

**SB 52, Version A | Comments from Alaska Berries and Title 4 Review Project Responses + Recommendations**

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6  22-23	10	<b>04.09.030</b>  <b>04.09.320</b>	(1) Keep Winery license as a single license.  (2) Make license fee \$1500, not total of \$2500, as this is a significant increase, as well as existing application fees.	<b>Recommend no change.</b>	The proposed changes to manufacturing licenses, including splitting into production and tasting room licenses, is a key feature of SB 52. The application and renewal process is not intended to be more onerous, but can be submitted together as a single package on a two-year cycle. Endorsements will also be submitted through a unified application process for each license.  Raising license fees and making them consistent across license types is also a key feature of SB 52. A winery license is \$500 today, compared with a \$1000 brewery or distillery license, and a \$2500 beverage dispensary license. A winery production license and winery retail license are proposed at \$1250 each, a total of \$2500.
22-23	10	<b>04.09.320</b>	Continue allowing offsite sales of wine at 5 gallons, roughly the equivalent of 2 cases of wine, or a 5.167 gal keg. This is allowed in the winery license today.	<b>Recommended compromise: Allow 5.167 gal or 2 9-liter case equivalents for offsite sales only. Apply the same change for Brewery Retail, Sake license.</b>	Wineries can currently sell 5 gallons of product for offsite consumption. The original recommendation included a lower limit for higher-ABV products, but also allowed up to 5.167 gal for cider and mead below 8.5% ABV. As Mr. Olson noted, they sell small kegs or up to 2 cases of wine per customer. Recommend treating sake (a type of brewed beverage) consistently, and applying this change <u>only</u> to offsite sales. Onsite sales should remain as is in SB 52, reflecting that higher ABV products have lower ounce limits for daily consumption.
30-31	10	<b>04.09.410</b>	Remove restriction on advertising for free sampling specifically. Advertising of winery tours and sampling activities are significant for the winery retail business model.	<b>Recommended compromise: remove this language, only for the manufacturer sampling endorsement. Retain advertising limits in Package Store Sampling Endorsement.</b>	As stated, manufacturers can currently provide free samples, as part of the education or entertainment experience at their site. The proposed language is intended to ensure that excessive consumption is not encouraged by advertising sampling specifically, but manufacturers can do this today.

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					As this is a new activity for package stores, and there have been community concerns in the past about problems related to package store sales, recommend <u>retaining</u> advertising restrictions on package store sampling at this time.
21-24  30-31	10	<b>04.09.310</b> <b>04.09.320</b> <b>04.09.330</b>  <b>04.09.410</b>	Remove fee on sampling endorsement, and/or allow charging for samples.	<b>Recommend no change.</b>	Manufacturers can provide small samples “at no charge” today. The proposed endorsement still allows this activity, but sets ounce limits per customer, requires server education training, and has a \$200 biennial fee. Customers of a Winery Retail License would be able to purchase 18 oz of wine, consistent with onsite sales allowed today.
27-29  86-87	10  86	<b>04.09.360</b>  <b>04.16.022</b>	Online sales: continue allowing sales of wine to customers online, with no additional license.	<b>Recommend no change.</b>	The intent of the Winery Direct Shipment license is to retain more control over Internet sales, and to allow wineries in state or out of state to sell to Alaska customers online. The biennial fee for this license is \$200, and the application process will be streamlined because these licenses are only available to current Alaska wineries, or those licensed in another state. This is a key feature of regulating Internet sales in Alaska. Businesses shipping products to customers in other states are subject to the laws of the destination states, not Alaska law: the rules regarding shipment to a customer in another state are determined by that state’s alcohol laws.
NA	NA	<b>AS 43.60</b>	Bond issue: allow producers in good standing to have relief from current bonding requirements for payment of alcohol taxes.	<b>Recommend no change in SB 52. This is already addressed in SB 16.</b>	The Title 4 Review project did not address bonding requirements, and therefore has no policy recommendation on this item. This specific issue is already addressed in SB 16, and can be enacted through that separate legislation.