

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

February 14, 2019

1:30 p.m.

**MEMBERS PRESENT**

Senator Lora Reinbold, Chair  
Senator Mia Costello, Vice Chair  
Senator Click Bishop  
Senator Chris Birch  
Senator Elvi Gray-Jackson

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

PRESENTATION: THE STATE OF ENTREPRENEURSHIP IN ALASKA BY THE  
CENTER FOR ECONOMIC DEVELOPMENT ~ UNIVERSITY OF ALASKA.

- HEARD

CONFIRMATION HEARING(S):  
Marijuana Control Board  
Christopher Jaime - Soldotna

- CONFIRMATION ADVANCED

Alcoholic Beverage Control Board  
Charlie Cross - Nome

- CONFIRMATION ADVANCED

SENATE BILL NO. 16

"An Act relating to certain alcoholic beverage licenses and permits; and relating to the bond requirement for certain alcoholic beverage license holders."

SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record.

**WITNESS REGISTER**

NOLAN KLOUDA, Executive Director  
Center for Economic Development  
Business Enterprise Institute  
University of Alaska Anchorage  
Anchorage, Alaska

**POSITION STATEMENT:** Presented a PowerPoint on Entrepreneurship in Alaska.

CHRISTOPHER JAIME, Appointee  
Marijuana Control Board  
Division of Corporations, Business and Professional Licensing  
Department of Commerce, Community and Economic Development  
Soldotna, Alaska

**POSITION STATEMENT:** Testified as appointee to the Marijuana Control Board.

CHARLIE CROSS, Appointee  
Alcoholic Beverage Control Board  
Division of Corporations, Business and Professional Licensing  
Department of Commerce, Community and Economic Development  
Nome, Alaska

**POSITION STATEMENT:** Testified as appointee to the Alcoholic Beverage Control Board.

CHELSEA FOSTER, representing self  
Anchorage, Alaska

**POSITION STATEMENT:** Testified during the confirmation hearing for appointee Christopher Jaime to the Marijuana Control Board.

CALEB SAUNDERS, Chief Executive Officer  
Green Jar  
Wasilla, Alaska

**POSITION STATEMENT:** Testified during the confirmation hearing for Christopher Jaime, appointee to the Marijuana Control Board.

RYAN TUNSETH, Owner  
East-Rip  
Kenai, Alaska

**POSITION STATEMENT:** Testified in support of appointee Christopher Jaime, appointee to the Marijuana Control Board.

**ACTION NARRATIVE**

[1:30:55 PM](#)

**CHAIR LORA REINBOLD** called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Costello, Bishop, Gray-Jackson, Birch, and Chair Reinbold.

**PRESENTATION: The State of Entrepreneurship in Alaska by the Center for Economic Development, Business Enterprise Institute, University of Alaska.**

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CHAIR REINBOLD announced that the first order of business would be a presentation titled, "The State of Entrepreneurship in Alaska," by the Center for Economic Development, Business Enterprise Institute, University of Alaska.

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NOLAN KLOUDA, Executive Director, Center for Economic Development (CED), Business Enterprise Institute, University of Alaska (UAA) said that during the last year the CED, has performed a series of studies that highlight entrepreneurship, its economic importance, and how entrepreneurs contribute to the state. The center also looked at the demographics of women in entrepreneurship and emerging sectors in Alaska with high growth potential. He related that the CED uses applied research to institute programs and services to assist beginning entrepreneurs. The CED becomes the generator of information and research, which it uses to inform its programming.

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MR. KLOUDA said that Senator Costello took leadership in the proclamation that 2019 is the "Year of innovation." The spirit of this proclamation has helped shape some of the CED's work.

He turned to slide 2 of his PowerPoint, "Q1 2017." He said that the committee has seen a presentation on Alaska's overall job status by from the Department of Labor and Workforce Development (DOLWD). That data suggests that Alaska is coming out of a state recession and forecasts positive job growth this year, after the state has seen declining jobs in the last few years. Between 2017-2018, the state lost 1,645 jobs but startups created 5,100 jobs in Alaska. He saw startup businesses do a lot of heavy lifting when it comes to creating jobs and prosperity in the private sector.

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MR. KLOUDA turned to slides 3-4, "New employer firms in Alaska" and "Alaska jobs created by new firms." He reported that about 1,100 new firms were added in 2018. What is interesting about this is that the recession in the last three years in Alaska does not seem to have depressed startups. Each new business creates about four or five new jobs with an overall effect of creating a total of 5,100 jobs in 2018. He estimated that the state currently has between 17,000-18,000 businesses.

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MR. KLOUDA turned to slide 5, "Startups Provide the Net Margin of New Jobs." He referred to a graph that depicts ten years of data prior to the recession. This graph shows that the number of jobs created and lost in the private sector is nearly equal. He characterized it as a churn in the economy with new businesses expanding at the same time other businesses are closing. Startup businesses add the net margin of new jobs to the economy. In fact, almost by definition, the startups are the major source of new jobs, he said.

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SENATOR BIRCH asked him if he had a sense of the types of startup businesses and whether these businesses are food trucks, engineering firms, or other types of businesses.

MR. KLOUDA answered that many new businesses tend to be related to accommodation and food service that are tied to construction, health care, including smaller private practices and clinics, and retail businesses associated with the visitor industry.

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MR. KLOUDA turned to slide 6, "Only 50 percent of firms survive to Year 5." Often people wonder whether startup jobs are valuable and enduring if they close within the first five years. He referred to the bar charts that indicate that after one year about 25 percent of the businesses have closed and by the fifth year, nearly half of the firms have closed.

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SENATOR BISHOP asked whether the CED performs exit surveys to determine the trend or causes of businesses that close.

MR. KLOUDA said some data captures the reasons that businesses fail. Usually it is a combination of cash-flow challenges and the cost of health care insurance. However, often the market and customers do not materialize in the way that businesses anticipated. He acknowledged that a number of inherent risks can

adversely affect businesses, including unrealistic expectations and financial management issues and decisions.

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MR. KLOUDA turned to slide 7, "...But surviving firms nearly double in size." He reported that by year five, the firms have doubled in size, which economists call "up or out." These new businesses will either close or they will expand. The net effect is that business growth offsets any job losses when firms close.

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MR. KLOUDA turned to slide 8, "From 2005-2014, young firms created 89 percent of Alaska's net private employment growth." Young firms added 89 percent of Alaska's new private jobs to Alaska's economy, he said. He characterized this as a pipeline of jobs that are pushed into the private sector. This is true for any state and for the nation as a whole.

This slide also emphasizes why programs like the CED devote a lot of its resources to strengthen entrepreneurship in Alaska, he said. The CED works to provide support for entrepreneurs and to create a more positive economic environment for them.

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MR. KLOUDA turned to slide 9 to a map of Alaska showing the number of firms per capita in Alaska. He acknowledged that Alaska is diverse. The CED tends to spend significant effort on the rural economy, particularly in distressed regions. This slide attempts to identify and measure parts of the state that are more entrepreneurial. The CED measured the number of employer businesses per 1,000 residents. It discovered that Skagway had the most businesses per capita in Alaska with 100 firms per 1,000 residents. This is due to an influx of nearly one million summer visitors, primarily via the cruise industry. The statewide average is 25 businesses per capita, which is fairly close to the national average. He pointed out an area in the Denali Borough has a small population and a large number of seasonal visitors. The visitor industry is a major stimulus for entrepreneurship, he said. Western and Arctic Alaska tend to have fewer firms; for example, Kusilvak has 5 firms per capita, which is very low.

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SENATOR COSTELLO said she was curious about the average cost for startups and the source of their initial capital.

MR. KLOUDA recalled seeing some data that breaks it into categories. He said that about two-thirds of businesses start with personal and family savings.

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SENATOR GRAY-JACKSON referred to Anchorage's "49th State Angel Fund," and asked how many businesses have benefitted from it.

MR. KLOUDA said he was unsure. He said the next portion of his presentation will cover "Women and Entrepreneurship in Alaska," and he will provide some figures. In response to Chair Reinbold, he offered to provide a contact and the publication. He summarized that slide 9 shows the urban-rural divide, with the caveat that some rural areas have a high-volume influx of seasonal visitors due to fishing.

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MR. KLOUDA turned to slide 10, "More startup jobs are created in cities." He reported on startup jobs produced in three regions: Anchorage/Mat-Su combined with 5.3 jobs per startup, the Fairbanks North Star Borough (FNSB) with 4.8 jobs per startup, and non-metro Alaska with 3.2 jobs per startup. Companies in urban areas hire more people than those in rural areas, he said. This mirrors the national trend, with large urban areas growing much faster than rural ones. It also supports the trend of increased success for businesses in urban areas, he said.

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MR. KLOUDA turned to slide 11, "How does Alaska compare to other states?" He stated that the Kauffman Foundation performs an index of entrepreneurship by state. Of the 50 states, Alaska ranks in the top two or three for the propensity to start businesses. However, in terms of the tendency to grow a business, Alaska ranks 44th, near the bottom of the list. The Kauffman Foundation measures businesses with 50 employees for this ranking, he added.

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SENATOR BISHOP said it would be interesting to tease out the numbers on "Alaska's Achille's heel," or its economy of scale, based on its population. He expressed an interest in whether startups in business after five years fall in high-population areas of the state.

MR. KLOUDA agreed with the scale issue in Alaska since it only has 740,000 people, which is a small market for many businesses. Some businesses exhaust the market in Alaska and eventually move

out of state to reach larger markets. Senator Bishop's point about population density and success is also probably valid. He has sometimes heard that Alaskans lack strong entrepreneurship. However, he disagreed since his data shows the tendency of people in Alaska starting businesses is very high.

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MR. KLOUDA turned to slide 12, "Demographics." He said that business owners are less likely to be members of an ethnic minority group, are more likely to be male, and tend to have significant personal savings. He said that wage gaps for women and minorities tend to contribute to a gap in business ownership. He said additional research could still be done. Surprisingly, there is the perception of young tech entrepreneurs. However, the average age for entrepreneurs is 40. He reported that the Massachusetts Institute of Technology (MIT) did a study on the fastest growing companies that received venture capital. The study showed the average age for company founders is 44, that half of Alaska's business owners are 55 or older, and many are over 65. Only six percent of business owners are under the age of 35, he said.

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MR. KLOUDA turned to slide 13, to the second part of the PowerPoint, titled "Women and Entrepreneurship in Alaska."

MR. KLOUDA turned to slide 14, "Business Ownership & Gender," and stated that Alaska has the highest share of women-owned businesses in the nation. Still, the research showed there are two male-owned businesses for every female-owned business in the state, or a 2-1 gap, with an equal share of men/women owned businesses. However, at the national level the gap is 3-1. He said the wage-earning gap may contribute to women's' ability to leverage savings. He concluded that investment is heavily skewed against female entrepreneurs.

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MR. KLOUDA turned to slide 15, and related that only about 2.2 percent of the investment capital in the country goes to a firm owned by women. He recalled a study done by Forbes that showed businesses founded by women tend to get better operating results and produce higher returns despite the gap.

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CHAIR REINBOLD asked for the reason for the low venture capital rates for women-owned businesses.

MR. KLOUDA responded that it seems to point to a bias by investors who posed questions during "pitch sessions" that seemed to be different than ones posed to male entrepreneurs. He suggested that investors are more skeptical of women founders.

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SENATOR BISHOP asked for further clarification on the rate of return and operating results for male-owned firms.

MR. KLOUDA offered to double check the figures, but he reiterated that female entrepreneurs generated a 41 percent higher return on equity and had 58 percent better operating results than male entrepreneurs.

SENATOR BISHOP said that if he was loaning money, it would be a slam-dunk for him.

CHAIR REINBOLD agreed.

MR. KLOUDA stated that Senator Gray-Jackson previously asked about the 49th State Angel Fund. He did not recall the exact breakdown, but he reported that the investment dollars were much higher for investment in women-owned businesses.

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SENATOR GRAY-JACKSON directed attention to pages 13-14 of a handout in members' packets "Women and Entrepreneurship in Alaska for information about the 49th State Angel Fund.

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MR. KLOUDA said that women of an ethnic minority group only receive two-tenths of one percent of venture capital, which is an even greater gap, that warrants further attention.

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MR. KLOUDA turned to slide 16, "Business Ownership & Ethnicity." He reported that 89 percent of Alaskan business owners are of European descent, but they only represent about 66 percent of the population. He pointed out the bar graph that shows the disproportionate ethnic ownership.

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SENATOR BISHOP expressed interest in seeing this slide with an overlay of the state's demographics. He said it appeared to represent the trend in Alaska based on population.

MR. KLOUDA answered that this compares the share of business owners to the share of population, so it does tend to overlay business ownership with the general population. He acknowledged the non-minorities represent a larger percentage of business owners than the general population.

SENATOR BISHOP stated that Alaska Natives are the fastest growing population in the state.

MR. KLOUDA said Alaska Natives represent about 20 percent of the population, but they have a much smaller share of business owners. He said that this data examines businesses owned by individuals, or a small number of individuals, but it does not include shareholder-owned corporations. He said that Alaska Native Corporations are major players in the state's economy. He offered his belief that some entrepreneurship in the Alaska Native community is likely expressed through the Native corporations, although it still points to an overall gap.

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MR. KLOUDA turned to slide 17 and shifted to the "CED's Emerging Sector Series" portion of his PowerPoint. He said that the CED, in partnership with Department of Commerce, Community and Economic Development (DCCED), identified clusters of entrepreneurial interest. The CED focused on entrepreneurs who work in areas that are not necessarily getting a lot of attention but are ones tied to an area of expertise in Alaska.

The CED identified some sectors that Alaska has expertise in, including aviation and aerospace, outdoor products, renewable energy, boat and ship building, and food and agriculture. He said the agency interviewed entrepreneurs to learn about their markets, and the reasons that Alaska makes sense for them to operate in Alaska. The CED worked to identify their needs, challenges, and opportunities.

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MR. KLOUDA turned to slide 18, to a photograph of a Sikorsky helicopter flown by the Austrian Armed Forces in Europe. He directed attention to the skis on the helicopter. Those skis were built in Anchorage by a company, Air Glas, in a little shop off of O'Malley Road. Air Glas makes carbon fiber skis, fuel pods, storage containers and other fixtures for aircraft and sells them to civil aviation companies and about 40 overseas military organizations. He said Air Glas is a global leader filling a specialty niche, but it operates in a small, unpretentious shop in Anchorage.

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SENATOR BIRCH said Air Glas is in his district. He commended the product and scale of this phenomenal business. He has personally seen their products at JBER (Joint Base Elmendorf-Richardson) in Anchorage.

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SENATOR COSTELLO asked whether Mr. Klouda could provide more details on the company.

MR. KLOUDA said Air Glas was started by a WWII aviator, Wes Landus, who began his business by doing basic Fiberglas work in the 50s. The original owner sold the business and the new one expanded into a model using carbon fiber high-tech materials. The business continues to serve an Alaskan market of civil aviators as well as an international market. He said that Alaska has more aircraft than states like New York and Illinois.

He said that Alaska also has a deep well of knowledge in aviation that spurs entrepreneurship and companies like this one. However, Air Glas is not a unique company, that several others make metal fabrication for specific aircraft components. He said they are usually small, very high-value products that are sold to global markets. He said that Aero Twin, Inc. is located at Merrill Field and sells its products to companies in sub-Saharan Africa and China. Aero Twin developed, created, and submitted its products to the Federal Aviation Administration (FAA) for approval. This gives them an exclusive right to create the product, he said. Airframes Alaska is another company located in Birchwood, he said. Alaska is a pioneer in aviation, including developing and testing airplane floats and skis. The Automatic Dependent Surveillance-broadcast (ADS-B) system is a surveillance technology in which an aircraft determines its position via satellite navigation. This technology allows tracking aircraft is now a global standard, but it was developed and tested in Alaska. Some of the first non-military uses of unmanned aircraft were developed and tested in Alaska in conjunction with the University of Alaska Fairbanks.

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CHAIR REINBOLD said Birchwood is in her district. She pointed out that Aircraft Wing Covers is a female-owned business located in Eagle River. It makes covers for arctic insulated cowling and wings, she said.

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MR. KLOUDA turned to slide 19, "9:ZERO:7." Alaska has also developed outdoor gear, which is another area of expertise in Alaska. This Alaska company, "9:ZERO:7, claims to have invented the fat-tire bike. It was started by two Alaskans and was one of the early companies to commercially produce a fat-tire bike. These bikes are designed and based in Alaska and are a recognized brand. Even though they are not manufactured in Alaska, they are based here and sell nationally. He pointed out the bike bag shown on the slide is made by Revelate Designs, LLC, also an Alaskan-based company. He related that Alpaca Raft was originally based in Alaska. That company initiated the modern pursuit of packrafting, he said.

He said that Alaskans also know a lot about "playing outside." All of the businesses who sell their products out of state brag about their Alaska heritage. 9:Zero:7 advertises "Designed in Alaska for All Conditions." Heather's Choice is a company that makes pre-packaged, freeze-dried gourmet meals designed for backpacking. These meals are being distributed around the country, he said. The company was started by Heather Kelly, a young Alaskan woman who has leveraged Alaska's outdoor expertise. Nationally, significant venture capital is going toward outdoor products, so it is an area with growth potential, he said.

CHAIR REINBOLD remarked that Bambinos is another Alaska company markets baby food internationally and showcases Alaska's salmon and seafood.

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MR. KLOUDA remarked that the Alaska "brand" takes advantage of the perception that Alaska has a pure and pristine environment, especially as it relates to its fish and seafood.

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MR. KLOUDA turned to slide 20, "Applying Innovation to a Traditional Industry." Boats and shipbuilding represent an important footprint in Southeast Alaska. He said boatbuilding is an old industry that has not changed much. In fact, boats are a way of life for personal, commercial, and subsistence uses. He directed attention to the left side of the slide, to the high-density plastic being cut that will be welded into a boat. Class 5 Boatworks, LLC is a spinoff company in Fairbanks that developed a very tough plastic. The plastic is used in high-speed river boats since it can withstand rugged conditions and not damage the boat. The company demonstrates how tough their product is by encouraging people at boat shows to hit their

boats using a sledgehammer. A Wasilla company, [MMT Inc.] makes AlumaSki boats. Their product is an aluminum jet ski boat with a very shallow draft that allows people to travel very quickly through glacial streams. Although the boat was originally marketed for recreational use, the company found its market in search and rescue. These boats can be used in Upper Cook Inlet to rescue people caught in low tidal situations, he said.

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MR. KLOUDA turned to slide 21, "Emerging Sector Sprint: VOLT49." He said the Center for Economic Development (CED) did reported on renewable energy and energy efficiency. The purpose of the research is to find insights and new knowledge that can be used. In terms of the renewable energy sector, this sector tends to provide more services and consulting but less products. For example, Arctic Solar Ventures installs rooftop solar systems. The CED has discovered that the public sector can help connect entrepreneurs to other entrepreneurs, connect entrepreneurs to sources of capital, or connect them to student interns. The network support structure for entrepreneurs has shown to make them more successful.

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SENATOR BISHOP asked if the CED assists these entrepreneurs and if he is aware of the assets available for new business startups via the Department of Labor and Workforce Development (DOLWD).

MR. KLOUDA answered yes. He said he is familiar with the DOLWD workforce funds and apprenticeship programs and the CED uses these resources. He remarked that it seems like larger employers are more aware of the programs, even though smaller businesses and startups often have unmet needs. He pointed out that firms often look to the CED to find interns since the CED is part of the university.

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MR. KLOUDA returned to slide 21, "Emerging Sector Sprint: VOLT49." He said the photograph on this slide demonstrates something Google has popularized. [Volt 49 is a renewable energy sprint based on the Google Ventures' Sprint process. A sprint gives innovators new skills to jump start potential business ideas and quickly realize when an idea is doomed to fail.] He explained that Google assembles teams and challenges them to create a new product in a compressed timeframe. In five days, the teams create a prototype. The Center for Economic Development (CED) decided to try this approach with renewable energy. The CED recruited teams for the Volt 49 sprint project.

These teams met five times over the course of a month. During this time the CED taught the teams entrepreneurial tools and processes related to innovation, including how to come up with an idea, assess a customer need, and develop a rough prototype that could be refined. The winning team developed a server that can be powered by a renewable wind or solar power system. He characterized it as hands-on training for entrepreneurs that is effective. The CED has taken this training program to the UAA's student population. This is a program that UAA would like to continue, he said.

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MR. KLOUDA turned to Slide 22, "Other Observations." He directed attention to the photograph of a backpack made by "Fishe Wear." He said that Linda Leary launched Fishe Wear, using her colorful designs to create fishing attire for women. He said the CED wants entrepreneurs to lead the way with the CED providing support for them. Businesses that are successful are ones that find a niche or underserved market.

He said that significant research and development (R&D), is an area where entrepreneurs create products, but capital access can create challenges. Aviation businesses need to create new projects to sustain growth. Many businesses have significant upfront expenses and must absorb costs until their products are marketed. These businesses have expressed an interest in obtaining R&D tax relief, such as an incentive or credit for state corporate income taxes.

MR. KLOUDA said that all of the sectors and the majority of the businesses identified major workforce gaps. It might be a shortage of skilled people to fill a specialty area or soft skills. The business community has a small workforce and is one that presents challenges. The CED works to connect entrepreneurs to workforce resources. He noted that he interviewed someone from a small company who holds a master's degree in aerospace engineering from MIT and designs products in Anchorage. This speaks to the level of talent in the entrepreneurial field that is attracted to Alaska.

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SENATOR BISHOP thanked Senator Costello for her work last year in holding innovation roundtables on the economy. He thanked Chair Reinbold for today's presenter.

CHAIR REINBOLD thanked her staff.

[2:27:21 PM](#)

SENATOR COSTELLO said that having Mr. Klouda before the committee is important. She related her understanding that innovation drives the economy and Alaskans are natural innovators. She said she hopes that the equity crowd investing and Internal Revenue Code (IRC) Section 1202 C corporation legislation that passed will also be helpful to businesses looking for equity. She said it was nice to hear about the entrepreneurs, especially the women entrepreneurs in Alaska.

**CONFIRMATION HEARING(S):**  
**Marijuana Control Board**  
**Alcoholic Beverage Control Board**

[2:29:15 PM](#)

CHAIR REINBOLD announced that the next order of business would be confirmation hearings for Christopher Jaime, appointee to the Marijuana Control Board and Charlie Cross, appointee to the Alcoholic Beverage Control Board.

[2:29:31 PM](#)

CHRISTOPHER JAIME, appointee, Marijuana Control Board, Soldotna, Alaska, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development (DCCED), stated that he works as a lieutenant in the Division of Alaska Wildlife Troopers, Department of Public Safety. He has lived in Alaska for 26 years and has been with the department for 18 years.

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MR. JAIME stated that during his career he has worked in the Division of Alaska Wildlife Troopers or the Division of Alaska State Troopers in Anchorage, Sitka, Fairbanks, Nome, and Soldotna. He has had a diverse career with the Department of Public Safety (DPS). He has worked in urban and rural settings to enforce wildlife statutes and regulations throughout Alaska. He said he will bring his perspective to the Marijuana Control Board. He related his understanding that Alaskans voted to legalize the consumption, cultivation, and distribution of marijuana. He said his focus is not to voice his personal view of marijuana or to go against the will of the people. Instead, he would like to take a common-sense approach and regulate marijuana from a public safety perspective. He said he would be receptive to the marijuana industry needs yet weigh all decisions through the lens of law enforcement. He has already been contacted by a local marijuana cultivator who briefed him on the business and the challenges the industry faces. He has

also had an opportunity to speak with the owner of High Bush Buds, a marijuana dispensary, who explained the retail marijuana business. He has not been given any direction from the administration on his appointment. He offered his belief that he was selected to serve because of his training, experience, and service to the state.

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CHAIR REINBOLD remarked that his resume is impressive. She said she was pleased to have someone of his caliber fill the public safety seat on the Marijuana Control Board.

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CHARLIE CROSS, Appointee, Alcoholic Beverage Control Board, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development (DCCED), stated he is a lifelong Alaskan who has lived in Nome, Elim, and Kotzebue. He attended high school in Anchorage and studied criminal justice at the University of Alaska Fairbanks. He lived in Albuquerque, New Mexico, married, and moved back to Alaska to pursue a career with the Alaska State Troopers and was stationed in Fairbanks and Kodiak. He has also served as a wildlife trooper and as an investigator on the Western Alaska Alcohol and Narcotics team for the Statewide Drug Enforcement Unit. He has conducted investigations for alcohol, drug interdiction and postal inspector to address illegal alcohol issues in Western Alaska. He was in charge of the Major Offenders Unit, working directly with the Drug Enforcement Administration (DEA), and the Federal Bureau of Investigation (FBI). He moved to Nome in 2012 and was in charge of the post. He said his passion and interest lies in Western Alaska. His particular focus is on how alcohol is treated.

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MR. CROSS noted that he is personal friends with Mr. Rex Leath, who currently serves on the ABC Board. He remarked that his grandfather John Cross, was from Kansas but World War II brought him to Kotzebue, where he was an aviator and entrepreneur. His grandfather later served as a delegate to the Alaska Constitutional Convention.

He said he is pleased and honored to serve on the Alcoholic Beverage Control Board to make Alaska better in terms of decisions related to alcoholic beverages.

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SENATOR BIRCH reviewed the MCB composition, with voting members from public safety, public health, one residing in a rural area, and two actively engaged in marijuana industry.

He asked whether Mr. Cross would serve on the rural seat.

MR. CROSS agreed he was appointed to serve in the rural seat, since he retired from the Alaska State Troopers on October 1.

SENATOR BIRCH, after reviewing the function of the Marijuana Control Board, shared his views on marijuana. He said he served as co-chair of an organization that was opposed to the ballot initiative for legalization of marijuana.

SENATOR BIRCH acknowledged that he referenced the Marijuana Control Board and not the Alcoholic Beverage Control's Board (ABC Board) composition and function. He recognized that Mr. Cross is seeking confirmation to the ABC Board.

He asked for further clarification that Mr. Cross is serving in the rural position.

MR. CROSS answered yes.

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SENATOR BISHOP said he was interested to see that Mr. Cross is a financial coach and he obtained his training from the Dave Ramsey Group.

MR. CROSS answered yes.

[2:40:03 PM](#)

SENATOR BISHOP remarked that he is glad to see that he spends time at the Nome facility to work with inmates.

MR. CROSS responded that he has taught classes at the Anvil Mountain Correctional Center.

[2:40:35 PM](#)

CHAIR REINBOLD opened public testimony the confirmation hearing for Christopher Jaime, appointee to the MCB and Charlie Cross, appointee to the ABC Board.

[2:41:07 PM](#)

CHELSEA FOSTER, representing self, said she would like to add that Jeff Ankerfelt was a great addition to the Marijuana Control Board and she is sad to see him go. She personally would

like to see Paul Honeman in the seat. She said that she hopes [Christopher Jaime], if confirmed, will work with great tenacity and diligence, with an open mind when it comes to making decisions for this industry. As previously testified to, the cannabis industry has added jobs and value to the state's economy. She thanked the committee, especially Senator Birch, for the committee's thorough evaluations of the appointees.

[2:42:03 PM](#)

CALEB SAUNDERS, Owner; Chief Executive Officer, Green Jar, thanked Christopher Jaime for his public Safety service in communities in Alaska. He appreciated that Mr. Jaime has acquired so much experience for the seat. He welcomed him to the MCB, if confirmed.

[2:43:05 PM](#)

CHAIR REINBOLD closed public testimony, then reopened public testimony for the confirmation hearing for Christopher Jaime, appointee to the Marijuana Control Board.

[2:43:33 PM](#)

RYAN TUNSETH, Owner, East-Rip, offered his support of appointee Christopher Jaime to the Marijuana Control Board. He said he owns a retail marijuana store in Kenai. He acknowledged that Mr. Jaime has reached out to local marijuana businesses and they informally related that their discussions were meaningful, and that Mr. Jaime was willing to understand the inner workings of the marijuana industry. He also received recommendations from a friend. He asked his friend, who is a trooper, if Mr. Jaime could be impartial and his friend answered, "You know we take an oath for that."

He said he wanted to offer his support to demonstrate that marijuana businesses are not against every appointee. He offered his belief that Mr. Jaime is qualified for the seat and will bring a sensible voice to the board. He said he deserves the benefit of the doubt that he will make impartial decisions. He echoed what Caleb Saunders said because he knows that board meetings are time consuming. He appreciated the committee's questions to candidates on whether they can be impartial.

[2:45:33 PM](#)

CHAIR REINBOLD, after first determining no one wished to testify, closed public testimony on the confirmation hearing for Christopher Jaime to the Marijuana Control Board and Charlie Cross, to the Alcoholic Beverage Control Board.

[2:45:51 PM](#)

CHAIR REINBOLD clarified that Christopher Jaime is the appointee to the Marijuana Control Board and Charlie Cross is the appointee for the rural seat of the Alcoholic Beverage Control Board.

[2:46:36 PM](#)

CHAIR REINBOLD stated that in accordance with AS 39.05.080, the Senate Labor and Commerce Standing Committee reviewed the following and recommends the appointments be forwarded to a joint session for consideration:

Marijuana Control Board

Christopher Jaime - Soldotna

Alcoholic Beverage Control Board

Charlie Cross - Nome

[Signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees; the nominations are merely forwarded to the full legislature for confirmation or rejection.]

[2:47:05 PM](#)

CHAIR REINBOLD reviewed upcoming committee announcements.

[2:48:04 PM](#)

There being no further business to come before the committee, Chair Reinbold adjourned the Senate Labor and Commerce Standing Committee meeting at 2:48 p.m.