

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

April 15, 2018

10:02 a.m.

MEMBERS PRESENT

Representative Sam Kito, Chair
Representative Adam Wool, Vice Chair
Representative Andy Josephson
Representative Louise Stutes
Representative Chris Birch
Representative Gary Knopp
Representative Colleen Sullivan-Leonard

MEMBERS ABSENT

Representative Mike Chenault (alternate)
Representative Bryce Edgmon (alternate)

COMMITTEE CALENDAR

HOUSE BILL NO. 357

"An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, retailers, and common carriers 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; amending Rule 17, Alaska Rules of Minor Offense Procedure; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 193

"An Act relating to insurance trade practices and frauds; and relating to emergency services and balance billing."

- HEARD & HELD

HOUSE BILL NO. 376

"An Act establishing a state bank; relating to insurance, mortgage lending, securities, and permanent fund dividends; and providing for an effective date."

- MOVED HB 376 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 357

SHORT TITLE: ALCOHOLIC BEVERAGE CONTROL/REGULATION

SPONSOR(s): REPRESENTATIVE(s) KOPP

02/16/18 (H) READ THE FIRST TIME - REFERRALS
02/16/18 (H) L&C, JUD
04/11/18 (H) L&C AT 3:15 PM BARNES 124
04/11/18 (H) Heard & Held
04/11/18 (H) MINUTE(L&C)
04/13/18 (H) L&C AT 3:15 PM BARNES 124
04/13/18 (H) -- MEETING CANCELED --
04/14/18 (H) L&C AT 1:00 PM BARNES 124
04/14/18 (H) -- MEETING CANCELED --
04/15/18 (H) L&C AT 10:00 AM BARNES 124

BILL: HB 193

SHORT TITLE: HEALTH CARE; BALANCE BILLING

SPONSOR(s): REPRESENTATIVE(s) GRENN

03/24/17 (H) READ THE FIRST TIME - REFERRALS
03/24/17 (H) HSS, L&C
03/08/18 (H) HSS AT 3:00 PM CAPITOL 106
03/08/18 (H) Heard & Held
03/08/18 (H) MINUTE(HSS)
03/27/18 (H) HSS AT 3:00 PM CAPITOL 106
03/27/18 (H) -- MEETING CANCELED --
03/29/18 (H) HSS AT 3:00 PM CAPITOL 106
03/29/18 (H) Moved CSHB 193(HSS) Out of Committee
03/29/18 (H) MINUTE(HSS)
03/30/18 (H) HSS RPT CS(HSS) NT 2DP 4NR
03/30/18 (H) DP: SULLIVAN-LEONARD, SPOHNHOLZ
03/30/18 (H) NR: TARR, ZULKOSKY, KITO, EASTMAN
04/03/18 (H) FIN AT 10:00 AM ADAMS ROOM 519
04/03/18 (H) <Bill Hearing Canceled>
04/09/18 (H) L&C AT 3:15 PM BARNES 124
04/09/18 (H) Heard & Held
04/09/18 (H) MINUTE(L&C)
04/13/18 (H) L&C AT 3:15 PM BARNES 124
04/13/18 (H) -- MEETING CANCELED --
04/14/18 (H) L&C AT 1:00 PM BARNES 124
04/14/18 (H) -- MEETING CANCELED --
04/15/18 (H) L&C AT 10:00 AM BARNES 124

BILL: HB 376

SHORT TITLE: ESTABLISH THE ALASKA STATE BANK

SPONSOR(S): REPRESENTATIVE(S) TUCK

02/21/18	(H)	READ THE FIRST TIME - REFERRALS
02/21/18	(H)	L&C, FIN
04/09/18	(H)	L&C AT 3:15 PM BARNES 124
04/09/18	(H)	Heard & Held
04/09/18	(H)	MINUTE (L&C)
04/13/18	(H)	L&C AT 3:15 PM BARNES 124
04/13/18	(H)	-- MEETING CANCELED --
04/14/18	(H)	L&C AT 1:00 PM BARNES 124
04/14/18	(H)	-- MEETING CANCELED --
04/15/18	(H)	L&C AT 10:00 AM BARNES 124

WITNESS REGISTER

ANNA BRAWLEY

Project Coordinator for Title 4
Anchorage, Alaska

POSITION STATEMENT: Presented a PowerPoint presentation on Alcoholic Beverage Control (ABC) Board, Title 4 Review Project.

REPRESENTATIVE CHUCK KOPP

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 357 as prime sponsor.

DALE FOX

President

Alaska Cabaret, Hotel, Restaurant and Retailers Association
(Alaska CHARR)

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 357.

TIFFANY HALL

Recover Alaska

Executive Director

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 357.

ALISON KULAS, Executive Director

Advisory Board on Alcoholism and Drug Abuse

Alaska Mental Health Board

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 357.

LEN SORRIN

Premera Blue Cross Blue Shield of Alaska
Seattle, Washington

POSITION STATEMENT: Testified in opposition of HB 357.

DR. SAMI ALI

Alaska Emergency Medical Associates
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 193.

RHONDA PROWELL-KITTER

President
Alaskans for Sustainable Healthcare Costs
Anchorage, Alaska

POSITION STATEMENT: Testified in the hearing on HB 193.

LORI WING-HEIER, Director

Division of Insurance
Department of Commerce, Community & Economic Development (DCCED)
Juneau, Alaska

POSITION STATEMENT: Answered questions in the hearing on HB 193.

ANNE ZINK, Mat-Su Regional Medical Director

Alaska Emergency Physicians
Palmer, Alaska

POSITION STATEMENT: Answered questions in the hearing on HB 193.

REPRESENTATIVE CHRIS TUCK

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Reintroduced HB 376 as prime sponsor.

CHARLES DUNCAN, Staff

Representative Chris Tuck
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 376 on behalf Representative Tuck, prime sponsor.

REPRESENTATIVE CHUCK KOPP

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions on HB 357 as prime sponsor.

ANNA BRAWLEY

Project Coordinator for Title 4
Anchorage, Alaska

POSITION STATEMENT: Answered questions in the hearing on HB 357.

ACTION NARRATIVE

[10:02:32 AM](#)

CHAIR SAM KITO called the House Labor and Commerce Standing Committee meeting to order at 10:02 a.m. Representatives Birch, Knopp, Sullivan-Leonard, Josephson, Wool, and Kito were present at the call to order. Representative Stutes arrived as the meeting was in progress.

HB 357-ALCOHOLIC BEVERAGE CONTROL/REGULATION

[10:03:28 AM](#)

CHAIR KITO announced that the first order of business would be HOUSE BILL NO. 357, "An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, retailers, and common carriers 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; amending Rule 17, Alaska Rules of Minor Offense Procedure; and providing for an effective date."

CHAIR KITO stated the committee would continue to review the presentation from the previous hearing.

[10:04:02 AM](#)

ANNA BRAWLEY, Project Coordinator for Title 4, continued the presentation of Alcoholic Beverage Control (ABC) Board, Title 4 from the previous hearing. She stated she would begin on slide 52 of the PowerPoint. She said the recommendation was to create endorsements, defined in the slide as follows:

- Create endorsements as add-ons to licenses in Title 4
- Endorsements must be issued with a license, renewed biannually with the license, and cannot be transferred to a new location

- Endorsements are not population limited
- Convert some existing sections or activities into endorsements; create new endorsements

MS. BRAWLEY briefly spoke to a list of proposed endorsements on slide 53. These would include bowling alleys, shipping endorsements for package stores, sampling, hotel/motel, large resort, and brewery repacking endorsements.

MS. BRAWLEY elaborated on package store shipping endorsements on slide 54.

- Allow orders under a Package Store Shipping endorsement to be received in formats other than a written order from a known customer.
- This allows online ordering from in-state package stores, including customers in Local Option areas.
- Existing requirements in AS 04.11.150(a) for ID, shipping and delivery still apply. Package stores would still be required to report all orders to Local Option areas in Written Order Database.

MS. BRAWLEY addressed the endorsement for onsite product sampling for package stores in slide 55:

- Create a separate endorsement to allow onsite sampling at Package Stores.
- Limits volume per customer per day, hours of sampling, public advertising of sampling.
- Providing free samples of products at package stores is a common practice in several other cities and states.

MS. BRAWLEY progressed to slide 56 illustrating the allowable quantities and types of samples recommended in the endorsement.

[10:07:59 AM](#)

MS. BRAWLEY spoke to the proposal to standardize permits on slide 57:

- Define all permit types in statute, not just in regulation
- Fee for all permits is \$50 per event day

- Most permits listed are already in statute or regulation
- New permit: Tasting Event Permit, allowing a Package Store or Manufacturer to host an event on premises, in partnership with a BDL

MS. BRAWLEY said slide 58 displays a list of proposed permits. She said that like endorsements, most exist in regulation already. The proposal is to reorganize them into one section.

MS. BRAWLEY moved to slide 59 illustrating the new tasting event permit. She specified the permit would be separate from the sampling endorsement. She said it would allow a package store or manufacturer to work with a BDL to showcase the products they sell or manufacture. She said the permit includes a limit on the number of hours and specifies the entity must serve food at the event.

[10:09:36 AM](#)

REPRESENTATIVE STUTES remarked that she found the sample sizes large. She asked how they were determined.

MS. BRAWLEY answered the sample sizes are consistent with those proposed for manufacturing sampling. She specified that consumers would choose between wine and beer.

REPRESENTATIVE STUTES asked for confirmation that the amounts are the same as for a tasting event.

CHAIR KITO corrected that the size would be the same as the manufacturing sample.

MS. BRAWLEY clarified there is a proposed manufacturers sampling endorsement, which is separate from manufacturers, to sell product onsite through a tasting room.

[10:11:19 AM](#)

REPRESENTATIVE WOOL asked for confirmation that free samples from the manufacturer are the same as for free samples from a package store.

MS. BRAWLEY answered that is correct.

REPRESENTATIVE WOOL asked whether that is in addition to what a customer can buy onsite.

MS. BRAWLEY answered that is correct.

REPRESENTATIVE WOOL stated his agreement with the comments made by Representative Stutes regarding amounts. He spoke to the statement that a BDL can cater an event in a tasting room. He asked why that would be required.

MS. BRAWLEY clarified the proposed tasting event permit allows manufactures to have the event on their production site and would not require an additional tasting room license. If a manufacturer does not have a tasting room, they can use the license to showcase their products without having a retail license.

REPRESENTATIVE WOOL asked whether a retail license is separate from a manufacturing license or is included within it.

MS. BRAWLEY answered that currently all the manufacture retail activities are under the manufacture license. The proposal is for splitting them out so a manufacturer with a tasting room would have to have a production license and a tasting room license.

[10:13:29 AM](#)

REPRESENTATIVE WOOL asked whether an endorsement would be needed to sell single bottles of beer.

MS. BRAWLEY answered in that affirmative. She said it's currently allowed in regulation. She said repackaging includes filling growlers and selling single bottles.

REPRESENTATIVE WOOL asked why a storeowner cannot take a bottle out of a box.

MS. BRAWLEY shared her understanding that the current license doesn't allow subdivision of packages. She deferred to AMCO.

[10:14:54 AM](#)

REPRESENTATIVE BIRCH asked whether the proposal would allow samples at Costco.

MS. BRAWLEY answered it would if Costco opted to get this type of endorsement.

[10:15:38 AM](#)

REPRESENTATIVE KNOPP commented it seems the interpretations for quantities for sampling were "getting really liberal." He asked why package stores would need sampling privileges.

MS. BRAWLEY answered currently samples are allowed to be provided by manufacturers with no limit on size and there does seem to be a public safety consideration. She added that in terms of package store sampling, it does happen in other states. She stated a number of package store stakeholders are interested in offering samples.

[10:17:18 AM](#)

CHAIR KITO asked about shipping alcohol and asked Ms. Brawley to describe the process of protecting communities who have opted out of allowing alcohol products.

MS. BRAWLEY answered that in a local option area there are several local options, including the ability to order a product to be shipped in. She said other options prohibit importation or possession. She said that in current statute there are monthly limits to what a customer can order. She stated it would be up to the individual customer in an area to decide to participate.

CHAIR KITO mentioned the database and asked whether it would identify the areas for shippers.

MS. BRAWLEY answered in the affirmative.

[10:18:52 AM](#)

REPRESENTATIVE JOSEPHSON asked whether the database would also highlight an individual in a particular area.

MS. BRAWLEY answered she was not sure.

[10:19:25 AM](#)

REPRESENTATIVE CHUCK KOPP, Alaska State Legislature, presented HB 357 as prime sponsor. He answered that nothing in the proposed law does away with the requirement to positively identify the customer, so if there is a red strip on their license, a copy would be required.

MS. BRAWLEY advanced to slide 61 regarding the proposal to improve the license, endorsement, and permit application process:

- Several technical changes to statutes for applications for a license, endorsement or permit.
- Examples:
 - Endorsement renewal part of license renewal
 - Required items in application process: labeled premises diagram, e-mail address for licensees
 - Simpler signature requirements for multiple owners and nonprofit organizations
 - Simpler operating requirements (number of hours) for licenses up for renewal

[10:19:59 AM](#)

MS. BRAWLEY spoke to Chapter 11 of Title 4. She said a lot of those sections would not change or may merely contain minor renumbering proposals. She stated she would not highlight the details but would be pointing out some of the technical issues in statute. She added that endorsements would have to be added to the application process.

MS. BRAWLEY spoke to slides 62-65 regarding public convenience licenses. She stated the first proposal is to repeal existing statute and create a replacement to convert all public convenience restaurants to fully operating restaurant licenses. She added there is a proposal to create a seasonal restaurant tourism license. She said there is a proposal to allow some cities to petition the ABC Board to increase the number of restaurant licenses in their cities.

MS. BRAWLEY explained the process for converting a public convenience license to a restaurant eating place license (REPL), illustrated on slide 64.

MS. BRAWLEY explained the process of local government petitions for additional restaurant licenses.

[10:25:25 AM](#)

MS. BRAWLEY moved to slide 66 regarding the proposal to allow relocation of a package store from a borough to a city:

- Amend AS 04.11.400(k) to allow transfers of both BDL and Package Store licenses from a borough to a city within the borough.
- Currently, BDL relocations are allowed in boroughs with at least 60,000 population.
- HB 357 would make relocation available in boroughs with at least 50,000 population and currently operating licenses that exceed population limits.

[10:26:40 AM](#)

MS. BRAWLEY said that slide 68 shows that currently most communities have more operating licenses than are allowed under the statute limits. She said the purpose is not to take away all the licenses in the borough. The bill would allow for the transfer of the extra licenses, so the borough does not fall below the number of licenses that it is allowed to have. The slide listed Fairbanks North Star, Kenai Peninsula, and Matanuska-Susitna boroughs as those which qualify.

[10:27:15 AM](#)

MS. BRAWLEY progressed to slide 69, "Strengthen Reporting Requirements for Municipal Enforcement":

- Include in statutory requirements (AS 04.11.610) that municipalities submit quarterly reports on Title 4 enforcement and education activities to the ABC Board: violations, educational presentations, other activities related to alcohol control.
- Municipalities with local law enforcement receive a matching allocation ("refund") of license fees collected within their jurisdiction. Funds intended to be used for Title 4 enforcement.

REPRESENTATIVE SULLIVAN-LEONARD gave an example of a petition for liquor licenses in her district. She said the signatures had been submitted and then were gathered again. She asked whether there is a proposal to ensure the signatures stay "on the docket" for a few months.

MS. BRAWLEY answered that illustrates one of the issues with the current system. She said the proposal would give the city more restaurant licenses.

10:30:30 AM

REPRESENTATIVE STUTES asked whether one of the objectives is to devalue the BDL.

MS. BRAWLEY answered the purpose of this project was not to negatively impact existing businesses. She said the intent is to rationalize the licensing system and give businesses more options.

REPRESENTATIVE STUTES shared her interpretation that the proposal would be allowing endorsements which would devalue a BDL.

MS. BRAWLEY answered that many of the endorsement apply to BDLs as well. She explained that many of the retail activities of manufacturers are allowed in current law. She said the proposal would give manufacturers the opportunity to purchase other retail licenses.

REPRESENTATIVE STUTES asked for examples of endorsements that would affect BDLs.

MS. BRAWLEY gave the example of bowling alleys and golf courses.

REPRESENTATIVE STUTES asked whether those entities cannot currently achieve that by way of a caterer's permit.

MS. BRAWLEY answered those apply only to an event.

10:34:10 AM

REPRESENTATIVE WOOL asked about the proposal to repeal convenience licenses. He asked whether there is a public safety issue with restaurants serving beer and wine.

MS. BRAWLEY answered public convenience licenses involve a number of administrative issues. She said the benefit for cities is having more restaurant licenses available for businesses to grow and be transferable, unlike in the current system.

REPRESENTATIVE WOOL asked about the funds being used for education and enforcement.

MS. BRAWLEY answered that license fees are currently distributed to communities. She said reports have not been submitted to date, so it is hard to say how the funds are being used.

REPRESENTATIVE KOPP added that any application for additional restaurant licenses has to be submitted by a local legislative body. He said it is a safeguard before the application goes to the ABC Board. He said local government is responsive to local business. He added that many local governments had expressed there is a lack of any avenue to pursue additional licenses. He stated the pause on the request would allow time for data to be collected regarding public safety issues. He said law enforcement has been required for decades to report on alcohol licenses.

REPRESENTATIVE SULLIVAN-LEONARD stated she thinks ten years to request a new license is not realistic.

[10:41:47 AM](#)

CHAIR KITO asked for more information on the ten-years provision.

MS. BRAWLEY stated the current system requires an individual applicant to seek out signatures for support for the application. She said the proposal is for a city to request more licenses. She gave the example of asking for six licenses even if six licenses were not currently being sought.

CHAIR KITO suggested the city would have the ability to approach the ABC Board regarding the number of licenses it can hold.

MS. BRAWLEY answered that is correct. She added that regarding the determination of the licenses, AMCO does it annually and is a separate process.

[10:44:29 AM](#)

REPRESENTATIVE STUTES asked about Ms. Brawley's affiliation with the industry.

MS. BRAWLEY answered she is not affiliated with the industry. She informed she has been asked to be project coordinator and to speak for the stakeholders as a whole.

REPRESENTATIVE STUTES asked whether Ms. Brawley was a participant in the rewrite of Title 4.

MS. BRAWLEY answered in the affirmative. She stated she was presented at the first meeting in 2012 and in most meetings since then.

[10:45:16 AM](#)

REPRESENTATIVE WOOL asked whether other stakeholders would be presenting to the committee.

REPRESENTATIVE KOPP answered that anyone can participate in public testimony. He underlined that Ms. Brawley has approval from the stakeholder group and she is not authorized to take a position outside the consensus of the group. He said she has to speak to the consensus points.

REPRESENTATIVE WOOL spoke to convenience licenses. He asked about an issue of consistency with public health concerns.

REPRESENTATIVE KOPP answered there is nothing in the law that prevents someone from going bar to bar in Juneau, Alaska. He said bars are not allowed to overserve. He added that outside Alaska many package stores offer beer and wine samplings. He said all this does is recognizes how the industry has evolved over time. He reiterated it is not aimed at devaluing other licenses.

REPRESENTATIVE WOOL said it seems to him that limiting places where wine can be consumed with a meal yet expanding those without food seems inconsistent with the public safety issue.

[10:50:16 AM](#)

CHAIR KITO suggested there is confusion about distilleries and breweries. He said the proposal is for changing the process for adding restaurant licenses independent from accommodating economic development of new industries.

REPRESENTATIVE KOPP answered that is accurate.

[10:51:13 AM](#)

REPRESENTATIVE WOOL stated that by eliminating convenience licenses while making it more difficult to add restaurant licenses seems contradictory.

REPRESENTATIVE KOPP answered the proposal is not eliminating any restaurant licenses but adding more. He said individual businesses can come to the board whenever necessary. He underlined that the ten-year provision regards municipalities. He said regarding public health and the tastings, there are currently no limits on amounts.

[10:53:25 AM](#)

REPRESENTATIVE STUTES said the brewery does tastings with limits.

CHAIR KITO corrected that right now anyone can offer free tastings and there is no quantity limit on free tastings, only on the amount which can be sold in a tasting room.

REPRESENTATIVE STUTES said that is incorrect.

CHAIR KITO asked Ms. Brawley whether it is correct that there is no limit on free samples but there is a limit on amount sold in a tasting room.

MS. BRAWLEY stated that is correct.

[10:54:53 AM](#)

REPRESENTATIVE WOOL asked why Alaska would have both free and paid samples.

REPRESENTATIVE KOPP answered it has been part of the discussion on enabling breweries and startups to market their products. He said those businesses are currently a significant economic engine in Alaska. He added those products ultimately are sold by BDLs.

[10:57:09 AM](#)

REPRESENTATIVE JOSEPHSON asked whether the bill affords free tasting for all licenses or whether it is restricted to certain licenses.

REPRESENTATIVE KOPP said he believes it is true [that the bill allows free tastings for all licenses.]

REPRESENTATIVE JOSEPHSON asked about the policy reason if it is not universal.

REPRESENTATIVE KOPP deferred to Ms. Brawley.

MS. BRAWLEY answered currently manufacturers and brewpubs can offer free samples. The only change would be to allow package stores to offer them as well.

[10:58:49 AM](#)

REPRESENTATIVE STUTES asked whether dispensary licenses do not currently allow free samples.

MS. BRAWLEY answered that is her understanding.

[10:59:07 AM](#)

REPRESENTATIVE KNOPP asked who owns the licenses for package stores.

MS. BRAWLEY answered there is two types of alcohol control systems. She said in one the state itself owns and distributes alcohol through ABC stores. The rest of the states are license states in which the private sector does manufacturing, wholesaling, and retail of alcohol, and Alaska is one.

REPRESENTATIVE KNOPP asked what other state governments do in regard to licensing based on population and other considerations.

MS. BRAWLEY answered there are many different variations across states. She said some have quotas and others have local licensing. She stated it is hard to compare universally across each state.

[11:01:46 AM](#)

MS. BRAWLEY moved to slides 72-74 regarding revision of Title 4 penalties.

- Review penalties for all Title 4 sections, and revise as needed to make penalties proportionate to the offense, and more consistently enforced.
- Reduce most current Class A Misdemeanors to Minor Offenses.
- Retain existing Misdemeanor and Felony charges for serious offenses, particularly those causing harm to children.

- Ensure that the ABC Board, and licensee if applicable, is informed about Title 4 convictions by requiring the court to send records to AMCO, and AMCO to send to the licensee.
- ABC Board retains its authority to impose conditions or additional penalties, including suspending or revoking license.
- See Appendix, Table 3, pp. 67-72 in Report for table of all current penalties and proposed changes.

[11:03:12 AM](#)

MS. BRAWLEY moved on to slide 74 showing the differences between classes of offenses. She said most were proposed to be reduced to a minor offense with a fine. She underlined the proposal is not to reduce enforcement, but to improve enforcement and to focus on major offenses. She added that the penalties with changes are listed in the sectional summary and in the report.

MS. BRAWLEY progressed to slide 75 showing the proposal to allow business activities on licensed premises during off hours.

- Retain required closing hours (5:00 to 8:00 a.m.) for service and sales of alcohol to consumers, but allow other non-serving business activities on the premises.
- Local communities are already allowed to set stricter hours by ordinance.

MS. BRAWLEY addressed slide 76 regarding the aim to align state statutes with federal law regarding trade practices.

- Add provisions in Title 4 to match current federal law regarding trade practices and agreements between retailers and wholesalers or manufacturers.
- Alaska is the only state without any laws regarding trade practices, and federal enforcement of existing laws is limited.

[11:05:36 AM](#)

MS. BRAWLEY spoke to slide 77 showing examples of trades practices which are prohibited in federal law.

MS. BRAWLEY said slide 78 highlights changes to the penalties. She said the proposal is to reduce penalties regarding sales to a minor (Class A misdemeanor to Minor Offense with \$500 fine) and over service to an employee (administrative penalty of \$250 to licensee).

MS. BRAWLEY advanced to slide 79 which illustrates the administrative penalties for overserving an adult or serving a minor.

[11:07:51 AM](#)

MS. BRAWLEY advanced to slide 80 regarding the proposal to allow minors on some premises for employment or travel.

- Allow limited employment of minors by Wholesalers, Common Carriers, and Outdoor Recreation Lodges.
- Consistent with existing rules for Restaurants.
- Clarify that minors are allowed at certain licensed businesses, in some circumstances: ex. restaurants, common carriers.

[11:08:30 AM](#)

MS. BRAWLEY moved on to slide 81 detailing to proposal to require board approval of common carriers for alcohol delivery.

- Require all common carriers who transport deliver alcohol directly to consumers in Alaska to be approved by the ABC Board.
- Carriers must maintain policies for age verification, safe handling of alcohol, and in person delivery to an adult customer.
- Does not apply to shipments of alcohol from business to business, only customer orders.

[11:09:36 AM](#)

REPRESENTATIVE JOSEPHSON spoke to his concerns about changes in Sections 93 and 95. He asked why the legislature should make policy expressing less concerned with an adult renting a hotel room with the purpose of providing alcohol to minors.

MS. BRAWLEY shared her general understanding that the rationale is that there are different circumstances in which the scenario can occur.

REPRESENTATIVE JOSEPHSON asked whether the statute could be written to include some scenarios and exclude others.

MS. BRAWLEY said she thinks that it does make sense.

REPRESENTATIVE KOPP said it is hard to accurately reflect all scenarios in law. He agreed that Representative Josephson brings up good points.

[11:13:12 AM](#)

REPRESENTATIVE WOOL asked whether hours for BDLs are the same for package stores.

MS. BRAWLEY said it is her understanding that the hour provision applies to all license types.

REPRESENTATIVE WOOL asked about addressing how late someone can buy alcohol.

MS. BRAWLEY answered it was discussed in the stakeholder group. She said the group did not make a recommendation on a state level since many municipalities address the issue.

[11:14:52 AM](#)

REPRESENTATIVE JOSEPHSON asked why the requirement to impose Alcohol Safety Action Program participation for offenders under age 21 would be repealed.

MS. BRAWLEY asked Representative Josephson to indicate the section.

REPRESENTATIVE JOSEPHSON answered it is AS 14.16 180d.

MS. BRAWLEY answered that was due to changes made a couple of years ago to minor consuming laws.

REPRESENTATIVE KOPP added that in 2015, the legislature passed Senate Bill 165, which moved the offense into violation status. He said that disconnected part of the statute from the previously criminal offense.

REPRESENTATIVE JOSEPHSON clarified the program was taken up in that bill.

REPRESENTATIVE KOPP answered that is correct.

[11:16:45 AM](#)

REPRESENTATIVE WOOL asked whether it is a misdemeanor offense for a spouse under 21 to be found drinking alcohol.

REPRESENTATIVE KOPP answered that it is not. He added that currently a child may drink with a parent. He said the legislative intent is that it be a parental oversight decision.

[11:17:47 AM](#)

MS. BRAWLEY moved to slide 84 regarding proposed changes in Chapter 21. She specified that the chapter deals with protecting minors. She said one of the proposals is registration of kegs.

- Require all beer kegs purchased in the state to be registered (and tagged with customer's name).
- Law enforcement who confiscate a keg at an underage party can determine who legally purchased the keg and hold adults responsible for furnishing alcohol to minors.
- Modeled on existing laws in Anchorage and Juneau
- Applies to kegs (containers) 4 gal. or larger.
- Licensee keeps customer information about keg purchase on file for a period of time.
- Purchaser can be fined for removing tag on a full keg.

[11:19:08 AM](#)

MS. BRAWLEY spoke to slide 86 outlining the requirement for a server education card for all retail sales and service of alcohol.

- Server education includes training in verifying age and identification, responsible alcohol service, overserving, and applicable penalties for violations.
- Some, but not all, license types are required that servers (employees) have alcohol server

education cards. Also not required for servers at permitted events.

- Proposed in SB76: Require all license types who serve the public, including sampling activities, to maintain server education cards.
- Require servers for permitted events to be certified prior to the actual event.

[11:20:16 AM](#)

REPRESENTATIVE WOOL asked whether the keg sales provision is only from a licensee directly to a consumer and not business to business.

MS. BRAWLEY answered in the affirmative.

[11:20:34 AM](#)

MS. BRAWLEY said the last few sections of the bill highlight transitions provisions for existing licenses. She said the effective date would be January 2020, allowing 18 months for the boards to educate licensees.

- Define process for current licensees of certain types to be converted to equivalent license(s) in the new system.
- Also define process of converting applications for repealed or renumbered license types.
- Included in Transition sections of HB 357.
- See table on page 61 of Report for details.

MS. BRAWLEY addressed slides 89-91 showing how existing licenses would be converted.

MS. BRAWLEY described the effective dates on the final slide. She highlighted that some provisions would go into effect immediately, while others would go into effect in 2020.

[11:23:00 AM](#)

CHAIR KITO opened public testimony on HB 357.

[11:23:16 AM](#)

DALE FOX, President, Alaska Cabaret, Hotel, Restaurant and Retailers Association (Alaska CHARR), testified in support of HB

357. He described the six-year effort in the proposed bill. He described his organization. He said the framework is good. He said Alaska CHARR believes in it.

[11:25:26 AM](#)

REPRESENTATIVE WOOL asked whether Mr. Fox would have answered any of the questions put to Ms. Brawley differently.

MR. FOX answered the challenge with compromise is to work through that compromise. He said there were a lot of compromises made over a long period of time. He said the dividing line between BDLs and tasting rooms is an issue that needs refining. He stated he wanted to be loyal to the process and to the effort that has gone into the bill.

[11:27:15 AM](#)

REPRESENTATIVE STUTES said she would like to have a list of stakeholders that were involved in creating the bill.

REPRESENTATIVE KOPP said he believes there is a list in the committee packet.

MS. BRAWLEY confirmed that there is a list in the packet.

[11:28:02 AM](#)

TIFFANY HALL, Executive Director, Recover Alaska, testified in support of HB 357. She said she had a number of organizations on the board of her organization. She described the work that had gone into the bill. She underlined that much of the bill would clean up parts of the statute that are not clear or would integrate new practices. She highlighted that population considerations are backed up by evidence. She spoke to research showing that additional outlets for consuming do add to consumption.

REPRESENTATIVE WOOL asked Ms. Hall whether she thinks there is an inconsistency with reducing the number of places in which someone can have alcohol with a meal and increasing those places where alcohol can be served without food.

MS. HALL shared her understanding that some of the additional licenses would be restaurants but that for manufacturing licenses would be more restricted by population limits. She

added that all of the other license types would be bound by population limits.

REPRESENTATIVE WOOL asking whether her research shows that Portland, Oregon, is more dangerous due to the fact that all restaurants seem to be able to serve alcohol.

MS. HALL answered that she does not know the crime statistics. She said different states operate differently and Alaska has operated under the population system for some time. She said she personally agrees that the sample sizes are higher than she would like, she wants to honor the process and the agreements that were reached in the process. She underlined that currently limits are not in statute.

[11:36:23 AM](#)

ALISON KULAS, Executive Director, Advisory Board on Alcoholism and Drug Abuse, Alaska Mental Health Board, testified in support of HB 357. She said both boards are in support of HB 357. She said the boards appreciate that the 2013 Alaska Strategies to Prevent Underage Drinking recommendations were taken into account.

REPRESENTATIVE KNOPP stated he was never supportive of onsite consumption for marijuana stores. He said the argument had been that package stores do not have onsite consumption, so why should marijuana stores. He asked whether there are concerns about allowing onsite consumption in package stores.

MS. KULAS said there is a focus on the training aspect for the servers of samples. She said it was part of the agreements.

REPRESENTATIVE KNOPP asked whether the training would be any different from the current training.

MS. KULAS said it was a fair point and data would be collected so that other solutions could be developed.

[11:43:26 AM](#)

CHAIR KITO stated he would recess the meeting.

CHAIR KITO said there is a Senate companion bill that would be forthcoming.

[11:45:09 AM](#)

CHAIR KITO recessed the House Labor and Commerce Standing Committee meeting to a call of the chair.

[3:30:55 PM](#)

CHAIR SAM KITO called the House Labor and Commerce Standing Committee meeting back to order at 3:30 p.m. [Chair Kito did not call roll.]

[3:30:41 PM](#)

CHAIR KITO advised that HB 357 is open and available, but he would work through the next two bills first.

[HB 357 was held over.]

HB 193-HEALTH CARE; BALANCE BILLING

[3:31:04 PM](#)

CHAIR KITO announced that the next order of business would be HOUSE BILL NO. 193, "An Act relating to insurance trade practices and frauds; and relating to emergency services and balance billing."

LEN SORRIN, Premera Blue Cross Blue Shield of Alaska, testified in opposition to HB 357. He paraphrased his written testimony [included in committee packet], which reads as follows [original punctuation provided]:

- Thank you, Chair Kito and Members of the Committee.
- For the record, I am Len Sorrin with Premera Blue Cross Blue Shield of Alaska.
- I am here today testifying with concerns on HB 193
- We share your commitment to ensuring that our members are not subject to balance billing or surprise billing by non-contracted providers. We understand that surprise billing imposes substantial and unexpected financial burdens on Alaskan families, many of who are already struggling.

- The challenge is to achieve that goal while moderating Alaska's health care premiums and costs, which are already among the highest in the nation. HB 193 can achieve the goal of banning balance billing, but it will exacerbate Alaska health care costs and premiums as a result of its use of the 80th percentile and 350% of Medicare as the likely rates to be paid to providers under the bill.
- The 80th percentile provision in the bill has been characterized as just one of three options in the bill. That much is true. However, the bill requires that carriers pay the highest of the three options. The 80th percentile will be the highest in the vast majority of cases. And in the rare case it is not, an even higher rate will be mandated.
- Make no mistake: the use of the 80th percentile as the highly likely mandatory choice for reimbursement will increase costs for Alaskans. Outside analyses confirm this.
- The recent study by Milliman makes clear that the 80th percentile standard has contributed to the unsustainable level of health care costs in Alaska. In 2015, the Alaska Health Care Commission recommended that Alaska "consider modifying the current usual and customary charge payment regulation to eliminate the unintended adverse pricing consequence."
- In addition to the problems presented by the use of the 80th percentile standard, the Department of Administration stated that the bill's reimbursement structure "could encourage providers to leave the networks and could result in long-term growth in the cost of services."
- Our experience reflects that concern. Let me provide you examples.

The 80th percentile regulation requires that it be updated twice a year. This creates a cost compounding impact that often exceeds the broader health care cost trend, increasing costs even further.

Premera's 80th percentile updates in 2017 resulted in UCR trends that were over 4 times higher than Premera's overall unit cost trend for 2017. That

drives a real escalation in overall costs, increasing premiums and consumer out-of-pocket expenses

The guaranty of 80th percentile reimbursement for out of network care has also caused contracted rates to be far higher than they would be otherwise. Our contracted network rates in Alaska for the four hospital-based specialties are between 32% and 275% higher than in Washington as a percent of Medicare ... and that is on top of Medicare rates that are already 25% higher here. Other specialties range upward of 1000% of Medicare.

- The challenge in determining fair reimbursement is to not disrupt what can be a very challenging environment for health plans to build networks in Alaska. Premera's Alaska network has grown in the last few years and continues to do so. But it's been very hard work, due in part to the attraction of the 80th percentile requirement for out-of-network care.
- That challenge can be greater when attempting to contract with hospital based emergency care, anesthesiology, radiology pathology, where members are unable to choose their provider. As a result, these provider types are guaranteed to see health plan members at an in-network hospital with or without a contract, and hence have less incentive than providers generally to contract with health plans.
- We want to continue our progress in building bigger and stronger networks for our members to access, offering members lower out of pocket costs.
- Reimbursing out of network care at the 80th percentile of billed charges as part of a solution to balance billing will impede that effort. While balance billing may be prohibited, Alaskans will be exposed to ever-increasing out of pocket costs as providers take advantage of the out-of-network reimbursement levels unencumbered by the risk of balance billing members. Member coinsurance costs overall will be higher when based on the 80th percentile standard than they would when based on a more market-based rate. Premiums will increase as well.

- We've proposed removing the 80th percentile with three options for reimbursement standards: the first two are the median health plan fee schedule for the specific specialty (as is in the present bill) and two different percent of Medicare options. The third option we've proposed is even simpler: it's simply the median contracted fee schedule.
- It's hard to come up with a better indicator of the actual health care market than one based on the median fee schedule to which providers and health plans have agreed. Markets are defined by a price or term to which parties agree.
- This is an opportunity for a balance billing solution for Alaskans to actually reflect the market in Alaska and maintain broad and affordable network access for Alaskans.
- We would also like to share with the committee concerns unrelated to the reimbursement methodology.
- First, we have suggested an amendment to the "hold harmless" section. The provision currently requires an insurer to "hold harmless" or ensure that a member does not incur costs in excess of what they owe for the in-network benefit under the bill. Premera will of course pay claims under the bill at the in-network benefit level and the member's responsibility under their contract with us will be limited to that amount. However, we have no ability to control whether a non-contracted provider will bill a member in excess of the amounts allowed under the bill. We would request that the provision be amended to reflect that reality.
- Second, we agree with the Department of Administration that the bill's intent is to apply to services rendered during emergency care. We also agree with their concern that the bill actually reaches far beyond those services. Separate from emergency services and emergency medical conditions, the bill's terms extend to any non-network provider who provides "services at an in-network hospital or ambulatory surgical center." That would apply to literally any service provided by an out-of-network provider at

an in-network facility ... for example a surgical service of any kind.

- This will result in a prohibition of balance billing far broader than intended and will also mandate the higher in-network benefit level required under the bill even for consumers who choose to see an out-of-network provider. A prohibition on balance or surprise billing should protect consumers who are unable to choose a network provider and not those who are free to do so.
- To resolve this, we suggest that "in-network hospital" and "in-network ambulatory surgical center" be linked only to "emergency services" and the treatment of an "emergency medical condition" to resolve any ambiguity on the reach of the bill.
- The bill also provides balance billing protection to any patient who has not consented in writing to balance billing when being referred to an out-of-network provider. Insurers have no way to know whether or not a referring physician was involved at some point, or whether a patient agreed in writing to be responsible for the additional costs of out-of-network care. As a result, paying that claim correctly is difficult if not impossible. It would also be exceedingly rare for a referral to be involved in emergency care.
- Finally, the bill in any form will require changes to claims systems, changes to member benefit structures and a range of member and other communications. In addition, product and rate filings for 2019 will commence very shortly. In order to ensure that implementation is thorough, and that the impacts of the bill to all of these processes is well understood, we request an effective date of plans filed or renewed on or after January 1, 2019.
- Thank you. I would be happy to respond to any questions you might have.

[3:41:36 PM](#)

REPRESENTATIVE WOOL said he has heard that his doctor may not know whether he is in-network or out-of-network. He asked for an explanation of the terms.

MR. SORRIN answered that typically a provider with Premera would be in all of Premera's networks. He said it should be relatively straightforward.

REPRESENTATIVE WOOL asked whether a health care provider could be in more than one network.

MR. SORRIN answered in the affirmative. He said providers are free to join any network.

[3:43:53 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD spoke to testimony from emergency room doctors. She asked whether they are able to join the network with Premera.

MR. SORRIN answered that Premera would love to have every hospital-based provider in its network. Sometimes it's not possible as the contracting dynamic is complicated. He said at times hospitals contract separately with some providers. He underlined that Premera tries hard to enter into contracts with the provider types. He added that if the consumer doesn't have a choice, it can result in the type of balance billing that the proposed bill is trying to prevent.

REPRESENTATIVE SULLIVAN-LEONARD asked whether Mr. Sorrin has spoken with the bill sponsor about an amendment.

MR. SORRIN answered he had spoken with the sponsor but not about the issue of emergency care. He said he thought the intention is to address emergency care. He added he would be happy to work with the sponsor.

[3:46:48 PM](#)

REPRESENTATIVE JOSEPHSON surmised the insurance company would not be happy with the legislation for a series of other reasons.

MR. SORRIN addressed some of the concerns with the bill. He said the use of the 80th percentile would lead to a higher number of out-of-network hospital-based providers. He provided an anecdote from the state of Washington's market.

[3:48:59 PM](#)

REPRESENTATIVE KNOPP asked what leads the company to enter into a contract with higher rates.

MR. SORRIN answered some of the high levels involve specialties that have very few providers. He said the higher available out-of-network reimbursement raises the level of in-network reimbursement.

REPRESENTATIVE KNOPP stated he doesn't believe any of the hospitals in his area are in a network. He asked why some decide not to participate.

MR. SORRIN answered his organization attempts to have as many hospitals as it can. He stated that in Washington around 100 out of 105 hospitals are in the network.

REPRESENTATIVE KNOPP asked what determines whether providers enter the network.

MR. SORRIN answered that Premera works hard to enter into contracts with hospitals in less densely populated areas.

[3:52:28 PM](#)

REPRESENTATIVE BIRCH asked whether there is objection from the company to paying an in-network rate for a customer who has an emergency out-of-network procedure.

MR. SORRIN answered the company does pay in those situations.

CHAIR KITO clarified the issue is paying the amount between the in-network rate and out-of-network rate.

[3:54:16 PM](#)

REPRESENTATIVE WOOL asked for clarification regarding hospitals versus doctors being in-network.

MR. SORRIN answered that the company contracts with the hospital and some hospital-based providers are not employed by the hospital. They may not have a plan that contracts with the hospital.

REPRESENTATIVE WOOL asked whether, if the proposed bill passes, the provider would take a loss on the billing.

MR. SORRIN answered the provider would get whatever rate the proposed bill may end up providing. He added there are different rates across the networks. He said that under the proposed bill, all of the providers seen in an emergency situation would be subject to whatever rate the HB 193 establishes.

[3:57:32 PM](#)

DR. SAMI ALI, Alaska Emergency Medical Associates, testified in support of HB 193. She described her organization. She corrected that physicians are not employees of the hospital, but contract with the hospital.

[4:00:07 PM](#)

REPRESENTATIVE WOOL asked whether Dr. Ali agrees that some providers could leave the network.

DR. ALI answered that it is hard to say, but that some may get out of their contracts.

[4:00:46 PM](#)

RHONDA PROWELL-KITTER, President, Alaskans for Sustainable Healthcare Costs, testified in the hearing on HB 193. She stated some concerns with the proposed bill. She said that one requirement of the proposed bill would be that the in-network provider should inform the patient when another provider is out-of-network. She queried why an in-network provider would be responsible for tracking another provider's network status. She said that the current version of the bill requires the highest of three calculations. She said mandating the use of the 80th percentile would allow out-of-network providers to be paid at a higher rate than in-network providers. She mentioned Oregon bill HB 2339. She warned against unintended consequences that allow out-of-network providers to be billed above in-network providers.

[4:04:58 PM](#)

REPRESENTATIVE JOSEPHSON asked for the Oregon law details.

MS. PROWELL-KITTER answered the bill was HB 2339 which went into effect on 1 March 2018.

[4:05:19 PM](#)

REPRESENTATIVE WOOL suggested she was saying that if a doctor who is out-of-network is reimbursed at the 80th percentile, it could be more than that reimbursed to an in-network provider. He suggested this could be an incentive for doctors to leave the network.

MS. PROWELL-KITTER answered that is her understanding.

[4:05:53 PM](#)

CHAIR KITO closed public testimony on HB 193.

[4:06:34 PM](#)

REPRESENTATIVE WOOL asked whether the administration had reviewed similar legislation in other states.

[4:07:01 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community & Economic Development (DCCED), answered questions in the hearing on HB 193. She answered in the affirmative. She said the 80th percentile issue is one part of the governor's bi-partisan approach to the health care issue.

REPRESENTATIVE WOOL asked whether the 80th percentile is common in other states.

MS. WING-HEIER answered that Alaska is probably the first. She added that the Institute of Social and Economic Research (ISER) is currently conducting a study on the 80th percentile.

[4:08:14 PM](#)

REPRESENTATIVE JOSEPHSON stated he appreciates the goals of HB 193. He said it seems there is a game of "whack-a-mole" with issues popping up.

MS. WING-HEIER answered this is a complex problem. She said the whole health care system in the state will take time.

[4:11:01 PM](#)

REPRESENTATIVE KNOPP asked whether any benefit has been observed in the Anchorage, Alaska, legislation to mandate health care cost transparency.

MS. WING-HEIER answered that no benefit had been seen as yet, but the mandate was very recent. She corrected that Central Peninsula is in the Premera network.

[4:11:51 PM](#)

REPRESENTATIVE BIRCH asked about the financial impact to the state.

MS. WING-HEIER answered the division wouldn't have a fiscal note (FN) for the proposed bill. She added the Division of Retirement and Benefits is not required to pay at the 80th percentile.

[4:13:20 PM](#)

REPRESENTATIVE WOOL asked whether the motivation is to give the patient a better medical bill at the end of a day.

[4:14:14 PM](#)

ANNE ZINK, Mat-Su Regional Medical Director, Alaska Emergency Physicians, answered the goal is to prevent out-of-network billing. She reiterated most providers in the state are in-network. She added she did not think providers would leave the network. She spoke to the situation in Washington and Oregon.

REPRESENTATIVE JOSEPHSON opined the state needs a single payer system.

REPRESENTATIVE WOOL suggested if someone is an in-network provider they would likely be reimbursed at the 80th percentile, so there would be no migration to out-of-network.

DR. ZINK answered that is correct. She stated the 80th percentile has been in place since 2004. She said the aim is to avoid balance billing on top of that.

[4:18:11 PM](#)

CHAIR KITO commented that balance billing has been an issue. He mentioned individuals or families that have to file bankruptcy due to balance bills. He said at some point there may be the

need for a task force for the state to work on the issue, but there is no reason not to attempt to work on it.

[4:20:28 PM](#)

REPRESENTATIVE WOOL commented that the system is so complicated that he does not know what the effect would be of moving a single piece.

[4:21:44 PM](#)

The committee took an at-ease from 4:21 p.m. to 4:26 p.m.

[4:26:28 PM](#)

CHAIR KITO held over HB 193.

HB 376-ESTABLISH THE ALASKA STATE BANK

[4:26:37 PM](#)

CHAIR KITO announced that the next order of business would be HOUSE BILL NO. 376, "An Act establishing a state bank; relating to insurance, mortgage lending, securities, and permanent fund dividends; and providing for an effective date."

[4:26:58 PM](#)

REPRESENTATIVE CHRIS TUCK, Alaska State Legislature, reintroduced HB 376 as prime sponsor. He said the proposed bill would create a monetary policy for Alaska for infrastructure, science, and technology projects.

[4:28:21 PM](#)

CHARLES DUNCAN, Staff, Representative Chris Tuck, Alaska State Legislature, presented HB 376 on behalf of Representative Tuck, prime sponsor. He said that as a researcher, he believes the most important reason to create the Alaska State Bank is to allow the legal ability to access the Federal Reserve to prepare for the next financial crisis.

REPRESENTATIVE TUCK said the proposal is to get money into the economy for long-term infrastructure projects. He said the most the state would participate is 35 percent.

[4:32:53 PM](#)

REPRESENTATIVE KNOPP asked where the funds for the state bank would come from.

REPRESENTATIVE TUCK answered some funds would come from loan guarantees, capital purchase, and the credit stimulus method.

REPRESENTATIVE KNOPP asked whether Alaska Industrial Development and Export Authority (AIDEA) already does those things.

MR. DUNCAN answered that AIDEA doesn't directly fund science and technology.

[4:35:55 PM](#)

CHAIR KITO shared his understanding that the proposal would allow the state to issue bonds for infrastructure projects. He asked about the revenue source for paying back the funds.

MR. DUNCAN answered the bank would be active as "a securitizer." He said it would create packages which would be put on account with the Federal Reserve.

CHAIR KITO suggested the infrastructure bonds are for municipal governments and they are paid back through municipal taxes.

MR. DUNCAN answered that is correct.

[4:37:39 PM](#)

CHAIR KITO suggested the state of Alaska can go to the federal government with the bonds and the federal government can allow the state to lend or generate capital for science and technology.

MR. DUNCAN answered in the affirmative.

CHAIR KITO suggested it increases the state bank's ability to enter into additional loans to support science and technology.

MR. DUNCAN answered in the affirmative.

CHAIR KITO clarified there is a two-step procedure. The credit holding with the federal government allows for the creation of additional loans. He said monetary policy means little to people in Alaska. He said it would be creating a method to access capital that is not currently accessible to the state.

[4:39:48 PM](#)

REPRESENTATIVE KNOPP spoke to issuance of bonds. He said he had not heard how they were to be repaid. He stated science and technology are not necessarily revenue generators.

MR. DUNCAN said the aim is to prepare for the next financial reforms.

REPRESENTATIVE TUCK said that as bonds are packaged together for municipal projects and the Federal Reserve takes them over, it frees up more money.

REPRESENTATIVE KNOPP said the state does already have a bond bank established.

REPRESENTATIVE TUCK answered he doesn't know what the bond bank is or whether it is able to do fractional reserve banking.

CHAIR KITO answered it is the Alaska Municipal Bond Bank and it is available for cities to support municipal bond programs.

[4:42:50 PM](#)

REPRESENTATIVE WOOL mentioned the state bank would provide 35 percent as a down payment for commercial banks. He asked whether commercial banks are welcoming the initiative.

MR. DUNCAN clarified it also concerns other state agencies.

REPRESENTATIVE WOOL asked whether the funds would be the seed money to give commercial banks confidence.

REPRESENTATIVE TUCK answered that the banking association had been in Juneau, Alaska, about two weeks previous and the proposal had peaked their interest.

[4:45:02 PM](#)

REPRESENTATIVE KNOPP asked whether the committee had any testimony from the Department of Revenue or AIDEA or received any thoughts from the administration.

CHAIR KITO answered that to date there had not been any commentary from the administration.

REPRESENTATIVE TUCK added that since the last hearing there is a fiscal note.

CHAIR KITO said the proposal was for a specific revenue source.

REPRESENTATIVE BIRCH commented it doesn't sound like a good business solution to him.

REPRESENTATIVE WOOL commented he does not understand the proposal.

REPRESENTATIVE KNOPP commented he is not ready to support the proposed bill but is ready to support the concept. He said he'd like to see a working group come forward with recommendations.

[4:50:07 PM](#)

The committee took an at-ease from 4:50 p.m. to 4:51 p.m.

[4:51:19 PM](#)

REPRESENTATIVE WOOL moved to report HB 376 out of committee with individual recommendations and the accompanying fiscal notes.

[4:51:48 PM](#)

A roll call vote was taken. Representatives Stutes, Josephson, Wool, and Kito voted in favor of HB 376. Representatives Birch and Knopp voted against it. Therefore, HB 376 was reported out of the House Labor and Commerce Standing Committee by a vote of 4-2.

[4:52:31 PM](#)

The committee took an at-ease from 4:52 p.m. to 4:54 p.m.

HB 357-ALCOHOLIC BEVERAGE CONTROL/REGULATION

[4:54:39 PM](#)

CHAIR KITO announced that the final order of business would be HOUSE BILL NO. 357, "An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, retailers, and common carriers 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; amending

Rule 17, Alaska Rules of Minor Offense Procedure; and providing for an effective date."

[4:55:47 PM](#)

REPRESENTATIVE WOOL commented it seems like a lot of the training and education in the proposal is already in place.

[4:56:39 PM](#)

REPRESENTATIVE CHUCK KOPP, Alaska State Legislature, answered questions on HB 357 as prime sponsor. He answered that the bill standardizes the requirements. He said it would use a better job of using fees for training and education. He deferred to Ms. Brawley.

REPRESENTATIVE WOOL asked what is different in the proposal from what is already going on.

ANNA BRAWLEY, Project Coordinator for Title 4, noted that the requirement for TAMS cards is only subject to some license types and do not apply to breweries, manufacturer tasting rooms, and other new licenses types. She added that a non-profit would now be subject to the requirements.

REPRESENTATIVE WOOL asked about funding that comes from license fees for enforcement.

REPRESENTATIVE KOPP answered the focus is on a cooperative effort with public safety.

MR. FOX added that he would like to see more education through the public safety officers, rather than the issuing of Class A misdemeanors. He recounted an episode in which an underage server was involved in a beer order at a pizzeria.

[5:05:07 PM](#)

REPRESENTATIVE WOOL suggested the funding isn't based on number of contacts with licensees. He asked whether license money goes to the state or the local municipality.

REPRESENTATIVE KOPP answered it would depend on the entity that has that enforcement in their job function.

CHAIR KITO held over HB 357.

5:08:09 PM

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:08 p.m.