



MEMORANDUM

TO: Robert Klein, Chair, and
Members of the Board

DATE: September 13, 2017

FROM: Erika McConnell, Director

RE: Director's Report

OPERATIONS

Effective in early July, our Business Registration Examiner separated from state employment, and the two administrative positions that were vacated in June have not yet been filled. It has been challenging to complete our work in a timely manner this summer. One of the vacant administrative positions will be filled by a new employee, Joe Toffolo, starting September 18. We are relatively close to filling two other vacant administrative positions (one is a new position from our FY18 budget) and two new Occupational Licensing Examiner positions from our FY18 budget.

AUDITS

After a summer break to focus on other work, the legislative auditors are back working in our conference room; their preliminary report is expected in late October or early November.

The Department of Public Safety will be conducting a biennial audit of non-criminal justice agencies to review agency requirements with security policies. I will be attending a one-day Criminal Justice Information Services training conference in October (in Anchorage) to prepare for the audit.

TRAVEL AND CONFERENCES

I will be attending a state regulator's Cannabis Summit in Portland, Oregon, on September 24-25, and speaking at the third annual Denver Marijuana Management Symposium on October 19-20.

END OF FISCAL YEAR REPORT

I wish to correct the record from the July meeting. At that meeting, my report indicated that AMCO collected \$1,895,988.75 in program receipts from examining applications and permits related to alcohol. Verbally I gave you a larger number. Upon further review by my administrative officer, the written number is the correct number.

LEGISLATION

A sponsor substitute of SB76 is available from the legislative website. A meeting of the Title 4 Review Steering Committee is being organized for late September.

REGULATIONS

- **Current Regulations Projects**

Attachment 1 to this report is a regulations projects status spreadsheet.

- **Potential Regulations Projects**

- Fee for Licensed Premises Change

I recommend the board open a regulations project to institute a fee for licensed premises diagram changes (AB-14). When an AB-14 is submitted, it is reviewed by an examiner for completeness and also by enforcement staff. Quite often the staff must contact the applicant for changes or clarifications. Frequently an inspection is necessary. In the marijuana program, a licensed premises change (MJ-14) costs \$250. A similar fee in the alcohol program would pay for some of the staff time used to process the change. This would be an amendment to 3 AAC 304.185.

- Seasonal Licensed Premises Change

Some licensees change their premises every summer to add a deck or similar outside area that is not used in the winter. While a permanent licensed premises change is an option for them, it is in the best interest of the licensee to have the licensed premises be only that area which is used for sale and storage of alcohol. I recommend the board consider a regulations change which would allow for a seasonal licensed premises change—the licensee would submit a premises change once, indicating that the premises expansion would be valid each year between two certain dates. This concept is supported by the “seasonal license” concept and would be an amendment to 3 AAC 304.185.

- Public Convenience Licenses

Although SB76 does eliminate public convenience licenses, I recommend that the board initiate a regulations project to change public convenience licenses within the existing regulations, in case SB76 is again delayed. AS 04.11.400(e) and (g) give the board wide latitude to determine what is the “public convenience.” Currently, it is difficult to determine how to process public convenience license applications--3 AAC 304.115 says an application without the required petition is incomplete, and also that no signatures may be added or withdrawn after an application is filed, but 3 AAC 304.335 implies that a petition must have the required number of valid signatures. If an applicant turns in a petition, thus completing the application, that is then found not to contain sufficient valid signatures, what happens to the application? This issue should be resolved at a minimum. The board could also consider a regulation that standardizes the number of signatures needed (rather than leaving the number up to the local government), or eliminates the need for a petition altogether, possibly in a manner similar to that proposed in SB76.

SPECIFIC ISSUES

License Expiration Date

AS 04.11.680 states that all licenses (except for retail stock sale licenses) are effective for two calendar years ending December 31 (unless a shorter period is prescribed by the board). Statute provides two different dates the licenses expire. AS 04.11.270(b) states that licenses will expire on December 31 of their second year, unless renewed, and that the complete renewal application is due before January 1. AS 04.11.540 states that if a complete application for renewal is not submitted by February 28 (of the year following the second license year), then the license expires at midnight on February 28. AMCO has been using

February 28 as the license expiration date. However, the general scheme is clear: that the license term runs with the calendar year from January 1 to December 31 of the following year. To date, licenses printed and provided to licensees have an expiration date of December 31.

This leads to practical issues for the AMCO office and potential confusion for licensees. For those licensees who timely file their renewal on or before January 1, the office must print and mail temporary licenses, pending public objection and notification of no protest from the local government, which has 60 days to respond. Once the final license is approved (either by the director or the board), a final license must be sent to replace the temporary license. Licensees that don't file their renewal before January 1 are still permitted to operate until February 28, on a license that states that it expires at midnight on December 31.

If, instead of dating licenses as expiring on December 31, we dated them as expiring on February 28 in accordance with AS 04.11.540, the office can avoid the effort of printing and mailing many temporary licenses for those licensees who timely renew with a prompt response from the local government. This would cut down on the office workload and the amount of paperwork and postage, and would be less confusing for licensees who renew between January 1 and February 28 and the public. While the license period would end up being a bit more than two years, this is already how the office operates due to AS 04.11.540.

I request the board's support in stating on licenses that their expiration is on midnight of February 28.

Marijuana on Licensed Premises

At some point in the past, the board has indicated that marijuana is not appropriate on premises licensed for alcohol. As the majority of large event spaces in Alaska cities that are available for trade shows and the like (hotels, convention centers, etc.) are also licensed premises for alcohol, there is a built-in conflict. Recently, the THC and Hemp Fair, an expo where marijuana and marijuana products are displayed (but not sold), was scheduled in the Sheraton Hotel ballroom, which is part of the licensed premises for the Sheraton's liquor license. To implement the ABC Board's direction, I required the Sheraton to file a temporary dedesignation permit (3 AAC 304.660) as the best solution to allow the fair to occur, but the dedesignation permit is not designed for this use. I request that the board provide further direction on trade shows and expos and the like taking place on premises licensed for alcohol.

NEXT MEETINGS

The next ABC Board meeting is scheduled for November 13 in Anchorage. Applications must be complete and any other documents for the board must be submitted to our office by October 27, 2017, to be on the November agenda.

The 2018 board meeting schedule is attached to this report (Attachment 2).

ABC REGULATIONS PROJECTS

| DOL Project Number | Topic | Date Opened by ABC | Board member point person(s) | Current Status/Notes | Date Adopted by ABC | Effective Date |
|---------------------------|---|---------------------------|-------------------------------------|---|----------------------------|-----------------------|
| | Emergency Regulation: definition of "in public" | | | | 2/24/15 | |
| | Marijuana Regulations | | | Started by ABC Board; shifted to MCB once constituted | | |
| | Recreational Site Licenses | | | Board voted unanimously to close project on 7/1/15 | | |
| JU2016200416 | Alcohol Server Education | 2/10/16 | Evans moved | Sent to Law on 5/5/17; sent to Lt. Gov 8/16/17 Most of text was deleted by Law | 4/13/17 | 9/16/17 |
| JU2016200417 | Common Carriers | 2/10/16 | Evans moved | Signed by Lt. Gov. 6/19/17 | 4/13/17 | 7/19/17 |
| JU2016200418 | Distillery | 2/10/16 | Evans moved | signed by Lt. Gov. 11/16/16 | 7/20/16 | 12/16/16 |
| JU2016200419 | Management Agreements | 2/10/16 7/20/16 | Evans moved | signed by Lt. Gov. 11/16/16 | 7/20/16 | 12/16/16 |
| JU2016200420 | Alternating Premises | 2/10/16 | Evans moved | signed by Lt. Gov. 11/16/16 | 7/20/16 | 12/16/16 |
| JU2016200422 | Restaurant Designation Permit | 2/10/16 | Evans moved | signed by Lt. Gov. 11/16/16 | 7/20/16 | 12/16/16 |
| JU2016200647 | Consumption at Wineries | 7/20/16 | Yoder moved | Signed by Lt. Gov. 6/19/17 | 4/13/17 | 7/19/17 |
| JU2016200646 | Tourism Licenses Parameters | 7/20/16 | Manning moved | Staff is working on the research | | |
| JU2017200479 | Bona Fide Restaurant | 4/13/17 | Manning moved | Voted out for public comment 7/11/17; comment period ends 9/11/17 | | |
| | Tribal Identification | 4/13/17 | | Voted out for public comment 7/11/17; comment period ends 9/11/17 | | |
| | Background Checks | 7/11/17 | Ganley moved | Voted out for public comment 7/11/17; comment period ends 9/11/17 | | |
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THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Commerce, Community,
and Economic Development**

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MEMORANDUM

TO: Chair Klein and Members of the Alcoholic Beverage Control Board DATE: September 13, 2017

FROM: Erika McConnell, Director RE: 2018 ABC Meeting Schedule

Meeting dates and locations for Alcoholic Beverage Control Board meetings in 2018, in compliance with AS 04.06.050 and AS 04.11.510(a):

| | |
|-------------|-------------------------------------|
| January 23 | Juneau (first judicial district) |
| April 3 | Nome (second judicial district) |
| June 12 | Anchorage (third judicial district) |
| August 21 | Denali (fourth judicial district) |
| October 15 | Kenai (third judicial district) |
| December 18 | Anchorage (third judicial district) |

Dates are subject to change, with adequate notice.