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THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Commerce, Community,
and Economic Development

ALCOHOLIC BEVERAGE CONTROL BOARD

2400 Viking Drive
Anchorage, Alaska 99501
Main: 907.263.5900
Fax: 907.263.5930

ABC Board Meeting

Date: October 8, 2014

Time: 9:00 AM – Director’s Report
9:15 AM – Meeting

Location:

Nome
City Council Chambers
102 Division Street

Teleconference Number:

1-800-315-6338 code 69173

State of Alaska
Alcoholic Beverage Control Board
Agenda
October 8, 2014

● **DIRECTOR BRIEFING**

A. Director's Report 9:00 AM TAB 1

● **ADMINISTRATION**

A. Approve minutes of the July 8, 2014 Board Meeting 9:15 AM TAB 2

● **PUBLIC TESTIMONY**

9:20 AM

A. Period of time for public testimony on issues not on this agenda.
Please phone 1-800-315-6338 code 69173

● **BOARD CONSIDERATION**

A. Title 04 Statute Review Draft 11:45 AM TAB 3

B. Recommend Investigator Richard Finney to Carry Firearm 9:50 AM TAB 4

C. **5328 Alaska Airlines Center: NANA Management Services, LLC** 10:40 AM TAB 5
3550 Providence Drive; Anchorage
New: Recreational Site

Consideration of New License

D. **93 Barry's Baranof Lounge: Barry's Baranof Lounge, Inc.** 9:55 AM TAB 6
1166 Gambell Street; Anchorage
License: Beverage Dispensary

Extension Request for License Transfer

E. **1198 Brown Jug: Liquor Stores USA North, Inc.** 10:00 AM TAB 7
No Premises; Anchorage
Transfer: Package Store
From: Tesoro Northstore Company d/b/a 2Go Tesoro

Transfer of Ownership; 4th Waiver Denied to Current Owner

F. **5247 Tequila Kitchen Express:** Tequila Kitchen Express, LLC **10:25 AM** **TAB 8**
2514 E Tudor Road; Anchorage
License: Restaurant / Eating Place

No Response to Notice of Violation

G. **1011 Three Bears:** Three Bears Alaska, Inc. **10:35 AM** **TAB 9**
22211 Birchwood Loop; Anchorage
License: Package Store

Reconsideration of Transfer

● **ACTION ON LICENSEE CONVICTION/VIOLATION**

A. **Prior Licensee Sanctions** **TAB 10**

B. **598 FuSions:** Hong & Lees, Inc. **11:00 AM** **TAB 11**
720 Gambell Street; Anchorage
License: Beverage Dispensary

Violation: Licensee Responsible for Alcohol Violations

C. **3904 H & H Lakeview Restaurant:** Gerald Berryman **11:10 AM** **TAB 12**
Mile 99.5 Parks Highway; Mat-Su Borough
License: Beverage Dispensary

Violation: Allowing Minor on Licensed Premises

● **BEVERAGE DISPENSARY – TOURISM** **11:20 AM** **TAB 13**

586 Coho's Bar & Grill: Coho's Bar & Grill, LLC; Juneau
51 Egan Drive
Transfer: Beverage Dispensary – Tourism
From: Yang Sing, LLC d/b/a Zen

All statutory requirements have been met. City & Borough of Juneau does not protest.
Departments of Labor and Revenue approve. Background investigations complete.
Temporary has been issued.

5334 Nome Nugget Inn: SJY, Inc.; Nome
315 Front Street
New: Beverage Dispensary – Tourism

All statutory requirements have been met. City of Nome does not protest.
Department of Environmental Conservation and State Fire Marshal approve.
Background investigations complete. Temporary has been issued.

- 5320 Norton Sound Seafood House:** Host International, Inc.; Anchorage
5000 West International Airport Road
New: Beverage Dispensary – Tourism Duplicate

All statutory requirements have been met. Municipality of Anchorage does not protest.
Background investigations complete. Temporary has been issued.

● **DELEGATED CONSENT AGENDA**

TAB 14

- 414 49er Club:** Lisa Davis; Fairbanks North Star Borough
4625 Old Airport Road
Transfer: Beverage Dispensary
From: Thresa Dawn Hester

All statutory requirements have been met. Fairbanks North Star Borough does not protest.
Departments of Labor and Revenue approve. Background investigations pending.

- 253 Alice’s Champagne Palace:** Pioneer Beverages, Inc.; Homer
195 E Pioneer Avenue
Transfer: Beverage Dispensary
From: Homer Beverages, Inc.

All statutory requirements have been met. Department of Labor approves.
Pending City of Homer and Department of Revenue.
Background investigations pending.

- 110 Bering Sea Saloon:** Balassa (Balla) Sobocienski; Nome
No Premises
Transfer: Beverage Dispensary
From: Stanley L. Sobocienski

All statutory requirements have been met. Pending City of Nome.
Department of Labor approves. Pending Department of Revenue.
Background investigations pending.

- 688 Captain Sparrow:** Fuji, Inc.; Anchorage
1100 W Benson Blvd
Transfer: Package Store
From: Kay, Inc. d/b/a In & Out Wine & Bush Liquor #2

All statutory requirements have been met. Departments of Labor and Revenue approve.
Pending Municipality of Anchorage. Background investigations pending.

3121 Denali Brewpub: Talkeetna Restaurant, LLC; Mat-Su Borough
13605 E Main Street (Talkeetna)
Stock Transfer: Beverage Dispensary
From: Boe Barnett (50%) to Sassan Mossanen d/b/a Twister Creek Restaurant

All statutory requirements have been met. Department of Labor approves.
Pending Mat-Su Borough and Department of Revenue.
Background investigations complete.

5269 Denali Brewpub: Talkeetna Restaurant, LLC; Mat-Su Borough
13605 E Main Street (Talkeetna)
Stock Transfer: Brewpub
From: Boe Barnett (50%) to Sassan Mossanen

All statutory requirements have been met. Department of Labor approves.
Pending Mat-Su Borough and Department of Revenue.
Background investigations complete.

5347 Grizzli's: Wilde Berry, LLC; North Pole
211 Cross Way
New: Restaurant / Eating Place – Public Convenience

All statutory requirements have been met. City of North Pole approves.
Department of Environmental Conservation and State Fire Marshal approve.
Background investigations pending. Temporary has been issued.

5342 Happy Face Restaurant: Lee & Kim, LLC; Homer
4400 Homer Spit Road
New: Restaurant / Eating Place – Public Convenience

All statutory requirements have been met. City of Homer does not protest.
Department of Environmental Conservation approves. Pending State Fire Marshal.
Background investigations complete.

626 Kenai Joes: Kenai Joes Alaskan Roadhouse Company; Kenai
800 Cook Avenue
Transfer: Beverage Dispensary
From: Roy Dale Howard

All statutory requirements have been met. Departments of Labor and Revenue approve.
Pending City of Kenai. Background investigations complete.

5345 Kiana Package Store: City of Kiana; Kiana
Willow and Cemetery Lane
New: Package Store

All statutory requirements have been met. City of Kiana and State Fire Marshal approve.
Background investigations pending. Temporary has been issued.

1358 Oaken Keg #520: Safeway, Inc.; Anchorage
3101 Penland Parkway
Stock Transfer: Package Store
From: Publicly traded to Albertson's Holdings, LLC (100%)

All statutory requirements have been met. Department of Labor approves.
Pending Municipality of Anchorage and Department of Revenue.
Background investigations complete.

548 Oaken Keg #548: Safeway, Inc.; Soldotna
44428 Sterling Highway
Stock Transfer: Package Store
From: Publicly traded to Albertson's Holdings, LLC (100%)

All statutory requirements have been met. City of Soldotna does not protest.
Department of Labor approves. Pending Department of Revenue.
Background investigations complete.

4162 Oaken Keg #1832: Safeway, Inc.; Homer
90 Sterling Highway
Stock Transfer: Package Store
From: Publicly traded to Albertson's Holdings, LLC (100%) d/b/a Oaken Keg

All statutory requirements have been met. City of Homer does not protest.
Department of Labor approves. Pending Department of Revenue.
Background investigations complete.

2912 Oaken Keg #1833: Safeway, Inc.; Valdez
313 Meals Avenue
Stock Transfer: Package Store
From: Publicly traded to Albertson's Holdings, LLC (100%)

All statutory requirements have been met. Department of Labor approves.
Pending City of Valdez and Department of Revenue.
Background investigations complete.

4167 Oaken Keg #2628: Safeway, Inc.; Anchorage
1725 Abbott Road
Stock Transfer: Package Store
From: Publicly traded to Albertson's Holdings, LLC (100%) d/b/a Oaken Keg

All statutory requirements have been met. Department of Labor approves.
Pending Municipality of Anchorage and Department of Revenue.
Background investigations complete.

995 Oaken Keg #2754: Safeway, Inc.; Fairbanks
3627 Airport Way
Stock Transfer: Package Store
From: Publicly traded to Albertson's Holdings, LLC (100%) d/b/a Safeway Store #2754

All statutory requirements have been met. Department of Labor approves.
Pending City of Fairbanks and Department of Revenue.
Background investigations complete.

999 Oaken Keg #3410: Safeway, Inc.; Fairbanks
30 College Road
Stock Transfer: Package Store
From: Publicly traded to Albertson's Holdings, LLC (100%)

All statutory requirements have been met. Department of Labor approves.
Pending City of Fairbanks and Department of Revenue.
Background investigations complete.

5117 Odie's: PS241, LLC; Soldotna
44315 Sterling Highway
Transfer: Restaurant / Eating Place
From: Melodie Symington d/b/a Odie's Deli

All statutory requirements have been met. Department of Labor approves.
Pending City of Soldotna and Department of Revenue.
Background investigations pending.

1436 Pizzeria Delphi Restaurant: Kenneth John Christensen; Palmer
103 West Arctic Avenue
Transfer: Restaurant / Eating Place
From: Vasilios Karagounis

All statutory requirements have been met. City of Palmer does not protest.
Departments of Labor and Revenue approve. Background investigations pending.

5331 Rainy Pass Lodge: The Perrins' Rainy Pass Lodge, LLC; Mat-Su Borough
East Shore of Puntilla Lake (40 miles from Skwentna)
New: Lodge

All statutory requirements have been met. Mat-Su Borough does not protest.
Pending Department of Environmental Conservation and State Fire Marshal.
Background investigations pending.

946 Ranch House Lodge: Ranch House Lodge, LLC; Outside / Unorganized
Mile 173 Glenn Highway (Glennallen)
Transfer: Beverage Dispensary
From: Ward & Son, Inc.

All statutory requirements have been met. Department of Revenue approves.
Pending Department of Labor. Background investigations pending.

5349 Rice Bowl: Rong Jia Chen; Anchorage
810 East 6th Avenue
New: Restaurant / Eating Place

All statutory requirements have been met. Municipality of Anchorage does not protest.
Background investigations pending.

3760 Rough Woods Inn & Cafe: Roughwoods, LLC; Nenana
623 North A Street
Stock Transfer: Restaurant / Eating Place
From: Larry E. Coy (50%) to Ruth M. Coy

All statutory requirements have been met. Departments of Labor and Revenue approve.
Pending City of Nenana. Background investigations complete.

2509 Safeway Liquor Store #1090: Safeway, Inc.; Kodiak
2685 Mill Bay Road
Stock Transfer: Package Store
From: Publicly traded to Albertson's Holdings, LLC (100%) d/b/a Safeway Store #1090

All statutory requirements have been met. City of Kodiak does not protest.
Department of Labor approves. Pending Department of Revenue.
Background investigations complete.

- 174 Safeway Liquor Store #2522:** Safeway, Inc.; Kodiak
502 Marine Way
Stock Transfer: Package Store
From: Publicly traded to Albertson's Holdings, LLC (100%) d/b/a Safeway #2522

All statutory requirements have been met. City of Kodiak does not protest.
Department of Labor approves. Pending Department of Revenue.
Background investigations complete.

- 4395 The Banks Alehouse:** Goethe, LLC; Fairbanks
1243 Old Steese Highway
Stock Transfer: Beverage Dispensary
From: BCTC Holdings Ltd. (30%), Holdon Nevada Corp. (10%), and Lori Meldvedt (10%)
to Tiro Alaska Ltd.

All statutory requirements have been met. Department of Labor approves.
Pending City of Fairbanks and Department of Revenue.
Background investigations complete.

- 410 The Forks Reborn:** The Forks Reborn, LLC; Mat-Su Borough
No Premises
Transfer: Beverage Dispensary
From: Virginia K. Jones d/b/a Forks Roadhouse; Mile 19 Petersville Road

All statutory requirements have been met. Department of Labor approves.
Pending Mat-Su Borough and Department of Revenue.
Background investigations pending.

END OF DELEGATED CONSENT AGENDA

● RELOCATION – PROTEST

TAB 15

- 119 Palmer City Alehouse:** Tomter Enterprises, LLC; Palmer
320 East Dahlia Avenue
Transfer: Beverage Dispensary
From: Loon's Landing, Inc. d/b/a Big Lake Lodge
15328 West Big Lake Lodge Road; Mat-Su Borough

All statutory requirements have been met. City of Palmer does not protest. Departments of Labor and Revenue approve. Pending Department of Environmental Conservation and State Fire Marshal.
Background investigations completed.
Mat-Su Borough protests pending application for relocation.

● **PROTESTS**

TAB 16

4350 Coyote Santo: Coyote Santo, LLC; Anchorage
135 W Dimond Blvd

Transfer: Beverage Dispensary

From: Victor Hurtado & Jose Diaz d/b/a Three Amigo's Mexican Restaurant;
360 Boniface Parkway, A 30-31

All statutory requirements have been met. Background investigations complete.
Municipality of Anchorage protests pending completion of Conditional Use Permit and approval from Health and Human Services Department.

5329 K & M Distributors: Kwamayne Hopkins; Anchorage
3048 Mountain View Drive, Ste 110

New: Package Store

All statutory requirements have been met. Background investigations complete.
Municipality of Anchorage protests pending completion of Conditional Use Permit and approval from Anchorage Fire Department.

● **OBJECTIONS**

11:30 AM

TAB 17

5335 Bering Sea Restaurant: SJY, Inc.; Nome
305 Front Street

New: Beverage Dispensary – Tourism Duplicate

All statutory requirements have been met. City of Nome does not protest.
Department of Environmental Conservation and State Fire Marshal approve.
Background investigations complete.
Objection from local bar owners.

● **CONSENT AGENDA**

TAB 18

5346 Anna's Diner: Chong Im Sanders; Anchorage
3311 Spenard Road

New: Restaurant / Eating Place

All statutory requirements have been met. Municipality of Anchorage does not protest.
Background investigations complete. Temporary has been issued.

544 Brown Bear Rhodehouse: Douglas L. & Cindy L. Rhodes; Outside / Unorganized
Mile Marker 183.5 Glenn Highway (Glennallen)
Involuntary Retransfer: Beverage Dispensary
From: Ellen P. Tubbs

All statutory requirements have been met. Departments of Labor and Revenue approve.
Background investigations complete.

5325 Gumbo House: Cilantro's, Inc.; Anchorage
9191 Old Seward Highway
New: Restaurant / Eating Place

All statutory requirements have been met. Municipality of Anchorage does not protest.
Background investigations complete. Temporary has been issued.

597 Knik Bar & Grill: Sharon A. Antilla; Mat-Su Borough
10204 S Knik Good Bay Road (Mile 13.5)
Transfer: Beverage Dispensary
From: Donnelly, Inc.

All statutory requirements have been met. Mat-Su Borough does not protest.
Departments of Labor and Revenue approve. Background investigations complete.
Temporary has been issued.

596 Knik Liquor Store: Sharon A. Antilla; Mat-Su Borough
10204 S Knik Good Bay Road (Mile 13.5)
Transfer: Package Store
From: Donnelly, Inc.

All statutory requirements have been met. Mat-Su Borough does not protest.
Departments of Labor and Revenue approve. Background investigations complete.
Temporary has been issued.

5253 M/V L'Austral: Compagnie Du Ponant; Alaskan Waters
Alaskan Waters
Transfer: Common Carrier
From: Another vessel d/b/a M/V Le Soleal

All statutory requirements have been met. Background investigations complete.
Temporary has been issued.

5337 Old Town Copper Center Inn & Restaurant: Old Town Copper Center Investments, LLC
Loop Road Mile 101 Old Richardson Highway (Copper Center); Outside / Unorganized
New: Restaurant / Eating Place

All statutory requirements have been met. Department of Environmental Conservation and State Fire Marshal approve. Background investigations complete. Temporary has been issued.

5327 Varsity Sports Grill: NANA Management Services, LLC; Anchorage
3550 Providence Drive
New: Restaurant / Eating Place

All statutory requirements have been met. Municipality of Anchorage does not protest. Background investigations complete. Temporary has been issued.

END OF CONSENT AGENDA

- **THIRD WAIVERS** **10:15 AM** **TAB 19**

- 110 Bering Sea Saloon:** Stanley L. Sobocienski; Nome
No Premises
License: Beverage Dispensary

- **NOTICES OF VIOLATION**

- A. Notices of Violation Issued and Licensee Responses **TAB 20**

- **NEXT ABC BOARD MEETING**

**Alcoholic Beverage Control Board
Schedule of Appearance
October 8, 2014**

<u>Time</u>	<u>Name/D.B.A.</u>	<u>Name of person to appear</u>	<u>Tab</u>
9:00 AM	Director Briefing	Executive Director Franklin	1
9:20 AM	Public Testimony		
9:55 AM	Barry's Baranof Lounge: Extension Request	Heidi Tidler 250-9775	6
10:00 AM	Brown Jug / Tesoro: Transfer	Dick Rosston, Dorsey & Whitney 257-7837 Fred Odsen, Hughes Gorski 263-8376	7
10:15 AM	Bering Sea Saloon: 3 rd Waiver	Fred Odsen, Hughes Gorski 263-8376	19
10:25 AM	Tequila Kitchen Express: No Response to NOV	Josh Picasso, Owner 748-4266	8
10:35 AM	Three Bears: Reconsideration of Transfer	Joan Travostino, K&L Gates 777-7608	9
10:40 AM	Alaska Airlines Center: New Recreational Site	Sherman Ernouf, Ernouf & Coffey 274-3385	5
11:00 AM	FuSions: NOV	Kisang Cho, Owner 360-1008	11
11:10 AM	H & H Lakeview: NOV	Phillip Weidner, Attorney 563-6940	12
11:30 AM	Bering Sea Restaurant: Public Objection	Al Burgo Nome Bar Owners	17

**License List by Tab Numbers
October 8, 2014**

License #	Establishment	Tab #
414	49er Club	14
5328	Alaska Airlines Center	5
253	Alice's Champagne Palace	14
5346	Anna's Diner	18
93	Barry's Baranof Lounge	6
5335	Bering Sea Restaurant	17
110	Bering Sea Saloon	14
110	Bering Sea Saloon	19
544	Brown Bear Rhodehouse	18
1198	Brown Jug	7
688	Captain Sparrow	14
586	Coho's Bar & Grill	13
4350	Coyote Santo	16
3121	Denali Brewpub	14
5269	Denali Brewpub	14
598	FuSions	11
5347	Grizzli's	14
5325	Gumbo House	18
3904	H & H Lakeview Restaurant	12
5342	Happy Face Restaurant	14
5329	K & M Distributors	16
626	Kenai Joes	14
5345	Kiana Package Store	14
597	Knik Bar & Grill	18
596	Knik Liquor Store	18
5253	M/V L'Austral	18
5334	Nome Nugget Inn	13
5320	Norton Sound Seafood House	13
4162	Oaken Keg #1832	14
2912	Oaken Keg #1833	14
4167	Oaken Keg #2628	14
995	Oaken Keg #2754	14
999	Oaken Keg #3410	14
1358	Oaken Keg #520	14
548	Oaken Keg #548	14
5117	Odie's	14
5337	Old Town Copper Center Inn & Rest.	18
119	Palmer City Alehouse	15
1436	Pizzeria Delphi Restaurant	14
5331	Rainy Pass Lodge	14
946	Ranch House Lodge	14
5349	Rice Bowl	14
3760	Rough Woods Inn & Café	14

**License List by Tab Numbers
October 8, 2014**

2509	Safeway Liquor Store #1090	14
174	Safeway Liquor Store #2522	14
5247	Tequila Kitchen Express	8
4395	The Banks Alehouse	14
410	The Forks Reborn	14
1011	Three Bears	9
5327	Varsity Sports Grill	18

Tab

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THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Commerce, Community,
and Economic Development

ALCOHOLIC BEVERAGE CONTROL BOARD

2400 Viking Drive
Anchorage, Alaska 99501
Main: 907.269.0350
Fax: 907.334.2285

MEMORANDUM

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

DATE: Wednesday, October 01, 2014

FROM: Cynthia Franklin, Director

RE: Director's Report

Agency Fully Staffed

On September 2, 2014, our new Business Registration Examiner, Jane Sawyer, joined the agency. Ms. Sawyer joined us from other positions at the State of Alaska, including the AG's office and DMV, where she had many years of experience.

On September 22, 2014, I took my new position as Director of the ABC. I look forward to working with the Board and staff on the important duties of the agency. Commissioner Bell, Deputy Commissioner Jon Bittner and I recognize and sincerely appreciate Bob Beasley's continuing service to the Board and staff in serving as interim director since Director Cote's retirement in May.

Title 4 Review Work

Agency staff continues to support the work of the stakeholder's group and Steering Committee in their laborious efforts on Title 4 reform. On September 26, Bob Beasley, Investigative Supervisor, Sarah Oates, Licensing Supervisor, and I attended an all-day meeting of the Steering Committee. The agency representatives were able to provide valuable input for several discussions of changes to the statutes.

Marijuana Initiative

The agency has been represented by Bob Beasley at seven out of the eight marijuana initiative hearings held throughout the state over the past three months. Bob attended hearings held in Anchorage, Mat-Su, Nome, Barrow, Ketchikan, Bethel and Fairbanks, mostly by phone. Bob was available to answer questions regarding the regulation of alcohol. He reports that he received the most inquiries around local option law.



Licensing Unit

During this reporting period, the licensing unit has conducted the following activities:

- New applications: 52
- Transfers: 70
- Permits: 1025

Sarah Oates and Maxine Andrews turned in these amazing numbers even with a vacant position for four months. Sarah Oates completed the supervisor academy in September. Jane Sawyer received training in time for the busy renewal season.

Enforcement Unit

During this reporting period, the enforcement unit has conducted the following activities:

- Compliance Checks: 214
- Shoulder Taps: 62
- Inspections: 114
- Training Provided: 2
- Major Investigations: 5

Fairbanks Investigator Richard Finney is currently attending the University of Alaska, Fairbanks Tanana Police Academy as a student, and is scheduled to provide a four-hour Law Enforcement Title 4 course to recruits attending the academy, as well as to local police and Troopers.

FISCAL YEAR 2015 FIRST QUARTER COMPLIANCE CHECK REPORT

AREA	GOAL	CHECKS	PASS	FAIL	PERCENT
MOA	323	125	115	10	92%
FNSB	88	0	0	0	0%
CBJ	37	7	3	4	42%
SE	67	19	15	4	79%
MSB	95	15	15	0	100%
KPB	99	48	42	6	87%
R-ON	53	0	0	0	0%
R-OFF	30	0	0	0	0%

Tab

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State of Alaska
Alcoholic Beverage Control Board
Agenda
July 8, 2014

*Time stamps are 13 minutes fast; links to audio recording are still accurate. Actual Director's Report time is 9:15 AM.

- **DIRECTOR BRIEFING**
 - A. Director's Report [9:27:50 AM](#) **TAB 1**

- **ADMINISTRATION** [9:43:21 AM](#)
 - ROLL CALL**
 - Ethan Billings (phone)
 - Bobby Evans
 - Ellen Ganley
 - Bob Klein
 - Marvin Yoder

 - Absent: None

 - A. Approve minutes of the April 29, 2014 Board Meeting [9:45:12 AM](#) **TAB 2**
 - Ellen Ganley **motions to approve the minutes**
 - Marvin Yoder **seconds the motion**
 - Motion carried**

 - Approved 5-0

- **PUBLIC TESTIMONY** [9:45:46 AM](#)
 - A. Period of time for public testimony on issues not on this agenda.
Please phone 1-800-315-6338 code 69173

- **BOARD CONSIDERATION**
 - A. Review of Initiative Application for "An Act to Tax and Regulate The Production, Sale, and Use of Marijuana." [12:26:41 PM](#) **TAB 3**
 - No action**

 - B. Bottled Cocktails [12:27:49 PM](#) **TAB 4**
 - No action**

- C. **5281 Northern Lights Spa:** Basile Group, LLC
5000 W International Airport Road; Anchorage
License: Beverage Dispensary – Tourism [10:34:19 AM](#) [11:04:14 AM](#) **TAB 5**
- Reconsideration of New License**
- Consent agreement presented by Harriet Milks
Ellen Ganley **motions to reconsider**
No second
No action
- D. **1563 Rum Runners @ The Mat-Su Resort:** MSR, Inc.
1850 Bogard Road; Mat-Su Borough
License: Beverage Dispensary – Tourism [10:51:59 AM](#) **TAB 6**
- No Response to Notice of Violation**
- Bob Klein **requests written response to NOV and change of mailing address**
- E. **1002 Salty Dawg Saloon:** Sdawg, Inc.
4380 Homer Spit Road; Homer
License: Beverage Dispensary [10:57:19 AM](#) **TAB 7**
- Request to Dismiss Notice of Violation**
- Marvin Yoder **motions to table request**
No action; NOV stands
- F. **1011 Three Bears:** Three Bears Alaska, Inc.
22211 Birchwood Loop; Anchorage
License: Package Store [10:20:59 AM](#) **TAB 8**
- Reconsideration of Transfer**
- Marvin Yoder **motions to table until next meeting**
Ellen Ganley **seconds the motion**
Motion carried
- Approved 5-0
- Confirmed that Three Bears may continue to operate

● **RESURRECT & RENEW**

- A. **4404 Legends:** Host International, Inc. [11:32:04 AM](#) **TAB 9**
Anchorage International Airport; Anchorage
License: Beverage Dispensary – Tourism

Marvin Yoder **motions to approve resurrection & renewal**
Ellen Ganley **seconds the motion**
Motion carried

Approved 5-0

● **ACTION ON LICENSEE CONVICTION/VIOLATION**

- A. **Prior Licensee Sanctions** **TAB 10**

- B. **4449 Café 817:** Muffin Man & Company, Inc. [11:44:42 AM](#) **TAB 11**
817 W 6th Avenue; Anchorage
License: Restaurant / Eating Place

Violation: Licensee Responsible for Alcohol Violations

Ellen Ganley **motions to suspend license for 30 days, 30 days**
suspended, no further violations for one year
Marvin Yoder **seconds the motion**
Motion carries

Bob Klein votes yes
Ellen Ganley votes yes
Ethan Billings votes yes
Marvin Yoder votes yes
Bobby Evans votes no

- C. **4353 Club Soraya:** Latin Connection Entertainment, LLC [11:52:15 AM](#) **TAB 12**
333 W 4th Avenue, Ste 207; Anchorage
License: Beverage Dispensary

Violation: Adulteration / Misbranding / False Advertising

Bobby Evans **motions to suspend license for 30 days, 15 days**
suspended, no further violations for one year, \$500 fine
Marvin Yoder **seconds the motion**
No vote

Bobby Evans **amends motion to suspend license for 30 days,**
23 days suspended, no further violations for one year, \$500 fine
Marvin Yoder **seconds the motion**
Motion carries

Approved 5-0

D. 297 De Canter Inn: UMFA, Inc. [12:09:10 PM](#) **TAB 13**
Mile 107 Sterling Highway; Kenai Peninsula Borough
License: Beverage Dispensary

Violation: Alcohol Server Education Course Required

Ellen Ganley **motions to suspend license for 30 days, 30 days suspended, no further violations for one year**
Marvin Yoder **seconds the motion**
Motion carries

Approved 5-0

E. 2069 Nikko Garden: Si Cha Sin [12:12:17 PM](#) **TAB 14**
44715 Kilowatt Avenue; Kenai Peninsula Borough
License: Restaurant / Eating Place

Violation: Furnishing Alcohol to a Person Under 21

Ellen Ganley **motions to suspend license for 45 days, 38 suspended, no further violations for one year, \$1000 fine**
Ethan Billings **seconds the motion**
Motion carries

Approved 5-0

● **BEVERAGE DISPENSARY – TOURISM** [10:39:03 AM](#) **TAB 15**

Marvin Yoder **motions to approve all licenses**
Bobby Evans **seconds the motion**
Motion carries

Approved 5-0

4313 Cabin Nite Dinner Theatre: Westmark Hotels, Inc.; Denali Borough
Mile 238.9 Parks Highway
Transfer: Beverage Dispensary – Tourism Duplicate
From: Aramark Corporation d/b/a McKinley Chalet Resort – Cabin Nite Dinner Theatre

All statutory requirements have been met. Denali Borough approves.
Departments of Labor and Revenue approve. Background investigations complete.
Temporary has been issued.

4876 Courtyard Cafe: Westmark Hotels, Inc.; Denali Borough
Mile 238.9 Parks Highway

Transfer: Beverage Dispensary – Tourism Duplicate

From: Aramark Corporation d/b/a McKinley Chalet Resort – Courtyard Cafe

All statutory requirements have been met. Denali Borough approves.
Departments of Labor and Revenue approve. Background investigations complete.
Temporary has been issued.

5338 Kenai River Lodge: River Edge, Inc.; Soldotna
393 Riverside Drive

New: Beverage Dispensary – Tourism

All statutory requirements have been met. Department of Environmental Conservation approves. Pending City of Soldotna. Background investigations pending.

5310 Mountain Sky Hotel Restaurant: Kae Soung Hotel Enterprises, Inc.; Valdez
101 Meals Avenue

New: Beverage Dispensary – Tourism

All statutory requirements have been met. City of Valdez does not protest.
State Fire Marshal and Department of Environmental Conservation approve.
Background investigations pending. Temporary has been issued.

5258 Mt. McKinley Princess Wilderness Lodge – The Snack Cache:
Alaska Hotel Properties, LLC; Mat-Su Borough
Mile 133 Parks Highway (Trapper Creek)

New: Beverage Dispensary – Tourism Duplicate

All statutory requirements have been met. Department of Environmental Conservation approves. Pending Mat-Su Borough and State Fire Marshal.

4308 Nenana View Bar and Grille: Westmark Hotels, Inc.; Denali Borough
Mile 238.9 Parks Highway

Transfer: Beverage Dispensary – Tourism

From: Aramark Corporation d/b/a McKinley Chalet Resort – Nenana View Bar and Grille

All statutory requirements have been met. Denali Borough approves.
Departments of Labor and Revenue approve. Background investigations complete.
Temporary has been issued.

5341 Romeo's Tap Room: Jacobsen/Daniels Associates, LLC; Juneau
1873 Shell Simmons Drive, Ste 220
New: Beverage Dispensary – Tourism

All statutory requirements have been met. Department of Environmental Conservation approves. Pending City & Borough of Juneau. Background investigations pending.

5340 The Annex: Jacobsen/Daniels Associates, LLC; Juneau
1873 Shell Simmons Drive, Ste 220a
New: Beverage Dispensary – Tourism

All statutory requirements have been met. Department of Environmental Conservation approves. Pending City & Borough of Juneau. Background investigations pending.

5255 Tsaina Lodge (Winter): RFS Management, LLC; Outside/Unorganized
Mile 35 Richardson Highway (35 miles from Valdez)
Correction: Beverage Dispensary – Tourism
From: Beverage Dispensary

All statutory requirements have been met. State Fire Marshal and Department of Environmental Conservation approve. Background investigations complete.

742 Voyager Inn: Hickel Investment Company; Anchorage
944 West 5th Avenue
Transfer: Beverage Dispensary – Tourism
From: RPS, LLC d/b/a The Voyager Restaurant

All statutory requirements have been met. Municipality of Anchorage does not protest. Departments of Labor and Revenue approve. Background investigations complete.

● **BEVERAGE DISPENSARY – DUPLICATE**

[12:30:45 PM](#)

TAB 16

Marvin Yoder **motions to approve**
Bobby Evans **seconds the motion**
Motion carries

Approves 5-0

5291 The Attic: The Last Roundup, LLC; Fairbanks
2701 South Cushman Street (Upstairs)
New: Beverage Dispensary – Duplicate

All statutory requirements have been met. City of Fairbanks does not protest. Department of Environmental Conservation approves. Background investigations complete. Temporary has been issued.

● **BEVERAGE DISPENSARY – COMMUNITY**

[11:13:19 AM](#)

TAB 17

- 5336 Kotzebue Grille:** City of Kotzebue; Kotzebue
Corner of Third and Wanda Street
New: Beverage Dispensary – Community

All statutory requirements have been met. City of Kotzebue approves.
Pending State Fire Marshal and Department of Environmental Conservation.
Background investigations pending.

Ellen Ganley **motions to approve license**
Bobby Evans **seconds the motion**
Motion carries

Approved 5-0

● **DELEGATED CONSENT AGENDA**

[12:34:27 PM](#)

TAB 18

- 113 Bettles Lodge:** Arctic Fox Ventures, Inc.; Bettles
100 Bettles Field
Transfer: Package Store
From: Lynda K. Klaes

All statutory requirements have been met. Departments of Labor and Revenue approve.
Pending City of Bettles. Background investigations pending.

- 3096 Bettles Lodge:** Arctic Fox Ventures, Inc.; Bettles
100 Bettles Field
Transfer: Beverage Dispensary
From: Lynda K. Klaes

All statutory requirements have been met. Departments of Labor and Revenue approve.
Pending City of Bettles. Background investigations pending.

2847 Bojangles: Scruff-N-Pork's, Inc.; Fairbanks
1351 Cushman Street
Transfer: Beverage Dispensary
From: No d/b/a; No Premises

All statutory requirements have been met. Departments of Labor and Revenue approve.
Pending City of Fairbanks and Department of Environmental Conservation.
Background investigations complete.

176 Breeze-In Liquor: Breeze-In Corporation; Juneau
2200 Trout Street (8 Mile Old Glacier Highway)
Transfer: Package Store
From: Allan Ahlgren and Michael Corcoran

All statutory requirements have been met. Department of Revenue approves.
Pending City & Borough of Juneau and Department of Labor.
Background investigations complete.

5294 Coco Café Restaurant: Julio Estrada; Anchorage
323 Barrow Street
New: Restaurant / Eating Place

All statutory requirements have been met. Municipality of Anchorage does not protest.
Background investigations pending. Temporary has been issued.

3376 Fairbanks Golf Course: Fairbanks Golf Course, Inc.; Fairbanks North Star Borough
1735 Farmer's Loop Road
Transfer: Beverage Dispensary
From: Yukon Restaurant and Lounge, Inc. d/b/a Castle Restaurant; 4510 Airport Way

All statutory requirements have been met. Department of Revenue approves.
Pending Fairbanks North Star Borough, State Fire Marshal, and Departments of Labor and
Environmental Conservation. Background investigations complete.

5312 Fox Run Lodge & RV Campground: Myra Desiree Olson; Mat-Su Borough
4466 South Glenn Highway
New: Restaurant / Eating Place

All statutory requirements have been met. Mat-Su Borough does not protest.
State Fire Marshal and Department of Environmental Conservation approve.
Background investigations pending. Temporary has been issued.

4923 JL-LL Holding: JL-LL Holding, LLC; Anchorage

No Premises

Transfer: Beverage Dispensary

From: Gourmet Associates, LLC d/b/a Muse; 625 C Street

All statutory requirements have been met. Departments of Labor and Revenue approve.
Pending Municipality of Anchorage. Background investigations pending.

649 Klondike Mike's Saloon: U-Line Beverage Company, Inc.; Palmer

820 S Colony Way

Stock Transfer: Beverage Dispensary

From: Christopher Cox 50%; Armand Nyborg 25%; Lillian Nyborg 25%

To: Santiago Lara 33.33%; Armand Nyborg 33.34%; Lillian Nyborg 33.33%

All statutory requirements have been met. Department of Revenue approves.
Pending City of Palmer and Department of Labor. Background investigations pending.

4547 Lavelle's Bistro: Franklin Eagle and Kathleen Lavelle; Fairbanks

No Premises

Transfer: Beverage Dispensary

From: Duke Investments, LLC d/b/a Chili's Grill & Bar (formerly at 506 Merhar Avenue)

All statutory requirements have been met. Department of Revenue approves.
Pending City of Fairbanks and Department of Labor. Background investigations complete.

5323 Mount Aurora Lodge: Mount Aurora Lodge, LLC.; Fairbanks North Star Borough

2320 Fairbanks Creek Road

New: Restaurant / Eating Place

All statutory requirements have been met. Fairbanks North Star Borough does not protest.
Pending Department of Environmental Conservation and State Fire Marshal.
Background investigations pending.

3239 New Peking and Sushi: L & K Enterprise, LLC; Kenai

125 S Willow Street

Transfer: Restaurant / Eating Place

From: Jennifer Lee d/b/a New Peking Chinese Restaurant

All statutory requirements have been met. Departments of Labor and Revenue approve.
Pending City of Kenai. Background investigations pending.

727 **No DBA:** Franklin Eagle and Kathleen Lavelle; Fairbanks North Star Borough
No Premises
Transfer: Beverage Dispensary
From: Barbara J. Dennis d/b/a Midway Lodge; 11191 Richardson Highway (Salcha)

All statutory requirements have been met. Department of Revenue approves.
Pending Fairbanks North Star Borough and Department of Labor.
Background investigations complete.

3709 **Oasis Restaurant & Lounge:** Terlyn, LLC; Fairbanks North Star Borough
734 University Avenue
Stock Transfer: Beverage Dispensary
From: G. Lynne Franklin 99.75%
To: Curtis D. Franklin 75% and Chad M. Franklin 25%

All statutory requirements have been met. Fairbanks North Star Borough does not protest.
Department of Revenue approves. Pending Department of Labor.
Background investigations pending.

3315 **Old Town Liquor:** Old Town Liquor, LLC; Ketchikan
602 Dock Street
Transfer: Package Store
From: Petro Alaska, Inc. d/b/a Petro Alaska, Inc.; 4161 Tongass Avenue

All statutory requirements have been met. Department of Revenue approves.
Pending City of Ketchikan and Department of Labor. Background investigations pending.

3077 **Panda Restaurant:** Panda Restaurant, Inc.; Anchorage
605 E Northern Lights Blvd
Transfer: Restaurant / Eating Place
From: Tseng Chiang Lee, Cheng Chi Lee, Jin Song Zhao

All statutory requirements have been met. Departments of Labor and Revenue approve.
Pending Municipality of Anchorage. Background investigations pending.

3472 **Patel's #2:** MSA, Inc.; Homer
4287 Homer Spit Road #1
Transfer: Package Store
From: 3789 Homer Spit Road

All statutory requirements have been met. State Fire Marshal approves.
Pending City of Homer. Background investigations complete.

1456 Piccolinos: Piccolinos Restaurants, Inc.; Anchorage
12801 Old Glenn Highway (Eagle River)
Transfer: Beverage Dispensary
From: Eagle River Bowl, LLC d/b/a Whaler Bar & Grill; 171 Muldoon Road

All statutory requirements have been met. Department of Revenue approves.
Pending Municipality of Anchorage and Department of Labor.
Background investigations complete.

5224 Playa Azul: Ramon Gonzalez.; Kenai
12498 Kenai Spur Highway, Ste 1
Transfer: Restaurant / Eating Place
From: Francisco Rodriguez

All statutory requirements have been met. Department of Revenue approves.
Pending City of Kenai and Department of Labor. Background investigations pending.

5321 Resolution Brewing Company: Chugach Brewing Company, LLC; Anchorage
3024 Mountain View Drive
New: Brewery

All statutory requirements have been met. Municipality of Anchorage does not protest.
Background investigations pending.

5309 Sea Otter Sound Lodge: Alaska Sea Otter Sound Lodge, LLC; Outside/Unorganized
55° 47' 16.89" N, 133° 29' 22.94" W (44 miles NW of Craig)
New: Lodge

All statutory requirements have been met. State Fire Marshal and Department of
Environmental Conservation approve. Background investigations pending.
Temporary has been issued.

1032 Sheep Creek Lodge: All In, LLC; Mat-Su Borough
59429 South Parks Highway (Mile 88 Parks Highway, Willow)
Transfer: Beverage Dispensary
From: John T. Kartsz c/o A. Lee Peterson

All statutory requirements have been met. Department of Revenue approves.
Pending Mat-Su Borough and Department of Labor. Background investigations pending.

1033 Sheep Creek Lodge: All In, LLC; Mat-Su Borough
59429 South Parks Highway (Mile 88 Parks Highway, Willow)
Transfer: Package Store
From: John T. Kartsz c/o A. Lee Peterson

All statutory requirements have been met. Department of Revenue approves.
Pending Mat-Su Borough and Department of Labor. Background investigations pending.

1060 Snyder Mercantile: TKE Merc, LLC; Tenakee Springs
Tenakee Avenue & E Street
Stock Transfer: Package Store
From: Jackie Heinricher 50% to Guy Thornburgh

All statutory requirements have been met. City of Tenakee Springs and Department of Revenue approve. Pending Department of Labor. Background investigations complete.

447 Suite 907: Suite 907, LLC; Juneau
9121 Glacier Highway
Transfer: Beverage Dispensary
From: Alaska Promotions, LLC d/b/a Brandi's Airport Bar; 1873 Shell Simmons Drive

All statutory requirements have been met. City & Borough of Juneau does not protest.
Departments of Environmental Conservation, Labor, and Revenue approve.
Background investigations pending. Temporary has been issued.

5318 The Flats Bistro: The Flats, Inc.; Kenai Peninsula Borough
39847 Kalifornsky Beach Road
New: Restaurant / Eating Place

All statutory requirements have been met. Kenai Peninsula Borough does not protest.
Department of Environmental Conservation approves. Background investigations pending.
Temporary has been issued.

5316 The Red Chair Cafe: Muddsuckers, Inc.; Anchorage
337 East 4th Avenue, South Entrance
New: Restaurant / Eating Place

All statutory requirements have been met. Municipality of Anchorage does not protest.
Background investigations pending. Temporary has been issued.

5296 Torchon Bistro: Busted Chefs, Incorporated; Anchorage
1921 W Dimond Blvd, Ste 160
New: Restaurant / Eating Place

All statutory requirements have been met. Municipality of Anchorage does not protest.
Background investigations pending. Temporary has been issued.

5286 TRAX Outdoor Center: TRAX Outdoor Center, LLC; Fairbanks North Star Borough
314 Birch Hill Road
New: Restaurant / Eating Place

All statutory requirements have been met. Fairbanks North Star Borough does not protest.
Pending State Fire Marshal and Department of Environmental Conservation.
Background investigations pending.

1608 Villa Nova Restaurant: Mozart, LLC; Anchorage
5121 Arctic Blvd, Ste 1
Transfer: Restaurant / Eating Place
From: Elena, Inc.

All statutory requirements have been met. Departments of Labor and Revenue approve.
Pending Municipality of Anchorage. Background investigations pending.

5311 White Spot Cafe: Tom Doerner; Anchorage
109 West 4th Avenue
New: Restaurant / Eating Place

All statutory requirements have been met. Municipality of Anchorage does not protest.
Background investigations pending. Temporary has been issued.

5307 Won Jo Tofu House: Song D. Hong; Anchorage
515 W Fireweed Lane
New: Restaurant / Eating Place

All statutory requirements have been met. Municipality of Anchorage does not protest.
Background investigations pending. Temporary has been issued.

1244 Woodshed: Woodshed, LLC; Anchorage
535 West 3rd Avenue
Transfer: Beverage Dispensary
From: UPE, Inc. d/b/a Woodshed Lounge

All statutory requirements have been met. Departments of Labor and Revenue approve.
Pending Municipality of Anchorage. Background investigations pending.

END OF DELEGATED CONSENT AGENDA

● **PROTESTS**

12:41:17 PM TAB 19

Bob Klein moves Muse license to Consent Agenda

Approved 5-0

**Marvin Yoder motions to uphold all other protests with delegation
Ellen Ganley seconds the motion
Motion carries**

Approved 5-0

**5317 Muse: NANA Management Services, LLC; Anchorage
625 C Street
New: Restaurant / Eating Place**

All statutory requirements have been met.
Background investigations completed.
**Municipality of Anchorage protests pending approval from the
Planning Division.**

**416 North Shore Liquor: North Shore Liquor, Inc.
3610 N Burkesshore Drive; Mat-Su Borough
Renewal: Package Store**

Unpaid \$100 Review Processing Fee

**612 King Mountain Lodge: King Mountain Lodge, LLC
34097 N Glenn Highway; Mat-Su Borough
Renewal: Beverage Dispensary**

Unpaid Real Property Taxes and \$100 Review Processing Fee

**3059 Kenny Creek Lodge: Kenny Creek Lodge, LLC
Block 15 Lot 8; Mat-Su Borough
Renewal: Restaurant / Eating Place**

Unpaid \$100 Review Processing Fee

**3888 Arctic Circle Club of North America: James K. Flatley
2750 E Palmer Wasilla Highway; Mat-Su Borough
Renewal: Beverage Dispensary**

No Current MSB Business License or Tobacco Tax License

● **OBJECTIONS**

[12:15:25 PM](#) **TAB 20**

Ellend Ganley **motions to approve with delegation**
Marvin Yoder **seconds the motion**
Motion carries

Approved 5-0

- 3219 Mom & Pops Grocery & Liquor:** LeeFamily Corporation; Anchorage
601 W 36th Avenue, Ste 3 & 4
Transfer: Package Store
From: Mom & Pop Grocery & Liquor, Inc.

Objection from citizen, Sam O'Connor

All statutory requirements have been met. Departments of Labor and Revenue approve.
Pending Municipality of Anchorage. Background investigations pending.

● **COMPETING LICENSES – DELEGATION AUTHORITY**

[12:25:39 PM](#) **TAB 21**

Tabled until next meeting

- 5322 Fireweed Chevron:** True North, Inc.; Anchorage
2500 Seward Highway
New: Package Store

All statutory requirements have been met. Pending Municipality of Anchorage.
Background investigations pending.

- 5329 K & M Distributors:** Kwamayne Hopkins; Anchorage
3048 Mountain View Drive, Ste 110
New: Package Store

All statutory requirements have been met. Pending Municipality of Anchorage.
Background investigations pending.

● **CONSENT AGENDA**

[12:43:55 PM](#) **TAB 22**

Marvin Yoder **motions to approve all licenses**
Ellen Ganley **seconds the motion**
Motion carries

Approved 5-0

5326 Era Aviation N891EA: Era Aviation, Inc.
Alaskan Skies
New: Common Carrier

All statutory requirements have been met. Background investigations complete.
Temporary has been issued.

1767 Gold Star Keg King: Luna Sea, Inc.; Fairbanks North Star Borough
1955 Van Horn Road
Transfer: Package Store
From: Golden Port Enterprises, Inc. d/b/a Gold Star Liquor Store

All statutory requirements have been met. Fairbanks North Star Borough does not protest.
Departments of Labor and Revenue approve. Background investigations complete.
Temporary has been issued.

5301 Houston Lodge Restaurant: Laura Pruett; Houston
16696 W Parks Highway
New: Restaurant / Eating Place

All statutory requirements have been met. City of Houston does not protest.
State Fire Marshal and Department of Environmental Conservation approve.
Background investigations complete. Temporary has been issued.

5302 Hungry Bear Restaurant: Hwabok, LLC; Anchorage
401 I Street
New: Restaurant / Eating Place

All statutory requirements have been met. Municipality of Anchorage does not protest.
Background investigations complete. Temporary has been issued.

3695 Louie's Douglas Inn: South of the Bridge, LLC; Juneau
915 3rd Street
Transfer: Beverage Dispensary
From: No Premises

All statutory requirements have been met. City & Borough of Juneau and Department of
Environmental Conservation approve. Background investigations complete.
Temporary has been issued.

4733 No DBA: Triplets, Inc.; Wasilla
No Premises
Transfer: Beverage Dispensary
From: Wasilla Apple, Inc. d/b/a Glacier Canyon Grill; 2900 E Parks Highway

All statutory requirements have been met. City of Wasilla does not protest.
Departments of Labor and Revenue approve. Background investigations complete.

787 Nugget Liquor: McCarthy Ventures, LLC; Outside/Unorganized
50 Kennicott Avenue (McCarthy)
Transfer: Package Store
From: 101 Kennicott Avenue

All statutory requirements have been met. State Fire Marshal approves.
Background investigations complete. Temporary has been issued.

4530 Regency Fairbanks Hotel: Pacific Rim Associates I, Inc.; Fairbanks
1288 Sadler Way
Transfer: Beverage Dispensary
From: Xavier's, Inc. d/b/a Barracuda's Beach Bar

All statutory requirements have been met. City of Fairbanks does not protest.
Departments of Labor and Revenue approve. Background investigations complete.

5319 Steamboat Bay Fishing Club: Steamboat Bay Fishing Club, LLC; Outside/Unorganized
Steamboat Bay, Noyes Island
New: Lodge

All statutory requirements have been met. Department of Environment Conservation and
State Fire Marshal approve. Background investigations complete.
Temporary has been issued.

3043 The Green Store: The Green Store, Inc.; Mat-Su Borough
3655 S Old Glenn Highway
Transfer: Package Store
From: Peggy J. Watson d/b/a Wolverine Lodge; 16.2 Lake Louise Junction Road

All statutory requirements have been met. Mat-Su Borough approves.
State Fire Marshal and Departments of Labor and Revenue approve.
Background investigations complete.

5314 The Green Store & Cafe: The Green Store, Inc.; Mat-Su Borough
3655 S Old Glenn Highway
New: Restaurant / Eating Place

All statutory requirements have been met. Mat-Su Borough approves.
State Fire Marshal and Department of Environmental Conservation approve.
Background investigations complete. Temporary has been issued.

END OF CONSENT AGENDA

● **FIRST WAIVERS**

[12:45:32 PM](#)

TAB 23

Bobby Evans **motions to approve**
Marvin Yoder **seconds the motion**
Motion carries

Approved 5-0

- 742 **The Voyager Restaurant: RPS, LLC; Anchorage**
944 West 5th Avenue
License: Beverage Dispensary – Tourism

● **NOTICES OF VIOLATION**

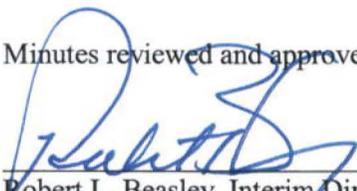
A. Notices of Violation Issued and Licensee Responses

TAB 24

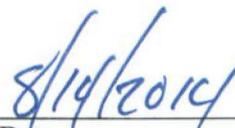
● **NEXT ABC BOARD MEETING – October 8, 2014 in Nome**

[12:46:52 PM](#)

Minutes reviewed and approved by:



Robert L. Beasley, Interim Director



Date



Sarah D. Oates, Rec. & Lic. Supervisor



Date

Tab

3



AGNEW
::BECK

REVIEW COPY | UPDATED 9-24-14

WITH SUBSEQUENT DECISIONS MADE TO DATE AT
MEETING ON 9-26-14 AND ITEMS STILL UNDER REVIEW

GREEN RECEIVED STEERING COMMITTEE APPROVAL
YELLOW IS STILL UNDER CONSIDERATION

ALASKA TITLE 4 STATUTE REVIEW

for the Alaska Alcoholic Beverage Control Board

Recommendations for Steering Committee Review, September 2014



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55 NEXT STEPS

INTRODUCTION

"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..." AS04.06.090(a)

BACKGROUND: STAKEHOLDERS' REVIEW OF TITLE 4

The recommendations in this report are built from a two-year process initiated by the Alcoholic Beverage Control (ABC) Board to engage a diverse group of stakeholders to determine how to improve the structure, organization, specific policies and associated implementation 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. The ABC Board is tasked with interpreting and enforcing the laws of Title 4; this process is intended to benefit the Board as it carries out its mission, as well as benefitting the many other organizations and individuals whose work, community or business is affected by alcohol control laws and regulations.

In May 2012, the ABC Board convened a stakeholder group of approximately 30 people engaged in the alcohol industry, public health, local government, law enforcement, public safety, education, community advocacy and other sectors. The group identified some of the priority issues in statute to address. Following the meeting, the stakeholders formed five subcommittees 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 subcommittee formed to coordinate the work of the five subcommittees and make decisions about which proposals to include in the final set of recommendations.

The stakeholders met again on January 22, 2013 to review the subcommittees' progress. Agnew::Beck Consulting was hired in July 2013 to provide administrative and analytical support to the subcommittees in conducting their review of the Statutes and associated Alaska Administrative Code sections. The committees met regularly (once or twice a month) 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. On March 25, 2014, the committees prepared summary presentations and shared their progress to date with the larger stakeholders group, soliciting feedback through small group discussion and using an audience response polling system to gauge the group's level of support for the committees' proposals.

Following the stakeholders' meeting, the committees convened again for several months to continue refining existing recommendations and developing additional recommendations within their topic areas. In preparation for the legislative process and the introduction of a draft bill, Carmen Gutierrez

was retained to prepare draft statutes to reflect the changes to Title 4 proposed by the committees. The Steering Committee scheduled an all-day meeting on Friday, September 26, 2014 to review the committees' sets of recommendations and determine which will be included in the final package. The Steering Committee relied on the same consensus-based process that the committees have used to determine which proposals to bring forward for consideration.

HOW TO READ THIS REPORT

This report summarizes the recommendations proposed by each of the committees, provides brief context for each about why the changes are proposed, and where possible, feedback received from the stakeholder group on March 25 and/or subsequent feedback from other interested groups. Each recommendation also includes implications to consider, that the committees have discussed but will require further resolution during the legislative process or through ABC Board regulations.

This report, the accompanying draft statutes and other documents provided to the Steering Committee represent the committees' recommendations to the Steering Committee for changes to Title 4 and related regulations, after having discussed and vetted each idea. This report is a decision-making tool for the Steering Committee, not the final set of recommendations. Through deliberations, the Steering Committee will determine which of the following recommendations they will include in the official set of recommendations to the Alaska Legislature in 2015.

LIST OF STAKEHOLDERS, UPDATED SEPTEMBER 2014

Name	Organization or Agency	Sector(s) Represented
1 Aleesha Towns-Bain *	Rasmuson Foundation	Public Health
2 Amanda Moser	Municipality of Anchorage	Licensing Specialist
3 Amber Willis	Alaska State Fair	Recreational Site Licensee
4 Anna Nowak	Anchorage Municipality [former]	Former Licensing Specialist
5 Anthony Henry	Anchorage Police Department	Law Enforcement
6 Barb Miller *	Midnight Sun Brewing	Brewery Licensee
7 Beth McEwen *	City and Borough of Juneau	Local Governing Body
8 Bob Beasley *	ABC Board Staff	Acting Director / Enforcement
9 Bob Klein *	ABC Board	Industry Member
10 Bob Winn *	Self Employed	Liquor Industry
11 Bobby Evans	ABC Board	General Public Member/Rural
12 Charlie Daniels *	Volunteers of America	Public Health
13 Chris Simon *	Department of Education	Education
14 Chris Thompson	Alaska State Troopers	Law Enforcement
15 Christine Lambert *	ABC Board [former]	Former Licensing Specialist
16 Cynthia Franklin *^	Anchorage Municipality [former]	Local Governing Body [former]
17 Dale Fox *	Alaska CHARR	Liquor Industry
18 Danna Grammer *	Stellar Wines Distributing	Wholesale Licensee
19 Diane Casto *	Behavioral Health	Public Health
20 Dick Rosston *	Private Attorney	Rep. Resort+Package Store Lic.
21 Don Grasse *	K & L Distributors	Wholesale Licensee
22 Doran Powell	Chilkoot Charlie's	Beverage Dispensary Licensee

Name	Organization or Agency	Sector(s) Represented
23 Dorcas Bloom *	Retired	Public Health/Education
24 Ellen Ganley *	ABC Board	General Public Member
25 Eric Pratt *	Anchorage Police Department	Law Enforcement
26 Ethan Billings	ABC Board	Industry Member
27 Fred Odsen *	Private Attorney	Rep. Package Store+Rec. Site Lic.
28 George Gatter *	Tony's Bar	Beverage Dispensary Licensee
29 Glenn Brady *	Silver Gulch Brewing	Brewery+Package Store Licensee
30 James Cockrell	Alaska State Troopers	Law Enforcement
31 James Hoelscher	Village Public Safety	Law Enforcement
32 Jan Hill *	SEARHC	Tribal Health
33 Jeff Jessee *	Mental Health Trust Authority	Public Health
34 Joe Darnell	Behavioral Health	Public Health
35 Joe Hamilton	ABC Board Staff	Law Enforcement
36 Joel Kadarrauch	Odom Corporation	Wholesale Licensee
37 Johni Blankenship	Kenai Peninsula Borough	Local Governing Body
38 Katie Baldwin-Johnson *	Mental Health Trust Authority	Public Health
39 Kate Burkhart	ABADA	Public Health
40 Kevin Blanchette *	Alaska State Troopers	Law Enforcement
41 Kyle Wark *	First Alaskans	Tribal Health
42 Laura Porter	Mat-Su School District	Education
43 Liz Medicine-Crow *	First Alaskans	Tribal Health
44 Mark Mew	Anchorage Police Department	Law Enforcement
45 Marny Rivera *	University of Alaska Anchorage	Education
46 Marvin Yoder *	ABC Board	General Public Member
47 Matt Felix	NCADDJ-retired	Public Health
48 Matt Jones *	Bear Tooth Grill + Theatrepub	Beverage Dispensary Licensee
49 Molly Poland	Hooligans	Beverage Dispensary Licensee
50 Natasha Pineda	Mental Health Trust Authority	Public Health
51 Paul Thomas *	Alaska Cache Liquor	Package Store Licensee
52 Peggy Phillips	Fairbanks North Star Borough	Local Governing Body
53 Pete Burns *	Humpy's Alaskan Alehouse	Beverage Dispensary Licensee
54 Randy McCain	Eagles Lodge	Club Licensee
55 Rebecca Neagle	Sitnasuak Native Corporation	Public Health
56 Rich Sayers	Anchorage Golf Course	Golf Course Licensee
57 Sara Clark *	Behavioral Health	Public Health
58 Sarah Oates	ABC Board Staff	Licensing Specialist
59 Sheri Musgrave *	Alaska State Fair	Recreational Site Licensee
60 Shirley Coté *	ABC Board Staff [retired]	Former Director
61 Susan Osborne	Gold Hill Liquor	Package Store Licensee
62 Teri Tibbett	ABADA	Public Health
63 Tony Newman	Division of Juvenile Justice	Public Health
64 Walt Monegan *	Retired	Law Enforcement

* All of the stakeholders listed above were invited to the March 25, 2014 meeting and have been involved in the process since 2012. Names indicated with (*) attended the March meeting.

^ Cynthia Franklin, formerly a prosecutor with the Municipality of Anchorage, became the next ABC Board Director as of September 22, 2014. Her participation in this process to date has been in her former role.

LICENSING COMMITTEE

“Except as provided in AS 04.11.020, a person may not knowingly manufacture, sell, offer for sale, possess for sale or barter, traffic in, or barter an alcoholic beverage unless under license or permit issued under this title.” AS §04.11.010

TASK AND ASSIGNED STATUTES

This committee is tasked with reviewing 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 has taken 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 the public health;
- Retain the general framework of the three-tier system of regulation while considering exceptions to the rule which may 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.

Because past legislative and administrative decisions have created a system that is in many ways misaligned and convoluted, each individual proposal below should be considered in the context of the other proposals. The committee’s individual recommendations are inter-related and intended to work effectively as a whole to improve the structure overall.

RECOMMENDATIONS

The recommendations below are summarized to reflect the ideas and supporting details the committee has developed. The polling results graphs, included with those recommendations presented at the March 25, 2014 stakeholders’ meeting indicate stakeholders’ initial level of support for the proposal and whether it is an important recommendation to include in the final set.

Recommendation F-1. Adjust License Fees to Reflect Current ABC Budgetary Needs | Update license fees across the board according to relative administrative costs of each, and collect sufficient revenue to cover the ABC Board’s required activities.

Issues with Current Statute

This recommendation represents one thread of several discussions that the committees have had about the ABC Board budget, and the fiscal impacts other recommendations may have. While the Role of the Board committee has 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 agency, the ABC Board’s annual budget is prepared by the Director and is based on the estimated revenue that the Board will collect from license applications, renewals and other administrative fees in that year (see AS 04.11.590 for the statutory basis). The budget does not

take into account any fines or penalties, which return to the General Fund directly. The fees associated with each license have generally not been increased since the statutes were originally enacted in 1980; while the number of licenses has increased to some extent with population growth, increasing costs constrain the Board's ability to conduct its needed education and enforcement activities. Some of the recommendations of the Licensing and other committees may also require additional resources, primarily in the form of staff time, to make the Board more effective.

Proposed Changes

The committee reviewed the current license fees, including application, renewal, transfer, permit and other administrative fees; using information from the ABC Board's budget, the group also estimated the current total revenue available to the Board from these fees. As a comparison exercise, the group also projected fee levels would be if they had been tied to inflation between 1980 and 2014, which would more than double the current amounts.

Making some assumptions about the intended increase needed to fund the Board's activities (the preliminary calculation is about 18%) and about the relative administrative and enforcement costs of all the license types, the committee developed a proposed rational 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. This principle also applies to the proposed "add-on" licenses
- New license applications and transfers have much higher administrative costs than renewals and some other fees, particularly staff time to process the applications.
- While some licenses, particularly those considered seasonal, may have limited operations, the administrative costs for processing an application and enforcement costs tend to be similar. The higher license fees for these types reflect this.
- In addition to the costs of administering the license system, there are many other education and enforcement costs related to alcohol control: investigating unlicensed establishments and illegal alcohol sales, enforcing Local Option laws, and consulting with local law enforcement. Fees should be equitably borne by all licensees to cover these other costs not directly related to license administration. These activities are important to public health, public safety and (particularly when dealing with unlicensed establishments) protecting the interests of businesses that do follow the laws and regulations.

The committee also considered the issue going forward: without a mechanism for regular updates to license fees, this situation may be repeated in future years. While the committee proposes keeping all license fees in statute rather than moving them to a regulation, which would put them under the discretion of the Board, the committee recommends including statutory language that requires periodic review of all license fees by the ABC Board not less than every ten years, perhaps during every other cycle of the agency's five-year sunset review. The committee does not recommend tying increases directly to inflation, but to consider the effect of rising costs on the overall budget.

The committee also strongly feels that this recommendation should be accompanied by, and not adopted without, a clear plan and proposed budget from the ABC Board regarding the activities and programs it will conduct with this increased revenue. The committee requests that the Director prepare a draft budget, and/or that the Role of the Board committee develop specific parameters for the budget. ABC Board staff have indicated that the primary increase in expense would be staff resources to complete additional compliance and

education activities. One idea the committee discussed is hiring Level 1 or 2 investigator staff to complete standard compliance checks; compliance is currently completed by Level 3 and 4 staff, whose grade and experience would be best used on more complex enforcement investigations.

March Stakeholder Feedback

This recommendation was not specifically put forward at the March meeting, but the discussion of increasing the Board's budget was presented by the Role of the ABC Board Committee and met with generally positive feedback. These two committees did introduce the concept of raising license fees at that time, but did not provide specific proposals.

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.

Issues with Current Statute

One of the Licensing committee's goals, reiterated in Recommendation P-1, is to simplify the structure of Title 4 and implement a rational system of license types that provides flexibility within each type to allow businesses to develop their own concepts, while preventing a proliferation of the overall number of licenses (especially retail outlets) which has public health consequences and negatively affects the value of other licenses. In this spirit, the committee identified two license types within the Manufacturing tier that do not need to exist: their operations can be covered within other license types and through the other proposals in this section. There are three basic categories of alcoholic beverages that can be legally manufactured: beer and malt beverages, wine and equivalent products made from fruits, and distilled spirits. (Other non-traditional alcohol products, such as powdered alcohol, are currently illegal in Alaska).

Proposed Changes

This recommendation is primarily aimed at simplifying and reducing the number of license types. The committee recognizes a need to differentiate between manufacturers of different products, but believes these three license types are sufficient. The other two manufacturing licenses, Bottling Works and Brewpub, could be successfully converted into one of these three license types; in order to remove Brewpub, however, other changes need to be made to statute (M-2 and M-3) to provide an equivalent framework for the concept.

March Stakeholder Feedback

The stakeholder group was not polled specifically about Recommendation M-1 and participants did not have specific questions about this idea. In subsequent committee discussions, the group noted the need to ensure that removing the Brewpub license and converting licensees to Brewery licenses would not inadvertently take away their ability to operate in a substantially similar way as they do currently under this statute.

Recommendation M-2. Retail License for Manufacturer | Add-on retail licenses specifically for manufacturers to allow limited on-site consumption and off-site sales.

Issues with Current Statute

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 (samples, sales of growlers or packaged products, or sales for on-site consumption). Alaska currently allows some of these activities, primarily for Brewery licenses, but production limits for manufacturers unfairly limit the capacity of Alaska businesses to compete with outside manufacturers who would not operate under this restriction.

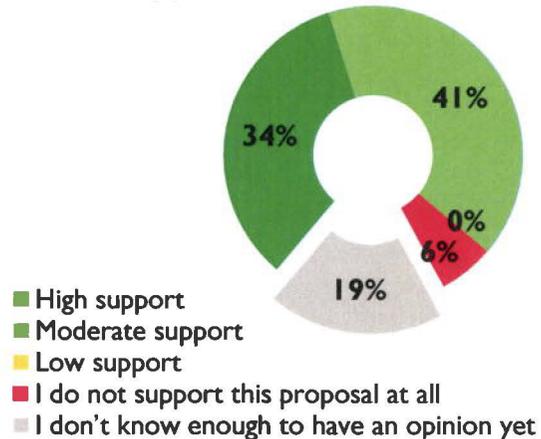
Manufacturers are currently not allowed to hold retail licenses (Beverage Dispensary Licenses, Restaurant/Eating Place Licenses) and have restricted on-site operations: limited hours and quantities for sale, no live entertainment. Until the 2014 legislative session, Distilleries had no sampling component allowed as part of their license. The Brewpub license was created as a workaround to these restrictions, but has stricter limitations on allowed volume of sales. Having a Brewpub license type does not address equivalent operations for Winery and Distillery licenses.

Proposed Changes

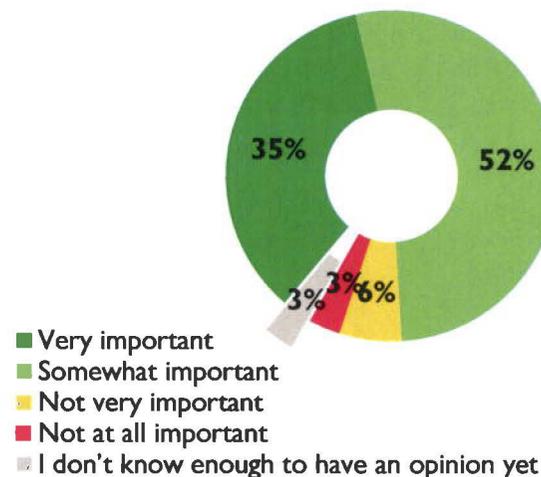
The equivalent structure of a Brewpub license is built into M-3 and this recommendation, which would allow manufacturers to have access to an additional retail add-on license. The terms for on-site consumption (free samples, limited sales) and off-site sales are comparable to what is allowed for Breweries and, as of the 2014 legislative session, Distilleries. This proposal would actually create three license types that correspond with the three Manufacturer licenses, and a licensee would only be eligible if they hold the corresponding base license. They would be listed as three new statutes in Chapter 11.

- The licensee can provide limited free samples, sized according to the relative alcohol content: no more than **12 oz** for beer and malt beverages, **6 oz** wine and **1.5 oz** distilled spirits per customer per day. (Note: these quantities differ slightly from what the committee proposes to be defined in statute as a standard drink size: 16 oz for beer and malt beverages; 6 oz for wine; and 1.5 oz for distilled spirits.) The licensee is left to determine the best method for tracking customers' consumption.
- The licensee can sell limited quantities for onsite consumption, proportional to to the current statutory limits for Breweries: **36 oz** of beer, **18 oz** of wine, **3 oz** of distilled spirits.

Level of Support: M-2



Importance: M-2



- Additionally, the licensee can sell limited quantities for offsite consumption, similarly proportional to alcohol content of the product and following current industry standard units of measurement for containers of the different product types: **15.5 gal** of beer (one standard keg), **9L** (twelve standard bottles, or one case) of wine; **1.5L** (two standard bottles) of distilled spirits. Sales of products for onsite consumption is also permitted, with all of the restrictions currently in the Brewery license (no seats at a fixed bar, no live entertainment, limited hours of operation). As with all Retail licenses, these licenses would be subject to server education and signage requirements, as currently outlined in AS 04.21.065.

This add-on license would remove and relocate some activities currently in manufacturers' licenses, making the basic three Manufacturer license types solely for production and would only allow distribution to a wholesaler. Furthermore, the Manufacturer-Retail license would, unlike the Manufacturer licenses themselves, be subject to statutory population limits. (See also Recommendations P-1 and P-3). This reflects the public health principle of limiting the number of retail outlets which provide access to alcohol to the general public, particularly in small communities which are allowed few retail licenses. Recognizing that this license type would be available to three different Manufacturer types, the group discussed how to address the goal of limiting retail outlets while not overly constraining existing licensees. To address this issue, the group proposes creating three substantially similar add-on license types available to their respective Manufacturer types, but each subject to the population limits for the community or catchment area in which they would be located. The Manufacturer Retail Licenses would require public review for application and renewal. The retail operations of the manufacturer would be restricted to the same establishment, and must be within the same catchment area.

March Stakeholder Feedback

Participants had some questions about the parameters when this concept was initially presented: whether it would be a separate license or integrated into the base license; what its fee might be; and what would still be included in the basic manufacturer license. The committee addressed these questions in their revised recommendation, and noted that the separate license is preferable to including it in the base license: a violation occurring on the retail premises could necessitate shutting down operations for a period of time, but not affect the production operations.

In addition, this concept was presented to the Brewers Guild for their feedback. Members generally supported the change and were amenable to a separate retail license. The main concern for existing breweries, particularly in smaller communities, was whether they would be able to obtain a license if required to have one for their existing retail operations. The committee believes that allowing separate license types for the three manufacturer types would address this issue. It is also important that this recommendation and others proposed by the committee ensure that operations currently allowed as a Brewpub are still allowable under new system, since this license type is being removed.

Implications to Consider: Implementation, Connections to Other Statutes

- Allowing keg sales at a Brewery will require keg registration documentation in Anchorage and Juneau, language should be updated accordingly
- Grandfathering and/or converting existing licensees, particularly Brewpub operations

Recommendation M-3. Manufacturer Allowed to Hold a Restaurant Eating Place License | Remove the restriction in Prohibited Financial Interest (AS 04.11.450) which does not allow Manufacturers to hold an REPL (04.11.100).

Issues with Current Statute

A strict interpretation of the three-tier system does not allow manufacturers to engage in any retail operations, but it is increasingly common in other states for manufacturers to develop brewhouse or restaurant concepts featuring their products. Alaska statute (AS 04.11.450, Prohibited Financial Interest) prohibits a Manufacturer licensee from having a Beverage Dispensary License or Restaurant Eating Place License, and their current license only allows sampling, off-site sales and/or restricted retail operations onsite. This framework also prohibits a manufacturer from self-distributing, another feature of the three-tier system. The exception currently in statute is the Brewpub license, which was created to essentially replicate the concept but allows a BDL licensee or REPL licensee to manufacture a limited amount of product, to self-distribute (sell directly to the public) and sell to out-of-state distributors up to a limited annual volume. The result is an imbalance between licensees' ability to execute the same concept, depending on which base license they currently hold and whether they have substantial brewing operations already.

Proposed Changes

Recommendation M-3 would remove the restriction on Brewery and Winery licensees holding and operating an REPL. (Distilleries would not be eligible for this arrangement, because REPLs only allow beer and wine sales.) The statutory change required is small, but has significant implications on which the committee deliberated. Allowing the licensee to supply their own retail outlets with no limits seemed problematic, so the group proposes that only an REPL owned by a manufacturer in the same catchment area can supply themselves directly. A manufacturer can obtain an REPL in another geographic area, but must purchase their product through a wholesaler like any other retail business. The REPL would operate as any other license of its type, with requisite food sales requirement on the licensed premises; as written currently in statute, the food requirement would only apply to the licensed premises of the restaurant and not take into account any other licenses' sales receipts. See also Recommendation R-4. This proposal would not change manufacturer's existing ability to self-distribute to other licensees in and out of the state; it is intended to prevent the development of "tied houses," where a manufacturer dominates a market by operating several retail outlets that feature exclusively or primarily their own products.

This change is necessarily linked to the proposal to remove the Brewpub license, as it allows the same activities while remaining under the population limits for REPLs. This provision would also give manufacturers more flexibility in hours of operation and restrictions on daily onsite sales, while not allowing many of the defining features of a "bar" allowed under a BDL. Manufacturers could choose to produce beer only, with no retail operations; apply for a Retail license and conduct the same activities which are currently allowed as of right under the Manufacturing license types; and/or apply for an REPL and develop a bona fide restaurant, provided they maintain the required ratio of at least 50% food sales to on-site alcohol sales under the license.

March Stakeholder Feedback

This recommendation was not presented to the stakeholders in March, but the concept was presented to two industry associations (CHARR and the Brewers Guild). Several CHARR members, primarily BDL licensees, dislike the proposal because they perceive it as a potential loophole for very small brewing operations to have retail establishments with relatively low investment and be able to supply themselves at cost; unlike typical restaurants, where food is the main attraction, a brewpub style restaurant's main draw is perceived to be its alcohol. The Brewers

Guild was generally supportive of the proposal, and while not all licensees expressed interest in opening a restaurant, the group is generally interested in more opportunities to interact directly with the public about their products. The committee considered these points but believes their recommendation may be amenable given the parameters they developed. They also propose limiting Public Convenience licenses (see P-3 below).

Recommendation W-1. Adjust Scaling of Wholesale License Fees and Simplify Supplier Reporting | Adjust fees for both Wholesale licenses (both listed 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.

Issues with Current Statute

The primary issues with the Wholesale license are administrative: Wholesalers have a complicated fee structure and multiple reporting requirements. There are currently two license types in the Wholesale license statute (AS 04.11.160): General Wholesale and Limited Malt Beverage and Wine Wholesale. They differ in terms of which products they can sell, as well as in the amount of annual and biennial fees they pay according to the size of their business (dollar sales transacted).

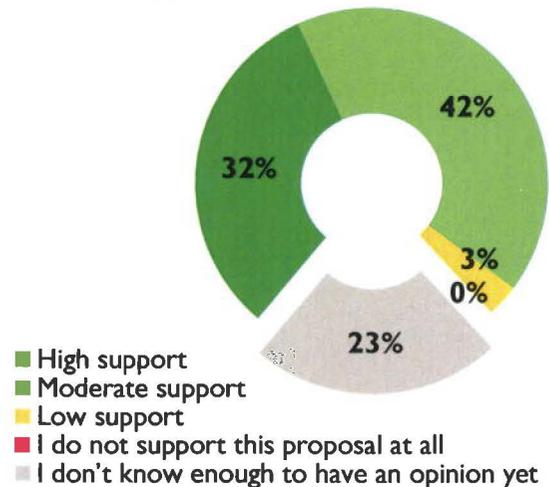
Wholesale licensees have a multi-part fee structure that includes a flat biennial fee for all licensees and for General Wholesale, a flat fee for each distribution point. For both types there are two other fees on a sliding scale, calculated on the dollar value of business transacted and number of suppliers. In addition, Wholesale licensees must provide written forms from all suppliers every two years to verify the primary suppliers for each product, another protective feature within the three-tier system that prevents wholesalers from having competing relationships with a supplier of a particular product line.

Proposed Changes

The committee seeks to simplify Wholesale license types to improve licensing and enforcement; retain a fee structure that is fair to all distributors but places less financial burden on small distributors; and retains the primary source supplier system while saving administrative costs by streamlining the reporting process. The goal is to preserve a roughly equivalent range of fees paid by small and large distributors, and to focus on how that range is calculated. While the committee discussed other possible mechanisms for calculating fees, they decided to retain dollar sales as the unit of measurement.

The committee recommends halving the fees owed for each tier of business transacted, except that the maximum allowable fee remains the same at the highest tier. Because large wholesalers conduct business well above \$1 million annually and smaller operators rarely approach this number, this seemed a reasonable threshold to maintain. The table on the following page indicates the current and proposed fees.

Level of Support: W-1



In addition, the committee discussed whether to retain the primary source provisions, in which a Wholesale licensee 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 creates an administrative burden on licensees and ABC staff, who retain the information but do not proactively review the lists and address conflicting supplier reports. The committee recommends simplifying the reporting requirement: a Wholesale licensee must, on application or renewal of the license, sign an affidavit that they are the appointed wholesaler for all of the product lines they sell. Because wholesalers have a vested interest in ensuring that they have exclusive relationships with suppliers, the committee believes that any issue of a non-exclusive supplier would be identified and brought to the Board’s attention by licensees, and does not require Board staff time to maintain a comprehensive list itself. Instead, the Board would have the ability to request a supplier list from the Wholesale licensee when a question arises, according to the licensee’s signed affidavit. Because there is an additional fee scale calculated based on the licensee’s number of suppliers, however, the licensee’s affidavit would also require either writing in the total number of suppliers, or choosing from the ranges identified in statute (1 to 25, 26 to 50, 51 to 75 and over 75).

General Wholesale: Proposed Fee Scale

Annual Business Transacted (\$ sales)	Current Fee	Proposed Fee
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 Transacted (\$ sales)	Current Fee	Proposed Fee
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

March Stakeholder Feedback

The group members had some clarifying questions about current practices, but there was little discussion about this recommendation. The group was generally in support of these proposals, but several felt that they did not have enough information to form an opinion. This recommendation may have elicited less response because it affects a relatively small number of licensees and does not directly impact the public to the same degree as many of the other recommendations. The recommendation has also changed considerably since then.

Wholesaler committee members brought the previous iteration of the recommendation to the Wholesalers Association, who proposed revisions that these members brought back to the committee for consideration. The concept of making the Wholesale license fees more equitable for small producers, the proposed fee structure and the simplified reporting requirements on suppliers (retaining the need to certify that a licensee is the designated wholesaler for a product line) have all met with the Association’s approval.

Implications to Consider: Implementation, Connections to Other Statutes

- There may currently be a perceived loophole at the lowest end of the license in which an individual makes an agreement with a retail licensee, obtains a wholesale license, secures a contract with a single supplier and operates only to supply a nominally separate retail licensee with that product. This practice is currently allowable under statute, but the committee discussed whether further lowering the fees at the lowest would further encourage this practice. The committee did not identify how to prevent this.

Recommendation W-2. Align State Statute with Federal Law Regarding Trade Practices | Add a provision in state statute to match current federal law regarding trade practices and agreements between retailers and wholesalers or manufacturers.

Note: the committee may further refine this recommendation pending drafting of a new state statute to reflect the current federal regulations. The language of the federal regulation is available on request.

Issues with Current Statute

This recommendation addresses provisions currently missing in state statutes regarding the relationships between manufacturers, wholesalers and retailers. While the Federal Alcohol Administration (FAA) Act (and TTB regulations) currently apply to wine and distilled spirits, they do not apply to malt beverages except where states enact equivalent laws. Alaska is among only a handful of states (4-5) which do not yet incorporate similar statutes into state law.

The provisions are decades old and address problems previously rampant in the alcohol industry prior to Prohibition. In 1933, John D. Rockefeller, Jr. commissioned Raymond Fosdick and Albert Scott to study alcohol regulation and prepare America for legal alcohol and its regulation. They produced *Toward Liquor Control* (also referred to as the “Rockefeller Report”), which provided guidance to policymakers as they set up regulatory systems for alcohol. Excerpts are included below highlighting some of the issues:

- “The ‘tied house’ system had all the vices of absentee ownership. The (national) manufacturer knew nothing and cared nothing about the community. All he wanted was increased sales. He saw none of the abuses, and as a non-resident he was beyond local social influence.”
- “There are many devices used by brewers and distillers to achieve this same end, such as the furnishing of bars, electric signs, refrigerating equipment, the extension of credit, the payment of rebates, the furnishing of warranty bonds when required to guarantee the fulfillment of license conditions and of bail bonds when the dealer is hauled into court. A license law should endeavor to prohibit all such relations between the manufacturer and the retailer. . . .”

The intent of the provisions is to prevent undue influence over a retailer by a manufacturer or wholesaler, such that they prevent the retailer from purchasing products from or conducting business with whom they choose.

Proposed Changes

The committee proposes to enact state statute(s) similar to the Federal Alcohol Administration Act (Title 27, Chapter 8, Subchapter 1, Section 205) which define “unfair competition and unlawful practices” as they relate to relationships between suppliers/wholesalers and retailers, including: Commercial Bribery, Tied Houses, Exclusive Outlets, Consignment Sales.

These practices are already illegal under federal law, and restricting them has the effect of promoting the state’s interest in an orderly market; prohibiting vertical integration and dominance by a single producer in the marketplace; prohibiting commercial bribery and predatory marketing practices; and discouraging and/or preventing the intemperate use of alcoholic beverages.

March Stakeholder Feedback

This recommendation was not presented at the March stakeholders’ meeting. It does, however, have broad support from the Wholesalers Association and several members of the committee. The somewhat technical nature of this recommendation primarily impacts the industry, but contributes to the larger goal of effective alcohol regulations.

Implications to Consider: Implementation, Connections to Other Statutes

- Verify that the provisions of Tied House and other prohibited acts do not also prohibit the concept of Recommendation M-3, allowing a manufacturer to hold a Restaurant Eating Place License.

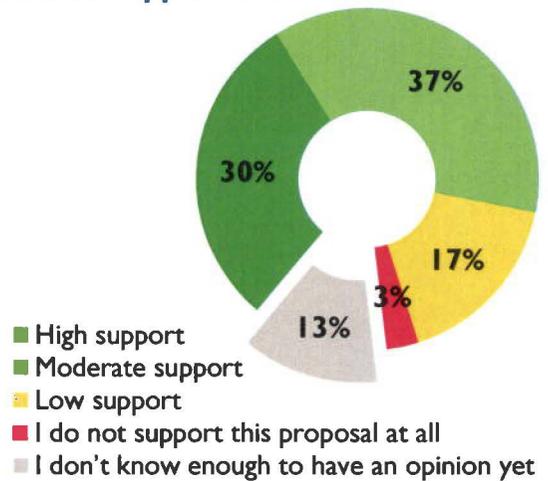
Recommendation P-1. Population Limits Apply to Retail Licenses, with Exemption for Tourism | Current population limitations on number of licenses apply only to retail-tier licenses (not Tourism + Public Convenience).

Issues with Current Statute

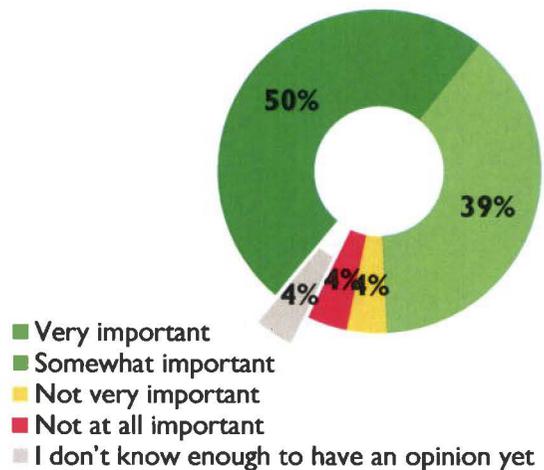
The number of allowed liquor licenses of each type is determined by each community or borough’s population, as outlined in AS 04.11.400. The goal of the system is to control public access to alcohol and mitigate the social costs of alcohol consumption in a community by setting limits on the density of retail outlets. The effect of the system, because some retail licenses are in highest demand and are transferrable to a new owner, is to create a limited supply of licenses, which sets the market value for some license types.

Our current system has allowed a much higher density of outlets than the statute intended. Statute allows each community or borough to have 1 R/EPL per 1,500 people, 1 per 3,000 people for each other license type. This applies to all Manufacturing, Wholesale and Retail licenses, but not to Tourism, Duplicate or Public Convenience licenses. Most communities are over-licensed with BDLs and/or Package Stores because existing licensees were grandfathered when the limitations were codified. When the Legislature adds a new license type, a new set of licenses are created under the population limits. Adding license types increases outlet density beyond statutory intent.

Level of Support: P-1



Importance: P-1



Proposed Changes

The committee discussed ways to change or improve the existing parameters for population limitations on the number of licenses. They concluded that there is a shared interest among community and public health advocates and license holders to regulate the number of available licenses; to determine the best mechanism to regulate public access to alcohol in Alaska's communities, in addition to location-related restrictions and local input; and to protect the value of existing licenses as business investments.

Because the main concern of public health is to address the public's access to alcohol, the committee recommends that population limits should apply only to retail licenses, not to manufacturing (except their licensed retail operations) and wholesale licenses. Tourism and Public Convenience Licenses would remain exempt, as they are currently (see P-3 for more about Public Convenience licenses), as well as Destination Resort, Outdoor Recreation Lodge and Conditional Contractor Permit. Considered jointly with the committee's other recommendations, several of which include removing license types from statute, the overall intended effect is to control the theoretical maximum number of retail licenses which could be issued in a community by limiting the number of license types and making the existing license types more versatile.

Stakeholder Feedback

Generally there was moderate support for this proposal. Some participants had questions about its implementation or about a different way to consider limitations on Tourism or Public Convenience licenses. An additional written comment supported the principle of addressing the number of license types currently in statute and its implications for overall density of retail outlets.

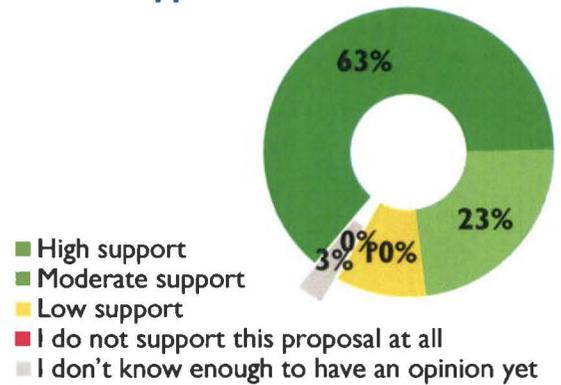
Recommendation P-2. ABC Board Issues Advisory Opinion on Proposed Licensing Legislation | Require the ABC Board to issue an advisory opinion on all proposed legislation regarding the licensing statutes (Chapter 04.11).

Issues with Current Statute

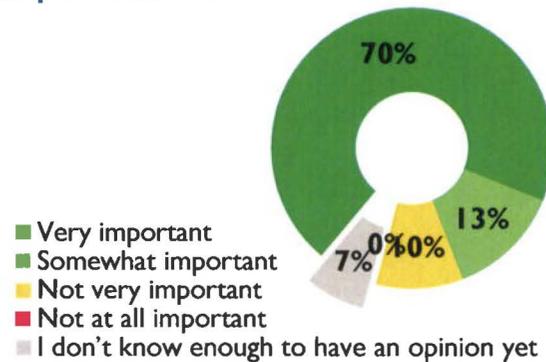
The issues outlined in Recommendation P-1 indicate the need to improve the existing structure of licenses to avoid creating a high density of retail outlets. In addition to adjusting or removing license types and modifying the population limitations, it is important to consider feasible ways to improve the process of statutory changes that directly affect licenses.

Any statutory change to a license type, or addition of a new license, is a legislative process: a bill is introduced, costs and benefits considered, and it passes or fails in the Legislature. Legislators or their aides typically call upon ABC Board staff for feedback, and staff is available during all hearings to answer questions. However, deliberation is not conducted by the Board for official opinions on bills, even though it affects the entire system.

Level of Support: P-2



Importance: P-2



While the ABC Board, a government-appointed board of volunteers, is currently able to issue comments and opinions on proposed legislation related to Title 4, the process is mostly driven by proposals brought directly to the Legislature. Legislators request information from ABC Board staff about the potential costs or other implications of the proposed changes, and as state employees, the scope of their comments is limited. As the regulatory body charged with implementing and enforcing Title 4, the ABC Board currently has no formal advisory role in proposed changes to licensing statutes or the addition of new license types.

Proposed Changes

The committee recognizes the difficulties of proposing to constrain the Legislature's ability to pass legislation. At the same time, the group is concerned that without addressing the process of changing and creating licenses, any beneficial changes to the system as it is today could be gradually undone by future legislation and re-create the current problems. Therefore the committee recommends that the process for adding, changing or removing a license type would benefit from the formal input and perspective of the ABC Board, tasked with overseeing the whole license system. ABC Board would be required to issue an advisory opinion on active legislation for proposed changes to license statutes (Chapter 04.11): creating, removing or materially changing the allowed activities of a license type. This required opinion would apply only to licensing statutes, and would only be an advisory statement to benefit legislators as they deliberate on the implications of the proposed statute. An opinion by those familiar with the license system may mitigate unintended consequences of individual changes for the overall system.

Stakeholder Feedback

The stakeholder group strongly supported this proposal overall, particularly after the group clarified that it would be a requirement only for the licensing portions of statute, not all of Title 4. Many in the group agreed that several of the current problems with Title 4, including as-yet-unresolved issues such as the definition of the Recreational Site License, are a result of decisions made without full information about the system as a whole.

Implications to Consider: Implementation, Connections to Other Statutes

- Higher administrative cost for increased ABC Board activity during the legislative session
- Define precisely which portions of Title IV, if any, to be included in addition to Chapter 11 (Licensing statutes)

Recommendation P-3. Moratorium on Issuing Public Convenience Licenses | Place a temporary or permanent moratorium on issuing new Public Convenience licenses, which are exempt from population limits.

Issues with Current Statute

As discussed in Recommendation P-1, most but not all license types are subject to the statutory population limits. A Public Convenience License is one such exception: a provision in subsection (e) and (g) of the Population Limitations (AS 04.11.400) allows an REPL (beer and wine service only) to be located 18 or more miles outside of a city's limits (e) or with a signed petition of a number of nearby residents (g). Public Convenience Licenses are not transferrable, and therefore have no market value; there are currently 57 (9 of which are seasonal). Most are located in smaller communities which have otherwise been issued the maximum number of allowed REPLS, notably in Homer (12), Seward (7) and the rural Kenai Peninsula (10). To date Public Convenience licensees have not been associated with significant enforcement problems, but they are one of a few license types that circumvent the population limitation system. From the public health

perspective, this weakens the control on the number of retail access points to alcohol in a community, particularly a small community. From the industry perspective, particularly BDL owners, this and other exempted license types create loopholes to obtain a license at lower cost and less effort that allows a business to operate in a substantially similar way as a BDL or REPL.

Proposed Changes

The committee discussed Public Convenience Licenses in the context of considering whether to allow Manufacturers to hold REPLs and whether this would be acceptable to those in the industry who opposed this proposal in the past. The Public Convenience provision was identified as another area of concern for retail licensees as well as public health advocates, who share an interest in closing lower-cost loopholes in the license market as created under the population limitations. The committee discussed eliminating the public convenience provision entirely and sunsetting all existing licenses over time, but also acknowledged that many of the existing businesses may be required to purchase a more expensive license or would be put out of business if a license was not available. The committee therefore proposes a permanent moratorium on issuing any new Public Convenience licenses, and that existing Public Convenience Licenses would be grandfathered in and be allowed one transfer of ownership at the same location to provide an opportunity to sell the business, or pass it to the current owner's family or business partner. Following the one allowed transfer, the license would be retired.

Stakeholder Feedback

This recommendation was developed after the stakeholders' meeting and has no feedback, other than having addressed feedback provided for Recommendation P-1.

Recommendation R-1A. Clarify Definition of Premises for BDL Duplicate License | Clarify the parameters which would allow and require a duplicate license for Beverage Dispensary Licenses (AS 04.11.090).

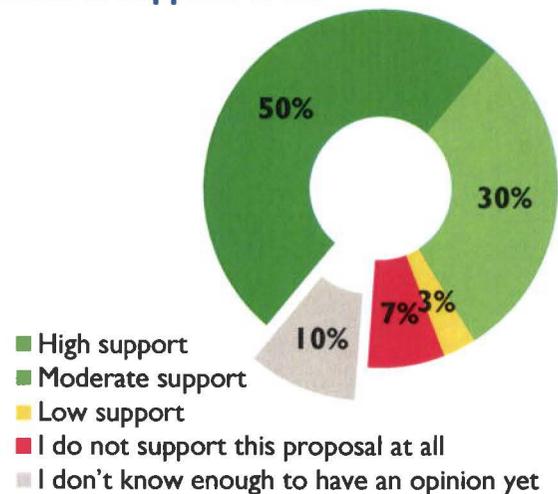
Note: Recommendations R-1A and R-1B are listed as separate concepts for the reader's convenience, but should be considered a single proposal with two components.

Issues with Current Statute

Beverage Dispensary Licenses (BDLs) are no longer available in most communities except by purchase and transfer from an existing license holder. There has therefore been an increase in business concepts that rely on the Duplicate license, which generally allows for a larger establishment or two linked establishments with multiple rooms. Several Duplicate licenses are held by hotels or motels; others are multi-room bars.

“Premises” is currently defined as one room with a fixed counter or service bar. Additional rooms in one establishment require Duplicate licenses, even in the same building. Duplicates are not allowed at separate (non-contiguous) establishments, even under the same ownership. Large resort and other large hotel properties, which have multiple establishments on what may be a multi-acre property, have also used Duplicate licenses to execute their concept, even when not in the same

Level of Support: R-1A



building. This is one of the primary exceptions to the general definition.

Lack of clarity regarding which situations allow duplicate licenses has made it difficult for the ABC Board to consistently determine when a Duplicate License is appropriate and should be issued. Single establishments with multiple bar rooms may have a Duplicate, while other establishments have used Duplicates to create what appear to be two different establishments, physically adjacent and under the same business entity. Others have applied to use a Duplicate elsewhere in a larger property, citing the example of existing resorts or hotels which have been granted Duplicates.

Proposed Changes

The committee recommends that the statute be updated to clarify the definition of “premises” and the conditions which would allow and require a Duplicate License. They created a logical framework for Duplicate Licenses that allows businesses some flexibility in operation decisions, while restricting the number of situations in which a Duplicate would be allowed, to preserve the intent of the population limitations on the number of licenses. Because the design and operation of a large resort property or hotel is materially different from a BDL with multiple bar rooms, the committee has also made recommendations regarding resorts (see Recommendation R-1B). The definition of Premises remains the same: a single room with a fixed, plumbed bar. The committee proposes the following parameters for determining when a Duplicate is required:

- *Duplicate allowed + required* if same building, establishments held by same owner, separated either by unlicensed or contiguous licensed premises
- *Duplicate allowed + required* if licensee is a hotel, motel, resort or similar business catering to the travelling public, in same building or readily accessible within convenient walking distance, and profits/losses of alcoholic beverage business of duplicate license is combined or consolidated with, for federal income tax purposes, profits/losses of the alcoholic beverage business conducted on the original licensed premises
- *Duplicate not allowed* in any other situation except with a Large Resort Endorsement (see R-1B)

Applicants for Duplicates have often cited examples of hotels, motels and resorts as appropriate precedent for their own proposals. This recommendation clarifies the statutory intent of having Duplicate licenses, and when they are or are not appropriate. Other requirements for a Duplicate BDL (application, license fee, public and community review) remain in effect, as it is functionally a second license at the same establishment.

Stakeholder Feedback

The stakeholders were generally in support of this proposal, with some questions regarding the definition of a Large Resort. (The original recommendation R-1A and part of R-1B were presented together; feedback specific to Large Resort is in the following subsection.) The committee had originally proposed eliminating the need for a duplicate in a single establishment with multiple rooms and no unlicensed premises separating rooms, but determined that this would have significant fiscal impact due to lost license fee revenue, and may have unintended consequences for the overall number of access points for alcohol, particularly if it allowed the creation of a large multi-room complex.

Implications to Consider: Implementation, Connections to Other Statutes

- Consider which existing licensees would require grandfathered status or no longer be eligible for a Duplicate license, and how to address these situations.

Recommendation R-1B. Large Resort Endorsement | Create a Large Resort Endorsement within the Beverage Dispensary License (AS 04.11.090) that allows Duplicate BDLs within the same resort complex but not necessary the same building.

Issues with Current Statute

As described in R-1A, the primary exception to the rule regarding Duplicate Licenses is that hotels, motels and resorts have been granted Duplicates despite their multiple establishments not being in the same building. This creates a perceived precedent for other applicants, whether or not they have a similar operation as a large resort or small roadhouse, and ambiguity for the Board.

Proposed Changes

The Proposed Large Resort Designation is primarily an exception to the rule proposed in R-1A for Duplicate Licenses: having such an endorsement would make the licensee exempt from the requirement that a Duplicate must be in same building, as long as all of the licensed premises are within resort boundaries and under licensee's control (i.e., not leased to or operated by a separate entity). A Large Resort would be defined as 10 or more acres, with outdoor recreational activities and overnight lodging for the public. This endorsement would have a one-time fee of \$200, would be retained by the licensee but cannot be transferred with the license, even in the location. This mechanism provides the basis for which the licensee could apply for Duplicates to be located in different buildings; the application process would still require community review and all other requirements for a Duplicate license application, as it does currently.

Stakeholder Feedback

The committee originally presented R1-A and R1-B as a single recommendation. Feedback received from stakeholders centered on the Large Resort Endorsement and why it is important to exempt from the Duplicate requirements. The committee was not certain exactly how many properties would fit under the proposed Large Resort definition, but imagines it is perhaps five to ten at the most and that these establishments are distinct from small hotels and other licensed hotel/motel establishments because of their size and operations. One group member was concerned about the unintended consequence of creating another loophole, depending on the minimum acreage for a Large Resort.

Recommendation R-2. Clarify Definition of "Recreation" in the Recreational Site License | Ensure that the strict definition of "Recreation" is being applied to current and potential Recreational Site License holders; implement a sunset provision to review and revoke any licenses which do not meet the statutory definition (AS 04.11.210).

Issues with Current Statute

There are currently two primary licenses which allow on-site consumption of beer and wine by the general public: the BDL (which also includes other alcohol products) and the REPL, which has a 50% food sales requirement to be considered a restaurant. There are other license types that allow on-site beer and wine consumption, but in specific circumstances, including: Recreational Site, Golf Course, (University) Pub and Theatre. The ABC Board has received several applications for some license types, particularly the Recreational Site, and there have been attempts to find "work-arounds" for what looks substantially similar to a bar (serving only beer and wine). Given the

limited number available of most license types, pressure on the Board is likely to continue in the future to create new license types or creatively adapt existing license types.

Past decisions and regulation changes have created inconsistency in which businesses or organizations may qualify for particular licenses. Specifically, the Recreational Site License has been essentially re-defined in policy in a way that broadens the statutory definition. The statute was very broadly interpreted by an Assistant Attorney General in a memo dated April 11, 2011, who was asked to draft proposed changes to the Recreational Site License statute (AS 04.11.210) and subsequently recommended that the Board institute a policy change instead. The memo defines “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 with the statute, the “activity based” definition reads as follows: “An activity-based recreational site license will 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 since been issued under this broadened definition, some of which would likely not qualify for the same license if re-evaluated under the statutory definition; at least one license application was in process but never issued when this controversy arose.

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 voiced concern that the value of BDLs will be diminished by expansion of other license types. Public health and community advocates would like to avoid any proliferation that increases the density of retail outlets beyond statutory intent.

This committee has been given a task by the ABC Board: “Review and provide recommendations on the proposed regulation changes being considered regarding the definition of ‘recreational activities’ in the Recreational Site License (3 AAC 304).” The committee is asked to suggest a timely interim solution to this issue, because of their knowledge of existing statutes.

Proposed Changes

The committee has discussed options for addressing this issue, particularly in light of the recent (and ongoing) controversy surrounding the definition of “recreational activities” for a Recreational Site License. After reviewing the existing statute and the proposed regulation 3 AAC 304.X (available from the ABC Board for review as of August 2013), the committee determined that the main issue is not with the statute itself, but with how it has been applied. The committee also considered substantially broadening the definition of recreation, which would effectively allow many different businesses and organizations to qualify as recreational or entertainment establishments. While this was in some ways appealing, it would make interpretation of statute very difficult and in practice may substantially increase the number of retail establishments if the qualifications for having such a license were very broad.

While the committee supports the proposed regulation as it has been drafted, the prevailing sentiment is that the statute itself is sufficient and must be applied more narrowly than it has been in the past. They recommend nullifying the policy memo that inappropriately broadens the intent of the statute. They strongly recommend that the ABC Board return to strict interpretation of the existing statute regarding what establishments qualify for a Recreational Site License. All

applications for a Recreational Site License would be held to this standard.

The primary implication for returning to a strict statutory interpretation is whether existing licenses should be revoked as they were issued without proper legal basis. The committee considered this issue and weighed the existing licensees' investment against the intent to close a loophole. The committee recommends revoking licenses that do not fit this definition, but providing a sunset period to allow non-conforming licensees to depreciate their investment in the license or alter their operations to fit the new definition. At the time of all Recreational Site Licenses' renewals, the ABC Board would issue a memo explaining that each license will be reviewed by staff and a recommendation made whether it completely or partially meets the statutory definition of a Recreational Site. Licensees would be given four renewal periods (8 years) to complete an appeal to the ABC Board about how their existing operations fit the definition, or what operational changes they would make (e.g. instituting a seasonal league or limited hours) to meet the statutory definition. At the end of eight years, licenses which have not been approved or modified would be revoked (the renewal application denied).

Stakeholder Feedback

This proposal was not presented to the stakeholders at the March meeting, but the general problem of the Recreational Site License was presented as needing to be addressed. Many stakeholders are familiar with issue and provided comments to the Board's proposed regulation.

Implications to Consider: Implementation, Connections to Other Statutes

- Where and how to codify the review, appeal and sunset provisions (statute or regulation)

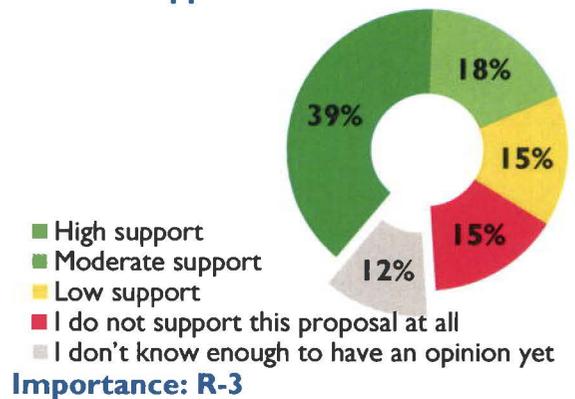
Recommendation R-3. On-Site Sampling of Products at Package Stores | Create a separate Endorsement to allow on-site sampling at Package Stores (AS 04.11.150).

Issues with Current Statute

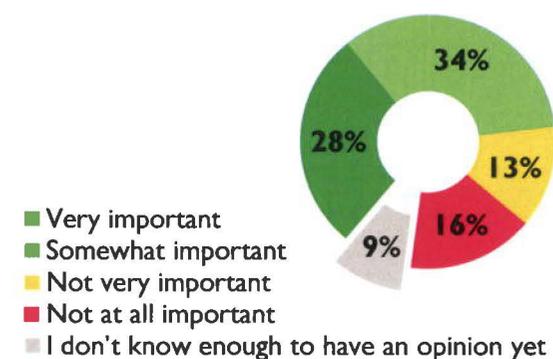
Currently Brewpubs, Wineries and Breweries allow on-site sampling of products and limited sales to individuals for off-site consumption. Package Store Licenses prohibit onsite consumption of alcohol, but the "growler bar provision" (subdividing containers) was recently added in regulation to allow package stores to re-package beer into a growler (a 32- or 64-oz container provided by or purchased by the customer) for consumption off-site.

There has been some advocacy for allowing onsite sampling at Package Stores, particularly for products available at a growler bar but perhaps including all types of alcohol. Alaska has not allowed this activity, but many other states allow sampling either as a part of a Package Store license or a separate permit for a third party at designated sites.

Level of Support: R-3



Importance: R-3



Proposed Changes

This recommendation does not address a flaw in current statute, but responds to growing support for the idea and considers its implications; while no specific legislation has yet been introduced, the committee also anticipates that if not included in this recommendations packet, the proposal may still be brought as its own bill in a future session.

Along with reorganizing Package Stores' existing permits as identified in statute (see Recommendation R-6), the committee proposes creating a new Package Store Sampling Endorsement which would allow a Package Store licensee to obtain permission to provide a limited number of free samples of alcoholic beverages on the premises. The committee looked to the Manufacturer Retail permit for guidance on sample size, and would include the same limits for the *total* amount of equivalent-alcohol samples served: no more than **12** oz of beer, **6** oz of wine or **1.5** oz of distilled spirits. Determining how to track the total product(s) sampled per customer would be left to the licensee, who would be encouraged to present their plan to the ABC Board. The licensee and employees would assume liability for responsible serving and training, and the same signage would be required as other establishments with on-premises consumption. Sampling activities would be allowed during package stores' hours of operation (see below regarding further restrictions at the local level).

Note: while drafting statutory language, Carmen noted that it is difficult to write the clause in such a way to show that a mix of products can be sampled, but that the overall limit is a combination of the above individual product limits. The committee may reconsider whether to recommend a total number of samples with defined sizes, or an alternative solution that communicates the same intent.

Because this substantially expands the type of activities at a Package Store, the committee also discussed ways to mitigate potential neighborhood impacts, particularly in neighborhoods or communities that have had previous issues with one or more Package Stores. The committee proposes that this endorsement would require review and comment by the local community, and may trigger additional requirements at the local level such as a Conditional Use Permit provision allowing onsite consumption. Further limitations on the schedule of sampling activities could be placed on the endorsement through a local government's conditional use permit, e.g. allowing sampling for only four consecutive hours or not before noon. The endorsement would also require bi-annual renewal with the license, and the committee considered a one-year "probation" period in the first year of operation by the Package Store during which the endorsement could be revoked with public protest. To address concerns that free sampling would be leveraged in a proliferation of public advertising that promotes the easy availability of free alcohol, the committee also recommends codifying restrictions in statute and regulation regarding advertising (such as in Pricing and Marketing, AS 04.16.015). Public advertising of free sampling, either as an event or as a regular feature of the store (banners on the exterior of the premises, newspaper ads and other circulars, TV and radio advertising, handheld signs on street corners) would not be permitted. Advertising directed at existing customers would be permitted, including through opt-in mailing lists; social media directed toward a network of opt-in followers; and banners or flyers inside the store which are not visible from the exterior.

This recommendation does not have strong consensus, but the committee believes this arrangement may be acceptable to all sides, with the provision that local communities have some degree of input.

Stakeholder Feedback

The committee did not have a specific proposal as of the stakeholder meeting, but presented the

general concept to the larger group for feedback on the idea of allowing on-site sampling of alcohol at package stores (reflected in the graphs above). The group had several clarifying questions about the possible design of this license or permit, outlined above. One group member noted that if the activity was tied directly to the license, a serving violation may jeopardize the package store's ability to operate if sanctions are issued by the ABC Board. The stakeholders had mixed support for this idea, and the number of questions about its structure suggest that there may be more or less support depending on the specific design. The subsequent recommendation has attempted to address questions identified by the stakeholders, and to provide mechanisms for further local review and restrictions as appropriate.

Implications to Consider: Implementation, Connections to Other Statutes

- Ensuring the Endorsement is subject to local review, and potentially aligned with the Conditional Use Permit requirements of some municipalities and boroughs

Recommendation R-4. Clarifying Restaurant Food Requirement | Clearly define in statute the calculation of 50% food sales (AS 04.11.100): the ratio should be food sales receipts to alcohol sales receipts for on-site consumption.

Issues with Current Statute

The committee took little issue with the Restaurant Eating Place License, but discussed whether to increase the ratio of food to alcohol to define a bona fide restaurant, as well as specific examples of existing REPL holders that may or may not meet the statutory requirement of food to alcohol sales. The committee did identify 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, the non-food sales could include alcohol, merchandise or other receipts.

Proposed Changes

The committee discussed the food requirement particularly in the context of a Manufacturer holding an REPL and whether they could successfully meet this requirement. The committee recommends that the statute be re-worded to indicate a more specific calculation: that gross receipts of food sales should be measured against gross receipts of alcohol sold for on-premises consumption. This excludes any other sales, including alcohol sales for off-premises consumption.

Stakeholder Feedback

This recommendation was developed after the stakeholder meeting and has no associated feedback.

Recommendation R-5. Golf Course License | Retain the current Golf Course License (AS 04.11.115) and allow a Golf Course to hold 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.

Issues with Current Statute

In reviewing the BDL and Golf Course License, as well as reviewing the Restaurant Designation Permit, the committee discovered that, unlike a provision in the Restaurant Eating Place License, 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 remain on licensed premises and not serve alcohol in the course of their employment at a restaurant, this appeared to be an oversight and, to the committee's knowledge, is not currently being enforced. If

the restriction is enforced, it prevents minors from participating in golfing activities. Furthermore, the holder of a Golf Course License is currently prohibited from holding a BDL per AS 04.11.115.

Proposed Changes

The committee proposes retaining the Golf Course License as a beer and wine license, but allowing a Golf Course License holder to also obtain a BDL if desired. A Golf Course License would be required in either case in order to serve beer and wine on the course, as the Golf Course License would be the required foundation for allowing the course itself to be licensed premises. Discretion is left to the applicant and the Board to determine which portion of the course is appropriate for the boundaries of the premises. The Golf Course License (and a BDL also held by the licensee) would be eligible for a Restaurant Designation as well, to allow minors to work on the licensed premises. To codify the provision that minors would be allowed to remain on the course and work on the grounds, with the requisite requirements on the licensee to ensure that minors do not have access to purchase, consume or serve alcohol while on licensed premises, the committee proposed including this language in AS 04.16.049 and including “and golf course” after clauses that specify minors can remain in a bona fide restaurant.

March Stakeholder Feedback

This recommendation was developed after the stakeholder meeting and has no associated feedback. The committee discussed the issue after an ABC Board staff member provided the example of a discussion with a current Golf Course licensee who was concerned about the inability of minors to use the course if it is a licensed premises. The committee agreed that this was not the intent of the statutes prohibiting minors on licensed premises.

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

Issues with Current Statute

The Theatre License, which functions as a regular license type, is not included in statute. Only one is currently in use, and is available to an existing licensee to provide concessions at a theatre at its own establishment or, as it is written, a site separate from its own licensed premises. In practice, it functions as a year-round catering concessions contract between a licensee and an otherwise non-licensed premises, and can circumvent local limits on the number of events allowable at a single venue in a calendar year.

Proposed Changes

The committee is not proposing any material changes to the language currently in regulations (3 AAC 304.695) but that this license type should be codified in statute, and included in the list of licenses in AS 04.11.080. As it is currently written, this license is only available to existing BDL and REPL holders and, despite its current use, does not mandate or constitute 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 that it is not a statutory issue, but a business contracting issue.

March Stakeholder Feedback

This recommendation was developed after the stakeholder meeting and has no associated feedback.

Recommendation R-7(A through L). Other Endorsements, Designations and Permits

In addition to the recommendations above, create a clear statutory framework for Endorsements, Designations and Permits, with all types defined in statute as well as regulation.

Note: there is still an ongoing discussion about the BDL Catering Permit (R-7K)

Issues with Current Statute

As noted throughout most of the other recommendations, the current system of licenses, designations and permits is often inconsistent or convoluted, in part because it has been changed piecemeal and 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 what 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 which are defined only in regulation (e.g. the Theatre license), and other permits which are defined within specific license statutes but which 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.

Proposed Changes

The committee's general approach to this topic was to examine which provisions should be their own 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 but which should be refined and inserted into statute, not regulation. Guidelines for each category are below, which the committee recommends including in an educational document for the general public (not in statute itself):

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

Some endorsements have already been defined in previous recommendations, as they apply directly to a specific recommendation. The term Designation is retained only for the Restaurant Designation, which has no proposed changes other than those noted for Golf Courses (AS 04.16.049). The remaining list of endorsements and permits below is proposed to be inserted as a series of individual statutes. In most cases, the language describing the permit or endorsement has not changed, just its inclusion in statute. In other cases, language may be expanded or narrowed to clarify the intended use of the endorsement or permit, and what license(s) it applies to.

R-7A | Bowling Alley Endorsement | The committee proposes removing this from the BDL statute itself (AS 04.11.090), but still noting that it is only available to BDL holders. Because there was previously no definition for a bowling alley, the committee proposes adding the definition that it must have at least 6 lanes. This endorsement would require additional information from the applicant about the specific premises and hours during which alcohol is to be served, when minors are not allowed in that area.

R-7B | Package Store Shipping Endorsement | The committee has not proposed substantial changes to this concept, other than to make it an endorsement. The section would be relocated from AS 04.11.150 into a new statute. The endorsement would not require renewal with a license renewal, but is not transferrable. The fee for this endorsement would be \$200, because it has associated administrative costs regarding the Written Order Database.

R-7C | Package Store Delivery Endorsement | The committee has not proposed substantial changes to this concept, other than to make it an endorsement. The section would be relocated from AS 04.11.150 into a new statute. The endorsement would not require renewal with a license renewal, but is not transferrable. The fee would be \$50, because it has minimal administrative cost to execute.

R-7D | Package Store Re-Packaging Endorsement | The committee has not proposed substantial changes to this concept (“growler bars”), other than to make it an endorsement, relocated from the Package Store License statute (AS 04.11.150). The endorsement would not require renewal with a license renewal, but is not transferrable. The fee would be \$50, because it has minimal administrative cost to execute.

Package Store Onsite Sampling Endorsement | See R-3

Large Resort Endorsement | See R-1B

Regarding permits, the committee discussed some of the current issues and inefficiencies with permits, and believes that all permits should be clearly defined in statute, with languages that limits permits to *only* those defined in statute. This will eliminate the creation of new permits in regulation, which has contributed to the confusion with permits. A new statute will define a permit, indicate its time-limited nature and list the defined types of permits. While the group discussed how to better limit the number of permits issued and attempting in statute to avoid situations which have arisen in the past where an establishment essentially operates under a “license” that is a series of catering permits. The committee has no specific recommendation on that issue, but recognizes it as a problem if there is a lax permitting system.

The committee discussed the cost associated with issuing, inspecting and enforcing permits, and proposes that for almost all retail permits (except Retail Stock Sale, previously a 30-day license) the fee should be \$50 per day. ABC Board staff indicated that multi-day events tend to have a higher administrative cost for the Board because they tend to have elaborate operations. Furthermore, the cost of individual permits may grow over time; the committee discussed whether to increase the fee, but determined instead to include language that permits should be “no less than \$50 per day” which gives the Board discretion to increase permit fees, if needed, in regulation.

The committee also discussed the provision that permits must be “turned in” to the ABC Board after their use, as indicated in AS 04.11.230 and AS 04.11.240, as well as in regulations. This requirement apparently dates back to when permits were created in hardcopy only and the only copy given to the permit holder, which meant that the ABC Board relied on the holder to return the permit for the Board’s records. Staff verified that this provision is no longer enforced, that permits are stored electronically and do not require copies, and that it should be removed.

Other provisions were discussed which are currently defined in each individual permit, but should apply to all permit types. The committee recommends creating a statute outlining the general procedure for applying for a permit, including: approval from local law enforcement and any other

local authorities to conduct the event; requiring 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-7E | Beverage Dispensary Caterer's Permit (AS 04.11.230; 3 AAC 304.685) | This permit has caused considerable confusion and has been broadly applied: 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.” 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 committee discussed the types of uses this catering permit is intended for, particularly events with a specific attraction or celebrating a holiday, and recommends adding more instances of allowed events (e.g. street fairs, concerts, festivals) and removing the phrase “social gathering.” The fee would be \$50 per day, not per event. The current statute is named “Caterer’s Permit,” but because it is specific to BDL holders, the group recommends changing the name to Beverage Dispensary Caterer’s Permit.

Note: the recommendation to remove “Social Gathering” from the list of allowable occasions for a permit is contingent on the decision on whether to include other event-based permits for some specific license types. This portion of the recommendation may change depending on the decisions made by the committee regarding the proposed permits.

R-7F | Restaurant Caterer's Dining Permit (3 AAC 304.680) | This permit, currently only in regulation, allows an REPL or a Golf Course to provide beer and wine for a dinner event. The committee recommends changing the phrase “banquet or dinner event” to “meal or dining event” to broaden the scope to a brunch or lunch event, if desired. This permit is intended to be the analog to a BDL Caterer’s Permit, but requires food service at the event, similar to the REPL’s food sales requirement.

R-7G | Club Caterer's Permit (3 AAC 304.690) | The committee proposes no changes to the activities of this permit, other than to move it into statute. The fee would be changed from \$100 per permit to \$50 per day; currently organizations are limited to 3 events per calendar year.

R-7H | Non-profit Event Permit (AS 04.11.240) | The committee proposes renaming the “Special Event Permit” as the name causes considerable confusion, and it is only available to non-profit organizations for fundraising activities. This permit does not currently allow service of distilled spirits, only beer and wine. This permit is already located in statute (AS 04.11.240) and allows an organization up to five events per calendar year.

R-7I | Art Exhibit Permit (3 AAC 304.697) | The committee proposes no changes to this permit other than its fee: currently an organization can pay \$50 per event or a total of \$100 for a year-round permit of up to 12 events. The committee proposed removing the full-year discount and that each event will be \$50 per day.

R-7J | Alcoholic Beverage Auction Permit (3 AAC 304.699) | The committee proposes renaming this permit from “Wine Auction Permit,” moving it into statute, and allowing any alcoholic beverage to be auctioned, with no other changes to restrictions or provisions in the permit. This permit would only be available to non-profit organizations and can be used with or without another event permit, and either at the licensed premises of a BDL, REPL or Club, or at a non-licensed premises. It does not permit on-site consumption of the products being auctioned.

R-7K | Retail Stock Permit (AS 04.11.200) | This license type is effectively a 90-day permit for a package store to sell its inventory to other licensees 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, the group recommends making this a permit. The fee would remain at \$100, rather than the proposed standard of \$50 per day.

R-7L | Catering Events for Other Licensees (AS 04.11.230; two new permits proposed) | The committee discussed creating two new permits which allow some other licensees to self-cater a specific event. Other licensees can, in theory, use a BDL Caterer's Permit to host an event outside of their normal operations, under the purview of the "social gathering" category within that permit (see Recommendation R-7E); however, this option is generally a break-even or negative-cost proposition for those licensees. The group therefore developed two new catering permit types for Manufacturers and Package Stores.

The committee has not yet come to consensus on this recommendation, however, and is offering an alternative recommendation: include language in the BDL Catering Permit specifically allowing a licensee to cater up to 5 events per year for package store. Both alternatives are outlined below. Should the Steering Committee not recommend either proposal, the committee would need to revisit the allowable event types under the BDL Caterer's Permit, as the phrase "social gathering" is currently a catch-all for a variety of catered events.

Alternative 1: Create Manufacturer Event and Package Store Event Permits | The committee developed proposals for two new permits: a Package Store Event Permit and a Manufacturer Event Permit. The Manufacturer Event Permit would be available to any of the three Manufacturer licenses, provided they already hold a Manufacturer Retail License.

- *Package Store Event Permit* | This permit would allow a Package Store to host up to 5 events per license per calendar year. The event may be held on or off premises of the licensee. The event must be no more than 4 hours long, with no alcohol served after 9 p.m. Food must be served with the alcoholic beverages. The applicant must obtain local law enforcement approval, as BDL Catering Permits currently require. The cost of the permit would be \$50 per day; event attendees would be charged a flat fee to attend, as wine tasting events and non-profit fundraisers currently allow.
- *Manufacturer Event Permit* | This permit is substantially similar to Package Store, but would be limited to providing only the Manufacturer's own products. The details above are the same: no more than 5 per year; limited hours of service; food service required; local law enforcement approval required; may be on or off premises. An applicant must already hold a Manufacturer's Retail License (Brewery, Winery or Distillery Retail) in order to qualify (see also Recommendation M-2).

Alternative 2: BDL Caterers' Permits Includes Specific Provision to Cater for Package Stores and Manufacturers | After reviewing the above recommendation, the committee developed an alternative proposal that allows other license types to have catered events, but retains control of the catering function within the BDL Catering Permit. This provision would allow a BDL holder to cater up to 5 events per calendar year per Package Store or Manufacturer License (of each type). The specifications above would remain true for either license type.

Stakeholder Feedback

These recommendations were developed after the stakeholder meeting and has no associated feedback; see other recommendations regarding specific Endorsements for further discussion.

ROLE OF THE ABC BOARD COMMITTEE

“There is established in the Department of Commerce, Community and Economic Development the Alcoholic Beverage Control Board as a regulatory and quasi-judicial agency.” AS §04.06.010

TASK AND ASSIGNED STATUTES

The Role of the ABC Board subcommittee is tasked with reviewing 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. The specific statutes within this committee’s purview include Chapter 6 of Title 4, AS §04.06.010 to §04.06.100.

RECOMMENDATIONS

The recommendations below are summarized as they were presented to the stakeholders on March 25, 2014. The polling results graphs indicate the participants’ initial level of support for the proposal and the extent to which participants believed it is an important recommendation to include in the final package.

Recommendation RB-1. Strengthen Municipal Enforcement Reporting Requirements | Include in statutory requirements that municipalities submit quarterly reports on Title 4 enforcement activities to the ABC Board.

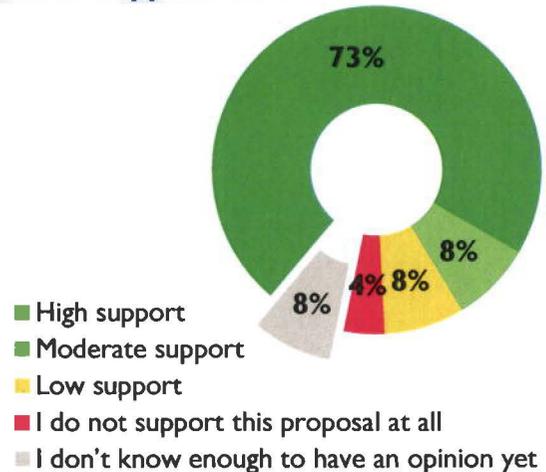
Issues with Current Statute

The ABC Board depends upon municipal police and peace officers, VPSOs and the Alaska State Troopers to enforce Title 4, in addition to the Board’s own investigator staff. Where local municipalities have their own police departments, the State provides matching funds (inaccurately referred to as a “refund”) from the General Fund equal to the total licensing fees collected within each municipal jurisdiction with their own police.

The funds are encouraged but not required to be used for Title 4 enforcement activities, however, municipalities are required by regulation 3 AAC 304.610 to provide quarterly reports on enforcement activities.

Furthermore, the ABC Board currently has no formal mechanism to engage in planning efforts with local governments on education and enforcement, beyond coordination on individual investigations. Police departments have been required by statutes to report, but have received no direction about how much enforcement is appropriate to the amount of money refunded. Some departments are more responsive and some reports more robust than others. Lack of clarity about

Level of Support: RB-1



what is required and why reduces the efficacy of this reporting requirement.

Proposed Changes

In 2014, the ABC Board issued a white paper recommending that 1) current 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, the committee recommends that these reports also require municipalities to document their intended use of these funds for education and prevention activities, including developing annual activities plans in collaboration with ABC Board staff.

The committee recommends implementing the three components above. Including these activities in statute rather than regulation clarifies that they are a requirement, which will result in more consistent reporting from local governments. The reporting format should allow police departments to comment on education and prevention activities. If a law enforcement agency reports no violations, it is unclear if violations did not occur, if preventative measures were successful, or if no enforcement actions were taken.

March Stakeholder Feedback

The group had no specific questions, and there was generally strong support for this proposal.

Implications to Consider: Implementation, Connections to Other Statutes

- Address how to set up the reporting system for ease and efficiency for police departments and the ABC Board (e.g., electronic submission and information tracking).
- Consider the resources that would be necessary for the ABC to work with municipal police departments on developing enforcement, prevention and education plans.
- The committee recommends soliciting input and discussion from the local law enforcement community before developing detailed requirements for planning and reporting, to ensure that it is an effective system for all
- Should an enforcement, education and prevention plan be required as condition of receiving funds? Activities may vary by community and which issues are listed as priorities.
- This proposal does not require that the refunds be spent on enforcement, just that enforcement activities be reported in order for the municipality to receive the money.

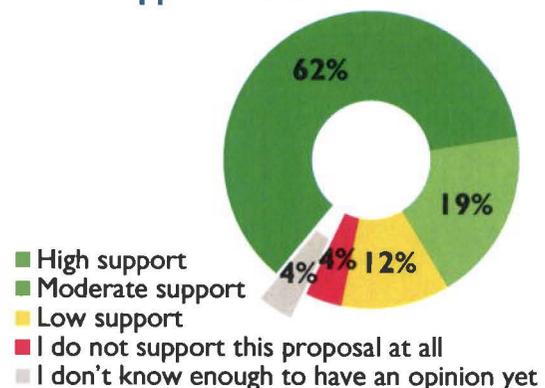
Recommendation RB-2. Community Analysis of Written Order Database |

Allow data about alcohol purchases (written orders) to be reported/made available, aggregated at the region or community level, for analysis and community self-assessment.

Issues with Current Statute

Currently all written orders for alcoholic beverages to local option communities, purchased through package stores in the state must be recorded in a database maintained by the ABC Board (AS 04.06.095; 3 AAC 304.645).

Level of Support: RB-2



This database is used to track orders to local option communities that allow alcohol importation (coordinating orders from multiple stores) and to enforce a monthly maximum purchase of alcoholic beverages allowed per individual.

The data are confidential, available only to the ABC Board, a law enforcement officer, probation or parole officer, and on a limited basis to a package store licensee, agent or employee when they determine whether to fill an order. Individuals may request reports of their own data.¹ The database is purged annually. The written order database is generally seen as a successful tool, and the data it contains is potentially valuable information for Local Option communities to understand the flow of alcohol in their own area. Because all of the data is confidential as required by statute, not having access to this information at even an aggregated level is a missed opportunity.

Proposed Changes

The committee proposes adjusting the language of statute to preserve the confidentiality of individual purchasers, while allowing an aggregated form of the data (at the community, ZIP code or region level) to be provided to communities and other researchers upon request. This change would require a longer archival period for the data than annual purges, but would still only be available in a limited format to the general public. Access to the aggregate data would be useful for state and community analysis, and could be limited to those within a certain community or geographic area.

March Stakeholder Feedback

One participant commented on the issue of confidentiality in small communities: aggregated data would not necessarily mask the activities of a few easily-identified individuals. Another commented that this data would be useful for public health and prevention analysis and assessment. In general, the stakeholder group supported this idea.

Implications to Consider: Implementation, Connections to Other Statutes

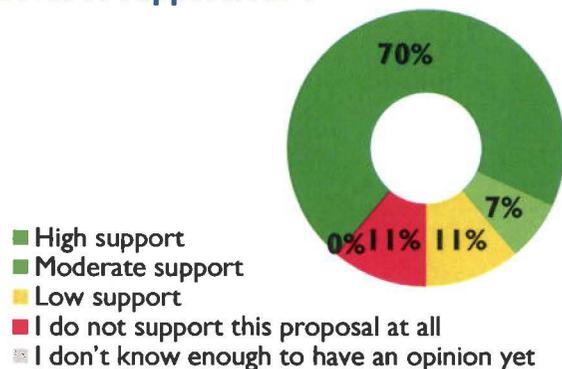
- Address concerns about individuals' privacy and data confidentiality.
- The committee anticipates potential resistance from the communities that previously advocated for the information to be kept confidential.

Recommendation RB-3. Revise ABC Board Budget to Adequately Fund Needed Activities | Determine the necessary funding level to carry out the ABC Board's mission and core functions, and adjust revenue (fees) accordingly to meet that need.

Issues with Current Statute

The ABC Board's budget includes costs associated with quarterly Board meetings, enforcement activities, education activities for applying and current licensees, and administrative

Level of Support: RB-3



¹ The written 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. 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 written order database plays the monitoring role of a community distribution center in communities without a community distribution center.

functions associated with licensing and other Title 4 provisions. The size of the budget is determined by the estimated amount of fees collected through applications and renewals of licenses, and developed by the Director based on those parameters.

The committee discussed whether the Board's current budget is adequate to cover the costs of its current activities (Powers and Duties), and whether additional activities proposed by the Role of the Board, Licensing and Local Option committees would require additional funding.

Proposed Changes

The committee suggested that the budget would likely need to increase in order to better perform the Board's enforcement duties and to engage in more education opportunities (see 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 required minimum of at least one meeting in the four judicial districts)
- Additional investigation and enforcement resources for addressing issues such as non-licensed establishments and sales
- Investigator I level staff to perform routine compliance checks, making Investigator III and IV level staff available for more complex investigations

The committee feels strongly that this recommendation should be accompanied by a requirement for the ABC Board to produce a detailed plan for the increased expenditures, available for stakeholders' review. This recommendation (RB-3) is offered in tandem with the Licensing committee's Recommendation F-1, which addresses the revenue increase through adjustments to current license and permit fees. Both committees look to the ABC Board Director to develop a proposed budget according to the guidelines above. Education activities conducted by ABC Board staff should also be adequately funded, including informing licensees of changes in statute or regulation; providing licensees and employees of the industry with information regarding other changes such as the new design of Alaska drivers' licenses; and educating local governments and other partners on effective implementation of the law.

March Stakeholder Feedback

A few group members asked clarifying questions about how the Board's budget is currently developed: the Director produces an annual draft budget based on licensing revenue, and sends to the Governor's office and the Legislature for approval. The group would like to see more specifics about the implications of increasing the budget, particularly as it affects license fees, but generally supported this proposal of a possible increase in the ABC Board's budget for its activities.

Implications to Consider: Implementation, Connections to Other Statutes

- Connection between budget and licensing fees (Recommendation F-1)
- Connection between budget and proposed increased investigation resources for Local Option areas (Recommendation LO-2)
- Specific increased costs for items such as additional Board meetings, new staff or expanded programming
- Ensuring that the Board's proposed activities, mission statement and proposed budget are aligned and appropriate
- These recommendations should be considered guidance for the Director's task to build an

annual budget for submission to the Governor's Office.

Recommendation RB-4. ABC Board as Lead Agency for Alcohol Education Efforts | Designate the ABC Board as lead agency in a multi-department, public-private sector education effort about responsible alcohol use and applicable laws.

Issues with Current Statute

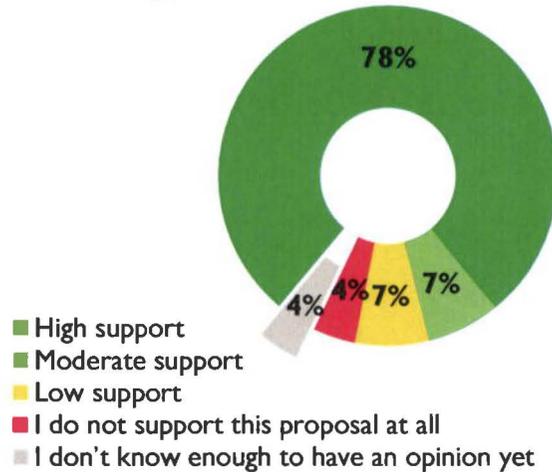
The ABC Board has the responsibility of approving alcohol server education courses provided by the alcohol industry. Although the ABC Board does not have an explicit charge in statute to focus on education about alcohol use staff conducts training classes upon request to licensees and their agents and employees, law enforcement, university students and citizens. According to its Powers and Duties (AS 04.06.090), the Board can undertake necessary activities to control and regulate alcohol production and sale, but the specific activities are primarily related to granting of licenses, enforcement, and notification of changes to the law. ABC Board staff, industry members, local governments, enforcement agencies and other partners value the Board's education activities in order to help all stakeholders understand and comply with the law, particularly to prevent youth access to alcohol.

The committee discussed the role of education to various audiences (licensees, employee servers, law enforcement, youth and the public) in promoting responsible use and sales of alcohol. In addition to the ABC Board efforts, there are currently a variety of efforts through the Alaska Mental Health Trust Authority, the State of Alaska Department of Health and Social Services, and local partners on alcohol education, but there is no centralized coordination of these efforts and inconsistent partnerships between the public and private sector education efforts.

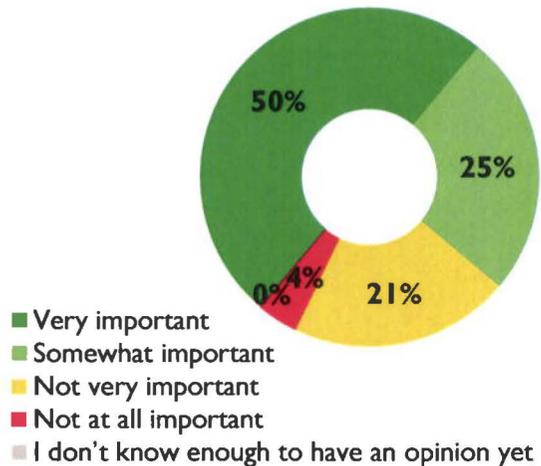
Proposed Changes

The committee recommends designating 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 agencies and contractors. This effort would not replace existing programs such as the grants that fund substance abuse prevention through the Division of

Level of Support: RB-4



Importance: RB-4



Behavioral Health, but provide a more formal role for the ABC Board to share information such as knowledge about Title 4. This proposal would require additional funding to support coordination and any other activities (see Recommendation RB-3).

In subsequent discussions, the committee identified the current niche of the ABC Board as the primary agency with which licensees interact regarding Title 4 and other alcohol related issues. Coordination between the ABC Board and other agencies focused on reducing the financial and social costs of alcohol use would promote better communication about issues among various stakeholders. This recommendation would solidify the Board's existing education activities as an important part of its mission. Because ABC Board staff are the primary government contact for alcohol industry businesses in the state, this existing relationship is ideal for communicating necessary information such as changes in statute, regulation or policy of the ABC Board or other government agencies which affect their business. For example, had the ABC Board been adequately informed by the Department of Motor Vehicles of the new design for Alaska drivers' licenses, they could have more easily informed licensees of this change before the rollout of the new design. The committee also discussed an expanded role for the Board in educating the public through messaging campaigns about alcohol laws, particularly regarding furnishing minors, social host laws, open container laws and when a catering permit may be required. While local governments may produce educational materials in this area, the ABC Board could (with the proper resources) produce materials such as a Frequently Asked Questions (FAQ) document or brochures to educate the general public about alcohol laws.

Stakeholder Feedback

Stakeholders generally supported this proposal, with more moderate support for it being a relatively important recommendation. Participants who are currently working to implement the Department of Health and Social Services comprehensive plan to address underage and dangerous drinking had reservations about how to best align this proposal with other educational activities that are already happening. The committee noted that the proposed arrangement would focus not only on underage drinking, but on adults' responsible alcohol use.

Implications to Consider: Implementation, Connections to Other Statutes

- Coordination with existing wellness and prevention efforts in DHSS
- Impact on ABC Board budget and scope
- 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 to address: Who would educational activities target (e.g., public, licensees, servers)? Who would be responsible for implementing and evaluating program effectiveness of these educational activities the ABC Board would coordinate? What are the messages that the education would convey?
- Who is the target audience(s) for the ABC Board's education efforts? The public at large, or specifically licensees and those engaged in the alcohol industry?

Recommendation RB-5. Composition of the ABC Board

The qualifications for members of the ABC Board are laid out 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; three members of the general public, one of which should come from a rural area; and

that the public members or their immediate family cannot have a financial interest in the industry. The committee discussed possible changes to the composition of the ABC Board, but did not reach consensus on a recommended Board composition. Three alternative proposals were presented for consideration, and participants were asked to indicate their level of support for each.

The committee has since considered this recommendation and has not reached consensus on its position; this issue has also been one of the most divisive of the group, and is put forward to the Steering Committee to make a determination. The two scenarios described below (Status Quo and Adding Law Enforcement and Public Health Seats) are offered with a brief rationale for each.

The committee has also seriously considered the possible impacts on the ABC Board if Ballot Measure 2, an initiative to legalize recreational marijuana in Alaska, passes on the November 4 election. Because the ABC Board is designated as the regulatory agency for marijuana until such time as (if ever) the Legislature creates a separate Marijuana Control Board, the committee believes it is likely if not certain that the composition of the ABC Board will be under discussion about the need to include experts in one or more sectors currently familiar with the drug (industry, law enforcement, public health). The committee's discussion evolved a bit, focusing on whether to propose a specific change now, or to wait until November to revisit the issue. If Measure 2 passes in November, the Legislature would take up the question of composition regardless of whether this stakeholder group makes a recommendation. Furthermore, any increase in the number of members would require adjustment of AS 04.06.060 Quorum and Majority.

For this reason, the committee advises the Steering Committee to consider the timing of any recommendation put forward, as well as whether to propose any changes to the Board. Several committees expressed a preference to wait until November to take further action, given possible changes that may be proposed independently of this process.

Recommendation RB-5A. Status Quo | Retain the current board composition: 5 members, 2 industry members and 3 public members (1 rural public member).

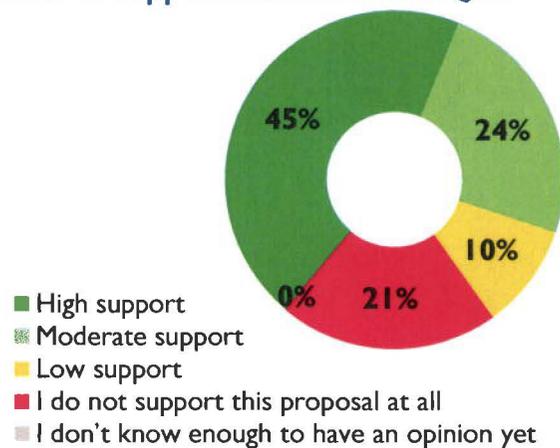
Issues with Current Statute

None: this proposal argues that the majority (3 of 5) of board members are representatives of the public; that currently board members are geographically representative from across the state; and that the work of the board is currently handled well by five members. It was noted that additional board members would require additional budget; those resources could be spent in education or enforcement activities.

Proposed Changes

None: this proposal would not make any changes to existing statutes, and would not change the qualification or affiliation requirements for individual Board members. Proponents of this proposal believe that because the group has not reached consensus on any iteration of changes to the Board, it should not be included in the recommendations package, whose primary strength is the level of consensus behind it.

Level of Support: RB-5a: Status Quo



Recommendation RB-5b. Add Law Enforcement + Public Health Seats |

Increase the number of board members, with at least one designated representative each from law enforcement and public health.

Issues with Current Statute

This proposal argues that the ABC Board is intended to control alcohol because it has serious public health and social costs in communities beyond economic considerations. This proposal argues that law enforcement and protecting the public health are important aspects of the Board's mission but have no designated representation on the Board.

Proposed Changes

This change would increase the number of Board members, with at least one member from the law enforcement sector and at least one member from the public health sector. Proponents of this proposal believe it is a critical change to ensure that many of the other changes to Title 4 are consistently implemented or enforced, and would like it to be central to the recommendations package.

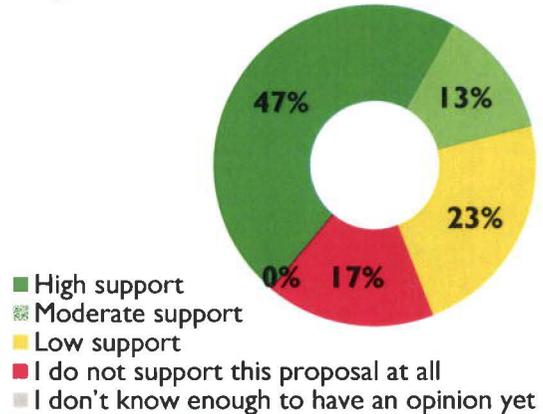
March Stakeholder Feedback on Both Proposals

The stakeholder group discussed the options at their tables. Some participants had questions for the latter proposal regarding the number of members: the committee members noted that they did not have a specific overall size they were recommending, but were focused on the designations of individual board seats. There was mixed support for the proposals, with marginally stronger support for retaining the current composition.

Implications to Consider: Implementation, Connections to Other Statutes

- Implications for total ABC Board budget if the number of board members increases.
- Possible impacts on Board composition if Ballot Measure 2 passes and the ABC Board is tasked with regulating legal marijuana in the state

Level of Support: RB-5b: Add Law Enforcement + Public Health Designated Seats



Recommendation RB-6. Update Title 4 Sanctions | Review sanctions associated with Title 4 and update to make penalties proportionate to the crime and therefore consistently enforced.

Issues with Current Statute

Sanctions apply to violations for any portion of Title 4 where the licensee is convicted in criminal court. The ABC Board also considers whether or not it is in the public interest to renew a license or apply other sanctions to the licensee (e.g. temporary suspension or, in severe cases, revocation). Currently, sanctions are based on precedent sanctions applied, which requires reading through actions taken at previous ABC Board meetings. The ABC Board Director maintains a database 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 loose standard (e.g., 45-day penalty suspending license) but no formal structure to the sanction(s) applied to individual cases. There are often mitigating circumstances, but no defined system on which to apply those mitigations to an

individual case. The ABC Board infrequently encounters repeat-offender licensees.

The committee discussed developing a graduated penalty structure associated with a set of mitigating criteria, such that the penalty is lowest for licensees who have satisfied all mitigating criteria and highest for licensees who have satisfied none of the criteria or are multiple offenders in a set period. Different penalties would be included for different types of violations. Aggravating and mitigating circumstances is a difficult standard to adhere to. Defining the aggravating and mitigating circumstances for the ABC Board would be challenging; currently there are four pages of statute (AS 12.55.155) devoted to factors that might be considered by courts when assigning appropriate penalties. The subcommittee discussed creating a system similar to a driver's license point system, where the points may be accumulated and released, in order to allow the ABC Board to evaluate the frequency of offenses/violations, and provide grounds to deny licenses to multiple/repeat offenders. While the committee does not have a specific recommendation for how to implement this graduated system, there has been initial conceptual agreement that this seems a fair method of enforcement that can account for varying circumstance, licensees' past performance and cooperation with the ABC Board, and some degree of proportionality.

The committee has also undertaken a full review of sanctions in Title 4, associated with behaviors ranging from Minor Consuming (04.16.050) to failing to post required warning signs on licensed premises (04.21.065). Most sanctions are outlined in the associated statutes, with those related to selling without a license (in wet or dry areas) in AS 04.16.200. With some exceptions, most of the criminal penalties for violations of Title 4 are Class A Misdemeanors. In the experience of those working in the enforcement and prosecution of Title 4, as well as an examination of Alaska's court data from the past five years, this relatively high penalty seems to have resulted in inconsistent prosecution of crimes. Of the 21,000 cases related to Title 4 filed in the last five years, almost 40% (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 not consistently enforced, they are less effective in deterring the behavior.

Proposed Changes

The group is still working to identify which sanctions need adjustment, and more generally whether to change many of the existing misdemeanor sanctions to violations. The group will also consider whether to recommend changes to the Board's current structure for administrative sanctions, which has maximum penalties outlined in statute depending on prior offenses but which explicitly relies on precedent and the facts of the case, without a standard framework. The statutory issue is whether to require the Board to develop a standard framework and what degree of flexibility to retain, or to retain its current practice.

The group would like to review sanctions, will not be able to bring forward a recommendation by the September 26 meeting. The workgroup is committed to bringing a recommendation to be included the packet. The Steering Committee will pull together a group from multiple committees to work on this issue, and produce recommendations in October.

This topic is also being considered by the Underage Drinking and Local Option committees, who are reviewing specific statutes relevant to their areas (AS 04.16.050 Minor Consuming and AS 04.16.051 Licensee or Employee Furnishing a Minor; AS 04.11.010 Selling without a License and provisions associated with AS 04.11.499 Local Option, respectively). All three committees' goal is to ensure that that sanction is proportionate to the crime and is enforced consistently.

LOCAL OPTION COMMITTEE

"If a majority of the persons voting on the question vote to approve the option, a municipality shall adopt a local option to prohibit

- 1) the sale of alcoholic beverages
- 2) the sale of alcoholic beverages except [one or more types of allowed licenses]...
- 3) the sale of alcoholic beverages except on premises operated by the municipality and under [one or more types of allowed licenses]...
- 4) the sale and importation of alcoholic beverages; or
- 5) the sale, importation and possession of alcoholic beverages." AS §04.11.491

TASK AND ASSIGNED STATUTES

The Local Option subcommittee is tasked with reviewing the statutes related to the "local option" law, which allows individual communities to limit or prohibit the availability of alcohol within their community, AS §04.11.91. The recommendations are focused on aspects of Title 4 that could be improved in order to support law enforcement in local option communities, but the committee recognizes that there are many other solutions needed outside the purview of Title 4 itself.

RECOMMENDATIONS

The recommendations below are summarized as they were presented to the stakeholders on March 25, 2014, with updates and clarifications that the committee developed following that meeting's feedback and according to subsequent discussions. The polling results graphs indicate the participants' initial level of support for the proposal and whether it is an important recommendation to include in the final set, with the caveat that the polling is in response to the recommendations as they are written in the interim report, and may not represent subsequent developments in the recommendation.

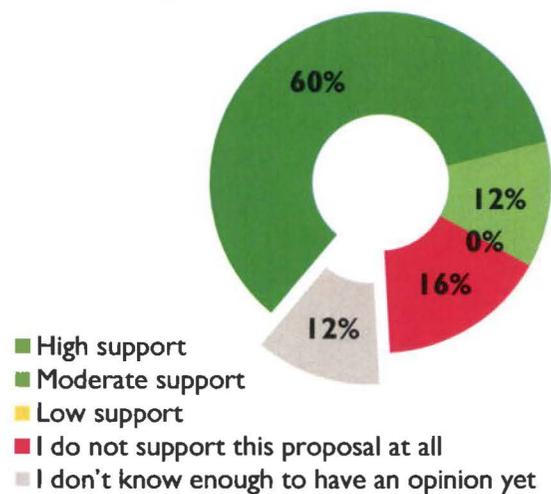
Recommendation LO-1. Repeal Local Option #4 | Repeal Local Option #4 in statute, which bans sale and importation of alcohol, not possession.

Issues with Current Statute

Originally the Local Option included four choices for communities, outlined at the beginning of this section; the fourth bans the "sale and importation" of alcohol, not its possession. The fifth option, which bans "sale, importation and possession" of alcohol, was later added to statute.

Currently, 43 communities have adopted Option 4, and 34 have adopted Option 5. Because selling, importing or producing alcohol is illegal but

Level of Support: LO-1



possession is not, it is difficult to seize, destroy, investigate and successfully prosecute a case because an individual may claim they “found” the product and were not connected with other activities.

Additionally, it is difficult to change among the options because it requires repeal and a new vote of the community. The committee is aware that few communities have opted to adopt Option 4 since Option 5 was available, but that few have opted to make the switch from 4 to 5.

Proposed Change(s)

The committee recommends repealing Option 4 in Title 4 (AS 04.11.491(b)(4)). The communities that have Option 4 currently would either have a new election or be grandfathered in.

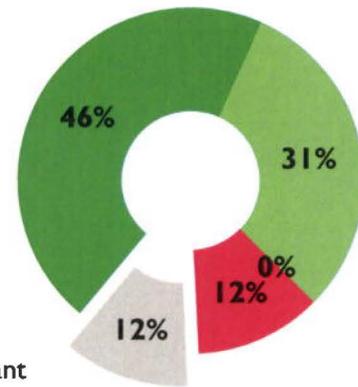
March Stakeholder Feedback

Stakeholders asked some clarifying questions, and noted that homebrew is illegal in all local option communities (regardless of the option chosen). There was significant support for this proposal, but concerns about how it would be implemented in communities that currently have adopted Option 4.

Implications to Consider: Implementation, Connections to Other Statutes

- Grandfathering and/or converting existing Option 4 communities’ codes

Importance: LO-1



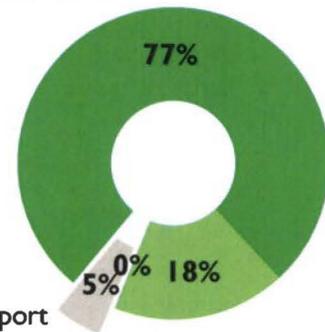
- Very important
- Somewhat important
- Not very important
- Not at all important
- I don't know enough to have an opinion yet

Recommendation LO-2. Increase Enforcement Resources for Local Option Laws | Increase the number of dedicated State-funded prosecutors and investigators for Title 4, specifically local option laws.

Issues with Current Statute

There are currently not enough law enforcement or judicial resources available to investigate and prosecute cases related to local option laws. In addition to limited staff capacity of local police, VPSOs, Title 4 investigators and State Troopers in rural areas, the limited staff availability and high turnover of Assistant District Attorneys is a barrier to prosecuting cases related to enforcement of Title 4’s local option laws. More staff resources, complementary to each other, are needed to both investigate and prosecute crimes related to alcohol in rural Alaska.

Level of Support: LO-2



- High support
- Moderate support
- Low support
- I do not support this proposal at all
- I don't know enough to have an opinion yet

Proposed Changes

The committee recommends more staff resources dedicated to the Alaska State Troopers Statewide Drug Enforcement Unit to investigate local option related cases. There are currently six rural members and three Anchorage members, and their caseload is considerable.

The committee also recommends, at the same time as increasing enforcement resources, to increase the number of dedicated state prosecutors for Title 4, local option related crimes (currently there is one dedicated prosecutor for Title 4 offenses). Without proper judicial system resources, cases brought by investigators will continue to get dismissed if there aren't sufficient staff resources to handle them.

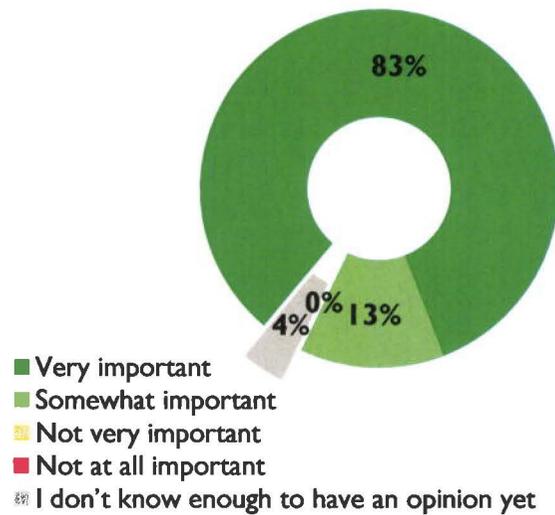
March Stakeholder Feedback

Some group members expressed reservations about increasing enforcement resources for Title 4 overall, and the committee clarified that this would be specific to cases related to Local Option. Overall, the group expressed strong support for this recommendation.

Implications to Consider: Implementation, Connections to Other Statutes

- Budgetary implications for associated agencies and departments.
- The subcommittee has not determined how many investigators and prosecutors should be requested or to which geographic area(s) would they be assigned.
- Training and coordination between law enforcement officers (including local police and VPSOs) and prosecutors will be equally important as number of staff. Cases are lost, thrown out, or not even prosecuted because defense attorneys will target things that law enforcement fails to do (or do correctly) during investigations.

Importance: LO-2



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

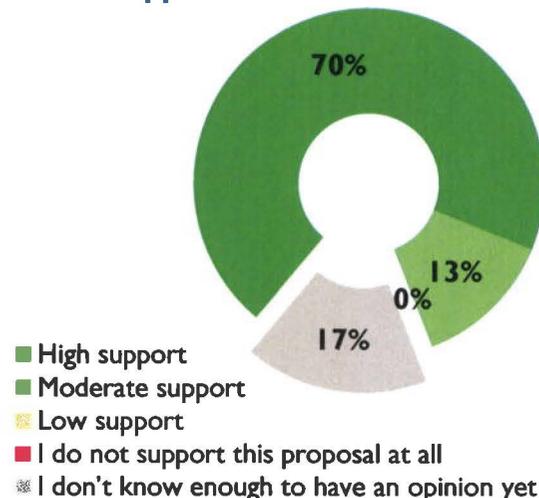
Issues with Current Statute

The current boundary for a local option statute is defined as five miles' radius from the post office or other defined central public building in the village. Bootleggers often operate just outside the perimeter.

Proposed Changes

The committee recommends expanding the local option perimeter to a 10-mile radius. Borders are

Level of Support: LO-3



always problematic for an area-specific restriction, but in a large geographic area with several villages that have enacted local option laws, the five-mile radius leaves a patchwork of enforceable and unenforceable lands. Having more flexibility to define the boundaries of the law would make it easier to enforce the law across a larger area.

March Stakeholder Feedback

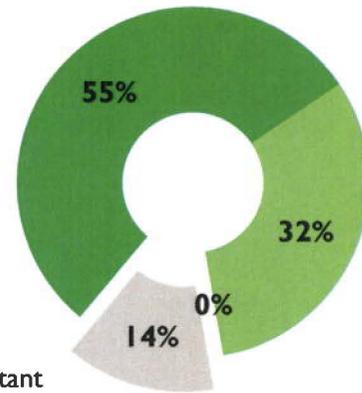
The group generally recognized the need to have a more flexible definition of the boundary for local option, and supported this recommendation.

Some group members had questions about what the new radius might be defined as, or the legality and process of establishing a multi-jurisdictional local option boundary across villages.

Implications to Consider: Implementation, Connections to Other Statutes

- None recorded.

Importance: LO-3



- Very important
- Somewhat important
- Not very important
- Not at all important
- I don't know enough to have an opinion yet

Recommendation LO-4. Increase Minimum Penalty for Bootlegging | Increase the mandatory minimum penalty for bootlegging, with increasing penalties for multiple offenses(up to a felony).

Issues with Current Statute

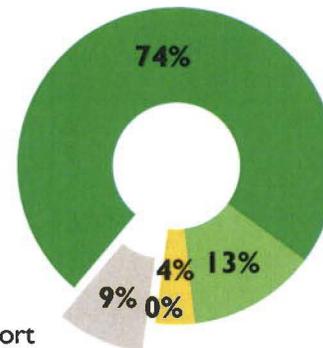
The current minimum penalty for bootlegging (AS 04.16.200) is not seen as an effective deterrent for those it is intended to target. Because of the lucrative nature of bootlegging in rural areas and the perceived low level of risk if caught, the threat of punishment is not deterring the crime.

Proposed Changes

The subcommittee has discussed alternatives for making the crime of bootlegging more serious and deterring more people from engaging in illegal alcohol sales. The subcommittee's current recommendation is to increase the minimum penalty for bootlegging, with increasing penalties for repeat offenses up to a felony.

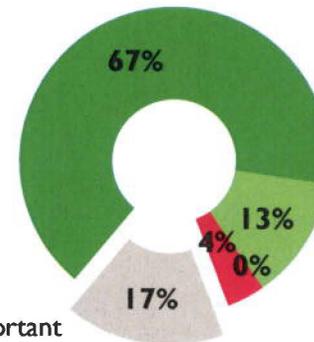
Sec 04.16.200 defines the penalties for bootlegging, which include class A misdemeanor and class C felony offense levels. The minimum penalty upon conviction of a class A misdemeanor includes imprisonment and fines

Level of Support: LO-4



- High support
- Moderate support
- Low support
- I do not support this proposal at all
- I don't know enough to have an opinion yet

Importance: LO-4



- Very important
- Somewhat important
- Not very important
- Not at all important
- I don't know enough to have an opinion yet

that increase with prior convictions as detailed in Sec 04.16.200(g). The subcommittee proposes to increase these minimum imprisonment terms and fines.

Stakeholder Feedback

One group member was concerned about the unintended consequences of stricter penalties: would this affect an individual who unintentionally crossed into a local option area with alcohol in their possession? The committee clarified that from law enforcement’s perspective, possession of alcohol is part of the overall circumstances of the case, and it is unlikely an individual with a product for personal use would be perceived as a bootlegger. This is a somewhat specific set of situations that are currently hard to prosecute effectively.

Implications to Consider: Implementation, Connections to Other Statutes

- The subcommittee discussed the possibility that if the penalty is too high, the offense might not be prosecuted.
- The subcommittee also recognizes that if the offender does not have the financial resources to pay the fines, financial penalties may not be much of a deterrent.

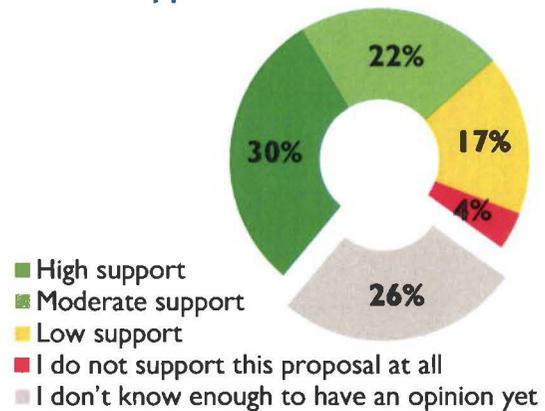
Recommendation LO-5. Expand Use of Written Order Database | Use existing tools to create a system that tracks all legal in-state transportation of alcohol to local option communities.

Current Statute

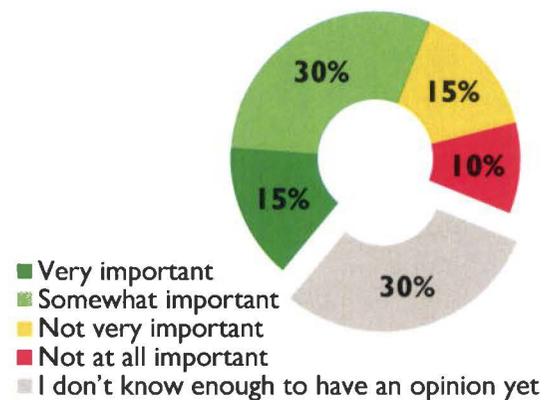
Currently all written orders for alcoholic beverages to local option communities, purchased through package stores in the state must be recorded in a database maintained by the ABC Board (AS 04.06.095; 3 AAC 304.645). The database is used to track orders to local option communities that allow alcohol importation (coordinating orders from multiple stores) and to enforce a monthly maximum purchase of alcoholic beverages allowed per individual.²

The written order database is used only by package stores that fulfill written orders for alcohol to individuals in local option communities. Currently there is a limit set in the written order database as to how much alcohol can be purchased by written order for each individual in a local option community. The ABC also maintains a restricted purchaser list that includes individuals convicted of bootlegging.

Level of Support: LO-5



Importance: LO-5



² The written 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. 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 written order database plays the monitoring role of a community distribution center in communities without a community distribution center.

The restricted purchaser list is used by package stores that ship to local option communities to identify individuals to whom they cannot sell alcohol by written order.

Proposed Changes

The proposal would expand use of the Database to include tracking personal transportation of alcohol into a local option community. Like the written orders, there could be a limit of how much alcohol could be personally transported into the community, tracked through the same database system. An individual could only obtain, through written order or personal transport, a limited volume of alcohol on a monthly basis. If the individual goes over the set amount, (s)he could be flagged for potential bootlegging.

Anyone bringing alcohol into a village would have to log onto the system (via MyAlaska, the same system that people use to apply for the PFD) and indicate how much alcohol they are transporting, where they are bringing it, and how they are transporting it. Each community could set its own monthly importation limits. The individual would also fill out a declaration with the airline including the MyAlaska confirmation number. If the person declares the alcohol (s)he is legally carrying into the community, the database confirmation number is his/her proof of legal transport of alcohol into the village. Regardless of the method of transportation (private or commercial), the individual has a confirmation number and is in the database.

The proposal would also allow the ABC to publish or make the restricted purchaser list more easily accessible to all package stores would all more licensees to easily see and (if they choose to) decline in-person alcohol sales to someone who has been convicted of bootlegging. Combined with the using the database to track personal transportation of alcohol to local option communities, once an individual's ID is in the written order database, if (s)he is on the restricted purchaser list, (s)he would be unable to get a confirmation number to legally travel with alcohol

March Stakeholder Feedback

The group had several questions about how this system would work, including:

- How could this system effectively also measure transport of alcohol through means other than airline flights?
- Would this include private charters as well as commercial flights?
- Would the declaration, or penalties for failing to declare, alcohol fall on the intended recipient as well as the transporter?

The group expressed mixed support for this recommendation, recognizing the issue of transporting alcohol into local option areas, but not convinced that this is the right approach.

Implications to Consider: Implementation, Connections to Other Statutes

- Application of the system to transportation modes other than flights.
- Implementing the system on private and chartered flights.
- Potential penalties for recipients as well as transporters of undeclared alcohol.
- Administrative and budgetary impact of maintaining declaration database.
- Liability of making the restricted purchaser list publicly available; ensure that it is current and accurate.

Recommendation LO-6. Homebrew Ingredients | Make possession of homebrew ingredients and/or equipment with intent to produce alcohol illegal in all local option communities.

Issues with Current Statute

Homebrew, while currently illegal in statute under local option laws (all five options), is a rampant problem in many rural Alaskan communities. Homebrew tends to have varying alcohol content depending on the batch, and has been anecdotally reported to provoke more violent behavior in a consumer than commercially-produced alcohol. Homebrew is one of the biggest alcohol-related problems in rural Alaska.

Even when law enforcement attempts to shut down a homebrewing operation, it is difficult to build an effective case when the product has been sold or destroyed and/or only trace remains of the ingredients are left behind. As currently written, the statute is enforceable only in 34 (Local Option 5) communities. As proposed, the statute would be enforceable in all 108 Local Option Communities.

Proposed Changes

The committee recommends changing statute (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)~~ any 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.”

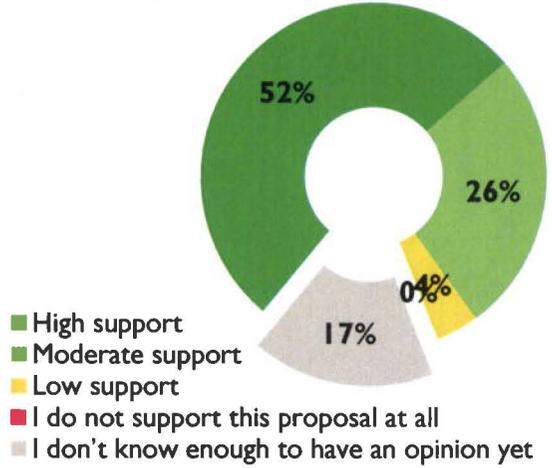
March Stakeholder Feedback

Some group members expressed reservations about the ability to prosecute on the grounds of possessing yeast or sugar, as a baking enthusiast might also possess those ingredients, for example. The committee reiterated that this would be one factor of an overall case, not considered in isolation, and that often there is enough circumstantial evidence to make it clear to investigators that a homebrewing operation had occurred, but without the actual product (alcohol) present in order to prove the case. The statute language would allow law enforcement to conduct an investigation; the burden of proof is still on the State to prove the intent.

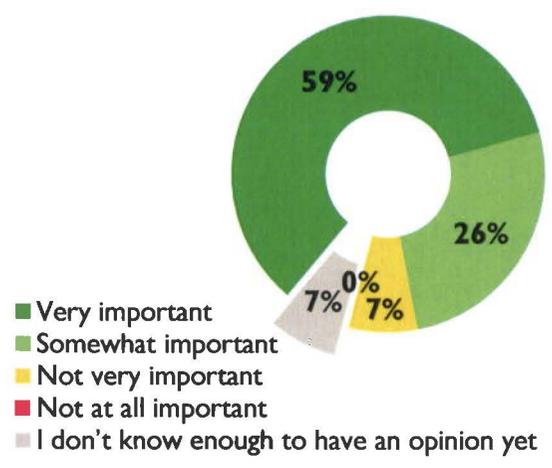
Implications to Consider: Implementation, Connections to Other Statutes

- None at this time; subcommittee might have future questions to consider.

Level of Support: LO-6



Importance: LO-6



RECOMMENDATIONS WITH NO ACTION REQUIRED BY STEERING COMMITTEE

The Local Option Subcommittee supports the following changes. No action is required by the ABC Title 4 Review Steering Committee.

Define “Solicit” in the Statutes

“Solicit” is not defined in statute (AS 04.11.010); investigators, prosecutors and others have differing interpretations. Defining the term would make it easier to gather evidence and prosecute. The Attorney General is already looking at this issue; no action is required of the Title 4 Review Committee. The subcommittee supports the Alaska Department of Law/Attorney General in defining solicitation.

Remove Affirmative Defense

The subcommittee discussed removing the affirmative defense created in AS 4.16.200(c) in order to make it easier to prosecute. It is an affirmative defense to a prosecution under (a) of AS 4.16.200, that no profit was involved in the solicitation or receipt of an order for the delivery of an alcoholic beverage. However, the affirmative defense created under AS 4.16.200(c) is not available in a prosecution of a person charged with selling or offering for sale alcoholic beverages to a person under 21 years of age. The Department of Law is already looking at this issue; no action is required of the Steering Committee. The subcommittee supports the Alaska Department of Law/Attorney General in removing or modifying AS 4.16.200(c) to help curb the violation of liquor laws.

Private Manufacture of Alcoholic Beverages

Private manufacturing is banned in all local option communities; however, there is confusion with AS 04.21.015, Private Manufacture of Alcoholic Beverages. The language currently reads that the section does not apply to the private manufacture of alcoholic beverages. The subcommittee recommends that the language be changed to read that: “(a) Except as provided in (b) of this section, the provisions of this title do not apply to the private manufacture of ~~alcoholic beverages~~ beer or wine.” This is a clarification of what is already effectively illegal under federal and state laws. This recommendation is a minor clarification; no action is required of the Steering Committee.

Common Carrier Responsibility

The subcommittee discussed air carriers’ liability for the transportation/shipment of alcoholic beverages into local option communities (AS 04.16.125 Common carrier statute) and prevention procedures. Subcommittee members noted that most air carriers in local option communities cooperate well with law enforcement. They have seen enough planes seized that they will not risk losing their aircraft. No recommendations or proposals have been put forward.

Community Involvement

The subcommittee discussed community involvement approaches, such as: encouraging tribal courts to banish bootleggers or incur other civil penalties/community consequences; increasing programming and staff for public safety and wellness (e.g., health workers, VPSOs); more frequent

community visits by State Troopers to spend the day rather than in response to a serious crime; an anonymous text-message tip line/better advertisement of Troopers' existing tip line; working with health corporations/medical care providers; or having a VPSO greet airplanes. There may be additional cost savings by cooperating with healthcare providers, as approximately 80 to 90 percent of medivacs are alcohol-related, at an average cost of \$40,000 per trip. No proposals have been put forward at this time.

The Alaska State Troopers Statewide Drug Enforcement Unit are working on an anonymous text tip line and better advertisement of the Troopers' existing phone tip line. Currently there is an anonymous tip line to the Anchorage office, and outposts in Nome, Kotzebue, Dillingham, and Bethel have their own drug hotline numbers.

UNDERAGE DRINKING COMMITTEE

“A person under the age of 21 years may not knowingly consume, possess, or control alcoholic beverages...” AS §04.16.050

TASK AND ASSIGNED STATUTES

The Underage Drinking subcommittee is tasked with reviewing the statutes related to reducing and preventing underage consumption of alcohol (AS 04.16.049 to AS 04.16.160, 3AAC 304.425). Because of the difficulties of effectively addressing underage drinking through law enforcement alone, the subcommittee discussed Title 4 within the context of a multi-strategy approach that includes enforcement, education, prevention and changing social norms.

The proposals and recommendations below focus on changes to language or policy of Title 4. Background information and detailed strategies beyond Title 4 are included in the state-level plan, *Alaska’s Strategies to Prevent Underage Drinking*, which represents the work of a number of state-level 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. The multi-strategy approach is informed by the following:

- 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.

RECOMMENDATIONS

The recommendations below are summarized as they were presented to the stakeholders on March 25, 2014 and subsequently developed by the committee. The polling results graphs indicate the participants’ initial level of support for the proposal as it was presented in March; the recommendation itself may have significantly changed, so the feedback is presented as background.

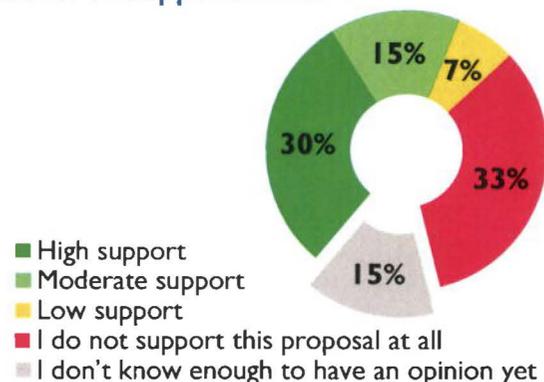
Recommendation UAD-I. Licensee Liability | Hold licensees responsible for all activities under the license, including the actions of their employees, not just their own personal actions.

Issues with Current Statute

The committee has not yet reached consensus on this recommendation.

View 1 | No change is necessary. Criminal penalties are imposed on the person who served

Level of Support: UAD-I



the underage person, and the ABC Board issues a Notice of Violation on the licensee’s record, which is taken into consideration in deciding whether or not to renew the license. The prospect of losing the license to sell alcohol (and therefore remain in business) is a serious enough consequence to ensure that responsible licensees are doing what they can to ensure their employees follow the law. Licensees may have their own policies and trainings, and do not want to be held responsible for actions over which they ultimately may not have complete control.

View 2 | Licensees should have greater liability. Licensees do not have sufficient “skin in the game” for the actions of their employees, and the penalty to licensees is not direct enough to be an effective deterrent. The licensee should bear greater responsibility for the actions of their employees.

Proposed Change(s)

The subcommittee has not yet reached consensus on this recommendation.

View 1 | No change to statutes.

View 2 | Revise AS 04.11.370 with the general intent to increase licensee liability for the activities that take place on their licensed premises, including violations (e.g. serving a minor) made by employees. This proposal is a recommendation from *Analysis of Strategies Designed to Reduce Sales of Alcohol and Tobacco to Underage Persons Preliminary Report*, 2012 UAA Justice Center. Specific language has not been drafted at the time of writing.

The group considered a proposal to allow for mitigating circumstances, such as if the licensee implemented their own additional training or otherwise followed the laws while holding a license.

Stakeholder Feedback

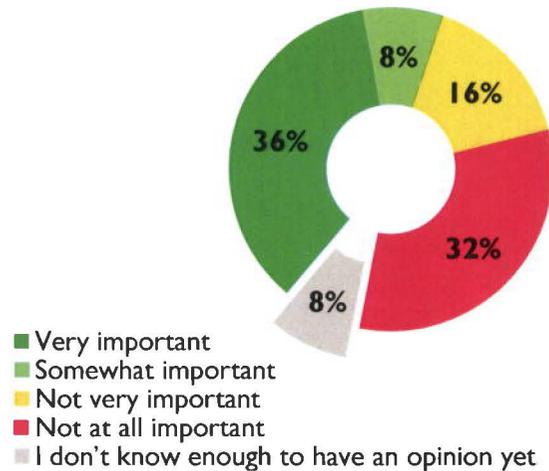
The group was split on this proposal, with about one-third having strong support and another third not supporting the proposal at all. Some stakeholders, primarily industry members, were concerned that increasing penalties for licensees, particularly for the actions of their employees, is misplaced. One person suggested that for criminal charges brought and later dismissed or resolved through bargaining, the Notice of Violation should be removed from the licensee’s record.

Implications to Consider: Implementation, Connections to Other Statutes

There are a number of questions yet to be answered about this proposal:

- AS 04.11.370 covers suspension and revocation of licenses and permits. Is the proposal to suspend or revoke the license if an employee is convicted of selling to a minor? Once? Multiple times? If the charge for selling to a minor is reduced to a violation with a relatively small penalty, and this proposal were to be implemented, would it effectively put a licensee out of business if an employee sells to a minor? If so, is that fair, and are there aggravating and mitigating circumstances?

Importance: UAD-1



- What happens when licensees get a Notice of Violation? How frequently has the ABC Board revoked or suspended a license for violation(s)? How many and what type violations does the licensee acquire before the ABC Board revokes or suspends the license? What other decision-making criteria does the ABC Board take into consideration?
- Does this proposal shift the liability solely to the licensee or would the employee still be penalized? Is the proposal to strengthen administrative (ABC, license suspension/revocation) sanctions on licensees or share criminal liability between licensee and employee? If the proposal is to share criminal liability, what specific and appropriate criminal sanction would be brought to bear against the licensee under this proposal? The same as the employee or different?
- Should the administrative sanctions available to the ABC Board be strengthened or made more consistent as a way of addressing this and other underage drinking issues? For instance, a fine (the same or no less than half suffered by the employee) could be imposed on the licensee rather than a Notice of Violation for which nothing happens. If licensees were consistently sanctioned with a small fine each time one of their employees sold to a minor, they may be more motivated to enhance training or develop other procedures to reduce these sales. Or would the fine be treated as a cost of doing business? It would be helpful to reference a data report summarizing the licensees/outlets and their compliance records, namely highlighting those with multiple violations of selling to a minor (by the licensee and all of their employees). This record of past practice might be a good starting point for evaluating the effectiveness of existing administrative penalties. This issue might be a discussion for the sanctions data workgroup.
- This proposal would be affected by the following recommendation UAD-2: Employee Penalty. If the employee penalty is reduced, what sanction would be brought against the licensee/employer?
- This proposal would also have been affected by the proposal to increase compliance checks, as the licensee would bear additional responsibility for employees found to be criminally negligent in selling to underage persons.

Recommendation UAD-2. Employee Penalty | Reduce penalty for an employee selling alcohol to a minor from a Class A misdemeanor to a violation.

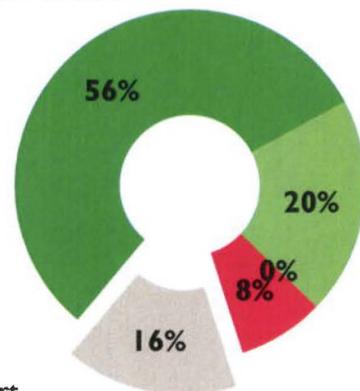
Issues with Current Statute

Currently, the penalty for selling alcohol to an underage person is a Class A Misdemeanor, which includes the possibility of jail time (AS 04.16.052). A criminal misdemeanor is perceived to be too severe to be effectively and consistently enforced.

Proposed Change(s)

The subcommittee has reached consensus on the intent of this recommendation, and draft language is included in the redlined Title IV language. However, the subcommittee has reservations about the draft proposed statute language, described below.

Level of Support: UAD-2



- High support
- Moderate support
- Low support
- I do not support this proposal at all
- I don't know enough to have an opinion

The proposed change would reduce the penalty for an employee selling to an underage person from a misdemeanor to a violation with a fine of \$250-500 (AS 04.16.052, AS 04.16.180).

The intent of this recommendation is to develop administrative penalties that impose real costs on the violation. Enforcement officials are less likely to impose penalties if the punishment is perceived as too severe and disproportionate to the offense. The fine range gives the judge or magistrate some discretion in adjusting the penalty for mitigating circumstances. Fines go into the State General Fund, and are unlikely to be designated for any specific use (e.g., to the ABC Board for education, prevention, and/or enforcement).

A person charged with the violation could choose:

- A) to plead not guilty and request a trial; the trial would be prosecuted by the law enforcement officer who made the charge and presided over by the magistrate.
- B) to plead guilty; the magistrate issues a fine.
- C) to fail to show up in court. No warrant would be issued for the arrest. The charge becomes a default judgment, and a fine is imposed with a due date. If the fine is not paid by the due date, it is considered delinquent and collectible out of the person's PFD.

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

Stakeholder Feedback

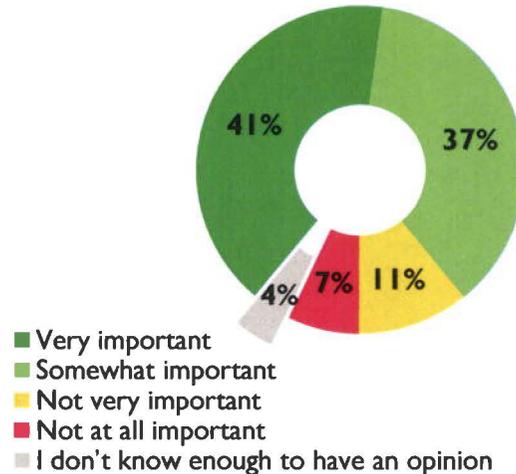
One participant suggested having a means for employers to look up potential employees' past violations through a background check or other record. Currently some information about misdemeanors is available, but only if the charge was pursued. Another participant commented that there are several existing requirements and additional steps taken by licensees to train their employees. They were concerned about the perception that not enough is being done already.

Implications to Consider: Implementation, Connections to Other Statutes

AS 04.11.370(a)(11) allows the ABC Board to suspend or revoke a license if the board finds "violation by an agent or employee of a licensee of a provision of this title, a condition or restriction imposed by the board, a regulation adopted under this title ..."

Subcommittee members raised the concern that this assignment of responsibility allows the ABC Board to suspend, revoke or deny a license renewal based on violations over which the licensee may not have direct control. Although the licensee may provide training to employees and maintain strict policies against violating Title IV laws, a licensee cannot directly control an employee's actions. As a violation with a fine of \$250-500, an employee might be charged with

Importance: UAD-2



selling to a minor and decide that although the charge is unfair or wrongly made, it is easier to simply pay the fine and walk away. A Notice of Violation (NOV) would still go out against the licensee, even if both licensee and employee made their best efforts to follow the law.

The subcommittee has consensus that the charge should be a violation in order to make it more consistently applied, but questions whether \$250-500 is the most effective fine amount to deter the deliberate sale of alcohol to minors *and* allow licensees to maintain their license if they are making a good faith effort to ensure their businesses follow the law. Because the referenced statute also gives the ABC Board some discretion at the policy/ procedural level in considering license renewal, suspension or revocation, the subcommittee seeks additional input from the ABC Board on this recommendation. **In particular, the subcommittee would benefit from an understanding of how frequently and by what decision-making criteria the ABC Board has historically revoked or suspended a license for violation(s).**

Recommendation UAD-3. Statewide Keg Registration | Require all kegs purchased in the state to be registered, as currently happens in Anchorage and Juneau under local law.

Issues with Current Statute

Anchorage and Juneau currently require registration for all keg purchases. 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.

Proposed Change(s)

The subcommittee has reached consensus on this recommendation and on the draft proposed statute language included in the redlined Title IV language. The proposed addition to statute would require registration of all kegs purchased in the state. 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.

Stakeholder Feedback

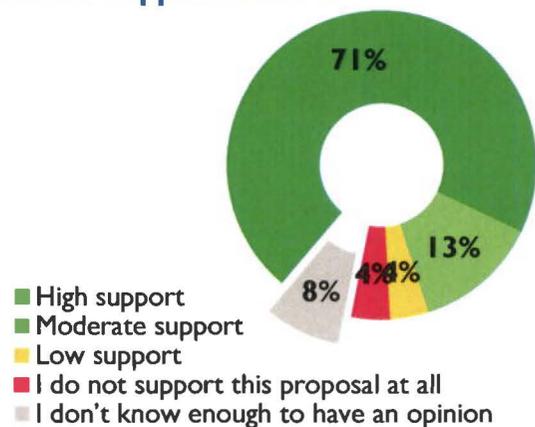
There were no questions about this proposal. Most of the group was in favor of the idea.

Implications to Consider: Implementation, Connections to Other Statutes

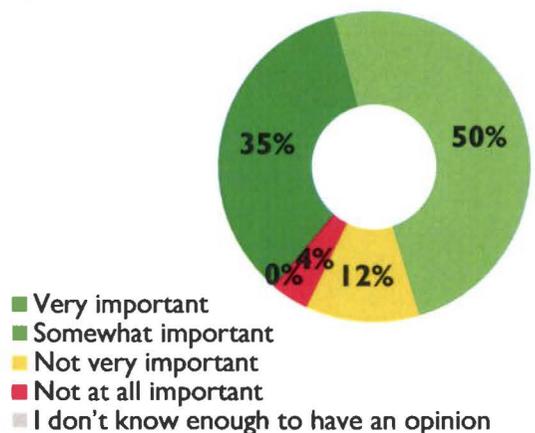
The subcommittee has reached consensus on this recommendation and on the draft proposed statute language included in the redlined Title IV language. The subcommittee notes that:

- The subcommittee agreed on a minimum container size of four (4.0) gallons to ensure that the regulation will apply to standard kegs (15.5 gallons), “pony kegs” (5.5 gallons), and brewery sampler kegs (5.0 gallons).

Level of Support: UAD-3



Importance: UAD-3



Recommendation UAD-4. 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.

Issues with Current Statute

The statutes require licensees to post warning signs (AS 04.21.065(b)) that “A person under 21 years of age who enters these premises in violation of law could, under AS 0416.049(e) be civilly liable for damages of \$1,000.” In a recent case involving a minor entering a retail establishment and attempting to purchase alcohol, the minor claimed that he didn’t know he wasn’t 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. This example leads the subcommittee to believe that the signage has not effectively deterred minors from illegally entering a licensed establishment.

Proposed Change(s)

The subcommittee achieved consensus that AS 04.21.065(b) should be revised to make it clear that minors are prohibited from being on premises, with the exception of certain circumstances. 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 0416.049(e) be civilly liable for damages of \$1,000.”

The subcommittee is working on the recommended language changes and is awaiting legal opinion on language and design guidelines for the appearance of signs.

Stakeholder Feedback

This recommendation was mentioned but not discussed at the March Stakeholder meeting.

Implications to Consider: Implementation, Connections to Other Statutes

None at this time.

Recommendation UAD-5. Minor Consuming Alcohol (MCA) and Civil Penalty | Restore minor consuming alcohol (AS 04.16.050) to a true violation.

Issues with Current Statute

The approach to the MCA in Alaska and the rules surrounding the confidentiality of records of this offense are confusing and inconsistently applied. 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, ironically, 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, as they would be for first-time or repeat MCA. If the minor is 18-20 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 see.

An individual with a permanent public record may have difficulty securing employment, enlisting in the military, and face other barriers related to having such a record. This may be viewed as too harsh a punishment and less likely to be consistently enforced.

Proposed Change(s)

The subcommittee agrees that the proposed MCA statute(s) should result in a more consistently applied penalty, but the recommendation is still under discussion.

Stakeholder Feedback

This recommendation was mentioned but not discussed at the March Stakeholder meeting.

Implications to Consider: Implementation, Connections to Other Statutes

AS 04.16.050 was originally written with the minor consuming alcohol offense treated as a violation, but the Alaska Supreme Court has weighed in that it must be treated as a criminal offense, which means that for court system purposes (calendar, whether they are entitled to a defense lawyer or jury trial, how they are docketed) the person must be treated as criminal. In April 2013, the Alaska Court System rewrote Rule 18 that governed violations and how they moved through court system, creating a Minor³ Offense Code. Rule 18 lists minor offenses that must be filed as criminal cases, assigned criminal case numbers, and for which criminal procedures apply. 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). The issue that pushed this re-assignment of the violation was that for repeat MCAs, the individuals' drivers' license (a valuable license) was affected (could be suspended or revoked). The Alaska Supreme Court decided that if a valuable license was affected, then the individual is entitled to a defense lawyer, jury trial, etc. To restore the MCA to a true violation, the provisions to take away the individual's driver's license would have to be removed.

NO ACTION REQUIRED

The following topics were discussed by the subcommittee but no recommendations have been proposed.

Compliance Checks of Retail Licensees

Increase compliance checks based on a reasonable frequency of random checks; if a licensee fails a compliance check, they would receive more frequent checks in future. This proposal would be affected by implementation of RB-1: Strengthen Municipal Reporting Requirements; it would also affect proposal RB-3: Revise ABC Board Budget. The subcommittee has not yet reached consensus:

View 1 | Increased compliance checks would reinforce enforcement efforts to licensees, countering a prevailing belief that a person who sells alcohol to an underage person is unlikely to actually be sanctioned by the ABC Board. The net punishment for people who sell to underage persons is less than nine percent of all instances of noncompliance: 63 licensees received sanctions from the ABC Board between 2006 and 2011, but 727 reported instances of noncompliance. The law allows the ABC Board to suspend a licensee's ability to sell alcohol for 45 days, but typically the ABC Board suspends 38 days of the sanction of suspended alcohol sales, resulting in a 7-day sanction.

View 2 | Retail sales to underage persons is a small percentage of all instances of underage drinking, so the gains from increasing compliance checks will be minimal. Addressing the problem of underage drinking would be more effective by spreading efforts beyond compliance checks.

Increased Coordination of Enforcement Activities

³ In this case "minor" refers to the opposite of "major" rather than an underage person.

Increase the coordination and consistency of enforcement practices between public safety and prosecution of underage drinking cases. Consequences may be inconsistent when MCAs are diverted to different courts (i.e., district court, youth court). Increased attention to the frequency of MCAs can help youth showing signs of alcohol abuse get treatment earlier. This proposal would be affected by the proposal to restore the MCA to a true violation: making MCAs easier to be processed would likely make law enforcement and prosecution coordination easier as well.

Youth who are charged with a Minor Consuming Alcohol (MCAs) are referred to the local district court or may also be referred to an alternative court, such as Youth Court. Youth charged with habitual MCAs (which they can be charged with upon their third MCA) are referred to by the Division of Juvenile Justice (DJJ). The District Attorney's office cannot prosecute habitual MCAs by statute (47.12.030(b)(5) or AS 4.16.050.d); DJJ has jurisdiction in these cases.

DJJ deals with minors who commit crimes that would be a crime if it was committed by an adult. For example, DJJ would only get youth who are charged with drunk driving if it is at the felony level. The Juvenile Justice and Delinquency Prevention Act (JJJPA) which is administered by the Department of Justice (DOJ), imposes certain requirements on how youth are handled. Youth who are charged with MCAs must be handled separately from adults and may not be held in a facility where adults are incarcerated, including holding cells. The police cannot refer youth to an adult facility on status offenses.

Multiple MCAs are often the mechanism by which minors showing signs of alcohol abuse are able to access treatment. It would be outside the purview of the Department of Health and Social Services (DHSS) to formally track whether minors are going through the court system to get them to treatment, although the Division of Juvenile Justice (DJJ) is in the Department of Health and Social Services (DHSS), so this arguably already happens in practice when minors are charged with habitual MCAs.

Social Access to Alcohol

Strengthen efforts to reduce social access of alcohol to underage persons (e.g., shoulder taps, outreach to adults about the law, local compliance checks, party patrol, community-based efforts).

Community Education + Prevention

The subcommittee supports:

- Education and outreach to licensees, youth, parents, and other adults about underage drinking laws and consequences. For example, Partner with the Alaska Wellness Coalition in their development of a Positive Community Norms media campaign on underage drinking.
- Statewide policies and funding to include school-based Community Resource Officers in all communities.

Universal ID Checks

The subcommittee chose to drop this recommendation after the March Stakeholder meeting.

Require identification checks for everyone purchasing alcohol, for on- and off-premise consumption.

Issues with Current Statute

Currently, licensees or their employees are not required to check the ID of every customer, leaving some degree of server discretion. Some individual businesses have a universal ID check policy; some communities (e.g., Anchorage) require universal ID checks at package stores.

Proposed Change(s)

The proposal would make universal ID checks mandatory for all alcohol sales to the public, both for on- and off-premises consumption. Checking all individuals' IDs would not only address the issue of underage drinking, but also those with a "red stripe" license who are restricted from purchasing alcohol. To implement the proposal, the committee discussed technologies available to make it easier to check IDs (e.g., card swipes or optical readers). This would eliminate discretion on the part of the server to decide whether they need to ask an individual for an ID card.

This recommendation is considered a best practice by the Pacific Institute for Research and Evaluation. It is also a recommendation from *Analysis of Strategies Designed to Reduce Sales of Alcohol and Tobacco to Underage Persons Preliminary Report* (2012 UAA Justice Center) and *Alaska's Strategies to Prevent Underage Drinking, 2013*.

Stakeholder Feedback

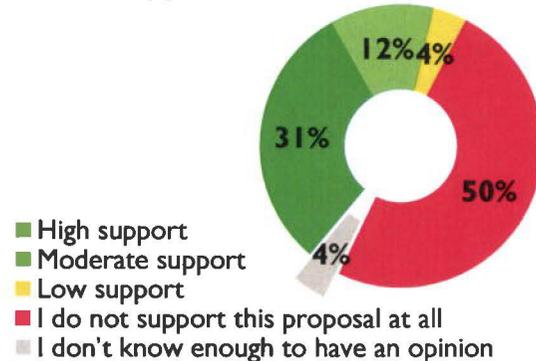
The stakeholders engaged in a brief discussion at their tables.

Some people expressed reservations about this proposal, particularly about whether it would irritate customers, such as an elderly, long-time customer who is clearly allowed to purchase alcohol. The presenters noted that a similar law was implemented in Indiana, but proved unpopular and was repealed soon after. Others thought such a law was unnecessary, and removes the "human element" from the server's transaction with the customer.

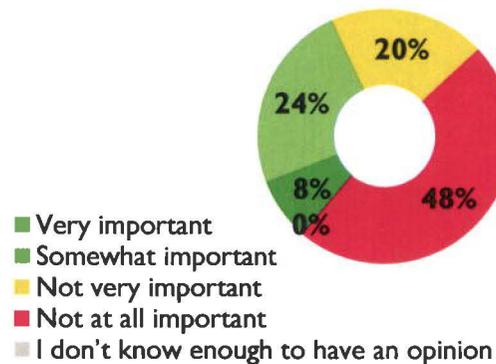
Implications to Consider: Implementation, Connections to Other Statutes

- For those without state IDs (including many rural Alaska residents), would they be barred from purchasing alcohol at all without a valid form of ID?

Level of Support: Universal ID Checks



Importance: Universal ID Checks



NEXT STEPS

The scale of this project is ambitious. While many ideas have been discussed and put forward, the Steering Committee (members of the ABC Board and the committees' chairs) is tasked with considering all of the committees' proposed recommendations and choosing which priorities to put forward in the final package of recommendations for the Legislature.

Following decisions by the Steering Committee about which recommendations to bring forward in the package, this report will be updated and prepared for a more general audience. The public-facing report will be used to engage with incumbent legislators, candidates and other key individuals during the fall, and presented for consideration during the 2015 legislative session.

ABC TITLE IV REVIEW STEERING COMMITTEE WORK SESSION

Friday, September 26, 2014 | 10:00 a.m. – 5:00 p.m.

Location | Alaska Mental Health Trust Authority, 3745 Community Park Loop, Anchorage

Status of Recommendations Post Steering Committee Review:

LICENSING	STATUS
F-1 Update License Fees to Support ABC Board's Proposed Budget	Move Forward
M-1 Three Manufacturers Licenses	Move Forward
M-2 Manufacturer Retail License	Move Forward
M-3 Manufacturer - REPL Allowable Combination	Move Forward
W-1 Adjust Wholesale License Fees and Simplify Supplier Reporting	Move Forward
W-2 Align State Statute with Federal Law Regarding Trade Practices	Move Forward
P-1 Population Limits on Retail Licenses Only	Move Forward
P-2 ABC Board Advisory Opinion on Legislation	Move Forward
P-3 Moratorium on Public Convenience Licenses	Keep Working
R-1 Duplicate Beverage Dispensary Licenses + Large Resort Endorsement	Move Forward
R-2 Recreational Site License	Move Forward
R-3 Package Store Sampling Endorsement	Move Forward
R-4 Food Requirement for Restaurant Eating Place License	Move Forward
R-5 Golf Course License	Keep Working
R-6 Theatre License	Move Forward
R-7 A Bowling Alley Endorsement	Move Forward
R-7 B Package Store Shipping Endorsement	Move Forward
R-7 C Package Store Delivery Endorsement	Move Forward
R-7 D Package Store Re-Packaging Endorsement	Move Forward
R-7 E Beverage Dispensary Caterer's Permit	Keep Working
R-7 F Restaurant Caterer's Dining Permit	Move Forward
R-7 G Club Caterer's Permit	Move Forward
R-7 H Non-Profit Event Permit	Move Forward

R-7 I	Art Exhibit Permit	Move Forward
R-7 J	Alcoholic Beverage Auction Permit	Move Forward
R-7 K	Retail Stock Permit	Move Forward
R-7 L	Catering Events for Manufacturer + Package Store	Keep Working

ROLE OF THE ABC BOARD		STATUS
RB-1	Strengthen Municipal Enforcement Reporting Requirements	Move Forward
RB-2	Community Analysis of Written Order Database	Move Forward
RB-3	Revise ABC Board Budget to Adequately Fund Needed Activities	Move Forward
RB-4	ABC Board as Lead Agency for Alcohol Education Efforts	Move Forward
RB-5	Composition of the ABC Board	Keep Working
RB-6	Title 4 Sanctions and Consistent Application of the Law	Keep Working

LOCAL OPTION		STATUS
LO-1	Repeal Local Option #4	Move Forward
LO-2	Increase Enforcement Resources for Local Option Laws	Move Forward
LO-3	Increase Local Option Perimeter	Keep Working
LO-4	Increase Mandatory Minimum Penalty for Bootlegging	Keep Working
LO-5	Expand Use of Written Order Database for Transporting Alcohol	Keep Working
LO-6	Clarify Language Regarding Homebrew Ingredients	Move Forward

UNDERAGE DRINKING		STATUS
UAD-1	Licensee Liability for All License Activities	Keep Working
UAD-2	Employee Penalty for Selling Alcohol to a Minor	Move Forward
UAD-3	Statewide Keg Registration	Move Forward
UAD-4	Clarify Content of Required Signage	Move Forward
UAD-5	Minor Consuming Alcohol (MCA) as Violation	Move Forward
	Additional request to look at Civil Penalty	Move Forward