

SENATE FINANCE COMMITTEE
January 20, 2022
1:04 p.m.

1:04:14 PM

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 1:04 p.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Donny Olson (via teleconference)
Senator Natasha von Imhof
Senator Bill Wielechowski

MEMBERS ABSENT

Senator Lyman Hoffman
Senator David Wilson

ALSO PRESENT

Nils Andreassen, Executive Director, Alaska Municipal League; Senator Peter Micciche, Sponsor.

PRESENT VIA TELECONFERENCE

Josh Hegna, Girdwood Brewing Company, Girdwood; Matt Tomter, Owner, Matanuska Brewing Company, Palmer; Evan Wood, Devil's Club Brewing, Juneau; Stanley Filler, Owner, Ernie's Bar, Sitka; Cynthia Drinkwater, Owner, Cynosure Brewing, Anchorage; George Hays, Deputy Manager, Matsu Borough; Sherry Stead, Owner, Grace Ridge Brewing, Homer; Darwin Biver, Self, Owner, Darwin's Theory Bar, Girdwood; Jason Davis, Self, Homer; Elizabeth Ripley, President and CEO, Matsu Health Foundation, Wasilla; Glen Brady, Past Chair of ABC Board, Past Chair of Alaska CHAR, Fairbanks; Don Grasse, President, Alaska Beer, Wine and Spirits Wholesalers Association President, Anchorage; Paul Thomas, Alaska Cache Liquor, Juneau; Patrick Levy, Self, Fairbanks; Jessica Viera, Greater Wasilla Chamber of Commerce, Wasilla; Glenda Ledford, Mayor, City of Wasilla; Robert Yundt, Matsu Borough Assembly Member, Wasilla; Stu Graham,

Self, Wasilla; Crystal Nygard, Deputy Administrator, City of Wasilla; Kevin Thompson, President, Lynx Development Group, Wasilla; Beverly Schoonover, Advisory Board on Alcoholism and Drug Abuse, Juneau; Allison Biastock, AK Mental Health Trust Authority, Anchorage; Jerome Hertel, CEO, AK State Fair, Palmer; Michael Cervantes, Owner, The Banks Alehouse, Fairbanks.

SUMMARY

SB 9 ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

SB 9 was HEARD and HELD in committee for further consideration.

#sb9

SENATE BILL NO. 9

"An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, and retailers of alcoholic beverages; relating to licenses, endorsements, and permits involving alcoholic beverages; relating to common carrier approval to transport or deliver alcoholic beverages; relating to the Alcoholic Beverage Control Board; relating to offenses involving alcoholic beverages; amending Rule 17(h), Alaska Rules of Minor Offense Procedure; and providing for an effective date."

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Co-Chair Bishop relayed that SB 9 was being heard by the committee for the second time this session. He OPENED public testimony.

[1:05:46 PM](#)

JOSH HEGNA, GIRDWOOD BREWING COMPANY, GIRDWOOD (via teleconference), spoke in support of the bill. He relayed that the bill was good for local tourist businesses. He noted that his brewing company was about to celebrate its fifth anniversary, and SB 9 would allow them to enrich their community and hire more people.

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MATT TOMTER, OWNER, MATANUSKA BREWING COMPANY, PALMER (via teleconference), spoke in support of the bill. He was involved in all aspects of the alcohol businesses in the state. He listed all the various licenses involved with his company. He believed that the bill could simplify his business.

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EVAN WOOD, DEVIL'S CLUB BREWING, JUNEAU (via teleconference), testified in support of the bill. He mentioned the many hours of work and collaboration of stakeholders in working on the bill. He believed that passage of the bill would be helpful for those breaking into, and already working in, the industry.

[1:09:50 PM](#)

STANLEY FILLER, OWNER, ERNIE'S BAR, SITKA (via teleconference), spoke in support of the bill. He explained that bars and restaurants in Sitka had experienced hardship due to the pandemic. He believed that the changes in the bill would provide consistency in the industry while streamlining processes.

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CYNTHIA DRINKWATER, OWNER, CYNOSURE BREWING, ANCHORAGE (via teleconference), testified in support of the bill. She thought the bill represented years of hard work by many people from a range of diverse organizations and businesses. She thought the bill was a critical step in modernizing Alaska's alcohol statutes.

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GEORGE HAYS, DEPUTY MANAGER, MATSU BOROUGH (via teleconference), testified in support of the bill. He thanked Senator Hughes amendment to the bill that allowed for more local control. He discussed restaurants that had considered relocating to the Matanuska-Susitna (Mat-Su) Borough, but could not, due to lack of liquor license abilities. He discussed the consistent population increases. He was concerned that economic growth was curtailed because of outdated statutes. He urged committee support for the legislation.

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RECONVENED

SHERRY STEAD, OWNER, GRACE RIDGE BREWING, HOMER (via teleconference), testified in support one tap room per 3,000 residents. She thought breweries were being unfairly targeted. She discussed serving limits and limited operating hours. She opposed the legislation as currently written.

1:19:02 PM

NILS ANDREASSEN, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL LEAGUE, spoke in opposition to the bill. He noted that Alaska Municipal League (AML) members had participated in the crafting of the bill. He continued that AML members had unanimously passed a resolution related to co-management of the marijuana and alcohol industries. He considered the principal of local control and thought it applied to conversations about Title 4 and alcohol licensing. He understood there had been a decade-long effort to move the bill forward. He relayed appreciation for the bill sponsor and the improvements that had been made to attempt to consider local control and economic development.

1:22:22 PM

DARWIN BIWER, SELF, OWNER, DARWIN'S THEORY BAR, GIRWOOD (via teleconference), spoke in support of the bill. He had been a bar owner for 40 years and had seen many changes to Title 4. He was in favor of the bill as currently written. He thought any changes could be made later as there were critical aspects to the bill that would make Title 4 consistent with public involvement.

1:24:01 PM

JASON DAVIS, SELF, HOMER (via teleconference), testified in support of amending SB 9 to consider craft brewing operations. He discussed craft brewing. He thought the bill would consider new craft brewers, but this bill did not. He discussed the application of the bill in Homer, where the bill would prevent the opening of another brewery or winery without the massive expansion of the city's population. He

alleged that a vibrant brewery and winery presence enhanced the community. He encouraged the committee to amend the winery and craft brewery population limit.

[1:26:30 PM](#)

ELIZABETH RIPLEY, PRESIDENT AND CEO, MATSU HEALTH FOUNDATION, WASILLA (via teleconference), spoke in support of SB 9. She thought it was well past time to update the state's alcohol laws. She discussed strategies to prevent alcohol misuse and alleged that the bill would promote responsible alcohol use by adults, reduce underage consumption, and enforce alcohol laws.

[1:28:26 PM](#)

GLEN BRADY, PAST CHAIR OF ABC BOARD, PAST CHAIR OF ALASKA CHAR, FAIRBANKS (via teleconference), testified in support of the bill. He was the founder of Silver Gulch Brewing. He had been a member of the Title 4 Working Group. He believed the bill would establish a more stable and coherent industry.

[1:29:47 PM](#)

DON GRASSE, PRESIDENT, ALASKA BEER, WINE AND SPIRITS WHOLESALERS ASSOCIATION PRESIDENT, ANCHORAGE (via teleconference), spoke in support of the bill. He noted that the bill had been written over the last ten years with contributions from all stakeholders.

[1:30:41 PM](#)

PAUL THOMAS, ALASKA CACHE LIQUOR, JUNEAU (via teleconference), testified in support of the bill. He said that Title 4 had been due an overhaul for many years. He asserted that the bill was supported by all industry players.

[1:32:55 PM](#)

PATRICK LEVY, SELF, FAIRBANKS (via teleconference), spoke in opposition of the bill. He was the owner of Fairbanks Distilling Company. He thought a state legislature should encourage the success of businesses by not enacting laws that impeded the distribution of their products.

[1:35:11 PM](#)

JESSICA VIERA, GREATER WASILLA CHAMBER OF COMMERCE, WASILLA (via teleconference), spoke in opposition to the population-based licensing threshold. She emphasized Wasilla's support for local control. She encouraged amending the legislation.

[1:37:09 PM](#)

GLENDAL LEDFORD, MAYOR, CITY OF WASILLA (via teleconference), spoke in opposition to the bill. She thought Wasilla had done a great job of controlling its destiny as a first-class city and the economic hub of the Mat-Su borough. She asserted that SB 9 was an economic barrier to being "open for business." She lamented the licensing population limits.

[1:39:41 PM](#)

ROBERT YUNDT, MATSU BOROUGH ASSEMBLY MEMBER, WASILLA (via teleconference), testified in opposition of the legislation. He advocated for increased local control.

[1:41:36 PM](#)

STU GRAHAM, SELF, WASILLA (via teleconference), testified in support of amending the bill. He thought the bill was a great step forward, but that the bill failed to acknowledge the importance of local control of licenses. He asserted that economic development happened at a local level. He discussed attracting large restaurants and big box stores.

[1:44:18 PM](#)

CRYSTAL NYGARD, DEPUTY ADMINISTRATOR, CITY OF WASILLA (via teleconference), spoke in support of the bill. She thanked the sponsor of the bill. She cited that the most recent census showed growth of almost 40 percent in Wasilla. She relayed that Wasilla was home to 80 national chains. There were about 2,500 businesses transacting inside and outside city limits; 500 of which served alcohol. She noted that Wasilla was one of the few first-class cities on the road system and was seeing an increasing number of applications in the hospitality center. She thought local control was critical for economic growth.

[1:47:40 PM](#)

KEVIN THOMPSON, PRESIDENT, LYNX DEVELOPMENT GROUP, WASILLA (via teleconference), cited pull-back from the hospitality industry due to lack of local control for liquor licenses. He thought Wasilla had shown responsibility with liquor licenses.

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BEVERLY SCHOONOVER, ADVISORY BOARD ON ALCOHOLISM AND DRUG ABUSE, JUNEAU (via teleconference), spoke in support of the bill. She relayed the benefits of the legislation such as reduced alcohol abuse and overconsumption.

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ALLISON BIASTOCK, AK MENTAL HEALTH TRUST AUTHORITY, ANCHORAGE (via teleconference), testified in favor of the bill. She relayed that some beneficiaries of the trust included individuals that experienced the negative impacts of alcohol abuse. She thought the bill could have positive impacts on beneficiaries. She referenced a recent McDowell Group report commissioned by the trust that indicated that reduced alcohol consumption and abuse was economically beneficial to the state.

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JEROME HERTEL, CEO, AK STATE FAIR, PALMER (via teleconference), spoke in support of SB 9.

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MICHAEL CERVANTES, OWNER, THE BANKS ALEHOUSE, FAIRBANKS (via teleconference), testified in support of SB 9 as it was currently written.

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Co-Chair Bishop CLOSED public testimony.

Co-Chair Bishop asked the sponsor to approach the table for questions.

Co-Chair Stedman wanted help understanding the population limit of 12,000 people in communities.

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AT EASE

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RECONVENED

SENATOR PETER MICCICHE, SPONSOR, agreed to address issues surrounding the bill.

Co-Chair Stedman asked about the population limits for licenses in the amount of 12,000 or 3,000.

Senator Micciche characterized the bill as not a special interest bill but rather an "every interest" bill. He asserted that in crafting the bill not every stakeholder was satisfied. He mentioned population limits, drink limits, closing times, and tasting rooms. He said that the bill was an attempt to modernize statute. He stated that population controls were necessary and that even the marijuana industry was beginning to request limits.

[2:03:22 PM](#)

Senator Micciche relayed that the original bill provided significant increases in local control. He mentioned Soldotna. He stated that the amendment in the Senate Judiciary Committee added another license type. Another amendment treated the Alaska State Fair as a bar, and partners were working together to find a solution. He stressed that the bill was supportive of local control.

[2:07:00 PM](#)

Senator Micciche disagreed with a comment that alleged that SB 9 was barrier to local control.

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Co-Chair Bishop asked for the sponsor to comment about changes around distributors.

Senator Micciche did not think there was significant change around distribution. He thought that further discussion could occur if an amendment was put forward.

Co-Chair Bishop thought there should be a conversation on the topic.

Co-Chair Bishop set an amendment deadline of Monday, January 24, 2022, at 5pm. He noted that SB 9 would be brought up under Bills Previously Heard/Scheduled in the coming week.

SB 9 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

2:10:03 PM

The meeting was adjourned at 2:10 p.m.