

HOUSE FINANCE COMMITTEE
April 12, 2022
9:05 a.m.

[9:05:52 AM](#)

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 9:05 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Neal Foster, Co-Chair

ALSO PRESENT

Nancy Meade, General Counsel, Alaska Court System; Senate President Peter Micciche, Sponsor.

PRESENT VIA TELECONFERENCE

Robert Heide, Program Officer, Division of Juvenile Justice, Department of Health and Social Services; Melissa Dumas, Administrative Operations Manager, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development; Nicole Reynolds, Deputy Director, Tax Division, Department of Revenue; Rick Helms, Alcohol and Marijuana Control Office, Department of Commerce, Community and Economic Development; Andrew Dunmire, Attorney, Legislative Legal Services.

SUMMARY

CSSB(FIN) 9
ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

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

Co-Chair Merrick reviewed the agenda for the meeting. The committee would be taking up amendments for SB 9.

#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."

9:06:38 AM

Co-Chair Merrick indicated the committee would review the fiscal notes.

9:07:17 AM

NANCY MEADE, GENERAL COUNSEL, ALASKA COURT SYSTEM, reviewed Fiscal Note 6 by the Alaska Judiciary System with a control code of KSXET. The fiscal note reflected the need for one part-time attorney who would be responsible for implementing the new regulations proposed by the bill. She explained that the bill would change the penalty category and would specify the penalty that would be imposed upon conviction of alcohol related offenses. There were about 63 offenses related to alcohol that would be changed from low-level misdemeanors to violations. The court would need to put all violations on a schedule so that individuals could receive citations for violations and resolve the offense without a mandatory court appearance. The process was time consuming and required attention to detail, which was why the need for a part-time attorney was identified. The

attorney would be needed for a three-month period of time during fiscal year (FY)23 to accomplish the tasks.

Representative LeBon asked whether the attorney would be working outside the court system or if they would be on staff and working in the office.

Ms. Mead responded that the reason for the fiscal note was that the existing attorney staff was stretched thin and had been for the last several years. The part-time attorney would be on staff.

[9:09:37 AM](#)

ROBERT HEIDE, PROGRAM OFFICER, DIVISION OF JUVENILE JUSTICE, DEPARTMENT OF HEALTH and SOCIAL SERVICES (via teleconference), reviewed Fiscal Note 10 by the Department of Health and Social Services (DHSS) with control code GCMOZ. The fiscal note had a zero fiscal impact because the bill would not necessarily influence criminal offenses. Although the division would experience referrals, the bill would not have a fiscal or programmatic impact on the division.

Representative Carpenter asked about the second paragraph of the fiscal note. He read from it as follows:

Under existing statute, juvenile offenders cited for these offenses are referred to the Division of Juvenile Justice. Referral to the division for these offenses is rare.

Representative Carpenter asked if this meant that there were not many citations for the listed offenses.

Mr. Heide replied that many of the offenses would not escalate to the point of referral to the Division of Juvenile Justice (DJJ). Apart from the misdemeanor offense of delivery of alcohol to a person under 21 years of age, most other offenses were so rare that it was possible that DJJ would not even have a record of the offenses occurring.

[9:12:07 AM](#)

MELISSA DUMAS, ADMINISTRATIVE OPERATIONS MANAGER, DIVISION OF CORPORATIONS, BUSINESS and PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY and ECONOMIC DEVELOPMENT

(via teleconference), reviewed Fiscal Note 9 by the Department of Commerce, Community and Economic Development (DCCED) with control code VRIFW. The fiscal note had a zero fiscal impact because the division did not anticipate any associated costs.

[9:12:55 AM](#)

NICOLE REYNOLDS, DEPUTY DIRECTOR, TAX DIVISION, DEPARTMENT OF REVENUE (via teleconference), reviewed Fiscal Note 7 by the Department of Revenue (DOR) with control code MLTHA. She indicated the fiscal note crafted and determined to be indeterminate for the prior version of SB 9. Since the fiscal note was submitted, there had been some amendments that changed the winery direct shipment license to a manufacturer direct shipment license. She explained that DOR did not submit a new fiscal note to reflect the changes because the fiscal note remained indeterminate, and the cost would not change. The fiscal note was indeterminate because there was not sufficient data on the amount of alcohol shipped to Alaska. However, she expected that extending the excise tax would have a positive effect on tax revenue beginning in the second half of FY 24. There would be a small cost associated with the administrative burden of the change that the Tax Division would absorb.

Representative Josephson understood that if he were in Sonoma County, California and wanted a case of wine, he would pay a California tax on it. He wondered if he shipped the same case of wine from California to his home in Anchorage whether he would be required to pay an additional Alaska tax.

Ms. Reynolds responded that the tax would be paid by the holder of a manufacturer direct shipment license. If a person purchased wine out of state and shipped it to Alaska, the individual would not be required to pay an additional tax in Alaska unless they were the holder of the license.

[9:15:47 AM](#)

RICK HELMS, ALCOHOL AND MARIJUANA CONTROL OFFICE, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), was available for questions about Fiscal Note 8 by DCCED with the control code OCWHW.

[9:16:53 AM](#)

AT EASE

[9:17:20 AM](#)

RECONVENED

SENATE PRESIDENT PETER MICCICHE, SPONSOR, thanked members for hearing the bill again. He asked members to remember that he had worked diligently with all parties to come to a balanced compromise. A robust steering team comprised of 175 people from diverse backgrounds worked together to craft SB 9.

[9:19:37 AM](#)

Co-Chair Merrick MOVED to ADOPT Amendment 1, 32-LS0124\W.12 (Dunmire, 3/17/22) (copy on file):

Page 120, line 25:
Delete "sec. 174"
Insert "sec, 175"

Page 125, following line 16:
Insert a new bill section to read:
"*Sec. 172. The uncodified law of the State of Alaska is amended by adding a new section to read:
CONDITIONAL EFFECT. Section 162 of this Act takes effect only if sec. 162 of this Act the two-thirds majority vote of each house required by art. IV, sec. 15, Constitution of the State of Alaska."

Renumber the following bill sections accordingly.

Page 125, line 20:
Delete "secs. 172 and 173"
Insert "secs. 173 and 174"

Representative Wool OBJECTED for discussion.

Co-Chair Merrick reviewed the amendment. She explained that the amendment aimed to clarify language regarding the court rule change included in the bill, which had a higher vote threshold than the rest of the bill. She asked Mr. Andrew Dunmire with Legislative Legal Services whether he wanted to comment.

[9:20:11 AM](#)

ANDREW DUNMIRE, ATTORNEY, LEGISLATIVE LEGAL SERVICES (via teleconference), indicated that Nancy Meade, general counsel of the Alaska Court System, had recommended the change. It was a technical conforming change to ensure that the bill remained in line with the Constitution of the State of Alaska. It would have no substantive impact on the bill but would simply inform legislators that there was a rule change that would require a higher vote threshold.

Co-Chair Merrick asked if there were further questions.

Representative Wool WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 1 was ADOPTED.

[9:21:19 AM](#)

Representative Rasmussen MOVED to ADOPT Amendment 2, 32-LS0123\W.25 (Dunmire, 3/31/22) (copy on file):

Page 31, line 25:
Delete "nine"
Insert "18"

Page 31, line 26:
Delete "27"
Insert "108"

Page 31, line 31, following "AS 04.09.750(b)":
Insert "; or
(4) annually produce more than 300,000 barrels in total of brewed beverages or more than 50,000 proof gallons in total of distilled spirits"

Co-Chair Merrick OBJECTED for discussion.

[9:21:40 AM](#)

AT EASE

[9:22:10 AM](#)

RECONVENED

Representative Rasmussen explained Amendment 2. The amendment added some reasonable sideboards to the manufacturer direct shipment license that would allow the manufacturer to ship directly to the customer and bypass

the wholesaler and retailer. It was based on feedback from wholesalers and retailers that it could become problematic and sought to strike a compromise.

Senator Micciche commented that the inability to ship directly to a customer would complicate the process for individuals that were part of wine clubs. He supported the amendment. He thought that the amendment would cover wine club shipments and would allow for shipment of two cases per sale and 12 cases per year. This was a change from one case per sale and three cases per year.

Representative Josephson highlighted the last two lines of the amendment regarding annual production of brewed beverages. The biggest craft brewery in the state was the Alaskan Brewing Company which produced 100,000 barrels annually. He asked why the amount would need to be 300,000 barrels per year.

Senator Micciche replied that one of the fears was that large national distillers like Budweiser would try to compete in the state. It was desirable to prevent outside organizations from participating and the language in the amendment clarified that it was applicable only to Alaska companies.

Representative Josephson asked if it would allow for growth in the industry.

Senator Micciche responded that it would allow for growth while preventing larger outside entities from participating.

Representative LeBon asked how many bottles there were in a case of wine.

Senator Micciche responded that a case of wine would be 12 bottles. The amendment would allow for 24 bottles to be shipped per month and 12 cases per year.

Representative Josephson asked whether this would change anything for dry communities within the state.

Senator Micciche answered that it would not change anything for dry communities.

[9:26:35 AM](#)

Representative Wool asked if the bill allowed for 12 cases to be sent per year, per winery, or per company. He wondered if an individual could make a purchase from another company and exceed the limit.

Senator Micciche nodded.

Co-Chair Merrick WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 2 was ADOPTED.

[9:27:41 AM](#)

Representative LeBon MOVED to ADOPT Amendment 25, 32-LS0124\W.9 (Dunmire, 3/14/22) (copy on file):

Page 49, lines 23 - 24:

Delete "or silent auction"

Insert ",silent, or online auction"

Page 49, lines 25 - 26

Delete "or silent auction"

Insert ",silent, or online auction"

Representative Josephson OBJECTED for discussion.

Representative LeBon reviewed the amendment. He explained that non-profits in the state could sell wine through silent auctions. He noted that SB 9 would move that framework into statute and referred to it as an "alcoholic beverage auction permit." There were fundraisers in Fairbanks that offered wine baskets as auction items that moved to an online auction format during COVID-19. There was concern that "silent auction" may not cover online auctions as well.

Representative Josephson WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 25 was ADOPTED.

[9:29:58 AM](#)

Representative LeBon MOVED to ADOPT Amendment 26, 32-LS0124\W.36 (Dunmire, 4/6/22) (copy on file). [Note: due to the length of the amendment it has not been included here. See copy on file for details].

Representative Wool OBJECTED for discussion.

Representative LeBon reviewed the amendment. He explained that it would allow a municipality's local legislative body to pass a resolution petitioning the Alcohol and Beverage Control (ABC) Board for additional brewery, winery, or distillery retail licenses if a community had reached its license capacity. The bill already included this feature for restaurants and other eateries and the amendment would add it for the aforementioned places of businesses as well. In considering the allowance of additional licenses, the ABC Board would need to consider impacts on public health, public safety, promotion of a competitive and dynamic marketplace, and promotion of economic development and diversification. A decision would have to be made within 90 days of receiving an application, and a denial would have to be accompanied by an explanation of the objective factors that contributed to the decision.

Representative Josephson asked whether a denial by the board would be subject to further litigation.

Representative LeBon explained that the intent was that the ABC Board would give direction to the applicant. The board would not simply deny the request but would provide instruction on the changes that would need to be made to receive an approval on the request in the future.

Representative Josephson asked how the current system worked for communities to request an additional alcohol license when already at capacity.

Senator Micciche responded that a community would have to grow its population to qualify for another license or the interested party would have to purchase an existing license from a community member at a likely high price.

Representative Josephson indicated that he recently read an editorial that was in favor of the bill and of putting some limits on opportunities to purchase and consume alcohol. He asked whether the amendment would be disruptive of implementing the limitations.

Senator Micciche responded that the population of the borough could be included when attempting to bring in additional licenses for tasting rooms. The amendment

eliminated first-class protection for communities that had the ability to manage additional licensees. He wanted to ensure that additional licenses were not provided in communities where additional public safety support was not available.

[9:35:55 AM](#)

AT EASE

[9:42:13 AM](#)

RECONVENED

Representative LeBon WITHDREW Amendment 26.

Co-Chair Merrick indicated the amendment would be rolled to the bottom of the amendment packet.

[9:42:27 AM](#)

Representative LeBon MOVED to ADOPT Amendment 27, 32-0124\W.33 (Dunmire, 4/1/22) (copy on file):

Page 31, line 23:
Delete "4.5"
Insert "9"

Page 31, line 28:
Delete "13.5"
Insert "27"

Co-Chair Merrick OBJECTED for discussion.

Representative LeBon reviewed the amendment. He explained that it would restore the annual volume limit for distilled spirits and brewed beverages to the amounts passed out of the Alaska State Senate by direct shipment by state manufacturers. It would allow for up to ten liters of distilled spirits or 27 gallons of brewed beverages to be purchased in a calendar year by direct shipment from the holder of a manufacturer's license. He thought that direct shipment was a good opportunity for in-state manufacturers to reach customers. For example, if tourists were to purchase local alcohol, the manufacturer would be able to ship the product to the tourists' home address rather than them having to travel with bottles in their luggage.

Representative Josephson asked if Representative LeBon knew why a previous committee had amended the number downward.

Representative LeBon responded that he did not know but perhaps the sponsor did.

Senator Micciche offered that Department of Public Safety (DPS) was concerned. He relayed that wine was not really a concern for the department but spirits were. He suggested that if a large family was involved with bootlegging, they would be able to obtain a large quantity of spirits. He did not know, without consulting his team, whether the amendment would be favored. He thought doubling the quantity of allowable spirits was likely the main issue.

Representative Josephson asked for clarification that DPS did not like the change.

Senator Micciche responded that DPS and the Division of Public Health were always concerned about the flow of alcohol into rural Alaska in particular.

Representative Wool thought the change in being able to direct ship alcohol was a significant change. He did not oppose direct shipment but agreed that wine was different than hard alcohol. He suggested that nine liters of hard alcohol was a significant quantity and could likely be a problem. He agreed with increasing the wine amounts but did not agree with increasing the hard alcohol amounts. He did not support the amendment.

[9:48:40 AM](#)

Representative LeBon appreciated the comments from members and the bill sponsor. He acknowledged that it was unlikely that beer would be shipped and that distilled product was most likely to be shipped. He reiterated that he had heard from businesses in Fairbanks that there was a demand for the ability for visitors to buy locally produced product and have it shipped to their homes.

Representative Wool commented that a visitor could currently ship up to 4.5 liters to their home out-of-state as long as their home state allowed for it. He asked if the businesses in Fairbanks had stated that 4.5 liters would be too low.

Representative LeBon responded that the input he had received was that 9 liters would be better than 4.5 liters.

Vice-Chair Ortiz wondered if the committee would be open to keeping the limits for spirits and changing the limits for wine.

Representative LeBon responded that that main purpose of the amendment was to address distilled spirits.

[9:51:35 AM](#)

AT EASE

[9:52:00 AM](#)

RECONVENED

Representative LeBon indicated the focus of the amendment was distilled spirits.

Co-Chair Merrick MAINTAINED the OBJECTION.

A roll call vote was taken on the motion to adopt Amendment 27.

IN FAVOR: Carpenter, Edgmon, Johnson, Josephson, Ortiz, Rasmussen, Merrick

OPPOSED: LeBon, Thompson, Wool

The MOTION to adopt Amendment 27 FAILED (3/7).

[9:53:53 AM](#)

Representative Wool MOVED to ADOPT Amendment 23, 32-LS0124\W.34 (Dunmire, 4/2/22) (copy on file):

Page 23, line 16:
Delete "and AS 04.09.685"

Page 23, line 24:
Delete "10:00"
Insert "8:00"

Page 24, line 26:
Delete "and AS 04.09.685"

Page 25, line 2:
Delete "10:00"

Insert "8:00"

Page 25, line 31:
Delete "and AS 04.09.685"

Page 26, line 8:
Delete "10:00"
Insert "8:00"

Page 51, line 20 - 28:
Delete all material.

Page 71, line 25:
Delete "12,000"
Insert "3,000"

Page 72, line 10:
Delete "12,000"
Insert "3,000"

Page 72, line 26:
Delete "12,000"
Insert "3,000"

Co-Chair Merrick OBJECTED for discussion.

Representative Wool reviewed the amendment. He indicated that there had been many iterations of the bill over the years. He shared that extending hours of tasting rooms from 8:00 p.m. to 10:00 p.m. was a new suggested change and was not in any of the previous versions of the bill. The ability to ship alcohol directly to the consumer was also a new change. The bill would make it possible for a manufacturer of liquor to buy a bar license or a restaurant license, making it conceivable for a manufacturer to hold two separate licenses. Tasting rooms would be able to get around restrictions by also having a bar license or purchasing a restaurant eating place license (REPL), which were options that he supported. Under current laws a person could petition for more REPLs to be available from the state. Breweries would also be able to buy the REPLs if their food numbers were at least 50 percent of sales. This would allow the establishments to stay open until 10:00 p.m. and have live entertainment until 11:00 p.m. The bill allowed breweries to buy additional licenses and offered extra privileges like staying open later. He did not know

what the repercussions of that would be, and he did not think anyone knew.

Representative Wool explained that the amendment would revert the bill back to the version it had been before it had been heard by the Senate Finance Committee in 2020. He recalled that prior to tasting rooms becoming legal in the state, there was concern that the tasting rooms would become de facto bars. He thought that this had indeed happened, though he did not have a problem with it. However, he thought that the ability for tasting rooms to stay open later and to have live music would be too similar to bars. He understood that there had been much discussion with stakeholders and with the Cabaret, Hotel, Restaurant and Retailers Association (CHARR) and many people who previously did not support the changes in the bill had changed their minds and were now supportive.

Representative Wool WITHDREW Amendment 23.

[10:03:37 AM](#)

Representative Wool MOVED to ADOPT Amendment 22, 32-LS0124\W.31 (Dunmire, 3/31/22) (copy on file):

Page 23, line 24:
Delete "10:00"
Insert "9:00"

Page 25, line 2:
Delete "10:00"
Insert "9:00"

Page 26, line 8:
Delete "10:00"
Insert "9:00"

Page 51, line 27:
Delete "10:00"
Insert "9:00"

Page 71, line 25:
Delete "12,000"
Insert "9,000"

Page 72, line 10:
Delete "12,000"

Insert "9,000"

Page 72, line 26:

Delete "12,000"

Insert "9,000"

Page 89, line 1:

Delete "10:00"

Insert "9:00"

Vice-Chair Ortiz OBJECTED for discussion.

Representative Wool reviewed the amendment. The amendment would change the closing time to 9:00 p.m. and reduce the population cap to 3,000. He thought his amendment was a great compromise.

[10:06:35 AM](#)

Representative Rasmussen wondered if the committee could hear the opinion of the bill sponsor. She thought the amendment appeared to be a compromise and that patrons of a bar were likely different than that of a brewery or tasting room. She could easily see a family with children go to a brewery or tasting room that sold food but did not think families would frequent a bar with their children.

Senator Micciche indicated a compromise had already been struck and it was reflected in the prior version of the legislation. He thought that Amendment 22 represented a "walk-back." The compromise came about to allow for people to have a couple of hours in tasting rooms and breweries after a food cutoff. He thought that the amendment would make it more difficult for businesses to succeed. The brewery industry had agreed to the population cap that was in the bill because of the benefits that were included in the package deal that was offered to them.

[10:10:38 AM](#)

Representative Rasmussen thanked the sponsor for his response.

Representative Josephson asked for more information on food regulations in establishments with a hard close.

Senator Micciche emphasized that a hard close was a hard close. While breweries and tasting rooms had a soft close at 8:00 p.m., they were able to stay open much later as a restaurant and serve food. The amendment would close the businesses completely at 9:00 p.m.

Representative Josephson asked about the population ratio of one brewery for 9,000 people. He wondered if there could be two breweries if there was 9,001 people.

Senator Micciche confirmed that there could be two breweries if there were 9,001 people.

Representative Josephson did not understand the significance of 9,000 and why that number was chosen.

Senator Micciche explained that currently the ratio was one tasting room for every 3,000 people. The tasting rooms had to close by 8:00 p.m. There were thousands of pages of regulations that tried to "regulate fun" and an executive director of an unnamed board was removed because of the choice of regulations. He thought that the amendments represented an old fear of what would happen if the rules were relaxed. The traditional bar licensees acquiesced and agreed to giving tasting rooms additional flexibility but wanted to know how many there would be. It was an exchange for a compromise. He did not think the value of licenses had gone down as licenses were in higher demand because of the market. Due to supply and demand, the value of licenses had increased. There was a fear that by allowing tasting rooms and breweries to buy a REPL as they grew, all establishments in the future would become breweries. He did not think this was true and thought that breweries and bars had different clientele. He opposed the amendment because it was trying to move the deal backwards and was working against a new industry that deserved a chance.

Representative Josephson understood some of the nuances.

[10:17:47 AM](#)

Representative LeBon MOVED to ADOPT conceptual Amendment 1 to Amendment 22.

Representative LeBon explained the amendment. He proposed a soft close at 9:00 p.m. and a hard close at 9:30 p.m. He

would replace all instances of "9:00" in the amendment with "9:30."

Representative Wool would support the conceptual amendment. He suggested that if Representative LeBon was proposing a last call at 9:00 p.m. and a hard close at 9:30 p.m., the change would only be necessary on page 2, line 8 of Amendment 22. The other instances of "9:00" already referred to the last call.

Representative LeBon revised conceptual Amendment 1 and proposed changing "9:00" to "9:30" on page 2, line 8 of Amendment 22.

[10:19:36 AM](#)
AT EASE

[10:20:50 AM](#)
RECONVENED

Co-Chair Merrick asked Representative LeBon to restate the amendment.

Representative LeBon explained that the hard close time would be modified from 9:00 p.m. to 9:30 p.m. The change would occur on page 2, line 8 of Amendment 22.

Representative Josephson commented that he would look at the amendment differently depending on the season. The summer season in the state offered significant daylight at night which should be taken into account. He was also thinking of tourists that might want variability in their purchasing abilities.

[10:22:17 AM](#)
AT EASE

[10:24:56 AM](#)
RECONVENED

Representative Wool commented that it was not fun to sell drinks up to the last call deadline and then have to kick everyone out of an establishment. He did not think it was common to enter an establishment after last call and order food. He suggested that people who wanted to order food in the later parts of the evening would go to a restaurant that could also serve alcohol through a beverage dispensary

license (BLD). He argued that if breweries and tasting rooms were allowed to stay open later and have live music, they would be less inclined to buy a BDL. He thought that it was an oversimplification that some people go to bars and others go to breweries. He relayed that many people go to bars to listen to live music or attend a live event, and that was one of the privileges allowed by a BDL. He liked the conceptual amendment and thought it was a compromise.

[10:28:41 AM](#)

Co-Chair Merrick OBJECTED to conceptual Amendment 1 for discussion.

Representative Josephson asked for clarification that Representative Wool wanted to reduce the opening hours for tasting rooms and breweries from 10:00 p.m. to 9:00 p.m.

Representative Wool indicated the current law mandated a close at 8:00 p.m. and he was expanding it to 9:00 p.m., not reducing it.

[10:29:56 AM](#)

Representative Rasmussen would be opposing the conceptual amendment. She agreed with Representative Wool that there were people who were patrons of both bars and breweries and tasting rooms. However, she maintained that she would never take her kids to a bar but would take them to a tasting room or brewery. She did not think the hard close should be at 9:30 p.m.

Representative Wool clarified that the amendment as amended would allow the sale of alcohol up until 9:00 p.m. and would allow 30 extra minutes for people to consume the beverage before the establishment closed at 9:30 p.m. He cautioned that a BDL was the license held by bars, but also many restaurants held the same license. It was a misnomer to say that a person would be going to a bar to eat instead of calling it a restaurant, but both establishments would be using the same license type.

Representative Josephson understood that the amendment would expand current law and that the motivation for reducing the hours from 10:00 p.m. to 9:00 p.m. was to offer a fair playing field to BDLs. He asked about the

choice to reduce the population limits, which would afford greater opportunity for the establishment of new breweries.

Representative Wool responded that he wanted to change the population limit to 9,000 based on the previous number in a past version of the legislation. He agreed that going up to 12,000 would hurt people who had not yet gotten into the business, however they could not give much weight to hypothetical businesses. It was a slight drop which he had heard support for in public testimony. He suggested it was a compromise and there were enough changes in the bill.

Representative Josephson was confused because the first part of the amendment seemed to put guardrails around the industry whereas the second portion afforded more opportunities for the industry. He thought the amendment seemed to contradict itself.

Representative Wool indicated the amendment combined two separate issues. He had other amendments that focused on each issue separately but had chosen to combine the issues for expediency.

[10:36:19 AM](#)

Representative Carpenter was opposed to the amendment to the amendment and to the original amendment. He had trouble with the idea that a family with young children would be in an establishment at 9:00 p.m. on a weekday having a final drink before the family returns home. He asked if this outcome was desired.

[10:37:18 AM](#)

Representative Johnson thought bars had negative connotations, but she had also gone to breweries to which she would not bring her children. She did not think that just because an establishment could sell spirits it meant that "immoral acts" were happening there. It had to be a parent's personal responsibility to bring their children home safely. She did not think it was fair to place this responsibility on a business owner. There were many types of establishments and it was not possible to say which places were appropriate for children and which were not.

Representative Johnson indicated that she was in favor of the amendment to the amendment. She thought it drew a small distinction between different types of licenses.

Representative Rasmussen was trying to view the amendment from the eyes of a tourist. There was more daylight in Alaska in summer evenings than in many other states and it was reasonable to expect that families might be out late. She thought that it was the responsibility of a policy maker to allow parents to have decision-making power. She would be more comfortable with a 9:00 p.m. last call and 10:00 p.m. hard close respectively.

[10:42:02 AM](#)

Senator Micciche thought the discussion was getting silly. He would acquiesce to the changes in the amendment to the amendment if that meant the committee would move on. He thought people would do whatever they could to restrict a new industry. He would rather not change the bill and thought it worked against the spirit of compromise.

Representative Wool reiterated that the amendment would be expanding the hours from current law. He thought issues were being conflated and family restaurant habits were not especially relevant.

[10:44:37 AM](#)

Representative Carpenter called the question.

Co-Chair Merrick MAINTAINED her OBJECTION to conceptual Amendment 1 to Amendment 22.

A roll call vote was taken on the motion.

IN FAVOR: Edgmon, Johnson, Josephson, LeBon, Ortiz, Wool
OPPOSED: Rasmussen, Thompson, Carpenter, Merrick

The MOTION PASSED (6/4). Conceptual Amendment 1 to Amendment 22 was ADOPTED.

[10:45:39 AM](#)

Vice-Chair Ortiz MOVED to ADOPT conceptual Amendment 2 to Amendment 22.

Vice-Chair Ortiz reviewed his amendment. He proposed changing the population cap from 9,000 to 7,500. He thought this was a compromise that responded to competition and opportunity in a new industry.

Co-Chair Merrick OBJECTED for discussion.

Representative Carpenter asked to know where the changes in the amendment were.

Vice-Chair Ortiz responded that the changes were on page 1 of Amendment 22, lines 19 and 23, and on page 2, line 4.

Co-Chair Merrick clarified the locations of the changes and that 9,000 would be replaced by 7,500.

Representative Josephson commented that even though the committee had testimony on the bill, the conversation involved guesswork for him. He did not know how many new opportunities were being created or what the implications would be.

[10:48:42 AM](#)

AT EASE

[10:49:08 AM](#)

RECONVENED

Co-Chair Merrick indicated the committee would take a break until 10:55 a.m.

[10:49:18 AM](#)

AT EASE

[10:55:49 AM](#)

RECONVENED

Co-Chair Merrick MAINTAINED the OBJECTION to conceptual Amendment 2 to Amendment 22.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Edgmon

OPPOSED: Josephson, LeBon, Rasmussen, Thompson, Wool, Carpenter, Johnson, Merrick

The MOTION to adopt conceptual Amendment 2 to Amendment 22 FAILED (2/8).

[10:57:16 AM](#)

Representative Wool provided wrap-up comments on Amendment 22 as amended. He thought it was a good compromise.

Representative Josephson MAINTAINED the OBJECTION.

Representative Josephson asked for clarification that the impact of the amendment as amended was that at 9:00 p.m., there would be a hard stop on the sale of alcohol and establishments would be required to close at 9:30 p.m.

Representative Wool responded that Representative Josephson was correct.

Representative Josephson continued to believe that 10:00 p.m. should not be considered the same in the winter as in the summer.

Representative Josephson WITHDREW the OBJECTION.

Representative Carpenter OBJECTED.

[10:57:27 AM](#)

A roll call vote was taken on the motion.

IN FAVOR: Josephson, LeBon, Ortiz, Wool, Edgmon, Johnson
OPPOSED: Rasmussen, Thompson, Carpenter, Merrick

The MOTION PASSED (6/4). Amendment 22 as amended was ADOPTED.

Co-Chair Merrick reviewed the agenda for the afternoon meeting. The committee would be hearing a presentation from the Alaska Court System and would continue hearing amendments for SB 9.

ADJOURNMENT

[11:00:56 AM](#)

The meeting was adjourned at 11:00 a.m.