



MEMORANDUM

TO: Alcohol Beverage Control Board

DATE: June 29, 2017

FROM: James Hoelscher, Enforcement Supervisor

RE: Enforcement Report, Alcohol

I am pleased to report to the board that we will be re-implementing our compliance check and shoulder tap programs. We will be working with municipal, state and federal agencies to combat the sale and furnishing of alcohol and marijuana to minors. It is our hope that we have the program fully implemented in late July or early August 2017.

The compliance check and shoulder tap programs were placed on hold in spring of 2015 to reevaluate the costs, loss of federal grant, impact of Title 04 rewrite and utilizing other resources for underage purchasers. Over the past year and a half, the enforcement team has made it a priority to work towards a goal of reducing alcohol and marijuana that is being sold and possessed by anyone under 21. This has been accomplished by education for licensees and increased presence of enforcement. With the re-implementation of the programs, it is our hope that through consistent and frequent compliance checks and shoulder taps, violations of alcohol and marijuana laws will be minimized/reduced.

Alcohol & Marijuana Stats 2017 (as of 6-29-17)

Investigations – 114 (7 Rural)
Alcohol Walk-throughs - 223
Alcohol Inspections – 288 (66 Rural)
Alcohol NOV's -22
Alcohol Advisory Notices - 13
Alcohol Permits reviewed - 403
Marijuana Walk-throughs - 82
Marijuana Inspections - 94
Marijuana NOV's - 21
Marijuana Advisory Notices - 11
Marijuana Background Conducted (MJ-18) - 29
Marijuana Handler Cards Issued - 1006
Enforcement Calls/Requests/General Enforcement Email – 3,891

Item seeking clarification from the board:



Pricing and Marketing of alcoholic beverages –AS 04.16.015(a)(5) & 3 AAC 304.440

(a) On premises where alcoholic beverages are sold by the drink, a licensee or a licensee's agent or employee may not

(5) sell, offer to sell, or deliver alcoholic beverages to a person or group of persons on any one day at prices less than those charged the general public on that day, except at private functions not open to the general public;

3 AAC 304.440. Pricing and marketing of alcoholic beverages

For the purpose of AS 04.16.015, a licensee or licensee's agent or employee may not set a period of time during a day that an alcoholic beverage drink or a brand of alcoholic beverage is sold or delivered that is less than the hours that the licensed premises is open to the general public.

Enforcement seeks clarification on the statute and regulations regarding reduced drink prices. Some licensees have implemented price changes for alcoholic beverages, claiming it offsets the price of entertainment. Some licensees and industry advocates have made the claim the Board has found this to be a legitimate interpretation of the regulation and statute. However, enforcement has been unable to find a record of this interpretation.

For example, a beverage dispensary will sell pint and shots for \$1 from 10am to 9pm and then increase the prices to \$7 from 9pm to closing, citing the increased prices are to offset "entertainment" costs. I do not see how this is any different than charging \$7 and having the "happy hour" from 10am to 9pm, charging \$1 for the drinks during that time.

Enforcement seeks clarification from the Board on how AS 04.16.015 (a) (5) and 3 AAC 304.440 are to be implemented and enforced, to ensure consistency among licensees.