

From: [Janilyn Heger](#)
To: [Calder, John P \(CED\); g_heger@hotmail.com](#)
Subject: Distillery Licenses
Date: Friday, June 17, 2016 5:43:47 PM

I am supportive of the proposed amendment 3AAC 304.375 as long as I understand it's intent correctly. It's written in such a way that is a bit confusing. My interpretation is that:

a) a "mixture produced from alcohol fermentation" (such as neutral grain spirits) MUST be distilled.

and that

b) simply adding flavors to neutral grains spirits (with no distillation process) is not considered a DISTILLERY.

If my interpretation is correct, I support amendment 3AAC 304.375.

Gary Heger,
Owner
Skagway Spirits Distillery LLC
PO Box 146
Skagway, AK 99840
907-983-2040

From: [Rob Borland](#)
To: [Calder, John P. \(CED\)](#)
Subject: Distillery Licenses Public Comment
Date: Thursday, June 16, 2016 3:54:17 PM
Attachments: [Distillery License Letter.pdf](#)
Importance: High

June 16, 2016

Alaska Alcohol Control Board,

I am writing this letter to show support of the proposed amendment to Distillery Licenses. It is actually very timely, and is something being talked about in state and national distillers' guilds across the nation.

I applaud the Board for being proactive on the issue, and I believe it will benefit our industry by helping to maintain integrity in the distilling industry. After all, it IS common sense that someone calling themselves a distillery should actually have to own a still, and distill something.

By producing real, Alaskan spirits, distillers are able to create jobs, support local farmers, and boost our local economies. Importing spirits from out of state (or country) and labelling them as Alaskan products does none of those things, and cheapens what true craft distillers are working so hard at producing. In my mind, it's akin to selling the same cheap, foreign trinkets to tourists, just to make a buck.

Thank you for the hard work you do, and thank you for allowing us the opportunity to comment on the proposed changes.

Respectfully,

Rob Borland
Owner, Ursa Major Distilling
Fairbanks, AK

Rob Borland
Ursa Major Distilling
Fairbanks, Alaska
907-457-1070

Ursa Major Distilling
PO Box 187
Ester, AK 99725



907-457-1070
www.ursamajordistilling.com
robborland@ursamajordistilling.com

June 16, 2016

Alaska Alcohol Control Board,

I am writing this letter to show support of the proposed amendment to Distillery Licenses. It is actually very timely, and is something being talked about in state and national distillers' guilds across the nation.

I applaud the Board for being proactive on the issue, and I believe it will benefit our industry by helping to maintain integrity in the distilling industry. After all, it IS common sense that someone calling themselves a distillery should actually have to own a still, and distill something.

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Thank you for the hard work you do, and thank you for allowing us the opportunity to comment on the proposed changes.

Respectfully

A handwritten signature in black ink, appearing to read "Rob Borland". The signature is fluid and somewhat abstract, with long, sweeping strokes.

Rob Borland
Owner, Ursa Major Distilling
Fairbanks, AK

From: [brandon howard](#)
To: [Calder, John P. \(CED\)](#)
Subject: Proposed Alcohol Regulation changes.
Date: Tuesday, June 14, 2016 10:56:11 PM
Importance: High

Mr. Calder and the ABC Board,

On behalf of myself and Amalga Distillery LLC, I would like to comment on the proposed regulations. These take a step towards setting a standard and degree of responsibility critical to growing our industry in the state of Alaska. Distillation is a craft. A fine craft and one with a storied history that is all too often exploited by businesses which do little more than flavor another distillery's product, market it, and misrepresent their product and mislead the consumer. This, in turn, devalues and cheapens the hard work and real craft of true distillers.

As I move forward in opening my own distillery, I am excited to highlight and inform my customers of the process that I go through to create spirits. It brings me great pride to show the still that produces the fine Alaskan crafted spirits, and I can't imagine this iconic piece of equipment not being a proud presence in a distillery. Indeed, it is the heart of the distillery. Amalga Distillery will operate with transparency and integrity, starting with the process in plain view for the public, and with honest labels that do not mislead customers. These misleading labels have been a growing trend in our industry, and we have watched the lawsuits that have followed after distilleries claim a product as their own, such as what we saw with the Templeton Rye class action lawsuit. At this time that the spirits industry begins to grow in the state, I think that it is essential that we take pride in ourselves as hardworking Alaskans and don't cheapen our image by riding on the coattails of the reality TV Alaska, and give people a true and honest vision of what a pioneering spirit is; the antics and gimmicks don't represent us and are sure to fade like other trends. But, setting a standard that is honest will ensure that our spirits captivate our Alaskan, Lower 48 and International customers for always, just as Alaska's natural and honest beauty has captivated the world.

Let us keep this industry honest and transparent. I would further recommend an additional revision that requires a distillery to clearly identify spirits that do not pass through their own still as sourced. For instance, if a whiskey is sourced from Kentucky or another state, then it should clearly say on the label that it is sourced and not distilled in the state of Alaska.

I strongly support the below revisions.

(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

Thank you,

Brandon Howard



C:907-209-7974

From: portchilkootdistillery@gmail.com on behalf of [Port Chilkoot Distillery](#)
To: [Calder, John P. \(CED\)](#)
Subject: Distillery Licenses public comment
Date: Thursday, June 09, 2016 3:56:28 PM
Attachments: [Distillery License Proposed Regulations - Comment.pdf](#)
Importance: High

June 9, 2016

Attn: Alaska Alcoholic Beverage Control Board

Re: 3 AAC 304.375 Distillery License regulations

Dear Mr. Calder and Alcoholic Beverage Control Board:

I am writing to express our support for the proposed regulation changes regarding distillery licenses. This is a step in the right direction toward identifying distilleries as manufacturers and producers of spirit grade ethanol, rather than just blenders or bottling plants for imported ethanol products.

We believe this is an important distinction for the purposes of obtaining a distillery license and it will support the growth of real distilleries in Alaska who invest in the equipment, raw materials, and manufacturing processes that define a distilled spirits plant.

Thank you,

Heather Shade

Co-owner, Port Chilkoot Distillery

PO Box 1248

Haines, Alaska 99827

907-766-3434

heather@portchilkootdistillery.com



June 9, 2016

Attn: Alaska Alcoholic Beverage Control Board

Re: 3 AAC 304.375 Distillery License regulations

Dear Mr. Calder and Alcoholic Beverage Control Board:

I am writing to express our support for the proposed regulation changes regarding distillery licenses. This is a step in the right direction toward identifying distilleries as manufacturers and producers of spirit grade ethanol, rather than just blenders or bottling plants for imported ethanol products.

We believe this is an important distinction for the purposes of obtaining a distillery license and will support the growth of real distilleries in Alaska who invest in the equipment, raw materials, and manufacturing processes that define a distilled spirits plant in Alaska.

Thank you,

Heather Shade

Heather Shade

Co-owner, Port Chilkoot Distillery
Haines, Alaska

From: [Eric Forst](#)
To: [Calder, John P. \(CED\)](#)
Subject: proposed alcohol regulation changes
Date: Wednesday, June 08, 2016 2:56:35 PM
Attachments: [image002.png](#)
Importance: High

Dear ABC board members,

I would like to give public comment on the following proposed alcohol regulations: MANAGEMENT AGREEMENTS AND PROHIBITED FINANCIAL INTEREST, DISTILLERY LICENSES, and ALTERNATING LICENSED PREMISES FOR CERTAIN LICENSE TYPES.

Management agreements:

If this regulation is going to address the upside down licenses that have happened recently (Goldbelt Hotel) then I am all for it. However, I am not sure this clarifies the issue. Does this regulation prevent someone from leasing a whole hotel to get the tourism license and then simply leasing back the hotel portion to the actual owners?

This issue needs to be CLEARLY addressed in the regulations so licenses are not issued for premises that have outstanding violations and or fines as has happened recently. This practice is contributing to the devaluing of BDL licenses and must be prevented in the future.

Distillery licenses:

Again, is this regulation going to clearly define what a distillery can and can't do? I spent a significant sum of money to acquire a BDL to sell alcohol. I cannot turn around and change the product, or add to or infuse the product I sell. If you allow distillery's to do this you are devaluing my license. Is that your intention? Similarly, if I wanted to sell a few different types of whiskey or have my own private label whiskey to sell, I cannot do that without a package store license and significant investment. If you allow distillery's to sell their product at retail, you are devaluing the package store license owners investment. Is that your intention?

Alternating licensed premises:

I don't understand what the purpose of this is. It looks like you are creating more loopholes to the existing regulations. Anytime you are relaxing the regulations for alcohol that we as license owners have invested in, you are devaluing our investment. Why would anyone pay for these expensive licenses if you are creating loopholes to make it simply a matter of "semantics" as to what you are doing to get approval from the ABC board?

Please address the REASON you are proposing these changes and what affect they will have on EXISTING license holders who have significant investments in these licenses.

Thank you for your time,

Eric Forst

General Manager/Partner
Red Dog Saloon and Mercantile
278 S. Franklin St.
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(907)463-3658 ext. 1
(907)723-1275 cell
eric@reddogsaloon.com



www.reddogsaloon.com

From: [Leeann Thomas](#)
To: [Calder, John P. \(CED\)](#)
Subject: ABC comments for proposed changes
Date: Tuesday, June 07, 2016 11:18:00 AM
Attachments: [ABC_board.doc](#)
Importance: High

Dear John,

The attached document is public comment which was due by June 8th. Please send to all members of the ABC Board. I feel it is important of all members to read concerns from public.

thank you,

Leeann Thomas
Triangle Club Inc
907-586-3140

To: State of Alaska
Alcoholic Beverage Control Board
john.cader@alaska.gov
Fax 907-334-2285
907-269-0350

From: Leeann Thomas
251 Front Street
triangleclubbar@hotmail.com
907-209-5656

I would like to inquire and give public comment on the following proposed alcohol regulations: MANAGEMENT AGREEMENTS AND PROHIBITED FINANCIAL INTEREST, DISTILLERY LICENSES, and ALTERNATING LICENSED PREMISES FOR CERTAIN LICENSE TYPES.

MANAGEMENT AGREEMENTS AND PROHIBITED FINANCIAL INTEREST:

Why is this change needed? Does this stop the Upside Down Leases which in the last couple of years have happened with Tourism (hotel) licenses? Where a person can lease the hotel, get the tourism liquor license in their name. Then lease back the hotel to the true owners of the hotel. The bar is then run totally separate and by totally different people with no financial tie to the hotel. This situation allows a person with debt and/or a license violation to walk away since they don't have any financial interest in the tourism liquor license. After they walk away, the owners of the hotel can then simply apply for a new tourism license and get it. An example of this happened this past February in Juneau. The old license still owed debts but was dropped and a new one created. Meanwhile, others in the industry have paid upwards of \$250,000 for their license. Debt and violations are never wiped clean for a BDL holder. If the proposed regulation stops Upside Down Leases I'm in favor of it, if not I need to know why this regulation is being added. It is hard to comment on proposed language if there is not a clear reason of what said language is fixing or changing with the law.

Is there a standard definition for "management" or "manager"? Is giving a staff person the title of Day Manager or Night Manager going to become a problem for liquor businesses? What happens if the ABC Board decides a licensed premise has a manager and did not submit a contract with the ABC Board? What are the penalties?

DISTILLERY LICENSES:

I'm concerned if this allows a distillery to open up with a small distillery. Making only a couple of gallons of alcohol. But, since they make some alcohol then they infuse alcohol (perhaps hundreds of gallons) which is not made in their distillery. Others in the industry cannot alter any product they sell for retail. Why would a distillery be allowed to alter alcohol (infusing, changing the bottle, perhaps adding an Alaskan label) which a BDL or package store cannot? They should only be allowed to sell the alcohol they 100% make. I also feel strongly their tasting rooms should only be allowed to give samples away, not sell to consume on premises. Others in the industry has spent a lot of money buying the right (BDL) to sell retail alcohol. The value of their license was based on population, which was determined by the State of Alaska. Distillery license are not part of that formula of population, yet they are still

adding more alcohol retail locations. Therefore, diluting current value of other retail license holders.

ALTERNATING LICENSED PREMISES FOR CERTAIN LICENSE TYPES:

Once again, what is the reason this is needed? Can only a caterer's permit under a AS 04.11.090 (BDL) cater to a premises that has altered its license? When would this be used? Would an example be a Restaurant Eating Place License wanting to have a wedding with full alcohol so then unlicensed their premise and then have a BDL cater? Or is a better example a licensed premise wants to have underage people come to a concert. They can alter their license (by temporarily unlicensed their premise) and then catering with their own BDL which allows them to have underage people come to a concert at the same premise where alcohol is being served? I would be interested to learn if the second example would be allowed under this proposed change. If so, I would be against it. If these proposed regulations are allowed how many times will it be allowed at a premise?

Please answer the questions above and provide reason the proposed changes are needed.

Thank you,

Leeann Thomas

From: [Paul Thomas](#)
To: [Calder, John P. \(CED\)](#)
Subject: Proposed Regulation 3 ACC 304.375
Date: Tuesday, June 07, 2016 10:54:42 AM
Importance: High

Proposed ABC Regulation
Comments and Questions for the Board

Attn: John Calder / ABC Board

3 AAC 304.375 Distillery License

If my interpretation of the language is correct, I agree with the intent of this proposed regulation. However, I believe it leaves some gapping holes.

I am guessing at the intent of the proposed language as there was no accompanying reasoning for the language and I was not able to find any in the boards minutes' ether. This makes a public comment period largely ineffective, adding to staff work, lessening the return of constructive comments, and preventing others from comment completely.

While this would not allow someone to obtain a new distillery license based on a model of just mixing flavors with an alcohol from an outside source. It would allow:

- 1) Existing distilleries to import ethanol or alcohol for an outside source, flavor it, and sell it as their "ALASKAN MADE PRODUCT" even though no distilling of the product was conducted on the license. Much more like a bar selling a mixed drink than a distillery.
- 2) New Licensees could obtain a "Distilling License" based on the bare minimum of qualifications. Smallest still and a minimal monetary investment in "distilling equipment" that fits the distillery license requirement. Then they would be able to put out a large line of products that were just flavor added products utilizing ethanol or alcohol from outside sources with no actual distilling knowledge or costs for those products directly competing with actual distillers.
- 3) It would leave open the model of using a distilling license for distribution of alcohol or ethanol from outside sources under a distilling license. You would just have to be or buy a existing distilling license or make a show of producing some minimum of alcohol through alcoholic fermentation. It doesn't even require you to use the alcohol produced on site.

I want to believe that the intent of this regulation is to make sure distillers are actually distillers. If so, make it apply to all distillery licenses and make it illegal to just flavor and alcohol base product produced outside the actually distillery for all.

Question: Is the intent to stop the flavoring of alcohol from off site

producers and make distillers really be distillers? How will this stop that? If this is not the Intent, then what is?

**Paul J. Thomas
Alaska Cache Liquor Inc.
P.O. Box 20977
Juneau, Alaska 99801
Ph 907-586-2232
Fax 888-517-5531**

From: [Reecia Wilson](#)
To: [Calder, John P. \(CED\)](#)
Subject: Notification of Changes
Date: Wednesday, June 08, 2016 3:10:45 PM
Importance: High

To whom it may concern,

I was notified by an industry stakeholder yesterday that comments for the below highlighted message received from the ABC office on May 16th 2016 needed to be submitted by the end of today in order to receive a response to a question or inquiry. I was under the impression industry stakeholders had until June 18th for such inquiries so my apologies for not having time to draft a formal letter for your records and hoping this email message will qualify for a response.

Today we posted proposed alcohol regulations for public comment related to ALTERNATING LICENSED PREMISES FOR CERTAIN LICENSE TYPES, COMMON CARRIER DISPENSARY LICENSES, DISTILLERY LICENSES, MANAGEMENT AGREEMENTS AND PROHIBITED FINANCIAL INTEREST, INCLUSION OF PERMITTEES IN SERVER EDUCATION COURSE REQUIREMENTS and RESTAURANT DESIGNATION PERMITS.

We expect the public notice to be advertised in tomorrow's paper. The public comment period ends June 18, 2016. The proposed regulations may be found in the online public notice system and on our website by COB today. You should comment during the time allowed if your interests could be affected.

QUESTIONS BELOW:

ALTERNATING LICENSED PREMISES FOR CERTAIN LICENSE TYPES

What is the intent of this change in regulation? Allow under age events on BDL premises? Allow Restaurant Eating Place Licensees to have a BDL caterers permit?

DISTILLERY LICENSES

What is the intent of this change in regulation? Allow a distillery to sell alcohol not made on the premises?

MANAGEMENT AGREEMENTS AND PROHIBITED FINANCIAL INTEREST

What is the intent of this change in regulation? Does the language allow management agreements known as upside down leases to be approved for a license transfer or new application at a hotel property?

Thank you in advance for a response that you received this inquiry and public comment.

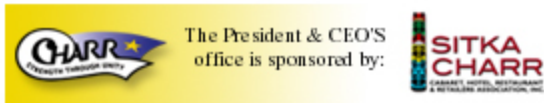
Reecia Wilson
2 Marine Way Ste 106
Juneau, AK 99801
Tailwind Inc
Up the Creek Inc
Catapult Inc
Cell 907-723-4658
reecia@gmail.com

From: [Dale Fox](#)
To: [Calder, John P. \(CED\)](#)
Subject: Regulations Questions and Comments
Date: Tuesday, June 07, 2016 9:37:51 AM
Attachments: [image001.png](#)
[ABC Regulations Comments Draft.docx](#)
Importance: High

John:

Attached are several Questions and Comments on the proposed regulation from the ABC Board.

Dale Fox
President & CEO
Alaska CHARR
1503 W 31st Ave Ste 202
Anchorage, AK 99503
907-274-8133 or Toll Free in Alaska 800-478-2427
www.alaskacharr.com



To: ABC Board

From: Alaska CHARR

Re: Comments and Questions on 3 AAC 304.225 Alternating Licensed Premise for Certain Licensed Types

We would like to encourage a dialog with the industry when new regulations are proposed. We frankly do not know what problem this new regulation is proposing to fix. If there was a discussion, we missed it.

Comments:

a.

Question: Why does this provision not cover all license types?

a.1 The wording to allow this altering of the premises if you will stimulate tourism or promote activities open to the general public fits almost all commercial operations, all of the time.

Question: Why would this option not be available for a private event or convention?

Question: Why have the wording that this must stimulate tourism?

a.4 Catering: This appears to contradict section 5 of this regulation. 5 says unlicensed premises must remove all alcohol and section 4 seems to allow catering.

Question: Does Section 5 conflict with section 4? Please explain.

Question: Why would an operator designate their premise as unlicensed and then set up a catering operation in the formerly licensed area?

To: ABC Board

From: Alaska CHARR

Re: Comments & Questions on 3 AAC 304.340 Common Carrier Dispensary License

We would like to encourage a dialog with the industry when new regulations are proposed. We frankly do not know what problem this new regulation is proposing to fix. If there was a discussion we missed it.

Comments:

e. This seems to be an attempt to allow 12-pack or, more appropriately, 100-ton vessels, to have alcohol if there are 3 or more staterooms. Larger tour vessels do not need staterooms; we do not understand how or why the 3 staterooms requirement was developed.

Question: Should this be written as 100 ton vessel instead of 12 pack?

Question: Why is a 3 stateroom requirement proposed?

We do not believe the proposed regulation deals with problems like the Kodiak boat anchored in the bay with a common carrier permit acting as a full beverage dispensary license in a fixed location. In fact, he probably had 3 staterooms but the key was he was not taking anyone anywhere.

Question: Why does this common carrier license regulation change not address problems like those in Kodiak?

Question: Why don't we define common carrier as a vessel that actually transports people?

To: ABC Board

From: Alaska CHARR

Re: Comments & Questions on 3 AAC 304.375 Distillery License

We would like to encourage a dialog with the industry when new regulations are proposed. We frankly do not know what problem this new regulation is proposing to fix. If there was a discussion we missed it.

Comments:

a.

Question: Is there a minimum size operation in terms of number of gallons for a distillery?

b. Flavoring ethanol or alcohol: It appears that the market is wide open for those who want to ship in the majority of their alcohol, add a flavor and call it an Alaskan-made product. If b was adopted this would not prevent this activity. A licensee would get a license for the smallest distilling process allowed under a. Then, while they may be producing low volumes of their own distilled product, the outside alcohol could still be brought in with no problem under this description.

Question: Could a person put in a very small distillery operation to get a license?

Question: Wouldn't allowing a flavor to be added to outside spirits kill the local distillery businesses?

Question: If Alaskan Blueberries were added to a distilled spirit from outside would the resulting product be Alaskan made?

To: ABC Board

From: Alaska CHARR

Re: Comments on 3 AAC 304.980 Prohibited Financial Interest

We would like to encourage a dialog with the industry when new regulations are proposed. We frankly do not know what problem this new regulation is proposing to fix. If there was a discussion we missed it.

Comments:

This entire section seems to be administrative dotting of i's and crossing of t's but it does not address some of the real issues related to prohibited financial interest.

B1.

Question: Are these agreements open to public inspection?

B6.

For example: The recent ill-advised decision to allow for lease and lease-back provisions on hotels. The statute 04.11.400 and the original intent were to allow hotels that support the visitor industry to have a beverage dispensary license. These licenses were clearly directly associated with the rooms of the hotel.

Now we have hotel owners leasing their entire property to a bar and restaurant operator with a lease-back of the rooms to the hotel owner. This is all done to meet the needs of the prohibited financial interest regulations.

The public is harmed by this creative practice. Instead of issuing new licenses, as was recently done, the hotel owner should be responsible for clearing up debts caused by the bar and restaurant owner. After all, this Beverage Dispensary License was given to the hotel as a result of the hotel rooms.

The public is harmed as a result of creative operators being allowed to break the intent of the prohibited financial interest law. The result is that a bad restaurant and bar operator under these lease-back arrangements is allowed to run up debts for alcohol, services and taxes and simply walk away. This causes no problem for the hotel as they just apply for another new license. We believe the granting of a license to a hotel is tied to the rooms and the owner of the rooms should be responsible if their leasing arrangement does not work.

Question: Why doesn't this rewrite address the real problems of lease backs as described above?

Question: Why would we not tie the Hotel Tourism license to the hotel, so that debts on the license would be paid before a transfer to a new operator?

From: [icharr](#)
To: [Calder, John P. \(CED\)](#); [Dale Fox](#)
Subject: Questions on ABC Board proposed regulation 3 AAC 304.375 Distillery License
Date: Monday, June 06, 2016 1:58:13 AM
Attachments: [ABC Regs Distillery License.doc](#)
Importance: High

I have attached a letter with questions for your response about the above referenced regulation as permitted under written instructions in the public notice.

Larry J. "Hack" Hackenmiller
I-CHARR Sec./Treas



President Dick Ellsworth
Vice-president Gary Falls
Secretary/Treasurer
Larry Hackenmiller

518 Farmers Loop Road
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388-4677 Fax 457-1328

icharrfbks@hotmail.com

June 6, 2016

John Calder
Alcoholic Beverage Control Board
550 W. 7th Ave, Suite 1600
Anchorage, Alaska 99501

john.calder@alaska.gov

NOTICE OF PROPOSED REGULATIONS – QUESTIONS
3 AAC 304.375. Distillery License

My understanding of these new regulations makes it clear that I cannot apply for a new distillery license for flavoring ethanol or alcohol of distilled spirits from other distilleries only and not be required to distill any ethanol or alcohol in my distillery.

Question #1. Do these proposed regulations prevent EXISTING licenses from bringing in bulk distilled spirits made at other distilleries for the purpose of flavoring or any other application for sale or samples on the licensed distillery premises or wholesale sales to distributors?

Subsection (b) language is not clear enough on this. The reference “for obtaining a license under AS 04.11.170.” seems to imply you can’t obtain a new distillery license but it does not clearly state existing licenses are restricted from doing so.

Larry J. “Hack” Hackenmiller
Sec. /Treasurer I-CHARR

Cc: I-CHARR Board, Alaska CHARR