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OUT 2-2-88

Original sponsor: Fahrenkamp

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 CS FOR SENATE BILL NO. 276 (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."

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

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

1 (20) brewpub license.

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

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

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

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

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

2 (2) sell beer manufactured on premises licensed under the
3 beverage dispensary license for consumption only on the licensed
4 premises.

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

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

9 * 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 ered a financial interest in a business licensed under this title.
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STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 276

Publish Date: _____

REQUEST _____

Revision Date: _____

Agency Affected: Revenue

Title: An Act Relating to Issuance of
a Brewery License

BRU: Alcoholic Beverage Control Board

Sponsor: Sen. Fahrenkamp

Components: Operating

Requestor: State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
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:

Prepared By: Royce Weller *RW* Phone: 465-2300

Division: Office of the Commissioner Date: May 1, 1987

Approved by Commissioner: Hugh Malone *H.M.* Date: May 1, 1987

Agency: Department of Revenue

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

STATE OF ALASKA

DEPARTMENT OF REVENUE

ALCOHOLIC BEVERAGE CONTROL BOARD

STEVE COWPER, GOVERNOR

660 W. 7TH AVE
ANCHORAGE, ALASKA 99501-6808

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.