

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

February 16, 2022

3:23 p.m.

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Ivy Spohnholz, Co-Chair
Representative Calvin Schrage
Representative Liz Snyder
Representative David Nelson
Representative James Kaufman
Representative Ken McCarty

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE JOINT RESOLUTION NO. 15

Recognizing and honoring the relationship between Canada and the state; and recognizing the importance of the United States-Mexico-Canada Agreement.

- HEARD & HELD

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."

- MOVED HCS CSSB 9(L&C) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SJR 15

SHORT TITLE: RECOGNIZING ALASKA/CANADA RELATIONSHIP

SPONSOR(S): SENATOR(S) BEGICH

04/28/21 (S) READ THE FIRST TIME - REFERRALS
 04/28/21 (S) L&C
 05/05/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 05/05/21 (S) Moved CSSJR 15(L&C) Out of Committee
 05/05/21 (S) MINUTE(L&C)
 05/07/21 (S) L&C RPT 4DP
 05/07/21 (S) DP: COSTELLO, REVAK, GRAY-JACKSON,
 STEVENS
 05/14/21 (S) TRANSMITTED TO (H)
 05/14/21 (S) VERSION: SJR 15
 05/15/21 (H) READ THE FIRST TIME - REFERRALS
 05/15/21 (H) L&C
 02/07/22 (H) L&C AT 4:30 PM BARNES 124
 02/07/22 (H) -- MEETING CANCELED --
 02/09/22 (H) L&C AT 4:30 PM BARNES 124
 02/09/22 (H) Scheduled but Not Heard
 02/16/22 (H) L&C AT 3:15 PM BARNES 124

BILL: SB 9

SHORT TITLE: ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

SPONSOR(s): SENATOR(s) MICCICHE

01/22/21 (S) PREFILE RELEASED 1/8/21
 01/22/21 (S) READ THE FIRST TIME - REFERRALS
 01/22/21 (S) L&C, JUD, FIN
 02/12/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 02/12/21 (S) Heard & Held
 02/12/21 (S) MINUTE(L&C)
 03/03/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 03/03/21 (S) Scheduled but Not Heard
 03/10/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 03/10/21 (S) -- MEETING CANCELED --
 03/12/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 03/12/21 (S) Moved SB 9 Out of Committee
 03/12/21 (S) MINUTE(L&C)
 03/15/21 (S) L&C RPT 3DP 1NR
 03/15/21 (S) DP: COSTELLO, GRAY-JACKSON, REVAK
 03/15/21 (S) NR: STEVENS
 03/24/21 (S) JUD AT 1:30 PM BUTROVICH 205
 03/24/21 (S) Scheduled but Not Heard
 03/29/21 (S) JUD AT 1:00 PM BUTROVICH 205
 03/29/21 (S) Heard & Held
 03/29/21 (S) MINUTE(JUD)
 04/07/21 (S) JUD AT 1:30 PM BUTROVICH 205
 04/07/21 (S) Heard & Held
 04/07/21 (S) MINUTE(JUD)
 04/12/21 (S) JUD AT 1:30 PM BUTROVICH 205

04/12/21 (S) Moved CSSB 9(JUD) Out of Committee
 04/12/21 (S) MINUTE(JUD)
 04/14/21 (S) JUD RPT CS 2DP 2NR 1AM SAME TITLE
 04/14/21 (S) DP: REINBOLD, MYERS
 04/14/21 (S) NR: SHOWER, HUGHES
 04/14/21 (S) AM: KIEHL
 05/03/21 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/03/21 (S) Heard & Held
 05/03/21 (S) MINUTE(FIN)
 01/19/22 (S) FIN AT 1:00 PM SENATE FINANCE 532
 01/19/22 (S) Heard & Held
 01/19/22 (S) MINUTE(FIN)
 01/20/22 (S) FIN AT 1:00 PM SENATE FINANCE 532
 01/20/22 (S) Heard & Held
 01/20/22 (S) MINUTE(FIN)
 02/03/22 (S) FIN AT 1:00 PM SENATE FINANCE 532
 02/03/22 (S) Moved CSSB 9(FIN) Out of Committee
 02/03/22 (S) MINUTE(FIN)
 02/04/22 (S) FIN RPT CS 2DP 1NR 2AM SAME TITLE
 02/04/22 (S) DP: BISHOP, WIELECHOWSKI
 02/04/22 (S) NR: STEDMAN
 02/04/22 (S) AM: WILSON, OLSON
 02/08/22 (S) TRANSMITTED TO (H)
 02/08/22 (S) VERSION: CSSB 9(FIN)
 02/09/22 (H) READ THE FIRST TIME - REFERRALS
 02/09/22 (H) L&C, FIN
 02/11/22 (H) L&C AT 9:00 AM BARNES 124
 02/11/22 (H) Heard & Held
 02/11/22 (H) MINUTE(L&C)
 02/16/22 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

SENATOR TOM BEGICH
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: As the prime sponsor, introduced SJR 15.

TREVOR BAILEY, Staff
 Senator Tom Begich
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: On behalf of Senator Begich, prime sponsor of SJR 15, presented the sponsor statement.

MIA YEN, Consul General of Canada
 Consulate General of Canada in Seattle

Seattle, Washington

POSITION STATEMENT: Testified in support of SJR 15.

KAREN MATTHIAS, Honorary Consul for Canada

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SJR 15.

SHERRY STEAD, Owner

Grace Ridge Brewing

Homer, Alaska

POSITION STATEMENT: During the hearing on CSSB 9(FIN), suggested an amendment to the bill.

JED WADE, Co-owner

Bearpaw River Brewing Company

Wasilla, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

LANCE JOHNSON

Norton Sound Health Corporation

Nome, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

MIKE HEALY

Skagway Brewing Company

Skagway, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

JACK MANNING

Duck Creek Market

Juneau, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

BEVERLY SCHOONOVER, Executive Director

Advisory Board on Alcoholism and Drug Abuse

Alaska Mental Health Board

Juneau, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

JEFF JESSEE

Anchorage, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

SARA CLARK

Volunteers of America, Alaska (VOA)

Anchorage, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

ROBIN MINARD, Chief Communications Officer
Mat-Su Health Foundation
Wasilla, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

ANA FISK, Vice President
Liquor Stores USA North dba Brown Jug Liquor Store
Anchorage, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

DARWIN BIWER, Owner
Darwin's Theory Bar
Anchorage, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

PAUL THOMAS, Owner
Alaska Cache Liquor
Juneau, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

JEANNE REILLY, Owner
Reilly's Irish Pub
Anchorage, Alaska

POSITION STATEMENT: Testified in support of the original SB 9.

KASEY ADERHOLD
Homer, Alaska

POSITION STATEMENT: During the hearing on CSSB 9(FIN), urged adoption of an amendment to keep in place the current manufacturing and tap room licensing limits.

MICHAEL CERVANTES, Owner
The Banks Alehouse
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

JACK LAU, Co-owner
Double Shovel Cider Company
Anchorage, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

JEROME HERTEL, CEO
Alaska State Fair
Palmer, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

KATIE BALDWIN-JOHNSON, Chief Operating Officer
Alaska Mental Health Trust Authority
Anchorage, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

JONATHAN GAILIN
Anchorage, Alaska

POSITION STATEMENT: Testified in general support of CSSB 9(FIN) but urged that the population limits for brewery tap room licenses be amended.

TREVOR STORRS, President, CEO
Alaska Children's Trust
Anchorage, Alaska

POSITION STATEMENT: Testified in support of CSSB 9(FIN).

JASON DAVIS
Homer, Alaska

POSITION STATEMENT: Testified in general support of CSSB 9(FIN) but urged that the population limits for brewery and winery tap room licenses be amended.

SENATOR PETER MICCICHE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During the hearing on CSSB 9(FIN), answered questions as prime sponsor of the bill.

SARAH OATES, CEO/President
Alaska Cabaret, Hotel, Restaurant and Retailers Association
(Alaska CHARR)
Anchorage, Alaska

POSITION STATEMENT: During the hearing on CSSB 9(FIN), answered a question.

KONRAD JACKSON, Chief of Staff
Senator Peter Micciche
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During the hearing on CSSB 9(FIN), answered a question on behalf of Senator Micciche, prime sponsor.

LEE ELLIS, President
Brewers Guild of Alaska
Anchorage, Alaska

POSITION STATEMENT: During the hearing on CSSB 9(FIN), addressed a proposed amendment.

TIFFANY HALL, Executive Director
Recover Alaska
Anchorage, Alaska

POSITION STATEMENT: During the hearing on CSSB 9 (FIN), addressed a proposed amendment.

ACTION NARRATIVE

[3:23:30 PM](#)

CO-CHAIR IVY SPOHNHOLZ called the House Labor and Commerce Standing Committee meeting to order at 3:23 p.m. Representatives McCarty, Snyder, Nelson, Kaufman, Fields, and Spohnholz were present at the call to order. Representative Schrage arrived as the meeting was in progress.

SJR 15-RECOGNIZING ALASKA/CANADA RELATIONSHIP

[3:24:13 PM](#)

CO-CHAIR SPOHNHOLZ announced that the first order of business would be SENATE JOINT RESOLUTION NO. 15, Recognizing and honoring the relationship between Canada and the state; and recognizing the importance of the United States-Mexico-Canada Agreement.

[3:24:39 PM](#)

SENATOR TOM BEGICH, Alaska State Legislature, as the prime sponsor, introduced SJR 15. He explained that SJR 15 relates to the Alaska/Canada relationship and comes from a series of discussions that began some years ago with Bandon Lee, then-consul general of Canada. He further explained that as co-chair of the Council for State Governments (CSG), Canada-America Relations Committee, he works with his Canadian counterpart [Nathan Neudorf, Member of the Legislative Assembly] of Alberta. During committee discussions about the relationship between the two nations, he related, he drove down about the unique relationship between Alaska [and Canada], much of which is embedded in SJR 15.

[3:26:58 PM](#)

TREVOR BAILEY, Staff, Senator Tom Begich, Alaska State Legislature, on behalf of Senator Begich, prime sponsor of SJR

9, presented the sponsor statement. He spoke from the sponsor statement, which read [original punctuation provided]:

Senate Joint Resolution 15 honors the relationship shared between Canada and Alaska. Canada and the United States share the world's longest border, 5,522 miles—1,538 of which is shared with just Alaska, the Yukon Territory, and the Province of British Columbia.

Canada and Alaska are both rich in natural beauty, abundant renewable resources, indigenous peoples and cultures, history, and government ties. We share a border, airspace, and environment. Together we defend North America against external threats.

Our people share families, friends, jobs, and one of the most successful international relationships in the modern world. We move goods and transport people between our border regularly. Our cruise and tourism industries are dependent on each other's. The Northwest Passage is our shared gateway to the Arctic.

Together we have built longstanding collaborations on economic opportunities, health, education, energy, security, environmental protections, infrastructure, and public safety issues. We have worked to advance and sustain the health and resiliency of the Arctic and northern communities by strengthening economic, cultural, and family connections across the region.

Trade between our countries totals over \$1.3 billion across multiple industries and contributes to nearly 11,000 jobs between us allowing for more than 50 Canadian-owned companies to operate in Alaska.

Our interdependent communities are uniquely intertwined, as is [Joint] Base Elmendorf-Richardson (JBER) with its American Commander and Canadian Deputy Commander.

Together, Canada and Alaska create better lives for our respective residents and citizens. This should be formally recognized. I look forward to continued cooperation friendship, trade, tourism, culture exchange, and good will between us.

[3:29:36 PM](#)

MIA YEN, Consul General of Canada, Consulate General of Canada in Seattle, testified in support of SJR 15. She recognized the unique relationship between Canada and Alaska and said Ms. Karen Matthias, Canada's Honorary Consul to Alaska, has been a key link to maintaining the strong relationship between Canada and the Last Frontier. She stated that Canada and Alaska have a lot in common, including producing energy responsibly, people enjoying rugged outdoor spaces, and sharing a common culture. In 2020 at the height of the [COVID-19] pandemic, Canada and Alaska still traded almost \$1.4 billion in goods and services, supporting thousands of jobs on both sides of the border. Almost 60 Canadian-owned companies are in Alaska and these 60 companies account for nearly 4,500 Alaskan jobs that contribute \$265 million in salaries alone.

MS. YEN pointed out that Canada and the US are friends, allies, and partners; are bound together by history, values, economy, and environment; and are dependent on each other for mutual security and prosperity. She said economically Canada is America's biggest customer by far, buying more from the US than China, Japan, and the United Kingdom combined. The economic relationship of Canada and the US supports millions of well-paying jobs in every congressional district across the US. Through the United States-Mexico-Canada Agreement (USMCA) the US, Canada, and Mexico work to ensure that North America will remain the most competitive region in the world.

MS. YEN further pointed out that Canada and the US are steadfast allies in defense of the two countries while partnering on global peace and security, examples being JBER in Anchorage and the North American Aerospace Defense Command (NORAD). She noted that the US is Canada's premier partner in the Arctic, with longstanding cooperation on a wide range of issues, including Arctic science, search and rescue, continental shelf delineation, security, and people-to-people connections. Alaska Natives shared family and traditional lands with Canadian Indigenous long before there were borders.

MS. YEN outlined some of the joint challenges and cooperation in managing the [COVID-19] pandemic. She stated that rules around cruise ships and the recent vaccine requirements for truckers have caused concern and anxiety in both countries. The issue of border measures is currently at the center of a lively public debate in Canada, touching both land and sea transport regulations. A letter from Alaska state legislators was sent to Prime Minister Trudeau on the implications of the vaccination

requirement for truckers entering Canada. These health measures bring the trucking industry regulations into conformity with domestic and US government regulations, she said, and will further strengthen Canada's impressive record of vaccination and low rates of COVID hospitalization and death. The views of Alaskan legislators are being taken very seriously in Ottawa. Just yesterday, the government of Canada announced a series of adjustments to the current border measures, representing the beginning of a phased easing of travel restrictions. She further noted that blockages of the Canada/US Lower 48 border by demonstrators have been lifted. [Canada's] federal government has invoked the Emergencies Act to give new tools to the police and other authorities to prevent lingering blockages.

MS. YEN said Canada and the US have worked together despite these challenges to ensure the safety and security of their citizens while maintaining the flow of essential groups and workers. For example, at the start of the pandemic her Seattle consulate team facilitated the transit of many legislators on their way home from the capitol. When the MV Kennicott broke down in Juneau last summer, agencies worked together to ensure that the ferry's passengers could make it safely through the Haines border crossing to their destinations. Canada and Alaska also worked to provide accommodations for the residents of Hyder, Alaska, and Stewart, British Columbia, remote communities that are uniquely dependent on each other for the necessities of life. The State of Alaska provided vaccines to residents of Stewart at a clinic in Hyder, another example of good will between close neighbors. Ms. Yen thanked the state for its generosity and partnership and offered her thanks for SJR 15.

[3:36:44 PM](#)

CO-CHAIR SPOHNHOLZ agreed that there's a robust and close relationship with Canada, particularly between Canada and Alaska.

REPRESENTATIVE MCCARTY thanked Ms. Yen for her comments. He said he is endeared to Canada and that many Alaskans have a deep relationship with Canada.

[3:38:15 PM](#)

REPRESENTATIVE NELSON offered his appreciation for the Canadian soldiers at JBER. He requested Ms. Yen to expand upon cruise ships on the western side of Canada and what that might look like over the next few years.

MS. YEN replied that tomorrow she is meeting with Transport Canada to learn of any plans. The government earlier issued measures to lighten border restrictions that will take place at the end of February. Related to cruise ships, she said a lively debate is taking place on an urgent basis in Cabinet but there isn't much she can share at this time.

3:40:35 PM

KAREN MATTHIAS, Honorary Consul for Canada, stated she was born and raised in British Columbia, became a Canadian foreign service officer, and after assignments in Ottawa and Europe she opened Canada's first consulate in Alaska in 2004. She said she feels fortunate to work in a state that has so many important issues for Canada, from energy and the environment to Arctic governance to border management and the defense relationship through NORAD. These areas and others are covered in SJR 15, she noted.

MS. MATTHIAS specified that people-to-people connections has always been the best part of her work in Alaska. Many Alaskans have connection to Canada through family, work, or travel, and the most enduring of these connections has been with the Indigenous. From Metlakatla to Kaktovik, she has heard many stories of family connections and treasured places in Canada. Given the shared climate and geography, there is much to learn from each other. One of the first visits she worked on was with the premier of the Northwest Territories who came with a group of Indigenous businesspeople interested in learning more about the Alaska Native Claims Settlement Act (ANCSA) and Alaska Native corporations. More recently, the Canadian Minister of Health, in relation to the COVID-19 pandemic, met with the Southcentral Foundation to learn more about its program called Nuka System of Care, thinking it might be a model for Canada.

MS. MATTHIAS related that in her capacity as honorary consul she has been privileged to be part of many cross-border events, like the Yukon Quest and the Klondike Road Relay. Even Olympic athletes, hockey players, and cross-country skiers are shared, she continued. She has visited the shared border post building on Top of the World Highway, a great example of US/Canada federal cooperation in a very isolated place. Canadian visitors always tell her how welcoming Alaskans are to them and that they feel at home in Alaska. She said she is not the first Canadian to marry an Alaskan and make her home in Alaska. She and her husband named their son Elias because they like the name and the

symbolism of Alaska and Canada sharing a border across Mount St. Elias. She thanked Senator Begich for sponsoring SJR 15 and the committee for hearing the resolution.

[SJR 15 was held over.]

SB 9-ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

[3:43:57 PM](#)

CO-CHAIR SPOHNHOLZ announced that the final order of business would be 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."

[3:45:07 PM](#)

CO-CHAIR SPOHNHOLZ opened public testimony on CSSB 9(FIN).

[3:45:15 PM](#)

SHERRY STEAD, Owner, Grace Ridge Brewing, suggested an amendment to CSSB 9(FIN). She stated Alaska has great craft beer, and locals and tourists love going to tap rooms to try new and locally made beers. "What has allowed Alaska to have this thriving craft beer industry?" she asked. "What has brought Alaska a new economic growth of \$330 million per year? What has created 2,000 new jobs across Alaska?" This growth, she said, has been allowed by the current State of Alaska licenses of one brewery with adjacent tap room per 3,000 population. Legislating out new business growth and opportunities that are currently available within the state's manufacturing and adjacent tap room licenses to strictly benefit current breweries and other alcohol serving businesses is unfair and unethical, she argued. To keep it fair and ethical, she requested that an amendment be offered and passed that would keep the current manufacturing and tap room licenses the same at 1 per 3,000 population.

[3:47:15 PM](#)

JED WADE, Co-owner, Bearpaw River Brewing Company, testified in support of CSSB 9(FIN). He said the bill would create new opportunities to grow his business and would allow his business to create more jobs and generate more tax revenue for the State of Alaska and the City of Wasilla. It is immensely challenging financially to operate a brewery manufacturing business in Alaska and Alaska's restrictive beer laws exacerbate these issues. The bill would create more avenues with which his business could get its products to consumers in the local market, he stated, and would have an immediate and positive impact on his business.

[3:48:51 PM](#)

LANCE JOHNSON, Norton Sound Health Corporation, shared statistics in support of CSSB 9(FIN) from a health care perspective and as a health care provider. He stated that in 2021, 918 unique individuals presented at Norton Sound Regional Hospital's emergency department with a substance related diagnosis. Of those 918, 565 had a primary diagnosis of alcohol abuse, an additional 100 had a secondary alcohol related diagnosis, and 72 had a tertiary diagnosis. In 2021, the Nome Volunteer Ambulance Department serviced 616 calls of which 424 involved substances, mostly alcohol. Last year, the Nome Police Department reported that 73 percent of the calls (3,394) that it responded to were alcohol related. The ambulance department has seven regular first responders, and the police department has ten officers, to respond to all these calls. Ninety percent of the inmates at Nome's halfway house and the jail are serving time for substance related crimes, the majority of which are from alcohol use or misuse. The jail has 128 beds at \$168.74 per inmate per day and the halfway house has 50 beds at \$117. At 90 percent of the cost of incarceration for substance related crime, that comes to \$9,004,587 per year. Since 2019, 465 unique individuals have been served by Nome's day shelter. Last year, 125 unique individuals were served by Nome's nighttime shelter. Nearly 100 percent of the guests at each shelter claim homelessness and alcohol misuse.

MR. JOHNSON stated that with alcohol abuse and misuse an ongoing recidivistic concern that is taxing emergency resources, the correctional system, and family systems, the State of Alaska must consider alcohol related concerns and their related impacts as a health care crisis. If an unlimited amount of alcohol hours, licensed stores, bars, and restaurants are allowed and weakly regulated, these staggering numbers are going to

skyrocket with increased crime, homelessness, and death, and emergency resources will be further stressed in an already overburdened system. Late last fall another store received a license and is now selling spirits three blocks from Front Street which currently has seven bars, one liquor store, and three licensed restaurants within a four-block strip. Alaska's alcohol laws must be strengthened, and alcohol license densities limited. He therefore urged the bill's passage.

[3:52:31 PM](#)

MIKE HEALY, Skagway Brewing Company, testified in support of CSSB 9(FIN). He said his business is one of a few licensed brew pubs in Alaska. He explained that currently he cannot self-distribute his brew to some accounts around town because the extra distribution fee puts him out of the market. At one of the accounts where he has a little beer and at which he'd like more, the tap handles are all Seattle-based breweries. If not for that distribution fee, he continued, there could be an Alaskan product in that bar. He further explained that to get beer to the two restaurants he also owns, he must go through a distributor that isn't even in Skagway. He delivers the beer, picks up the kegs, and does everything minus filling out a piece of paperwork from outside of Skagway. A great deal of unnecessary cost is added to operating, he advised. He urged the bill's passage because small operators like him have large costs and thin margins and every bit of help is needed, plus the bill would keep money in Alaska instead of sending it out of state.

[3:54:27 PM](#)

JACK MANNING, Duck Creek Market, testified in support of CSSB 9(FIN). He said a lot of work has been done by various stakeholders for many years, resulting in a good piece of legislation. The bill has some provisions for package store owners like himself, such as limited tasting and a chance to get into some internet sales, and the bill promotes more business opportunities in Alaska for all license types.

[3:55:18 PM](#)

BEVERLY SCHOONOVER, Executive Director, Advisory Board on Alcoholism and Drug Abuse, Alaska Mental Health Board, testified in support of CSSB 9(FIN). She noted that these statewide advisory boards are tasked with evaluating state and federal laws concerning alcohol, mental health, and substance misuse.

The board supports the provisions in the bill that reduce the harm caused by alcohol misuse and underage drinking.

MS. SCHOONOVER explained that the difference between alcohol use and alcohol misuse is that alcohol misuse is drinking in a way that brings harm to oneself or to others. Alcohol misuse is present in every Alaskan community and impacts families, relationships, health and wellness, public safety, and the economy. According to the Alaska Mental Health Trust, the cost of alcohol misuse in Alaska in 2018 was \$2.4 billion. Liquor licensing plays a critical role in reducing the social and economic impacts due to alcohol misuse by regulating the number of alcohol outlets in a community and regulating the sale of alcohol to minors.

MS. SCHOONOVER stated that a key provision in the bill is a new penalty structure for both licensees and servers who serve alcohol to minors. This provision ensures that licensees are notified about underage drinking violations on their premises and makes them accountable for their servers' conduct. Statewide keg registration requirements, she continued, will hold adults accountable if they provide alcohol to underage parties. Regulating internet sales of alcohol will require that carriers develop alcohol delivery policies to reduce underage access. The requirement that all servers at permitted events be trained to check identification and recognize signs of severe alcohol impairment is an important public safety measure for Alaska's community events and fund-raising activities.

[3:57:52 PM](#)

JEFF JESSEE, testified in support of CSSB 9(FIN). He noted that he is speaking today as an individual, but that he is the former dean of the College of Health and former CEO of the Alaska Mental Health Trust Authority ("the Trust"). He recounted that a decade ago while he was the CEO, it came to the Trust's attention that the Alcoholic Beverage Control Board ("ABC Board") was making some decisions that seemed questionable in their applicability to current statutes at the time. Upon investigating this, the Trust realized that the board was doing its best to deal with an antiquated statutory framework that served neither the public nor the industry. He and Bob Klein, chair of the ABC Board at the time, co-chaired a convening, which over the next several years involved well over 100 individuals and thousands of hours of trying to find common cause to reform the alcohol beverage control statutory framework. Each side knew it could probably knock the other off

the play if one side or the other sought to overreach and secure a bill which only served their interest. But while working together and talking to each other over the years, the relationship built into the ability to compromise. With Senator Micciche's occasional mediation and refereeing, the coalition stayed together over all these years and is now presenting a united front.

MR. JESSEE allowed that if he had his druthers he would want to make some changes to the legislation. However, he continued, the bill has been forged out of a spirit of compromise and he believes that it is a huge opportunity for the legislature to enact a major piece of legislation that will be appreciated by the community. He urged the committee to push back on deal breaker amendments and get the legislation done.

4:00:16 PM

SARA CLARK, Volunteers of America, Alaska (VOA), testified in support of CSSB 9(FIN). She stated that VOA, the behavioral health provider for youth and young adults in Alaska, sees the devastating impacts of alcohol misuse on children, families, and communities every day. The impact of alcohol misuse has been well documented in Alaska, she continued. In 2019, nine out of ten leading causes of death in Alaska were associated with substance misuse, including suicide and homicide. Alcohol misuse also significantly contributes to death and hospitalization from motor vehicle crashes. Many youths in Alaska are experiencing substance use disorders and have sought access to support for healing and treatment. The cost and harm associated with alcohol misuse are preventable if ways can be found to build communities that nurture their health and development.

MS. CLARK stated that this bill is an opportunity to prevent the negative impacts of alcohol misuse by limiting access to use. Multiple pieces of the bill will protect public health, particularly maintaining regulation of outlet density. This protection is more important than ever as youth are experiencing more mental health problems during the [COVID-19] pandemic. In 2020, almost one in three adults reported they were drinking more. While it is an honor to walk with youth while they recover from the pain of substance use disorders, more can be done for young people. How Alaska's communities are built will shape the culture and choices of the state's youth and this bill is a great opportunity to protect their health and wellness.

[4:02:22 PM](#)

ROBIN MINARD, Chief Communications Officer, Mat-Su Health Foundation, testified in support of CSSB 9(FIN). She stated that the foundation shares ownership in the Mat-Su Regional Medical Center and invests its share of the profits back into the community to improve the health and wellness of Alaskans living in the [Matanuska-Susitna Valley]. It is well past time for Alaska to update its alcohol laws, she continued. The foundation has worked hard with many partners for more than 10 years on this legislation. It is remarkable that organizations as diverse as health and the alcohol industry have been able to come together, but they have, and this bill represents compromises that are good for all Alaskans.

MS. MINARD specified that research and data are core to the foundation's work. Year after year the foundation has heard the same story - alcohol and substance misuse are ranked by the community as the most critical health issue in Mat-Su. According to the local police chief, the number one challenge in the field every day is alcohol. At the local emergency department, alcohol related disorders are the number one cause of behavioral health admission. Alcohol is a major factor in many serious crimes committed in Alaska, including domestic violence and child maltreatment. More than 40 percent of the arrests in Alaska involve alcohol or other substances and 60 percent of Alaskans report they are negatively affected by someone else's drinking. The foundation has engaged in many strategies to reduce the harm of alcohol misuse, from preventing underage drinking to promoting resilient youth, families, and communities. Another strategy is this bill.

MS. MINARD expressed the foundation's belief that CSSB 9(FIN) will promote responsible alcohol use by adults, reduce underage consumption, and support better enforcement of Alaska's alcohol laws. While the foundation's interest is primarily public health, she continued, it is worth noting that this bill has many benefits for local businesses, something the foundation also cares about because a sound economy is an important aspect of a healthy community. That said, it is critical to regulate outlet density. Greater density of alcohol retailers is correlated with higher crime rates. This impact to public safety is detrimental to all communities and even more so in remote areas like Mat-Su where there is limited Alaska State Trooper coverage. She urged the bill be moved forward.

[4:04:50 PM](#)

ANA FISK, Vice President, Liquor Stores USA North dba Brown Jug Liquor Store, testified in support of CSSB 9(FIN). She stated that Brown Jug was started as a family-owned business in the mid-1930s and is now Alaska's largest chain of package stores. Brown Jug was acquired by the Afognak Commercial Group in 2020, and since then Afognak has endeavored to be a responsible community member in the areas in which it operates. Last year Afognak donated \$2 million to Covenant House in addition to \$150,000 raised by Brown Jug for a variety of nonprofits in Anchorage.

MS. FISK related that Afognak has made major investments in renovating and updating its Alaska stores, including the installation of Patronscan systems in four stores in 2021. She explained that Patronscan is an exterior mounted ID scanner which keeps the front entrance to a store locked until a valid ID is scanned. This has reduced crime in those stores by 92 percent and has prevented underage, expired, and fake IDs from being used to enter those locations.

MS. FISK expressed Afognak Commercial Group's concern about the unforeseen and growing loophole of out-of-state online sellers that are not subject to Alaska's alcohol excise tax and state regulations. State regulators like the Alcohol & Marijuana Control Office (AMCO) cannot track how much out-of-state alcohol is ordered through these sellers each year. These untaxed and largely untracked out-of-state online sellers are not making any capital investments in Alaska, are not investing in state-of-the-art systems like Patronscan, and are not making donations to community organizations. She offered her company's strong support for the bill's passage to address the internet loophole through Section 13 and to update Alaska's alcohol statutes. Brown Jug, she added, looks forward to working with the legislature and local leaders in finding policy solutions that positively impact Alaska communities.

[4:07:47 PM](#)

DARWIN BIWER, Owner, Darwin's Theory Bar, testified in support of CSSB 9(FIN). He said he has owned and operated Darwin's Theory for 41 years, a small bar in downtown Anchorage. He related that he was board chairman of Alaska Cabaret, Hotel, Restaurant and Retailers Association (Alaska CHARR) [during the many different names of SB 9]. He stressed how difficult a problem it was because all the stakeholders had to be folded in and compromise - Alaska CHARR, brewers, package stores,

wineries, distillers, law enforcement, public health, and even distributors. In addition, federal laws must be upheld. The compromise was so difficult that it took 10 years to put it all together. As this group devised this bill over the years, it was looking forward with its best guess of what would happen in the next 30 years, not just today. That's why there are some issues in the bill with which a lot of people may not agree. This is a difficult process, he said. If the bill is passed, any glaring errors can be handled separately next year or in future years. The committee has heard how the bill affects certain businesses; it is a necessary passage because Title 4 is a mess as it currently exists.

[4:10:43 PM](#)

PAUL THOMAS, Owner, Alaska Cache Liquor, testified in support of CSSB 9(FIN). He said passing the bill close to its original language would give the industry the stability and possibility for growth, something that has been missing for many years. Work has been going on to get to the compromises seen in the bill, compromises that have been made by all the different stakeholders over many years. With the passing of this bill, the industry will be able to gain the stability it needs through improving the licensing process and gaining an understanding of clear and concise penalties. Given the brutality of COVID-19, the industry more than ever needs this bill with the provisions agreed to by the stakeholders over the last 11 years.

[4:12:05 PM](#)

JEANNE REILLY, Owner, Reilly's Irish Pub, testified in support of "the original" SB 9. She said she has been in the industry since 1975 and has been an owner since 2005. She stated that many hours were spent writing, debating, arguing, and compromising on this lengthy task. She urged that there be no changes made to the bill nor things added to it that were not written into the original document. The people involved with writing this bill are either in the industry or involved in the industry, "involved" meaning police, social services, and so forth, and the bill speaks for everyone as written.

[4:12:57 PM](#)

KASEY ADERHOLD, urged adoption of an amendment to keep in place the current manufacturing and tap room licensing limits at one per 3,000 in population. She said the bill [as written] would impose an incompatible limit of one per 12,000 in population, an

abrupt change from the current limit of one per 3,000 in population per license. That would prevent future industry growth in her hometown of Homer and would unfairly target prospective new brewers with dreams to set up their own businesses in Homer and other communities in Alaska. She would welcome new breweries and tap rooms in Homer as they provide a year-round safe and thriving environment for residents to gather for socializing, arts, and community activities. As a frequent consumer of the beverages as well as the vibrant atmosphere of local breweries and tap rooms, she offered her appreciation for the bill's language that would extend business hours to 10:00 p.m. and allow four live entertainment events per year. These improvements, she added, are a long time coming to over-regulated and tightly constrained businesses.

[4:14:37 PM](#)

MICHAEL CERVANTES, Owner, The Banks Alehouse, stated he is testifying in support of CSSB 9(FIN) as a beverage dispensary license holder. He said the bill has a tremendous number of benefits as the committee has heard. He urged the bill's passage from committee to allow its movement through the legislature to become law. Now is the time to act given the bill is over 10 years in the making with the input of many stakeholders.

[4:15:41 PM](#)

JACK LAU, Co-owner, Double Shovel Cider Company, testified in support of CSSB 9(FIN). He said the bill is good for his business because it will open significant opportunities to grow and create new products and employ more Alaskans. As a small craft manufacturer, the most significant positive immediate impact will be the removal of overbearing regulations on tasting rooms. The bill is in line with what other states have and those states have thriving craft beverage manufacturing businesses and inter-state distribution. The later hours for the tap room are critical for his business to generate cash flow and grow and pay for equipment. The bill will create a craft industry that better meets the needs of both locals and tourists, and it will end unfair trade practices that are significant barriers to entry for small manufacturers. The bill will create opportunities for the tap room to have entertainment by permit. Double Shovel will use any positive impact to grow the business, with the goal of distributing outside the state and bringing more money into the state, including tax revenue.

4:17:22 PM

JEROME HERTEL, CEO, Alaska State Fair, testified in support of CSSB 9(FIN). He said the bill provides a fair license with a clear definition of what an annual fair is and provides the fair the ability to serve alcohol during the annual fair as well as during interim events. This license would allow the Alaska State Fair to operate as it has responsibly for the past 39 years. The Alaska State Fair is host to over 70 events each year for the community and many of these events are provided with alcohol service. The loss of alcohol service for these interim events would have a devastating impact of lost revenue and facility rental income, a revenue stream that the Alaska State Fair has come to rely on heavily to survive and prosper.

4:18:48 PM

KATIE BALDWIN-JOHNSON, Chief Operating Officer, Alaska Mental Health Trust Authority, testified in support of CSSB 9(FIN). She stated that provisions in the bill will directly impact the health and wellness of Alaskans and, specifically, beneficiaries of the Alaska Mental Health Trust Authority ("the Trust"). Beneficiaries of the Trust include Alaskans who experience substance use disorders, mental illness, developmental disabilities, Alzheimer's Disease and related dementias, and traumatic brain injuries. While beneficiaries experiencing substance use disorders can be explicitly linked to alcohol misuse, it is known that alcohol misuse can have negative impacts on all the Trust's beneficiary groups and all Alaskans.

MS. BALDWIN-JOHNSON related that the bill represents a stakeholder-driven process that has garnered the unprecedented support of the public health community and the industry. As one of the original sponsors of the effort to revisit the alcohol statutes, the Trust has remained an active partner in Title 4 reform efforts, along with many other partners representing industry, public health, and public safety. The collaborative work amongst these stakeholders has arrived at the compromise that is this bill. Updates to Title 4 could have positive impact on the Trust's beneficiaries.

MS. BALDWIN-JOHNSON noted that besides health-related impacts, alcohol misuse comes with a significant economic cost. A recent McDowell report commissioned by the Trust found that the cost of alcohol and Alaskan misuse in 2018 was \$2.4 billion, which includes costs associated with health care, the criminal justice system, lost or reduced workplace productivity, public

assistance and social services, and a range of other impacts related to substance misuse. Harder to quantify in a dollar amount are the significant impacts of alcohol misuse to quality of life on those who are misusing it and their families, friends, and communities. Sixty-nine percent of Alaskans report being negatively affected by someone else's drinking. A 2018 study from the Alaska epidemiologist cites that almost half of Alaska's children in out-of-home placements were connected to homes with parental alcohol abuse. Between 2006 and 2016 roughly 18 percent of all criminal justice convictions were attributed to alcohol.

MS. BALDWIN-JOHNSON said the bill would create a rational regulatory structure for Alaska's state licensing system. It would control online alcohol sales, limit youth access to alcohol, promote responsible alcohol use, and simultaneously support a fair business environment. It is for these reasons that the Alaska Mental Health Trust Authority supports this bill. The Trust opposes any changes to the bill that will allow for an unlimited number of outlets selling alcohol. Limited outlet density is a proven strategy in reducing alcohol misuse and a significant increase of outlets selling alcohol will impact public health.

[4:22:12 PM](#)

JONATHAN GAILIN, testified he generally supports CSSB 9(FIN), but with a caveat. He noted he has been an alcohol wholesaler for decades and is one of a few licensed beverage consultants. He said the [bill's proposed licensing limit] of one brewery tap room license per 12,000 people is problematic and urged that it remain at the current level of one per 3,000 people. He related that an article in today's issue of the "Anchorage Daily News" reported that two applicants flipped a coin for [the one license available] in Cordova, which is not the spirit of entrepreneurship. He further related that this same article reported that there are only eight cities or boroughs that have more than 12,000 and said this will stifle free enterprise. Affluent individuals from Outside could come and bid up these permits, he continued. This has happened with the beverage dispensary license in Alaska, as he has clients who spent anywhere from \$180,000 to over \$350,000 some years ago for a beverage dispensary license.

[4:24:54 PM](#)

TREVOR STORRS, President, CEO, Alaska Children's Trust, testified in support of CSSB 9(FIN). He said the Alaska Children's Trust is the statewide lead organization focused on the prevention of child abuse and neglect. He related that alcohol plays a major role in many of the social, behavioral, and physical issues that Alaska's communities are addressing every day, including child abuse and neglect. Prevention is a key tool for addressing current trends. One component of prevention is to minimize alcohol consumption by youth. Research shows that when consumption is reduced in youth, negative impacts later in life are also reduced.

MR. STORRS stated that the bill would do three core things to help reduce underage drinking: require keg registration that will hold adults who supply minors with alcohol accountable, regulate internet sales, and establish licensee liabilities for selling to minors. Besides the need to curb underage drinking, he continued, it is known that over 80 percent of substantiated child abuse and neglect cases involve substance misuse, usually alcohol, which has a huge expense to the state. This bill has been a collective process involving individuals from multiple sectors, including government, nonprofits, and the alcohol industry, ensuring a strong, fair, and comprehensive approach.

[4:26:52 PM](#)

JASON DAVIS, testified he owns a winery in Homer and that he generally supports CSSB 9(FIN) but with a caveat. He said the bill, overall, is a good thing, as it tightens up the hodgepodge of regulations. However, he continued, changing the population limits for the manufacturers and tap rooms of breweries and wineries is not the way to go. Manufacturers are creating new products [locally] in Alaska, for example his operation buys honey from local beekeepers and fruits and berries from local foragers and farmers. The bill's [proposed] regulation would allow one brewery for a city of 20,000 people, he stated, and this doesn't make sense. The [current] limitation of one per 3,000 is already restrictive. Homer is already maxed out with two breweries, but the town could conceivably have another one in the next few years. As far as he can tell, though, that would never happen under this legislation. He urged the committee to amend the bill to keep the current population limits.

[4:28:29 PM](#)

CO-CHAIR SPOHNHOLZ closed public testimony after ascertaining that no one else wished to testify.

[4:29:50 PM](#)

CO-CHAIR SPOHNHOLZ moved to adopt Amendment 1, labeled 32-LS0124\G.6, Dunmire, 2/10/22, which read:

Page 87, line 21, following "enter":
Insert ", or remain on,"

Page 87, line 22, following "enter":
Insert ", or remain on,"

[4:29:52 PM](#)

CO-CHAIR FIELDS objected.

[4:29:56 PM](#)

CO-CHAIR SPOHNHOLZ explained that Amendment 1 is a technical amendment to make sure that the intent of the sponsor and stakeholders is being met by the legislation. Ambiguity was identified in the other body. Amendment 1 would remove ambiguity about 10:00 p.m. being a hard closing time for brewery, winery, and distillery retail licenses by clarifying that patrons cannot enter, nor remain, on premises after 10:00 p.m.

[4:30:23 PM](#)

CO-CHAIR FIELDS removed his objection.

[4:30:29 PM](#)

REPRESENTATIVE MCCARTY objected. He requested an explanation of this specific category and what it entails.

[4:31:17 PM](#)

SENATOR PETER MICCICHE, Alaska State Legislature, as prime sponsor of the bill, answered that Amendment 1 cleans up the bill's intent by clarifying that it is "a hard close." Regarding statements about the [limits of] one per 3,000 and one per 12,000, he said that that allowed a substantial amount of other business models and activities as well as four events a year. He specified that the bill [proposes] unlimited

breweries, distilleries, and wineries; those would no longer be one per 3,000. It is just the tasting rooms that are limited. Instead of having a soft close at 8:00 p.m. [the bill provides] that it would now be a hard close. This has been talked about all through the record. It was Senator Costello who noticed that the language isn't clear; it says someone cannot enter a tasting room after 10:00 p.m., but it doesn't say someone cannot remain on, so the same problem of today could remain. The problem today is that someone can get their last three beers at 8:00 p.m. and then sit there all night. This gives the breweries a couple hours of extra operation but also allows employees to go home at 10:00 p.m. Amendment 1 simply clarifies that it is a hard close.

[4:32:47 PM](#)

REPRESENTATIVE MCCARTY removed his objection. There being no further objection, Amendment 1 was adopted.

[4:32:55 PM](#)

CO-CHAIR SPOHNHOLZ moved to adopt Amendment 2, labeled 32-LS0124\G.8, Dunmire, 2/15/22, which read:

Page 21, line 13:

Delete "during an event"

Insert "at an annual fair"

Page 21, following line 18:

Insert a new subsection to read:

"(d) In this section, "annual fair" means an annual gathering of residents of all or a portion of the state that offers competitive exhibitions of livestock and agricultural crops, carnival amusement rides and games, and displays of arts and crafts."

[4:32:57 PM](#)

CO-CHAIR FIELDS objected.

[4:32:58 PM](#)

CO-CHAIR SPOHNHOLZ explained that Amendment 2 clarifies the definition of the annual fair. Amendment 2 puts the former definition agreed on by the Alaska State Fair along with other stakeholders back into statute.

[4:33:19 PM](#)

CO-CHAIR FIELDS removed his objection.

[4:33:23 PM](#)

REPRESENTATIVE MCCARTY objected. He said it appears that this is reflecting only for the annual fair activities, and he is concerned that there are 70 other rental activities of the fairgrounds during the year.

SENATOR MICCICHE recounted that the Senate Judiciary Committee made it so there can be, for example, a Ken and Peter's Brewfest which would have the same rights as the annual fair and be open every night selling beer and wine without a license other than the fair license. The fair has agreed that this represents what occurs at an annual fair; that's why the annual fair definition is important. This supports things like the Palmer fairgrounds. Amendment 2 and [Amendment 3] meet the current needs of the Palmer fair and other similar fairs. It defines the fair as the annual gathering so this other thing cannot be created, and there is a limit to how many events. Everyone has agreed to this to make sure that the Palmer fair can continue doing what it has been doing for years.

[4:35:31 PM](#)

REPRESENTATIVE MCCARTY removed his objection.

[4:35:39 PM](#)

REPRESENTATIVE SNYDER objected. She observed that Amendment 2 and Amendment 3 would insert new subsections, both labeled (d). She asked whether Representative Spohnholz would like the subsection in Amendment 2 to be labeled (e).

CO-CHAIR SPOHNHOLZ replied that the motion will include the ability for Legislative Legal Services to make conforming changes to ensure the bill flows.

REPRESENTATIVE SNYDER removed her objection. There being no further objection, Amendment 2 was adopted.

[4:36:23 PM](#)

CO-CHAIR SPOHNHOLZ moved to adopt Amendment 3, labeled 32-LS0124\G.11, Dunmire, 2/15/22, which read:

Page 21, following line 18:

Insert a new subsection to read:

"(d) The holder of a fair license may not sell brewed beverages or wine at more than 30 events, other than an annual fair, held on the fairgrounds in a calendar year."

[4:36:25 PM](#)

CO-CHAIR FIELDS objected.

[4:36:27 PM](#)

CO-CHAIR SPOHNHOLZ explained that Amendment 3 sets the number of events that are included in the fair license in addition to the annual fair at 30 events. Such events could be weddings and fundraisers, events that are outside of the annual fair itself. Stakeholders, including representatives from the Alaska State Fair, came together to figure out this number - it will allow for current annual events and accommodate future growth. Amendment 3 does not change the opportunity for the fair to petition for additional nonprofit permits.

[4:37:02 PM](#)

CO-CHAIR FIELDS removed his objection.

[4:37:07 PM](#)

REPRESENTATIVE MCCARTY objected. He recalled that there was testimony about 70 events throughout the year and asked whether the [Alaska State Fair's] revenue source would be taken away by limiting the number to 30.

SENATOR MICCICHE responded that he is a huge supporter of the [Alaska State Fair] and sponsored a "Save the Fair" bill a few years back. He said [CSSB 9(FIN)] tries to meet the fair's need of alcohol-related events and he doesn't believe 30 alcohol related events has ever been exceeded at the fair. However, he continued, if the need for more than 30 were to occur, the fair could apply for nonprofit event permits and for caterer permits. The fair could bring in another licensee if it ran into that trouble. He said he thinks this is the right number, the [Alaska State Fair] has agreed to that number, and if it ends up being a problem in the future it can be re-discussed.

[4:39:11 PM](#)

REPRESENTATIVE MCCARTY removed his objection. There being no further objection, Amendment 3 was adopted.

[4:39:23 PM](#)

CO-CHAIR FIELDS moved to adopt Amendment 4, labeled 32-LS0124\G.10, Dunmire, 2/15/22, which read:

Page 31, line 18:
Delete "9"
Insert "4.5"

Page 31, line 21:
Delete "54"
Insert "27"

Page 31, line 23:
Delete "27"
Insert "13.5"

[4:39:26 PM](#)

CO-CHAIR SPOHNHOLZ objected for purposes of discussion.

[4:39:27 PM](#)

CO-CHAIR FIELDS explained that Amendment 4 addresses direct shipment of wine, beer, and liquor, and is a proposal of the coalition that has worked on this bill for many years. He said Amendment 4 would reduce the volume of alcohol that can be shipped while maintaining a volume that is high enough to support Alaska's small businesses. The bill would allow direct shipment of wine, beer, and liquor (distilled spirits). Under current law only wine can be direct shipped, so Amendment 4 supports local breweries and distilleries. The underlying law is anachronistic and allows a very high volume of alcohol be shipped. In the interest of maintaining a balance of supporting small businesses as well as public health, Amendment 4 would reduce the overall volume of alcohol that can still be shipped. This reduction would still allow consumers to buy a meaningful amount of alcohol and support small businesses, which is important because the preference as a state is to have transparency around direct shipment of alcohol rather than the current situation of a total lack of transparency with online shipments from the Lower 48.

[4:40:56 PM](#)

CO-CHAIR SPOHNHOLZ removed her objection.

[4:41:01 PM](#)

REPRESENTATIVE MCCARTY objected. He observed that Amendment 4 would amend line 18 [on page 31] of the bill by replacing "9" liters with "4.5" liters per year. He said this would put a crimp on how much industry can distribute and, while encouraging low-risk drinking is wanted, his concern is that this is almost like a prohibition attempt.

CO-CHAIR FIELDS answered that he is not a prohibitionist as he enjoys many locally produced Alaska alcoholic products himself and fully supports local businesses. He drew attention to page 31 of the bill and noted that currently a person can buy up to 54 liters of wine per year, so a household of two adults can buy [108] liters of wine, equivalent to about 130 bottles, which is probably more than most couples would need to order through direct shipment considering they are also allowed to buy locally. Amendment 4, he continued, tries to strike the right balance between public health and accessibility by consumers.

[4:43:35 PM](#)

SENATOR MICCICHE responded to Representative McCarty's concern. He said Amendment 4 is a new amendment and a good amendment that he supports. He noted that [under the bill's original language] only wine could be shipped - an enormous amount of wine. [That language was amended] to allow spirits and beer to also be shipped. Currently, a distillery in Alaska cannot ship its products in state, which is unfair to Alaska businesses. He recounted that [he] went back to the team [of stakeholders] to discuss reducing the quantity of wine that could be shipped to a reasonable amount to a typical family. Other parts of the bill were also discussed - direct shipment, the tracking, and the provisions for identifying bootleggers and how to put them out of business. Senator Micciche stated that [the amount proposed in Amendment 4] is a fair amount for family usage, and likely even more than what a family would consume, but he thinks it is the right mix. He said the amendment promotes Alaska businesses being able to ship but not in quantities that would support a bootlegging operation in rural Alaska.

[4:45:56 PM](#)

SARAH OATES, CEO/President, Alaska Cabaret, Hotel, Restaurant and Retailers Association (Alaska CHARR), responded to Representative McCarty's concern. She stated that current statute doesn't allow for in-state manufacturers to ship at all, whereas there is no regulation and no limitations on out-of-state manufacturers and suppliers that ship direct to consumers in Alaska. The original language in SB 9 would have only allowed for wineries to do direct shipment. That language was amended in the Senate Finance Committee to allow for breweries and distilleries to also do direct shipment. Alaska CHARR and its constituents discussed how much the direct shipment by manufacturers could potentially impact local retailers, and the public health side discussed possible public health implications. Testimony has been heard about the security that takes place and the procedures in place to ensure that alcohol does not fall into the hands of underage persons or people who should not be purchasing alcohol. Collectively the stakeholders who have been largely involved in this process from the beginning thought these reduced numbers were reasonable.

[4:47:55 PM](#)

REPRESENTATIVE MCCARTY removed his objection. There being no further objection, Amendment 4 was adopted.

[4:48:10 PM](#)

CO-CHAIR FIELDS moved to adopt Amendment 5, labeled 32-LS0124\G.7, Dunmire, 2/11/22, which read:

Page 111, lines 28 - 29:

Delete "**without a restaurant endorsement issued under AS 04.09.450**"

Page 112, line 2:

Delete "[,]"

Insert "**, does not allow the sale of pull-tabs in portions of the establishment designated as a bona fide restaurant under AS 04.09.450,**"

[4:48:12 PM](#)

CO-CHAIR SPOHNHOLZ objected for purposes of explanation.

[4:48:13 PM](#)

CO-CHAIR FIELDS explained Amendment 5 is a technical cleanup amendment. In moving the bill through the process, he stated, stakeholders identified unintentional language that would create a legal grey area where potentially some existing bar owners and pull-tab operators might not be able to operate in the way they currently do. One principle of this bill has been to support Alaska's long-standing local businesses. This technical change clarifies that for bar owners who have been selling pull-tabs the bill is not trying to monkey with gaming in Alaska. He deferred to the bill sponsor to speak further.

SENATOR MICCICHE deferred to his chief of staff, Konrad Jackson, to speak to Amendment 5.

[4:49:16 PM](#)

KONRAD JACKSON, Chief of Staff, Senator Peter Micciche, Alaska State Legislature, spoke to Amendment 5 on behalf of Senator Micciche, prime sponsor. He stated that the goal of this bill is not to poke anyone in the eye. Currently, folks with gaming permits have vendors outside of their establishments who are selling pull-tabs. Currently, those are sold in establishments that are accessible only to persons aged 21 years and older. The drafting being addressed by Amendment 5 is that folks with the restaurant or eating place licenses are still allowed to sell pull-tabs, but still in the areas that are accessible by people aged 21 and older. It isn't being suggested that pull-tabs be sold at a restaurant table - that is not allowed now and isn't going to be allowed. This just makes sure to not limit small businesses that act as vendors for pull-tabs for nonprofits and nonprofits which sell "rippies" to the vendors.

[4:50:47 PM](#)

CO-CHAIR SPOHNHOLZ removed her objection. There being no further objection, Amendment 5 was adopted.

[4:51:01 PM](#)

CO-CHAIR FIELDS moved to adopt Amendment 6, labeled 32-LS0124\G.12, Dunmire, 2/15/22, which read:

Page 73, line 31, following "additional":
Insert "**restaurant or eating place**"

Page 74, line 1, following "A":
Insert "first class city, a home rule city, or a

unified"

Page 74, lines 2 - 3:

Delete "licenses under this chapter"

Insert "restaurant or eating place licenses under AS 04.11.100"

Page 74, line 5:

Delete "licenses of each type under this chapter"

Insert "restaurant or eating place licenses under AS 04.11.100"

Page 74, following line 7:

Insert new subparagraphs to read:

"(A) serves as a center for commercial activity within and outside the boundaries of the municipality by providing goods and services to a population that is greater than the permanent resident population within the boundaries of the municipality;

(B) maintains a local law enforcement department;"

Reletter the following subparagraphs accordingly.

Page 74, lines 10 - 11:

Delete "each type of license requested in the petition; and"

Insert "restaurant or eating place licenses issued under AS 04.11.100;"

Page 74, line 13, following "petition":

Insert "; and"

(3) granting the additional licenses is in the public interest"

Page 74, line 17:

Delete "and"

Page 74, lines 18 - 19:

Delete all material and insert:

"(2) the most recent estimate of the number of people who claim residency or work outside the boundaries of the municipality and who are served by the municipality, including the

(A) population located outside the boundaries of the municipality that relies on the municipality for goods and services;

(B) visitor population; and
(C) nonresident worker population that resides in the municipality, but that is not counted in the latest federal or state census for the municipality;
(3) the number of existing restaurant or eating place licenses
(A) within the boundaries of the municipality;
(B) in a geographic area that the municipality serves under (2) of this subsection;
(4) information showing that the number of additional licenses requested does not exceed one license for each 1,500 population of the population identified under (2) of this subsection; and
(5) additional justification, as necessary, to demonstrate that granting of the additional licenses is in the public interest.
(d) If the board grants a petition for additional restaurant or eating place licenses under this section to a municipality, the board may not authorize additional restaurant or eating place licenses to the same municipality under this section for the following year."

Page 74, line 21, following "A":

Insert "first class city, a home rule city, or a unified"

Page 74, lines 22 - 23:

Delete "licenses under AS 04.09 [THIS CHAPTER]"

Insert "restaurant or eating place licenses under AS 04.09.210 [AS 04.11.100]"

Page 74, line 27:

Delete "licenses of each type under AS 04.09 [THIS CHAPTER]"

Insert "restaurant or eating place licenses under AS 04.09.210 [AS 04.11.100]"

Page 74, following line 29:

Insert new subparagraphs to read:

"(A) serves as a center for commercial activity within and outside the boundaries of the municipality by providing goods and services to a population that is greater than the permanent resident population within the boundaries of the municipality;

(B) maintains a local law enforcement department;"

Reletter the following subparagraphs accordingly.

Page 75, lines 1 - 2:

Delete "each type of license requested in the petition; and"

Insert "restaurant or eating place licenses issued under AS 04.09.210 [AS 04.11.100];"

Page 75, line 4, following "petition":

Insert "; and"

(3) granting the additional licenses is in the public interest"

[4:51:03 PM](#)

CO-CHAIR SPOHNHOLZ objected for purposes of explanation.

[4:51:05 PM](#)

CO-CHAIR FIELDS explained Amendment 6 returns to the intent of the stakeholders and bill sponsor in drafting this bill and sticking with population limits on the number of establishments serving alcohol. While he supports the local businesses in his district that serve wine, beer, and distilled spirits at bars and breweries, he continued, it is important that this bill does not allow a concentration of alcohol serving establishments that has some of the pernicious public health impacts heard about from Lance Johnson of Norton Sound Health Corporation. It is important to strike that public health balance, he stressed, and Amendment 6 ensures adherence to that balance which was struck by the stakeholder group. He deferred to members of the stakeholder group to explain why the balance and the amendment are important.

[4:52:22 PM](#)

LEE ELLIS, President, Brewers Guild of Alaska, addressed the importance of Amendment 6. He noted that the committee has heard a lot about the delicate balance that was struck by the [stakeholder] group. He said the group is always supportive of increasing commerce industry but must always be cautious about the realities of the public health aspect point of view, and Amendment 6 is critical to maintain balance. He recounted that the original intent of the amendment that changed the

[stakeholder] agreement brought a lot of concerns and issues from across the industry and from public health. His industry is highly concerned about changing statutory standards for where it can operate and how it can operate, he continued. Amendment 6 brings it back to what it should be and what the hard work of all the stakeholders produced. Plenty of room is still left for growth and modernization of the industry.

[4:54:04 PM](#)

TIFFANY HALL, Executive Director, Recover Alaska, addressed the importance of Amendment 6. She stated that Amendment 6 is the most critical one to public health and safety representatives. Not including Amendment 6 would make this bill go from overall win for public health and safety to actively detrimental to health and safety; not passing this amendment would be a giant step backwards. Multiple studies from around the US and the world show that regulating alcohol outlets is one of the absolute best public health strategies to reduce related harms of alcohol - it is a proven strategy to reduce crime, violence, disease, and motor vehicle incidents. Amendment 6 would help the state continue to control alcohol, which is not a regular commodity like coffee or sugar. Alcohol comes with a \$2.4 billion price tag to Alaska, and it kills Alaskans at a rate twice as high as the rest of the nation. Alcohol absolutely cannot be treated like bread at the corner store.

[4:55:36 PM](#)

CO-CHAIR SPOHNHOLZ requested the sponsor to comment on how Amendment 6 relates to the overall structure of CSSB 9(FIN).

SENATOR MICCICHE responded that he is a small government, let the free market fly, have as much local community control as possible, kind of person, which is what is being done with this bill. Ten years ago, he recounted, people were brought together who were from opposite ends. The focus, he advised, should be on what this group has been able to do as a legislature. The interests of each one of these people were different and they came up with a balance. The group came up with this unique plan on additional licensing, starting with restaurant or eating place licenses. He posed a scenario in which someone wants to open a restaurant in a city of 6,000 that grows to 50,000 in the summer and wants to get a restaurant or eating place license. Once a year the [Alcoholic Beverage Control] Board can be approached, he stated, and the board will approve it or not approve it and explain why. Senator Micciche continued:

This is a way to prove that municipalities can handle some additional licensing. What the amendment did was say that anyone in the state, whether they're an organized municipality with the wherewithal and a police force to handle a facility like this, can apply for any type of license anywhere, at any time, in any number. You're not going to get there by trying to do things in one fell swoop. ... Going back to the way it was will demonstrate that municipalities can work with the industry, work with public safety, and be successful for additional licensing; going all out is simply not supported.

SENATOR MICCICHE said Amendment 6 sets it back to where it was, which was a great balance and gave municipalities that role on moving forward and managing some of their own licensing. It can demonstrate that this can work in the future.

[4:59:01 PM](#)

CO-CHAIR SPOHNHOLZ removed her objection to Amendment 6.

[4:59:07 PM](#)

REPRESENTATIVE MCCARTY objected. He said things are still unclear to him.

[4:59:34 PM](#)

The committee took an at-ease from 4:59 p.m. to 5:01 p.m.

[5:01:18 PM](#)

REPRESENTATIVE MCCARTY observed that Amendment 6 would insert "restaurant or eating place" [on page 73, line 31, following "additional"]. He further observed that page 73, lines 17 and 18, refer to the language that is asked to be inserted. He said this seems to be redundant and requested an explanation.

SENATOR MICCICHE responded that [page 73, lines 17 and 18] are not part of what was changed. As an ex-mayor, he said, he understands the reason for the amendment, but it was a step too far for the supporters of the bill; it opened it up to all license types. Amendment 6 would reinsert just the restaurant or eating place [in Section 53] on page 73, line 31.

[5:03:27 PM](#)

REPRESENTATIVE MCCARTY allowed he was looking at Section 52 rather than 53. He removed his objection. There being no further objection, Amendment 6 was adopted.

[5:04:01 PM](#)

REPRESENTATIVE KAUFMAN offered his respect for the work and compromise of the many stakeholders and said he supports the bill as amended.

REPRESENTATIVE MCCARTY noted the industry's strong support.

CO-CHAIR SPOHNHOLZ thanked the bill sponsor, the coalition, and others for their years of work on this legislation that modernizes Alaska's alcohol laws, which will create equity among licensees and protect public health at the same time. She recognized the immense amount of compromise the bill represents.

[5:06:33 PM](#)

CO-CHAIR FIELDS moved to report CSSB 9(FIN), as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HCS CSSB 9(L&C) was reported from the House Labor and Commerce Standing Committee.

[5:06:46 PM](#)

CO-CHAIR SPOHNHOLZ stated that the committee gives Legislative Legal Services the authority to make any conforming changes.

[5:07:38 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:07 p.m.