

**OPENALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

March 28, 2019

1:32 p.m.

MEMBERS PRESENT

Senator Lora Reinbold, Chair
Senator Mia Costello, Vice Chair
Senator Click Bishop
Senator Chris Birch
Senator Elvi Gray-Jackson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 52

"An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, and retailers of alcoholic beverages; relating to licenses, endorsements, and permits involving alcoholic beverages; relating to common carrier approval to transport or deliver alcoholic beverages; relating to the Alcoholic Beverage Control Board; relating to offenses involving alcoholic beverages; amending Rule 17(h), Alaska Rules of Minor Offense Procedure; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 52

SHORT TITLE: ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

SPONSOR(s): SENATOR(s) MICCICHE

02/11/19	(S)	READ THE FIRST TIME - REFERRALS
02/11/19	(S)	L&C, JUD, FIN
03/26/19	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/26/19	(S)	Heard & Held
03/26/19	(S)	MINUTE(L&C)
03/28/19	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

SENATOR PETER MICCICHE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of SB 52.

ANNA BRAWLEY, Title 4 Project Review Coordinator;
Senior Associate
Agnew Beck Consulting
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 52.

EDRA MORLEDGE, Staff
Senator Peter Micciche
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis for SB 52 on behalf of the sponsor, Senator Micciche.

KAYLA GREEN, representing herself
Eagle River, Alaska

POSITION STATEMENT: Testified in support of SB 52.

ROBIN MINARD, Chief Communication
Mat-Su Health Foundation
Wasilla, Alaska

POSITION STATEMENT: Testified in support of SB 52.

BRIAN OLSON, Co-Owner
Alaska Berries
Soldotna, Alaska

POSITION STATEMENT: Testified during the hearing on SB 52 to express concerns about the license fees.

CHRYSTAL SCHOENROCK, Owner
4 Land Bar & Liquor
Nikiski, Alaska

POSITION STATEMENT: Testified in opposition to SB 52.

STEPHANIE QUEEN, City Manager
City of Soldotna
Soldotna, Alaska

POSITION STATEMENT: Testified as a stakeholder in favor of SB 52.

KATIE BALDWIN-JOHNSON, Senior Program Coordinator
Alaska Mental Health Trust Authority
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 52.

SHAWN WILLIAMS, Assistant Commissioner
Department of Commerce
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the discussion of SB 52.

BOB KLEIN, Chair
Alcoholic Beverage Control Board (ABC Board)
Alcohol & Marijuana Control Office
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 52.

ERIKA MCCONNELL, Director
Alcohol & Marijuana Control Office (AMCO)
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 52.

DICK ROSSTON, General Counsel
Alyeska Resort
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 52.

LORA NORTON-CRUZ, Director
Resilience Initiative Program
Alaska Children's Trust
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 52.

SARAH OATES, President and CEO
Alaska Cabaret, Hotel, Restaurant and Retailers Association
Anchorage, Alaska

POSITION STATEMENT: Testified that Alaska CHARR does not support SB 52 in its current form.

LEE ELLIS, President
Brewers Guild of Alaska
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 52.

EVAN WOOD, Co-Owner

Devils Club Brewing Company
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 52.

ACTION NARRATIVE

[1:32:10 PM](#)

CHAIR LORA REINBOLD called the Senate Labor and Commerce Standing Committee meeting to order at 1:32 p.m. Present at the call to order were Senators Costello, Gray-Jackson, Bishop, Birch and Chair Reinbold.

SB 52-ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

[1:32:14 PM](#)

SENATE BILL NO. 52, "An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, and retailers of alcoholic beverages; relating to licenses, endorsements, and permits involving alcoholic beverages; relating to common carrier approval to transport or deliver alcoholic beverages; relating to the Alcoholic Beverage Control Board; relating to offenses involving alcoholic beverages; amending Rule 17(h), Alaska Rules of Minor Offense Procedure; and providing for an effective date."

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SENATOR PETER MICCICHE, Alaska State Legislature, Juneau, introduced himself as the sponsor of SB 52.

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CHAIR REINBOLD directed attention to the sectional analysis for SB 52. She reminded members that the committee was focusing on the provisions highlighted in green and [magenta] since the yellow highlighted provisions related to provisions that were just relocated or reorganized.

[1:33:48 PM](#)

EDRA MORLEDGE, Staff, Senator Peter Micciche, Alaska State Legislature, Juneau, on behalf of the sponsor, Senator Micciche, resumed the sectional analysis for SB 52 beginning on page 9, Section 22. She explained the color coding in the sectional analysis, that provisions that were relocated or added references were highlighted in yellow, penalty provisions were highlighted in magenta, and new concepts were highlighted in green. She reviewed Section 22 [highlighted in yellow].

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)

She reviewed Sections 23, 25, and 29 [highlighted in green].

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

She said these provisions would exempt winery direct shipment licenses from the application process because they have their own application process.

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MS. MORLEDGE Sections 24 and 26 [highlighted in yellow].

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 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)

MS. MORLEDGE reviewed Sections 27-28.

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)

She explained that these sections would clarify references to conditional contractor's permits.

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MS. MORLEDGE reviewed Sections 31-35, and 37 [highlighted in yellow].

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 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)

MS. MORLEDGE said these sections address renumbering license types, repeal of public convenience, and endorsements. Some sections were duplicates, some have immediate effective dates and others take effect on January 1, 2021.

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MS. MORLEDGE reviewed Section 36 and 38 [highlighted in green].

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 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)

MS. MORLEDGE reviewed Sections 39, 40, and 45 [highlighted in yellow]:

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

She said that these provisions address repeal of public convenience and renumbering.

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MS. MORLEDGE reviewed Sections 41-43 [highlighted in yellow].

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)

She said these provisions add references to endorsements.

[1:35:39 PM](#)

CHAIR REINBOLD asked for further clarification on the definition of public convenience and endorsements.

MS. MORLEDGE deferred to Ms. Brawley.

[1:35:56 PM](#)

ANNA BRAWLEY, Title 4 Project Review Coordinator, Senior Associate, Agnew Beck Consulting, explained that public convenience refers to the current process in the bill to issue a restaurant license outside of population limits. A petition process goes to the board, which she would discuss in more detail during the presentation. The bill also proposes some replacements for that process.

She explained that endorsements would be discussed in the presentation. They are essentially an "add on" to a license, similar to other types of licenses such as commercial drivers license, but not currently in alcohol licenses. It could expand the physical premise of a license or allow activities not allowed under the base license.

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SENATOR MICCICHE added that the reason for the changes to the public convenience license was to provide more local control to municipalities. He suggested that this would be further clarified during the upcoming presentation.

[1:37:08 PM](#)

SENATOR BISHOP expressed an interest in Section 49.

[1:37:16 PM](#)

MS. MORLEDGE reviewed Section 44 of the sectional analysis for SB 52 [highlighted in green].

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)

She said that this provision would allow the Alcohol & Marijuana Control Office director to place conditions on permits.

[1:37:34 PM](#)

MS. MORLEDGE reviewed Sections 46 and 47 [highlighted in green].

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)

MS. MORLEDGE said Sections 46 and 47 address population limits, including renumbering licenses, and adding a limit for brewery, winery, and distillery retail licenses.

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CHAIR REINBOLD asked if the limit would be one establishment for 9,000 people.

MS. MORLEDGE deferred to Ms. Brawley.

[1:38:23 PM](#)

MS. BRAWLEY said that the proposal would apply the 1 to 9,000 population limit for new licenses issued after the 2021 effective date. It would grandfather in current licenses. The current population limit for most licenses is 1 to 3,000, she said. The rationale for imposing this limit on new licenses was because the bill would also add three new license types to each community. Every license added would provide more outlets for alcohol. The 1 to 9,000 population restriction would not flood the market with new licenses per the goals of the stakeholder process.

CHAIR REINBOLD said she thought it was a significant change.

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SENATOR COSTELLO said the population looks like a different number but since three licenses are involved, the population ratio does not change.

SENATOR MICCICHE said the population ratio would be 1 to 3,000, but since it would apply to three license types, the result would be the same.

[1:40:09 PM](#)

MS. MORLEDGE reviewed Section 48 [highlighted in green].

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)

She said that this would allow relocation of a package store from a city to a borough.

MS. MORLEDGE reviewed Sections 49-51 [highlighted in green].

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 Green = New Concept Yellow = Relocating/Adding References Magenta = Related to Penalties 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)

She explained that this would allow first class and home rule cities to petition the board for additional restaurant licenses in their area if certain criteria were met.

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SENATOR BISHOP asked whether this was at the request of the board or the general public

SENATOR MICCICHE answered that Section 49 was requested by municipalities. He said that he would discuss the petition method in more detail later.

[1:41:00 PM](#)

MS. MORLEDGE reviewed Section 52 [highlighted in yellow] and Section 53 [highlighted in green].

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)

MS. MORLEDGE said that these provisions address zoning limitations and also allow preexisting licenses to be renewed if they don't comply after a zoning change.

[1:41:19 PM](#)

MS. MORLEDGE reviewed Section 54 [highlighted in green].

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)

She said that this allows a local government or tribe to be a license holder and it references endorsements.

MS. MORLEDGE reviewed Sections 55-57 [highlighted in green].

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)

She said these provisions allow a manufacturer to own a retail license and maintain the current restrictions on wholesalers holding licenses in the other two tiers. It prohibits large manufacturers from holding retail licenses.

[1:41:41 PM](#)

MS. MORLEDGE reviewed Section 58 [highlighted in green].

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

She said that Section 58 exempts winery direct shipment licenses from the application requirement.

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MS. MORLEDGE reviewed Sections 59-62 [highlighted in yellow] and Section 63 [highlighted in green].

Section 59: Objection. Amends AS 04.11.470 to add endorsements to allowable objections and protest. (Page 74) Green = New Concept Yellow = Relocating/Adding References Magenta = Related to Penalties 13

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 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)

She said that these provisions add references to endorsements.

[1:41:57 PM](#)

MS. MORLEDGE reviewed Sections 64-67 [highlighted in yellow].

Section 64: Local option. Amends AS 04.11.491(a) to insert statutory references to the new license types (Page 76)

Section 65: Local option. Amends AS 04.11.491(b) to insert statutory references to the new license types (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)

She explained that these provisions renumber license types referenced in the local option laws.

MS. MORLEDGE reviewed Section 68 [not highlighted] and Section 69 [highlighted in yellow].

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)

She said that these provisions add more specific timeframes for informal conferences with the director or board.

[1:42:16 PM](#)

CHAIR REINBOLD asked her to discuss Sections 56-58.

[1:42:34 PM](#)

MS. MORLEDGE said that Section 56 addresses prohibited financial interest. This existing concept relates to the three-tier system, keeping the manufacturer, retail, and wholesale licenses separate. She said that Section 57 adds another layer by restricting a large manufacturer from owning a wholesale or retail license, which keeps the three tiers separate.

CHAIR REINBOLD said the three-tier system is important.

[1:43:14 PM](#)

MS. MORLEDGE rereviewed Sections 68-69.

[1:43:37 PM](#)

MS. MORLEDGE reviewed Sections 70 [highlighted in green] and Sections 71-76 [highlighted in yellow].

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) Green = New Concept Yellow = Relocating/Adding References Magenta = Related to Penalties 14

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)

MS. MORLEDGE said these provisions add references to endorsements and clarify timeframes in the application process.

[1:43:45 PM](#)

CHAIR REINBOLD asked what references to endorsements means.

MS. MORLEDGE answered that endorsements are new to the bill. That term is being added into these sections.

[1:44:20 PM](#)

MS. BRAWLEY explained that an endorsement would not create a new license but would allow something that an underlying license

would not allow. For example, a package store could get an endorsement to ship to customers directly whereas the base license would not allow that to occur. It would allow layering of activities without creating a bunch of new license types.

CHAIR REINBOLD related her understanding that it would be like a specialty endorsement.

[1:44:57 PM](#)

MS. MORLEDGE reviewed Section 77 [not highlighted].

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)

MS. MORLEDGE explained that this strengthens the reporting requirements for municipalities that receive a matching allocation of the fees collected from licenses in their jurisdiction.

[1:45:12 PM](#)

SENATOR COSTELLO asked Ms. Morledge to reference page numbers when she skipped sections [highlighted in yellow].

MS. MORLEDGE said that Section 77 is on page 82.

MS. MORLEDGE reviewed Section 78 and 79 [highlighted in yellow].

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)

She said that these sections add references to endorsements.

[1:46:09 PM](#)

MS. MORLEDGE turned to page [15] of the sectional analysis for SB 52. She reviewed Section 80 [highlighted in green] and Section 81 [highlighted in magenta].

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)

MS. MORLEDGE said these sections allow employees and contractors to be on licensed premises outside of allowed serving hours to conduct other business, such as maintenance, provided they are not consuming or serving alcohol. It adds a penalty for that conduct. She referred to Chapter 16, Regulation of Sales and Distribution; Prohibited Acts.

[1:46:32 PM](#)

MS. MORLEDGE reviewed Section 82 [highlighted in green] and Section 83 [highlighted in magenta].

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)

MS. MORLEDGE said this section allows free samples with the manufacturer or package store sampling endorsement. It also adds a penalty for violating this section.

[1:46:58 PM](#)

MS. MORLEDGE reviewed Section 84 [highlighted in magenta].

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)

MS. MORLEDGE said this is a new section that strengthens trade practices, consistent with federal law regarding prohibited trade practices between manufacturers, wholesalers, and retailers. It requires the board to establish administrative penalties in regard to the three-tier system.

[1:47:19 PM](#)

CHAIR REINBOLD asked whether this would apply to in-store sampling or private wine tasting events.

MS. BRAWLEY explained that it would apply to events inside the store. In response to Senator Reinbold, she explained that in-store sampling is common in many other places but is not currently allowed in stores in Alaska. Either the store would offer samples or a third-party would do so.

[1:48:23 PM](#)

SENATOR BISHOP asked whether she was referring to package stores.

MS. BRAWLEY answered yes; it would specifically relate to package stores.

[1:48:46 PM](#)

MS. MORLEDGE reviewed Section 85 [highlighted in magenta].

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)

She said this section sets a \$100 fine for solicitation of alcoholic beverages.

[1:49:02 PM](#)

MS. MORLEDGE reviewed Section 86 [highlighted in green].

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)

She explained that this was a new section that prohibits online sales of alcohol to Alaska customers unless they have a winery direct shipment license or a package store license.

[1:49:15 PM](#)

CHAIR REINBOLD asked whether the fine for purchase of alcoholic beverages on behalf of another, such as a minor, was only \$100.

MS. MORLEDGE answered yes; the fine would be \$100.

SENATOR MICCICHE added that some people have identification that restricts them from purchasing alcohol, so it could apply to people purchasing alcohol for those who are not allowed to purchase alcohol.

CHAIR REINBOLD asked why the fine was set so low.

MS. BRAWLEY clarified that this section refers to purchasing alcohol for another adult. Purchasing alcohol for minors is covered under another section. She related her understanding that this also would involve the "barfly" sitting at the bar and soliciting people to buy drinks for them to increase sales.

[1:50:45 PM](#)

SENATOR MICCICHE pointed out that members will see how the pieces line up and make sense during the presentation.

CHAIR REINBOLD offered her belief that the technical details were important so members can watch for them during the presentation, which would be more of a broad overview.

[1:51:28 PM](#)

MS. MORLEDGE agreed it was confusing to go through the bill in a linear fashion. She again reviewed Section 86.

She reviewed Section 87 [highlighted in magenta].

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.

She said that this adds cross references to other penalty sections.

[1:52:12 PM](#)

MS. MORLEDGE reviewed Section 88 [highlighted in magenta].

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)

She said that this provision adds an administrative penalty for overserving a drunken person and a misdemeanor penalty for a licensee who knowingly allows it.

[1:52:29 PM](#)

MS. MORLEDGE reviewed Sections 89-90 [highlighted in yellow].

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)

She explained that this updates the local option.

[1:52:40 PM](#)

SENATOR BISHOP asked the sponsor whether Section 89 was existing law.

SENATOR MICCICHE deferred to Ms. Brawley and made a general comment on the section. A general concept throughout the bill is to create greater personal responsibility. Currently, the server is the only one charged but this bill increases the accountability for the licensee as well.

[1:53:35 PM](#)

SENATOR BISHOP questioned whether this wasn't overreach because everyone has sugar, a can of fruit juice and yeast in their cupboard.

MS. BRAWLEY said that this was existing law that is specific to local option areas. In those areas, people are not allowed to home brew. She related her understanding that law enforcement did not intend to arrest a grandmother who has likes to bake and has yeast. Their intent is to build a case when someone has already flushed illegally produced alcohol down the drain but there are clearly other ingredients present. This would relate to all five local option areas and clarify existing law.

[1:54:56 PM](#)

CHAIR REINBOLD asked for further clarification on the legality of home brewing.

MS. BRAWLEY answered that this provision is specific to local option areas, which are the dry communities that have decided to restrict all alcohol licenses or to restrict possession of alcohol. This law would not apply to all communities.

CHAIR REINBOLD related her understanding that this would apply to dry communities and not to Anchorage.

MS. BRAWLEY answered yes. She said that home brew is allowed in areas that have not adopted a local option.

CHAIR REINBOLD asked how the server would know if someone was drunk and that it was not the responsibility of the person consuming. She thought it was a lot of responsibility for the server.

SENATOR MICCICHE responded that the current law does not allow servers to serve a drunken person, which applies to every licensee. Often times the server will turn the other way. The licensee is the place where the buck stops. This would enable law enforcement to address an establishment that has frequent incidents of serving drunken customers.

[1:56:50 PM](#)

MS. MORLEDGE reviewed Sections 91-93 [highlighted in magenta].

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

She explained these provisions add references to existing penalties in AS 04.16.160.

[1:57:17 PM](#)

MS. MORLEDGE reviewed Sections 94-97 [highlighted in yellow] on page 16 of the sectional analysis of SB 52.

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)

She said that these provisions address minors on licensed premises, adding references to endorsements, adding license types, and clarifying that minors can be on licensed premises of common carrier dispensaries as long as they are not served or do not consume alcohol.

[1:57:43 PM](#)

MS. MORLEDGE reviewed Sections 98 [highlighted in magenta] and Section 99 [highlighted in yellow].

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)

She said that these provisions maintain the existing penalties for an adult furnishing a minor and reorganizes this section.

MS. MORLEDGE reviewed Section 100 [highlighted in magenta].

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)

She said that this provision adds penalties for furnishing alcoholic beverages to minors under the age of 21. It adds a penalty if the licensee knowingly allows it.

[1:58:09 PM](#)

CHAIR REINBOLD asked whether the penalty in Section 98 and Section 99 would be a class C felony.

MS. BRAWLEY answered that the base penalty for an adult furnishing a minor would be a class A misdemeanor, but it can be bumped up to class C felony in some instances, such as repetitive violations in the past five years, if it occurred in a local option area, or if the minor causes serious injury or

damage. In that instance the adult would ultimately be held liable.

[1:58:53 PM](#)

CHAIR REINBOLD said that she thinks this is important to address. She recalled a recent case in which an adult furnished alcohol to a minor.

[1:59:12 PM](#)

MS. MORLEDGE reviewed Sections 101 and 102.

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)

She said that these sections clarify and maintain existing law related to renting a room for the purpose of providing alcoholic beverages to a person under 21 years of age and permitting a minor to illegally possess liquor in a dwelling.

[1:59:35 PM](#)

MS. MORLEDGE reviewed Section 103 [highlighted in green] and Section 104 [highlighted in magenta] on page 17 of the sectional analysis of SB 52.

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)

She said that this would reorganize the sections on minors purchasing or attempting to purchase alcohol. It would add a \$500 penalty for youth and adults. It would provide an opportunity for youth to reduce this fine to \$50 if they complete an alcohol safety action program, which is similar to minor consuming or minor on premises.

[2:00:08 PM](#)

MS. MORLEDGE reviewed Sections 105 [highlighted in yellow] and Section 106 [highlighted in magenta].

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)

She said that these sections clarify that alcohol cannot be sold at school events if the event is expected to attract minors. A penalty is defined.

MS. MORLEDGE reviewed Sections 107 [not highlighted], and Sections 108-110 [highlighted in magenta].

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)

She said that these provisions establish penalties pertaining to the prohibition of bottle clubs and the sale of certain alcoholic beverages.

[2:00:27 PM](#)

MS. MORLEDGE reviewed Sections 111-113 [highlighted in magenta].

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)

She said that this reorganizes sections related to transporting alcoholic beverages to local option areas and defines penalties.

[2:00:46 PM](#)

MS. MORLEDGE reviewed Sections 114-119 and Sections 121, 122 [highlighted in magenta].

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 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)

She said that these provisions define penalties for violations of these sections.

[2:01:00 PM](#)

MS. MORLEDGE reviewed Section 120 [highlighted in yellow].

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)

She said that Section 120 rennumbers license types.

[2:01:07 PM](#)

MS. MORLEDGE reviewed Sections 121-122 [highlighted in magenta].

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)

She said that these sections define penalties for restrictions on the purchase and sale of alcoholic beverages and furnishing alcoholic beverages in aid of gambling.

[2:01:18 PM](#)

CHAIR REINBOLD asked what types of gambling operations are found in Alaska.

MS. BRAWLEY clarified that this pertains to an illegal gambling operation providing alcohol.

[2:01:51 PM](#)

MS. MORLEDGE reviewed Section 123-125 [highlighted in magenta].

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)

She said these sections add cross references to administrative penalties for overserving, serving a minor, and allowing for mitigating circumstances if the licensee demonstrates that they have been a responsible operator.

[2:02:21 PM](#)

MS. MORLEDGE reviewed Sections 126-129 [highlighted in yellow].

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

[2:02:43 PM](#)

MS. MORLEDGE referred to Chapter 21, General Provisions. She reviewed Section 130 [highlighted in green] on page 18 of the sectional analysis of SB 52.

Section 130: Keg registration. Adds a new section 04.21.012 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)

She said that this section adds keg registration as a statewide requirement.

MS. BRAWLEY said that this was one of the important ways to reduce underage drinking by holding adults accountable. She said that this is current law in Anchorage and Juneau.

[2:03:23 PM](#)

MS. MORLEDGE reviewed Sections 131-132 [highlighted in yellow].

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)

She clarified that the text shows the highlighting in green, but it should be yellow because it pertains to existing law.

[2:03:46 PM](#)

MS. MORLEDGE reviewed Section 133-135 [highlighted in yellow] and Section 136 [highlighted in magenta].

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)

She said that these provisions address alcohol server education, requiring servers at permitted events to have identification cards, and requiring all licensees serving the public to have server education. It provides a penalty for failure to comply.

[2:04:02 PM](#)

MS. MORLEDGE reviewed Section 137 and 139 [highlighted in yellow].

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 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)

MS. MORLEDGE referred to Section 138 [highlighted in magenta].

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)

She said this provision sets the penalty at a violation.

[2:04:20 PM](#)

MS. MORLEDGE reviewed Section 140 [highlighted in magenta].

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)

She said that this section sets the default penalty for minor offenses in this title at a \$250 fine and directs the court to set a bail schedule.

[2:04:32 PM](#)

MS. MORLEDGE reviewed Section 141 [highlighted in yellow].

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)

She said that this section adds references to minor purchasing or attempting to purchase as an offense that is not published on CourtView for minors.

[2:04:55 PM](#)

CHAIR REINBOLD asked for the reason.

SENATOR MICCICHE answered that this law passed [in Senate Bill 165]. The idea was to reduce the record for underage drinking. For example, a person could be at a high school party and not be drinking, but the police officer might arrest everyone for minor consuming, and it could be on their record forever. A student with a 4.0 grade average could apply to a competitive college and be declined due to the minor consuming record. This was addressed by setting the violation at a higher amount but allowing it to be reduced to \$50 if the person attended an alcohol counseling class.

[2:05:59 PM](#)

CHAIR REINBOLD asked whether the minor would still receive a violation.

SENATOR MICCICHE answered yes.

[2:06:18 PM](#)

SENATOR BIRCH related his understanding that if someone was not consuming but gave minors who were consuming a ride home the driver would not be charged. He thought it was to encourage sober kids to give rides. He said it might have been something the Municipality of Anchorage was doing.

SENATOR MICCICHE answered that it was not part of this bill. He said he could research it. In response to Senator Reinbold, he confirmed that he sponsored Senate Bill 165 in 2016.

[2:07:24 PM](#)

MS. MORLEDGE reviewed Sections 142-143 [highlighted in yellow] and Section 144 [highlighted in green].

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)

She said that Sections 142 and 143 were existing definitions and Section 144 contained new definitions.

[2:07:51 PM](#)

SENATOR BISHOP asked for the alcohol content for kombucha.

MS. BRAWLEY responded that federal law and state law regulate alcoholic beverages containing .5 alcohol by volume. Kombucha tends to be below that so this bill would contemplate that if someone wanted to make higher potency kombucha, the person would need to obtain a brewer's license. She related her understanding that current producers of kombucha stay below that limit because they do not intend to produce an alcoholic beverage.

[2:08:42 PM](#)

MS. MORLEDGE reviewed Sections 145-154 [highlighted in yellow].

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)

She said that these sections relate to renumbering license types and cross references.

[2:08:59 PM](#)

MS. MORLEDGE reviewed Section 155 [highlighted in green].

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)

She said that this section allows the Department of Revenue to collect alcoholic beverage excise taxes from out-of-state sellers with a winery direct shipment license.

[2:09:09 PM](#)

MS. MORLEDGE reviewed Sections 156-157 [highlighted in yellow].

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)

She said these sections address renumbering of license types.

[2:09:17 PM](#)

CHAIR REINBOLD asked for further clarification on Section 155. She said it was an important concept.

SENATOR MICCICHE answered that this would allow the department to collect the same tax that people would pay in Alaska. This

would support local businesses who sell wine and can currently be undercut. This would also provide a record of who would have a license to sell in Alaska so a minor or someone in a dry community cannot order online.

[2:10:11 PM](#)

MS. MORLEDGE reviewed Section 158.

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)

She said that this would address court rules for minor purchasing or attempting to purchase alcohol.

[2:10:27 PM](#)

MS. MORLEDGE reviewed Sections 159-162.

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)

She said that these sections address repeals, including sunset provisions and transition provisions.

MS. MORLEDGE reviewed Sections 163.

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

She said that changes to penalties are not retroactive.

MS. MORLEDGE reviewed Sections 164-167 [not highlighted].

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.

She said that SB 164-167 provide transition language.

[2:10:57 PM](#)

MS. MORLEDGE reviewed Sections 168-170.

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

She said that these sections provide for an immediate effective date for some sections, but most have an effective date of January 1, 2021.

[2:11:42 PM](#)

CHAIR REINBOLD opened public testimony on SB 52.

[2:11:54 PM](#)

KAYLA GREEN, representing herself, Eagle River, Alaska, spoke about how important SB 52 was for her community. She said that growing up in Chugiak and Eagle River made her aware of how easy it is for youth to obtain alcohol. She said that penalties and

youth access to alcohol need to be looked at because it simply cannot continue to happen.

CHAIR REINBOLD said she appreciated Ms. Green's email. She said that the community had a sad incident where a drunk driver hit two youth on the sidewalk and seriously injured them.

[2:13:08 PM](#)

ROBIN MINARD, Chief Communication, Mat-Su Health Foundation, Wasilla, spoke in support of SB 52. She said that they share ownership in Mat-Su Regional Medical Center and invest the profits from that partnership into the community to improve the health and wellness of Alaskans in the Mat-Su area. The foundation is also a founding member of Recover Alaska, which is a funding collaborative that seeks to reduce the harm caused by alcohol across the state. The Mat-Su Health Foundation and its community partners conducted a community health needs assessment, which included data analysis and public polling in 24 community forums. She said that alcohol and substance abuse is the number one health issue in the Mat-Su valley. Mat-Su local police captains consistently identify the number one substance abuse problem as alcohol, and it is a factor in many domestic violence and child maltreatment crimes. The number-one reason to visit the hospital emergency room for behavioral health needs is alcohol-related disorders.

She said that the foundation supports the multi-year effort of the stakeholder group that led to the rewrite of the outdated statutes in Title 04. This bill would benefit organizations and individuals affected by alcohol, including provisions designed to help eliminate underage drinking. She urged members to pass SB 52.

[2:15:10 PM](#)

CHAIR REINBOLD advised testifiers that they could submit written testimony to senate.labor.and.commerce@akleg.gov.

[2:15:33 PM](#)

BRIAN OLSON, Co-Owner, Alaska Berries, Soldotna, said that he and his wife own a small winery. He expressed concern with several aspects of the bill that would adversely affect his family's winery, including the winery license fee. Currently, biennial fees are \$500 plus a \$200 filing fee, but under the bill, his winery would be subject to a 480 percent increase. He suggested that the fees should be raised to \$1,500.

He said that currently, the winery is allowed to sell up to five gallons of wine, or approximately two cases or one keg per customer. Under the bill, it would be reduced to one. Alaska Berries was the first and only winery in Alaska certified by the Department of Natural Resources (DNR) as Alaska Grown. Some Alaskans make an annual trip to their winery specifically to stock up and these limits would be onerous.

MR. OLSON spoke in opposition to endorsements, including the \$200 proposed fee for a sampling endorsement without allowing advertising or charging customers a small fee. They currently pay for one license. Creating multiple permits and licenses would only create more work for the Alcoholic Beverage Control Board (ABC Board) and would attempt to fix a non-existent problem. Currently, the winery is not prohibited from advertising their winery sampling and tasting room, he said.

He said he has discussed online sales with Ms. Brawley. The proposed change would prohibit online sales without an additional endorsement or fee. Alaska Berries is a self-distributor, which is beneficial to a small family winery. There are currently four active wineries in Alaska. He would like to see a level playing field so they can compete with online wine sales. He referred to a letter in members' packets that highlighted six issues and his concerns about the effect of the proposed changes in SB 52.

CHAIR REINBOLD offered to read his letter and hold committee discussions.

[2:21:14 PM](#)

CHRYSTAL SCHOENROCK, Owner, 4 Lands Bar & Liquor, Nikiski, testified in opposition to SB 52 because it would add unnecessary regulation and increase business costs to industry. She asked whether this bill would increase fees for bar licenses.

CHAIR REINBOLD asked her to submit questions to the sponsor sen.peter.micciche@akleg.gov, or to the committee at senate.labor.and.commerce@akleg.gov.

MS. SCHOENROCK said that the state has enough laws on the books for the liquor industry. She said that the state does not need to complicate it. She expressed concern that it could affect her business, which has been adversely impacted by people leaving the state and job reductions.

[2:22:46 PM](#)

STEPHANIE QUEEN, City Manager, City of Soldotna, Soldotna, spoke in support of SB 52. She said that she joined the stakeholder group about three years ago after speaking to local business owners who were affected by the current population limits for liquor licenses. She explained that she approached the stakeholder group with ideas to add flexibility within the system while still keeping with the broader goals of limiting access to youth, limiting the total number of licensees, and maintaining fairness within the industry.

She offered her belief that several important improvements in the bill really get to the heart of these issues in her community. In the Kenai Peninsula Borough, one-third of the population is located in five incorporated cities within the borough. The majority of the population falls outside these cities. Currently, a package liquor store license or beverage dispensary license that is available outside of the cities could be bought or transferred, so long as they are located outside the cities. The proposed change to allow existing licenses to move from a borough to a city would not impact the overall number of licensees, but it would give owners the flexibility to relocate.

She said that the second change would allow additional beer and wine licenses for restaurants, which are currently limited by population. She said that businesses in her region serve a much bigger area. Current statutes allow applicants to petition for a public convenience license by obtaining signatures. However, from her perspective and from the Alcohol & Marijuana Control Office's (AMCO) perspective, this process is arduous, she said. SB 52 would provide a new mechanism supported by the stakeholder group that would allow a local elected government body to petition the ABC Board with justification on whether the additional licenses were appropriate. She offered her belief that this was important for economic development in the area. She said she hoped that SB 52 would pass this year.

[2:26:21 PM](#)

KATIE BALDWIN-JOHNSON, Senior Program Coordinator, Alaska Mental Health Trust Authority, Anchorage, spoke in support of SB 52. She read from the following prepared testimony:

The Mental Health Trust Authority (MHTA) exists to improve the lives of beneficiaries, including a broad group of Alaskans with mental illness, developmental disabilities, Alzheimer's disease and related

dementia, traumatic brain injuries, and Alaskans with chronic alcohol or drug addiction. The MHTA has been an active partner over the years of the Title 4 reform effort, with many partners representing the industry and public health and safety.

The MHTA is committed to this bill because it sees many public health benefits that directly impact the health and wellness of all Alaskans, and more specifically for beneficiaries of the Mental Health Trust.

Alcohol abuse and overconsumption is costly to Alaska. The 2017 McDowell report commissioned by the trust outlines those impacts. Title 4 is outdated and does not create a clear and consistent framework for alcohol regulation.

The MHTA engaged in Title 4 reform early, recognizing that improving the statutes will have a positive impact on public health through changes currently included in SB 52. Controlling and limiting access to alcohol and controlling alcohol sales, which prevents youth from ordering online as well as dry communities are also included in this bill and are examples of positive public health impacts.

The MHTA sees value in making Alaska's alcohol laws a clear framework that is easier to understand, comply, and enforce. This bill creates a rational regulatory structure for the state's licensing system. It would limit youth access to alcohol and promotes responsible alcohol use balanced with public health and business opportunities.

As a committed partner in this effort, the MHTA respectfully recognizes the level of compromise and partnership that has been put into this legislation and the hundreds of hours and many years of effort bringing stakeholders to this point.

Title 04 needs to be modernized and SB 52 is the vehicle that provides this clear framework. The legislation before members represents the very thoughtful, careful development of how to do this. It was developed with transparency and opportunity to

contribute to the final recommendations that are included in this bill.

SB 52 has garnered unprecedented support of public health, public safety, and industry. She urged members to support SB 52.

2:29:15 PM

SHAWN WILLIAMS, Assistant Commissioner, Department of Commerce, Anchorage, said the department would like to ensure that this bill does not increase the regulatory burden on alcohol licensees. He expressed concern that the investigative arm of the Alcohol & Marijuana Control Office may overreach at times. The department suggests prorating new liquor licenses, he said.

CHAIR REINBOLD asked him to submit the department's concerns in writing.

2:31:20 PM

BOB KLEIN, Chair, Alcoholic Beverage Control Board (ABC Board), Alcohol & Marijuana Control Office, Department of Commerce, Community and Economic Development (DCCED), Anchorage, echoed previous testifiers, stating that this bill was the result of years of work by the stakeholders. He credited Ellen Ganley, CEO & Principal Consultant, Information Insights in May 2012 with taking the approach of having a group of stakeholders work together to address the issues. These stakeholders have volunteered thousands of hours to work on this bill. He thanked Senator Micciche and his staff for their support and effort.

MR. KLEIN spoke in support of SB 52. He stated that Title 4 was adopted in the 1980s, but since then the ABC Board has seen significant changes in the industry. The board has had to make accommodations, but the statutes have not kept pace.

He said the board sets population limits and determines the number of licenses. However, the board has not taken into account changes in Alaska, such as the significant increase in population in the Wasilla area. The board has considered a number of things, including the effect on population from tourism, such as when several cruise ships are in port. In closing, he said the board highly recommends the legislature pass SB 52.

CHAIR REINBOLD advised him that a letter [dated February 18, 2019] was in members' packets.

[2:34:44 PM](#)

ERIKA MCCONNELL, Director, Alcohol & Marijuana Control Office (AMCO), Department of Commerce, Community and Economic Development, Anchorage, voiced support for SB 52.

[2:35:08 PM](#)

SENATOR COSTELLO asked about liquor licenses in transition due to changes in restaurant ownership. She requested a list of licenses not decided upon and for an estimate of the processing time.

MS. MCCONNELL agreed to provide the information.

[2:35:45 PM](#)

DICK ROSSTON, General Counsel, Alyeska Resort, Anchorage, stated that SB 52 would update Title 4. He indicated that he was one of the initial people working on this bill.

He summarized that SB 52 would update Title 4, level the playing field, promote a fair business climate, and protect public health and safety. Further, it would help limit youth access to alcohol, reducing harm of overconsumption.

In terms of the industry, he offered his belief that the bill would bring Alaska's statutes in line with other states. He cited the provision to allow sampling as an example. He said it would be easier for licensees to understand and comply with the laws. It would also address many issues that the ABC Board has struggled with due to ambiguities in current law. He said that the Alyeska Resort supports the overall bill. He urged members to pass it.

[2:37:38 PM](#)

LORA NORTON-CRUZ, Director, Resilience Initiative Program, Alaska Children's Trust, Anchorage, said that she works at the Alaska Children's Trust, a lead statewide organization focused on the prevention of child abuse and neglect. She said that children are Alaska's most precious resource and their wellbeing affects all aspects of Alaskan life. Many of the state's children suffer due to the impacts of alcohol. Alaska has one of the highest rates per capita of child abuse and neglect in the nation. Each year, the Office of Children's Services in the Department of Health and Social Services has between 2,000 and 3,000 substantiated cases of child abuse and neglect. Approximately 80 percent of these cases involve alcohol or other substances. In addition, over 20 percent of adolescents in grades 9-12 reported drinking in the last 30 days. When youth

have access to alcohol, either through adults supplying alcohol or through internet alcohol sales, it increases the risk of addiction later in life.

She said that SB 52 is a strong step forward to help Alaska address and change these trends. The changes to Title 4 provide practical solutions for some of Alaska's longstanding problems related to alcohol and ensure a well-regulated industry. This bill would benefit youth by expanding the reforms enacted in Senate Bill 165 in 2016. It would help prevent youth access to alcohol while not criminalizing youth for one mistake. It incentivizes youth to seek alcohol education treatment or community-based justice. It also holds adults who supply alcohol to youth accountable. She urged members to move the bill forward to help ensure that alcohol does not continue to have the devastating impact on Alaska's children.

2:40:14 PM

SARAH OATES, President and CEO, Alaska Cabaret, Hotel, Restaurant and Retailers Association (CHARR), Anchorage, said that she recently became CEO of CHARR. She formerly worked for seven years for the Alcohol & Marijuana Control Office (AMCO), most recently as the program coordinator. She said thousands of hours have gone into the effort to rewrite Title 4. She spent several thousand hours on this project, bringing a unique regulatory perspective and subject matter expertise. She said that Alaska CHARR is supportive of the necessary and comprehensive Title 4 reform.

As a regulator she understood the difficulties of trying to enforce and interpret the existing outdated and confusing statutes. The state needs a comprehensive overhaul to help the industry understand its obligations. She said that this is the third bill to come before the legislature in the last five years. Contentious issues were largely between retailers and manufacturers. The three-tier system of manufacturers, wholesalers, and retailers has changed. The retailers have historically supported giving manufacturers more privileges than allowed since the end of prohibition. New manufacturers use business models that sell direct to the public and do not go through the wholesale or retail tiers. Contentious issues have arisen within the industry by those who want to curb manufacturers' practices, while the manufacturers wanted to embrace the new climate and expand their privileges. These conflicts created obstacles for passage of previous comprehensive bills that were whittled down and passed.

She said that she worked with breweries to identify contentious issues. She offered to send a four-page summary that recommends changes to remove the contentious issues yet retain the provisions in SB 52 that would benefit public health and safety and the industry as a whole. Alaska CHARR does not support SB 52 in its current form, she said.

[2:46:03 PM](#)

LEE ELLIS, President, Brewers Guild of Alaska, Juneau, spoke in support of SB 52. First, it would streamline the licensing process, including adding endorsements. Second, it would level the playing field so brewers can compete with out-of-state and international breweries. These changes are relevant to changes in the industry in the Lower 48 and internationally. Third, it would allow breweries to expand their businesses by removing caps for licensees that have a brewery license and a beverage dispensary license. Although these changes will not favorably impact his business, it is important to create a level playing field for all breweries. When all manufacturers compete, it provides the best products for consumers. The craft industry is a consumer driven industry and this bill does not give brewers many new privileges, so it is not "a win" for them. He characterized this bill as equitable and fair. It maintains the integrity of the three-tier system, he said.

[2:48:10 PM](#)

EVAN WOOD, Co-Owner, Devils Club Brewing Company, Juneau, said that he is one of the founders and owners of Devils Club Brewing Company. Their business has been open less than a year, so they have not participated in the thousands of hours of work that led to SB 52. However, he offered his belief that this is a clear compromise between all the sectors. He spoke in support of SB 52. It does not help his business, but one of the main barriers of entry that they experienced in their hometown was to try to navigate the statutory provisions in Title 4. It took them months to evaluate and determine what they were and were not able to do. SB 52 would remove barriers by clearly defining allowable activities for each license type and streamline the process. These things will be good for the state as a whole and add necessary enforcement. He spoke in support of SB 52.

[2:49:32 PM](#)

MS. BRAWLEY began a PowerPoint on the Alcoholic Beverage Control (ABC) Board, Title 4 Review Project; Overview of Senate Bill 52. She offered to breeze through things that were previously covered. She skipped slide 2, "Goals of Title 4 Review Process," which read.

Promote a fair business climate and protect public health and safety.

1. Create rational regulation for all tiers of the state's alcohol industry.
2. Limit youth access to alcohol, while ensuring youth are not criminalized
3. Promote responsible alcohol use and reduce the harms of overconsumption.

Make Title 4 a clear and consistent legal framework.

1. Increase swiftness, proportionality and consistency of penalties.
2. Increase local law enforcement of Title 4.
3. Increase licensee accountability before the ABC Board for Title 4 violations.

MS. BRAWLEY reviewed slide 3, "Diverse Stakeholders."

Diverse Stakeholders included

- ABC Board, AMCO (staff) • Public Safety and Law Enforcement
- Industry - Manufacturers - Wholesalers - Retailers
- Public Health - Recover Alaska - Department of Health and Social Services - Alaska Mental Health Trust Authority - Rasmuson Foundation
- Community Advocates
- Local Governments

She referred members to the report that was provided to the legislature that includes the history, recommendations, and lists the hundreds of stakeholders that have been involved.

[2:50:18 PM](#)

MS. BRAWLEY reviewed slide 4, "Alaska's Liquor License System: Proposed Changes."

Alaska's license system is based on the 3-tier system of alcohol regulation: separate entities, manufacture, distribute, and sell alcohol to the public.

She referred to the three-tier system that defines a manufacturing tier, a wholesale tier and a retail tier. One of SB 52's recommendations would be to reorganize the licenses in statutes and ensure the language is consistent and clear. She said this graphic was on slides 4-6.

2:51:09 PM

MS. BRAWLEY reviewed slide 5, "Alaska's Liquor License System: Proposed Changes." She said the graphic illustrates the "big-picture" of the proposed licensing system, including endorsements for each license and license types being added to statute.

SENATOR BISHOP asked whether the common carrier shown on slide 5 refers to the out-of-state wine shipments.

MS. BRAWLEY answered that it relates to common carrier dispensary, such as Alaska Airlines serving alcohol on their vessels, but it does not refer to common carrier as it relates to shipment. It would not require a separate license, she said.

2:51:53 PM

MS. BRAWLEY reviewed slide 6, "Alaska's Liquor License System: Proposed Changes." She explained that this bill proposes repealing some types of licenses and replacing them with other existing license types. Provisions in the bill would allow for that conversion. She said that this slide intends to show the endorsements and expanded activities and/or premises to fit the business model.

MS. BRAWLEY reviewed slide 7, "Proposed: Manufacturer & Retail Licenses." This slide graphically depicted the types of licenses. The text read:

Manufacturer licenses allow production only and are not subject to population limits.

Retail licenses are specific to each product type and allow limited sales for onsite and offsite consumption. Retail licenses are subject to population limits.

A retail license must be connected to the correct type of manufacturer, license, and cannot be used on its own.

Section 10, 04.09.020 and .310, .320, .330. and .340.

She highlighted that the three-tier system separates manufacturing and retail activities. The proposal would split the brewery, winery, and distillery licenses so someone could opt to only produce and have a tasting room or to have a brewery

retail license. It would not change the rules for manufacturing, such as self-distribution that would allow them to sell to retailers rather than to use a wholesaler.

[2:52:48 PM](#)

MS. BRAWLEY reviewed slide 8, "Proposed: More Retail Options for Manufacturers."

Product-specific Manufacturer Retail License

- Same as existing retail operations for Breweries
- Limited sales volume
- Limited hours

Manufacturer Sampling Endorsement for small free samples

Obtain existing retail licenses

Operated a regular retail license, with no production or sales limit

BDL, REPL, Package store

The Brewery license used as an example.

Section 10, 04.09.321, .320; Sections 55-57, 04.11.450

This slide helps to illustrate the options manufacturers would have. For example, a brewery could opt to get a tasting room license as they do today, obtain a restaurant license, or a package store, which is not currently allowed except for brewpubs. The bill would give more options without undermining the underlying three-tier system. A location could be a manufacturing site and provide free samples, she said.

[2:53:22 PM](#)

MS. BRAWLEY reviewed slide 9, "Proposed: Limited Free Samples by Manufacturers."

- Small free samples can be provided to the public, with a Manufacturer Sampling Endorsement
- Ounce limits are defined by product type, and roughly correspond to alcohol by volume (ABV)
- A retail license is not required for sampling but is required for any product sales to the public.

Section 10, 04.09.410

She said that samples can currently be offered but there are no set limits in statute, so it was not currently being regulated. This would allow manufacturers to opt into the system. The proposed limits would depend on alcohol content. For example, cider tends to have less alcohol content than wine.

[2:53:50 PM](#)

CHAIR REINBOLD asked whether this was one of the contentious issues that was raised during deliberations on Senate Bill 76 in the last legislature.

SENATOR MICCICHE answered no. He stated that this bill does not increase what breweries can serve, but some parties would like to limit what their competition can serve. He said he would not support that restriction. He favors the free market.

CHAIR REINBOLD recalled that the conflict was a result of the bars versus the manufacturers, which was an important issue the committee would address.

SENATOR MICCICHE answered that some issues exist between some CHARR members versus brewers rather than bars versus the distilleries or breweries. He said that he supports a healthy discussion, but he would not regulate the free market out of business with this bill.

[2:55:08 PM](#)

MS. BRAWLEY reviewed slide 10, "Proposed: Manufacturer Sales Limits by Product Type. Section 10, 04.09.310, .320, .330." This slide depicts the daily limits of retail brewery, winery, and distilleries for onsite and offsite sales.

She said that these limits generally represent the current limits. The theory is to allow higher sales depending on the alcohol content, consistent with current law.

[2:55:41 PM](#)

MS. BRAWLEY reviewed slides 11 and 12, "Proposed: Endorsements on Licenses."

Slide 11:

Add endorsements to existing licenses, giving businesses more flexibility without creating more situation specific license types. Endorsements would allow sampling on premises, multiple bar rooms, deliveries by package stores, etc.

Slide 12:

Section 10, 04.09.400; endorsements defined in
04.09.410 - .520

Proposed Endorsements

- R-7A | Bowling Alley Endorsement
- R-7B | Package Store Shipping Endorsement
- R-7C | Package Store Delivery Endorsement
- R-7D | Package Store Re-Packaging Endorsement
- [M-2] Manufacturer Sampling Endorsement
- [R-1] Multiple Fixed Counter Endorsement
- [R-1] Hotel/Motel Endorsement
- [R-1] Large Resort Endorsement
- [R-3] Package Store Sampling Endorsement
- [M-1] Brewery Repackaging Endorsement

Section 10, 04.09.410 - .520

She said that this lists proposed endorsements. The codes shown on the left correspond to the recommendations in the Title 4 report. Most of the proposed endorsements refer to existing statutory language. For example, most of the package store endorsements exist in current law, she said.

[2:56:03 PM](#)

MS. BRAWLEY reviewed slide 13, "Proposed: Options for Multiple Bar (Beverage Dispensary) Locations.

- To operate two or more bar rooms in a beverage dispensary (BDL), a multiple fixed counter endorsement would be required. This would replace the duplicate license.
- Large establishments like hotels and resorts could have additional bar locations in separate buildings on the property.

Multiple Fixed Counter

- One room with fixed bar per additional endorsement.
- Must be on the same (connected) licensed premises

Hotel or Motel

- Can serve in multiple rooms, including banquet rooms
- Hotel rooms can be stocked with alcohol for purchase
- must be on same or adjacent property to main premises

Large Resort

- Can serve at multiple buildings within resort property
- Hotel rooms can be stocked with alcohol for purchase
- Property must be 10+ acres, offer outdoor recreation & lodging

She said that current law allows a duplicate license for a bar, which means the bar could obtain a second license. The board has struggled with what this means, whether it would be a second room in the same building or a license down the street. Alyeska Resort has multiple licenses associated with the complex. These provisions would give the board more clarity and would rename it to a "Multiple Fixed Counter Endorsement."

[2:57:21 PM](#)

MS. BRAWLEY reviewed slide 14, "Proposed Limited Free Samples for Package Stores."

In current Title 4, Package Stores cannot allow any consumption on premises

- The bill would allow small free samples, with a Package Store Sampling Endorsement
- Ounce limited defined as, "Any combination of products, not to exceed the alcohol equivalent of any single product type."
- Example: Customer A chooses 12 ounces of beer. Customer B choose 6 ounces of cider and 3 ounces of wine. Customer C chooses 2 ounces of wine, 2 ounces of sake, and 4 ounces of beer.

She said that sampling is popular in the Lower 48. Stakeholders wanted to solve issues without adding other ones. This provision gives businesses the ability to showcase the products they serve and to talk about their products, but it would provide limits. It would give the package store some options for different sized samples.

[2:57:56 PM](#)

SENATOR BIRCH asked whether package stores would include the neighborhood Costco stores.

MS. BRAWLEY answered yes.

[2:58:12 PM](#)

MS. BRAWLEY reviewed slide 15, "R-7 Standardize Permits."

Unlike licenses, permits are typically issued for single events, on or off licensed premises.

- Define all permit types in statute, not just in regulation
- Fee for all permits is \$50 per event day
- Most permits listed are already in statute or regulation
- New permit: Tasting Event Permit, allowing a Package Store or Manufacturer to host an event on premises, in partnership with a BDL

Section 10, 04.09.600; permits defined in 04.09.610-690

She explained that it would apply to anyone with a package store license.

[2:58:48 PM](#)

MS. BRAWLEY reviewed slide 16, "Proposed Permits."

- R-7F | Beverage Dispensary Caterer's Permit (AS 04.11.230; 3 AAC 304.685)
- R-7G | Restaurant Caterer's Dining Permit (3 AAC 304.680)
- R-7H | Club Caterer's Permit (3 AAC 304.690)
- R-7I | Nonprofit Event Permit (AS 04.11.240)
- R-7J | Art Exhibit Permit (3 AAC 304.697)
- R-7K | Alcoholic Beverage Auction Permit (3 AAC 304.699)
- R-7L | Inventory Resale Permit (Retail Stock Sale License, AS 04.11.200)
- R-7M | Tasting Event Permit (proposed)
Section 10, 04.09.600; permits defined in 04.09.610 - .690

She said that the bill would reorganize permits. Currently, most permits are defined in regulation. This provision clarifies that a permit is for a time limited event, but not for year-round use.

[2:58:52 PM](#)

MS. BRAWLEY reviewed slide 17, "Proposed: Package Store Tasting Event Permit."

- Allows a package store or manufacturer to host a special tasting event on its own premises, with onsite consumption of alcohol for those attending the event.

- The event may be in the store or another area of the property, such as a special event space.
- Licensees can only offer products in their inventory.

She explained that these events are typically three course dinners with a wine tasting at the package store. Protections for public health and safety include limited hours. Each license would be limited to six events per year in the same community as the license is located.

[2:59:21 PM](#)

CHAIR REINBOLD related her understanding that the tasting events and sampling are new provisions.

MS. BRAWLEY agreed.

[2:59:47 PM](#)

SENATOR MICCICHE said that he will work with Department of Commerce, Community and Economic Development (DCCED). SB 52 would reduce regulations and the legislature supports a safe, responsible, and well-operated industry through less regulation and expanded rights. He said this bill would place many current regulations in statute since it has been confusing working with the ABC Board. He acknowledged the issues testifiers raised and offered to work to provide a greater understanding of the changes in SB 52.

[SB 52 was held in committee.]

[3:00:53 PM](#)

CHAIR REINBOLD reviewed upcoming announcements.

[3:01:44 PM](#)

There being no further business to come before the committee, Chair Reinbold adjourned the Senate Labor and Commerce Standing Committee meeting at 3:01 p.m.