

HOUSE FINANCE COMMITTEE
April 12, 2022
1:31 p.m.

1:31:00 PM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 1:31 p.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

Senator Peter Micciche, Sponsor.

PRESENT VIA TELECONFERENCE

David Bronson, Mayor, Municipality of Anchorage; Ross Risvold, Deputy Chief Operating Officer, Municipality of Anchorage; David Ames, Jacobs Engineering, Anchorage.

SUMMARY

CSSB 9 (FIN) 9
ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

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

PRESENTATION: PORT OF ALASKA

Co-Chair Merrick reviewed the agenda for the afternoon.

^PRESENTATION: PORT OF ALASKA

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Co-Chair Merrick invited the testifiers to begin.

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DAVID BRONSON, MAYOR, MUNICIPALITY OF ANCHORAGE (via teleconference), thanked the committee for the opportunity to present the project. The municipality was asking for \$600,000 from the State of Alaska. He introduced the PowerPoint presentation: "Port of Alaska Modernization Program Plan of Finance."

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Co-Chair Merrick indicated Representative Wool joined the meeting.

ROSS RISVOLD, DEPUTY CHIEF OPERATING OFFICER, MUNICIPALITY OF ANCHORAGE (via teleconference), thanked the committee for the opportunity to come back to provide additional details on the Port of Alaska. He began with slide 3: "Table of Contents":

- PAMP Cost By Phase
- PAMP Sources of Funds
- Phase II B - Cargo Docks Replacement
 - Total Cost
 - Source of Funds in Order of Cost
 - Source of Funds - Proposed
 - SOA & Federal Contribution Scenario
 - State of Alaska Contribution Scenario
 - Municipality Funding Scenario
- PAMP Municipality Funding Scenario
- 2022 Funding Request Summary
 - Phase II B - Cargo Docks Replacement
 - Questions & Answers

Mr. Risvold reviewed the cost of the Port of Alaska Modernization Program (PAMP) by phase on slide 4. The total cost of the program was \$1.8 billion. He explained that the main element he would be focusing the presentation on was Phase II B, which was the cargo dock replacement project. The total cost of the cargo dock replacement was \$1.1 billion.

Mr. Risvold turned to slide 5 to discuss the funding sources for the project. He relayed that the municipality was aggressively pursuing earmarks with Alaska's Congressional Delegation. Other funding sources included the Infrastructure Investment and Jobs Act (IIJA), the federal Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grants, and federal Port Infrastructure Development (PIDP) grants. The municipality was also seeking out port revenue bonds as a funding source.

Mr. Risvold discussed the total cost of Phase II B on slide 6. He would be focusing on the details of the \$1.1 billion required to fund the project. It was projected to cost \$643 million to replace cargo dock 1 and \$460 million to replace cargo dock 2, totaling \$1.1 billion. The municipality was requesting \$600 million from the state.

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Mr. Risvold moved to slide 7 to discuss the proposed source of funds for the cargo dock replacement project. To supplement the \$600 million requested from the state, the project would be supplemented by \$222 million from municipality funds and \$281 million from federal funds.

Mr. Risvold continued to slide 8 to continue discussing the proposed funding sources. The municipality would not sell debt until it needed the money; however it already had authorization from the assembly which he thought was important to note.

Co-Chair Merrick indicated Representative Edgmon had joined the meeting in the room and Representative Rasmussen had joined the meeting online.

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Mr. Risvold advanced to slide 9 to discuss what would happen to tariffs in specific hypothetical scenarios. The first scenario assumed that state and federal funding would contribute to the project. He indicated that the tariff was currently \$3.30 per ton. The tariff would increase by \$4.53 to a total of \$7.83 per ton in the scenario on the slide. He thought the important thing to remember was that tariffs were applied and charged as the tonnage crossed a dock. Everything that crossed the dock was subject to a tariff regardless of its final destination. It was difficult to quantify the tariff impact of any given item.

Mr. Risvold looked at another funding scenario on slide 10. The scenario assumed the State of Alaska would be the sole financial contributor to the project. The scenario reflected the state's contribution of \$600 million. No further state or federal grants were assumed, and the municipality would have to borrow \$503 million to fund the project. It resulted in a net increase of \$9.52 per ton which would mean the tariff would almost triple in price.

Mr. Risvold looked at another funding scenario on slide 11. The scenario assumed only the municipality would contribute to the project funding. The municipality would have to borrow \$1.1 billion to fund the project. The tariff would increase by \$20.18 and result in a tariff cost of \$23.48 per ton. He relayed that this would be a 6.1 percent increase. The tonnage numbers were based on the tonnage that crossed the port in 2021.

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Representative Wool pointed to the current tariff of \$3.30 and new tariff cost of \$23.48 if the scenario on slide 11 occurred. He thought the percentage was incorrectly stated and that it was about a 7 percent increase.

Mr. Risvold responded that he had taken the difference between the new cost and the old cost. It reflected the increase over the \$3.30 tariff.

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Mr. Risvold continued to slide 12 which looked at a scenario where the municipality funded the entire PAMP program and not just the dock replacement project. He reiterated that the total cost of the project was \$1.8

billion, which meant that the municipality would need to borrow \$1.6 billion to cover the difference. The tariff cost per ton would increase to \$33.05.

Mr. Risvold reviewed a summary of the municipality's funding request to the State of Alaska on slide 13. He explained that the Municipality of Anchorage owned the Port of Alaska and had an obligation to maintain the port. He felt comfortable in asking the state to support the project. The municipality would continue to pursue additional funding for the project. It was necessary for the municipality to have funds identified for the whole project prior to the start of the project since both docks would be built as one continuous dock. He thanked the committee for its time.

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Co-Chair Merrick asked if it was possible for the state to set aside \$300 million in the current year and \$300 million in the following year for the project.

Mr. Risvold replied that it was urgent to secure all of the funds for the port as quickly as possible. There were a couple of evaluations by Jacobs Engineering that might allow the project to move ahead faster than anticipated depending on certain characteristics of the final design.

Mayor Bronson interjected that two tranches of \$300 million each would be acceptable rather than not receiving any funding. Securing funds as soon as possible would create security for the project.

Mr. Risvold would be grateful for any funding.

Co-Chair Merrick wondered how much of an increase the consumer would experience if there was a significant tariff increase.

Mr. Risvold responded that it was very difficult to quantify the impact of an increased tariff. He reiterated that the tariff was a per ton charge of all items that crossed the port. He did not think he could control what the users would do with the increased tariff. At this point, an attempt to quantify the impact would be mere speculation.

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Representative Josephson mentioned the Knik Arm Bridge and the monies that were occupying debt service space. He asked whether he was correct that the space would be otherwise unused since the project was not going forward. He was trying to figure out a way of packaging the project in a way that would find support. He recalled the state authorizing the Knik Arm Bridge through the bonding authority, but the project was not happening.

Mr. Risvold recalled something about some funds being appropriated for the Knik Arm Bridge. However, those funds were unrelated to the Port of Alaska. If the funds were appropriated for the bridge but the project was no longer feasible, the money would be made available again and would return to the possession of the state. The Knik Arm Bridge was a totally separate project from the port.

Representative Josephson thought it was an important avenue to examine.

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Representative LeBon inquired about the engineering design and construction. He wondered if the construction contract had been developed prior to the completion of the engineering and design. He asked if sole source construction was being considered.

DAVID AMES, JACOBS ENGINEERING, ANCHORAGE (via teleconference), relayed that the current design would be a competitive construction bid. The municipality was not considering sole source construction but was considering contracting strategies. It was expected to be a competitive process regardless of the bid type.

Representative LeBon asked how far along the design portion was. He asked about the timeline of the design.

Mr. Ames responded that the design phase was in the conceptual stage. Completion of the conceptual stage would take the project to about 15 percent complete by summer of 2022. The preliminary stage was projected to be complete by the end of 2022. The preliminary design was being done by Jacobs Engineering and services would be bid out once the preliminary portion was complete. The project design would

be at 100 percent roughly by the end of 2023, at which point construction proposals would be solicited.

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Representative Johnson was trying to get a sense of how much of the project was a replacement and how much was an expansion.

Mr. Ames replied that the current plan was to design a replacement similar to the current structures already in place. There would be potential for expansion in efficiency increases due to advancements in technology and tools.

Representative Johnson asked if the potential expansion was factored into the design costs.

Mr. Ames responded that in terms of terminal 2 of the dock, there would be a capability to expand. He explained that terminal 2 was a roll-on/roll-off operation and the intention was to expand it to a more advanced operation in the future if necessary. The docks would be built with the ability to expand, but there was no current plan to expand apart from efficiency increases.

Representative Johnson wondered how long it would take to sell the bonds that the municipality already had under the current bond authorization.

Mr. Risvold replied that the most important feature about the revenue bonds was the ability to go to the assembly and request revenue bonds when the cash was needed. The authorization to sell the bonds would mean that the budget would provide a committed source of funds. There was no timing requirement as to when the municipality was to sell the bonds. The concept was that the municipality needed sources of funds committed to the projects.

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Representative Johnson suggested that the municipality already had authorization for about \$180 million.

Mr. Risvold agreed.

Representative Johnson asked whether the municipality would have to go to the assembly to get the additional \$40 million.

Mr. Risvold asked if Representative Johnson was referring to a certain page of the presentation.

Mayor Bronson suggested looking at page 8.

Mr. Risvold advised the same.

Representative Johnson had seen somewhere that \$180 million had already been authorized.

Mr. Risvold suggested \$182 million had been authorized. He pointed to page 8 of the presentation under the category "Municipality Funding" which listed a short-term borrowing program that authorized \$40 million. There were also revenue bonds that authorized \$182 million that had not yet been issued.

Representative Johnson asked if the municipality had bonding authority for the total amount for municipal funding.

Mr. Risvold responded that the municipality had full authorization for \$222 million under the municipality funding category. It had received some of the money already because the municipality sold some bonds in 2020. Any additional funds would need to be sought out by going to the assembly and seeking additional authorization.

Representative Johnson asked how long the process usually took. She was trying to understand the timeline.

Mr. Risvold explained that it would take about four to five weeks to go through the assembly process. He explained the steps to achieve further authorization.

Representative Johnson was trying to understand why he was asking the state to fund the process prior to receiving further authorization from the assembly.

Mr. Risvold referred back to page 8. The municipality had authorization of \$222 million of funds in hand and was requesting \$600 million from the state. The difference between the two amounts and the total cost of the cargo

dock replacement project was \$281 million. The municipality was doing everything it could to get the remaining \$281 million of funding. He pointed to the footnote at the bottom of slide 8 that stated that in the absence of any state or federal grant funding, the municipality was going to ask the assembly for additional revenue bond debt issuing authority. If the assembly were to authorize the \$281 million, it would not preclude the municipality from receiving further federal grants. If the municipality received a substantial grant, it could reduce the amount of money it needed to borrow. Another important feature was that just because the municipality had the authority to sell revenue bonds, it did not mean it had to sell the bonds if further grant funding was provided.

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Representative Johnson thought that none of the money would go back to the state. She asked how the Port of Alaska was the only tsunami-proof port in Alaska. She wondered whether Port Mackenzie could qualify.

Mr. Ames responded that the Port of Alaska was the only tsunami-proof general cargo port in the state. He indicated that Port Mackenzie was an older port and was not equipped to support general cargo or containers.

Representative Johnson suggested that Mr. Ames was saying that the Port of Alaska was not the only tsunami-proof port in the state.

Mr. Ames responded that it was the only tsunami-proof port that met the food security requirements that were the target of the project.

Representative Johnson asked Mr. Ames to provide more details.

Mr. Ames responded that Port Mackenzie was designed to be a bulk loading port. It did not have a flat platform that allowed for the rapid transit of trucks and there was a large ship loader blocking traffic to the terminal. From an engineering perspective, it was not a general cargo loading platform.

Representative Johnson expressed concerns about the \$23 tariff and thought that people would find a loophole. She

was also concerned about providing \$600 million to the project before financing was in place.

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Representative LeBon sensed that there was an urgent need for funding. He wondered if the funds were distributed in two installments of \$300 million over time, would the municipality move forward assuming the state would contribute the entire \$600 million amount. He asked if the municipality would go to the assembly and ask for the difference in an effort to fund the project as soon as possible.

Mayor Bronson indicated the port would be built as soon as possible. He reported that the municipality had offers of private equity but it would lose control of the port if it accepted the offers. He was unsure if this would be good or bad. The municipality had met with the congressional delegation in an attempt to get as much money as possible. The municipality had to move forward with the project regardless of the funding. He relayed that the congressional delegation thought it had become a humanitarian crisis. The citizens of Anchorage had to have the project in place one way or another.

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Representative Rasmussen asked Mayor Bronson if it was possible for the municipality to cover costs considering that 80 to 90 percent of the state benefited from the goods that were transported through the port. She was concerned that Anchorage would have to bond at a disproportionate level if the state did not share as much equity in the project. She did not want the responsibility of bond debt to fall solely on the taxpayers of Anchorage.

Mayor Bronson responded that the tariffs represented the part "repaid at the cash register."

Mr. Risvold added that the tariff was charged at the time goods came across the dock and it would pay the debt service of the bonds. The municipality was the issuer of the debt and was doing business as the Port of Alaska. The taxpayers would not be responsible for the debt, but the investors would have a lean on the revenues of the port. The municipality was required to set fees on the port to

meet a minimum debt repayment. The tariff was a surcharge on the users, not the taxpayers.

Representative Rasmussen wondered if the state provided a portion of unused funds to the project if it would help the municipality. She asked if the municipality was only looking for cash at the moment.

Mr. Risvold replied that he would be grateful for any funds from the state. If the funds were to be distributed over a period of two years instead of all at once, it would be workable for the municipality. The monies for projects that were no longer going forward, such as the Knik Arm Bridge, would revert back to the legislature and would be considered part of the unrestricted assets of the state.

Representative Rasmussen understood that the state could take on debt if the legislature were to approve it. She did not believe it would mean the funds were reappropriated, but it would give the legislature the ability to borrow funds from other projects.

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Representative Wool asked about the figure of \$222 million and whether it was fixed. He wondered how the \$600 million was derived. He asked if it was possible to get more than \$281 million in federal grants.

Mr. Risvold returned to slide 6. He noted that Cargo Dock I was predicted to cost \$643 million. The construction cost was estimated at \$600 million and the remaining \$43 million was designated for costs such as design and permitting. He explained that Dock 1 would provide food security for the state. He returned to slide 8 and explained that \$222 million was in the hands of the project already. If the additional \$281 million did not materialize, the municipality would supplement it with revenue bond obligation.

Representative Wool asked if the funding might be more than \$281 million. He wondered if the number was achievable.

Mr. Risvold responded that the application process was yet to be determined by the federal government. Other grant processes happened annually, and he was confident that the

state would receive money from various annual grants. He invited Mr. Ames to add to his comments.

Mr. Ames offered that based on the meetings in Washington D.C., it seemed that \$280 million was a reasonable target based on past projects. It was not guaranteed, but signs had been positive.

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Representative Wool asked if there were any other tsunami-proof ports in the state that met food security capacity needs.

Mayor Bronson responded that the all the infrastructure that went with the port was already in place. The municipality would not want to develop additional docks because an earthquake that could destroy the Port of Alaska could also destroy any additional docks. The concerning threat to the dock was not tsunamis. He asked everyone to remember that the project was a replacement and that the only thing that had been altered was to move the dock about an extra 140 feet into the ocean's current to accommodate for deeper water and larger ships.

Mr. Ames commented that the mayor was correct. He suggested that what was missing from other locations was the infrastructure to distribute cargo. While there were a few deep-water ports in Alaska, the docks had no way to distribute the goods to the state. The fact that the port was tsunami-proof was one of the many advantages of the port's location. The primary advantage was that the port had the infrastructure to distribute goods in Alaska.

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Representative Johnson asked if anyone had thought about the bridges going down if there was a large earthquake. She assumed that the municipality would be cut off from the rest of the state if this happened. She wondered how the \$600 million would be applied to Cargo Dock 1.

Mr. Risvold returned to page 6 of the presentation. He indicated there needed to be funding in place for both docks in order to build them both. He reiterated that the construction cost of Cargo Dock 1 was estimated at \$600

million, and the \$43 million difference would pay for things like design and project management.

Representative Johnson was trying to tease out of Mr. Risvold that the \$600 million would pay for Cargo Dock 1 but would not pay for Cargo Dock 2. She suggested that Cargo Dock 2 would be financed through municipal and federal funds.

Mr. Risvold pointed to page 8. He indicated that the municipality had already committed \$222 million to the project. There was a second request of \$600 million, which totaled \$822 million. He indicated the \$281 million difference was already committed to the project. The municipality was looking for \$600 million appropriation from the state in the form of a grant.

Representative Johnson had understood that there was \$600 million for construction and \$43 million for planning and design. She thought that the \$600 million would go to Cargo Dock 1. She would like to know if she was inaccurate.

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Mr. Ames offered that most of Mr. Risvold's slides made it clear that the municipality needed \$1.1 billion committed to the project as a whole prior to the start of construction. He emphasized that the total request and the total need was \$1.1 billion. He did not see it as the state's money being spent first because all monies had to be accounted for prior the start of construction. There would be a combination of funds going into the project.

Representative Johnson understood that Cargo Dock 1 would be built prior to Cargo Dock 2 to ensure the port would stay open. It appeared there were two different docks and two different projects. She understood that it would take four to six years to build each dock, and therefore it would be four to six years before the second portion of the monies would be needed. She wanted a clear picture of how monies would be designated in each of the phases.

Mayor Bronson replied there was a construction project and also a financing project. Nothing would get built before having \$1.1 billion in the bank dedicated to the project. He was trying to fill the purse with federal, state, and

local money to the minimum required level before construction could even begin.

Representative Johnson appreciated the information. She was concerned that the state was putting itself in the first position in the project.

Co-Chair Merrick thanked the testifiers. The committee would take an "At Ease" until 2:50 p.m.

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AT EASE

[2:52:32 PM](#)

RECONVENED

Co-Chair Merrick indicated Representative Carpenter had joined the meeting.

#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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Representative Wool MOVED to ADOPT Amendment 10, 32-LS0124\W.13 (Dunmire, 3/30/22) (copy on file):

Page 51, lines 24-25:

Delete "four live music or entertainment permits to a licensee in a calendar year"

Insert "one live music or entertainment permit to a licensee in a calendar quarter"

Co-Chair Merrick OBJECTED for discussion.

Representative Wool explained that the amendment would allow one live events per quarter to occur in a brewery, tasting room, or distillery. The amendment would limit events to one event per quarter rather than unlimited events. The motivation was to put additional sidebars on individuals in the entertainment business and manufacturers of alcohol in order to avoid impacting the business of the bar industry.

Representative Rasmussen thought the amendment was over-restrictive. She would be opposing the amendment.

Representative LeBon agreed with Representative Rasmussen. He thought it would be too restrictive and that businesses should have the ability to schedule events as they please. He could not imagine a concert outside in January in Fairbanks.

Representative Wool was not trying to impose excessive restrictions. He suggested there were seasonal rules that applied to other businesses like fishing. He did not think the idea was met with objection by individuals in the alcohol manufacturing industry. He agreed that an outdoor concert in Fairbanks in January would not make sense, but the concert could be indoors.

Senator Micciche did not have a problem with the amendment. He thought it was fair.

Co-Chair Merrick WITHDREW the OBJECTION.

Representative LeBon OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Lebon, Ortiz, Rasmussen, Thompson, Carpenter, Josephson

OPPOSED: Wool, Johnson, Merrick

Representative Edgmon was absent from the vote.

The MOTION to adopt Amendment 10 FAILED (3/6).

[2:59:40 PM](#)

Representative Wool MOVED to ADOPT Amendment 19, 32-LS0124\W.22 (Dunmire, 3/30/22) (copy on file):

Page 49, line 14:
Delete "10"
Insert "four"

Co-Chair Merrick OBJECTED for discussion.

Representative Wool explained that the amendment addressed the number of events a nonprofit could hold to sell its own alcohol. Current law allowed for five events per year, and he realized that he meant to propose "five" instead of "four."

Representative Wool MOVED to ADOPT conceptual Amendment 1 to Amendment 19.

Co-Chair Merrick clarified that conceptual Amendment 1 would change line 3 of Amendment 19 from "four" to "five."

Co-Chair Merrick OBJECTED for discussion.

Representative Wool spoke to the original amendment. He reiterated that the current law allowed for five events but was raised in the Senate Finance Committee in 2020 to ten events. He wanted to reduce the number back to five. If a nonprofit wanted to have more than five events, it would have to get a catering permit. He explained that a catering permit would allow there to be alcohol sold at an event through a third party that had an alcohol license. He reiterated that the bill proposed raising the number of events to ten per year and the amendment would reduce it back to five, which was what was in current law.

Co-Chair Merrick WITHDREW her OBJECTION.

There being NO further OBJECTION, conceptual Amendment 1 to Amendment 19 was ADOPTED.

Representative Wool reviewed Amendment 19 as amended. He thought five events per year was acceptable but ten would be excessive.

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Representative LeBon asked Representative Wool if a nonprofit would be responsible for liability if it overserved alcohol to an individual at an event at a venue

like the Juneau City Museum, or would the museum be responsible.

Representative Wool was confident that the person serving the alcohol would be responsible. He assumed the servers at nonprofit events would have met the requirements to serve alcohol.

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SENATOR PETER MICCICHE, SPONSOR, indicated the venue would not take on the liability. The nonprofit would be responsible.

Representative LeBon asked if the nonprofit would be required to have an insurance policy for the event.

Senator Micciche thought that liability issues that typically arose concerning large organizations did not usually involve alcohol. It was usually an issue of someone falling and hurting themselves or something similar. He was unaware of any problems in the past related to liability. He thought liability was covered at every event, whether alcohol was present or not.

Representative Wool responded that when he had to buy a liquor license, he had to buy liability insurance for "slipping and falling." He had to buy liquor liability insurance separately, which was not simple to obtain.

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Representative Rasmussen asked if the maker of the amendment was aware of any nonprofits that were exceeding the ten events per year limit.

Representative Wool was unaware of anyone holding more than five fundraising events. If they were, they were breaking the current law.

Representative Rasmussen asked why the limit of ten events per year was chosen.

Senator Micciche offered the example that First Friday events would involve more than five events per year. He clarified that no one in Alaska was required to have liability insurance under state law for alcohol. However,

one-time alcohol liability insurance was easy to purchase, and organizations would typically purchase this insurance for an event.

Representative LeBon thought the nonprofit community would want to default to a professional when alcohol was involved. He though the amendment was reasonable.

Representative Wool provided wrap-up comments on the amendment. He thought it was sufficient to permit five events per year. He understood that First Friday events also needed special event permits.

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AT EASE

[3:16:56 PM](#)

RECONVENED

Co-Chair Merrick WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 19 as amended was ADOPTED.

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Representative Wool withdrew Amendments 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, and 24.

Co-Chair Merrick indicated the next amendment would be Amendment 26A.

[3:18:33 PM](#)

AT EASE

[3:20:22 PM](#)

RECONVENED

Representative Carpenter MOVED to ADOPT Amendment 26A, 32-LS0124\W.37 (Dunmire, 4/7/22) (copy on file):

Page 73, line 23:
Delete "or of"

Page 73, line 24, following "AS 04.11.150,":
Insert "an existing brewery retail license under AS 04.09.320, an existing winery retail license"

under AS 04.09.330, or an existing distillery
retail license under AS 04.09.340"

Co-Chair Merrick OBJECTED for discussion.

Representative Carpenter reviewed the amendment. The amendment would modify the language in the bill on page 73. The amendment would add winery, distillery, and brewery license types into the language of the bill.

Representative Josephson provided a hypothetical scenario. He asked if a business in an outer borough did not have a liquor license if the license could be relocated back to the city of origin, thereby freeing up that license for purchase.

Senator Micciche responded that the amendment was brought forward because someone had brought the issue to his attention. He agreed that if a city wanted another license to be available, but it did not quite reach the population requirement, it could borrow population from an outer borough to reach the required number. It would solve the problem for cities that may eventually cap out but had a large population in a borough that was not in the city.

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Representative Josephson asked if Senator Micciche approved of the amendment.

Senator Micciche responded affirmatively. There may be some potential expansion of the license allowance in another bill. Police groups could be moved between borough and city depending on the need.

Representative Josephson asked whether recovery groups would think that this was a loophole around licenses for population limits.

Senator Micciche understood the concern. However, it did not add new licenses, it relocated licenses. The population was already present. He noted that recovery groups were worried about a different amendment that would have added new licenses.

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Representative Johnson provided a scenario where a license was transferred into a city from a borough. She asked whether the license would remain in the city or revert back to the borough once it was sold. She wondered if the licenses would become indistinguishable from each other.

Senator Micciche thought members were too focused on the population amounts. He responded that the license could either stay in the city or move back out to the borough. However, there would likely be room in the borough already for another license. He spoke with a tasting room owner earlier that day who planned to purchase a Restaurant or Eating Place License (REPL) should the bill pass, which would free up their current license.

Representative Johnson clarified that it would become a whole license within the city.

Senator Micciche responded in the affirmative.

Representative Carpenter did not read anything in statute that would prescribe that the change would be permanent. However, he thought that in the future the leaders of organizations might treat it as a quota.

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Representative LeBon commented that in Fairbanks, the Fairbanks North Star Borough had about twice the population of the city. He suggested that any business would want to take advantage of the highest traffic flow, and there was a steady traffic flow from the borough into the city. The amendment would give an option for a license to be located near or within a city if the economics and the business opportunity made sense. He indicated that this was the purpose of the amendment.

Senator Micciche corrected himself regarding his response to Representative Johnson's earlier question. He indicated that the license would actually become a license of the city if a business moved to the city, and it would remain a city license instead of belonging to the borough. If a business owner wanted to move their business outside of the city, they would apply under the borough's remaining population cap.

Representative Johnson thought the distinction was important. Her comments were in the service of future business owners.

Senator Micciche also corrected the record that a Brewery or Distillery License (BDL) could already move into a city from a borough.

Representative Wool was going to make the same point as the bill sponsor. He thought that a tasting room already had to be in existence in a borough before it could be transferred to the city. He wondered if the process would be the same for package stores.

Senator Micciche responded that his understanding was the opposite, and that one could apply in the borough for a city license. A business owner had to be licensed but did not have to be operating before applying to move a business into the city. He added that language related to package store relocation had been in the bill since 2016.

Representative Wool did not believe the language was in current statute but it was in the bill. He thought that if there was a package store in a borough, it could be transferred into a city. Every ten years, a maximum of three stores could be moved and would have to be approved by the Alcohol and Beverage Control Board.

Senator Micciche responded in the affirmative. He indicated that he wanted to appease communities that wanted more flexibility and the ability to license their own alcohol.

Representative Wool noted that brewery could obtain a REPL under the bill and have a new set of rules to work under. He thought that the existing tasting room license the brewery once operated under would then be available for sale.

Senator Micciche responded in the affirmative. The license would either return to the state or the business could choose to sell it.

[3:35:16 PM](#)

Co-Chair Merrick WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 26A was ADOPTED.

Co-Chair Merrick would have a vote and comments at a future meeting. She reviewed the agenda for the following morning meeting. She also set amendment deadlines for HB 220 and HB 229 which were due by noon on Wednesday, April 29, 2022.

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

ADJOURNMENT

[3:36:34 PM](#)

The meeting was adjourned at 3:36 p.m.