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HAINES ASSEMBLY WANTS TO KEEP COCKTAILS ON THE MENU

Posted by [Berett Wilber](#) | Dec 13, 2017 | [Featured Stories](#), [News](#) | 1 |

The Haines Assembly has decided to weigh in as distilleries and state regulators argue over the sale of cocktails.

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With a unanimous vote, the Assembly agreed to send a letter to the State requesting cocktails remain on the menu in Alaska's distilleries.

Assembly member Tom Morphet brought the issue forward. He was motivated because of how changes could affect Haines' Port Chilkoot Distillery.

"There have been no public concerns as far as I can tell. The people at the distillery have put us on the map in terms of this new industry," Morphet said. "It behooves us as a community to support that previous understanding of the law."

When tasting rooms were legalized in 2014, many of Alaska's distilleries, including Port Chilkoot, began selling craft cocktails. That became controversial earlier this year after a complaint was filed with the State, and alcohol regulators revisited what was allowed under the law.

They came to the conclusion that contrary to what most distilleries had been doing for the last three years, the law only allowed them to sell unadulterated liquor — though they could offer juice and other mixers separately.



If proposed regulations pass, Port Chilkoot Distillery will only sell unadulterated samples or bottled liquor. (Berett Wilber)

Distillers have pushed back, with [a statewide campaign](#) to prevent the new rules from going forward. The message seemed to resonate in Haines.

"I think we've got to step up for business when we can. It's hard in our environment, and this is one of the few things we can do that doesn't cost us any money," Assembly member Brenda Josephson said. "If it were a public safety concern, I'd feel otherwise. We've got to speak on behalf of business when we have the opportunity to."

Morphet agreed.

"One of the reasons that I want to do this is because manufacturing is one area of the economy we can all get behind," he said. "Taking a raw product, and turning it into a finished product — it's the highest level of the capitalist system we live under. The highest level of achievement."

Port Chilkoot owner Heather Shade was happy to hear the Assembly's response.

"You know the community has just shown overwhelming support for our little business, as we go through this issue, and we really appreciated the Assembly's willingness to submit a letter reflecting that," she said. "It made us feel warm about our community."

If the new regulations do go through, Shade worries plans to grow her business will stop. She says she'd have to close the tasting room in the winter.

The Assembly's comments will go to the Alcohol Beverage Control Board before it makes a final decision on the [draft regulations](#) in January.

Alaska Dispatch News

Business/Economy

No mixed drinks allowed at Alaska distilleries, state alcohol board rules

Author: Laurel Andrews Updated: 17 hours ago Published 18 hours ago



Heather Shade mixes a cocktail at the Port Chilkoot Distillery in Haines. (John Hagen Photography)

Alaska's distilleries can no longer serve mixed drinks to customers, the state agency overseeing alcohol ruled Tuesday.

In a 3-1 vote, the Alcoholic Beverage Control Board decided that distilleries — which make vodka, gin and other types of distilled alcohol — have to stop serving cocktails in their tasting rooms. The ruling may change how the state's distilleries do business.

The decision centered around vague language in Alaska's laws that says the businesses may serve "the distillery's product" to customers. After complaints landed at the state regulatory office this summer, months of debate followed about exactly what that meant and how it was being applied in distilleries across the state.

Tuesday's vote clarified that the "product" is "distilled spirit made or distilled in the licensed facility," and can't include other things like tonic or other mixers.

But, distilleries will be allowed to "separately serve other types of nonalcoholic mixers/garnishes," Alcohol and Marijuana Control Office Director Erika McConnell wrote in an email.

That means a distillery could serve a customer two glasses, one with gin, and the other with tonic, which the customer could then mix themselves.

[After legal confusion, Alaska distilleries can serve cocktails – but there's a twist]

Distilleries say they've been serving cocktails since 2014, when legislators passed a bill allowing for distillery tasting rooms. Alaska regulators said that they didn't know distilleries were selling cocktails for the past three years.

"The purpose of the law was to allow the distilling industry to promote and sell our products directly to the consumer, just like the breweries do," Heather Shade, co-owner of Port Chilkoot Distillery in Haines, wrote in public comment to the board.

"Spirits are unique in the way that they are prepared and there is no reason to limit how we serve them," Shade wrote.

Bars spoke out against the practice. The Alaska Cabaret, Hotel, Restaurant and Retailers Association — known as CHARR — said it would never have supported allowing for tasting rooms if it had known they would become "de facto bars."

Distilleries said that rules were put in place specifically to prevent them from becoming bars. Customers may only have 3 ounces of alcohol. Alcohol can't be served after 8 p.m. Entertainment is banned. Bar stools are not allowed.

As of September, nine distilleries were operating in Alaska. Anchorage Distillery is the only one in Alaska's largest city.

More than 500 pages of public comment were submitted in advance of Tuesday's meeting.

McConnell wrote that the Department of Law would receive the adopted regulation next week. After the agency's review, the adopted regulations will be sent to Lt. Gov. Byron Mallott. Regulation is effective 30 days after he signs it.

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Comments

Alaska Dispatch News

MAKING IT: Building Southeast Alaska's first distillery

SPONSORED: One couple navigated uncharted straits to infuse whiskey and other spirits with Alaska flavors and history.

 Author: Presented by First National Bank Alaska  Published August 25, 2016

There's no such thing as a normal business day for Heather Shade and Sean Copeland.

"On any given day there are hundreds of things that need to be done and we'll need to pick maybe the best 10 to do that day," Copeland said.

While it's not uncommon for new business owners to be busy, what is uncommon is having an audience watch every step of their daily process.

The duo owns and operates Port Chilkoot Distillery in Haines, Alaska. At their distillery, they do everything from crafting recipes and distilling spirits to bottling their products and shipping their wares across the state. Patrons can watch it all from the comfort of Port Chilkoot's tasting room. From a spot at the bar, patrons can see the 125-gallon copper pot still running just eight feet away, watch whiskey get barreled, peek into the boiler room if the door is open and can smell the herb, oak and spirit aromas as the various liquids distill.

"You can basically get a tour of the place without actually getting a tour," Copeland joked.

Location first

Copeland and Shade, both Haines transplants, knew two things for certain: they wanted to live in Haines and to do so, they needed to create their own jobs.

"Sean claims I was already talking about opening a distillery when we met," Shade said. She thinks there were other good ideas. "This one has enough complexity and sustainability in the long run to keep us engaged and interested."

Copeland said Haines isn't a place known for its production. It's small, remote and only gets one barge a week. He said the only other manufacturing company in town builds hot tubs.

"I don't think many other people would want to start a factory in Haines," Copeland said. "But to us, this felt right. We'd get to make a business where people could enjoy the whole package—from the building to the product."

While Port Chilkoot officially opened its doors in 2013, the couple spent over a year getting the business ready.

Shade wrote a business plan that would allow them to create and export their products. Copeland, a contractor by trade, set to work restoring and converting a historical bakery into a space where the distilling equipment and tasting room would be at home. The restoration process took a year. Installing the equipment took another six months.

In October 2013 they had distilled their first whiskey.

Now they have five signature spirits: 50 Fathoms Gin, Boatwright Bourbon, Wrack Line Rye, Icy Strait Vodka and Green Siren Absinthe.

"All of them are a tribute to our local fishing community," Shade said. "That community is a staple of our economy here. Icy Bay is where our fleets go fishing, 50 fathoms is a good depth for halibut fishing."

In the tasting room their staffers craft unique cocktails using those products or serve the alcohol straight. The adventurous and the indecisive can try it all in mini sampler-sized flights.

"We like to mix drinks with local seasonal fruits," Shade said. "The nature of high proof spirits is that they're designed to be in a cocktail, so we make cocktails that are both our twist on the classics and best highlight the unique flavors."

Starting from scratch

Small-scale distilling is still a fairly new venture in the U.S., thanks in part to leftover legislation from the Prohibition era. Shade and Copeland were at the forefront of a craft distilling renaissance in Alaska. It was fun to be at the beginning of a movement, they said, but the road to becoming an established distillery had many more challenges than other start-ups.

"The laws weren't really modernized to accommodate this kind of business," said Shade. "There were pages and pages of laws pertaining to breweries and just a couple sentences about distilleries."

Those few lines didn't specify how businesses could distribute their wares to bars or liquor stores, didn't allow for tasting rooms on site and didn't allow them to sell their products directly to individuals. So they took matters into their own hands. They started the Distillers Guild of Alaska and were lobbying for bills to be passed so they could get into the tourism market and become a destination to try spirits.

Now they're able to distribute bottles and serve up to three ounces per customer, per day in their tasting room. Their next battle is a push for legislation that would give them the same lower tax rates as small scale breweries.

Distilling is a business that's prohibitively capital intensive upfront. A potential distillery needs to have a secure building and equipment in place before they can even apply for the federal permit to run a distillery. For them it meant cutting way back on personal spending and forgoing fun. They couldn't even practice recipes in the interim —home distilling is still illegal in the U.S.

"There wasn't a list of how to start a distillery," Shade said. "We're regulated by a lot of different federal and state agencies, so we've had to be really proactive about figuring out what the requirements are and asking the right questions—from how to follow code to finding people locally to install uncommon equipment."

Job creators

This year Port Chilkoot is looking at producing 12,000 bottles of spirits. Roughly half of the liquor—minus some reserves left to mature in barrels—will be sold in stores and Alaska bars and half will be sold by the bottle or served as drinks in their tasting room to locals and travelers. And it's not just the two of them running the show now. To date, they've added seven jobs to the Haines community.

"We're at the point where we're not a startup anymore, so we're focusing on setting up the business to be sustainable in the future," Shade said.

Each year since its inception, the company has had to rewrite their business plan—they're growing too rapidly. Copeland is currently making plans to build a new warehouse to store their aging whiskey barrels so they can mature for a longer amount of time. He's also looking for ways to expand their tasting room.

"It's just a little too small for the traffic we had this year," Shade said. "We can grow easily with the demand we have now."

They're also looking for more ways to use resources closer to home. Already their absinthe uses herbs (wormwood, lemon balm, hyssop) grown by local farmers, but they're hoping to find more ways to shorten their supply chain.

And even as they look at local assets, the duo is eyeing Outside markets where they can export their 50 Fathoms Gin, their most popular and award winning product.

For them, there's no end to the creativity they can put into it, the knowledge they can amass or the directions they can go with their company. But Shade said they're proud of what they've accomplished thus far.

"We feel like we did what we set out to do," she said. "We get a lot of visitors that have read about us and get a lot of feedback about this being one of the highlights of their trip to Haines: spending time at a high-quality, small business that represents the community well."

Read another MAKING IT success story here.

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