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Leadership to enhance, foster and promote economic development

April 13th, 2018



Dear Senator Micciche,

Thank you for your work in support of craft brewers in Alaska, specifically your removal of the 80/20 provision in SB 76 for removal of the proposed rule for new breweries, wineries and distilleries in their manufacturer retail licenses to sell only 20% of total volume produced through a retail space (tasting room) and exemption of common carrier dispensaries from maintaining Alaska-based alcohol server education. With this amendment, our local breweries can continue to grow in a difficult economy. As always, it is a pleasure to work with you. Thank you for your time and dedication.

Respectfully,



Tim Dillon
Executive Director
Kenai Peninsula Economic Development District
Tim@kpedd.org



Alaska Regional Development Organization (ARDOR)
The State of Alaska Department of Commerce, Community and Economic Development certified KPEDD as an ARDOR in 1989.



Economic Development District (EDD)
The U.S. Department of Commerce, Economic Development Administration (EDA) recognized KPEDD as an Economic Development District in 1988.



Soldotna

CHAMBER OF COMMERCE & VISITOR CENTER

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MEDIA



April 13, 2018

Office of Sen. Peter Micciche
Co/Rachel Hanke, Legislative Aide
State Capitol Room 508
Juneau, AK 99801

RE: SB 76 – Alcoholic Beverage Control; Alcohol Reg.

Dear Senator Micciche:

On behalf of the Soldotna Chamber of Commerce Board of Directors I am writing to encourage you to support SB 76 with the amendment to remove the 80/20 provision regarding brewery taprooms, and to thank you for your work on this legislation. With this change, SB 76 fits well with the Chamber's mission "To promote responsible growth for Greater Soldotna through representation, education and advocacy for our members."

Breweries & taprooms have always been about more than beer. They serve as community hubs, gathering places, and sources of local identity and pride. As Soldotna's very own Kenai River Brewing Company and St. Elias Brewing Company demonstrate, they're also increasingly serving as engines of economic development and catalysts for cities and towns, especially in rural areas.

In addition to immediate economic benefits and establishing a sense of place, successful breweries are a huge draw for the increasingly lucrative world of craft-beer tourism. Recent Brewers Association data shows that 1.6 percent of craft-beer drinkers take 10-plus trips annually to brewers more than two hours from their home.

The Soldotna Chamber supports nurturing this growing industry with a focus on family friendly environments and responsible consumption. With the 80/20 provision removed we believe SB 76 is a positive piece of legislation for Soldotna, and all residents of Alaska. Thank you again.

Sincerely,

Shanon Davis
Executive Director

April 10, 2018

Senator Peter Micciche
c/o Rachel Hanke, Legislative Aide
Alaska Legislator
State Capitol Room 508
Juneau, AK 99801

Re: SB 76 – ALCOHOLIC BEVERAGE CONTROL/REGULATION

Dear Senator Micciche:

I want to express gratitude for your amendment to SB 76 to remove the 80/20 provision for brewery taprooms. I don't believe this legislation with the 80/20 clause included would be reasonable for new breweries that want to offer a safe environment for those just wanting to enjoy craft beer at friendly establishment. Many local breweries are proud to showcase their taprooms and, while many do also successfully distribute their product, SB 76 without the 80/20 provision removed would potentially deter other craft breweries from opening in the future. I fully support SB 76 with that provision removed.

Thank you,



Leah Vik
Kenai Peninsula Brewing & Tasting Society

From: Ed Lindquist
To: [Erick Cordero Giorgana](#); [Rachel Hanke](#); [Sen. Peter Micciche](#); [Rep. Chuck Kopp](#)
Subject: HB 357
Date: Thursday, April 12, 2018 2:32:24 PM

1st off I'd like to thank Sen. Micciche for removing the 80/20 provision of SB 76 and I fully support Sen. Micciche's version with the 80/20 removed. With that said, I ask that HB357 make the same change.

Thank you for your time.

*Ed Lindquist
PO Box 93
Sterling, AK
99672*



April 9, 2018

RE: In support of Senate Bill 76

To Honorable Members of the Senate Judiciary Committee:

I am asking you to support Senate Bill 76 which would revise Title 4 of the Alaska Statutes regulating alcohol beverages. This bill is the product of a five-year process initiated by the Alcoholic Beverage Control (ABC) Board to engage a diverse group of more than 100 stakeholders across the state to determine how to improve the structure, organization, specific policies and associated implementation issues in Title 4, Alaska's statutes regarding regulation and control of alcoholic beverages in the state.

Title 4 is recognized to be in many ways outdated, confusing or otherwise ineffective in carrying out the intent of the statutes. Much of the chapter has not been updated since 1980. Over time, incremental updates and changing trends have reduced the effectiveness of Title 4. This systematic redraft of Title 4 will help the ABC Board carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcoholic beverage laws and regulations.

The proposed revisions in SB 76 are a comprehensive package of inter-related proposals to improve the overall system of alcohol regulation in Alaska. They will:

- Make Title 4 a clear and consistent framework used by licensees, the ABC Board and law enforcement
- Increasing effectiveness of Title 4 enforcement by improving the swiftness, proportionality and consistency of penalties
- Increasing licensee accountability before the ABC Board for Title 4 violations.

This package ensures that the Alcoholic Beverage Control Board fairly represents the interests of all Alaskans and will be a leader in alcohol education, policy and regulation. It will promote a fair business climate and protect public health and



safety by:

- Creating a rational regulatory structure for Alaska's alcohol licensing system
- Limiting youth access to alcohol
- Promoting responsible alcohol use and reduce the harms of overconsumption.

Our company employs 500 people and we would very much like to expand. Currently, as a brewpub, our beer production is capped and we cannot grow. A revised Title IV as contemplated by Senate Bill 76 would once again let us further develop our business, and hopefully increase our employment numbers.

I urge you to support the significant multi-year effort of this statewide stakeholder group by voting in support of SB 76 and improving Title 4.

Sincerely,

Matt Jones
Co-founder

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April 13, 2018

Office of Sen. Peter Micciche
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State Capitol Room 508
Sen.peter.micciche@akleg.gov
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Office of Rep. Chuck Kopp
c/o Erick Cordero-Giorgana
State Capitol Room 13
Rep.chuck.kopp@akleg.gov
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Re: Senate Bill 76/ House Bill 357 Letter of Support

Cooper Landing Brewing Company (CLBC) is in full support of SB 76/ HB 357 providing the 80/20 distribution clause is removed. CLBC would like to gracefully thank Senator Micciche for listening to our collective concerns with the provision and taking action to remove it. We respectfully ask Rep. Kopp to do the same.

Small breweries like CLBC would not be able to continue profitable operation if subject to the 80/20 rule. The cost to produce small batches of product prohibit profitable wholesale. Currently CLBC does not have a taproom and our sales are close to 80% wholesale. We operate at a loss and will continue to do so until we can open a taproom and increase retail beer sales to at least 50%. If our outlook for the future was subject to the 80/20 rule we would simply close our business and scrap our plans to build.

The breweries, cideries, and distilleries of Alaska already operate under some of the most stringent taproom rules in the country. We are subject to strict regulations that protect both the wholesalers and bar owners. Collectively through the Brewers Guild of Alaska (BGA) we have made concessions to move this bill along as it contains positive change for the alcohol industry as a whole. We have agreed to population limits on taprooms, higher license fees, and continued taproom restrictions to protect the business interests of other business models within the alcohol industry.

CLBC would like to thank everyone that has worked long and hard to modernize Title IV. We urge Rep. Kopp to remove the 80/20 provision for full BGA Member support.



Respectfully,

A handwritten signature in blue ink, appearing to read "Nelz Barnett".

Nelz Barnett
Managing Member/ Brewer
Cooper Landing Brewing Company, LLC.



Galen K. Jones
Jack J. Lau
Jerome J. Lau

Co-Owners / Co-Founders
Double Shovel Cider Company, LLC
502 W. 58th Ave Unit D
Anchorage, AK 99518
907-562-1100
info@doubleshovelcider.com

The Honorable Peter Micciche
Senate Majority Leader
Alaska State Legislature
145 Main Street Loop Ste. 217 Room 226
Kenai, AK 99611

April 13, 2018

Dear Senator Micciche,

We are life-long Alaskans and co-owners of Double Shovel Cider Co. (DSCC) in Anchorage. DSCC is a small hard cider manufacturing company that launched in May of 2016. We have an on-site tasting room, employ fifteen Alaskans (three full time), and distribute our products throughout most of the state.

We write you today to show our full support for the current version SB-76, contingent upon the removal of the “80/20” rule being pushed by a small minority of special interest parties. We thank you for introducing the amendment to have this rule removed.

The most unfortunate result of the Alaska government overstepping it's mandate and defying common sense by forcing manufacturers to sell 80% of their product wholesale, is seeing the vast majority of the industry fold. This type of business model shouldn't be forced upon small businesses by the government for the benefit of one economic sub-sector. If a small manufacturer is simply happy with only producing a few barrels of product per month and there's a public demand for enjoying their tasting room, that should be perfectly okay...and legal.

Another major issue with not removing the “80-20” rule is the short-sightedness of the “grandfather” caveat included with the formerly proposed language. Simply put: *Why would any investors or entrepreneurs want to start a business when manufacturers already in the industry can do whatever they want?* Frankly, I would assume the stakeholders that supported the idea of the “grandfather” clause in the “80-20” rule were attempting to trick the manufacturing industry into shooting themselves in the foot. What they're struggling to realize is: it would actually burn the whole thing down...

The “grandfather” clause would dissuade any new manufacturing outfits from opening in Alaska. Not only is this bad for our economy in a plethora of ways (to be mentioned later in this letter), this is actually bad for bars and restaurants, too. The public wants local products; and the venues that support them are out-earning the ones who aren’t. Without a local manufacturing scene, *Alaska* loses. It’s that simple.

We are very grateful for the opportunity to sit at the table and help shape this historical legislation. Some of our most urgent concerns were quickly addressed to ensure fair treatment of cideries. For example, the original bill limited consumption limits at winery tasting rooms to 18 ounces. This volume makes sense when you consider the higher ABV of typical wines, at around 11-13%. American hard cider typically has an ABV of 5-7%, and is defined by the federal government as having an ABV of below 8.5%. The current version matches winery consumption limits with those for breweries.

DSCC owners attended multiple steering committee meetings, shared this oversight, and the group was more than willing to accommodate us. For that, we’re very thankful. Revisions like this aren’t just good for DSCC; it’s good for Alaska’s entire economy because they promote an atmosphere friendly and welcoming to new cidery and other manufacturing investments and startups in the State.

Progressive legislation in touch with the consumer’s tastes create additional tax revenue; promote a vibrant hospitality scene attracting tourism and new residents; create skilled jobs; and most of all: enable wholesale growth so we can bring money *back* to Alaska from outside. This is the best thing about manufacturers: we aren’t limited to the Alaska market or tax revenue gained by people physically in Alaska. These benefits are just the tip of the iceberg.

Thank you again for all the time and effort you’ve spent working with all of the groups at stake to make Alaska a better and more prosperous state.

We look forward to working with you to improve the future of *all* Alaskans.

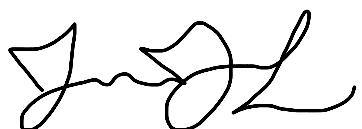
Sincerely,



Galen K. Jones



Jack J. Lau



Jerome J. Lau

To The Honorable Representative Kopp,

I would first like to state that I have no financial interest in any alcohol related business. I am, however, a supporter of the development of small business, especially in light of the State's current economic condition. I am a beer enthusiast. My wife and I enjoy visiting breweries in smaller towns or parts of the cities I normally wouldn't have a reason to venture into. They have become a tourist destination for us and our group of friends. I also think of these smaller towns that have limited employment opportunities and, thanks to a brewery, a small business has cropped up employing several people as well as provide a community meeting site. Some may even begin to serve food and thereby employ more people. Back in pre-prohibition times there were many such neighborhood breweries.

The point of this message is that I have been following the progress of SB 76 and HB 357 and in general can support these changes to Title 4. I am however concerned about the 80/20 provision in HB 357. My concern is that many of these breweries started out very small, usually on credit card debt and hard work. The 80/20 provision would totally snuff these upstarts out. Where are they going to enter the wholesale market? Tap space at the local bars is very limited and it's virtually impossible to crack into the cooler space at retailers. Cooler space is prime real estate dominated by distributor's wares. A distributor charges a significant fee to distribute your product and wouldn't be interested in picking up a client who can't produce a large enough volume and doesn't have a proven track record or following. These opportunities will be lost by this one provision.

I understand the need to support those businesses that currently have licenses. I also believe that with the existing laws restricting the amount served (three 12 oz. glasses of beer) and the closing hour of 8:00 already provides significant protection. From my point of view, and my own habits, it's almost a whole different set of clients.

Please consider supporting the free market aspect of this and remove the 80/20 provision.

Sincerely,

Steve Ford

48000 Woken Ct

Kenai, Ak 99611