

CS FOR HOUSE BILL NO. 69(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 3/8/99

Referred: Finance

Sponsor(s): REPRESENTATIVE ROKEBERG

A BILL

FOR AN ACT ENTITLED

**1 "An Act requiring certain reports or information from alcoholic beverage licensees
2 that are also limited liability organizations; relating to regulation of alcoholic
3 beverage licenses issued to limited liability organizations; relating to brewpub
4 licenses; relating to package store licenses; relating to consumption of alcoholic
5 beverages on licensed premises; relating to the liability of a member of a limited
6 liability organization who also holds an alcoholic beverage license; extending the
7 termination date of the Alcoholic Beverage Control Board to June 30, 2003; and
8 providing for an effective date."**

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 04.06.100(b) is amended to read:

11 (b) The subjects covered by regulations adopted under (a) of this section may
12 include [, BUT ARE NOT LIMITED TO,] the following matters:

13 (1) employment, conduct, and duties of the director and of regular and

- 1 contractual employees of the board;
- 2 (2) procedures for the issuance, denial, renewal, transfer, revocation,
3 and suspension of licenses and permits;
- 4 (3) terms and conditions of licenses and permits issued;
- 5 (4) fees for licenses and permits issued for which [NO] fees are **not**
6 prescribed by statute;
- 7 (5) conduct of regular and special meetings of the board;
- 8 (6) delegation to the director of routine administrative functions and
9 powers;
- 10 (7) the temporary granting or denial of issuance, transfer, and renewal
11 of licenses;
- 12 (8) manner of giving any notice required by law or regulation when not
13 provided for by statute;
- 14 (9) requirements relating to the qualifications of licensees, the
15 conditions upon which a license may be issued, the accommodations of licensed
16 premises, and board inspection of those premises;
- 17 (10) making of reports by wholesalers;
- 18 (11) purchase of fidelity bonds by the state for the director and the
19 employees of the board;
- 20 (12) prohibition of possession of alcoholic beverages by drunken
21 persons and by minors;
- 22 (13) required reports from corporations licensed under this title,
23 including reports of stock ownership and transfers and changes of officers and
24 directors;
- 25 (14) creation of classifications of licenses or permits not provided for
26 in this title;
- 27 (15) establishment and collection of fees to be paid on application for
28 a license or permit;
- 29 (16) required reports from partnerships and limited partnerships licensed
30 under this title, including reports of transferred interests of 10 percent or more;
- 31 **(17) required reports from limited liability organizations licensed**

1 under this title, including reports of the transfer of a member's interest if the
 2 transfer equals 10 percent or more of the ownership of the limited liability
 3 organization and any change of managers.

4 * **Sec. 2.** AS 04.11.040(c) is amended to read:

5 (c) A person may not receive or transfer controlling interest in a liquor license
 6 issued to a partnership, including a limited partnership, **a limited liability**
 7 **organization**, or a corporation under this title, except with the written consent of the
 8 board.

9 * **Sec. 3.** AS 04.11 is amended by adding a new section to read:

10 **Sec. 04.11.045. Reports required of limited liability organizations.** (a) A
 11 limited liability organization licensed under this title shall report to the board when a
 12 member of the limited liability organization transfers 10 percent or more of the
 13 ownership of the organization and shall report a change of managers.

14 (b) The report to the board shall be made in writing in duplicate and shall be
 15 sent within 10 days after the change in member interest or manager.

16 * **Sec. 4.** AS 04.11.135(a) is amended to read:

17 (a) A brewpub license authorizes the holder of a beverage dispensary license
 18 to

19 (1) manufacture on premises licensed under the beverage dispensary
 20 license not more than 75,000 gallons of beer in a calendar year;

21 (2) sell beer manufactured on premises licensed under the beverage
 22 dispensary license for consumption [ONLY] on the licensed premises **or other**
 23 **licensed premises of the beverage dispensary licensee;**

24 (3) sell beer manufactured on the premises licensed under the beverage
 25 dispensary license in quantities of not more than five gallons per day to an individual
 26 who is present on the licensed premises; [AND]

27 (4) provide a small sample of the brewpub's beer manufactured on the
 28 premises free of charge unless prohibited by AS 04.16.030; **and**

29 **(5) sell beer manufactured on the premises licensed under the**
 30 **beverage dispensary license to a person licensed as a wholesaler under**
 31 **AS 04.11.160.**

1 * **Sec. 5.** AS 04.11.135 is amended by adding a new subsection to read:

2 (d) Notwithstanding (a) of this section, the holder of a brewpub license who
3 under the provisions of AS 04.11.450(b) formerly held a brewery license and a
4 restaurant or eating place license and who, under the former brewery license,
5 manufactured beer at a location other than the premises licensed under the former
6 restaurant or eating place license may

7 (1) manufacture not more than 75,000 gallons of beer in a calendar year
8 on premises other than the premises licensed under the beverage dispensary license;

9 (2) provide a small sample of the manufactured beer free of charge at
10 the location the beer is manufactured unless prohibited by AS 04.16.030; and

11 (3) sell the beer authorized to be manufactured under this subsection

12 (A) on the premises licensed under the beverage dispensary
13 license or other licensed premises of the beverage dispensary licensee;

14 (B) to a wholesaler licensed under AS 04.11.160; or

15 (C) to an individual who is present on the premises where the
16 beer is manufactured in quantities of not more than five gallons per day.

17 * **Sec. 6.** AS 04.11.150(a) is amended to read:

18 (a) Except as provided under (g), (j), and (k) of this section, a package store
19 license authorizes the licensee to sell alcoholic beverages to a person present on the
20 licensed premises or to a person known to the licensee who makes a written
21 solicitation to that licensee for shipment. A licensee, agent, or employee may only
22 ship alcoholic beverages to the purchaser. Before commencing the practice of shipping
23 alcoholic beverages, and with each subsequent application to renew the license, a
24 licensee shall notify the board in writing of the licensee's intention to ship alcoholic
25 beverages in response to a written solicitation. The package store licensee, agent, or
26 employee shall include written information on fetal alcohol syndrome and fetal alcohol
27 effects resulting from a woman consuming alcohol during pregnancy in a shipment of
28 alcoholic beverages sold in response to a written solicitation.

29 * **Sec. 7.** AS 04.11.150 is amended by adding new subsections to read:

30 (j) A package store license authorizes the licensee to deliver not more than two
31 bottles of wine or champagne in a gift basket with a floral arrangement to a cruise ship

1 passenger or a hotel guest. The wine or champagne for delivery may be purchased
2 from a package store licensee by a florist or gift basket establishment with a state
3 business license that designates the business as a florist or gift basket establishment.
4 The package store licensee shall keep on file a copy of the Alaska business license of
5 a florist or gift basket establishment to which the licensee sells wine or champagne for
6 delivery to third persons by the package store. The package store must keep a written
7 record of each delivery made under this subsection for a period of at least one year,
8 including the name of the business purchasing the wine or champagne and the name
9 of the person to whom the delivery is made. A delivery under this subsection must
10 be made by the licensee or an employee or agent of the licensee who has completed
11 alcohol server training as required under AS 04.21.025. The board shall issue a permit
12 to each licensee authorized to deliver wine or champagne under this subsection and
13 may by regulation impose an administrative fee for the cost of issuing the permit.

14 (k) A package store license authorizes the licensee to deliver alcoholic
15 beverages between the hours of 8:00 a.m. and 5:00 p.m. to a responsible adult at the
16 location of a wedding or wedding reception or other social event as defined by
17 regulation of the board. A delivery under this subsection may be made only after a
18 sale by written order received from a person present on the licensed premises who
19 makes payment in full at least 48 hours before the delivery. The written order must
20 include the name and address of the purchaser and the date, time, and address of the
21 delivery, as well as the name and address of the responsible adult who will receive the
22 delivery of alcoholic beverages. A delivery authorized under this subsection must be
23 made by the licensee or an employee or agent of the licensee who has completed
24 alcohol server training as required under AS 04.21.025. Delivery may only be made
25 to a responsible adult at the delivery address on the written order. The responsible
26 adult must provide identification and proof of age as defined in AS 04.21.050, and
27 must acknowledge receipt of the alcoholic beverages in writing. The package store
28 licensee shall retain the written order and the responsible adult's written
29 acknowledgment for at least one year after delivery. The board shall issue a permit
30 to each licensee authorized to deliver alcoholic beverages under this subsection and
31 may by regulation impose an administrative fee for the cost of issuing the permit.

1 * **Sec. 8.** AS 04.11.260 is amended by adding a new subsection to read:

2 (e) A limited liability organization that applies for a license or permit shall
3 provide information required by the board, including the names and addresses of all
4 members with an ownership interest of 10 percent or more and the names and
5 addresses of all managers.

6 * **Sec. 9.** AS 04.11.390 is amended by adding a new subsection to read:

7 (c) A beverage dispensary license or package store license may not be issued
8 to a limited liability organization unless the limited liability organization has been
9 registered to conduct business in this state for at least one year before the date of the
10 application. However, a beverage dispensary or package store license may be issued
11 to a domestic limited liability company or a domestic limited liability partnership if
12 each of the members of the limited liability company or limited liability partnership
13 has resided in the state for at least one year immediately preceding the filing of the
14 application.

15 * **Sec. 10.** AS 04.11.430(a) is amended to read:

16 (a) Each license shall be issued to a specific individual or individuals, to a
17 partnership, including a limited partnership, **to a limited liability organization,** or to
18 a corporation. If the license is issued to a corporation **or a limited liability**
19 **organization,** the registered agent of the corporation **or limited liability organization**
20 must be an individual resident of the state.

21 * **Sec. 11.** AS 04.11.450(c) is amended to read:

22 (c) A license may not be leased by a licensee to another person, **partnership,**
23 **limited liability organization,** or corporation.

24 * **Sec. 12.** AS 04.16.120(b) is amended to read:

25 (b) **Except as provided in this subsection, a** [A] person may not bring an
26 alcoholic beverage into licensed premises for use or consumption by oneself or another
27 person on the premises unless that person is a licensee, an agent, employee, or
28 common carrier in the regular course of employment. **With the permission of the**
29 **licensee, a person may bring wine into premises licensed as a beverage dispensary**
30 **or a restaurant or eating place for consumption by the person while eating food**
31 **served at a table on the licensed premises. The beverage dispensary or restaurant**

1 or eating place may charge a corkage fee for serving wine supplied by a customer.

2 * **Sec. 13.** AS 04.21 is amended by adding a new section to read:

3 **Sec. 04.21.035. Responsibility of limited liability organization members.**

4 Notwithstanding any other provision of AS 10.50 or AS 32.05, a member of a limited
5 liability organization holding a license under this title is not relieved of the obligation
6 or the liability otherwise imposed upon a holder of a liquor license under this title
7 solely because the license is held by a limited liability organization.

8 * **Sec. 14.** AS 04.21.080(b) is amended by adding new paragraphs to read:

9 (12) "foreign limited liability company" has the meaning given in
10 AS 10.50.990;

11 (13) "foreign limited liability partnership" has the meaning given in
12 AS 32.05.990;

13 (14) "limited liability company" means an organization under AS 10.50;

14 (15) "limited liability organization" means a limited liability company,
15 a foreign limited liability company, a limited liability partnership, or a foreign limited
16 liability partnership;

17 (16) "limited liability partnership" means an organization that is
18 registered under AS 32.05.415.

19 * **Sec. 15.** AS 44.66.010(a)(1) is amended to read:

20 (1) Alcoholic Beverage Control Board (AS 04.06.010) -- June 30, **2003**
21 [1999];

22 * **Sec. 16.** Section 15 of this Act takes effect immediately under AS 01.10.070(c).

23 * **Sec. 17.** Except as provided in sec. 16 of this Act, this Act takes effect July 1, 1999.