

HB

152

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 152(L&C)
(H) Publish Date: 4/10/01

Revision Date/Time (Note if correction):
Title: Brewpub Licenses
Sponsor: Representative Halcro
Requester: House Labor and Commerce Committee

Dept. Affected: Revenue
BRU: ABC Board
Component: ABC Board
Component Number: 100

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE

(Thousands of Dollars)

| | | | | | | |
|--------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This bill increases the amount of beer a brewpub could manufacture from 75,000 to 150,000 gallons in a calendar year.

The legislation would have no fiscal impact on the Alcoholic Beverage Control Board.

Prepared by: Douglas Griffin, Executive Director
Division: Alcoholic Beverage Control Board
Approved by: Larry Persily, Deputy Commission
Agency: Department of Revenue

Phone 269-0351
Date/Time March 30, 2001, 1 p.m.
Date 03/30/2001

For distribution information, call the Governor's Legislative Office

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CSHB 152 (RLS)

- Sponsor Statement

"An Act relating to Brewpub Licenses."

Alaska is currently enjoying the proliferation of new industries that help to diversify and augment the economies of communities throughout the state. One such industry that has enjoyed newfound widespread success in Alaska is the brewing industry.

The majority of brewpubs in Alaska were created during a window in state law that allowed an individual to hold both a brewer's license and a restaurant license. This is no longer allowed, as restaurant owners must now purchase a full liquor license in order to serve their in-house beer. Also instituted at this time were draconian requirements that put a cap on the amount of house beer those brewpubs are allowed to sell in their own restaurants. Regardless of consumer demand, state law limits the amount of beer a brewpub can sell to 75,000 gallons. For a successful, growing enterprise, this amount is insufficient. As establishments enjoy success and foster growth in their communities, this production cap is limiting their operation.

The creation of this arbitrary ceiling was set during the 19th Legislature in which the cap was deemed as "a popular area in terms of annual production" (SEN C&RA, 3/8/95; SB 87). There was no substantive basis for setting the cap at this level, and history has proved that it now needs to be revised.

HB 152 represents a stopgap measure, involving a sunset provision, which would permit the continued successful operation of Alaska businesses through this year in order to allow a permanent solution to be forged with industry organizations. A production limit for brewpubs would be enacted at a level of 75,000 gallons for sale in-house through their own establishments, and a limit of 75,000 gallons for wholesale through a distributor.

These small Alaska businesses, located in most every region of the state, create very positive effects for their local economies. They generate increased employment, property tax revenue, and community involvement that were not present in Alaska just a few years ago. The growth of this industry has already transformed abandoned properties from blights in a city to viable operations that now contribute to the tax rolls. To limit the growth and success of these entities would be irresponsible as we strive for diversity in Alaska's economy.

Your positive consideration of this legislation would be greatly appreciated.

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CSHB 152 (RLS)

"An Act relating to Brewpub Licenses."

Sectional Analysis

Section 1

Enacts uncodified law beginning July 1, 2001 and ending June 30, 2002:

1(a): Authorizes the holder of a brewpub license to brew beer for sale. Enacts a production cap of 150,000 gallons on an annual basis.

1(b): Authorizes the sale of not more than 75,000 gallons of beer on retail premises under the stipulation that each retail location is operated under its own beverage dispensary license.

1(c): Authorizes the brewpub to sell up to 5 gallons per day to go from the manufacturing premises.

1(d): Allows a small sample to be given out free of charge at the premises the beer is manufactured. This section relates to brewery tours where a small complimentary taster of the product is provided at the conclusion of a tour.

1(e): Authorizes a brewpub to sell not more than 75,000 on an annual basis to a wholesaler licensed under AS 04.11.160.

Subsection 2 - This subsection simply continues the same changes to a grandfathered section of statute, AS 04.11.135(d), that enabled a brewpub to retain the separate location of their manufacturing facility and their retail establishment. The law was since revised in recent legislatures to make the co-location of these facilities mandatory, thus requiring this section that allowed the continued legal operation of these brewpubs.

(2)A: Authorizes the holder of a brewpub license to brew beer for sale. Enacts a production cap of 150,000 gallons on an annual basis.

(2)B: Allows a small sample to be given out free of charge at the premises the beer is manufactured.

Sectional Analysis
CSHB 152 (RLS) Con't

(2)C,i: Authorizes the sale of not more than 75,000 gallons of beer on a retail premises, under the stipulation that each retail location is operated under its own beverage dispensary license.

(2)C,ii: Authorizes a brewpub to sell not more than 75,000 on an annual basis to a wholesaler licensed under AS 04.11.160.

(2)C,iii: Authorizes the brewpub to sell up to 5 gallons per day to go from the manufacturing premises.

Section 2:

Enacts an effective date of July 1, 2001.