

**CS FOR SENATE BILL NO. 16(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

**BY THE SENATE FINANCE COMMITTEE**

**Offered: 4/1/19**

**Referred: Rules**

**Sponsor(s): SENATORS MICCICHE, Hughes, Wilson, Shower, Kiehl, Birch, Bishop, Reinbold, Stevens, Costello, Gray-Jackson, Stedman**

**REPRESENTATIVES Tarr, Josephson, Wool, Drummond, Tuck**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to certain alcoholic beverage licenses and permits; relating to the bond**  
2 **requirement for certain alcoholic beverage license holders; and providing for an**  
3 **effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 **\* Section 1.** AS 04.11.080 is amended to read:

6 **Sec. 04.11.080. Types of licenses and permits.** Licenses and permits issued  
7 under this title are as follows:

- 8 (1) beverage dispensary license;  
9 (2) duplicate beverage dispensary license for additional rooms;  
10 (3) restaurant or eating place license;  
11 (4) club license;  
12 (5) bottling works license;  
13 (6) brewery license;  
14 (7) package store license;

- 1 (8) general wholesale license;  
 2 (9) wholesale malt beverage and wine license;  
 3 (10) distillery license;  
 4 (11) common carrier dispensary license;  
 5 (12) retail stock sale license;  
 6 (13) recreational site license;  
 7 (14) pub license;  
 8 (15) winery license;  
 9 (16) caterer's permit;  
 10 (17) special events permit;  
 11 (18) conditional contractor's permit;  
 12 (19) brewpub license;  
 13 (20) golf course license;  
 14 (21) outdoor recreation lodge license;  
 15 (22) destination resort license;  
 16 **(23) performing arts theater license;**  
 17 **(24) fair license;**  
 18 **(25) concert permit;**  
 19 **(26) music festival permit.**

20 \* **Sec. 2.** AS 04.11 is amended by adding a new section to read:

21 **Sec. 04.11.205. Performing arts theater license.** (a) A performing arts theater  
 22 license authorizes the holder of a beverage dispensary license to sell alcoholic  
 23 beverages and the holder of a restaurant or eating place license to sell beer and wine  
 24 at multiple noncontiguous locations at a specified performing arts theater site for  
 25 consumption on the licensed premises.

26 (b) The biennial performing arts theater license fee is \$1,250.

27 (c) The holder of a performing arts theater license may not sell or serve  
 28 alcoholic beverages as provided under the license during an event that is expected to  
 29 attract an audience predominantly composed of attendees under 21 years of age.

30 (d) The holder of a performing arts theater license may sell or serve alcoholic  
 31 beverages as provided under the license only

1 (1) in designated areas on the licensed premises; and

2 (2) for a period beginning two hours before the event until one hour  
3 after the event.

4 (e) The holder of a performing arts theater license shall post the license  
5 conspicuously in the performing arts theater during times when alcoholic beverages  
6 are sold.

7 (f) The board may not approve an application for the transfer of a performing  
8 arts theater license to another location.

9 (g) An application for a performing arts theater license must clearly identify  
10 designated areas for the sale and consumption of alcoholic beverages, which may  
11 include portions of the audience viewing area at the performing arts theater site. The  
12 board may approve an application for a performing arts theater license only if the  
13 application is approved by the local governing body of the municipality in which the  
14 performing arts theater site is located or, for a performing arts theater site outside a  
15 municipality, approved by the law enforcement agency that has jurisdiction over the  
16 performing arts theater site.

17 (h) In this section, "performing arts theater" means a location where events are  
18 presented by live performers on a stage, such as plays, operas, orchestra concerts,  
19 readings, and similar activities as determined by the board.

20 \* **Sec. 3.** AS 04.11.210(a) is amended to read:

21 (a) The holder of a recreational site license may sell beer and wine at a  
22 recreational site during and one hour before and after a recreational **activity** [EVENT]  
23 that is not a school event, for consumption on designated areas at the site.

24 \* **Sec. 4.** AS 04.11.210(c) is amended to read:

25 (c) In this section, "recreational site" includes a location where **sporting**  
26 **activities such as** baseball games, car races, hockey games, dog sled racing, **skiing or**  
27 **snowboarding** [EVENTS], or curling matches [ARE] regularly **take place** [HELD]  
28 during a season.

29 \* **Sec. 5.** AS 04.11.210 is amended by adding a new subsection to read:

30 (d) The board may not deny an application for renewal of a license issued  
31 under this section or an application to transfer a license issued under this section to

1 another person solely because the board determines that the licensed premises is not a  
2 "recreational site" as defined under (c) of this section if the applicant

3 (1) held a license under this section or received a transferred license  
4 under this section that was valid on December 31, 2018; and

5 (2) operates the license under the same conditions required at the time  
6 of initial licensure.

7 \* **Sec. 6.** AS 04.11 is amended by adding a new section to read:

8 **Sec. 04.11.215. Fair license.** (a) A fair license authorizes the holder to sell  
9 beer and wine at multiple noncontiguous locations at fairs and other events held on  
10 fairgrounds for consumption on licensed premises.

11 (b) The biennial fair license fee is \$800.

12 (c) The board may issue a fair license only to a nonprofit organization that is  
13 incorporated under AS 10.20.

14 (d) In this section, "fair" means an annual gathering of residents of all or a  
15 portion of the state that offers competitive exhibitions of livestock and agricultural  
16 crops, carnival amusement rides and games, displays of arts and crafts, or outdoor  
17 entertainment.

18 \* **Sec. 7.** AS 04.11 is amended by adding a new section to read:

19 **Sec. 04.11.235. Concert permit.** (a) A concert permit authorizes the holder of  
20 a recreational site license to sell or dispense beer and wine for consumption on the  
21 licensed premises of the recreational site during a period beginning one hour before  
22 and concluding at the end of a concert or similar entertainment event with a performer  
23 and an audience.

24 (b) A concert permit may not be transferred or renewed.

25 (c) The fee for a concert permit is \$50 and must accompany the application for  
26 the concert permit.

27 \* **Sec. 8.** AS 04.11.240(c) is amended to read:

28 (c) **Not** [THE SPECIAL EVENTS PERMIT MUST BE SURRENDERED TO  
29 THE BOARD, ITS AGENT, OR THE LAW ENFORCEMENT AGENCY  
30 APPROVING THE PERMIT, WITHIN 48 HOURS OF ITS EXPIRATION TIME.  
31 FAILURE TO SURRENDER THE PERMIT IS CAUSE, IN THE DISCRETION OF

1 THE BOARD, FOR DENIAL OF APPLICATIONS FOR PERMITS MADE IN THE  
 2 FUTURE BY THE ORGANIZATION. NO] more than **12** [FIVE] special events  
 3 permits may be granted to an organization, including its auxiliary, in any one calendar  
 4 year.

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

6 **Sec. 04.11.245. Music festival permit.** (a) A music festival permit authorizes  
 7 the holder of a restaurant or eating place license to sell or dispense beer and wine for  
 8 consumption at a festival with multiple live music performances held off the holder's  
 9 licensed premises.

10 (b) The board may issue a music festival permit only for a designated  
 11 premises and for a limited period, not to exceed 10 calendar days. The board may not  
 12 issue more than one music festival permit to the holder of a restaurant or eating place  
 13 license in a calendar year.

14 (c) A music festival permit may not be transferred or renewed.

15 (d) An applicant for a music festival permit under this section shall obtain the  
 16 written approval of a law enforcement agency having jurisdiction over the site of the  
 17 event for which the music festival permit is sought and provide the written approval to  
 18 the board with the application.

19 (e) The fee for a music festival permit is \$50 for each day of the event and  
 20 must accompany the application for the permit.

21 \* **Sec. 10.** AS 04.11.260(c) is amended to read:

22 (c) An applicant for a new license or permit must include with the application

23 (1) proof that notice required by AS 04.11.310 has been given;

24 (2) any petitions required to be secured under AS 04.11.460 before a  
 25 license may be issued;

26 (3) evidence of any approval by public authorities required to be  
 27 obtained under **AS 04.11.220(c)** [AS 04.11.090(e), 04.11.220(c)], 04.11.230(b),  
 28 04.11.240(b), **04.11.245(d)**, or 04.11.250(b), before a license or permit may be issued.

29 \* **Sec. 11.** AS 04.11.330(d) is amended to read:

30 (d) Notwithstanding (a)(3) of this section, a **performing arts theater license**  
 31 **issued under AS 04.11.205 and a** recreational site license issued under AS 04.11.210

1 may be renewed if the license was exercised at least once during each of the two  
2 preceding calendar years.

3 \* **Sec. 12.** AS 04.21.065(a) is amended to read:

4 (a) A holder of one of the following types of licenses or permits shall post on  
5 the licensed or designated premises three separate warning signs as described in (b) of  
6 this section:

- 7 (1) beverage dispensary license;  
8 (2) restaurant or eating place license;  
9 (3) club license;  
10 (4) brewery license; this paragraph applies only to a brewery that  
11 permits a person to sample portions of the brewery's product;  
12 (5) package store license;  
13 (6) common carrier dispensary license;  
14 (7) recreational site license;  
15 (8) pub license;  
16 (9) winery license; this paragraph applies only to a winery that permits  
17 a person to sample portions of the winery's product;  
18 (10) distillery license; this paragraph applies only to a distillery that  
19 permits a person to sample portions of the distillery's product;  
20 (11) caterer's permit;  
21 (12) special events permit;  
22 (13) conditional contractor's permit;  
23 (14) **performing arts theater license;**  
24 **(15) fair license;**  
25 **(16) concert permit;**  
26 **(17) music festival permit;**  
27 **(18)** another license or permit issued by the board authorizing  
28 consumption of alcoholic beverages.

29 \* **Sec. 13.** AS 43.60.040(a) is amended to read:

30 (a) Each brewer, distiller, bottler, jobber, wholesaler, or manufacturer is  
31 primarily liable for the payment of the excise taxes on alcoholic beverages sold, and,

1 **except as provided under (i) of this section,** shall furnish a good and sufficient  
2 surety bond of \$25,000 payable to the department and approved by the Department of  
3 Law. If a wholesaler fails to pay the tax to the state, the wholesaler forfeits the bond  
4 and the wholesaler's license shall be revoked. The department, in its discretion, may  
5 issue permits in place of bonds to resident holders of wholesale, malt beverage, and  
6 wine licenses doing business wholly in the state who pay the tax before shipment.

7 \* **Sec. 14.** AS 43.60.040(b) is amended to read:

8 (b) Upon receipt of the bond and its subsequent approval, the department shall  
9 issue a license certificate authorizing the brewer, distiller, bottler, jobber, wholesaler,  
10 or manufacturer, liable for the payment of the tax, to sell alcoholic beverages in the  
11 state or to consign shipments of alcoholic beverages to the state. **Except as provided**  
12 **under (i) of this section, it** [IT] is unlawful for a brewer, distiller, bottler, jobber,  
13 wholesaler, or manufacturer to sell alcoholic beverages in the state or to consign  
14 shipments of alcoholic beverages into the state without first furnishing the required  
15 bond and obtaining the license certificate or permit from the department. The license  
16 certificate does not constitute permission to sell alcoholic beverages in the state or to  
17 consign them to the state without having complied with other requirements of state or  
18 federal law.

19 \* **Sec. 15.** AS 43.60.040 is amended by adding a new subsection to read:

20 (i) The department may not require a brewer, distiller, bottler, jobber,  
21 wholesaler, or manufacturer who has timely filed monthly tax returns and paid  
22 monthly taxes to the department over the most recent three consecutive years to  
23 maintain a bond if the brewer, distiller, bottler, jobber, wholesaler, or manufacturer  
24 continues to remain in compliance with AS 43.60. The department shall notify the  
25 brewer, distiller, bottler, jobber, wholesaler, or manufacturer of any noncompliance  
26 that requires the brewer, distiller, bottler, jobber, wholesaler, or manufacturer to file a  
27 bond under (a) of this section. The brewer, distiller, bottler, jobber, wholesaler, or  
28 manufacturer shall, within 30 days after receiving the notice of noncompliance, file  
29 with the department a bond under (a) of this section.

30 \* **Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to  
31 read:

1           TRANSITION. The board shall reconsider an application for renewal of a recreational  
2 site license or transfer of a recreational site license to another person and apply  
3 AS 04.11.210(d), enacted by sec. 5 of this Act, if

4                   (1) the application was denied between December 31, 2018, and the effective  
5 date of this Act; and

6                   (2) the board denied the application because the board determined that the  
7 licensed premises was not a "recreational site" as defined under AS 04.11.210(c).

8       \* **Sec. 17.** AS 04.11.230(d) is repealed.

9       \* **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to  
10 read:

11           **RETROACTIVITY.** Section 5 of this Act is retroactive to December 31, 2018.

12       \* **Sec. 19.** This Act takes effect immediately under AS 01.10.070(c).