

HOUSE FINANCE COMMITTEE
March 18, 2022
1:32 p.m.

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CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 1:32 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon (via teleconference)
Representative Sara Rasmussen (via teleconference)
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

Representative Ben Carpenter

ALSO PRESENT

Senator Peter Micciche, Sponsor; Tiffany Hall, Executive Director, Recover Alaska; Representative Zach Fields, Sponsor; Representative Grier Hopkins, Sponsor; Joe Hardenbrook, Staff, Representative Grier Hopkins.

PRESENT VIA TELECONFERENCE

Anna Brawley, Title 4 Review Coordinator, Agnew Beck Consulting, Anchorage; Glen Klinkhart, Director, Alcohol and Marijuana Control Office, Anchorage; Lee Ellis, Brewers Guild of Alaska, Girdwood; Dana Walukiewicz, Chair, Alcohol Beverage Control Board, Department of Commerce, Community and Economic Development; Sarah Oates, President and CEO, Alaska Cabaret, Hotel, Restaurant and Retailers Association, Anchorage; Lee Ellis, Brewers Guild of Alaska, Girdwood.

SUMMARY

HB 149 CHILD CARE PROVIDER COLLECTIVE BARGAINING

CASHB 149(FIN) was REPORTED out of committee with three "do pass" recommendations and five "no recommendation" recommendations and with one new fiscal impact note from the Department of Labor and Workforce Development.

HB 289 AK MARIJUANA INDUSTRY TASK FORCE

HB 289 was HEARD and HELD in committee for further consideration.

CSSB 9(FIN)

ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

CSSB 9(FIN) was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the meeting agenda.

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AT EASE

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RECONVENED

Co-Chair Merrick

#sb9

CS FOR SENATE BILL NO. 9(FIN)

"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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Co-Chair Merrick relayed that the bill was previously heard in committee on March 10, 2022, and the PowerPoint presentation would begin where it left off.

ANNA BRAWLEY, TITLE 4 REVIEW COORDINATOR, AGNEW BECK CONSULTING, ANCHORAGE (via teleconference), continued with slide 27 of the presentation titled "Alcohol and Beverage Control (ABC) Board Title 4 Review Project," dated March 10, 2022 (copy on file). She presented Slide 27 titled "Tracking Alcohol Orders in Local Option Areas: Current Title 4." She reminded the committee that during the last hearing she discussed the regulation of internet sales [Slides 24 to 26] and noted that slide 27 portrayed the current policy that was not proposed to change [Sections 10 to 12 and 16, AS 04.06.095; existing limits in AS 04.11.010]. She explained that currently in "Local Option" communities there was a system in place that tracked the limited amount of imported alcohol for personal use. The slide depicted the monthly importation limit set in statute. She detailed that an Alaska customer submitted an order to the package store and the licensee verified the customer's age and if the monthly order amount was met. The licensee then records the order in the Alcohol Beverage Control Board (ABC) database, called the "Written Order Database." The database access was limited to the ABC board, package stores, and law enforcement. She added that the current system was separate from the proposal for internet sales, which was primarily for areas that were not local option areas.

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Ms. Brawley advanced to slide 28 titled "Proposed: Publish Community-Level Data from Local Option Order Database." She elaborated that in current Title 4, [Sections 10 to 12, AS 04.06.095] all data in the local option order database was private and deleted after one year. She relayed that the state needed to stop bootlegging therefore, the following changes were proposed. The bill would keep individual order information private but retain aggregate data for 10 years and allowed the ABC Board to publish annual total sales volume by region or community. The board would protect the individual order data and publish an annual report containing aggregate data by region.

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Ms. Brawley remarked that the following slides explained the remaining policy provisions in SB 9. She turned to slide 29 titled "Proposed: Revise Penalties for Lessor Offenses," [Defined throughout: most prohibited acts defined in chapters 11 and 16.] She conveyed that in current law, almost all violations of Title 4 were Class A misdemeanors. She delineated that the stakeholder group examined every penalty section in Title 4 and discussed what the appropriate penalty should be. When penalties were set high across the board and perceived to be too strict for most offenses, law enforcement was less likely to issue citations and courts were less likely to pursue those cases. The proposal was to clearly define the penalties for each section as opposed to setting penalties "across the board." The slide illustrated the penalties for minor offenses (violation), Class A Misdemeanor, and Class C Felony. She indicated that many penalties would become minor offenses. Serious violations would remain misdemeanors or felonies.

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Representative Josephson inquired whether serving alcohol to a minor would remain a Class C felony. Ms. Brawley answered that the penalty was a misdemeanor. She exemplified an adult who purchased a drink in a bar for a minor.

Representative Wool relayed the situation where minors used fake identification (ID) to enter a bar. He wondered if it was still a misdemeanor if someone purchased a drink for a minor with a fake ID.

SENATOR PETER MICCICHE, SPONSOR, replied that the proof and the standard used to charge someone was not changing; what was changing was how an offense was classified: violation, misdemeanor, or felony. He reiterated that if a person was able to prove their innocence due to a fake ID that would not change; the adjustment was to the level of the offenses. Representative Wool supported lowering the aforementioned situation to a misdemeanor. He shared from his personal experience owning a bar a time security personnel inadvertently missed an underage entrant and was charged with a misdemeanor and was informed the next violation would be a felony. The employee quit the job. He asked if the same penalties were proposed in the bill.

Senator Micciche answered that the question was covered on the next slide. He conveyed that, in current law, a licensee or employee who knowingly overserves an intoxicated adult or who serves alcohol to a minor was guilty of a Class A Misdemeanor. The bill changed the penalty for both to a minor offense, with a \$500 fine. He indicated that the offenses were rarely charged or prosecuted mostly due to overbooked courts. He believed that the violation would be more universally applied. He added that when the server knowingly provided alcohol to a minor, the licensee would also receive a \$250 administrative fine from the ABC Board.

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Co-Chair Merrick acknowledged that Representative Johnson had joined the meeting.

Representative Thompson asked if the courts still put a mark on someone's driver's license if they repeatedly had drunk driving offenses. Senator Micciche answered that the bill did not change the system. Representative Thompson wondered what the amount of the fine was for someone who served alcohol to an individual with a marked license. Senator Micciche was unsure, but he thought that the bill did not change the offense. He reiterated that the slide was only referring to the change from a Class A misdemeanor to a minor offense for overserving an intoxicated adult or a minor. He deferred the answer to Ms. Brawley.

Ms. Brawley confirmed the Senator's answer. She elaborated that the stakeholders looked at all the penalties and separated the serious crimes from the more "routine issues."

Representative Thompson repeated his question and asked what the penalty was for serving a person with a restriction on their driver's license.

Senator Micciche deferred the question to the director of the Alcohol and Marijuana Control Office (AMCO).

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GLEN KLINKHART, DIRECTOR, ALCOHOL AND MARIJUANA CONTROL OFFICE, ANCHORAGE (via teleconference), replied that he had

not written the ticket in some time and would follow up with an answer.

Representative Wool recalled from personal experience that the onus was on the person with the restriction and not the establishment because the person could enter a bar for entertainment purposes, however they could not enter a liquor store.

Ms. Brawley moved to slide 30 titled "Proposed: Licensee Penalties for Overserving an Adult or Serving a Minor:"

In current Title 4, a licensee or employee who knowingly overserves an intoxicated adult or who serves alcohol to a minor is guilty of a Class A Misdemeanor.

The bill would change the penalty for both statutes to a Minor Offense, with a \$500 fine.

In addition to the penalty to the person who commits the violation, the owner of the license would receive an administrative (non-criminal) penalty of \$250. This alerts the owner that a violation occurred, holds them immediately accountable and encourages future compliance.

Section 92, AS 04.16.030; Section 104, AS 04.16.052;
Sections 127 - 129, AS 04.16.180.

Ms. Brawley elaborated that the goal was not to reduce penalties arbitrarily but to find the most effective way to enforce the statutes and separate threats to life or safety and serious crimes from more routine business compliance issues. She expounded that the minor offense allowed the ABC board to address the violations.

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Representative Wool asked about overserving an intoxicated adult. He asked whether a definition for an intoxicated adult (while not driving) was included in SB 9.

Senator Micciche answered that the bill did not change or deal with the definition. He restated that the legislation merely decreased the offense from a misdemeanor to a "more effectively managed minor offense."

Ms. Brawley turned to slide 31 titled "Proposed: Require Keg Registration:"

- Reduces adults' incentive to legally purchase alcohol and supply an underage drinking party.
- Kegs tagged with the purchaser's contact information can be tracked if confiscated at an underage party or other situation where minors are given access to alcohol.
- A person, not a licensee, possessing an untagged keg containing alcohol could be fined.
- Modeled on existing Anchorage and Juneau ordinances.

Section 134, AS 04.21.059

Ms. Brawley emphasized that the keg registration was targeted at reducing underage drinking and was considered a best practice in public health. She offered that the enforcement was not at the point of sale; the licensee sold the keg with a tag containing the purchaser's information, if a keg was confiscated at a party with underage drinkers, it would allow for tracing the purchaser as a way to hold the purchaser accountable. The system would result in a ticket to the purchaser not the store.

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Representative Josephson cautioned about the "criminality element." He understood the sponsor and stakeholders "wanted something that worked" regarding violations. He cited a statute in Title 4, "AS 04.16.059. Aggravated penalties for certain violations involving a person under 21 years of age and committed by a sex offender or child kidnapper." He asked if the bill renumbered sections. He considered that perhaps the bill did not rewrite all of Title 4.

Senator Micciche replied that he did not recall where the current statute cited by Representative Josephson was. He indicated that most of the current sections would be renumbered by SB 9. He deferred to Mr. Klinkhart.

Mr. Klinkhart answered that he did not believe that the statute was covered in the rewrite. Representative Josephson asked if it meant the section remained as written. Mr. Klinkhart replied in the affirmative.

Representative Josephson relayed that a constituent expressed concern regarding limiting homebrewing kegs. He wondered if the registration applied to homebrewing. Senator Micciche replied that the bill did not deal with private homebrewing. Homebrewing rights were not changed.

Representative Edgmon cited slide 30 and wondered what standards were used to establish an intoxicated adults in bars and wondered why it was not defined in statute. He guessed an eye test was used.

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Senator Micciche clarified that he did not state that a threshold did not exist in law only that the standard did not change. He contended that only the classification of the offense changed. Representative Edgmon clarified that he had not stated Senator Micciche had stated it. He noted that SB 9 was an omnibus bill and wondered why an intoxicated adult was not defined. He believed that his question was "genuine." He deduced that it was likely not practical to administer a test in the situation.

Representative Wool shared from personal experience that what was monitored in a bar was people's behavior. He believed that the .08 percent blood alcohol content was for operating a motor vehicle and did not apply in a bar, nor should it. He believed outward signs of intoxication was the definition in statute and thought that was the reason servers were mandated to take the Training for Alcohol Professionals (TAP) or other approved courses. He pointed out that his prior question was to ensure that the definition was not being redefined with a blood alcohol level. He wanted to avoid a situation where law enforcement entered a bar and administered breath tests.

Senator Micciche stated that a Driving Under the Influence (DUI) was a different standard. He shared that the definition under discussion was AS.04.21.080 (b)(9) regarding a "drunken person" read the following:

(9) "drunken person" means a person whose physical or mental conduct is substantially impaired as a result of the introduction of an alcoholic beverage into the person's body and who exhibits those plain and easily observed or discovered outward manifestations of behavior commonly known to be

produced by the overconsumption of alcoholic beverages;

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Representative Edgmon agreed that a specific threshold was difficult to enforce. He commented that the idea of establishing a standard for intoxication "was just an observation" and thought that it was a reasonable question.

Ms. Brawley noted that slide 32 contained contact information and that the slide presentation was concluded.

Representative Wool referenced changes in the bill from existing law regarding tasting rooms. He inquired whether the presentation included increased hours, changes to the population caps, and the ability to have live music in tasting rooms.

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Ms. Brawley answered that she did not believe they outlined the specifics in the presentation, but it was generally covered in Slide 10. The changes proposed would extend the hours to 10 pm with a hard close. The provision also allowed limited amount of live entertainment via a permit system. Representative Wool believed that it was a "noted omission" that the specifics were not included in the presentation. He remembered that there was an amendment regarding the issue in the Senate Finance Committee. He observed that as a former beverage dispensary license owner the issue was intensely debated. He wondered what the specifics of the statutes were regarding limited hours, sales volume, and population caps. He wondered if any other specifics were on a slide. Ms. Brawley did not recall if the subject was specifically discussed and relayed that over the years the number of slides had been narrowed to be respectful of the committee's time.

Co-Chair Merrick asked if the answers could be provided in writing.

Ms. Brawley agreed to provide the information.

Representative Wool stated that the subject had been brought before every legislature during his eight-year tenure. The provisions did change from one legislature to

the next. He believed that it was important to include the changes in the presentation. He mentioned that the population caps had changed dramatically, and it was worthy of discussion.

Senator Micciche interjected that the bill was 125 pages long and the original presentation had been over 70 slides; committees had requested a condensed presentation. He could speak in detail to the specific tasting room changes. He asked Co-Chair Merrick if it was presently a good time to discuss the changes.

Co-Chair Merrick wanted to wait until after the committee heard from invited testifiers.

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Representative Thompson looked at slide 12 related to endorsements. He asked if a special endorsement was needed for serving alcohol on a golf course. Senator Micciche answered that a golf course would need a license. He explained that an endorsement was an add on to a license type. He cited AS 04.09.300 on page 21 of the bill that addressed the individual license type necessary for a golf course. Representative Thompson inquired if a golf course had a restaurant and bar in a building and alcohol was served outside on the golf course how the licensing worked. Senator Micciche replied that a golf course license only allowed alcohol to be served on the golf course. Representative Thompson reiterated his question. Senator Micciche replied if the owner of a golf course was a Beverage Dispensary License (BDL) holder they could serve a full bar on the whole course. The golf course license was different, it only allowed serving beer and wine on the course.

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Representative LeBon asked about the one license per 12 thousand population limit for breweries, distilleries, and wineries. He wondered how the limit compared to other states.

Senator Micciche deferred the question to an invited testifier.

LEE ELLIS, BREWERS GUILD OF ALASKA, GIRWOOD (via teleconference), asked for a repeat of the question. Representative LeBon complied. Mr. Ellis responded that the Brewers Guild had spent a lot of time examining the numbers. He detailed that by comparison, Alaska had a low number of brew pubs and only 4 other states had the tasting room model. He noted that most states allowed for full retail licenses for breweries. The actual number of total breweries was one per 7 thousand per population of individuals over 21 years of age. He qualified that if the state filled all the licenses available for tasting rooms only, Alaska would have the densest brewing community in the world. Switzerland has the most breweries per person at 1 to 9 thousand and Seattle allowed a ratio of one to 9.5 thousand population. He stated that Alaska could have "more breweries than any place on Earth."

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Representative LeBon remarked that the person count was not only adults and was based on total population. He asked how many communities were limited out at the one per 12 thousand ratio proposed in the bill. Mr. Ellis answered that for the retail license there were a number of communities that already were capped out. He listed the communities that would become capped out: Sitka, Juneau, and Wasilla.

Co-Chair Merrick asked how many communities were already capped out. Mr. Ellis replied Homer, Haines, Palmer, and Skagway

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Representative Wool remarked that the state was broken into municipalities, and it was not the same as taking the total population of the state and dividing it by 12 thousand. He commented that many states did not have a quota on liquor licenses and the comparison was likely to quota states. He ascertained that a state with 25 million people would have a different ratio than a state with under 1 million people. He asked how many breweries Anchorage currently had, were allowed under law, and how many were allowed with passage of the bill. Mr. Ellis responded that Anchorage could have 28 retail tasting rooms for breweries, 28 for distilleries and 28 for wineries if SB 9 was enacted. Currently, Anchorage allowed for 99 brewery tasting rooms, 99

distillery retail licenses, and 99 winery retail licenses. Representative Wool asked how many breweries Anchorage currently had. Mr. Ellis replied that currently 3 breweries were planning on opening. He would double check the number. He believed currently 7 or 8 breweries were operating retail licenses.

Senator Micciche interjected that 25 would be allowed under the bill and 8 or 9 were currently operating with a couple planning on opening. He relayed that the bill allowed a 300 percent increase in current tasting room licenses. He added that breweries, wineries, and distilleries were no longer limited and only tasting rooms had proposed limits.

Co-Chair Merrick moved to invited testimony.

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TIFFANY HALL, EXECUTIVE DIRECTOR, RECOVER ALASKA, read from a prepared statement. She spoke in support of the bill. She shared that her organization was a statewide organization comprised of leaders in the fields of health, safety, and prevention that worked to reduce alcohol use. The organization had been working collaboratively for many years with all the stakeholders and community leaders on SB 9 and was not an abstinence only organization. She noted that the state struggled with alcoholism and that Alaska's alcohol related deaths were twice as high as the rest of the nation. She emphasized that alcohol use cost the state \$2.4 billion annually and that the leading cause of emergency room visits were alcohol related for those between the ages of 18 to 64. She declared that SB 9 had many provisions that could improve Alaska's statistics on alcohol use. She delineated that the bill regulated the number and types of alcohol outlets, which was the most effective strategy for reducing the harms of alcohol. The bill created regulations for internet sales of alcohol that currently was unregulated. The legislation also restructured enforcement and added licensee and social host liabilities, both were proven to reduce underage drinking and driving fatalities. The bill closed the loophole on alcohol server education and increased license fees, which provided more funding for AMCO to educate licensees and perform underage compliance checks that halted when federal funding was exhausted approximately 5 years ago. She believed that the bill kept intact many ways to promote business while maintaining health and safety regulations.

She reported that a considerable amount of work took place over the prior 11 years among over 120 stakeholders to craft SB 9. She thanked the sponsor and believed that the bill was a "huge win" for the state. She urged for passage of the bill.

Representative LeBon thanked Ms. Hall for her testimony. He asked about a brewery tasting room. He asked if it reflected the same safety concerns equal to bars and package stores. Ms. Hall responded that one study suggested that taverns, restaurants, and possibly breweries were shown to have a higher connection to crime and violent crime than a liquor store. She offered to send the proper citation for the study. Representative LeBon questioned whether a brewery tasting room was as problematic as a traditional bar. Ms. Hall replied that Alaska was one of the few states with a tasting room model. She suspected there was not peer reviewed evidence specifically regarding tasting rooms. She had reached out to the nations leading expert on the number of alcohol outlets relating to density, Dr. Pamela Trangenstein, [Scientist, Alcohol Research Group; Doctor of Philosophy (PhD) Alcohol Epidemiology and Policy; Master of Public Health (MPH)]. She relayed that the doctor believed an [alcohol] outlet was an outlet and alcohol was alcohol and the more of them the more harm was observed in the community. She delineated that the proliferation of alcohol outlets on every corner sent a message to youth about the social normalization of alcohol. She added that research supported that the more access to alcohol that was observed by youth the more likely they would drink at an earlier age.

Representative LeBon asked if a representative from the ABC Board may want to answer the question.

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DANA WALUKIEWICZ, CHAIR, ALCOHOL BEVERAGE CONTROL BOARD, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), replied that he would like to research whether there was a correlation of enforcement between the operation of tasting rooms and BDL establishments. He did not have the information on hand. He would also check with local police departments.

Representative LeBon observed that the bill seemed to be targeting brewery tasting rooms as a big concern by

limiting the number of licenses. He was wondering if licenses should be limited to all places serving alcohol. He thought there appeared to be a harsh focus on tasting rooms.

Representative Wool believed that studying whether there were more police interventions at bars or taverns than tasting rooms would produce a "predictable" answer. He noted that bars were open until 1:00 A.M. lacked drink limits and were culturally different. He deduced that it was easy to guess that bars would receive more police intervention. He added that all alcohol outlets had population limits. He summarized Recover Alaska's message that alcohol had detrimental effects on society and the more accessible the more it harms society. He recalled that he had a prior conversation in 2014 regarding tasting rooms with Ms. Hall who informed Representative Wool that the addition of tasting rooms was not a Title 4 issue because it happened independently in statute. He wondered if Ms. Hall had changed her opinion based on her current comments. He inquired if she believed whether expanding the hours of tasting rooms contributed to alcohol's harmful effects on society.

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Ms. Hall explained that in her prior opinion regarding the addition of tasting rooms, she intended to convey that it already existed in statute and her organization was not trying to close bars or by their addition, tasting rooms. She stood by what she stated about the proliferation of alcohol in terms of public health and prevention outcomes. She referenced the expanded hours of operation. She wondered if only the hours were expanding or if serving was expanded. She relayed research regarding multiple different closing times at alcohol outlets so that not all people poured out into the street at the same time. She offered to research the effect of expanded hours for tasting rooms and wanted to determine if sales were also expanding. Representative Wool ascertained that in the current bill version, tasting rooms would close at 10:00 P.M. and the hours of service was expanding. He qualified that he was not "anti-tasting room" and stated that competition and leveling the playing field was his concern. He argued that he did not oppose alcohol tasting rooms. He posed the question of whether under-age drinking was bad for the health of youth or because it was against the law. He

pointed to the fact that most other places in the world allowed drinking at an earlier age of 18 or 19 years of age. He noted that only 12 countries had the age limit of 21. He also asked whether the age limit was related to mental and physiological health or about breaking the law. Ms. Hall replied that the human brain continued to develop until between the ages of 22 to 25 and it was easier to create neural pathways that lead to addiction and misuse under that age range. She reported that an individual that began drinking at the age of 15 was 5 times more likely to develop an alcohol use disorder. She added that international policy organizations were attempting to increase the drinking age in other countries to 21 or older.

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Representative Wool asked if countries with the drinking limit under 21 years of age had more problems with alcohol than Alaska. He inquired whether other countries had worse statistics than the United States (US). She did not have the statistics, but informed Representative Wool that culture was a factor; how alcohol was marketed and normalized. Therefore, it was not strictly the age factor that contributed to the harm that was evident with alcohol use.

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SARAH OATES, PRESIDENT AND CEO, ALASKA CABARET, HOTEL, RESTAURANT AND RETAILERS' ASSOCIATION (CHARR), ANCHORAGE (via teleconference), thanked the committee for hearing the bill. She shared that the legislation entered its eleventh year of "robust stakeholder work toward meaningful and sensible alcohol regulatory reform." She had been involved since the beginning and believed that the bill represented "challenging, yet thoughtful compromise" and consensus reached in 2019. She implored the committee to pass the "vital legislation." She maintained that the bill contained long-term regulatory certainty and desperately needed modernization." She added that after two years into the pandemic, "liquor license holders had suffered devastating blows." She elaborated that the industry contributed \$2 billion of annual revenue into Alaska and employed over 32 thousand workers. In 2020, the industry experienced losses of 75 percent and employed 40 percent of its prior workforce. The industry was still in turmoil due to the

aftereffects of the pandemic from supply chain issues to delays in the distribution of federal relief. She listed the ways SB 9 benefitted the industry. The bill provided funding and legal authority for online license applications and created clear, consistent, and fair penalties for violations. She furthered that the legislation mandated proactive education on alcohol statutes through AMCO rather than education via enforcement. She elaborated that many licensees did not understand many of the provisions in Title 4; it was confusing and often contradictory, and licensees often learned through receiving violations. In addition, the bill regulated internet sales and required out of state sellers to pay state taxes like instate sellers did. She noted that SB 9 allowed license stacking; manufactures were able to purchase retail licenses and visa versa. She delineated that the practice leveled the playing field and enabled the expansion of innovation and brewery business models while preserving the value of licenses held by restaurants, bars, and package stores. She offered that by limiting the tasting room model it helped preserve the secondary market value of the 1.5 thousand retail licenses. The bill created endorsements, which allowed for flexibility in business operations without creating new license types, which added a layer of protection to businesses' liquor licenses. She referenced the Beverage Dispensary Duplicate license model that was eliminated and replaced with a simplified less expensive process to serve at multiple bars and stations. She cited a business in Anchorage called the 49th Street Brewing Company on Third Street, that held over 6 licenses to cover all their serving stations and paid multiple biannual fees. The bill reduced that to one license with an endorsement. The legislation expanded opportunities for package stores allowing them to showcase products through a sampling endorsement and packing store tasting event permit. The legislation streamlined the petition process and the process for new restaurants to obtain beer and wine licenses and converted the public convenience licenses to regular transferrable licenses.

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Ms. Oates continued to speak to the legislation. She noted that updated provisions enabled golf courses that hold BDL licenses to serve a full bar across the entire golf course and was no longer limited to beer and wine sales. Another provision allowed three package store licenses per decade

to relocate to other cities or municipalities within a borough. She exemplified that if Costco wanted to open a package store in Wasilla it could purchase the license anywhere in the Matanuska-Susitna borough and transfer it to within the Wasilla city limits. She believed that the bill offered the industry hope that it could overcome some of the ongoing challenges, move forward with an improved regulatory system, and thrive as Alaska's second largest industry. She asked for passage of the bill.

Representative Wool asked if there was any requirement to join CHARR. He inquired whether a retail or manufacturing license was necessary. Ms. Oates answered that a member had to own a restaurant, bar, hotel, or retail business that operated in the state. A member did not need to hold a liquor license. Representative Wool asked how many current CHARR members were license holders. Ms. Oates believed it was over 90 percent, but she did not know the exact number.

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LEE ELLIS, BREWERS GUILD OF ALASKA, GIRWOOD (via teleconference), shared that he was president of Midnight Sun Brewing Company. He thanked the committee for hearing the bill. He supported the legislation. He read from prepared remarks. He provided context for why SB 9 was a "significant improvement for breweries, wineries, and distilleries" in the state. He explained that when the craft beverage industry began, it had very little access to retail markets and very few options to sell on premises. In the late 2000's, statutes were passed that allowed the industry to sell restricted quantity of product on the premises. He qualified that although a manufacturer tasting room was a popular model it was very uncommon retail licensure nationally. Typically, manufacturers had access to full liquor licenses as well as beer and wine license in most other states. Manufacturers in the state could currently operate a brew pub with a BDL or a Restaurant Eating Place License (REPL) license but they had strict production, wholesale, and retail limitations. The guild commissioned a study to better understand the craft industry in the state in 2019. The study found that brewery tasting rooms rarely sold over 500 barrels (one barrel equaled 31 gallons) on premise, while brewers operating a brew pub model sold 2000 barrels or more on premise. He indicated that while popular, tap rooms only sold 3 percent of the beer produced in Alaska was sold through a tap room,

89 percent was sold through wholesalers and retailers and the remainder was sold on premise in a brew pub. Nationally, brew pubs accounted for 40 percent of breweries operating in the country, while in Alaska they accounted for less than 20 percent. Currently, breweries had grown despite operating in a highly restricted market but had vastly more options in the future under the bill. He furthered that although the number of tasting rooms would be more limited, many manufacturers reported that they would eventually purchase both an REPL and BDL licenses to fully grow their businesses without restricting their production and distribution. The bill eliminated caps on manufacturing. He listed the following communities where manufacturing was currently capped: Palmer, Valdez, Haines, Homer, Cordova, Soldotna, Delta Junction, Craig, and Skagway. He noted that many manufacturers were not interested in retail operations, however trade barriers limited manufacturers from getting their products to the retail market. The legislation removed the unfair trade practices to allow them to become economically viable. The manufacturing industry historically, strove to be good neighbors, promoted responsible consumption, and recognized the benefits of a balanced regulatory environment for everyone. The guild supported the compromises recommended by the public health sector in an effort to reduce harms. The guild recognized the position of the alcohol industry members who created a limited entry system that resulted in significant secondary value for license holders.

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Mr. Ellis continued to read from prepared remarks. The guild was not particularly supportive of the system as free market believers but acknowledged that undoing it would rob Alaskans of their investment. The brewing industry was built on the manufacturers' relationship with their communities. The brewers were prepared to make sacrifices to ensure equity for all and to do what was right for Alaska while getting all it can for brewers. He acknowledged that experienced manufacturers understood that that increasing population caps would have limited effects on the growth of their industry. He indicated that with the passage of SB 9, Alaska could host the highest per capita density of breweries and distilleries in the world. He requested the committee pass the bill.

Representative Wool asked about the population cap. He asked why Mr. Ellis supported raising the population cap on brew pubs. Mr. Ellis asked Representative Wool to repeat the question. Representative Wool repeated the question. He asked why the Brewers Guild supported the increased cap for tasting rooms.

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Mr. Ellis stated his understanding of the question. Representative Wool replied affirmatively. Mr. Ellis replied that the guild was not necessarily supportive of raising caps so much as being in support of the compromise. He relayed that what was originally considered was a retail license for manufacturers with a lower population cap and a brewery, winery, or distillery would apply for the same license. The guild did not support the system out of concern that breweries would take up all the licenses in a community. They supported the bill because it allowed every community to have a brewery, winery, and distillery. The tasting room model was created for brewers to have a retail outlet but since the bill provided access to other retail license types, they would have a better access to the retail market through the newer available retail models. Representative Wool asked if many breweries did not have tasting rooms or serve beer. Mr. Ellis responded there were three breweries operating that did not do any on premise retail activity. Representative Wool asked whether there were approximately 70 breweries and brew pubs currently operating. Mr. Ellis replied there were 41 breweries: 38 with taprooms and 12 more operating with a BDL license totaling 53.

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GLEN KLINKHART, DIRECTOR, ALCOHOL AND MARIJUANA CONTROL OFFICE, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), answered an earlier question by Representative Thompson regarding a restricted license. He explained that it had to do with how and why a person had the restriction on their license. The penalties ranged from loss of the license, suspension, fine, misdemeanor, to civil liability. He spoke to the legislation. He pointed out that he supported both the ABC board and the Marijuana Control Board (MCB). He was happy to help work with the ABC board and stated that the board had been very supportive of SB 9. He was impressed that the

bill gave law enforcement the ability to use tools that were more appropriate for the situation. He often gave more warnings than tickets because a warning was often more appropriate than a fine to bring someone into compliance. The AMCO office favored the idea of "progressive discipline", and he felt it was very effective. He indicated that when he became director the only compliance tool was a "hammer" and the office worked to create a more community based enforcement program. He felt the provisions in the bill offered law enforcement the ability to use an appropriate punishment along with the tools to enforce more serious crimes. He thanked the committee.

Representative LeBon repeated his concern that SB 9 was attempting to limit the number of breweries with tasting rooms. He realized that population limits existed for all types of alcohol licenses but felt that the extreme limit set at 12 thousand was targeting breweries with tasting rooms. He asked for comment.

[2:58:14 PM](#)

Senator Micciche appreciated the remarks. He shared that he was a tasting room "guy." He enjoyed going to the Kenai River Brewing Company. He did not think the same people that went to tasting rooms went to bars. He thought Representative LeBon's concern with the one in 12,000 cap was misdirected. He explained how the cap was increased to 12 thousand. He recounted that tasting rooms as a business model had only existed for approximately 20 years and the concept was "hard fought" by other licensees "because they did not want competition." The strict limits were set, and a few years ago traditional license holders promoted more restrictions by "trying to define not having fun" in a tasting room. Eventually, the traditional license holders and tasting room owners engaged in discussions until a compromise was struck. The tasting room licensees agreed to the population limits in lieu of easing other restrictions placed on tasting rooms.

[3:01:03 PM](#)

Senator Micciche acknowledged that the caps appeared restrictive. He shared his interpretation of the provisions. He emphasized that the population limits would go into effect in two years, allowing more tasting rooms to open under the 3 thousand population cap. He stressed that

after the caps were in effect there would be many other options for manufacturers with significant room to expand by opportunities like BDL, REPL, or Brew Pub licenses. He asserted that the tasting room license was a very limited license type, if a manufacturer chose another option, it opened the opportunity for another tasting room in the community. He proposed that Representative LeBon view the "big picture." He stated that he had heard a lot of "little picture" comments and had shared the same reaction when he was initially aware of the increased caps. He reminded the committee that he withdrew a prior Title 4 bill when there was an attempt to further restrict the tasting rooms. He asked the stakeholder group to find a way to expand opportunities for breweries, distilleries, and wineries so they would succeed without a brewery on every corner. He maintained that the provisions in SB 9 "was filled with all kinds of brilliant solutions that do not exist" currently and he characterized it as "a great compromise." His office would provide information outlining all the options that were significant.

[3:03:43 PM](#)

Vice-Chair Ortiz addressed the other options that tasting room businesses had to expand. He asked if the financial costs of the other options were a barrier to expansion.

[3:04:31 PM](#)

Senator Micciche answered that the bill was designed to create a collaboration between the different license types without significantly devaluing other expensive license types. He commented that if an owner of a tasting room wanted to turn it into a bar, she could purchase a BDL under SB 9. The amount of alcohol served for tasting rooms remained the same, but the bill expanded the hours until 10:00 p.m. and allowed other activities to occur. He noted the expanded options came through compromise with the other stakeholders, but it also increased the population limit to one in 12,000. He furthered that some communities protesting the cap were at the limit under the current one to 3 thousand cap, which created a monopoly. Currently, the law prohibited a brewery with a tasting room to purchase a BDL and reiterated that would be possible under the bill. He noted that the bill removed the cap on breweries, distilleries, and wineries that did not have a tasting room therefore, expanding that business model.

Representative Wool appreciated Senator Micciche' s answer. He suggested that most new distilleries or breweries would open a tasting room because it offered a big source of revenue. He believed that without the retail option it would be very difficult for the brewery or distillery to operate. He informed the committee that the cost of a BDL in Juneau and Anchorage was approximately \$300 thousand, were very limited in number, and not always available. He supported the option for tasting rooms to purchase a BDL but did not support expanding other options to tasting rooms and thought it was "mission creep." He disagreed that people either prefer tasting rooms or bars, he thought there was a transition between one and the other. He recounted that a BDL was very expensive and believed that limiting tasting rooms favored current tasting rooms, but it would become difficult for someone wanting to open a tasting room in the future that could not afford nor want a BDL.

[3:08:36 PM](#)

Senator Micciche stated that "it was not possible to have it both ways." He commented that there was already mission creep and tasting rooms; mission creep happened when the legislature allowed them. He ascertained that licenses were expensive and licensees worried about competition from a business that did not have to buy an expensive license. He had a dream of "expanding opportunities for Alaskans who wanted to brew really good beer." He noted the opportunities for brewers to purchase a Restaurant Eating Place License (REPL). He related that provisions in the bill allowed municipalities to apply for an REPL. He knew of some businesses that had significant investments their breweries and would be willing to purchase an expensive BDL to improve it. He thought that focusing negatively on the tasting room limits in the bill was a mistake. He believed that the compromises and expanded options in the bill would all workout in the future

CSSB 9(FIN) was HEARD and HELD in committee for further consideration.

[3:11:11 PM](#)

AT EASE

[3:16:24 PM](#)

RECONVENED

#hb149

HOUSE BILL NO. 149

"An Act relating to allowing certain child day care providers to organize for the purpose of collective bargaining."

[3:16:28 PM](#)

Co-Chair Merrick

Representative Rasmussen MOVED to ADOPT Amendment 1, 32-LS0474\A.7 (Klein, 3/16/22) (copy on file):

Page 6, line 27:
Delete"."
Insert";"

Page 6, following line 27:
Insert a new paragraph to read:
"(6) requires an employee or child day care provider to become a member of an organization that represents childcare providers."

Co-Chair Merrick OBJECTED for discussion.

Representative Rasmussen explained the amendment. She communicated that the amendment clarified that an employee or childcare provider did not have to become a member of an organization that represents childcare providers. The amendment offered a choice and she asked for members support.

Representative Josephson asked whether the sponsor supported the amendment.

REPRESENTATIVE ZACH FIELDS, SPONSOR, had worked on the amendment with Representative Rasmussen and supported the amendment. He reminded the committee that the bill proposed a sectorial bargaining model, where the entire sector negotiated with the state. He did not believe that union membership should be mandated under the sectorial model and should be an opt-in model. He felt that the sectorial model did not need any degree of coercion. The language ensured the providers that it was a choice to affiliate with a union should the sector decide to form one.

[3:18:35 PM](#)

Representative Josephson believed that members would pay dues and if negotiated benefits were passed on to non-members then non-union employees would enjoy the benefits without any costs. He asked whether he was correct. Representative Fields responded, "not necessarily." He explained that if sectorial bargaining was adopted the sector would seek out a union it wanted to affiliate with. He exemplified the sector joining the Service Employees International Union (SEIU). Some small providers might opt out of being a part of the union because they did not need the benefits a union provided. He restated that there were many benefits of sectorial bargaining because it gave the sector a voice without coercing individual providers or employees to join the sectorial bargaining structure. Representative Josephson indicated that he was well informed about labor unions. He thought that joining was a "critical issue" regarding unfair labor practices (ULP) and whether an employee would receive attorney privileges.

[3:20:03 PM](#)

Representative Josephson wanted to make sure the sponsor was comfortable with the amendment. Representative Fields had asked Representative Rasmussen to offer the amendment. He reminded the committee that most parts of the state's economy were involved in "enterprise based bargaining" which constituted an individual company and a union that engaged in negotiations. He shared that within the enterprise based bargaining model he did not support the right to work model because it enabled "free riders." He furthered that in a sectorial bargaining process he did not think the same problems associated with free riders existed. He remarked that it was a new idea for the sector and the sector was diverse and he did not believe that it was appropriate to require individuals to be a member of a union. He believed that the employees would choose to join the union when the benefits were worth the costs for things like healthcare, training, and legal fees.

Co-Chair Merrick asked for clarification of SEIU. Representative Fields responded that it stood for Service Employees International Union that included childcare providers and used the sectorial bargaining model in other states.

Representative Wool inquired whether the amendment would be in the union's laws as well. Representative Fields replied that because domestic work was excluded from the National Labor Relations Act, it was entirely up to a state whether to require union membership within a sectorial bargaining framework. He emphasized the importance of allowing people to opt in with a new bargaining option in the state.

[3:22:51 PM](#)

Representative Rasmussen wrapped up the amendment. She wanted to ensure that providers felt comfortable that they could opt out of the sectorial bargaining agreement and could still receive state childcare assistance.

Co-Chair Merrick withdrew her objection.

There being NO OBJECTION, it was so ordered. Amendment 1 was adopted.

[3:23:34 PM](#)

Representative Josephson MOVED to ADOPT Amendment 2, 32-LS0474\A.6 (Klein, 3/16/22) (copy on file):

Page 1, line 2, following "bargaining":
Insert"; and establishing the child day care provider fund"

Page 8, following line 28:
Insert a new bill section to read:
"* Sec. 19. AS 37.14 is amended by adding a new section to read:
Article 11. Child Day Care Provider Fund.
Sec. 37.14.850. Child day care provider fund established. (a) The child day care provider fund is established as a separate fund in the state treasury for the purpose of implementing the monetary terms of an agreement applicable to child day care providers entered into under AS 23.40.070 - 23.40.260. Money in the fund does not lapse. The fund consists of
(I) money appropriated to the fund;
(2) income earned on investment of fund assets;
and
(3) donations to the fund.

(b) The legislature may annually appropriate money from the fund to implement the monetary terms of an agreement applicable to child day care providers entered into under AS 23.40.070 - 23.40.260.

(c) Nothing in this section creates a dedicated fund."

Renumber the following bill sections accordingly.

Co-Chair Merrick OBJECTED for discussion.

Representative Josephson explained that the amendment established a trust fund to implement the sectorial bargaining agreement. He invited the bill sponsor to speak to the amendment.

Representative Fields spoke to the amendment. He articulated that since the bill was introduced in the prior session, the state had experienced a financial windfall that could allow for a structure that could inject "meaningful public investment into the childcare sector." He relayed hearing testimony that the childcare sector needed more power in negotiating with the state and that the state was never going to have an adequately supplied childcare workforce at affordable prices without more public investment. The childcare trust fund was based on models used in other states, that after initial capitalization, was managed under an endowment model. He believed that when the state experiences a "significant" revenue windfall, it should consider setting some revenue aside to pay out long-term benefits. He explained that the legislature would appropriate a portion of the savings from the childcare trust fund and if paid out at a 5 percent rate it could be the largest investment in childcare that the state ever made. He cited significant public testimony regarding the issue in the House Labor and Commerce Committee. He offered that the United States Chamber of Commerce Foundation addressed the "dire need for intervention in the childcare sector." He heard from multiple organizations in support of a childcare trust fund and from parents who had to drop out of the workforce due to the unaffordability of childcare. He emphasized that the "crisis" in childcare needed to be addressed and the trust fund was beneficial to solving the problems.

[3:26:41 PM](#)

Co-Chair Merrick withdrew her objection

There being NO OBJECTION, it was so ordered. Amendment 2 was adopted.

[3:26:55 PM](#)

Representative Rasmussen spoke in support of the legislation. She believed that the bill had a lot of merit and could help with the childcare shortage in the state.

[3:27:50 PM](#)

Co-Chair Foster MOVED to REPORT CSHB 149(FIN) out of committee with individual recommendations and the accompanying fiscal note.

Representative Johnson objected and did not speak to her objection.

A roll call vote was taken on the motion.

IN FAVOR: Edgmon, Ortiz, Josephson, Wool, Foster, Merrick
OPPOSED: Thompson, Johnson

The MOTION PASSED (6/2).

CSHB 149(FIN) was REPORTED out of committee with three "do pass" recommendations and five "no recommendation" recommendations and with one new fiscal impact note from the Department of Labor and Workforce Development.

[3:29:12 PM](#)

AT EASE

[3:30:19 PM](#)

RECONVENED

#hb289

HOUSE BILL NO. 289

"An Act establishing the Alaska marijuana industry task force; and providing for an effective date."

[3:30:28 PM](#)

REPRESENTATIVE GRIER HOPKINS, SPONSOR, provided an introduction of the bill and read from a prepared statement.

Good afternoon members of the committee and Co-Chairs Foster and Merrick, for the record, Representative Grier Hopkins representing Northwest Fairbanks, Ester, Goldstream, Steese, Farmers Loop, Birch Hill and Downtown Fox. With me today is my staffer, Joe Hardenbrook.

Thank you for hearing House Bill 289 today. This bill would establish the Alaska Marijuana Industry Task Force to take a holistic look at our state's growing marijuana industry, analyze its strengths and weaknesses, and propose a package of reforms. These proposed reforms would be submitted to the Marijuana Control Board, the Governor and the Legislature for consideration and possible action - in part or in whole.

Why is this legislation necessary?

In 2014, Alaska voters legalized recreational marijuana. Since that time, thousands of Alaskans have sought to participate in this new industry - as business owners, workers, investors, consumers and more. This industry is a uniquely Alaskan one - state law requires that license holders be Alaska residents, resulting in an Alaska marijuana market owned and operated by Alaskans selling products grown, tested, processed and purchased here in the Last Frontier.

The industry which has emerged from the passage of the voter initiative in 2014 is supported by Alaskans across the state - but it is facing some challenges. Many business owners are struggling to comply with the letter and spirit of the law, and several factors including taxation, licensing and enforcement continue to challenge the industry. Recent reporting by the Anchorage Daily News - articles which are included in the bill packet - shows ongoing frustration amongst the Alaskan entrepreneurs who've invested time, resources, and energy in this new market.

While I'm a firm believer in free markets and the inevitable sorting of winners and losers in a capitalist system, Alaska's marijuana industry is OURS, and we elected officials can and should set the rules for the thousands of Alaskans who've seen fit to invest their hard-earned dollars, time, and energy into this new market. We can and should ensure that

the rules WE set to govern OUR industry are fair and reasonable and offer those Alaskans who pursue a career or business investment in Alaska can achieve success while playing by the rules. We can and should ensure that local governments continue to play a role in authorizing, monitoring, and generating revenue from this new industry.

Make no mistake, there are solutions to these problems - but they involve give and take amongst members of the industry, state regulators and local governments. In order to pursue a strategy that strengthens our Alaska businesses, protects local control and places our industry on a firmer economic footing, HB 289 proposes that this task force review the issue, develop ideas for industry reform, utilize state resources to model how those changes would affect businesses, local governments and state revenue. Additionally, I think it is fitting that the cost of these efforts will be borne by license receipts from Alaska's marijuana industry. That's correct - the cost of this task force will be paid for by the thousands of Alaskans who've invested in Alaska's marijuana industry.

At this point, I'll turn to Mr. Hardenbrook to walk the committee through the bill.

JOE HARDENBROOK, STAFF, REPRESENTATIVE GRIER HOPKINS, read from a prepared statement. He explained how the task force would operate.

The selection process for the thirteen members of the task force has been crafted to ensure representation, expertise, and geographic diversity.

The task force will be chaired by the chair of the Marijuana Control Board. The two state agencies most closely involved in Alaska's marijuana industry - Commerce and Revenue - will be represented by their commissioners or their designees. Because so many of these questions are economic in nature, we've reserved a seat for an economist from the University of Alaska. Because the voter initiative carved out specific roles and rights for local governments, we've included three municipal government representatives, with a requirement that those officials come from different

judicial districts and represent the breadth of Alaska's local governments - cities and boroughs. Because those most affected by a decision should have a role in making that decision, we've reserved three seats - a quarter of the task force's membership - for representatives of the Alaska marijuana industry. Like the local government seats, these task force members must hail from different judicial districts and represent the breadth of industry - cultivators, processors, and retailers. The governor will appoint a member representing public health interests. Finally, there are two legislative seats, in the hopes that the input and advice of legislators can help craft a final product with a greater chance of enactment.

As Rep. Hopkins mentioned, this task force is not a permanent creation. Rather, it must meet four times over the interim, conduct their work, craft their proposals, model their data, and submit their findings to the executive and legislative branches for consideration and potential action. This legislation does not create a new, permanent position but rather relies on a temporary position to assist the task force in crafting its final product. The findings of this task force are, first and foremost non-binding, and are not limited to suggestions for legislative fixes - suggestions may include statutory, regulatory, and administrative changes.

A top-down, "one-size-fits-all" solution to this complex issue will most likely result in additional challenges to the industry and may cause unforeseen circumstances which compound problems instead of rectifying them. As we've repeatedly heard from representatives of all the different businesses and resource development activities in Alaska, fiscal certainty and good data are essential components of any successful business enterprise.

And to reiterate what Rep. Hopkins mentioned - the cost of these efforts will be borne by program receipts and licensing fees from Alaska's marijuana industry. That's correct - the cost of this task force will be paid for by the Alaskans who've invested in Alaska's marijuana industry.

Chair Merrick, two amendments were adopted by the Labor & Commerce Committee. One change moves the proposed task force from in-person meetings to remote, video conferenced meetings, resulting in a substantial savings in travel and lodging costs. Another amendment added a public health seat to the task force.

Chair Merrick, I'd also like to note for the committee that we have Glen Klinkhart, the Director of the Alcohol and Marijuana Control Office online for questions about the fiscal note. Thank you, and I'll conclude my presentation.

3:35:30 PM

Co-Chair Merrick asked the department to review the fiscal note.

GLEN KLINKHART, DIRECTOR, ALCOHOL AND MARIJUANA CONTROL OFFICE, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), spoke to the fiscal note [FN 2 (CED)]. He indicated that the board was going to be a part of the task force and the Alcohol and Marijuana Control Office (AMCO) would act as the conduit to support its work. The fiscal note envisioned \$52 thousand for a long-term non-permanent Project Assistant (Range 16) to assist with meetings, research, compiling information, and report finalization for eight months (June through January). In addition, travel was reduced to the bare minimum due to the positive use of Zoom meetings. He noted that AMCO was supported by program receipts and in some years, they returned some revenue to the general fund. He believed that the fiscal note was sufficient to support the bill. He furthered that the idea of the taskforce was that the Marijuana Control Board was a licensing and enforcing board. The larger issues were often not dealt with because they were trying to deal with day to day issue and ensuring public safety. The larger issues with the industry were not within its purview, but the board indicated it desired to address the issue.

3:38:21 PM

Representative Wool applauded the efforts of the bill's sponsor and staff. He had several constituents approach him about the marijuana tax burden due to the flat tax structure of \$800 per pound. He recalled that when the tax

structure was adopted the wholesale price had been about \$5,000 per pound and now it was approximately \$2,000 per pound. He exemplified the Title 4 re-write and noted that it was difficult to find agreement among a large group; the task force had 13 members. He expressed concern that at first glance it seemed excessive and thought that the issue was confined to taxes. He worried that the task force was too large.

Mr. Hardenbrook answered that the task force would primarily address the economic issues of the industry. He noted that the wholesale tax "incentivized and disincentivized certain behaviors within the industry." He elaborated that the task force wanted to take a 'holistic look' at the industry and try to put it on firm economic footings. He characterized the industry as "uniquely Alaskan." He respected the concern about the number of "cooks in the kitchen." He quoted the book of proverbs, "without advice plans go wrong but with many advisors they can succeed." He expressed hope that a group of well-informed people could find solutions to the problem.

Representative Hopkins interjected that the task force would not only discuss economic issues, but also examine licensing, regulation, enforcement, as well as ways the industry could maintain its Alaskan owned and operated structure.

[3:42:28 PM](#)

Representative Wool remarked that if the federal law was changed the industry could be nationalized. He deduced that the task force may not have so much control over nationalization.

Mr. Hardenbrook replied that the task force was specifically charged with finding ways to maintain Alaska's marijuana industry. Currently, a marijuana license holder had to receive an Alaska Permanent Fund Dividend (PFD). He agreed that national legalization would pose a challenge for Alaska. The task force would address how the state could protect the industry should the national paradigm shift. Representative Wool thought that the market should also have a voice.

HB 289 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the schedule for the following meeting.

#

ADJOURNMENT

The meeting was adjourned at 3:44 p.m.