

**HB**

**357**

<TARGET><BILL>HB 357</BILL><SUBJECT>HB  
357</SUBJECT><COMM>HL&C30</COMM></TARGET>

# ALASKA STATE LEGISLATURE

Education Committee  
Judiciary Committee  
Transportation Committee



State Capitol Building, Rm 13  
Juneau, Alaska 99801-1182  
Phone: (907) 465-4993

**REPRESENTATIVE CHUCK KOPP**  
**DISTRICT 24**  
**Klatt Road – Oceanview – Southport – Bayshore**

## MEMORANDUM

TO: Rep. Sam Kito, III, Chair  
House Labor & Commerce Committee

FROM: Rep. Chuck Kopp

RE: HB 357

DATE: March 19, 2018

Dear Chairman Kito:


I respectfully request a hearing before the House Labor & Commerce Committee for House Bill 357, an act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, retailers, and common carriers of alcoholic beverages; relating to licenses, endorsements, and permits involving alcoholic beverages; relating to the Alcoholic Beverage Control Board; relating to offenses involving alcoholic beverages; amending Rule 17, Alaska Rules of Minor Offense Procedure; and providing for an effective date.

We will need a projector and computer for a PowerPoint presentation.

My staff member assisting me with this piece of legislation is Erick Cordero-Giorgana and he can be reached at 465-6871 or by email at [Erick.CorderoGiorgana@akleg.gov](mailto:Erick.CorderoGiorgana@akleg.gov). We will provide your office with the names of persons that will testify in advance.

Thank you.

Sincerely,

  
Rep. Chuck Kopp



THE STATE  
of **ALASKA**  
STATE LEGISLATURE

**Rep. Chuck Kopp**

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**House District 24**

Bayshore - Klatt Road – Oceanview – Southport

## House Bill 357: Title 4 Rewrite - Sponsor Statement

House Bill 357 modernizes the over 35-year-old Title 4 statutes governing the Alcoholic Beverage Control Board (Board). HB 357 allows the Board to function more efficiently as they regulate the alcohol industry in a manner that promotes public safety and health, while supporting the alcohol industry's continued growth and viability in today's current climate.

This bill is the product of a five-year, unprecedented collaboration of over 100 stakeholders from a diverse group of alcohol industry representatives, public health and safety entities, local governments, and advocates for youth.

Stakeholders established shared goals as the foundation for developing recommendations:

- Promoting a fair business climate and protect public health and safety.
- Creating rational regulation for all tiers of the state's alcohol industry.
- Limiting youth access to alcohol.
- Promoting responsible alcohol use and reduce the harms of overconsumption.
- Implementing without negative impacts on businesses and responsible operators.

The result is a reorganization that clearly defines the rights and obligations of licensees, restructures penalties for offenses in Title 4, and organizes the statutes in a logical, common-sense manner for all users of Title 4 statutes.

The bill requires that the director prepare an annual enforcement, education, training, and prevention budget and requires the Board to review fees every 10 years. Penalty sections are amended to ensure consistent enforcement and just outcomes.

New statutory provisions retain the three-tier licensing system but create more flexibility for small manufacturers; create a new endorsement system to expand the boundaries of licensed businesses and accommodate special events; and modify the permitting system for clarity. The bill also creates a new license for internet sales of alcohol, creates local control in community population limits, adds mechanisms to prevent underage access to alcohol, regulates common carriers who deliver alcohol and provides for a smooth transitional implementation period.

Through this comprehensive licensing structure, current license holders and prospective businesses will understand activities allowed for each license type. Passage of HB 357 will provide clarity for licensees, local governments, law enforcement and the public, and will result in safer, more consistent and modernized regulation of Alaska's alcoholic beverage industry.

Staff Contact: Erick Cordero-Giorgana  
[Erick.CorderoGiorgana@akleg.gov](mailto:Erick.CorderoGiorgana@akleg.gov)

### COMMITTEES

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THE STATE  
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STATE LEGISLATURE

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## **HB 356**

### **Sectional Analysis**

#### **Section 1 – Authority of the director**

AS 04.06.080 provides that the director of the ABC Board shall prepare the budgets for admin, enforcement, education, training, and prevention activities under Title 4.

#### **Section 2 – Delegation of authority**

AS 04.06.080 adds endorsements to delegated powers, also edits cross reference.

#### **Section 3 – Powers and duties**

AS 04.06.090(b) relocation of language from existing AS 04.11.070 and addition of endorsements.

#### **Section 4**

AS 04.06.090(e) adds endorsements.

#### **Section 5**

AS 04.06.090 adds new subsection that directs the board to prepare Title 4 education plan for public safety, industry, youth, municipalities, and the public with annual revision.  
Adds new subsections which direct the board to review fees every 10 years, allow opinions on legislation amending this title, requires the board to provide notice of violations to licensees and to post FASD information online for package store and winery licensees to include with shipped orders.

#### **Section 6 – Statewide database**

AS 04.06.095 allows for certain information from the statewide database to be retained up to 10 years, only identifying information will be purged annually. Adds reference to endorsement.

#### **Section 7**

AS 04.06.095(c) adds new subsection which directs the board to produce a report of aggregate regional sales of alcohol in local option areas.

#### **Section 8 – Regulations**

AS 04.06.100(b) adds endorsements, removes the power to create licenses and permits from regulation, and adds the power to restrict manufacturing, packaging, sale, and distribution of products containing alcohol for consumption.

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## **Section 9 – Proposed new chapter AS 04.09.**

Chapter 09. Licenses, Endorsements, and Permits.

Article 1. License Types.

AS 04.09.010. Types of licenses. Gives the definition of license, three tiers, and limits license types to those listed in this chapter.

Article 2. Manufacturer Licenses.

- AS 04.09.020. Brewery manufacturer license. Relocates the brewery manufacturer's license from 04.11, set the biennial fee at \$1,500 and requires that at least 80% of the final product of brewed beverages sold be manufactured on licensed premises in Alaska.
- AS 04.09.030. Winery manufacturer license. Relocates the winery manufacturer's license from 04.11, sets the biennial fee at \$1,500 and requires that at least 80% of the final product of wine sold be manufactured on licensed premises in Alaska.
- AS 04.09.040. Distillery manufacturer license. Relocates the distillery manufacturer's license from 04.11, sets the biennial fee at \$1,500 and requires that at least 80% of the final product of distilled spirits sold be manufactured on licensed premises in Alaska.
- AS 04.09.050. Authorized sales. Allows smaller manufacturers to self-distribute to retail, wholesale, permitted and out of state or country licensees. Requires large manufacturers to go through wholesale distributors.
- AS 04.09.060. Unlicensed manufacturing. Relocates the penalty for unlicensed manufacture.
- AS 04.09.070. Unlicensed manufacturing in a local option area. Relocates the penalty for unlicensed manufacture in a local option area.
- AS 04.09.080. Unlicensed manufacturer sale. Defines unlicensed manufacturer sale as violating 04.09.050 and sets the penalty.
- AS 04.09.090. Definition. Defines "packaging" which is the process of containing alcoholic beverages in bottles or other containers for sale.
- AS 04.09.100. General wholesale license. Relocates the general wholesale license from 04.11, maintains \$2,000 biennial fee and reduces annual transaction fees for smaller businesses. Maintains \$10,000 maximum fee.
- AS 04.09.110. Limited wholesale brewed beverage and wine license. Relocates limited wholesale license from AS 04.11.160(b) in a separate section, maintains \$400 biennial fee, and reduces annual transaction fees for smaller businesses. Maintains \$10,000 maximum fee.
- AS 04.09.120. Annual fee and affidavit. Relocates existing affidavit requirement from previous wholesale licenses section (AS 04.11.160). Requires a wholesale licensee to submit an affidavit to the board stating total value of annual sales, including excise tax.
- AS 04.09.130. Wholesaler supplier declaration. Relocates the wholesale supplier declaration from previous wholesale licenses section in 04.11, simplifies the required form and maintains current fees.
- AS 04.09.140. Unlicensed wholesale. Relocates unlicensed wholesale provision and maintains penalty.
- AS 04.09.145. Unlicensed wholesale in a local option area. Relocates penalty from 04.11.
- AS 04.09.150. Failure to pay annual fee or file affidavit. States that failure to pay an annual wholesale fee or file an affidavit is a violation and sets the penalty.
- AS 04.09.160. Failure to pay biennial fee or file declaration. Relocates existing penalty.
- Article 4. Retail Licenses.
- AS 04.09.200. Beverage dispensary license. Relocates and simplifies the BDL license language, maintains the \$2,500 biennial fee, references the multiple fixed counter

endorsement, and sets the penalty for unauthorized beverage dispensary activity. Sections in current AS 04.11.090 for bowling alley and hotel licensees relocated to become separate endorsements.

- AS 04.09.210. Restaurant and eating place license. Relocates license from 04.11, sets biennial fee at \$1250, maintains 1:1 food to alcohol ratio, strikes 1996 exemption, limits the number of annual entertainment events to six, and sets penalty for failure to comply with license terms.
- AS 04.09.220. Club license. Relocates license from 04.11, sets biennial fee at \$2,500, and sets the penalty for failure to comply with license terms.
- AS 04.09.230. Package store license. Relocates license from 04.11, maintains biennial fee of \$1,500, and sets penalty for failure to comply with license terms. Sections in current AS 04.11.150 for delivery, shipping and other activities relocated to become separate endorsements.
- AS 04.09.240. Pub license. Relocates license from 04.11, sets biennial fee at \$1,250, and sets penalty for failure to comply with license terms. Adds provision allowing designation of alternating premises, must be operated during mutually exclusive hours and at a second location on university campus.
- AS 04.09.250. Theatre license. Relocates license from regulation, sets biennial fee at \$1,250, and sets the penalty for failure to comply with license terms.
- AS 04.09.260. Common carrier dispensary license. Relocates license from 04.11, maintains current fee schedule, removes “vehicle” as a qualifying premise, and sets penalties for unauthorized common carrier dispensary activity and common carrier dispensary noncompliance.
- AS 04.09.270. Sporting event license. Relocates and renames recreational site license, sets biennial fee at \$1,250, sets a penalty for unauthorized sporting event activity, and establishes 8-year sunset dates for licenses issued under former AS 04.11.210.
- AS 04.09.280. Outdoor recreation lodge license. Relocates license from 04.11, sets biennial fee at \$2,500, and sets penalty for unauthorized outdoor recreation lodge activity.
- AS 04.09.290. Golf course license. Relocates license from 04.11, sets biennial fee at \$1,250, and sets penalty for failure to comply with license terms.
- AS 04.09.300. Destination resort license. Relocates license from 04.11, sets biennial fee at \$2,500, and sets penalty for failure to comply with license terms.
- AS 04.09.310. Brewery retail license. Creates new license type based on existing language in AS 04.11.130 for brewery retail activities, sets biennial fee at \$1,250, and sets penalty for failure to comply with license terms. Requires new licensees to limit retail sales to 20% after 8 years or seek waiver from the board; exempts currently operating Brewery licensees with retail operations from this requirement.
- AS 04.09.320. Winery retail license. Creates new license type based on existing language in AS 04.11.140 for winery retail activities, sets biennial fee at \$1,250, and sets penalty for failure to comply with license terms. Requires new licensees to limit retail sales to 20% after 8 years or seek waiver from the board; exempts currently operating Winery licensees with retail operations from this requirement.
- AS 04.09.330. Distillery retail license. Creates new license type based on existing language in AS 04.11.170 for distillery retail activities, sets biennial fee at \$1,250, and sets penalty for failure to comply with license terms. Requires new licensees to limit retail sales to 20% after 8 years or seek waiver from the board; exempts currently operating Distillery licensees with retail operations from this requirement.

- AS 04.09.340. Beverage dispensary tourism license. Relocates license from AS 04.11.400(d), maintains biennial fee at \$2,500, and sets penalty for unauthorized beverage dispensary activity. Other language in AS 04.11.400(d) relocated to Hotel or Motel Endorsement.
- AS 04.09.350. Seasonal restaurant or eating place license. Creates new license type, sets biennial license fee at \$1,250, defines which communities can qualify for having this license type, sets out formula for determining number of allowed licenses per community, and sets penalty for failure to comply with license terms.
- AS 04.09.360. Winery direct shipment license. Creates new license type, sets biennial license fee at \$200, directs the board to develop an application form specifically for this license, and sets penalty for failure to comply with license terms.
- AS 04.09.370. Unlicensed retail sale. Defines unlicensed retail sale and sets penalty.
- AS 04.09.380. Unlicensed retail sale in a local option area. Defines unlicensed retail sale in a local option area and sets penalty.
- Article 5. Endorsements.
- AS 04.09.400. Types of endorsements. Defines endorsements, clarifies that endorsements must be exercised with a license.
- AS 04.09.410. Manufacturer sampling endorsement. Creates new endorsement for onsite sampling, defines per person per day volume limits by product type, sets biennial fee at \$200, sets penalties for unendorsed sampling and endorsement noncompliance.
- AS 04.09.420. Multiple fixed counter endorsement. Creates new endorsement for multiple fixed counters, sets biennial fee at \$200, sets initial application fee per counter, sets penalties for endorsement noncompliance and unendorsed service. Language relocated from duplicate license section in AS 04.11.090.
- AS 04.09.430. Hotel or motel endorsement. Creates new endorsement, sets biennial fee at \$200, sets penalties for unendorsed hotel or motel service and endorsement noncompliance. Some language relocated from AS 04.11.090.
- AS 04.09.440. Large resort endorsement. Creates new endorsement, sets biennial fee at \$200, sets penalties for unendorsed large resort service and endorsement noncompliance. Some language relocated from AS 04.11.090.
- AS 04.09.450. Restaurant endorsement. Creates new endorsement, sets biennial fee at \$200, sets penalties for unendorsed restaurant service and endorsement noncompliance. Relocates language from Restaurant Designation Permit in regulation.
- AS 04.09.460. Package store shipping endorsement. Creates new endorsement, sets biennial fee at \$200, sets penalties for unendorsed package store shipping and endorsement noncompliance. Relocates language from AS 04.11.150.
- AS 04.09.470. Package store delivery endorsement. Creates new endorsement, sets biennial fee at \$200, sets penalties for unendorsed package store delivery and endorsement noncompliance. Relocates language from AS 04.11.150.
- AS 04.09.480. Package store repackaging endorsement. Creates new endorsement, sets biennial fee at \$200, sets penalties for unendorsed package store repackaging and endorsement noncompliance. Relocates language from regulation.
- AS 04.09.490. Package store sampling endorsement. Creates new endorsement, defines per person per day volume limits by product type, sets biennial fee at \$200, sets penalties for unendorsed package store sampling and endorsement noncompliance.

- AS 04.09.500. Bowling alley endorsement. Creates new endorsement, sets biennial fee at \$200, sets penalties for unendorsed bowling alley service and endorsement noncompliance. Relocates language from AS 04.11.090.
- AS 04.09.510. Golf course endorsement. Creates new endorsement, sets biennial fee at \$200, sets penalties for unendorsed golf course service and endorsement noncompliance.
- AS 04.09.520. Brewery repackaging endorsement. Creates new endorsement, sets biennial fee at \$200, sets penalties for unendorsed brewery repackaging and endorsement noncompliance. Relocates language from regulation.
- Article 6. Permits.
- AS 04.09.600. Types of permits. Defines permits, establishes application process and sets daily fee for all permit types at least \$50 per event day.
- AS 04.09.610. Beverage dispensary caterer's permit. Relocates permit from 04.11.
- AS 04.09.620. Restaurant caterer's dining permit. Relocates permit from regulations.
- AS 04.09.630. Club caterer's permit. Relocates permit from regulations.
- AS 04.09.640. Art exhibit permit. Relocates permit from regulations.
- AS 04.09.650. Nonprofit organization event permit. Relocates permit from 04.11 and renames.
- AS 04.09.660. Alcoholic beverage auction permit. Relocates wine auction permit from regulations, renames and expands definition.
- AS 04.09.670. Tasting event permit. Creates new permit.
- AS 04.09.680. Inventory resale permit. Relocates retail stock sale license from 04.11 and renames.
- AS 04.09.690. Conditional contractors permit. Relocates permit from 04.11.
- AS 04.09.700. Failure to comply with a permit requirement. Sets the penalties for failure to comply with permit requirements.

**Section 10 – License or permit required; presumption concerning possession for sale**

AS 04.11.010(a) removes penalties for unlicensed manufacture, sale and offering for sale. Unlicensed sale is addressed in new sections in proposed AS 04.09.

**Section 11**

AS 04.11.010(b) adds reference to the package store shipping license.

**Section 12**

AS 04.11.010(c) adds references to unlicensed sale, corrects term “half-keg” and adds barter to local option violation.

**Section 13 – Purchase from non-licensee prohibited**

AS 04.11.015 prohibits barter for alcoholic beverages.

**Section 14 – Board approval of transfer**

AS 04.11.040 adds penalty for unauthorized transfer of an alcoholic beverage license or permit.

**Section 15 – Reports required of limited liability organizations**

AS 04.11.045 adds penalty for failure to report a change in member interest or manager.

**Section 16 – Reports required of corporations**

AS 04.11.050 adds penalty for failure to report a stock transfer or change of officers or board members.

**Section 17 – Reports required of partnerships**

AS 04.11.055 adds penalty for failure to report a transfer of partnership interest or change of general partner.

**Section 18 – Nonresident distiller, brewer, winery, or wholesaler**

AS 04.11.060 amends reference to general wholesale license.

**Section 19**

AS 04.11.060 adds penalty for violating the section.

**Section 20 – Application for new license, endorsement, or permit**

AS 04.11.260 adds endorsement, requires phone number and e-mail of applicant, requires annotated premises drawing and adds license references with individual application requirements.

**Section 21**

AS 04.11.260 exempts winery direct shipment license from application process for other license types.

**Section 22 – Application for renewal of license or permit**

AS 04.11.270 adds endorsements, adds conditional contractor's permit, edits reference, and allows renewal applications to be sent via electronic mail.

**Section 23**

AS 04.11.270 exempts winery direct shipment license.

**Section 24 – Application for transfer of a license to another person**

AS 04.11.280 adds endorsements as transferrable with a license.

**Section 25 – Criminal justice information and records**

AS 04.11.295(a) adds issuance and renewal for conditional contractor's permit.

**Section 26**

AS 04.11.295(b)(1) adds reference to conditional contractor's permit.

**Section 27 – Notice of application**

AS 04.11.310 exempts winery direct shipment license.

**Section 28 – False statement on application.**

AS 04.11.315 relocates AS 04.16.210 and defines crime of making false statements on an application to article 3.

**Section 29 – Denial of new licenses and permits**

AS 04.11.320(a) adds references to endorsements.

**Section 30 – Denial of license or permit renewal**

AS 04.11.330(a) changes 30 eight-hour day requirement to 240 hours and removes reference to public convenience license. [effective immediately]

**Section 31**

AS 04.11.330(a) duplicate section adds endorsement, adds reference to beverage dispensary tourism license, and adds reference to seasonal restaurant or eating place tourism license. [effective with other licensing changes]

**Section 32**

AS 04.11.330(d) exempts common carrier dispensary licenses and renames reference to recreational site license.

**Section 33**

AS 04.11.330 exempts winery direct shipment license.

**Section 34 – Denial of request for relocation**

AS 04.11.340 removes reference to public convenience license. [effective immediately]

**Section 35**

AS 04.11.340 duplicate section, adds reference to 04.11.400(k) and removes reference to 04.11.400(d). [effective with other licensing changes]

**Section 36 – Denial of transfer of a license to another person**

AS 04.11.360 removes public convenience license reference. [effective immediately]

**Section 37**

AS 04.11.360 duplicate section removes reference to brewpub license. [effective with other licensing changes]

**Section 38 – Licensed premises in multi-unit residential housing developments owned or financed by the Alaska Housing Finance Corporation**

AS 04.11.365 adds reference to restaurant endorsement.

**Section 39 – Suspension and revocation of licenses and permits**

AS 04.11.370 adds endorsements.

**Section 40 – Board imposed conditions or restrictions**

AS 04.11.395 section title change and adds reference to endorsements.

**Section 41**

AS 04.11.395 allows the director to impose conditions or restrictions on any permit other than a conditional contractor's permit.

**Section 42 – Population limitations**

AS 04.11.400(a) adds reference to 04.11.405. [effective immediately]

**Section 43**

AS 04.11.400(a) duplicate section, edits subsection reference, defines five-mile radius outside cities, adds population limits for retail licenses, adds licenses exempt from population limits and exempts local option populations from calculations. [effective with other licensing changes]

**Section 44**

AS 04.11.400(i) lists licenses exempt from population limits.

**Section 45**

AS 04.11.400(k) edits reference to beverage dispensary license, allows relocation of a package store, lowers borough threshold population, restricts number of licenses eligible for transfer to those exceeding population limits and defines number of allowed transfers by city, not borough.

**Section 46 – Petition for additional restaurant or eating place licenses for certain local governing bodies**

AS 04.11.405 adds new section that gives certain local governing bodies the ability to petition the board for additional restaurant or eating place licenses allocated to their jurisdiction. [effective immediately]

**Section 47 – 48**

AS 04.11.405(a)-(b) duplicate sections amending cross-references to restaurant and eating place license. [effective with other licensing changes]

**Section 49 – Person and location**

AS 04.11.430 updates definition of corporation to match Title 10 and requires additional information from licensees.

**Section 50 – Prohibited financial interest**

AS 04.11.450(b) retains restrictions wholesale licensees from owning a manufacturing tier license or retail tier license, removes restriction on small manufacturers owning retail licenses.

**Section 51**

AS 04.11.450(e) restricts wholesale licensees from acting as an employee or agent of a manufacturer tier license or retail tier license.

**Section 52**

AS 04.11.450 restricts manufacturers above certain annual production from owning a wholesale tier license or retail tier license.

**Section 53 – Prior public approval**

AS 04.11.460 exempts winery direct shipment license.

**Section 54 – 56**

AS 04.11.470 – AS 04.11.480 adds endorsements to allowable objections and protest.

**Section 58 - 60 – Local options**

AS 04.11.491 renumbers statutory references to license types.

### **Section 61**

AS 04.11.491(g) edits reference to package store license and removes step down penalty for furnishing or delivery of alcoholic beverages to persons under the age of 21; Section 92 of bill removes existing Felony C penalty for violation in a local option area, eliminating need for community's option to reduce this penalty.

### **Section 62 – Notice to local governing body**

AS 04.11.520 clarifies language for notice process and adds endorsements.

### **Section 63 – Suspension and revocation based on acts of employees**

AS 04.11.535(a) adds endorsements, reference to permittee as applicable and clarifying language.

### **Section 64 - 67**

AS 04.11.537 – AS 04.11.570 adds endorsements or conditional contractors permit to application, renewal and expiration, appeals, refunds and forfeiture of fees procedures.

### **Section 68 – Surrender or destruction of a license**

AS 04.11.580(b) changes language to “not later than”.

### **Section 69 – Disposition of money**

AS 04.11.590(a) adds reference to endorsements and permits.

### **Section 70 – Refund to municipalities**

AS 04.11.610 changes refund to allocation throughout and specifies content of reporting by municipalities for how license fee funds were used for alcohol-related education and enforcement.

### **Section 71 – Accessibility of license and licensed premises to inspection**

AS 04.11.630(b) adds endorsements, permits and includes premises during a permitted event.

### **Section 72 – Duration of licenses and permits**

AS 04.11.680 adds endorsements, conditional contractors permit and states that permits must be issued for a specified time.

### **Section 73 – Hours of sale and presence on licensed premises (standard closing hours)**

AS 04.16.010(c) allows a person to be on the licensed premises outside of the hours of sale to conduct business with the licensee, maintenance or improvements, common carrier licensees and adds restaurant endorsement reference.

### **Section 74**

AS 04.16.010 adds penalty for violating the section.

### **Section 75 – Pricing and marketing of alcoholic beverages**

AS 04.16.015(a) exempts sampling endorsements and defines week as seven days.

**Section 76**

AS 04.16.015 adds penalty for violating the section.

**Section 77 – Trade practices**

AS 04.16.017 new section specifying illegal practices by manufacturers and directs the board to adopt administrative penalties for violations.

**Section 78 – Solicitation of alcoholic beverages; purchase on behalf of another**

AS 04.16.020 sets penalty for unauthorized solicitation or purchase of alcoholic beverages.

**Section 79 – Online sale and purchase of alcoholic beverages**

AS04.16.022 new section prohibiting online sale and purchase of beer and spirits. Requires winery direct shipment license for online sales.

**Section 80 – Illegal presence on premises involving alcoholic beverages**

AS 04.16.025(a) adds statutory references to all penalties involving sale without a license.

**Section 81 – Prohibited conduct relating to drunken persons**

AS 04.16.030 sets penalties for prohibited conduct relating to a drunken person. Adds administrative penalty to licensee if employee is convicted of a violation of this section. Adds misdemeanor penalty for licensee who knowingly allows employees to violate this section.

**Section 82 – Possession of ingredients for homebrew in certain areas**

AS 04.16.035 changes statutory reference to all local option areas.

**Section 83**

AS 04.16.035 sets penalty for possession of ingredients for homebrew.

**Section 84 – Access of drunken persons to licensed premises**

AS 04.16.040 rewords licensed premises language.

**Section 85**

AS 04.16.040 sets penalty for prohibited access by a drunken person.

**Section 86 – Obligation to enforce restrictions in licensed premises**

AS 04.16.045 sets penalty for permitting consumption not authorized under a license.

**Section 87 – Access of persons with restriction on purchasing alcohol**

AS 04.16.047 sets penalty for entering and remaining on licensed premises.

**Section 88 – Access to persons under the age of 21 to licensed premises**

AS 04.16.049(a) amends reference to restaurant endorsement and club license.

**Section 89**

AS 04.16.049(c) adds some license types allowed to have underage persons on premises as employees, ages 16 and 17.

**Section 90**

AS 04.16.049(d) adds some license types allowed to have underage persons on premises as employees, ages 18-20.

**Section 91**

AS 04.16.049 adds some license types allowed to have underage persons on premises if traveling.

**Section 92 – Furnishing or delivery of alcoholic beverages to persons under the age of 21**

AS 04.16.051(d) defines offense of furnishing or delivering to a minor.

**Section 93**

AS 04.16.051 sets penalties for furnishing or delivering to a minor. Removes Felony C penalty for offense in a Local Option area.

**Section 94 – Furnishing of alcoholic beverages to person under the age of 21 by licensees**

AS 04.16.052 sets penalties for furnishing or delivering to a minor by a licensee or employee. Adds administrative penalty to licensee if employee is convicted of a violation of this section. Adds misdemeanor penalty for licensee who knowingly allows employees to violate this section.

**Section 95 – Room rental for purposes of consuming alcoholic beverages**

AS 04.16.055 sets penalty for renting a room for the purpose of providing alcoholic beverages to a person under 21 years of age.

**Section 96 – Permitting minor to illegally possess liquor in a dwelling**

AS 04.16.057(b) sets penalty for violating the section.

**Section 97 – Purchase by or delivery to persons under the age of 21**

AS 04.16.060(e) removes requirement for persons under the age of 16 to be accompanied by a person 21 year of age and have parental consent to remain in a restaurant that serves alcohol. Language relocated to proposed AS 04.09.450 Restaurant Endorsement.

**Section 98**

AS 04.16.060 defines penalties for purchase by a person under 21 years of age and delivery to a person under 21 years of age. For persons under 21, adds similar penalty structure as those in AS 04.16.049 and AS 04.16.050, \$500 fine for violation with option to reduce fine to \$50 if youth completes treatment or community diversion panel.

**Section 99 – Sales or consumption at school events**

AS 04.16.080 edits title for the section.

**Section 100**

AS 04.16.080 sets penalty for consuming at a school event.

**Section 101 – Prohibition of bottle clubs**

AS 04.16.090(c) makes list exclusive and adds cover charge and other services or products provided on the premises.

**Section 102**

AS 04.16.090 defines the crime of maintaining a bottle club and sets penalty.

**Section 103 – Sale of certain alcoholic beverages prohibited**

AS 04.16.110 defines sale of a prohibited alcoholic beverage and sets penalty.

**Section 104 – Removal or introduction of alcoholic beverages**

AS 04.16.120 defines removal or introduction of alcoholic beverages, sets penalty and exemptions.

**Section 105 – Alcoholic beverages transported by common carrier**

AS 04.16.125 repeals and reenacts the section. Allows for delivery to a person over the age of 21 with signature from an order filled by a package store or winery direct shipment licensee, requires board to publish list of approved carriers, removes restrictive language for delivery to a local option area and sets penalty.

**Section 106 – Stock confined to licensed premises**

AS 04.16.130 sets penalty for unauthorized storage of alcoholic beverages.

**Section 107 - Sale or consumption of alcoholic beverages in a warehouse**

AS 04.16.140 sets penalty for consumption or sale of alcoholic beverages in a warehouse.

**Section 108 – Licensee responsible for violations**

AS 04.16.150 sets penalty for failure to ensure compliance.

**Section 109 – Restriction on purchasing alcoholic beverages**

AS 04.16.160 sets penalty for failure to comply with a restriction on purchasing alcoholic beverages.

**Section 110 - 111 – Source of alcoholic beverages**

AS 04.16.170 exempts winery direct shipment license and sets penalty for sale of alcoholic beverages from or to an unlicensed person.

**Section 112 - 113 – Restrictions on purchase and sale of alcoholic beverages**

AS 04.16.172 renumbers cross-references to license types and sets penalty for licensee obtaining alcoholic beverages from an unlicensed seller.

**Section 114 – Furnishing alcoholic beverages in aid of gambling enterprise**

AS 04.16.175 sets penalty for the crime of furnishing an alcoholic beverage in aid of a gambling enterprise.

**Section 115 – Penalties for violation**

AS 04.16.180(b) adds statutory references to prohibited conduct related to drunken persons and furnishing alcoholic beverages to persons under the age of 21 by licensees.

**Section 116**

AS 04.16.080(e) adds definition for “conviction”.

**Section 117**

AS 04.16.180 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.

**Section 118 - 121 – Forfeitures and seizures**

AS 04.16.220(a) renumbers cross-references.

**Section 122 – Keg registration**

AS 04.21.012 adds new section establishing a keg registration process.

**Section 123 - 124 – Civil liability of persons providing alcoholic beverages**

AS 04.21.020(a) renumbers cross-references.

**Section 125 – Alcohol server education course**

AS 04.21.025(a) repeal and reenact section to list license types that do not require server education training.

**Section 126**

AS 04.21.025(b) adds reference to permit holders and individuals listed on an application as servers for a permitted event.

**Section 127**

AS 04.21.025(c) adds reference to permit holders and requires servers listed on the permit to have a current alcohol servers card.

**Section 128**

AS 04.21.025 defines the offense of failure to comply with alcohol server education requirements and sets penalty.

**Section 129 – Proof of age and of not being restricted from purchasing alcoholic beverages**

AS 04.21.050(a) renumbers cross-reference.

**Section 130 – Warehousing of alcoholic beverages**

AS 04.21.060 defines the offense of unauthorized warehousing.

**Section 131 – Posting of warning signs**

AS 04.21.065(a) updates list of license types that require warning signs.

**Section 132**

AS 04.21.072. Fines and other criminal penalties. New section, sets penalties for other violations, misdemeanors, or felonies unless otherwise specified.

AS 04.21.074. Bail forfeiture schedule. Directs the supreme court to set a bail schedule for Title 4 violations.

AS 04.21.076. Suspension of fine or sentence. Prevents the court from suspending fines or sentences for minor offenses.

**Section 133 – Court records of persons under 21 years of age**

AS 04.21.078 adds additional statutory reference to violations of AS 04.16.060.

**Section 134 – Definitions**

AS 04.21.080(b)(6) adds reference to permit holders and license holders.

**Section 135**

AS 04.21.080(b)(15) adds endorsements.

**Section 136**

AS 04.21.080(b) adds definitions.

**Section 137 – Definitions**

AS 05.15.690(48) renumber beverage dispensary license reference and update “bar” definition.

**Section 138 – 143**

Amends references to Title 4 in Titles 9, 11, 12 and 18.

**Section 144 - Unlawful practices in places of public accommodation**

AS 18.80.230(b) amends reference to chapter 04.11.

**Section 145 – Definitions**

AS 39.50.200(b) add the marijuana control board to list of state commissions or boards.

**Section 146 – Winery direct shipment tax; statement; audit**

AS 43.60.060 establishes tax collection on direct wine shipments from out of state businesses holding this license and outlines requirements for the Department of Revenue.

**Section 147 - 148**

AS 43.70.105(a) amends references to chapter 04.11 in Titles 43 and 45.

Section 149 – Uncodified law

Amends court rule 17 by adding statutory reference.

**Section 150**

Repealing section with effective date of January 1, 2020.

**Section 151**

Immediate repeal section.

**Section 152**

Repealing section with effective date of January 1, 2028.

**Section 153**

Repealing section with effective date of January 1, 2020.

**Section 154 – Uncodified law**

Applicability. States that changes apply to offenses committed on, or after the effective date.

**Section 155 – Transition**

Conversion of applications and licenses. Provides that the board shall convert all necessary licenses and applications within 90 days.

**Section 156 – Transition**

Seasonal restaurant or eating place license. Converts applications for restaurant or eating place licenses to seasonal restaurant or eating place license application if the establishment serves beer and wine for a period not exceeding six months.

**Section 157 – Transition**

Regulations. Directs the Department and the Board to adopt necessary regulations.

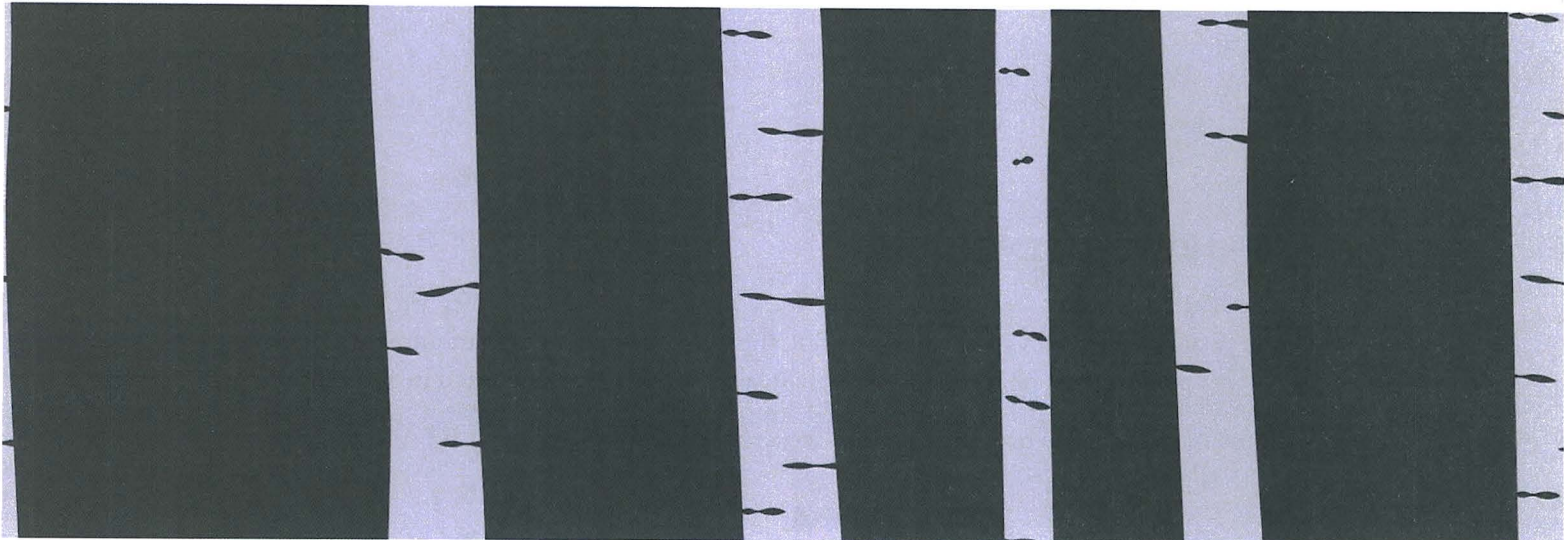
**Section 158**

Immediate effective date clause.

**Section 159**

January 1, 2020 effective date for the remainder of the act.

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# **ALASKA TITLE 4 REVIEW**

FOR THE  
Alaska Alcoholic Beverage  
Control Board

**Recommendations for Statutory Change**  
Updated January 2018

## ACKNOWLEDGEMENTS

The Title 4 Review stakeholder group took on a monumental policy project in 2012, and would not have succeeded without the participation and commitment of many diverse perspectives brought by the individuals and organizations listed in this report.

Some of these many organizations are recognized below:



## ABOUT THIS REPORT

This report summarizes the original recommendations from the Title 4 stakeholder group, the intent of the proposed changes, and if relevant, implications that will require resolution during the implementation phase through ABC Board regulations and policies. Where recommendations have significantly changed since this report was first published in February 2015, the changes are noted with a brief explanation.

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# INTRODUCTION + 2017 UPDATE

“The board shall control the manufacture, barter, possession, and sale of alcoholic beverages in the state. The board is vested with the powers, duties and responsibilities necessary for the control of alcoholic beverages...” AS 04.06.090(a)

The recommendations in this report are built from a five-year process initiated by the Alcoholic Beverage Control (ABC) Board to engage a diverse group of more than 100 stakeholders to determine how to improve the structure, organization, specific policies and associated implementation issues in Title 4, Alaska’s statutes regarding regulation and control of alcoholic beverages in the state.

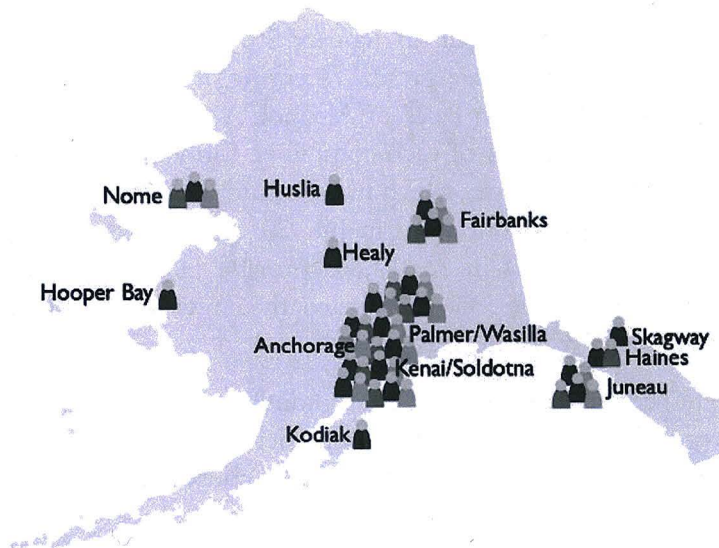


## WHY REVIEW TITLE 4?

Title 4 is recognized to be in many ways outdated, confusing or otherwise ineffective in carrying out the intent of the statutes. Much of the statute has not been updated since 1980; incremental updates to the statutes, inconsistent interpretation of the rules, and changing industry trends have reduced the effectiveness of Title 4 for businesses, communities and regulators alike.

The ABC Board, supported by the director and staff of the Alcohol and Marijuana Control Office, is tasked with interpreting, administering and enforcing the laws of Title 4. A systematic review of the statutes helps the Board carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcohol laws and regulations.

Stakeholders from across the state representing the alcohol industry, public health, local governments, law enforcement, public safety, education, and community advocacy sectors have dedicated over 11,000 hours to date to craft recommendations to improve Title 4. This group, working with the Title 4 Review Steering Committee, has remained involved in the process throughout, helping to refine the original recommendations and analyze new ideas brought forward since the original set of recommendations were put forward.



## GOALS OF TITLE 4 REVIEW

Stakeholders in this process established shared goals as the foundation for all recommendations:

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

- Create rational regulation for all tiers of the state's alcohol industry.
- Limit youth access to alcohol.
- Promote responsible alcohol use and reduce the harms of overconsumption.

### **Make Title 4 a clear and consistent legal framework for the ABC Board, licensees and law enforcement.**

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

Stakeholders identified five topic areas in which to focus on making recommendations:

- 1. Alcohol Licenses, Permits and Trade Practices**
- 2. Role and Functions of the ABC Board and Staff**
- 3. Underage Drinking and Youth Access to Alcohol**
- 4. Regulation of Internet Sales of Alcohol**
- 5. Local Option Communities**

## STAKEHOLDER PROCESS (2012 - 2015)

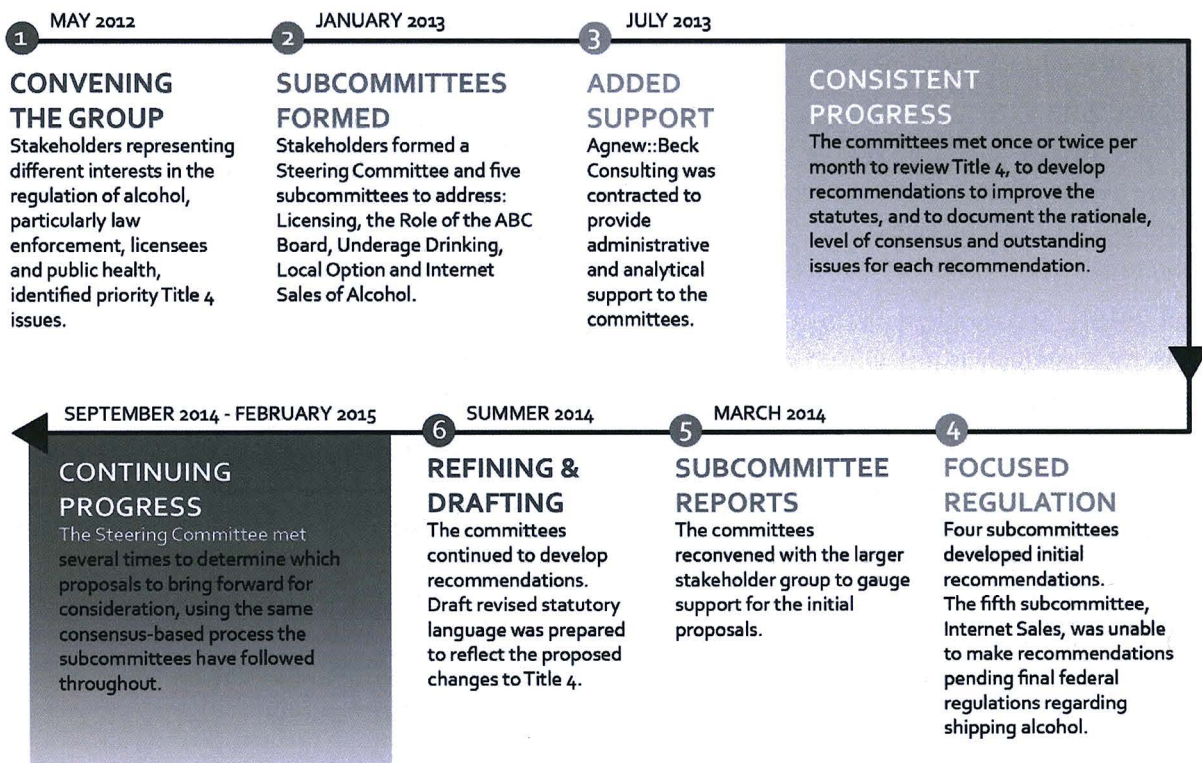
In May 2012, the ABC Board convened a stakeholder group of people engaged in the alcohol industry, public health, local governments, law enforcement, public safety, education, community advocacy and other sectors. The group identified some of the priority issues in statute to address.

Stakeholders met again in January 2013 to form five committees to address the priority topics identified by the large group: Licensing, the Role of the ABC Board, Underage Drinking, Local Option and Internet Sales of Alcohol. A Steering Committee composed of ABC Board members, staff and the chairs of each committee formed to coordinate the work of the five committees and make decisions about which proposals to include in the final set of recommendations. Agnew::Beck Consulting was contracted in July 2013 by Recover Alaska, a partnership to reduce the negative harms of alcohol in Alaska, to provide facilitation, administrative support and analysis to the committees while each conducted their review of Title 4 and relevant regulations in the Alaska Administrative Code (3 AAC 304).

The committees met at least monthly to review their assigned portions of the statutes and regulations related to Title 4, to develop recommendations for improving the statutes and to document their rationale, level of consensus and further issues to be resolved for each recommendation. Four of the committees developed sets of recommendations that were presented for inclusion in the first legislative package in 2015. The fifth committee, Internet Sales, discussed the issue of shipments of alcohol from out-of-state companies to individuals through online sales, which bypasses the state's regulatory and taxation system and may be entering Local Option areas

illegally. While this committee’s recommendations had not been developed in time for inclusion in the original package, the group has since produced three recommendations included in this report and in the forthcoming legislative package.

On March 25, 2014, the committees prepared summary presentations and shared their progress to date with the larger stakeholders group to gauge the level of stakeholder support for the committees’ proposals. Following the stakeholders’ meeting, the committees continued to refine and develop additional recommendations within their topic areas. In preparation for the legislative process and the introduction of a draft bill, legal consultant Carmen Gutierrez was contracted to prepare draft statute language to reflect the changes to Title 4 proposed by the committees. The Steering Committee reviewed the committees’ sets of recommendations and determined which would be included in the final package described in this summary through a series of meetings from September 2014 to February 2015. The Steering Committee relied on the consensus-based process that the committees used to determine which proposals to bring forward for consideration, as well as reviewing the entire set of recommendations to ensure logical consistency and balance across the stakeholder constituencies’ interests.



**LEGISLATIVE + REFINEMENT PROCESS (2015 - PRESENT)**

**April 2015** | Senator Peter Micciche introduced Senate Bill 99, which included the legislative language to enact all of the Title 4 Review recommendations. While efforts were made to thoroughly review the language for accuracy and fidelity to the group’s intent, the bill had several flaws. At 100 pages, the bill also required more time than the 2015 session allowed. Sen. Micciche and the group determined to improve the bill during the interim and re-introduce in the following year.

**Summer - Fall 2015** | Alaska CHARR's Government Affairs Committee and several other industry stakeholders conducted a complete review of the bill language, identifying areas where more work may be needed and submitting comments, suggestions or new proposals. Staff for the Title 4 Review project met regularly with representatives to discuss each issue with the bill language, and the Steering Committee began revision of some recommendations, ensuring that the changes still reflected the stakeholders' overall goals for the process and balanced in the interest of all sides.

**December 2015** | Recognizing that the package still needed significant work, and knowing that the 2016 legislative session would be focused on large policy issues like the state's fiscal crisis, the Steering Committee recommended a new, two-track process for Title 4 rewrite. The Steering Committee worked with Sen. Micciche to craft a streamlined bill (SB 165) with some priority recommendations that could be implemented sooner than the more complicated changes to licenses and permits. A new version of the comprehensive package would come forward in the next session.

**February 2016** | Sen. Micciche introduced SB 165, with proposed changes to ABC Board composition, changes to Minor Consuming Alcohol (MCA) and Minor on Premises penalties. See the following section for more information about SB 165.

**July 2016** | After committee hearings and passage of the bill in both the House and Senate, SB 165 was signed into law by Governor Walker on July 6, 2016.

**August 2016** | Senator Micciche re-affirmed his commitment to work with the Title 4 Review group to prepare a new version of the comprehensive bill. He and the Steering Committee convened interested members of the stakeholder group to refine the contents of the comprehensive bill, starting with the language in SB 99, for introduction in the 2017 legislative session. Stakeholders submitted items for further discussion, as well as technical changes that were overlooked previously.

**Fall 2016** | Stakeholders met regularly to discuss each item brought for consideration, coming to consensus as much as possible on each issue. Additionally, the Internet Sales recommendations were further developed and refined with a group including Alaska stakeholders, representatives from major shipping carriers and a representative for out of state wineries.

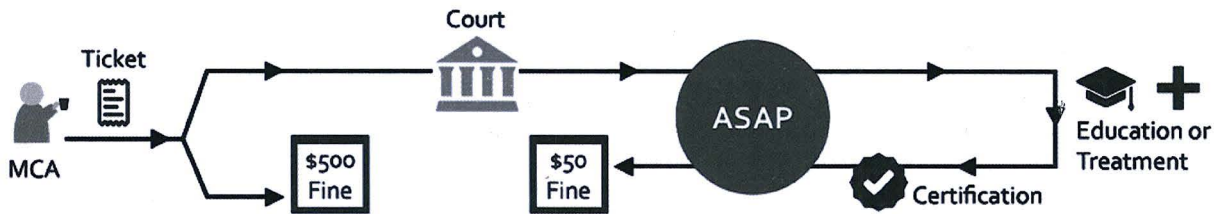
**November 2016 - Spring 2017** | Following direction from the discussions throughout the fall, Title 4 Review staff worked with Senator Micciche's staff and Legislative Legal Services to draft new bill language based on the original work, and updated to reflect the current set of recommendations. While the group anticipates further discussion throughout the legislative process, the goal for the new draft bill is to ensure that it accurately reflects the intent of the group's work and addresses any drafting issues from the previous bill. At the time of writing, the stakeholder group is awaiting a complete draft for final review prior to its introduction during this 2017 session.

## **SB 165: PRIORITY RECOMMENDATIONS ENACTED IN 2016**

Some of the Title 4 recommendations, included in SB 165, became law in 2016. Changes include reducing penalties imposed on minors who are found possessing or consuming alcohol (AS 04.16.050), or who enter licensed premises illegally (AS 04.16.049). The changes enacted in SB 165 are supported by a state plan, *Alaska's Strategies to Prevent Underage Drinking*, the work of several state agencies and departments, including the Department of Health and Social Services, Alcoholic Beverage Control Board, Division of Juvenile Justice, Alaska Native Justice Center, University of Alaska Anchorage Justice Center, Alaska Mental Health Trust Authority, and Alaska Court System.

## Recommendation UAD-5 | Minor on Premises and Minor Consuming Alcohol, MCA

The new law restores Minor Consuming Alcohol to a true violation, with an opportunity to reduce the fine if the individual seeks alcohol prevention education or, if needed, treatment:



- Each offense carries a fine of \$500, regardless of the number of prior convictions.
- If the youth appears in court, the fine may be reduced upon completion of a state-approved alcohol education or treatment program or community diversion panel within six months of the court hearing. For first and second convictions, the fine is reduced to \$50; for subsequent convictions, the fine is reduced to \$250. The fine reduction creates an incentive for the minor to seek education or treatment.
- The state's Alcohol Safety Action Program (ASAP) /Juvenile Alcohol Safety Action Program (JASAP) office would refer the young person to qualifying programs, certify completion of the program, and forward certification to the Court for the fine reduction.
- Removed from statutory penalties: mandatory completion of alcohol education or treatment, community work service, potential jail time, and suspension or revocation of driver's license.
- No information about convictions under AS 04.16.049 or -.050 will appear in the individual's record on Court View, regardless of the outcome of the case or the age of the individual.
- If a violation is unpaid and the individual does not appear in court, the fine will be deducted from the minor's Permanent Fund Dividend. This is also a financial incentive against repeat offenses, since it requires education or treatment to get a fine reduction again.
- The same penalty applies for Minor on Licensed Premises (04.16.049), which was previously a Class A Misdemeanor in Title 4, the default penalty for most violations of that title. This new process is intended to ensure swift and consistent enforcement of laws limiting youth access to alcohol, without a long-term stigma for a person for their behavior as a minor.

## Recommendation RB-5 | Composition of the ABC Board

Alcohol affects many aspects of life in Alaska, and good regulation depends on balanced perspectives and consideration of how the ABC Board's decisions impact businesses, communities, and individuals. The Title 4 Review group recognizes the important role of the Board in carrying out the intent of Title 4, and recommended that balanced representation on the Board is necessary.

The five-member board previously had three designated seats, two for members of the alcohol industry and one for a member of the public representing a rural area; the other two seats were for members of the public. Rather than adding new seats to the Board, SB 165 changes the composition of the board as follows: the two designated industry seats are retained, as is the rural public member. One of the public seats is now designated for someone representing the public safety sector, which may include someone from law enforcement, the legal system, and others involved in this field. The

original recommendation of the stakeholder group (described in this report) included a designated seat for a member of the public health field, but this was changed during the legislative process to instead retain one seat for a public member. The most recent appointment to the ABC Board, Rex Leath, Jr. of Wasilla, is the first public safety designee on the board following passage of SB 165.

## **OVERALL BENEFITS OF THE RECOMMENDATIONS PACKAGE**

The Title 4 Review process relies on building consensus: finding common ground and crafting recommendations that, considered overall, will benefit all stakeholders. Each decision required compromise. Where possible, the group found mutually beneficial solutions. While full consensus was not possible on all the individual recommendations, the group reviewed the package and considered the extent to which each sector gains overall more than it loses by enacting the proposed changes to Title 4. Below are some benefits for key stakeholder groups:

### **Benefits for Youth**

- Helps prevent youth access to alcohol, while not criminalizing youth for one mistake.
- Incentivizes youth who need it to seek alcohol education, treatment, or community-based justice.
- Holds adults accountable who supply alcohol to youth.
- Creates a monetary incentive for youth to seek alcohol education, treatment, or participate in community-based justice.
- Holds adults accountable who supply alcohol to youth.

### **Benefits for the Alcohol Industry**

- A streamlined, user-friendly Title 4 will be easier to understand and comply with for all businesses, as well as prospective businesses seeking to understand the laws before applying.
- Manufacturers can expand production and continue to serve customers in retail establishments, including restaurants and tasting rooms.
- Wholesalers have less administrative burden and are protected against unfair trade practices.
- Retailers have more opportunities to innovate, such as providing product samples at package stores, while protecting existing business investments.

### **Benefits for Public Health and Safety**

- Preserves limits on the density of retail alcohol outlets in communities: having many access points for alcohol is correlated with negative health and safety impacts.
- Promotes responsible service and consumption of alcohol at establishments and special events by requiring that anyone serving alcohol have a server education card.
- Fairly regulates all alcohol purchases shipped directly to customers through online sales.
- Increases availability of aggregated data on alcohol orders in local option areas, and local enforcement of Title 4.
- Provides more resources for state- and local-level education and enforcement of Title 4.

### **Benefits for Local Governments**

- Provides options for economic development, tourism and hospitality with more liquor licenses.
- Increases resources for educating local governments about their role in alcohol control.

## SUMMARY RECOMMENDATIONS

### Alcohol Licenses, Permits and Trade Practices

<b>F-1. Adjust License Fees to Reflect Current ABC Budgetary Needs</b>	Update license fees according to the relative privileges and administrative costs of each, and collect sufficient revenue to cover the ABC Board's required activities (see RB-3: Revise ABC Board Budget to Adequately Fund Necessary Activities).
<b>M-1. Simplify Manufacturing Licenses</b>	Keep three manufacturing license types: Brewery (AS 04.11.130), Winery (AS 04.11.140), Distillery (AS 04.11.170). Remove Bottling Works (AS 04.11.120) and Brewpub (AS 04.11.135) license types from statute.
<b>M-2. Manufacturer Retail License + Manufacturer Sampling Endorsement</b>	Add-on retail licenses specifically for manufacturers to allow limited onsite consumption and offsite sales, and a separate endorsement for free samples.
<b>M-3. Small Manufacturers Allowed to Hold Retail Licenses</b>	Remove the restriction in Prohibited Financial Interest (AS 04.11.450), which does not allow manufacturers to hold retail licenses, for smaller manufacturers.
<b>W-1. Adjust Wholesale License Fees and Simplify Supplier Reporting</b>	Adjust fees for both Wholesale licenses (both defined in AS 04.11.160) to retain current maximum but reduce burden on small operators; remove the requirement to provide a full list of suppliers to the ABC Board.
<b>W-2. Align State Statute with Federal Law Regarding Trade Practices</b>	Add provisions in Title 4 to match current federal law regarding trade practices and agreements between retailers and wholesalers or manufacturers.
<b>P-1. Population Limits Apply to Retail Licenses Only</b>	Apply population limitations on the number of licenses only to retail-tier licenses (excluding tourism-focused licenses and Winery Direct Shipment License).
<b>P-2. ABC Board Advisory Opinion on Proposed Legislation</b>	Enable the ABC Board to issue a formal advisory opinion on any proposed legislation regarding Title 4.
<b>P-3. Retire Public Convenience Process; New Options for REPLs</b>	Convert all existing Public Convenience license holders to standard, fully transferrable REPLs; repeal Public Convenience; allow qualifying municipalities to petition the ABC Board to increase the number of REPLs available in their community.
<b>R-1. Multiple Licensed Premises with a Beverage Dispensary License</b>	Clarify the parameters that would allow and require multiple fixed counters for a Beverage Dispensary license (AS 04.11.090): create Multiple Fixed Counter endorsement, Hotel/Motel endorsement, and Large Resort endorsement.
<b>R-2. Rename Recreational Site License to Sporting Event License</b>	Ensure the definition of "recreation" is consistently applied to Recreational Site license holders; make sunset provision to review and retire licenses that do not meet this definition (AS 04.11.210).
<b>R-3. Package Store Onsite Product Sampling Endorsement</b>	Create a separate endorsement to allow onsite sampling at Package Stores (AS 04.11.150).

<b>R-4. Clarify Restaurant Food Requirement</b>	Clearly define in statute the ratio of food to alcohol sales for restaurants: food sales receipts must be greater than those of alcohol sales receipts for onsite consumption.
<b>R-5. Golf Course License and Endorsement</b>	Retain the current Golf Course license (AS 04.11.115); create a Golf Course endorsement for a BDL; adapt AS 04.16.049, 3 AAC 304.715, 3 AAC 304.725 and 3 AAC 304.745 to allow minors to play or work on the golf course or clubhouse.
<b>R-6. Theater License</b>	Move the Theater license into statute and out of regulation 3 AAC 304.695 as an add-on license to a BDL or REPL.
<b>R-7A through M. Endorsements and Permits</b>	Create a clear statutory framework for endorsements and Permits, with all types defined in statute and with clear and consistent requirements.
<b>Role and Functions of the ABC Board and Staff</b>	
<b>RB-1. Strengthen Reporting Requirements for Municipal Enforcement</b>	Include in statutory requirements that municipalities submit quarterly reports on Title 4 enforcement activities to the ABC Board.
<b>RB-2. Community Analysis of Written Order Database</b>	Allow data about direct shipment orders of alcohol in local option communities to be made publicly available, aggregated at the region or community level, for analysis and community planning.
<b>RB-3. Revise ABC Board Budget to Adequately Fund Necessary Activities</b>	Determine the funding level to carry out the ABC Board's mission and core functions, and adjust revenue (fee amounts) accordingly to meet that need (see also Licensing, F-1).
<b>RB-4. ABC Board as Lead Agency for Alcohol Education Efforts</b>	Designate the ABC Board and AMCO as the lead agency in a multi-department, public-private sector education effort about responsible alcohol use and applicable laws.
<b>RB-5. Composition of the ABC Board <i>Enacted in SB 165 (2016)</i></b>	Retain the current number of members but add designated seats: 1 public health, 1 public safety, 2 industry and 1 rural public member; include provision for Director's background in filling the designations.
<b>RB-6. Revise Title 4 Penalties</b>	Review penalties for all Title 4 sections; revise penalties to be more proportionate to the crime and more consistently enforced; reduce most current Class A Misdemeanor offenses to Minor Offenses.
<b>Underage Drinking and Youth Access to Alcohol</b>	
<b>UAD-1. Employee Penalty for Selling Alcohol to a Minor</b>	Reduce the penalty for a licensee, agent or employee selling alcohol to a minor (AS 04.16.052) from a Class A Misdemeanor to a Minor Offense violation.
<b>UAD-2. Sanctions to Employers for Employee Sales to Minors</b>	Increase the consistency and certainty of sanctions to licensees for violations of AS 04.16.052.
<b>UAD-3. Statewide Keg Registration</b>	Require all beer kegs purchased in the state to be registered.

<b>UAD-4. Clarify Wording on Required Signage</b> <i>Enacted in SB 165 (2016)</i>	Revise the ABC requirements for warning signs posted at licensee establishments to make it clear that minors are prohibited from being on premises, with the exception of certain circumstances.
<b>UAD-5. Minor Consuming Alcohol (MCA) as Violation</b> <i>Enacted in SB 165 (2016)</i>	Restore Minor Consuming Alcohol (AS 04.16.050) to a true violation.
<b>Regulating Internet Sales of Alcohol</b>	
<b>INT-1. Winery Direct Shipment License</b>	Create a license available to U.S. wineries to ship orders of wine to Alaska customers; prohibit online sales through this license in Local Option areas; prohibit other online sales of alcohol not under this license or the Package Store Shipping endorsement.
<b>INT-2. Collect Alaska Excise Tax for Internet Sales</b>	In addition to maintaining current collection of excise tax on sales from in-state wineries, require all out-of-state holders of a Winery Direct Shipment license to pay the same excise tax on Alaska orders.
<b>INT-3. Board Approval of Common Carriers for Alcohol Delivery</b>	Require all common carriers who deliver alcohol directly to consumers in Alaska to be approved by the ABC Board.
<b>Local Option Communities</b>	
<b>LO-1. Repeal Local Option #4</b> <i>Withdrawn for Further Discussion</i>	Repeal AS 04.11.491(b)(4) (Local Option #4), which bans the sale and importation of alcohol, not possession.
<b>LO-2. Increase Enforcement and Prosecution Resources</b> <i>Withdrawn for Further Discussion</i>	Include in recommendation RB-3 (revised ABC Board budget to adequately fund needed activities) adequate budget for increased dedicated prosecutors and investigators for Title 4, particularly local option law enforcement.
<b>LO-3. Increase Local Option Perimeter</b> <i>Withdrawn for Further Discussion</i>	Increase the local option perimeter boundary from a 5-mile radius from the village center defined by AS 04.11.508 to a 10-mile radius.
<b>LO-4. Increase Mandatory Minimum Penalty for Bootlegging</b> <i>Withdrawn for Further Discussion</i>	Increase the mandatory minimum penalty for bootlegging at the Misdemeanor level defined in AS 04.16.200(g), with increasing penalties for multiple offenses and per-unit fine for the volume of alcohol being illegally sent, brought or transported into the local option community.
<b>LO-5. Clarify Language Regarding Homebrew Ingredients</b> <i>Included in SB 76</i>	Clarify that possession of homebrew ingredients and/or equipment with intent to produce alcohol is illegal in all local option communities.
<b>Additional Recommendations (2017)</b>	
<b>N-1. Define Qualifications for Alaska Manufacturing Licenses</b>	Require in Brewery, Winery, and Distillery Manufacturer licenses that at least 80 percent of alcohol products for sale were made on the Alaska licensed premises.

<b>N-2. Change Sample and Sales Volumes for Certain Products</b>	Cider under 8.5% ABV follows per-ounce volume limits for beer; sake and mead follows volume limits for wine.
<b>N-3. Expand Package Store Shipping Order Options</b>	Allow orders under a Package Store Shipping endorsement to be received in formats other than a written order from a known customer.
<b>N-4. Pub License Alternating Premises</b>	Allow a university with a Pub license to designate a second licensed premises, operated during mutually exclusive hours.
<b>N-5. Make Licenses Transferrable to a New Owner</b>	Allow most license types to be transferred to a new owner, except Winery Direct Shipment License; retain any existing restrictions on licenses for transfer of location.
<b>N-6. Improve the License, Endorsement and Permit Application Process</b>	Apply several technical changes to statutes for applications for a license, endorsement or permit.
<b>N-7. Allow Relocation of a Package Store from Borough to City</b>	Amend AS 04.11.400(k) to allow transfers of both BDL and Package Store licenses from a borough to a city within the borough.
<b>N-8. Allow Business Activities on Licensed Premises During Off Hours</b>	Retain required closing hours (5:00 to 8:00 a.m.) for service and sales of alcohol to consumers, but allow other non-serving business activities on the premises.
<b>N-9. Licensee Liability for Overservice by Employees</b>	Apply the same administrative penalty and mitigating circumstances proposed in Recommendation UAD-2 for violations of AS 04.16.030.
<b>N-10. Allow Minors on Some Licensed Premises for Employment or Travel</b>	Allow limited employment of minors by Wholesalers, Common Carriers, and Outdoor Recreation Lodges; clarify that minors are allowed at certain businesses.
<b>N-11. Repeal Alcohol Sales Restriction on Election Day</b>	Repeal outdated statute prohibiting sales of alcohol during federal, state and local elections.
<b>N-12. Transition Provisions for Existing Licensees</b>	Define process for current licensees of certain types to be converted to equivalent license(s) in the new system.

# ALCOHOL LICENSES, PERMITS AND TRADE PRACTICES

The Licensing Committee reviewed the statutes related to alcohol licensing (Chapter 04.11), as well as accompanying regulations regarding licensing (3 AAC 304, Articles 2, 3 and 4). The committee took a comprehensive approach to reviewing individual license types, seeking to create a rational system of licensing of alcohol businesses in order to achieve the following goals:

- Balance preserving and promoting a fair business climate for Alaska businesses with protecting public health and safety;
- Retain the framework of the three-tier system of alcohol regulation, while considering changes to these rules that have other economic, social or regulatory benefits; and
- Make Title 4 a clear and consistent framework for use by licensees, the ABC Board and enforcement personnel.

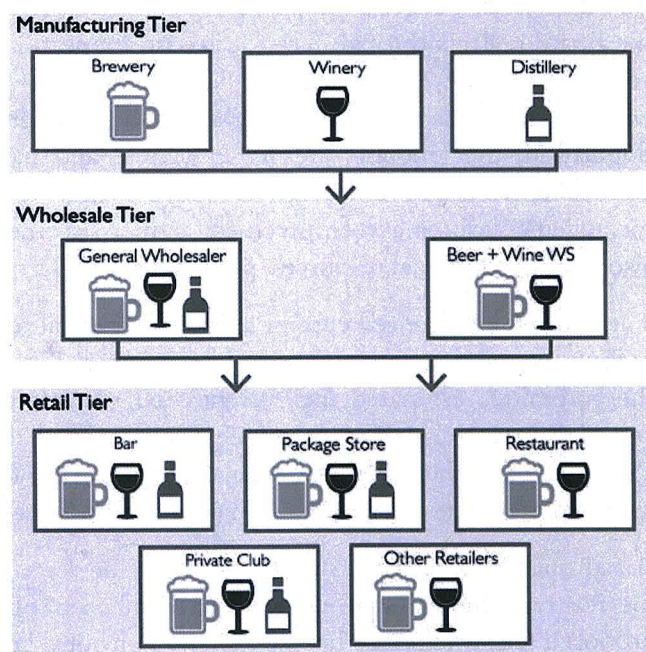
The most significant change proposed to the licensing system is the use of endorsements, a system in which a business applies for an endorsement on their current alcohol license which allows them to expand their licensed premises or conduct additional activities not allowed in the base license itself. This system is compatible with current license types while reducing the need to create new license types to suit specific situations, which affects current business investments as well as the density of outlets for alcohol. In addition to the specific endorsements proposed to meet today’s needs, the endorsement concept can be employed in the future to include new business concepts not covered in these recommendations.



**ENDORSEMENTS**  
Expanded activities and/or premises to fit business model

## ABOUT THE THREE TIER SYSTEM

The alcohol industry, unlike most other industries in the U.S., is regulated by a system in state laws that separates the supply chain among unaffiliated companies to prevent formation of monopolies over alcohol manufacturing and sales. Known as the three-tier system, some form of these laws were adopted by each state following the end of Prohibition in 1933, and continue to exist in various forms today. The graphic at right illustrates how each tier performs a distinct function in the market. In a pure application of the three-tier system, manufacturers are only allowed to sell their products to wholesalers, who sell to retailers, who then sell alcohol to consumers.



The three-tier system is codified in state law by prohibiting financial interest in multiple tiers simultaneously, restricting which tiers can sell to which customers, and other laws. The industry has evolved over recent decades, however, and the emergence of craft production, brewpubs, and tasting rooms have challenged the three-tier system as manufacturers have begun participating in the retail sector directly. Businesses in each tier have different interests at stake when considering whether and how to strengthen or loosen the three-tier system, and these conflicting interests were at the heart of many committee discussions and subsequent work with stakeholders. The Title 4 Review recommendations attempt to find middle ground between these interests, as well as preserving key components consistent with the law's original intent to prevent monopolies.

## RECOMMENDATIONS

The recommendations are inter-related and intended to work effectively as a whole to improve the structure overall. Each proposal below should be considered in the context of the other proposals, as well as what is not recommended for change in the statutes.

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### **Recommendation F-1. Adjust License Fees to Reflect Current ABC Budgetary Needs |**

Update license fees according to the relative privileges and administrative costs of each, and collect sufficient revenue to cover the ABC Board's required activities, recommended in RB-3: Revise ABC Board Budget to Adequately Fund Necessary Activities.

### **INTENT OF PROPOSED CHANGES**

This recommendation is the result of several discussions that each committee had about the ABC Board budget, and the fiscal impacts that the other recommendations may have. While the Role of the ABC Board Committee primarily addressed expenditures (enforcement, education and other activities of the ABC Board), the Licensing Committee focused on the revenues of the Board, which determines its projected annual budget.

As a state board supported by the staff of the Alcohol and Marijuana Control Office, the ABC Board's annual budget is prepared by the Director and is not to exceed the estimated revenue that the Board collects through fees for license applications, renewals and other administrative fees each year (AS 04.11.590). The biennial license fees have generally not been increased since the statutes were originally enacted in 1980. Although the number of licenses has increased along with growth in population, the amounts are set in statute and have not kept up with inflation or increasing administrative costs. As a receipts-funded agency, this constrains the Board's ability to conduct its mandated education and enforcement activities. Some of the recommendations in this proposal may also require additional resources, primarily staff FTEs, to implement (see Recommendation RB-1).

The committee reviewed current license and permit fees, as well as the application, renewal, transfer, permit and administrative fees set in regulation. Using information from the ABC Board's budget, the committee estimated the current total revenue available to the Board from these fees. As a comparison exercise, the committee also projected that if fees had been tied to inflation between 1980 and 2017, they would now be almost triple the current amounts (a factor of 2.95). See Table 2 in the Appendix for a list of current and proposed license fees, as well as comparison to inflation.

Based on the following assumptions about the resources needed to fund the Board's activities and the relative administrative and enforcement costs of all license types, the committee developed a proposed fee structure by license tier and individual license type. Assumptions include:

- Some license types require more enforcement than others, and those with a great deal of interaction with the public (retail licenses) require more enforcement and compliance activities on the part of agency staff.
- New license applications and transfers have much higher administrative costs than renewals and most fees, particularly staff time to process the applications and conduct due diligence required by statute. These fees are set in regulation; the Board should consider increasing fees for new applications and transfers, relative to the fees collected for renewals.
- The proposed license fees, due with each license's biennial renewal, reflect the fact that although some licenses (particularly those considered seasonal) may have limited operations, the administrative costs for processing an application and ongoing enforcement costs are similar for full-year and part-year licenses. The group recommends eliminating the current allowance for seasonal licenses to pay only half of the license fee specified in statute.
- In addition to the costs of administering the license system, there are many other education and enforcement costs related to alcohol regulation: investigating unlicensed establishments and illegal alcohol sales, enforcing local option laws, and consulting with local law enforcement on cases. Fees should be more equitably borne by all licensees to cover these other costs. These activities are important to public health, public safety and (particularly when dealing with unlicensed establishments) protecting the investments of businesses that do follow the laws and regulations.

The proposed license fee increases will not only benefit the ABC Board by increasing receipts which form the basis of their budget, but also local governments who have their own law enforcement, who currently receive matching funds based on license fees collected from businesses operating within their jurisdiction (AS 04.11.610). The opportunity for increased revenue to local governments also underscores the importance of increasing accountability of how those funds are spent, as detailed in Recommendation RB-1.

The committee also considered the process of reviewing fees: without a mechanism for regular updates to license fees, the gap between revenue and cost will grow again in the future. The recommendation is to keep all license fees in statute and include statutory language requiring periodic review of license fees by the ABC Board not less than every ten years, or during alternate cycles of the agency's five-year sunset review. The committee does not recommend tying fee increases to inflation, but to consider the effect of rising costs on the agency's budget over time.

The committee strongly advises that this recommendation be accompanied by, and not enacted without, requiring the ABC Board to adopt a plan regarding the activities and programs it will conduct with this increased revenue, and that the Director prepare a draft budget based on the parameters provided through this review process. AMCO staff indicated that the primary increase in expense would be staff resources to complete additional compliance and education activities. One idea discussed is to hire Level 1 or 2 investigators to complete routine compliance checks: in recent years, compliance has been completed by Level 3 and 4 investigators, whose experience would be better applied to complex investigations.

**2017 Update:** AMCO now oversees two sets of licenses for alcohol and marijuana establishments, operating with revenue from and expenses for administration and enforcement for both types. There are currently many fewer marijuana licenses in Alaska, but these licenses are renewed annually, with a license fee ranging from \$1,000 to \$5,000, depending on the license type.

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**Recommendation M-1. Simplify Manufacturing Licenses |** Keep three manufacturing license types: Brewery (AS 04.11.130), Winery (AS 04.11.140), Distillery (AS 04.11.170). Remove Bottling Works (AS 04.11.120) and Brewpub (AS 04.11.135) license types from statute.

#### **INTENT OF PROPOSED CHANGES**

The committee identified two license types within the Manufacturing tier that can be converted to other license types and addressed other recommended changes. There are three basic categories of alcoholic beverages that can be legally manufactured: brewed beverages, including beer, malt beverages and sake; wine, including cider, mead and other products made from fruit, and distilled spirits. This recommendation is primarily aimed at simplifying and reducing the number of license types, while retaining distinctions among the three product types, consistent with other federal and state laws. To differentiate between this license and the retail operations outlined in Recommendation M-2, the licenses would be renamed as Manufacturing licenses (Brewery Manufacturing, Winery Manufacturing, Distillery Manufacturing). The other two manufacturing licenses, Bottling Works and Brewpub, would be converted into one of these three license types. However, in order to remove Brewpub, other changes need to be made to statute (see M-2, M-3 and R-7) to provide an equivalent framework for the privileges current Brewpub licensees have.

#### **IMPLICATIONS TO CONSIDER**

- Provide a mechanism to convert current Bottling Works and Brewpub licensees into the new corresponding license types, and ensure that Brewpubs' retail operations are not in conflict with the changes to AS 04.11.450 Prohibited Financial Interest (see Recommendation M-3).

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**Recommendation M-2. Manufacturer Retail License + Manufacturer Sampling Endorsement |** Add-on retail licenses specifically for manufacturers to allow limited onsite consumption and offsite sales, and a separate endorsement for free samples.

#### **INTENT OF PROPOSED CHANGES**

A strict interpretation of the three-tier system does not allow manufacturers to engage in any retail operations, but it is now common in American craft production to include retail components for on- or offsite consumption. Alaska currently allows some of these activities for each product type, but the two available options are limited: a Brewpub licensee may also hold a Beverage Dispensary or Restaurant license and operate as a retailer while producing their own beer, but have an annual production limit on beer made under that license. Other manufacturers are currently not allowed to hold retail licenses, and Breweries and Distilleries have restrictions on their retail operations: limited hours, limits on daily sales per customer, no live entertainment, and no bar seating.

Recommendations M-2 and M-3 propose to allow manufacturers to have clearly-defined access to retail licenses. The first proposal (M-2) would create three license types that correspond with the three Manufacturer licenses; a licensee would only be eligible for an add-on license if the licensee first holds the corresponding license to manufacture that product. The terms for onsite and offsite sales are comparable to what is currently allowed for Breweries and Distilleries, including restrictions on hours and entertainment. The retail add-on license would allow the licensee to:

- Sell limited quantities for onsite consumption, proportional to the current statutory limits: 36 oz. of beer or cider, 18 oz. of wine, mead or sake, 3 oz. of distilled spirits. Onsite operations have all of the restrictions currently in the Brewery license (no seats at a fixed bar, no live

entertainment, limited hours of operation).<sup>1</sup> Like all retail licenses, these would be subject to server education (AS 04.21.025) and signage (AS 04.21.065) requirements.

- Sell limited quantities to individuals for offsite consumption, proportional to the alcohol content of the product and following current industry standard units of measurement for containers of the different product types: 5.167 gal of beer (one-sixth barrel keg), 9L (twelve 750 mL bottles, or one case) of wine; 3.75L (five 750 mL bottles) of distilled spirits.

The retail add-on license would relocate some activities currently in manufacturers' licenses, making the three Manufacturer license types solely for production. The base Manufacturer license would only allow sales to other licensees and out-of-state entities. If a licensee obtains a Manufacturer Sampling Endorsement, they can provide free samples of their products at their licensed premises for production. The endorsement would give manufacturers the opportunity to provide small samples of their product to consumers without investing in a retail license, while ensuring that service of alcohol to the public is regulated consistently. Daily per-person sample limits (12 oz. beer, 6 oz. wine or 1.5 oz. distilled spirits), advertising restrictions, and server education requirements are consistent with the proposed Package Store Sampling Endorsement (see Recommendation R-3).

The (add-on) Manufacturer Retail license would, unlike Manufacturer licenses, be subject to statutory population limits for the same jurisdiction in which the base license is located, and would be higher than other license types: one license per every 9,000 population or part of population (see Recommendations P-1 and P-3 for more about population limits). Maintaining the population limit reflects the public health principle of limiting the number of retail outlets that provide public access to alcohol, particularly in small communities with few allowed retail licenses. Additionally, each production licensee would only be eligible for one Manufacturer Retail license, which must be co-located with or physically adjacent to their production premises. However, as a separate license, a Manufacturer Retail license would be subject to its own application and review process, and the retail license could be suspended or revoked independently from the base license if retail operations are consistently in violation of the law.

Because Manufacturer Retail licenses would have a high population limit, and retail activities are currently allowed for anyone who holds a Brewery, Winery or Distillery license, the recommendation also includes a provision for current Manufacturer licensees to apply for or be converted to both a Manufacturing and a Retail license, even where the population limits would not otherwise allow it. This ensures that businesses that began operation under the current laws are not negatively impacted, while bringing current licensees into the new system and not having two sets of rules.

**2017 Update:** Since this recommendation was originally made, stakeholders have developed additional recommendations regarding manufacturers' participation in the retail tier. The most significant change is a limit on any future manufacturers (who do not currently hold or who are not in the process of applying for a Brewery, Winery or Distillery license) who sell products to the public through a Manufacturer Retail license. This issue has been difficult to resolve, and illustrates the essential difference in the interests of manufacturers and retailers: under the traditional three tier system, manufacturers are not in direct competition with retailers, but current Title 4 and changes in other states have increased manufacturers' opportunity to serve the public and bypass the existing distribution system through wholesalers and retailers. The solution reached is recognized to be imperfect, but attempts to find common ground between these two groups.

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<sup>1</sup> See the Additional Recommendations section for more about adjustments to volume limits for products such as cider.

In current law, a Brewery, Winery or Distillery may operate a retail “tasting room” to sell products to customers for onsite or offsite consumption. As noted above, there are per-customer, per-day quantity limits for each license, but no overall restriction on sales. This recommendation allows any existing licensees, or those in process of applying for a license under the current rules, to continue this practice with no limits beyond those in the original recommendation. For future licensees, the Manufacturer Retail license would require that no more than 20 percent of the business’s total production volume can be sold directly to the public under that license. A new licensee would be exempt from this requirement for their first eight years of operation (four renewal periods), and subject to it for all future years of operation. The group recognizes that new businesses substantially benefit from direct sales, as they work to perfect their products and build brand recognition, and most manufacturers who plan to scale up operations are interested in building relationships with wholesalers and retailers to distribute their products to larger markets. However, the group also raised concerns about preserving the three-tier system by limiting the degree to which manufacturers can sell to the public through a tasting room. This limit on sales would be reviewed by the Board during each license renewal, measured over the previous two years.

### IMPLICATIONS TO CONSIDER

- The Board may need to adopt regulations to define how this sales requirement will be monitored, and protocols to address a licensee who does not meet this requirement.

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**Recommendation M-3. Small Manufacturers Allowed to Hold Retail Licenses** | Remove the restriction in Prohibited Financial Interest (AS 04.11.450), which does not allow manufacturers to hold retail licenses, for smaller manufacturers.

### INTENT OF PROPOSED CHANGES

As noted in M-2, a strict interpretation of the three-tier system does not allow manufacturers to engage in retail operations, but it is increasingly common for craft manufacturers operate tasting rooms, restaurants and other direct-to-consumer sales. Prohibited Financial Interest (AS 04.11.450) prohibits a Manufacturer licensee from holding a Beverage Dispensary License or Restaurant Eating Place License, and a current Brewery or Distillery license only allows limited onsite consumption with an earlier closing time than most retail establishments. The exception currently in statute is the Brewpub license, which allows a BDL licensee or REPL licensee to manufacture and sell a limited volume of product annually.

Recommendation M-3 removes the restriction on Brewery, Winery and Distillery Manufacturer licensees holding and operating any retail license in Title 4, including a Beverage Dispensary, Restaurant or Eating Place, Package Store, or Golf Course. Manufacturing licensees would have the same privileges and requirements as other owners of a given license type; for example, any holder of a Restaurant or Eating Place is subject to a minimum ratio of food sales to alcohol sales on the restaurant’s licensed premises (see Recommendation R-4). This proposal would not change the manufacturer’s existing ability to distribute to other licensees in and out of the state, a privilege granted to the production license.

It should be noted that this recommendation may be viewed as facilitating creation of “tied houses,” where a manufacturer dominates a market by operating retail outlets that feature exclusively or primarily their own products (see Recommendation W-2 for more on trade practices). To mitigate

this threat, the recommendation limits the ability to hold retail licenses to relatively small manufacturers, whose operations under the production license and any affiliated production operations produce less than the following annual volume thresholds: 300,000 barrels of beer, or 50,000 9-liter case equivalents of wine or spirits. Manufacturers whose total production volume exceeds these thresholds would not be eligible to hold any retail license, including the Manufacturer Retail license.

This change complements removing the Brewpub license (Recommendation M-1); it allows the same activities while remaining under the population limits existing retail licenses. This provision gives manufacturers more flexibility in retail operations, while requiring that they participate in the same market for retail licenses as other prospective business owners. Manufacturers could choose to produce their products with no retail operations, or apply for a Manufacturer Retail license and conduct activities that are currently allowed under existing licenses, and/or acquire a retail license.

**2017 Update:** The original recommendation was narrower in scope, and would have allowed a Brewery or Winery to own a Restaurant or Eating Place license, if one was available in their community according to the population limits; Distilleries were excluded because the only product they make, distilled spirits, are not allowed to be served under a Restaurant or Eating Place License. In 2016 the stakeholder group recommended broadening this to all manufacturer licenses and all Retail licenses, but limiting this privilege to manufacturers below an annual production threshold.

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**Recommendation W-1. Adjust Scaling of Wholesale License Fees and Simplify Supplier Reporting |** Adjust fees for both Wholesale licenses (both defined in AS 04.11.160) to retain current maximum but reduce burden on small operators; remove the requirement to provide a full list of suppliers to the ABC Board.

#### **INTENT OF PROPOSED CHANGES**

Wholesalers have the most complicated fee structure of any license type, and are subject to multiple reporting requirements. There are two separate license types in the Wholesale license statute (AS 04.11.160): General Wholesale and Malt Beverage and Wine Wholesale, with separate schedules of annual and biennial fees that are scaled according to the size of the licensee's business (dollar sales transacted) and the number of suppliers whose brands they carry. Wholesale licensees pay multiple fees: a biennial license fee; for General Wholesale licenses, a flat fee for each distribution point; and two other fees scaled by sales volume and number of suppliers. In addition, Wholesale licensees must provide written letters of certification from all suppliers every two years to verify that they are the primary suppliers in Alaska for each product, another feature within the three-tier system that prevents wholesalers from having competing relationships with a supplier of a particular brand.

This recommendation is to simplify Wholesale licenses by defining them as two separate types in statute, retain a fee structure that is fair to all distributors but places less financial burden on small distributors, and retain the primary source supplier system while reducing administrative burden by streamlining reporting requirements. The recommendation halves the fees owed for each tier of business transacted, except that the maximum allowable fee remains the same at the highest tier (over \$1 million in annual sales), detailed in the table below. Because large wholesalers conduct business well above \$1 million annually and smaller operators rarely approach this number, it is a reasonable threshold to maintain without disclosing confidential business information.

General Wholesale: Proposed Fee Scale		
Annual Business (\$ sales)	Current	Proposed
up to \$100k	\$0	\$0
>\$100k to \$150k	\$500	\$250
>\$150k to \$200k	\$1,000	\$500
>\$200k to \$250k	\$1,500	\$750
>\$250k to \$300k	\$2,000	\$1,000
>\$300k to \$350k	\$2,500	\$1,250
>\$350k to \$400k	\$3,000	\$1,500
>\$400k to \$500k	\$4,000	\$2,000
>\$500k to \$600k	\$5,000	\$2,500
>\$600k to \$700k	\$6,000	\$3,000
>\$700k to \$800k	\$7,000	\$3,500
>\$800k to \$1M	\$9,000	\$4,500
over \$1M	\$10,000	\$10,000

Limited Wholesale: Proposed Fee Scale		
Annual Business (\$ sales)	Current	Proposed
up to \$20k	\$0	\$0
>\$20k to \$50k	\$300	\$150
>\$50k to \$100k	\$1,000	\$500
>\$100k to \$150k	\$1,500	\$750
>\$150k to \$200k	\$2,000	\$1,000
>\$200k to \$400k	\$4,000	\$2,000
>\$400k to \$600k	\$6,000	\$3,000
>\$600k to \$800k	\$8,000	\$4,000
over \$800k	\$10,000	\$10,000

In addition, the committee discussed the primary source reporting requirement, in which all Wholesale licensees must provide a current supplier list for all the products they sell, and submit any changes in supplier or product line to the ABC Board within 10 days. This provision creates an administrative burden on both licensees and AMCO staff, who do not proactively review the lists to identify any conflicting supplier relationships. The recommendation includes a simpler requirement that Wholesale licensees must, on application or renewal of the license, sign an affidavit that they are the duly appointed wholesaler for all product lines they represent. Because wholesalers have a business interest in ensuring that they have exclusive relationships with suppliers, any issue of a non-exclusive supplier would likely be discovered and brought to the Board's attention by the licensees. The Board would still be able to request a supplier list from the Wholesale licensee when a question arises, according to the licensee's signed affidavit. Because there is an annual fee calculated based on the licensee's number of suppliers, the licensee's affidavit would simply require self-reporting on the affidavit using the range already in current statute (1 to 25, 26 to 50, 51 to 75 and over 75 suppliers).

#### **Recommendation W-2. Align State Statute with Federal Law Regarding Trade Practices |**

Add provisions in Title 4 to match current federal law regarding trade practices and agreements between retailers and wholesalers or manufacturers.

#### **INTENT OF PROPOSED CHANGES**

This recommendation addresses provisions currently missing in state statutes regarding the relationships between manufacturers, wholesalers and retailers. While the Federal Alcohol Administration Act and the Alcohol Tax and Trade Bureau (TTB) have regulations defining prohibited trade practices for wine and distilled spirits, beer and malt beverages are exempted, leaving the matter to states. Alaska is one of a few states that do not address trade practices in state law.

The provisions are decades old and address problems that were rampant in the alcohol industry prior to Prohibition. In 1933, a report published by the Rockefeller Foundation, *Toward Liquor Control* (commonly known as the "Rockefeller Report"), provided guidance to policymakers as they

set up regulatory systems for alcohol after repeal of Prohibition. Issues identified included a variety of practices that hampered retailers' ability to make independent purchasing decisions about which products to sell, and could potentially lead to monopolies. The intent of the provisions is to prevent undue influence over, or coercion of, retailers by manufacturers or wholesalers, which may prevent a retailer from purchasing products from or conducting business with whomever they choose.

This recommendation would enact a state law similar to the Federal Alcohol Administration Act (Title 27, Chapter 8, Subchapter 1, Section 205), which defines "unfair competition and unlawful practices" within relationships between suppliers/wholesalers and retailers as the following acts:

- **Commercial Bribery** | providing a bribe, promotional bonuses or other compensation by a distributor to a retailer in exchange for an exclusive relationship or an agreement not to purchase other products.
- **Tied House** | part ownership by a manufacturer in a retail establishment, which provides leverage for selling some products and not others.
- **Exclusive Outlet** | requiring a retailer to have an exclusive relationship with a distributor.
- **Consignment Sales** | conditional sales of products that may involve the trade of other products in exchange to circumvent normal distribution relationships.

While these practices are illegal under federal law for wine and distilled spirits and are therefore already illegal in Alaska, there are no locally-based federal enforcement staff tasked with monitoring Alaska licensees, and lack of equivalent state laws prevents the ABC Board and other law enforcement from being able to act if there are violations. To avoid excessive detail in statute, the recommendation assumes that most of the specific language about these practices would be adopted in regulation, with broad enabling language in statute defining and prohibiting the practices listed above. The regulations should adhere as closely as possible to current federal regulations, and should not be more restrictive than current federal law. Proposed penalties for engaging in prohibited trade practices would be defined as administrative penalties in regulation.

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**Recommendation P-1. Population Limits Apply to Retail Licenses Only** | Apply population limitations on the number of licenses only to retail-tier licenses (excluding tourism-focused licenses and Winery Direct Shipment License).

#### **INTENT OF PROPOSED CHANGES**

There is a shared interest among community members, public health advocates and license holders to regulate the number of available licenses; to find the best mechanisms to regulate the public's access to alcohol in Alaska's communities; and to protect the investment value of existing licenses. The number of allowed liquor licenses of each type is determined by each community or borough's qualifying population (AS 04.11.400).<sup>2</sup> The goal of the system is to control public access to alcohol and mitigate the social costs of alcohol consumption in a community by setting limits on the density of retail outlets. The effect of the system, because some retail licenses are in high demand and most

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<sup>2</sup> Per current regulation (3 AAC 304.905), the ABC Board determines population for purposes of AS 04.11.400 by using current population estimates published by DCCED and subtracting the following populations: prison inmates, university students and military personnel who are not considered local residents and are therefore counted in another community.

licenses are transferrable to a new owner or location, is to create a limited supply of licenses, which sets the secondary market value for some license types for a sale and transfer among businesses.<sup>3</sup>

The current system allows a much higher density of outlets than the statute intended. Statute allows each community or borough to have one REPL and one Club per 1,500 people, and one per 3,000 people for each of the other 14 license types under population limits, rounding up to one additional license for any remainder population (e.g., a community of 3,001 is allowed two licenses, not one). Population limits currently apply to most licenses, other than those designed to primarily serve tourists and others specifically exempted in the statute. Most communities are also over-licensed with some types of retail establishments because existing licensees were not impacted when limitations were codified (for example, Seward is only allotted one BDL and one Package Store license, but currently has 7 BDLs and 4 Package Stores). When a new license type is added in statute, another set of new licenses is created under the population limits, increasing total alcohol outlet density in communities as these new licenses are issued.

Local Government	Net Pop. (2016)	Allowed per Type (1:3000)	Allowed per Type (1:1500)	Actual Lic., Pop. Limits (2017)	Actual Lic., w/ Tourism (2017)	Density: License per Pop.
<b>Anchorage</b>	264,485	89	177	470	511	1 per 518
<b>Bristol Bay Borough</b>	942	1	1	10	15	1 per 63
<b>Cordova</b>	2,286	1	2	13	16	1 per 143
<b>Denali Borough</b>	1,576	1	2	15	41	1 per 38
<b>Anderson</b>	209	1	1	3	3	1 per 70
<b>Fairbanks North Star Borough</b>	60,895	21	41	84	94	1 per 648
<b>Fairbanks, City</b>	24,603	9	17	91	97	1 per 254
<b>Haines Borough</b>	2,537	1	2	12	15	1 per 169
<b>Juneau, City and Borough</b>	32,132	11	22	77	87	1 per 369
<b>Kenai Peninsula Borough</b>	37,174	13	25	74	96	1 per 387
<b>Homer</b>	5,099	2	4	25	40	1 per 127
<b>Kachemak</b>	460	1	1	4	4	1 per 115
<b>Kenai</b>	6,758	3	5	20	26	1 per 260
<b>Seldovia</b>	233	1	1	3	5	1 per 47
<b>Seward</b>	2,243	1	2	15	26	1 per 86
<b>Soldotna</b>	4,311	2	3	15	22	1 per 196
<b>Ketchikan Gateway Borough</b>	5,092	2	4	9	12	1 per 424
<b>Ketchikan City</b>	8,243	3	6	38	44	1 per 187
<b>Kodiak Island Borough</b>	6,756	3	5	9	12	1 per 563
<b>Kodiak City</b>	6,329	3	5	21	23	1 per 275
<b>Matanuska Susitna Borough</b>	81,770	28	55	113	135	1 per 606
<b>Houston</b>	1,965	1	2	3	4	1 per 491
<b>Palmer</b>	5,449	2	4	17	19	1 per 287
<b>Wasilla</b>	6,906	3	5	28	42	1 per 164

<sup>3</sup> Most people unfamiliar with the alcohol licensing system are aware that many licenses are expensive: a license may be sold for more than \$300,000 in a community with a limited number of, and high demand for, that license type. This “cost” is separate from the license fees, which is paid directly to the state during the application process. The transaction takes place between two private parties, and the purchase is technically not the license itself, but participation with the seller in the license transfer process.

Local Government	Net Pop. (2016)	Allowed per Type (1:3000)	Allowed per Type (1:1500)	Actual Lic., Pop. Limits (2017)	Actual Lic., w/ Tourism (2017)	Density: License per Pop.
Nome	3,606	2	3	16	21	1 per 172
Sitka, City and Borough	9,005	4	7	24	28	1 per 322
Skagway	1,031	1	1	12	26	1 per 40
Wrangell, City and Borough	2,406	1	2	10	11	1 per 219
Valdez	3,932	2	3	12	17	1 per 231

The recommendation is to make population limits apply only to Retail licenses, not to Manufacturing (production) and Wholesale licenses. Manufacturer (Brewery, Winery, Distillery) Retail licenses would be further limited to one license per 9,000 people: each type is specific to a product category, but collectively the three are essentially one new license type. Tourism-serving licenses (BDL Tourism, Seasonal REPL Tourism, Destination Resort, Outdoor Recreation Lodge) would remain exempt. Considered jointly with the other recommendations, the intended effect is to control the maximum number of retail licenses that can be issued per community by limiting the number of license types. Because new license types are often created with a very specific purpose or to allow an activity not currently allowed in other licenses, the recommendation is also closely connected with the creation of endorsements to existing licenses: endorsements are not limited by population, but allow additional premises or activities to occur under an existing license (see Recommendation R-7 for more about endorsements).

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**Recommendation P-2. ABC Board Advisory Opinion on Proposed Legislation | Enable the ABC Board to issue a formal advisory opinion on any proposed legislation regarding Title 4.**

**INTENT OF PROPOSED CHANGES**

Like all statutes, any change to Title 4 is brought to the Legislature for consideration. Legislators and their staff typically call upon AMCO staff for information about the impacts of proposed legislation, and staff is available during committee hearings to answer questions. However, deliberation is not currently conducted by the Board to consider an official opinion on a bill, even when the statutory change may have significant impacts on other portions of Title 4 or on the overall alcohol regulation system. The ABC Board is not currently prohibited by law from issuing opinions on proposed legislation related to Title 4, but despite being the regulatory body charged with implementing and enforcing these laws, in practice the Board has no formal advisory role in proposed changes.

The committee recognizes that statutes must not constrain the Legislature’s decision-making process, but contends that the process of statutory change for Title 4 would benefit from the formal input and perspective of the ABC Board. This recommendation would formally empower, but not require, the ABC Board to issue an advisory opinion on active legislation for proposed changes to Title 4, as a benefit to legislators as they deliberate on a proposed change to Title 4. The Board could issue an opinion on its own, or seek stakeholders’ input to inform its opinion on the matter.

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**Recommendation P-3. Retire Public Convenience Process; New Options for REPLs |**

Convert all existing Public Convenience license holders to standard, fully transferrable REPLs; repeal Public Convenience; allow qualifying municipalities to petition the ABC Board to increase the number of REPLs available in their community.

**INTENT OF PROPOSED CHANGES**

As noted in Recommendation P-1, most but not all license types are subject to the statutory population limits. A Public Convenience license is one exception: the current Population Limitations statute (AS 04.11.400(e),(g)) allows an REPL to be located 18 or more miles outside of a city's limits, or in a city with a signed petition of surrounding residents. Public Convenience Licenses are not transferrable, and therefore have no market value. There are currently 68 Public Convenience licenses, 18 of which are seasonal.<sup>4</sup> Most are located in small communities that have otherwise been issued the maximum number of allowed REPLs, primarily in Homer (12), Seward (9), Wasilla (8), Skagway (4), and Soldotna (3). To date, most Public Convenience licensees have not been associated with significant enforcement problems. However, they do undermine the intent of the population limits, and from the public health perspective, increases the number of alcohol retail access points in a community. From the industry perspective, unlimited license types create a loophole to obtain a retail license at a lower cost, since they do not need to be purchased on the secondary market like regular REPLs would be. The process for obtaining a license is also an administrative challenge for the ABC Board, which is not equipped to determine whether petition signatures are valid, and no clear guidance what constitutes "public convenience," which has no definition in statute.

**2017 Update:** The ABC Board and all stakeholders recognize the demand for and economic value of providing establishments to serve Alaska's many visitor populations, including tourists, seasonal workers, and in-state travelers who live in one place and work, shop or vacation in another place. This was likely the original intent of allowing more REPLs to be issued than the population limits allowed, but has in practice resulted in some communities being significantly over-licensed, and an entire class of restaurant licenses that are not transferrable to another location. The original recommendation of this group was to place a moratorium on issuing any new Public Convenience license, and to grant existing licensees only one future transfer of ownership, with the intent of phasing out these licenses and encouraging businesses to acquire a regular REPL or, for seasonal businesses, a Seasonal REPL Tourism license. This proposal was controversial and ultimately withdrawn by the stakeholder group, since it would have negatively impacted existing businesses.

The stakeholder group worked closely with staff from two local governments, Soldotna and Wasilla, to craft a recommendation for some communities to request additional REPLs within their boundaries, as well as to review and re-affirm support for creation of a seasonal restaurant license for small communities with large annual visitor populations. In addition to recommending that Public Convenience be repealed, the stakeholder group developed new options to meet demand:

**Existing Recommendation: Seasonal Restaurant or Eating Place Tourism license.** A Seasonal Restaurant or Eating Place (REP) Tourism license functions as a restaurant, but would be seasonal, operating up to six months of each calendar year. The season would not necessarily be contiguous, to accommodate businesses with summer and winter visitors. The intended operating period would be stated on a new application and with each renewal application to the Board.

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<sup>4</sup> This number continues to increase: at the time of this report's original publication in 2015, there were 57 Public Convenience.

The number of Seasonal REP Tourism licenses would be subject to their own population limit, which the ABC Board would establish in regulation using a formula for each local government. Licenses would only be available within local governments with a permanent resident population below 20,000 and who receives more than 4,000 visitors annually. To determine the number allowed per community, the Board would rely on available visitor numbers published by DCCED, which can provide visitor counts for communities who receive above 4,000 visitors annually. One formula for consideration uses a rolling multi-year average of visitor counts and the current number of year-round residents, divided by the length of the season (up to six months), to establish the average number of people present in the community on a given peak-season month:

**5-year average of annual visitors / months in season = Average monthly visitor population**

This estimate of typical visitor population would be added to the number of permanent residents, and divided by the existing REPL population limit (1:1,500) to yield the number of available licenses:

**(Residents + average monthly visitors) / 1,500 = Available Seasonal REP Tourism licenses**

Seasonal REP Tourism licenses would be transferrable to a new owner and have the same privileges and restrictions as standard REPLs, including holding any permits for which REPLs qualify. This recommendation is intended to be implemented concurrently with repeal of Public Convenience, to ensure that prospective businesses in smaller communities have available options immediately.

**2017 Recommendation: Convert existing Public Convenience licenses to regular REPLs.** Rather than penalizing existing businesses with Public Convenience licenses, all existing licensees would be converted to full REPLs, including the ability to transfer to a new location. This results in no net change in the number of licenses in the community, but provides existing businesses more privileges than their license affords now. All but one Public Convenience license is a restaurant; the only Public Convenience Beverage Dispensary, the Double Musky, would be converted to a BDL. Applicants who have submitted a completed Public Convenience application by the conversion date would be converted to an REPL application, with a provision that their application cannot be denied on the basis of population limits, to ensure their application is reviewed on its original merits.

**2017 Recommendation: Local Government Petition for Additional REPLs.** As noted above, most Public Convenience licenses have been issued in a few communities whose permanent resident population is relatively small, but who serve a larger population including surrounding residents, visitors, tourists and/or seasonal workers. Some of these cities approached the stakeholder group to request more input on the number of licenses issued in their communities, pointing out that they have the law enforcement, zoning, and health resources to properly manage any negative effects of increased alcohol outlets in their community. This new recommendation, intended to achieve the same goals as the Public Convenience license but maintain limits consistent with existing limits for REPLs, allows qualifying local governments with no available restaurant licenses to petition the ABC Board to issue a specific number of available REPLs, without changing the underlying population limits. The petition would not be associated with a particular application, but would increase the number available in that community to be issued to new businesses.

Title 29, Alaska's statutes concerning the creation and powers of local governments, provides for multiple levels of government with specified powers designated to each. First class cities, home rule municipalities, and boroughs are granted the ability to maintain local law enforcement and create

and enforce land use regulations, including zoning to control which uses are allowed in which areas. These jurisdictions would qualify to initiate a petition the ABC Board for more REPLs, provided that there are none available in the community at the time of petition. The petition would include a specific number of additional licenses, with the following information and rationale:

- Documentation of additional population that visits the community annually for purposes of recreation, shopping, tourism, employment or other reasons. This may include permanent residents outside the city but who regularly visit the city, such as the populations of the Kenai Peninsula and Mat-Su Boroughs who regularly travel to cities such as Soldotna, Homer, Wasilla and Palmer for shopping, employment or other reasons.  
Unlike the population limits established in AS 04.11.400(a), these numbers are not required to be mutually exclusive with other jurisdictions, including other cities who petition for licenses; it would be extremely difficult to track whether two or more petition application have claimed the same portion of the population. This may result in double- or triple-counting current Alaska residents for purposes of issuing alcohol licenses, but recognizes that individuals patronize businesses in many different communities if they travel around the region or state.
- Using the population number identified above, a calculation demonstrating that the number of additional REPLs requested in the petition does not exceed the ratio of 1:1,500 non-resident population, in keeping with the intent of the population limits. Expressed as a fraction, the number of additional licenses (numerator) could not exceed the additional population claimed (denominator) divided by 1,500.
- The number of existing REPLs issued within their boundaries and, if the additional population includes residents in surrounding areas, the number of existing REPLs issued in that area, as information for the Board about the number of existing licenses in the area.

Upon receiving a petition, the ABC Board would consider the request as an agenda item in a meeting, and determine whether the request is reasonable and in the public interest to grant additional licenses. The Board could issue a number of available licenses, not to exceed the original amount requested, or deny the request and provide a rationale for denial and any recommendations for how to strengthen the merits of the petition. If the city's petition is successful, the community would not be eligible to submit another petition for ten years; if the petition is denied, the city may re-petition with the same or a modified request.

This recommendation, like the Seasonal REP Tourism license, would be implemented concurrently with repeal of Public Convenience, to provide communities the opportunity to seek additional restaurant licenses to serve their non-resident population. Public Convenience licenses can also be issued in areas outside of any local government, which is less common but usually serves a specific visitor population. For a license application in an unincorporated area, the ABC Board will continue to use the existing petition procedure outlined in AS 04.11.460(b), which applies to any license type. Verifying petitions is still difficult to administer, but provides a process for obtaining a license in a rural area with few permanent residents and no local government structure.

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**Recommendation R-1. Multiple Licensed Premises with a Beverage Dispensary License |**

Clarify the parameters that would allow and require multiple fixed counters for a Beverage Dispensary license (AS 04.11.090): create Multiple Fixed Counter endorsement, Hotel/Motel endorsement, and Large Resort endorsement.

**INTENT OF PROPOSED CHANGES**

Beverage Dispensary licenses (BDLs) have a specific definition of licensed premises. “Licensed premises” is defined as one room with a fixed counter or service bar. Additional rooms require Duplicate licenses, even in the same building, and Duplicates are not intended to cover additional non-contiguous buildings. Exceptions include hotels, motels and similar businesses, which have been permitted Duplicate licenses within “convenient walking distance” of the original license. Resorts and large hotels with multiple establishments on a multi-acre property have also been granted Duplicates. Lack of clarity regarding who qualifies for Duplicate licenses has made it difficult for the ABC Board to consistently determine when a Duplicate is appropriate. Single establishments with multiple bar rooms have Duplicates, while other establishments, not meeting the definition of hotel or motel, have used Duplicates to create what appear to be two different establishments that are physically adjacent and under the same business entity. Others have applied to use a Duplicate for a second establishment on the same property, citing the example of existing resorts or hotels that have been granted Duplicates as precedent.

This recommendation presents a logical framework for authorizing multi-room licensed premises for BDLs, and clarifies when this option is available to the holder of a BDL. The proposals below allow businesses some flexibility in operation decisions, but restrict the situations in which more than a single room would be allowed. The definition of BDL licensed premises remains the same: a single room with a fixed, plumbed counter or bar.

- *Multiple Fixed Counter*: if the additional counter(s) in the same building, in establishments held by the same owner, and separated either by unlicensed or contiguous licensed premises.
- *Hotel/Motel*: if the licensee is a hotel, motel, resort or similar business catering to the travelling public, allowing Secondary Location(s) in the same building or readily accessible within convenient walking distance.
- *Large Resort*: the licensee offers overnight guest accommodations, outdoor recreation activities, and has a resort with 10 or more contiguous acres, allowing Secondary Location(s) within the resort boundaries, operated by the same business entity.

**Multiple Fixed Counter Endorsement** | Rather than using Duplicates to extend licensed premises, a Multiple Fixed Counter (MFC) endorsement would be available to licensees for use within a single building and which own or lease all of the portions of the premises they propose to include. Only one MFC endorsement would be required per license; to obtain more than one additional counter, a licensee would pay the initial per-counter fee of \$1,250 and indicate the rooms on the premises diagram. The licensed premises could, for example, be designated as an entire building with one or more additional counters, or a single large room with multiple counters. All licensed premises would be under a single license, subject to existing rules regarding renewal.

**Hotel/Motel Endorsement** | If the licensee is a hotel, motel, resort or similar business catering to the travelling public, they can obtain a Hotel/Motel endorsement, allowing them to hold a Multiple

Fixed Counter endorsement at one or more secondary locations, either in the same building or readily accessible within convenient walking distance. Several provisions pertaining only to these types of businesses would be removed from the BDL statute and placed into this endorsement, with no changes to allowable activities: stocking guest rooms, designating banquet rooms or gathering places as licensed premises, and requiring a key system for storing beverages.

**Large Resort Endorsement** | Because the design and operation of a large resort property or hotel is materially different from a BDL with multiple rooms, the recommendation also creates a Large Resort endorsement. It is conceptually similar to the Hotel/Motel endorsement and includes all of the same provisions, except that the licensee is exempt from the requirement that the secondary location(s) be within walking distance. The Large Resort endorsement would not need to “layer” with a Hotel/Motel endorsement; a licensee would seek one or the other. A Large Resort would be defined as 10 or more acres, with outdoor recreational activities and overnight lodging for the public. All licensed premises must be operated within resort boundaries and under the licensee’s control (i.e., not leased to or operated by a separate entity).

**2017 Update:** The original recommendation for current Duplicate licenses was for the Board to review which Duplicate premises do not conform to the definition above, including the requirement that they be under the same roof, as well as the same building, and those not conforming with the definition would lose the Duplicate after four renewal periods, or eight years. While the stakeholder group believed that most current Duplicates would fit the proposed definition, there were likely some establishments that would no longer qualify. Rather than negatively impacting current licensees, the new recommendation is to simply convert existing Duplicate licenses to Multiple Fixed Counter endorsements, and either a Hotel/Motel or Large Resort endorsement as appropriate, without regard to whether they meet the new definition.

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**Recommendation R-2. Rename Recreational Site License to Sporting License** | Ensure the definition of “recreation” is consistently applied to Recreational Site license holders; make sunset provision to review and retire licenses that do not meet this definition (AS 04.11.210).

#### **INTENT OF PROPOSED CHANGES**

There are currently two primary licenses that allow onsite consumption of alcohol by the public: the BDL and the REPL, both of which are in high demand due to the population limitations on retail licenses. There are other license types that allow onsite beer and wine consumption in specific circumstances, including: Recreational Site, Golf Course, (University) Pub, and Theater. The ABC Board has received several applications for other license types, particularly the Recreational Site, with many attempts to stretch the definition of “recreation” beyond the statutory definition of a sporting event. The statute was broadly interpreted by a 2011 memo issued by the Attorney General’s office, which outlines “event based” and “activity based” forms of recreation, all of which would be eligible for a Recreational Site license. While the “event based” definition conforms to AS 04.11.210, the “activity based” definition reads as follows: “An activity-based recreational site license would allow the licensee to sell beer and wine during times the recreational activity is taking place. An activity-based recreational site license includes the following recreational activities, or other recreational activities having substantially similar characteristics: baseball, softball, football, soccer, running, skiing, skating, dog sledding, curling, gymnastics, zip lines, volleyball, climbing, hiking, fitness activities, golf, bowling, billiards, hiking, rafting, and boating.”

A number of licenses have been issued under this broadened definition, many of which would not qualify if evaluated under the statutory definition. It is difficult for the ABC Board to make fair and consistent decisions and to comply with the intent and letter of statute, as these other license types become more available or broadly interpreted. Current licensees voice concerns that the value of BDLs are diminished by expansion of other license types. Public health and community advocates want to avoid proliferation of licenses that increases the density of retail outlets beyond statutory intent. Given the limited number of most license types available, pressure on the Board is likely to continue in the future to creatively adapt this and other license types.

After reviewing the existing statute and the proposed regulation to define “recreational activities” issued by the ABC Board for review in August 2013, the committee determined that the issue is not in statute, but with how it has been interpreted. This recommendation finds that the statute itself is sufficient and should be interpreted more narrowly when future license applications are reviewed, and the policy memo that broadens the intent of the statute should be nullified because it does not appear to have statutory basis. To clarify the intended use of the license, its name should be changed to “Sporting Event” to better reflect its intended use at specific recreational events, not necessarily all recreational activities.

The remaining issue with returning to a strict statutory interpretation is whether existing licenses granted under the broader definition of recreational activities should be revoked, as they were issued without proper legal basis. The committee weighed existing licensees’ investments against the benefits of closing this growing loophole, and recommends that the ABC Board not renew licenses that do not fit the strict statutory definition, with a sunset period to allow non-conforming licensees to depreciate their investment in the license or alter their operations to comply with that definition. The ABC Board would issue a memo explaining that all previously Recreational Site licenses will be reviewed by staff, with a recommendation to the Board about which meet the statutory definition of a Sporting Event license. Licensees would be given four renewal periods (eight years) to submit an appeal to the ABC Board explaining how they comply with statute or which operational changes they would make (e.g. instituting a seasonal league) to comply. At the end of this period, licenses that are no longer in compliance would not be renewed.

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**Recommendation R-3. Package Store Onsite Product Sampling Endorsement |** Create a separate endorsement to allow onsite sampling at Package Stores (AS 04.11.150).

#### **INTENT OF PROPOSED CHANGES**

Currently Brewpubs, Wineries and Breweries allow onsite sampling of products and limited sales to individuals for offsite consumption (Recommendation M-2). Package Store licenses prohibit onsite consumption of alcohol, but the “growler bar provision” (subdividing containers) was added in regulation to allow package stores to re-package beer by filling a growler (a 32-oz. or 64-oz. container filled at the tap) or splitting up multi-unit cases for consumption offsite. Some industry members on the committee advocated to allow onsite sampling at Package Stores. Alaska has not allowed this activity in the past, but many other states allow sampling at liquor stores where consumption is not otherwise allowed, provided by an employee or a third party such as a distributor for the product being sampled.

The recommendation would create a new Package Store Sampling endorsement, which would allow a Package Store licensee to provide a limited number of free samples of alcoholic beverages on

premises. The *total* allowable amount of equivalent-alcohol samples served are consistent with the Manufacturer Sampling endorsement recommendations: no more than 12 oz. of beer, 6 oz. of wine or 1.5 oz. of distilled spirits, or a combination not to exceed the equivalent of any of the three. Determining how to track the total product(s) sampled per customer would be left to the licensee, who would present their plan to the ABC Board. Sampling activities would be allowed during package stores' hours of operation.

Because this proposal substantially expands the type of activities allowed at a Package Store, the committee discussed ways to mitigate the potential neighborhood impacts of free sampling at establishments with no previous onsite consumption. The endorsement would be reviewed periodically as part of the license or renewal application process, and on the local level, communities could use a Conditional Use process to mitigate potential impacts. Further limitations on sampling activities could be placed on the business through a conditional use permit, e.g. allowing sampling only for four consecutive hours, or not before noon. To address concerns that free sampling would be promoted as public advertising for free alcohol, the recommendation includes codifying restrictions in statute and in regulation regarding public advertising. Public advertising of sampling would not be permitted, including exterior-facing signs on the premises, ads in newspapers and circulars, TV and radio ads, or handheld signs on street corners. Direct advertising to existing customers would be permitted, including opt-in mailing lists, social media directed toward a network of followers, and banners or flyers inside the store that are not visible from the exterior.

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**Recommendation R-4. Clarify Restaurant Food Requirement** | Clearly define in statute the ratio of food to alcohol sales for restaurants: food sales receipts must be greater than those of alcohol sales receipts for onsite consumption.

#### **INTENT OF PROPOSED CHANGES**

The committee discussed the ratio of food to alcohol required as part of a Restaurant Eating Place license to define a bona fide restaurant, as well as examples of businesses that may or may not meet the statutory requirement and are acting more like a BDL. The committee identified an ambiguity in statute: the statute requires "that gross receipts from the sale of food upon the licensed premises constitute no less than 50 percent of the gross receipts of the licensed premises for each of the two preceding calendar years." As defined, non-food sales could include alcohol, merchandise or other receipts. Restaurants would be required to report that they met this requirement each year.

The committee discussed the food requirement particularly in the context of a Manufacturer holding an REPL and whether they could successfully meet this requirement. This recommendation would change the statute language to indicate a more specific calculation: gross receipts of food sales measured against gross receipts of alcohol sold for on-premises consumption. This ratio excludes any other sales, such as merchandise or alcohol sales for off-premises consumption.

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**Recommendation R-5. Golf Course License and Endorsement** | Retain the current Golf Course license (AS 04.11.115); create a Golf Course endorsement for a BDL; adapt AS 04.16.049, 3 AAC 304.715, 3 AAC 304.725 and 3 AAC 304.745 to allow minors to play or work on the golf course or clubhouse.

*The portion of this recommendation regarding minors was enacted in 2016 in SB 165.*

## INTENT OF PROPOSED CHANGES

In reviewing the Golf Course license and Restaurant endorsement (previously Restaurant Designation Permit), the committee discovered that, unlike a provision for restaurants, there is no provision permitting minors to work on or play on a golf course if it has been designated a licensed premises. While the general intent of Title 4 is to not allow minors to be on licensed premises and not serve alcohol as part of employment, the lack of a provision regarding minors on licensed golf course premises appeared to be an oversight and, to the committee's knowledge, is not currently being enforced because it would prevent minors from participating in any golfing activities. The holder of a Golf Course license is also currently prohibited from holding a BDL per AS 04.11.115. Although beer and wine may be sold throughout the licensed property (clubhouse and course), there has been pressure in the past to allow all alcohol products to be served under this license.

This recommendation would retain the Golf Course license as a beer and wine license, and create a Golf Course endorsement with the same privileges that can be added to a BDL; the essential feature of each is that alcohol can be served on all or part of the outdoor course. The applicant and the Board would determine which portion(s) of the course are within the boundaries of the licensed premises. Without the endorsement, the BDL could be operated at a golf course but its premises would be limited to a one-room clubhouse; with the endorsement, part or all of the course itself could be considered licensed premises.

**2017 Update:** Rather than including provision for youth employment or playing golf in an individual endorsement, this language was included in changes to Minor on Licensed Premises (AS 04.16.049) and enacted in SB 165. The language allows a person under 21 but of working age to be employed on the licensed premises, or to engage in golf activities (playing, caddying), as long as they do not have access to purchase, consume or serve alcohol while on the premises. A new recommendation also includes similar provisions for some other license types (see Recommendation N-10).

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**Recommendation R-6. Theater License |** Move the Theater license into statute and out of regulation 3 AAC 304.695 as an add-on license to a BDL or REPL.

## INTENT OF PROPOSED CHANGES

The Theater license, which functions as a license type, is not in statute but in regulation (3 AAC 304.695). It must be held by a BDL or REPL licensee, and allows the holder to provide concessions at a theater at its own establishment or a site separate from its own licensed premises. In practice, it functions as a year-round concessions contract between a licensee and otherwise non-licensed premises, and allows the site to serve alcohol beyond the current limit in Anchorage on the number of events allowable at a single venue in a calendar year. This recommendation would codify this license type in statute. Despite the current way in which the one license is used, the regulation does not mandate an exclusive contract with a single venue. The committee identified this perception of exclusivity as being a point of frustration for other retail license holders, but is not currently (and is not recommended to be) required in statute or regulation.

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**Recommendations R-7A through M. Endorsements and Permits |** Create a clear statutory framework for endorsements and Permits, with all types defined in statute and with clear and consistent requirements.

## INTENT OF PROPOSED CHANGES

As noted throughout the recommendations, the current system of licenses, designations and permits is inconsistent or convoluted, in part because several new license types have been added to address a variety of special situations. Many of these situations have to do with the extent of the licensed premises and which activities are or are not allowed on the premises: for example, a Bowling Alley is treated with a special provision within the BDL statute, while a Golf Course and a Recreational Site are two separate license types. Furthermore, there are permits or licenses that are defined only in regulation, and other activities that are defined within specific license statutes but are more functionally similar to endorsements. Finally, the system of permits, particularly Catering Permits, has been difficult to monitor and implement both at the state and local level.

The committee's general approach to this topic was to examine which provisions should be a distinct license defined in statute, which provisions allowed licensees to conduct certain activities and/or expand the boundaries of their premises (suggesting the need for an endorsement), and which provisions were truly temporary permits that should be defined in statute, not regulation. Recommendations R-7A through M are based the following guidelines for each category:

- *License* defines activities allowed daily on a specific location or premises.
- *License Type* is a general category of license activities based on the three-tier system: Manufacturer, Wholesale, and Retail.
- *Endorsement* expands the boundaries of the licensed premises to suit activities associated with specific businesses: bowling alley, golf course, Theater, etc.; it is similar to the Restaurant designation in current statute.
- *Permit* allows time-limited catering and serving activities on other premises, and allows eligible non-profit organizations to host fundraising events.

Some endorsements have already been defined in previous recommendations because they apply directly that issue. The remaining recommended endorsements and permits below are proposed to be inserted as a series of statutes. In most cases, the language describing the permit or endorsement has not changed, only relocated. In other cases, language may be expanded or narrowed to clarify the intended use of the endorsement or permit, and to which license(s) it applies.

Licensees currently holding Duplicate license(s) would be eligible to obtain a Multiple Fixed Counter Endorsement, or if their operations do not conform to the guidelines below, will have a grandfather period of eight years to obtain another license.

**R-7A | Bowling Alley Endorsement** | The committee proposes removing this provision from the BDL statute (AS 04.11.090), and making it available to BDL holders. Because there was previously no definition for a bowling alley, it is recommended that "bowling alley" be defined in regulation. This endorsement application requires information about the specific premises and hours during which alcohol is to be served, when minors are not allowed in the area.

**R-7B | Package Store Shipping Endorsement** | This recommendation would relocate AS 04.11.150(g-h) into a new statute as an endorsement on a Package Store license. The endorsement would not require renewal, but is non-transferrable. This endorsement would allow a Package Store to ship in compliance with Local Option laws.

**R-7C | Package Store Delivery Endorsement** | This recommendation would relocate AS 04.11.150(i-j) into a new statute as an endorsement on a Package Store license, allowing delivery of alcohol for planned social events such as wedding receptions, and not general home delivery.

**R-7D | Package Store Re-Packaging Endorsement** | This recommendation would relocate this portion of regulation 3 AAC 304.365 into a new statute, and available to a Package Store license.

**Manufacturer Sampling Endorsement** | See Recommendation M-2.

**Multiple Fixed Counter Endorsement** | See Recommendation R-1.

**Hotel/Motel Endorsement** | See Recommendation R-1.

**Large Resort Endorsement** | See Recommendation R-1.

**Package Store Sampling Endorsement** | See Recommendation R-3.

**2017 Update to Endorsements:** The original recommendation proposed that endorsements would require a one-time application, have fees scaled according to how much administrative burden they would create for the ABC Board, and that only some (Manufacturer Sampling and Package Store Sampling) would require renewal and community approval separate from the application process. The group discussed the practicality of having a second review process, as well as the pros and cons of allowing endorsements to be transferred with licenses. The new recommendation is that all endorsements be renewable on the same cycle as the underlying license, and that the application and review process be combined with the license itself. All endorsements have a biennial fee of \$200, with the MFC endorsement also having a one-time \$1,250 counter fee. Endorsements would not be subject to population limits, but transferrable only with the underlying license and to another person, not by location, because the endorsement was issued for a specific physical premises.

**2017 Update, Brewery Repackaging Endorsement:** The original recommendations did not address an activity currently allowed for Brewpub licensees: the ability to sell beer produced by the licensee, in growlers or in individual packages, on the licensed premises of their BDL or REPL. This endorsement would allow the holder of a Brewery license that also owns a BDL or REPL to repackage their own beer and sell to individuals for offsite consumption. The endorsement can only be used at the retail premises, not at the manufacturing premises, and would only be available to current Brewpub licensees who sell products for offsite consumption at their retail premises.

**R-7E | Permits** | This recommendation provides that all permits be clearly defined in statute, with language that limits alcohol service permits to those defined in Title 4. This provision would eliminate the creation of new permits in regulation, which has resulted in inconsistent rules and confusion over which permits are available to whom. A new statute would define a permit as time-limited, list the types of permits, and provide general rules that apply to all permits. After reviewing the cost associated with issuing, inspecting and enforcing permits, the recommended fee for permits should be at least \$50 per day, except Inventory Resale (previously the Retail Stock Sale to sell inventory within 90 days after closing a business) and Conditional Contractor (functionally a license type for certain federal and military installations). AMCO staff indicated that multi-day events tend to have a higher administrative cost because they are larger scale and have more elaborate operations or multiple serving areas. Because enforcement costs for permits will likely rise over time with inflation, the language in statute should read “no less than \$50 per day,” which gives the Board discretion to increase permit fees in regulation in the future to better reflect the cost of enforcement.

### Provisions that should apply to all permit types:

- Remove the provision that permits must be surrendered back to the ABC Board after their use (AS 04.11.230 and AS 04.11.240). This requirement dates to the practice of issuing permits in hardcopy only, with the only copy given to the permit holder to be returned to the ABC Board following the event. Staff verified that permits are recorded electronically.
- To clarify the application process, this recommendation includes outlining in the general Permits statute the procedure for applying for a permit: obtaining approval from local law enforcement and other local authorities to conduct the event, submitting to the ABC Board an annotated diagram to indicate the licensed premises for the permitted activity (including entrances, exits, serving points and other considerations), and other procedural issues duplicated across individual permits.

**R-7F | Beverage Dispensary Caterer's Permit** (AS 04.11.230; 3 AAC 304.685) | The current statute is named "Caterer's Permit" and has a fee of \$50 per event. Because it is specific to BDL holders, it is recommended that the name be changed to Beverage Dispensary Caterer's Permit. Originally defined in statute to be used for events such as conventions, sporting events and picnics, it includes a provision that allows its use for "social gatherings," which has been very broadly applied. This catering permit is intended for events with a specific attraction or celebrating a holiday. Other events that are not open to the public (e.g., family gatherings, weddings, company parties) do not require a catering permit under most circumstances. The recommendation is to remove "social gathering" and add more examples of allowed events (e.g. street fairs, concerts, festivals).

**R-7G | Restaurant Caterer's Dining Permit** (3 AAC 304.680) | This permit, currently in regulation, allows an REPL or a Golf Course to provide beer and wine for a dinner event. This recommendation would change the phrase "banquet or dinner event" to "meal or dining event" to broaden the allowable events to a brunch or lunch event. This permit requires food service at the event and is subject to the REPL's food sales requirement.

**R-7H | Club Caterer's Permit** (3 AAC 304.690) | This recommendation would move the permit from regulation into statute. It would not change the activities of this permit, but the fee would be changed from \$100 per permit to \$50 per day like all permits. Currently organizations are limited to three events per calendar year.

**R-7I | Nonprofit Event Permit** (AS 04.11.240) | This recommendation would rename the "Special Event Permit," as the name causes considerable confusion and the permit it is only available to nonprofit service, civic or professional organizations for fundraising events or membership meetings. This permit does not allow service of distilled spirits, only beer and wine. This permit is already in statute (AS 04.11.240) and allows an organization up to five events per calendar year.

**R-7J | Art Exhibit Permit** (3 AAC 304.697) | Currently, an organization can pay \$50 per event or a total of \$100 for a year-round permit of up to 12 events. This recommendation would move the permit to statute, change the fee to \$50 per day, and remove the full-year fee option.

**R-7K | Alcoholic Beverage Auction Permit** (3 AAC 304.699) | This recommendation would rename this permit from "Wine Auction Permit," move the permit from regulation into statute, and allow any alcoholic beverage to be auctioned, not just wine. This permit would only be available to non-profit organizations and could be used with or without another event permit, at the licensed

premises of a BDL, REPL, Club, or at non-licensed premises. It would not allow onsite consumption of the products being auctioned.

**R-7L | Inventory Resale Permit** (Retail Stock Sale License, AS 04.11.200) | The existing license is effectively a 90-day permit for a Package Store to sell its inventory to any other licensee prior to closing its operation, an activity normally prohibited under the three-tier system. Because this is a special situation and requires a Package Store license to qualify, this recommendation would change this license to a permit. The fee would remain at \$100 for the entire 90-day period, rather than \$50 per day like other permits.

**R-7M | Tasting Event Permit** | In place of using a BDL Caterer's Permit for industry-sponsored tasting events, a new permit would be created that allows some other license types to host a specific event promoting their products, in place of a broad interpretation of "social gathering" (see Recommendation R-7F). The proposed permit would enable a BDL to partner with a Package Store or Manufacturer Retail licensee to produce a tasting event in order to promote the products of that package store, brewery, winery or distillery. The permit, while held by a BDL, would be limited based on the partnering license, with up to six events per Package Store or Manufacturer Retail license per calendar year, and would be required to be held in the same geographic area in which the partnering license is issued (for example, a Fairbanks BDL may partner with an Anchorage Brewery, but must hold the event in Anchorage). The recommendation would allow the event to be held on- or off-premises of the partnering licensee, and the host would be limited to serving products currently produced or sold by that partnering licensee. The event must not be more than four hours, with no alcohol served after 9 p.m.; food would be required to be served with the alcoholic beverages. The host could charge attendees a flat fee for admission, but not per drink, as wine tasting events and nonprofit fundraisers currently allow. The permit applicant would be required to hold a BDL and demonstrate that they are working with a partnering licensee who holds a Manufacturer Retail license or Package Store license. A company that holds one or more qualifying partner licenses would be allowed six events per individual license location, not per company.

# ROLE AND FUNCTIONS OF THE ABC BOARD AND STAFF

The Role of the ABC Board committee reviewed the statutes related to the powers, duties and structure of the ABC Board itself, as well as the Board's larger role in promoting responsible alcohol industry operations, responsible consumption of alcohol and enforcement of the law. These laws include Chapter 6 of Title 4 (AS 04.06.010 to 04.06.110).

## RECOMMENDATIONS

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### **Recommendation RB-1. Strengthen Reporting Requirements for Municipal Enforcement |**

Include in statutory requirements that municipalities submit quarterly reports on Title 4 enforcement activities to the ABC Board.

#### **INTENT OF PROPOSED CHANGES**

The ABC Board depends upon municipal police and peace officers, VPSOs and Alaska State Troopers to enforce Title 4, as well as AMCO's investigator staff. Where local municipalities have their own police departments, the State provides 100 percent matching funds back to the local police department (commonly but erroneously referred to as a "refund") from the General Fund, equal to the license fees collected for licenses within that jurisdiction. In FY 2016, the Department of Revenue reported that 36 municipalities received these license fees, a total of \$938,675.<sup>5</sup>

The funds are nominally required to be used for Title 4 enforcement activities; municipalities are required by regulation 3 AAC 304.610 to provide quarterly reports on enforcement activities, but this has been difficult to enforce. Furthermore, the ABC Board currently has no formal mechanism to engage in planning efforts with local governments on education and enforcement, beyond coordinating on individual investigations. Police departments are required by regulation to report on their activities, but receive no guidelines about what enforcement is most appropriate or how best to allocate the funds. In the past municipalities respond with varying levels of detail, or not at all. If a law enforcement agency does not report any violations, it is unclear if violations did not occur, if preventative measures were successful, or if no action was taken. Lack of clarity about what is required and why reduces the efficacy of this reporting requirement, and means that there is no accountability for how the matching funds are spent by local governments.

In 2014, Shirley Coté, a former director of the ABC Board, issued a white paper recommending:

1. Current specific reporting requirements in code (3 AAC 304.610) be written into statute (AS 04.11.610);
2. Municipal police department reporting be standardized into a uniform format; and
3. The ABC Board work with local municipalities to develop enforcement, education and prevention plans to make best use of the refunds.

In addition to reporting on enforcement activities as recommended in the white paper, this recommendation requires that municipalities document in their reports their intended use of these funds for education and prevention activities, including developing action plans in collaboration

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<sup>5</sup> Department of Revenue, Tax Division, *Revenue Sources Book, Fall 2016*. Accessed February 2017.

with AMCO staff. Including these activities in statute, rather than regulation, emphasizes that they are required, which will result in more consistent reporting from local governments. The reporting format should allow police departments to comment on education and prevention activities, and would not mandate that the funds be specifically spent on enforcement of Title 4. The requirements are not intended to be so onerous as to place a burden on local enforcement agencies, so the recommendation assumes some flexibility in the format of reporting (for example, an electronic system as well as a hardcopy template as two options).

### IMPLICATIONS TO CONSIDER

- The resources necessary for AMCO to work with municipalities to develop enforcement, prevention and education plans should be considered; see Recommendation RB-3 regarding the new AMCO staff designated as a Local Government Specialist.
- Prior to releasing a template, requirements or other guidelines for reporting, AMCO should solicit input from and discuss with the local law enforcement community, to ensure that it is an effective and feasible structure for all.

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**Recommendation RB-2. Community Analysis of Local Option Order Database |** Allow data about direct shipment orders of alcohol in local option communities to be made publicly available, aggregated at the region or community level, for analysis and community planning.

### INTENT OF PROPOSED CHANGES

Currently, all written orders for alcoholic beverages (direct shipments to consumers through Package Stores) to local option communities in the state must be recorded in a database maintained by the ABC Board (AS 04.06.095; 3 AAC 304.645).<sup>6</sup> This database is used to track individual orders to local option communities that allow alcohol importation, allow coordination among individual stores receiving orders, and to enforce a monthly maximum purchase of alcoholic beverages allowed per individual by these communities. The data are confidential, currently available only to the ABC Board, law enforcement officers, probation or parole officers, and to participating package store licensees and their employees to determine whether they can legally fill an order. Individuals may request reports of their own data, but the information is not available to the public, and all information in the database is purged annually. The database is generally seen as a successful tool, and the data it contains is potentially valuable information for communities to understand the flow of alcohol in their region. Because all data is required to be confidential, not having any access to the information—at even an aggregated level—is a missed opportunity.

This recommendation adjusts the statute language to preserve the confidentiality of individual purchasers and Package Stores, while allowing aggregated data (at the community, ZIP code or region level) to be published on a regular basis and available to researchers, communities, and others interested in Local Option issues. This change would require a longer archival period for the data than the current annual purge, but would only make aggregated data available to the general public.

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<sup>6</sup> The Local Option order database was created in 2007, in response to the problem of individuals in local option communities making several maximum orders at different package stores and thereby exceeding the monthly limit per individual and circumventing the intent of the statutes. Package stores enter the amount of alcohol ordered by an individual to ensure that the order will not exceed the monthly maximum per individual that is set by state law. Effectively, the database plays the monitoring role of a community distribution center in communities without a central distribution facility.

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**Recommendation RB-3. Revise ABC Board Budget to Adequately Fund Necessary Activities |**

Determine the funding level to carry out the ABC Board's mission and core functions, and adjust revenue (fee amounts) accordingly to meet that need, outlined in Recommendation F-1.

**INTENT OF PROPOSED CHANGES**

The ABC Board's budget includes costs associated with Board meetings, enforcement activities, education activities for applicant and current licensees, and administrative functions associated with licensing and other Title 4 provisions. The AMCO Director develops the budget based on the estimated amount of fees collected through applications, renewals of licenses, and other fees. No fines or penalties are included in this budget, regardless of how they are collected, but are deposited directly in the state's General Fund—this ensures that there is no incentive for AMCO to conduct more enforcement activities or issue more penalties as a means of raising agency revenue.

The committee compared the Board's current budget to the costs of its current duties and additional work needed to implement the recommended changes to Title 4, and determined that the budget need to increase to better perform the Board's enforcement duties and to engage in more education and outreach (Recommendation RB-4). Additional activities proposed by the committee include:

- Increased funding for research and data evaluation to measure program performance;
- Additional Board outreach and education activities (e.g., additional Board meetings or listening sessions in rural communities, beyond the current requirement of holding at least one meeting in the four state judicial districts);
- Additional investigation and enforcement resources for addressing issues such as non-licensed establishments and sales;
- Investigator I and II staff tasked with performing routine compliance checks, which would allow Investigator III and IV staff to focus on complex investigations; and
- Additional staff resources to investigate and prosecute local option cases.

The committee strongly advises that this recommendation be accompanied by a requirement for the AMCO Director to produce a detailed plan for the increased expenditures. This recommendation is offered in conjunction with the Licensing Committee's Recommendation F-1, which proposes a scheme for increasing revenue increase through adjustments to current license and permit fees (see F-1 and Table 2 in the Appendix for recommended changes to license fees). Education conducted by AMCO staff should be adequately funded, including: informing licensees of changes to statute or regulation, providing licensees and industry employees with information regarding other related changes (e.g., the new Alaska driver's license design implemented in 2014), and educating local governments and other partners on effective implementation of the law (Recommendation RB-4).

**2017 Update:** In FY 2017, AMCO secured an additional position, classified within DCCED as a Local Government Specialist, to oversee education and outreach to local governments and other constituencies who interact with Title 4 on a regular basis. This new position, filled in December 2016, would be tasked with implementing some of these proposed changes, particularly education.

The implementation of Ballot Measure 2 legalizing recreational marijuana has also placed considerable additional burden on AMCO staff, who were tasked with supporting the MCB to develop regulations in accordance with AS 17.38 and implementing a new licensing system. Changes to the agency's budget overall should be considered in the context of new marijuana license fees, and the additional administrative burden of overseeing both sets of licenses.

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**Recommendation RB-4. ABC Board as Lead Agency for Alcohol Education Efforts |**

Designate the ABC Board and AMCO as the lead agency in a multi-department, public-private sector education effort about responsible alcohol use and applicable laws.

**INTENT OF PROPOSED CHANGES**

The ABC Board is responsible for approving the alcohol server education courses provided by private entities (AS 04.21.025). Although the ABC Board does not have an explicit charge in statute to provide alcohol education, AMCO staff conduct training classes upon request to licensees and their agents and employees, law enforcement, university students and citizens. Among the Board's statutory powers defined in AS 04.06.090, the Board can undertake necessary activities to control and regulate alcohol production and sale, but the only activities specified include granting licenses, conducting enforcement, and notifying licensees of changes to Title 4 and associated regulations. ABC Board staff, industry members, local governments, enforcement agencies and other partners value the Board's role in educating stakeholders to better understand and comply with the law, particularly to prevent youth access to alcohol. In addition to the ABC Board efforts, there are many efforts through the Alaska Mental Health Trust Authority, the State of Alaska Department of Health and Social Services, and other partners on alcohol education, but there is no formal coordination of these public and private sector education efforts.

The committee discussed the importance of education to various audiences (licensees, employee servers, law enforcement, youth, local governments, and the public) in promoting responsible use and sales of alcohol. This recommendation would designate the ABC Board as the lead agency in developing a comprehensive plan and budget for education about the responsible use of alcohol and following alcohol laws, in cooperation with other agencies and stakeholders. This effort would not replace existing programs such as the Alcohol Safety Action Program (ASAP) or the grants that fund substance abuse prevention through the Division of Behavioral Health, but provide a more formal role for the ABC Board to share information about Title 4 and associated regulations, on which they are subject matter experts and play a critical role.

The ABC Board is the primary agency with which licensees interact regarding Title 4 and other alcohol policy issues. Coordination between the ABC Board and other agencies focused on reducing financial and social costs of alcohol use would promote better communication about issues among all stakeholders. The existing relationship with the alcohol industry is ideal for communicating necessary information (e.g., changes in statute, regulation or policy) that affects business operations or requirements. Other education activities for the Board include educating the public through messaging campaigns about alcohol laws, particularly regarding furnishing minors; social host laws; open container laws; and when a catering permit is required. While local governments may produce educational materials on these topics, the ABC Board could produce materials such as a Frequently Asked Questions (FAQ) document or brochures to educate the general public about alcohol laws.

**IMPLICATIONS TO CONSIDER**

- Education and collaboration with partners in the public and private sector are not currently included in the ABC Board's mission, either in Title 4 or in the Governor's Budget documentation for the agency. The committee discussed, but did not make a specific language change recommendation, for including these functions explicitly in the Board's mission statement or its powers and duties.

- Assemble a plan and budget for educational efforts led by the ABC Board to address: target audiences (e.g., public, licensees, servers); identifying responsibility for implementing and evaluating program effectiveness of these educational activities; and key messages that the education activities should convey.

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**Recommendation RB-5. Composition of the ABC Board** | Retain the current number of members but add designated seats: 1 public health, 1 public safety, 2 industry and 1 rural public member; include provision for Director's background in filling the designations.

*This recommendation was implemented in 2016 in SB 165, with changes noted below.*

#### **INTENT OF PROPOSED CHANGES**

The qualifications for ABC Board members are defined in AS 04.06.020, specifying that two members must be engaged in the industry; that no two members can be in the same line of business; that three members should represent the general public, one from a rural area; and that the public members or their immediate family cannot have a financial interest in the industry. While members of other sectors involved with alcohol regulation, particularly public health and public safety, have served on the Board in past years, there was no formal designation for these seats. The ABC Board is tasked with controlling alcohol because it has serious social costs in Alaska communities. Law enforcement and protection of public health are important aspects of the Board's mission, but had no designated representation on the Board unless a person with those qualifications is appointed. Members of Board, and the AMCO Director, are appointed by the Governor.

This recommendation retains the current number of Board members, but creates designated seats from within the five seats. Of the three existing public seats, one would become a seat for someone with a public health background, defined as an individual working within the last five years in the field whose charge is to promote wellness and prevent disease through research, evaluation, community-level health interventions, and other activities (a distinct field from medical and health care). Another seat would be designated for someone with a public safety background, defined as an individual charged with enforcing and upholding law, which may include police, Village Public Safety Officers (VPSOs), defense or prosecution attorneys, and others. The third public seat would remain a member of the general public who lives in a rural area, as currently defined in statute, and the other two seats would remain industry representatives.

Furthermore, the composition of the Board may be altered if the ABC Board Director, considered a non-voting member of the Board, has the same background as any sector listed above. If the Director, based on their profession or experience, could qualify for the public health, public safety or industry seat, the corresponding seat would become another public member: a Director with an industry background would mean one industry seat on the Board; a Director with a public health background would mean no designated seat for public health; and a Director with a public safety background would mean no designated seat for public safety. The Director is not a Board member, but the position affords the Director a great deal of influence over the Board's policies: the Director issues permits, issues temporary licenses, often drafts regulations for the Board to consider, and works with the Chair to develop meeting agendas.

The committee also discussed the current definition of financial interest, as non-industry members on the Board are restricted from having industry ties through their own or their immediately family's interests. This recommendation would define "financial interest" consistently with the relevant

definition in AS 04.11.450, which specifically defines the term as an ownership stake in a business holding an alcohol license.

**2017 Update:** This recommendation was enacted in SB 165, with two significant changes by the Legislature. First, the provisions regarding the Director’s experience were removed, with the rationale that no other state board or commission requires consideration of the agency staff’s qualifications, and this additional requirement would unreasonably restrict the power of the Governor to make appointments. Second, the designated seat for a public health representative was removed, instead retaining one seat for a public member. SB 165 states that no sitting members should be removed, but as individual members’ terms end, new appointments should be consistent with the new composition. The first of these new appointments occurred in February 2017 with the selection of Rex Leath Jr. as a public safety representative.

Following passage of Ballot Measure 2 in November 2014, Alaska legalized the recreational use of marijuana. In May 2015, HB 123 was signed, creating a new Marijuana Control Board (MCB) to oversee the licensing and regulations related to this new industry. Both boards are now supported by the staff of the Alcohol and Marijuana Control Office (AMCO), overseen by one Director. The composition of the MCB was based directly on the recommendation of this group for the ABC Board; the original bill made the same proposal regarding the Director’s experience, but this was also removed. The MCB now consists of one public safety member, one public health member, one rural member, one industry member, and one seat designated for either industry or the general public.

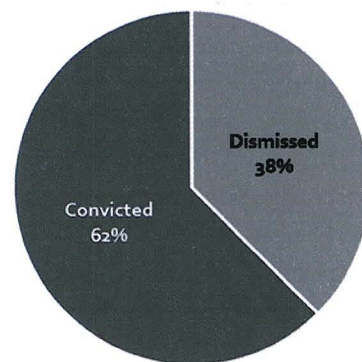
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**Recommendation RB-6. Revise Title 4 Penalties |** Review penalties for all Title 4 sections; revise penalties to be more proportionate to the crime and more consistently enforced; reduce most current Class A Misdemeanor offenses to Minor Offenses.

#### INTENT OF PROPOSED CHANGES

This recommendation would revise penalties for Title 4 provisions, including reducing many of the current Class A Misdemeanors to Minor Offenses (violations with a set fine). These revised penalties continue to treat certain activities as serious offenses, such as selling without a license, or selling illegally in a Local Option area. Serious offenses are proposed to remain at the felony or misdemeanor level, as currently defined in statute. Most other activities would be treated as undesirable, but more likely to be deterred if the law is consistently enforced as Minor Offenses with a single fine, such as noncompliance with license requirements or failing to update an expired server education card. See Table 3 in the Appendix.

**All Title 4 Charges, 2009-2013**



*Source: Alaska Court System, 2009-2013*

With some exceptions, most criminal penalties for violations of Title 4 are currently Class A Misdemeanors, defined as the “default” penalty in AS 04.16.180(a). In the experience of those working in enforcement and prosecution of Title 4, as well as an examination of Alaska’s court data from the past five years, this penalty is perceived as being too high for many violations, resulting in inconsistent enforcement and prosecution of the offenses. Of the 21,000 cases related to Title 4 filed in the last five years, nearly 40 percent (37.8%) were dismissed, suggesting a lack of resources to prosecute and/or a disinterest in pursuing charges on the part of the State. If penalties are strict but

inconsistently enforced, they are not effective deterrents, and information about actual violations may not be reaching the ABC Board, who is ultimately tasked with overseeing all licensees and ensuring that they are operating responsibly.

Minor offense violations are less onerous to initiate into the court system. A law enforcement officer can issue a ticket to the individual, with options for them to pay the fine or attend a court hearing; if the offender does not attend a court hearing, the Court will simply require payment of a fine. Reducing the severity of most penalties in the statute, but making them easier to be applied when violations occur, is intended to increase the consistency of enforcement and address the concern of fines being treated by irresponsible operators as a cost of doing business.

By making the enforcement process more streamlined for law enforcement officers (who write the tickets) and the courts (who act on the cases), these changes are also intended to bring more cases and convictions before the ABC Board, who can then review the case and impose additional administrative sanctions as appropriate. This recommendation includes statutory language requiring the Court to provide the Board with notifications of all Title 4 convictions, not only those initiated by ABC Board investigative staff. Currently, those cases initiated by local law enforcement agencies do not always reach the Board, and staff are not equipped to seek out this information. Receiving more data about Title 4 violations will help the Board establish whether a licensee has a pattern of behavior that requires additional assistance and education to conduct business in a lawful manner, or if the licensee has disregarded the law because they believe it is more profitable to do so than to be a responsible operator, which requires punitive action. Additionally, to ensure that licensees are aware of violations by employees that occur on their premises, the ABC Board would be required to inform a licensee of any Title 4 violations by employees that occur on their premises. If an employee is charged with a violation and does not disclose this to the employer, the licensee may not have an opportunity to take corrective action before learning of the violation during their license renewal.

This recommendation would retain the current system of administrative sanctions in which the Board has discretion to act based on the facts of the case. Currently, administrative sanctions are based on precedent sanctions applied: the AMCO Director maintains a table of past sanctions applied and provides it as a reference when the Board considers sanctions for current violations. Based on precedents, there is now a general standard (e.g., a 45-day license suspension) but no formal structure to the administrative sanction(s) applied to individual cases. The Board is ultimately given the discretion to follow or disregard its own precedent and to focus on the circumstances of each case (AS 04.11.537). The committee also recommends that the Board consider a policy of increasing compliance checks or inspections upon conviction of a Title 4 violation, to follow up with the licensee and ensure that they have taken steps to correct the issue that caused a violation.

The group recognized the need to review penalties in Local Option areas: in many places in Title 4, penalties increase if the crime occurs in a Local Option area. As with the other Local Option recommendations, however, the group was ultimately reluctant to propose significant change without seeking input from these communities. The original intent appears to be to treat alcohol-related offenses more harshly in places that have restricted alcohol to some degree, but harsh penalties have had serious unintended consequences on individuals in rural communities. Local Option penalties should be reviewed, along with Local Option laws overall, in a future phase.

# UNDERAGE DRINKING AND YOUTH ACCESS TO ALCOHOL

The Underage Drinking committee reviewed the statutes related to reducing and preventing underage consumption of alcohol. Because of the difficulties of effectively addressing underage drinking through law enforcement alone, the committee discussed Title 4 within the context of a multi-strategy approach that includes enforcement, education, prevention and changing social norms. This policy approach is informed by the following principles:

- Underage alcohol consumption is a significant public health and public safety concern.
- Local municipal strategies (aligned with state regulations) can be tailored to individual communities to address local needs (e.g., minor curfew, truancy laws, alternative courts).
- Evidence shows that a strong focus on efforts to decrease alcohol availability to underage individuals – both in social and retail settings – reduces youth alcohol use.
- No single strategy can create sustainable and significant community and population change.

These recommendations are supported by a state plan, *Alaska's Strategies to Prevent Underage Drinking*, which represents the work of several state agencies and other partners, including the Department of Health and Social Services, the Alcoholic Beverage Control Board, the Division of Juvenile Justice, the Alaska Native Justice Center, the University of Alaska Anchorage Justice Center, the Alaska Mental Health Trust Authority, and the Alaska Court System.

## RECOMMENDATIONS

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**Recommendation UAD-1. Employee Penalty for Selling Alcohol to a Minor |** Reduce the penalty for a licensee, agent or employee selling alcohol to a minor (AS 04.16.052) from a Class A Misdemeanor to a Minor Offense violation.

### INTENT OF PROPOSED CHANGES

As currently written, AS 04.16.052: Furnishing of Alcoholic Beverages to Persons Under the Age of 21 by Licensees, applies to licensees, their agents or employees. It is a Class A Misdemeanor with a penalty that may include fines and jail time, as well as potentially suspension or revocation of the license if the individual is convicted. As a misdemeanor, the penalty is perceived to be too severe and disproportionate to the offense to be effectively and consistently enforced. This recommendation reduces the penalty to a minor offense violation to ensure swifter and more consistent enforcement. The proposed change would reduce the penalty for a licensee, agent or employee of a licensee selling alcohol to an underage person from a misdemeanor to a violation with a fine range of \$250 to \$500. The range gives the judge or magistrate some discretion in adjusting the penalty for mitigating circumstances.

Research shows that effective deterrents must have a credible threat that a negative consequence will occur, and the threat must be perceived to be swift and certain for its effect to be maintained over time. This recommendation is considered a best practice by the Pacific Institute for Research and Evaluation, and is also included as a recommendation in the UAA Justice Center Report *Analysis of Strategies Designed to Reduce Sales of Alcohol and Tobacco to Underage Persons Preliminary Report* (2012).

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**Recommendation UAD-2. Sanctions to Employers for Employee Sales to Minors |** Increase the consistency and certainty of sanctions to licensees for violations of AS 04.16.052.

**INTENT OF PROPOSED CHANGES**

As noted in Recommendation UAD-1, AS 04.16.052 applies to licensees, their agents or employees. This recommendation would require the ABC Board to issue an additional administrative sanction, a \$250 fine, against a licensee upon conviction of the licensee, agent or employee for violating AS 04.16.052. Administrative remedies are already available to the ABC Board, but existing statutes give the Board very broad discretion to set fines and suspend or revoke licenses, making it uncertain which, if any, penalties licensees can expect. The proposed penalty is defined as an administrative penalty because it would be issued by the Board, not the Court, and would not in itself be considered a conviction. It is possible that the license holder may receive both penalties, if he or she is the individual convicted under this statute, but most servers are employees, not the owner.

The fines are intended to be punitive for licensed businesses with a pattern of violations (greater than simply a cost of doing business), but not punitive to a generally well-managed licensed business with occasional violations that may occur. By increasing the certainty of administrative sanctions to the licensee, these proposed provisions are intended to create a stronger incentive for the licensee to increase and improve oversight to ensure their agents and employees do not sell alcohol to minors.

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**Recommendation UAD-3. Statewide Keg Registration |** Require all beer kegs purchased in the state to be registered.

**INTENT OF PROPOSED CHANGES**

The proposed addition to statute would require the registration of all beer kegs purchased in the state. This recommendation proposes a minimum container size of four gallons to ensure that the regulation will apply to standard kegs (15.5 gallons), pony kegs (5.5 gallons), and brewery sampler kegs (5.167 gallons). This provision does not apply to growlers, which are typically 32 or 64 oz; typically a customer purchases or brings their own growler for filling, whereas a person “purchasing” a keg is actually renting the container from the licensee for a one-time use.

The ability to track the purchase of a keg confiscated at a party would be beneficial in pursuing charges for adults who supply alcohol to underage persons. The seller, a package store or other licensee, would complete a form indicating the name and contact information of the purchaser, and keep a copy of the form on file for reference. The keg would be labeled with a tag with the same information until it is returned to the seller; if the individual removes the tag and it is confiscated at a party, they would be liable for possessing an unregistered keg containing alcohol. Having a paper trail for legally-registered kegs that are used at parties with underage drinkers also benefits licensees, who have no control over how the keg is used once it is legally purchased by an adult, and would therefore not be liable if they followed the correct procedures.

Anchorage and Juneau municipal codes currently require registration for all keg purchases. In Juneau and nationally, reports from law enforcement agencies suggest that keg registration substantially reduces young people’s keg use. Implementation of beer keg registration is considered a best practice by the Institute for the Study of Social Change and the Pacific Institute for Research and Evaluation. This is also a recommendation from *Alaska’s Strategies to Prevent Underage Drinking* (2013).

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**Recommendation UAD-4. Clarify Wording on Required Signage |** Revise the ABC requirements for warning signs posted at licensee establishments to make it clear that minors are prohibited from being on premises, with the exception of certain circumstances.

*This recommendation was implemented in 2016 in SB 165.*

#### INTENT OF PROPOSED CHANGES

AS 04.21.065(b) requires that warning signs posted at licensee establishments including one that says, “A person under 21 years of age who enters these premises in violation of law could, under AS 04.16.049(e) be civilly liable for damages of \$1,000.”

The civil fine amount listed in AS 04.16.049(e) is \$1,500. This recommendation would change the required language for this signage to read:

“WARNING: An unaccompanied person under 21 years of age who enters these premises in violation of law ~~could~~ can, under AS 04.16.049(e) be civilly liable for damages of \$1,500 and be subject to criminal charges.”

The proposed language is intended to clarify the intent of the signage and more effectively deter minors from illegally entering licensed establishments. The ineffectiveness of existing signage is reflected in a recent case involving a minor entering a retail establishment and attempting to purchase alcohol, in which the minor claimed that he did not know he was not supposed to be there. The jury decided that despite the licensee posting the warning signs as required by law, it was still not clear to the minor that he was prohibited from being on premises.

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**Recommendation UAD-5. Minor Consuming Alcohol (MCA) as Violation |** Restore Minor Consuming Alcohol (AS 04.16.050) to a true violation.

*This recommendation was implemented in 2016 in SB 165, with changes noted below.*

#### INTENT OF PROPOSED CHANGES

This recommendation makes the Minor Consuming Alcohol offense (AS 04.16.050) a true violation with a fine of \$500 regardless of the number of prior convictions, with provisions for the fine to be reduced upon completion of a state-approved alcohol education or treatment program, or a community diversion panel such as tribal or youth courts, within six months of the court hearing. The proposal removes mandatory completion of alcohol education or treatment, community work service, and suspension or revocation of driver’s license.

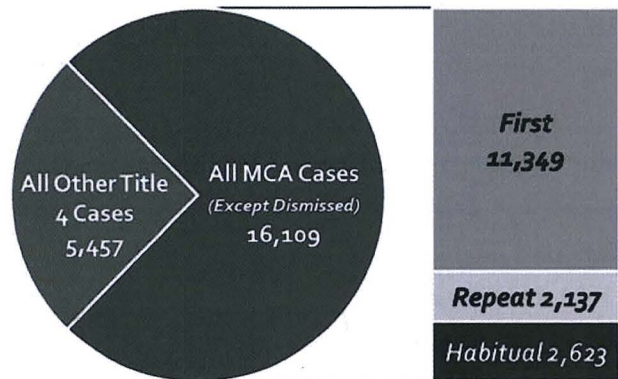
This proposal would restore AS 04.16.050 to a minor offense violation. As an unclassified offense that has been interpreted more closely to a misdemeanor than a violation, the penalty is perceived to be too severe and disproportionate to the offense to be effectively and consistently enforced. A minor with a first-time or repeat MCA commits an offense that is permanently, publicly maintained in Court View. A third (“habitual”) MCA offense becomes a Class B Misdemeanor that may result in penalties that are less harsh than those for first-time or repeat MCA. For example, if the minor is under age 18, the case is referred to the Division of Juvenile Justice, which has strict confidentiality rules and would not make the records publicly available. If the minor is 18 to 20 years old, the case would be referred to District Court, where it again would be maintained in Court View and available for the public to search. An individual with a permanent public record may have difficulty securing

employment, enlisting in the military, and face other barriers by having such a record. By restoring AS 04.16.050 to a true violation, this proposal is intended to ensure swift and consistent enforcement while not creating a long-term stigma for a person for their behavior as a minor. As a violation, the offense would no longer go on the permanent public record.

The recommendation is to make the penalty the same regardless of the number of prior convictions, intended to result in more immediate consequences for the minor, and to make the offense more easily enforceable. If unpaid, the fine will be deducted from the minor's Permanent Fund Dividend (PFD), which may alert a parent or guardian if they are not already aware of the charge against their child. For subsequent convictions, the fine amounts will accrue, and this is believed to be an adequate deterrent to repeat offenses.

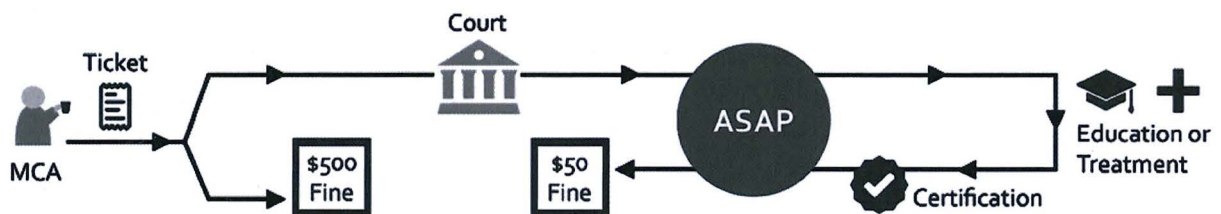
Court data indicated that a significant majority of MCA cases are first offenses, suggesting that most individuals only offend once: over 70 percent of cases between 2009 and 2013 were classified as first offenses, and at least one-third of cases in each category were dismissed. The highest dismissal rate was for Habitual MCA cases at 42 percent.

**Minor Consuming Alcohol Cases by Offense Type, 2009-2013**



Source: Alaska Court System, 2009-2013

Removing mandatory completion of alcohol education or treatment, community work service, and suspension or revocation of driver's license are all necessary to restore the MCA to a true violation.<sup>7</sup> To accomplish the aim of providing restorative justice, the proposal includes a fine reduction for the completion of a state-approved alcohol education or treatment program or a community diversion panel within six months of the court hearing. The minor would be directed to the state Alcohol Safety Action Program (ASAP)/Juvenile Alcohol Safety Action Program (JASAP) office to identify a program that would satisfy this provision; the ASAP office would certify completion and forward the certification to the Court for the fine reduction. The fine reduction is intended to create an incentive for the minor to seek and complete the education or treatment.



<sup>7</sup> Prior to passage of SB 165, Minor Consuming Alcohol was considered an unclassified offense: AS 04.16.050 was defined as a violation, but the Alaska Supreme Court ruled that it must be treated as a criminal offense. The Alaska Supreme Court decided that if his or her driver's license was affected, then the individual is entitled to a defense lawyer, jury trial, etc. There are five minor offenses in this group: 1) first MCA, 2) repeat MCA, 3) refusing to submit to a chemical test, 4) driving after consuming, 5) operating a vehicle within two days of receiving an MCA (first or repeat). These are found in Rule 18 of the Minor Offense Code, which lists minor offenses that must be filed as criminal cases, assigned criminal case numbers, and for which criminal procedures apply.

**2017 Update:** This new penalty structure was implemented in SB 165 for AS 04.16.049 (Minor on Licensed Premises) and AS 04.16.050 (Minor Consuming Alcohol). The previous conviction for Minor on Licensed Premises was a Class A Misdemeanor; the charge was much less common in the court records than MCA cases, but the steep penalty was too harsh on underage individuals who illegally enter licensed premises. SB 165 also broadened the options for alternative justice by adding community diversion panels, including youth and tribal courts, as qualified activities for fine reduction. The Legislature also lessened the fine reduction for third and subsequent offenses, allowing only a reduction to \$250 rather than \$50 if the individual has two or more previous charges.

There is a third statute related to minors and alcohol, AS 04.16.060, which addresses a minor purchasing or attempting to purchase alcohol, as well as an adult purchasing alcohol for a minor or misrepresenting their age for purposes of obtaining alcohol. To be consistent with how minors are treated in Title 4, the recommendation is to reduce the penalty from a Class A Misdemeanor to a \$500 fine for both adults and underage individuals; however, minors (less than 21 years old) charged under this statute would have the same fine reduction opportunity as outlined in AS 04.16.050.

Concurrent with passage of SB 165 in 2016, the Legislature passed SB 91, a comprehensive criminal justice reform bill designed to reduce recidivism, restructure penalties to avoid excessive incarceration, and support individuals who need mental health or substance use treatment, a significant proportion of Alaska's offenders. The new law also restricted use of the Alcohol Safety Action Program (ASAP) to Driving Under the Influence (DUI) offenses, however, which made this program unavailable to minors convicted of an MCA, as intended in SB 165. This conflict was resolved in a subsequent bill (SB 55) passed in the 2017 session with a variety of adjustments to SB 91's reforms; SB 55 added citations for the relevant Title 4 sections to the list of offenses that qualify for ASAP (AS 47.37.040).

## REGULATING INTERNET SALES OF ALCOHOL

The Internet Sales committee was tasked with finding solutions to the issue of unregulated direct-to-consumer shipments of alcohol in Alaska, primarily through online sales, which is increasingly common across the U.S. but bypasses the state's regulatory and taxation system. While current law may be interpreted to prohibit these sales (AS 04.11.015 prohibits purchasing alcohol from an individual not licensed or permitted under Title 4), in practice Alaska is one of the few states that does not prohibit or regulate online sales for any alcohol product. The committee's original work focused on regulating movement of alcohol by common carriers (UPS, FedEx, and others), the narrowest point in the distribution chain from sellers to consumers, but previously proposed federal legislation to allow the U.S. Post Office to ship alcoholic beverages threatened to further complicate this plan, and the committee tabled further work until the federal question had been decided.

Alaska collects excise taxes on alcoholic beverages made or sold in the state, paid by the manufacturer or wholesaler selling the product. Alcohol sold within Alaska is subject to this excise tax; alcohol sales directly to Alaska consumers by out-of-state sellers are currently not regulated, and are therefore not subject to this tax. Current law does identify some situations in which a consumer can purchase alcohol from an Alaska licensee without being physically present on licensed premises:

- Written orders to a Package Store from a customer "known to the licensee," generally interpreted to mean a person whose identification is on file with the seller. In areas that have adopted a Local Option but allow importation, a customer may order products, up to a monthly limit and provided that the seller consult and enter the order in the database maintained by the ABC Board (AS 04.06.095, AS 04.11.150(g)).
- Shipment of an order up to five gallons of wine from a winery directly to a customer, including a Local Option area (AS 04.11.140(b), 3 AAC 304.640).
- A "wine club" arrangement between a Package Store and customer, defined as a standing order of periodic shipments of wine, including to a Local Option area (3 AAC 304.642).

In all cases, the purchaser or another adult signing for the delivery must receive the package in person and show proof of age. Otherwise, Alaska licensees who sell to the public products for consumption off the premises (Breweries, Wineries, Distilleries, and Package Stores) are not allowed to sell to a customer who is not physically present. Therefore, current law places more restrictions on Alaska licensees than sellers from other states, because other forms of direct shipment are not addressed in state law or regulation.

There is no available data about how many direct shipment orders are made by or delivered to Alaska customers, so it is difficult to estimate the scale of this activity today. While individual online sellers often take precautions to verify the age of a purchaser, it is possible that some alcohol is being ordered by or delivered to underage individuals who misrepresent their age in order to purchase alcohol. It is also likely that at least some shipments of alcohol are arriving in Local Option areas, circumventing the intent of Local Option laws to limit the flow of alcohol into communities who opt for such a law.

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**Recommendation INT-1. Winery Direct Shipment License** | Create a license available to U.S. wineries to ship orders of wine to Alaska customers; prohibit online sales through this license in Local Option areas; prohibit other online sales of alcohol not under this license or the Package Store Shipping endorsement.

### INTENT OF PROPOSED CHANGES

The committee discussed multiple options for addressing the issue of unregulated sales of alcohol to Alaska customers, from banning all online sales to creating a legal mechanism for all alcoholic beverages, including retail stores. Alaska is one the few remaining states who not have created rules either regulating or prohibiting this activity, other than existing law allowing Alaska wineries to ship to customers: 44 states allow direct shipment of wine from wineries, three states do not allow any direct shipping, 14 states allow direct shipping for retailers, five states allow shipment of distilled spirits, and eight states allow shipment of beer. Overall, the group sought to balance consumer choice against the integrity of the three tier system; ensure that Alaska businesses are not disadvantaged for following the rules; and mitigate the public health and safety risks of shipping alcohol directly to consumers, who may misrepresent their age or order in quantities that exceed what most would understand as “personal use.” The group also learned from two major carriers, UPS and FedEx, their policies allow shipment of wine to consumers, but not beer or spirits.

Based on the most common practices of other states and the concerns noted above, the group ultimately recommended creating a new license type to allow wineries, in and out of state, to ship to Alaska customers, and prohibiting direct shipments of beer and distilled spirits. The Winery Direct Shipment license would allow consumers to purchase wine from a winery whose underlying license allows them to produce and sell wine to the public. The shipment must be delivered in person to an adult by a common carrier approved by the ABC Board to transport alcohol (see Recommendation INT-3). All sales to Alaska consumers would be subject to the state’s excise tax, already paid on products made or imported into the state by Alaska manufacturers and wholesalers (see Recommendation INT-2). In Alaska, a qualifying business must hold a Winery Retail license; because each state has a different licensing structure, the privileges granted by an individual business’s license would determine eligibility. This will provide a more level playing field between Alaska wineries, whose product prices already include the cost of the tax, and out of state wineries, who do not currently collect Alaska excise tax on products sold directly to consumers in Alaska.

Because this license would be issued to a business already licensed in Alaska or in another state, the recommendation proposes that this license be exempt from population limits and follow a simplified application process, exempting it from the application process in AS 04.11.260. Instead, the biennial license fee would be \$200, and the application requirements would be determined in regulation. Licensees would be required to provide a copy of their state license, as well as their federal license issued by the TTB, and AMCO would be able to coordinate with these other agencies should a problem arise with a business’s Alaska license or if its underlying license(s) is revoked.

Winery Direct Shipment licensees may ship wine orders to Alaska customers, according to these rules:

- The order may only be placed by, and delivered to, a person age 21 or older. The licensee must require some form of age verification; if an individual misrepresents their age in order to purchase, they would be in violation of an existing statute, AS 04.16.060.

- Orders are intended to be for personal use only and not for resale. A purchaser may not order more than six 9 L-equivalent cases (54 L) in a single transaction, and no more than 12 cases per winery, per year. It would be difficult to restrict overall volume of sales per business, so the recommendation only proposes per-customer, per-sale and per-year limits.
- As is already required for Package Store shipments, the licensee must provide educational information about fetal alcohol spectrum disorders (FASD) with the order. AMCO provides licensees with a fact sheet produced by DHSS, and would make hardcopy and electronic versions of this document available to licensees to send via e-mail or within each order.
- The committee recommends prohibiting any sales under this license to a customer in a Local Option area. Integrating potentially hundreds of new licensees into the Local Option database would be a significant administrative burden for out-of-state businesses and for AMCO staff, and without access to this tool a winery would not be able to determine whether a customer has already exceeded their monthly order limit for wine. The Package Store Shipping endorsement, crafted from existing privileges in the Package Store license, does allow customers in any place in Alaska to order products directly from an in-state store; customers in Local Option areas could work with these businesses to obtain a special order of a product not already in their inventory.

It is difficult to estimate how many in-state and out-of-state businesses may opt to become Direct Shipment licensees, but based on information from other states with similar licenses, there may be dozens or even hundreds of wineries who choose to make their products available directly to Alaska customers. The state of Idaho, for example, shared a list of current direct shipment permit holders, available only to wineries; 780 businesses held permits as of December 2016.

#### **IMPLICATIONS TO CONSIDER**

- Restricting shipments to Local Option areas may have the unintended consequence of limiting shipments to adjacent, non-restricted rural communities who share a zip code. Winery representatives and the major common carriers shared that their existing systems to determine shipping costs rely solely on zip code, and do not have the ability to filter further by individual community. The recommendation requires that the ABC Board maintain a publicly-available list of Local Option communities, including zip code, to inform wineries of who they may or may not be able to ship to. The Board may indicate on this list which non-Local-Option communities share a zip code, but wineries may be restricted by their current ordering systems and opt not to take the risk of filling an order in a zip code listed as restricted. In these cases, a customer may need to order from a Package Store instead.

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**Recommendation INT-2. Collect Alaska Excise Tax for Internet Sales** | In addition to maintaining current collection of excise tax on sales from in-state wineries, require all out-of-state holders of a Winery Direct Shipment license to pay the same excise tax on Alaska orders.

#### **INTENT OF PROPOSED CHANGES**

As noted above, current online sales of alcohol shipped to Alaska customers from out-of-state businesses is unregulated, and therefore not subject to Alaska excise tax like sales from in-state businesses. This places in-state businesses at a disadvantage, and deprives the state of tax revenue on sales of alcohol to individuals within Alaska, as required in AS 43.60.010. It is unknown how much

lost revenue these sales represent today, but one comparable state, Idaho, provided data that in FY 2016, direct shipment permit holders paid a total of \$55,055 in wine excise tax on sales associated with that permit.<sup>8</sup> Alaska has approximately one-third of that state's population, but a higher excise tax on wine; applying these two ratios to Idaho's revenue suggests that, if per-capita orders are comparable, tax revenue from online could be over \$100,000 annually. This number is approximate, and assumes that Alaska customers would order wine online at a comparable rate, but illustrates that the currently lost tax revenue is not insignificant. Furthermore, it reinforces the intent of alcohol excise taxes, that no sales to in-state customers should be exempted, regardless of method of sale.

This recommendation would only impact out-of-state Winery Direct Shipment license holders, as all in-state manufacturers and wholesalers are already required to pay excise taxes on alcohol sales. Details of collection and reporting would be determined by the Department of Revenue, who oversees and enforces collection of excise taxes. Licensees are required to report monthly on total volume of sales (in gallons) for purposes of calculating taxed owed, and records are subject to inspection and audit to ensure compliance. The committee recommends leaving these details to the Department of Revenue, but that reports on the total volume and revenue collected from these licenses be publicly available, as is current alcohol excise tax data.

## IMPLICATIONS TO CONSIDER

- Online sales, and collection of tax on these sales, is an ongoing legal issue being debated in several states. A 1992 court case, *Quill Corp. v. North Dakota*, required that a state collecting sales tax from out-of-state transactions must demonstrate an essential nexus between collection of taxes and the presence of the business in state. This case has since been applied to Internet-based sales, in which companies often do not have a physical presence in the same state as the customer placing the order. However, there is also existing case law concerning alcohol as being distinct from other sales: *Granholm v. Heald* (2005) concerned a challenge to restricting online alcohol sales by out-of-state manufacturers, in favor of in-state manufacturers, and found that such restrictions violate the Interstate Commerce Clause established in the 14<sup>th</sup> Amendment. The case also found, however, that states can collect the same taxes on alcohol sales from in-state and out-of-state businesses, provided that all are treated equally. It is on this basis that the group believes that this recommendation is legally sound. There are, however, ongoing legal challenges in other states related to Internet sales, and it is possible that a future federal court decision specifically on direct-to-consumer sales of alcohol across state lines may impact this proposed law.
- Because the scope of the Title 4 Review project was limited to state statutes and policies, this recommendation did not consider the implications for any sales or alcohol taxes collected by Alaska municipalities, and focused only on state excise tax. A municipality seeking to collect additional taxes on online alcohol sales would need to conduct additional legal research on whether and how it can be done; existing case law (above) suggests that this may be difficult without establishing a clear legal basis for collecting such a tax.

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<sup>8</sup> Idaho has an wine excise tax rate of \$0.45 per gallon. Alaska's equivalent tax is \$2.50 per gallon, except on cider, which is classified as wine but in Alaska law is taxed at the same rate as beer, \$1.07 per gallon.

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**Recommendation INT-3. Board Approval of Common Carriers for Alcohol Delivery |** Require all common carriers who deliver alcohol directly to consumers in Alaska to be approved by the ABC Board.

### **INTENT OF PROPOSED CHANGES**

This recommendation was built on the initial work of the committee, who identified common carriers as potential partners in ensuring that transport and delivery of alcohol to consumers is done responsibly. Many companies, including the major carriers UPS and FedEx, maintain their own policies regarding shipment of alcohol: both require that the shipper complete an alcohol shipping agreement, only allow shipments of wine, and that a shipment of alcohol be delivered in person to a recipient age 21 or older. Other local carriers in Alaska may have similar alcohol shipping policies, but there is currently no oversight of these practices beyond individual company policies. Because carriers ultimately make deliveries to consumers, however, ensuring that employees do not deliver packages to an underage person or leave them at a destination unattended is important.

This recommendation would require common carriers to apply to the ABC Board to be included on a list of approved carriers for alcohol transport and delivery to consumers, demonstrating that they maintain and enforce policies regarding clear labeling of packages containing alcoholic beverages, and in-person delivery to an individual age 21 years or older. This would not create a new license or permit, but would indicate which carriers within or into Alaska are allowed to deliver alcohol to consumers. Because the primary concern is ensuring alcohol is delivered responsibly to consumers, this would also impact common carriers who service alcohol licensees shipping products in or out of the state to another licensed business (such as, a wholesaler receiving a shipment of inventory), unless they also deliver directly to consumers. This recommendation is also separate from the existing Common Carrier Dispensary license, which is a license allowing carriers such as airlines and ferries to serve alcoholic drinks to passengers for consumption on the vessel.

The details of this recommendation, including the approval process and process for addressing a noncompliant approved carrier, would be left to the ABC Board, and may be generally similar to the existing process for the ABC Board to review and approve entities who provide alcohol server education classes. The list of approved carriers would be maintained and published by AMCO, to inform businesses who ship alcohol about which carriers they may use. This recommendation will need to align with an existing statute that addresses transport of alcohol by common carriers into Local Option areas (AS 04.16.125), which includes detailed labeling requirements.

### **IMPLICATIONS TO CONSIDER**

- Carriers have only limited control over and liability for the contents of shipments they transport, and rely on the seller to determine whether they can legally ship an item to the intended recipient. Carriers therefore rely on the representations of the seller when accepting items, and do not necessarily inspect the contents of packages unless there is reason for suspicion that the item is illegal or noncompliant with the carrier's policies. Regulating carriers to control shipments of alcohol is part, but not all, of the solution; sellers must also be held responsible if they conceal or misrepresent an alcohol shipment.

## LOCAL OPTION COMMUNITIES

The Local Option committee reviewed statutes related to AS 04.11.491, which allows communities to limit or prohibit the availability of alcohol within their community. The Local Option system was created in the 1980s and substantially revised in 1995. The general principle that states, counties or individual communities can restrict sales or importation of alcohol has been upheld since before Prohibition, and some states or counties in the U.S. maintain restrictions on sales, such as prohibiting alcohol sales on Sundays. In Alaska, Local Option was created in response to many rural communities' concern about the harms of alcohol and a desire to have more local control. Unlike Native communities in the rest of the U.S., only one Alaska tribal community lives on a reservation; alcohol sales are banned by default on reservations, unless the community enacts legislation to allow this activity, but Alaska tribal communities are not subject to this policy. Local Option is therefore a means of restricting availability of alcohol for communities who choose to do so through an election and adoption of one of five options defined in AS 04.11.491.

### REVISED PLAN AND TIMELINE

Since developing the original set of recommendations in 2015, the Title 4 Review stakeholder group received feedback, questions and concerns about some of the Local Option proposals, and a desire to do more work before bringing them forward in legislation. Despite several efforts to work further with rural communities and other stakeholders on the proposed changes, the group was not successful in completing another thorough review of this work, and recommends not implementing changes that have not had sufficient input from the communities they will impact, and which may not take into account other priorities that the group has not yet discussed. Only Recommendation LO-5 is recommended to move forward at this time.

Recommendation LO-4 in particular, which proposes increasing fines for bootlegging activity, is not in keeping with other changes to the criminal justice system recommended by the Criminal Justice Commission and enacted in SB 91 in 2016. The group acknowledges the profound impacts that existing high penalties for alcohol-related crimes have in Local Option areas, and some stakeholders are interested in exploring future recommendations to improve the Local Option system as a tool for communities to reduce the negative impacts of alcohol. This exploration needs to include Local Option communities at the table for careful deliberation about the best solution.

The proposal to regulate Internet Sales is expected to have some benefits for Local Option communities: there is no available data on how much alcohol may be shipped into these areas from direct-to-consumer sales, which bypass the existing order database established in AS 04.06.095 to allow the ABC Board and package stores to comply with the monthly purchase limits in place in Local Option areas. The proposed Winery Direct Shipment license would prohibit sales to consumers located in Local Option areas, and other online alcohol sales would be made clearly illegal in statute. However, current law allows an Alaska package store to serve customers via mail, including in Local Option areas, provided that the licensee consults the database prior to filling an order and then records the new order in the database. This purchase option will still be available to rural customers, while ensuring that all alcohol sales to Alaska consumers are taxed, documented, and compliant with the law.

## RECOMMENDATIONS

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**Recommendation LO-1. Repeal Local Option #4 |** Repeal AS 04.11.491(b)(4) (Local Option #4), which bans the sale and importation of alcohol, not possession.

*This recommendation has been withdrawn for further discussion and revision, and will not be included in the 2017 proposed legislation.*

### INTENT OF PROPOSED CHANGES

This recommendation would repeal AS 04.11.491(b)(4), the fourth Local Option available to communities. Originally, AS 04.11.491(b) included four choices for communities; the fourth bans the sale and importation of alcohol, but not possession. Because selling, importing or producing alcohol is illegal but possession is not in these communities, it is difficult for law enforcement to seize, destroy, investigate and successfully prosecute a case because an individual may claim they “found” the product and were not connected with the other, explicitly illegal activities.

The fifth option, which bans “sale, importation and possession” of alcohol, was later added to statute as a means of closing the loophole created by Local Option 4. Few communities have chosen to adopt Local Option 4 since Local Option 5 was available, but few have chosen to change from Local Option 4 to Local Option 5 because changing among the local options requires a repeal of the current option and a new vote of the community through the detailed election process outlined in AS 04.11.493 and AS 04.11.507. Currently, 43 communities have adopted Local Option 4, and 34 have adopted Local Option 5. Under this recommendation, the communities that have Local Option 4 currently would either hold a new election or be grandfathered in for a period of time.

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**Recommendation LO-2. Increase Enforcement and Prosecution Resources |** Include in recommendation RB-3 (revised ABC Board budget to adequately fund needed activities) adequate budget for increased dedicated prosecutors and investigators for Title 4, particularly local option law enforcement.

*This recommendation has been withdrawn for further discussion and revision, and will not be included in the 2017 proposed legislation.*

### INTENT OF PROPOSED CHANGES

This recommendation would dedicate additional staff resources to the Alaska State Troopers Statewide Drug Enforcement Unit (SDEU) to investigate Local Option offenses, and increase the number of dedicated state prosecutors for Title 4, Local Option related crimes. As of 2017, SDEU has six investigative task forces focused on alcohol, narcotics and other drugs; statewide budget cuts and reduced federal resources significantly decreased available law enforcement staff and prosecutors for Title 4 cases. This recommendation’s intent is to provide more resources to investigate and prosecute alcohol related crimes in rural Alaska, crimes that often lead to serious violent crimes. In addition to limited staff capacity of local police, VPSOs, Title 4 investigators and State Troopers in rural areas, limited staff and turnover of Assistant District Attorneys is a barrier to prosecuting cases. Without sufficient prosecution staff, cases will continue to be dismissed.

**2017 Update:** While the stakeholder group recognizes the need for more resources to handle Local Option related cases, Alaska’s budget crisis will continue to put a strain on all state law enforcement and criminal justice resources; this recommendation cannot be enacted in this current fiscal climate.

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**Recommendation LO-3. Increase Local Option Perimeter |** Increase the local option perimeter boundary from a 5-mile radius from the village center defined by AS 04.11.508 to a 10-mile radius.

*This recommendation has been withdrawn for further discussion and revision, and will not be included in the 2017 proposed legislation.*

#### **INTENT OF PROPOSED CHANGES**

This recommendation would expand the Local Option area to a 10-mile radius from the boundaries of a municipality or the designated center of the community. The current boundary in statute is defined as 5 miles' radius from the boundaries of a municipality, or for "established villages" without specific physical boundaries, as 5 miles' radius from the post office or other defined central public building in the community. In some areas of the state, several villages have enacted Local Option laws, but with the limited 5-mile radius, there is a patchwork of enforceable and unenforceable territory surrounding these communities. Extending the defined boundaries to close the gaps between Local Option areas would make it easier to enforce the law across a larger region, following the general intent of communities who enact these laws. Expanding the Local Option area would also make it more difficult for bootleggers to continue the practice of traveling just outside the perimeter created by the 5-mile radius to conduct their illegal sales and operations. Transporting alcohol the extra distance would drive up the cost of doing business because of the high cost of fuel, potentially enough to deter some illegal operations.

Under this recommendation, lodges that have been legally operating under an outdoor recreation lodge license (AS 04.11.225) within the expanded perimeter would need to be grandfathered in under the expanded radius, such that a lodge with the outdoor recreation lodge license could operate and serve alcohol beyond the 5-mile radius and within the new 10-mile radius. Any overlapping jurisdictions are already accounted for in AS 04.11.508 subsections (b) and (c).

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**Recommendation LO-4. Increase Mandatory Minimum Penalty for Bootlegging |** Increase the mandatory minimum penalty for bootlegging at the Misdemeanor level defined in AS 04.16.200(g), with increasing penalties for multiple offenses and per-unit fine for the volume of alcohol being illegally sent, brought or transported into the local option community.

*This recommendation has been withdrawn for further discussion and revision, and will not be included in the 2017 proposed legislation.*

#### **INTENT OF PROPOSED CHANGES**

AS 04.16.200 defines the penalties for bootlegging, which include Class A Misdemeanor and Class C Felony offense levels. Because of the lucrative nature of bootlegging in rural areas and perceived low level of risk if caught, threat of punishment under AS 04.16.200 is not a deterrent for the misdemeanor level offense.

The minimum penalty upon conviction of a Class A Misdemeanor includes imprisonment and fines that increase with prior convictions as detailed in AS 04.16.200(g). This recommendation would raise the minimum fine to \$3,000 (instead of \$1,500) for the first offense and increase subsequent fines by \$1,500, up to a maximum fine of \$10,000 under this scheme, the maximum fine allowed for this offense class.

**2017 Update:** As noted above, this recommendation is in conflict at a general policy level with the criminal justice reforms enacted in SB 91. Bootlegging remains a significant concern, especially because it can be very lucrative and entice individuals to take legal risks for high potential profit. However, given the shift in policy direction toward reducing punishments for non-violent offenses and rethinking how the criminal justice and corrective system is used to achieve broader social goals, this recommendation should be reconsidered and made consistent with the intent of SB 91.

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**Recommendation LO-5. Clarify Language Regarding Homebrew Ingredients** | Clarify that possession of homebrew ingredients and/or equipment with intent to produce alcohol is illegal in all local option communities.

*This recommendation is considered a technical change to communicate existing statutory intent, and will be included in the 2017 proposed legislation.*

#### **INTENT OF PROPOSED CHANGES**

This recommendation would revise AS 04.16.035 so that “A person residing in ~~an area that has adopted a local option to prohibit the sale, importation, and possession of alcoholic beverages under AS 04.11.491(a)(5) or (b)(4)~~ **a local option area** may not possess sugar, artificial sugar, malt, yeast, or any other material or equipment with the intent to use them to create an alcoholic beverage.”

As currently written, the statute is enforceable only in 34 communities, those who have adopted Local Option 5. The proposed statute change would make AS 04.16.035 clearly enforceable in all 108 Local Option communities. This is in keeping with the existing language in AS 04.21.015 regarding the private manufacture of alcoholic beverages, which allows individuals to produce alcohol for their own personal use except as prohibited by other state or federal laws, and prohibited in an area that is subject to any Local Option in AS 04.11.491.

## ADDITIONAL RECOMMENDATIONS (2017)

The Title 4 Review stakeholder group completed a comprehensive set of recommendations for statutory changes in February 2017. These recommendations were the basis of SB 99, introduced in April 2015 in the 29<sup>th</sup> Legislature, but several pieces in the package had unresolved issues or were determined to need more work. Over the last two years, the stakeholder group has continued to refine the package of recommendations, as well as addressing several other emerging issues raised in the last two years by original members of the group or new stakeholders.

Some items were changes to the original recommendations, and have been integrated into the stakeholder recommendations in the previous sections of this report. Others were new standalone items incorporated into the new set of recommendations in 2017, briefly described below.

### RECOMMENDATIONS

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**Recommendation N-1. Define Qualifications for Alaska Manufacturing Licenses | Require in Brewery, Winery, and Distillery Manufacturer licenses that at least 80 percent of alcohol products for sale were made on the Alaska licensed premises.**

Manufacturing licenses are intended for businesses that brew, distill, or otherwise make alcoholic beverages onsite, then package products for sale to distributors, retailers, or directly to the public if they have a retail operation as well. In practice, there are several ways to make a final product, including combining already-finished ingredients or purchasing partially-finished products to further refine onsite. The question of who may qualify for a manufacturer license has come before the ABC Board within the last year, with a proposal to obtain a Distillery license to combine finished ingredients (distilled alcohol and various flavorings) and package them for sale. This resulted in a draft regulation that to qualify for an Alaska Distillery license, at least 80 percent of the manufacturer's final products must have been made on that licensed premises, including at least part of the alcohol production process.

This recommendation adds this definition to each of the Manufacturer licenses, clarifying that the license is intended to be used for alcohol production, not just adding additional flavors to already-produced alcohol. The 80 percent rule is also intended to provide flexibility to licensees, particularly those who rely on outside sources for key ingredients such as wine for grapes, hops and yeast for beer, and other raw materials. Placing the limit on final products ensures that the requirement does not disqualify bona fide manufacturers who necessarily use components produced outside Alaska.

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**Recommendation N-2. Change Sample and Sales Volumes for Certain Products | Cider under 8.5% ABV follows per-ounce volume limits for beer; sake and mead follows volume limits for wine.**

Cider is technically defined as "wine" in both federal and state law, because it is an alcoholic beverage made from a fruit. In terms of marketing and typical percent alcohol by volume (ABV), however, cider is generally considered to be more like beer. Mead is also defined as wine by the TTB, made not from fruit but from honey, an "agricultural product," but has similar ABV to grape wine. Conversely, sake (a fermented rice beverage) is classified as a "brewed beverage" like beer, but its typical alcohol content is closer to that of most wines. The proposed ounce limits on sales and sampling for manufacturers and package stores is intended to provide alcohol-equivalent volume

limits for products with different potencies. For other products that are atypical of their category in terms of alcohol content, however, it is appropriate to adjust sales and sampling limits for these products and place them in another category only for purposes of these limits. The recommendation keeps each product type in its existing license category, as is consistent with current federal and state laws. In terms of sampling and sales volume limits, however, cider below 8.5% ABV (a threshold defined in federal alcohol licenses) may be served up to the limits defined for beer. Sake, at higher average ABV than most beer, and mead will be limited to the same limits as wine.

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**Recommendation N-3. Expand Package Store Shipping Order Options** | Allow orders under a Package Store Shipping endorsement to be received in formats other than a written order from a known customer.

Alaska Package Stores can currently fill orders from customers who are not physically present if they 1) receive the order in writing and 2) “know” the customer, typically interpreted to mean that they have previously provided a copy of their ID to the licensee. The group reviewed the current shipping rules to determine how they should align with the proposed Winery Direct Shipment license, and recommended that Package Stores should be afforded the same options for accepting orders as those under the new license type. Removing the requirement that the order be written, and from an already-known customer, will allow a Package Store with a Package Store Shipping endorsement to offer more ordering formats to Alaska customers. The licensee would still be required to verify that the customer is of legal age to place an order, consult the Local Option Database for orders originating in Local Option areas, provide an electronic or hardcopy information sheet about FASD to the customer with their order, and ship an order through an approved common carrier (see Recommendation INT-3). These changes ensure that both license types allow the same variety of options for ordering, and follow the same requirements.

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**Recommendation N-4. Pub License Alternating Premises** | Allow a university with a Pub license to designate a second licensed premises, operated during mutually exclusive hours.

The Pub license (AS 04.11.220) allows a university to operate one beer and wine license on its campus; the only current Pub license has been issued to an establishment serving students at University Alaska Fairbanks. In addition to adjusting statute language to clarify that only one Pub license maybe issued at each campus, not one license in the state overall, the group considered the of University of Alaska’s request to amend statute to allow a second license per campus. UAF sought this license specifically to allow service of beer and wine at the Museum of the North, also located on campus and primarily attracting members of the general public and tourists, rather than students. While this particular proposal did not necessarily pose serious public health and safety risks, the group was concerned about the possibility of future impacts on other campuses, and whether it would promote more youth alcohol use on college campuses.

The ABC Board had previously developed the concept of an alternating designated premises, allowing a single licensee to set specific time periods in which one or another location was considered licensed premises. Rather than creating a second license, the recommendation allows a Pub licensee to request two locations to be licensed premises, provided that they are not physically adjacent and that only one is operating as licensed premises at a given time. When not in operation, the other premises must be closed to the public or all alcoholic beverages must be safely placed in locked storage. The recommendation includes these provisions because while it is only being applied to one specific license type, and will impact only one licensed location in the foreseeable future, it

sets precedent in Title 4 for this concept to be expanded and applied to other license types. By requiring that hours of operation not overlap and that the locations not be co-located, the risk of using alternating premises to permanently expand one license's premises may be mitigated if this concept is replicated elsewhere in the law.

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**Recommendation N-5. Make Licenses Transferrable to a New Owner | Allow most license types to be transferred to a new owner, except Winery Direct Shipment License; retain any existing restrictions on licenses for transfer of location.**

The Licensing committee discussed at length the impacts of population limits and the ability to transfer licenses to a new owner or location; both of these features of licenses create a secondary market value for any licenses that are limited in number and can be sold. Generally, the stakeholder group decided not to make changes to transferability, particularly transfer of location, which is much more valuable than transfer of ownership because it makes the license portable within the community it was issued. Many of the non-transferrable licenses in statute are not currently subject to population limits, and therefore a transfer is not attractive to a prospective business owner, who can apply directly to the ABC Board for a new license rather than purchasing a transfer from an existing license holder. However, restricting transfers of ownership can also be problematic for licensees who make internal changes of ownership among business partners, or allowing a family member to take control of a business upon retirement or death of the current owner(s), requiring creation of a new license rather than transfer of the existing asset.

The recommendation retains any licenses' restrictions on transfer of location already defined in Title 4, but changes any non-transferrable licenses to allow transfer of ownership only. The exception, the Winery Direct Shipment license, would remain non-transferrable; it is an add-on to an existing license and its application process will be much simpler than other Alaska licenses, and therefore adds no burden to apply for a new license instead of a transfer.

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**Recommendation N-6. Improve the License, Endorsement and Permit Application Process | Apply several technical changes to statutes for applications for a license, endorsement or permit.**

While reviewing the statutes outlining the application process for new licenses, renewals, and permits, ABC Board members and AMCO staff identified several issues with current language that make the application process difficult for applicants, the Board and staff, including vague or missing requirements in some places and overly-detailed language in others. Examples include:

- When considering renewals, the Board may not renew a license if it has not been operated for at least 30 eight-hour days each year, a requirement that can be difficult to meet for stores and distribution centers in small communities. The recommendation changes this language to require at least 240 hours of operation each year, achieving the same intent without specifying a schedule of hours.
- Current language in AS 04.11.260 requires that an application be executed (signed) by “the authorized officers of the corporation,” which may include up to dozens of individuals who hold ownership in a large company. The applicant must provide information about all owners and shareholders, but a signature from all these individuals to submit the application is an unnecessary administrative burden. The recommendation requires a signature from at least one authorized officer, and retains the existing requirement to provide a list of owners.
- Statute requires that the applicant provide an illustration of the licensed premises, indicating where alcohol will be stored, served and which areas of the establishment will be licensed

(allow consumption of alcohol). The ABC Board receives a wide variety of submissions for this requirement, from scale diagrams to a basic drawing of a rectangle to indicate the bar room, with no additional information about the location. The recommendation to add the phrase “annotated illustration” will clarify that some explanation is needed on the drawing to satisfy the requirements of submitting a premises diagram. Annotation means adding comments or written explanation to a document or image, and does not necessarily require a specific technical or architectural rendering; the applicant is simply required to add notes about key features of the premises, such as: counter or bar, licensed and unlicensed portions of a restaurant or bowling alley, storage area in a warehouse, and building entrances.

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**Recommendation N-7. Allow Relocation of a Package Store from Borough to City (AS 04.11.400(k)) | Amend AS 04.11.400(k) to allow transfers of both BDL and Package Store licenses from a borough to a city within the borough.**

In Title 4, AS 04.11.400(k) allows permanent relocation of a Beverage Dispensary license (BDL) that is operated as a restaurant, hotel or similar business with a restaurant, from a borough to a city within that borough, with no more than three transfers per borough per decade (ten years). While the stakeholder group was not specifically aware of the original intent of this provision, it is currently available to two boroughs that are large enough to qualify and have cities within them: Fairbanks North Star Borough and Matanuska-Susitna Borough. This provision is not used often, but aligns with cities’ overall goals to promote economic development and increase the number of hospitality businesses in their jurisdiction, and encouraging business development in centralized areas where land use and police enforcement are available.

Representatives from Soldotna and Wasilla approached the stakeholder group to consider issuing additional Package Store licenses in communities, specifically to attract retailers such as Costco and Walgreens to locate within their cities and who may be hesitant to make investment in a new store if they cannot include alcohol sales as a portion of their business operation. Creating additional Package Store licenses would not be consistent with the goals of the Title 4 Review project, but the group instead considered changes to AS 04.11.400(k) to allow relocation of a Package Store as well: while all Package Store licenses have been issued in communities within these three boroughs, there is an excess of existing licenses in the borough itself.

The recommendation is to adjust AS 04.11.400(k) as follows:

- Decrease the qualifying population threshold to 50,000, to include Kenai Peninsula Borough.
- Allow relocation only of licenses that exist in excess of the allowed number of that type: allowing unlimited transfer out of a borough, beyond the number of licenses they have been allocated in AS 04.11.400(a), would potentially deprive borough businesses of licenses to which they would otherwise be able to apply for, according to the current population limit.
- Increase the allowed number of transfers to three per city, not three per borough; this allows individual cities to request relocation of licenses independently, provided licenses are still available from within the borough.

The stakeholder group found this solution to have multiple benefits: it provides cities a mechanism to have additional available Package Stores in their community, but utilizes an existing license rather than creating a new one. The limit on relocations to “excess” licenses in the borough creates some scarcity for available licenses to transfer, but each of the three boroughs has several available qualifying BDLs and Package Store licenses that may be relocated, outlined in the table below. The

recommendation does not change the qualification that the BDL must be operated as a restaurant or in a hotel, but does not place restrictions on the operations of the Package Store.

Borough (excluding population of incorporated cities)	Allowed Lic. (1:3000)	Beverage Dispensary (BDL)		Package Store ( <i>Proposed</i> )	
		Currently Issued	Qualify for Relocation	Currently Issued	Qualify for Relocation
Fairbanks North Star	21	27	6	26	5
Kenai Peninsula	13	25	12	29	16
Matanuska-Susitna	28	31	3	33	5

**Recommendation N-8. Allow Business Activities on Licensed Premises During Off Hours**

**(AS 04.16.010) | Retain required closing hours (5:00 to 8:00 a.m.) for service and sales of alcohol to consumers, but allow other non-serving business activities on the premises.**

Title 4 prohibits any activity on licensed premises between the hours of 5:00 and 8:00 a.m. Many local governments have enacted ordinances to further limit these hours, e.g., not allowing service of alcohol prior to 10:00 a.m. or after 2:00 a.m. The intent of this law is to establish closing hours for alcohol establishments and prevent 24-hour alcohol sales, which may have significant public health and safety consequences in communities. As written, however, the statute prohibits any activity on the premises during these hours. Industry stakeholders pointed out that this also restricts other legitimate business activities that do not involve sales or service of alcohol to customers: completing a sale of inventory with another licensee, performing routine maintenance or renovations of the premises, and completing payroll or other administrative tasks.

The recommendation retains the overall intent of the statute, to establish daily hours during which alcohol sales are not allowed, but includes an exception for business-related activities that do not involve service of alcohol. This provides businesses the ability to conduct other business on their premises as needed, as long as it does not involve alcohol sales for consumption.

**Recommendation N-9. Licensee Liability for Overservice by Employees (AS 04.16.030) |**

**Apply the same administrative penalty and mitigating circumstances proposed in Recommendation UAD-2 for violations of AS 04.16.030.**

Law enforcement officials have identified overservice of alcohol (serving to an already intoxicated person) as a significant public safety issue, and for this reason alcohol server education always includes information about how to determine whether someone is too intoxicated to be served another drink, and whether they may be a risk to themselves and others. Additionally, current AS 04.06.100(b)(12) authorizes the Board to create regulations to prohibit “possession of alcoholic beverages by drunken persons and by minors.” Title 4 defines the offense of serving a drunken person or allowing a drunken person to remain on licensed premises, with criminal negligence, as a Class A Misdemeanor (AS 04.16.030). The phrase “criminal negligence” is significant: a person knows that they are serving an intoxicated person, understands the consequences, and does so anyway. Determining level of intoxication is more art than science, as each person has a different level of alcohol tolerance. It is possible to assess someone’s mental state incorrectly, and existing law does not define a mistake as an offense of AS 04.16.030. As is the case with an employee who serves a minor, the licensee may or may not be aware that this type of violation had occurred on their premises, leading to no opportunity for corrective action on their part if an employee is willfully disregarding the law regarding overserving.

This recommendation applies the same penalty structure outlined in Recommendations UAD-1 and UAD-2 for serving a minor (AS 04.16.052): the employee would be charged with a Minor Offense with a \$250 to \$500 fine, and the employer (licensee) would receive a \$250 administrative penalty. The licensee would have the same opportunity to demonstrate to the Board any mitigating circumstances to reduce other penalties, such as having a training program in place or working with the employee directly to correct the issue, for a violation of either AS 04.16.030 or AS 04.16.052.

A second change was made to both AS 04.16.030 and AS 04.16.052, inserting existing language from AS 04.16.150 which holds a licensee responsible for knowingly allowing employees to violate Title 4, and “recklessly and with criminal negligence” failing to act if this violation is known. The current penalty for this offense is a Class A Misdemeanor, retained in these two specific sections, indicating the seriousness of both of these offenses and licensees’ responsibility to monitor the performance of their employees. Because AS 04.16.150 could be construed to hold licensees responsible for a misdemeanor-level offense for any violation of Title 4 regardless of how serious the original offense, however, the penalty for that general section would be reduced to a violation with a \$250 fine.

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**Recommendation N-10. Allow Minors on Some Licensed Premises for Employment or Travel (AS 04.16.049) | Allow limited employment of minors by Wholesalers, Common Carriers, and Outdoor Recreation Lodges; clarify that minors are allowed at certain businesses.**

In current law (AS 04.16.049), licenses designated as restaurants may employ minors, aged 16 to 20, at their business, provided that the underage employee does not handle alcoholic beverages and remains on the premises only for employment; underage individuals are also permitted to dine at the restaurant, accompanied by a guardian if they are younger than 16. Recommendation R-5 expands these privileges to Golf Courses, allowing minors to be employed or attend golf related activities.

The group further reviewed existing license types and discussed other situations in which these exceptions to AS 04.16.049 are appropriate, provided that the underage person does not have access to alcohol, does not serve alcoholic beverages, and is on the premises for other legitimate reasons. In many cases, it is commonly understood that minors are allowed at the establishment, such as a hotel, but the law does not specifically provide this exception. This recommendation would extend the same opportunities for minors to be present on licensed premises for some license types, for employment or to engage in activities specific to that business, such as travel, in situations other than those currently covered by provisions for bona fide restaurants: Wholesaler (both licenses), Common Carrier Dispensary, holder of a Hotel/Motel or Large Resort endorsement, and Outdoor Recreation Lodge. Wholesalers are included on this list because unlike other license types, wholesalers never sell directly to the public and handle alcohol beverages in large cases like any other warehouse inventory, and therefore alcoholic beverages would not be opened and served at these establishments. Allowing individuals under 21 years of age to be employed in basic warehouse operations provides a larger labor pool for wholesalers and does not expose underage employees to open containers of alcohol or situations in which they would be serving customers.

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**Recommendation N-11. Repeal Alcohol Sales Restriction on Election Day (AS 04.16.070) | Repeal outdated statute prohibiting sales of alcohol during federal, state and local elections.**

Historically, consumption of alcohol was closely tied to public discourse about promoting a healthy democracy: in the 18th and 19th century, taverns were common gathering places for political discussion, and unscrupulous political machines were known to use free drinks to entice working-class men to vote for their candidates. This practice fell out of fashion long ago, and few people are

even aware that there are still laws prohibiting alcohol sales on election days. Alaska has such a law in Title 4, AS 04.16.070, prohibiting sales of alcohol until the polls have closed for any election day, but offering municipalities the option to pass an ordinance to negate the statute and allow alcohol sales. Many cities have passed ordinances allowing sales on election day, but this outdated law remains in effect for the rest of the state, and is likely not currently enforced. The recommendation is to simply repeal this law, as it hearkens back to a political problem of centuries past.

**Recommendation N-12. Transition Provisions for Existing Licensees | Define process for current licensees of certain types to be converted to equivalent license(s) in the new system.**

The proposed recommendations represent significant changes to Title 4, and the ABC Board and AMCO staff would take on the complex task of implementing the shift to a new system. Most license types will not be significantly affected, other than a change to the statutory citation of their license and addition of one or more endorsements on their license. Others will require conversion to new licenses, including applicants for new licenses whose application is still in progress.

The details of the transition process will be left to the ABC Board, but in some situations guidance should be provided in statute. For example, existing Brewery, Winery and Distillery licensees with retail operations should be issued the appropriate Manufacturer Retail license, even if it would exceed the new population limit. Applications submitted under the existing rules should be reviewed on their own merits, even if population limits would restrict issuing the license. Public Convenience license applicants will be protected from denial on the basis of having no REPLs available in the community, as this will be the case in any community with demand for Public Convenience licenses. The table below illustrates the anticipated transition process for the most impacted licenses.

Current License Type	Current Statute	Statute (SB 76 v.A)	New License Type(s)	Transition Process
Brewery	04.11.130	04.09.020 04.09.310	Brewery Manufacturer Brewery Retail	Convert current licensees Convert applications to new
Winery	04.11.140	04.09.030 04.09.320	Winery Manufacturer Winery Retail	Convert current licensees Convert applications to new
Distillery	04.11.170	04.09.040 04.09.330	Distillery Manufacturer Distillery Retail	Convert current licensees Convert applications to new
Bottling Works	04.11.120	<i>Repealed</i>	Brewery or Winery Manufacturer	Convert current licensee
Brewpub	04.11.135	<i>Repealed</i>	Brewery Manufacturer	Convert current licensees
Wholesale	04.11.160(a)	04.09.100	General Wholesale	Convert current licensees
Beer + Malt Bev. Wholesale	04.11.160(b)	04.09.110	Limited Brewed Bev. + Wine Wholesale	Convert current licensees
Duplicate BDL	04.11.090(e)	04.09.420	MFC Endorsement	Convert to endorsements
Public Convenience	04.11.400 (e), (g)	<i>Repealed</i>	Restaurant/Eating Place BDL (1 licensee)	Convert current licensees Convert applications to REPL
Beverage Disp. Tourism	04.11.400(d)	04.09.340	Beverage Dispensary Tourism	Convert current licensees
All Other Licenses	N/A	N/A	New License Citations Endorsements	Convert current licensees to applicable endorsements

# APPENDIX

**Table 1. Title 4 Review Stakeholders and Organizations**

Over 100 stakeholders participated in this process since 2012, including several who have changed positions in the last few years. Organizations and agencies have also shown an ongoing commitment to the project by designating one or more representatives to participate on the organization’s behalf at various points in this process. The Steering Committee extends sincere appreciation for the efforts of each individual and organization on this list to carry this project forward. It is important to note, however, that this list includes participation in the process, not necessarily endorsement of the final product.

An individual marked with asterisk (\*) denotes serving, currently or previously, on the Title 4 Steering Committee.

	<b>Name</b>	<b>Organization</b>	<b>Sector(s) Represented</b>
1	Bob Klein *	ABC Board, Chair; Anchorage Distillery	ABC Board; Licensee (Distillery)
2	Tom Manning	ABC Board, Industry Member	ABC Board; Licensee (Pkg. Store)
3	Ellen Ganley *	ABC Board, Public Member	ABC Board; Public Health
4	Bobby Evans	ABC Board, Rural Member	ABC Board; Tribal Communities
5	Ethan Billings	[former] ABC Board, Industry Member	Licensee (Package Store)
6	Marvin Yoder	[former] ABC Board, Public Member	ABC Board
7	Erika McConnell *	AMCO Director; [former] Muni. Anchorage	ABC Board; Administrative
8	Sara Chambers *	[former] ABC Board, Acting Director	ABC Board; Administrative
9	Joe Hamilton	ABC Board, AMCO Staff	Public Safety
10	Sarah Oates	ABC Board, AMCO Staff	ABC Board; Administrative
11	Jedediah Smith	ABC Board, AMCO Staff	ABC Board; Local Government
12	Shirley Coté *	[former] ABC Board Director	ABC Board; Public Safety
13	Cynthia Franklin *	[former] AMCO Director	ABC Board; Public Safety
14	Bob Beasley	[former] ABC Board Staff	ABC Board; Public Safety
15	Christine Lambert	[former] ABC Board Staff	ABC Board; Administrative
16	James Hoelscher	[former] VPSO; ABC Board, AMCO Staff	Public Safety; ABC Board
17	Sen. Peter Micciche	Alaska Senate	Alaska Legislature
18	Rep. Chuck Kopp	Alaska House; [former] Office of Sen. Micciche	Alaska Legislature
19	Brian Olson	Alaska Berries	Licensee (Winery)
20	Paul Thomas	Alaska Cache Liquor	Licensee (Package Store)
21	Dale Fox	Alaska CHARR	Retail Industry Member
22	Pete Hanson	Alaska CHARR	Retail Industry Member
23	Bob Winn	Alaska Hospitality Retailers	Retail Industry Member
24	Kate Burkhardt	[former] Alaska Mental Health Board + ABADA	Public Health
25	Teri Tibbett	Alaska Mental Health Board + ABADA	Public Health
26	Katie Baldwin-Johnson *	Alaska Mental Health Trust Authority	Public Health
27	Natasha Pineda	[former] Alaska Mental Health Trust Authority	Public Health
28	Amber Willis	Alaska State Fair	Licensee (Recreational Site)
29	Sheri Musgrave	Alaska State Fair	Licensee (Recreational Site)
30	Chris Thompson	Alaska State Troopers	Public Safety
31	Curtis Vik	Alaska State Troopers	Public Safety
32	Eric Olsen	Alaska State Troopers	Public Safety

	<b>Name</b>	<b>Organization</b>	<b>Sector(s) Represented</b>
33	James Cockrell	Alaska State Troopers	Public Safety
34	Kevin Blanchette	Alaska State Troopers	Public Safety
35	Marcy Larson	Alaskan Brewing Co.	Licensee (Brewery)
36	Rich Sayers	Anchorage Golf Course	Licensee (Golf Course)
37	Anthony Henry	Anchorage Police Department	Public Safety
38	Eric Pratt	Anchorage Police Department	Public Safety
39	Jared McKay	Anchorage Police Department	Public Safety
40	Mark Mew	[former] Anchorage Police Department	Public Safety
41	Matt Jones	Bear Tooth Grill + Theaterpub	Licensee (Brewpub, Bev. Disp.)
42	Ryan Makinster	Brewers Guild of Alaska	Manufacturing Industry Member
43	Gerald Proctor	Brown Jug	Licensee (Package Store)
44	Doran Powell	Chilkoot Charlie's	Licensee (Beverage Dispensary)
45	Kathy Hosford	Chilkoot Outpost Lodge	Licensee (Outdoor Rec. Lodge)
46	Beth McEwen	City and Borough of Juneau	Local Government
47	Clinton Singletary	City and Borough of Juneau	Local Government
48	Mark Dixon	City of Soldotna	Local Government
49	Stephanie Queen	City of Soldotna	Local Government
50	Bert Cottle	City of Wasilla	Local Government
51	Lyn Carden	City of Wasilla	Local Government
52	Tina Crawford	City of Wasilla	Local Government
53	Sassan Mossanen	Denali Brewing Co.	Licensee (Brewery)
54	L. Diane Casto *	[former] Dept. of Health and Social Services	Public Health; Youth
55	Sara Clark *	Department of Health and Social Services	Public Health
56	Joe Darnell	Department of Health and Social Services	Public Health
57	Tony Newman	Department of Health and Social Services	Public Health
58	John Novak	Department of Law	Administrative
59	Walt Monegan *	Department of Public Safety	Public Safety
60	Michael Duxbury	Department of Public Safety	Public Safety
61	Emily Walker	Department of Revenue	Administrative
62	Janis Hales	Department of Revenue	Administrative
63	Brandon Spanos	Department of Revenue	Administrative
64	Brandon Howard	Distillers Guild of Alaska	Licensee (Distillery)
65	Dick Rosston	Dorsey + Whitney	Retail Industry Member
66	Galen Jones	Double Shovel Cider	Licensee (Winery)
67	John Lau	Double Shovel Cider	Licensee (Winery)
68	Randy McCain	Eagles Lodge	Licensee (Club)
69	Peggy Phillips	[former] Fairbanks North Star Borough	Local Government
70	Mike Yadon	FedEx	Common Carrier
71	Lindsay Bard	FedEx	Common Carrier
72	Dustin Pickens	FedEx	Common Carrier
73	Kyle Wark	First Alaskans Institute	Tribal Communities; Youth
74	Liz Medicine-Crow	First Alaskans Institute	Tribal Communities; Youth
75	Robert McCormick	Glacier Brewhouse, Orso	Licensee (Beverage Dispensary)
76	Susan Osborne	Gold Hill Liquor	Licensee (Package Store)
77	Jan Hill *	Haines Borough	Tribal Communities; Local Option
78	Philippe Janicka	Holland America - Princess	Licensee (Common Carrier Disp.)

	<b>Name</b>	<b>Organization</b>	<b>Sector(s) Represented</b>
79	Molly Poland	Hooligans	Licensee (Beverage Dispensary)
80	Mike Dodge	[former] HottStixx	Licensee (Beverage Dispensary)
81	Fred Odsen	Hughes Gorski Seedorf Odsen + Tervooren	Retail Industry Member
82	Pete Burns	Humpy's Alaskan Alehouse, Williwaw	Licensee (Beverage Dispensary)
83	Don Grasse	K & L Distributors	Licensee (Wholesale)
84	Johni Blankenship	Kenai Peninsula Borough	Local Government
85	Laura Porter	Mat-Su Borough School District	Education
86	Elizabeth Ripley	Mat-Su Health Foundation	Public Health
87	Ray Michaelson	Mat-Su Health Foundation	Public Health
88	Barb Miller	Midnight Sun Brewing	Licensee (Brewery)
89	Amanda Moser	Municipality of Anchorage	Local Government
90	Anna Nowak	[former] Municipality of Anchorage	Local Government
91	Matt Felix	[former] NCADD-Juneau	Public Health; Youth
92	Joel Kadarrauch	Odom Corporation	Licensee (Wholesale)
93	Dorcas Bloom	[former] Public Health Nurse	Public Health; Education
94	Aleesha Towns-Bain *	[former] Rasmuson Foundation; Recover AK	Public Health
95	Jordan Marshall	[former] Rasmuson Foundation	Public Health
96	Tiffany Hall *	Recover Alaska	Public Health; Youth
97	Glenn Brady	Silver Gulch Brewing	Licensee (Brewpub, Bev. Disp.)
98	Rebecca Neagle	Sitnasuak Native Corporation	Tribal Communities
99	Melanie Lesh	Snug Harbor Liquor	Licensee (Package Store)
100	Danna Grammer	[former] Stellar Wines Distributing	Licensee (Wholesale)
101	Chris Simon *	Tanana Chiefs Conference	Education
102	George Gatter	Tony's Bar	Licensee (Beverage Dispensary)
103	Kim Hutchison	Trust Consultants	Retail Industry Member
104	Jeff Jessee *	University of Alaska; [former] AMHTA	Public Health
105	Marny Rivera	[former] University of Alaska Anchorage	Education; Youth
106	Mike O'Brien	University of Alaska Fairbanks	Education
107	Kristal Fiser	UPS	Common Carrier
108	Charlie Daniels	Volunteers of America, Alaska	Public Health; Youth
109	Trish Smith	Volunteers of America, Alaska	Public Health; Youth
110	Katie Jacoy	Wine Institute	Manufacturing Industry Member
	Rachel Hanke	Office of Sen. Peter Micciche, Staff	Alaska Legislature
	Thea Agnew Bembem	Agnew::Beck Consulting	Staff Support
	Anna Brawley	Agnew::Beck Consulting	Staff Support
	Heather Stewart	Agnew::Beck Consulting	Staff Support
	Carmen Gutierrez	Justice Improvement Solutions	Staff Support

# 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.

## Manufacturing Tier

*exempt from population limits*

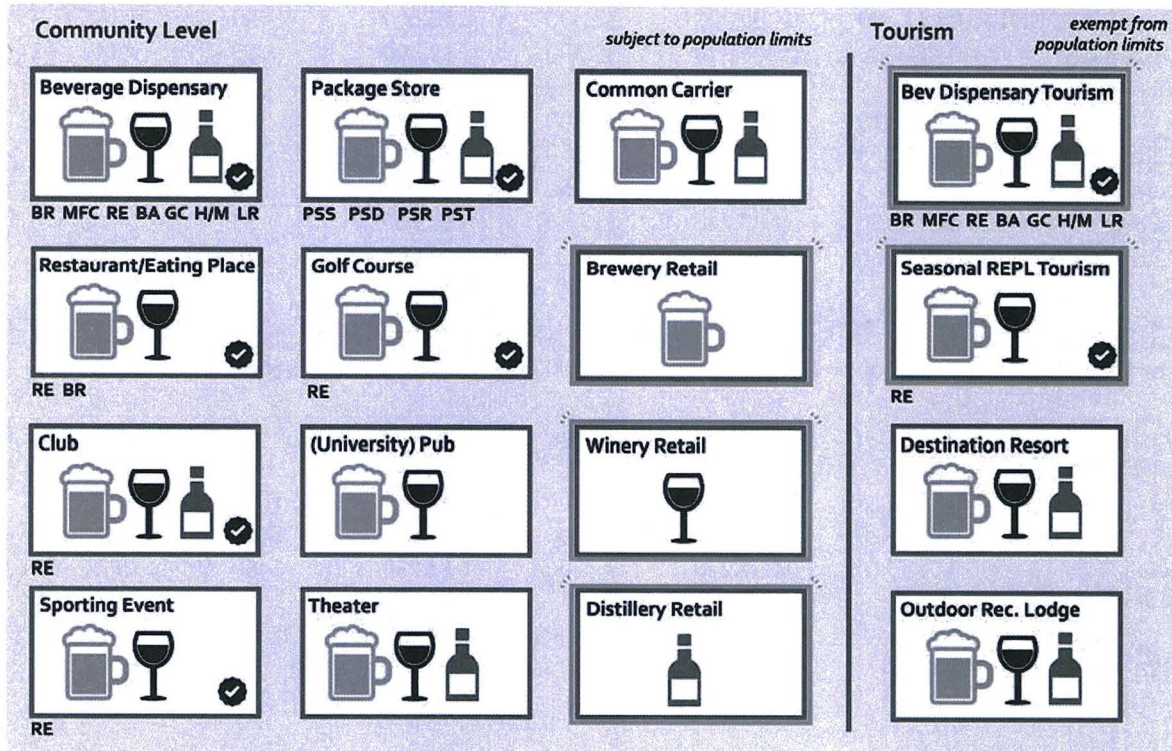


## Wholesale Tier

*exempt from population limits*



## Retail Tier



NEW LICENSE  
Proposed new license in Title 4

ENDORSEMENTS  
Expanded activities and/or premises to fit business model

- |                                 |                                  |
|---------------------------------|----------------------------------|
| PSS<br>Pkg Store<br>Shipping    | PSD<br>Pkg Store<br>Delivery     |
| PSR<br>Pkg Store<br>Repackaging | PST<br>Pkg Store<br>Sampling     |
| RE<br>Restaurant                | H/M<br>Hotel/Motel               |
| GC<br>Golf Course               | LR<br>Large Resort               |
| BA<br>Bowling<br>Alley          | MFC<br>Multiple Fixed<br>Counter |
| MS<br>Manufacturer<br>Sampling  | BR<br>Brewery<br>Repackaging     |

## Proposed for Repeal: replaced by existing license types



## Other

*exempt from population limits*



Table 2. Proposed Changes to License Fees

License Type	Current Statute	Bill Citation	Current Fee	Proposed Fee	Dollar Increase	Percent Increase	Comparison: Inflation (1980-2017)
<b>Manufacturing Tier Licenses</b>							
Brewery Manufacturer	04.11.130	04.09.020	\$1,000	<b>\$1,500</b>	\$500	50%	\$2,929.04
Winery Manufacturer	04.11.140	04.09.030	\$500	<b>\$1,500</b>	\$1,000	200%	\$1,464.52
Distillery Manufacturer	04.11.160	04.09.040	\$1,000	<b>\$1,500</b>	\$500	50%	\$2,929.04
Brewpub	04.11.135	<i>Repealed</i>	\$500	<i>Current licensees converted to Brewery Manufacturers</i>			
Bottling Works	04.11.120	<i>Repealed</i>	\$500	<i>Current licensee converted to Winery Manufacturer</i>			
Brewery Retail	04.11.131	04.09.310	<i>New license</i>	<b>\$1,250</b>		N/A	
Winery Retail	04.11.140	04.09.320	<i>New license</i>	<b>\$1,250</b>		N/A	
Distillery Retail	04.11.170	04.09.330	<i>New license</i>	<b>\$1,250</b>		N/A	
<b>Wholesale Tier Licenses</b>							
General Wholesale *	04.11.160	04.09.100	\$2,000 + annual supplier, transaction fees		<i>Rescaled transaction fees for smaller businesses</i>		\$5,858.08
Limited Beer + Wine Wholesale *	04.11.160	04.09.110	\$400 + annual supplier, transaction fees		<i>Rescaled transaction fees for smaller businesses</i>		\$1,171.62
<b>Retail Tier Licenses: Serving Beer, Wine and Spirits</b>							
Beverage Dispensary, BDL	04.11.090	04.09.200	\$2,500	<b>\$2,500</b>	\$0	0%	\$7,322.60
Beverage Dispensary Tourism	04.11.400(d)	04.09.340	\$2,500	<b>\$2,500</b>	\$0	0%	\$7,322.60
Club	04.11.110	04.09.220	\$1,200	<b>\$2,500</b>	\$1,300	108%	\$3,514.85
Destination Resort	04.11.255	04.09.300	\$1,250	<b>\$2,500</b>	\$1,250	100%	\$3,514.85
Outdoor Recreation Lodge	04.11.225	04.09.280	\$1,250	<b>\$2,500</b>	\$1,250	100%	\$3,661.30
Package Store **	04.11.150	04.09.230	\$1,500	<b>\$1,500</b>	\$0	0%	\$4,393.56
Common Carrier Dispensary ***	04.11.180	04.09.260	\$1,000 per vessel up to 10; \$2,000 per destination		\$0	0%	\$2,929.04
<b>Retail Tier Licenses: Serving Beer and Wine Only</b>							
Restaurant or Eating Place, REPL	04.11.100	04.09.210	\$600	<b>\$1,250</b>	\$650	108%	\$1,757.42
Seasonal Restaurant or Eating Place Tourism	04.11.100	04.09.350	<i>New license</i>	<b>\$1,250</b>		N/A	
Golf Course	04.11.115	04.09.290	\$400	<b>\$1,250</b>	\$850	213%	\$1,171.62
Pub	04.11.220	04.09.240	\$800	<b>\$1,250</b>	\$450	56%	\$2,343.23
Sporting Event (Recreational Site)	04.11.210	04.09.270	\$800	<b>\$1,250</b>	\$450	56%	\$2,343.23
Theater (Currently in regulation)	3 AAC 304.695	04.09.250	\$600	<b>\$1,250</b>	\$650	108%	\$1,757.42

**Notes**

- \* Wholesalers pay multiple fees to the ABC Board depending on the amount of transacted business each year and the number of product suppliers. The lower tiers of the annual transaction fees are proposed to be reduced to support smaller businesses (see Recommendation W-1). The maximum transaction fees for both General and Limited Wholesale Licenses remains \$10,000 annually.
- \*\* Several Package Store activities currently included in the license are proposed as add-on endorsements, each with a \$200 fee per renewal period. The license fee would not increase, but total fees will increase if the licensee opts for one or more endorsements.
- \*\*\* Common Carrier Dispensary licensees pay scaled fees according to the number of vessels and specific destinations operated as licensed premises. Carriers pay \$1,000 per vessel, up to 10, and an \$100 per vessel above that number. No fee changes are proposed.

**Table 3. Proposed Changes to Penalties for Title 4 Offenses**

Title 4 currently defines specific penalties for violations of some statutes within the title, either referring to the offense as a violation with no defined penalty, defining a range of penalties to apply, or specifying a minimum penalty. The title contains generally increased penalties for crimes in Local Option areas, as well as provisions for forfeiture and seizure of assets (typically alcohol) involved with a Title 4 case. Unless otherwise defined in these sections, the “default” penalty for any violation of Title 4 is a Class A Misdemeanor, as stated in AS 04.16.180(a).

Additionally, Title 4 defines a range of administrative penalties that the ABC Board can take against a licensee, including monetary fines, additional restrictions on a license, and suspension or revocation of the license in serious cases or in response to repeated violations. These are not represented in the table below, which only concerns criminal penalties, but are discussed in Recommendations RB-6 and UAD-2. The rationale for changing most Title 4 offenses to Minor Offenses (violations with a fine that do not require a court appearance) is also outlined in RB-6. Proposed changes to penalties are indicated in **bold**.

Citation (SB 76 v.A)	New Statute Title	Current Penalty	Proposed Penalty	Proposed Fine	Notes + Applicability of Offense
04.09.060	Unlicensed Manufacturing	Misdo A (04.11.010)	Misdo A	Defined in AS 12.55	Sell, manufacture or operate without a license
04.09.070	Unlicensed Manuf.: Local Option	Felony C (04.11.010)	Felony C	Defined in AS 12.55	Sell, manufacture or operate without a license in a Local Option area
04.09.080	Unauthorized Manufacturer Sale	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	License holder sells to a buyer not listed in AS 04.09.050
04.09.140	Unlicensed Wholesale Sale	Misdo A (04.11.010)	Misdo A	Defined in AS 12.55	Sell or operate a wholesale business without a license
04.09.145	Unlicensed Wholesale Sale: Local Option	Felony C (04.11.010)	Felony C	Defined in AS 12.55	Sell or operate a wholesale business without a license in a Local Option area
04.09.150	Failure to Pay Annual Fee or File Affidavit	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Wholesale licensee fails to pay or file required documentation for annual fees
04.09.160	Failure to Pay Fee or File Declaration	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Wholesale licensee fails to pay or file required documentation for supplier fees
04.09.200	Beverage Dispensary License	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.210	Restaurant or Eating Place License	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.220	Club License	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.230	Package Store License	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.240	Pub License	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.250	Theater License	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.260	Common Carrier Dispensary License	Misdo A	Misdo A	Defined in AS 12.55	Violates section (a): operates additional unlicensed vessel(s)
04.09.260	Common Carrier Dispensary License	Misdo A	<b>Minor Offense</b>	<b>\$500 per vessel</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.270	Sporting Event (Rec. Site) License	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.280	Outdoor Recreation Lodge License	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions

Citation (SB 76 v.A)	New Statute Title	Current Penalty	Proposed Penalty	Proposed Fine	Notes + Applicability of Offense
04.09.290	Golf Course License	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.300	Destination Resort License	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.310	Brewery Retail License	Misdo A (04.11.130)	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.320	Winery Retail License	Misdo A (04.11.140)	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.330	Distillery Retail License	Misdo A (04.11.170)	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.340	BDL Tourism License	Misdo A (04.11.400)	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.350	Seasonal REPL Tourism License	<i>New license</i>	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.360	Winery Direct Shipment License	<i>New license</i>	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with license terms; sale in violation of license restrictions
04.09.370	Unlicensed Retail Sale	Misdo A (04.11.010)	Misdo A	Defined in AS 12.55	Selling or operating a retail operation without a license
04.09.380	Unlicensed Retail Sale: Local Option	Felony C (04.11.010)	Felony C	Defined in AS 12.55	Selling or operating a retail operation without a license in a Local Option area
04.09.410	Manufacturer Sampling Endors.t	Misdo A	<b>Minor Offense</b>	<b>w/o: \$500 other: \$250</b>	Providing samples without endorsement Noncompliance with endorsement terms
04.09.420	Multiple Fixed Counter Endorsement	Misdo A (04.11.090)	<b>Minor Offense</b>	<b>w/o: \$500 other: \$250</b>	Operating without endorsement Noncompliance with endorsement terms
04.09.430	Hotel or Motel Endorsement	Misdo A (04.11.090)	<b>Minor Offense</b>	<b>w/o: \$500 other: \$250</b>	Operating without endorsement Noncompliance with endorsement terms
04.09.440	Large Resort Endorsement	Misdo A (04.11.090)	<b>Minor Offense</b>	<b>w/o: \$500 other: \$250</b>	Operating without endorsement Noncompliance with endorsement terms
04.09.450	Restaurant Endorsement	Misdo A (04.16.049)	<b>Minor Offense</b>	<b>w/o: \$500 other: \$250</b>	Operating without endorsement Noncompliance with endorsement terms
04.09.460	Package Store Shipping Endors.t	Misdo B (04.11.150)	<b>Minor Offense</b>	<b>w/o: \$500 other: \$250</b>	Operating without endorsement Noncompliance with endorsement terms
04.09.470	Package Store Delivery Endors.t	Misdo A (04.11.150)	<b>Minor Offense</b>	<b>w/o: \$500 other: \$250</b>	Operating without endorsement Noncompliance with endorsement terms
04.09.480	Package Store Repackaging Endors.t	Misdo A (04.11.150)	<b>Minor Offense</b>	<b>w/o: \$500 other: \$250</b>	Operating without endorsement Noncompliance with endorsement terms
04.09.490	Package Store Sampling Endors.t	<i>New section</i>	<b>Minor Offense</b>	<b>w/o: \$500 other: \$250</b>	Providing samples without endorsement Noncompliance with endorsement terms
04.09.500	Bowling Alley Endorsement	Misdo A (04.11.090)	<b>Minor Offense</b>	<b>w/o: \$500 other: \$250</b>	Operating without endorsement Noncompliance with endorsement terms
04.09.510	Golf Course Endorsement	Misdo A (04.11.115)	<b>Minor Offense</b>	<b>w/o: \$500 other: \$250</b>	Operating without endorsement Noncompliance with endorsement terms
04.09.520	Brewery Repackaging Endorsement	Misdo A (04.11.135)	<b>Minor Offense</b>	<b>w/o: \$500 other: \$250</b>	Operating without endorsement Noncompliance with endorsement terms
04.09.600	Failure to Comply with Permit Req.t	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Applies to all event permits under 04.09.600 - 670
		Misdo A	<b>Minor Offense</b>	<b>\$500</b>	Applies to Inventory Stock Sale (-.680), Conditional Contractor (-.690) Permits
04.11.010(a)	License or Permit	Misdo A	Misdo A	Defined in	Removed sale, manufacture, operations:

Citation (SB 76 v.A)	New Statute Title	Current Penalty	Proposed Penalty	Proposed Fine	Notes + Applicability of Offense
	Required; Possession for Sale			AS 12.55	now defined in AS 04.09. Remaining actions prohibited: barter, trafficking
04.11.010(b)	License or Permit Required; Possession for Sale	Felony C	Felony C	Defined in AS 12.55	Receiving or soliciting order for alcohol delivered to Local Option area (except under Pkg. Store Shipping Endorsement)
04.11.010(c)	License or Permit Required; Possession for Sale	Misdo A or Felony C [by volume]	Misdo A or Felony C	Defined in AS 12.55	Presumption about sale if possessing above a certain amount; severity depends on amount in question
04.11.015	Purchase from Nonlicensee Prohibited	Minor Offense	Minor Offense	\$250	Already violation in Title 4; added specific fine amount
04.11.040	Board Approval of Transfers	Misdo A	<b>Minor Offense</b>	\$250	Failure to seek approval of license transfer
04.11.045	Reports Required of Limited Liability Corporations	Misdo A	<b>Minor Offense</b>	\$250	Failure to report ownership change
04.11.050	Reports Required of Corporations	Misdo A	<b>Minor Offense</b>	\$250	Failure to report ownership change
04.11.055	Reports Required of Partnerships	Misdo A	<b>Minor Offense</b>	\$250	Failure to report ownership change
04.11.060	Nonresident Distiller, Brewer, Winery or Wholesaler	Misdo A	Misdo A	Defined in AS 12.55	Selling to in-state licensees without obtaining needed license(s)
04.11.315	False Statement on Application	Felony B (04.16.210)	Felony B	Defined AS 11.56.200	No policy change, statute moved; false statement "knowingly"
04.11.370	Suspension and Revocation of Licenses, et al.	<i>N/A – board-imposed penalties on licensees for violation of Title 4</i>			Defines administrative penalties that the board can impose on licensees; no changes to existing structure
04.11.499(a)	Prohibition of Importation, Purchase (Local Option)	Misdo A/ Felony C	Misdo A/ Felony C	Defined in AS 12.55	Bans importation into Local Option area; severity depends on amount
04.11.499(b)	Prohibition of Importation, Purchase (Local Option)	Misdo A	Misdo A	Defined in AS 12.55	Bans purchase from someone who illegally imported into Local Option area
04.11.501(a)	Prohibition of Possession (Local Option)	Minor Offense	Minor Offense	Fine up to \$1000 (04.16.205)	Court sets fine schedule, forfeiture, etc., for Local Option area banning possession
04.11.535(a)	Suspension and Revocation Based on Acts of Employees	<i>N/A – board-imposed penalties on licensees for violation of Title 4</i>			Establishes burden of proof for licensee; ties violation specifically with offenses under 04.16.150
04.11.560(b)	Appeals	<i>N/A – Defines appeal process</i>			Appeal of board decision go to superior court (44.62.560)
04.16.010	Hours of Sale, Presence on Licensed Premises	Misdo A	<b>Minor Offense</b>	\$250	Noncompliance for serving alcohol outside allowed hours of operation
04.16.015	Pricing and Marketing of Alcoholic Bev.s	Misdo A	<b>Minor Offense</b>	\$250	Noncompliance with limits on sales, amounts of sale, sales or over-service
04.16.017	Trade Practices	<i>New section</i>	<i>N/A – administrative penalties to be defined</i>		Penalties for trade practices administrative only, detailed in future regulations

Citation (SB 76 v.A)	New Statute Title	Current Penalty	Proposed Penalty	Proposed Fine	Notes + Applicability of Offense
04.16.020	Solicitation of Alcoholic Beverages; Purchase for Another	Misdo A	<b>Minor Offense</b>	<b>\$100</b>	Third party paid to encourage patrons to purchase; ordering for person in Local Option area to circumvent ordering limits
04.16.022	Online Alcohol Sales (Beer, Wine, Spirits)	<i>New section</i>	<b>Misdo A</b>	Defined in AS 12.55	Sale of alcohol online to AK consumer, unless under AS 04.09.360 or 04.09.460
		<i>New section</i>	<b>Minor Offense</b>	<b>\$250</b>	Purchase by consumer from online source, unless licensed or endorsed under Title 4
04.16.025	Illegal Presence on Premises Involving Alcoholic Beverages	Minor Offense	<b>Minor Offense</b>	<b>\$250</b>	May not remain on illegal/non-licensed premises with activities in violation of Local Option
04.16.030	Prohibited Conduct Relating to Drunken Persons	Misdo A	<b>Minor Offense</b>	<b>\$250 to \$500</b>	Licensee/employee sells to drunken person (DP); patron gives to DP on premises; allows DP to stay on premises
		<i>New section</i>	<b>Misdo A</b>	Defined in AS 12.55	Licensee knowingly allows violation of this section (adapted from previous 04.16.150)
		<i>New section</i>	<b>Admin. Penalty to licensee</b>	<b>\$250</b>	Licensee receives administrative penalty if employee violates this section. License cannot be suspended for first conviction.
04.16.035	Possession of Homebrew Ingredients in Certain Areas	Misdo A	Misdo A	Defined in AS 12.55	Possess homebrew ingredients with intent to manufacture
04.16.040	Access of Drunken Persons to Licensed Premises	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Drunken person may not access licensed premises
04.16.045	Obligation to Enforce Restrictions in Licensed Premises	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Licensee cannot serve alcohol except as allowed in license
04.16.047	Access of Persons with Restriction on Purchasing Alcohol	Misdo A	Misdo A	Defined in AS 12.55	Person cannot enter licensed premises if restricted from purchasing alcohol.
04.16.049	Access Under Age 21 to Licensed Premises	Misdo A	<b>Minor Offense</b>	<b>\$500; \$50 w/ASAP</b>	<i>Enacted in SB165</i>
04.16.050	Possession, Control, Consumption by Under Age 21	Minor Offense (multiple penalties)	<b>Minor Offense</b>	<b>\$500; \$50 w/ASAP</b>	<i>Enacted in SB165</i>
04.16.051	Furnishing or Delivery of Alcoholic Beverages to Persons Under Age 21	Misdo A	<b>Minor Offense</b>	<b>\$500</b>	Applies to an adult (other than licensee) providing a minor with alcohol
		Felony C	Felony C	Defined in AS 12.55	If minor causes injury or death, adult is liable; penalty for repeat offense repealed
04.16.052	Furnishing of Alcoholic Beverages to Persons Under Age 21 by Licensees	Misdo A	<b>Minor Offense</b>	<b>\$250 to \$500</b>	Licensee or employee receives penalty for serving a minor (whoever directly serves)
		<i>New section</i>	<b>Misdo A</b>	Defined in AS 12.55	Licensee knowingly allows violation of this section (adapted from previous 04.16.150)
		<i>New section</i>	<b>Admin. Penalty to licensee</b>	<b>\$250</b>	Licensee receives administrative penalty if employee violates this section. License cannot be suspended for first conviction.
04.16.055	Room Rental for Consuming Alcoholic Beverages	Misdo A	<b>Minor Offense</b>	<b>\$500</b>	Renting room for purpose of providing alcohol to person under 21

Citation (SB 76 v.A)	New Statute Title	Current Penalty	Proposed Penalty	Proposed Fine	Notes + Applicability of Offense
04.16.057	Permitting Minor to Illegally Possess Liquor in Dwelling	Minor Offense	<b>Minor Offense</b>	<b>\$500</b>	Already violation; added fine. Range of fines require court appearance for sentencing.
04.16.059	Aggravated Penalties Involving Under 21, and by Sex Offender	<i>Step-up of existing penalty of underlying offenses in specific cases [no change proposed]</i>			Increases penalties for anyone who is registered sex offender or child kidnapper. e.g. Misdo A goes to Felony C
04.16.060	Purchase or Delivery to Under Age 21	Misdo A	<b>Minor Offense</b>	<b>\$500; \$50 w/ ASAP</b>	Penalty for underage person purchasing or attempting to purchase; proposed to match changes made in SB 165
		Misdo A	<b>Minor Offense</b>	<b>\$500</b>	Delivery to or purchase for underage person by an adult
04.16.065	Civil Penalty for Violations of AS 04.16.060	<i>Civil penalty: \$1500+fees [no change proposed]</i>			Licensee can pursue minor 18+ or emancipated minor for civil damages if violated 04.16.060
04.16.065	Civil Penalty for Violations of AS 04.16.060	<i>Civil penalty \$1000+fees [no change proposed]</i>			Licensee can pursue guardian of >18 minor if violated 04.16.060
04.16.080	Consumption at School Events	Misdo A	<b>Minor Offense</b>	<b>\$100</b>	Consuming at school event, at site of event
04.16.090	Prohibition of Bottle Clubs	Misdo A	Misdo A	Defined in AS 12.55	Same as selling or operating w/o license
04.16.110	Sale of Certain Alcoholic Beverages Prohibited	Misdo A	Misdo A	Defined in AS 12.55	Selling products: powdered alcohol, more than 76 percent ABV
04.16.120	Removal + Introduction of Alcohol	Misdo A	<b>Minor Offense</b>	<b>\$100</b>	Brings alcohol onto licensed premises, or takes off premises
04.16.125	Alcohol Transported by Common Carrier	Misdo A	Misdo A	Defined in AS 12.55	Limits on amounts transported to LO areas, exception for small amts
		<i>New section</i>	<b>Minor Offense</b>	<b>\$500</b>	Delivery by common carrier not approved by ABC Board to deliver alcohol
04.16.125	Alcohol Transported by Common Carrier	<i>New section</i>	<b>Minor Offense</b>	<b>\$250</b>	Noncompliance with delivery requirements by approved common carrier
04.16.130	Stock Confined to Licensed Premises	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Storing alcohol outside of designated areas licensed for storage
04.16.140	Sale or Consumption of Alcohol in a Warehouse	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Selling or allowing consumption of alcohol in warehouse licensed for storage
04.16.150	Licensee Responsible for Violations	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Licensee knowingly allows other violations on premises (see 04.16.030 and 04.16.052)
04.16.160	Restriction on Purchasing Alcohol	Misdo A	Misdo A	Defined in AS 12.55	Requires restricted individual to have current marked ID, avoid alcohol
04.16.170	Source of Alcoholic Beverages	Misdo A	Misdo A	Defined in AS 12.55	Requires purchase from licensee, with exceptions e.g. medicinal, religious
04.16.172	Restrictions on Purchase and Sales of Alcoholic Beverages	Misdo A	Misdo A	Defined in AS 12.55	Prohibits purchase from seller not listed as primary source supplier (wholesaler or manufacturer)
04.16.175	Furnishing Alcoholic Beverages in Aid of Gambling Enterprise	Misdo A	Misdo A	Defined in AS 12.55	Gambling enterprise may not furnish alcohol to player; does not apply to businesses licensed under Title 4

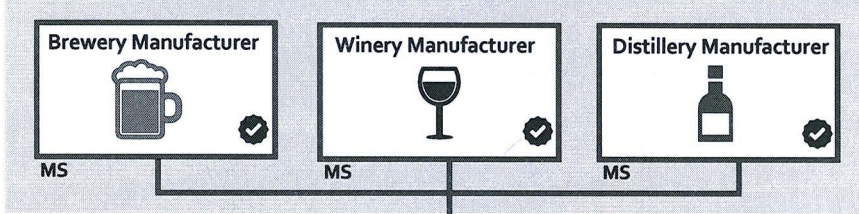
Citation (SB 76 v.A)	New Statute Title	Current Penalty	Proposed Penalty	Proposed Fine	Notes + Applicability of Offense
04.16.180	Penalties for Violation	<i>N/A – board-imposed penalties on licensees for violation of Title 4</i>			Addresses range of board-imposed penalties for violations of Title 4
04.16.180(b)	Penalties for Violation	<i>New section</i>	<i>N/A – board-imposed penalties on licensees</i>		Includes specific penalties for violation of 04.16.030 and -052
04.16.180(e)	Penalties for Violation	<i>New section</i>	<i>N/A – for reference</i>		Defines conviction (applies to felony, misdo, minor offense)
04.16.180(f)	Penalties for Violation	<i>New section</i>	<i>N/A –for reference</i>		Clarifies that licensee convicted of Title 4 offense also subject to board penalties
04.16.180(g)	Penalties for Violation	<i>New section</i>	<i>N/A – for reference</i>		Allows board to reduce penalties on licensee if licensee demonstrates attempt to follow laws, mitigating circumstances
04.16.200	Penalties for Violation of 04.11.010, -499	Misdo A or Felony C	Misdo A or Felony C	Defined in AS 12.55	Penalties vary by volume of alcohol, number of prior convictions
04.16.200(g)	Penalties for Violation of 04.11.010, -499	Misdo A	Misdo A	Incl. repeat offenses	Penalties for selling, importing in LO area increased fine amts.
04.16.205	Penalties for Violation of 04.11.501 and Related Ordinances	Minor Offense	Minor Offense	Up to \$1,000	Penalty for possession; section (h) states specifically that violation is not considered a criminal offense, but a minor offense
04.16.220	Forfeitures and Seizures	<i>N/A – for reference</i>			Forfeit and seizure of property related to offenses of Title 4
04.21.012	Keg Registration	<i>New section</i>	<b>Minor Offense</b>	<b>\$250</b>	Licensee sells or rents an unregistered keg
		<i>New section</i>	<b>Minor Offense</b>	<b>\$100</b>	Person possesses unregistered keg containing alcohol
04.21.020	Civil Liability for Providing Alcohol	<i>N/A – for reference</i>			Includes liability for consequences from alcohol consumed when sold illegally
04.21.025	Alcohol Server Education Course	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Failure to maintain server card if expired
04.21.060	Warehousing of Alcoholic Beverages	Misdo A	<b>Minor Offense</b>	<b>\$250</b>	Can store beverages offsite if approved by board, allowed by local zoning
04.21.065	Posting of Warning Signs	Minor Offense	Minor Offense	\$20 to \$300 per day	Posting of warning signs; bail schedule; doesn't preclude license suspension
04.21.072(a)	Fines and Other Criminal Penalties	Misdo A (04.16.180)	<b>Minor Offense</b>	<b>\$250</b>	Unless specified otherwise, violation of Title 4 is a \$250 fine; replaces 04.16.180(a)
04.21.072(b)	Fines and Other Criminal Penalties	Misdo / Felony	Misdo / Felony	Defined in AS 12.55	Unless specified otherwise, penalties for Misdo/ Felony are defined in Title 12
04.21.074	Bail Forfeiture Schedule	<i>N/A – for reference</i>			Provides outline of bail forfeiture (if ticket is paid) and conviction for minor offenses
04.21.076	Suspension of Fine or Sentence	<i>N/A – for reference</i>			Court cannot suspend fine or sentence for minor offenses; requires enforcing
12.85.015	Record of Judgment of Conviction	<i>N/A – for reference</i>			Requires court to send convictions of Title 4 to ABC Board.
Repeal of 04.16.180(a)	Repeal: Default Penalty in Title 4	Misdo A	(See AS 04.21.072)		Removes default as Misdo A; is now Minor Offense, in 04.21.072

# Alaska's Liquor License System: Proposed Changes in HB 357

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

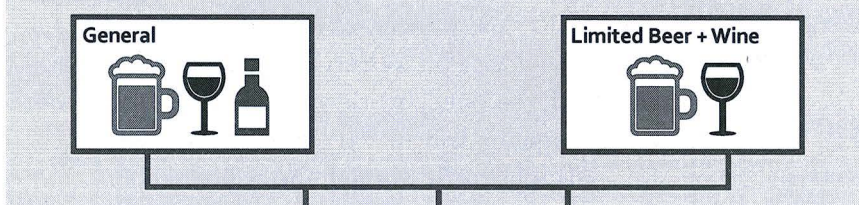
## Manufacturing Tier

*exempt from population limits*



## Wholesale Tier

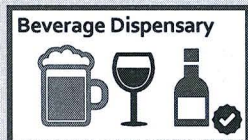
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## Retail Tier

### Community Level

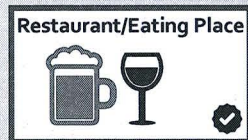
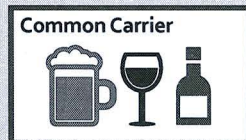
*subject to population limits*



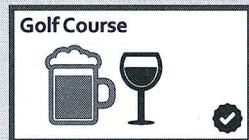
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PSS PSD PSR PST



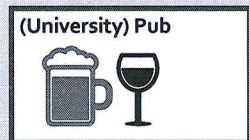
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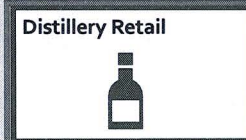
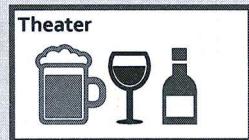
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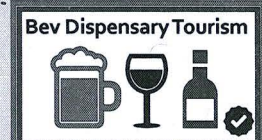


RE



### Tourism

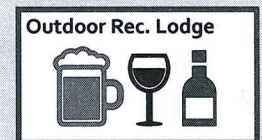
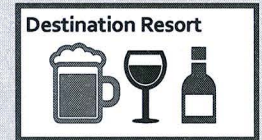
*exempt from population limits*



BR MFC RE BA GC H/M LR



RE



**NEW LICENSE**  
Proposed new license in Title 4

**ENDORSEMENTS**  
Expanded activities and/or premises to fit business model

**PSS** Pkg Store Shipping  
**PSD** Pkg Store Delivery

**PSR** Pkg Store Repackaging  
**PST** Pkg Store Sampling

**RE** Restaurant  
**H/M** Hotel/Motel

**GC** Golf Course  
**LR** Large Resort

**BA** Bowling Alley  
**MFC** Multiple Fixed Counter

**MS** Manufacturer Sampling  
**BR** Brewery Repackaging

## Proposed for Repeal: replaced by existing license types



Brewery + BDL or REPL



Brewery or Winery



REPL or Seasonal REPL

## Other

*exempt from population limits*



**Want to learn more?**

About House Bill 357:  
**Office of Representative Chuck Kopp**  
(907) 465-4993 | erick.corderogiorgana@akleg.gov

About the Title 4 Review project:  
**Alcoholic Beverage Control Board**  
(907) 269-0350 | amco.reg@alaska.gov

# Title 4 Review: 2017 Update

## JANUARY 2017 UPDATE TO THE ABC BOARD

*Sent on behalf of the Title 4 Review Steering Committee*

January 24, 2017

To Chair Bob Klein and members of the Alcoholic Beverage Control Board:

Below is a summary and status update of the Title 4 Review project, as a supplement to the full summary report dated February 2015. This document provides a brief overview of the Title 4 Review process and its goals, the various stakeholders involved, the policy work that has taken place since publication of the original report, and some highlights of the anticipated legislative bill that will, if passed by the Alaska Legislature, enact the recommendations made through this process.

Title 4 Review project staff will prepare a more detailed update of the Title 4 Review report to accompany the new bill, including more information about recommendations developed since 2015. Please note that while most of the information in the original report is still accurate, several changes have been made to the recommendations, and new recommendations made, since its writing. Until the new set of recommendations is finalized and the report is updated, its contents should be considered informational only, and subject to change. Where this 2017 update differs from the 2015 report, this document should be considered the most recent and accurate information.

### WHY REVIEW TITLE 4?

Much of this chapter of Alaska law has not been updated since 1980. Over time, incremental updates to the statutes, inconsistent interpretation of the rules, and changing industry trends have reduced the effectiveness of Title 4 for businesses, communities and regulators alike. A systematic review of the statutes helps the Board carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcohol laws and regulations.

### GOALS OF TITLE 4 REVIEW

Stakeholders in this process established shared goals as the foundation for all recommendations:

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

- Create rational regulation for all tiers of the state's alcohol industry.
- Limit youth access to alcohol.
- Promote responsible alcohol use and reduce the harms of overconsumption.

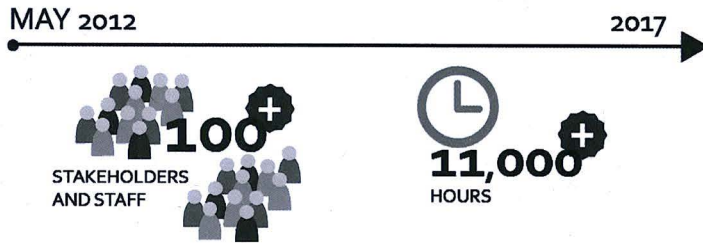
#### **Make Title 4 a clear and consistent legal framework for the ABC Board, licensees and law enforcement.**

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

## TITLE 4 REVIEW | January 2017 Update

### AN INCLUSIVE, STAKEHOLDER-DRIVEN PROCESS

Since 2012, stakeholders representing the alcohol industry, public health, local governments, law enforcement, public safety, education, and community advocacy sectors have dedicated over 11,000 hours to date to craft recommendations to improve Title 4. This group, working with the Title 4 Review Steering Committee, has remained involved in the process throughout, helping to refine recommendations and analyze new ideas brought forward since the original set of recommendations were put forward.



### Over 70 Participating Organizations

Representatives from many organizations have contributed to the success of this work:

49th State Brewing *	Eagles Lodge *
ABC Board	Fairbanks North Star Borough
Alaska Berries *	FedEx
Alaska Board on Alcohol and Drug Addiction	First Alaskans Institute
Alaska Cache Liquor *	Glacier Brewhouse + Orso *
Alaska CHARR	Gold Hill Liquor *
Alaska Mental Health Trust Authority	Haines City and Borough
Alaska Municipal League	Holland America *
Alaska State Fair *	Hooligans *
Alaska State Troopers	HottStixx *
Alaskan Brewing *	Hughes Gorski Seedorf Odsen & Tervooren
Alcohol and Marijuana Control Office (AMCO)	Humpy's Alaskan Alehouse *
Alaska Wine & Beer Wholesalers Association	Justice Improvement Solutions
Alyeska Resort *	K & L Distributors *
Anchorage Hospitality Retailers Association	Kenai Peninsula Borough
Anchorage Distillery *	Mat-Su Health Foundation
Anchorage Golf Course *	Mat-Su Borough School District
Anchorage Police Department	Midnight Sun Brewing *
Bear Tooth Grill + Broken Tooth Brewing *	Municipality of Anchorage
Brewers Guild of Alaska	NCADDJ
Brown Jug *	Odom Corporation *
Chilkoot Charlie's *	Rasmuson Foundation
Chilkoot Trail Outpost Lodge *	Recover Alaska
City and Borough of Juneau	SEARHC
City of Soldotna	Silver Gulch Brewing *
City of Wasilla	Sitnasuak Native Corporation
Department of Commerce, Comm. & Econ. Dev.	Stellar Wines Distributing *
Department of Education & Early Development	Tony's Bar *
Department of Health & Social Services	University of Alaska Anchorage
Department of Public Safety	University of Alaska Fairbanks *
Department of Revenue	UPS
Distillers Guild of Alaska	Village Public Safety Officers
Dorsey & Whitney	Volunteers of America
Double Shovel Cider *	Wine Institute

\* denotes Alaska license holder

## TITLE 4 REVIEW | January 2017 Update

### PROJECT TIMELINE: FIVE YEARS OF WORK

As detailed in the 2015 report, the Title 4 Review recommendations are the product of an extensive stakeholder process which has continued through the present. Following the timeline graphic is an update on what has happened in the last two years.



**April 2015** | Senator Peter Micciche introduced Senate Bill 99, which included the legislative language to enact all of the Title 4 Review recommendations. While efforts were made to thoroughly review the language for accuracy according to the group's intent, the bill had several flaws. At 100 pages, the bill also required more time than the 2015 session allowed. Sen. Micciche and the group determined to improve the bill during the interim and re-introduce in the following year.

**Summer – Fall 2015** | Alaska CHARR's Government Affairs Committee and several other industry stakeholders conducted a complete review of the bill language, identifying areas where more work may be needed and submitting comments, suggestions or new proposals. Staff for the Title 4 Review project met regularly with representatives to discuss each issue with the bill language, and the Steering Committee began revision of some aspects of the recommendations, ensuring that the changes still reflected the stakeholders' overall goals for the process and balanced in the interest of all sides.

**December 2015** | Recognizing that the package still needed significant work, and knowing that the 2016 legislative session would be focused on large policy issues like the state's fiscal crisis, the Steering Committee recommended a new, two-track process for Title 4 rewrite. The Steering Committee worked with Sen. Micciche to craft a streamlined bill (SB 165) with some priority recommendations that could be implemented sooner than the more complicated changes to licenses and permits. A new version of the comprehensive package would come forward the following session.

## TITLE 4 REVIEW | January 2017 Update

**February 2016** | Sen. Micciche introduced SB 165, with proposed changes to ABC Board composition, changes to Minor Consuming Alcohol (MCA) and Minor on Premises penalties. See the following section for more information about SB 165.

**July 2016** | After several committee hearings, passage of the bill in both the House and Senate, and reconciliation between the two versions of the bill, SB 165 was signed into law by Governor Walker on July 6, 2016!

**August 2016** | Sen. Micciche re-affirmed his commitment to work with the Title 4 Review group to prepare a new version of the comprehensive bill. Sen. Micciche and the Steering Committee convened interested members of the stakeholder group to refine the contents of the comprehensive bill, starting with the language in SB 99, for introduction in the 2017 legislative session. Stakeholders submitted items for further discussion, as well as technical changes to the bill that were overlooked previously.

**Fall 2016** | Stakeholders met regularly to discuss each item brought for consideration, coming to consensus as much as possible on each issue. Additionally, the Internet Sales recommendations were further developed and refined with a group including Alaska stakeholders, representatives from major shipping carriers and a representative for out of state wineries.

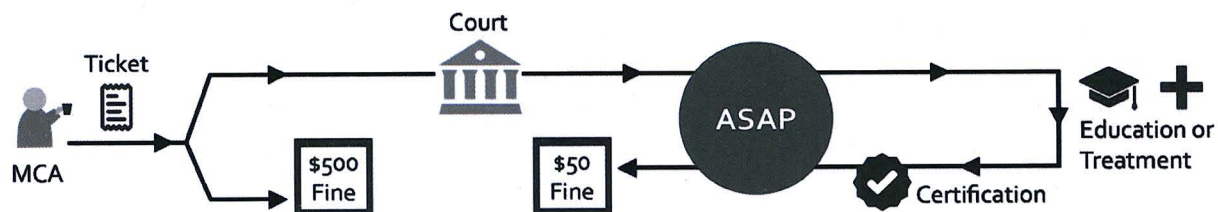
**November 2016 – January 2017** | Following direction from the discussions throughout the fall, Title 4 Review staff worked with Sen. Micciche's staff and Legislative Legal Services to draft new bill language based on the original work, and updated to reflect the current set of recommendations. While the group anticipates further discussion throughout the legislative process, the goal for the new draft bill is to ensure that it accurately reflects the intent of the group's work and addresses any drafting issues from the previous bill. At the time of writing, the stakeholder group is awaiting a complete draft for final review prior to its introduction during this 2017 session.

### SB 165: PRIORITY RECOMMENDATIONS ENACTED IN 2016

The first set of recommendations included in SB 165 have become law, including needed changes to the penalties imposed on minors who are found possessing or consuming alcohol (AS 04.16.050), or who enter licensed premises illegally (AS 04.16.049). The changes enacted in SB 165 are supported by a state plan, *Alaska's Strategies to Prevent Underage Drinking*, the work of a number of state agencies and departments, including the Department of Health and Social Services, the Alcoholic Beverage Control Board, the Division of Juvenile Justice, the Alaska Native Justice Center, the University of Alaska Anchorage Justice Center, the Alaska Mental Health Trust Authority, and the Alaska Court System.

#### Minor on Premises [AS 04.16.049] and Minor Consuming Alcohol, MCA [AS 04.16.050]

The new legislation restores Minor Consuming Alcohol to a true violation, with the process for reducing the fine outlined in the graphic below:



## TITLE 4 REVIEW | January 2017 Update

- Each offense carries a fine of \$500, regardless of the number of prior convictions.
- If the youth appears in court, the fine may be reduced upon completion of a state-approved alcohol education or treatment program or community diversion panel within six months of the court hearing. For first and second convictions, the fine is reduced to \$50; for subsequent convictions, the fine is reduced to \$250. The fine reduction creates an incentive for the minor to seek education or treatment.
- The state's Alcohol Safety Action Program (ASAP) /Juvenile Alcohol Safety Action Program (JASAP) office would refer the young person to qualifying programs, certify completion of the program, and forward certification to the Court for the fine reduction.
- Removed from statutory penalties: mandatory completion of alcohol education or treatment, community work service, potential jail time, and suspension or revocation of driver's license.
- No information about convictions under AS 04.16.049 or -.050 will appear in the individual's record on CourtView, regardless of the outcome of the case or the age of the individual.
- If a violation is unpaid and the individual does not appear in court, the fine will be deducted from the minor's Permanent Fund Dividend. This is also a financial incentive against repeat offenses, since it requires education or treatment to get a fine reduction again.

The same penalty applies for Minor on Licensed Premises (04.16.049), which was previously a Class A Misdemeanor in Title 4, the default penalty for most violations of that title. This new process is intended to ensure swift and consistent enforcement of laws limiting youth access to alcohol, without a long-term stigma for a person for their behavior as a minor.

### **Composition of the ABC Board [AS 04.06.020]**

Alcohol affects many aspects of life in Alaska, and good regulation depends on balanced perspectives and consideration of how the ABC Board's decisions impact businesses, communities, and individuals. The Title 4 Review process recognizes the important role of the Board in carrying out the intent of Title 4, and recommended that balanced representation on the Board is necessary.

The five-member board previously had three designated seats, two for members of the alcohol industry and one for a member of the public representing a rural area; the other two seats were for members of the public. Rather than adding new seats to the Board, SB 165 changes the composition of the board as follows: the two designated industry seats are retained, as is the rural public member. One of the public seats is now designated for someone representing the public safety sector, which may include someone from law enforcement, the legal system, and others involved in this field. The original recommendation included a designated seat for a member of the public health field, but this was changed during the legislative process to instead retain one seat for a public member.

### **SUMMARY OF DRAFT UPDATED RECOMMENDATIONS**

As noted above, the updated Title 4 Review recommendations are still being finalized as of January 2017. In lieu of an exhaustive list and detailed information about each, below is a list of highlights and changes from the 2015 report. More information about the entire set of recommendations will be available soon, including new recommendations brought through the most recent stakeholder review process.

## TITLE 4 REVIEW | January 2017 Update

### Examples of Changes to Previous Recommendations

- **Reduce penalties overall, and ensure that penalties are roughly proportional to the seriousness of the offense.** This recommendation is generally still intact, but several individual penalties have been adjusted further to ensure they are easy to implement and reflect the gravity of the offense. The group previously recommended per-unit penalties, e.g., a \$50 fine “for each alcoholic drink consumed in violation.” On further reflection, the group concluded that a single fine for a single violation is preferable. Additionally, the changes implemented from SB 165 for Minor on Licensed Premises and Minor Consuming Alcohol, allowing a minor to receive a fine reduction on completion of alcohol prevention education or treatment, will also be applied to an equivalent statute, Minor Purchasing or Attempting to Purchase (AS 04.16.060), whose penalty is currently a Class A Misdemeanor, like most of Title 4. Court data, and anecdotal evidence from law enforcement and the courts, have shown that offenses with excessively high penalties tend to be dismissed, or a violation is not issued in the first place.
- **Phase out existing Public Convenience licenses: instead, convert existing licenses to regular Restaurant or Eating Place licenses (AS 04.11.400).** The system of obtaining a restaurant license through a petition process intended to “serve public convenience” is widely acknowledged to be difficult to complete as an applicant, unnecessarily complex to administer by the Board and staff, and undermines the intent of the population limits on the number of outlets. The previous proposal to “phase out” existing licenses with limited transfers was controversial and not supported by Sen. Micciche or some of the stakeholders, since it would have negatively impacted existing businesses. The group has now proposed conversion of these licenses to be the same as other restaurant licenses, including transferability. Future demand for more restaurant licenses in smaller communities who serve a larger population would be addressed with a new proposal, outlined below.
- **Manufacturers allowed to own retail licenses (AS 04.11.450).** An important aspect of the three-tier system for alcohol control is separation between businesses who manufacture, distribute, and sell alcohol, designed to prohibit monopolies and known in Title 4 as Prohibited Financial Interest. The original recommendation would have allowed a brewery or winery to own a restaurant license, if one was available in their community according to the population limits; the new recommendation is to allow a brewery, winery or distillery to own any retail license, if one is available. The group recognizes that this does not strictly follow the three-tier system, but also recognizes that the rise in craft production is an important part of the changing industry. Wholesale licensees would still be prohibited from owning a business in the other tiers.

### Selected New Recommendations

- **Cider, still classified as wine for licensing purposes, treated similar to beer.** Cider is technically defined as a “wine” in both federal and state law, because it is made from a fruit. In terms of marketing and typical percent alcohol by volume (ABV), however, it is more like beer. Similarly, sake (a fermented rice beverage) is classified as a “brewed beverage” but has typical alcohol content closer to wine. The ounce limits on sales and sampling for manufacturers and package stores is intended to provide equivalent limits for products with different potencies, therefore these limits have been applied as appropriate for these products that do not fit the

## TITLE 4 REVIEW | January 2017 Update

mold of their category. While the license type for each product will remain as defined in current law, cider under 8.5% ABV will be allowed to follow the sampling and sales limits for beer, while sake will have limits following those of wine.

- **Replacement for Public Convenience: a city may request a number of additional restaurant licenses from the Board.** As noted above, the Public Convenience process for obtaining a license is cumbersome for both the applicant and the Board. Public Convenience licenses have been concentrated in a few communities whose resident population is relatively small, affording them a limited number of restaurant licenses, but who tend to serve a much larger population of surrounding residents, visitors, tourists and/or seasonal workers. Some of these cities requested more input on the number of licenses they can be issued, pointing out that they have the law enforcement, zoning, and health resources to properly manage any negative effects of increased alcohol outlets in their community. A new proposal would allow certain communities with no available restaurant licenses to ask for an additional number of restaurant licenses from the Board, without changing the underlying population limits. These licenses would not be tied to a particular application, but would increase the number available in that community until they were all issued to future businesses.
- **Regulation of Internet sales of alcohol directly to consumers.** One major issue identified in the Title 4 Review process, but not addressed in the previous recommendations, is regulation of Internet sales: a business selling and shipping alcoholic beverages directly to a consumer. Most states prohibit online sales of alcohol, except wine from a winery or, in some states, a retailer. A new proposal would establish a Winery Direct Shipment License to allow consumers to purchase wine from a business in or out of state, and a shipment must be delivered in person to an adult by a common carrier approved by the ABC Board to transport alcohol. All sales to Alaska consumers would be subject to the state's excise tax, already paid on products made or imported into the state by Alaska manufacturers and wholesalers. This will provide for a level playing field between Alaska manufacturers, whose product prices already include the cost of the tax, and out of state manufacturers, who do not currently collect Alaska excise tax on products sold directly to consumers in Alaska.

### Local Option Recommendations Need More Work

Most of the Title 4 Review recommendations produced in 2015 are ready to move forward, but one significant portion of the work has been tabled until the next phase: recommended changes to Local Option laws. Despite several efforts to work further with rural communities and other stakeholders on the proposed changes, the group was not successful in completing another thorough review of this work, and recommends not implementing changes that have not had sufficient input from the communities they will impact. One of the recommendations in particular, increasing fines for bootlegging activity, was not in keeping with other changes to the criminal justice system enacted in SB 91 in 2016. The group acknowledges the profound impacts that existing high penalties for alcohol-related crimes have in Local Option areas, and some stakeholders are interested in exploring future recommendations to improve the Local Option system as a tool for communities to reduce the negative impacts of alcohol. This exploration needs to include Local Option communities at the table for careful deliberation about the best solution.

## TITLE 4 REVIEW | January 2017 Update

The proposal to regulate Internet Sales is expected to have some benefits for Local Option communities: there is no available data to estimate how much alcohol may be shipped into these areas from direct-to-consumer sales, which bypass the existing written order database established in AS 04.06.095 to allow the ABC Board, and individual package stores serving rural areas, to enforce the monthly purchase limits in place in Local Option areas. The proposed Winery Direct Shipment License would prohibit sales to consumers located in Local Option areas, and other online alcohol sales would be clearly illegal in statute. However, current law allows an Alaska package store to serve customers via mail, including in Local Option areas, provided that they consult the written order database prior to filling the order and recording the customer's order into the database. This purchase option will still be available to rural customers, while ensuring that all alcohol sales to Alaska consumers are taxed, documented, and compliant with the law.

### NEXT STEPS

Stakeholders are reviewing the draft legislation that reflects the updated set of recommendations that are based on consensus developed among the Steering Committee and the statewide stakeholder group. Once the draft is complete, Sen. Micciche plans to introduce the new bill.

For more information about the draft legislation, please contact:

**Office of Senator Peter Micciche**

Rachel Hanke, Legislative Aide

(907) 465-2828 | [rachel.hanke@akleg.gov](mailto:rachel.hanke@akleg.gov)

# Title 4 Review: House Bill 357

## WHAT IS TITLE 4?

Alaska's Title 4 statutes regulate "the manufacture, barter, possession, and sale of alcoholic beverages in the state" (AS 04.06.090). The Alcoholic Beverage Control Board, Alcohol and Marijuana Control Office, law enforcement, and communities across the state enforce these laws.

## WHY REVIEW TITLE 4?

Much of the chapter has not been updated since 1980. Over time, incremental updates to the statutes, inconsistent interpretations of the law, and changing industry trends have reduced the effectiveness of Title 4. A systematic review of the statutes helps the Board carry out its mission and will benefit the organizations, municipalities and individuals whose work, community or business is affected by alcohol laws and regulations.

## GOALS OF TITLE 4 REVIEW

Stakeholders engaged in this review process shared goals as the foundation for developing recommendations:

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

- Create rational regulation for all tiers of the state's alcohol industry.
- Limit youth access to alcohol.
- Promote responsible alcohol use and reduce the harms of overconsumption.
- Implement change without negatively impacting existing businesses and responsible operators.

### Make Title 4 a clear and consistent legal framework for the ABC Board, licensees and law enforcement.

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

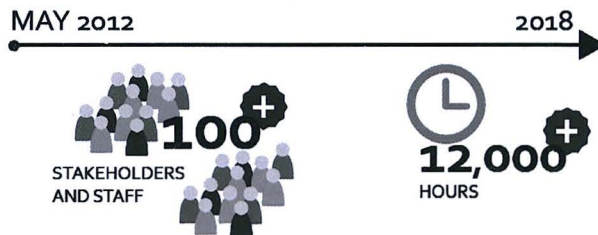
## SUCCESS IN 2016: SB 165

In last year's session, the Legislature passed the first set of Title 4 Review recommendations. SB 165 was enacted in July 2016:

- Restores Minor Consuming Alcohol (MCA) as a true violation and promotes alcohol education.
- Changes ABC Board composition, designating one seat for a public safety representative.

## STAKEHOLDER-DRIVEN PROCESS

Since 2012, stakeholders representing the alcohol industry, public health, local government, law enforcement, public safety, education, and community advocacy sectors have dedicated over 12,000 hours to craft recommendations to improve Title 4. This group, led by the Title 4 Review Steering Committee, has continued to refine the package of recommendations and addressed several other emerging issues raised in the last two years.



## 2018 PRIORITY: SB 76 & HB 357

Working closely with Title 4 Review stakeholders, Senator Peter Micciche introduced **SB 76** and Representative Chuck Kopp introduced **HB 357**, a comprehensive bill that would enact many of the group's recommendations.

Title 4's statutes are closely inter-related, and changes to the laws have impacts on communities and alcohol businesses statewide. A comprehensive bill ensures that the proposed changes are coordinated and can be implemented smoothly by the ABC Board.

Recommendations are organized in five categories, first developed by five Title 4 Review subcommittees:

1. Alcohol Licenses, Permits and Trade Practices
2. Underage Drinking and Youth Access to Alcohol
3. Local Option Communities
4. Regulation of Internet Sales of Alcohol
5. Role and Functions of the ABC Board and Staff

## TITLE 4 REVIEW WORK CONTINUES

Updating Title 4 is a complex, long term project! Implementing proposed changes will take time, and many details are left to the ABC Board to determine in regulation.

There are many important issues identified by the group that are not addressed in the bills, such as working with rural communities to improve local option laws. The stakeholder group will continue this important work in a future phase.

### About House Bill 357:

Office of Representative Chuck Kopp  
(907) 465-4993 | erick.corderogiorgana@akleg.gov

### About the Title 4 Review project:

Alcoholic Beverage Control Board  
(907) 269-0350 | AMCO.regis@alaska.gov

# Title 4 Review: House Bill 357

## KEY RECOMMENDATIONS

### Alcohol Licenses, Permits and Trade Practices

- Preserve the 3-tier system to prevent monopolies, but increase flexibility for small businesses by allowing manufacturers to own retail licenses.
- Preserve the population limits on licenses to manage health and safety impacts of having too many alcohol outlets, but provide flexibility for communities who serve tourists and visitors.
- Respond to innovative business concepts with endorsements (add-on privileges to existing licenses), instead of creating more license types.
- Level the playing field among existing license types with updated fees and consistent rules.
- Restructure Title 4 penalties to be proportional with the seriousness of each violation: most are currently Class A Misdemeanors, considered too steep to be consistently enforced by police or the courts.

### Underage Drinking and Youth Access to Alcohol

- Restore Minor Consuming Alcohol and related offenses to a true violation, with incentives for alcohol education or treatment (*passed in SB 165*).
- Hold licensees, employees and other adults more accountable for serving minors with reasonable and consistent penalties.
- Require registration of all kegs, so adult “social hosts” of underage parties can be held accountable.

### Local Option Communities

- Increase availability of community-level data about alcohol shipments entering local option areas.
- Better regulation of transport and delivery of alcohol by common carriers.

### Regulated Internet Sales of Alcohol

- Limit online sales to wineries and in-state package stores.
- Collect excise taxes on all orders to Alaska customers.
- Ensure all alcohol deliveries are made only to adults.

### Role and Functions of the ABC Board and Staff

- Ensure balanced representation on the Board with a designated Public Safety seat (*passed in SB 165*).
- Allow the Board to provide a review and advisory opinion on future Title 4-related legislation.
- Improve the Board and agency staff’s resources and ability to interpret, administer, and enforce Title 4.

## BENEFITS FOR ALL ALASKANS

The Title 4 Review process relies on building consensus: finding common ground and crafting recommendations that, considered overall, will benefit all stakeholders. Each decision required compromise. Where possible, the group found “win win” solutions that have multiple benefits.

Overall, proposals in HB 357 will benefit all stakeholders:

### Benefits for Youth

- Expands reforms enacted in SB 165 to apply to other specific underage drinking offenses.
- Helps prevent youth access to alcohol, while not criminalizing youth for one mistake.
- Incentivizes youth who need it to seek alcohol education, treatment, or community-based justice.
- Holds adults accountable who supply alcohol to youth.

### Benefits for the Alcohol Industry

- A streamlined, user-friendly Title 4 will be easier to understand and comply with for all businesses.
- All manufacturers can expand production and continue to serve customers in retail establishments.
- Wholesalers have less administrative burden and are protected against unfair trade practices.
- Retailers have more opportunities to innovate, such as providing product samples at package stores, while protecting existing business investments.
- Restructured penalties will encourage compliance, and reserve strict punishments only for serious crimes.

### Benefits for Public Health and Safety

- Preserves limits on the density of alcohol outlets, correlated with negative health and safety impacts.
- Promotes responsible service and consumption of alcohol at establishments and special events.
- Fairly regulates all alcohol purchases shipped directly to customers through online sales.
- Increases availability of data on alcohol in local option areas, and local enforcement of Title 4.
- Provides more resources for education about and enforcement of Title 4 at the state and local levels.

### Benefits for Local Governments

- Provides options to support economic development, tourism and hospitality with more liquor licenses.
- Increases resources available for educating local governments about their role in alcohol control.

*About House Bill 357:*

Office of Representative Chuck Kopp

(907) 465-4993 | erick.corderogiorgana@akleg.gov

*About the Title 4 Review project:*

Alcoholic Beverage Control Board

(907) 269-0350 | AMCO.regis@alaska.gov

# Title 4 Review: House Bill 357

## Proposed in HB 357: Regulate Internet Alcohol Sales

- Alaska does not limit online sales of alcohol. Orders from out of state businesses are not subject to Alaska's alcohol excise tax, and the state cannot track how much alcohol is ordered each year.
- HB 357 would create a Winery Direct Shipment License and allow online alcohol sales only from U.S. wineries and Alaska package stores.



Alaska customer orders wine online from winery



Wine only: no beer or spirits

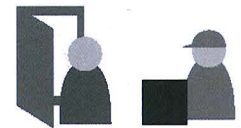


Winery Direct Shipment Licensee verifies:

- Is customer 21 or older?
- Is customer in a non-Local Option area?
- Is order within limit for personal use?  
6 cases per sale  
12 cases per year

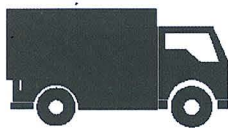


Common carrier receives, transports and delivers order



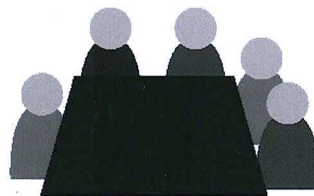
Carrier verifies customer is 21+, delivers package in person

- Common carriers would need to be approved by the ABC board to transport and deliver alcohol to consumers throughout the state.
- Carriers must demonstrate that they have policies and train employees to properly handle shipments of alcohol.

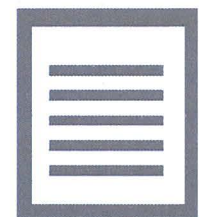


Carrier maintains policies:

- Safe alcohol handling
- Delivery to adult, age 21+
- Delivery in-person only



ABC board reviews and approves carrier for alcohol transport and delivery



ABC board publishes list of approved carriers

### About Senate Bill 76:

Office of Representative Chuck Kopp  
(907) 465-4993 | erick.corderogiorgana@akleg.gov

### About the Title 4 Review project:

Alcoholic Beverage Control Board  
(907) 269-0350 | AMCO.regis@alaska.gov

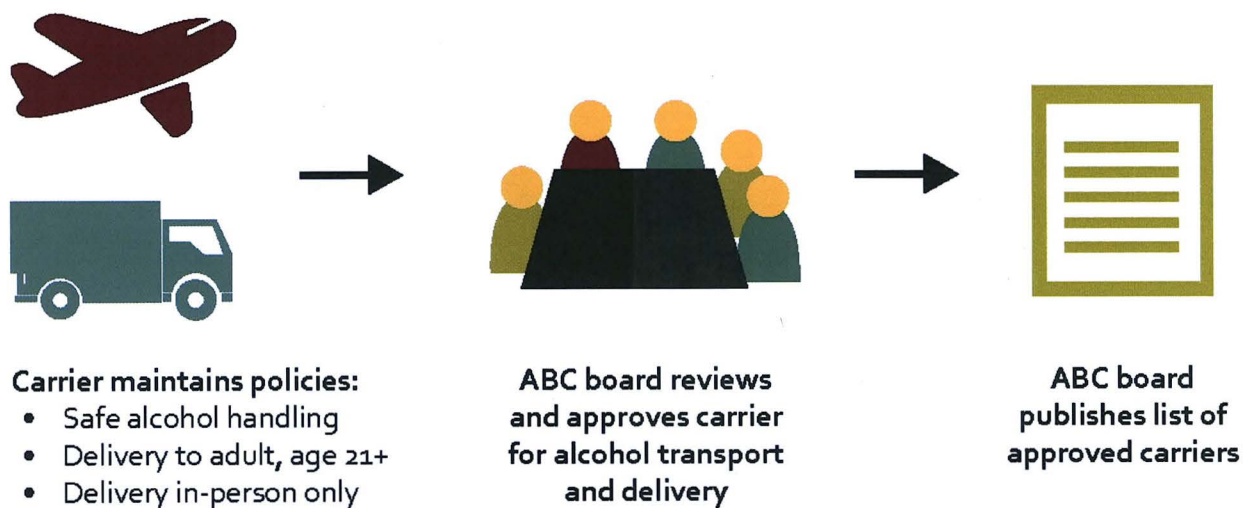
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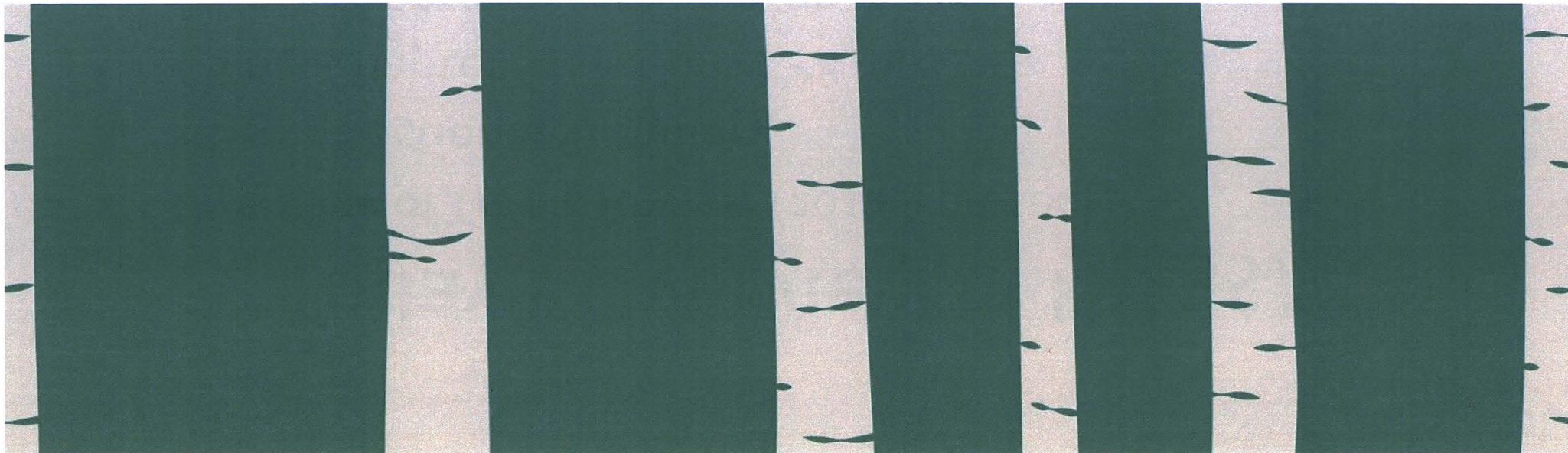
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Alcoholic Beverage Control (ABC)  
Board, Title 4 Review Project

House Bill 357

House Labor and Commerce Committee

April 11, 2018



# Today's Overview of HB 357

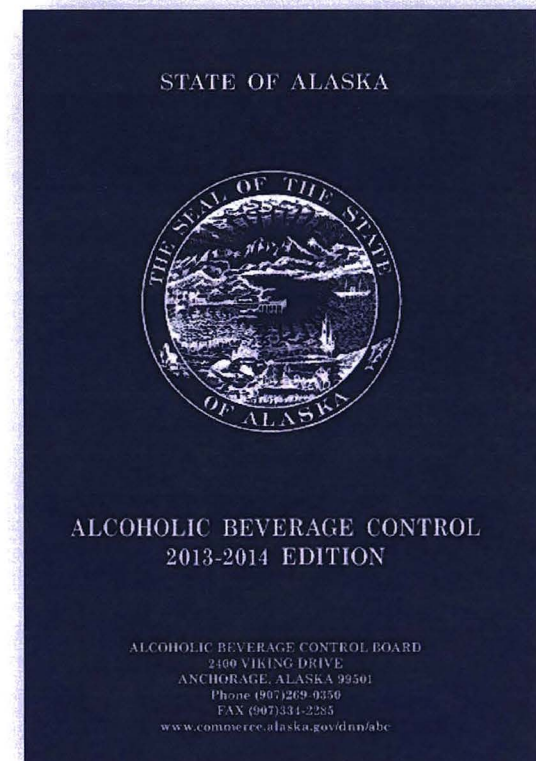
1. **Overview of Title 4 Review (2012 – present)**
2. **HB 357 Sectional Summary**
  - **AS 04. Chapter 6:** sections 1 - 8, pp. 1 - 5
  - **AS 04. Chapter 9:** section 9, pp. 5 - 49
  - **AS 04. Chapter 11:** sections 10 - 72, pp. 50 – 79
  - **AS 04. Chapter 16:** sections 73 - 121, pp. 79 - 97
  - **AS 04. Chapter 21:** sections 122 - 136, pp. 97 - 104
  - **Other Titles' Changes:** sections 137 – 148, pp. 104 – 109
  - **Transition:** sections 149 – 159, pp. 109 – 114

*Note: please refer to the Title 4 Review Stakeholder Recommendations Report (January 2018) for more detailed information about the project and individual recommendations. The report is available as part of this hearing packet, and on the AMCO website: [www.commerce.alaska.gov/web/amco](http://www.commerce.alaska.gov/web/amco)*

# **1. Title 4 Review Project**

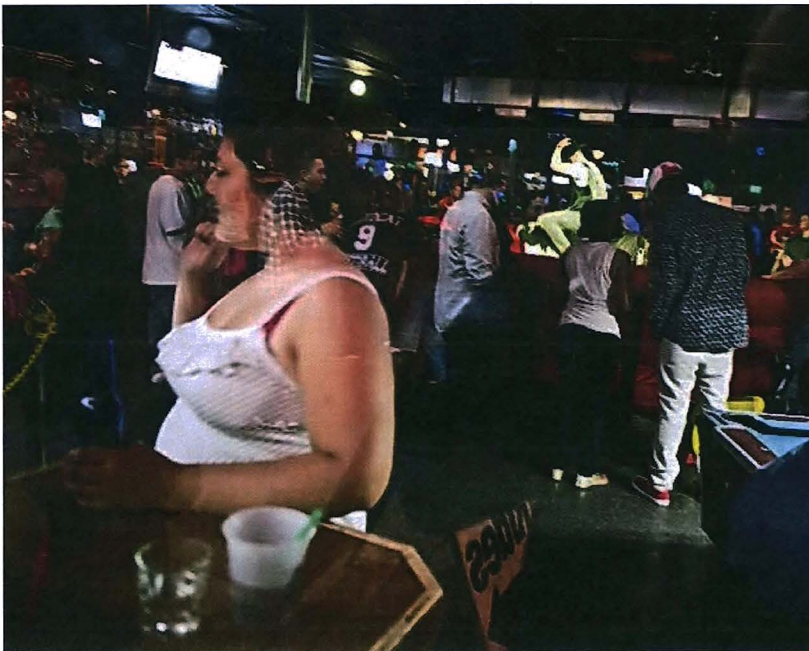
# Why review Title 4?

- Most of Title 4 has not been updated since 1980. The laws are outdated and confusing.
- Many existing laws do not reflect current trends or values.
- A systematic review of Title 4 helps the Board carry out its mission and will benefit communities and businesses.



# Goals of Title 4 Review Process

- Promote a fair business climate and protect public health and safety.
  - Create rational regulation for all tiers of the state's alcohol industry.
  - Limit youth access to alcohol, while ensuring youth are not criminalized
  - Promote responsible alcohol use and reduce the harms of overconsumption.



*Photo: Anchorage Daily News*

# Goals of Title 4 Review Process

- Make Title 4 a clear and consistent legal framework.
  - Increase swiftness, proportionality and consistency of penalties.
  - Increase local law enforcement of Title 4.
  - Increase licensee accountability before the ABC Board for Title 4 violations.



*Photo: Anchorage Daily News*

# Six Years of Work

MAY 2012

2018



More than 100 stakeholders and staff spent over 12,000 hours (and counting) to craft Title 4 recommendations for proposed legislation.

# Diverse Stakeholders



Youth



Public Health



Business



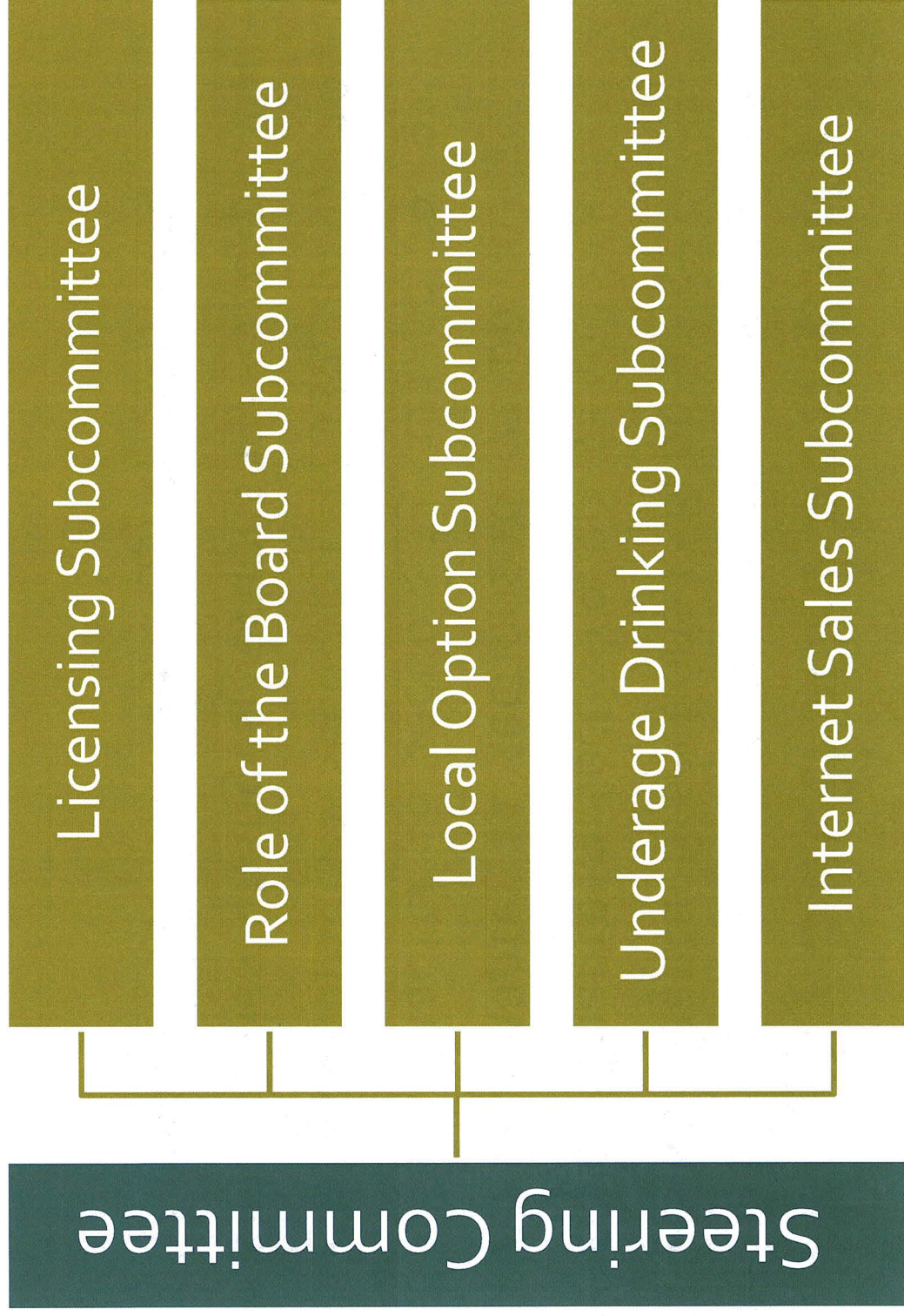
Public Safety



Rural Communities

- 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

# Five Topic-based Committees



## 2. HB 357 Sectional Summary

- **AS 04. Chapter 6:** sections 1 - 8, pp. 1 - 5
- **AS 04. Chapter 9:** section 9, pp. 5 - 49
- **AS 04. Chapter 11:** sections 10 - 72, pp. 50 – 79
- **AS 04. Chapter 16:** sections 73 - 121, pp. 79 - 97
- **AS 04. Chapter 21:** sections 122 - 136, pp. 97 - 104
- **Other Titles' Changes:** sections 137 – 148, pp. 104 – 109
- **Transition:** sections 149 – 159, pp. 109 – 114

Questions are welcome after each section of the presentation.

# Categories of Recommendations

1. Alcohol Licenses, Permits and Trade Practices
2. Role and Functions of the ABC Board and Staff
3. Underage Drinking and Youth Access to Alcohol
4. Regulation of Internet Sales of Alcohol
5. Technical or Administrative Law Changes
6. Local Option Communities\*

\* Note: Local Option recommendations are documented in the report, but not included in HB 357. More comprehensive discussion of Local Option laws is needed in the future.

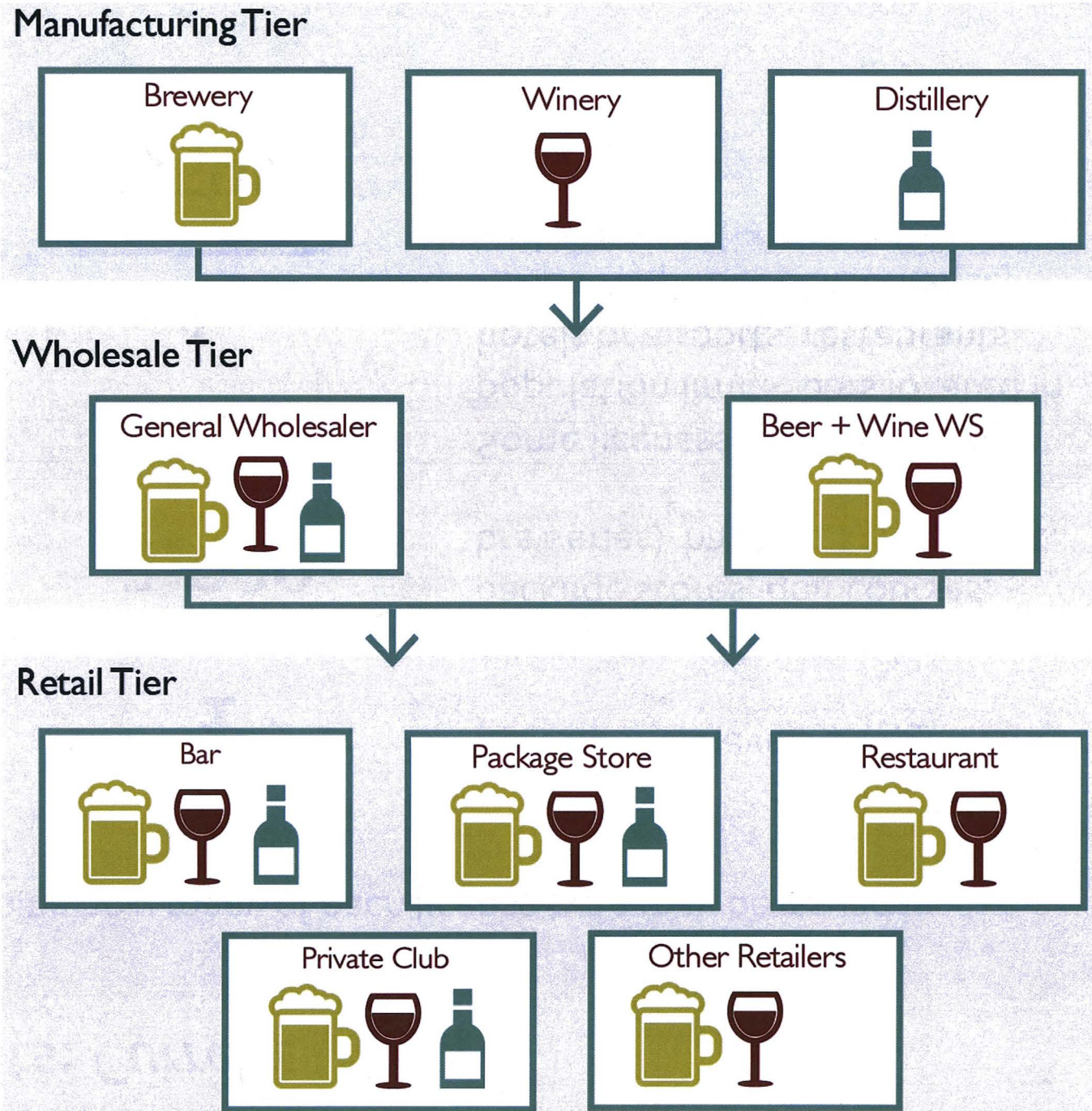
# Key Concepts in Title 4

- **The 3 tier system:** separation of manufacturers, wholesalers and retailers to prevent monopolies
- **Population limits:** regulates number of licenses available in each community by type
- **Licenses and permits:**
  - **License:** allows a business to sell, serve, distribute and/or manufacture alcohol for 2 years.
  - **Permit:** time-limited alcohol sales or service, by a licensee or non-licensed organization.
- ***Proposed new concept:* Endorsements** on licenses to expand premises or allowed activities

# The 3-Tier System

Alcohol must be manufactured, distributed and sold to the public by different businesses.

This is designed to prevent monopolies.



# Population Limits: *Current Title 4*

(AS 04.11.400)

Population limits determine how many of each license type may be issued in each community.

Package Stores



$$= \frac{1}{3,000}$$

Restaurants



$$= \frac{1}{1,500}$$

Restaurants have a 1 : 1,500 limit.

All other license types (bars, package stores, golf courses, breweries) have a 1 : 3,000 limit.

Some licenses are exempt from population limits: bars located in hotels or airports, restaurants issued for public convenience, and licenses that serve tourists.

# Population Limits Apply Per License Type

Density = Net Population ÷ Number of Licenses

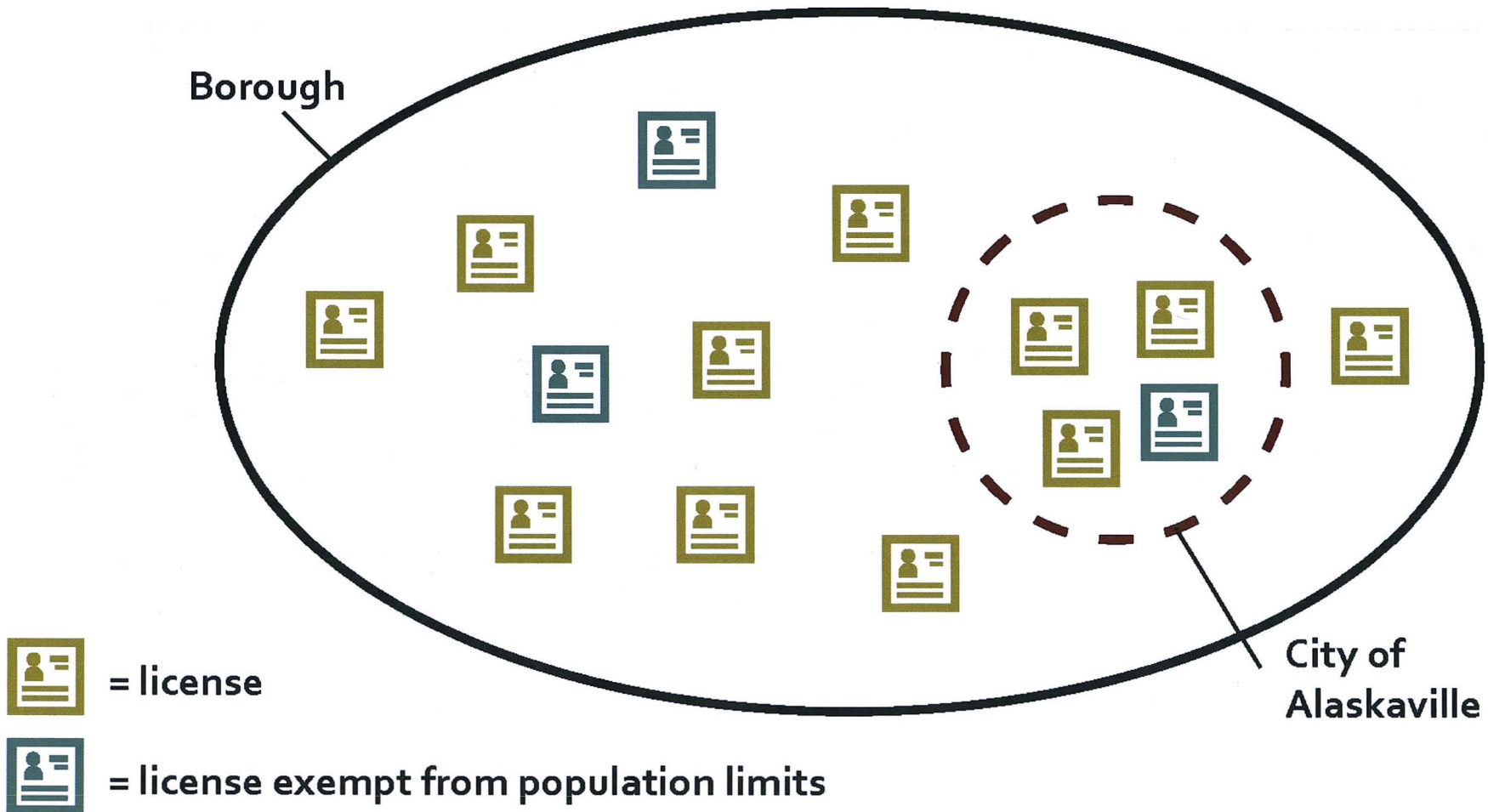
	Net Population (2015)	÷ Number of Retail Licenses	= Density	+ Exempt Retail Licenses	Resulting Overall Density
<b>Juneau (city + borough)</b>	32,000	64	1 : 500	7	1 : 450
<b>Nome</b>	3,600	17	1 : 210	3	1 : 180
<b>Fairbanks (city)</b>	23,000	78	1 : 290	5	1 : 280

*Net Population = total population minus prisoners and out-of-state residents in military or college*

# Population Limits: *Current Title 4*

(AS 04.11.400)

- Some license types are exempt from population limits: most exempt license types are designed to serve tourists and travelers, such as hotels or outdoor recreation lodges.
- They can be issued if other qualifications are met (ex: minimum number of hotel rooms)



# Alcohol Licenses and Permits

- **License:** allows a business to sell, serve, distribute and/or manufacture alcohol for term of the license (2 years).
  - Most licenses can be transferred (sold) to another business, or to another location.
- **Permit:** time-limited alcohol sales or service, by a licensee or non-licensed organization.
  - Typically used for one-day or multi-day special events, such as festivals and fundraisers.

# Proposed in HB 357: Endorsements

Add endorsements to existing licenses, giving businesses more flexibility without creating more situation-specific license types.



**BASE LICENSE**

## **ENDORSEMENTS**

Expanded activities and/or premises to fit business model

Endorsements would allow sampling on premises, multiple bar rooms, deliveries by package stores, etc.

*This concludes summary of Title 4  
key concepts.*

***Questions?***

**Sectional Summary:  
AS 04. Chapter 6**

## RB-4. ABC Board as Key Partner for Alcohol Education Efforts

- Designate the ABC Board and AMCO as the agency to develop a multi-department, public-private sector education plan about responsible alcohol use and applicable laws.
- Coordinate with Department of Health and Social Services and other agencies tasked with alcohol-related education.

# P-2. ABC Board Advisory Opinion on Proposed Legislation

- Enable the ABC Board to issue a formal advisory opinion on any proposed legislation regarding Title 4.
- This would include potential creation of a new license type in statute.

# F-1. Adjust License Fees to Reflect Current ABC Budgetary Needs

- Update license fees according to privileges and administrative costs of each, and collect sufficient revenue to cover the ABC Board's required activities:
  - Administration of licenses & permits
  - Education about Title 4 and related regulations
  - Enforcement of Title 4 and related regulations
- ABC Board required to review license fees at least every 10 years.
- See Appendix, Table 2 on page 66 of the report for current license fees and proposed changes.

# RB-2. Community Analysis of Written Order Database

- Allow data about direct shipment orders of alcohol in local option communities to be made publicly available, aggregated at the region or community level, for analysis and community planning.
- Written order database can only be accessed by AMCO enforcement staff, other law enforcement, and package store licensees who fill written orders.
- Personal information would be kept confidential.

# Tracking Alcohol Orders in Local Option Areas: *Current Title 4*

Residents in Local Option communities that allow importation of alcohol may order a limited amount of alcohol each month for personal and non-commercial use.

## Monthly Importation Limit



**12 gal. Beer**  
Or 1 half-barrel  
(15.5 gal) keg



**24 L wine**  
(32 bottles)



**10.5 L spirits**  
(14 bottles)



Alaska customer sends order to package store



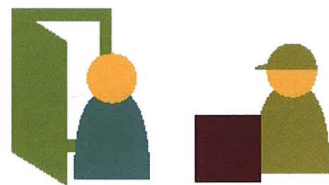
Licensee verifies:

- Is customer 21 or older?
- Has customer met monthly order limit?
- Is new order within monthly limit?



Licensee records new order in ABC Board database

- Access limited to:
- ABC Board
  - Package stores
  - Law enforcement



Carrier delivers package



Common carrier receives, transports and delivers order

# Proposed in HB 357: Publish Community-Level Data in Local Option Order Database

- In current Title 4, *all* data in the Local Option order database is private, and deleted after 1 year.
- HB 357 would keep individual order information private, but retain aggregate data for 10 years and allow the ABC Board to publish annual total sales volume by region or community.
- This valuable information would be available to communities and law enforcement to understand the flow of alcohol into Local Option communities via legal sales.

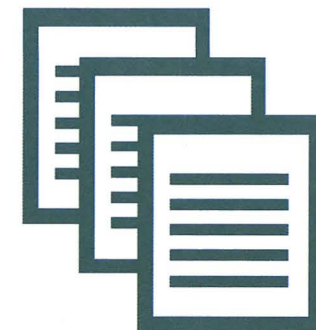
Keep community  
level data

**10  
years**

Protect individual  
order data



ABC Board publishes  
annual data reports



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*This concludes summary of  
Chapter 6 (sections 1-5).*

## ***Questions?***

### **Sectional Summary:**

**AS 04. (Proposed) Chapter 9**

**Licenses, Endorsements + Permits**

# Proposed Changes to Licenses, Endorsements and Permits

SB 76, Section 9: *proposed new Chapter 9 in Title 4*

**04.09.010: Types of Licenses**

04.09.020 - .040: Manufacturing Tier Licenses

04.09.100 - .110: Wholesale Tier Licenses

04.09.200 – .360: Retail Tier Licenses

**04.09.400: Definition of Endorsements**

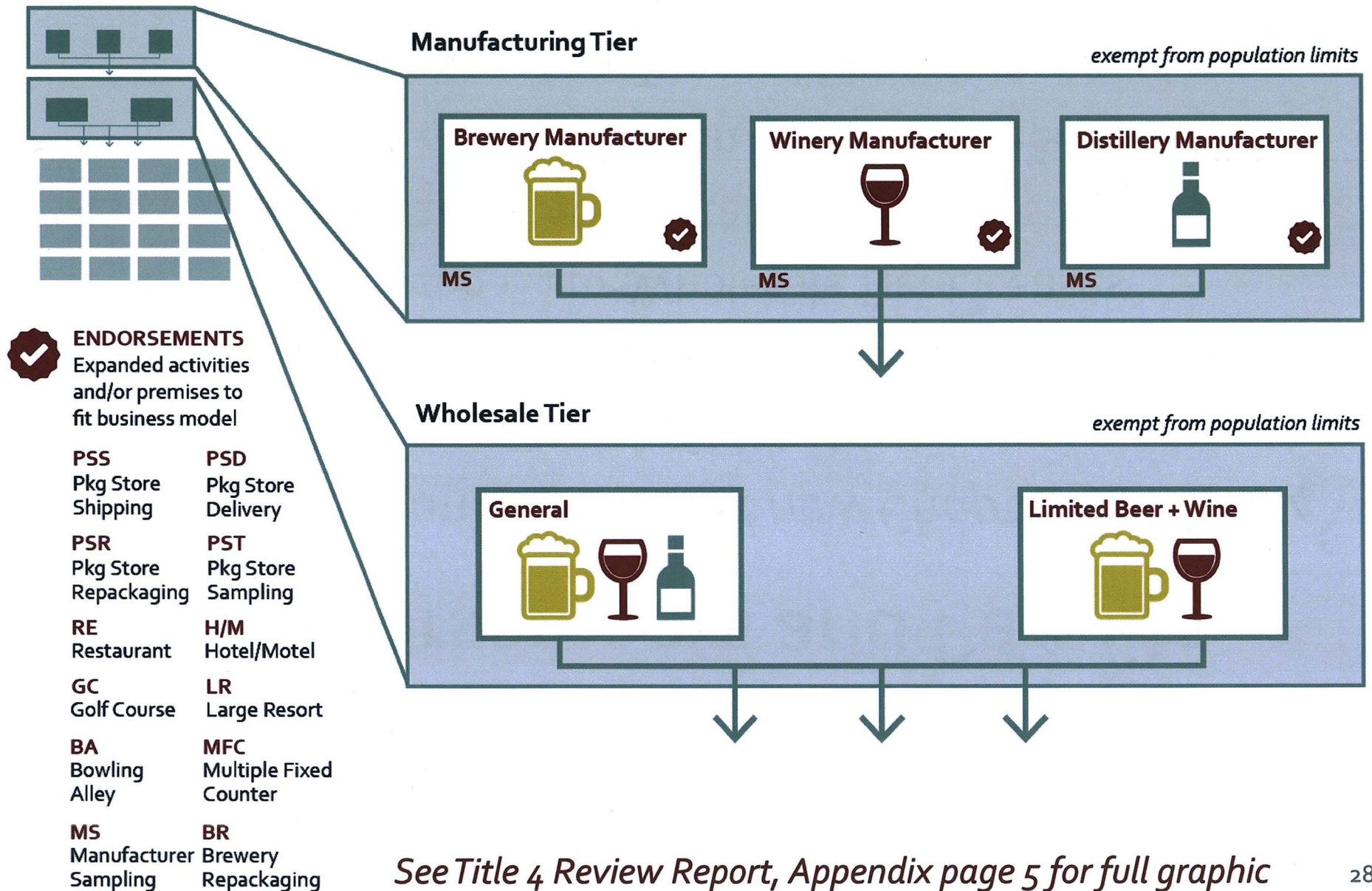
04.09.410 - .520: Types of Endorsements

**04.09.600: Definition of Permits**

04.09.610 - .690: Types of Permits

# Alaska's Liquor License System: Proposed Changes in HB 357

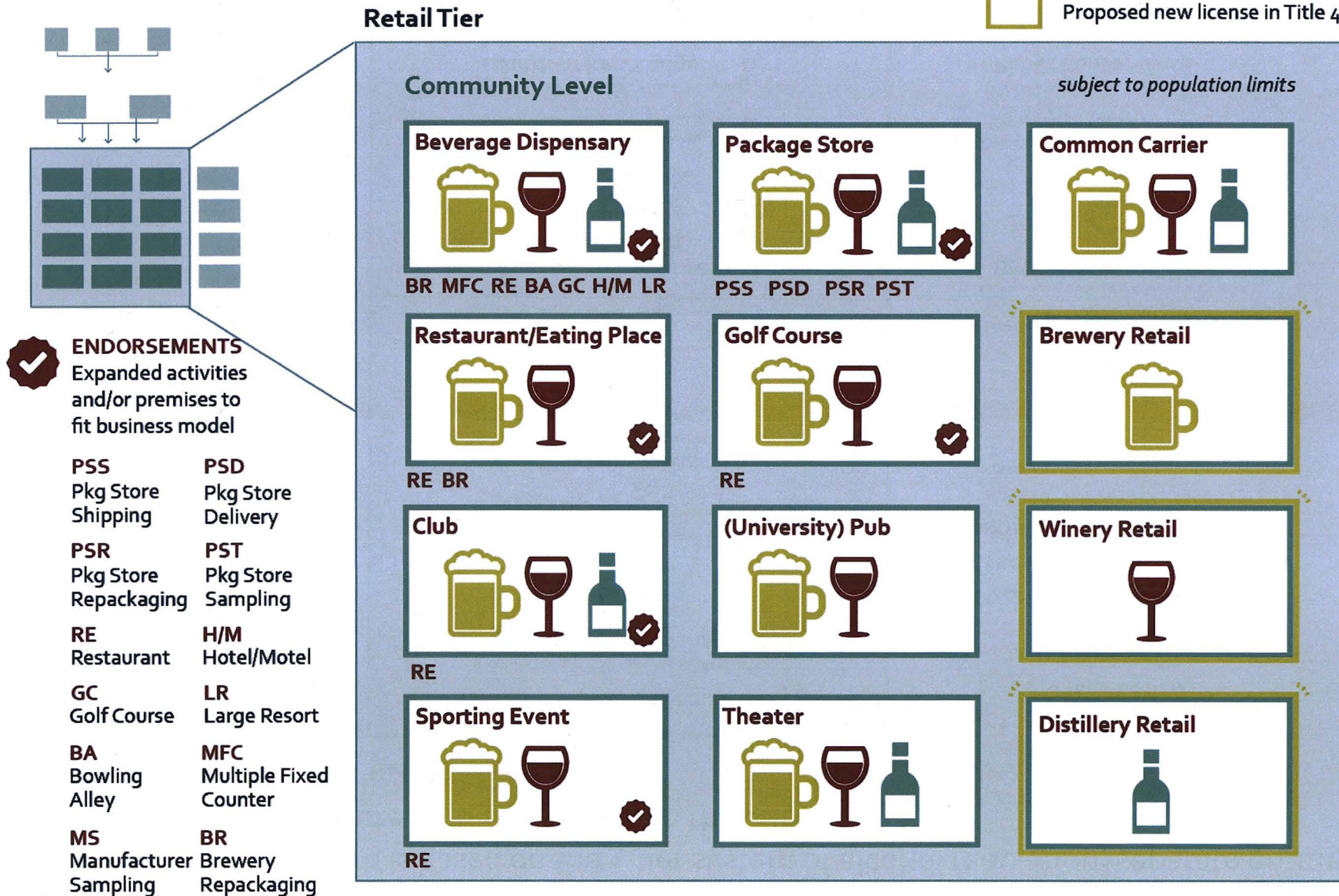
Alaska's license system is based on the 3-tier system of alcohol regulation: separate entities **manufacture**, **distribute**, and **sell** alcohol to the public.



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

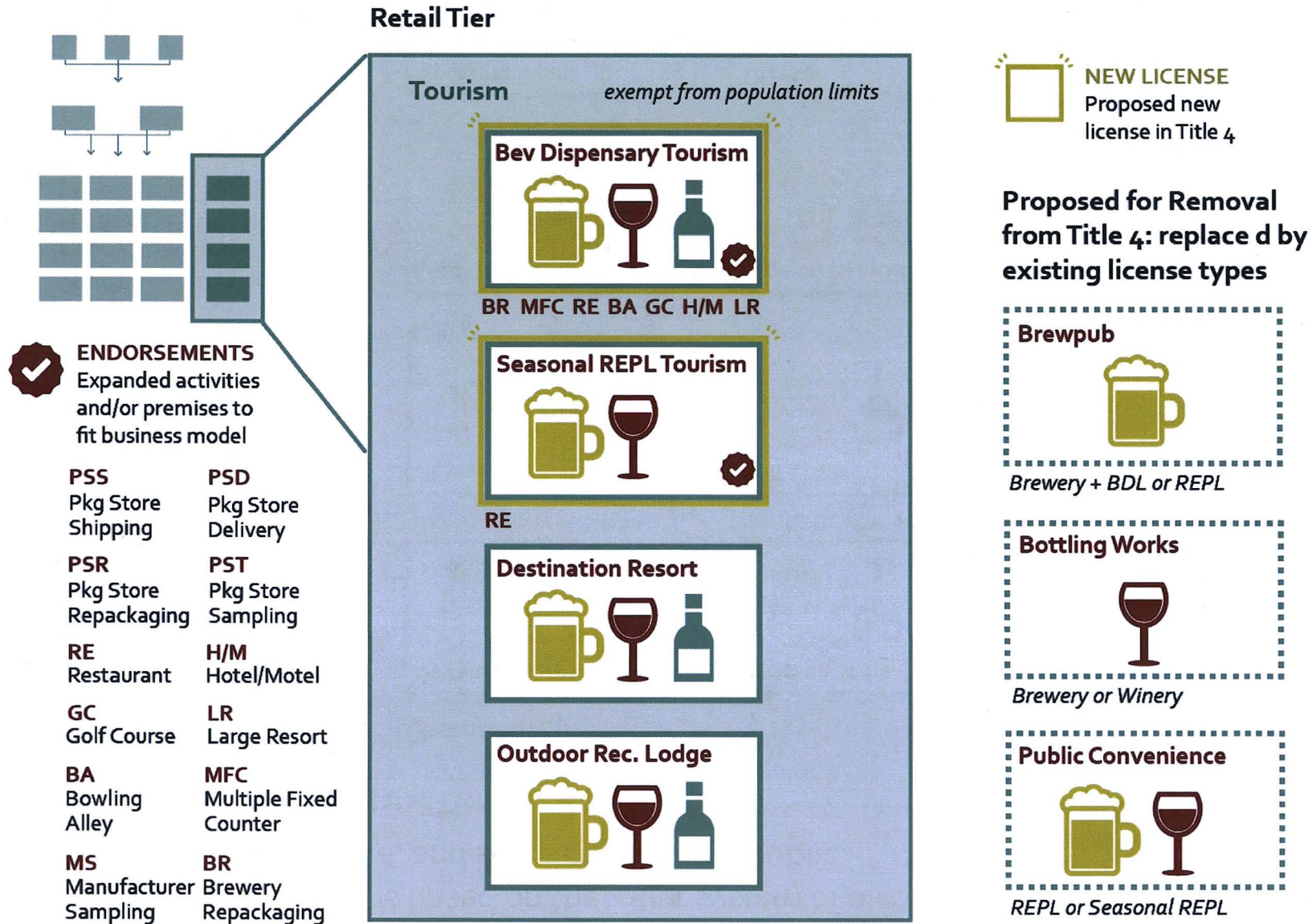
 **NEW LICENSE**  
Proposed new license in Title 4



See Title 4 Review Report, Appendix page 5 for full graphic

# Alaska's Liquor License System: Proposed Changes in HB 357

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



See Title 4 Review Report, Appendix page 5 for full graphic

# P-1. Population Limits Apply to Retail Licenses Only

- Apply population limitations on the number of licenses only to retail-tier licenses.
- Wholesale licenses, manufacturer licenses who do not directly serve the public, some licenses designed to serve tourists, and Winery Direct Shipment License would be exempt from limits.

# M-1. Simplify Manufacturing Licenses

- Keep three manufacturing license types: Brewery (AS 04.11.130), Winery (AS 04.11.140), Distillery (AS 04.11.170).
- Remove Bottling Works (AS 04.11.120) and Brewpub (AS 04.11.135) license types from statute.

# Breweries and Brewpubs: *Current Title 4*

(AS 04.11.130 and AS 04.11.135)

## Brewery



- No production limit
- No wholesaler or retailer sales limit
- Can operate limited retail space on premises
  - Open until 8pm
  - No bar seating or live entertainment
  - Sell 36 oz. per person for onsite consumption
  - Sell 5 gallons per person for offsite consumption

## Brewpub



- Manufacture up to 15,000 barrels per year
- Sell own beer at beverage dispensary (BDL) premises
- Sell up to 5 gallons per day for offsite consumption
- Sell up to 1,200 barrels to wholesalers per year
- Sell up to 200 barrels to other licensees per year, if located in large community

## "Mini" Brewpub



- Manufacture up to 15,000 barrels per year
- Sell own beer at restaurant
- Sell up to 5 gallons per day for offsite consumption
- Only 1 license allowed per owner
- Cannot sell to wholesalers

# N-1. Define Qualifications for Alaska Manufacturing Licenses

- Require in Brewery, Winery, and Distillery Manufacturer licenses that at least 80 percent of alcohol products for sale were made on the Alaska licensed premises.
- Based on ABC Board regulation for distilleries.

# M-3. Small Manufacturers Allowed to Hold Retail Licenses

- Remove the restriction in Prohibited Financial Interest (AS 04.11.450), which does not allow manufacturers to hold retail licenses, for smaller manufacturers.
- Only manufacturers who produce less than a certain amount of product annually would be eligible.
- Large manufacturers would be limited to production.
- The proposed thresholds exceed the current production of Alaska's largest manufacturing licensees.

# Proposed in HB 357: Multiple Retail License Options for Manufacturers





*The Brewery license used as an example. The same system applies for wineries and distilleries.*

# M-2. Manufacturer Retail License + Manufacturer Sampling Endorsement

- Add-on retail licenses specifically for manufacturers to allow limited onsite consumption and offsite sales.
  - Existing licensees converted
  - New retail licenses have 1:9,000 population limit
  - After 8 years, new licensees limited to only 20% of sales volume in retail room, or waiver from Board
- A separate endorsement for free samples.

# Proposed in HB 357: Volume Limits for Free Samples from 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

Brewery	Winery	Distillery
12 oz. Beer 	6 oz. Wine or Mead 	1.5 oz. Spirits 
6 oz. Sake 	12 oz. Cider 	

# Proposed in HB 357: Onsite Consumption Limits for Manufacturers, in Standard Product Units

	Brewery Retail	Winery Retail	Distillery Retail
On-site Consumption	<p><b>36 oz. Beer</b> <i>Equivalent: 3 cans</i></p>  <p><b>18 oz. Sake</b></p> 	<p><b>18 oz. Wine or Mead</b> <i>Equivalent: 3 glasses</i></p>  <p><b>36 oz. Cider</b></p> 	<p><b>3 oz. Spirits</b> <i>Equivalent: 3 pours (1 oz. each)</i></p> 
Off-site Consumption	<p><b>5.167 Gallons Beer</b> <i>Equivalent of 1/6 barrel "pony keg," or 10 growlers</i></p>  <p><b>9 Liters Sake</b></p> 	<p><b>9 Liters Wine or Mead</b> <i>Equivalent: 12 bottles (1 case)</i></p>  <p><b>5.167 Gallons Cider</b></p> 	<p><b>3.75 Liters Spirits</b> <i>Equivalent: 5 standard bottles</i></p> 

# W-1. Adjust Wholesale License Fees and Simplify Supplier Reporting

- Adjust fees for both Wholesale licenses (both defined in AS 04.11.160) to retain current maximum but reduce burden on small operators.
- Remove the requirement to provide a full list of suppliers to the ABC Board.

# Proposed Wholesale Fee Changes

## General Wholesale: Proposed Fee Scale

Annual Business (\$ sales)	Current	Proposed
up to \$100k	\$0	\$0
>\$100k to \$150k	\$500	\$250
>\$150k to \$200k	\$1,000	\$500
>\$200k to \$250k	\$1,500	\$750
>\$250k to \$300k	\$2,000	\$1,000
>\$300k to \$350k	\$2,500	\$1,250
>\$350k to \$400k	\$3,000	\$1,500
>\$400k to \$500k	\$4,000	\$2,000
>\$500k to \$600k	\$5,000	\$2,500
>\$600k to \$700k	\$6,000	\$3,000
>\$700k to \$800k	\$7,000	\$3,500
>\$800k to \$1M	\$9,000	\$4,500
over \$1M	\$10,000	\$10,000

## Limited Wholesale: Proposed Fee Scale

Annual Business (\$ sales)	Current	Proposed
up to \$20k	\$0	\$0
>\$20k to \$50k	\$300	\$150
>\$50k to \$100k	\$1,000	\$500
>\$100k to \$150k	\$1,500	\$750
>\$150k to \$200k	\$2,000	\$1,000
>\$200k to \$400k	\$4,000	\$2,000
>\$400k to \$600k	\$6,000	\$3,000
>\$600k to \$800k	\$8,000	\$4,000
over \$800k	\$10,000	\$10,000

*HB 357: Section 9, 04.09.100, .110*

# R-1. Multiple Licensed Premises with a Beverage Dispensary License

- Clarify the parameters that would allow and require multiple fixed counters for a Beverage Dispensary license (AS 04.11.090).
- Replace Duplicate licenses with Multiple Fixed Counter endorsements.
- Create a Hotel/Motel endorsement, and a Large Resort endorsement, which allows additional licenses in separate buildings.

# Proposed in HB 357: Options for Multiple Beverage Dispensary Locations

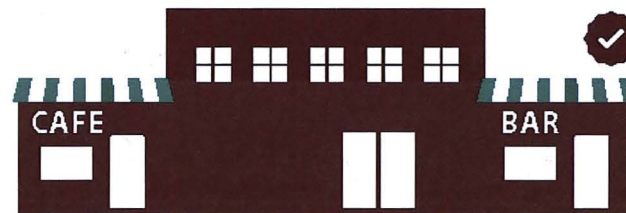
- To operate two or more bar rooms in a beverage dispensary (BDL), a multiple fixed counter endorsement would be required. This would replace the duplicate license.
- Larger establishments like hotels and resorts could have additional bar locations in separate buildings on the property.

## Multiple Fixed Counter



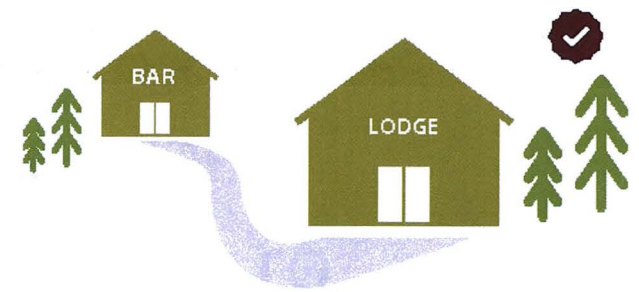
- One room with fixed bar per additional endorsement
- Must be on same (connected) licensed premises

## 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

## N-4. Pub License Alternating Premises

- Allow a university with a Pub license to designate a second licensed premises, operated during mutually exclusive hours.
- Example: existing Pub License at UAF (Fairbanks) could alternate with service of alcohol at the UA Museum of the North during daytime hours

## R-2. Rename Recreational Site License to Sporting Event License

- Ensure the definition of “recreation” is consistently applied to Recreational Site license holders.
- Make a sunset provision of 8 years to review and retire licenses that do not meet this definition (AS 04.11.210), if they are not in compliance with the statute.

# Proposed Seasonal REPL Tourism

- Seasonal restaurant license
- Available in smaller communities (< 20,000 pop.)
- Same operating requirements and privileges as full-year restaurants (REPL)
- Number of licenses per community determined by formula:

**5-year average of annual visitors / months in season = Average monthly visitor population**

**(Residents + average monthly visitors) / 1,500 = Available Seasonal REP Tourism licenses**

- Season defined as up to 6 months per year, in any combination
  - Example: May through September + 1 winter month

# Internet Sales in Alaska: Few Rules

- **Alaska is one of the only states with no rules about Internet sales of alcohol.**
- Alaska Package Stores cannot sell alcohol online, only via written order to “known” customers with ID on file.
- Alaska Wineries and Package Stores can ship wine to customers in some circumstances.
- Without state laws restricting online sales, there are currently no limits on purchases of alcohol online from out-of-state sellers.

# INT-1. Winery Direct Shipment License

- Create a license available to U.S. wineries to ship orders of wine to Alaska customers.
- Prohibit online sales through this license in Local Option areas.
- Prohibit other online sales of alcohol not under this license or the Package Store Shipping endorsement.
- Modeled on similar licenses or permits for wineries that exist in 44 other states.
- Requires age verification and delivering to the customer in person, including a signature to acknowledge receipt.
- Exempt from Alaska population limits.

# Proposed in HB 357: Regulate Internet Alcohol Sales

- Alaska does not limit online sales of alcohol. Orders from out of state businesses are not subject to Alaska's alcohol excise tax, and the state cannot track how much alcohol is ordered each year.
- HB 357 would create a Winery Direct Shipment License and allow online alcohol sales only from U.S. wineries and Alaska package stores.



Alaska customer orders wine online from winery



*Wine only: no beer or spirits*



Winery Direct Shipment Licensee verifies:

- Is customer 21 or older?
- Is customer in a non-Local Option area?
- Is order within limit for personal use?  
6 cases per sale  
12 cases per year



Common carrier receives, transports and delivers order

Carrier verifies customer is 21+, delivers package in person

# INT-2. Collect Alaska Excise Tax for Internet Sales

- In addition to maintaining current collection of excise tax on sales from in-state wineries, require all out-of-state holders of a Winery Direct Shipment license to pay the same excise tax on Alaska orders.
- Currently, no tax is collected from online sales of alcohol to Alaska customers.
- Legal precedent for collecting state alcohol tax from out-of-state alcohol manufacturers:  
*Granholm v. Heald (2005)*

*This concludes summary of  
Chapter 9: License Types.*

***Questions?***

# R-7 Create Endorsements

- Create endorsements as add-ons to licenses in Title 4
- Endorsements must be issued with a license, renewed biannually with the license, and cannot be transferred to a new location
- Endorsements are not population limited
- Convert some existing sections or activities into endorsements; create new endorsements

# 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

## N-3. Expand Package Store Shipping Order Options

- Allow orders under a Package Store Shipping endorsement to be received in formats other than a written order from a known customer.
- This allows online ordering from in-state package stores, including customers in Local Option areas.
- Existing requirements in AS 04.11.150(a) for ID, shipping and delivery still apply. Package stores would still be required to report all orders to Local Option areas in Written Order Database.

# R-3. Package Store Onsite Product Sampling Endorsement

- Create a separate endorsement to allow onsite sampling at Package Stores.
- Limits volume per customer per day, hours of sampling, public advertising of sampling.
- Providing free samples of products at package stores is a common practice in several other cities and states.

# Proposed in HB 357: Package Store Sample Limits

- In current Title 4, Package Stores cannot allow any consumption on premises
- HB 357 would allow small free samples, with a Package Store Sampling Endorsement
- Ounce limits defined as: "Any combination of products, not to exceed the alcohol equivalent of any single product type"
- Ex: Customer A chooses 12 oz. beer. Customer B chooses 6 oz. cider and 3 oz. wine. Customer C chooses 2 oz. wine, 2 oz. sake, and 4 oz. beer.

12 oz.	6 oz.	1.5 oz.
<b>Beer</b> 	<b>Wine, Mead</b> 	<b>Spirits</b> 
<b>Cider</b> 	<b>Sake</b> 	

# R-7 Standardize Permits

- 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

# 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)

# Proposed in HB 357: Tasting Event Permit

- Allows a package store or manufacturer to host a special tasting event on its premises, with onsite consumption of alcohol.
- Licensee can only offer products in their inventory (made on premises or sold in package store) and must partner with a beverage dispensary licensee to apply for a permit.

## Hosting license



## Partnership with BDL



+



- Event may last up to 4 hours, and end by 9 p.m.
- Food must be served
- Each license can host 6 events per year in the same local as the license is located

*HB 357: Section 9, 04.09.670*

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*This concludes summary of proposed  
Chapter 9: Endorsements and Permits.*

***Questions?***

**Sectional Summary:**

**AS 04. Chapter 11**

**Licensing Laws: Applications,  
Fees, Population Limits, etc.**

## N-6. Improve the License, Endorsement and Permit Application Process

- Several technical changes to statutes for applications for a license, endorsement or permit.
- Examples:
  - Endorsement renewal part of license renewal
  - Required items in application process: labeled premises diagram, e-mail address for licensees
  - Simpler signature requirements for multiple owners and nonprofit organizations
  - Simpler operating requirements (number of hours) for licenses up for renewal

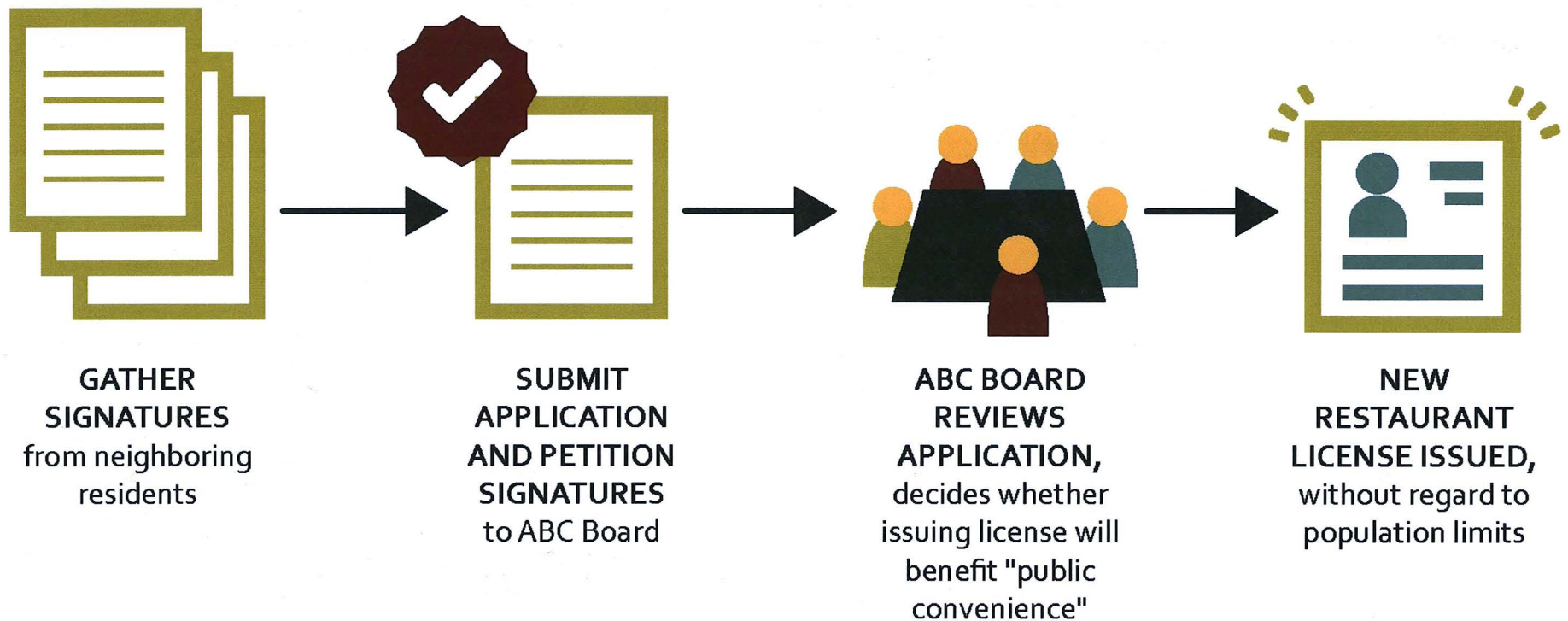
## **P-3. Retire Public Convenience Process; New Options for REPLs**

- Repeal Public Convenience statute.
- Convert all existing Public Convenience license holders to standard, fully transferrable REPLs.
- Create a Seasonal Restaurant Tourism License.
- Allow qualifying municipalities to petition the ABC Board to increase the number of REPLs available in their community.

# Public Convenience Petition Process: *Current Title 4*

(AS 04.11.400)

Title 4 allows a license applicant to seek a restaurant license through a local petition process, even if there are no licenses available in the community because the population limit has been reached.



# Proposed in HB 357: Convert Public Convenience Licenses and Applications

Existing Public Convenience licenses would be converted to regular Restaurant or Eating Place Licenses (REPLs).

## Public Convenience



*Not transferrable*



## REPL



*Transferrable to new owner or location*

Applications that have been completed as of the bill's signing date would be converted to applications for regular REPLs, and could be approved by the ABC Board outside the existing population limits.

## Public Convenience



## Application



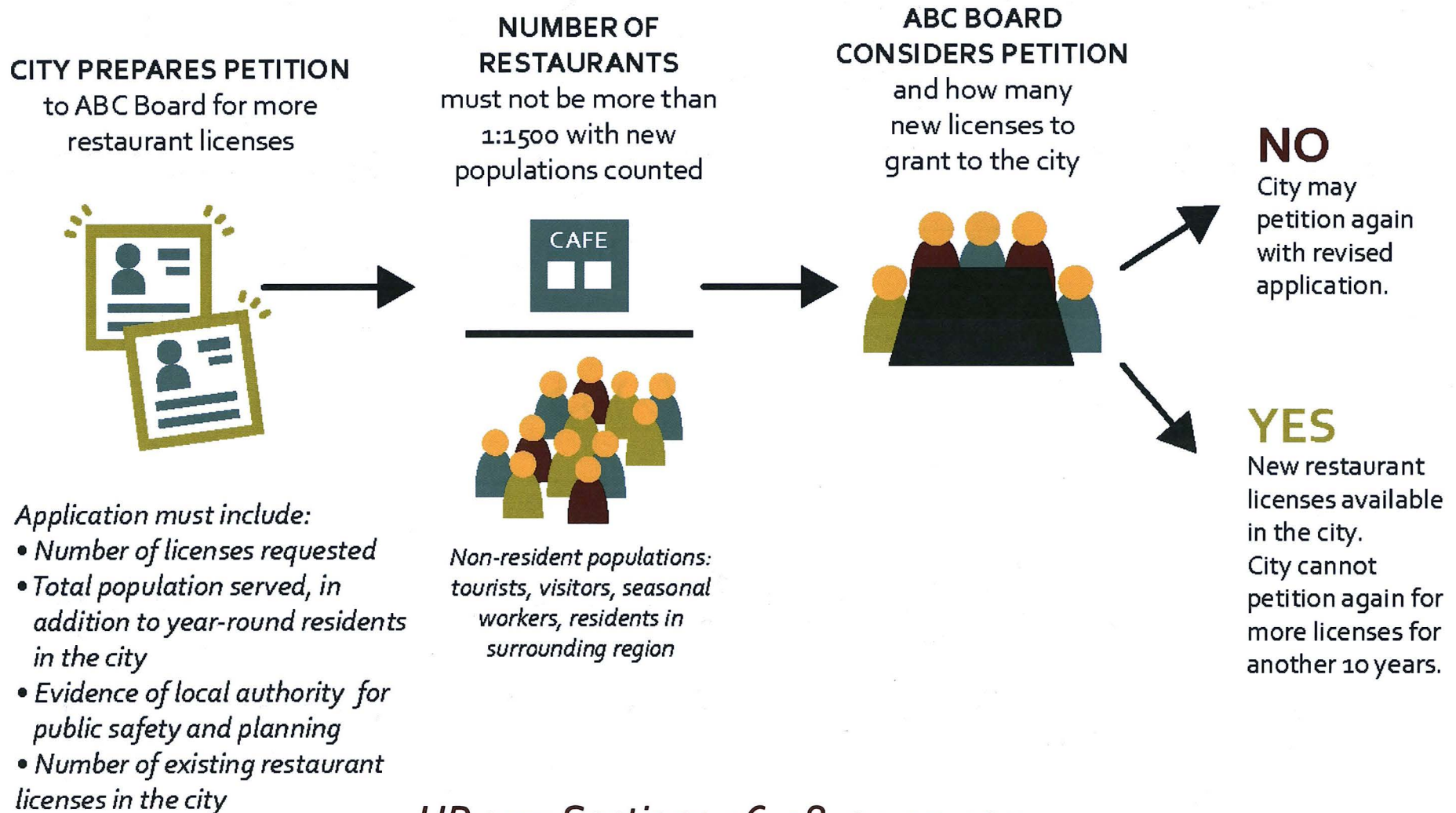
## REPL



*Can be approved outside of population limits*

# Proposed in HB 357: Local Government Petition for Additional Restaurant Licenses

(Proposed AS 04.11.405)



HB 357: Sections 46-48, 04.11.405

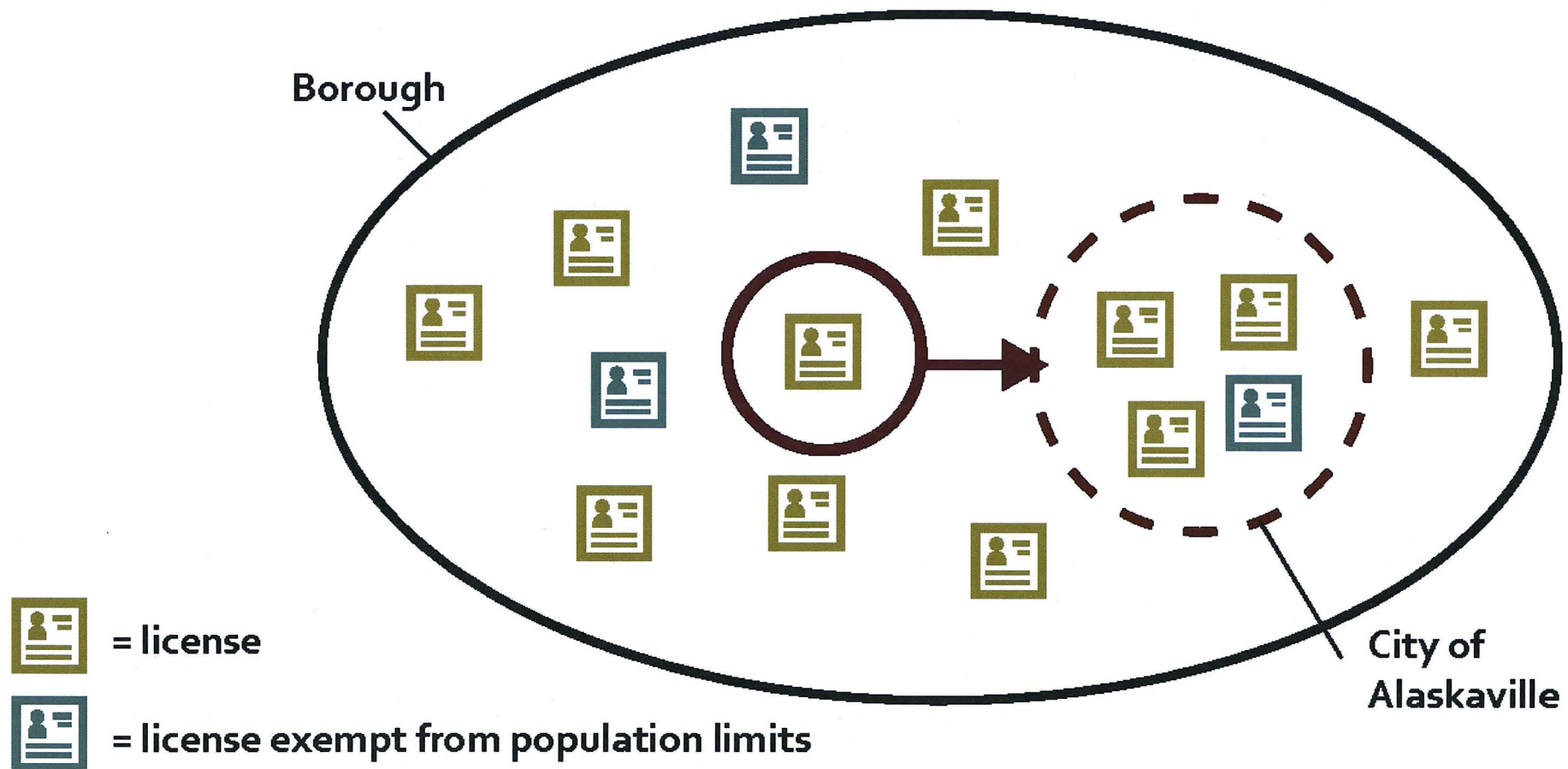
## N-7. Allow Relocation of a Package Store from Borough to City

- Amend AS 04.11.400(k) to allow transfers of both BDL and Package Store licenses from a borough to a city within the borough.
- Currently, BDL relocations are allowed in boroughs with at least 60,000 population.
- HB 357 would make relocation available in boroughs with at least 50,000 population and currently-operating licenses that exceed population limits.

# Proposed in HB 357: Option to Relocate Some Licenses from a Borough to a City

(AS 04.11.400)

- Current Title 4 allows relocation of a bar (BDL) from a borough to a city within that borough.
- HB 357 proposes also allowing relocation of package stores.



*HB 357: Section 45, 04.11.400(k)*

# Proposed in HB 357: Option to Relocate Some Licenses from a Borough to a City

(AS 04.11.400)

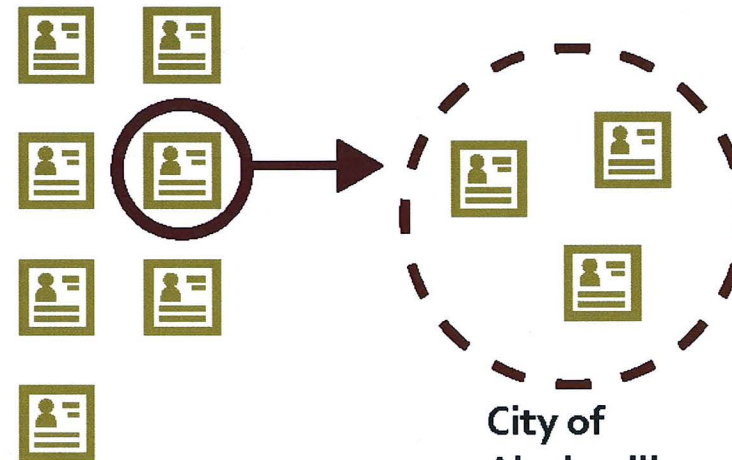
- All eligible boroughs have more licenses issued than population limits allow.
- Only the borough's licenses in excess of population limits would be eligible for relocation into a city.

## Licenses Within Population Limit



Not eligible for relocation

## Additional Licenses in the Borough



Eligible for relocation

Borough (excluding population of incorporated cities)	Allowed Lic. (1:3000)	Beverage Dispensary (BDL)		Package Store ( <i>Proposed</i> )	
		Currently Issued	Qualify for Relocation	Currently Issued	Qualify for Relocation
Fairbanks North Star	21	27	6	26	5
Kenai Peninsula	13	25	12	29	16
Matanuska-Susitna	28	31	3	33	5

# RB-1. Strengthen Reporting Requirements for Municipal Enforcement

- Include in statutory requirements (AS 04.11.610) that municipalities submit quarterly reports on Title 4 enforcement and education activities to the ABC Board: violations, educational presentations, other activities related to alcohol control.
- Municipalities with local law enforcement receive a matching allocation (“refund”) of license fees collected within their jurisdiction. Funds intended to be used for Title 4 enforcement.

# Proposed in HB 357: Accountability for License Fees Allocated to Local Governments

- Current Title 4 allows for local governments to receive half of the license fees collected in their area, intended for enforcement of Title 4 and related ordinances.
- Reporting on these activities is required, but not well defined in statute. Some jurisdictions report regularly, while others do not.
- HB 357 proposes better reporting and prevention about use of these funds, and requiring reports about education activities as well as enforcement.



*HB 357: Section 70, 04.11.610*

*This concludes summary of proposed  
Chapter 11: Licensing and Related Laws.*

***Questions?***

**Sectional Summary:**

**AS 04. Chapter 16**

**Prohibited Acts + Penalties**

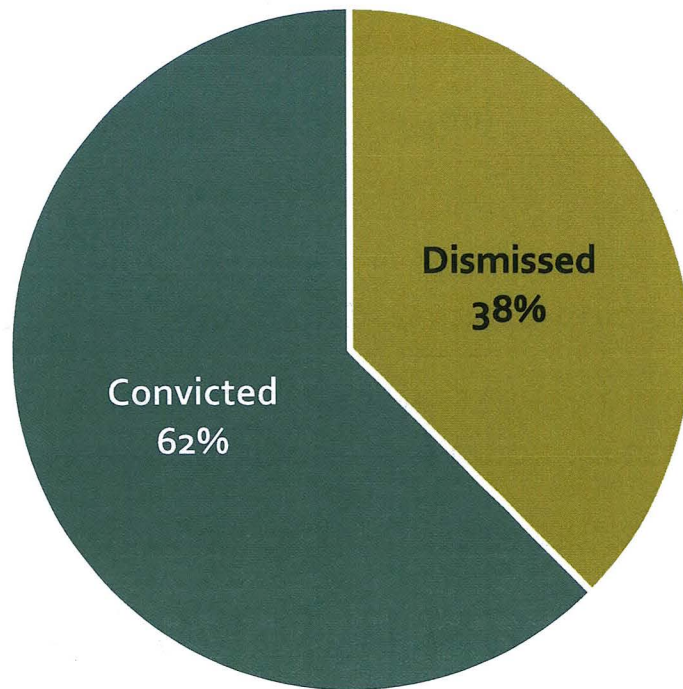
# RB-6. Revise Title 4 Penalties

- Review penalties for all Title 4 sections, and revise as needed to make penalties proportionate to the offense, and more consistently enforced.
- Reduce most current Class A Misdemeanors to Minor Offenses.
- Retain existing Misdemeanor and Felony charges for serious offenses, particularly those causing harm to children.
- Ensure that the ABC Board, and licensee if applicable, is informed about Title 4 convictions by requiring the court to send records to AMCO, and AMCO to send to the licensee.
- ABC Board retains its authority to impose conditions or additional penalties, including suspending or revoking license.
- See Appendix, Table 3, pp. 67-72 in Report for table of all current penalties and proposed changes.

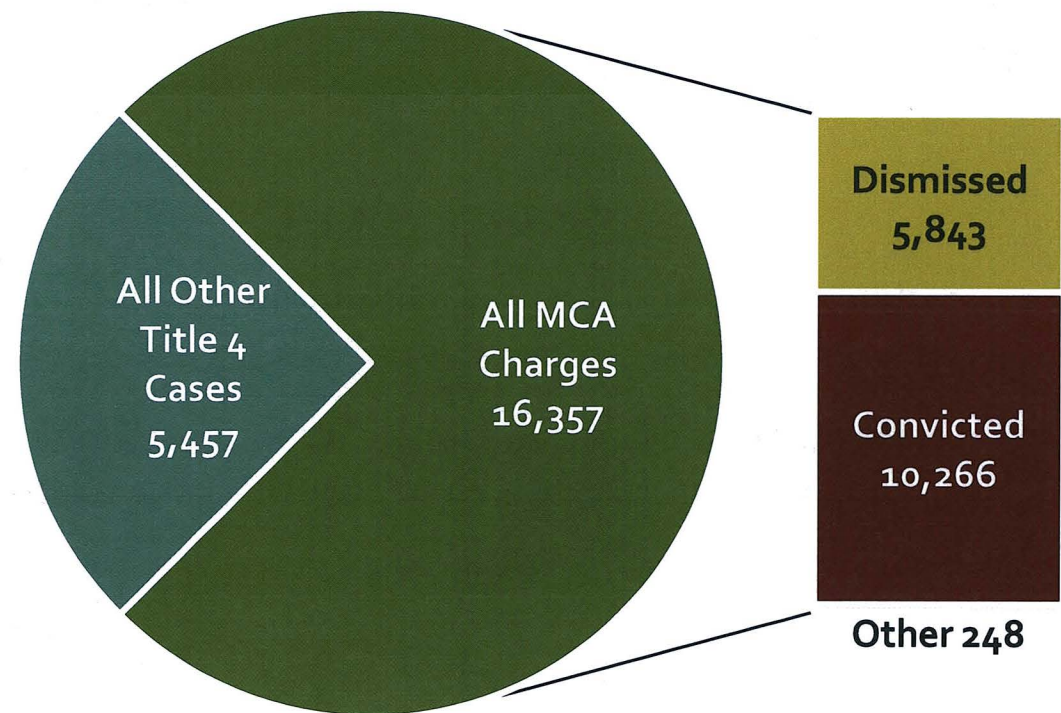
# Why reduce penalties in Title 4?

Prosecutors were dismissing MCA charges; penalties were seen as too high for the offense, or not worth the resources. Much fewer Minor on Premises cases; 47% were dismissed.

All Title 4 Charges, 2009-2013



Minor Consuming Alcohol, 2009-2013



Source Data: Alaska Court System Data, 2009-2013

# Proposed in HB 357: Revise Title 4 Penalties

- In current law, almost all violations of Title 4 are Class A misdemeanors.
- When penalties are set high across the board and perceived to be too strict for most offenses, law enforcement is less likely to issue citations and courts are less likely to pursue those cases.
- In HB 357, many penalties would become minor offenses. Serious violations, such as selling alcohol without a license, allowing gambling on the premises, or perjury on a license application would remain misdemeanors or felonies.

## Minor Offense (Violation)

- Up to \$500 fine (most are \$250)
- Community work service
- Does not require court appearance



**Example:** Failure to post required warning signs, noncompliance with a permit requirement

## Class A Misdemeanor

- Up to \$10,000 fine
- Up to 1 year in prison
- 10 years probation
- Requires court appearance



**Example:** Selling alcohol without a license, knowingly allowing underage sales by employees

## Class C Felony

- Up to \$50,000 fine
- Up to 5 years in prison
- 10 years probation
- Requires court appearance



**Example:** Perjury on state license application (Class B), importing large amount of alcohol into local option area

## N-8. Allow Business Activities on Licensed Premises During Off Hours

- Retain required closing hours (5:00 to 8:00 a.m.) for service and sales of alcohol to consumers, but allow other non-serving business activities on the premises.
- Local communities are already allowed to set stricter hours by ordinance.

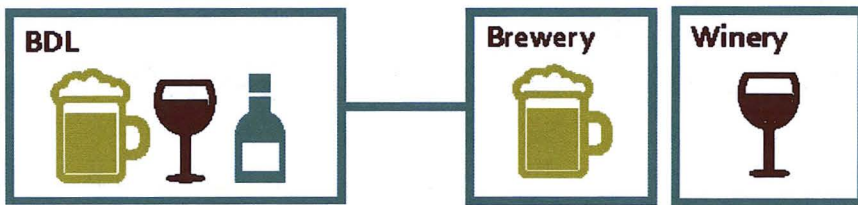
# W-2. Align State Statute with Federal Law Regarding Trade Practices

- Add provisions in Title 4 to match current federal law regarding trade practices and agreements between retailers and wholesalers or manufacturers.
- Alaska is the only state without any laws regarding trade practices, and federal enforcement of existing laws is limited.

# Proposed in HB 357: Regulate Trade Practices

Some activities, known as trade practices, are illegal in federal law: practices of alcohol manufacturers and wholesalers to exert power over retailers' buying decisions, or stopping them from buying competitors' products.

## Tied house



Partial ownership of retail license by a manufacturer, to control what products are sold or exclude competitors. Does not apply to 100% manufacturer-owned licenses.

## Exclusive outlet



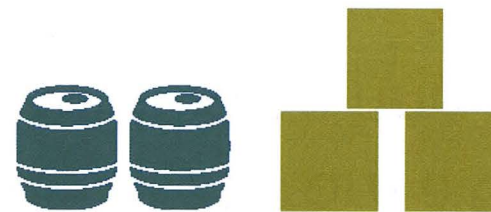
Agreement between supplier and retailer to exclude other retailers or suppliers.

## Commercial bribery



Supplier pays bonus or provides merchandise in exchange for exclusive arrangement or agreement not to purchase other products.

## Consignment sales



Supplier and retailer make deals to take back unsold products or other

## **UAD-1. Employee Penalty for Selling Alcohol to a Minor**

- Reduce the penalty for a licensee, agent or employee selling alcohol to a minor (AS 04.16.052) from a Class A Misdemeanor to a Minor Offense with \$500 fine.

## **UAD-2. Licensee Liability for Employee Sales to Minors**

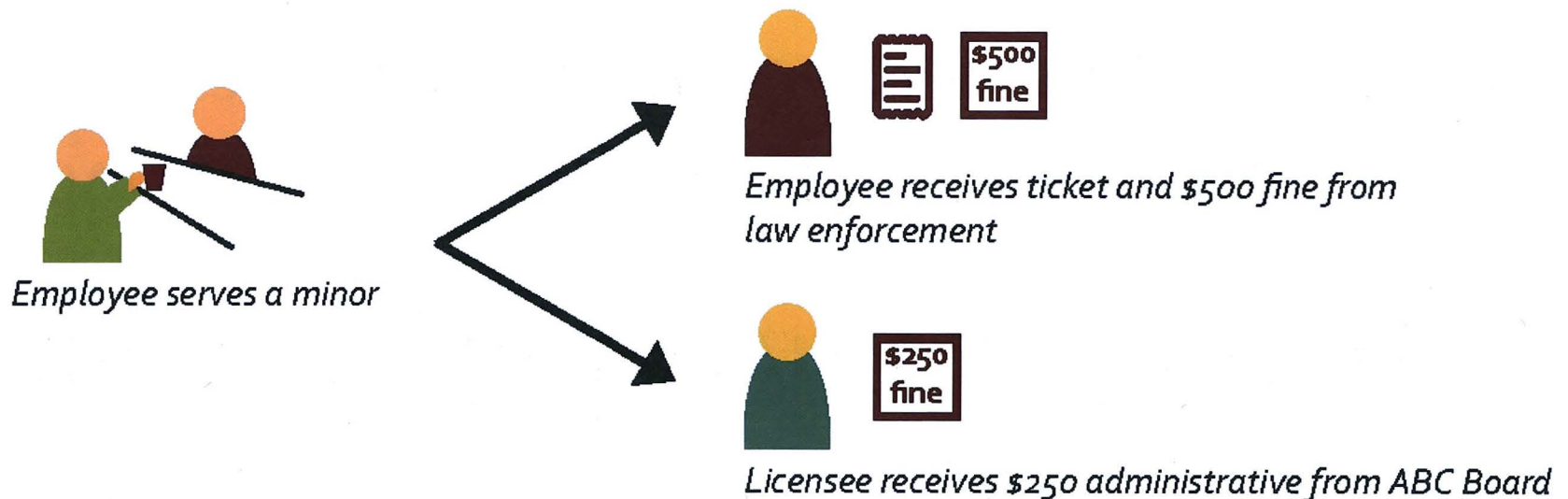
### **N-9. Licensee Liability for Overservice by Employees**

- Increase the consistency and certainty of sanctions to licensees for violations of AS 04.16.030 and -052.
- A licensee whose employee incurs either violation receives an administrative penalty of \$250.

# Proposed in HB 357: Licensee Penalties for Over-serving an Adult or Serving a Minor

(AS 04.16.030 and AS 04.16.052)

- In current Title 4, a licensee or employee who knowingly overserves an intoxicated adult or who serves alcohol to a minor is guilty of a Class A Misdemeanor.
- HB 357 would change the penalty for both statutes to a Minor Offense, with a \$500 fine.
- In addition to the penalty to the person who commits the violation, the owner of the license would receive an administrative (non-criminal) penalty of \$250. This alerts the owner right away, and encourages licensees to make sure employees are properly trained.



*HB 357: section 81, 04.16.030; section 94, 04.16.052; section 117, 04.16.180*

# N-10. Allow Minors on Some Licensed Premises for Employment or Travel

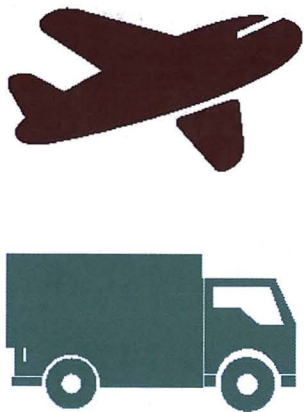
- Allow limited employment of minors by Wholesalers, Common Carriers, and Outdoor Recreation Lodges.
- Consistent with existing rules for Restaurants.
- Clarify that minors are allowed at certain licensed businesses, in some circumstances: ex. restaurants, common carriers.

# INT-3. Board Approval of Common Carriers for Alcohol Delivery

- Require all common carriers who transport deliver alcohol directly to consumers in Alaska to be approved by the ABC Board.
- Carriers must maintain policies for age verification, safe handling of alcohol, and in-person delivery to an adult customer.
- Does not apply to shipments of alcohol from business to business, only customer orders.

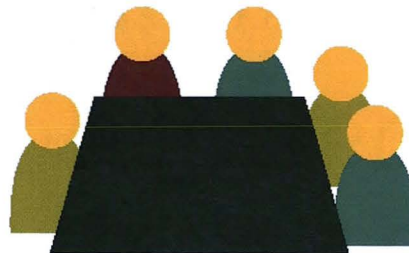
# Proposed in HB 357: Regulate Internet Alcohol Sales

- Common carriers would need to be approved by the ABC board to transport and deliver alcohol to consumers throughout the state.
- Carriers must demonstrate that they have policies and train employees to properly handle shipments of alcohol.



## Carrier maintains policies:

- Safe alcohol handling
- Delivery to adult, age 21+
- Delivery in-person only



ABC board reviews  
and approves carrier  
for alcohol transport  
and delivery



ABC board  
publishes list of  
approved carriers

*This concludes summary of proposed  
Chapter 16: Prohibited Acts and Penalties.*

***Questions?***

**Sectional Summary:**

**AS 04. Chapter 21**

**Definitions + Miscellaneous**

## UAD-3. Statewide Keg Registration

- Require all beer kegs purchased in the state to be registered (and tagged with customer's name).
- Law enforcement who confiscate a keg at an underage party can determine who legally purchased the keg and hold adults responsible for furnishing alcohol to minors.
- Modeled on existing laws in Anchorage and Juneau
- Applies to kegs (containers) 4 gal. or larger.
- Licensee keeps customer information about keg purchase on file for a period of time.
- Purchaser can be fined for removing tag on a full keg.

# Proposed in HB 357: Keg Registration

- Reduces adults' incentive to legally purchase alcohol and supply an underage drinking party.
- Kegs tagged with the purchaser's contact information can be tracked if confiscated at an underage party or other situation where minors are given access to alcohol.
- A person, not a licensee, possessing an untagged keg containing alcohol could be fined.
- Modeled on existing Anchorage and Juneau ordinances.



# Require Server Education Card for All Retail Sales & Service of Alcohol

- Server education includes training in verifying age and identification, responsible alcohol service, overserving, and applicable penalties for violations.
- Some, but not all, license types are required that servers (employees) have alcohol server education cards. Also not required for servers at permitted events.
- Proposed in SB76: Require all license types who serve the public, including sampling activities, to maintain server education cards.
- Require servers for permitted events to be certified prior to the actual event.

*This concludes summary of proposed  
Chapter 21: Definitions + Miscellaneous.*

***Questions?***

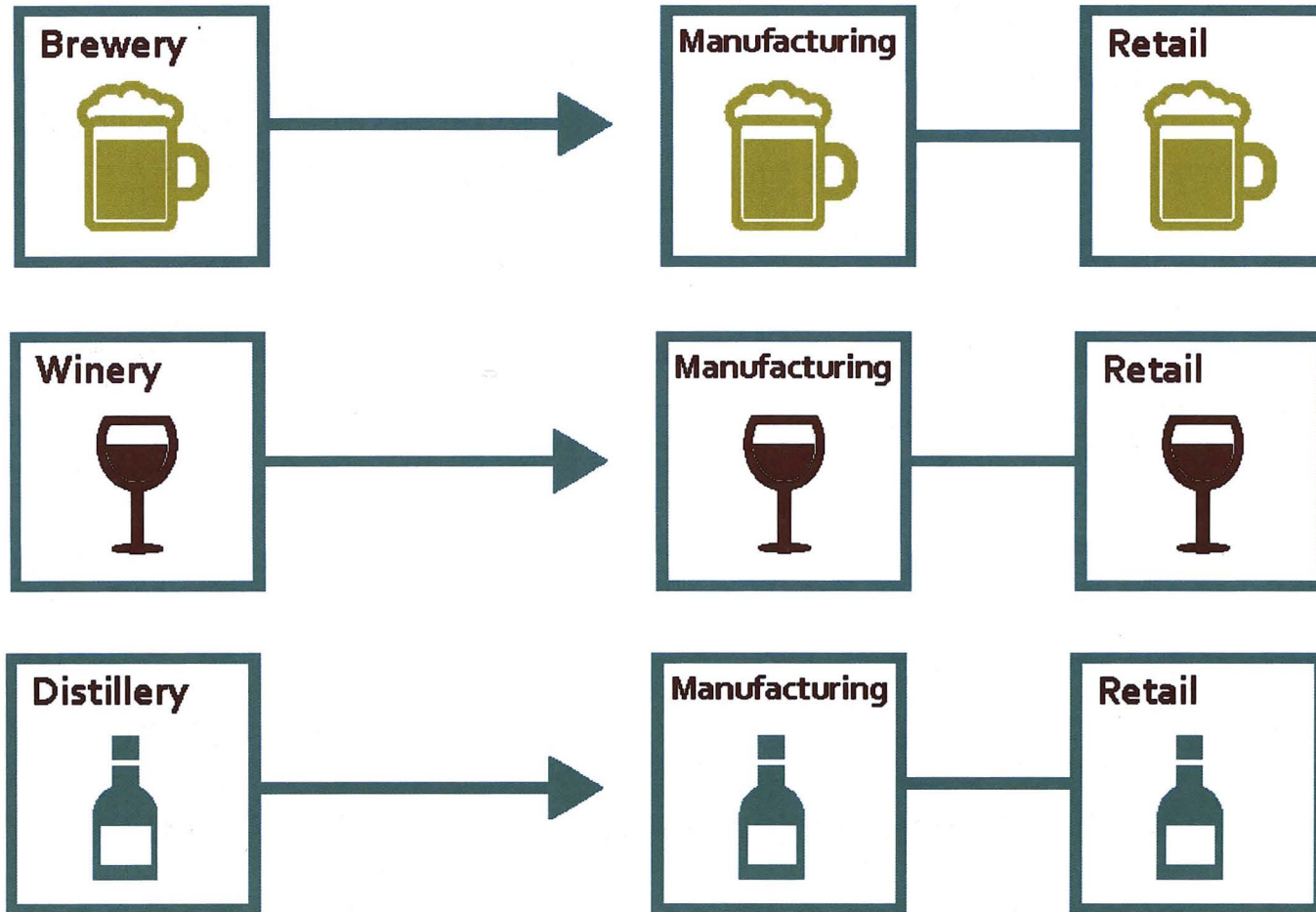
**Sectional Summary:  
Changes to Other Titles  
Transition + Uncodified Law**

## N-12. Transition Provisions for Existing Licensees

- Define process for current licensees of certain types to be converted to equivalent license(s) in the new system.
- Also define process of converting applications for repealed or renumbered license types.
- Included in Transition sections of HB 357.
- See table on page 61 of Report for details.

# Proposed in HB 357: Convert Existing Licenses

Existing manufacturer licenses will become two licenses: one for production, one for retail sales.



*HB 357: Sections 155 – 157, Transition*

# Proposed in HB 357: Convert Existing Licenses

Bars (BDLs) with Duplicate Licenses would have Multiple Fixed Counter Endorsements.

**Beverage Dispensary  
(BDL) with 3  
Duplicate Licenses**



**BDL with 3 Multiple Fixed  
Counter Endorsements**



Package Stores that fill growlers, ship written orders and other activities would have the corresponding new endorsements.

**Package Store**



**Package Store with  
Endorsements**



# Proposed in HB 357: Convert Existing Applications

Applications that have been completed as of January 1, 2020 would be converted to the equivalent application(s) in the new licensing system.

## Brewery License



Application



## Brewery Manufacturer & Brewery Retail Licenses



*The Brewery license used as an example. The same system applies for wineries and distilleries.*

*HB 357: Sections 155 – 157, Transition*

# Effective Dates

- Some sections of the bill go into effect immediately:
  - Replacement of public convenience licenses
    - Seasonal REPL Tourism
    - Cities' petition process for more REPL licenses
  - Repeal of public convenience statute
  - Certain changes regarding renewal of existing licenses
- The rest of the bill goes into effect January 1, 2020, and allows the ABC Board to write regulations in anticipation of the changes.

# For more information

## *About Title 4 Proposed Legislation:*

**Office of Sen. Micciche**

(907) 465-2828

rachel.hanke@akleg.gov

**Office of Rep. Kopp**

(907) 465-4993

erick.corderogiorgana@akleg.gov

## *About the Title 4 Review Process:*

**Alcohol and Marijuana Control Office**

<https://www.commerce.alaska.gov/web/amco/>

(907) 269-0350

amco.regs@alaska.gov

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version: HB 357  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB0357-DCCED-AMCO-04-06-18  
Title: ALCOHOLIC BEVERAGE  
CONTROL/REGULATION  
Sponsor: KOPP  
Requester: (H) Labor & Commerce

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Alcohol and Marijuana Control Office  
Allocation: Alcohol and Marijuana Control Office  
OMB Component Number: 3119

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>OPERATING EXPENDITURES</b>								
Personal Services	73.2		73.2					
Travel	9.6		9.6	6.4				
Services	287.0		337.0	50.0	50.0	50.0	50.0	
Commodities	11.8		0.8					
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>381.6</b>	<b>0.0</b>	<b>420.6</b>	<b>56.4</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>

**Fund Source (Operating Only)**

1005 GF/Prgm (DGF)	381.6		420.6	56.4	50.0	50.0	50.0
<b>Total</b>	<b>381.6</b>	<b>0.0</b>	<b>420.6</b>	<b>56.4</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>

**Positions**

Full-time							
Part-time							
Temporary	1.0		1.0				

**Change in Revenues**

1005 GF/Prgm (DGF)			567.0	510.0	510.0	510.0	510.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>567.0</b>	<b>510.0</b>	<b>510.0</b>	<b>510.0</b>	<b>510.0</b>

**Estimated SUPPLEMENTAL (FY2018) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2019) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/20

**Why this fiscal note differs from previous version/comments:**

Not applicable, initial version.

Prepared By: <u>Erika McConnell, Director</u>	Phone: <u>(907)269-0351</u>
Division: <u>Alcohol and Marijuana Control Office</u>	Date: <u>04/06/2018 01:00 PM</u>
Approved By: <u>Catherine Reardon, Director</u>	Date: <u>04/06/18</u>
Agency: <u>Division of Administrative Services, DCCED</u>	

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION

BILL NO. HB357

### Analysis

This bill is a result of recommendations from a five-year process initiated by the Alcoholic Beverage Control (ABC) Board to improve the structure, organization, specific policies, and associated implementation issues in alcohol regulation.

#### **EXPENDITURES (in thousands)**

The liquor licensing functions of the Alcohol and Marijuana Control Board are fully funded by program receipts from licensing fees. The agency anticipates that additional receipt authority is needed to accomplish the requirements of this legislation. Collection of alcohol licensing receipts is anticipated to be sufficient to fund these expenditures.

As a result of this bill, regulations across 3 AAC 304 will need to be rewritten by the Alcoholic Beverage Control Board. AMCO does not have existing capacity to manage an extensive regulations project, so a long-term non-permanent position is requested for two years, along with necessary services and supplies.

The Alcoholic Beverage Control Board will add four full days of meetings, likely to existing meetings planned, in the first two fiscal years to review, propose, and adopt regulations under the Administrative Procedure Act.

SB76 adds educational outreach responsibility to the Alcoholic Beverage Control Board, which will serve as the lead agency and provide written and web-based publications to various stakeholders across the state. The existing Local Government Specialist IV will coordinate this program, and additional expenditure authority will be needed to produce materials and travel to engage with industry, the public, municipalities, rural governments, and other stakeholders.

The aged alcohol licensing database needs to be replaced with licensing workflow/database software to comply with data collection, research, and reporting requirements. The initial costs for this will be spread over the first two years, with an annual maintenance fee after the first year.

1000 Personal Services Long-term non-permanent Regulations Specialist II range 16 to develop regulations:  
\$73.2/year for the first two years

2000 Travel Board travel costs for four additional days of meetings: \$3.4/year for the first two years (\$1.6/meeting day)  
Local Government Specialist travel for two-day trips to each of the four judicial districts per year: \$6.4/year for the first three years (\$1.6/two-day trip)

3000 Services Attorney review of regulations: \$12.0/year in each of the first two years (75 hours/year)  
Printing, design, and publication costs for education materials: \$10.0/year for the first two years  
Database development/acquisition: \$250.0/year in the first two years  
Software maintenance: \$50.0/year beginning in year two  
Statewide core services and allocated costs: \$15.0/year

4000 Supplies: Start-up costs for new employee (computer, cubicle): \$10.0 in the first year  
Printing/public notice: \$0.8/year for the first two years  
Postage: \$1.0/year for the first two years

The Department of Public Safety will provide access to the TRACS mobile citation system at no cost, which will allow enforcement to issue, manage, and transmit citations to defendants and the Alaska Court System.

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION

BILL NO. HB357

### Analysis

#### **FEE CHANGES (in whole dollars)**

Revenues are anticipated to increase due to a re-evaluation of the fee structure by the Steering Committee along with increased expectations and requirements for administration, education, and enforcement.

Certain biennial license fees have been increased:

- Manufacturing licenses have been standardized at \$1,500 (up from \$500 for wineries and \$1,000 for breweries and distilleries)
- Retail on-site service at manufacturing facilities is made a new license type with a \$1,250 license fee
- Club, Destination Resort, and Outdoor Recreation Lodge licenses have been standardized at \$2,500 (up from \$1,200 for clubs and \$1,250 for resorts and lodges)
- All retail licenses that serve only beer and wine are standardized at \$1,250 (up from \$400-\$800)

Certain biennial license fees have been decreased:

- Wholesaler base license fee is unchanged but annual transaction fees are reduced
- Duplicate Beverage Dispensary Licenses are changed to endorsements, reducing the fee from a biennial \$2,500 fee to an one-time endorsement fee of \$1,250 and a biennial fee of \$200

Endorsements are a new concept in Title 4, created as add-ons to licenses to address specific needs or situations. Each endorsement has a biennial fee of \$200 (the multiple fixed-counter endorsement, which replaces the BDL Duplicate license, also has a one-time issuance fee of \$1,250). This fiscal note assumes an average of one endorsement per license; in reality, some licenses will have multiple endorsements and some licenses will have no endorsements.

Permit fees are clarified to be a per-day fee of \$50 (ABC Board may increase, but not decrease, fee by regulation) rather than a per-event fee. The negligible increase resulting from this change is not shown in this fiscal note.

#### **REVENUE SUFFICIENCY (in thousands)**

AMCO anticipates significant expenditures to prepare for the changes made by the bill before we will see increased revenues from the bill. However, receipt collections in FY2019 are anticipated to be sufficient to support increased expenditures for two reasons:

- 1) alcohol revenue has exceeded alcohol expenditures by an average of \$280.0/year over the last five years.
- 2) the ABC Board approved a regulations project that increases the application fees for new, transfer, and renewal applications, from which we anticipate an increase of \$175.0 in revenues in FY2019.

AMCO anticipates sufficient alcohol receipts to support the expenditures should HB357 be enacted.

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version: HB 357  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB357-DHSS-PS-4-6-18  
Title: ALCOHOLIC BEVERAGE  
CONTROL/REGULATION  
Sponsor: KOPP  
Requester: House LC

Department: Department of Health and Social Services  
Appropriation: Juvenile Justice  
Allocation: Probation Services  
OMB Component Number: 2134

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

**Change in Revenues**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2018) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2019) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed? NA

**Why this fiscal note differs from previous version/comments:**

Not applicable; initial version.

Prepared By:	Tracy Dompeling, Director	Phone:	(907)465-2212
Division:	Juvenile Justice	Date:	04/06/2018
Approved By:	Shawnda O'Brien, Asst. Commissioner	Date:	04/06/18
Agency:	Health and Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION

BILL NO. HB357

**Analysis**

The bill overhauls the licensing statute for alcohol related businesses and includes minor alignments in the crimes and offenses related to conduct involving alcohol. Offenses related to the underage consumption and possession of alcohol were amended under SB165 in 2016 (Chapter 32 SLA 16). This bill applies a similar methodology to the offenses of *purchase by a person under 21 years of age* and *furnishing or delivery to a person under 21 years of age*.

The bill replaces the existing misdemeanor offenses of *furnishing or delivery to a person under 21 years of age* and *purchase by a person under 21 years of age* with violations and a \$500 fine. Minors can have the fine reduced to \$50 for the first or second offense if they complete an alcohol safety action program or community diversion panel. After the 2<sup>nd</sup> offense, the fine can be reduced to \$250 after completion of an alcohol safety action program or community diversion panel. The bill prohibits information about minors cited for these offenses from being included in the Court System's public Courtview website.

The bill also adjusts the crime of *sale or consumption of alcoholic beverages at school events* from a Class A misdemeanor to a violation and \$100 fine. There is no distinction made between adults and underage individuals who commit this offense.

Under existing statute, juvenile offenders cited for the criminal offenses adjusted by the bill are referred to the Division of Juvenile Justice. Referral to the division for these offenses is rare. The misdemeanor offense of *delivery to a person under 21 years of age* is most commonly referred, with 24 referrals in the last five fiscal years. The division has not received any referrals for the crime of *sale or consumption of alcoholic beverages at school events* in the last five years.

Minors cited for the new ticketable violations of *purchase by a person under 21 years of age* and *delivery to a person under 21 years of age*, and *consumption of alcoholic beverages at school events* will be under the jurisdiction of the District Court.

This bill is not expected to have programmatic or fiscal impacts to the Division of Juvenile Justice.

## Resolution of Support for Senate Bill 76 (2017), Revisions to Title 4 of the Alaska Statutes

**Whereas**, Title 4 of the Alaska Statutes is the law regulating alcoholic beverages in the State of Alaska; and

**Whereas**, the AS 04.06.090 states that the Alcoholic Beverage Control Board "shall control the manufacture, barter, possession, and sale of alcoholic beverages in the state" and that the Board "is vested with the powers, duties and responsibilities necessary for the control of alcoholic beverages"; and

**Whereas**, Title 4 of the Alaska Statutes has not been substantially updated since 1980; and

**Whereas**, over 100 stakeholders and staff representing the alcohol industry, public health, local governments, and public safety spent over 11,000 hours of dedicated time during a period of more than three years to craft proposed revisions to Title 4; and

**Whereas**, on March 3, 2017, Senate Bill 76 was introduced by Senator Peter Micciche for consideration in the 30<sup>th</sup> Session of the Alaska Legislature;

**Whereas**, the recommendations in SB 76 will, *as a whole*, promote a fair business climate and protect public health and safety, create rational regulation for all tiers of the state's alcohol industry, limit youth access to alcohol, and promote responsible alcohol use and reduce the harms of overconsumption; and

**Whereas**, SB 76 will, *as a whole*, benefit communities, businesses, and public health, safety and welfare; and

**Whereas**, SB 76 will benefit youth by ensuring that the penalty for underage drinking does not jeopardize a young person's future, providing an incentive to seek needed alcohol education or treatment, and holding adults who supply alcohol to youth more accountable; and

**Whereas**, SB 76 will benefit businesses by making Title 4 easier to understand and comply with, protecting existing business investments, providing more flexibility for innovative business models, and restructuring penalties to be proportional to the seriousness of each violation; and

**Whereas**, SB 76 will benefit local governments by providing resources for education about Title 4 and new options for supporting economic development with tourism and hospitality; and

**Whereas**, SB 76 will benefit public health by preventing youth access to alcohol, preserving population limits on alcohol licenses and managing density of alcohol outlets, promoting responsible and moderate consumption at alcohol establishments and events, and regulating purchases of alcohol shipped directly to customers; and

**Whereas**, SB 76 will benefit public safety by providing resources for local education and enforcement, improving law enforcement's ability to address violations of Title 4, and increasing availability of data about alcohol entering local option communities; and

**Whereas**, SB 76 will improve the ABC Board's and agency staff's ability to effectively administer and enforce Title 4 and its associated regulations; and

**THEREFORE, BE IT RESOLVED THAT** we, the undersigned on this date of Oct 5, 2017 support the recommendations of the Title 4 Review stakeholders and urge the Legislature to pass Senate Bill 76.

Organization Alaska CHARR  
Community State wide  
Signature Dale Fox  
Name Dale Fox  
Title President



### Supporting Senate Bill 76 (2017), Revisions to Title 4 of the Alaska Statutes

**WHEREAS**, alcohol abuse costs Alaska more than \$1.8 billion annually, and these costs are borne by the State and local governments, employers and residents;<sup>1</sup>

**WHEREAS**, over 18% of Alaskans 18 and older reported binge drinking in the last month, almost 14% of high school age youth reported binge drinking in the last month, and nearly 7% of Alaskans age 12 and older reported that they are dependent on alcohol;<sup>2</sup>

**WHEREAS**, in 2014 alone, one-quarter of all arrests and offenses in Alaska (9,438) were alcohol related, and 17 percent of victims (7,313 individuals) suffered from alcohol-related crimes;<sup>3</sup>

**WHEREAS**, creating and maintaining a logical, comprehensive and consistent system of alcohol control is necessary for balancing the economic interests of alcohol businesses with the public's interest in protecting community health and safety;

**WHEREAS**, Title 4 of the Alaska Statutes is the law regulating alcoholic beverages in the State of Alaska;

**WHEREAS**, the AS 04.06.090 states that the Alcoholic Beverage Control Board "shall control the manufacture, barter, possession, and sale of alcoholic beverages in the state" and that the Board "is vested with the powers, duties and responsibilities necessary for the control of alcoholic beverages";

**WHEREAS**, Title 4 of the Alaska Statutes has not been substantially updated since 1980;

**WHEREAS**, over 100 stakeholders and staff representing the alcohol industry, public health, local governments, and public safety spent over 11,000 hours of dedicated time over five years to craft proposed revisions to Title 4;<sup>4</sup>

**WHEREAS**, stakeholders who served on the Underage Drinking Committee thoroughly considered and ultimately adopted many of the existing recommendations in *Alaska's Strategies to Prevent Underage Drinking* (2013), which includes evidence-based strategies for addressing underage alcohol use and represents the work of partners including the Department of Health and Social Services, the Alcoholic Beverage Control Board, the Division of Juvenile Justice, the Alaska Native Justice Center, the University of Alaska Anchorage Justice Center, the Alaska Mental Health Trust Authority, and the Alaska Court System;<sup>5</sup>

**WHEREAS**, the Title 4 Review stakeholders group worked closely with Senator Peter Micciche to craft a comprehensive legislative package that would enact the recommendations of this multi-year process;

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<sup>1</sup> McDowell Group (2017). *The Economic Costs of Alcohol Abuse in Alaska, 2016 Update*, prepared for the Alaska Mental Health Trust Authority. <http://www.mcdowellgroup.net/wp-content/uploads/2017/04/mcdowell-group-economic-costs-of-drug-abuse-final-4.24.17.pdf>

<sup>2</sup> Alaska Behavioral Risk Factor Surveillance System, 2016; Alaska Youth Risk Behavior Survey, 2017; SAMHSA National Survey of Drug Use and Health, 2013-2014.

<sup>3</sup> McDowell Group (2017). *The Economic Costs of Alcohol Abuse in Alaska, 2016 Update*, prepared for the Alaska Mental Health Trust Authority.

<sup>4</sup> For more information about the Title 4 Review process and stakeholder recommendations, please refer to the project's summary report: *Alaska Title 4 Review, Recommendations for Statutory Change*, updated October 2017.

<sup>5</sup> Alaska Committee to Prevent Underage Drinking (ACPUD) (2013). *Alaska's Strategies to Prevent Underage Drinking*.



**WHEREAS**, on March 3, 2017, Senate Bill 76 was introduced by Senator Micciche for consideration in the 30<sup>th</sup> Session of the Alaska Legislature;

**WHEREAS**, the recommendations in SB 76 will, *as a whole*, promote a fair business climate and protect public health and safety, create rational regulation for all tiers of the state's alcohol industry, limit youth access to alcohol, and promote responsible alcohol use and reduce the harms of overconsumption;

**WHEREAS**, SB 76 will, *as a whole*, benefit communities, businesses, and public health, safety and welfare;

**WHEREAS**, SB 76 will benefit youth by ensuring that the penalty for underage drinking does not jeopardize a young person's future, providing an incentive to seek needed alcohol education or treatment, and holding adults who supply alcohol to youth more accountable;

**WHEREAS**, SB 76 will benefit public health by preventing youth access to alcohol, preserving population limits on alcohol licenses and managing density of alcohol outlets, promoting responsible and moderate consumption at alcohol establishments and events, and regulating purchases of alcohol shipped directly to customers;

**WHEREAS**, SB 76 will benefit public safety by providing resources for local education and enforcement, improving law enforcement's ability to address violations of Title 4, and increasing availability of data about alcohol entering local option communities; and

**WHEREAS**, SB 76 will improve the Alcohol Beverage Control Board's and agency staff's ability to effectively administer and enforce Title 4 and its associated regulations;

**THEREFORE BE IT RESOLVED** that we, the members of the Alaska Public Health Association, on this date of January 16, 2018 support the recommendations of the Title 4 Review stakeholders and urge the Legislature to pass Senate Bill 76.

*Adopted January 16, 2018*



P.O. Box 249  
1000 Arlberg Avenue  
Girdwood, Alaska 99587

March 17, 2017

VIA-EMAIL: [sen.peter.micciche@akleg.gov](mailto:sen.peter.micciche@akleg.gov); [Rachel.hanke@akleg.gov](mailto:Rachel.hanke@akleg.gov)

To: Members of the Senate Labor and Commerce Committee:

Alyeska Resort asks for your support of Senate Bill 76 (the "Bill"), introduced on March 3, 2017, which Bill would revise Title 4 of the Alaska Statutes regulating alcohol beverages. This Bill is the product of a five-year process initiated by the Alcoholic Beverage Control Board ("ABC") to engage a diverse group of more than 100 stakeholders across the State to determine how to improve the structure, organization, specific policies and associated implementation issues in Title 4; Alaska's statutes regarding regulation and control of alcoholic beverages in the State.

Title 4 is generally recognized to be in many ways outdated, confusing or otherwise ineffective in carrying out the intent of the current State statutes. Much of Title 4 has not been updated since 1980. Over time, incremental updates and changing trends have reduced the effectiveness of Title 4. This systematic redraft of Title 4 will help the ABC carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcoholic beverage laws and regulations.


The proposed revisions in the Bill form a comprehensive package of inter-related proposals to improve the overall system of alcohol regulation in Alaska. The Bill's proposed revisions will:

- Make Title 4 a clear and consistent framework used by licensees, the ABC and law enforcement;
- Increase the effectiveness of Title 4 enforcement by improving the swiftness, proportionality and consistency of penalties; and
- Increase licensee accountability before the ABC for Title 4 violations.

This Bill ensures that the ABC will fairly represent the interests of all Alaskans and will be a leader in alcohol education, policy and regulation. The Bill will also promote a fair business climate and protect public health and safety by:

- Creating a rational regulatory structure for Alaska's alcohol licensing system;
- Limiting youth access to alcohol; and
- Promoting responsible alcohol use and reduce the harms of over-consumption.

Alyeska Resort urges you to support this significant, multi-year effort by voting in support of Senate Bill 76.

Sincerely,  
  
J. Randall Call  
Vice President & General Counsel



February 12, 2018

The Honorable Senator Micciche  
Alaska State Senate  
State Capitol Room 417  
Juneau, AK 99801

Dear Senator Micciche:

On behalf of the Alaska Peace Officers Association (APOA), I am writing to convey our support of SB76, "An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, retailers, and common carriers of alcoholic beverages; relating to licenses, endorsements, and permits involving alcoholic beverages; relating to the Alcoholic Beverage Control Board; relating to offenses involving alcoholic beverages; amending Rule 17, Alaska Rules of Minor Offense Procedure; and providing for an effective date."

Thank you for crafting a bill to revise Title 4 of the Alaska Statutes regulating alcohol beverages. This bill is the product of a six-year process initiated by the Alcoholic Beverage Control (ABC) Board to engage a diverse group of more than 100 stakeholders across the state to determine how to improve the structure, organization, specific policies and associated implementation issues in Title 4, Alaska's statutes regarding regulation and control of alcoholic beverages in the state.

Title 4 is recognized to be in many ways outdated, confusing or otherwise ineffective in carrying out the intent of the statutes. Much of the chapter has not been updated since 1980. Over time, incremental updates and changing trends have reduced the effectiveness of Title 4. This systematic redraft of Title 4 will help the ABC Board carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcoholic beverage laws and regulations.

The proposed revisions in SB 76 are a comprehensive package of inter-related proposals to improve the overall system of alcohol regulation in Alaska. They will:

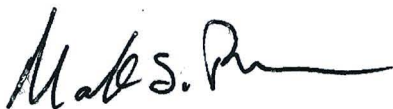
- Make Title 4 a clear and consistent framework used by licensees, the ABC Board and law enforcement
- Increasing effectiveness of Title 4 enforcement by improving the swiftness, proportionality and consistency of penalties
- Increasing licensee accountability before the ABC Board for Title 4 violations.

This package ensures that the Alcoholic Beverage Control Board fairly represents the interests of all Alaskans and will be a leader in alcohol education, policy and regulation. It will promote a fair business climate and protect public health and safety by:

- Creating a rational regulatory structure for Alaska's alcohol licensing system
- Limiting youth access to alcohol
- Promoting responsible alcohol use and reduce the harms of overconsumption.

I urge you to support the significant multi-year effort of this statewide stakeholder group by voting in support of SB 76 and continued improvement of Title 4. Please contact the APOA office in Anchorage at 277-0515 if there is anything our organization can do to help with the passage of this bill. Thank you for your commitment and dedication to our state.

Sincerely,



Mark S. Pearson  
State President  
Alaska Peace Officers Association

PO Box 240106  
Anchorage, AK 99524  
[apoa@gci.net](mailto:apoa@gci.net)  
(907) 277-0515

Cc: Senators Coghill, Costello, Kelly, Wielechowski, Meyer, Stevens, Gardner

*About APOA*

*The Alaska Peace Officers Association (APOA) is a dynamic, professional and non-partisan organization. Our membership consists of law enforcement, corrections, prosecutors, security professionals and others at the local, state and federal levels. APOA has served as a voice for peace officers and issues impacting the law enforcement profession for over half a century. We are one of the oldest and largest 501c(3) charitable, nonprofit organizations in Alaska. [www.apoaonline.org](http://www.apoaonline.org)*



March 7, 2017

To members of the Senate Labor and Commerce Committee:

I am asking you to support Senate Bill 76, introduced on March 3, 2017, which would revise Title 4 of the Alaska Statutes regulating alcohol beverages. This bill is the product of a five-year process initiated by the Alcoholic Beverage Control (ABC) Board to engage a diverse group of more than 100 stakeholders across the state to determine how to improve the structure, organization, specific policies and associated implementation issues in Title 4, Alaska's statutes regarding regulation and control of alcoholic beverages in the state.

Title 4 is recognized to be in many ways outdated, confusing or otherwise ineffective in carrying out the intent of the statutes. Much of the chapter has not been updated since 1980. Over time, incremental updates and changing trends have reduced the effectiveness of Title 4. This systematic redraft of Title 4 will help the ABC Board carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcoholic beverage laws and regulations.

The proposed revisions in SB 76 are a comprehensive package of inter-related proposals to improve the overall system of alcohol regulation in Alaska. They will:

- Make Title 4 a clear and consistent framework used by licensees, the ABC Board and law enforcement
- Increasing effectiveness of Title 4 enforcement by improving the swiftness, proportionality and consistency of penalties
- Increasing licensee accountability before the ABC Board for Title 4 violations.

This package ensures that the Alcoholic Beverage Control Board fairly represents the interests of all Alaskans and will be a leader in alcohol education, policy and regulation. It will promote a fair business climate and protect public health and safety by:

- Creating a rational regulatory structure for Alaska's alcohol licensing system



- Limiting youth access to alcohol
- Promoting responsible alcohol use and reduce the harms of overconsumption.

I urge you to support the significant multi-year effort of this statewide stakeholder group by voting in support of SB 76 and improving Title 4.

Sincerely,

Matt Jones  
Co-founder

---

**MOOSE'S TOOTH PUB & PIZZERIA**  
(907) 258-2537  
MOOSESTOOTH.NET

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**BEAR TOOTH THEATREPUB & GRILL**  
(907) 276-4200  
BEARTOOTHTHEATRE.NET  
BEARTOOTHGRILL.NET

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**BROKEN TOOTH BREWING**  
(907) 278-4999  
BROKENTOOTHBREWING.NET

2/24/2017

Senator Peter Micciche  
State Capitol Room 508  
Juneau, AK 99801



Dear Senator Micciche,

Alaska Children's Trust (ACT) supports the statewide effort to revise Title 4 of the Alaska Statutes regulating alcoholic beverages. ACT is the statewide lead organization focused on child abuse and neglect.

As a member of the Recover Alaska steering committee, ACT recognizes the impact of the changes being recommended to Title 4 supports Alaska's efforts to ensuring our children grow up in safe, stable, and nurturing homes. Title 4 is recognized to be in many ways outdated, confusing or otherwise ineffective in carrying out the intent of the statutes. Much of the chapter has not been updated since 1980. Over time, incremental updates and changing trends have reduced the effectiveness of Title 4, putting our children at risk. This systematic redraft of Title 4 will help the ABC Board carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcoholic beverage laws and regulations.

The proposed revisions are a comprehensive package of inter-related proposals to improve the overall system of alcohol regulation in Alaska. They will:

- Make Title 4 a clear and consistent framework used by licensees, the ABC Board and law enforcement
- Increasing effectiveness of Title 4 enforcement by improving the swiftness, proportionality and consistency of penalties
- Increasing licensee accountability before the ABC Board for Title 4 violations.

This package ensures that the Alcoholic Beverage Control Board fairly represents the interests of all Alaskans and will be a leader in alcohol education, policy and regulation. It will promote a fair business climate and protect public health and safety by:

- Creating a rational regulatory structure for Alaska's alcohol licensing system
- Limiting youth access to alcohol
- Promoting responsible alcohol use and reduce the harms of overconsumption.

We support this significant multi-year effort of the stakeholder group to improve Title 4, and look forward to a legislative package that will benefit all Alaskans. Thank you for your efforts.

Sincerely,

A handwritten signature in black ink, appearing to read "TJ Storrs", written over a horizontal line.

Trevor J. Storrs  
Executive Director



February 28, 2017

Senator Peter Micciche  
Alaska State Capitol  
Juneau, Alaska 99801

Dear Senator Micciche,

On behalf of the Mat-Su Health Foundation and its Board of Directors, I am writing to express support for the Title 4 reform process and upcoming legislation.

The Mat-Su Health Foundation (MSHF) shares ownership in Mat-Su Regional Medical Center and invests its profits from that partnership back into the community in order to improve the health and wellness of Alaskans living in the Mat-Su. In 2013, the foundation, along with community partners, conducted a Community Health Needs Assessment, which included data analysis, public polling and 24 community forums. Alcohol and substance abuse was ranked as the number one health issue in Mat-Su. In follow up research, we asked our local police captains, what is the number one substance problem? Their response was "alcohol, alcohol, alcohol." Perhaps that is why the number one reason Mat-Su residents visit our local hospital's emergency department for behavioral health needs is alcohol-related disorders.

Revisions to Alaska's alcohol laws can help correct some of these problems. Title 4 is recognized to be in many ways outdated, confusing or otherwise ineffective in carrying out the intent of the statutes. Much of the chapter has not been updated since 1980. Over time, incremental updates and changing trends have reduced the effectiveness of Title 4. This systematic redraft of Title 4 will help the ABC Board carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcoholic beverage laws and regulations. The Mat-Su Health is particularly interested in the public health aspects of Title 4 reform. When enacted, the new law can do the following:

- Help prevent youth access to alcohol, while not criminalizing youth for one mistake.
- Preserve limits on the density of alcohol outlets, correlated with negative health and safety impacts.
- Promote responsible service and consumption of alcohol at establishments and special events.
- Hold licensees, employees and other adults more accountable for serving minors with reasonable and consistent penalties.
- Regulate alcohol purchases shipped directly to customers through online sales.
- Increase availability of data on alcohol in local option areas, and local enforcement of Title 4.
- Provide more resources for education about and enforcement of Title 4 at the state and local levels.

We support the significant multi-year effort of the stakeholder group to improve Title 4, and look forward to a legislative package that will benefit all Alaskans. Thank you for your efforts!

Sincerely,

Chief Executive Officer



## **Resolution of Support for Revisions to Title 4 of the Alaska Statutes**

**Whereas**, Title 4 of the Alaska Statutes is the law regulating alcoholic beverages in the State of Alaska; and

**Whereas**, the Alaska Statutes, §04.06.090 states that the Alcoholic Beverage Control Board "shall control the manufacture, barter, possession, and sale of alcoholic beverages in the state" and that the Board "is vested with the powers, duties and responsibilities necessary for the control of alcoholic beverages"; and

**Whereas**, Title 4 of the Alaska Statutes has not been substantially updated since 1980; and

**Whereas**, over 100 stakeholders and staff representing the alcohol industry, public health and public safety spent over 11,000 hours of dedicated time during a period of more than three years to craft proposed revisions to Title 4; and

**Whereas**, over 100 stakeholders and staff representing the alcohol industry, public health, local governments, and public safety spent over 11,000 hours of dedicated time during a period of more than three years to craft proposed revisions to Title 4; and

**Whereas**, the comprehensive package of recommendations will, *as a whole*, promote a fair business climate and protect public health and safety, create rational regulation for all tiers of the state's alcohol industry, limit youth access to alcohol, and promote responsible alcohol use and reduce the harms of overconsumption; and

**Whereas**, the proposed revisions will, *as a whole*, benefit communities, businesses, and public health, safety and welfare; and

**Whereas**, the proposed revisions will benefit youth by ensuring that the penalty for underage drinking does not jeopardize a young person's future, providing an incentive to seek needed alcohol education or treatment, and holding adults who supply alcohol to youth more accountable; and

**Whereas**, the proposed revisions will benefit businesses by making Title 4 easier to understand and comply with, protecting existing business investments, providing more flexibility for innovative business models, and restructuring penalties to be proportional to the seriousness of each violation; and

**Whereas**, the proposed revisions will benefit local governments by providing resources for education about Title 4 and new options for supporting economic development with tourism and hospitality; and

**Whereas**, the proposed revisions will benefit public health by preventing youth access to alcohol, preserving population limits on alcohol licenses and managing density of alcohol outlets, promoting responsible and moderate consumption at alcohol establishments and events, and regulating purchases of alcohol shipped directly to customers; and

**Whereas**, the proposed revisions will benefit public safety by providing resources for local education and enforcement, improving law enforcement's ability to address violations of Title 4, and increasing availability of data about alcohol entering local option communities; and

**Whereas**, the proposed revisions will improve the ABC Board's and agency staff's ability to effectively administer and enforce Title 4 and its associated regulations; and

**Whereas**, the Title 4 Review stakeholder group achieved success in enacting some recommendations through passage of SB 165 in 2016, but intends to bring a comprehensive package forward in 2017;

**THEREFORE, BE IT RESOLVED THAT** we, the undersigned on this date of February 28, 2017 support the work of the Title 4 Review stakeholder group and their set of proposed revisions to Title 4.

Organization	<u>Mat-Su Health Foundation</u>
Community	<u>Matanuska-Susitna Borough</u>
Signature	<u><i>Elizabeth Ripley</i></u>
Name	<u>Elizabeth Ripley</u>
Title	<u>Chief Executive Officer</u>

3760 Piper Street  
P.O. Box 196604  
Anchorage, AK 99508  
t: (907) 562.2211  
www.providence.org/alaska



2/24/2017

Senator Peter Micciche  
State Capitol Room 508  
Juneau, AK 99801

Dear Senator Micciche,

Providence Health & Services Alaska supports the statewide effort to revise Title 4 of the Alaska Statutes regulating alcoholic beverages. Thank you for your role in that process. Proposed recommendations are the product of a five-year process initiated by the Alcoholic Beverage Control (ABC) Board to engage a diverse group of more than 100 stakeholders to determine how to improve the structure, organization, specific policies and associated implementation issues in Title 4, Alaska's statutes regarding regulation and control of alcoholic beverages in the state.

As you know, Title 4 is recognized to be in many ways outdated, confusing or otherwise ineffective in carrying out the intent of the statutes. Much of the chapter has not been updated since 1980. Over time, incremental updates and changing trends have reduced the effectiveness of Title 4. This systematic redraft of Title 4 will help the ABC Board carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcoholic beverage laws and regulations.

The proposed revisions are a comprehensive package of inter-related proposals to improve the overall system of alcohol regulation in Alaska. They will:

- Make Title 4 a clear and consistent framework used by licensees, the ABC Board and law enforcement;
- Increasing effectiveness of Title 4 enforcement by improving the swiftness, proportionality and consistency of penalties; and,
- Increasing licensee accountability before the ABC Board for Title 4 violations.

This package ensures that the Alcoholic Beverage Control Board fairly represents the interests of all Alaskans and will be a leader in alcohol education, policy and regulation. It will promote a fair business climate and protect public health and safety by:

- Creating a rational regulatory structure for Alaska's alcohol licensing system;
- Limiting youth access to alcohol; and,
- Promoting responsible alcohol use and reduce the harms of overconsumption.

We support this significant multi-year effort of the stakeholder group to improve Title 4, and look forward to a legislative package that will benefit all Alaskans. Thank you for your efforts.

Sincerely,

A handwritten signature in black ink that reads "Bruce Lamoureux".

Bruce Lamoureux  
Chief executive officer

## Resolution of Support for Revisions to Title 4 of the Alaska Statutes

**Whereas**, Title 4 of the Alaska Statutes is the law regulating alcoholic beverages in the State of Alaska; and

**Whereas**, the Alaska Statutes, §04.06.090 states that the Alcoholic Beverage Control Board "shall control the manufacture, barter, possession, and sale of alcoholic beverages in the state" and that the Board "is vested with the powers, duties and responsibilities necessary for the control of alcoholic beverages"; and

**Whereas**, Title 4 of the Alaska Statutes has not been substantially updated since 1980; and

**Whereas**, over 100 stakeholders and staff representing the alcohol industry, public health, local governments, and public safety spent over 11,000 hours of dedicated time during a period of more than three years to craft proposed revisions to Title 4; and

**Whereas**, the comprehensive package of recommendations will, *as a whole*, promote a fair business climate and protect public health and safety, create rational regulation for all tiers of the state's alcohol industry, limit youth access to alcohol, and promote responsible alcohol use and reduce the harms of overconsumption; and

**Whereas**, the proposed revisions will, *as a whole*, benefit communities, businesses, and public health, safety and welfare; and

**Whereas**, the proposed revisions will benefit youth by ensuring that the penalty for underage drinking does not jeopardize a young person's future, providing an incentive to seek needed alcohol education or treatment, and holding adults who supply alcohol to youth more accountable; and

**Whereas**, the proposed revisions will benefit businesses by making Title 4 easier to understand and comply with, protecting existing business investments, providing more flexibility for innovative business models, and restructuring penalties to be proportional to the seriousness of each violation; and

**Whereas**, the proposed revisions will benefit local governments by providing resources for education about Title 4 and new options for supporting economic development with tourism and hospitality; and

**Whereas**, the proposed revisions will benefit public health by preventing youth access to alcohol, preserving population limits on alcohol licenses and managing density of alcohol outlets, promoting responsible and moderate consumption at alcohol establishments and events, and regulating purchases of alcohol shipped directly to customers; and

**Whereas**, the proposed revisions will benefit public safety by providing resources for local education and enforcement, improving law enforcement's ability to address violations of Title 4, and increasing availability of data about alcohol entering local option communities; and

**Whereas**, the proposed revisions will improve the ABC Board's and agency staff's ability to effectively administer and enforce Title 4 and its associated regulations; and

**Whereas**, the Title 4 Review stakeholder group achieved success in enacting some recommendations through passage of SB 165 in 2016, but intends to bring a comprehensive package forward in 2017;

**THEREFORE, BE IT RESOLVED THAT** we, the undersigned on this date of February 24, 2017 support the work of the Title 4 Review stakeholder group and their set of proposed revisions to Title 4.

Organization Providence Health & Services Alaska

Community Anchorage, Kodiak, Seward, Valdez

Signature 

Name Bruce Lamoureux

Title Chief Executive Officer

## Resolution of Support for Revisions to Title 4 of the Alaska Statutes

**Whereas**, Title 4 of the Alaska Statutes is the law regulating alcoholic beverages in the State of Alaska; and

**Whereas**, the Alaska Statutes, §04.06.090 states that the Alcoholic Beverage Control Board "shall control the manufacture, barter, possession, and sale of alcoholic beverages in the state" and that the Board "is vested with the powers, duties and responsibilities necessary for the control of alcoholic beverages"; and

**Whereas**, Title 4 of the Alaska Statutes has not been substantially updated since 1980; and

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**Whereas**, the comprehensive package of recommendations will, *as a whole*, promote a fair business climate and protect public health and safety, create rational regulation for all tiers of the state's alcohol industry, limit youth access to alcohol, and promote responsible alcohol use and reduce the harms of overconsumption; and

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**Whereas**, the proposed revisions will benefit youth by ensuring that the penalty for underage drinking does not jeopardize a young person's future, providing an incentive to seek needed alcohol education or treatment, and holding adults who supply alcohol to youth more accountable; and

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**Whereas**, the proposed revisions will benefit local governments by providing resources for education about Title 4 and new options for supporting economic development with tourism and hospitality; and


**Whereas**, the proposed revisions will benefit public health by preventing youth access to alcohol, preserving population limits on alcohol licenses and managing density of alcohol outlets, promoting responsible and moderate consumption at alcohol establishments and events, and regulating purchases of alcohol shipped directly to customers; and

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**Whereas**, the proposed revisions will improve the ABC Board's and agency staff's ability to effectively administer and enforce Title 4 and its associated regulations; and

**Whereas**, the Title 4 Review stakeholder group achieved success in enacting some recommendations through passage of SB 165 in 2016, but intends to bring a comprehensive package forward in 2017;

**THEREFORE, BE IT RESOLVED THAT** we, the undersigned on this date of \_\_\_\_\_, 2017 support the work of the Title 4 Review stakeholder group and their set of proposed revisions to Title 4.

Organization	Recover Alaska
Community	Anchorage; statewide
Signature	
Name	Tiffany Hall
Title	Executive Director



## RECOVER ALASKA

2/23/2017

Senator Peter Micciche  
State Capitol Room 508  
Juneau, AK 99801

Dear Senator Micciche,

Our organization supports the statewide effort to revise Title 4 of the Alaska Statutes regulating alcoholic beverages. Thank you for your role in that process. The recommendations brought through this process are the product of a five-year process initiated by the Alcoholic Beverage Control (ABC) Board to engage a diverse group of more than 100 stakeholders to determine how to improve the structure, organization, specific policies and associated implementation issues in Title 4, Alaska's statutes regarding regulation and control of alcoholic beverages in the state.

As you know, Title 4 is recognized to be in many ways outdated, confusing or otherwise ineffective in carrying out the intent of the statutes. Much of the chapter has not been updated since 1980. Over time, incremental updates and changing trends have reduced the effectiveness of Title 4. This systematic redraft of Title 4 will help the ABC Board carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcoholic beverage laws and regulations.

The proposed revisions are a comprehensive package of inter-related proposals to improve the overall system of alcohol regulation in Alaska. They will:

- Make Title 4 a clear and consistent framework used by licensees, the ABC Board and law enforcement
- Increasing effectiveness of Title 4 enforcement by improving the swiftness, proportionality and consistency of penalties
- Increasing licensee accountability before the ABC Board for Title 4 violations.

This package ensures that the Alcoholic Beverage Control Board fairly represents the interests of all Alaskans and will be a leader in alcohol education, policy and regulation. It will promote a fair business climate and protect public health and safety by:

- Creating a rational regulatory structure for Alaska's alcohol licensing system
- Limiting youth access to alcohol
- Promoting responsible alcohol use and reduce the harms of overconsumption.

We support this significant multi-year effort of the stakeholder group to improve Title 4, and look forward to a legislative package that will benefit all Alaskans. Thank you for your efforts.

Sincerely,

Tiffany Hall  
Recover Alaska



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2/24/2017

Senator Peter Micciche  
State Capitol Room 508  
Juneau, AK 99801

Dear Senator Micciche,

I am writing to express Set Free Alaska's support of the statewide effort to revise Title 4 of the Alaska Statutes regulating alcoholic beverages. Thank you for your role in that process. The recommendations brought through this process are the product of a five-year process initiated by the Alcoholic Beverage Control (ABC) Board to engage a diverse group of more than 100 stakeholders to determine how to improve the structure, organization, specific policies and associated implementation issues in Title 4, Alaska's statutes regarding regulation and control of alcoholic beverages in the state.

As you know, Title 4 is recognized to be in many ways outdated, confusing or otherwise ineffective in carrying out the intent of the statutes. Much of the chapter has not been updated since 1980. Over time, incremental updates and changing trends have reduced the effectiveness of Title 4. This systematic redraft of Title 4 will help the ABC Board carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcoholic beverage laws and regulations.

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- Increasing licensee accountability before the ABC Board for Title 4 violations.

This package ensures that the Alcoholic Beverage Control Board fairly represents the interests of all Alaskans and will be a leader in alcohol education, policy and regulation. It will promote a fair business climate and protect public health and safety by:

- Creating a rational regulatory structure for Alaska's alcohol licensing system
- Limiting youth access to alcohol
- Promoting responsible alcohol use and reduce the harms of overconsumption.

We support this significant multi-year effort of the stakeholder group to improve Title 4, and look forward to a legislative package that will benefit all Alaskans. Thank you for your efforts.

Sincerely,

Philip Licht  
Set Free Alaska

# Trust

Alaska Mental Health  
Trust Authority

3745 Community Park Loop, Suite 200  
Anchorage, AK 99508  
Tel 907.269.7960  
www.mhtrust.org

2/24/2017

Senator Peter Micciche  
State Capitol Room 508  
Juneau, AK 99801

Dear Senator Micciche,

The Alaska Mental Health Trust Authority supports the statewide effort to revise Title 4 of the Alaska Statutes regulating alcoholic beverages. Thank you for your leadership in guiding that process. The recommendations brought through this process are the product of a five-year process initiated by the Alcoholic Beverage Control (ABC) Board with multiple partners to engage a diverse group of more than 100 stakeholders to determine how to improve the structure, organization, specific policies and associated implementation issues in Title 4, Alaska's statutes regarding regulation and control of alcoholic beverages in the state.

As you know, Title 4 is recognized to be in many ways outdated, confusing or otherwise ineffective in carrying out the intent of the statutes. Much of the chapter has not been updated since 1980. Over time, incremental updates and changing trends have reduced the effectiveness of Title 4. This systematic redraft of Title 4 will help the ABC Board carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcoholic beverage laws and regulations.

The proposed revisions are a comprehensive package of inter-related proposals to improve the overall system of alcohol regulation in Alaska. They will:

- Make Title 4 a clear and consistent framework used by licensees, the ABC Board and law enforcement
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This package ensures that the Alcoholic Beverage Control Board fairly represents the interests of all Alaskans and will be a leader in alcohol education, policy and regulation. It will promote a fair business climate and protect public health and safety by:

- Creating a rational regulatory structure for Alaska's alcohol licensing system
- Limiting youth access to alcohol
- Promoting responsible alcohol use and reduce the harms of overconsumption.

The Trust supports this significant multi-year effort of the stakeholder group to improve Title 4, and look forward to a legislative package that will benefit all Alaskans. Thank you sincerely for your efforts.

Sincerely,



Greg Jones  
Interim CEO  
The Alaska Mental Health Trust Authority

**From:** mrjohnbutts  
**To:** [House Labor and Commerce](#)  
**Date:** Thursday, May 3, 2018 1:24:08 PM

---

I support hb375 with out the last minute amendments and should allow tasting rooms for our craft distillerys it's they are an asset to our community and provide a safe place to have a cocktail and celebrate our local buisness

**From:** Kaari Busick  
**To:** [House Labor and Commerce](#)  
**Subject:** HB 357  
**Date:** Thursday, May 3, 2018 1:31:28 PM

---

I support passage of HB 357 without the last minute addition of regulations for craft brewers and distilleries & tasting rooms. It is past time that alcohol regulations in Alaska are overhauled, and attempting to throw tasting room regulation in this bill would be hasty and ill-advised.

That said, I also support tasting rooms at distilleries and breweries, and those providers being allowed to mix cocktails for customers.

Thank you.  
Kaari Busick  
Juneau

**From:** Rob Borland  
**To:** [House Labor and Commerce](#)  
**Subject:** HB 357/SB76  
**Date:** Thursday, May 3, 2018 3:20:23 PM

---

I am writing to voice my support for SB76 UNALTERED. Any ammendments or CS's to this bill jeopardizes 6 years of hard work by literally hundreds of people. It is very inappropriate to try to change this bill to further limit manufacturers at this point.

Thank you,

Rob Borland  
Fairbanks, AK

**From:** xoots@yahoo.com  
**To:** [House Labor and Commerce](#)  
**Subject:** HB357  
**Date:** Thursday, May 3, 2018 3:16:21 PM

---

Just want to express my support of HB357 without any last-minute amendments, please. Thank you.

Patty Fiorella  
Douglas, AK

Sent from my iPhone

**From:** Laura Steele  
**To:** [House Labor and Commerce](#)  
**Subject:** HB357 Comments  
**Date:** Thursday, May 3, 2018 1:14:25 PM

---

Good afternoon!

I am writing in regards to HB357. I support the bill as it stands, without last-minute additions adding stricter regulations for local craft producers and tasting rooms. These are two very different issues, and I am not in support of stricter regulations on the manufacturing of craft products or more strict regulation of our state's craft beverage tasting rooms.

Best,  
Laura Steele  
6260 N. Douglas Hwy  
Juneau, AK 99801  
907-957-6034

**From:** Will Geiger  
**To:** [House Labor and Commerce](#)  
**Subject:** HB357  
**Date:** Thursday, May 3, 2018 1:18:44 PM

---

Hello,

My name is William Geiger, I am a 27 year old resident of Juneau. I want to express my support HB357. However I must be clear that I support the bill but DO NOT support any amendments or revisions that may have recently been made to it or that may be made to it in the near future.

Thank you  
Will Geiger

**From:** Olivia Edwards  
**To:** [House Labor and Commerce](#)  
**Subject:** One voter's opinion on SB76  
**Date:** Thursday, May 3, 2018 3:33:37 PM

---

To Whom It May Concern,

I support SB76 as written, and would NOT support any amendments or CS's to the bill dealing with limiting manufacturers and tasting rooms any further. This bill is the fruits of literally six years of work by many people who have spent thousands of hours on it. It passed unanimously through the Senate. It would be VERY inappropriate to change this bill now in this committee.

Thank you,  
Olivia Edwards  
2325 Wheat Ln.  
Fairbanks, AK 99709

**From:** Will Elliott  
**To:** [House Labor and Commerce](#)  
**Subject:** Support for HB 357, without Amendments  
**Date:** Thursday, May 3, 2018 2:58:46 PM

---

Dear Representatives,

I am commenting on the issue of 'tasting room' regulations and HB 357. I support HB 357, but do not support the recent last-minute, preferential amendments that would make it harder for distilleries and tasting rooms to do business, to the benefit of bars and other competitors.

As a lifelong Alaska, I have observed both the economic opportunities and the social problems related to alcohol in Alaska. Currently, distilleries like Amalga in Juneau are a hugely positive influence, creating an Alaskan-made product, investing in the state, and providing community gathering places without the problems endemic to the bar scene.

It's no surprise that competitors would be threatened by explosion of community support our distilleries have received. However, in the name of competition, they should rise to the occasion and provide a similar level of quality, not use legislative tactics to prevent progress and growth.

Thank you for considering my comments and feel free to contact me with any questions.

**Will Elliott**  
**Juneau, AK**

**From:** Brian Buma  
**To:** [House Labor and Commerce](#)  
**Subject:** Support for HB357 WITHOUT the last minute ammendements  
**Date:** Thursday, May 3, 2018 1:27:48 PM

---

Hi - I am writing to ask that you pass HB357 without the last minute amendments associated with new, stricter regulations for local craft producers and tasting rooms in Alaska. This industry is one of the few bright spots associated with the Alaskan economy. We need these kinds of tourist and local friendly businesses to stay open, as is, for the good of the community. Please do not adopt the extreme amendments proposed yesterday, and pass HB357 without them.

Brian Buma  
Juneau resident

**From:** Alexis Howard  
**To:** [House Labor and Commerce](#)  
**Subject:** Support for HB357  
**Date:** Thursday, May 3, 2018 1:56:04 PM

---

I am writing because I support HB357 without the last minute amendments. Please pass HB357 with the changes that were proposed.

Thank you,  
Alexis Howard  
Juneau, AK

**From:** Janelle Quimpo  
**To:** [House Labor and Commerce](#)  
**Subject:** Support HB357 without  
**Date:** Thursday, May 3, 2018 3:15:36 PM

---

I support HB357 without these last minute amendments.

Thank you,  
Janelle Palomino

**From:** Kate Baldrige  
**To:** [House Labor and Commerce](#)  
**Subject:** Support HB357 without last minute amendments  
**Date:** Thursday, May 3, 2018 1:19:31 PM

---

Just a note before today's hearing to voice my support of HB357 without the last minute amendments put forward yesterday by a small number of bar owners. Do not let these amendments derail HB357.

Kate Baldrige  
6270 N Douglas Hwy Apt A  
Juneau, AK 99801

Sent from my iPhone. Please excuse brevity and typos.

**From:** Casey & Caroline Walker  
**To:** [House Labor and Commerce](#)  
**Subject:** Support hb357  
**Date:** Thursday, May 3, 2018 2:02:22 PM

---

I vote and I support HB 357.

Caroline Walker

**From:** Linnea Pearson  
**To:** [House Labor and Commerce](#)  
**Subject:** Support of HB357  
**Date:** Thursday, May 3, 2018 1:13:01 PM

---

Hello,

I am writing in support of HB357 without the addition of amendments. I am a resident of Juneau, AK 99801.

Linnea Pearson

Sent from my iPhone

**From:** Steven G  
**To:** [House Labor and Commerce](#)  
**Subject:** Support of HB357  
**Date:** Thursday, May 3, 2018 1:24:29 PM

---

Good Afternoon,

I support HB357 without the last minute amendments from bar owners.

Thank you,

Steven Gabelein

**From:** Anthony Imboden  
**To:** [House Labor and Commerce](#)  
**Subject:** In support of HB357  
**Date:** Thursday, May 3, 2018 1:03:55 PM

---

As a bartender who works under those trying their best to regulate the taproom of distilleries and breweries, I do not agree with their last minute advances in further regulation of a growing industry. In the lower 48, taproom have grown to be a great way to showcase their product and don't tend to disrupt the bar business, as they tend to work together and my bar does just that with Amalga. I showcase their product in all of my featured drinks, and they work with me in building a continuing partnership. The issues of a taproom are the least of our worries though, as alcoholism is growing on our streets and in our homes. We need to be working together to tackle the mental illness more so than petty squabbling between Bar Owners and Producers of the product. If Bar Owners are more concerned with their wallets than the health of their clientele then we need to seriously address that issue moreso than an a taproom showing the world their wonderful products.

Thank you for your time,  
A concerned Bartender

**From:** Lauren Verrelli  
**To:** [House Labor and Commerce](#)  
**Subject:** Support of HB357  
**Date:** Thursday, May 3, 2018 3:30:52 PM

---

Good Afternoon,

I am writing to you to voice my support of HB357 without these last minute amendments.

Thank you,

Lauren Verrelli

**From:** heidi shepard  
**To:** [House Labor and Commerce](#)  
**Subject:** Support of SB76  
**Date:** Thursday, May 3, 2018 3:44:38 PM

---

Good Afternoon,

I would like to express my support for SB76 as written. I would not support any amendments or CS's to the bill dealing with limiting manufacturers and tasting rooms any further.

This bill passed unanimously through the Senate and I believe it is unnecessary and ill advised to change the bill now.

Thank you,

Heidi Shepard  
1043 Pasque Rd.  
Fairbanks, Ak 99712

**From:** Diane Kaplan  
**To:** [Rep. Sam Kito](#)  
**Subject:** SB76  
**Date:** Wednesday, May 2, 2018 9:56:30 AM

---

Image



April 23, 2018

Dear Representative Sam Kito ,

There is a critically important piece of legislation before you that we hope receives your attention and sees passage before your upcoming adjournment. We are writing in support of SB76, the Title 4 rewrite bill. SB76 and companion bill HB357 update the statutes governing Alaska's alcohol laws, which haven't been updated since the 1980s. This legislation is the product of a six-year collaboration that engaged over 100 stakeholders, including people from every level of the alcohol industry, public health, substance use prevention and treatment providers, local governments, police, advocates for youth, and more. This bill offers a consensus-based set of recommendations that address current problems in law and creates a better framework to address future issues in the law.

Many pages of the bill simply reorganize current Title 4, aligning penalties with the various populations they impact and putting all the license types in one section, making it more user-friendly for the public and easier to administer for the Alcohol and Marijuana Control Office. There are also critical changes to the statute that need to be passed this year in order to create a safer, more equitable environment.

Recommendations are geared to promoting a fair business climate while protecting public health and safety, creating rational

regulation for all tiers of the state's alcohol industry, limiting youth access to alcohol, promoting responsible alcohol use and reducing the harms of overconsumption, and implementing updates without negatively impacting businesses and responsible operators. The changes offer practical solutions for some of Alaska's long-standing problems related to alcohol.

- **SB76/HB 357 increase fees for alcohol licenses, which will generate additional revenue for the state and for individual communities that receive a portion of the revenue for local law enforcement.**

Many of these fees have not been increased since the 1980s. Additionally, increased fees will generate revenue for the Alcohol Beverage Control (ABC) Board to be able to effectively perform compliance checks, educate businesses and communities about our laws, and better enforce the state's alcohol laws.

- **SB76/HB 357 give the state additional tools for controlling Internet sales of alcohol and holds businesses accountable for following state rules.**

This is necessary to respect our local option communities' decision to restrict alcohol, and to keep alcohol out of the hands of minors. Alaska is one of the only states with no regulation of Internet sales of alcohol. This means anyone, including a young person or a person in a local option community that has banned alcohol, can freely order alcohol online from any business willing to ship to them.

- **SB76/HB 357 support better enforcement of alcohol laws, as well as more education to businesses and communities about following the laws and operating responsibly.**

Alcohol is a major factor in many crimes committed in Alaska, including domestic violence and child maltreatment. Having a well-regulated alcohol industry that understands and follows the laws is part of the solution.

- **SB76/HB 357 hold businesses with alcohol sales licenses immediately accountable if an employee serves a minor or overserves someone who's already intoxicated.** This gives business owners more financial incentive to make sure their employees are trained and following state laws.

- **SB76/HB 357 streamline the alcohol licensing system.**

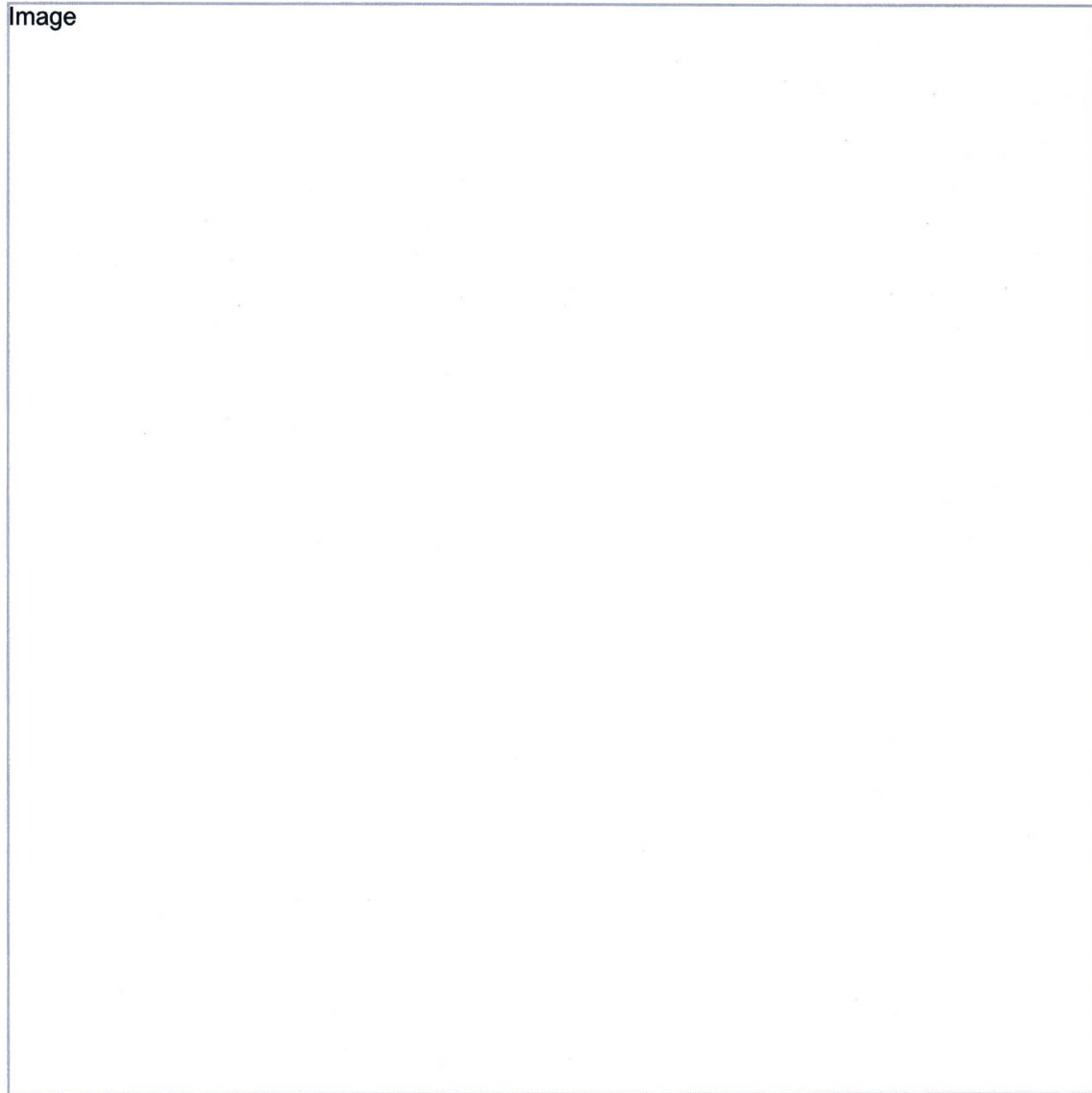
The bill eliminates the unintended consequences of creating new specialty license types and more outlets for alcohol and keeps population limits on the number of retail outlets per community. Limiting the number of alcohol outlets per capita has been proven to reduce violence, crime, and injuries in those communities.

It is a rare day when public health and safety advocates are aligned with the alcohol industry. The solutions found in SB76 came only after many hours across the table from one another, week after week, until we found common ground. There is no doubt further work to do on Title 4, but we must start with these consensus-based recommendations, and we must act as quickly as possible. Please pass SB76 this year.

Thank you for your attention.

Sincerely,

Image



Diane Kaplan  
Rasmuson Foundation

Dale Fox  
Alaska CHARR

If you don't want to receive email from Rasmuson Foundation, please [unsubscribe](#).

**From:** Daniel F Kirkwood  
**To:** [House Labor and Commerce](#)  
**Subject:** comments on HB357  
**Date:** Thursday, May 3, 2018 1:10:51 PM

---

Dear Committee Members,

As a supporter of the vibrant and creative craft producers in the Juneau community, I hope that you will move ahead with HB357 without ammendments that jeopardize the legislation or place additional restrictions on these innovative businesses.

Thank you

Dan Kirkwood

Juneau, AK

--

Daniel F. Kirkwood

[dfkirkwood@gmail.com](mailto:dfkirkwood@gmail.com)

**From:** tamar harrison  
**To:** [House Labor and Commerce](#)  
**Subject:** HB357  
**Date:** Thursday, May 3, 2018 2:50:46 PM

---

To whom it may concern,

I am a long term Skagway resident and I want to let you know that I support HB357 without any last minute amendments.

Thank you for your consideration

Tamar Harrison

**From:** olivato78  
**To:** [House Labor and Commerce](#)  
**Subject:** Title 4 Reform  
**Date:** Thursday, May 3, 2018 3:24:23 PM

---

To whom it may concern

My name is Damian Olivato, and I am writing to voice my support for the passage of Title 4 Reform in its current form.

In a time when Alaska is hurting, fiscally, I feel that the revenue and job creation related to distillery and brewery tasting rooms is by far a positive boost for our towns and communities.

Once again, I support the passage of Title 4 Reform in its current form.

Thank you

Damian Olivato

**From:** Tiffany Reynolds  
**To:** [House Labor and Commerce](#)  
**Subject:** SB76  
**Date:** Thursday, May 3, 2018 3:15:48 PM

---

**To:** The House, Labor, and Commerce

As a manager of a thriving bar located in Skagway, Alaska, I support all craft manufactures in the state of Alaska by supporting SB76 in it's current form. . The Title IV rewrite is about the health and safety of our communities, adequately funding the Alcohol & Marijuana Control Office and modernizing the framework of the State's alcohol laws. SB76 represents the culmination of 6 years of hard work, now is not the time to add amendments to the bill favoring one sector of the industry over another.

Tiffany Reynolds

**From:** Matthew Turner  
**To:** [House Labor and Commerce](#)  
**Subject:** Title 4 reform  
**Date:** Thursday, May 3, 2018 2:25:37 PM

---

To whom it may concern,

My name is Matt Turner and I am writing in to support the passage of title four in its current form. In a time when Alaska is hurting a new industry is up and coming, providing jobs and revenue to the state. To limit its potential is unproductive and not in the states best interest.

I hope my submission on this matter will help the passage of the title four reform in its current form. For the good of Alaska.

Thank you,

Matt Turner  
Alaska Icefield Expeditions and  
Klondike Brewing Co

**From:** Philip Fitzgerald  
**To:** [House Labor and Commerce](#)  
**Subject:** regarding HB 357 and SB 76  
**Date:** Thursday, May 3, 2018 3:30:43 PM

---

I am writing to address two bills before your committee. I support HB 357 without the last minute amendments restricting tasting rooms, and I support SB 76 which would clarify the original legislation allowing distillery tasting rooms.

These micro distilleries and breweries are locally owned business which provide quality jobs for Alaskans. Many other places in the US craft breweries and distilleries are considered to be draws for tourism. At a point in time when the states economy is struggling, it is unfortunate that many promising small businesses are stuck in regulatory limbo.

Philip Fitzgerald

Fairbanks, Alaska, 99709

**From:** jtbryant1234  
**To:** [House Labor and Commerce](#)  
**Subject:** Sb76  
**Date:** Thursday, May 3, 2018 3:31:50 PM

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To who it may concern,  
We are all in a unique and important position to help shape and provide our future commerce here, in our home, Alaska.

It's important to understand that there are many opportunities that can provide many year round jobs and futures to our Alaskan residents who are our friends and families. Please support the passage of SB76 in its current form without additional amendments.

Thank you for your time and hard work.

Joe Bryant, 29 years of being a proud Alaskan with an Alaskan daughter. Our future.

Sent via the Samsung Galaxy S7 active, an AT&T 4G LTE smartphone

**From:** Amund Rongstad  
**To:** [House Labor and Commerce](#)  
**Subject:** HB357  
**Date:** Thursday, May 3, 2018 4:29:44 PM

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I am emailing in my support for the passing of HB357 as it stood earlier this week. I am not in favor of passing this bill with the amendments concerning distillery, brewery, and winery tasting rooms. This issue is complexed, with many different issues and many different opinions. This issue should be resolved as a stand alone bill, and dealt with in the 2019 legislative session. I would also like to add that I am NOT in favor of placing additional restrictions on tasting rooms, or confines of how manufacturers should be conducting their businesses.

Thank you for you're consideration.

Amund Rongstad.

For the record, I am an employee of Amalga Distillery, a distillery located in Juneau, Alaska.

**From:** B Webster  
**To:** [House Labor and Commerce](#)  
**Subject:** HB357  
**Date:** Thursday, May 3, 2018 4:30:47 PM

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Hi there! My name is Bonnie Webster and I live in Juneau Alaska. I am writing about HB357. I would like to respectfully let you know that I support HB357 WITHOUT the last minute amendments.

Thank you!  
Bonnie Webster  
918-955-3646

Sent from my iPhone

**From:** Emily Potter  
**To:** [House Labor and Commerce](#)  
**Date:** Thursday, May 3, 2018 4:54:20 PM

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I support SB76 as written, and would NOT support any amendments or CS's to the bill dealing with limiting manufacturers and tasting rooms any further. This bill is the fruits of literally six years of work by many people who have spent thousands of hours on it. It passed unanimously through the Senate. It would be VERY inappropriate to change this bill now in this committee.

I am disheartened by our representatives trying to destroy small business in Alaska and for involving themselves in bills that are a direct conflict of interest. Big bars are fighting small business distilleries. An owner of one of the big bars should have zero part in this. It is highly disappointing to see this all unfold as our elected officials should be better than this and held to a high standard. I am writing this because I am working during the time to call in.  
Emily Potter

**From:** Alan Mcpherson  
**To:** House Labor and Commerce  
**Subject:** HB 357  
**Date:** Thursday, May 3, 2018 3:50:56 PM

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Dear Representatives,

I am in favor or better regulation of the Alcohol production and sales in Alaska. I would hope that HB 357 can be passed to improve safety. It would be sad if a small number of bar owners from Juneau were allowed to add unnecessary amendments to the bill for their own business needs , and subvert the good work and intention of the main bill.

Thank you, Dr. Alan McPherson.

**From:** Trey Simmons  
**To:** [House Labor and Commerce](#)  
**Subject:** HB357  
**Date:** Thursday, May 3, 2018 4:07:47 PM

---

Greetings -

I am writing to comment on HB357 and specifically to urge the committee not to make any changes to the language of SB76. I support SB76 as written, and do not support any changes to the language of that bill. SB76 passed unanimously and amendments or other changes at this point would be counterproductive and inappropriate.

Thank you,

--

Trey Simmons  
PO Box 91  
Ester Alaska 99725

**From:** Janice Caulfield  
**To:** [House Labor and Commerce](#)  
**Subject:** Support HB357 without amendments  
**Date:** Thursday, May 3, 2018 3:57:39 PM

---

I am writing to support the passage HB357 without the last minute amendments now under consideration that relate to local craft manufacturing and tasting rooms.

Thank you for your consideration of my comment.

Jan Caulfield  
525 W 9th St.  
Juneau, AK 99801  
[janc@gci.net](mailto:janc@gci.net)

**From:** cjsak@aol.com  
**To:** [House Labor and Commerce](#)  
**Subject:** Support HB357  
**Date:** Thursday, May 3, 2018 4:15:53 PM

---

Please support HB357 without the last minute amendments and protect the ability of our local craft brewers and tasting rooms to continue to offer their products!

I am concerned with the negative legislation that is trying to shut down our growing businesses - distilleries and craft breweries in the state! This does not help our economy nor encourage these entrepreneurs to invest in building local businesses!

Carin Smolin  
Douglas, Alaska

**From:** Sally Millay  
**To:** [House Labor and Commerce](#)  
**Subject:** Support HB357  
**Date:** Thursday, May 3, 2018 6:00:51 PM

---

I am writing you to show my support for HB357. I hope you too will support our community by showing support of this bill.

Thank you,  
Sally Millay

Sent from my iPhone

**From:** carolynmay518@gmail.com  
**To:** [House Labor and Commerce](#)  
**Subject:** SB76/HB357  
**Date:** Thursday, May 3, 2018 5:45:26 PM

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To whom it may concern,

I support SB76 as written, and would NOT support any amendments or CS's to the bill dealing with limiting manufacturers and tasting rooms any further. This bill is the fruits of literally six years of work by many people who have spent thousands of hours on it. It passed unanimously through the Senate. It would be VERY inappropriate to change this bill now in this committee.

Thank you for your time,

Carolyn Dobbs



**ALPHA**



# **ALASKA PUBLIC HEALTH ASSOCIATION**

**Committed To Advancing Alaska's Public Health Since 1978**

May 3, 2018

The Honorable Sam Kito  
House Labor and Commerce Committee  
House of Representatives  
State Capitol  
Juneau, AK 99801

Dear Representative Kito and Committee Members:

The Alaska Public Health Association is pleased to submit this letter in support of SB 76, *"An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, retailers, and common carriers of alcoholic beverages; relating to licenses, endorsements, and permits involving 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."*

The Alaska Public Health Association (ALPHA) is a regional affiliate of the American Public Health Association. It is a statewide membership organization of health professionals, advocates, students and community members that are dedicated to improving the health of all Alaskans.

The Alaska Public Health Association supports much needed revisions to Title IV of the Alaska Statutes. For your information, attached is ALPHA's Resolution "Supporting Senate Bill 76 (207), Revisions to Title 4 of the Alaska Statutes" adopted in January of 2018.

We believe that SB 76, as a whole, will benefit communities, businesses, public health, safety and welfare in Alaska.

Sincerely,

*P Owen*

Patty Owen  
Policy Committee Co-Chair

cc: Senator Peer Micciche



**Supporting Senate Bill 76 (2017), Revisions to Title 4 of the Alaska Statutes**

**WHEREAS**, alcohol abuse costs Alaska more than \$1.8 billion annually, and these costs are borne by the State and local governments, employers and residents;<sup>1</sup>

**WHEREAS**, over 18% of Alaskans 18 and older reported binge drinking in the last month, almost 14% of high school age youth reported binge drinking in the last month, and nearly 7% of Alaskans age 12 and older reported that they are dependent on alcohol;<sup>2</sup>

**WHEREAS**, in 2014 alone, one-quarter of all arrests and offenses in Alaska (9,438) were alcohol related, and 17 percent of victims (7,313 individuals) suffered from alcohol-related crimes;<sup>3</sup>

**WHEREAS**, creating and maintaining a logical, comprehensive and consistent system of alcohol control is necessary for balancing the economic interests of alcohol businesses with the public's interest in protecting community health and safety;

**WHEREAS**, Title 4 of the Alaska Statutes is the law regulating alcoholic beverages in the State of Alaska;

**WHEREAS**, the AS 04.06.090 states that the Alcoholic Beverage Control Board "shall control the manufacture, barter, possession, and sale of alcoholic beverages in the state" and that the Board "is vested with the powers, duties and responsibilities necessary for the control of alcoholic beverages";

**WHEREAS**, Title 4 of the Alaska Statutes has not been substantially updated since 1980;

**WHEREAS**, over 100 stakeholders and staff representing the alcohol industry, public health, local governments, and public safety spent over 11,000 hours of dedicated time over five years to craft proposed revisions to Title 4;<sup>4</sup>

**WHEREAS**, stakeholders who served on the Underage Drinking Committee thoroughly considered and ultimately adopted many of the existing recommendations in *Alaska's Strategies to Prevent Underage Drinking* (2013), which includes evidence-based strategies for addressing underage alcohol use and represents the work of partners including the Department of Health and Social Services, the Alcoholic Beverage Control Board, the Division of Juvenile Justice, the Alaska Native Justice Center, the University of Alaska Anchorage Justice Center, the Alaska Mental Health Trust Authority, and the Alaska Court System;<sup>5</sup>

**WHEREAS**, the Title 4 Review stakeholders group worked closely with Senator Peter Micciche to craft a comprehensive legislative package that would enact the recommendations of this multi-year process;

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<sup>1</sup> McDowell Group (2017). *The Economic Costs of Alcohol Abuse in Alaska, 2016 Update*, prepared for the Alaska Mental Health Trust Authority. <http://www.mcdowellgroup.net/wp-content/uploads/2017/04/mcdowell-group-economic-costs-of-drug-abuse-final-4.24.17.pdf>

<sup>2</sup> Alaska Behavioral Risk Factor Surveillance System, 2016; Alaska Youth Risk Behavior Survey, 2017; SAMHSA National Survey of Drug Use and Health, 2013-2014.

<sup>3</sup> McDowell Group (2017). *The Economic Costs of Alcohol Abuse in Alaska, 2016 Update*, prepared for the Alaska Mental Health Trust Authority.

<sup>4</sup> For more information about the Title 4 Review process and stakeholder recommendations, please refer to the project's summary report: *Alaska Title 4 Review, Recommendations for Statutory Change*, updated October 2017.

<sup>5</sup> Alaska Committee to Prevent Underage Drinking (ACPUD) (2013). *Alaska's Strategies to Prevent Underage Drinking*.



Alaska Public Health Association  
Resolution 2018-6

**WHEREAS**, on March 3, 2017, Senate Bill 76 was introduced by Senator Micciche for consideration in the 30<sup>th</sup> Session of the Alaska Legislature;

**WHEREAS**, the recommendations in SB 76 will, *as a whole*, promote a fair business climate and protect public health and safety, create rational regulation for all tiers of the state's alcohol industry, limit youth access to alcohol, and promote responsible alcohol use and reduce the harms of overconsumption;

**WHEREAS**, SB 76 will, *as a whole*, benefit communities, businesses, and public health, safety and welfare;

**WHEREAS**, SB 76 will benefit youth by ensuring that the penalty for underage drinking does not jeopardize a young person's future, providing an incentive to seek needed alcohol education or treatment, and holding adults who supply alcohol to youth more accountable;

**WHEREAS**, SB 76 will benefit public health by preventing youth access to alcohol, preserving population limits on alcohol licenses and managing density of alcohol outlets, promoting responsible and moderate consumption at alcohol establishments and events, and regulating purchases of alcohol shipped directly to customers;

**WHEREAS**, SB 76 will benefit public safety by providing resources for local education and enforcement, improving law enforcement's ability to address violations of Title 4, and increasing availability of data about alcohol entering local option communities; and

**WHEREAS**, SB 76 will improve the Alcohol Beverage Control Board's and agency staff's ability to effectively administer and enforce Title 4 and its associated regulations;

**THEREFORE BE IT RESOLVED** that we, the members of the Alaska Public Health Association, on this date of January 16, 2018 support the recommendations of the Title 4 Review stakeholders and urge the Legislature to pass Senate Bill 76.

*Adopted January 16, 2018*

**From:** Bret Luick  
**To:** [House Labor and Commerce](#)  
**Subject:** SB87/HB357  
**Date:** Thursday, May 3, 2018 4:11:49 PM

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Dear Representatives,

I live at 4050 Old Wood Road, Ester, AK 99725 and I support SB87/HB357, which updates regulation of alcohol in Alaska. The need to address the health and safety needs of Alaskans in relation to alcohol consumption is of extreme importance.

It is my understanding that the distillery tasting room debate is being conflated with this bill. Please do not allow the contentious tasting room debate to undermine SB87/HB357, and do not amend the bill with tasting room language.

Respectfully, Bret Luick  
Ester, AK

**From:** Chris Turner  
**To:** [House Labor and Commerce](#)  
**Subject:** Senate Bill 76  
**Date:** Thursday, May 3, 2018 5:28:45 PM

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**My name is Christine Turner.** I am writing to urge you to support the passage of title four in its current form.

Christine Turner  
Gold Rush Brewery, LLC

**From:** Nathan Belz  
**To:** [House Labor and Commerce](#)  
**Subject:** SB76  
**Date:** Thursday, May 3, 2018 7:05:13 PM

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I support SB76 as written, and do NOT support any amendments or CS's to the bill dealing with limiting manufacturers and tasting rooms any further. This bill as written is the fruits of literally six years of work by many people who have spent thousands of hours on it. It passed unanimously through the Senate. It would be VERY inappropriate to change this bill now in this committee.

--

Nathan P. Belz, Ph.D.  
Assistant Professor, UAF Civil and Environmental Engineering  
Assistant Director, Center for Safety Equity in Transportation  
p: 9074745765 e: npbelz@alaska.edu t: @dr.traffic

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[This message has been sent from a mobile device. Please remember to be safe; do not text (or email) and drive.]

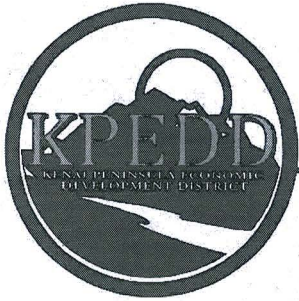
**From:** Jordan Widman  
**To:** [House Labor and Commerce](#)  
**Subject:** I support SB76 as Written!  
**Date:** Thursday, May 3, 2018 8:47:41 PM

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I support SB76 as written, and would NOT support any amendments or CS's to the bill dealing with limiting manufacturers and tasting rooms any further. This bill is the fruits of literally six years of work by many people who have spent thousands of hours on it. It passed unanimously through the Senate. It would be VERY inappropriate to change this bill now in this committee.

Please consider this!

Jordan Widman



14896 Kenai Spur Highway, Suite 103-A • Kenai, AK 99611  
Phone: (907) 283-3335 • Fax: (907) 283-3913  
[www.kpedd.org](http://www.kpedd.org)

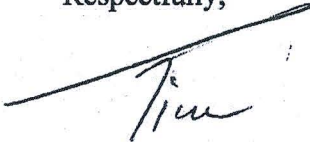
*Leadership to enhance, foster and promote economic development*

April 13th, 2018

  
Dear Senator Micciche,

Thank you for your work in support of craft brewers in Alaska, specifically your removal of the 80/20 provision in SB 76 for removal of the proposed rule for new breweries, wineries and distilleries in their manufacturer retail licenses to sell only 20% of total volume produced through a retail space (tasting room) and exemption of common carrier dispensaries from maintaining Alaska-based alcohol server education. With this amendment, our local breweries can continue to grow in a difficult economy. As always, it is a pleasure to work with you. Thank you for your time and dedication.

Respectfully,



Tim Dillon  
Executive Director  
Kenai Peninsula Economic Development District  
[Tim@kpedd.org](mailto:Tim@kpedd.org)



Alaska Regional Development Organization (ARDOR)  
The State of Alaska Department of Commerce, Community  
and Economic Development certified KPEDD as an  
ARDOR in 1989.



Economic Development District (EDD)  
The U.S. Department of Commerce, Economic  
Development Administration (EDA) recognized KPEDD  
as an Economic Development District in 1988.



# Soldotna

## CHAMBER OF COMMERCE & VISITOR CENTER



44790 Sterling Hwy. Soldotna, AK 99669 — [www.visitsoldotna.com](http://www.visitsoldotna.com)  
Ph: (907) 262-9814 Fax: (907) 262-3566

### COMMUNITY PARTNERS

*"Soldotna's Community Partners  
Developing Soldotna's Future"*

**DIAMOND**

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Hilcorp Alaska, LLC andeavor

**PLATINUM**



**GOLD**

LYNDEN PGHS

Alaska AIRLINES AlaskaUSA Federal Credit Union

**SILVER**



**BRONZE**



**MEDIA**

CLARION



April 13, 2018

Office of Sen. Peter Micciche  
Co/Rachel Hanke, Legislative Aide  
State Capitol Room 508  
Juneau, AK 99801

RE: SB 76 – Alcoholic Beverage Control; Alcohol Reg.

Dear Senator Micciche:

On behalf of the Soldotna Chamber of Commerce Board of Directors I am writing to encourage you to support SB 76 with the amendment to remove the 80/20 provision regarding brewery taprooms, and to thank you for your work on this legislation. With this change, SB 76 fits well with the Chamber's mission "To promote responsible growth for Greater Soldotna through representation, education and advocacy for our members."

Breweries & taprooms have always been about more than beer. They serve as community hubs, gathering places, and sources of local identity and pride. As Soldotna's very own Kenai River Brewing Company and St. Elias Brewing Company demonstrate, they're also increasingly serving as engines of economic development and catalysts for cities and towns, especially in rural areas.

In addition to immediate economic benefits and establishing a sense of place, successful breweries are a huge draw for the increasingly lucrative world of craft-beer tourism. Recent Brewers Association data shows that 1.6 percent of craft-beer drinkers take 10-plus trips annually to brewers more than two hours from their home.

The Soldotna Chamber supports nurturing this growing industry with a focus on family friendly environments and responsible consumption. With the 80/20 provision removed we believe SB 76 is a positive piece of legislation for Soldotna, and all residents of Alaska. Thank you again.

Sincerely,

Shanon Davis  
Executive Director

April 10, 2018

Senator Peter Micciche  
c/o Rachel Hanke, Legislative Aide  
Alaska Legislator  
State Capitol Room 508  
Juneau, AK 99801

Re: SB 76 – ALCOHOLIC BEVERAGE CONTROL/REGULATION

Dear Senator Micciche:

I want to express gratitude for your amendment to SB 76 to remove the 80/20 provision for brewery taprooms. I don't believe this legislation with the 80/20 clause included would be reasonable for new breweries that want to offer a safe environment for those just wanting to enjoy craft beer at friendly establishment. Many local breweries are proud to showcase their taprooms and, while many do also successfully distribute their product, SB 76 without the 80/20 provision removed would potentially deter other craft breweries from opening in the future. I fully support SB 76 with that provision removed.

Thank you,

A handwritten signature in blue ink, appearing to read 'Lh', is positioned above the typed name of the sender.

Leah Vik  
Kenai Peninsula Brewing & Tasting Society

**From:** Ed Lindquist  
**To:** [Erick Cordero Giorgana; Rachel Hanke; Sen. Peter Micciche; Rep. Chuck Kopp](#)  
**Subject:** HB 357  
**Date:** Thursday, April 12, 2018 2:32:24 PM

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*1st off I'd like to thank Sen. Micciche for removing the 80/20 provision of SB 76 and I fully support Sen. Micciche's version with the 80/20 removed. With that said, I ask that HB357 make the same change.*

*Thank you for your time.*

*Ed Lindquist  
PO Box 93  
Sterling, AK  
99672*



April 13, 2018

Office of Sen. Peter Micciche  
c/o Rachel Hanke, Legislative Aid  
State Capitol Room 508  
[Sen.peter.micciche@akleg.gov](mailto:Sen.peter.micciche@akleg.gov)  
[Rachel.hanke@akleg.gov](mailto:Rachel.hanke@akleg.gov)

Office of Rep. Chuck Kopp  
c/o Erick Cordero-Giorgana  
State Capitol Room 13  
[Rep.chuck.kopp@akleg.gov](mailto:Rep.chuck.kopp@akleg.gov)  
[Erick.corderogiorgana@akleg.gov](mailto:Erick.corderogiorgana@akleg.gov)

Re: Senate Bill 76/ House Bill 357 Letter of Support

Cooper Landing Brewing Company (CLBC) is in full support of SB 76/ HB 357 providing the 80/20 distribution clause is removed. CLBC would like to gracefully thank Senator Micciche for listening to our collective concerns with the provision and taking action to remove it. We respectfully ask Rep. Kopp to do the same.

Small breweries like CLBC would not be able to continue profitable operation if subject to the 80/20 rule. The cost to produce small batches of product prohibit profitable wholesale. Currently CLBC does not have a taproom and our sales are close to 80% wholesale. We operate at a loss and will continue to do so until we can open a taproom and increase retail beer sales to at least 50%. If our outlook for the future was subject to the 80/20 rule we would simply close our business and scrap our plans to build.

The breweries, cideries, and distilleries of Alaska already operate under some of the most stringent taproom rules in the country. We are subject to strict regulations that protect both the wholesalers and bar owners. Collectively through the Brewers Guild of Alaska (BGA) we have made concessions to move this bill along as it contains positive change for the alcohol industry as a whole. We have agreed to population limits on taprooms, higher license fees, and continued taproom restrictions to protect the business interests of other business models within the alcohol industry.

CLBC would like to thank everyone that has worked long and hard to modernize Title IV. We urge Rep. Kopp to remove the 80/20 provision for full BGA Member support.

**Cooper Landing Brewing Company, LLC**  
**Office: (907) 276-5044**  
**Fax: (907) 276-5410**

**2505 Barrow Street, Suite C**  
**Anchorage, Alaska 99503**  
**[www.cooperlandingbrewing.com](http://www.cooperlandingbrewing.com)**



Respectfully,

A handwritten signature in blue ink, consisting of a series of loops and curves, representing the name Nelz Barnett.

Nelz Barnett  
Managing Member/ Brewer  
Cooper Landing Brewing Company, LLC.

**Cooper Landing Brewing Company, LLC**  
**Office: (907) 276-5044**  
**Fax: (907) 276-5410**

**2505 Barrow Street, Suite C**  
**Anchorage, Alaska 99503**  
**[www.cooperlandingbrewing.com](http://www.cooperlandingbrewing.com)**

# KENAI RIVER BREWING CO.

308 Homestead Lane  
Soldotna, AK 99669  
(907) 262-BEER



Dear Representative Knopp,

April 30, 2018

I am writing to show our full support for the passing of the rewrite of Title 4. This has been a long process to get where we are, involving many stakeholders in a major rewrite of the Alcohol Laws of Alaska. The passing of this bill will bring fairness, a clearer understanding of licenses, and easier compliance for all license holders.

Kenai River Brewing Company has been in business for 12 years. We have grown for each of those 12 years both in business and community involvement. I now have 21 full-time employees working in the brewery and taproom. We recently built and expanded a brand new facility using local designers and contractors. We contribute to nearly all local non-profits and charitable events both in our community and across the state. The passing of this bill will allow us to continue our growth and employment curve as well as providing a valuable gathering place for our community.

We appreciate your work on this bill and ask for your support in its passing.

Cordially,

A handwritten signature in blue ink, appearing to read "R. Douglas Hogue". The signature is stylized and fluid, with the first name "R." being the most prominent.

R. Douglas Hogue  
Owner/President

To The Honorable Representative Kopp,

I would first like to state that I have no financial interest in any alcohol related business. I am, however, a supporter of the development of small business, especially in light of the State's current economic condition. I am a beer enthusiast. My wife and I enjoy visiting breweries in smaller towns or parts of the cities I normally wouldn't have a reason to venture into. They have become a tourist destination for us and our group of friends. I also think of these smaller towns that have limited employment opportunities and, thanks to a brewery, a small business has cropped up employing several people as well as provide a community meeting site. Some may even begin to serve food and thereby employ more people. Back in pre-prohibition times there were many such neighborhood breweries.

The point of this message is that I have been following the progress of SB 76 and HB 357 and in general can support these changes to Title 4. I am however concerned about the 80/20 provision in HB 357. My concern is that many of these breweries started out very small, usually on credit card debt and hard work. The 80/20 provision would totally snuff these upstarts out. Where are they going to enter the wholesale market? Tap space at the local bars is very limited and it's virtually impossible to crack into the cooler space at retailers. Cooler space is prime real estate dominated by distributor's wares. A distributor charges a significant fee to distribute your product and wouldn't be interested in picking up a client who can't produce a large enough volume and doesn't have a proven track record or following. These opportunities will be lost by this one provision.

I understand the need to support those businesses that currently have licenses. I also believe that with the existing laws restricting the amount served (three 12 oz. glasses of beer) and the closing hour of 8:00 already provides significant protection. From my point of view, and my own habits, it's almost a whole different set of clients.

Please consider supporting the free market aspect of this and remove the 80/20 provision.

Sincerely,

Steve Ford

48000 Woken Ct

Kenai, Ak 99611



April 9, 2018

RE: In support of Senate Bill 76

To Honorable Members of the Senate Judiciary Committee:

I am asking you to support Senate Bill 76 which would revise Title 4 of the Alaska Statutes regulating alcohol beverages. This bill is the product of a five-year process initiated by the Alcoholic Beverage Control (ABC) Board to engage a diverse group of more than 100 stakeholders across the state to determine how to improve the structure, organization, specific policies and associated implementation issues in Title 4, Alaska's statutes regarding regulation and control of alcoholic beverages in the state.

Title 4 is recognized to be in many ways outdated, confusing or otherwise ineffective in carrying out the intent of the statutes. Much of the chapter has not been updated since 1980. Over time, incremental updates and changing trends have reduced the effectiveness of Title 4. This systematic redraft of Title 4 will help the ABC Board carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcoholic beverage laws and regulations.

The proposed revisions in SB 76 are a comprehensive package of inter-related proposals to improve the overall system of alcohol regulation in Alaska. They will:

- Make Title 4 a clear and consistent framework used by licensees, the ABC Board and law enforcement
- Increasing effectiveness of Title 4 enforcement by improving the swiftness, proportionality and consistency of penalties
- Increasing licensee accountability before the ABC Board for Title 4 violations.

This package ensures that the Alcoholic Beverage Control Board fairly represents the interests of all Alaskans and will be a leader in alcohol education, policy and regulation. It will promote a fair business climate and protect public health and



safety by:

- Creating a rational regulatory structure for Alaska's alcohol licensing system
- Limiting youth access to alcohol
- Promoting responsible alcohol use and reduce the harms of overconsumption.

Our company employs 500 people and we would very much like to expand. Currently, as a brewpub, our beer production is capped and we cannot grow. A revised Title IV as contemplated by Senate Bill 76 would once again let us further develop our business, and hopefully increase our employment numbers.

I urge you to support the significant multi-year effort of this statewide stakeholder group by voting in support of SB 76 and improving Title 4.

Sincerely,

Matt Jones  
Co-founder

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**MOOSE'S TOOTH PUB & PIZZERIA**  
(907) 258-2537  
MOOSESTOOTH.NET

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**BEAR TOOTH THEATREPUB & GRILL**  
(907) 276-4200  
BEARTOOTHTHEATRE.NET  
BEARTOOTHGRILL.NET

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**BROKEN TOOTH BREWING**  
(907) 278-4999  
BROKENTOOTHBREWING.NET



Galen K. Jones

Jack J. Lau

Jerome J. Lau

Co-Owners / Co-Founders

Double Shovel Cider Company, LLC

502 W. 58th Ave Unit D

Anchorage, AK 99518

907-562-1100

info@doubleshovelsider.com

The Honorable Peter Micciche  
Senate Majority Leader  
Alaska State Legislature  
145 Main Street Loop Ste. 217 Room 226  
Kenai, AK 99611

April 13, 2018

Dear Senator Micciche,

We are life-long Alaskans and co-owners of Double Shovel Cider Co. (DSCC) in Anchorage. DSCC is a small hard cider manufacturing company that launched in May of 2016. We have an on-site tasting room, employ fifteen Alaskans (three full time), and distribute our products throughout most of the state.

We write you today to show our full support for the current version SB-76, contingent upon the removal of the "80/20" rule being pushed by a small minority of special interest parties. We thank you for introducing the amendment to have this rule removed.

The most unfortunate result of the Alaska government overstepping it's mandate and defying common sense by forcing manufacturers to sell 80% of their product wholesale, is seeing the vast majority of the industry fold. This type of business model shouldn't be forced upon small businesses by the government for the benefit of one economic sub-sector. If a small manufacturer is simply happy with only producing a few barrels of product per month and there's a public demand for enjoying their tasting room, that should be perfectly okay...and legal.

Another major issue with not removing the "80-20" rule is the short-sightedness of the "grandfather" caveat included with the formerly proposed language. Simply put: *Why would any investors or entrepreneurs want to start a business when manufactures already in the industry can do whatever they want?* Frankly, I would assume the stakeholders that supported the idea of the "grandfather" clause in the "80-20" rule were attempting to trick the manufacturing industry into shooting themselves in the foot. What they're struggling to realize is: it would actually burn the whole thing down...

The "grandfather" clause would dissuade any new manufacturing outfits from opening in Alaska. Not only is this bad for our economy in a plethora of ways (to be mentioned later in this letter), this is actually bad for bars and restaurants, too. The public wants local products; and the venues that support them are out-earning the ones who aren't. Without a local manufacturing scene, *Alaska* loses. It's that simple.

We are very grateful for the opportunity to sit at the table and help shape this historical legislation. Some of our most urgent concerns were quickly addressed to ensure fair treatment of cideries. For example, the original bill limited consumption limits at winery tasting rooms to 18 ounces. This volume makes sense when you consider the higher ABV of typical wines, at around 11-13%. American hard cider typically has an ABV of 5-7%, and is defined by the federal government as having an ABV of below 8.5%. The current version matches winery consumption limits with those for breweries.

DSCC owners attended multiple steering committee meetings, shared this oversight, and the group was more than willing to accommodate us. For that, we're very thankful. Revisions like this aren't just good for DSCC; it's good for Alaska's entire economy because they promote an atmosphere friendly and welcoming to new cidery and other manufacturing investments and startups in the State.

Progressive legislation in touch with the consumer's tastes create additional tax revenue; promote a vibrant hospitality scene attracting tourism and new residents; create skilled jobs; and most of all: enable wholesale growth so we can bring money *back* to Alaska from outside. This is the best thing about manufacturers: we aren't limited to the Alaska market or tax revenue gained by people physically in Alaska. These benefits are just the tip of the iceberg.

Thank you again for all the time and effort you've spent working with all of the groups at stake to make Alaska a better and more prosperous state.

We look forward to working with you to improve the future of *all* Alaskans.

Sincerely,



Galen K. Jones



Jack J. Lau



Jerome J. Lau

**From:** [LIO Fairbanks](#)  
**To:** [House Labor and Commerce; House Finance](#)  
**Subject:** Fw: Please forward to House Labor and Commerce  
**Date:** Friday, May 4, 2018 8:53:09 AM

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**From:** Rebecca Dunne <fiddler.rebecca@gmail.com>  
**Sent:** Thursday, May 3, 2018 2:45 PM  
**To:** LIO Fairbanks  
**Subject:** Please forward to House Labor and Commerce

Thank you!  
rebecca

Thank you for accepting my written testimony on SB 76. I support SB 76 as written. I do not support any amendments to the bill that limit manufacturers and tasting rooms any further.

Sincerely,  
Rebecca Dunne  
Fairbanks 99709

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Rebecca Dunne  
907-460-5382  
[rebecca-dunne.com](http://rebecca-dunne.com)

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Rebecca Dunne

[rebecca-dunne.com](http://rebecca-dunne.com)

Information about violin, fiddle, and horn lessons. Listen. Recordings of tunes for students

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**From:** Noah Jenkins  
**To:** [House Labor and Commerce](#)  
**Subject:** HB357  
**Date:** Friday, May 4, 2018 3:56:24 AM

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I support HB357 without further amendments that address local craft tasting rooms.

Thanks,

Noah Jenkins  
15295 Glacier Hwy  
Juneau, AK 99801  
907-209-4722

**From:** Deborah Gregoire  
**To:** [House Labor and Commerce](#)  
**Subject:** Support HB 357  
**Date:** Thursday, May 3, 2018 7:43:57 PM

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I'm weighing in with my hope and encouragement for Legislators to vote in support of HB 357.

Respectfully,  
Deb Gregoire  
Juneau, AK

Sent from my iPhone

**From:** Sally Kieper  
**To:** [House Labor and Commerce](#)  
**Subject:** SB76/HB 357  
**Date:** Friday, May 4, 2018 5:19:11 AM

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I support SB76 as it was written. Please do not put in any last minute amendments to further limit manufacturers and craft distillery tasting rooms.

The bar owners arguments against the tasting rooms are petty and you should listen to what the public wants, not the "good ole boys club".

I tried to call yesterday but couldn't get through.

Sent from my iPhone

**From:** the stardancer  
**To:** [House Labor and Commerce](#)  
**Subject:** Distillery Legislation  
**Date:** Friday, May 4, 2018 9:24:27 AM

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I SUPPORT  
HB 357.

The distillery in downtown Juneau is a delightful place. They are open limited hours, and serve only two drinks per customer. It is light a bright in there, and a very pleasant atmosphere. The product is superior to what is served elsewhere.

I do not go to those other dingy dark bars where odd people congregate.. The smell of those places is off-putting to say the least, and the atmosphere is horrible.

Please look into this bill further and do not limit creativity and hard work for small distilleries and brewers.

Thank you.  
Melinda Dana

**From:** Tawney Letterman  
**To:** [House Labor and Commerce](#)  
**Subject:** CORRECTION HB357\*\*  
**Date:** Friday, May 4, 2018 11:15:58 AM

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I support HB357 WITHOUT the last minute additions of regulations for craft breweries, distilleries, and tasting rooms. Implementing these last minute amendments hinders the budding culture of Alaskan craft brewing and distilling businesses. The tax money that comes from alcohol sales is an unbelievable asset to the state of Alaska, and to think about adding additional regulations to the possible increase in safe and responsible alcohol sales is deplorable.

With our antiquated laws, we are stifling a culture in Alaska that exists everywhere else in the world, with no detriment to the existing bars and pubs in the vicinity of tasting rooms, breweries, and distilleries. It is a fact that can be backed up with statistics and verifiable numbers, that the presence of craft breweries, distilleries and tap rooms in the vicinity of bars causes them no detriment, it also increases traffic to the area which stimulates other businesses, and allows a safe and responsible venue to enjoy the craft culture.

I understand that the bars that operate near craft breweries, distilleries, and tasting rooms see these as competition, but that prehistoric way of thinking divides the community and puts unnecessary strain on relationships between businesses. If these amendments pass, we will see further strain on that sector of our business community, and the modest amount of craft breweries, distilleries, and tasting rooms will dwindle. Alternatives to bars are NOT a negative thing, and should not be seen as such. Please reconsider.

Tawney Letterman  
Hoonah, Alaska

**From:** Audrey Buma  
**To:** [House Labor and Commerce](#)  
**Subject:** Support for HB357 WITHOUT the last minute ammendements  
**Date:** Friday, May 4, 2018 11:06:42 AM

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Hi - I am writing to ask that you pass HB357 without the last minute amendments associated with new, stricter regulations for local craft producers and tasting rooms in Alaska. This industry is one of the few bright spots associated with the Alaskan economy. We need these kinds of tourist and local friendly businesses to stay open, as is, for the good of the community. Please do not adopt the extreme amendments proposed yesterday, and pass HB357 without them.

Audrey Buma  
Juneau resident

**From:** fogey@rainforesttelecom.com  
**To:** [House Labor and Commerce](#)  
**Subject:** Support HB357  
**Date:** Friday, May 4, 2018 10:26:43 AM

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Please support the House Bill 357 and provide the legislative leadership needed in Alaska to allow the new businesses working and providing jobs here to function as they need to in order to provide the communities they serve with the products they produce right here in our state.

The new distilleries are welcome in cities and state and our legal environment needs to allow them to function.

Thank you for supporting HB357 with the Title IV rewrite that has been in the works for several years.

Sincerely,  
William Arnold  
PO Box 22730  
Juneau, AK 99802

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**From:** kaity mac  
**To:** [House Labor and Commerce](#)  
**Subject:** In support of HB357  
**Date:** Friday, May 4, 2018 10:38:39 AM

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To whom it may concern,

I would like to extend my support for House Bill 357. As a young professional, and resident of North Douglas, I believe that it is vital to keep our distillery tap rooms fully functioning and easily accessible for Alaskan residents. Here in Juneau Amalga provides a safe, friendly and affordable way to enjoy a drink with friends without stepping into one of our towns many filthy, dingy bars.

Best regards,  
Kaity McAdams

**From:** Renee Trafton  
**To:** [House Labor and Commerce](#)  
**Subject:** HB 357  
**Date:** Friday, May 4, 2018 12:14:05 PM

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Hello,

I am in support of HB 357, without added amendments regulation on manufacturing. This bill is about better alcohol regulation and the health and safety of our communities, not these manufacturing issues.

Thank you!

Renee Trafton  
692 Indian River Rd  
Sitka

**From:** [Rep. Sam Kito](#)  
**To:** [House Labor and Commerce](#)  
**Subject:** FW: problems with SB76!  
**Date:** Tuesday, May 1, 2018 9:08:26 AM

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**From:** Jeanne Kitayama & Paul Wheeler <hainesbrew@gmail.com>  
**Sent:** Tuesday, May 1, 2018 8:13 AM  
**To:** Rep. Sam Kito <Rep.Sam.Kito@akleg.gov>; Sen. Dennis Egan <Sen.Dennis.Egan@akleg.gov>; Sen. Peter Micciche <Sen.Peter.Micciche@akleg.gov>  
**Subject:** problems with SB76!

Dear Legislators,

It is "down to the wire" with the Title IV re-write. There are still many fine points in this rewrite that have dire consequences for those successful small businesses operating successfully under the present laws and restrictions.

The proposed law states that there may only be one brewery, distillery, **or** winery retail serving license per population of 9,000 people. For Haines, this means that our brewery and the distillery would have to compete for the one available retail license. Both our retail rooms operate under restrictions that draw people who don't want to go to traditional bars, offer a healthy social venue, and generate local revenue.

Even if we are grandfathered into the present laws, that particular restriction would devalue our brewery's resale value if it did not come with the retail license. Retail sales make up more than 50% of our sales. This logic is similar to the 80/20 provision that was taken out for similar reasons.

We invite you to stop by our brewery to confirm that the atmosphere is not that of a bar, but a responsible, friendly gathering place for our community.

Thank you for opposing the passage of SB76 at this time.

Sincerely,  
Jeanne & Paul

--

Paul Wheeler & Jeanne Kitayama  
*Haines Brewing Company, Inc.*  
PO Box 911, Haines, AK 99827  
[www.hainesbrewing.com](http://www.hainesbrewing.com)

**From:** [Rep. Sam Kito](#)  
**To:** [House Labor and Commerce](#)  
**Subject:** FW: After listening to testimonies...  
**Date:** Thursday, May 3, 2018 4:47:47 PM

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**From:** Jeanne Kitayama & Paul Wheeler <hainesbrew@gmail.com>

**Sent:** Thursday, May 3, 2018 3:44 PM

**To:** Rep. Sam Kito <Rep.Sam.Kito@akleg.gov>; Rep. Adam Wool <Rep.Adam.Wool@akleg.gov>; Rep. Andy Josephson <Rep.Andy.Josephson@akleg.gov>; Rep. Louise Stutes <Rep.Louise.Stutes@akleg.gov>; Rep. Chris Birch <Rep.Chris.Birch@akleg.gov>; Rep. Gary Knopp <Rep.Gary.Knopp@akleg.gov>; Rep. Colleen Sullivan-Leonard <Rep.Colleen.Sullivan-Leonard@akleg.gov>; Rep. Mike Chenault <Rep.Mike.Chenault@akleg.gov>; Rep. Bryce Edgmon <Rep.Bryce.Edgmon@akleg.gov>

**Subject:** After listening to testimonies...

Dear Representatives,

You are very patient and attentive in listening to all that testimony, even after Chair Kito reminded people that some points they were bringing up were not part of the issues of SB76. Thank you.

Problems in SB76 stem from the bar owners who are not happy with the innovative success of the breweries and distilleries. Rather than following the current trends to be creative, collaborative, they choose to try to stifle what they see as competition. Yet business competition, perceived or real, can be a healthy opportunity to bring better service to customers.

The mental health organizations would be more successful in curbing unhealthy drinking by working with the bars, which present many more opportunities for abusive drinking and social problems.

SB76 brings no benefits to our small brewery, which is an integral and positive venue in our community. There seem to be many fine points within SB76 that need to be reevaluated so that craft brewing in Alaska can follow the same economic boost that is happening for communities in the lower 48 states.

Thank you for your time and thoughts,  
Jeanne Kitayama  
Haines Brewing Co., Inc.

--

Paul Wheeler & Jeanne Kitayama  
*Haines Brewing Company, Inc.*

PO Box 911, Haines, AK 99827

[www.hainesbrewing.com](http://www.hainesbrewing.com)

**From:** Melissa Cullum  
**To:** [House Labor and Commerce](#)  
**Subject:** HB357  
**Date:** Thursday, May 3, 2018 1:54:38 PM

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To Whom It May Concern-

Alaska's regulation of alcohol is outdated and Title IV is in dire need of a rewrite; however, the tasting rooms from local distilleries and local craft producers should not be included in this bill. In Juneau, local bar owners have been vocal in their opposition to the new tasting room in downtown. As a community member I couldn't disagree with them more. Rather than have unregulated alcohol flowing like in many of the bars downtown, the tasting rooms limit the amount of alcohol served as well as close early. Not only are tasting rooms and local crafters and distillers revitalizing downtown, they offer well made products in responsible amounts; something that can't be said of any of the bars downtown. As a result, it is imperative that the legislature review HB357 and the stranglehold it will impose on the local crafters and distillers.

Sincerely,  
Melissa Cullum

Sent from my iPhone

**From:** Don Larson  
**To:** [House Labor and Commerce](#)  
**Subject:** SB 76  
**Date:** Friday, May 4, 2018 12:23:12 PM

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Dear House Labor and Commerce Committee

I do not support the current changes to SB76 to create a separate distillery retail license. The only change that needs to be made is to incorporate HB 269 into SB 76. Please do not over complicate a simply matter and please do not try to destroy a fledgling industry.

Thank you for your time

Don Larson

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Don Larson  
PhD Candidate, ABD  
President Alaska Herpetological Society

Institute of Arctic Biology  
University of Alaska Fairbanks  
Fairbanks, AK 99775

Office: 270 AHRB  
907-474-6067

[djlanson@alaska.edu](mailto:djlanson@alaska.edu)