

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

May 3, 2018

4:27 p.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

CS FOR SS FOR SENATE BILL NO. 76 (FIN)

"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(h), Alaska Rules of Minor Offense Procedure; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 76

SHORT TITLE: ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

SPONSOR(S): SENATOR(S) MICCICHE

03/03/17	(S)	READ THE FIRST TIME - REFERRALS
03/03/17	(S)	L&C, JUD
05/11/17	(S)	SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
05/11/17	(S)	L&C, JUD
03/13/18	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

03/13/18 (S) Heard & Held
03/13/18 (S) MINUTE(L&C)
03/15/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/15/18 (S) Heard & Held
03/15/18 (S) MINUTE(L&C)
03/20/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/20/18 (S) Heard & Held
03/20/18 (S) MINUTE(L&C)
03/22/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/22/18 (S) Heard & Held
03/22/18 (S) MINUTE(L&C)
04/03/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/03/18 (S) Moved CSSSSB 76(L&C) Out of Committee
04/03/18 (S) MINUTE(L&C)
04/06/18 (S) L&C RPT CS 2DP 1NR 1AM SAME TITLE
04/06/18 (S) NR: COSTELLO
04/06/18 (S) DP: MICCICHE, MEYER
04/06/18 (S) AM: GARDNER
04/11/18 (S) JUD AT 1:30 PM BELTZ 105 (TSBldg)
04/11/18 (S) Heard & Held
04/11/18 (S) MINUTE(JUD)
04/13/18 (S) JUD AT 1:30 PM BELTZ 105 (TSBldg)
04/13/18 (S) -- MEETING CANCELED --
04/14/18 (S) JUD RPT CS 1DP 1NR 2AM NEW TITLE
04/14/18 (S) DP: COGHILL
04/14/18 (S) NR: WIELECHOWSKI
04/14/18 (S) AM: COSTELLO, SHOWER
04/14/18 (S) FIN REFERRAL ADDED AFTER JUD
04/14/18 (S) JUD AT 9:00 AM BELTZ 105 (TSBldg)
04/14/18 (S) Moved CSSSSB 76(JUD) Out of Committee
04/14/18 (S) MINUTE(JUD)
04/17/18 (S) FIN AT 1:30 PM SENATE FINANCE 532
04/17/18 (S) Heard & Held
04/17/18 (S) MINUTE(FIN)
04/27/18 (S) FIN AT 1:30 PM SENATE FINANCE 532
04/27/18 (S) Heard & Held
04/27/18 (S) MINUTE(FIN)
04/30/18 (S) FIN RPT CS 4DP 3NR NEW TITLE
04/30/18 (S) NR: HOFFMAN, MACKINNON, OLSON
04/30/18 (S) DP: BISHOP, VON IMHOF, STEVENS,
MICCICHE
04/30/18 (S) TRANSMITTED TO (H)
04/30/18 (S) VERSION: CSSSSB 76(FIN)
04/30/18 (S) FIN AT 9:00 AM SENATE FINANCE 532
04/30/18 (S) Moved CSSSSB 76(FIN) Out of Committee
04/30/18 (S) MINUTE(FIN)
05/01/18 (H) READ THE FIRST TIME - REFERRALS

05/01/18 (H) L&C, FIN
05/02/18 (H) L&C AT 3:15 PM BARNES 124
05/02/18 (H) Heard & Held
05/02/18 (H) MINUTE (L&C)
05/03/18 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

ANDREW CUTTING

Alaska Children's Trust
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 76.

JAN HILL

Title 4 Review Steering Committee
Haines, Alaska

POSITION STATEMENT: Testified in support of SB 76.

LUCAS HEGER

Skagway Spirits Distillery
Skagway, Alaska

POSITION STATEMENT: Testified in support of SB 76.

MELANIE LESH

Snug Harbor
Gustavus, Alaska

POSITION STATEMENT: Testified in support of SB 76.

MIKE HEALY

Skagway Brewing Company
Skagway, Alaska

POSITION STATEMENT: Testified in the hearing on SB 76.

SHERRY STEAD

Grace Ridge Brewing
Homer, Alaska

POSITION STATEMENT: Testified in support of SB 76.

WILLIAM HOWELL

Sterling, Alaska

POSITION STATEMENT: Testified in support of SB 76.

DOUG HOGUE, Owner

Kenai River Brewing Company
Soldotna, Alaska

POSITION STATEMENT: Testified in support of SB 76.

RONDY MATTHEWS

BDL owner

Homer, Alaska

POSITION STATEMENT: Testified in support of SB 76.

MATT JONES

Moose's Tooth

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 76.

MIKE ALLEN

Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 76.

EVAN WOOD, Owner

Devil's Club Brewing

Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 76.

KATIE BALDWIN-JOHNSON

Mental Health Trust Authority (MHTA)

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 76.

RICK ARMSTRONG, Owner

Baranof Island Brewing Company

Sitka, Alaska

POSITION STATEMENT: Testified in support of SB 76.

MIKE JIPPING

Moose's Tooth Brewery

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 76.

JEFF POLIZZOTTO

Douglas, Alaska

POSITION STATEMENT: Testified in support of SB 76.

MICHAEL CERVANTES, Owner

The Banks Alehouse

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 76.

TOIVO LUICK, Owner

Hoarfrost Distillery

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 76.

CLARK PELTZ, Co-owner
Cynosure Brewing
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 76.

KAREN BERGER, Co-owner
Homer Brewing Company
Homer, Alaska

POSITION STATEMENT: Testified in support of SB 76.

PETE HANSON
President, CEO
Alaska Cabaret, Hotel, Restaurant and Retailers Association
(Alaska CHARR)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 76.

ROY MARENCO
Girdwood Brewing Company
Girdwood, Alaska

POSITION STATEMENT: Testified in support of SB 76.

JOEL PROBST
Klondike Brewing
Skagway, Alaska

POSITION STATEMENT: Testified in support of SB 76.

JOEL LOOSLI
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 76.

MARK STAPLES
Midnight Sun Brewing Company
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 76.

EDMOND MINER
Gakona Brewing Company
Gakona, Alaska

POSITION STATEMENT: Testified in support of SB 76.

PATRICK LEVY
Fairbanks Distillery Company
Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to SB 76.

ACTION NARRATIVE

[4:27:43 PM](#)

CHAIR SAM KITO called the House Labor and Commerce Standing Committee meeting to order at 4:27 p.m. All members were present at the call to order.

SB 76-ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

[4:28:00 PM](#)

CHAIR KITO announced that the only order of business would be SENATE BILL NO. 76, "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."

[4:29:03 PM](#)

CHAIR KITO announced that public testimony was still open from the previous hearing.

[4:29:40 PM](#)

ANDREW CUTTING, Alaska Children's Trust, testified in support of SB 76. He spoke to the provision regarding online sales.

[4:30:51 PM](#)

JAN HILL, Title 4 Review Steering Committee, testified in support of SB 76. She said the state needs to regulate internet sales of alcohol. She encouraged the committee not to lose sight of all the good work done on the review and the proposed bill.

[4:32:35 PM](#)

LUCAS HEGGER, Skagway Spirits Distillery, testified in support of SB 76.

[4:33:15 PM](#)

MELANIE LESH, Snug Harbor, testified in support of SB 76. She spoke to renewal of package liquor store licenses.

[4:34:49 PM](#)

MIKE HEALY, Skagway Brewing Company, testified in the hearing on SB 76. He said he supports the changes in the legislation. He stated that due to the high cost of hiring a distributor, his company had been unable to sell product to local liquor stores. He added that by being open in the winter, the brewery has increased the local economy.

REPRESENTATIVE WOOL said he thinks small breweries can make direct sales according to current law.

[4:37:25 PM](#)

SHERRY STEAD, Grace Ridge Brewing, testified in support of SB 76. She mentioned local events and non-profits to which the brewery donates each year. She said clear and enforceable regulations are needed.

[4:38:32 PM](#)

WILLIAM HOWELL testified in support of SB 76. He said it would be a "real step forward" for breweries in Alaska.

[4:39:56 PM](#)

DOUG HOGUE, Owner, Kenai River Brewing Company, testified in support of SB 76. He said taprooms are a social gathering place in his town. He spoke to the considerable investment involved. He urged the committee to update Title 4.

[4:41:33 PM](#)

RONDY MATTHEWS, BDL owner, testified in support of SB 76. She said she would like to see completion of Title 4.

[4:42:29 PM](#)

MATT JONES, Moose's Tooth, testified in support of SB 76. He stated he had served on the subcommittee and he thinks the proposal would serve as framework for operators and regulators. He spoke to the need to address the production cap.

[4:43:55 PM](#)

MIKE ALLEN testified in support of SB 76. He said he thinks distillery tasting rooms are for offering samples of product. He spoke to testimony stating one distillery is a venue for local artists. He gave some suggestions, such as allowing distilleries to offer free samples that can be mixed; not allowing afterhours activities; and additional fees for entertainment which would create revenue for the Alcoholic Beverage Control Board ("ABC Board").

[4:46:59 PM](#)

EVAN WOOD, Owner, Devil's Club Brewing, testified in support of SB 76. He said the proposed bill would clarify the language in Title 4.

[4:48:01 PM](#)

KATIE BALDWIN-JOHNSON, Mental Health Trust Authority (MHTA), testified in support of SB 76. She described the health benefits for beneficiaries of MHTA. She informed that the MHTA respectfully requested passage of the proposed bill in the current session.

[4:50:38 PM](#)

RICK ARMSTRONG, Owner, Baranof Island Brewing Company, testified in support of SB 76. He stated he is president of the Brewer's Guild of Alaska.

[4:51:35 PM](#)

MIKE JIPPING, Moose's Tooth Brewery, testified in support of SB 76. He said he would like to see the production cap lifted.

REPRESENTATIVE WOOL asked whether Mr. Jipping's establishment has a tasting room.

MR. JIPPING answered there is no tasting room at the brewery, only a restaurant.

[4:52:46 PM](#)

JEFF POLIZZOTTO testified in support of SB 76. He mentioned the changes to Title 4 that stakeholders had already agreed upon.

[4:53:57 PM](#)

MICHAEL CERVANTES, Owner, The Banks Alehouse, testified in support of SB 76. He asked the committee to review AS 04.09.210 regarding eating place licenses. He said the language should be reevaluated. He further spoke to his concerns regarding food truck licensing.

[4:57:03 PM](#)

TOIVO LUICK, Owner, Hoarfrost Distillery, testified in support of SB 76. He suggested not putting through controversial amendments and simply moving the bill forward.

[4:58:09 PM](#)

CLARK PELTZ, Co-owner, Cynosure Brewing, testified in support of SB 76. He spoke to the work that had gone into the Title 4 rewrite.

[4:59:15 PM](#)

KAREN BERGER, Co-owner, Homer Brewing Company, testified in support of SB 76. She said she feels the bill has seen a lot of compromise. She spoke to the fee schedule and the population cap.

[5:01:06 PM](#)

PETE HANSON, President, CEO, Alaska Cabaret, Hotel, Restaurant and Retailers Association (Alaska CHARR), testified in support of SB 76. He mentioned that manufacturers represent around two percent of the total licenses in the state. He said he would like to see a level playing field across all licenses.

[5:03:40 PM](#)

ROY MARENCO, Girdwood Brewing Company, testified in support of SB 76.

[5:04:34 PM](#)

JOEL PROBST, Klondike Brewing, testified in support of SB 76. He said he thinks the proposed bill does a good job of updating Title 4. He pointed out that the cost of licenses is \$300,000 only on the private market. He said the cost of a BDL biannual license is \$2,500 currently.

[5:06:07 PM](#)

JOEL LOOSLI testified in support of SB 76 as written. He said he thinks Alaska's current laws are fairly antiquated and he appreciates the effort to modernize them.

[5:07:10 PM](#)

MARK STAPLES, Midnight Sun Brewing Company, testified in support of SB 76.

[5:07:56 PM](#)

EDMOND MINER, Gakona Brewing Company, testified in support of SB 76 in its current form.

REPRESENTATIVE WOOL asked whether Mr. Miner had testified in Senate Labor and Commerce Committee bill hearings in support of the proposed bill in its current form.

MR. MINER replied in the affirmative.

REPRESENTATIVE WOOL asked whether he had testified about removing the 80/20 rule.

MR. MINER answered in the affirmative.

[5:09:45 PM](#)

PATRICK LEVY, Fairbanks Distillery Company, testified in opposition to SB 76. He queried why distillery licenses needed to be so complicated. He stated that as a member of the public, he can invite restaurant-owner friends to his home to showcase product but cannot do the same on his premises. He added distilleries do not compete with bars. He said his distillery is an attraction that helps the whole community.

REPRESENTATIVE STUTES asked Mr. Levy whether he sells samples at his distillery.

MR. LEVY answered that he does sell mixed drinks. He added that with SB 76 he would have to buy a sampling permit to give out samples.

REPRESENTATIVE WOOL spoke to fees for tasting rooms. He said the tasting endorsement is \$200 for 2 years.

MR. LEVY replied that it was cheapest license, but he would also have to purchase a retail license and a wholesale license. He added the price of his current license would go up with the proposed legislation.

[5:13:53 PM](#)

CHAIR KITO closed public testimony on SB 76.

[SB 76 was held over.]

[5:14:11 PM](#)

ADJOURNMENT

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