



## MEMORANDUM

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

DATE: September 13, 2017

FROM: Erika McConnell  
Director, ABC Board

RE: Potential Regulations Project –  
Wineries

The ABC Board opened a regulations project regarding consumption at wineries on July 20, 2016, and adopted the final language on April 13, 2017. The Lt. Governor signed the regulation filing on June 19, 2017, and the regulation became effective on July 19, 2017.

This regulation added a new section to 3 AAC 304.380, allowing the holder of a winery license to sell a limited amount of the winery's wine, mead, or cider to a person for consumption on the premises, with the same limitations regarding entertainment, seating, and hours of operation that are placed on breweries (AS 04.11.130) and distilleries (AS 04.11.170).

On July 12, 2017, Chair Klein received the attached letter from an affected licensee. Chair Klein provides this letter to the board for the board's consideration.

Attachments: Letter from Double Shovel Cider Company (#5427)  
#5427 Double Shovel Cider Company licensed premises diagram  
Adopted Regulation re Consumption at Wineries



Galen K. Jones

Co-Owner / Co-Founder  
Double Shovel Cider Co.  
502 W. 58th Ave Unit D  
Anchorage, AK 99518  
907-227-9849

galen.jones@doubleshovelsider.com

June 29, 2017

Bob Klein  
Alcoholic Beverage Control Board Chairman  
Alcohol & Marijuana Control Office, DCCED  
550 W. 7th Ave.  
Anchorage, AK 99501

Dear Mr. Klein,

I am the Co-Owner of Double Shovel Cider Co. (DSCC) here in Anchorage. We are a new hard cider manufacturing company with an on-site tasting room. I was informed last Friday about 3 AAC 304.380, outlining new consumption limits and restrictions to wineries.

Our main concern with this regulation is that it precludes DSCC from having seats at the bar in which our cider is served. This was an issue we addressed in SB-76 with a stipulation allowing current winery permit holders to continue having bar seating until the year 2021 or 2022, depending on which year their license was up for renewal. No one on the committee (i.e. CHARR, yourself, other permit holders, Senator Micciche) took issue with this and it's currently drafted in the latest version of SB-76, Version N (attached).

As you are aware: 3 AAC 304.380 will be in conflict with (and overruled by) SB-76 once it's passed, allowing us to have bar seating again for 2-3 more years.

The language from SB-76, Pg. 24 (Sec. 04.09.320.k) reads as follows:

*(k) The holder of a winery license issued under former AS 04.11.140 on the day before the effective date of sec. 9 of this Act that provided seating at the counter or bar where the wine is served on the winery's licensed premises may provide seating at the counter or bar where the wine is served for a period ending on January 1, 2021, for a license that is subject to renewal on an odd year and January 1, 2022, for a license that is subject to renewal on an even year.*

I believe the omission of SB-76's Sec. 04.09.320.k language was a simple oversight during the development of AAC 304.380, which leads me to the point of this letter:

I'd like to ask you to **please consider presenting Sec. 04.09.320.k from SB-76 at your ABC Board meeting on July 11th so a new regulation for wineries (in alignment with the intent of the hardworking Alaskans involved with the drafting of SB-76) can be drafted, advertised for public comment, and approved by the Lt. Governor.**

Our business depends on it. Without the 9 seats at our bar, our seating capacity is cut by 1/4 and our revenue will surely be affected. As a young startup business, we rely on every bit of capital for growth and expansion. The more revenue we earn, the more taxes we can pay to the State and the more money we can pump back into our economy. We currently employ over 10 individuals, and plan on hiring more people before the end of the summer. DSCC is good for Alaska.

We've invested nearly \$500,000 over the passed two years into our business under the current winery laws in Title IV. Our tasting room was designed in a manner allowing seats at our bar and there is no room to add additional seating if these stools are to be removed. Yes, we think it's the most fair to be aligned with Breweries in the new Title IV because of our low ABV; however, banning stools at wineries has the potential to cause catastrophic consequences since we do not have the capital at the moment to tear down walls and rebuild our tasting room with a new layout. The latter was taken into consideration when selecting an appropriate year in SB-76, Sec. 04.09.320.k.

Breweries invested their startup capital knowing the current Title IV regulations and thus, designed their tasting rooms in a manner consistent with not allowing stools at their bar. There were no surprises. They were able to plan ahead when building their tasting rooms and make room for seating and tables elsewhere. Stools have always been banned at Breweries, thus the new Title IV won't affect them in this regard.

Thank you in advance for your time and for any help you can provide.

Best Regards,

A handwritten signature in black ink, appearing to read 'Galen K. Jones', written in a cursive style.

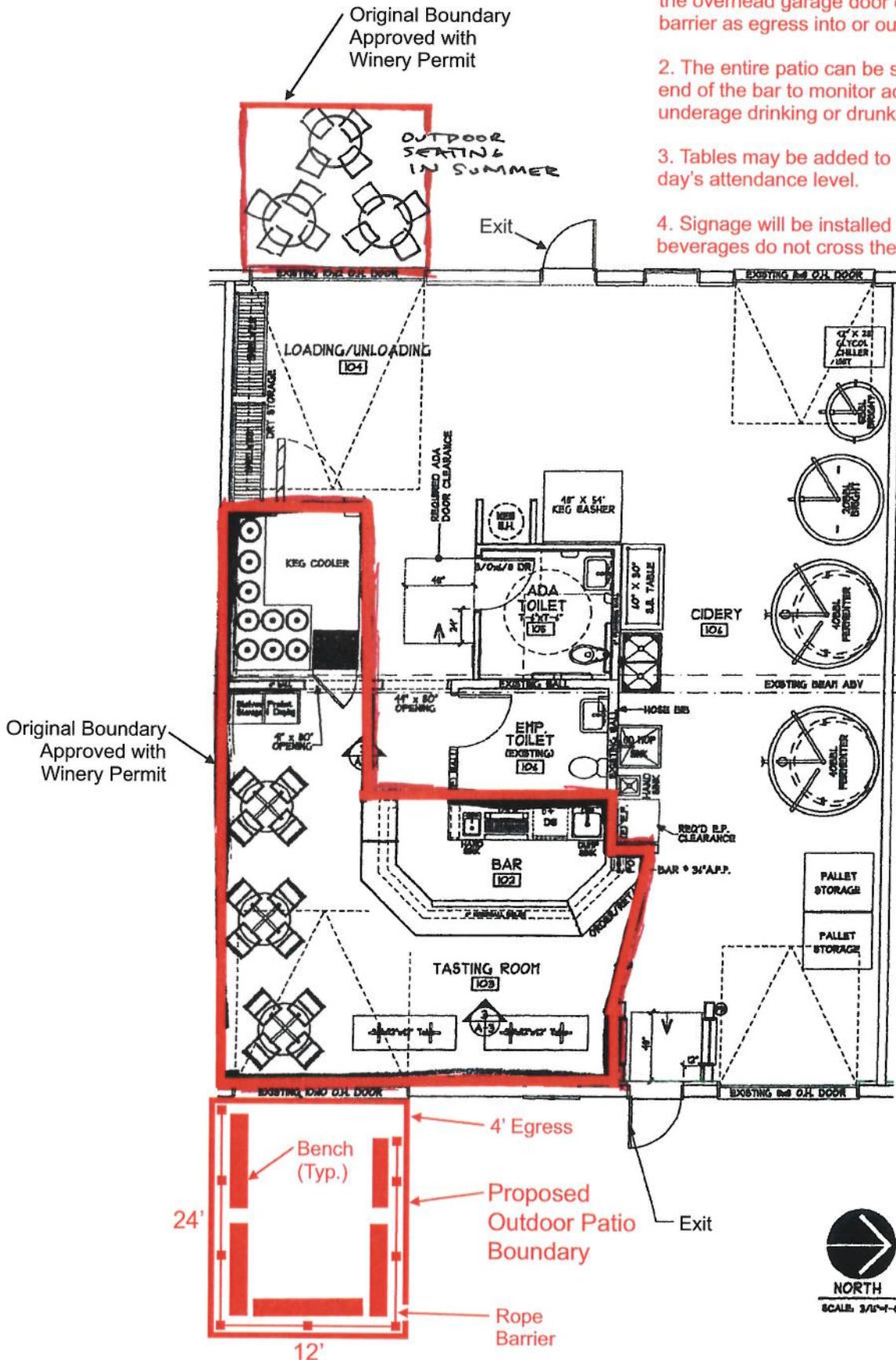
Galen K. Jones

cc: Jedediah Smith, Local Gov't Specialist, AMCO

# Double Shovel Cider Co. Boundary Change Layout

## Notes:

1. The rope barrier will only allow customers to use the overhead garage door or a designated gap in the barrier as egress into or out of the patio boundary.
2. The entire patio can be seen by staff from the west end of the bar to monitor activity and prevent underage drinking or drunken behavior.
3. Tables may be added to the patio depending on the day's attendance level.
4. Signage will be installed to ensure alcoholic beverages do not cross the approved patio boundary.



Byron Mallott  
Lieutenant Governor  
State Capitol  
Juneau, Alaska 99811  
907.465.3520 465.5400 Fax  
WWW.LTGOV.ALASKA.GOV



530 West 7<sup>th</sup> Ave, Suite 1700  
Anchorage, Alaska 99501  
907.269.7460 269.0263  
LT.GOVERNOR@ALASKA.GOV

**OFFICE OF THE LIEUTENANT GOVERNOR  
ALASKA**

**MEMORANDUM**

**TO:** Micaela Fowler  
Commerce, Community, and Economic Development

**FROM:** Scott Meriwether, Office of the Lieutenant Governor *cm*  
465.4081

**DATE:** June 20, 2017

**RE:** Filed Permanent Regulations: Alcoholic Beverage Control Board

Alcoholic Beverage Control Board regulations re: consumption on the licensed premises of wineries (3 AAC 304.380)

---

Attorney General File:	JU2016200647
Regulation Filed:	6/19/2017
Effective Date:	7/19/2017
Print:	223, October 2017

cc with enclosures: Linda Miller, Department of Law  
Judy Herndon, LexisNexis

ORDER CERTIFYING THE CHANGES TO REGULATIONS OF THE  
ALCOHOLIC BEVERAGE CONTROL BOARD

The attached one page of regulations, dealing with consumption of alcohol on a licensed winery premises, is certified to be a correct copy of the regulation changes that the Alcoholic Beverage Control Board adopted at its April 13, 2017 meeting, under the authority of AS 04.06.090, 04.06.100, and AS 04.11.140 and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This action is not expected to require an increased appropriation.

Although no public comments were received, the Alcoholic Beverage Control Board paid special attention to the cost to private persons of the regulatory action being taken.

The regulation changes described in this order take effect on the 30th day after they have been filed by the lieutenant governor, as provided in AS 44.62.180.

Date: 6/6/17



\_\_\_\_\_  
Erika McConnell, Executive Director  
Alcoholic Beverage Control Board



FILING CERTIFICATION

I, Byron Mallott, Lieutenant Governor for the State of Alaska, certify that on

June 19, 2017 at 4:03 p.m., I filed the attached regulations according to the provisions of AS 44.62.040 - 44.62.120.



\_\_\_\_\_  
Byron Mallott  
Lieutenant Governor

Effective: July 19, 2017.

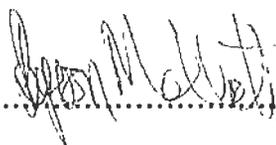
Register: 223, October 2017

**FOR DELEGATION OF THE LIEUTENANT GOVERNOR'S AUTHORITY**

**I, BYRON MALLOTT, LIEUTENANT GOVERNOR OF THE STATE OF ALASKA, designate the following state employee to perform the Administrative Procedures Act filing functions of the Office of the Lieutenant Governor:**

**Claire Richardson, Special Assistant**

**IN TESTIMONY WHEREOF, I have signed and affixed the Seal of the State of Alaska, in Juneau, on January 7<sup>th</sup> 2015.**

  
.....

**BYRON MALLOTT  
LIEUTENANT GOVERNOR**



EC. DEV.

no bold or underline

3 AAC 304 is amended <sup>by adding</sup> to add a new section: <sup>to Article 3 to read</sup>

3 AAC 304.380 Winery License <sup>(a)</sup> Unless prohibited by AS 04.16.030, a holder of a

winery license may sell each day to a person for consumption on the licensed premises not

more than

- (1) 18 ounces of <sup>the winery's</sup> wine, mead, or cider or
- (2) 36 ounces of <sup>any of the winery's</sup> cider <sup>that</sup> if the cider contains less than 8.5 percent alcohol by
- volume, <sup>if the winery does not</sup>

(b) A holder of a winery license may not

(1) allow live entertainment, televisions, pool tables, dart games, dancing,

electronic or other games, game tables, or other recreational or gaming

opportunities on the premises where the consumption occurs;

(2) provide seats at the counter or bar where the product is served;

(3) open the room where the consumption occurs before 9:00 a.m.; or

(4) serve any of its product after 8:00 p.m. (Eff. 7/19/2017, Register 223)

Authority: AS 04.06.100 AS 04.11.140 <sup>no bold or underline</sup>