

S B

276

SENATE COMMITTEE REPORT

FURTHER

2/3/88

DATE TURNED INTO OFFICE 3/28/88

Mr. President:

Finance Committee considered SB 276

issuance of a brewery license

and recommended

replace with _____ CS SB 276 (Fin)) same title
 or adopt _____ CS _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

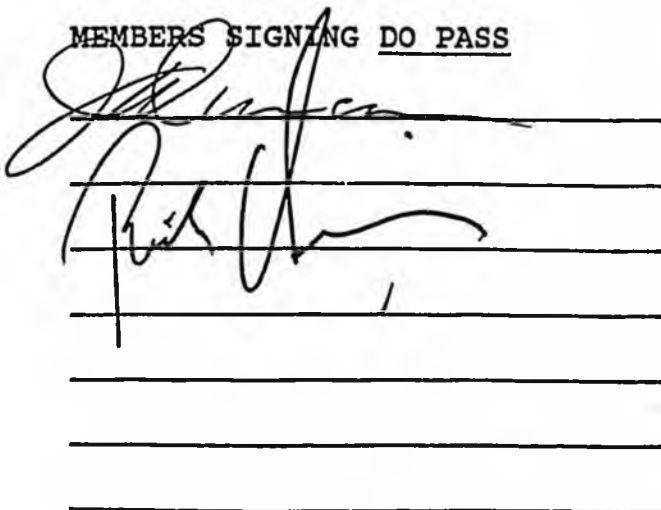
Committee attached or adopted fiscal note(s)

new updated or previous

zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS



W. Henry Noke

Rich Walden do pass
Chairman signature and recommendation

Committee Backup attached

Original sponsor: Fahrenkamp

1 IN THE SENATE

Finance
BY THE JUDICIARY COMMITTEE

2

CS FOR SENATE BILL NO. 276

Finance
(Judiciary)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to brewpub, brewery, and beverage
7 dispensary liquor licenses; and to prohibited finan-

8

cial interests in a licensed liquor business.

Insert #1

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

10 * Section 1. AS 04.11.080 is amended by adding a new paragraph to read:

11

(20) brewpub license.

12

* Sec. 2. AS 04.11.130(b) is amended to read:

13

(b) A brewery license authorizes the holder to sell beer in

14

quantities of more than five [WINE] gallons to persons licensed to

15

sell beer under this title, or in another state or country.

16

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

17

Sec. 04.11.135. BREWPUB LICENSE. (a) A brewpub license author-

18

izes the holder of a beverage dispensary license to

19

(1) manufacture on premises licensed under the beverage

20

dispensary license not more than 16,000 gallons of beer in a calendar

21

year; and

22

(2) sell beer manufactured on premises licensed under the

23

beverage dispensary license for consumption only on the licensed

24

premises.

25

(b) Except as provided under AS 04.11.360(12), the brewpub

26

license is not transferable, shall remain the property of the state,

27

and is not subject to any form of alienation.

28

(c) The annual brewpub license fee is \$250.

29

* Sec. 4. AS 04.11.360 is amended by adding a new paragraph to read:

1 (12) the license was issued under AS 04.11.135, unless the
2 transferor is also applying to transfer the beverage dispensary li-
3 cense required under AS 04.11.135 to the same transferee.

4 * Sec. 5. AS 04.11.450(b) is amended to read:

5 (b) A person who is a representative or owner of a wholesale
6 business, brewery, winery, bottling works, or distillery may not be
7 issued, solely or together with others, a beverage dispensary license
8 or package store license. A holder of a beverage dispensary license
9 may be issued a brewpub license, subject to the provisions of AS 04.-
10 11.135.

11 * Sec. 6. AS 04.11.450(c) is amended to read:

12 (c) In this section, "direct or indirect financial interest"
13 means holding a legal or equitable interest in the operation of a
14 business licensed under this title. However, credit extended by a
15 distiller, a brewery, or a winery to a wholesaler, or credit extended
16 by a wholesaler to persons licensed under this title, or a consulting
17 fee received from a person licensed under this title, is not consid-
18 *Insert #2* ered a financial interest in a business licensed under this title.

A M E N D M E N T

Offered in the SENATE

By Fahrenkamp

TO: CSSB 276 (Judiciary)

Insert # 1

Page 1, line ⁸9, after "business":

Insert "; and providing for an effective date"

Insert # 2

Page 2, after line 18:

Insert a new bill section to read:

"* Sec. 7. This Act takes effect immediately under AS 01.10.070(c)."

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Environmental Conservation
 Title: An Act relating to brewpub, brewery, and beverage dispensary liquor licenses;* BRU: Environmental Health
 Sponsor: Rettve Fahrenkamp Comments: Sanitation
 Requestor: Senate Finance

* and to prohibit financial interest in a licensed liquor business.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Passage of this legislation will not have a significant fiscal impact on the public facility inspection program.

Prepared by: Douglas C. Donegan Phone: 465-2609
 Division: Environmental Health Date: 2-22-88

Approved by Commissioner: Dennis D. Kelso *ADK/br* Date: 2/23/88
 Agency: Environmental Conservation

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: 2/19/88
Title: An Act Relating to Issuance of a Brewery License
Sponsor: Senator Fahrenkamp
Requestor: Senate Finance

Agency Affected: Revenue
BRU: Alcoholic Beverage Control Board
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: (Attach a separate page if necessary) Though the bill would establish a license fee of \$250.00 (and require a \$100.00 application fee) it is not possible to estimate its potential revenues. It should be noted that whatever revenues are generated from the new license fee 100% would be shared back to the communities within which the revenues are derived.

Prepared By: Royce Weller Phone: 465-2300
Division: Commissioner's Office Date: February 19, 1988

Approved by Commissioner: Hugh Malone Date: February 19, 1988
Agency: Department of Revenue

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

FEB 23 1988

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, LEGISLATIVE COUNCIL
CHAIRMAN, OIL AND GAS COMMITTEE
515 7TH AVENUE, SUITE 130
FAIRBANKS, ALASKA 99701
OFFICE (907) 452-4882
HOME (907) 456-2899



WHILE IN JUNEAU
PO. BOX V
JUNEAU, ALASKA 99811
CAPITOL ROOM 125
OFFICE (907) 465-3834
HOME (907) 780-6027

Senate

MEMORANDUM

TO: Senate Finance Committee

FROM: Senator Bettye Fahrenkamp

DATE: February 24, 1988

RE: CSSB 276 (JUD) An Act relating to the brewpub, brewery, and beverage dispensary liquor licenses; and to prohibited financial interests in a licensed liquor business.

Under current law, a person who has a brewery license may not receive, from the Alcohol Board of Control (ABC), a beverage dispensary license. There is no explicit prohibition for the opposite case in the statutes. However, lacking guidelines and explicit authorization, ABC will not issue a brewery license to persons already holding a beverage dispensary license.

However, there is an interest by holders of beverage dispensary licenses to be able to brew their own beer on the premises for sale to their patrons to be consumed on the premises only. This bill would create a new type of license to provide clear authority to the ABC and give them specific conditions under which they would be able to issue these new "brewpub" licenses.

If the bill passes, a new industry would be fostered in Alaska, i.e. brewpubs which are a growing trend in other states. A brewpub is the industry term for an establishment that consists of a bar and/or restaurant and a brewery.

The bill would also fix an ambiguity in the current statutes which unintentionally limits to whom a brewer can sell its products. It also makes a change in the section of the law dealing with prohibited financial interests to allow a brewer to receive a consulting fee from other license holders.

The CS has the support of the ABC and zero fiscal notes from the Departments of Revenue and Environmental Conservation. The ABC also supports an amendment to give the bill an immediate effective date.

Sectional Analysis

Section 1. AS 04.11.080 Types of Licenses and Permits

Amended to include brewpub license.

Section 2. AS 04.11.130(b) Brewery License

Deletes archaic language, i.e. changes "wine gallons" to "gallons". Amended to allow a brewer to sell beer to persons licensed to sell beer in other states and countries.

Section 3. AS 04.11.135 Brewpub License

Describes what is authorized under a brewpub license.

(a)(1) the manufacture of not more than 16,000 gallons (516 barrels or 1032 kegs) in a year. Must be brewed on the premises.

(a)(2) must be consumed on the premises.

(b) states that the brewpub license is not transferable except under the provisions of AS04.11.360(12) as amended under this bill.

(c) sets a annual fee of \$250.

Section 4. AS 04.11.360 Denial of Transfer of a license to another person.

Prohibits the transfer of a brewpub license unless it is being transferred with a beverage dispensary license.

Sections 5 and 6. AS 04.11.450 Prohibited Financial Interest

(b) Amended to authorize the holder of beverage dispensary license to obtain a brewpub license, subject to AS 04.11.135.

(c) Amends the definition of "direct or indirect financial interest" to exclude a consulting fee received from persons licensed under the alcohol beverage statutes. In this manner, the holder of a brewery license could assist the holder of a brewpub license in the start up of a brewpub, for example.

Provided by Senator Fahrenkamp's office 2/24/88

1 IN THE SENATE

BY FAHRENKAMP

2

SENATE BILL NO. 276

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to issuance of a brewery license."

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

8 * Section 1. AS 04.11.130 is amended by adding a new subsection to
9 read:

10 (e) If the holder of a brewery license is also the holder of a
11 beverage dispensary license

12 (1) beer may be sold in quantities of less than five wine
13 gallons on premises licensed under the beverage dispensary license;
14 and

15 (2) not more than 16,000 wine gallons of beer may be
16 manufactured in a calendar year.

17 * Sec. 2. AS 04.11.450(b) is amended to read:

18 (b) A person who is a representative or owner of a wholesale
19 business, brewery, winery, bottling works, or distillery may not be
20 issued, solely or together with others, a beverage dispensary license
21 or package store license. A holder of a beverage dispensary license
22 may be issued a brewery license, subject to the provisions of AS 04.-
23 11.130.

Original sponsor: Fahrenkamp

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 276 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to brewpub, brewery, and beverage
7 dispensary liquor licenses; and to prohibited finan-
8 cial interests in a licensed liquor business; and
9 providing for an effective date."

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

11 * Section 1. AS 04.11.080 is amended by adding a new paragraph to read:

12 (20) brewpub license.

13 * Sec. 2. AS 04.11.130(b) is amended to read:

14 (b) A brewery license authorizes the holder to sell beer in
15 quantities of more than five [WINE] gallons to persons licensed to
16 sell beer under this title, or in another state or country.

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

18 Sec. 04.11.135. BREWPUB LICENSE. (a) A brewpub license author-
19 izes the holder of a beverage dispensary license to

20 (1) manufacture on premises licensed under the beverage
21 dispensary license not more than 16,000 gallons of beer in a calendar
22 year; and

23 (2) sell beer manufactured on premises licensed under the
24 beverage dispensary license for consumption only on the licensed
25 premises.

26 (b) Except as provided under AS 04.11.360(12), the brewpub
27 license is not transferable, shall remain the property of the state,
28 and is not subject to any form of alienation.

29 (c) The annual brewpub license fee is \$250.

1 * Sec. 4. AS 04.11.360 is amended by adding a new paragraph to read:

2 (12) the license was issued under AS 04.11.135, unless the
3 transferor is also applying to transfer the beverage dispensary li-
4 cense required under AS 04.11.135 to the same transferee.

5 * Sec. 5. AS 04.11.450(b) is amended to read:

6 (b) A person who is a representative or owner of a wholesale
7 business, brewery, winery, bottling works, or distillery may not be
8 issued, solely or together with others, a beverage dispensary license
9 or package store license. A holder of a beverage dispensary license
10 may be issued a brewpub license, subject to the provisions of AS 04.-
11 11.135.

12 * Sec. 6. AS 04.11.450(c) is amended to read:

13 (c) In this section, "direct or indirect financial interest"
14 means holding a legal or equitable interest in the operation of a
15 business licensed under this title. However, credit extended by a
16 distiller, a brewery, or a winery to a wholesaler, or credit extended
17 by a wholesaler to persons licensed under this title, or a consulting
18 fee received from a person licensed under this title, is not consid-
19 ered a financial interest in a business licensed under this title.

20 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).
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2/25/88

Copies pulled from
Committee files and
replaced by updated
notes from department.

JKU

rec'd
2/21/88

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION SSB-276 (JUD)
PUBLISH DATE: 2/1/88

FISCAL NOTE

REQUEST:

Revision Date: -
Title: An Act relating to brewpub, brewery,
and beverage dispensary liquor licenses;*
Sponsor: Bette Fahrenkamp
Requestor: Jay Korttula

Agency Affected: Environmental Conservation
BRU: Environmental Health
Components: Sanitation

* and to prohibit financial interest in a
licensed liquor business

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Passage of this legislation will not have a significant fiscal impact
on the public facility inspection program.

Prepared by: Douglas C. Donegan Phone: 465-2609
Division: Environmental Health Date: 1/29/88

Approved by Commissioner: Dennis D. Kelso Date: February 2 1988
Agency: Environmental Conservation

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: 1/14/88
Title: An Act Relating to Issuance of a Brewery License
Sponsor: Sen. Fahrenkamp
Requestor: State Affairs

Agency Affected: Revenue
GRU: Alcoholic Beverage Control Board
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: (Attach a separate page if necessary) Though the bill would establish a license fee of \$250.00 (and require a \$100.00 application fee) it is not possible to estimate its potential revenues. It should be noted that whatever revenues are generated from the new license fee 100% would be shared back to the communities within which the revenues are derived.

Prepared By: Royce Weller Phone: 465-2300
Division: Commissioner's Office Date: January 14, 1988

Approved by Commissioner: Hugh Malone Date: January 14, 1988
Agency: Department of Revenue 1/27/88

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

notif of way 12-86
5/5/87

SENATE COMMITTEE REPORT

FURTHER: FINANCE

DATE TURNED INTO OFFICE _____

Mr. President:

JUDICIARY

Committee considered

SB 276

issuance of a brewery license.

and recommended:

replace with

or adopt

attached amendment(s) and

CS FOR

CS FOR

SB 276 (JUD)

same title

new title

and most of the committee members do pass

do pass

do not pass

no recommendation

~~do not~~ individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new

updated or

previous

zero

fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Joe Josephson

John F. Kelly

Charles Stangor

Kathleen

Chairman signature and recommendation

Committee Backup Attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 4.29.87 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: JUDICIARY
FINANCE

**FISCAL NOTE(S) ATTACHED 1 **
IN ACCORDANCE WITH AS 24.08.035
(see below)

4/23/87

DATE TURNED INTO OFFICE 3/5/87

Mr. President:

STATE AFFAIRS Committee considered SB 276

issuance of a brewery license.

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING TO PASS

OTHER RECOMMENDATIONS

Paul Chubb (NO PASS)
Gene P. Josephson

Paul Chubb
Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA

DEPARTMENT OF REVENUE

ALCOHOLIC BEVERAGE CONTROL BOARD

STEVE COWPER, GOVERNOR

550 W. 7TH AVE
ANCHORAGE, ALASKA 99501-6898

May 1, 1987

The Honorable Mitch Abood, Chairman
State Affairs Committee
Alaska State Senate
P.O. Box V
Juneau, AK 99811

Dear Senator Abood:

Your office called to let me know that your committee will consider SB 276 concerning brewery licenses on Monday, May 4.

Members of the Alcoholic Beverage Control Board have informally discussed micro breweries and their increasing popularity. The board believes the innovation would contribute to a new dimension of operation for licensees and, therefore, has no objection to the proposed amendments.

Thank you for notifying the board. If I can provide any additional information, please do not hesitate to let me know.

Sincerely,



Patrick L. Sharrock
Director
(907) 277-8638

PLS:cr

cc: Senator Bettye Fahrenkamp

87-91

SB 276 An Act relating to the issuance of a brewery license by
Senator Fahrenkamp 5/4/87

Before the Senate State Affairs Committee

Under current law, a person who has a brewery license may not receive, from the Alcohol Board of Control, a dispensary license. There is no explicit prohibition for the opposite case. However, lacking guidelines and explicit authorization, to date, ABC has not issued any brewery licenses to persons already holding a beverage dispensary license. This bill would provide clear authority and give them specific conditions under which they would be able to do use it.

If the bill passes, a new industry would be fostered in Alaska, i.e. "brew pubs" which are a growing trend in other states. A brew pub is the industry term for a bar that makes its own beer in small quantities for sale only on the premises. They are the size of micro breweries or smaller.

Sectional Analysis

Section 1. AS 04.11.130 Brewery License

New subsection (e) sets out the conditions under which a holder of brewery license and beverage dispensary license may sell beer:

- (1) in quantities less than five gallons on premises
- (2) not more than 16,000 gallons (5000 barrels) in a year.

Section 2. AS 04.11.450(b) Prohibited Financial Interest

Amended to authorize the holder of beverage dispensary license to obtain a brewery license, subject to AS 04.11.130(e).

Provided by Senator Fahrenkamp's office.