

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

March 9, 2020

3:15 p.m.

**MEMBERS PRESENT**

Representative Ivy Spohnholz, Chair  
Representative Louise Stutes  
Representative Zack Fields  
Representative Sara Hannan  
Representative Andi Story  
Representative Mel Gillis  
Representative Sara Rasmussen

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 235

"An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

- MOVED CSHB 235(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 93

"An Act relating to temporary courtesy licenses for certain nonresident professionals; and relating to the Department of Commerce, Community, and Economic Development."

- MOVED CSHB 93(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 301

"An Act relating to certificates of fitness for plumbers and electricians."

- HEARD & HELD

CS FOR SENATE BILL NO. 52(FIN) AM

"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 common carrier approval to transport or deliver 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: HB 235

SHORT TITLE: AK WORKFORCE INVESTMENT BOARD:ALLOCATIONS

SPONSOR(S): REPRESENTATIVE(S) WOOL

02/05/20	(H)	READ THE FIRST TIME - REFERRALS
02/05/20	(H)	L&C, FIN
02/21/20	(H)	L&C AT 3:15 PM BARNES 124
02/21/20	(H)	Heard & Held
02/21/20	(H)	MINUTE(L&C)
02/24/20	(H)	L&C AT 3:15 PM BARNES 124
02/24/20	(H)	Heard & Held
02/24/20	(H)	MINUTE(L&C)
02/28/20	(H)	L&C AT 3:15 PM BARNES 124
02/28/20	(H)	<Bill Hearing Canceled>
03/02/20	(H)	L&C AT 3:15 PM BARNES 124
03/02/20	(H)	<Bill Hearing Canceled>
03/04/20	(H)	L&C AT 3:15 PM BARNES 124
03/04/20	(H)	-- MEETING CANCELED --
03/09/20	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 93

SHORT TITLE: MILITARY SPOUSE COURTESY LICENSE

SPONSOR(S): REPRESENTATIVE(S) TUCK

03/13/19	(H)	READ THE FIRST TIME - REFERRALS
03/13/19	(H)	MLV, L&C
04/02/19	(H)	MLV AT 1:00 PM GRUENBERG 120
04/02/19	(H)	Heard & Held
04/02/19	(H)	MINUTE(MLV)
04/04/19	(H)	MLV AT 1:00 PM GRUENBERG 120
04/04/19	(H)	-- MEETING CANCELED --
04/09/19	(H)	MLV AT 1:00 PM GRUENBERG 120
04/09/19	(H)	-- MEETING CANCELED --
04/16/19	(H)	MLV AT 1:00 PM GRUENBERG 120
04/16/19	(H)	Moved HB 93 Out of Committee
04/16/19	(H)	MINUTE(MLV)
04/17/19	(H)	MLV RPT 6DP

04/17/19 (H) DP: THOMPSON, RAUSCHER, TUCK, JACKSON,  
TARR, LEDOUX  
05/06/19 (H) L&C AT 3:15 PM BARNES 124  
05/06/19 (H) -- MEETING CANCELED --  
05/10/19 (H) L&C AT 3:15 PM BARNES 124  
05/10/19 (H) Heard & Held  
05/10/19 (H) MINUTE(L&C)  
03/02/20 (H) L&C AT 3:15 PM BARNES 124  
03/02/20 (H) Heard & Held  
03/02/20 (H) MINUTE(L&C)  
03/06/20 (H) L&C AT 3:15 PM BARNES 124  
03/06/20 (H) Heard & Held  
03/06/20 (H) MINUTE(L&C)  
03/09/20 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 301

SHORT TITLE: ELECTRICIAN & PLUMBER APPRENTICESHIPS

SPONSOR(S): REPRESENTATIVE(S) SHAW

02/24/20 (H) READ THE FIRST TIME - REFERRALS  
02/24/20 (H) L&C  
03/09/20 (H) L&C AT 3:15 PM BARNES 124

BILL: SB 52

SHORT TITLE: ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

SPONSOR(S): SENATOR(S) MICCICHE

02/11/19 (S) READ THE FIRST TIME - REFERRALS  
02/11/19 (S) L&C, JUD, FIN  
03/26/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
03/26/19 (S) Heard & Held  
03/26/19 (S) MINUTE(L&C)  
03/28/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
03/28/19 (S) Heard & Held  
03/28/19 (S) MINUTE(L&C)  
04/02/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
04/02/19 (S) Heard & Held  
04/02/19 (S) MINUTE(L&C)  
04/04/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
04/04/19 (S) -- MEETING CANCELED --  
04/09/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
04/09/19 (S) Heard & Held  
04/09/19 (S) MINUTE(L&C)  
04/11/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
04/11/19 (S) Heard & Held  
04/11/19 (S) MINUTE(L&C)  
04/16/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

04/16/19 (S) Moved CSSB 52(L&C) Out of Committee  
 04/16/19 (S) MINUTE(L&C)  
 04/17/19 (S) L&C RPT CS FORTHCOMING 4DP  
 04/17/19 (S) DP: REINBOLD, COSTELLO, BIRCH, BISHOP  
 04/17/19 (S) JUD AT 1:30 PM BELTZ 105 (TSBldg)  
 04/17/19 (S) -- MEETING CANCELED --  
 04/17/19 (S) JUD AT 6:00 PM BELTZ 105 (TSBldg)  
 04/17/19 (S) -- MEETING CANCELED --  
 04/19/19 (S) L&C CS RECEIVED SAME TITLE  
 04/22/19 (S) JUD AT 6:00 PM BELTZ 105 (TSBldg)  
 04/22/19 (S) Heard & Held  
 04/22/19 (S) MINUTE(JUD)  
 04/23/19 (S) JUD AT 6:00 PM BELTZ 105 (TSBldg)  
 04/23/19 (S) Heard & Held  
 04/23/19 (S) MINUTE(JUD)  
 04/24/19 (S) JUD AT 1:30 PM BELTZ 105 (TSBldg)  
 04/24/19 (S) Heard & Held  
 04/24/19 (S) MINUTE(JUD)  
 04/26/19 (S) JUD AT 1:30 PM BELTZ 105 (TSBldg)  
 04/26/19 (S) Moved CSSB 52(JUD) Out of Committee  
 04/26/19 (S) MINUTE(JUD)  
 04/29/19 (S) JUD RPT CS 2DP 1AM SAME TITLE  
 04/29/19 (S) DP: HUGHES, MICCICHE  
 04/29/19 (S) AM: KIEHL  
 02/11/20 (S) FIN AT 9:00 AM SENATE FINANCE 532  
 02/11/20 (S) Heard & Held  
 02/11/20 (S) MINUTE(FIN)  
 02/19/20 (S) FIN RPT CS FORTHCOMING 2DP 2NR 1AM  
 02/19/20 (S) DP: VON IMHOF, BISHOP  
 02/19/20 (S) NR: WIELECHOWSKI, HOFFMAN  
 02/19/20 (S) AM: WILSON  
 02/19/20 (S) FIN AT 9:00 AM SENATE FINANCE 532  
 02/19/20 (S) Moved CSSB 52(FIN) Out of Committee  
 02/19/20 (S) MINUTE(FIN)  
 02/21/20 (S) FIN CS RECIEVED SAME  
 TITLE  
 02/26/20 (S) TRANSMITTED TO (H)  
 02/26/20 (S) VERSION: CSSB 52(FIN) AM  
 02/28/20 (H) READ THE FIRST TIME - REFERRALS  
 02/28/20 (H) L&C, FIN  
 03/09/20 (H) L&C AT 3:15 PM BARNES 124

**WITNESS REGISTER**

ASHLEY CARRICK, Staff  
 Representative Adam Wool  
 Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Provided the opening statement for HB 235 and answered questions, on behalf of Representative Wool, prime sponsor.

TED MADSEN, Staff  
Representative Ivy Spohnholz  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Explained the changes in the proposed committee substitute (CS) for HB 235, Version M, on behalf of Chair Spohnholz.

MATT GRUENING, Staff  
Representative Louise Stutes  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided information on the Kodiak Seafood and Marine Science Center during the hearing on HB 235, on behalf of Representative Stutes.

LENNON WELLER, Economist/UI Actuary  
Department of Labor & Workforce Development  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 235.

REPRESENTATIVE CHRIS TUCK  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, provided the opening statement for HB 93.

REPRESENTATIVE GABRIELLE LEDOUX  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, introduced HB 301.

DEBORAH KELLY, Director  
National Electrical Contractors Association & International Brotherhood of Electrical Workers Apprenticeship Program  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of the CSHB 301.

DAVE MCALLEN, CEO  
The Superior Group Inc.  
National Electrical Contractors Association

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 301.

SENATOR PETER MICCICHE  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, introduced SB 52.

ANNA BRAWLEY, Staff  
Senator Peter Micciche  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided a PowerPoint presentation, entitled "Alcohol Beverage Control (ABC) Board Title 4 Review Project," on behalf of Senator Micciche, prime sponsor, and answered questions from the committee.

MELISSA WALTER, Administrative Officer  
Alcohol & Marijuana Control Office  
Department of Commerce, Community & Economic Development  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on SB 52.

#### **ACTION NARRATIVE**

[3:15:21 PM](#)

**CHAIR IVY SPOHNHOLZ** called the House Labor and Commerce Standing Committee meeting to order at 3:15 p.m. Representatives Story, Stutes, Fields, Gillis, Hannan, and Spohnholz were present at the call to order. Representative Rasmussen arrived as the meeting was in progress.

#### **HB 235-AK WORKFORCE INVESTMENT BOARD:ALLOCATIONS**

[3:16:17 PM](#)

CHAIR SPOHNHOLZ announced that the first order of business would be HOUSE BILL NO. 235, "An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

[3:16:34 PM](#)

ASHLEY CARRICK, Staff, Representative Adam Wool, Alaska State Legislature, on behalf of Representative Wool, prime sponsor, provided a summary of HB 235. She stated that HB 235 reauthorizes the Technical Vocational Education Program (TVEP) for three years to 2023. This program provides technical and vocational training across the state to various recipients and has been in place since 2000.

[3:17:17 PM](#)

REPRESENTATIVE STUTES moved to adopt the proposed committee substitute (CS) for HB 235, labeled 31-LS1480\M, Wayne, 3/6/20, as the working document.

[3:17:37 PM](#)

CHAIR SPOHNHOLZ objected for the purpose of discussion.

[3:17:47 PM](#)

TED MADSEN, Staff, Representative Ivy Spohnholz, Alaska State Legislature, on behalf of Chair Spohnholz, explained the changes to HB 235 proposed under the committee substitute (CS), Version M. He paraphrased from the document, entitled "Explanation of Changes Version A to Version M" [included in the committee packet], which read in its entirety as follows [original punctuation provided]:

The proposed committee substitute makes three substantive changes to the original A version of House Bill 235:

- In Section 1, it changes the TVEP contribution rate from .16 to .18 percent. This adds to the overall available pool of TVEP funds. This change is found on page 1, line 7 of version M.
- In Section 2, it extends the sunset date an additional 2 years. The program would now sunset on June 30, 2025, rather than 2023 as proposed in the A version. This change is found on page 1, line 13 of the M version.
- In Section 2, the M version proposes to add one new allocation at 1.925% to the Kodiak Seafood and Marine Science Center. This change is found on page 2, line 13.

o Allocations for other institutions, aside from the University of Alaska, are slightly decreased. These changed allocations are found on page 2, lines 4-12.

o While allocations for most existing statutorily designated institutions are reduced by 3.5% from their current statutory amount, the change to the TVEP rate found in Section 1 allows each institution to see an increase in overall funds disbursed. See attached Table #1.

o Section 3 adds a new subsection to AS 23.15.835. This new subsection (i) directs that the University of Alaska administer the funds allocated to the Kodiak Seafood and Marine Science Center for programing and capital improvements consistent with AS 16.52.020. AS 16.52.020 spells out the duties of the Kodiak Seafood and Marine Science Center. This change is found on page 2, lines 14-18.

There is one additional change to the A version in the retroactivity clause (section 4). All sections of the bill, including the newly proposed changes in Section 1 and Section 2, and the added Section 3, will take effect retroactively if the bill does not take effect by June 30, 2020.

[3:20:11 PM](#)

MATT GRUENING, Staff, Representative Louise Stutes, Alaska State Legislature, on behalf of Representative Stutes, discussed the Kodiak Seafood and Marine Science Center (KSMSC). The KSMSC was established under the University of Alaska (UA) under the College of Fisheries and Ocean Sciences in 1981 by the legislature through Title 16 [Fish and Game], Chapter 52 [Fishery Industrial Technology Center], AS 16.52.010-070, as the Fisheries Industrial Technology Center. It is the state's only seafood pilot plant. The KSMSC mission under AS 15.52.020, is to support employment opportunities and other benefits to the state and the seafood industry through training, research, and industry collaboration. He provided a short history of the center and directed attention to an informational document, entitled "About Kodiak Seafood and Marine Science Center" [included in the committee packet]. He said that Alaska's seafood industry is the state's single largest private employer;

however, the processing industry receives little annual dedicated funding. He explained that seafood processing employees contribute a significant amount of funds to the TVEP each year. From fiscal year 2016 (FY 16) to FY 18 processing workers contributed an average of \$607,000 to the fund while only averaging \$64,000 per year from FY 14 to FY 20 in TVEP funding, which is approximately 1.2 percent of the university's TVEP allocation. He stated that while the university and Alaska Vocational Technical Center (AVTEC) have increased a percentage of their TVEP funds focused on fisheries and maritime training over the last few years, very little funding has been targeted to the seafood industry workforce directly.

MR. GRUENING noted that the industry has clearly identified training needs and desires through the Alaska Research Consortium survey [included in the committee packet], which was provided for by a federal Economic Development Administration grant to identify the statewide needs. He reported that over 25,000 seafood workers contribute to the TVEP fund annually. He said with the legislative mandate for the KSMSC yet to be realized, this reauthorization represents an opportunity to reinvest in Alaska's seafood industry with funds that are generated from that industry. He further noted that doing so will help contribute to statewide employment opportunities, the value of Alaska's seafood, and the long-term economic health of the state. He added that this would not result in a decrease to shares. Furthermore, there are letters of support from organizations [included in the committee packet], such as the Pacific Seafood Processors Association (PSPA); the Alaska Seafood Marketing Institute (ASMI); North Pacific Seafoods, Inc. (NPSI); the Alaska Research Consortium (ARC); and others.

CHAIR SPOHNHOLZ asked for the bill sponsor's position on the proposed CS.

[3:25:12 PM](#)

MS. CARRICK explained that Version M represents a compromise between Representative Wool, prime sponsor, and the House Labor and Commerce Standing Committee. She said Representative Wool would like to express his acceptance of the proposed CS.

[3:25:46 PM](#)

REPRESENTATIVE STORY expressed her concern about extending the reauthorization period from three years to five years. She pointed out that HB 235 concerns contributions to the state's

technical and vocational education programs, adding that Alaska has made strides in offering those. She offered her belief that a three-year sunset would better allow for the opportunity to readjust if necessary. She asked how input - specifically regarding industry trends - would be incorporated and received with a five-year authorization period.

MS. CARRICK explained that recipients prefer the stability of knowing that they will receive funding. She said all recipients that were asked unanimously preferred the 5-year reauthorization period compared to the option of three years.

REPRESENTATIVE STORY opined that three years is certainty.

CHAIR SPOHNHOLZ asked Representative Story if she intends on offering an amendment today or if she is objecting to the CS.

REPRESENTATIVE STORY expressed her hope that the bill sponsor would withdraw the five-year sunset.

CHAIR SPOHNHOLZ pointed out that currently, it's part of the proposed CS. She explained that Representative Story could offer a conceptual amendment to the CS if Version M were adopted.

[3:30:27 PM](#)

REPRESENTATIVE FIELDS expressed his support for the stability that a five-year window lends the recipients and the institutions. He offered his belief that between the annual TVEP report and the ability that legislators have to interact with those institutions there will be an opportunity to make suggestions or intervene if necessary.

[3:31:20 PM](#)

REPRESENTATIVE RASMUSSEN asked if the increased contribution rate is .02 percent of every Alaska worker's paycheck.

CHAIR SPOHNHOLZ clarified that it is not an increase on withholdings from workers' paychecks. She explained that the fund was overcapitalized, leaving enough money to withstand this additional increase. She said they are putting that money to good use.

REPRESENTATIVE RASMUSSEN questioned whether there is enough of a surplus to cover five years instead of three.

CHAIR SPOHNHOLZ answered yes.

[3:32:29 PM](#)

LENNON WELLER, Economist/UI Actuary, Department of Labor & Workforce Development, explained that the unemployment insurance trust fund has currently found itself in an enviable position with substantial reserves. Currently, there is nearly half a billion in the fund, which is roughly 80 million dollars above the ideal position to meet the majority of potential benefit costs. Regarding reserve ratios, he said, the fund targets between 3-3.3 percent of wages at any given time. Currently, there is over 3.8 percent, which means .5 percent of wages are above their own statutory targets.

CHAIR SPOHNHOLZ noted that there is over 500 million dollars of overcapitalized in the fund and the proposed CS budgets 1.68 million dollars additional per year.

MR. WELLER affirmed that. He restated that the fund has nearly 500 million dollars in it, adding that they are overcapitalized by roughly 80 million dollars. He said based on the statutory and historical targets, taking an additional 1.6 million dollars from the fund would not be detrimental.

[3:34:59 PM](#)

CHAIR SPOHNHOLZ removed her objection. There being no further objection, Version M was adopted as the working draft.

[3:35:19 PM](#)

REPRESENTATIVE STORY expressed her hope that the next annual report will show trends in enrollment in the various career and technical programs and that any necessary adjustments will be considered.

[3:36:36 PM](#)

REPRESENTATIVE RASMUSSEN agreed with Representative Story. She moved Conceptual Amendment 1, which would replace the five-year reauthorization with a three-year reauthorization.

CHAIR SPOHNHOLZ objected to Conceptual Amendment 1. She maintained that the majority of TVEP recipients prefer more stability in funding.

[3:37:35 PM](#)

MS. CARRICK reiterated that after speaking with over half of the TVEP recipients, she is certain that they unanimously prefer a five-year reauthorization.

[3:38:03 PM](#)

REPRESENTATIVE HANNAN expressed her opposition to a three-year reauthorization. She opined that a three-year window to reauthorize the program is a short window to accomplish any planning. She said five years is not too long, and any program that is not meeting its labor needs may have already shifted and changed after five years. She stated that five years is a good planning window.

[3:39:30 PM](#)

REPRESENTATIVE FIELDS noted that NACTEC, for example, works closely with the local school district, so in considering the timeframe one must also take into account the actions of the school board and, in turn, the employers. He said five years is not a long time to implement a change, analyze, and assess it.

[3:40:07 PM](#)

REPRESENTATIVE RASMUSSEN asserted that she doesn't want this to be perceived as an attack on the importance of this program. She said there may be adjustments and additional needs that arise, which is the reason she is advocating for a three-year reauthorization.

A roll call vote was taken. Representatives Rasmussen, Story, and Gillis voted in favor of Conceptual Amendment 1. Representatives Fields, Stutes, Hannan, and Spohnholz voted against it. Therefore, Conceptual Amendment 1 failed to be adopted by a vote of 3-4.

CHAIR SPOHNHOLZ articulated that an important part of crafting a compromise is to make sure that everyone wins. She expressed her hope that CSHB 235 is now moving from the committee with that standpoint. She said a new beneficiary was added to the TVEP, which helps to support Alaska's fishing industry; furthermore, every beneficiary came out with more financing without jeopardizing the fund source or the stability of the state. She shared her belief that this is a win.

[3:42:51 PM](#)

REPRESENTATIVE STUTES moved to report CSHB 235, Version LS1480\M, Wayne, 3/6/20, out of committee with individual recommendations and the accompanying fiscal notes. Without objection, CSHB 235(L&C) was moved from the House Labor and Commerce Standing Committee.

[3:43:17 PM](#)

The committee took an at-ease from 3:43 to 3:46 p.m.

**HB 93-MILITARY SPOUSE COURTESY LICENSE**

[3:46:00 PM](#)

CHAIR SPOHNHOLZ announced that the next order of business would be HOUSE BILL NO. 93, "An Act relating to temporary courtesy licenses for certain nonresident professionals; and relating to the Department of Commerce, Community, and Economic Development."

[3:46:13 PM](#)

REPRESENTATIVE CHRIS TUCK, Alaska State Legislature, as prime sponsor, provided a brief summary of HB 93. The bill, he said, implements a reporting requirement in an attempt to help the military spouses transition into Alaska's workplace by assessing their occupational licenses and issuing temporary licenses.

[3:46:45 PM](#)

REPRESENTATIVE HANNAN moved to adopt Amendment 1, [labeled 31-LS0670\M.1, Fisher, 3/6/20], which read:

Page 1, following line 12:

Insert a new paragraph to read:

"(3) the number and type of licenses that have been applied for,"

Renumber the following paragraphs accordingly.

CHAIR SPOHNHOLZ objected for the purpose of discussion.

[3:46:59 PM](#)

REPRESENTATIVE HANNAN stated that Amendment 1 would add a new paragraph (3) on Page 1, Line 12, that states, "the number and type of licenses that have been applied for."

[3:47:48 PM](#)

CHAIR TUCK said this adds clarity to the bill. He added that if the only thing known is the licenses that are issued, it's not clear if they are on track or not.

CHAIR SPOHNHOLZ removed her objection. There being no further objection, Amendment 1 was adopted.

[3:48:29 PM](#)

REPRESENTATIVE STUTES moved to report HB 93, as amended, out of committee with individual recommendations and the accompanying fiscal notes. Without objection, CSHB 93(L&C) was moved from the House Labor and Commerce Standing Committee.

[3:48:49 PM](#)

The committee took an at-ease from 3:48 to 3:51 p.m.

**HB 301-ELECTRICIAN & PLUMBER APPRENTICESHIPS**

[3:51:50 PM](#)

CHAIR SPOHNHOLZ announced that the next order of business would be HOUSE BILL NO. 301, "An Act relating to certificates of fitness for plumbers and electricians."

[3:52:28 PM](#)

REPRESENTATIVE STUTES moved to adopt the proposed committee substitute (CS), labeled 31-LS1506\E, Fisher, 3/6/20, as the working document.

CHAIR SPOHNHOLZ objected for the purpose of discussion.

[3:52:53 PM](#)

REPRESENTATIVE GABRIELLE LEDOUX, Alaska State Legislature, as prime sponsor, provided a brief explanation of HB 301. She stated that Alaska has a great apprenticeship program; however, there are regulations that have been proposed that would "gut" it. Essentially, she said, HB 301 would codify the current

regulations regarding apprenticeship programs so that the changes promulgated by the administration would not go into effect.

[3:53:48 PM](#)

REPRESENTATIVE FIELDS reported that they heard 375 public comments in opposition to the proposed regulations and in favor of the status quo. He said the proposed CS maintains that status quo to provide certainty for the industry.

CHAIR SPOHNHOLZ removed her objection. There being no further objection, Version E was adopted as the working document.

[3:54:42 PM](#)

DEBORAH KELLY, Director, National Electrical Contractors Association & International Brotherhood of Electrical Workers Apprenticeship Program, stated that she is in favor of the committee substitute (CS) for HB 301. She said there are only two building trades in Alaska that require licenses: plumbers and electrical workers. She added that there is good reason for licensing these trades. The work performed by plumbers and electrical workers is complex and must be done properly; however, once it's completed, it's often hidden behind walls, floors, and ceilings. Consequently, the state has several overlapping inspections to ensure that plumbing and electrical installations are safe for the public: administers licenses, state conducted inspections, and certificates of fitness. These licenses ensure that workers know what they're doing before they work alone. She explained that this is accomplished by requiring that trainees are in an apprenticeship - the industry standard for building competency. She said each apprenticeship may be somewhat different, but they all follow the same basic standards and expectations for training and experience to create a qualified person. She explained that the Department of Labor & Workforce Development (DLWD) recently proposed regulations that would remove this apprenticeship requirement, effectively stripping away all training and relevant experience requisites for these trades. She offered her belief that it would have created economic advantages for businesses not using apprenticeships and allowed employers to hire out-of-state, seasonal, low wage labor instead of investing in Alaska's workforce. She noted that stakeholders were not consulted, and the proposal included several provisions that showed a lack of understanding of the realities in the field. HB 301, she said, will prevent the department from turning trainee licenses into

nothing more than a ransom paid to work in the plumbing or electrical trade. This bill will help ensure that the department respects the statutory intent for public safety. She urged the passage of CSHB 301.

[3:59:25 PM](#)

DAVE MCALLEN, CEO, The Superior Group Inc.; National Electrical Contractors Association, expressed his hope to offer insight from a contractor's perspective. He informed the committee that he is the chief operations officer for The Superior Group Inc., which is an employee-owned, Alaska-based contractor that employs both electrical workers, plumbers, and pipefitters. HB 301, he said, will have a direct impact on their business operations. He stated that he is also the vice president of the Alaska chapter of the National Electrical Contractors Association (NECA). He said that as an employer utilizing a workforce heavily comprised of skilled tradespeople, registered apprenticeship is an important tool in hiring and vetting the workforce. A standardized means of identifying experience levels and verifiable skillsets is critical in developing and qualifying his crews. He said that his tradespeople can work in high-risk environments and it is imperative that the product is completed in a safe and code-compliant manner. He said that his business appreciates and leans heavily on registered apprenticeship and the associated licensing requirements. Without it, it would be difficult to effectively evaluate employees and ensure that they're being placed in an appropriate role. It is important for both the personal safety of the employee and for the general public that inhabits the property on which they worked. Furthermore, in today's competitive market, the lower scale apprentice is a factor in determining competitive bids and there is an expectation that they are working on the installation, not simply observing the journeyman doing the install. Consequently, he said that he sees a very real need for that individual to be licensed to do the work. He stated that apprenticeship and licensing work well in their current form. Furthermore, he surmised that it is the best and most cost-effective means of developing a local workforce. To conclude, he stated his support for HB 301 and for codifying a system that is currently working.

CHAIR SPOHNHOLZ announced that HB 301 was held over.

**SB 52-ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG**

[4:04:17 PM](#)

CHAIR SPOHNHOLZ announced that the final order of business would be CS FOR SENATE BILL NO. 52(FIN) am, "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 common carrier approval to transport or deliver 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."

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The committee took an at-ease from 4:04 to 4:06 p.m.

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SENATOR PETER MICCICHE, Alaska State Legislature, as prime sponsor, introduced SB 52. He reported that alcohol remains the top abused substance in Alaska; however, for those that drink responsibly, the industry is also an important economic driver throughout the state. He said this bill has been an eight-year effort involving 13,000 hours of work and input from 120 primary stakeholders, as well as from the legislature. He recounted the legislation's previous unanimous passage from the Senate in SB 76, which died in the House Finance Committee thereafter. The current version, CSSB 52(FIN) am, also unanimously passed the Senate. He stated that the bill's primary focus is public health and safety, adding that the industry, the Alcohol Beverage Control (ABC) Board, the Alcohol & Marijuana Control Office (AMCO), the legislature, and the public were also included. The goals, he said, are promoting a fair business climate; protection of public health and safety; limiting youth access to alcohol; promoting responsible use and reducing the harms of overconsumption; implementing change without negatively harming existing businesses and responsible operators; and expanding local control for municipalities. SB 52 is about balance, reorganization, and fairness, he said. He further noted that although the bill is dense, about 90 percent of it is reorganization of existing law. He said it modernizes the state's 35-year-old patchwork of statutes into a modernized framework for today's industry.

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ANNA BRAWLEY, Staff, Senator Peter Micciche, Alaska State Legislature, informed the committee that she is a senior associate at Agnew::Beck Consulting and that [the firm] has been involved in this process since the first meeting in 2012. She proceeded to provide a PowerPoint presentation, entitled "Alcohol Beverage Control (ABC) Board Title 4 Review," on behalf of Senator Micciche, prime sponsor. She stated that each state is responsible for regulating alcohol manufacture, distribution, and sales in its jurisdiction since the repeal of prohibition in 1933. The purpose of alcohol control laws is to balance the interests of the industry with the public health and safety concerns about alcohol misuse (slide 2).

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REPRESENTATIVE STUTES sought clarification on the type of consulting provided by Agnew::Beck Consulting.

MS. BRAWLEY stated that they provide many different services, including community planning, public health, and public policy.

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REPRESENTATIVE FIELDS questioned whether Agnew::Beck Consulting has a history of working with the Alaska Mental Health Trust Authority on issues of public safety related to substance misuse and addiction.

MS. BRAWLEY confirmed that.

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MS. BRAWLEY resumed her presentation. She said the purpose of the Title 4 project has been to consider the statutes as a whole and to make them work better for everyone. She restated the goals - all aimed towards promoting a fair business climate and protecting public health and safety, as well as making Title 4 a clear and consistent legal framework (slide 5).

CHAIR SPOHNHOLZ inquired as to the original impetus for the entire Title 4 rewrite process.

MS. BRAWLEY explained that the process was initiated by the ABC Board in 2012. The board members spearheaded the effort and brought different stakeholders together. She said originally, it was a one-day meeting where they figured out the biggest issues that needed to be addressed. They formed subcommittees

and for several years, the process was funded by the Rasmuson Foundation, the Alaska Mental Health Trust Authority, and Recover Alaska, which started as an initiative by the aforementioned groups.

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MS. BRAWLEY directed attention to slide 6, entitled "Key Concepts in Title 4," which read as follows [original punctuation provided]:

- **The 3-tier system:** separation of manufacturers, wholesalers and retailers to prevent monopolies
- **Licenses and permits:**
  - License: allows a business to sell, serve, distribute and/or manufacture alcohol for 2 years.
  - Permit: time-limited alcohol sales or service, by a licensee or non-licensed organization.
- **Population limits:** regulates number of licenses available in each community by type
- **Proposed new concept:** Endorsements on licenses to expand premises or allowed activities

MS. BRAWLEY continued to slide 7. She explained that the 3-tier system was created after prohibition to address the concern that monopolies in the alcohol industry would encourage behaviors that lead to the consequences of alcohol misuse. The original 3-tier system proclaimed that alcohol must be manufactured, distributed, and sold to the public by different businesses; however, the industry has evolved since then, particularly with breweries and smaller manufacturers becoming a more popular business model that sells directly to the public (slide 7). She turned attention to slide 8, entitled "Categories of Recommendations," which read as follows [original punctuation provided]:

1. Alcohol Licenses, Permits and Trade Practices
2. Role and Functions of the ABC Board and Staff
3. Underage Drinking and Youth Access to Alcohol
4. Regulation of Internet Sales of Alcohol
5. Technical or Administrative Law Changes
6. Local Option Communities\*

\* Note: Local Option recommendations are documented in the report, but not included in SB 52. More comprehensive discussion of Local Option laws is needed in the future.

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REPRESENTATIVE HANNAN asked if anything in SB 52 changes the ability to exercise local option for communities in Alaska.

SENATOR MICCICHE noted the importance of not confusing local option communities with local control. He said the only local option that is affected is the online regulation and the delivery of alcohol to communities that may be local option.

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MS. BRAWLEY resumed her presentation. She explained that slides 9-11 illustrate the system's proposed reorganization. The slides show license type by each tier (manufacturing tier, wholesale tier, retail tier) of the industry, which endorsements would apply to those licenses, and which licenses are exempt from population limits (slides 9-11). She noted the three "new" retail licenses highlighted on slide 10: brewery retail, winery retail, and distillery retail. She said they are only new in the sense that they are taking privileges that manufacturers have today and making them separate retail licenses. She added that all three are proposed under existing population limits (slide 10).

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REPRESENTATIVE STUTES questioned whether SB 52 proposes any changes to current population limits.

MS. BRAWLEY said the bill changes the proposed brewery, winery, and distillery retail licenses, putting them at 1 per 12,000 for new licenses.

MS. BRAWLEY resumed her presentation on slide 12, explaining that the rest of the slides focus on the proposed changes to Title 4, such as more retail options for manufacturers. She said under current law, the brewery, winery, and distillery licenses have manufacturing and retail privileges - SB 52 would split that into two license types, allowing for a pure manufacturing license that could be used with a retail license (slide 12). She turned attention to brewpubs, which is currently a license type that can be utilized with a bar; however, it only allows the production of a limited number of gallons per year. Essentially, she said, a traditional brewery is limited to the amount they serve to the public, while a brewpub can serve as much as they want to the public, but the

amount they can produce is limited. SB 52 would create more equity within this tier and give manufacturers more options, including participating in the existing retail license system (slide 13). She noted that slide 14 illustrates the proposed manufacturer sales limits by product type.

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REPRESENTATIVE STUTES questioned whether having both a brewery license and a distillery retail license would allow for the sale of 36 ounces of beer and 3 ounces of spirits to the same person.

MS. BRAWLEY said she's not sure if a licensee can currently utilize two different licenses on the same premises.

REPRESENTATIVE STUTES restated her question, asking if someone uses different licenses in the same venue, could they serve the maximum that each license allows to each customer.

SENATOR MICCICHE offered his understanding that these types of [retail] licenses cannot be stacked.

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MELISSA WALTER, Administrative Officer, Alcohol & Marijuana Control Office, Department of Commerce, Community & Economic Development, in response to Representative Stutes, said she does not know that policy.

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The committee took a brief at-ease.

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MS. BRAWLEY directed attention to slide 15. She reported that endorsements on licenses is another concept proposed under SB 52. She explained that this would allow for the potential expansion of what a business can do. Depending on the endorsement, a business could serve on larger grounds or offer additional activities. She said it benefits both the individual business and the system as a whole "because it provides an alternative mechanism in the policy instead of just creating a new license for a very specific business type it would allow for the creation of an endorsement in the future" (slide 15). She continued to slide 16, entitled "Proposed Endorsements," which read as follows [original punctuation provided]:

- R-7A | Bowling Alley Endorsement
- R-7B | Package Store Shipping Endorsement
- R-7C | Package Store Delivery Endorsement
- R-7D | Package Store Re-Packaging Endorsement
- [R-1] Multiple Fixed Counter Endorsement
- [R-1] Hotel/Motel Endorsement
- [R-1] Large Resort Endorsement
- [R-3] Package Store Sampling Endorsement
- [M-1] Brewery Repackaging Endorsement

MS. BRAWLEY noted that most of this language already exists in Title 4, such as the three package store endorsements (slide 16). In contrast, one of the new endorsements proposed under SB 52 would allow package stores to provide small free samples on their premises with the package store sampling endorsement. To address the concern of providing excess free alcohol, the proposal places clear limits on what can be served. She stated that any combination of products can be served, not to exceed the alcohol equivalent of any single product type (slide 17).

CHAIR SPOHNHOLZ surmised that if business is interested in offering different categories of alcohol at the same time it would have to be a proportional amount. She asked if that is correct.

MS. BRAWLEY confirmed that.

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REPRESENTATIVE HANNAN sought clarification on the underlying licenses for several endorsements listed on slide 16. She asked what the underlying license would be for the bowling alley endorsement.

MS. BRAWLEY replied the bowling alley endorsement would be attached to a BDL [beverage dispensary license]. She referenced slide 10, which provides a code for the endorsements and their corresponding license. She noted that not every endorsement is available to every license type.

MS. BRAWLEY responding to a follow-up question from Representative Hannan, said the BDL allows for liquor, beer, and wine to be served, which is one of the aspects that differentiates a BDL from a recreational site license. For a bowling alley, she said, the endorsement allows drinks to be served at the lanes instead of a designated "bar room."

CHAIR SPOHNHOLZ questioned whether the recreational site license would exist under SB 52.

MS. BRAWLEY explained that the recreational site license would still exist as a license type; however, it would be renamed the sporting event license. She noted that the language in the statute would remain the same.

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REPRESENTATIVE HANNAN asked if recreational site licenses are currently limited to beer and wine.

MS. BRAWLEY affirmed that.

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MS. BRAWLEY resumed her presentation on slide 18, entitled "R-7 Standardize Permits," which read as follows [original punctuation provided]:

- Unlike licenses, permits are typically issued for single events, on or off licensed premises.
- 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 to host an event on premises, in partnership with a BDL

MS. BRALWEY highlighted the list of proposed permits on slide 19 and continued to slide 20. She explained that the package store tasting event permit would allow a package store to host a special tasting event on its own premises, with onsite consumption of alcohol for those attending the event. She noted that the event may last for four hours and must end by 9 p.m. Furthermore, it limits each license to six events per year in the same community as the license is located (slide 20). She informed the committee that population limits currently exist under Title 4 to determine how many of each license type may be issued in each community (slide 21). Population limited are set by each local government, which can exist within a larger borough. She explained that there are a set number of licenses based on the residents in the local government - separate from

the residents in the surrounding borough (slide 22). She directed attention to slide 23, entitled Seasonal REPL Tourism," which read as follows [original punctuation provided]:

- Seasonal restaurant license
- Available in smaller communities (< 40,000 pop.)
- Same operating requirements and privileges as full year restaurants (REPL)
- Number of licenses per community determined by formula:
  - 5-year average of annual visitors/months in season = Average monthly visitor population
  - (Residents + Average monthly visitors)/1,500 = Available Seasonal REP Tourism licenses
- Season defined as up to 6 months per year, in any combination
  - Example: May through September + 1 winter month

MS. BRAWLEY stated that the public convenience system currently exists under Title 4. It allows an individual seeking a restaurant or eating place license (REPL) in a community where there aren't any licenses available to purchase to collect petitions that can be turned into AMCO. From there, the ABC Board evaluates whether issuing the license would satisfy public convenience. She explained that SB 52 proposes converting existing public convenience restaurants to full scale restaurants (slide 24). An alternative to the proposed public convenience system is to have local governments petition for additional restaurant licenses [AS 04.11.405]. This would provide cities more local control and encourage the concentration of commercial uses in the city center instead of outside the borders.

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REPRESENTATIVE HANNAN asked if a city could apply for the proposed local government petition for a REPL in advance of the existing businesses.

SENATOR MICCICHE confirmed that. He explained that if the board approves the licenses that were petitioned for, the city can hold the licenses and then market them to licensees.

REPRESENTATIVE HANNAN asked when the fee must be paid. She questioned whether the city is required to put the money up

front for the licenses they petition for or if they wait to pay it until there is a physical restaurant to put on the books.

SENATOR MICCICHE offered his understanding that the license would not be active until it is awarded to someone who would then go through AMCO to pay the fee and claim the license.

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MS. BRAWLEY resumed her presentation on slide 26. She noted that currently, Title 4 allows for the relocation of a bar (BDL) from a borough to a city. The bill would keep that provision in place while also allowing the relocation of package stores without creating a new license (slide 26). Another issue, she said, is the enforcement of existing federal law regarding illegal trade practices. The concern centers around how much consolidation of market power there would be in manufacturers or wholesalers. To counteract that, the bill proposes adding equivalent sections to Title 4, protecting retailers and allowing for state enforcement. She noted that this would protect manufacturers and wholesalers as well by promoting free competition rather than shutting competitors out (slide 27).

MS. BRAWLEY turned to the adjustment of license fees to reflect current ABC Board budgetary needs. She explained that in many cases, the same type of business is paying a different level of fee for the same activities. She said this is relevant to ensure that license fees are fair across different licensees. She noted that it also requires the ABC Board to review license fees every 5 years and if appropriate, forward a recommendation to the legislature (slide 28). She continued to slide 29, entitled "More Accountability for License Fees Allocated to Local Governments," which read as follows [original punctuation provided]:

- Current Title 4 allows for local government to receive an allocation equal to the license fees collected in their area, intended for enforcement of Title 4 and related ordinances.
- Reporting on these activities is required, but not defined in statute. Some jurisdictions report regularly, while others do not.
- The bill includes better reporting and prevention about use of these funds and requiring reports about education activities as well as enforcement.

MS. BRAWLEY directed attention to slide 30. She said the ABC Board and AMCO, would work with other agencies and organizations to develop a coordinated education plan about responsible alcohol use and Title 4.

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MS. BRAWLEY addressed the next slide, slide 31, entitled "Internet Sales in Alaska: Few Rules," which read as follows [original punctuation provided]:

- Alaska is one of the only states with no rules for Internet sales of alcohol.
- Alaska Package Stores cannot sell alcohol online, only via (paper) written orders.
- Alaska Wineries and Package Stores can ship wine to customers in some circumstances.
- Without state laws restricting online sales, there are currently no limits on purchases of alcohol online from out-of-state sellers.
- Alaska consumers also do not pay state excise tax on online purchases, as they do on products sold and purchased in state.

MS. BRAWLEY explained that SB 52 would create a winery direct shipment license and allow online alcohol sales only from U.S. wineries and Alaska package stores. She said the winery direct shipment licensee would verify that the customer is 21 or older, that the customer is in a non-local option area, and that the order is within the limit for personal use, which is 6 cases per sale and 12 cases per year (slide 32).

CHAIR SPOHNHOLZ asked how the licensee would verify that a buyer is 21 or older when making an online purchase.

MS. BRAWLEY said she's not familiar with the specific software; however, many wineries use ID verification.

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SENATOR MICCICHE added that the system would require that the person ordering the alcohol is carded upon delivery.

CHAIR SPOHNHOLZ clarified that the proposal requires verification of age.

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REPRESENTATIVE RASMUSSEN shared a personal anecdote in which she was required to show ID upon delivery of a bottle of wine.

CHAIR SPOHNHOLZ sought to clarify whether age verification is required by state law.

SENATOR MICCICHE noted that the spectrum of operators varies dramatically. He said SB 52 would require that every operator is required to verify the ID card of the person receiving the package.

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REPRESENTATIVE HANNAN inquired as to why only wineries and package stores can ship directly.

SENATOR MICCICHE clarified that the current discussion is about selling alcohol online. He said that in Alaska, wine the only type of alcohol that can be sold online.

MS. BRAWLEY noted that an in-state package store can sell any of their products to a customer through written order, which has been interpreted to mean that the store has the customer's ID on file. She further noted that currently, the state does not have laws regulating this; however, the U.S. Postal Service is not allowed to ship alcohol, and both UPS and FedEx have also decided to only allow commercial shipments of wine.

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REPRESENTATIVE RASMUSSEN questioned whether wine could be delivered to from grocery stores via Instacart.

MS. BRAWLEY said that specific business model is not discussed in the bill; however, certain stores, such as Fred Meyer and Safeway have their own package store license, which could be used to provide that service. She noted that it would still need to be delivered to an individual at home with ID verification upon arrival.

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MS. BRAWLEY directed attention to slide 33 to discuss the regulation of common carriers. She stated all common carriers must be approved by the ABC Board to transport and deliver alcohol to consumers throughout the state. Carriers must

demonstrate that they have policies and train employees to properly handle shipments of alcohol. She added that the ABC Board would publish that list of carriers, making it available to direct shipment licensees and in-state package stores (slide 33).

REPRESENTATIVE RASMUSSEN expressed concern about the business model.

SENATOR MICCICHE, in response to Representative Rasmussen, said that's what the common carrier regulations are for. He reiterated that the common carrier would be authorized for alcohol deliveries and would have the necessary policies in place. He offered his belief that those policies would include barring underage individuals from delivering alcohol.

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MS. BRAWLEY noted that current laws allow underage individuals to work in restaurants; however, they cannot deliver alcohol. She continued to slide 34. She said there is already a system in place that tracks alcohol orders to local option areas, which the bill would maintain. She added that in current Title 4, all data in the local option order database is private and deleted after one year. SB 52 would keep individual order information private but retain aggregate data for 10 years and allow the ABC Board to publish annual total sales volume by region or community that is available to the public (slide 35). She continued to slide 36, entitled "RB-6. Revise Title 4 Penalties," which read as follows [original punctuation provided]:

- Review penalties for all Title 4 sections, and revise as needed to make penalties proportionate to the offense, and more consistently enforced.
- Retain existing Misdemeanor and Felony charges for serious offenses, particularly those causing harm to children.
- Ensure that the ABC Board, and licensee, is informed about Title 4 convictions: require court to send records to AMCO, and AMCO to send to the licensee.
- ABC Board retains authority to impose conditions or additional penalties, including suspending or revoking license.
- See Appendix, Table 3 in Title 4 Review Report for table of all current penalties and proposed changes.

MS. BRAWLEY noted that one of the most important penalty changes is increasing the immediate accountability of licensees. She said in current Title 4, a licensee or employee who overserves an intoxicated adult or serves alcohol to a minor is guilty of a class A misdemeanor. SB 52 would change the penalty for both statutes to a minor offense with a \$500 fine. Additionally, the owner of the license would receive an administrative penalty of \$250. This would alert the owner that a violation occurred and would hold them immediately accountable, while encouraging future compliance (slide 38). To conclude, Ms. Brawley highlighted required keg registration. She said it is currently required in Anchorage and Juneau, but under SB 52, it would be a statewide requirement. She explained that kegs tagged with the purchaser's contact information can be tracked if confiscated at an underage party to better enforce underage drinking (slide 39).

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CHAIR SPOHNHOLZ asked how the proposed fines for overserving an adult or serving a minor compare to the fines under current Alaska law.

MS. BRAWLEY said the penalty for an employee that overserves an adult or serves a minor is a class A misdemeanor, resulting in up to a \$10,000 fine and a court appearance. She added that there is no immediate penalty on the licensee, which means they might not be aware of the situation until they renew their license.

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REPRESENTATIVE STORY asked for the current violation rates.

SENATOR MICCICHE said they are artificially low because it sets an extreme fine that leads to unlikely conviction. He offered his belief that enforcement loses interest when they know that the penalty will not be realized. He added that the penalty proposed under SB 52 would most likely lead to more results from local or departmental enforcement.

[SB 52 was held over.]

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**ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [5:06] p.m.