

Alaska Berries response to SB 52 proposed changes to Winery Licensing and Operations
February 23, 2019

	Currently Allowed	Effects of proposed changes	Impact	Suggestions
# 1	+ Sec. 04.11.140 (d) Winery license – Biennial fee \$500 plus \$200 filing fee; only one license needed for winery, which includes manufacture, sales (both wholesale and retail) and sampling by customers.	<ul style="list-style-type: none"> – Sec 04.09.030 Winery manufacturer license - Biennial fee \$1,250 (+\$200 filing fee?) – Sec 04.09.320 Winery retail license – Biennial fee \$1,250 (+\$200 filing fee?) – Sec 04.09.360 Winery direct shipment license – Biennial fee \$200 (+\$200 filing?) – Sec 04.09.410 Manufacturer sampling endorsement – Biennial fee \$200 (+\$200 filing fee?) 	<ul style="list-style-type: none"> ➤ These changes would be a 480% increase in our licensing fees (not including filing fees, if required for each license or endorsement) ➤ Raising fees this dramatically and splitting out the different licenses will impact both small winery businesses and state regulators tasked with overseeing issuance of the licenses and endorsements. 	<ul style="list-style-type: none"> • Continue practice of one license for winery that allows current manufacturing, sales, sampling and mailing and increase amount to \$1,500 biennially (200% increase) with \$200 filing fee.
# 2	+ Sec 04.11.140 (1)(A) Currently allowed to sell not more than 5 gallons to an individual on premises per day. (This effectively limits sales to 2 cases wine per day.)	<ul style="list-style-type: none"> – Sec 04.09.320(f)(1) Lowers limit of sale to 9 liters per customer per day. This limits customers to purchasing one case of wine per day. – Sec 04.09.320(f)(2) For hard cider, the limit is 5.167 gallons, the amount of a standard keg. 	<ul style="list-style-type: none"> ➤ Loss of revenue from sales. ➤ We manufacture and sell 100% Alaska Grown wine, so quantities are limited. Customers purchasing 2 cases are generally looking to have a particular wine or cider on hand for a special event or they are from other areas of the state, so returning to purchase at a later date is not an option. ➤ Wineries bottle into kegs for cost savings to both producer and consumer. Untapped kegs can be stored indefinitely, recycled and reused. 	<ul style="list-style-type: none"> • Change language to allow “not more than 20 liters” of wine or cider. A 5.167 gallon keg is 19.57 liters and 2 cases of wine (750 ml bottles) is 18 liters, so making this change from 9 liters to not more than 20 liters would allow either 2 cases or 1 - 5.167 gallon keg.

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# 3	+ Currently not prohibited from advertising our winery sampling in tasting room	– Sec 04.09.410(e) Advertising will not be allowed for sampling in tasting room	<ul style="list-style-type: none"> ➤ Restricted to current customer notification – they already know if they are current customers ➤ #1 way to kill a business is not advertise 	<ul style="list-style-type: none"> • Allow advertising for tasting room samples (no change from existing language)
# 4	+ Not allowed to charge for sampling	– Sec 04.09.410(a) Not allowed to charge for sampling, but sampling endorsement of \$200 required	<ul style="list-style-type: none"> ➤ Requiring \$200 sampling endorsement fee without allowing advertising or charging customer a small fee is excessive. 	<ul style="list-style-type: none"> • Remove sampling endorsement fee. (See #1 - increase in manufacturing license fee) • Individual wineries decide if they charge for sampling or not.
# 5	+ Online sales allowed	– Sec 04.16.022(a) Online sales prohibited without additional endorsement and fee	<ul style="list-style-type: none"> ➤ Online sales continue to increase as people become more comfortable making purchases online. 	<ul style="list-style-type: none"> • Allow us to continue to sell online as we are currently allowed to under existing federal and state regulations. (See #1)
# 6	+ Bonding Requirements currently based on volume	– Not addressed in proposed language	<ul style="list-style-type: none"> ➤ .Capital tied up that could be used for business needs. 	<ul style="list-style-type: none"> • Keep bonding requirement as is until a business completes 2 years of successful on-time payments to the State, then return the bond since the manufacturer has proven compliance over time.