



MEMORANDUM

TO: Robert Klein, Chair, and Members of the Alcoholic Beverage Control Board DATE: April 3, 2018

FROM: Erika McConnell, Director RE: Director's Report

LEGISLATIVE AUDIT

The 2018 Legislative Audit made eight recommendations. Of those eight, I am able to report on issues related to six of the recommendations:

Recommendation 1: The authority to renew licenses should be limited to the board. Starting with the 2017 renewal season, all renewals are being brought to the board for approval. *Issue resolved.*

Recommendation 4: The board, AMCO director, and enforcement supervisor should work together to formally establish an enforcement plan to direct AMCO's limited enforcement resources. Mr. Hoelscher and I will start working on a draft enforcement plan after this meeting with the intent of bringing it to the board no later than the August 2018 meeting.

Recommendation 5: The board and AMCO director should implement a process to monitor and track complaints to ensure they are assessed for follow up action and investigated in a timely manner.

AMCO hired a Criminal Justice Technician I at the beginning of January to assist with the administrative tasks of the enforcement unit. Mr. Davies, our CJT, is now entering every complaint received into ARMS and documenting the resolution of the complaint. *Issue resolved.*

Recommendation 6: The board and AMCO director should develop written procedures for updating the statewide database with restricted purchasers. Mr. Hoelscher, Mr. Davies, Mr. Douglas (our Administrative Officer) and I will be reviewing the existing policies on the written order database and revising the policies/procedures as necessary. We aim to complete this task by July 31, 2018.

Recommendation 7: The board and AMCO director should improve procedures to ensure municipalities report violations of alcoholic beverage laws. Enforcement has already started to revise the report form that local governments are expected to submit quarterly. Once a revised reporting form is finalized, I will draft a letter to all municipalities, reminding them of the requirements of AS 04.11.610, and requesting

that they fill out and return the form quarterly. This is another task we hope to accomplish before the end of this summer.

Recommendation 8: The AMCO director should develop and implement procedures to ensure refunds to municipalities are appropriately reviewed.

Mr. Douglas and I will work with the Administrative Services Division to work on this task, which may require software changes. We anticipate resolving this recommendation within a year.

LEGISLATION

HB 299—this bill extends the sunset date of the ABC Board to June of 2023. The bill is waiting for another hearing in the House Finance Committee.

HB 301—this bill resolves the issue with BDL-tourism licenses by removing the requirement that the number of rooms be consistent with the current population at the time of a license transfer, effectively grandfathering in the licenses found to be inconsistent with statutory requirements. In addition, the bill changes the minimum operating requirement from 30 eight-hour days to 240 hours each year, and adds outdoor recreation lodge to the types of licenses available in local option communities. The bill has passed the House and is waiting for a hearing in the Senate Labor and Commerce Committee.

SB 76—this bill is the rewrite of Title 4. The Senate Labor and Commerce Committee has had a thorough presentation on the bill over three hearings and has taken public testimony, but has not yet passed the bill out of committee.

BOARD SUBCOMMITTEES

Interpretation of Controlling Interest – Mr. Leath met with me and Ms. Oates to discuss this issue. We agreed to do some additional research before bringing a recommendation to the full board.

Hotel lobbies/open floor plans – In September of 2017, the board formed a subcommittee to address this issue. Mr. Klein and Mr. Manning volunteered to be on the subcommittee, but I never arranged for it to meet. As Mr. Manning is no longer off the board, is there another volunteer to work on this issue?

REGULATIONS

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

AMCO made an error in compliance with AS 44.62.190 for the publication of the distillery regulation. We are required to repost the notice of the regulation's public comment period, take additional public comment, and bring the regulation project back to the board for reconsideration at the next meeting.

NEXT MEETING

The next ABC Board meeting is scheduled for June 12 in Anchorage. Applications must be complete and any other documents for the board must be submitted to our office by May 25 to be on the April agenda.

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 researching		
JU2017200479-1	Background Checks	7/11/17	Ganley moved	Voted out for public comment 7/11/17; comment period ends 9/11/17; approved 11/13/17	11/13/17	
JU2017200479-2	Bona Fide Restaurant	4/13/17	Manning moved	Voted out for public comment 7/11/17; comment period ends 9/11/17; referred to cmte 11/13/17; out for comment 1/23/18		
	Tribal Identification	4/13/17		Voted out for public comment 7/11/17; comment period ends 9/11/17; returned for more work 11/13/17; returned for more work 1/23/18		
JU2017200816	Fee for premises changes; Seasonal premises changes	11/13/17	Ganley moved	Draft to board 11/13/17; voted out for public comment 11/13/17; comment period closed 1/11/18	1/23/18	7/1/18
	Application fees				1/23/18	7/1/18

DOL Project Number	Topic	Date Opened by ABC	Board member point person(s)	Current Status/Notes	Date Adopted by ABC	Effective Date
	Public convenience REPL			Draft to board 11/13/17; returned for more work 11/13/17		
JU2017200778	Distilleries/mixed drinks	9/13/17	Manning moved	Draft to board 11/13/17; voted out for public comment 11/13/17; comment period closed 12/29/17; to be re-noticed		
	Security interest transfers/ involuntary retransfers	11/13/17	Klein	Draft to board 4/3/18		
JU2018200208	Deadline for Reinstatement and Renewal	1/23/18	Ganley	Voted to put out for public comment 1/23/18; comment period to close 4/27		
	Renewals with Transfers	1/23/18	Manning	Voted to put out for public comment 1/23/18; comment period to close 4/27		
	Definition of "entertainment"	1/23/18	Ganley			