

**HOUSE CS FOR CS FOR SENATE BILL NO. 16(L&C)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 5/13/19

Referred: Finance

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

**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 \* **Sec. 2.** AS 04.11.100(g) is amended to read:

19 (g) A restaurant or eating place licensee

20 (1) operating under a license issued under (f) of this section shall offer  
 21 a full-service menu of food items available to the public during all times that beer or  
 22 wine is served or consumed; the menu must be approved by the board;

23 (2) may only provide entertainment on the licensed premises between  
 24 the hours of **11:00 a.m. and 7:00 p.m. or** 3:00 p.m. and 11:00 p.m. **as permitted in**  
 25 **(h) of this section,** unless approved by the director after written request by the  
 26 licensee for a specific occasion [; IN THIS PARAGRAPH, "ENTERTAINMENT"  
 27 INCLUDES DANCING, KARAOKE, LIVE PERFORMANCES, OR SIMILAR  
 28 ACTIVITIES, BUT DOES NOT INCLUDE RECORDED OR BROADCAST  
 29 PERFORMANCES WITHOUT LIVE PARTICIPATION].

30 \* **Sec. 3.** AS 04.11.100 is amended by adding new subsections to read:

31 (h) An applicant for initial licensure or renewal of a restaurant or eating place

1 license shall select, at the time of application, whether to permit entertainment on the  
 2 licensed premises between the hours of 11:00 a.m. and 7:00 p.m. or between the hours  
 3 of 3:00 p.m. and 11:00 p.m. A licensee may not change the permitted hours of  
 4 entertainment until the licensee submits an application for renewal of the license.

5 (i) In this section, "entertainment" includes dancing, karaoke, live  
 6 performances, or similar activities, but does not include recorded or broadcast  
 7 performances without live participation.

8 \* **Sec. 4.** AS 04.11 is amended by adding a new section to read:

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

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

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

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

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

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

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

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

28 (g) An application for a performing arts theater license must clearly identify  
 29 designated areas for the sale and consumption of alcoholic beverages, which may  
 30 include portions of the audience viewing area at the performing arts theater site. The  
 31 board may approve an application for a performing arts theater license only if the

1 application is approved by the local governing body of the municipality in which the  
 2 performing arts theater site is located or, for a performing arts theater site outside a  
 3 municipality, approved by the law enforcement agency that has jurisdiction over the  
 4 performing arts theater site.

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

8 \* **Sec. 5.** AS 04.11.210(a) is amended to read:

9 (a) The holder of a recreational site license may sell beer and wine at a  
 10 recreational site during and one hour before and after a recreational **activity or** event  
 11 that is not a school event, for consumption on designated areas at the site.

12 \* **Sec. 6.** AS 04.11.210(c) is amended to read:

13 (c) In this section, "recreational site" includes

14 **(1) a location where sporting events such as baseball games, car**  
 15 **races, hockey games, dog sled racing [EVENTS], or curling matches [ARE] regularly**  
 16 **take place [HELD] during a season;**

17 **(2) a public bowling alley where bowling occurs; and**

18 **(3) a public ski area**

19 **(A) where skiing and snowboarding occur;**

20 **(B) that sells lift tickets; and**

21 **(C) that has a permanent public structure.**

22 \* **Sec. 7.** AS 04.11.210 is amended by adding a new subsection to read:

23 (d) The board may not deny an application for renewal of a license issued  
 24 under this section or an application to transfer a license issued under this section to  
 25 another person solely because the board determines that the licensed premises is not a  
 26 "recreational site" as defined under (c) of this section if the applicant

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

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

31 \* **Sec. 8.** AS 04.11 is amended by adding a new section to read:

1           **Sec. 04.11.215. Fair license.** (a) A fair license authorizes the holder to sell  
2 beer and wine at multiple noncontiguous locations at an annual fair held on  
3 fairgrounds for consumption on licensed premises.

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

5           (c) The board may issue a fair license only to a nonprofit organization that is  
6 incorporated under AS 10.20 and has been active for a period of at least five years  
7 before the effective date of sec. 8 of this Act.

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

11 \* **Sec. 9.** AS 04.11.220 is amended by adding new subsections to read:

12           (f) The board may designate two alternating premises for a pub license if

13                   (1) both premises are

14                           (A) located on the accredited college or university campus;

15                           (B) not located in contiguous rooms or adjacent buildings; and

16                           (C) under the licensee's control;

17                   (2) at any time, only one location is operating as a licensed premises  
18 with specified operating hours approved by the board; and

19                   (3) all alcoholic beverages are either removed from the alternate  
20 premises or stored in a secure location that is not accessible to the general public  
21 during times when the alternate premises is not operating as a licensed premises.

22           (g) The board may suspend or revoke a licensee's use of an alternate premises  
23 under (f) of this section after providing written notice and an opportunity to be heard  
24 to the licensee.

25 \* **Sec. 10.** AS 04.11.240(c) is amended to read:

26           (c) **Not** [THE SPECIAL EVENTS PERMIT MUST BE SURRENDERED TO  
27 THE BOARD, ITS AGENT, OR THE LAW ENFORCEMENT AGENCY  
28 APPROVING THE PERMIT, WITHIN 48 HOURS OF ITS EXPIRATION TIME.  
29 FAILURE TO SURRENDER THE PERMIT IS CAUSE, IN THE DISCRETION OF  
30 THE BOARD, FOR DENIAL OF APPLICATIONS FOR PERMITS MADE IN THE  
31 FUTURE BY THE ORGANIZATION. NO] more than five special events permits

1 may be granted to an organization, including its auxiliary, in any one calendar year.

2 \* **Sec. 11.** AS 04.11.260(c) is amended to read:

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

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

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

7 (3) evidence of any approval by public authorities required to be  
8 obtained under **AS 04.11.220(c)** [AS 04.11.090(e), 04.11.220(c)], 04.11.230(b),  
9 04.11.240(b), or 04.11.250(b), before a license or permit may be issued.

10 \* **Sec. 12.** AS 04.11.330(d) is amended to read:

11 (d) Notwithstanding (a)(3) of this section, a **performing arts theater license**  
12 **issued under AS 04.11.205 and a** recreational site license issued under AS 04.11.210  
13 may be renewed if the license was exercised at least once during each of the two  
14 preceding calendar years.

15 \* **Sec. 13.** AS 04.16.049(a) is amended to read:

16 (a) A person under 21 years of age may not knowingly enter or remain in  
17 premises licensed under this title unless

18 (1) accompanied by a parent, guardian, or spouse who has attained 21  
19 years of age;

20 (2) the person is at least 16 years of age, the premises are designated  
21 by the board as a restaurant for the purposes of this section, and the person enters and  
22 remains only for dining;

23 (3) the person is under 16 years of age, is accompanied by a person  
24 over 21 years of age, the parent or guardian of the underaged person consents, the  
25 premises are designated by the board as a restaurant for the purposes of this section,  
26 and the person enters and remains only for dining;

27 (4) the person is permitted on the premises under a club license issued  
28 under AS 04.11.110(g); or

29 (5) otherwise provided under (c), (d), [OR] (g), **or (j)** of this section.

30 \* **Sec. 14.** AS 04.16.049 is amended by adding a new subsection to read:

31 (j) Notwithstanding any other provision of this section, a person under 21

1 years of age may be present on licensed premises of a performing arts theater for the  
 2 purpose of viewing an event presented by live performers on a stage or attending a  
 3 performing arts-related activity if the person is

4 (1) at least 16 years of age; or

5 (2) under 16 years of age and

6 (A) is accompanied by a person who is at least 21 years of age;

7 and

8 (B) the person's parent or guardian consents.

9 \* **Sec. 15.** AS 04.21.065(a) is amended to read:

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

13 (1) beverage dispensary license;

14 (2) restaurant or eating place license;

15 (3) club license;

16 (4) brewery license; this paragraph applies only to a brewery that  
 17 permits a person to sample portions of the brewery's product;

18 (5) package store license;

19 (6) common carrier dispensary license;

20 (7) recreational site license;

21 (8) pub license;

22 (9) winery license; this paragraph applies only to a winery that permits  
 23 a person to sample portions of the winery's product;

24 (10) distillery license; this paragraph applies only to a distillery that  
 25 permits a person to sample portions of the distillery's product;

26 (11) caterer's permit;

27 (12) special events permit;

28 (13) conditional contractor's permit;

29 (14) **performing arts theater license;**

30 **(15) fair license;**

31 **(16)** another license or permit issued by the board authorizing

1 consumption of alcoholic beverages.

2 \* **Sec. 16.** AS 43.60.040(a) is amended to read:

3 (a) Each brewer, distiller, bottler, jobber, wholesaler, or manufacturer is  
 4 primarily liable for the payment of the excise taxes on alcoholic beverages sold, and,  
 5 **except as provided under (i) of this section,** shall furnish a good and sufficient  
 6 surety bond of \$25,000 payable to the department and approved by the Department of  
 7 Law. If a wholesaler fails to pay the tax to the state, the wholesaler forfeits the bond  
 8 and the wholesaler's license shall be revoked. The department, in its discretion, may  
 9 issue permits in place of bonds to resident holders of wholesale, malt beverage, and  
 10 wine licenses doing business wholly in the state who pay the tax before shipment.

11 \* **Sec. 17.** AS 43.60.040(b) is amended to read:

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

23 \* **Sec. 18.** AS 43.60.040 is amended by adding a new subsection to read:

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

1 manufacturer shall, within 30 days after receiving the notice of noncompliance, file  
2 with the department a bond under (a) of this section.

3 \* **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to  
4 read:

5 TRANSITION. The board shall reconsider an application for renewal of a recreational  
6 site license or transfer of a recreational site license to another person and apply  
7 AS 04.11.210(d), enacted by sec. 7 of this Act, if

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

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

12 \* **Sec. 20.** AS 04.11.230(d) is repealed.

13 \* **Sec. 21.** The uncodified law of the State of Alaska is amended by adding a new section to  
14 read:

15 RETROACTIVITY. Section 7 of this Act is retroactive to December 31, 2018.

16 \* **Sec. 22.** This Act takes effect immediately under AS 01.10.070(c).