



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Commerce, Community,
and Economic Development

ALCOHOL AND MARIJUANA CONTROL OFFICE
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April 3, 2019

The Honorable Lora Reinbold, Chair
Senate Labor and Commerce Committee
Alaska State House
Juneau, Alaska 99801

Dear Chair Reinbold:

In yesterday's hearing on SB52, I was asked to respond to three questions.

1. Is it possible for an individual to order an amount of alcohol above the limits for a special occasion?

A package store is able to sell alcohol to a person who is not present on the licensed premises but who is "known to the licensee" (AS 04.11.150(a)) when that person makes a written solicitation to the licensee for shipment.

If the person who makes the written solicitation resides in a local option community where the sale of alcohol has been prohibited or restricted, but the importation and possession of alcohol has not been prohibited, then the amount of alcohol that the person may have shipped to them each calendar month is restricted, as provided in AS 04.11.150(g). The purchase amounts of a person living in this type of local option community are tracked through the "written order database" which is set forth in AS 04.06.095 as the "statewide database." There is no provision for a person within a local option community to order a larger amount of alcohol for a special occasion. In fact, AS 04.11.010(c) states that the possession of a larger amount of alcohol than the monthly limit in an area where sale of alcohol is prohibited or restricted creates the presumption of an intent to sell.

2. Has AMCO been audited?

As stated in the hearing, the ABC Board was last audited by the Division of Legislative Audit in 2017 in preparation for the legislature's consideration of a sunset extension bill for the ABC Board during the 2018 session. The audit can be found here:

legaudit.akleg.gov/docs/audits/sunset/dcced/ABC-FINAL-Report-WEB.pdf.

The audit reiterated two recommendations from the prior (2014) audit and made six new recommendations:

1. We recommend the authority to renew licenses be limited to the board to comply with statutes.
2. We again recommend that the board issue recreational site licenses in accordance with statutory requirements. (also a 2014 recommendation)
3. We recommend the board issue beverage dispensary licenses in accordance with statutory requirements.

4. We recommend the board, AMCO director, and enforcement supervisor work together to formally establish an enforcement plan to direct AMCO's limited enforcement resources.
5. We recommend the board and AMCO director implement a process to monitor and track complaints to ensure they are assessed for follow up action and investigated in a timely manner. (also a 2014 recommendation)
6. We recommend the board and AMCO director develop written procedures for updating the statewide database with restricted purchasers. Procedures should include working with the court system to receive reports of violations in a timely manner.
7. We recommend the board and AMCO director improve procedures to ensure municipalities report violations of alcoholic beverage laws.
8. We recommend the AMCO director develop and implement procedures to ensure refunds to municipalities are appropriately reviewed.

The board and I have taken steps to address many of these recommendations but have not yet successfully resolved all of them. I would be happy to provide more information about each recommendation, either in writing or verbally, at a committee meeting. As a side note, the Marijuana Control Board was audited during the same period, by the same auditors. That audit can be found here: legaudit.akleg.gov/docs/audits/sunset/dcced/Marijuana-Final-Report-Final-Report-WEB.pdf

3. What are the revenues from alcohol licenses as compared to marijuana licenses?

Here is a table of alcohol license and marijuana license revenues since FY2017. The marijuana license revenues shown here do not include unrestricted general funds which have been provided to supplement AMCO's budget during the start-up years of the marijuana industry. Starting in FY2020, AMCO will no longer receive UGF for the marijuana program. Both of the programs will be entirely receipt supported.

Revenue	FY17	FY18	FY19 (July-Dec)
Alcohol	\$1,898,872	\$2,098,397	\$1,278,524
Marijuana	\$1,345,944	\$1,524,618	\$787,082

Please let me know if I can provide any additional information. I will be available at future committee hearings on SB52 to answer questions.

Sincerely,



Erika McConnell

Director

Cc: Julie Anderson, Commissioner, DCCED
Suzanne Cunningham, Legislative Director, Governor's Office
Senator Peter Micciche