quorum requirement for shareholder meetings."

[1:32:04 PM](#)

REPRESENTATIVE LANCE PRUITT, sponsor of HB 149, stated that the legislation was at the request of the Native Corporation, Doyon, Limited. He introduced the legislation speaking to the following sponsor statement:

Passage of HB 149 am seeks to allow Alaska Native Corporations (ANCs) to lower their quorum requirement for future meetings by reducing the voter approval needed to amend their articles of incorporation.

AS 10.06.415 allows a corporation to reduce its quorum to one-third of the shares eligible to vote by amending its articles of incorporation. Because nearly all ANCs were formed before July 1, 1989, the standard for amending their articles of incorporation is approval by two-thirds of the shares eligible to vote. For most other Alaska corporations formed after July 1, 1989 the standard is a majority of the shares eligible to vote. Many Alaska Native Corporations do not achieve a quorum of two-thirds, thus amendment of the articles of incorporation is virtually impossible as a practical matter.

There is a substantial cost to rescheduling or postponing an annual meeting because of a failure to obtain a quorum. Most ANCs have seen a downward trend over time in the quorum achieved at their annual meeting, as shares are passed on through inheritance and new shareholders become more geographically dispersed. Many ANCs need to be able to amend their articles of incorporation to provide for a lower

quorum, such as the one-third quorum permitted by AS 10.06.415. However, lowering the quorum will require the amendment of ANC articles by a reasonably achievable standard.

HB 149 am amends 10.06.960 to allow ANCs incorporated under former AS 10.05 before July 1, 1989 to amend their articles of incorporation to reduce the quorum requirements for a meeting of shareholders to one-third of the outstanding shares entitled to vote at a meeting, represented in person or by proxy.

REPRESENTATIVE PRUITT noted that Doyon, Limited spent \$100,000 to achieve a quorum of 55.9 percent for their last meeting.

SENATOR STEVENS observed that this problem will be exacerbated as time goes on because lots of corporation members reside outside the state. He asked for clarification of the one-third and two-thirds requirements to achieve a quorum and to change the bylaws.

REPRESENTATIVE PRUITT explained that a Native corporation has the option to change the quorum requirement to one-third. But to make that change, 50 percent plus one of the members have to attend the meeting and two-thirds of the attendees have to vote in favor of the change. Quorum requirement is the only article of incorporation that can be changed under HB 149.

[1:42:14 PM](#)

CHAIR COSTELLO asked if there has been public opposition to the legislation.

REPRESENTATIVE PRUITT answered yes; some people have concerns about the dynamic between shareholders and corporation leadership. Some shareholders also expressed concern that this allows management to cut the shareholder out. The House floor amendment addressed that concern by raising the bar to two-thirds affirmative votes to make the quorum change. Sealaska Corporation has indicated it doesn't intend to use this option, but it does apply to all Native corporations established under the Alaska Native Claims Settlement Act (ANCSA).

[1:44:36 PM](#)

SENATOR GIESSEL asked how proxies are handled.

REPRESENTATIVE PRUITT deferred the question to a Doyon representative.

SENATOR MEYER asked if shareholders can participate via Skype, FaceTime or the telephone.

REPRESENTATIVE PRUITT deferred the question to a Doyon representative.

CHAIR COSTELLO asked him to review the fiscal note.

1:47:01 PM

REPRESENTATIVE PRUITT said the bill has no cost attached. It changes statute that applies only to Native corporations and is optional.

CHAIR COSTELLO opened public testimony.

1:47:31 PM

ALLEN TODD, General Counsel, Doyon, Limited, Fairbanks, Alaska, addressed the question about participating in an annual meeting via Skype or some other remote method. He explained that Doyon meetings are webcast so shareholders can watch and participate, but they aren't able to vote. A proxy is how they vote for a proposition that has been sent out or how they vote to elect members of the board of directors.

SENATOR STEVENS asked what the requirement is to change the bylaws.

MR. TODD explained that for any corporation organized prior to 1989 that doesn't already have a specific provision in its articles, a two-thirds vote is required of all the shares eligible to vote. The Doyon board of directors can vote on a change to its bylaws, but the measure has to be ratified by the shareholders at the next annual meeting. That requires a majority of the shares eligible to vote.

SENATOR STEVENS asked if this legislation only changes the number of votes required to call a meeting.

MR. TODD explained that the bill allows a Native corporation incorporated before July 1, 1989 to amend its articles of incorporation to reduce the quorum required to hold a meeting to one-third of the outstanding shareholders. The amendment may be adopted by an affirmative vote of two-thirds of the shares represented at an annual meeting at which a valid quorum is present.

SENATOR STEVENS asked if Doyon has had trouble getting a quorum for an annual meeting.

MR. TODD said that in his 17-year tenure the lowest quorum for an annual meeting was 53 percent, but the records indicate that the corporation wasn't able to achieve 50 percent in the late 1970s and early 1980s.

SENATOR STEVENS asked if an out migration of shareholders might become a larger problem in the future.

MR. TODD confirmed that Doyon shareholders are moving out of villages and outside the state of Alaska.

1:57:08 PM

CINDY ALLRED, Deputy Director, Alaska Native Claims Settlement Act (ANCSA) Regional Association, Anchorage, Alaska, testified in support of HB 149 am to establish a lower quorum requirement for annual shareholder meetings for certain Native corporations. This would help to stem the five-year trend showing a marked decline in voter turnout. She noted that while shares in these corporations are limited, the shareholder base is expanding due to inheritance and broadening eligibility requirements. Data shows that younger shareholders and those living out of state are less likely to turn out to vote than older shareholders living in the region and those demographics are growing. Efforts to increase participation through prizes and other incentives only offer incremental improvements. HB 149 offers an opportunity to address this impending problem by changing the current law to allow Native corporations to amend their articles of incorporation to lower the quorum requirements. The ANCSA Regional Association members voted unanimously to support the change.

2:02:09 PM

NICHOLA RUEDY, Director, Alaska Native Village Corporation Association (ANVCA), Anchorage, Alaska, stated that the nine ANVCA board members support HB 149. She explained that ANVCA is a nonprofit organization whose mission is to provide services that will improve the efficiency, profitability and stability of its member village corporations and help shareholders succeed. The ANVCA membership is made up of representatives from village corporations that work collaboratively to contribute to the future health of these groups by sharing knowledge and resources. She related that HB 149 would help village corporations and regional corporations address challenges in

terms of voter turnout by allowing them to change their articles of incorporation related to quorum requirements.

[2:03:37 PM](#)

AARON SHUTT, President, Doyon, Limited, testified that Doyon supports HB 149. He offered to answer questions.

[2:04:08 PM](#)

CHAIR COSTELLO closed public testimony and announced she would hold HB 149 for further consideration.

SB 61-MUSEUM CONSTRUCTION GRANT PROGRAM

[2:04:44 PM](#)

CHAIR COSTELLO announced the consideration of SB 61. "An Act establishing a museum construction grant program in the Department of Commerce, Community, and Economic Development." She noted the new fiscal note.

[2:05:05 PM](#)

DOUG LETCH, Staff, Senator Gary Stevens, introduced SB 61 on behalf of the sponsor. He noted that this is companion legislation to HB 52. He spoke to the following sponsor statement:

Senate Bill 61 establishes a matching grant program in the Department of Commerce, Community and Economic Development for eligible museum construction, expansion, and major renovation projects. Language in the bill is similar to the existing program for libraries.

Under provisions of SB 61

- A person in charge of construction, expansion, or major renovation of an eligible museum may apply to the department for matching funds under regulations adopted by the department.
- Subject to appropriation, the department would award not more than 50 percent of the total proposed grant project costs to an eligible applicant.
- Museums are eligible for this program if they are located in Alaska, entitled to receive state grant funds, and provide matching funds from other sources of at least 50 percent of the cost of the project.

Alaska is home to more than 60 museums and cultural centers, located in more than 30 communities of various sizes around the state. These facilities connect our past to our future through stewardship of local material, culture and history, while educating Alaskans and visitors of all ages. Many also serve as focal points for community life, providing a place for neighbors to connect, collaborate, and strengthen their sense of self and environment.

More than half of these museums anticipate undertaking major capital improvement projects in the next five years. Passage of Senate Bill 61 and any accompanying appropriations will help them continue their important work.

MR. LETCH said the sponsor is aware of the new fiscal note and anticipates a committee substitute to coordinate SB 61 with the companion legislation and reduce the fiscal note to zero.

CHAIR COSTELLO opened public testimony.

[2:08:19 PM](#)

JAMES BROOKS, board member, Alaska Historical Society, Juneau, Alaska, testified in support of SB 61. He explained that he enjoys traveling throughout the state and always tries to stop in local museums. Many of these museums were built in 1967, the centennial of Alaska's purchase, and haven't been updated since then. SB 61 will make the updates happen. Everyone is a part of history and the museums in this state do a good job of preserving that history, he said.

[2:09:37 PM](#)

KATHERINE ELDEMAR, Director, Division of Community and Regional Affairs (DCRA), Department of Commerce, Community and Economic Development (DCCED), testified to the role DCRA plays in the grant program paraphrasing from a prepared statement, which reads as follows:

DCRA administers over \$2 billion dollars in federal, legislative, and state grants. DCRA grant administrators are located in Juneau, Anchorage, and Fairbanks and each grant administrator is responsible for approximately 250 grants.

Should SB 61 become law, DCRA will be responsible for the Museum Grant Program. It might appear that SB 61 would not have a fiscal impact on DCRA because

currently there is no grant funding attached to the bill, but that presumption would be inaccurate.

Assuming SB 61 becomes law, DCRA foresees the impacts to the Division will be similar to those experienced when the Library Grant Program was created because the two programs are statutorily similar. For instance, DCRA will be required to create regulations for the Museum Construction Grant Program. The creation of regulations requires a number of procedural steps, which includes public notice, and typically takes about a year to complete.

Additionally, communities submitted grant applications for their projects to DCRA for consideration despite the lack of available funding. There is an effect in that communities want to secure their place in the queue for when funding does become available. DCRA processed the applications and also rated the applications. The applicants were then notified of DCRA's rating of their application. However, since there were no funds to award, DCRA was placed in the unusual position of having completed its duties, but despite all the efforts, no grant awards. It's anticipated SB 61 for museums would likely result in similar impacts to DCRA as was experienced with libraries.

This red binder I am showing you is an actual library grant request. As you can see the paperwork is significant. This does not represent an award and subsequent monitoring, which may take additional years to complete. The work DCRA grant administrators must complete is real. The grant application costs to review, oversee, and store grant applications are real - the impacts to DCRA are real.

DCRA has thus submitted its fiscal note to SB 61 to help you, the decision makers, make the tough calls as to where state money will be spent during these challenging budget times. If SB 61 becomes law we ask the legislature to fund DCRA sufficiently so we can professionally assist our Alaskan communities with their museum endeavors. The ability to absorb additional programs has been curtailed by the reductions in positions that are ongoing.

The expansion of the definition of museum under SB 61 is exciting. This expansion of the definition of museum opens the door for many which were previously closed, to showcase their wonderful and unique communities. But, as with most things, it does take funding. DCRA asks that if the legislature passes this bill that it

provide the staffing necessary for DCRA to be successful in its administration.

MS. ELDEMAR explained that the language in the committee substitute for the companion bill results in a zero fiscal note. The amended language reads as follows:

The department may not accept an application for a grant under this section unless the legislature makes an appropriation for the grant program.

She explained that the intent of the foregoing language is twofold. First, it allows the department to promulgate the rules to put the regulations in place. More importantly, it will keep the department from having to do the paperwork associated with a grant application and administration until the funding becomes available. She asked the sponsor to consider the same language so the department could submit a zero fiscal note.

[2:14:19 PM](#)

FRED PARADY, Deputy Commissioner, Department of Commerce, Community and Economic Development (DCCED), highlighted that the department agreed to absorb the workload of promulgating regulations in order to reach resolution of the fiscal note on the companion bill to SB 61.

SENATOR STEVENS asked if the museums would be prioritized according to need and if the department would do that work.

MS. ELDEMAR explained that the applications are rated as they come in and follow a hierarchy thereafter. Of the applications that qualify, some will have matching dollars while some will not. She deferred further explanation to Ms. Davis.

[2:15:54 PM](#)

JANET DAVIS, Grants Manager, Division of Community and Regional Affairs (DCRA), Department of Commerce, Community and Economic Development (DCCED), Fairbanks, Alaska, added that a DCRA application selection committee scores each application based on the project description, impact to the community, the budget, and the museum's administration and project management abilities. The scores are averaged and the application is given a rating and then forwarded to the commissioner's office. If funding is available, the grants are awarded based on the applicant's rating.

CHAIR COSTELLO asked Mr. Parady if the match funding model had been successful in other infrastructure projects.

MR. PARADY answered yes; it is a good way to leverage resources to get something done.

SENATOR MEYER asked if amending the bill to zero the fiscal note would do away with the position that's referenced.

MR. PARADY answered yes. Applications would not be accepted and handled until money was appropriated.

SENATOR MEYER asked if the position would be needed if money was appropriated.

MR. PARADY said that question hasn't been resolved, but it would be addressed once an appropriation was considered. Responding to a further question, he relayed that the 1,929 grants that are open in the department represent a five-year cycle.

[2:21:06 PM](#)

PATRICIA RELAY, Executive Director, Valdez Museum and Historical Archive, Valdez, Alaska, testified in support of SB 61, paraphrasing from the following prepared statement:

With nearly 20,000 visitors to the Valdez Museum each year, the Museum is grounded in a strong sense of responsibility to contributing to the regions educational and economic development. We:

- Provide opportunities for education and learning.
- Contribute to the development of our community.
- Build human capital through building social networks.
- Attract tourist to the area, stimulating the economy and creating employment.

Determining the economic impact includes a number of categories including the Museum's annual operating budget. Visitors and tourist spending combined with tax revenue and local jobs equals the total economic impact. Applying this formula, the Valdez Museum's economic impact on the local community is \$1,180,900. The educational impact is equally impressive. Last year our education and public programs served 3,750 people, which includes public and private schools, outreach to remote areas, and adult learners. We have become known as a classroom for private and homeschool groups.

The Valdez Museum has accomplished a lot within the past few years: incorporating a successful expanded range of programming, increasing its visitation, and raising its standards of collection management. Despite these achievements, the institution is now at a point in which its progress is being hampered by limitations of space.

The Valdez Museum has accomplished a lot within the past few years: incorporating a successful expanded range of programming, increasing its visitation, and raising its standards of collection management. Despite these achievements, the institution is now at a point in which its progress is being hampered by limitations of space.

As a matter of fact, our educational programs have become so successful that we no longer have space to conduct classes and workshops. Last summer we used a tent on the front lawn.

The Valdez Museum functions as a place of ideas and education. It is a natural gathering place that helps build and strengthen inter-connections within the family units and within the community at large.

I urge you to support SB 61, establishing a museum construction grant program, so that museums throughout the state of Alaska may continue to serve their communities. Help us make this bill a reality!

[2:24:38 PM](#)

ANJULI GRANTHAM, Curator of Collections and Exhibits, Baranov Museum, Kodiak, Alaska, testified in support of SB 61. She reported that the Baranov Museum was founded in 1967 to commemorate the centennial of the Alaska purchase. Following the 1964 earthquake and tsunami that washed out much of Kodiak, the citizens rallied to save the Erskine House from demolition. Using grant funds from the centennial celebration, they restored the building and opened it as the Baranov Museum. This building is the oldest building in Alaska; it was constructed in 1808 by the Russian American Company.

MS. GRANTHAM said the community has worked hard to preserve and maintain this historic landmark over the past 50 years. Storage is inadequate and the stairs are so steep some people have to go down backwards, but they wouldn't consider major alterations because it would signify a major loss to the history of Alaska. SB 61 matters because it allows museums and historic buildings to leverage funds to do major preservation work in tune with

best practices and historic preservation. Each museum is unique and SB 61 recognizes this and provides a framework to allow many different institutions to enhance the care of their collections and better educate visitors. For the Baranov Museum, the bill will help to preserve the last physical remnants of Russian colonization in Alaska. She concluded saying that SB 61 will provide a wonderful opportunity to make Alaska's history and culture shine in time for the 150th anniversary of the purchase of Alaska.

[2:27:08 PM](#)

MICHELE MILLER, Member, Pratt Museum Board of Directors, Homer Alaska, testified in support of SB 61, paraphrasing from the following prepared statement:

The Pratt Museum is an anchor institution on the Kenai Peninsula:

- educating children and adults
- contributing to our community's sense of place and identity through history, art, and culture.

Like museums all over Alaska, the Pratt contributes to the state's economy through employment and cultural tourism.

Thank you, Senator Stevens for sponsorship of SB 61:

- provides structure for establishing a system for prioritizing museum capital project funding requests in Alaska
- following the state's model for library construction projects

Even without immediate appropriations into the fund, the mechanism created by SB 61 can provide:

- a solid ranking of capital projects
- aid in legislative decision-making during the capital budget process

This is currently the case with the library program (AS 14.56.355-56):

- has helped build 14 new libraries through \$50 million of awards.

This legislation will allow museums to plan to protect valuable collections well into the future.

With the passage of this legislation into law, construction projects will be:

- funded by the merits of their projects and
- prioritized by their ability to match state funding, and where they are in the construction process

Again, I thank Senator Stevens for his sponsorship of Senate Bill 61 and thank you to this committee.

HOW THE LIBRARY PROCESS WORKED: AKLA developed the matrix that vetted a construction project for shovel readiness. The matrix was/is held by AKLA. The libraries were in consensus on which project(s) would be put forward for funding. The matrix required appropriate pre-development planning, including going through CAPSIS. AKLA had the candidates ready to advance when the grant opportunity came forward. DCCED could then review the grant and match it to AKLA's matrix. Because the libraries worked together as they prepared for their shovel-ready project, legislators, funders, & the DCCED knew that the projects were ready and would be successful — and excellent credibility was developed.

[2:29:34 PM](#)

BETHANY BUCKINGHAM-FOLLETT, Curator, Dorothy G. Page Museum, Wasilla, Alaska, testified in support of SB 61, paraphrasing from the following written statement:

The Mat-Su is the fastest growing area in the state. Economic development and a healthy community are on the minds of all in our area. The current museum building was built in 1931 as Wasilla's Community Hall. We honor that history and heritage by continuing to offer community programs including Wednesday Nights at the Museum, traveling exhibits, and providing a space for visitors to learn about Alaska. Through our programs and exhibits, we infuse history and culture into a learning experience our visitors take with them throughout their lives.

Children who come on school tours bring their families and friends to enjoy the museum. Watching the connection from classroom learning to real world application at the museum, you see the students become the teachers; sharing what they have learned and what they know with their families and friends. Visitors come and learn about Dog Mushing, Gold Mining and Homesteading, not only of the Mat-Su but all of Alaska. As we strive to meet the growing needs of our audience, we find we have the opportunity to expand not only our programs, but our space to host those programs. For a Community Hall built for a town of about 100, we find we are bursting at the seams hosting events for visitors numbering 500 or more. We are in need of more space and updated technology. SB 61 is critical to our

museum buildings and programming as we move towards celebrating 150 years of Alaskan history and the future of our communities. We currently host 700 third grade students each year and are projected to be serving close to 2100 students in three years.

Senate Bill 61 is important to our museum and all museums around the state. This is an opportunity for Alaskan museums to create a healthy environment for patrons to learn about the community and the world around them. This would be completed through renovation and restoration of our current buildings. SB 61 provides the framework for Alaskans to support Museums and preserve our heritage.

2:32:44 PM

EVA MALVICH, Director/Curator, Yupiit Piciryarait Museum, Bethel, Alaska, testified in support of SB 61, stating the following:

I am the Director/Curator for the Yupiit Piciryarait Museum, a tribally run and managed museum based in Bethel. We are the only museum based in the Yukon Kuskokwim Delta Region and we support SB 6, the enabling legislation to support construction or renovation of museums and cultural centers around the state.

Our area is home to Yup'ik and Cup'ik Eskimos and Athabaskan Indians. We have lived here for a millennia and our museum collection is full of objects showing how we lived over time - valuable objects that are priceless and full of information.

Please support SB 61. This enabling legislation will allow our museum to better preserve our collection of Alaska Native objects here in the Y-K Delta region. The legislation will also provide our institution with the means to protect the right environment for priceless museum objects. Our HVAC was shut off over 13 years ago by our landlord, the Kuskokwim Campus. And our collection of animal hides, walrus ivory, and driftwood pieces are at risk of damage and loss. With this enabling legislation we can finally have a means to provide adequate services to the collection, and with this designation we would also be eligible to house objects that are taken out of federal lands in our area. We would be able to take care of objects in our own region and with more staff become a resource

for archeologists and their projects in Southwest Alaska.

As you know, with our coastline zeroed and we know there are historic sites in danger of becoming lost to the Bering Sea every year, our museum is more than just a building with walls around it. It is a valuable resource as well for many people and institutions. For instance, just this week I have worked with a group of fish skin sewers who enrolled for a week-long course in the evening at our local college. The group represents several generations from different backgrounds and cultural identities. The group had one thing in common - to learn how to prepare fish skin from scratch and to learn how to make garments, artwork and jewelry from this art form that is part of our cultural identity.

I was fortunate to work with two students from the Kuskokwim Learning Academy this week - kids enrolled in an alternative boarding school at risk of dropping out of high school. These two young ladies are of Cup'ik and Yup'ik. I wanted these two young ladies to know that their culture and identity are worth preserving, and as part owners of this museum they need to know what we have in our collection. One of the students found a picture of her grandfather taken in 1962. He was a store manager at the time and she had never seen his image before at that age. We pulled out objects from her hometown and remarked about how skillful the artists are and that she has every right to be proud of her hometown and the family she is a part of.

We talked about how I got to my role as Curator/Director. It took me 18 years to get my master of public administration degree - the only one in my large family of nine to graduate from high school and to go to college. As a mother of Yup'ik and Cup'ik boys, I want kids to know that they can do anything that they want to, and that nothing is out of their reach.

The other young lady was able to relate to the objects in our collection and remarked how her uncle is teaching her how to make [indisc.] knives. She marveled at the condition of the knives in our

collection, from artists that are no longer around. And I hope she picks up the carving knife and continues to hone her skills in carving and woodwork. I mentioned that we are planning a walrus ivory carving class and that I hope she joins us. I want her to know she lives in an area rich in her Yup'ik culture and that she has every right to be proud of who she is.

Please support SB 61. This enabling legislation will allow our museum to grow to meet our customers' needs. Qu yana for your time.

CHAIR COSTELLO closed public testimony and held SB 61 in committee for further consideration.

2:37:30 PM

At ease

SB 99-ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

2:40:09 PM

CHAIR COSTELLO reconvened the meeting and announced the consideration of SB 99. "An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, and retailers of alcoholic beverages; relating to licenses, endorsements, and permits involving alcoholic beverages; relating to the Alcoholic Beverage Control Board; relating to offenses involving alcoholic beverages; relating to the offense of minor consuming; relating to revocation of a driver's license for a minor consuming offense; relating to the effect of the revocation of a driver's license for a minor consuming offense on a motor vehicle liability insurance policy; and providing for an effective date."

2:40:24 PM

SENATOR MICCICHE, Sponsor of SB 99, thanked the Rasmuson Foundation for its support and helping to improve the public safety of all Alaskans. He introduced SB 99 reading the following sponsor statement into the record: [Original punctuation is provided.]

SB 99 makes important updates to statutes governing the Alcoholic Beverage Control Board to allow the Board to function more efficiently and continue to regulate the alcoholic beverage industry in a manner that promotes public safety and health while allowing

the industry continued viability. This bill is the product of a two-year, unprecedented collaboration of stakeholders from a diverse group of industry representatives and public health and safety entities. The result is a reorganization of Alaska Statutes, Title 4, to set out the rights and obligations of licensees and the consuming public in a logical, and well-organized manner.

SB 99 would amend and clarify provisions on the appointment of the five-member ABC Board. Adequate representation would occur through appointment of persons from the public safety sector, public health sector, from a rural area, and the general public. Not more than two of the members may be actively engaged in the alcoholic beverage industry. The director of the ABC Board, depending on experience, could represent one of the enumerated sectors. A new section is added to the director's duties to require preparation of an annual budget to cover enforcement, education, training, and prevention activities. SB 99 would require the ABC Board to review fees not less than every 10 years.

Provisions on fines and penalties for engaging in prohibited acts are updated for clarity as to when fines and penalties may be imposed. Other penalty sections are amended to enable consistent and predictable enforcement and just outcomes.

The new statutory provisions continue with the three-tier licensing system for manufacturer, wholesaler, and retail licenses; create a new endorsement system to expand the boundaries of licensed businesses and accommodate special events; and modify the permitting system for clarity. Through this more comprehensive licensing structure, persons wishing to participate in the industry will know better what activities are allowed for each license type. The bill adds some provisions that reflect industry trends toward product tastings to authorize a holder of a beverage dispensary license to sell or dispense alcoholic beverages at a permitted tasting event.

Passage of SB 99 will protect Alaskans, provide clarity for alcoholic beverage licensees and the

public, and result in more consistent enforcement of the alcoholic beverage industry.

SENATOR MICCICHE stated that the most important segment of the bill provides reasonable youth consumption improvements. It dramatically improves the process that now adversely affects a young person for the rest of life his/her life because of one poor decision.

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BOB KLINE, Chair, Alcoholic Beverage Control (ABC) Board, informed the committee that Title 4 was written in the 1980s and was state of the art at the time. Since then, both the state and the industry has changed and revision is needed. He noted that brew pubs hadn't been invented when the statute was written. In May, 2012 70 some stakeholders assembled and made recommendations to improve the structure and implementation of Title 4. A rule that was established initially was that only consensus could move change forward. SB 99 is the result of thousands of hours of this collaborative effort and everyone is proud of the outcome.

CHAIR COSTELLO thanked the participants for their commitment.

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JEFF JESSE, Chief Executive Officer, Alaska Mental Health Authority, Anchorage, Alaska, stated that SB 99 is important legislation because the Title 4 statutes regulate alcoholic beverages in the state and the Alcoholic Beverage Control Board, staff and law enforcement carry out these laws. Title 4 is being reviewed because it has not been updated since 1980 and changes have been made in a hodge podge fashion. The laws became confusing and many were outdated.

The review and rewrite was a lengthy and time-consuming process. Since May, 2012 more than 60 stakeholders and staff spent from 6,000 to 7,000 hours to craft the recommendations. The stakeholders included youth, public health, public safety, business, and rural communities. The Rasmuson Foundation and the Mental Health Trust funded the infrastructure, hired people to help draft the results and keep committee minutes.

The committees involved in the review process were the Licensing Subcommittee, Role of the Board Subcommittee, Local Option Subcommittee, Underage Drinking Subcommittee, Internet Sales Subcommittee, and the Steering Committee. For each subcommittee he displayed the name of each member and the organization and

sector that each represented. [This information may be found in the committee file and online.]

Speaking as chair of the Licensing Subcommittee, he pointed out that it had representation from all the different licensing groups, ranging from the wholesalers to the manufacturers, to retailers, to attorneys for licensees, and public health. He pointed out that the Role of the ABC Board Subcommittee also had broad representation including local government. The Local Option Subcommittee had considerable representation from tribal entities, public safety, and industry. The Underage Drinking Subcommittee was led by the Division of Behavioral Health and also included representation from public safety, ABC Board staff, education, and industry. The Internet Sales Subcommittee examined the issue of internet alcohol sales that bypass Alaska's alcohol regulation and taxation system. Their recommendations are pending depending on a proposed USPS policy change regarding its ban on shipping alcohol through the mail.

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MR. JESSEE explained that Alaska's alcohol license system is based on a three-tier system of regulation that separates the manufacturing tier, the wholesale tier, and the retail tier. The reason for the separate tiers is to keep the industry from getting monopolized by vertical integration. He related that one of the goals was to recognize the evolution of the business model and offer new business opportunities to industry that does not negatively affect the public health and public safety of communities.

He displayed a schematic of the manufacturing and wholesale tiers and explained that rather than having a number of esoteric licenses, the proposal is to have a system of base license to which endorsements could be added. For example, in the manufacturing tier a brewery, winery, or distillery producer could add a sampling endorsement. He noted that the wholesale tier has a general wholesale component and a limited beer and wine component.

The retail tier has a framework for community level licenses and tourism licenses. At the community level there are twelve different licenses and endorsements are available to different license types. The four types of tourism licenses are intended to maintain the population-based limit on access to alcohol in a community while allowing additional access points during the tourist season when Alaska's population increases dramatically.

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MR. JESSEE reviewed the following licensing revisions recommended by the committee:

- Decrease the number of license types and simplify the licensing system to achieve more consistent enforcement and adherence to state alcohol regulations.
- Update licensing fees to support the ABC budget while placing more emphasis on education and training rather than enforcement. This includes adjusting wholesale license fees and simplifying supplier reporting.
- Realign the system to better enforce population limits.
- Implement a system of endorsements and permits to provide flexibility without creating more license types.
- Bring all licenses, endorsements and permits into one place in statute and remove redundant or unused types.

The role of the ABC Board Subcommittee was to ensure that the ABC Board fairly represents the interests of all Alaskans and can lead in alcohol education, policy and control. The proposed revisions included:

- Implement uniform police reporting requirements; develop enforcement, education, and prevention plans directly connected to the matching funds.
- Allow data about alcohol purchases to be released (aggregated at the region or community level) for analysis and community self-assessment.
- Base the ABC Board budget on the activities and staffing needed to achieve the ABC Board's mission.
- Designate ABC Board seats to ensure representation by: 1 public health, 1 public safety, 2 industry and 1 rural public member; consider the director's background in filling the designations.

The Underage Drinking Subcommittee proposed revisions focused on reforming underage drinking sanctions so that adults who supply minors with alcohol are held to greater accountability. Other proposed revisions included:

- Reducing the penalty for a licensee, agent or employee selling alcohol to a minor (Sec. 04.16.052) from a class A misdemeanor to a minor offense violation.

- Increasing the consistency and certainty of administrative sanctions to licensees upon conviction of violating Sec. 04.16.052.
- Requiring statewide keg registration.

Another goal of the Underage Drinking Subcommittee was to reform the underage drinking sanctions so that minors do not become criminals for making one poor decision. The revisions included:

- Clarifying required language on signs warning minors of the legal consequences of their entering licensed premises.
- Restoring the minor consuming alcohol (MCA) offense to a true violation.

MR. JESSEE displayed the Local Option Subcommittee proposed revisions to strengthen local options laws and the ability to enforce them. These included:

- Repealing local option 4, which bans sale and importation of alcohol, but not possession.
- Increasing the ABC budget for dedicated Title 4 enforcement staff.
- Increasing the local option boundary from a 5-mile radius to a 10-mile radius from the village center.
- Increasing the misdemeanor-level fines for bootlegging and imposing additional unit fines per container of alcohol.
- Making possession of homebrew ingredients and/or equipment with intent to produce alcohol illegal in all local option communities.

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MR. JESSEE opined that everyone comes out a winner with the Title 4 revisions. Business got more opportunity, youth are better protected, the public health is better protected, public safety is enhanced, and rural communities also get ahead. He said the recommendations were placed in the bill and the various stakeholders are in the process of examining it for completeness and accuracy.

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CHAIR COSTELLO expressed appreciation for the introduction and announced she would hold SB 99 in committee for further consideration.

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There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 2:59 p.m.