



MEMORANDUM

TO: Robert Klein, Chair and
Members of the Board

FROM: Cynthia Franklin
Director, ABC Board

DATE: July 13, 2016

RE: Regulation Project: Distillery

This was a regulation project intended to clarify what activities constitute “distilling” for purposes of obtaining a distillery license in the state of Alaska.

The draft language in the attached tab was put out for public comment and received public comment which was sent to the board for its review at the end of the public comment period.

The director identified an issue with the language concerning whether or not the language leaves a loophole for an out-of-state distillery to obtain a license for alcohol distilled outside the state and act as more of a distributor than a craft distiller. The recommended fix to this issue to add language requiring that “at least 80% of the final product offered for sale by the distillery must be distilled on the licensed premises in Alaska.”

The board may review the public comment and determine whether to adopt the regulation as written, add the additional recommended language to the draft, request further work or an additional draft with other language from staff, or close the project without adopting any regulation.

3 AAC 304.375. Distillery License

3 AAC 304 Chapter 3 “Licenses” is amended to add a new Section 3 AAC 304.375

Distillery License (as follows):

3AAC 304.375 Distillery License

(a) Operating a distillery in AS 04.11.170 means to manufacture beverage grade spirit alcohol by distillation of a mixture produced from alcoholic fermentation.

(b) Flavoring ethanol or alcohol which was not manufactured in the distillery does not qualify as operating a distillery for purposes of obtaining a license under AS 04.11.170.

Authority: AS 04.21.025 3 AAC 304.465