

# ALASKA STATE LEGISLATURE



**SENATOR PETER MICCICHE**  
SENATE DISTRICT O

## **SB 52 Sponsor Statement**

### **Sectional Analysis**

*Alcoholic Beverage Control; Alcohol Regulation*

#### **Title 4, Chapter 6: Alcoholic Beverage Control Board**

**Section 1: Declaration of Policy; purpose; finding.** Adds a new section AS 04.06.005 (Pages 1-2)

**Section 2: Authority of director.** Adds a new subsection AS 04.06.075 to require that the director of the Alcoholic Beverage Control board (ABC board) shall include in the agency's budget resources for administration, enforcement, education, training, and prevention activities under Title 4. (Page 2)

**Section 3: Delegation of Authority.** Amends AS 04.06.080 to add endorsements to the delegated powers of the director of the ABC board. (Page 2)

**Section 4: Powers and duties.** Amends AS 04.06.090(b) to relocate existing language in 04.11.070 and adds endorsements to the powers of the ABC board. (Page 2)

**Section 5: Powers and duties.** Amends AS 04.06.090(e) to add endorsements. This section requires the board to notify all licensees and municipalities of major changes to Title 4. (Page 2)

**Section 6: Powers and duties.** Amends AS 04.06.090 to add a new subsection (f) that directs the board to prepare a Title 4 education plan for public safety, industry, youth, municipalities, and the public with annual revision.

Adds new subsections (g-j) which direct the board to review fees every 5 years, allow opinions on legislation amending this title, requires the board to provide notice of violations to licensees after receiving from the court system, and to post FASD information online. (Page 3)

**Subsection 7: Statewide database.** Amends AS 04.06.095 to allow for certain information from the statewide database to be retained for 10 years, only identifying information will be purged annually. Adds a reference to a package store shipping endorsement. (Pages 3-4)

**Subsection 8: Statewide database.** Adds a new subsection AS 04.06.095(c), which directs the board to produce a report of aggregate regional sales of alcohol in local option areas, based on information retained in database and not including identifying data about an individual purchaser or seller. (Page 4)

**Section 9: Regulations.** Amends AS 04.06.100(b) Regulations, to add endorsements, removes the board's power to create additional licenses and permits in regulation, and adds the power to restrict manufacturing, packaging, sale, and distribution of products containing alcohol intended for human consumption. (Pages 4-5)

### **New Chapter 9: Licenses, Endorsements and Permits**

**Section 10:** Adds the new **Chapter 09 to Title 4 – Licenses, Endorsements and Permits.** Relocates many existing licenses and permits from Chapter 11, organizes into articles of licenses, endorsements and permits. (Pages 5-50)

#### **Article 1. License Types.**

**AS 04.09.010. Types of licenses.** Gives the definition of license, three tiers, and limits license types to those listed in this chapter. (Page 6)

#### **Article 2. Manufacturer Licenses.**

**AS 04.09.020. Brewery manufacturer license.** Relocates the brewery license from 04.11.130, moves other provisions from current brewery manufacturer's license to endorsements, sets the biennial fee at \$1,250 and requires that at least 80% of the final product of brewed beverages sold be manufactured on licensed premises in Alaska. (Page 6)

**AS 04.09.030. Winery manufacturer license.** Relocates the winery license from 04.11.140, moves other provisions from current winery license to endorsements, sets the biennial fee at \$1,250 and requires that at least 80% of the final product of wine sold be manufactured on licensed premises in Alaska. (Page 6)

**AS 04.09.040. Distillery manufacturer license.** Relocates the distillery license from 04.11.160, moves other provisions from current winery license to endorsements, sets the biennial fee at \$1,250 and requires that at least 80% of the final product of distilled spirits sold be manufactured on licensed premises in Alaska. (Page 6)

**AS 04.09.050. Authorized sales.** Allows smaller manufacturers to self-distribute to retail, wholesale, permitted and out of state or country licensees. Requires large manufacturers to go through wholesale distributors and not hold retail licenses. (Pages 6-7)

**AS 04.09.060. Unlicensed manufacturing.** Relocates the existing penalty for unlicensed manufacture from 04.11.010. (Page 7)

**AS 04.09.070. Unlicensed manufacturing in a local option area.** Relocates the existing penalty for unlicensed manufacture in a local option area from 04.11.010. (Pages 7-8)

**AS 04.09.080. Unauthorized manufacturer sale.** Defines unauthorized manufacturer sale as violating 04.09.050 and sets the penalty. (Page 8)

**AS 04.09.090. Definition.** Defines “packaging” which is the process of containing alcoholic beverages in bottles or other containers for sale. (Page 8)

### **Article 3. Wholesale Licenses**

**AS 04.09.100. General wholesale license.** Relocates the general wholesale license from 04.11.160, moves other existing components to other places in the chapter, maintains \$2,000 biennial fee, maintains \$10,000 maximum fee, and reduces annual transaction fees for smaller businesses. (Pages 8-9)

**AS 04.09.110. Limited wholesale brewed beverage and wine license.** Relocates limited wholesale license from previous wholesale license section (AS 04.11.160(b)) in a separate section, maintains \$400 biennial fee, maintains maximum \$10,000 fee, and reduces annual transaction fees for smaller businesses. (Pages 9-10)

**AS 04.09.120. Annual fee and affidavit.** Relocates existing affidavit requirement from previous wholesale licenses section (AS 04.11.160(c)-(d)), requires a wholesale licensee to submit an affidavit to the board stating total value of annual sales, including tax. (Page 10)

**AS 04.09.130. Wholesaler supplier declaration.** Relocates the wholesale supplier declaration from previous wholesale licenses section (AS 04.11.160(e)), maintains current fee structure, and simplifies the required reporting process. (Pages 10-11)

**AS 04.09.140. Unlicensed wholesale sale.** Relocates unlicensed wholesale provision from 04.11.010 and maintains penalty. (Page 11)

**AS 04.09.145. Unlicensed wholesale in a local option area.** Relocates existing penalty for unlicensed wholesale in a local option area from 04.11.010. (Page 11)

**AS 04.09.150. Failure to pay annual fee or file affidavit.** States that failure to pay an annual wholesale fee or file an affidavit is a violation and sets the penalty. (Page 11)

**AS 04.09.160. Failure to pay biennial fee or file declaration.** States that failure to pay a biennial fee and failure to file a declaration are violations and sets the penalty. (Pages 11-12)

### **Article 4. Retail Licensees**

**AS 04.09.200. Beverage dispensary license.** Relocates and simplifies the BDL license language from 04.11.090, maintains the \$2,500 biennial fee, references the multiple fixed counter endorsement, and sets the penalty for unauthorized beverage dispensary activity. Sections in current BDL (AS 04.11.090) for bowling alley and hotel licensees relocated to become separate endorsements. (Page 12)

**AS 04.09.210. Restaurant and eating place license.** Relocates license from 04.11.100, sets biennial fee at \$1250, defines the 1:1 food to alcohol ratio, strikes 1996 exemption, limits the number of annual allowed after-hours entertainment events to six, and sets penalty for failure to comply with license terms. (Pages 12-13)

**AS 04.09.220. Club license.** Relocates license from 04.11.110, sets biennial fee at \$1,500, defines what qualifies as membership, and sets the penalty for failure to comply with license terms. (Pages 13-15)

**AS 04.09.230. Package store license.** Relocates license from 04.11.150, maintains biennial fee of \$1,500, and sets penalty for failure to comply with licenses terms. Sections in current AS 04.11.150 for delivery, shipping and other activities relocated to become separate endorsements. (Pages 15-16)

**AS 04.09.240. Pub license.** Relocates license from 04.11.220, sets biennial fee at \$1,250, and sets penalty for failure to comply with license terms. Adds provision allowing designation of alternating premises, which allows a second location on a university campus that must be operated during mutually exclusive hours from existing license. (Pages 16-17)

**AS 04.09.250. Theatre license.** Relocates license from regulation (3 AAC 304.695), sets biennial fee at \$1,250, defines theater as including live performance events, and sets the penalty for failure to comply with license terms. (Pages 17-18)

**AS 04.09.260. Common carrier dispensary license.** Relocates license from 04.11.180, maintains current fee schedule, removes “vehicle” as a qualifying premises, and sets penalties for unauthorized common carrier dispensary activity and common carrier dispensary noncompliance. (Pages 18-19)

**AS 04.09.270. Sporting event license.** Relocates and renames recreational site license, sets biennial fee at \$1,250, sets penalty for unauthorized sporting event activity, and establishes 8-year sunset dates for licenses issued under former AS 04.11.210. (Page 19)

**AS 04.09.280. Outdoor recreation lodge license.** Relocates license from 04.11.225, sets biennial fee at \$2,500, and sets penalty for unauthorized outdoor recreation lodge activity. (Pages 19-20)

**AS 04.09.290. Golf course license.** Relocates license from 04.11.115, sets biennial fee at \$1,250, and sets penalty for failure to comply with license terms. (Pages 20-21)

**AS 04.09.300. Destination resort license.** Relocates license from 04.11.255, sets biennial fee at \$2,500, and sets penalty for failure to comply with license terms. (Page 21)

**AS 04.09.310. Brewery retail license.** Creates new license type based on existing language in AS 04.11.130 for brewery retail activities, sets biennial fee at \$1,250, requires retail license to be adjacent to manufacturing location, and sets penalty for failure to comply with license terms. Requires new licensees to limit retail sales to 20% of total volume sold in Alaska after 8 years; exempts currently operating brewery licensees with retail operations from this requirement. (Pages 21-22)

**AS 04.09.320. Winery retail license.** Creates new license type based on existing language in AS 04.11.140 for winery retail activities, sets biennial fee at \$1,250, requires retail license to be adjacent to manufacturing location, defines sales volume limits for cider and mead depending on alcohol content, and sets penalty for failure to comply with license terms. Requires new licensees to limit retail sales to 20% of total volume sold in Alaska after 8 years; exempts currently operating winery licensees with retail operations from this requirement. (Pages 22-23)

**AS 04.09.330. Distillery retail license.** Creates new license type based on existing language in AS 04.11.170 for distillery retail activities, sets biennial fee at \$1,250, requires retail license to be adjacent to manufacturing location, and sets penalty for failure to comply with license terms. Requires new licensees to limit retail sales to 20% of total volume sold in Alaska after 8 years; exempts currently operating distillery licensees with retail operations from this requirement. (Pages 23-24)

**AS 04.09.340. Beverage dispensary tourism license.** Relocates license from AS 04.11.400(d), maintains biennial fee at \$2,500, maintains exemption from number of rooms required for renewing licenses, and sets penalty for unauthorized beverage dispensary activity. Other language in AS 04.11.400(d) relocated to Hotel or Motel Endorsement. (Pages 24-26)

**AS 04.09.350. Seasonal restaurant or eating place license.** Creates new license type, sets biennial license fee at \$1,250, defines which communities can qualify for having this license type, sets out formula for determining number of allowed licenses per community, and sets penalty for failure to comply with license terms. (Pages 26-27)

**AS 04.09.360. Winery direct shipment license.** Creates new license type authorizing direct to consumer (including online) sales of wine for in-state or out-of-state winery, sets biennial license fee at \$200, directs the board to develop an application form specifically for this license, prohibits sales by this license type to local option areas, and sets penalty for failure to comply with license terms. (Pages 27-29)

**AS 04.09.370. Unlicensed retail sale.** Relocates existing unlicensed retail sale from 04.11.010 and maintains penalty. (Page 29)

**AS 04.09.380. Unlicensed retail sale in a local option area.** Relocates existing unlicensed retail sale in a local option area from 04.11.010 and maintains penalty. (Pages 29-30)

#### **Article 5. Endorsements.**

**AS 04.09.400. Types of endorsements.** Defines endorsements, clarifies that endorsements must be exercised with a license. (Page 30)

**AS 04.09.410. Manufacturer sampling endorsement.** Creates new endorsement for onsite sampling based on existing language from manufacturing licenses, defines per person per day volume limits by product type, sets biennial fee at \$200, sets penalties for unendorsed sampling and endorsement noncompliance. (Pages 30-31)

**AS 04.09.420. Multiple fixed counter endorsement.** Creates new endorsement for multiple fixed counters with language relocated from duplicate license section in AS 04.11.090, sets biennial fee at \$200, sets initial application fee of \$1,250 per counter, sets penalties for endorsement noncompliance and unendorsed service. (Pages 31-32)

**AS 04.09.430. Hotel or motel endorsement.** Creates new endorsement using some language relocated from AS 04.11.090, sets biennial fee at \$200, sets penalties for unendorsed hotel or motel service and endorsement noncompliance. (Pages 32-33)

**AS 04.09.440. Large resort endorsement.** Creates new endorsement using some language relocated from AS 04.11.090, defines a large resort, sets biennial fee at \$200, sets penalties for unendorsed large resort service and endorsement noncompliance. (Pages 33-35)

**AS 04.09.450. Restaurant endorsement.** Creates new endorsement using language from the Restaurant Designation Permit currently in regulation, defines which license types may qualify for the endorsement, sets biennial fee at \$200, defines situations in which minors may be present on licensed premises for employment or dining, and sets penalties for unendorsed restaurant service and endorsement noncompliance. (Pages 35-36)

**AS 04.09.460. Package store shipping endorsement.** Creates new endorsement by relocating language from AS 04.11.150, allows licensees to accept online orders, sets biennial fee at \$200, maintains requirement to enter orders to customers in local option areas in written order database, and sets penalties for unendorsed package store shipping and endorsement noncompliance. (Pages 36-38)

**AS 04.09.470. Package store delivery endorsement.** Creates new endorsement by relocating language from AS 04.11.150, sets biennial fee at \$200, sets penalties for unendorsed package store delivery and endorsement noncompliance. (Page 38)

**AS 04.09.480. Package store repackaging endorsement.** Creates new endorsement by relocating language from regulation, sets biennial fee at \$200, sets penalties for unendorsed package store repackaging and endorsement noncompliance. (Page 39)

**AS 04.09.490. Package store sampling endorsement.** Creates new endorsement, defines per person per day volume limits by product type, sets biennial fee at \$200, sets penalties for unendorsed package store sampling and endorsement noncompliance. (Pages 39-40)

**AS 04.09.500. Bowling alley endorsement.** Creates new endorsement using language from AS 04.11.090, sets biennial fee at \$200, sets penalties for unendorsed bowling alley service and endorsement noncompliance. (Pages 40-41)

**AS 04.09.510. Golf course endorsement.** Creates new endorsement using language from AS 04.11.115, allows a beverage dispensary to serve alcoholic beverages on its course, sets biennial fee at \$200, and sets penalties for unendorsed golf course service and endorsement noncompliance. (Pages 41-42)

**AS 04.09.520. Brewery repackaging endorsement.** Creates new endorsement by relocating language from AS 04.11.135, limits availability to licensees currently operating brewpubs as of the bill's effective date, sets biennial fee at \$200, sets penalties for unendorsed brewery repackaging and endorsement noncompliance. (Pages 42-43)

## **Article 6. Permits.**

**AS 04.09.600. Types of permits.** Defines permits, establishes application process, requires servers to have an alcohol server education card, and sets daily fee for all permit types at least \$50 per event day. (Pages 43-44)

**AS 04.09.610. Beverage dispensary caterer's permit.** Relocates caterer's permit from 04.11.230 and renames. (Page 44)

**AS 04.09.620. Restaurant caterer's dining permit.** Relocates permit from regulations, renames to allow service of meals other than dinner, and requires counting sales from permit events as part of food to alcohol ratio sales requirement. (Pages 44-45)

**AS 04.09.630. Club caterer's permit.** Relocates permit from regulations, limits permitted events to 3 per year, and simplifies existing language for application process. (Page 45)

**AS 04.09.640. Art exhibit permit.** Relocates permit from regulations, removes option for annual \$100 fee, and simplifies existing language. (Page 45)

**AS 04.09.650. Nonprofit organization event permit.** Relocates special events permit from 04.11.240 and renames, simplifies existing language for application process. (Page 45-46)

**AS 04.09.660. Alcoholic beverage auction permit.** Relocates wine auction permit from regulations and renames to allow all alcoholic beverages to be auctioned, and simplifies existing language for application process. (Pages 46-47)

**AS 04.09.670. Tasting event permit.** Creates new permit, allows a package store to host a tasting event on the package store's licensed premises, and service from its product inventory, sets a time limit and food requirement, and limits to six events per license per year. (Pages 47-48)

**AS 04.09.680. Inventory resale permit.** Relocates retail stock sale license from 04.11.200, maintains \$100 fee, and renames the permit. (Page 48)

**AS 04.09.690. Conditional contractors permit.** Relocates permit from 04.11.250 and sets the fee at \$1,250. (Page 48)

**AS 04.09.700. Failure to comply with a permit requirement.** Sets the penalties for failure to comply with permit requirements. (Pages 48-49)

## Article 7. Common Carrier Approval

**AS 04.09.750. Common carrier approval.** Requires the board to approve a common carrier to transport and deliver alcoholic beverages to persons within the state in response to a consumer's order, and sets requirements and penalties for common carriers. (Pages 49-50)

### Chapter 11: Licensing

**Section 11: License or permit required; presumption concerning possession for sale.** Amends AS 04.11.010(a) to state that a person may not knowingly possess for barter, traffic in or barter an alcoholic beverage unless under license or permit. Other provisions regarding illegal sales and manufacturing are covered in new penalty sections in Section 10. (Page 50)

**Section 12: License or permit required; presumption concerning possession for sale.** Amends AS 04.11.010(b) to add a reference to the package store shipping license for soliciting and accepting shipments of an alcoholic beverage in a local option area. (Pages 50-51)

**Section 13: License or permit required; presumption concerning possession for sale.** Amends AS 04.11.010(c) to add a reference to unlicensed sale, corrects term "half-keg," adds clarification to the type of alcoholic beverage (formerly "malt"), and adds barter to local option violation. (Page 51)

**Section 14: Purchase from nonlicensee prohibited.** Amends AS 04.11.015 to prohibit the purchase or barter for alcoholic beverages from a nonlicensee and adds penalty with \$250 fine. (Page 51)

**Section 15: Death of licensee.** Amends AS 04.11.030(b) to increase the period of time for a transfer of ownership of a license from a deceased licensee to 180 days (from 90 days). (Page 52)

**Section 16: Board approval of transfers.** Adds new subsections to AS 04.11.040 (d) and (e) to make it an offense and provide for a penalty for the unauthorized transfer of an alcoholic beverage license or permit. It is a violation. (Page 52)

**Section 17: Reports required of limited liability organization.** Adds new subsections to AS 04.11.045 (c) and (d) to add a penalty for failure to report a change in member interest or manager with \$250 fine. (Page 52)

**Section 18: Reports required of corporations.** Adds new subsections to AS 04.11.050 (c) and (d) to add a penalty for failure to report a stock transfer or change of officers or board members with \$250 fine. (Page 52)

**Section 19: Reports required of partnerships.** Adds new subsections to AS 04.11.055 (c) and (d) to add a penalty for failure to report a transfer of partnership interest or change of general partner with \$250 fine. (Page 52)

**Section 20: Nonresident distiller, brewer, winery, or wholesaler.** Amends AS 04.11.060 – Nonresident distiller, brewer, winery or wholesaler to add the reference to the new Article 3 (AS 04.09.100 general



wholesale license). This section requires out-of-state distillers, brewers, wineries, and wholesalers to obtain a general wholesale license if their principal operations is located outside of Alaska. (Page 52)

**Section 21: Nonresident distiller, brewer, winery, or wholesaler.** Amends AS 04.11.060 to add a new subsection (b) to provide a penalty for violating the previous section, making it a class A misdemeanor. (Page 53)

**Section 22: Application for new license or permit.** Amends AS 04.11.260 – Application for a new license, endorsement, or permit to include the new endorsements, multiple fixed counter endorsement fees, and requirements for a conditional contractor’s permit. This section requires the mailing address, phone number and e-mail of the applicant, requires annotated licensed premises illustrations and adds license references with individual application requirements. (Pages 53-54)

**Section 23: Application for new license or permit.** Amends AS 04.11.260 to exempt winery direct shipment license from the application process for other license types. (Page 54)

**Section 24: Application for renewal of license or permit.** Amends AS 04.11.270 to add endorsements, adds conditional contractor’s permit, and allows renewal applications to be sent via electronic mail. (Pages 54-55)

**Section 25: Application for renewal of license or permit.** Amends AS 04.11.270 to exempt winery direct shipment license from the renewal process. (Page 55)

**Section 26: Application for transfer of a license to another person.** Amends AS 04.11.280 to add endorsements as transferrable with a license. (Page 55)

**Section 27: Criminal justice information and records.** Amends AS 04.11.295(a) to clarify “issuance of” and “renewal of” a conditional contractor’s permit as it pertains to criminal justice information records. (Page 56)

**Section 28: Criminal justice information and records.** Amends AS 04.11.295(c)(1) adds reference to conditional contractor’s permit to the definition of “applicant.” (Page 56)

**Section 29: Notice of application.** Adds new subsection AS 04.11.310 (c) to exempt winery direct shipment license from notice requirements. (Page 56)

**Section 30: False statement on application.** Adds a new subsection to AS 04.11.315, relocating AS 04.16.210 and defines the crime of making false statements on an application as perjury, defined in AS 11.56.200. (Page 56)

**Section 31: Denial of new licenses and permits.** Amends AS 04.11.320(a) to add references to endorsements in the currently existing denial of new licenses and permits statute. This section also requires disclosure of the identity and financing of a licensee. (Pages 56-58)

**Section 32: Denial of license or permit renewal.** Amends AS 04.11.330(a) to remove the reference to public convenience license. (Page 58) [Effective immediately]

**Section 33: Denial of license or permit renewal.** Amends AS 04.11.330(a) (duplicate section) to add endorsement, adds reference to beverage dispensary tourism license, and adds reference to seasonal restaurant or eating place tourism license. [Effective with other licensing changes 1/1/2021] (Pages 58-59)

**Section 34: Denial of license or permit renewal.** Amends AS 04.11.330(b) to include outstanding fees or penalties due to a state or local government in addition to unpaid taxes as grounds for denial of an application or renewal of a license. (Page 59)

**Section 35: Denial of license or permit renewal.** Amends AS 04.11.330(d) to allow for a theater license, a common carrier dispensary license, and a sporting event license to be renewed if it was exercised at least once during each of the preceding two calendar years. This is existing statute in relation to a recreational site license. (Page 59)

**Section 36: Denial of license or permit renewal.** Adds new subsection 04.11.330 (e) to exempt a winery direct shipment license from certain provisions in the denial of an application section that do not pertain to this type of license. (Page 60)

**Section 37: Denial of request for relocation.** Amends AS 04.11.340 to remove the reference to public convenience license regarding a denial of request for relocation. [Effective immediately] (Page 60)

**Section 38: Denial of request for relocation.** Amends AS 04.11.340 (duplicate section), to add a reference to 04.11.400(k) and removes reference to 04.11.400(d), which exempts certain licenses from population limits. [Effective with other licensing changes, 1/1/2021] (Pages 60-61)

**Section 39: Denial of transfer of license to another person.** Amends AS 04.11.360 to remove the public convenience license reference regarding denial of transfer of a license to another person. [Effective immediately] (Pages 61-62)

**Section 40: Denial of transfer of license to another person.** Amends AS 04.11.360 (duplicate section) to remove the reference to a public convenience beverage dispensary license under former 04.11.400(i) or to a brewpub license regarding denial of transfer of a license to another person. [Effective with other licensing changes, 1/1/2021] (Pages 62-63)

**Section 41: Licensed premises in multi-unit residential housing development owned or financed by the Alaska Housing Finance Corporation.** Amends AS 04.11.365 to rename restaurant designation permit to a restaurant endorsement as a licensed premises in multi-unit residential housing developments owned or financed by the Alaska Housing Finance Corporation. (Pages 63-64)

**Section 42: Suspension and revocation of licenses and permits.** Amends AS 04.11.370(a) to add endorsements to the suspension and revocation of licenses and permits section. (Pages 64-65)

**Section 43: Board Imposed Conditions or Restrictions.** Amends AS 04.11.395 to change the section title and adds a reference to endorsements. (Page 65)

**Section 44: Board Imposed Conditions or Restrictions.** Adds a new subsection AS 04.11.395(a) to allow the director to impose conditions or restrictions on any permit other than a conditional contractor's permit.] (Page 65)

**Section 45: Population Limitations.** Amends AS 04.11.400(a) to remove references to a public convenience license. [Effective immediately] (Pages 65-66)

**Section 46 – Population limitations.** Amends AS 04.11.400(a) (duplicate section), to edit subsection references, defines five-mile radius outside cities, adds new population limit of 1:9,000 for new manufacturer retail licenses, adds licenses exempt from population limits and exempts local option populations from calculations. [Effective with other licensing changes, 1/1/2021] (Pages 66-68)

**Section 47: Population limitations.** Repeals and reenacts AS 04.11.400(i) to list licenses exempt from population limits, including manufacturer (production only) licenses, wholesale licenses and currently exempt retail licenses that primarily cater to tourists and travelers. (Pages 68-69)

**Section 48: Population limitations.** Amends AS 04.11.400(k) to edit reference to beverage dispensary license, allows relocation of a package store, lowers borough threshold population for qualifying boroughs, restricts number of licenses eligible for transfer to those exceeding population limits and defines number of allowed transfers by city, not borough. (Page 69)

**Section 49: Petition for additional restaurant or eating place licenses for certain local governing bodies.** Adds new section AS 04.11.405 that gives first class cities, home rule cities, or unified municipalities the ability to petition the board for additional restaurant or eating place licenses allocated to their jurisdiction. [Effective immediately] (Page 69-71)

**Section 50: Petition for additional restaurant or eating place licenses for certain local governing bodies.** Amends AS 04.11.405(a) (duplicate section) that gives first class cities, home rule cities, or unified municipalities the ability to petition the board to grant additional restaurant or eating place licenses allocated to their jurisdiction under the new Article 9. [Effective with other licensing changes, 1/1/2021] (Page 71)

**Section 51: Petition for additional restaurant or eating place licenses for certain local governing bodies.** Amends AS 04.11.405(b) (duplicate section) to allow the board to issue additional restaurant or eating place licenses under the new Article 9. [Effective with other licensing changes, 1/1/2021] (Page 71)

**Section 52: Zoning limitations.** Amends AS 04.11.420(a) to disallow a new or location transfer of a license, endorsement or permit in a municipality if a zoning regulation or ordinance prohibits it. (Page 72)

**Section 53: Zoning limitations.** Adds new subsection AS 04.11.420(c) to allow a license to be renewed if it was initially issued prior to the effective date of a local zoning regulation or ordinance that would prohibit it, if it was issued in compliance with local zoning regulations and ordinances at the time. (Page 72)

**Section 54: Person and location.** Amends AS 04.11.430 to allow licenses to be issued to government entities and tribal organizations. Place residency requirements on corporations and limited liability organizations. Adds a reference to endorsements in relation to information required, including telephone number, and email address. [Effective immediately] (Page 72)

**Section 55: Prohibited financial interest.** Amends AS 04.11.450(b) to clarify that a wholesaler cannot own a manufacturer license or a retail license, removes restrictions on manufacturers owning a retail license, and removes references to repealed licenses. (Pages 72-73)

**Section 56: Prohibited financial interest.** Amends AS 04.11.450(e) to clarify that a holder of a general wholesale or limited wholesale brewed beverage and wine license cannot be employed by or act as the agent or employee of a manufacturer or retail license.

**Section 57: Prohibited financial interest.** Adds new subsections to AS 04.11.450 (g-h) to restrict manufacturers above a certain annual production level from owning a wholesale license or retail license, and defines thresholds for production by product type. (Page 73)

**Section 58: Prior public approval.** Amends AS 04.11.460 to exempt a winery direct shipment license boundary restrictions. (Page 74)

**Section 59: Objection.** Amends AS 04.11.470 to add endorsements to allowable objections and protest. (Page 74)

**Section 60: Protest.** Amends AS 04.11.480(a) to include endorsements regarding a person objecting to an application for issuance, renewal, transfer of location or transfer to another person. (Pages 74-75)

**Section 61: Protest.** Amends 04.11.480(b) to include endorsements in the existing boundary limits for requesting a public hearing to protest the issuance, renewal, or transfer of a license. (Page 75)

**Section 62: Protest.** Amends 04.11.480(c) to include endorsements in the existing section that allows a local governing body to establish conditions on a license's issuance, renewal, or transfer. (Page 75)

**Section 63: Protest.** Adds new subsection 04.11.480(e) to clarify that more than one local governing body to protest the issuance, renewal, relocation or transfer of a license if the location or proposed location is within the boundaries of more than one local government. (Pages 75-76)

**Section 64: Local option.** Amends AS 04.11.491(a) to insert statutory references to the new license types and adds outdoor recreation lodge as one of license types that can be exempted from restrictions on sale in local option elections within a municipality. (Page 76)

**Section 65: Local option.** Amends AS 04.11.491(b) to insert statutory references to the new license types and adds outdoor recreation lodge as one of license types that can be exempted from restrictions on sale in local option elections within an established village. (Pages 76-77)

**Section 66: Local option.** Amends AS 04.11.491(d) to correct statutory references to license types. (Page 77)

**Section 67: Local option.** Amends AS 04.11.491(g) to correct statutory references to license types. (Pages 77-78)

**Section 68: Procedure for action on license applications, suspensions, and revocations.** Amends AS 04.11.510(b) to clarify the requirement for immediate written notice of a denied application, and inform the applicant that they are entitled to submit a request to the director within 15 days for an informal conference. The applicant is then entitled to a formal hearing conducted by the Office of Administrative Hearings if they are dissatisfied. This section establishes timelines for these procedures. (Pages 78-79)

**Section 69: Procedure for action on license applications, suspensions, and revocations.** Amends AS 04.11.510(c) to correct the statutory reference to the Administrative Procedure Act, allows a licensee to submit a request for an informal conference to the director within 15 days after an accusation that may lead to a suspension or revocation of a license. This section establishes a timeline for this procedure. (Pages 79-80)

**Section 70: Notice to local governing body.** Amends AS 04.11.520 to require the board to notify the local governing body of an established village, incorporated city, an organized borough, or a unified municipality within 10 business days after receipt of an application for the issuance or renewal of a license, endorsement, license with endorsements, or the transfer of a license to another person or location. (Page 80)

**Section 71: Suspension and revocation based on acts of employees.** Amends AS 04.11.535(a) to add endorsements, reference to permittee as applicable and clarifying language. (Pages 80-81)

**Sections 72: License, endorsement, and conditional contractor's permit renewal and expiration.** Amends AS 04.11.540 to add endorsements and conditional contractors permit to the existing statute regarding renewal and expiration of an application. (Page 81)

**Section 73: Appeals.** Amends AS 04.11.560(b) to add endorsements to the appeals procedure in the event of a board decision relating to the issuance, renewal, transfer, relocation, suspension, or revocation of a license or endorsement. (Page 81)

**Section 74: Refund and forfeiture of fees.** Amends AS 04.11.570 to add endorsements to existing statute regarding the refund and forfeiture of fees in the event of a denied application. (Page 81)

**Section 75: Surrender or destruction of license.** Amends 04.11.580(b) to clean up time limit language (to "not later than 10 days" from "within 10 days"). (Pages 81-82)

**Section 76: Disposition of money.** Amends AS 04.11.590(a) to include money collected from endorsements and permits to be transferred by the board to the Department of Commerce, Community and Economic Development and deposited to the general fund. (Page 82)

**Section 77: Refund to municipalities.** Amends AS 04.11.610 to change “refund” to “allocation” throughout and specifies content of reporting by municipalities for how license fee funds were used for alcohol-related education and enforcement. (Page 82)

**Section 78: Accessibility of license and licensed premises to inspection.** Amends AS 04.11.630(b) to require easily available posting of a license, endorsements, permits, designated premises during a permitted event. (Page 82-83)

**Section 79: Duration of licenses and permits.** Amends AS 04.11.680 to add endorsements, conditional contractors permit, states that permits must be issued for a specified time, and removes fee reduction for seasonal licenses. (Page 83)

### **Chapter 16: Regulation of Sales and Distribution; Prohibited Acts**

**Section 80: Hours of sale and presence on licensed premises (standard closing hours).** Amends AS 04.16.010(c) to clarify the hours that a person cannot be on the licensed premises outside of allowed operating hours (8:00 a.m. to 5:00 a.m.) unless to conduct business with the licensee, maintenance or improvements, is the holder of a common carrier license and adds restaurant endorsement reference. (Page 83-84)

**Section 81: Hours of sale and presence on licensed premises (standard closing hours).** Amends AS 04.16.010 to add new subsection (e), making it a violation for a person to violate this section. (Page 84)

**Section 82: Pricing and marketing of alcoholic beverages.** Amends AS 04.16.015(a) to exempt manufacturer and package store sampling endorsements from the prohibition on providing alcohol free of charge, and defines a week as seven days from the prohibition of offering free alcoholic beverages. (Page 84)

**Section 83: Pricing and marketing of alcoholic beverages.** Amends AS 04.16.015 by adding a new subsection (e) to set the penalty for violating this section as a violation. (Page 84)

**Section 84: Trade practices.** Adds a new section AS 04.16.017 to specify illegal practices by manufacturers as defined in federal law, and directs the board to adopt regulations defining exceptions to these rules and administrative penalties for violations. (Pages 84-86)

**Section 85: Solicitation of alcoholic beverages; purchase on behalf of another.** Amends AS 04.16.020 to set the penalty (\$100 violation) for unauthorized solicitation or purchase of alcoholic beverages. (Page 86)

**Section 86: Online sale and purchase of alcoholic beverages.** Adds a new section AS 04.16.022 prohibiting online purchase and sale to Alaska consumers unless the licensee has a winery direct shipment license or package store shipping endorsement and sets penalties. (Pages 86-87)

**Section 87: Illegal presence on premises involving alcoholic beverages.** Amends AS 04.16.025(a) to add statutory references to all penalties involving sale without a license.

**Section 88: Prohibited conduct relating to drunken persons.** Amends AS 04.16.030 to change existing penalty for prohibited conduct relating to a drunken person, adds administrative penalty to licensee if employee is convicted of a violation of this section, and adds misdemeanor penalty for licensee who knowingly allows employees to violate this section. (Page 87)

**Section 89: Possession of ingredients for homebrew in certain areas.** Amends AS 04.16.035 to change statutory reference to all local option areas, consistent with AS 04.21.025 restricting private manufacture of alcohol in all local option areas. (Page 88)

**Section 90: Possession of ingredients for homebrew in certain areas.** Adds new subsections to AS 04.16.035 (b-c) to clarify current penalty for possession of ingredients for homebrew. (Page 88)

**Section 91: Access of drunken persons to licensed premises.** Adds new subsections to AS 04.16.040 to relocate and change the penalty for prohibited access by a drunken person. (Page 88)

**Section 92: Obligation to enforce restrictions in licensed premises.** Adds new subsections to AS 04.16.045 (b-c) to relocate and change penalty for permitting consumption not authorized under a license. (Page 88)

**Section 93: Access of persons with restriction on purchasing alcohol.** Amends AS 04.16.047 to add a reference to penalty for entering and remaining on licensed premises defined in AS 04.16.160. (Page 88)

**Section 94: Access to persons under the age of 21 to licensed premises.** Amends AS 04.16.049(a) to add a reference to restaurant endorsement and club license. (Pages 88-89)

**Section 95: Access to persons under the age of 21 to licensed premises.** Amends AS 04.16.049(c) to add additional license types allowed to have underage persons on premises as employees, ages 16 and 17, provided they are not serving alcohol. (Page 89)

**Section 96: Access to persons under the age of 21 to licensed premises.** Amends AS 04.16.049(d) to add additional license types allowed to have underage persons on premises as employees, ages 18-20, provided they are not serving alcohol. (Pages 89-90)

**Section 97: Access to persons under the age of 21 to licensed premises.** Adds a new subsection to AS 04.16.049 (j) to additional license types allowed to have underage persons on premises if traveling, provided they are not served or consume alcohol. (Page 90)

**Section 98: Furnishing or delivery of alcoholic beverages to persons under the age of 21.** Repeals and reenacts AS 04.16.051(d) to define offense of furnishing or delivering alcohol to a minor. (Page 90)

**Section 99: Furnishing or delivery of alcoholic beverages to persons under the age of 21.** Adds a new subsection to AS 04.16.051 (e) to relocate the existing C felony penalty for furnishing or delivering to a minor by a person, for situations involving serious harm, repeat offenses, and if the violation occurs in a local option area. (Pages 90-91)

**Section 100: Furnishing of alcoholic beverages to person under the age of 21 by licensees.**

Amends AS 04.16.052 to change the penalties for furnishing or delivering alcohol to a minor by a licensee or employee, adds administrative penalty to licensee if an employee is convicted of a violation of this section and shifts misdemeanor penalty in AS 04.16.150 to the licensee who knowingly allows employees to violate this section. (Page 91)

**Section 101: Room rental for purposes of consuming alcoholic beverages.** Amends AS 04.16.055 to maintain the current penalty of class A misdemeanor for renting a room for the purpose of providing alcoholic beverages to a person under 21 years of age. (Page 91)

**Section 102: Permitting minor to illegally possess liquor in a dwelling.** Amends AS 04.16.057(b) to maintain current violation and adds \$500 fine. (Pages 91-92)

**Section 103: Purchase by or delivery to persons under the age of 21.** Amends AS 04.16.060(e) to require that a person under the age of 21 years of age may not misrepresent their age or having parental consent in order to enter and remain in a licensed premises under AS 04.16.049(a)(2).

**Section 104: Purchase by or delivery to persons under the age of 21.** Amends AS 04.16.060 to add penalties for violating this section. For adults (at least 21 years of age) penalty cannot be reduced. For minors (under 21 years of age) penalty can be reduced if youth completes an alcohol safety action program or a community diversion panel. Applies the same penalty changes as previously enacted for AS 04.16.049 and 04.16.050 for minors. (Page 92)

**Section 105: Consumption at school events.** Amends AS 04.16.080 to edit the title for the section and prohibits alcohol sales at a school event if it is expected to attract attendees under 21 years of age. (Pages 92-93)

**Section 106: Consumption at school events.** Amends AS 04.16.080 by adding two new subsections (b) and (c) to define the penalty for violating this section. (Page 93)

**Section 107: Prohibition of bottle clubs.** Amends AS 04.16.090(c) clarifies the definition of “consideration” in relation to bottle clubs. (Page 93)

**Section 108: Prohibition of bottle clubs.** Adds new subsections to AS 04.16.090 (d-e) to define the crime of maintaining a bottle club, relocates and maintains current penalty. (Page 93)

**Section 109: Sale of certain alcoholic beverages prohibited.** Amends AS 04.16.110 to define sale of a prohibited alcoholic beverage, relocates and maintains current penalty. (Page 93)

**Section 110: Removal or introduction of alcoholic beverages.** Amends AS 04.16.120 to define removal or introduction of alcoholic beverages, sets penalty and exemptions. (Page 93-94)

**Sections 111-113: Alcoholic beverages transported by common carrier.** Repeals and reenacts AS 04.16.125(a) to allow for delivery to a person over the age of 21 and adds clarifying language to how the



delivery must be labeled. Maintains penalty for unauthorized transportation of alcoholic beverages by common carrier into a local option area and makes noncompliance a violation. (Page 94-95)

**Section 114: Stock confined to licensed premises.** Adds a new subsection to AS 04.16.130 (c) to set the penalty for unauthorized storage of alcoholic beverages. It is a violation. (Page 95)

**Section 115: Sale or consumption of alcoholic beverages in a warehouse.** Amends AS 04.16.140 to add new subsections (b-c) to set the penalty for consuming alcoholic beverages in a warehouse. It is a violation. (Page 95)

**Section 116: Licensee responsible for violations.** Amends AS 04.16.150 to set the penalty for failure to ensure compliance as a violation. (Page 95)

**Section 117: Restriction on purchasing alcoholic beverages.** Amends AS 04.16.160 to add new subsections (c-d) to set the penalty for noncompliance on a restriction of purchasing an alcoholic beverage at a class A misdemeanor. (Page 95)

**Section 118: Source of alcoholic beverages.** Amends AS 04.16.170 to exempt winery direct shipment license and maintains current penalty for sale of alcoholic beverages from or to an unlicensed person. (Page 95)

**Section 119: Source of alcoholic beverages.** Amends AS 04.16.170 to add new subsections (c-d) to set the penalty for violating this section as class A misdemeanor. (Page 95-96)

**Section 120: Restrictions on purchase and sale of alcoholic beverages.** Amends AS 04.16.172 to renumber and a statutory references to the new license types and maintains current penalty for licensee obtaining alcoholic beverages from an unlicensed seller. (Page 96)

**Section 121: Restrictions on purchase and sale of alcoholic beverages.** Amends AS 04.16.172 to add new subsections (b-c) to maintain the current penalty for violating this section as a class A misdemeanor. (Page 96)

**Section 122: Furnishing alcoholic beverages in aid of gambling enterprise.** Amends AS 04.16.175 to add new subsections that maintain the current penalty for the crime of furnishing an alcoholic beverage in aid of a gambling enterprise. (Page 96)

**Section 123: Penalties for violation.** Amends AS 04.16.180(b) to add statutory references to prohibited conduct related to drunken persons and furnishing alcoholic beverages to persons under the age of 21 by licensees. (Pages 96-97)

**Section 124: Penalties for violation.** Amends AS 04.16.180(b) to add definition for "conviction." (Page 97)

**Section 125: Penalties for violation.** Amends AS 04.16.180 to add new subsections (f-g) adds clarification that licensees are subject to administrative penalties imposed by the board for violations of AS 04.16.030 and AS 04.16.052 and adds mitigating circumstances for licensees. (Pages 97-98)

**Section 126-129: Forfeiture and seizures.** Amends AS 04.16.220 to renumber and cross-reference the new license types. (Pages 98-100)

### **Chapter 21: General Provisions**

**Section 130: Keg restrictions.** AS 04.21.012 is amended to add a new section establishing a keg registration process including proof of age, registration form requirements, identification tags, and establishes the penalties for possession and sale of alcoholic beverages in an unregistered keg. (Pages 100-101)

**Section 131-132: Civil liability of persons providing alcoholic beverages.** Amends AS 04.21.020 to renumber and cross-reference the new license types. (Pages 101-102)

**Section 133: Alcohol server education course.** Repeals and reenacts AS 04.21.025, which requires a license holder and their employees to check ID's, to include the holder of a conditional contractor permit. (Page 102)

**Section 134: Alcohol server education course.** Amends section AS 04.21.025(b) to require permittees (along with licensees, agents, and employees) to keep the alcohol server education card on the licensed premise during working hours. (Page 102)

**Section 135: Alcohol server education course.** Amends section AS 04.21.025(c) to require permittees (along with licensees, agents, and employees) to take and pass an alcohol server education course within 30 days after being licensed, permitted, or employed. Additionally, a person may not sell or serve alcoholic beverages, or check the ID of a patron at a permitted event unless that person possesses a valid alcohol server card. (Pages 102-103)

**Section 136: Alcohol server education course.** Amends AS 04.21.025 to add new subsections (f-h), which exempts manufacturer license holders from the server alcohol education course requirement unless they also hold a sampling endorsement, and defines the offense of failure to comply and sets the penalty as a violation. (Page 103)

**Section 137: Proof of age and of not being restricted from purchasing alcoholic beverages.** Amends AS 04.21.050 to renumber references to license types. (Pages 103-104)

**Section 138: Warehousing of alcoholic beverages.** Amends AS 04.21.060 to add a new subsection (b), which define the penalty of violating this section and sets it at a violation. (Page 104)

**Section 139: Posting of warning signs.** Repeals and reenacts AS 04.21.065(a) to update the license and permit types required to post warning signs, and adds statutory references. (Pages 104-105)

**Section 140: Fines and other criminal penalties.** Adds a new section AS 04.21.072 to set penalties for other violations, misdemeanors or felonies, unless otherwise specified. Directs the supreme court to establish a bail schedule and places requirements on the courts for suspending fines or imposition/execution of sentence. (Pages 105-106)

**Section 141: Court records for persons under 21 years of age.** Amends AS 04.21.078 to add additional statutory reference to violations of AS 04.16.060 – Purchase by or delivery to persons under the age of 21. (Page 106)

**Section 142: Definitions.** Amends AS 04.21.080(b)(6) to add permit holders and license holders. (Page 106)

**Section 143: Definitions.** Amends AS 04.21.080(b)(15) to add endorsement to a licensed premises. (Page 106)

**Section 144: Definitions.** Amends AS 04.21.080(b) to add a new paragraph defining bona fide restaurant, brewed beverage, calendar year, cider, distilled spirit, golf course, kombucha, mead, sake, and wine. (Pages 106-107)

### **Changes to Other Titles**

**Section 145: Definitions.** Amends AS 05.15.690(48) to define vendor to include an establishment that holds a beverage dispensary license under the new license type. (Pages 107-108)

**Section 146-154: Amendments to various other titles.** Amends references to Title 4 in Titles 9, 11, 12 and 18. (Pages 108-113)

**Section 155: Winery direct shipment tax; statement; audit.** Adds a new section AS 43.60.060 to establish tax collection on direct wine shipments from out of state business holding this license and outlines requirements for the Department of Revenue. (Page 113)

**Section 156: Exemptions.** Amends statutory reference to Title 4 for the new license section. (Pages 113-114)

**Section 157: Definitions.** Amends the statutory reference found in the definition of “business proprietor.” (Page 114)

### **Transition and Effective Dates**

**Section 158:** Adds a new section to the uncodified law of the State of Alaska, adding a Direct Court Rule Amendment, amending Rule 17(h) Alaska Rules of Minor Offense Procedure, to add AS 04.16.060(g) to joinder limits. (Page 114)

**Section 159-160:** Repeals various sections of AS 04.11 amended by the sections of this bill. (Page 114)

**Section 161:** Repeals the AS 04.09.270(f) to sunset licenses issued as recreational site licenses before the effective date of the legislation. The repeal is effective 1/1/2029. (Page 114)

**Section 162:** Repeals the transition sections (165 & 166) of this legislation on 1/1/2021. (Page 114)

**Section 163:** Applicability section for offenses committed on or after the effective date of certain sections. (Pages 114-115)

**Section 164:** Adds a new section to uncodified law regarding transition. The ABC board may begin to immediately implement certain sections that are effective 1/1/2021 through applications under the new licensing structure and collecting fees at the newly established amounts. [Effective 9/1/2020] (Page 115)

**Section 165:** Adds a new section to uncodified law to provide transition language for the ABC board to convert certain licenses under this Act within 90 days of the effective date of this section. (Pages 115-117)

**Section 166:** Adds a new section to uncodified law to provide transition language for the ABC board to issue a seasonal restaurant or eating place tourism license before new section AS 04.09.350, seasonal restaurant or eating place tourism license, takes effect. (Pages 117-119)

**Section 167:** Adds transition language for the department to promulgate regulations.

**Section 168:** Effective dates for sections to be implemented immediately.

**Section 169:** Effective dates for board to initiate application process and collect new fees for licenses beginning 1/1/2021.

**Section 170:** Except as provided elsewhere, effective date of this Act is 1/1/2021