

Title 4 Review: Senate Bill 76

WHAT IS TITLE 4?

Alaska's Title 4 statutes regulate "the manufacture, barter, possession, and sale of alcoholic beverages in the state" (AS 04.06.090). The Alcoholic Beverage Control Board, Alcohol and Marijuana Control Office, law enforcement, and communities across the state enforce these laws.

WHY REVIEW TITLE 4?

Much of the chapter has not been updated since 1980. Over time, incremental updates to the statutes, inconsistent interpretations of the law, and changing industry trends have reduced the effectiveness of Title 4. A systematic review of the statutes helps the Board carry out its mission and will benefit the organizations, municipalities and individuals whose work, community or business is affected by alcohol laws and regulations.

GOALS OF TITLE 4 REVIEW

Stakeholders engaged in this review process shared goals as the foundation for developing recommendations:

Promote a fair business climate and protect public health and safety.

- Create rational regulation for all tiers of the state's alcohol industry.
- Limit youth access to alcohol.
- Promote responsible alcohol use and reduce the harms of overconsumption.
- Implement change without negatively impacting existing businesses and responsible operators.

Make Title 4 a clear and consistent legal framework for the ABC Board, licensees and law enforcement.

- Increase swiftness, proportionality and consistency of penalties.
- Increase local Title 4 law enforcement.
- Increase licensee accountability before the ABC Board for Title 4 violations.

SUCCESS IN 2016: SB 165

In last year's session, Senator Micciche sponsored and the Legislature passed the first set of Title 4 Review recommendations. SB 165 was enacted in July 2016:

- Restores Minor Consuming Alcohol (MCA) as a true violation and promotes alcohol education.
- Changes ABC Board composition, designating one seat for a public safety representative.

STAKEHOLDER-DRIVEN PROCESS

Since 2012, stakeholders representing the alcohol industry, public health, local government, law enforcement, public safety, education, and community advocacy sectors have dedicated over 12,000 hours to craft recommendations to improve Title 4. This group, led by the Title 4 Review Steering Committee, has continued to refine the package of recommendations and addressed several other emerging issues raised in the last two years.



2018 PRIORITY: SENATE BILL 76

Working closely with Title 4 Review stakeholders, Senator Peter Micciche introduced **SB 76**, a comprehensive bill that would enact many of the group's recommendations.

Title 4's statutes are closely inter-related, and changes to the laws have impacts on communities and alcohol businesses statewide. A comprehensive bill ensures that the proposed changes are coordinated and can be implemented smoothly by the ABC Board.

Recommendations are organized in five categories, first developed by five Title 4 Review subcommittees:

1. Alcohol Licenses, Permits and Trade Practices
2. Underage Drinking and Youth Access to Alcohol
3. Local Option Communities
4. Regulation of Internet Sales of Alcohol
5. Role and Functions of the ABC Board and Staff

TITLE 4 REVIEW WORK CONTINUES

Updating Title 4 is a complex, long term project! Implementing the changes in SB 76 will take time, and many details are left to the ABC Board to determine in regulation.

There are many important issues identified by the group that are not addressed in SB 76, such as working with rural communities to improve local option laws. The stakeholder group will continue this important work in a future phase.

About Senate Bill 76:

Office of Senator Peter Micciche

(907) 465-2828 | rachel.hanke@akleg.gov

About the Title 4 Review project:

Alcoholic Beverage Control Board

(907) 269-0350 | AMCO.regs@alaska.gov

Title 4 Review: Senate Bill 76

KEY RECOMMENDATIONS

Alcohol Licenses, Permits and Trade Practices

- Preserve the 3-tier system to prevent monopolies, but increase flexibility for small businesses by allowing manufacturers to own retail licenses.
- Preserve the population limits on licenses to manage health and safety impacts of having too many alcohol outlets, but provide flexibility for communities who serve tourists and visitors.
- Respond to innovative business concepts with endorsements (add-on privileges to existing licenses), instead of creating more license types.
- Level the playing field among existing license types with updated fees and consistent rules.
- Restructure Title 4 penalties to be proportional with the seriousness of each violation: most are currently Class A Misdemeanors, considered too steep to be consistently enforced by police or the courts.

Underage Drinking and Youth Access to Alcohol

- Restore Minor Consuming Alcohol and related offenses to a true violation, with incentives for alcohol education or treatment (*passed in SB 165*).
- Hold licensees, employees and other adults more accountable for serving minors with reasonable and consistent penalties.
- Require registration of all kegs, so adult “social hosts” of underage parties can be held accountable.

Local Option Communities

- Increase availability of community-level data about alcohol shipments entering local option areas.
- Better regulation of transport and delivery of alcohol by common carriers.

Regulated Internet Sales of Alcohol

- Limit online sales to wineries and in-state package stores.
- Collect excise taxes on all orders to Alaska customers.
- Ensure all alcohol deliveries are made only to adults.

Role and Functions of the ABC Board and Staff

- Ensure balanced representation on the Board with a designated Public Safety seat (*passed in SB 165*).
- Allow the Board to provide a review and advisory opinion on future Title 4-related legislation.
- Improve the Board and agency staff’s resources and ability to interpret, administer, and enforce Title 4.

BENEFITS FOR ALL ALASKANS

The Title 4 Review process relies on building consensus: finding common ground and crafting recommendations that, considered overall, will benefit all stakeholders. Each decision required compromise. Where possible, the group found “win win” solutions that have multiple benefits.

Overall, the proposals in SB 76 will benefit all stakeholders:

Benefits for Youth

- Expands reforms enacted in SB 165 to apply to other specific underage drinking offenses.
- Helps prevent youth access to alcohol, while not criminalizing youth for one mistake.
- Incentivizes youth who need it to seek alcohol education, treatment, or community-based justice.
- Holds adults accountable who supply alcohol to youth.

Benefits for the Alcohol Industry

- A streamlined, user-friendly Title 4 will be easier to understand and comply with for all businesses.
- All manufacturers can expand production and continue to serve customers in retail establishments.
- Wholesalers have less administrative burden and are protected against unfair trade practices.
- Retailers have more opportunities to innovate, such as providing product samples at package stores, while protecting existing business investments.
- Restructured penalties will encourage compliance, and reserve strict punishments only for serious crimes.

Benefits for Public Health and Safety

- Preserves limits on the density of alcohol outlets, correlated with negative health and safety impacts.
- Promotes responsible service and consumption of alcohol at establishments and special events.
- Fairly regulates all alcohol purchases shipped directly to customers through online sales.
- Increases availability of data on alcohol in local option areas, and local enforcement of Title 4.
- Provides more resources for education about and enforcement of Title 4 at the state and local levels.

Benefits for Local Governments

- Provides options to support economic development, tourism and hospitality with more liquor licenses.
- Increases resources available for educating local governments about their role in alcohol control.

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(907) 269-0350 | AMCO.reg@alaska.gov

Alaska Alcoholic Beverage Control (ABC) Board

Title 4 Review Project & SB 76 Update

Presentation to the ABC Board

January 10, 2018

Presentation Overview

1. Title 4 Review Project: overview & status
2. Overview of stakeholder recommendations
 - Documented in Title 4 Review Report
 - Enacted in SB 165 (2016)
 - Proposed in SB 76 (introduced 2017)

Questions from board members are welcome throughout the presentation.

1. Title 4 Review Project: Overview & Status Update

Title 4 Review: Our Funding Partners

The following organizations have provided ongoing grant funding to support the Title 4 Review project:



Title 4 Review: Project Support

Agnew::Beck Consulting was contracted in 2012 to facilitate a stakeholder meeting about Title 4

Since 2013, A::B has been contract support for the Title 4 Review project, including working closely with stakeholders and Sen. Micciche's office to develop draft legislation.



Project Manager: Anna Brawley

Alaska Alcoholic Beverage Control (ABC) Board

Mission Statement

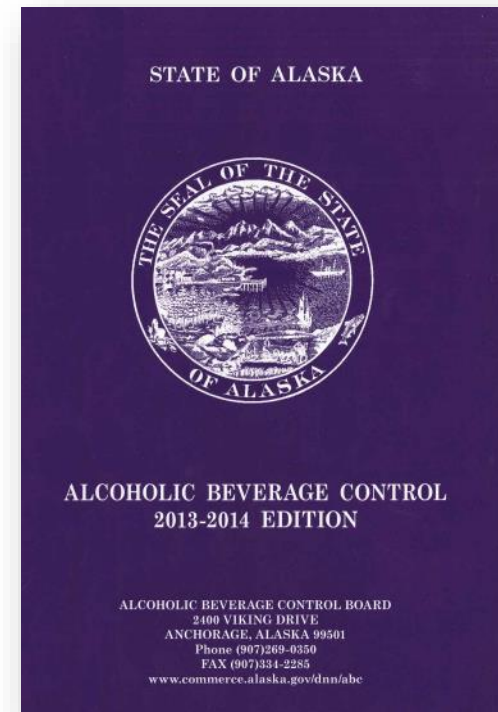


“The board shall control the manufacture, barter, possession, and sale of alcoholic beverages in the state. The board is vested with the powers, duties and responsibilities necessary for the control of alcoholic beverages...”

AS 04.06.090(a)

So, Why review Title 4?

- Most of Title 4 has not been updated since 1980. The laws are outdated and confusing.
- Many existing laws do not reflect current trends or values.
- A systematic review of Title 4 helps the Board carry out its mission and will benefit communities and businesses.



Goals of Title 4 Review Process

- Promote a fair business climate and protect public health and safety.
 - Create rational regulation for all tiers of the state's alcohol industry.
 - Limit youth access to alcohol, while ensuring youth are not criminalized
 - Promote responsible alcohol use and reduce the harms of overconsumption.



Photo: Anchorage Daily News

Goals of Title 4 Review Process

- Make Title 4 a clear and consistent legal framework.
 - Increase swiftness, proportionality and consistency of penalties.
 - Increase local law enforcement of Title 4.
 - Increase licensee accountability before the ABC Board for Title 4 violations.



Photo: Anchorage Daily News

Six Years of Work

MAY 2012

2018



More than 100 stakeholders and staff spent over 12,000 hours (and counting) to craft Title 4 recommendations for proposed legislation.

Diverse Stakeholders



Youth



Public Health



Business



Public Safety



Rural Communities

- ABC Board, AMCO (staff)
- Public Safety and Law Enforcement
- Industry
 - Manufacturers
 - Wholesalers
 - Retailers
- Public Health
 - Recover Alaska
 - Department of Health and Social Services
 - Alaska Mental Health Trust Authority
 - Rasmuson Foundation
- Community Advocates
- Local Governments

Over 70 Organizations Participated

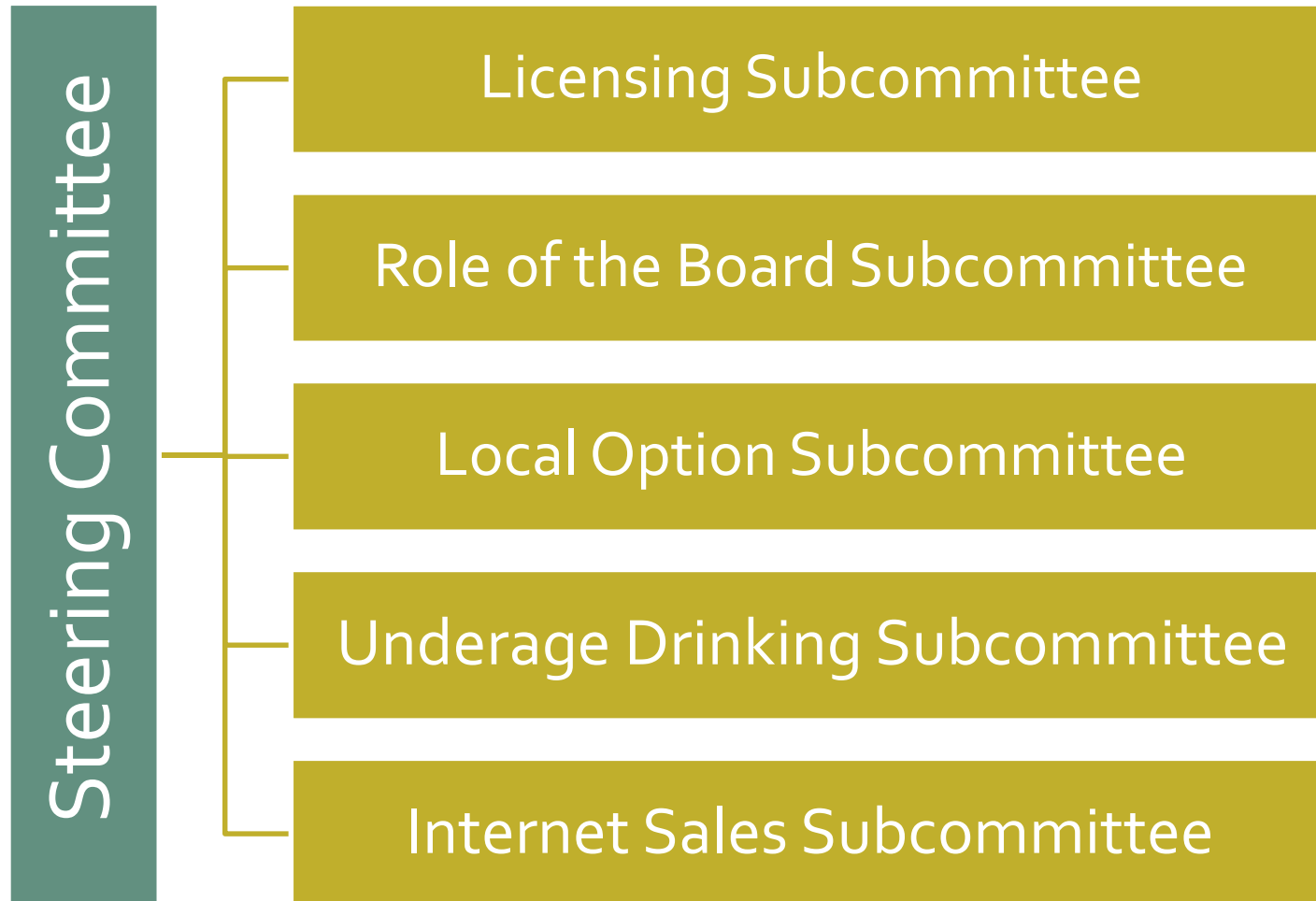
<i>49th State Brewing *</i>	<i>Anchorage Golf Course *</i>	<i>Double Shovel Cider *</i>	<i>NCADDJ</i>
<i>ABC Board</i>	<i>Anchorage Police Department</i>	<i>Eagles Lodge *</i>	<i>Odom Corporation *</i>
<i>Agnew::Beck</i>	<i>Bear Tooth Grill + Broken Tooth Brewing *</i>	<i>Fairbanks North Star Borough</i>	<i>Rasmuson Foundation</i>
<i>Alaska Berries *</i>	<i>Brewers Guild of Alaska</i>	<i>FedEx</i>	<i>Recover Alaska</i>
<i>Alaska Board on Alcohol and Drug Addiction</i>	<i>Brown Jug *</i>	<i>First Alaskans Institute</i>	<i>SEARHC</i>
<i>Alaska Cache Liquor *</i>	<i>Chilkoot Charlie's *</i>	<i>Glacier Brewhouse + Orso *</i>	<i>Silver Gulch Brewing *</i>
<i>Alaska CHARR</i>	<i>Chilkoot Trail Outpost Lodge *</i>	<i>Gold Hill Liquor *</i>	<i>Sitnasuak Native Corporation</i>
<i>Alaska Mental Health Trust Authority</i>	<i>City and Borough of Juneau</i>	<i>Haines City and Borough</i>	<i>Stellar Wines Distributing *</i>
<i>Alaska Municipal League</i>	<i>City of Soldotna</i>	<i>Holland America *</i>	<i>Tony's Bar *</i>
<i>Alaska State Fair *</i>	<i>City of Wasilla</i>	<i>Hooligans *</i>	<i>University of Alaska Anchorage</i>
<i>Alaska State Troopers</i>	<i>Department of Commerce, Community & Economic Development</i>	<i>HottStixx *</i>	<i>University of Alaska Fairbanks *</i>
<i>Alaskan Brewing *</i>	<i>Department of Education & Early Development</i>	<i>Hughes Gorski Seedorf Odsen & Tervooren</i>	<i>UPS</i>
<i>Alcohol and Marijuana Control Office</i>	<i>Department of Health & Social Services</i>	<i>Humpy's Alaskan Alehouse *</i>	<i>Village Public Safety Officers</i>
<i>Alaska Wine & Beer Wholesalers Association</i>	<i>Department of Public Safety</i>	<i>Justice Improvement Solutions</i>	<i>Volunteers of America</i>
<i>Alyeska Resort *</i>	<i>Department of Revenue</i>	<i>K & L Distributors *</i>	<i>Wine Institute</i>
<i>Anchorage Hospitality Retailers Association</i>	<i>Distillers Guild of Alaska</i>	<i>Kenai Peninsula Borough</i>	
<i>Anchorage Distillery *</i>	<i>Dorsey & Whitney</i>	<i>Mat Su Health Foundation</i>	
		<i>Mat-Su Borough School District</i>	
		<i>Midnight Sun Brewing *</i>	
		<i>Municipality of Anchorage</i>	

** = Alaska license holder*

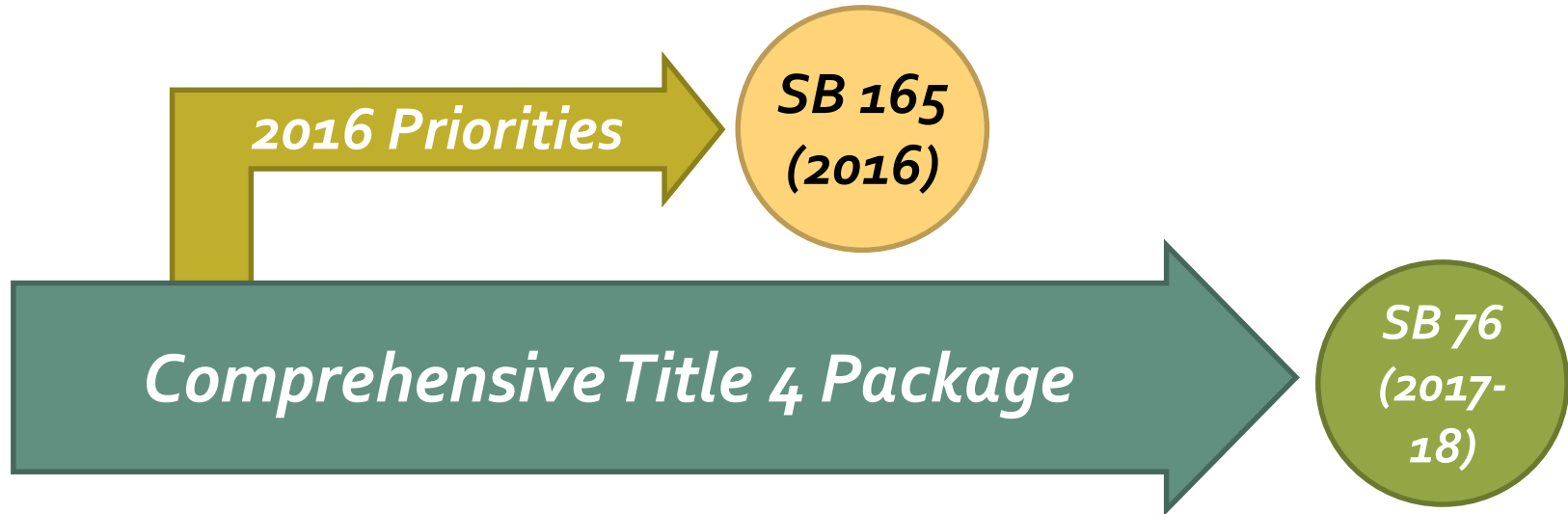
Title 4 Steering Committee

Committee Member	Organization	Sector
Ellen Ganley <i>chair</i>	Member, ABC Board	Public Board Member / Public Health
Jeff Jessee <i>chair</i>	University of Alaska, College of Health	Public Health
Katie Baldwin-Johnson	Alaska Mental Health Trust Authority	Funding Partner / Public Health
Angela Cox	Rasmuson Foundation	Funding Partner
Tiffany Hall	Recover Alaska	Funding Partner / Public Health
Jan Hill	Mayor, Haines Borough	Local Government
Bob Klein	Chair, ABC Board	Industry Board Member
Walt Monegan	Commissioner, Alaska Department of Public Safety	Public Safety
Erika McConnell Sarah Oates Jed Smith	Alaska Alcohol and Marijuana Control Office (AMCO)	Staff Resource

Five Topic-based Committees



Two-Track Process: 2016-2018



- **2016 Session:** SB 165 introduced, passed and signed into law.
- **Fall – Winter 2016:** Sen. Micciche and Steering Committee convened the stakeholder group to refine comprehensive bill for introduction in 2017.
- **March 2017:** SB 76 introduced in the Senate, containing most of the remaining Title 4 recommendations.

Next Steps



Recommendations



Legislature



If passed,
becomes law

The package of recommended Title 4 revisions in SB 76 will be deliberated by the Legislature in the 2018 session.

For more information

About Title 4 Proposed Legislation:

Office of Sen. Peter Micciche

Rachel Hanke, Legislative Aide

(907) 465-2828

rachel.hanke@akleg.gov

About the Title 4 Review Process:

Alcohol and Marijuana Control Office

<https://www.commerce.alaska.gov/web/amco/>

(907) 269-0350

amco.regs@alaska.gov

2. Overview of Title 4 Review Stakeholder Recommendations

Note: please refer to the Title 4 Review Stakeholder Recommendations Report (January 2018) to follow the discussion. The report and a copy of this presentation is available on the AMCO website.

A Few Quick Reminders

- SB 76 is an active bill
- Recommendations represent consensus reached by Steering Committee and stakeholder group
- This presentation provides an informational overview of the contents of SB 76, and the process that led to the bill's drafting
- Recommendations are presented based on stakeholder consensus, and do not necessarily represent the views of each stakeholder on an individual issue

About Senate Bill 76

- Sponsored by Sen. Peter Micciche
- Assigned to Senate Labor & Commerce and Judiciary Committees
- Original version introduced 3/3/2017
- Sponsor substitute introduced 5/11/2017
- Awaiting hearings, to be scheduled in 2018
- Available online:

http://www.legis.state.ak.us/basis/get_bill.asp?bill=SB76

Categories of Recommendations

1. Alcohol Licenses, Permits and Trade Practices
2. Role and Functions of the ABC Board and Staff
3. Underage Drinking and Youth Access to Alcohol
4. Regulation of Internet Sales of Alcohol
5. Technical or Administrative Law Changes
6. Local Option Communities*

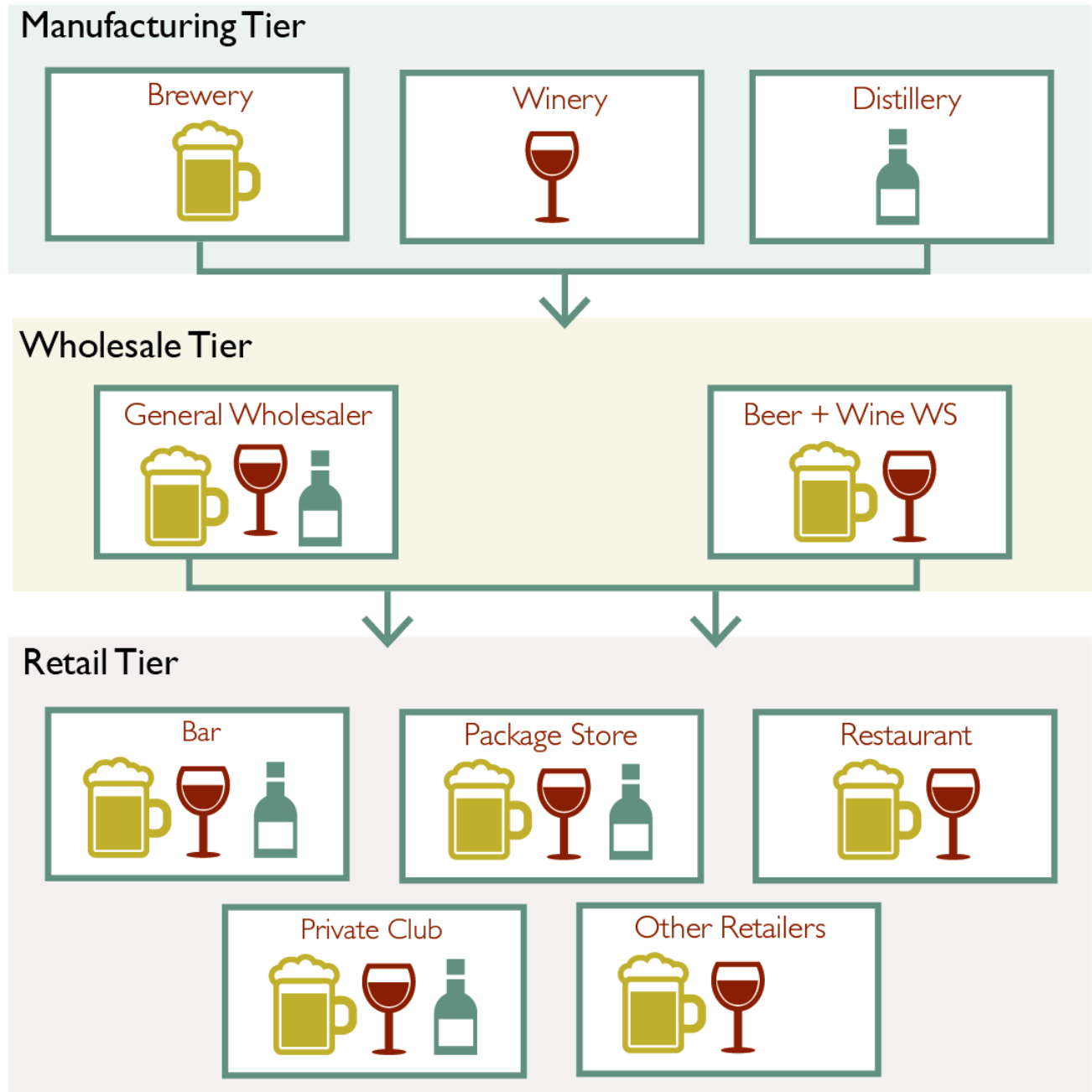
* Note: Local Option recommendations are documented in the report, but not included in SB 76. More comprehensive review and discussion of Local Option laws is needed in the future.

Alcohol Licenses, Permits and Trade Practices: Recommendations

The 3-Tier System

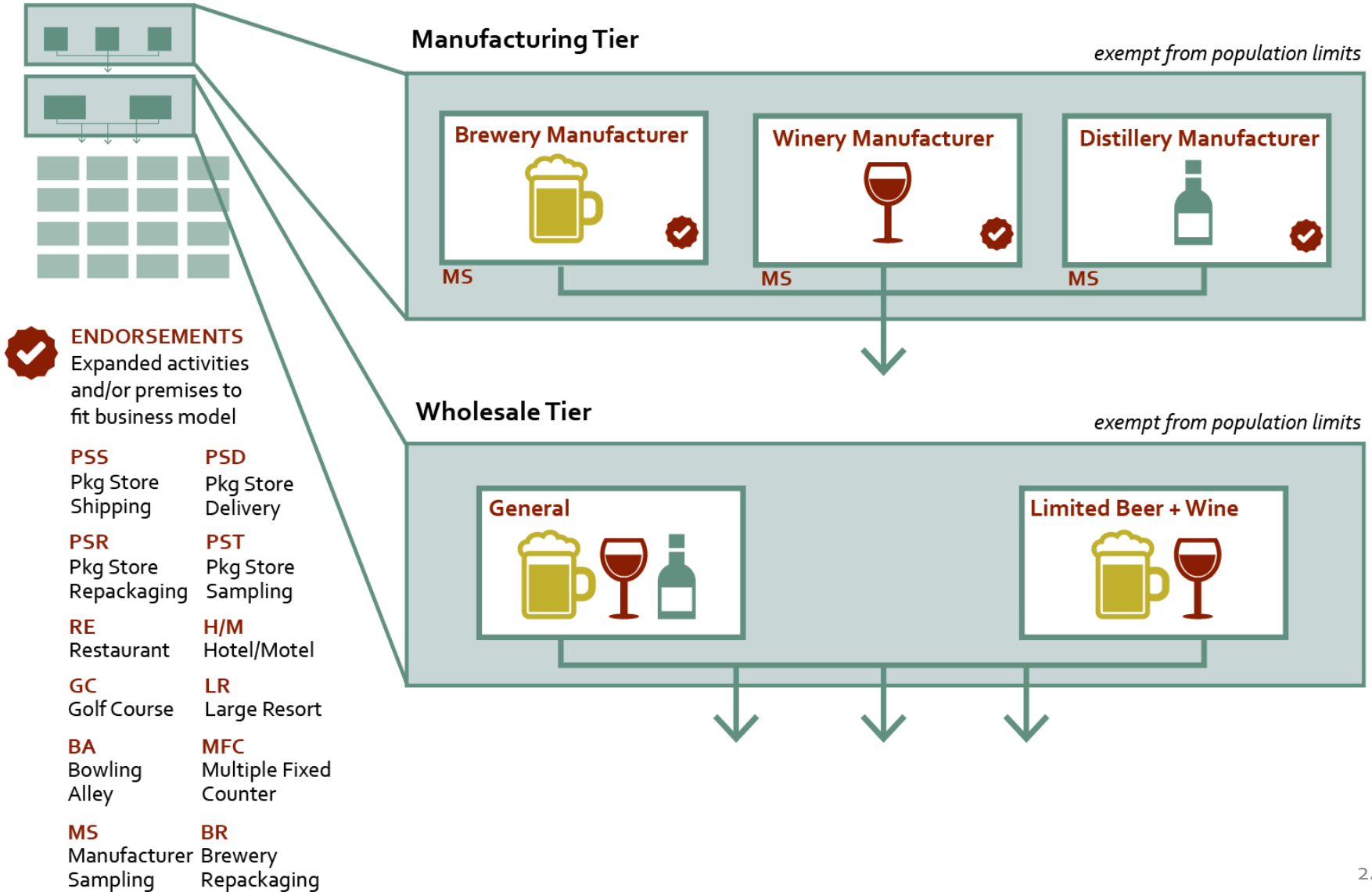
Alcohol must be manufactured, distributed and sold to the public by different businesses.

This is designed to prevent monopolies.



Alaska's Liquor License System: Proposed Changes in SB 76

Alaska's license system is based on the 3-tier system of alcohol regulation: separate entities **manufacture**, **distribute**, and **sell** alcohol to the public.

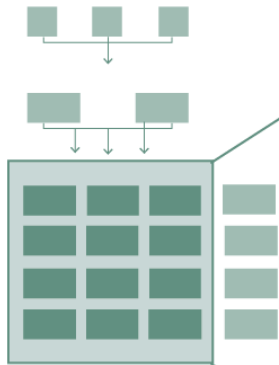


Alaska's Liquor License System: Proposed Changes in SB 76

Alaska's license system is based on the 3-tier system of alcohol regulation: separate entities **manufacture**, **distribute**, and **sell** alcohol to the public.

 **NEW LICENSE**
Proposed new license in Title 4

Retail Tier



Community Level

subject to population limits

Beverage Dispensary



BR MFC RE BA GC H/M LR

Package Store



PSS PSD PSR PST

Common Carrier



Restaurant/Eating Place



RE BR

Golf Course



RE

Brewery Retail



Club



RE

(University) Pub



Winery Retail



Sporting Event




RE

Theater



Distillery Retail



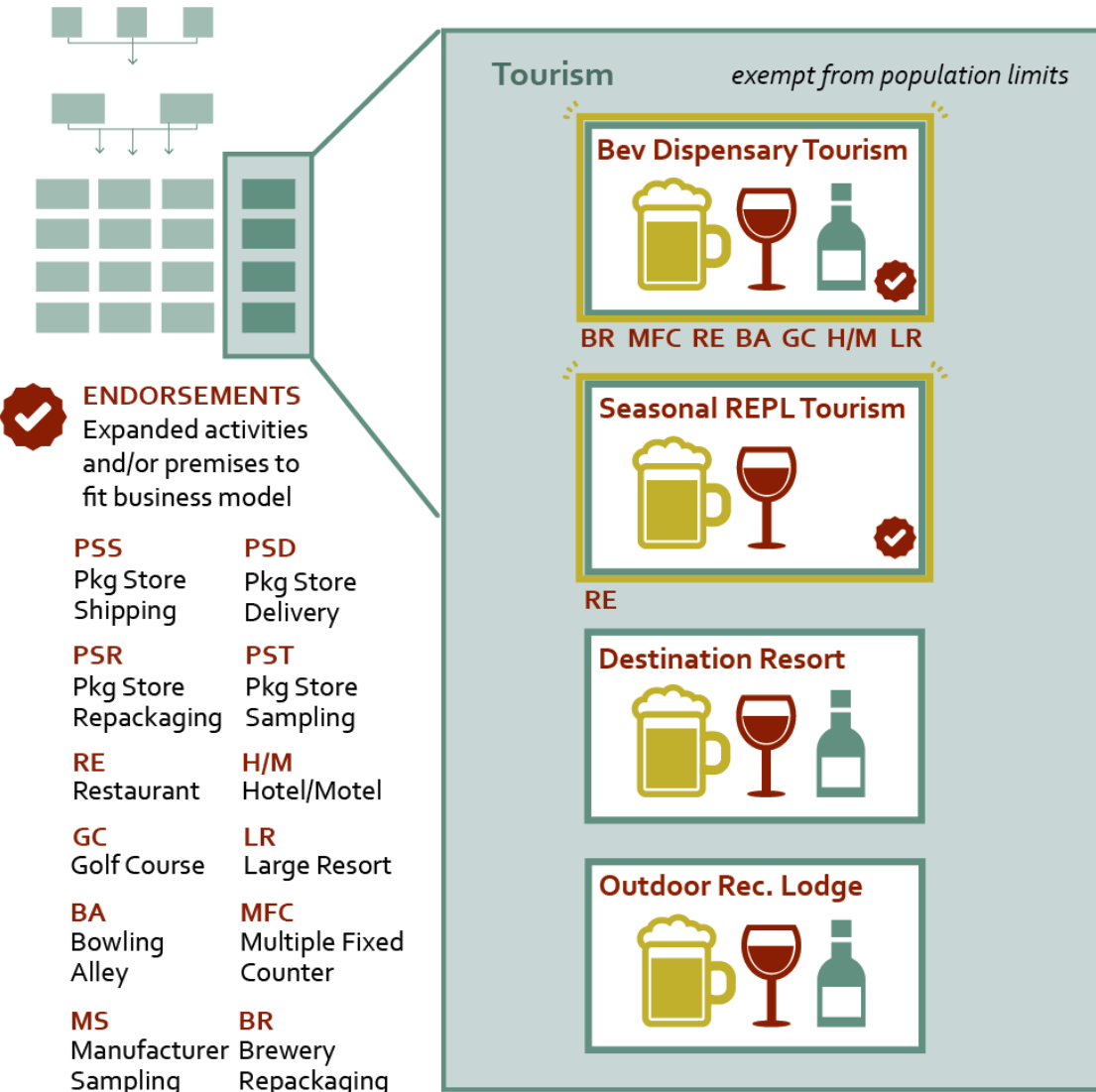
 **ENDORSEMENTS**
Expanded activities and/or premises to fit business model

- | | |
|----------------------------------------|-----------------------------------------|
| PSS
Pkg Store
Shipping | PSD
Pkg Store
Delivery |
| PSR
Pkg Store
Repackaging | PST
Pkg Store
Sampling |
| RE
Restaurant | H/M
Hotel/Motel |
| GC
Golf Course | LR
Large Resort |
| BA
Bowling
Alley | MFC
Multiple Fixed
Counter |
| MS
Manufacturer
Sampling | BR
Brewery
Repackaging |

Alaska's Liquor License System: Proposed Changes in SB 76

Alaska's license system is based on the 3-tier system of alcohol regulation: separate entities **manufacture**, **distribute**, and **sell** alcohol to the public.

Retail Tier



NEW LICENSE
Proposed new license in Title 4

Proposed for Removal from Title 4: replaced by existing license types

Brewpub

Brewery + BDL or REPL

Bottling Works

Brewery or Winery

Public Convenience

REPL or Seasonal REPL

Proposed in SB 76: Endorsements

Add endorsements to existing licenses, giving businesses more flexibility without creating more situation-specific license types.



BASE LICENSE

ENDORSEMENTS

Expanded activities and/or premises to fit business model

Endorsements allow sampling on premises, service on a golf course, deliveries by package stores, etc.

Proposed in SB 76: Convert Existing Licenses

Bars (BDLs) with Duplicate Licenses would have Multiple Fixed Counter Endorsements.

Bar (BDL) with 3 Duplicate Licenses



BDL with 3 Multiple Fixed Counter Endorsements



Package Stores that fill growlers, ship written orders and other activities would have the corresponding new endorsements.

Package Store



Package Store with Endorsements



F-1. Adjust License Fees to Reflect Current ABC Budgetary Needs

- Update license fees according to the relative privileges and administrative costs of each, and collect sufficient revenue to cover the ABC Board's required activities:
 - Administration of licenses & permits
 - Education about Title 4 and related regulations
 - Enforcement of Title 4 and related regulations
- (see also RB-3: Revise ABC Board Budget to Adequately Fund Necessary Activities).
- See Appendix, Table 2 on page 66 of the report.

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 from statute.

Breweries and Brewpubs: *Current Title 4*

(AS 04.11.130 and AS 04.11.135)

Brewery



- No production limit
- No wholesaler or retailer sales limit
- Can operate limited retail space on premises
 - Open until 8pm
 - No bar seating or live entertainment
- Sell 36 oz. per person for onsite consumption
- Sell 5 gallons per person for offsite consumption

Brewpub



- Manufacture up to 15,000 barrels per year
- Sell own beer at beverage dispensary (BDL) premises
- Sell up to 5 gallons per day for offsite consumption
- Sell up to 1,200 barrels to wholesalers per year
- Sell up to 200 barrels to other licensees per year, if located in large community

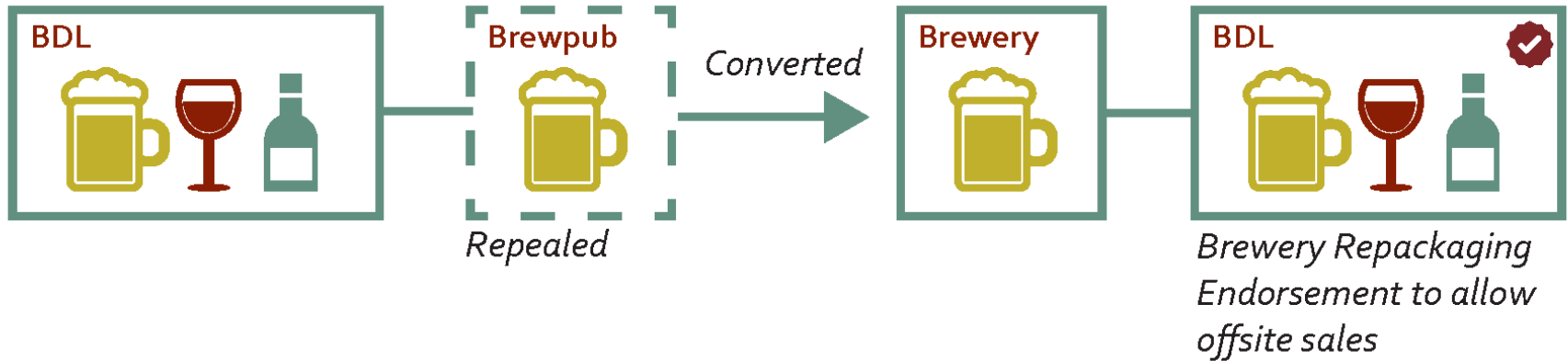
"Mini" Brewpub



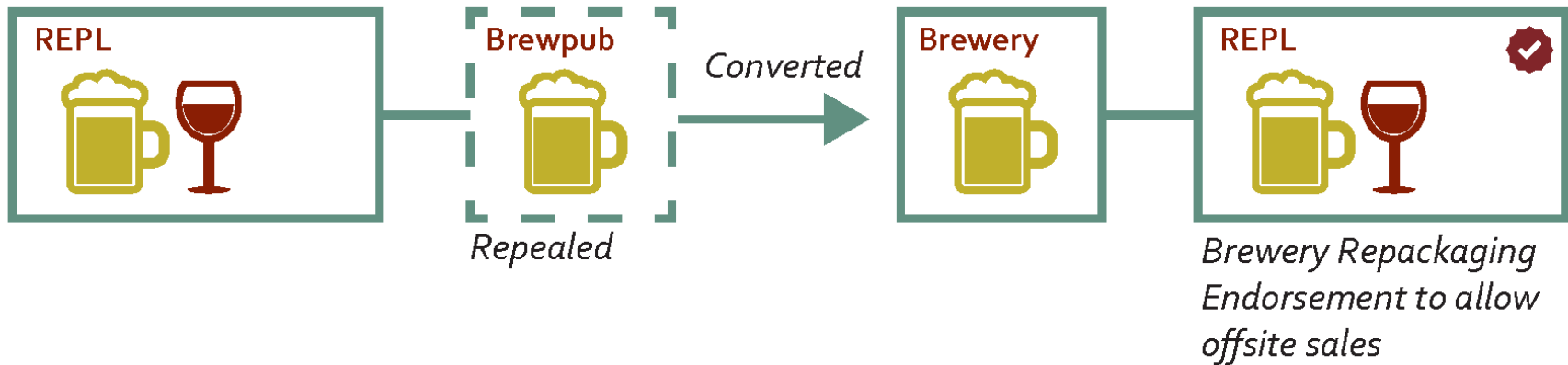
- Manufacture up to 15,000 barrels per year
- Sell own beer at restaurant
- Sell up to 5 gallons per day for offsite consumption
- Only 1 license allowed per owner
- Cannot sell to wholesalers

Proposed in SB76: Conversion of Brewpubs

Brewpub



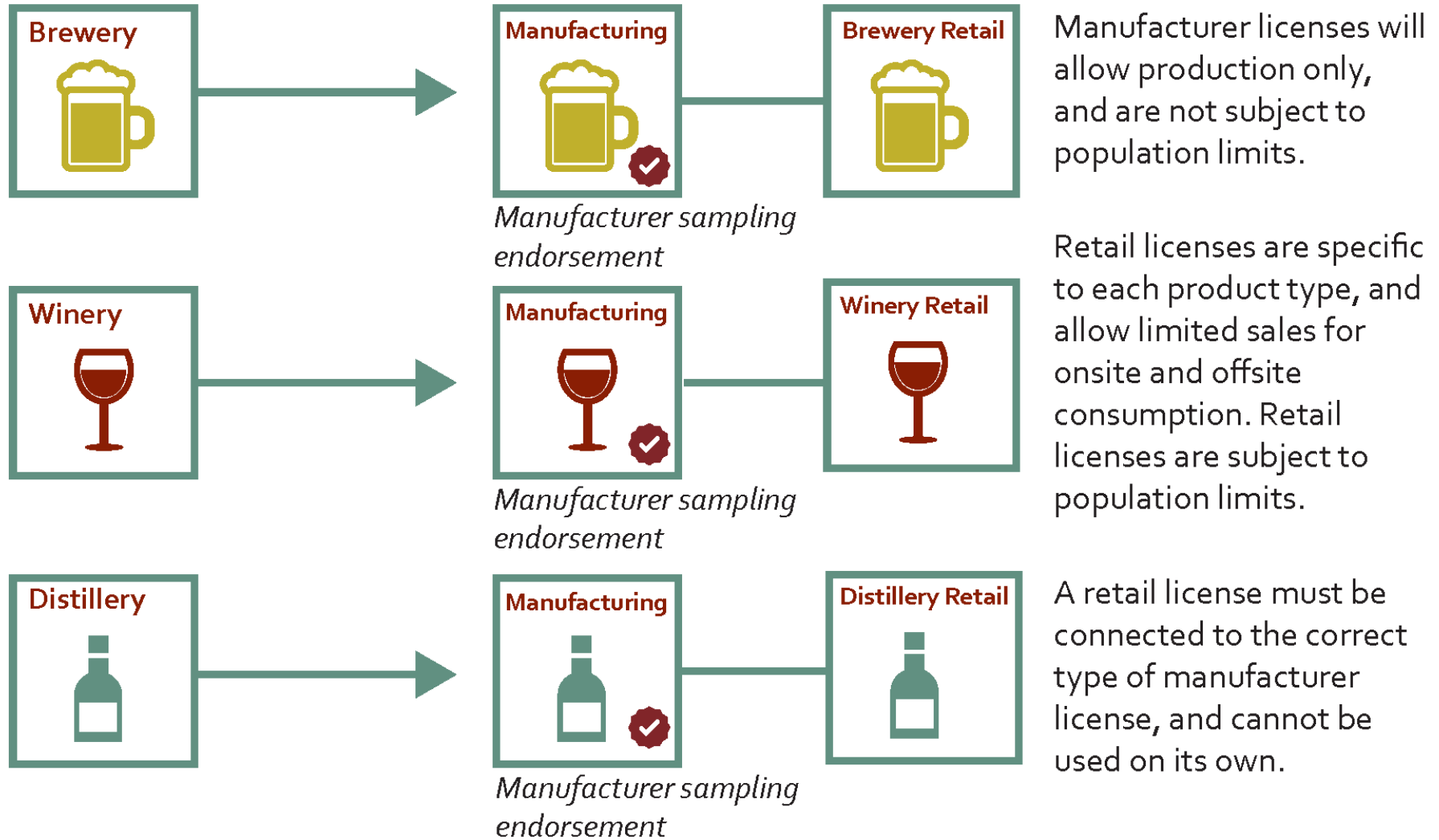
"Mini" Brewpub



M-2. Manufacturer Retail License + Manufacturer Sampling Endorsement

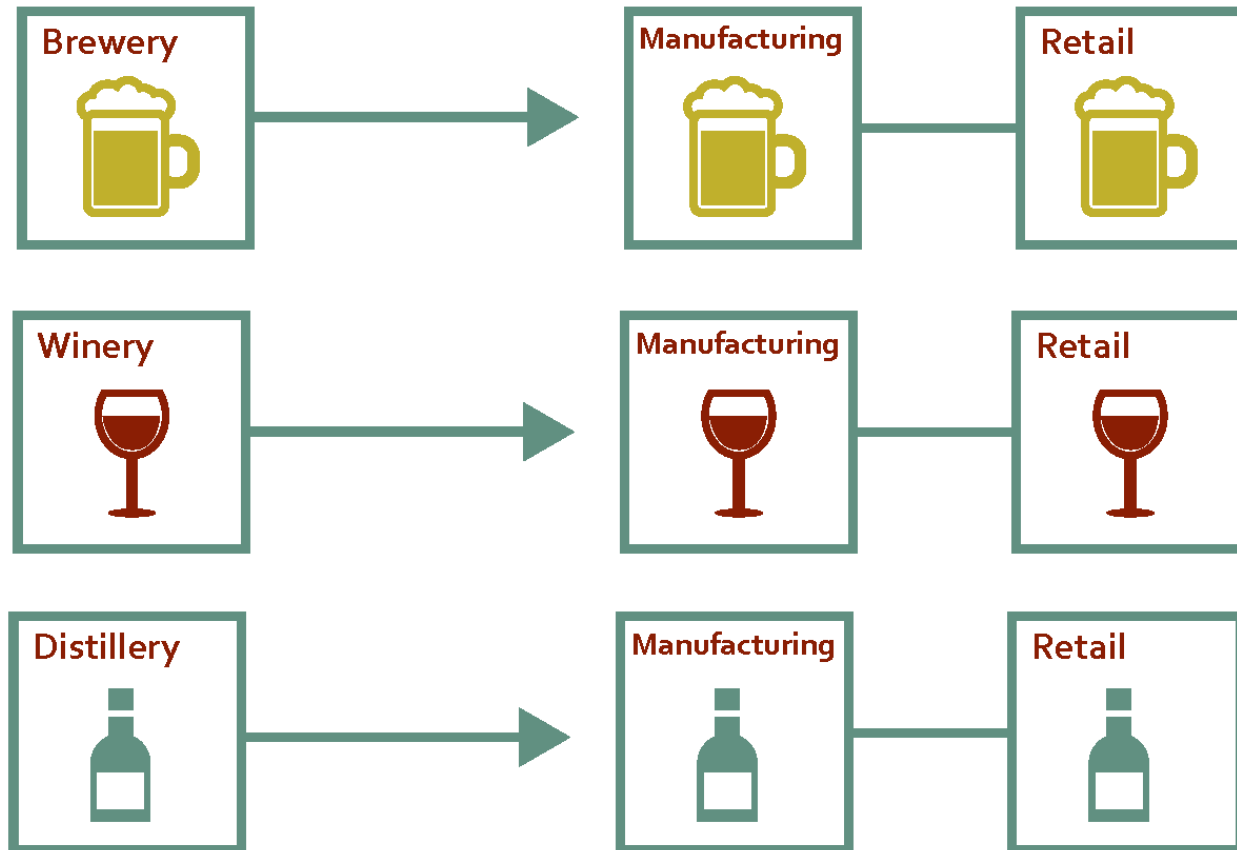
- Add-on retail licenses specifically for manufacturers to allow limited onsite consumption and offsite sales.
 - Existing licensees converted
 - New retail licenses have 1:9,000 population limit
 - After 8 years, new licensees limited to only 20% of sales volume in retail room, or waiver from Board
- A separate endorsement for free samples.

Proposed in SB76: Manufacturer & Retail Licenses



Proposed in SB76: Convert Existing Licenses

Existing manufacturer licenses will become two licenses: one for production, one for retail sales.



Proposed in SB 76: Convert Existing Applications

Applications that have been completed as of January 1, 2020 would be converted to the equivalent application(s) in the new licensing system.

Brewery License



Application








Brewery Manufacturer & Brewery Retail Licenses



The Brewery license used as an example. The same system applies for wineries and distilleries.

Proposed in SB 76: Volume Limits for Free Samples from Manufacturers

- Small free samples can be provided to the public, with a Manufacturer Sampling Endorsement
- Ounce limits are defined by product type, and roughly correspond to alcohol by volume (ABV)
- A Retail license is not required for sampling, but is required for any product sales to the public

Brewery	Winery	Distillery
12 oz. Beer 	6 oz. Wine or Mead 	1.5 oz. Spirits 
6 oz. Sake 	12 oz. Cider 	

M-3. Small Manufacturers Allowed to Hold Retail Licenses

- Remove the restriction in Prohibited Financial Interest (AS 04.11.450), which does not allow manufacturers to hold retail licenses, for smaller manufacturers.
- Only manufacturers who produce less than a certain amount of product annually would be eligible to hold retail licenses.
- Large manufacturers would be limited to production.
- The proposed thresholds exceed the current production of Alaska's largest manufacturing licensees.

Proposed in SB 76: Multiple Retail License Options for Manufacturers



The Brewery license used as an example. The same system applies for wineries and distilleries.

Proposed in SB76: Onsite Consumption Limits for Manufacturers, in Standard Product Units

	Brewery Retail	Winery Retail	Distillery Retail
On-site Consumption	<p>36 oz. Beer <i>Equivalent: 3 cans</i></p>  <p>18 oz. Sake</p> 	<p>18 oz. Wine or Mead <i>Equivalent: 3 glasses</i></p>  <p>36 oz. Cider</p> 	<p>3 oz. Spirits <i>Equivalent: 3 pours (1 oz. each)</i></p> 
Off-site Consumption	<p>5.167 Gallons Beer <i>Equivalent of 1/6 barrel "pony keg," or 10 growlers</i></p>  <p>9 Liters Sake</p> 	<p>9 Liters Wine or Mead <i>Equivalent: 12 bottles (1 case)</i></p>  <p>5.167 Gallons Cider</p> 	<p>3.75 Liters Spirits <i>Equivalent: 5 standard bottles</i></p> 

N-1. Define Qualifications for Alaska Manufacturing Licenses

- Require in Brewery, Winery, and Distillery Manufacturer licenses that at least 80 percent of alcohol products for sale were made on the Alaska licensed premises.
- Based on ABC Board regulation for distilleries.

N-2. Change Sample and Sales Volumes for Certain Products

- Cider under 8.5% ABV follows per-ounce volume limits for beer; sake and mead follows volume limits for wine.

W-1. Adjust Wholesale License Fees and Simplify Supplier Reporting

- Adjust fees for both Wholesale licenses (both defined 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.

General Wholesale: Proposed Fee Scale

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

W-2. Align State Statute with Federal Law Regarding Trade Practices

- Add provisions in Title 4 to match current federal law regarding trade practices and agreements between retailers and wholesalers or manufacturers.
- Alaska is the only state without any laws regarding trade practices, and federal enforcement of existing laws is limited.

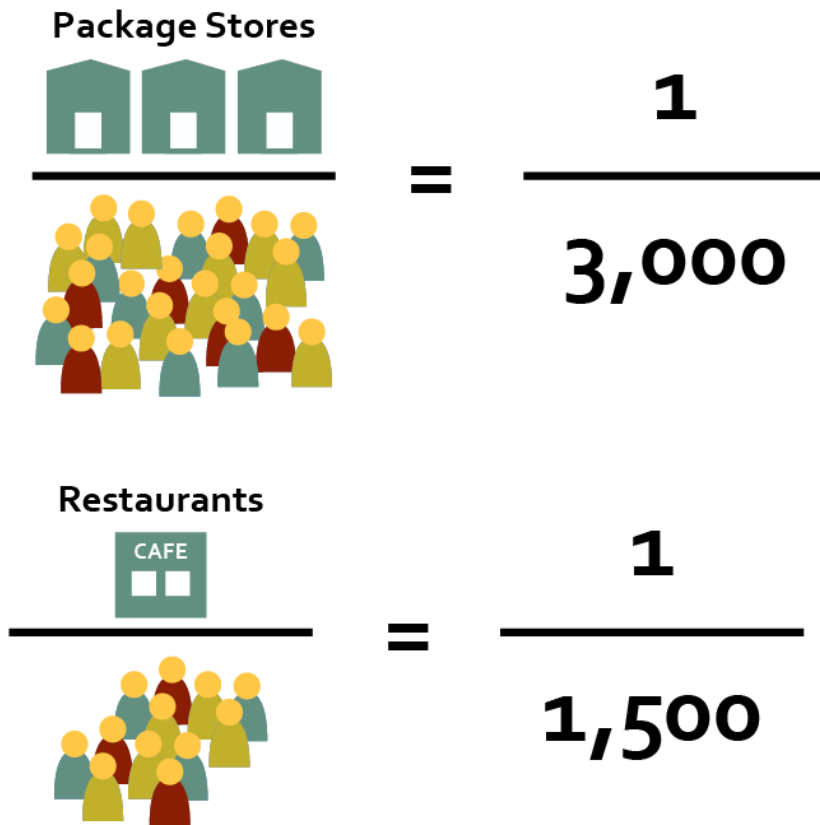
P-1. Population Limits Apply to Retail Licenses Only

- Apply population limitations on the number of licenses only to retail-tier licenses (excluding tourism-focused licenses and Winery Direct Shipment License).

Population Limits: *Current Title 4*

(AS 04.11.400)

Population limits determine how many of each license type may be issued in each community.



Restaurants have a 1 : 1,500 limit.

All other license types (bars, package stores, golf courses, breweries) have a 1 : 3,000 limit.

Some licenses are exempt from population limits: bars located in hotels or airports, restaurants issued for public convenience, and licenses that serve tourists.

Population Limits Apply Per License Type

Density = Net Population ÷ Number of Licenses

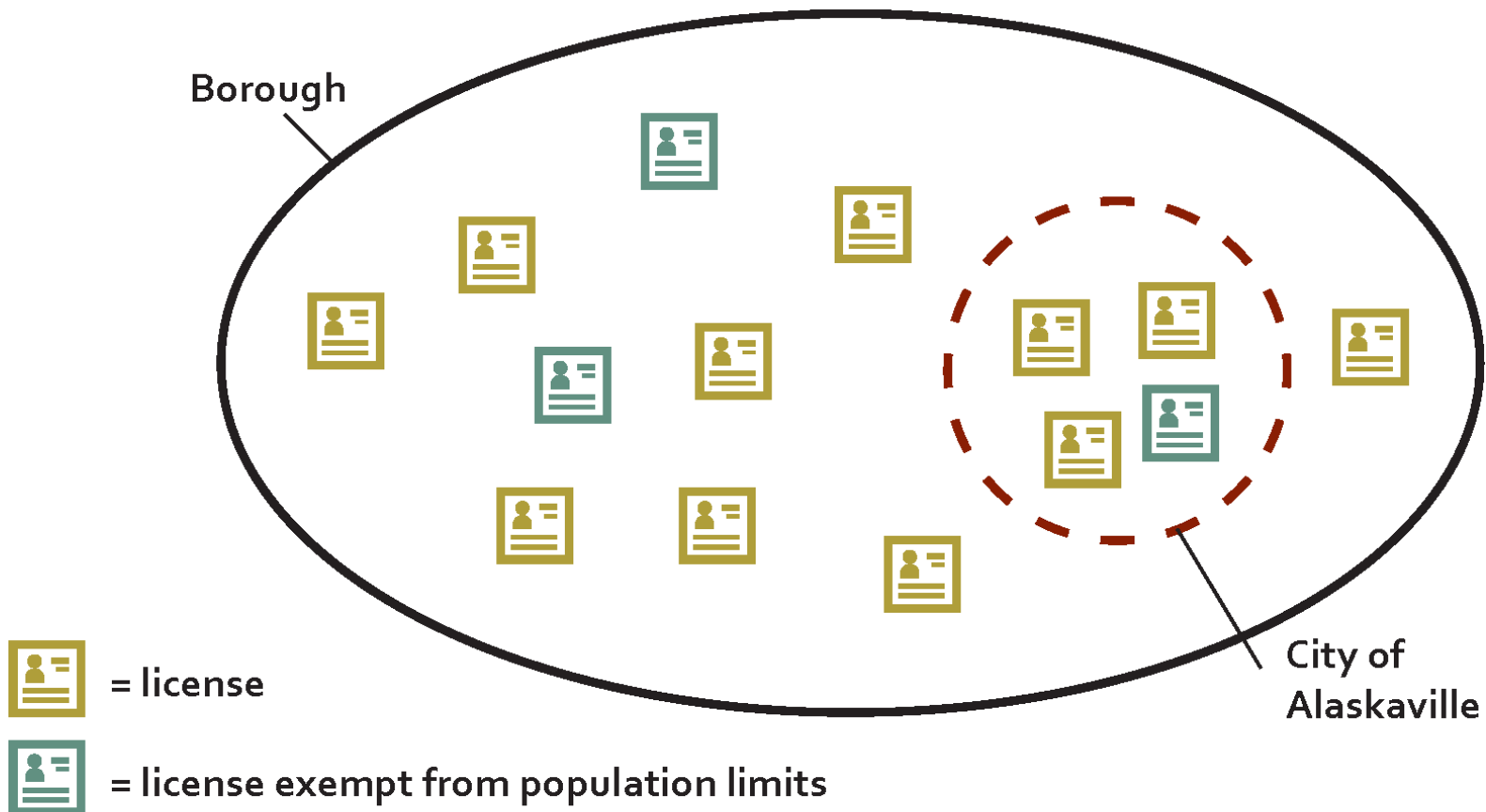
	Net Population (2015)	÷	Number of Retail Licenses	=	Density	+	Exempt Retail Licenses	Resulting Overall Density
Juneau (city + borough)	32,000		64		1 : 500		7	1 : 450
Nome	3,600		17		1 : 210		3	1 : 180
Fairbanks (city)	23,000		78		1 : 290		5	1 : 280

Net Population = total population minus prisoners and out-of-state residents in military or college

Population Limits: *Current Title 4*

(AS 04.11.400)

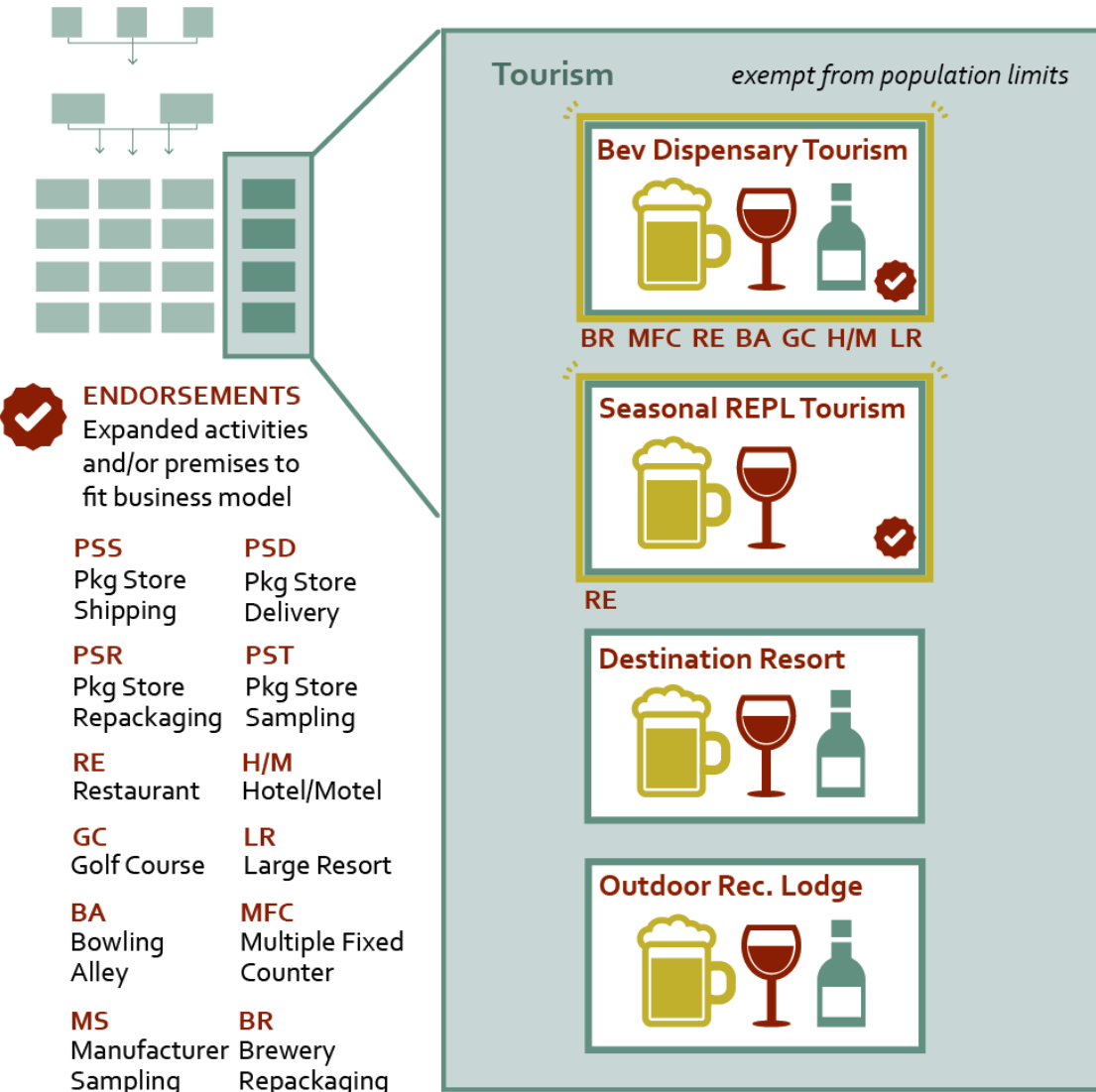
- Some license types are exempt from population limits: most exempt license types are designed to serve tourists and travelers, such as hotels or outdoor recreation lodges.
- They can be issued if other qualifications are met (ex: minimum number of hotel rooms)



Alaska's Liquor License System: Proposed Changes in SB 76

Alaska's license system is based on the 3-tier system of alcohol regulation: separate entities **manufacture**, **distribute**, and **sell** alcohol to the public.

Retail Tier



Tourism

exempt from population limits

Bev Dispensary Tourism



BR MFC RE BA GC H/M LR

Seasonal REPL Tourism



RE

Destination Resort



Outdoor Rec. Lodge



 **NEW LICENSE**
Proposed new license in Title 4

Proposed for Removal from Title 4: replaced by existing license types

Brewpub



Brewery + BDL or REPL

Bottling Works



Brewery or Winery

Public Convenience



REPL or Seasonal REPL

P-2. ABC Board Advisory Opinion on Proposed Legislation

- Enable the ABC Board to issue a formal advisory opinion on any proposed legislation regarding Title 4.
- This would include potential creation of a new license type in statute.

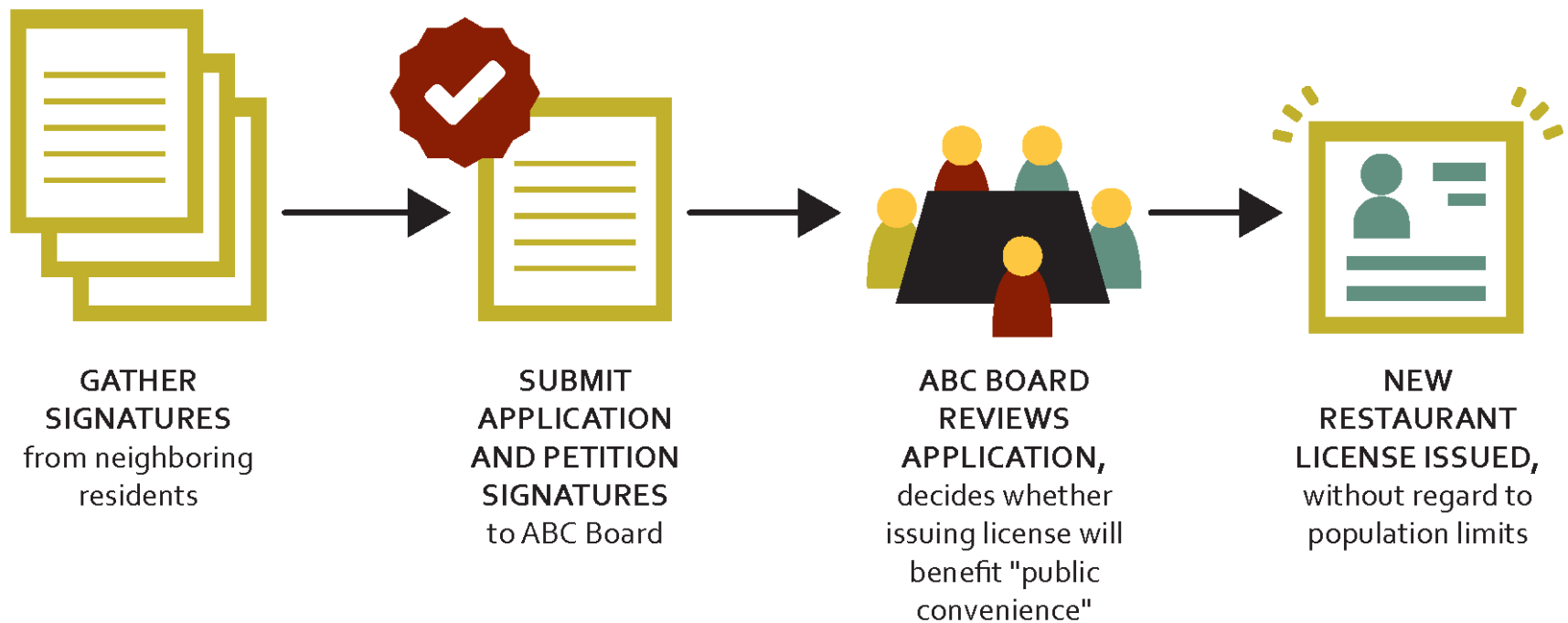
P-3. Retire Public Convenience Process; New Options for REPLs

- Convert all existing Public Convenience license holders to standard, fully transferrable REPLs.
- Repeal Public Convenience.
- Allow qualifying municipalities to petition the ABC Board to increase the number of REPLs available in their community.
- Create a Seasonal Restaurant Tourism License.

Public Convenience Petition Process: *Current Title 4*

(AS 04.11.400)

Title 4 allows a license applicant to seek a restaurant license through a local petition process, even if there are no licenses available in the community because the population limit has been reached.



Proposed in SB 76: Convert Public Convenience Licenses and Applications

Existing Public Convenience licenses would be converted to regular Restaurant or Eating Place Licenses (REPLs).

Public Convenience



Not transferrable



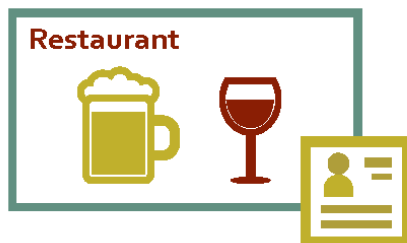
REPL



Transferrable to new owner or location

Applications that have been completed as of the bill's signing date would be converted to applications for regular REPLs, and could be approved by the ABC Board outside the existing population limits.

Public Convenience



Application



REPL



Can be approved outside of population limits

Proposed Seasonal REPL Tourism

- Seasonal restaurant license
- Available in smaller communities (< 20,000 pop.)
- Same operating requirements and privileges as full-year restaurants (REPL)
- Number of licenses per community determined by formula:

$5\text{-year average of annual visitors} / \text{months in season} = \text{Average monthly visitor population}$

$(\text{Residents} + \text{average monthly visitors}) / 1,500 = \text{Available Seasonal REPL Tourism licenses}$

- Season defined as up to 6 months per year, in any combination
 - Example: May through September + 1 winter month

Proposed in SB 76: Local Government Petition for Additional Restaurant Licenses

(Proposed AS 04.11.405)

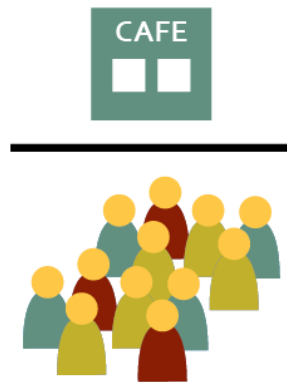
CITY OR BOROUGH PREPARES PETITION
to ABC Board for more restaurant licenses



Application must include:

- Number of licenses requested
- Total population served, in addition to year-round residents in the city
- Evidence of local authority for public safety and planning
- Number of existing restaurant licenses in the city

NUMBER OF RESTAURANTS
must not be more than 1:1500 with new populations counted



Non-resident populations: tourists, visitors, seasonal workers, residents in surrounding region

ABC BOARD CONSIDERS PETITION
and how many new licenses to grant to the city



NO
City may petition again with revised application.

YES
New restaurant licenses available in the city. City cannot petition again for more licenses for another 10 years.

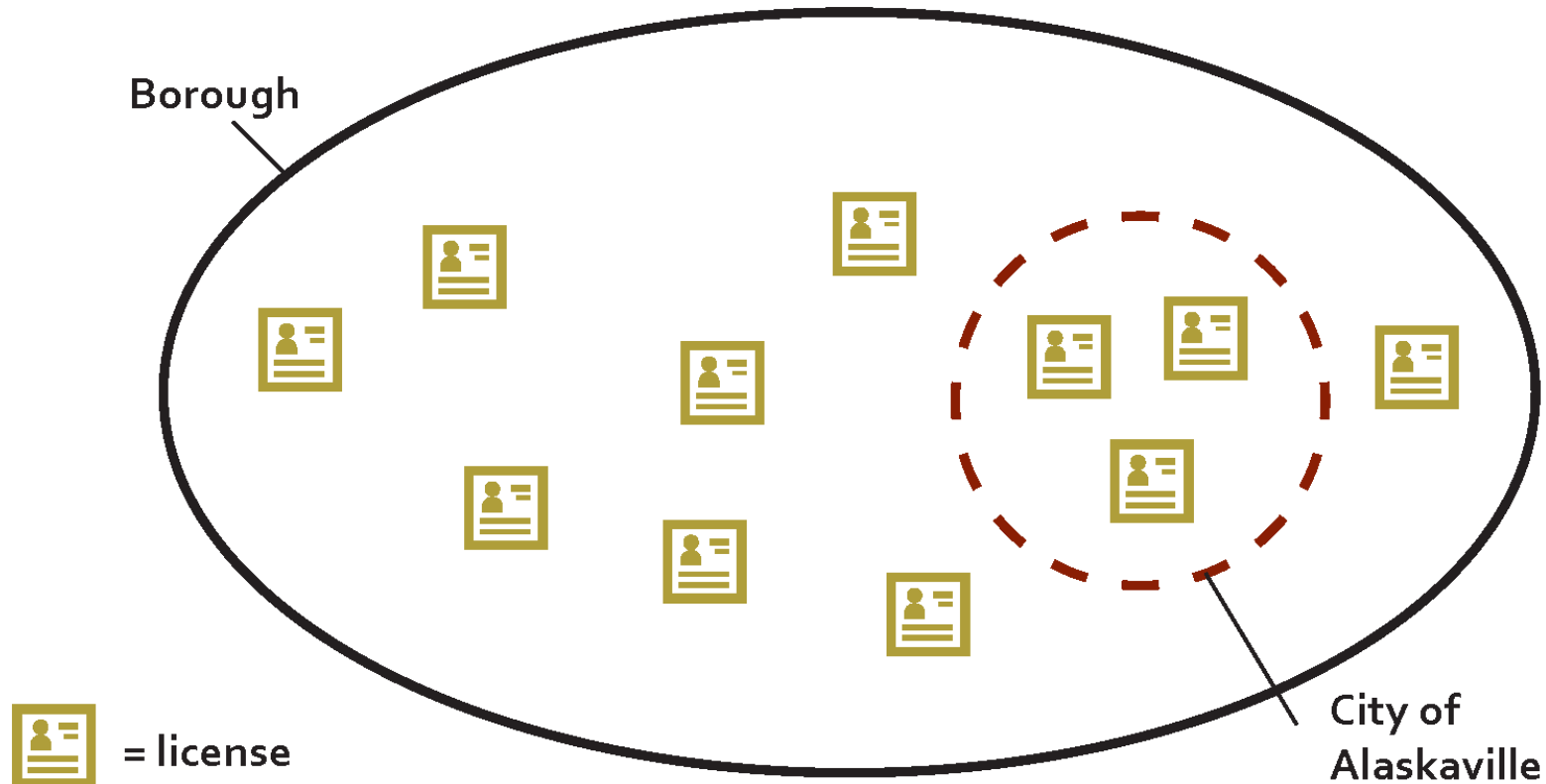
N-7. Allow Relocation of a Package Store from Borough to City

- Amend AS 04.11.400(k) to allow transfers of both BDL and Package Store licenses from a borough to a city within the borough.
- Currently, BDL relocations are allowed in boroughs with at least 60,000 population.
- SB 76 would make relocation available in boroughs with at least 50,000 population and currently-operating licenses that exceed population limits.

Population Limits: *Current Title 4*

(AS 04.11.400)

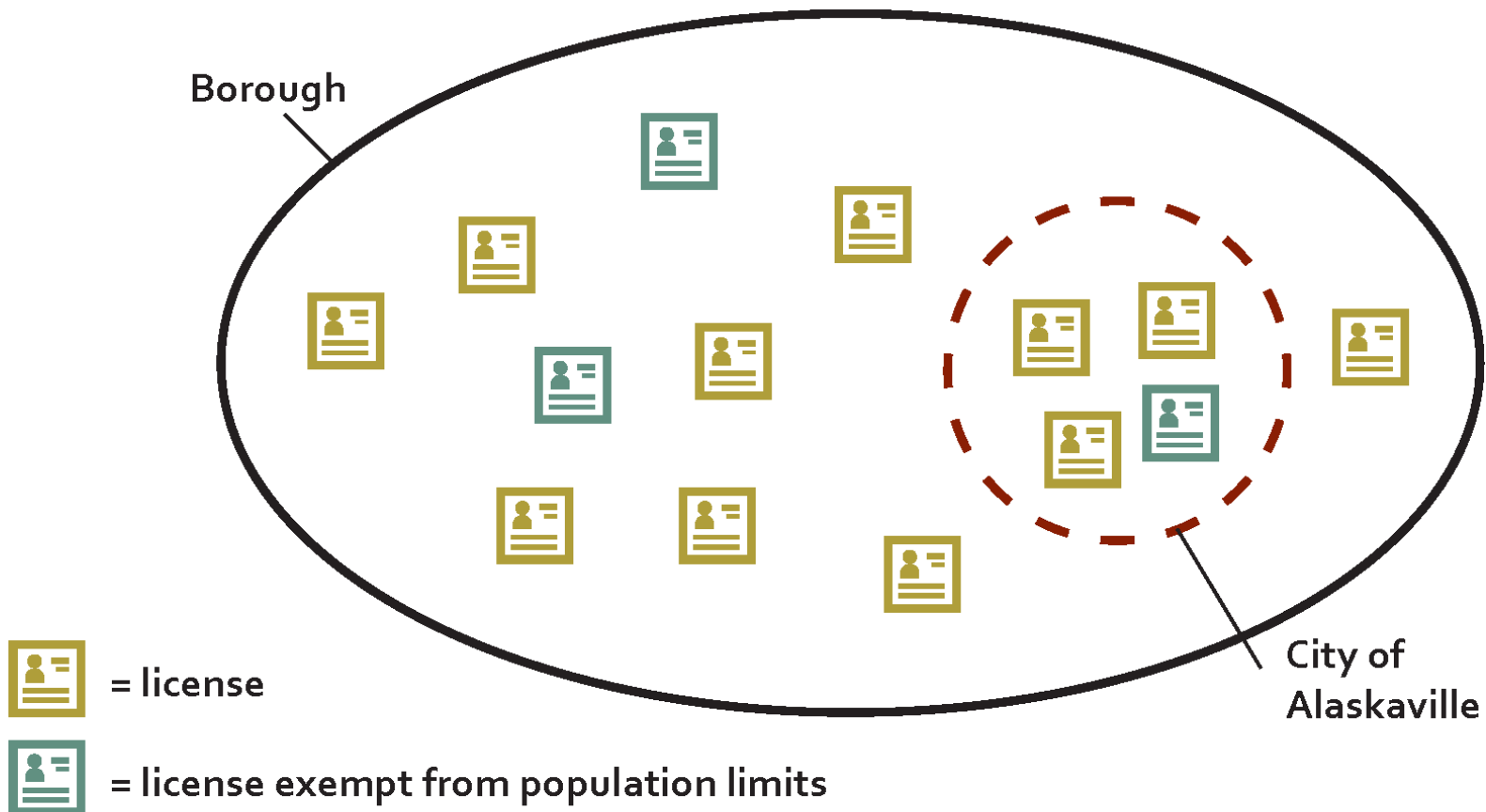
- “Population” updated annually, and includes permanent residents, minus some populations (ex: prison inmates)
- Each local governing body has its own set of licenses allocated by population.
- Population is counted as mutually exclusive between cities and boroughs.



Population Limits: *Current Title 4*

(AS 04.11.400)

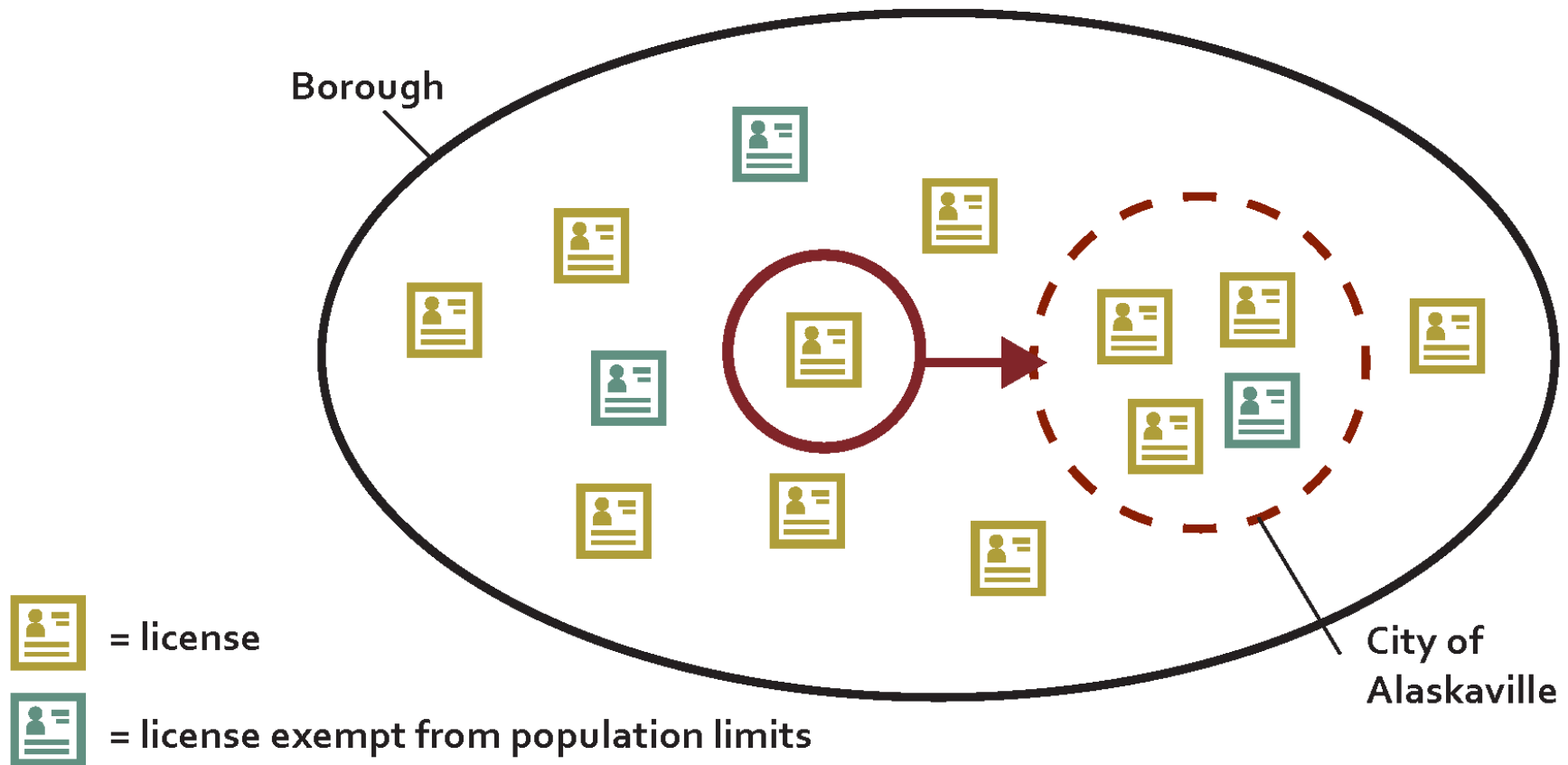
- Some license types are exempt from population limits: most exempt license types are designed to serve tourists and travelers, such as hotels or outdoor recreation lodges.
- They can be issued if other qualifications are met (ex: minimum number of hotel rooms)



Proposed in SB 76: Option to Relocate Some Licenses from a Borough to a City

(AS 04.11.400)

- Current Title 4 allows relocation of a bar (BDL) from a borough to a city within that borough.
- SB 76 proposes also allowing relocation of package stores.



Proposed in SB 76: Option to Relocate Some Licenses from a Borough to a City

(AS 04.11.400)

- All eligible boroughs have more licenses issued than population limits allow.
- Only the borough's licenses in excess of population limits would be eligible for relocation into a city.

Licenses Within Population Limit



Not eligible for relocation

Additional Licenses in the Borough



Eligible for relocation

Borough (excluding population of incorporated cities)	Allowed Lic. (1:3000)	Beverage Dispensary (BDL)		Package Store (<i>Proposed</i>)	
		<i>Currently Issued</i>	<i>Qualify for Relocation</i>	<i>Currently Issued</i>	<i>Qualify for Relocation</i>
Fairbanks North Star	21	27	6	26	5
Kenai Peninsula	13	25	12	29	16
Matanuska-Susitna	28	31	3	33	5

R-1. Multiple Licensed Premises with a Beverage Dispensary License

- Clarify the parameters that would allow and require multiple fixed counters for a Beverage Dispensary license (AS 04.11.090).
- Replace Duplicate licenses with Multiple Fixed Counter endorsements.
- Create a Hotel/Motel endorsement, and a Large Resort endorsement, which allows additional licenses in separate buildings.

Proposed in SB 76: Convert Existing Licenses

Bars (BDLs) with Duplicate Licenses would have Multiple Fixed Counter Endorsements.

Bar (BDL) with 3 Duplicate Licenses



BDL with 3 Multiple Fixed Counter Endorsements



Package Stores that fill growlers, ship written orders and other activities would have the corresponding new endorsements.

Package Store



Package Store with Endorsements



R-2. Rename Recreational Site License to Sporting Event License






- Ensure the definition of “recreation” is consistently applied to Recreational Site license holders.
- Make a sunset provision of 8 years to review and retire licenses that do not meet this definition (AS 04.11.210), if they are not in compliance with the statute.

R-3. Package Store Onsite Product Sampling Endorsement

- Create a separate endorsement to allow onsite sampling at Package Stores (AS 04.11.150).
- Providing free samples at package stores is a common practice in several other cities and states.

Proposed in SB 76: Package Store Sample Limits

- In current Title 4, Package Stores cannot allow any consumption on premises
- SB 76 would allow small free samples, with a Package Store Sampling Endorsement
- Ounce limits defined as: "Any combination of products, not to exceed the alcohol equivalent of any single product type"
- Ex: Customer A chooses 12 oz. beer. Customer B chooses 6 oz. cider and 3 oz. wine. Customer C chooses 2 oz. wine, 2 oz. sake, and 4 oz. beer.

12 oz.	6 oz.	1.5 oz.
<p>Beer</p> 	<p>Wine, Mead</p> 	<p>Spirits</p> 
<p>Cider</p> 	<p>Sake</p> 	

R-4. Clarify Restaurant Food Requirement

- Clearly define in statute the ratio of food to alcohol sales for restaurants: food sales receipts must be greater than those of alcohol sales receipts for onsite consumption.
- Other sales at the restaurant, such as branded merchandise, would not be included in this ratio.

R-5. Golf Course License and Endorsement

- Retain the current Golf Course license (AS 04.11.115).
- Create a Golf Course endorsement for a BDL, allowing sales of distilled spirits on licensed portions of the golf course.
- Allow minors to play or work on the golf course or clubhouse (SB 165).

R-6. Theater License

- Move the Theater license into statute and out of regulation 3 AAC 304.695 as an add-on license to a BDL or REPL.
- No additional changes to this license type.

N-3. Expand Package Store Shipping Order Options

- Allow orders under a Package Store Shipping endorsement to be received in formats other than a written order from a known customer.
- This allows online ordering from in-state package stores.
- Existing requirements in AS 04.11.150(a) for ID, shipping and delivery still apply.

N-4. Pub License Alternating Premises

- Allow a university with a Pub license to designate a second licensed premises, operated during mutually exclusive hours.
- Example: existing Pub License at UAF (Fairbanks) could alternate with service of alcohol at the UA Museum of the North during daytime hours

R-7 Endorsements and Permits

- Create endorsements as add-ons to licenses in Title 4
- Endorsements must be issued with a license, renewed biannually with the license, and cannot be transferred to a new location
- Endorsements are not population limited
- Convert some existing sections or activities into endorsements; create new endorsements

Proposed in SB 76: Endorsements

Add endorsements to existing licenses, giving businesses more flexibility without creating more situation-specific license types.



BASE LICENSE

ENDORSEMENTS

Expanded activities and/or premises to fit business model

Endorsements allow sampling on premises, service on a golf course, deliveries by package stores, etc.

Proposed Endorsements

- R-7A | Bowling Alley Endorsement
- R-7B | Package Store Shipping Endorsement
- R-7C | Package Store Delivery Endorsement
- R-7D | Package Store Re-Packaging Endorsement
- [M-2] Manufacturer Sampling Endorsement
- [R-1] Multiple Fixed Counter Endorsement
- [R-1] Hotel/Motel Endorsement
- [R-1] Large Resort Endorsement
- [R-3] Package Store Sampling Endorsement
- [M-1] Brewery Repackaging Endorsement

R-7 Endorsements and Permits

- Define all permit types in statute, not only in regulation
- Fee for all permits is \$50 per event day
- Most permits listed are already in statute or regulation
- New permit: Tasting Event Permit, allowing a Package Store or Manufacturer to host an event on premises, in partnership with a BDL

Proposed Permits

- R-7F | Beverage Dispensary Caterer's Permit (AS 04.11.230; 3 AAC 304.685)
- R-7G | Restaurant Caterer's Dining Permit (3 AAC 304.680)
- R-7H | Club Caterer's Permit (3 AAC 304.690)
- R-7I | Nonprofit Event Permit (AS 04.11.240)
- R-7J | Art Exhibit Permit (3 AAC 304.697)
- R-7K | Alcoholic Beverage Auction Permit (3 AAC 304.699)
- R-7L | Inventory Resale Permit (Retail Stock Sale License, AS 04.11.200)
- R-7M | Tasting Event Permit (proposed in SB 76)

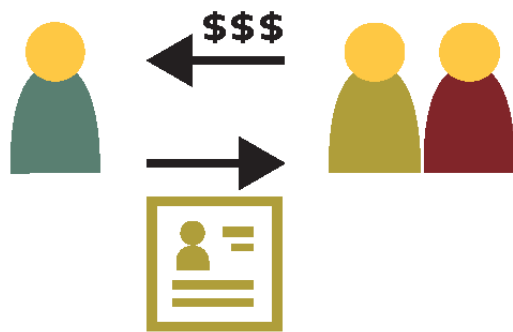
N-5. Make Licenses Transferrable to a New Owner

- Allow most license types to be transferred to a new owner, except Winery Direct Shipment License; retain any existing restrictions on licenses for transfer of location.

Transfer of Ownership or Location: *Current Title 4*

- Most license types can be transferred to a new owner and/or to a new location, within the same community the license was issued.
- Both require an application and review process: the ABC Board must approve the transfer.
- Some license types cannot be transferred at all. Most of these licenses are already exempt from population limits, so an applicant simply applies for a new license.

Transfer of Ownership



Transfer of Location



Transfer of ownership also includes smaller transactions, like changing percentage of ownership or adding another owner to the business.

Transfer of Ownership and Location: *Current Title 4*

- Population limits and transfers create a secondary market for licenses: when a new license cannot be issued in a community, it must be transferred from an existing licensee.
- The “purchase” of a license (transfer of ownership) happens between a buyer and seller: the buyer purchases the right to apply for the seller’s license. The buyer applies to the ABC Board, who must approve the transfer.
- The money for the sale goes to the seller in a private transaction, not to the ABC Board. The buyer must also separately pay the license fee, which is collected by the ABC Board.

Transfer of Ownership and Location: “Purchase” of a License

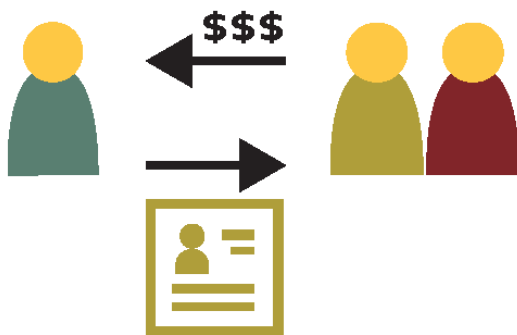


Proposed in SB 76: Transfer Options for Licenses

- SB 76 would allow all licenses to be transferrable to a new owner. Ownership-only transfers help family-owned businesses, transactions of stock or shares, and sales of an existing business to a new operator.
- Existing limits on transfer of location would remain in place. Some license types cannot be transferred to a new location but are already exempt from population limits, so there is no secondary market for these licenses.

Transfer of Ownership

All licenses transferrable to a new owner.



Transfer of Location

Keep existing rules about transfer of location.



N-8. Allow Business Activities on Licensed Premises During Off Hours

- Retain required closing hours (5:00 to 8:00 a.m.) for service and sales of alcohol to consumers, but allow other non-serving business activities on the premises.
- Local communities are already allowed to set stricter hours by ordinance.

N-6. Improve the License, Endorsement and Permit Application Process

- Apply several technical changes to statutes for applications for a license, endorsement or permit.
- Examples:
 - Endorsement renewal part of license renewal
 - Required items in application process: labeled premises diagram, e-mail address for licensees
 - Simpler signature requirements for multiple owners and nonprofit organizations

N-11. Repeal Alcohol Sales Restriction on Election Day

- Repeal outdated statute prohibiting sales of alcohol during federal, state and local elections.
- Most communities have already passed local laws allowing sales on election day, and this state law is currently not enforced.

N-12. Transition Provisions for Existing Licensees

- Define process for current licensees of certain types to be converted to equivalent license(s) in the new system.
- Also define process of converting applications for repealed or renumbered license types.
- Included in Transition sections of SB 76 (end).
- See table on page 61 of Report for details.

Role and Functions of the ABC Board and Staff: Recommendations

RB-1. Strengthen Reporting Requirements for Municipal Enforcement

- Include in statutory requirements (AS 04.11.610) that municipalities submit quarterly reports on Title 4 enforcement and education activities to the ABC Board: violations, educational presentations, other activities related to alcohol control.
- Municipalities with local law enforcement receive a matching allocation (“refund”) of license fees collected within their jurisdiction. Funds intended to be used for Title 4 enforcement.

RB-2. Community Analysis of Written Order Database

- Allow data about direct shipment orders of alcohol in local option communities to be made publicly available, aggregated at the region or community level, for analysis and community planning.
- Written order database can only be accessed by AMCO enforcement staff, other law enforcement, and package store licensees who fill written orders.
- SB 76 would retain privacy for individual information, but allow publication of aggregated data for a region or Local Option community.

RB-4. ABC Board as Lead Agency for Alcohol Education Efforts

- Designate the ABC Board and AMCO as the lead agency in a multi-department, public-private sector education effort about responsible alcohol use and applicable laws.
- Coordinate with Department of Health and Social Services and other agencies tasked with alcohol-related education.

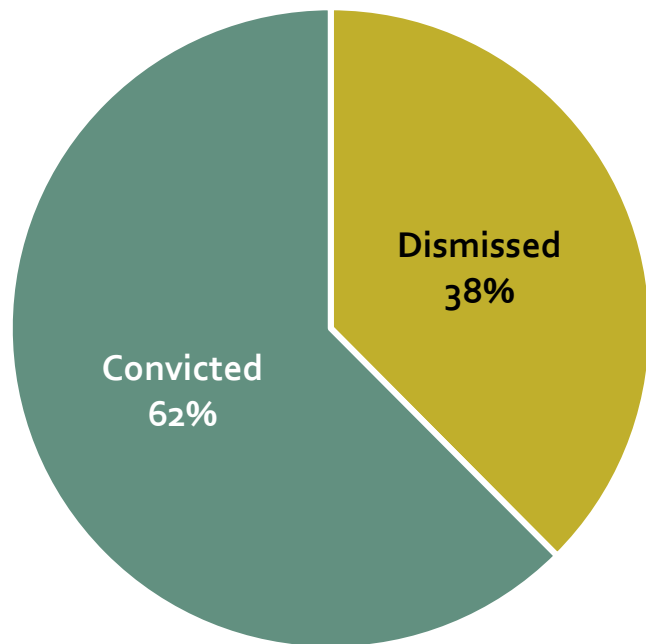
RB-6. Revise Title 4 Penalties

- Review penalties for all Title 4 sections.
- Revise penalties to be more proportionate to the crime and more consistently enforced.
- Reduce most current Class A Misdemeanor offenses to Minor Offenses.
- Retain existing Misdemeanor and Felony charges for serious offenses, particularly those causing harm to children.
- See Appendix, Table 3, pp. 67-72 in Report.

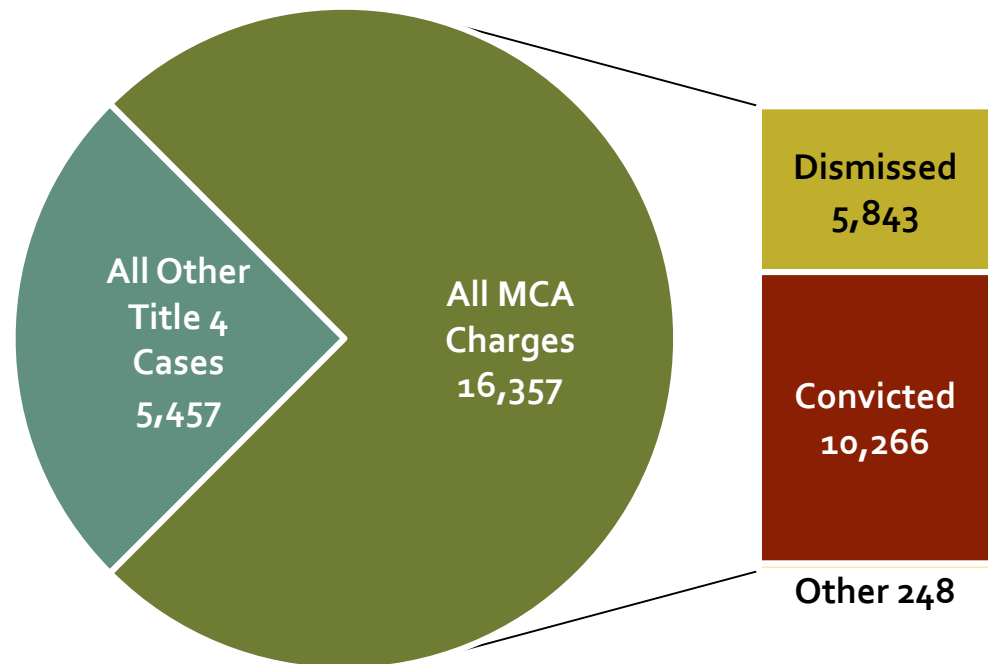
Why reduce penalties in Title 4?

Prosecutors were dismissing MCA charges; penalties were seen as too high for the offense, or not worth the resources. Much fewer Minor on Premises cases; 47% were dismissed.

All Title 4 Charges, 2009-2013



Minor Consuming Alcohol, 2009-2013

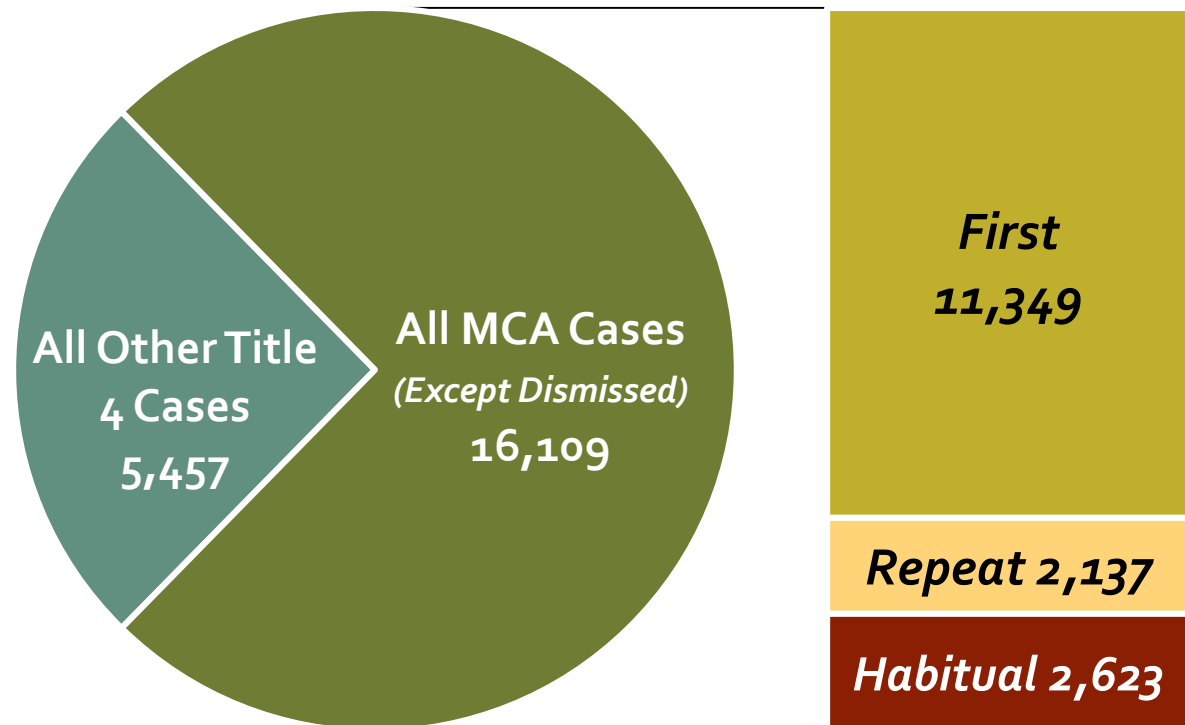


Why reduce penalties for minors?

Most MCA cases (over 70%) are first offenses: most youth do not return to court for another MCA.

Minor Consuming Alcohol Cases by Offense Type, 2009-2013

35% of First MCA, **One-third** of Repeat MCA, and **42%** of Habitual MCA cases were dismissed.



RB-5. Composition of the ABC Board (*Enacted in SB 165*)

- *Original recommendation*: Retain 5 members but add designated seats: 1 public health, 1 public safety, 2 industry and 1 rural public member; include provision for Director's background in filling the designations.
- *Enacted in SB 165*: public health seat changed to public seat, and provision about Director removed.

Underage Drinking and Youth Access to Alcohol: Recommendations

UAD-1. Employee Penalty for Selling Alcohol to a Minor

- Reduce the penalty for a licensee, agent or employee selling alcohol to a minor (AS 04.16.052) from a Class A Misdemeanor to a Minor Offense with \$500 fine.

UAD-2. Sanctions to Employers for Employee Sales to Minors

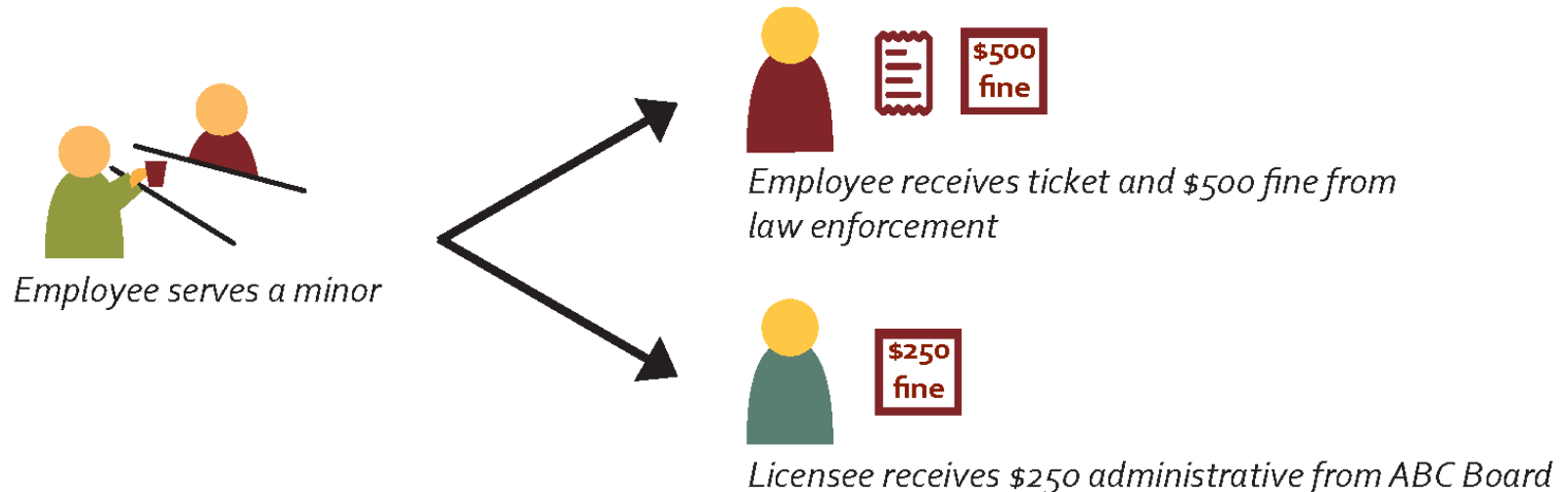
N-9. Licensee Liability for Overservice by Employees

- Increase the consistency and certainty of sanctions to licensees for violations of AS 04.16.030 and -052.
- A licensee whose employee incurs either violation receives an administrative penalty of \$250.

Proposed in SB 76: Licensee Penalties for Overserving an Adult or Serving a Minor

(AS 04.16.030 and AS 04.16.052)

- In current Title 4, a licensee or employee who knowingly overserves an intoxicated adult or who serves alcohol to a minor is guilty of a Class A Misdemeanor.
- SB 76 would change the penalty for both statutes to a Minor Offense, with a \$500 fine.
- In addition to the penalty to the person who commits the violation, the owner of the license would receive an administrative (non-criminal) penalty of \$250. This alerts the owner right away, and encourages licensees to make sure employees are properly trained.



UAD-3. Statewide Keg Registration

- Require all beer kegs purchased in the state to be registered (and tagged with customer's name).
- Law enforcement who confiscate a keg at an underage party can determine who legally purchased the keg and hold adults responsible for furnishing alcohol to minors.
- Modeled on existing laws in Anchorage and Juneau
- Applies to kegs (containers) 4 gal. or larger.
- Licensee keeps customer information about keg purchase on file for a period of time.
- Purchaser can be fined for removing tag on a full keg.

UAD-4. Clarify Wording on Required Signage (*Enacted in SB 165*)

- **UAD-5. Minor Consuming Alcohol (MCA) as Violation** *Enacted in SB 165 (2016)*
- Restore Minor Consuming Alcohol (AS 04.16.050) to a true violation. Also applies to Minor on Premises, previously a Misdemeanor A, now follows same penalty and fine reduction option.
- Enacted in SB 165, with revision that the \$500 fine can be reduced to \$50 for the first and second offenses, but third and subsequent offenses it can only be reduced to \$250.
- No substantive changes in SB 76, but a third statute, Minor Purchasing or Attempting to Purchase (04.16.060) is substantially similar to the other two activities and is currently a Misdemeanor A. Recommended to be consistent with MCA and Minor on Premises, with same fine reduction.

UAD-5. Minor Consuming Alcohol (MCA) Violation (*Enacted in SB 165*)

- Restore Minor Consuming Alcohol (AS 04.16.050) to a true violation. Also applies to Minor on Premises (AS 04.16.049), previously a Misdemeanor A.
- Proposed in SB 76: similar changes to penalties for Minor Purchasing or Attempting to Purchase (04.16.060).



N-10. Allow Minors on Some Licensed Premises for Employment or Travel

- Allow limited employment of minors by Wholesalers, Common Carriers, and Outdoor Recreation Lodges.
- Consistent with existing rules for Restaurants.
- Clarify that minors are allowed at certain licensed businesses, in some circumstances: ex. minors on a licensed golf course (SB 165)

Regulation of Internet Sales of Alcohol: Recommendations

Current Title 4: Few Rules

- Alaska Package Stores cannot sell alcohol online, only via written order to “known” customers with ID on file.
- Alaska Wineries and Package Stores can ship wine to customers in some circumstances.
- Without state laws restricting online sales, there are currently no limits on purchases of alcohol online from out-of-state sellers.
- Alaska is one of the only states with no rules about Internet sales of alcohol.

INT-1. Winery Direct Shipment License

- Create a license available to U.S. wineries to ship orders of wine to Alaska customers.
- Prohibit online sales through this license in Local Option areas.
- Prohibit other online sales of alcohol not under this license or the Package Store Shipping endorsement.
- Modeled on similar licenses or permits for wineries that exist in 44 other states.
- Requires age verification and delivering to the customer in person, including a signature to acknowledge receipt.
- Exempt from Alaska population limits.

INT-2. Collect Alaska Excise Tax for Internet Sales

- In addition to maintaining current collection of excise tax on sales from in-state wineries, require all out-of-state holders of a Winery Direct Shipment license to pay the same excise tax on Alaska orders.
- Currently, no tax is collected from online sales of alcohol to Alaska customers.
- Legal precedent for collecting state alcohol tax from out-of-state alcohol manufacturers:
Granholm v. Heald (2005)

INT-3. Board Approval of Common Carriers for Alcohol Delivery

- Require all common carriers who transport deliver alcohol directly to consumers in Alaska to be approved by the ABC Board.
- Carriers must maintain policies for age verification, safe handling of alcohol, and in-person delivery to an adult customer.
- Does not apply to shipments of alcohol from business to business, only customer orders.

Local Option Communities: Recommendations

Local Option Recommendations

- Local Option committee focused primarily on enforcement issues in Title 4
- Additional stakeholders want to take a comprehensive look at Local Option, which will require more time, discussion and participation from communities
- Stakeholders decided to withdraw recommendations from SB 76
- Documented in report, but noted as withdrawn

**Additional Questions and
Comments?**

Thank you for your time today!

For more information

About Title 4 Proposed Legislation:

Office of Sen. Peter Micciche

Rachel Hanke, Legislative Aide

(907) 465-2828

rachel.hanke@akleg.gov

About the Title 4 Review Process:

Alcohol and Marijuana Control Office

<https://www.commerce.alaska.gov/web/amco/>

(907) 269-0350

amco.regs@alaska.gov

For more information

You can also contact me with follow-up questions or for more information about the recommendations.

Legislative questions other communications about SB 76 should be directed to the Sen. Micciche and his staff.

Questions about current Title 4, regulations, the ABC Board or AMCO activities should be directed to the Alcohol and Marijuana Control Office.

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ALASKA TITLE 4 REVIEW

FOR THE
Alaska Alcoholic Beverage
Control Board

Recommendations for Statutory Change

Updated January 2018



ACKNOWLEDGEMENTS

The Title 4 Review stakeholder group took on a monumental policy project in 2012, and would not have succeeded without the participation and commitment of many diverse perspectives brought by the individuals and organizations listed in this report.

Some of these many organizations are recognized below:



ABOUT THIS REPORT

This report summarizes the original recommendations from the Title 4 stakeholder group, the intent of the proposed changes, and if relevant, implications that will require resolution during the implementation phase through ABC Board regulations and policies. Where recommendations have significantly changed since this report was first published in February 2015, the changes are noted with a brief explanation.

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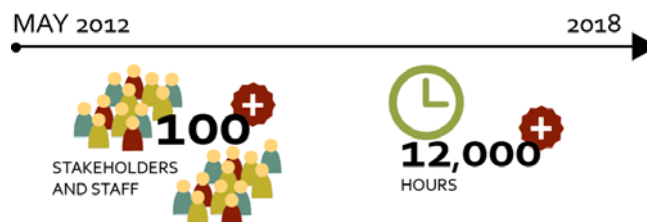
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INTRODUCTION + 2017 UPDATE

“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...” AS 04.06.090(a)

The recommendations in this report are built from a five-year process initiated by the Alcoholic Beverage Control (ABC) Board to engage a diverse group of more than 100 stakeholders to determine how to improve the structure, organization, specific policies and associated implementation issues in Title 4, Alaska’s statutes regarding regulation and control of alcoholic beverages in the state.

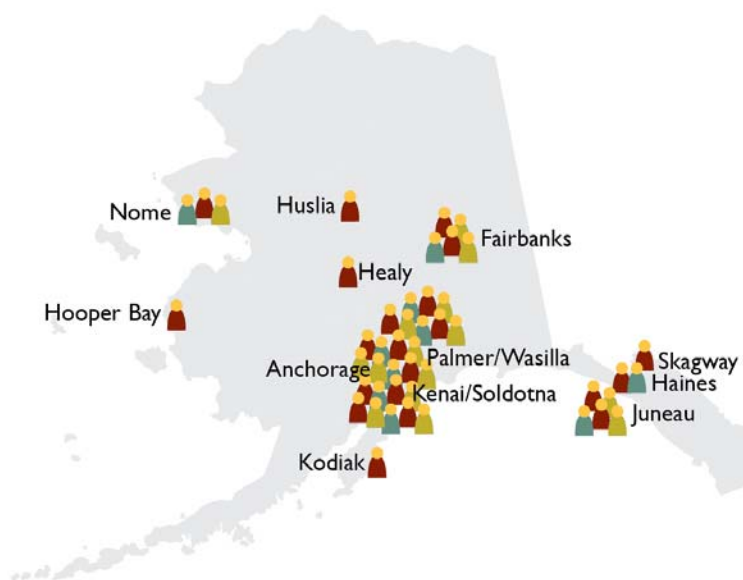


WHY REVIEW TITLE 4?

Title 4 is recognized to be in many ways outdated, confusing or otherwise ineffective in carrying out the intent of the statutes. Much of the statute has not been updated since 1980; incremental updates to the statutes, inconsistent interpretation of the rules, and changing industry trends have reduced the effectiveness of Title 4 for businesses, communities and regulators alike.

The ABC Board, supported by the director and staff of the Alcohol and Marijuana Control Office, is tasked with interpreting, administering and enforcing the laws of Title 4. A systematic review of the statutes helps the Board carry out its mission and will benefit organizations and individuals whose work, community or business is affected by alcohol laws and regulations.

Stakeholders from across the state representing the alcohol industry, public health, local governments, law enforcement, public safety, education, and community advocacy sectors have dedicated over 11,000 hours to date to craft recommendations to improve Title 4. This group, working with the Title 4 Review Steering Committee, has remained involved in the process throughout, helping to refine the original recommendations and analyze new ideas brought forward since the original set of recommendations were put forward.



GOALS OF TITLE 4 REVIEW

Stakeholders in this process established shared goals as the foundation for all recommendations:

Promote a fair business climate and protect public health and safety.

- Create rational regulation for all tiers of the state's alcohol industry.
- Limit youth access to alcohol.
- Promote responsible alcohol use and reduce the harms of overconsumption.

Make Title 4 a clear and consistent legal framework for the ABC Board, licensees and law enforcement.

- Increase swiftness, proportionality and consistency of penalties.
- Increase local Title 4 law enforcement.
- Increase licensee accountability before the ABC Board for Title 4 violations.

Stakeholders identified five topic areas in which to focus on making recommendations:

- 1. Alcohol Licenses, Permits and Trade Practices**
- 2. Role and Functions of the ABC Board and Staff**
- 3. Underage Drinking and Youth Access to Alcohol**
- 4. Regulation of Internet Sales of Alcohol**
- 5. Local Option Communities**

STAKEHOLDER PROCESS (2012 - 2015)

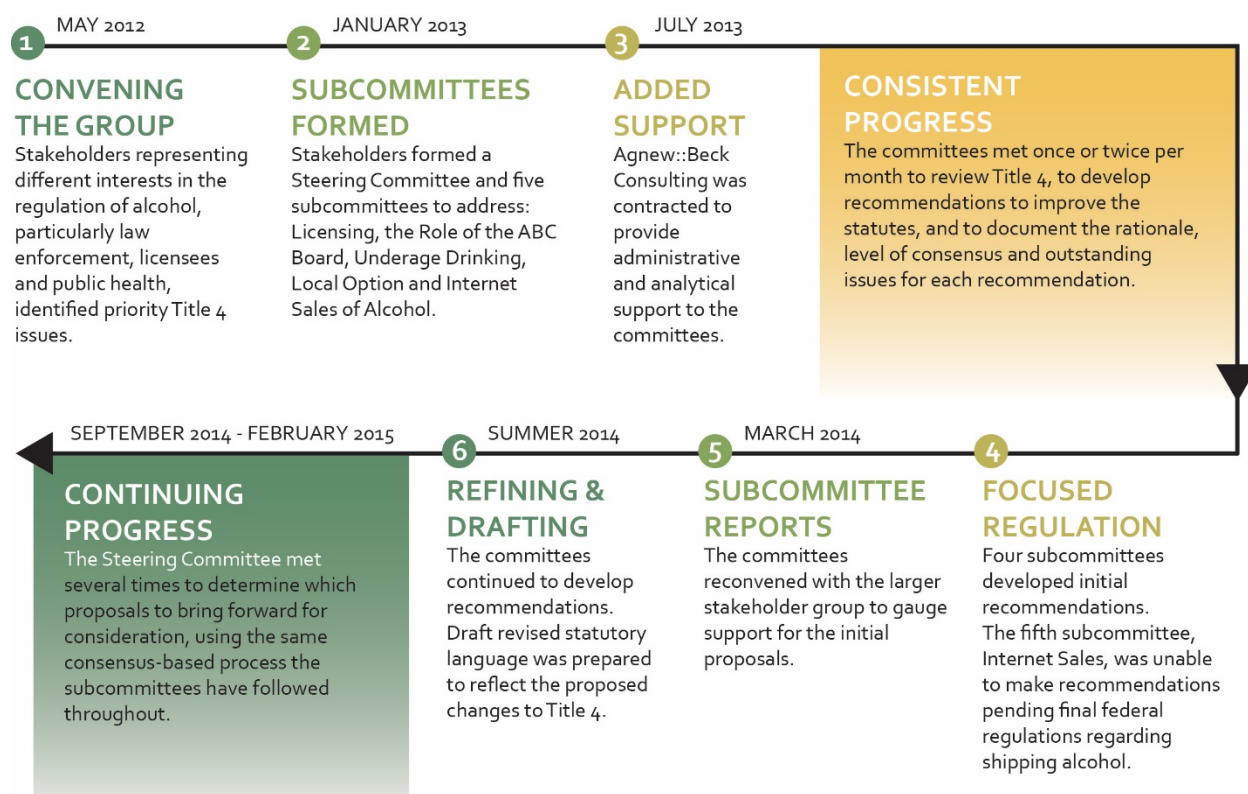
In May 2012, the ABC Board convened a stakeholder group of people engaged in the alcohol industry, public health, local governments, law enforcement, public safety, education, community advocacy and other sectors. The group identified some of the priority issues in statute to address.

Stakeholders met again in January 2013 to form five committees 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 committee formed to coordinate the work of the five committees and make decisions about which proposals to include in the final set of recommendations. Agnew::Beck Consulting was contracted in July 2013 by Recover Alaska, a partnership to reduce the negative harms of alcohol in Alaska, to provide facilitation, administrative support and analysis to the committees while each conducted their review of Title 4 and relevant regulations in the Alaska Administrative Code (3 AAC 304).

The committees met at least monthly 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. Four of the committees developed sets of recommendations that were presented for inclusion in the first legislative package in 2015. The fifth committee, Internet Sales, discussed the issue of shipments of alcohol from out-of-state companies to individuals through online sales, which bypasses the state's regulatory and taxation system and may be entering Local Option areas

illegally. While this committee’s recommendations had not been developed in time for inclusion in the original package, the group has since produced three recommendations included in this report and in the forthcoming legislative package.

On March 25, 2014, the committees prepared summary presentations and shared their progress to date with the larger stakeholders group to gauge the level of stakeholder support for the committees’ proposals. Following the stakeholders’ meeting, the committees continued to refine and develop additional recommendations within their topic areas. In preparation for the legislative process and the introduction of a draft bill, legal consultant Carmen Gutierrez was contracted to prepare draft statute language to reflect the changes to Title 4 proposed by the committees. The Steering Committee reviewed the committees’ sets of recommendations and determined which would be included in the final package described in this summary through a series of meetings from September 2014 to February 2015. The Steering Committee relied on the consensus-based process that the committees used to determine which proposals to bring forward for consideration, as well as reviewing the entire set of recommendations to ensure logical consistency and balance across the stakeholder constituencies’ interests.



LEGISLATIVE + REFINEMENT PROCESS (2015 - PRESENT)

April 2015 | Senator Peter Micciche introduced Senate Bill 99, which included the legislative language to enact all of the Title 4 Review recommendations. While efforts were made to thoroughly review the language for accuracy and fidelity to the group’s intent, the bill had several flaws. At 100 pages, the bill also required more time than the 2015 session allowed. Sen. Micciche and the group determined to improve the bill during the interim and re-introduce in the following year.

Summer - Fall 2015 | Alaska CHARR's Government Affairs Committee and several other industry stakeholders conducted a complete review of the bill language, identifying areas where more work may be needed and submitting comments, suggestions or new proposals. Staff for the Title 4 Review project met regularly with representatives to discuss each issue with the bill language, and the Steering Committee began revision of some recommendations, ensuring that the changes still reflected the stakeholders' overall goals for the process and balanced in the interest of all sides.

December 2015 | Recognizing that the package still needed significant work, and knowing that the 2016 legislative session would be focused on large policy issues like the state's fiscal crisis, the Steering Committee recommended a new, two-track process for Title 4 rewrite. The Steering Committee worked with Sen. Micciche to craft a streamlined bill (SB 165) with some priority recommendations that could be implemented sooner than the more complicated changes to licenses and permits. A new version of the comprehensive package would come forward in the next session.

February 2016 | Sen. Micciche introduced SB 165, with proposed changes to ABC Board composition, changes to Minor Consuming Alcohol (MCA) and Minor on Premises penalties. See the following section for more information about SB 165.

July 2016 | After committee hearings and passage of the bill in both the House and Senate, SB 165 was signed into law by Governor Walker on July 6, 2016.

August 2016 | Senator Micciche re-affirmed his commitment to work with the Title 4 Review group to prepare a new version of the comprehensive bill. He and the Steering Committee convened interested members of the stakeholder group to refine the contents of the comprehensive bill, starting with the language in SB 99, for introduction in the 2017 legislative session. Stakeholders submitted items for further discussion, as well as technical changes that were overlooked previously.

Fall 2016 | Stakeholders met regularly to discuss each item brought for consideration, coming to consensus as much as possible on each issue. Additionally, the Internet Sales recommendations were further developed and refined with a group including Alaska stakeholders, representatives from major shipping carriers and a representative for out of state wineries.

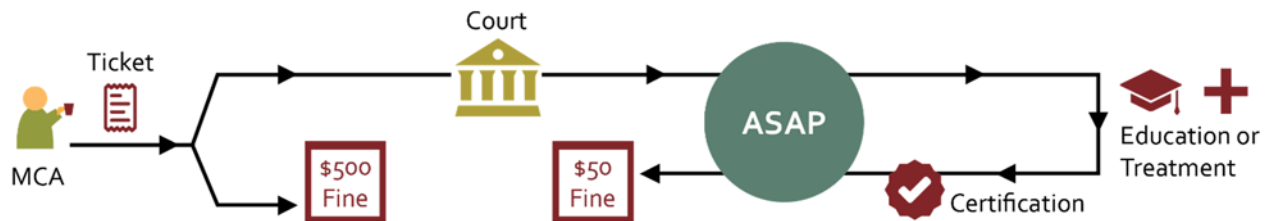
November 2016 - Spring 2017 | Following direction from the discussions throughout the fall, Title 4 Review staff worked with Senator Micciche's staff and Legislative Legal Services to draft new bill language based on the original work, and updated to reflect the current set of recommendations. While the group anticipates further discussion throughout the legislative process, the goal for the new draft bill is to ensure that it accurately reflects the intent of the group's work and addresses any drafting issues from the previous bill. At the time of writing, the stakeholder group is awaiting a complete draft for final review prior to its introduction during this 2017 session.

SB 165: PRIORITY RECOMMENDATIONS ENACTED IN 2016

Some of the Title 4 recommendations, included in SB 165, became law in 2016. Changes include reducing penalties imposed on minors who are found possessing or consuming alcohol (AS 04.16.050), or who enter licensed premises illegally (AS 04.16.049). The changes enacted in SB 165 are supported by a state plan, *Alaska's Strategies to Prevent Underage Drinking*, the work of several state agencies and departments, including the Department of Health and Social Services, Alcoholic Beverage Control Board, Division of Juvenile Justice, Alaska Native Justice Center, University of Alaska Anchorage Justice Center, Alaska Mental Health Trust Authority, and Alaska Court System.

Recommendation UAD-5 | Minor on Premises and Minor Consuming Alcohol, MCA

The new law restores Minor Consuming Alcohol to a true violation, with an opportunity to reduce the fine if the individual seeks alcohol prevention education or, if needed, treatment:



- Each offense carries a fine of \$500, regardless of the number of prior convictions.
- If the youth appears in court, the fine may be reduced upon completion of a state-approved alcohol education or treatment program or community diversion panel within six months of the court hearing. For first and second convictions, the fine is reduced to \$50; for subsequent convictions, the fine is reduced to \$250. The fine reduction creates an incentive for the minor to seek education or treatment.
- The state’s Alcohol Safety Action Program (ASAP) /Juvenile Alcohol Safety Action Program (JASAP) office would refer the young person to qualifying programs, certify completion of the program, and forward certification to the Court for the fine reduction.
- Removed from statutory penalties: mandatory completion of alcohol education or treatment, community work service, potential jail time, and suspension or revocation of driver’s license.
- No information about convictions under AS 04.16.049 or -.050 will appear in the individual’s record on Court View, regardless of the outcome of the case or the age of the individual.
- If a violation is unpaid and the individual does not appear in court, the fine will be deducted from the minor’s Permanent Fund Dividend. This is also a financial incentive against repeat offenses, since it requires education or treatment to get a fine reduction again.
- The same penalty applies for Minor on Licensed Premises (04.16.049), which was previously a Class A Misdemeanor in Title 4, the default penalty for most violations of that title. This new process is intended to ensure swift and consistent enforcement of laws limiting youth access to alcohol, without a long-term stigma for a person for their behavior as a minor.

Recommendation RB-5 | Composition of the ABC Board

Alcohol affects many aspects of life in Alaska, and good regulation depends on balanced perspectives and consideration of how the ABC Board’s decisions impact businesses, communities, and individuals. The Title 4 Review group recognizes the important role of the Board in carrying out the intent of Title 4, and recommended that balanced representation on the Board is necessary.

The five-member board previously had three designated seats, two for members of the alcohol industry and one for a member of the public representing a rural area; the other two seats were for members of the public. Rather than adding new seats to the Board, SB 165 changes the composition of the board as follows: the two designated industry seats are retained, as is the rural public member. One of the public seats is now designated for someone representing the public safety sector, which may include someone from law enforcement, the legal system, and others involved in this field. The

original recommendation of the stakeholder group (described in this report) included a designated seat for a member of the public health field, but this was changed during the legislative process to instead retain one seat for a public member. The most recent appointment to the ABC Board, Rex Leath, Jr. of Wasilla, is the first public safety designee on the board following passage of SB 165.

OVERALL BENEFITS OF THE RECOMMENDATIONS PACKAGE

The Title 4 Review process relies on building consensus: finding common ground and crafting recommendations that, considered overall, will benefit all stakeholders. Each decision required compromise. Where possible, the group found mutually beneficial solutions. While full consensus was not possible on all the individual recommendations, the group reviewed the package and considered the extent to which each sector gains overall more than it loses by enacting the proposed changes to Title 4. Below are some benefits for key stakeholder groups:

Benefits for Youth

- Helps prevent youth access to alcohol, while not criminalizing youth for one mistake.
- Incentivizes youth who need it to seek alcohol education, treatment, or community-based justice.
- Holds adults accountable who supply alcohol to youth.
- Creates a monetary incentive for youth to seek alcohol education, treatment, or participate in community-based justice.
- Holds adults accountable who supply alcohol to youth.

Benefits for the Alcohol Industry

- A streamlined, user-friendly Title 4 will be easier to understand and comply with for all businesses, as well as prospective businesses seeking to understand the laws before applying.
- Manufacturers can expand production and continue to serve customers in retail establishments, including restaurants and tasting rooms.
- Wholesalers have less administrative burden and are protected against unfair trade practices.
- Retailers have more opportunities to innovate, such as providing product samples at package stores, while protecting existing business investments.

Benefits for Public Health and Safety

- Preserves limits on the density of retail alcohol outlets in communities: having many access points for alcohol is correlated with negative health and safety impacts.
- Promotes responsible service and consumption of alcohol at establishments and special events by requiring that anyone serving alcohol have a server education card.
- Fairly regulates all alcohol purchases shipped directly to customers through online sales.
- Increases availability of aggregated data on alcohol orders in local option areas, and local enforcement of Title 4.
- Provides more resources for state- and local-level education and enforcement of Title 4.

Benefits for Local Governments

- Provides options for economic development, tourism and hospitality with more liquor licenses.
- Increases resources for educating local governments about their role in alcohol control.

SUMMARY RECOMMENDATIONS

Alcohol Licenses, Permits and Trade Practices	
F-1. Adjust License Fees to Reflect Current ABC Budgetary Needs	Update license fees according to the relative privileges and administrative costs of each, and collect sufficient revenue to cover the ABC Board’s required activities (see RB-3: Revise ABC Board Budget to Adequately Fund Necessary Activities).
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 from statute.
M-2. Manufacturer Retail License + Manufacturer Sampling Endorsement	Add-on retail licenses specifically for manufacturers to allow limited onsite consumption and offsite sales, and a separate endorsement for free samples.
M-3. Small Manufacturers Allowed to Hold Retail Licenses	Remove the restriction in Prohibited Financial Interest (AS 04.11.450), which does not allow manufacturers to hold retail licenses, for smaller manufacturers.
W-1. Adjust Wholesale License Fees and Simplify Supplier Reporting	Adjust fees for both Wholesale licenses (both defined 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.
W-2. Align State Statute with Federal Law Regarding Trade Practices	Add provisions in Title 4 to match current federal law regarding trade practices and agreements between retailers and wholesalers or manufacturers.
P-1. Population Limits Apply to Retail Licenses Only	Apply population limitations on the number of licenses only to retail-tier licenses (excluding tourism-focused licenses and Winery Direct Shipment License).
P-2. ABC Board Advisory Opinion on Proposed Legislation	Enable the ABC Board to issue a formal advisory opinion on any proposed legislation regarding Title 4.
P-3. Retire Public Convenience Process; New Options for REPLs	Convert all existing Public Convenience license holders to standard, fully transferrable REPLs; repeal Public Convenience; allow qualifying municipalities to petition the ABC Board to increase the number of REPLs available in their community.
R-1. Multiple Licensed Premises with a Beverage Dispensary License	Clarify the parameters that would allow and require multiple fixed counters for a Beverage Dispensary license (AS 04.11.090): create Multiple Fixed Counter endorsement, Hotel/Motel endorsement, and Large Resort endorsement.
R-2. Rename Recreational Site License to Sporting Event License	Ensure the definition of “recreation” is consistently applied to Recreational Site license holders; make sunset provision to review and retire licenses that do not meet this definition (AS 04.11.210).
R-3. Package Store Onsite Product Sampling Endorsement	Create a separate endorsement to allow onsite sampling at Package Stores (AS 04.11.150).

R-4. Clarify Restaurant Food Requirement	Clearly define in statute the ratio of food to alcohol sales for restaurants: food sales receipts must be greater than those of alcohol sales receipts for onsite consumption.
R-5. Golf Course License and Endorsement	Retain the current Golf Course license (AS 04.11.115); create a Golf Course endorsement for 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.
R-6. Theater License	Move the Theater license into statute and out of regulation 3 AAC 304.695 as an add-on license to a BDL or REPL.
R-7A through M. Endorsements and Permits	Create a clear statutory framework for endorsements and Permits, with all types defined in statute and with clear and consistent requirements.

Role and Functions of the ABC Board and Staff

RB-1. Strengthen Reporting Requirements for Municipal Enforcement	Include in statutory requirements that municipalities submit quarterly reports on Title 4 enforcement activities to the ABC Board.
RB-2. Community Analysis of Written Order Database	Allow data about direct shipment orders of alcohol in local option communities to be made publicly available, aggregated at the region or community level, for analysis and community planning.
RB-3. Revise ABC Board Budget to Adequately Fund Necessary Activities	Determine the funding level to carry out the ABC Board's mission and core functions, and adjust revenue (fee amounts) accordingly to meet that need (see also Licensing, F-1).
RB-4. ABC Board as Lead Agency for Alcohol Education Efforts	Designate the ABC Board and AMCO as the lead agency in a multi-department, public-private sector education effort about responsible alcohol use and applicable laws.
RB-5. Composition of the ABC Board <i>Enacted in SB 165 (2016)</i>	Retain the current number of members but add designated seats: 1 public health, 1 public safety, 2 industry and 1 rural public member; include provision for Director's background in filling the designations.
RB-6. Revise Title 4 Penalties	Review penalties for all Title 4 sections; revise penalties to be more proportionate to the crime and more consistently enforced; reduce most current Class A Misdemeanor offenses to Minor Offenses.

Underage Drinking and Youth Access to Alcohol

UAD-1. Employee Penalty for Selling Alcohol to a Minor	Reduce the penalty for a licensee, agent or employee selling alcohol to a minor (AS 04.16.052) from a Class A Misdemeanor to a Minor Offense violation.
UAD-2. Sanctions to Employers for Employee Sales to Minors	Increase the consistency and certainty of sanctions to licensees for violations of AS 04.16.052.
UAD-3. Statewide Keg Registration	Require all beer kegs purchased in the state to be registered.

UAD-4. Clarify Wording on Required Signage <i>Enacted in SB 165 (2016)</i>	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.
UAD-5. Minor Consuming Alcohol (MCA) as Violation <i>Enacted in SB 165 (2016)</i>	Restore Minor Consuming Alcohol (AS 04.16.050) to a true violation.
Regulating Internet Sales of Alcohol	
INT-1. Winery Direct Shipment License	Create a license available to U.S. wineries to ship orders of wine to Alaska customers; prohibit online sales through this license in Local Option areas; prohibit other online sales of alcohol not under this license or the Package Store Shipping endorsement.
INT-2. Collect Alaska Excise Tax for Internet Sales	In addition to maintaining current collection of excise tax on sales from in-state wineries, require all out-of-state holders of a Winery Direct Shipment license to pay the same excise tax on Alaska orders.
INT-3. Board Approval of Common Carriers for Alcohol Delivery	Require all common carriers who deliver alcohol directly to consumers in Alaska to be approved by the ABC Board.
Local Option Communities	
LO-1. Repeal Local Option #4 <i>Withdrawn for Further Discussion</i>	Repeal AS 04.11.491(b)(4) (Local Option #4), which bans the sale and importation of alcohol, not possession.
LO-2. Increase Enforcement and Prosecution Resources <i>Withdrawn for Further Discussion</i>	Include in recommendation RB-3 (revised ABC Board budget to adequately fund needed activities) adequate budget for increased dedicated prosecutors and investigators for Title 4, particularly local option law enforcement.
LO-3. Increase Local Option Perimeter <i>Withdrawn for Further Discussion</i>	Increase the local option perimeter boundary from a 5-mile radius from the village center defined by AS 04.11.508 to a 10-mile radius.
LO-4. Increase Mandatory Minimum Penalty for Bootlegging <i>Withdrawn for Further Discussion</i>	Increase the mandatory minimum penalty for bootlegging at the Misdemeanor level defined in AS 04.16.200(g), with increasing penalties for multiple offenses and per-unit fine for the volume of alcohol being illegally sent, brought or transported into the local option community.
LO-5. Clarify Language Regarding Homebrew Ingredients <i>Included in SB 76</i>	Clarify that possession of homebrew ingredients and/or equipment with intent to produce alcohol is illegal in all local option communities.
Additional Recommendations (2017)	
N-1. Define Qualifications for Alaska Manufacturing Licenses	Require in Brewery, Winery, and Distillery Manufacturer licenses that at least 80 percent of alcohol products for sale were made on the Alaska licensed premises.

N-2. Change Sample and Sales Volumes for Certain Products	Cider under 8.5% ABV follows per-ounce volume limits for beer; sake and mead follows volume limits for wine.
N-3. Expand Package Store Shipping Order Options	Allow orders under a Package Store Shipping endorsement to be received in formats other than a written order from a known customer.
N-4. Pub License Alternating Premises	Allow a university with a Pub license to designate a second licensed premises, operated during mutually exclusive hours.
N-5. Make Licenses Transferrable to a New Owner	Allow most license types to be transferred to a new owner, except Winery Direct Shipment License; retain any existing restrictions on licenses for transfer of location.
N-6. Improve the License, Endorsement and Permit Application Process	Apply several technical changes to statutes for applications for a license, endorsement or permit.
N-7. Allow Relocation of a Package Store from Borough to City	Amend AS 04.11.400(k) to allow transfers of both BDL and Package Store licenses from a borough to a city within the borough.
N-8. Allow Business Activities on Licensed Premises During Off Hours	Retain required closing hours (5:00 to 8:00 a.m.) for service and sales of alcohol to consumers, but allow other non-serving business activities on the premises.
N-9. Licensee Liability for Overservice by Employees	Apply the same administrative penalty and mitigating circumstances proposed in Recommendation UAD-2 for violations of AS 04.16.030.
N-10. Allow Minors on Some Licensed Premises for Employment or Travel	Allow limited employment of minors by Wholesalers, Common Carriers, and Outdoor Recreation Lodges; clarify that minors are allowed at certain businesses.
N-11. Repeal Alcohol Sales Restriction on Election Day	Repeal outdated statute prohibiting sales of alcohol during federal, state and local elections.
N-12. Transition Provisions for Existing Licensees	Define process for current licensees of certain types to be converted to equivalent license(s) in the new system.

ALCOHOL LICENSES, PERMITS AND TRADE PRACTICES

The Licensing Committee reviewed 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 took 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:

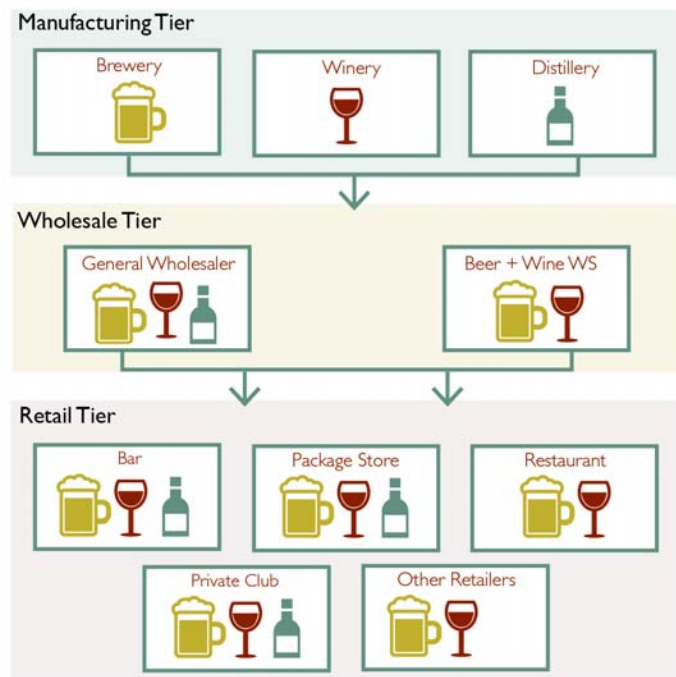
- Balance preserving and promoting a fair business climate for Alaska businesses with protecting public health and safety;
- Retain the framework of the three-tier system of alcohol regulation, while considering changes to these rules that have other economic, social or regulatory benefits; and
- Make Title 4 a clear and consistent framework for use by licensees, the ABC Board and enforcement personnel.

The most significant change proposed to the licensing system is the use of endorsements, a system in which a business applies for an endorsement on their current alcohol license which allows them to expand their licensed premises or conduct additional activities not allowed in the base license itself. This system is compatible with current license types while reducing the need to create new license types to suit specific situations, which affects current business investments as well as the density of outlets for alcohol. In addition to the specific endorsements proposed to meet today’s needs, the endorsement concept can be employed in the future to include new business concepts not covered in these recommendations.



ABOUT THE THREE TIER SYSTEM

The alcohol industry, unlike most other industries in the U.S., is regulated by a system in state laws that separates the supply chain among unaffiliated companies to prevent formation of monopolies over alcohol manufacturing and sales. Known as the three-tier system, some form of these laws were adopted by each state following the end of Prohibition in 1933, and continue to exist in various forms today. The graphic at right illustrates how each tier performs a distinct function in the market. In a pure application of the three-tier system, manufacturers are only allowed to sell their products to wholesalers, who sell to retailers, who then sell alcohol to consumers.



The three-tier system is codified in state law by prohibiting financial interest in multiple tiers simultaneously, restricting which tiers can sell to which customers, and other laws. The industry has evolved over recent decades, however, and the emergence of craft production, brewpubs, and tasting rooms have challenged the three-tier system as manufacturers have begun participating in the retail sector directly. Businesses in each tier have different interests at stake when considering whether and how to strengthen or loosen the three-tier system, and these conflicting interests were at the heart of many committee discussions and subsequent work with stakeholders. The Title 4 Review recommendations attempt to find middle ground between these interests, as well as preserving key components consistent with the law's original intent to prevent monopolies.

RECOMMENDATIONS

The recommendations are inter-related and intended to work effectively as a whole to improve the structure overall. Each proposal below should be considered in the context of the other proposals, as well as what is not recommended for change in the statutes.

Recommendation F-1. Adjust License Fees to Reflect Current ABC Budgetary Needs |

Update license fees according to the relative privileges and administrative costs of each, and collect sufficient revenue to cover the ABC Board's required activities, recommended in RB-3: Revise ABC Board Budget to Adequately Fund Necessary Activities.

INTENT OF PROPOSED CHANGES

This recommendation is the result of several discussions that each committee had about the ABC Board budget, and the fiscal impacts that the other recommendations may have. While the Role of the ABC Board Committee 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 board supported by the staff of the Alcohol and Marijuana Control Office, the ABC Board's annual budget is prepared by the Director and is not to exceed the estimated revenue that the Board collects through fees for license applications, renewals and other administrative fees each year (AS 04.11.590). The biennial license fees have generally not been increased since the statutes were originally enacted in 1980. Although the number of licenses has increased along with growth in population, the amounts are set in statute and have not kept up with inflation or increasing administrative costs. As a receipts-funded agency, this constrains the Board's ability to conduct its mandated education and enforcement activities. Some of the recommendations in this proposal may also require additional resources, primarily staff FTEs, to implement (see Recommendation RB-1).

The committee reviewed current license and permit fees, as well as the application, renewal, transfer, permit and administrative fees set in regulation. Using information from the ABC Board's budget, the committee estimated the current total revenue available to the Board from these fees. As a comparison exercise, the committee also projected that if fees had been tied to inflation between 1980 and 2017, they would now be almost triple the current amounts (a factor of 2.95). See Table 2 in the Appendix for a list of current and proposed license fees, as well as comparison to inflation.

Based on the following assumptions about the resources needed to fund the Board's activities and the relative administrative and enforcement costs of all license types, the committee developed a proposed 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 on the part of agency staff.
- New license applications and transfers have much higher administrative costs than renewals and most fees, particularly staff time to process the applications and conduct due diligence required by statute. These fees are set in regulation; the Board should consider increasing fees for new applications and transfers, relative to the fees collected for renewals.
- The proposed license fees, due with each license's biennial renewal, reflect the fact that although some licenses (particularly those considered seasonal) may have limited operations, the administrative costs for processing an application and ongoing enforcement costs are similar for full-year and part-year licenses. The group recommends eliminating the current allowance for seasonal licenses to pay only half of the license fee specified in statute.
- In addition to the costs of administering the license system, there are many other education and enforcement costs related to alcohol regulation: investigating unlicensed establishments and illegal alcohol sales, enforcing local option laws, and consulting with local law enforcement on cases. Fees should be more equitably borne by all licensees to cover these other costs. These activities are important to public health, public safety and (particularly when dealing with unlicensed establishments) protecting the investments of businesses that do follow the laws and regulations.

The proposed license fee increases will not only benefit the ABC Board by increasing receipts which form the basis of their budget, but also local governments who have their own law enforcement, who currently receive matching funds based on license fees collected from businesses operating within their jurisdiction (AS 04.11.610). The opportunity for increased revenue to local governments also underscores the importance of increasing accountability of how those funds are spent, as detailed in Recommendation RB-1.

The committee also considered the process of reviewing fees: without a mechanism for regular updates to license fees, the gap between revenue and cost will grow again in the future. The recommendation is to keep all license fees in statute and include statutory language requiring periodic review of license fees by the ABC Board not less than every ten years, or during alternate cycles of the agency's five-year sunset review. The committee does not recommend tying fee increases to inflation, but to consider the effect of rising costs on the agency's budget over time.

The committee strongly advises that this recommendation be accompanied by, and not enacted without, requiring the ABC Board to adopt a plan regarding the activities and programs it will conduct with this increased revenue, and that the Director prepare a draft budget based on the parameters provided through this review process. AMCO staff indicated that the primary increase in expense would be staff resources to complete additional compliance and education activities. One idea discussed is to hire Level 1 or 2 investigators to complete routine compliance checks: in recent years, compliance has been completed by Level 3 and 4 investigators, whose experience would be better applied to complex investigations.

2017 Update: AMCO now oversees two sets of licenses for alcohol and marijuana establishments, operating with revenue from and expenses for administration and enforcement for both types. There are currently many fewer marijuana licenses in Alaska, but these licenses are renewed annually, with a license fee ranging from \$1,000 to \$5,000, depending on the license type.

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 from statute.

INTENT OF PROPOSED CHANGES

The committee identified two license types within the Manufacturing tier that can be converted to other license types and addressed other recommended changes. There are three basic categories of alcoholic beverages that can be legally manufactured: brewed beverages, including beer, malt beverages and sake; wine, including cider, mead and other products made from fruit, and distilled spirits. This recommendation is primarily aimed at simplifying and reducing the number of license types, while retaining distinctions among the three product types, consistent with other federal and state laws. To differentiate between this license and the retail operations outlined in Recommendation M-2, the licenses would be renamed as Manufacturing licenses (Brewery Manufacturing, Winery Manufacturing, Distillery Manufacturing). The other two manufacturing licenses, Bottling Works and Brewpub, would be converted into one of these three license types. However, in order to remove Brewpub, other changes need to be made to statute (see M-2, M-3 and R-7) to provide an equivalent framework for the privileges current Brewpub licensees have.

IMPLICATIONS TO CONSIDER

- Provide a mechanism to convert current Bottling Works and Brewpub licensees into the new corresponding license types, and ensure that Brewpubs' retail operations are not in conflict with the changes to AS 04.11.450 Prohibited Financial Interest (see Recommendation M-3).

Recommendation M-2. Manufacturer Retail License + Manufacturer Sampling Endorsement | Add-on retail licenses specifically for manufacturers to allow limited onsite consumption and offsite sales, and a separate endorsement for free samples.

INTENT OF PROPOSED CHANGES

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 for on- or offsite consumption. Alaska currently allows some of these activities for each product type, but the two available options are limited: a Brewpub licensee may also hold a Beverage Dispensary or Restaurant license and operate as a retailer while producing their own beer, but have an annual production limit on beer made under that license. Other manufacturers are currently not allowed to hold retail licenses, and Breweries and Distilleries have restrictions on their retail operations: limited hours, limits on daily sales per customer, no live entertainment, and no bar seating.

Recommendations M-2 and M-3 propose to allow manufacturers to have clearly-defined access to retail licenses. The first proposal (M-2) would create three license types that correspond with the three Manufacturer licenses; a licensee would only be eligible for an add-on license if the licensee first holds the corresponding license to manufacture that product. The terms for onsite and offsite sales are comparable to what is currently allowed for Breweries and Distilleries, including restrictions on hours and entertainment. The retail add-on license would allow the licensee to:

- Sell limited quantities for onsite consumption, proportional to the current statutory limits: 36 oz. of beer or cider, 18 oz. of wine, mead or sake, 3 oz. of distilled spirits. Onsite operations have all of the restrictions currently in the Brewery license (no seats at a fixed bar, no live

entertainment, limited hours of operation).¹ Like all retail licenses, these would be subject to server education (AS 04.21.025) and signage (AS 04.21.065) requirements.

- Sell limited quantities to individuals for offsite consumption, proportional to the alcohol content of the product and following current industry standard units of measurement for containers of the different product types: 5.167 gal of beer (one-sixth barrel keg), 9L (twelve 750 mL bottles, or one case) of wine; 3.75L (five 750 mL bottles) of distilled spirits.

The retail add-on license would relocate some activities currently in manufacturers' licenses, making the three Manufacturer license types solely for production. The base Manufacturer license would only allow sales to other licensees and out-of-state entities. If a licensee obtains a Manufacturer Sampling Endorsement, they can provide free samples of their products at their licensed premises for production. The endorsement would give manufacturers the opportunity to provide small samples of their product to consumers without investing in a retail license, while ensuring that service of alcohol to the public is regulated consistently. Daily per-person sample limits (12 oz. beer, 6 oz. wine or 1.5 oz. distilled spirits), advertising restrictions, and server education requirements are consistent with the proposed Package Store Sampling Endorsement (see Recommendation R-3).

The (add-on) Manufacturer Retail license would, unlike Manufacturer licenses, be subject to statutory population limits for the same jurisdiction in which the base license is located, and would be higher than other license types: one license per every 9,000 population or part of population (see Recommendations P-1 and P-3 for more about population limits). Maintaining the population limit reflects the public health principle of limiting the number of retail outlets that provide public access to alcohol, particularly in small communities with few allowed retail licenses. Additionally, each production licensee would only be eligible for one Manufacturer Retail license, which must be co-located with or physically adjacent to their production premises. However, as a separate license, a Manufacturer Retail license would be subject to its own application and review process, and the retail license could be suspended or revoked independently from the base license if retail operations are consistently in violation of the law.

Because Manufacturer Retail licenses would have a high population limit, and retail activities are currently allowed for anyone who holds a Brewery, Winery or Distillery license, the recommendation also includes a provision for current Manufacturer licensees to apply for or be converted to both a Manufacturing and a Retail license, even where the population limits would not otherwise allow it. This ensures that businesses that began operation under the current laws are not negatively impacted, while bringing current licensees into the new system and not having two sets of rules.

2017 Update: Since this recommendation was originally made, stakeholders have developed additional recommendations regarding manufacturers' participation in the retail tier. The most significant change is a limit on any future manufacturers (who do not currently hold or who are not in the process of applying for a Brewery, Winery or Distillery license) who sell products to the public through a Manufacturer Retail license. This issue has been difficult to resolve, and illustrates the essential difference in the interests of manufacturers and retailers: under the traditional three tier system, manufacturers are not in direct competition with retailers, but current Title 4 and changes in other states have increased manufacturers' opportunity to serve the public and bypass the existing distribution system through wholesalers and retailers. The solution reached is recognized to be imperfect, but attempts to find common ground between these two groups.

¹ See the Additional Recommendations section for more about adjustments to volume limits for products such as cider.

In current law, a Brewery, Winery or Distillery may operate a retail “tasting room” to sell products to customers for onsite or offsite consumption. As noted above, there are per-customer, per-day quantity limits for each license, but no overall restriction on sales. This recommendation allows any existing licensees, or those in process of applying for a license under the current rules, to continue this practice with no limits beyond those in the original recommendation. For future licensees, the Manufacturer Retail license would require that no more than 20 percent of the business’s total production volume can be sold directly to the public under that license. A new licensee would be exempt from this requirement for their first eight years of operation (four renewal periods), and subject to it for all future years of operation. The group recognizes that new businesses substantially benefit from direct sales, as they work to perfect their products and build brand recognition, and most manufacturers who plan to scale up operations are interested in building relationships with wholesalers and retailers to distribute their products to larger markets. However, the group also raised concerns about preserving the three-tier system by limiting the degree to which manufacturers can sell to the public through a tasting room. This limit on sales would be reviewed by the Board during each license renewal, measured over the previous two years.

IMPLICATIONS TO CONSIDER

- The Board may need to adopt regulations to define how this sales requirement will be monitored, and protocols to address a licensee who does not meet this requirement.

Recommendation M-3. Small Manufacturers Allowed to Hold Retail Licenses | Remove the restriction in Prohibited Financial Interest (AS 04.11.450), which does not allow manufacturers to hold retail licenses, for smaller manufacturers.

INTENT OF PROPOSED CHANGES

As noted in M-2, a strict interpretation of the three-tier system does not allow manufacturers to engage in retail operations, but it is increasingly common for craft manufacturers operate tasting rooms, restaurants and other direct-to-consumer sales. Prohibited Financial Interest (AS 04.11.450) prohibits a Manufacturer licensee from holding a Beverage Dispensary License or Restaurant Eating Place License, and a current Brewery or Distillery license only allows limited onsite consumption with an earlier closing time than most retail establishments. The exception currently in statute is the Brewpub license, which allows a BDL licensee or REPL licensee to manufacture and sell a limited volume of product annually.

Recommendation M-3 removes the restriction on Brewery, Winery and Distillery Manufacturer licensees holding and operating any retail license in Title 4, including a Beverage Dispensary, Restaurant or Eating Place, Package Store, or Golf Course. Manufacturing licensees would have the same privileges and requirements as other owners of a given license type; for example, any holder of a Restaurant or Eating Place is subject to a minimum ratio of food sales to alcohol sales on the restaurant’s licensed premises (see Recommendation R-4). This proposal would not change the manufacturer’s existing ability to distribute to other licensees in and out of the state, a privilege granted to the production license.

It should be noted that this recommendation may be viewed as facilitating creation of “tied houses,” where a manufacturer dominates a market by operating retail outlets that feature exclusively or primarily their own products (see Recommendation W-2 for more on trade practices). To mitigate

this threat, the recommendation limits the ability to hold retail licenses to relatively small manufacturers, whose operations under the production license and any affiliated production operations produce less than the following annual volume thresholds: 300,000 barrels of beer, or 50,000 9-liter case equivalents of wine or spirits. Manufacturers whose total production volume exceeds these thresholds would not be eligible to hold any retail license, including the Manufacturer Retail license.

This change complements removing the Brewpub license (Recommendation M-1); it allows the same activities while remaining under the population limits existing retail licenses. This provision gives manufacturers more flexibility in retail operations, while requiring that they participate in the same market for retail licenses as other prospective business owners. Manufacturers could choose to produce their products with no retail operations, or apply for a Manufacturer Retail license and conduct activities that are currently allowed under existing licenses, and/or acquire a retail license.

2017 Update: The original recommendation was narrower in scope, and would have allowed a Brewery or Winery to own a Restaurant or Eating Place license, if one was available in their community according to the population limits; Distilleries were excluded because the only product they make, distilled spirits, are not allowed to be served under a Restaurant or Eating Place License. In 2016 the stakeholder group recommended broadening this to all manufacturer licenses and all Retail licenses, but limiting this privilege to manufacturers below an annual production threshold.

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

INTENT OF PROPOSED CHANGES

Wholesalers have the most complicated fee structure of any license type, and are subject to multiple reporting requirements. There are two separate license types in the Wholesale license statute (AS 04.11.160): General Wholesale and Malt Beverage and Wine Wholesale, with separate schedules of annual and biennial fees that are scaled according to the size of the licensee's business (dollar sales transacted) and the number of suppliers whose brands they carry. Wholesale licensees pay multiple fees: a biennial license fee; for General Wholesale licenses, a flat fee for each distribution point; and two other fees scaled by sales volume and number of suppliers. In addition, Wholesale licensees must provide written letters of certification from all suppliers every two years to verify that they are the primary suppliers in Alaska for each product, another feature within the three-tier system that prevents wholesalers from having competing relationships with a supplier of a particular brand.

This recommendation is to simplify Wholesale licenses by defining them as two separate types in statute, retain a fee structure that is fair to all distributors but places less financial burden on small distributors, and retain the primary source supplier system while reducing administrative burden by streamlining reporting requirements. The recommendation halves the fees owed for each tier of business transacted, except that the maximum allowable fee remains the same at the highest tier (over \$1 million in annual sales), detailed in the table below. Because large wholesalers conduct business well above \$1 million annually and smaller operators rarely approach this number, it is a reasonable threshold to maintain without disclosing confidential business information.

General Wholesale: Proposed Fee Scale			Limited Wholesale: Proposed Fee Scale		
Annual Business (\$ sales)	Current	Proposed	Annual Business (\$ sales)	Current	Proposed
up to \$100k	\$0	\$0	up to \$20k	\$0	\$0
>\$100k to \$150k	\$500	\$250	>\$20k to \$50k	\$300	\$150
>\$150k to \$200k	\$1,000	\$500	>\$50k to \$100k	\$1,000	\$500
>\$200k to \$250k	\$1,500	\$750	>\$100k to \$150k	\$1,500	\$750
>\$250k to \$300k	\$2,000	\$1,000	>\$150k to \$200k	\$2,000	\$1,000
>\$300k to \$350k	\$2,500	\$1,250	>\$200k to \$400k	\$4,000	\$2,000
>\$350k to \$400k	\$3,000	\$1,500	>\$400k to \$600k	\$6,000	\$3,000
>\$400k to \$500k	\$4,000	\$2,000	>\$600k to \$800k	\$8,000	\$4,000
>\$500k to \$600k	\$5,000	\$2,500	over \$800k	\$10,000	\$10,000
>\$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			

In addition, the committee discussed the primary source reporting requirement, in which all Wholesale licensees 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 provision creates an administrative burden on both licensees and AMCO staff, who do not proactively review the lists to identify any conflicting supplier relationships. The recommendation includes a simpler requirement that Wholesale licensees must, on application or renewal of the license, sign an affidavit that they are the duly appointed wholesaler for all product lines they represent. Because wholesalers have a business interest in ensuring that they have exclusive relationships with suppliers, any issue of a non-exclusive supplier would likely be discovered and brought to the Board’s attention by the licensees. The Board would still be able to request a supplier list from the Wholesale licensee when a question arises, according to the licensee’s signed affidavit. Because there is an annual fee calculated based on the licensee’s number of suppliers, the licensee’s affidavit would simply require self-reporting on the affidavit using the range already in current statute (1 to 25, 26 to 50, 51 to 75 and over 75 suppliers).

Recommendation W-2. Align State Statute with Federal Law Regarding Trade Practices |

Add provisions in Title 4 to match current federal law regarding trade practices and agreements between retailers and wholesalers or manufacturers.

INTENT OF PROPOSED CHANGES

This recommendation addresses provisions currently missing in state statutes regarding the relationships between manufacturers, wholesalers and retailers. While the Federal Alcohol Administration Act and the Alcohol Tax and Trade Bureau (TTB) have regulations defining prohibited trade practices for wine and distilled spirits, beer and malt beverages are exempted, leaving the matter to states. Alaska is one of a few states that do not address trade practices in state law.

The provisions are decades old and address problems that were rampant in the alcohol industry prior to Prohibition. In 1933, a report published by the Rockefeller Foundation, *Toward Liquor Control* (commonly known as the “Rockefeller Report”), provided guidance to policymakers as they

set up regulatory systems for alcohol after repeal of Prohibition. Issues identified included a variety of practices that hampered retailers' ability to make independent purchasing decisions about which products to sell, and could potentially lead to monopolies. The intent of the provisions is to prevent undue influence over, or coercion of, retailers by manufacturers or wholesalers, which may prevent a retailer from purchasing products from or conducting business with whomever they choose.

This recommendation would enact a state law similar to the Federal Alcohol Administration Act (Title 27, Chapter 8, Subchapter 1, Section 205), which defines “unfair competition and unlawful practices” within relationships between suppliers/wholesalers and retailers as the following acts:

- **Commercial Bribery** | providing a bribe, promotional bonuses or other compensation by a distributor to a retailer in exchange for an exclusive relationship or an agreement not to purchase other products.
- **Tied House** | part ownership by a manufacturer in a retail establishment, which provides leverage for selling some products and not others.
- **Exclusive Outlet** | requiring a retailer to have an exclusive relationship with a distributor.
- **Consignment Sales** | conditional sales of products that may involve the trade of other products in exchange to circumvent normal distribution relationships.

While these practices are illegal under federal law for wine and distilled spirits and are therefore already illegal in Alaska, there are no locally-based federal enforcement staff tasked with monitoring Alaska licensees, and lack of equivalent state laws prevents the ABC Board and other law enforcement from being able to act if there are violations. To avoid excessive detail in statute, the recommendation assumes that most of the specific language about these practices would be adopted in regulation, with broad enabling language in statute defining and prohibiting the practices listed above. The regulations should adhere as closely as possible to current federal regulations, and should not be more restrictive than current federal law. Proposed penalties for engaging in prohibited trade practices would be defined as administrative penalties in regulation.

Recommendation P-1. Population Limits Apply to Retail Licenses Only | Apply population limitations on the number of licenses only to retail-tier licenses (excluding tourism-focused licenses and Winery Direct Shipment License).

INTENT OF PROPOSED CHANGES

There is a shared interest among community members, public health advocates and license holders to regulate the number of available licenses; to find the best mechanisms to regulate the public's access to alcohol in Alaska's communities; and to protect the investment value of existing licenses. The number of allowed liquor licenses of each type is determined by each community or borough's qualifying population (AS 04.11.400).² 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 high demand and most

² Per current regulation (3 AAC 304.905), the ABC Board determines population for purposes of AS 04.11.400 by using current population estimates published by DCCED and subtracting the following populations: prison inmates, university students and military personnel who are not considered local residents and are therefore counted in another community.

licenses are transferrable to a new owner or location, is to create a limited supply of licenses, which sets the secondary market value for some license types for a sale and transfer among businesses.³

The current system allows a much higher density of outlets than the statute intended. Statute allows each community or borough to have one REPL and one Club per 1,500 people, and one per 3,000 people for each of the other 14 license types under population limits, rounding up to one additional license for any remainder population (e.g., a community of 3,001 is allowed two licenses, not one). Population limits currently apply to most licenses, other than those designed to primarily serve tourists and others specifically exempted in the statute. Most communities are also over-licensed with some types of retail establishments because existing licensees were not impacted when limitations were codified (for example, Seward is only allotted one BDL and one Package Store license, but currently has 7 BDLs and 4 Package Stores). When a new license type is added in statute, another set of new licenses is created under the population limits, increasing total alcohol outlet density in communities as these new licenses are issued.

Local Government	Net Pop. (2016)	Allowed per Type (1:3000)	Allowed per Type (1:1500)	Actual Lic., Pop. Limits (2017)	Actual Lic., w/ Tourism (2017)	Density: License per Pop.
Anchorage	264,485	89	177	470	511	1 per 518
Bristol Bay Borough	942	1	1	10	15	1 per 63
Cordova	2,286	1	2	13	16	1 per 143
Denali Borough	1,576	1	2	15	41	1 per 38
Anderson	209	1	1	3	3	1 per 70
Fairbanks North Star Borough	60,895	21	41	84	94	1 per 648
Fairbanks, City	24,603	9	17	91	97	1 per 254
Haines Borough	2,537	1	2	12	15	1 per 169
Juneau, City and Borough	32,132	11	22	77	87	1 per 369
Kenai Peninsula Borough	37,174	13	25	74	96	1 per 387
Homer	5,099	2	4	25	40	1 per 127
Kachemak	460	1	1	4	4	1 per 115
Kenai	6,758	3	5	20	26	1 per 260
Seldovia	233	1	1	3	5	1 per 47
Seward	2,243	1	2	15	26	1 per 86
Soldotna	4,311	2	3	15	22	1 per 196
Ketchikan Gateway Borough	5,092	2	4	9	12	1 per 424
Ketchikan City	8,243	3	6	38	44	1 per 187
Kodiak Island Borough	6,756	3	5	9	12	1 per 563
Kodiak City	6,329	3	5	21	23	1 per 275
Matanuska Susitna Borough	81,770	28	55	113	135	1 per 606
Houston	1,965	1	2	3	4	1 per 491
Palmer	5,449	2	4	17	19	1 per 287
Wasilla	6,906	3	5	28	42	1 per 164

³ Most people unfamiliar with the alcohol licensing system are aware that many licenses are expensive: a license may be sold for more than \$300,000 in a community with a limited number of, and high demand for, that license type. This “cost” is separate from the license fees, which is paid directly to the state during the application process. The transaction takes place between two private parties, and the purchase is technically not the license itself, but participation with the seller in the license transfer process.

Local Government	Net Pop. (2016)	Allowed per Type (1:3000)	Allowed per Type (1:1500)	Actual Lic., Pop. Limits (2017)	Actual Lic., w/ Tourism (2017)	Density: License per Pop.
Nome	3,606	2	3	16	21	1 per 172
Sitka, City and Borough	9,005	4	7	24	28	1 per 322
Skagway	1,031	1	1	12	26	1 per 40
Wrangell, City and Borough	2,406	1	2	10	11	1 per 219
Valdez	3,932	2	3	12	17	1 per 231

The recommendation is to make population limits apply only to Retail licenses, not to Manufacturing (production) and Wholesale licenses. Manufacturer (Brewery, Winery, Distillery) Retail licenses would be further limited to one license per 9,000 people: each type is specific to a product category, but collectively the three are essentially one new license type. Tourism-serving licenses (BDL Tourism, Seasonal REPL Tourism, Destination Resort, Outdoor Recreation Lodge) would remain exempt. Considered jointly with the other recommendations, the intended effect is to control the maximum number of retail licenses that can be issued per community by limiting the number of license types. Because new license types are often created with a very specific purpose or to allow an activity not currently allowed in other licenses, the recommendation is also closely connected with the creation of endorsements to existing licenses: endorsements are not limited by population, but allow additional premises or activities to occur under an existing license (see Recommendation R-7 for more about endorsements).

Recommendation P-2. ABC Board Advisory Opinion on Proposed Legislation | Enable the ABC Board to issue a formal advisory opinion on any proposed legislation regarding Title 4.

INTENT OF PROPOSED CHANGES

Like all statutes, any change to Title 4 is brought to the Legislature for consideration. Legislators and their staff typically call upon AMCO staff for information about the impacts of proposed legislation, and staff is available during committee hearings to answer questions. However, deliberation is not currently conducted by the Board to consider an official opinion on a bill, even when the statutory change may have significant impacts on other portions of Title 4 or on the overall alcohol regulation system. The ABC Board is not currently prohibited by law from issuing opinions on proposed legislation related to Title 4, but despite being the regulatory body charged with implementing and enforcing these laws, in practice the Board has no formal advisory role in proposed changes.

The committee recognizes that statutes must not constrain the Legislature’s decision-making process, but contends that the process of statutory change for Title 4 would benefit from the formal input and perspective of the ABC Board. This recommendation would formally empower, but not require, the ABC Board to issue an advisory opinion on active legislation for proposed changes to Title 4, as a benefit to legislators as they deliberate on a proposed change to Title 4. The Board could issue an opinion on its own, or seek stakeholders’ input to inform its opinion on the matter.

Recommendation P-3. Retire Public Convenience Process; New Options for REPLs |

Convert all existing Public Convenience license holders to standard, fully transferrable REPLs; repeal Public Convenience; allow qualifying municipalities to petition the ABC Board to increase the number of REPLs available in their community.

INTENT OF PROPOSED CHANGES

As noted in Recommendation P-1, most but not all license types are subject to the statutory population limits. A Public Convenience license is one exception: the current Population Limitations statute (AS 04.11.400(e),(g)) allows an REPL to be located 18 or more miles outside of a city's limits, or in a city with a signed petition of surrounding residents. Public Convenience Licenses are not transferrable, and therefore have no market value. There are currently 68 Public Convenience licenses, 18 of which are seasonal.⁴ Most are located in small communities that have otherwise been issued the maximum number of allowed REPLs, primarily in Homer (12), Seward (9), Wasilla (8), Skagway (4), and Soldotna (3). To date, most Public Convenience licensees have not been associated with significant enforcement problems. However, they do undermine the intent of the population limits, and from the public health perspective, increases the number of alcohol retail access points in a community. From the industry perspective, unlimited license types create a loophole to obtain a retail license at a lower cost, since they do not need to be purchased on the secondary market like regular REPLs would be. The process for obtaining a license is also an administrative challenge for the ABC Board, which is not equipped to determine whether petition signatures are valid, and no clear guidance what constitutes "public convenience," which has no definition in statute.

2017 Update: The ABC Board and all stakeholders recognize the demand for and economic value of providing establishments to serve Alaska's many visitor populations, including tourists, seasonal workers, and in-state travelers who live in one place and work, shop or vacation in another place. This was likely the original intent of allowing more REPLs to be issued than the population limits allowed, but has in practice resulted in some communities being significantly over-licensed, and an entire class of restaurant licenses that are not transferrable to another location. The original recommendation of this group was to place a moratorium on issuing any new Public Convenience license, and to grant existing licensees only one future transfer of ownership, with the intent of phasing out these licenses and encouraging businesses to acquire a regular REPL or, for seasonal businesses, a Seasonal REPL Tourism license. This proposal was controversial and ultimately withdrawn by the stakeholder group, since it would have negatively impacted existing businesses.

The stakeholder group worked closely with staff from two local governments, Soldotna and Wasilla, to craft a recommendation for some communities to request additional REPLs within their boundaries, as well as to review and re-affirm support for creation of a seasonal restaurant license for small communities with large annual visitor populations. In addition to recommending that Public Convenience be repealed, the stakeholder group developed new options to meet demand:

Existing Recommendation: Seasonal Restaurant or Eating Place Tourism license. A Seasonal Restaurant or Eating Place (REP) Tourism license functions as a restaurant, but would be seasonal, operating up to six months of each calendar year. The season would not necessarily be contiguous, to accommodate businesses with summer and winter visitors. The intended operating period would be stated on a new application and with each renewal application to the Board.

⁴ This number continues to increase: at the time of this report's original publication in 2015, there were 57 Public Convenience.

The number of Seasonal REP Tourism licenses would be subject to their own population limit, which the ABC Board would establish in regulation using a formula for each local government. Licenses would only be available within local governments with a permanent resident population below 20,000 and who receives more than 4,000 visitors annually. To determine the number allowed per community, the Board would rely on available visitor numbers published by DCCED, which can provide visitor counts for communities who receive above 4,000 visitors annually. One formula for consideration uses a rolling multi-year average of visitor counts and the current number of year-round residents, divided by the length of the season (up to six months), to establish the average number of people present in the community on a given peak-season month:

$$\text{5-year average of annual visitors / months in season} = \text{Average monthly visitor population}$$

This estimate of typical visitor population would be added to the number of permanent residents, and divided by the existing REPL population limit (1:1,500) to yield the number of available licenses:

$$(\text{Residents} + \text{average monthly visitors}) / 1,500 = \text{Available Seasonal REP Tourism licenses}$$

Seasonal REP Tourism licenses would be transferrable to a new owner and have the same privileges and restrictions as standard REPLs, including holding any permits for which REPLs qualify. This recommendation is intended to be implemented concurrently with repeal of Public Convenience, to ensure that prospective businesses in smaller communities have available options immediately.

2017 Recommendation: Convert existing Public Convenience licenses to regular REPLs.

Rather than penalizing existing businesses with Public Convenience licenses, all existing licensees would be converted to full REPLs, including the ability to transfer to a new location. This results in no net change in the number of licenses in the community, but provides existing businesses more privileges than their license affords now. All but one Public Convenience license is a restaurant; the only Public Convenience Beverage Dispensary, the Double Musky, would be converted to a BDL. Applicants who have submitted a completed Public Convenience application by the conversion date would be converted to an REPL application, with a provision that their application cannot be denied on the basis of population limits, to ensure their application is reviewed on its original merits.

2017 Recommendation: Local Government Petition for Additional REPLs. As noted above, most Public Convenience licenses have been issued in a few communities whose permanent resident population is relatively small, but who serve a larger population including surrounding residents, visitors, tourists and/or seasonal workers. Some of these cities approached the stakeholder group to request more input on the number of licenses issued in their communities, pointing out that they have the law enforcement, zoning, and health resources to properly manage any negative effects of increased alcohol outlets in their community. This new recommendation, intended to achieve the same goals as the Public Convenience license but maintain limits consistent with existing limits for REPLs, allows qualifying local governments with no available restaurant licenses to petition the ABC Board to issue a specific number of available REPLs, without changing the underlying population limits. The petition would not be associated with a particular application, but would increase the number available in that community to be issued to new businesses.

Title 29, Alaska’s statutes concerning the creation and powers of local governments, provides for multiple levels of government with specified powers designated to each. First class cities, home rule municipalities, and boroughs are granted the ability to maintain local law enforcement and create

and enforce land use regulations, including zoning to control which uses are allowed in which areas. These jurisdictions would qualify to initiate a petition the ABC Board for more REPLs, provided that there are none available in the community at the time of petition. The petition would include a specific number of additional licenses, with the following information and rationale:

- Documentation of additional population that visits the community annually for purposes of recreation, shopping, tourism, employment or other reasons. This may include permanent residents outside the city but who regularly visit the city, such as the populations of the Kenai Peninsula and Mat-Su Boroughs who regularly travel to cities such as Soldotna, Homer, Wasilla and Palmer for shopping, employment or other reasons.
Unlike the population limits established in AS 04.11.400(a), these numbers are not required to be mutually exclusive with other jurisdictions, including other cities who petition for licenses; it would be extremely difficult to track whether two or more petition application have claimed the same portion of the population. This may result in double- or triple-counting current Alaska residents for purposes of issuing alcohol licenses, but recognizes that individuals patronize businesses in many different communities if they travel around the region or state.
- Using the population number identified above, a calculation demonstrating that the number of additional REPLs requested in the petition does not exceed the ratio of 1:1,500 non-resident population, in keeping with the intent of the population limits. Expressed as a fraction, the number of additional licenses (numerator) could not exceed the additional population claimed (denominator) divided by 1,500.
- The number of existing REPLs issued within their boundaries and, if the additional population includes residents in surrounding areas, the number of existing REPLs issued in that area, as information for the Board about the number of existing licenses in the area.

Upon receiving a petition, the ABC Board would consider the request as an agenda item in a meeting, and determine whether the request is reasonable and in the public interest to grant additional licenses. The Board could issue a number of available licenses, not to exceed the original amount requested, or deny the request and provide a rationale for denial and any recommendations for how to strengthen the merits of the petition. If the city's petition is successful, the community would not be eligible to submit another petition for ten years; if the petition is denied, the city may re-petition with the same or a modified request.

This recommendation, like the Seasonal REP Tourism license, would be implemented concurrently with repeal of Public Convenience, to provide communities the opportunity to seek additional restaurant licenses to serve their non-resident population. Public Convenience licenses can also be issued in areas outside of any local government, which is less common but usually serves a specific visitor population. For a license application in an unincorporated area, the ABC Board will continue to use the existing petition procedure outlined in AS 04.11.460(b), which applies to any license type. Verifying petitions is still difficult to administer, but provides a process for obtaining a license in a rural area with few permanent residents and no local government structure.

Recommendation R-1. Multiple Licensed Premises with a Beverage Dispensary License | Clarify the parameters that would allow and require multiple fixed counters for a Beverage Dispensary license (AS 04.11.090): create Multiple Fixed Counter endorsement, Hotel/Motel endorsement, and Large Resort endorsement.

INTENT OF PROPOSED CHANGES

Beverage Dispensary licenses (BDLs) have a specific definition of licensed premises. “Licensed premises” is defined as one room with a fixed counter or service bar. Additional rooms require Duplicate licenses, even in the same building, and Duplicates are not intended to cover additional non-contiguous buildings. Exceptions include hotels, motels and similar businesses, which have been permitted Duplicate licenses within “convenient walking distance” of the original license. Resorts and large hotels with multiple establishments on a multi-acre property have also been granted Duplicates. Lack of clarity regarding who qualifies for Duplicate licenses has made it difficult for the ABC Board to consistently determine when a Duplicate is appropriate. Single establishments with multiple bar rooms have Duplicates, while other establishments, not meeting the definition of hotel or motel, have used Duplicates to create what appear to be two different establishments that are physically adjacent and under the same business entity. Others have applied to use a Duplicate for a second establishment on the same property, citing the example of existing resorts or hotels that have been granted Duplicates as precedent.

This recommendation presents a logical framework for authorizing multi-room licensed premises for BDLs, and clarifies when this option is available to the holder of a BDL. The proposals below allow businesses some flexibility in operation decisions, but restrict the situations in which more than a single room would be allowed. The definition of BDL licensed premises remains the same: a single room with a fixed, plumbed counter or bar.

- *Multiple Fixed Counter:* if the additional counter(s) in the same building, in establishments held by the same owner, and separated either by unlicensed or contiguous licensed premises.
- *Hotel/Motel:* if the licensee is a hotel, motel, resort or similar business catering to the travelling public, allowing Secondary Location(s) in the same building or readily accessible within convenient walking distance.
- *Large Resort:* the licensee offers overnight guest accommodations, outdoor recreation activities, and has a resort with 10 or more contiguous acres, allowing Secondary Location(s) within the resort boundaries, operated by the same business entity.

Multiple Fixed Counter Endorsement | Rather than using Duplicates to extend licensed premises, a Multiple Fixed Counter (MFC) endorsement would be available to licensees for use within a single building and which own or lease all of the portions of the premises they propose to include. Only one MFC endorsement would be required per license; to obtain more than one additional counter, a licensee would pay the initial per-counter fee of \$1,250 and indicate the rooms on the premises diagram. The licensed premises could, for example, be designated as an entire building with one or more additional counters, or a single large room with multiple counters. All licensed premises would be under a single license, subject to existing rules regarding renewal.

Hotel/Motel Endorsement | If the licensee is a hotel, motel, resort or similar business catering to the travelling public, they can obtain a Hotel/Motel endorsement, allowing them to hold a Multiple

Fixed Counter endorsement at one or more secondary locations, either in the same building or readily accessible within convenient walking distance. Several provisions pertaining only to these types of businesses would be removed from the BDL statute and placed into this endorsement, with no changes to allowable activities: stocking guest rooms, designating banquet rooms or gathering places as licensed premises, and requiring a key system for storing beverages.

Large Resort Endorsement | Because the design and operation of a large resort property or hotel is materially different from a BDL with multiple rooms, the recommendation also creates a Large Resort endorsement. It is conceptually similar to the Hotel/Motel endorsement and includes all of the same provisions, except that the licensee is exempt from the requirement that the secondary location(s) be within walking distance. The Large Resort endorsement would not need to “layer” with a Hotel/Motel endorsement; a licensee would seek one or the other. A Large Resort would be defined as 10 or more acres, with outdoor recreational activities and overnight lodging for the public. All licensed premises must be operated within resort boundaries and under the licensee’s control (i.e., not leased to or operated by a separate entity).

2017 Update: The original recommendation for current Duplicate licenses was for the Board to review which Duplicate premises do not conform to the definition above, including the requirement that they be under the same roof, as well as the same building, and those not conforming with the definition would lose the Duplicate after four renewal periods, or eight years. While the stakeholder group believed that most current Duplicates would fit the proposed definition, there were likely some establishments that would no longer qualify. Rather than negatively impacting current licensees, the new recommendation is to simply convert existing Duplicate licenses to Multiple Fixed Counter endorsements, and either a Hotel/Motel or Large Resort endorsement as appropriate, without regard to whether they meet the new definition.

Recommendation R-2. Rename Recreational Site License to Sporting License | Ensure the definition of “recreation” is consistently applied to Recreational Site license holders; make sunset provision to review and retire licenses that do not meet this definition (AS 04.11.210).

INTENT OF PROPOSED CHANGES

There are currently two primary licenses that allow onsite consumption of alcohol by the public: the BDL and the REPL, both of which are in high demand due to the population limitations on retail licenses. There are other license types that allow onsite beer and wine consumption in specific circumstances, including: Recreational Site, Golf Course, (University) Pub, and Theater. The ABC Board has received several applications for other license types, particularly the Recreational Site, with many attempts to stretch the definition of “recreation” beyond the statutory definition of a sporting event. The statute was broadly interpreted by a 2011 memo issued by the Attorney General’s office, which outlines “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 to AS 04.11.210, the “activity based” definition reads as follows: “An activity-based recreational site license would 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 been issued under this broadened definition, many of which would not qualify if evaluated under the statutory definition. 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 voice concerns that the value of BDLs are diminished by expansion of other license types. Public health and community advocates want to avoid proliferation of licenses that increases the density of retail outlets beyond statutory intent. Given the limited number of most license types available, pressure on the Board is likely to continue in the future to creatively adapt this and other license types.

After reviewing the existing statute and the proposed regulation to define “recreational activities” issued by the ABC Board for review in August 2013, the committee determined that the issue is not in statute, but with how it has been interpreted. This recommendation finds that the statute itself is sufficient and should be interpreted more narrowly when future license applications are reviewed, and the policy memo that broadens the intent of the statute should be nullified because it does not appear to have statutory basis. To clarify the intended use of the license, its name should be changed to “Sporting Event” to better reflect its intended use at specific recreational events, not necessarily all recreational activities.

The remaining issue with returning to a strict statutory interpretation is whether existing licenses granted under the broader definition of recreational activities should be revoked, as they were issued without proper legal basis. The committee weighed existing licensees’ investments against the benefits of closing this growing loophole, and recommends that the ABC Board not renew licenses that do not fit the strict statutory definition, with a sunset period to allow non-conforming licensees to depreciate their investment in the license or alter their operations to comply with that definition. The ABC Board would issue a memo explaining that all previously Recreational Site licenses will be reviewed by staff, with a recommendation to the Board about which meet the statutory definition of a Sporting Event license. Licensees would be given four renewal periods (eight years) to submit an appeal to the ABC Board explaining how they comply with statute or which operational changes they would make (e.g. instituting a seasonal league) to comply. At the end of this period, licenses that are no longer in compliance would not be renewed.

Recommendation R-3. Package Store Onsite Product Sampling Endorsement | Create a separate endorsement to allow onsite sampling at Package Stores (AS 04.11.150).

INTENT OF PROPOSED CHANGES

Currently Brewpubs, Wineries and Breweries allow onsite sampling of products and limited sales to individuals for offsite consumption (Recommendation M-2). Package Store licenses prohibit onsite consumption of alcohol, but the “growler bar provision” (subdividing containers) was added in regulation to allow package stores to re-package beer by filling a growler (a 32-oz. or 64-oz. container filled at the tap) or splitting up multi-unit cases for consumption offsite. Some industry members on the committee advocated to allow onsite sampling at Package Stores. Alaska has not allowed this activity in the past, but many other states allow sampling at liquor stores where consumption is not otherwise allowed, provided by an employee or a third party such as a distributor for the product being sampled.

The recommendation would create a new Package Store Sampling endorsement, which would allow a Package Store licensee to provide a limited number of free samples of alcoholic beverages on

premises. The *total* allowable amount of equivalent-alcohol samples served are consistent with the Manufacturer Sampling endorsement recommendations: no more than 12 oz. of beer, 6 oz. of wine or 1.5 oz. of distilled spirits, or a combination not to exceed the equivalent of any of the three. Determining how to track the total product(s) sampled per customer would be left to the licensee, who would present their plan to the ABC Board. Sampling activities would be allowed during package stores' hours of operation.

Because this proposal substantially expands the type of activities allowed at a Package Store, the committee discussed ways to mitigate the potential neighborhood impacts of free sampling at establishments with no previous onsite consumption. The endorsement would be reviewed periodically as part of the license or renewal application process, and on the local level, communities could use a Conditional Use process to mitigate potential impacts. Further limitations on sampling activities could be placed on the business through a conditional use permit, e.g. allowing sampling only for four consecutive hours, or not before noon. To address concerns that free sampling would be promoted as public advertising for free alcohol, the recommendation includes codifying restrictions in statute and in regulation regarding public advertising. Public advertising of sampling would not be permitted, including exterior-facing signs on the premises, ads in newspapers and circulars, TV and radio ads, or handheld signs on street corners. Direct advertising to existing customers would be permitted, including opt-in mailing lists, social media directed toward a network of followers, and banners or flyers inside the store that are not visible from the exterior.

Recommendation R-4. Clarify Restaurant Food Requirement | Clearly define in statute the ratio of food to alcohol sales for restaurants: food sales receipts must be greater than those of alcohol sales receipts for onsite consumption.

INTENT OF PROPOSED CHANGES

The committee discussed the ratio of food to alcohol required as part of a Restaurant Eating Place license to define a bona fide restaurant, as well as examples of businesses that may or may not meet the statutory requirement and are acting more like a BDL. The committee identified 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, non-food sales could include alcohol, merchandise or other receipts. Restaurants would be required to report that they met this requirement each year.

The committee discussed the food requirement particularly in the context of a Manufacturer holding an REPL and whether they could successfully meet this requirement. This recommendation would change the statute language to indicate a more specific calculation: gross receipts of food sales measured against gross receipts of alcohol sold for on-premises consumption. This ratio excludes any other sales, such as merchandise or alcohol sales for off-premises consumption.

Recommendation R-5. Golf Course License and Endorsement | Retain the current Golf Course license (AS 04.11.115); create a Golf Course endorsement for 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.

The portion of this recommendation regarding minors was enacted in 2016 in SB 165.

INTENT OF PROPOSED CHANGES

In reviewing the Golf Course license and Restaurant endorsement (previously Restaurant Designation Permit), the committee discovered that, unlike a provision for restaurants, 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 be on licensed premises and not serve alcohol as part of employment, the lack of a provision regarding minors on licensed golf course premises appeared to be an oversight and, to the committee's knowledge, is not currently being enforced because it would prevent minors from participating in any golfing activities. The holder of a Golf Course license is also currently prohibited from holding a BDL per AS 04.11.115. Although beer and wine may be sold throughout the licensed property (clubhouse and course), there has been pressure in the past to allow all alcohol products to be served under this license.

This recommendation would retain the Golf Course license as a beer and wine license, and create a Golf Course endorsement with the same privileges that can be added to a BDL; the essential feature of each is that alcohol can be served on all or part of the outdoor course. The applicant and the Board would determine which portion(s) of the course are within the boundaries of the licensed premises. Without the endorsement, the BDL could be operated at a golf course but its premises would be limited to a one-room clubhouse; with the endorsement, part or all of the course itself could be considered licensed premises.

2017 Update: Rather than including provision for youth employment or playing golf in an individual endorsement, this language was included in changes to Minor on Licensed Premises (AS 04.16.049) and enacted in SB 165. The language allows a person under 21 but of working age to be employed on the licensed premises, or to engage in golf activities (playing, caddying), as long as they do not have access to purchase, consume or serve alcohol while on the premises. A new recommendation also includes similar provisions for some other license types (see Recommendation N-10).

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

INTENT OF PROPOSED CHANGES

The Theater license, which functions as a license type, is not in statute but in regulation (3 AAC 304.695). It must be held by a BDL or REPL licensee, and allows the holder to provide concessions at a theater at its own establishment or a site separate from its own licensed premises. In practice, it functions as a year-round concessions contract between a licensee and otherwise non-licensed premises, and allows the site to serve alcohol beyond the current limit in Anchorage on the number of events allowable at a single venue in a calendar year. This recommendation would codify this license type in statute. Despite the current way in which the one license is used, the regulation does not mandate 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 is not currently (and is not recommended to be) required in statute or regulation.

Recommendations R-7A through M. Endorsements and Permits | Create a clear statutory framework for endorsements and Permits, with all types defined in statute and with clear and consistent requirements.

INTENT OF PROPOSED CHANGES

As noted throughout the recommendations, the current system of licenses, designations and permits is inconsistent or convoluted, in part because 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 which 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 that are defined only in regulation, and other activities that are defined within specific license statutes but 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.

The committee's general approach to this topic was to examine which provisions should be a distinct 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 that should be defined in statute, not regulation. Recommendations R-7A through M are based the following guidelines for each category:

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

Some endorsements have already been defined in previous recommendations because they apply directly that issue. The remaining recommended endorsements and permits below are proposed to be inserted as a series of statutes. In most cases, the language describing the permit or endorsement has not changed, only relocated. In other cases, language may be expanded or narrowed to clarify the intended use of the endorsement or permit, and to which license(s) it applies.

Licensees currently holding Duplicate license(s) would be eligible to obtain a Multiple Fixed Counter Endorsement, or if their operations do not conform to the guidelines below, will have a grandfather period of eight years to obtain another license.

R-7A | Bowling Alley Endorsement | The committee proposes removing this provision from the BDL statute (AS 04.11.090), and making it available to BDL holders. Because there was previously no definition for a bowling alley, it is recommended that “bowling alley” be defined in regulation. This endorsement application requires information about the specific premises and hours during which alcohol is to be served, when minors are not allowed in the area.

R-7B | Package Store Shipping Endorsement | This recommendation would relocate AS 04.11.150(g-h) into a new statute as an endorsement on a Package Store license. The endorsement would not require renewal, but is non-transferrable. This endorsement would allow a Package Store to ship in compliance with Local Option laws.

R-7C | Package Store Delivery Endorsement | This recommendation would relocate AS 04.11.150(i-j) into a new statute as an endorsement on a Package Store license, allowing delivery of alcohol for planned social events such as wedding receptions, and not general home delivery.

R-7D | Package Store Re-Packaging Endorsement | This recommendation would relocate this portion of regulation 3 AAC 304.365 into a new statute, and available to a Package Store license.

Manufacturer Sampling Endorsement | See Recommendation M-2.

Multiple Fixed Counter Endorsement | See Recommendation R-1.

Hotel/Motel Endorsement | See Recommendation R-1.

Large Resort Endorsement | See Recommendation R-1.

Package Store Sampling Endorsement | See Recommendation R-3.

2017 Update to Endorsements: The original recommendation proposed that endorsements would require a one-time application, have fees scaled according to how much administrative burden they would create for the ABC Board, and that only some (Manufacturer Sampling and Package Store Sampling) would require renewal and community approval separate from the application process. The group discussed the practicality of having a second review process, as well as the pros and cons of allowing endorsements to be transferred with licenses. The new recommendation is that all endorsements be renewable on the same cycle as the underlying license, and that the application and review process be combined with the license itself. All endorsements have a biennial fee of \$200, with the MFC endorsement also having a one-time \$1,250 counter fee. Endorsements would not be subject to population limits, but transferrable only with the underlying license and to another person, not by location, because the endorsement was issued for a specific physical premises.

2017 Update, Brewery Repackaging Endorsement: The original recommendations did not address an activity currently allowed for Brewpub licensees: the ability to sell beer produced by the licensee, in growlers or in individual packages, on the licensed premises of their BDL or REPL. This endorsement would allow the holder of a Brewery license that also owns a BDL or REPL to repack their own beer and sell to individuals for offsite consumption. The endorsement can only be used at the retail premises, not at the manufacturing premises, and would only be available to current Brewpub licensees who sell products for offsite consumption at their retail premises.

R-7E | Permits | This recommendation provides that all permits be clearly defined in statute, with language that limits alcohol service permits to those defined in Title 4. This provision would eliminate the creation of new permits in regulation, which has resulted in inconsistent rules and confusion over which permits are available to whom. A new statute would define a permit as time-limited, list the types of permits, and provide general rules that apply to all permits. After reviewing the cost associated with issuing, inspecting and enforcing permits, the recommended fee for permits should be at least \$50 per day, except Inventory Resale (previously the Retail Stock Sale to sell inventory within 90 days after closing a business) and Conditional Contractor (functionally a license type for certain federal and military installations). AMCO staff indicated that multi-day events tend to have a higher administrative cost because they are larger scale and have more elaborate operations or multiple serving areas. Because enforcement costs for permits will likely rise over time with inflation, the language in statute should read “no less than \$50 per day,” which gives the Board discretion to increase permit fees in regulation in the future to better reflect the cost of enforcement.

Provisions that should apply to all permit types:

- Remove the provision that permits must be surrendered back to the ABC Board after their use (AS 04.11.230 and AS 04.11.240). This requirement dates to the practice of issuing permits in hardcopy only, with the only copy given to the permit holder to be returned to the ABC Board following the event. Staff verified that permits are recorded electronically.
- To clarify the application process, this recommendation includes outlining in the general Permits statute the procedure for applying for a permit: obtaining approval from local law enforcement and other local authorities to conduct the event, submitting to the ABC Board 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-7F | Beverage Dispensary Caterer's Permit (AS 04.11.230; 3 AAC 304.685) | The current statute is named “Caterer's Permit” and has a fee of \$50 per event. Because it is specific to BDL holders, it is recommended that the name be changed to Beverage Dispensary Caterer's Permit. 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,” which has been very broadly applied. This catering permit is intended for events with a specific attraction or celebrating a holiday. 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 recommendation is to remove “social gathering” and add more examples of allowed events (e.g. street fairs, concerts, festivals).

R-7G | Restaurant Caterer's Dining Permit (3 AAC 304.680) | This permit, currently in regulation, allows an REPL or a Golf Course to provide beer and wine for a dinner event. This recommendation would change the phrase “banquet or dinner event” to “meal or dining event” to broaden the allowable events to a brunch or lunch event. This permit requires food service at the event and is subject to the REPL's food sales requirement.

R-7H | Club Caterer's Permit (3 AAC 304.690) | This recommendation would move the permit from regulation into statute. It would not change the activities of this permit, but the fee would be changed from \$100 per permit to \$50 per day like all permits. Currently organizations are limited to three events per calendar year.

R-7I | Nonprofit Event Permit (AS 04.11.240) | This recommendation would rename the “Special Event Permit,” as the name causes considerable confusion and the permit it is only available to nonprofit service, civic or professional organizations for fundraising events or membership meetings. This permit does not allow service of distilled spirits, only beer and wine. This permit is already in statute (AS 04.11.240) and allows an organization up to five events per calendar year.

R-7J | Art Exhibit Permit (3 AAC 304.697) | Currently, an organization can pay \$50 per event or a total of \$100 for a year-round permit of up to 12 events. This recommendation would move the permit to statute, change the fee to \$50 per day, and remove the full-year fee option.

R-7K | Alcoholic Beverage Auction Permit (3 AAC 304.699) | This recommendation would rename this permit from “Wine Auction Permit,” move the permit from regulation into statute, and allow any alcoholic beverage to be auctioned, not just wine. This permit would only be available to non-profit organizations and could be used with or without another event permit, at the licensed

premises of a BDL, REPL, Club, or at non-licensed premises. It would not allow onsite consumption of the products being auctioned.

R-7L | Inventory Resale Permit (Retail Stock Sale License, AS 04.11.200) | The existing license is effectively a 90-day permit for a Package Store to sell its inventory to any other licensee 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, this recommendation would change this license to a permit. The fee would remain at \$100 for the entire 90-day period, rather than \$50 per day like other permits.

R-7M | Tasting Event Permit | In place of using a BDL Caterer's Permit for industry-sponsored tasting events, a new permit would be created that allows some other license types to host a specific event promoting their products, in place of a broad interpretation of "social gathering" (see Recommendation R-7F). The proposed permit would enable a BDL to partner with a Package Store or Manufacturer Retail licensee to produce a tasting event in order to promote the products of that package store, brewery, winery or distillery. The permit, while held by a BDL, would be limited based on the partnering license, with up to six events per Package Store or Manufacturer Retail license per calendar year, and would be required to be held in the same geographic area in which the partnering license is issued (for example, a Fairbanks BDL may partner with an Anchorage Brewery, but must hold the event in Anchorage). The recommendation would allow the event to be held on- or off-premises of the partnering licensee, and the host would be limited to serving products currently produced or sold by that partnering licensee. The event must not be more than four hours, with no alcohol served after 9 p.m.; food would be required to be served with the alcoholic beverages. The host could charge attendees a flat fee for admission, but not per drink, as wine tasting events and nonprofit fundraisers currently allow. The permit applicant would be required to hold a BDL and demonstrate that they are working with a partnering licensee who holds a Manufacturer Retail license or Package Store license. A company that holds one or more qualifying partner licenses would be allowed six events per individual license location, not per company.

ROLE AND FUNCTIONS OF THE ABC BOARD AND STAFF

The Role of the ABC Board committee reviewed 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. These laws include Chapter 6 of Title 4 (AS 04.06.010 to 04.06.110).

RECOMMENDATIONS

Recommendation RB-1. Strengthen Reporting Requirements for Municipal Enforcement |

Include in statutory requirements that municipalities submit quarterly reports on Title 4 enforcement activities to the ABC Board.

INTENT OF PROPOSED CHANGES

The ABC Board depends upon municipal police and peace officers, VPSOs and Alaska State Troopers to enforce Title 4, as well as AMCO's investigator staff. Where local municipalities have their own police departments, the State provides 100 percent matching funds back to the local police department (commonly but erroneously referred to as a "refund") from the General Fund, equal to the license fees collected for licenses within that jurisdiction. In FY 2016, the Department of Revenue reported that 36 municipalities received these license fees, a total of \$938,675.⁵

The funds are nominally required to be used for Title 4 enforcement activities; municipalities are required by regulation 3 AAC 304.610 to provide quarterly reports on enforcement activities, but this has been difficult to enforce. Furthermore, the ABC Board currently has no formal mechanism to engage in planning efforts with local governments on education and enforcement, beyond coordinating on individual investigations. Police departments are required by regulation to report on their activities, but receive no guidelines about what enforcement is most appropriate or how best to allocate the funds. In the past municipalities respond with varying levels of detail, or not at all. If a law enforcement agency does not report any violations, it is unclear if violations did not occur, if preventative measures were successful, or if no action was taken. Lack of clarity about what is required and why reduces the efficacy of this reporting requirement, and means that there is no accountability for how the matching funds are spent by local governments.

In 2014, Shirley Coté, a former director of the ABC Board, issued a white paper recommending:

1. Current specific 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, this recommendation requires that municipalities document in their reports their intended use of these funds for education and prevention activities, including developing action plans in collaboration

⁵ Department of Revenue, Tax Division, *Revenue Sources Book, Fall 2016*. Accessed February 2017.

with AMCO staff. Including these activities in statute, rather than regulation, emphasizes that they are required, which will result in more consistent reporting from local governments. The reporting format should allow police departments to comment on education and prevention activities, and would not mandate that the funds be specifically spent on enforcement of Title 4. The requirements are not intended to be so onerous as to place a burden on local enforcement agencies, so the recommendation assumes some flexibility in the format of reporting (for example, an electronic system as well as a hardcopy template as two options).

IMPLICATIONS TO CONSIDER

- The resources necessary for AMCO to work with municipalities to develop enforcement, prevention and education plans should be considered; see Recommendation RB-3 regarding the new AMCO staff designated as a Local Government Specialist.
- Prior to releasing a template, requirements or other guidelines for reporting, AMCO should solicit input from and discuss with the local law enforcement community, to ensure that it is an effective and feasible structure for all.

Recommendation RB-2. Community Analysis of Local Option Order Database | Allow data about direct shipment orders of alcohol in local option communities to be made publicly available, aggregated at the region or community level, for analysis and community planning.

INTENT OF PROPOSED CHANGES

Currently, all written orders for alcoholic beverages (direct shipments to consumers through Package Stores) to local option communities in the state must be recorded in a database maintained by the ABC Board (AS 04.06.095; 3 AAC 304.645).⁶ This database is used to track individual orders to local option communities that allow alcohol importation, allow coordination among individual stores receiving orders, and to enforce a monthly maximum purchase of alcoholic beverages allowed per individual by these communities. The data are confidential, currently available only to the ABC Board, law enforcement officers, probation or parole officers, and to participating package store licensees and their employees to determine whether they can legally fill an order. Individuals may request reports of their own data, but the information is not available to the public, and all information in the database is purged annually. The database is generally seen as a successful tool, and the data it contains is potentially valuable information for communities to understand the flow of alcohol in their region. Because all data is required to be confidential, not having any access to the information—at even an aggregated level—is a missed opportunity.

This recommendation adjusts the statute language to preserve the confidentiality of individual purchasers and Package Stores, while allowing aggregated data (at the community, ZIP code or region level) to be published on a regular basis and available to researchers, communities, and others interested in Local Option issues. This change would require a longer archival period for the data than the current annual purge, but would only make aggregated data available to the general public.

⁶ The Local Option 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 and circumventing the intent of the statutes. 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 database plays the monitoring role of a community distribution center in communities without a central distribution facility.

Recommendation RB-3. Revise ABC Board Budget to Adequately Fund Necessary Activities | Determine the funding level to carry out the ABC Board’s mission and core functions, and adjust revenue (fee amounts) accordingly to meet that need, outlined in Recommendation F-1.

INTENT OF PROPOSED CHANGES

The ABC Board’s budget includes costs associated with Board meetings, enforcement activities, education activities for applicant and current licensees, and administrative functions associated with licensing and other Title 4 provisions. The AMCO Director develops the budget based on the estimated amount of fees collected through applications, renewals of licenses, and other fees. No fines or penalties are included in this budget, regardless of how they are collected, but are deposited directly in the state’s General Fund—this ensures that there is no incentive for AMCO to conduct more enforcement activities or issue more penalties as a means of raising agency revenue.

The committee compared the Board’s current budget to the costs of its current duties and additional work needed to implement the recommended changes to Title 4, and determined that the budget need to increase to better perform the Board’s enforcement duties and to engage in more education and outreach (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 current requirement of holding at least one meeting in the four state judicial districts);
- Additional investigation and enforcement resources for addressing issues such as non-licensed establishments and sales;
- Investigator I and II staff tasked with performing routine compliance checks, which would allow Investigator III and IV staff to focus on complex investigations; and
- Additional staff resources to investigate and prosecute local option cases.

The committee strongly advises that this recommendation be accompanied by a requirement for the AMCO Director to produce a detailed plan for the increased expenditures. This recommendation is offered in conjunction with the Licensing Committee’s Recommendation F-1, which proposes a scheme for increasing revenue increase through adjustments to current license and permit fees (see F-1 and Table 2 in the Appendix for recommended changes to license fees). Education conducted by AMCO staff should be adequately funded, including: informing licensees of changes to statute or regulation, providing licensees and industry employees with information regarding other related changes (e.g., the new Alaska driver’s license design implemented in 2014), and educating local governments and other partners on effective implementation of the law (Recommendation RB-4).

2017 Update: In FY 2017, AMCO secured an additional position, classified within DCCED as a Local Government Specialist, to oversee education and outreach to local governments and other constituencies who interact with Title 4 on a regular basis. This new position, filled in December 2016, would be tasked with implementing some of these proposed changes, particularly education.

The implementation of Ballot Measure 2 legalizing recreational marijuana has also placed considerable additional burden on AMCO staff, who were tasked with supporting the MCB to develop regulations in accordance with AS 17.38 and implementing a new licensing system. Changes to the agency’s budget overall should be considered in the context of new marijuana license fees, and the additional administrative burden of overseeing both sets of licenses.

Recommendation RB-4. ABC Board as Lead Agency for Alcohol Education Efforts |

Designate the ABC Board and AMCO as the lead agency in a multi-department, public-private sector education effort about responsible alcohol use and applicable laws.

INTENT OF PROPOSED CHANGES

The ABC Board is responsible for approving the alcohol server education courses provided by private entities (AS 04.21.025). Although the ABC Board does not have an explicit charge in statute to provide alcohol education, AMCO staff conduct training classes upon request to licensees and their agents and employees, law enforcement, university students and citizens. Among the Board's statutory powers defined in AS 04.06.090, the Board can undertake necessary activities to control and regulate alcohol production and sale, but the only activities specified include granting licenses, conducting enforcement, and notifying licensees of changes to Title 4 and associated regulations. ABC Board staff, industry members, local governments, enforcement agencies and other partners value the Board's role in educating stakeholders to better understand and comply with the law, particularly to prevent youth access to alcohol. In addition to the ABC Board efforts, there are many efforts through the Alaska Mental Health Trust Authority, the State of Alaska Department of Health and Social Services, and other partners on alcohol education, but there is no formal coordination of these public and private sector education efforts.

The committee discussed the importance of education to various audiences (licensees, employee servers, law enforcement, youth, local governments, and the public) in promoting responsible use and sales of alcohol. This recommendation would designate 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 other agencies and stakeholders. This effort would not replace existing programs such as the Alcohol Safety Action Program (ASAP) or the grants that fund substance abuse prevention through the Division of Behavioral Health, but provide a more formal role for the ABC Board to share information about Title 4 and associated regulations, on which they are subject matter experts and play a critical role.

The ABC Board is the primary agency with which licensees interact regarding Title 4 and other alcohol policy issues. Coordination between the ABC Board and other agencies focused on reducing financial and social costs of alcohol use would promote better communication about issues among all stakeholders. The existing relationship with the alcohol industry is ideal for communicating necessary information (e.g., changes in statute, regulation or policy) that affects business operations or requirements. Other education activities for the Board include educating the public through messaging campaigns about alcohol laws, particularly regarding furnishing minors; social host laws; open container laws; and when a catering permit is required. While local governments may produce educational materials on these topics, the ABC Board could produce materials such as a Frequently Asked Questions (FAQ) document or brochures to educate the general public about alcohol laws.

IMPLICATIONS TO CONSIDER

- 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 Board to address: target audiences (e.g., public, licensees, servers); identifying responsibility for implementing and evaluating program effectiveness of these educational activities; and key messages that the education activities should convey.

Recommendation RB-5. Composition of the ABC Board | Retain the current number of members but add designated seats: 1 public health, 1 public safety, 2 industry and 1 rural public member; include provision for Director’s background in filling the designations.

This recommendation was implemented in 2016 in SB 165, with changes noted below.

INTENT OF PROPOSED CHANGES

The qualifications for ABC Board members are defined 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; that three members should represent the general public, one from a rural area; and that the public members or their immediate family cannot have a financial interest in the industry. While members of other sectors involved with alcohol regulation, particularly public health and public safety, have served on the Board in past years, there was no formal designation for these seats. The ABC Board is tasked with controlling alcohol because it has serious social costs in Alaska communities. Law enforcement and protection of public health are important aspects of the Board's mission, but had no designated representation on the Board unless a person with those qualifications is appointed. Members of Board, and the AMCO Director, are appointed by the Governor.

This recommendation retains the current number of Board members, but creates designated seats from within the five seats. Of the three existing public seats, one would become a seat for someone with a public health background, defined as an individual working within the last five years in the field whose charge is to promote wellness and prevent disease through research, evaluation, community-level health interventions, and other activities (a distinct field from medical and health care). Another seat would be designated for someone with a public safety background, defined as an individual charged with enforcing and upholding law, which may include police, Village Public Safety Officers (VPSOs), defense or prosecution attorneys, and others. The third public seat would remain a member of the general public who lives in a rural area, as currently defined in statute, and the other two seats would remain industry representatives.

Furthermore, the composition of the Board may be altered if the ABC Board Director, considered a non-voting member of the Board, has the same background as any sector listed above. If the Director, based on their profession or experience, could qualify for the public health, public safety or industry seat, the corresponding seat would become another public member: a Director with an industry background would mean one industry seat on the Board; a Director with a public health background would mean no designated seat for public health; and a Director with a public safety background would mean no designated seat for public safety. The Director is not a Board member, but the position affords the Director a great deal of influence over the Board’s policies: the Director issues permits, issues temporary licenses, often drafts regulations for the Board to consider, and works with the Chair to develop meeting agendas.

The committee also discussed the current definition of financial interest, as non-industry members on the Board are restricted from having industry ties through their own or their immediately family’s interests. This recommendation would define “financial interest” consistently with the relevant

definition in AS 04.11.450, which specifically defines the term as an ownership stake in a business holding an alcohol license.

2017 Update: This recommendation was enacted in SB 165, with two significant changes by the Legislature. First, the provisions regarding the Director’s experience were removed, with the rationale that no other state board or commission requires consideration of the agency staff’s qualifications, and this additional requirement would unreasonably restrict the power of the Governor to make appointments. Second, the designated seat for a public health representative was removed, instead retaining one seat for a public member. SB 165 states that no sitting members should be removed, but as individual members’ terms end, new appointments should be consistent with the new composition. The first of these new appointments occurred in February 2017 with the selection of Rex Leath Jr. as a public safety representative.

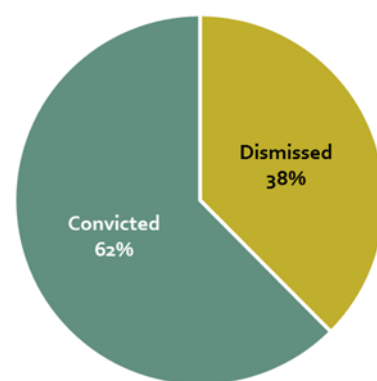
Following passage of Ballot Measure 2 in November 2014, Alaska legalized the recreational use of marijuana. In May 2015, HB 123 was signed, creating a new Marijuana Control Board (MCB) to oversee the licensing and regulations related to this new industry. Both boards are now supported by the staff of the Alcohol and Marijuana Control Office (AMCO), overseen by one Director. The composition of the MCB was based directly on the recommendation of this group for the ABC Board; the original bill made the same proposal regarding the Director’s experience, but this was also removed. The MCB now consists of one public safety member, one public health member, one rural member, one industry member, and one seat designated for either industry or the general public.

Recommendation RB-6. Revise Title 4 Penalties | Review penalties for all Title 4 sections; revise penalties to be more proportionate to the crime and more consistently enforced; reduce most current Class A Misdemeanor offenses to Minor Offenses.

INTENT OF PROPOSED CHANGES

This recommendation would revise penalties for Title 4 provisions, including reducing many of the current Class A Misdemeanors to Minor Offenses (violations with a set fine). These revised penalties continue to treat certain activities as serious offenses, such as selling without a license, or selling illegally in a Local Option area. Serious offenses are proposed to remain at the felony or misdemeanor level, as currently defined in statute. Most other activities would be treated as undesirable, but more likely to be deterred if the law is consistently enforced as Minor Offenses with a single fine, such as noncompliance with license requirements or failing to update an expired server education card. See Table 3 in the Appendix.

All Title 4 Charges, 2009-2013



Source: Alaska Court System, 2009-2013

With some exceptions, most criminal penalties for violations of Title 4 are currently Class A Misdemeanors, defined as the “default” penalty in AS 04.16.180(a). In the experience of those working in enforcement and prosecution of Title 4, as well as an examination of Alaska’s court data from the past five years, this penalty is perceived as being too high for many violations, resulting in inconsistent enforcement and prosecution of the offenses. Of the 21,000 cases related to Title 4 filed in the last five years, nearly 40 percent (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

inconsistently enforced, they are not effective deterrents, and information about actual violations may not be reaching the ABC Board, who is ultimately tasked with overseeing all licensees and ensuring that they are operating responsibly.

Minor offense violations are less onerous to initiate into the court system. A law enforcement officer can issue a ticket to the individual, with options for them to pay the fine or attend a court hearing; if the offender does not attend a court hearing, the Court will simply require payment of a fine. Reducing the severity of most penalties in the statute, but making them easier to be applied when violations occur, is intended to increase the consistency of enforcement and address the concern of fines being treated by irresponsible operators as a cost of doing business.

By making the enforcement process more streamlined for law enforcement officers (who write the tickets) and the courts (who act on the cases), these changes are also intended to bring more cases and convictions before the ABC Board, who can then review the case and impose additional administrative sanctions as appropriate. This recommendation includes statutory language requiring the Court to provide the Board with notifications of all Title 4 convictions, not only those initiated by ABC Board investigative staff. Currently, those cases initiated by local law enforcement agencies do not always reach the Board, and staff are not equipped to seek out this information. Receiving more data about Title 4 violations will help the Board establish whether a licensee has a pattern of behavior that requires additional assistance and education to conduct business in a lawful manner, or if the licensee has disregarded the law because they believe it is more profitable to do so than to be a responsible operator, which requires punitive action. Additionally, to ensure that licensees are aware of violations by employees that occur on their premises, the ABC Board would be required to inform a licensee of any Title 4 violations by employees that occur on their premises. If an employee is charged with a violation and does not disclose this to the employer, the licensee may not have an opportunity to take corrective action before learning of the violation during their license renewal.

This recommendation would retain the current system of administrative sanctions in which the Board has discretion to act based on the facts of the case. Currently, administrative sanctions are based on precedent sanctions applied: the AMCO Director maintains a table 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 general standard (e.g., a 45-day license suspension) but no formal structure to the administrative sanction(s) applied to individual cases. The Board is ultimately given the discretion to follow or disregard its own precedent and to focus on the circumstances of each case (AS 04.11.537). The committee also recommends that the Board consider a policy of increasing compliance checks or inspections upon conviction of a Title 4 violation, to follow up with the licensee and ensure that they have taken steps to correct the issue that caused a violation.

The group recognized the need to review penalties in Local Option areas: in many places in Title 4, penalties increase if the crime occurs in a Local Option area. As with the other Local Option recommendations, however, the group was ultimately reluctant to propose significant change without seeking input from these communities. The original intent appears to be to treat alcohol-related offenses more harshly in places that have restricted alcohol to some degree, but harsh penalties have had serious unintended consequences on individuals in rural communities. Local Option penalties should be reviewed, along with Local Option laws overall, in a future phase.

UNDERAGE DRINKING AND YOUTH ACCESS TO ALCOHOL

The Underage Drinking committee reviewed the statutes related to reducing and preventing underage consumption of alcohol. Because of the difficulties of effectively addressing underage drinking through law enforcement alone, the committee discussed Title 4 within the context of a multi-strategy approach that includes enforcement, education, prevention and changing social norms. This policy approach is informed by the following principles:

- 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.

These recommendations are supported by a state plan, *Alaska's Strategies to Prevent Underage Drinking*, which represents the work of several state agencies and other partners, 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.

RECOMMENDATIONS

Recommendation UAD-1. Employee Penalty for Selling Alcohol to a Minor | Reduce the penalty for a licensee, agent or employee selling alcohol to a minor (AS 04.16.052) from a Class A Misdemeanor to a Minor Offense violation.

INTENT OF PROPOSED CHANGES

As currently written, AS 04.16.052: Furnishing of Alcoholic Beverages to Persons Under the Age of 21 by Licensees, applies to licensees, their agents or employees. It is a Class A Misdemeanor with a penalty that may include fines and jail time, as well as potentially suspension or revocation of the license if the individual is convicted. As a misdemeanor, the penalty is perceived to be too severe and disproportionate to the offense to be effectively and consistently enforced. This recommendation reduces the penalty to a minor offense violation to ensure swifter and more consistent enforcement. The proposed change would reduce the penalty for a licensee, agent or employee of a licensee selling alcohol to an underage person from a misdemeanor to a violation with a fine range of \$250 to \$500. The range gives the judge or magistrate some discretion in adjusting the penalty for mitigating circumstances.

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

Recommendation UAD-2. Sanctions to Employers for Employee Sales to Minors | Increase the consistency and certainty of sanctions to licensees for violations of AS 04.16.052.

INTENT OF PROPOSED CHANGES

As noted in Recommendation UAD-1, AS 04.16.052 applies to licensees, their agents or employees. This recommendation would require the ABC Board to issue an additional administrative sanction, a \$250 fine, against a licensee upon conviction of the licensee, agent or employee for violating AS 04.16.052. Administrative remedies are already available to the ABC Board, but existing statutes give the Board very broad discretion to set fines and suspend or revoke licenses, making it uncertain which, if any, penalties licensees can expect. The proposed penalty is defined as an administrative penalty because it would be issued by the Board, not the Court, and would not in itself be considered a conviction. It is possible that the license holder may receive both penalties, if he or she is the individual convicted under this statute, but most servers are employees, not the owner.

The fines are intended to be punitive for licensed businesses with a pattern of violations (greater than simply a cost of doing business), but not punitive to a generally well-managed licensed business with occasional violations that may occur. By increasing the certainty of administrative sanctions to the licensee, these proposed provisions are intended to create a stronger incentive for the licensee to increase and improve oversight to ensure their agents and employees do not sell alcohol to minors.

Recommendation UAD-3. Statewide Keg Registration | Require all beer kegs purchased in the state to be registered.

INTENT OF PROPOSED CHANGES

The proposed addition to statute would require the registration of all beer kegs purchased in the state. This recommendation proposes a minimum container size of four gallons to ensure that the regulation will apply to standard kegs (15.5 gallons), pony kegs (5.5 gallons), and brewery sampler kegs (5.167 gallons). This provision does not apply to growlers, which are typically 32 or 64 oz; typically a customer purchases or brings their own growler for filling, whereas a person “purchasing” a keg is actually renting the container from the licensee for a one-time use.

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. The seller, a package store or other licensee, would complete a form indicating the name and contact information of the purchaser, and keep a copy of the form on file for reference. The keg would be labeled with a tag with the same information until it is returned to the seller; if the individual removes the tag and it is confiscated at a party, they would be liable for possessing an unregistered keg containing alcohol. Having a paper trail for legally-registered kegs that are used at parties with underage drinkers also benefits licensees, who have no control over how the keg is used once it is legally purchased by an adult, and would therefore not be liable if they followed the correct procedures.

Anchorage and Juneau municipal codes currently require registration for all keg purchases. In Juneau and nationally, 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).

Recommendation UAD-4. Clarify Wording on 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.

This recommendation was implemented in 2016 in SB 165.

INTENT OF PROPOSED CHANGES

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 04.16.049(e) be civilly liable for damages of \$1,000.”

The civil fine amount listed in AS 04.16.049(e) is \$1,500. This recommendation would change the required language for this signage to read:

“WARNING: An unaccompanied person under 21 years of age who enters these premises in violation of law ~~could~~ can, under AS 04.16.049(e) be civilly liable for damages of \$1,500 and be subject to criminal charges.”

The proposed language is intended to clarify the intent of the signage and more effectively deter minors from illegally entering licensed establishments. The ineffectiveness of existing signage is reflected in a recent case involving a minor entering a retail establishment and attempting to purchase alcohol, in which the minor claimed that he did not know he was not 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.

Recommendation UAD-5. Minor Consuming Alcohol (MCA) as Violation | Restore Minor Consuming Alcohol (AS 04.16.050) to a true violation.

This recommendation was implemented in 2016 in SB 165, with changes noted below.

INTENT OF PROPOSED CHANGES

This recommendation makes the Minor Consuming Alcohol offense (AS 04.16.050) a true violation with a fine of \$500 regardless of the number of prior convictions, with provisions for the fine to be reduced upon completion of a state-approved alcohol education or treatment program, or a community diversion panel such as tribal or youth courts, within six months of the court hearing. The proposal removes mandatory completion of alcohol education or treatment, community work service, and suspension or revocation of driver’s license.

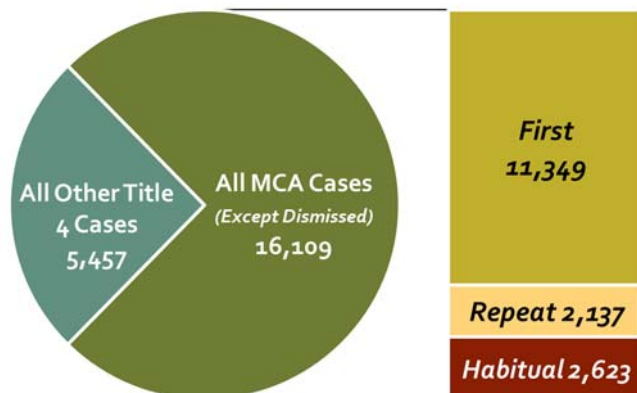
This proposal would restore AS 04.16.050 to a minor offense violation. As an unclassified offense that has been interpreted more closely to a misdemeanor than a violation, the penalty is perceived to be too severe and disproportionate to the offense to be effectively and consistently enforced. A minor 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 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. If the minor is 18 to 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 search. An individual with a permanent public record may have difficulty securing

employment, enlisting in the military, and face other barriers by having such a record. By restoring AS 04.16.050 to a true violation, this proposal is intended to ensure swift and consistent enforcement while not creating a long-term stigma for a person for their behavior as a minor. As a violation, the offense would no longer go on the permanent public record.

The recommendation is to make the penalty the same regardless of the number of prior convictions, intended to result in more immediate consequences for the minor, and to make the offense more easily enforceable. If unpaid, the fine will be deducted from the minor’s Permanent Fund Dividend (PFD), which may alert a parent or guardian if they are not already aware of the charge against their child. For subsequent convictions, the fine amounts will accrue, and this is believed to be an adequate deterrent to repeat offenses.

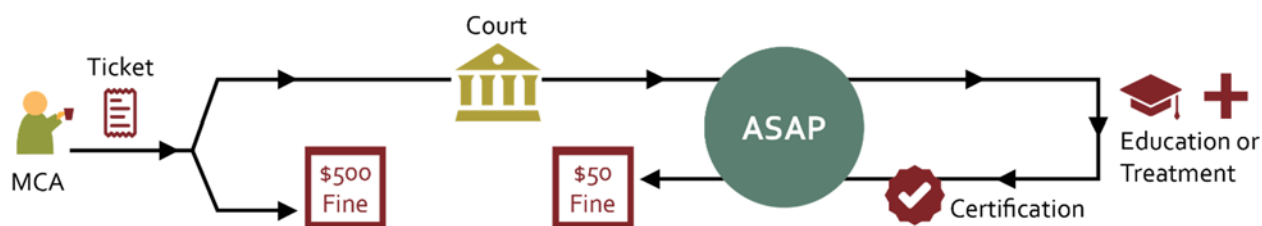
Court data indicated that a significant majority of MCA cases are first offenses, suggesting that most individuals only offend once: over 70 percent of cases between 2009 and 2013 were classified as first offenses, and at least one-third of cases in each category were dismissed. The highest dismissal rate was for Habitual MCA cases at 42 percent.

Minor Consuming Alcohol Cases by Offense Type, 2009-2013



Source: Alaska Court System, 2009-2013

Removing mandatory completion of alcohol education or treatment, community work service, and suspension or revocation of driver’s license are all necessary to restore the MCA to a true violation.⁷ To accomplish the aim of providing restorative justice, the proposal includes a fine reduction for the completion of a state-approved alcohol education or treatment program or a community diversion panel within six months of the court hearing. The minor would be directed to the state Alcohol Safety Action Program (ASAP)/Juvenile Alcohol Safety Action Program (JASAP) office to identify a program that would satisfy this provision; the ASAP office would certify completion and forward the certification to the Court for the fine reduction. The fine reduction is intended to create an incentive for the minor to seek and complete the education or treatment.



⁷ Prior to passage of SB 165, Minor Consuming Alcohol was considered an unclassified offense: AS 04.16.050 was defined as a violation, but the Alaska Supreme Court ruled that it must be treated as a criminal offense. The Alaska Supreme Court decided that if his or her driver’s license was affected, then the individual is entitled to a defense lawyer, jury trial, etc. 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). These are found in Rule 18 of the Minor Offense Code, which lists minor offenses that must be filed as criminal cases, assigned criminal case numbers, and for which criminal procedures apply.

2017 Update: This new penalty structure was implemented in SB 165 for AS 04.16.049 (Minor on Licensed Premises) and AS 04.16.050 (Minor Consuming Alcohol). The previous conviction for Minor on Licensed Premises was a Class A Misdemeanor; the charge was much less common in the court records than MCA cases, but the steep penalty was too harsh on underage individuals who illegally enter licensed premises. SB 165 also broadened the options for alternative justice by adding community diversion panels, including youth and tribal courts, as qualified activities for fine reduction. The Legislature also lessened the fine reduction for third and subsequent offenses, allowing only a reduction to \$250 rather than \$50 if the individual has two or more previous charges.

There is a third statute related to minors and alcohol, AS 04.16.060, which addresses a minor purchasing or attempting to purchase alcohol, as well as an adult purchasing alcohol for a minor or misrepresenting their age for purposes of obtaining alcohol. To be consistent with how minors are treated in Title 4, the recommendation is to reduce the penalty from a Class A Misdemeanor to a \$500 fine for both adults and underage individuals; however, minors (less than 21 years old) charged under this statute would have the same fine reduction opportunity as outlined in AS 04.16.050.

Concurrent with passage of SB 165 in 2016, the Legislature passed SB 91, a comprehensive criminal justice reform bill designed to reduce recidivism, restructure penalties to avoid excessive incarceration, and support individuals who need mental health or substance use treatment, a significant proportion of Alaska's offenders. The new law also restricted use of the Alcohol Safety Action Program (ASAP) to Driving Under the Influence (DUI) offenses, however, which made this program unavailable to minors convicted of an MCA, as intended in SB 165. This conflict was resolved in a subsequent bill (SB 55) passed in the 2017 session with a variety of adjustments to SB 91's reforms; SB 55 added citations for the relevant Title 4 sections to the list of offenses that qualify for ASAP (AS 47.37.040).

REGULATING INTERNET SALES OF ALCOHOL

The Internet Sales committee was tasked with finding solutions to the issue of unregulated direct-to-consumer shipments of alcohol in Alaska, primarily through online sales, which is increasingly common across the U.S. but bypasses the state's regulatory and taxation system. While current law may be interpreted to prohibit these sales (AS 04.11.015 prohibits purchasing alcohol from an individual not licensed or permitted under Title 4), in practice Alaska is one of the few states that does not prohibit or regulate online sales for any alcohol product. The committee's original work focused on regulating movement of alcohol by common carriers (UPS, FedEx, and others), the narrowest point in the distribution chain from sellers to consumers, but previously proposed federal legislation to allow the U.S. Post Office to ship alcoholic beverages threatened to further complicate this plan, and the committee tabled further work until the federal question had been decided.

Alaska collects excise taxes on alcoholic beverages made or sold in the state, paid by the manufacturer or wholesaler selling the product. Alcohol sold within Alaska is subject to this excise tax; alcohol sales directly to Alaska consumers by out-of-state sellers are currently not regulated, and are therefore not subject to this tax. Current law does identify some situations in which a consumer can purchase alcohol from an Alaska licensee without being physically present on licensed premises:

- Written orders to a Package Store from a customer “known to the licensee,” generally interpreted to mean a person whose identification is on file with the seller. In areas that have adopted a Local Option but allow importation, a customer may order products, up to a monthly limit and provided that the seller consult and enter the order in the database maintained by the ABC Board (AS 04.06.095, AS 04.11.150(g)).
- Shipment of an order up to five gallons of wine from a winery directly to a customer, including a Local Option area (AS 04.11.140(b), 3 AAC 304.640).
- A “wine club” arrangement between a Package Store and customer, defined as a standing order of periodic shipments of wine, including to a Local Option area (3 AAC 304.642).

In all cases, the purchaser or another adult signing for the delivery must receive the package in person and show proof of age. Otherwise, Alaska licensees who sell to the public products for consumption off the premises (Breweries, Wineries, Distilleries, and Package Stores) are not allowed to sell to a customer who is not physically present. Therefore, current law places more restrictions on Alaska licensees than sellers from other states, because other forms of direct shipment are not addressed in state law or regulation.

There is no available data about how many direct shipment orders are made by or delivered to Alaska customers, so it is difficult to estimate the scale of this activity today. While individual online sellers often take precautions to verify the age of a purchaser, it is possible that some alcohol is being ordered by or delivered to underage individuals who misrepresent their age in order to purchase alcohol. It is also likely that at least some shipments of alcohol are arriving in Local Option areas, circumventing the intent of Local Option laws to limit the flow of alcohol into communities who opt for such a law.

Recommendation INT-1. Winery Direct Shipment License | Create a license available to U.S. wineries to ship orders of wine to Alaska customers; prohibit online sales through this license in Local Option areas; prohibit other online sales of alcohol not under this license or the Package Store Shipping endorsement.

INTENT OF PROPOSED CHANGES

The committee discussed multiple options for addressing the issue of unregulated sales of alcohol to Alaska customers, from banning all online sales to creating a legal mechanism for all alcoholic beverages, including retail stores. Alaska is one of the few remaining states who not have created rules either regulating or prohibiting this activity, other than existing law allowing Alaska wineries to ship to customers: 44 states allow direct shipment of wine from wineries, three states do not allow any direct shipping, 14 states allow direct shipping for retailers, five states allow shipment of distilled spirits, and eight states allow shipment of beer. Overall, the group sought to balance consumer choice against the integrity of the three tier system; ensure that Alaska businesses are not disadvantaged for following the rules; and mitigate the public health and safety risks of shipping alcohol directly to consumers, who may misrepresent their age or order in quantities that exceed what most would understand as “personal use.” The group also learned from two major carriers, UPS and FedEx, their policies allow shipment of wine to consumers, but not beer or spirits.

Based on the most common practices of other states and the concerns noted above, the group ultimately recommended creating a new license type to allow wineries, in and out of state, to ship to Alaska customers, and prohibiting direct shipments of beer and distilled spirits. The Winery Direct Shipment license would allow consumers to purchase wine from a winery whose underlying license allows them to produce and sell wine to the public. The shipment must be delivered in person to an adult by a common carrier approved by the ABC Board to transport alcohol (see Recommendation INT-3). All sales to Alaska consumers would be subject to the state’s excise tax, already paid on products made or imported into the state by Alaska manufacturers and wholesalers (see Recommendation INT-2). In Alaska, a qualifying business must hold a Winery Retail license; because each state has a different licensing structure, the privileges granted by an individual business’s license would determine eligibility. This will provide a more level playing field between Alaska wineries, whose product prices already include the cost of the tax, and out of state wineries, who do not currently collect Alaska excise tax on products sold directly to consumers in Alaska.

Because this license would be issued to a business already licensed in Alaska or in another state, the recommendation proposes that this license be exempt from population limits and follow a simplified application process, exempting it from the application process in AS 04.11.260. Instead, the biennial license fee would be \$200, and the application requirements would be determined in regulation. Licensees would be required to provide a copy of their state license, as well as their federal license issued by the TTB, and AMCO would be able to coordinate with these other agencies should a problem arise with a business’s Alaska license or if its underlying license(s) is revoked.

Winery Direct Shipment licensees may ship wine orders to Alaska customers, according to these rules:

- The order may only be placed by, and delivered to, a person age 21 or older. The licensee must require some form of age verification; if an individual misrepresents their age in order to purchase, they would be in violation of an existing statute, AS 04.16.060.

- Orders are intended to be for personal use only and not for resale. A purchaser may not order more than six 9 L-equivalent cases (54 L) in a single transaction, and no more than 12 cases per winery, per year. It would be difficult to restrict overall volume of sales per business, so the recommendation only proposes per-customer, per-sale and per-year limits.
- As is already required for Package Store shipments, the licensee must provide educational information about fetal alcohol spectrum disorders (FASD) with the order. AMCO provides licensees with a fact sheet produced by DHSS, and would make hardcopy and electronic versions of this document available to licensees to send via e-mail or within each order.
- The committee recommends prohibiting any sales under this license to a customer in a Local Option area. Integrating potentially hundreds of new licensees into the Local Option database would be a significant administrative burden for out-of-state businesses and for AMCO staff, and without access to this tool a winery would not be able to determine whether a customer has already exceeded their monthly order limit for wine. The Package Store Shipping endorsement, crafted from existing privileges in the Package Store license, does allow customers in any place in Alaska to order products directly from an in-state store; customers in Local Option areas could work with these businesses to obtain a special order of a product not already in their inventory.

It is difficult to estimate how many in-state and out-of-state businesses may opt to become Direct Shipment licensees, but based on information from other states with similar licenses, there may be dozens or even hundreds of wineries who choose to make their products available directly to Alaska customers. The state of Idaho, for example, shared a list of current direct shipment permit holders, available only to wineries; 780 businesses held permits as of December 2016.

IMPLICATIONS TO CONSIDER

- Restricting shipments to Local Option areas may have the unintended consequence of limiting shipments to adjacent, non-restricted rural communities who share a zip code. Winery representatives and the major common carriers shared that their existing systems to determine shipping costs rely solely on zip code, and do not have the ability to filter further by individual community. The recommendation requires that the ABC Board maintain a publicly-available list of Local Option communities, including zip code, to inform wineries of who they may or may not be able to ship to. The Board may indicate on this list which non-Local-Option communities share a zip code, but wineries may be restricted by their current ordering systems and opt not to take the risk of filling an order in a zip code listed as restricted. In these cases, a customer may need to order from a Package Store instead.

Recommendation INT-2. Collect Alaska Excise Tax for Internet Sales | In addition to maintaining current collection of excise tax on sales from in-state wineries, require all out-of-state holders of a Winery Direct Shipment license to pay the same excise tax on Alaska orders.

INTENT OF PROPOSED CHANGES

As noted above, current online sales of alcohol shipped to Alaska customers from out-of-state businesses is unregulated, and therefore not subject to Alaska excise tax like sales from in-state businesses. This places in-state businesses at a disadvantage, and deprives the state of tax revenue on sales of alcohol to individuals within Alaska, as required in AS 43.60.010. It is unknown how much

lost revenue these sales represent today, but one comparable state, Idaho, provided data that in FY 2016, direct shipment permit holders paid a total of \$55,055 in wine excise tax on sales associated with that permit.⁸ Alaska has approximately one-third of that state's population, but a higher excise tax on wine; applying these two ratios to Idaho's revenue suggests that, if per-capita orders are comparable, tax revenue from online could be over \$100,000 annually. This number is approximate, and assumes that Alaska customers would order wine online at a comparable rate, but illustrates that the currently lost tax revenue is not insignificant. Furthermore, it reinforces the intent of alcohol excise taxes, that no sales to in-state customers should be exempted, regardless of method of sale.

This recommendation would only impact out-of-state Winery Direct Shipment license holders, as all in-state manufacturers and wholesalers are already required to pay excise taxes on alcohol sales. Details of collection and reporting would be determined by the Department of Revenue, who oversees and enforces collection of excise taxes. Licensees are required to report monthly on total volume of sales (in gallons) for purposes of calculating taxed owed, and records are subject to inspection and audit to ensure compliance. The committee recommends leaving these details to the Department of Revenue, but that reports on the total volume and revenue collected from these licenses be publicly available, as is current alcohol excise tax data.

IMPLICATIONS TO CONSIDER

- Online sales, and collection of tax on these sales, is an ongoing legal issue being debated in several states. A 1992 court case, *Quill Corp. v. North Dakota*, required that a state collecting sales tax from out-of-state transactions must demonstrate an essential nexus between collection of taxes and the presence of the business in state. This case has since been applied to Internet-based sales, in which companies often do not have a physical presence in the same state as the customer placing the order. However, there is also existing case law concerning alcohol as being distinct from other sales: *Granholm v. Heald* (2005) concerned a challenge to restricting online alcohol sales by out-of-state manufacturers, in favor of in-state manufacturers, and found that such restrictions violate the Interstate Commerce Clause established in the 14th Amendment. The case also found, however, that states can collect the same taxes on alcohol sales from in-state and out-of-state businesses, provided that all are treated equally. It is on this basis that the group believes that this recommendation is legally sound. There are, however, ongoing legal challenges in other states related to Internet sales, and it is possible that a future federal court decision specifically on direct-to-consumer sales of alcohol across state lines may impact this proposed law.
- Because the scope of the Title 4 Review project was limited to state statutes and policies, this recommendation did not consider the implications for any sales or alcohol taxes collected by Alaska municipalities, and focused only on state excise tax. A municipality seeking to collect additional taxes on online alcohol sales would need to conduct additional legal research on whether and how it can be done; existing case law (above) suggests that this may be difficult without establishing a clear legal basis for collecting such a tax.

⁸ Idaho has an wine excise tax rate of \$0.45 per gallon. Alaska's equivalent tax is \$2.50 per gallon, except on cider, which is classified as wine but in Alaska law is taxed at the same rate as beer, \$1.07 per gallon.

Recommendation INT-3. Board Approval of Common Carriers for Alcohol Delivery | Require all common carriers who deliver alcohol directly to consumers in Alaska to be approved by the ABC Board.

INTENT OF PROPOSED CHANGES

This recommendation was built on the initial work of the committee, who identified common carriers as potential partners in ensuring that transport and delivery of alcohol to consumers is done responsibly. Many companies, including the major carriers UPS and FedEx, maintain their own policies regarding shipment of alcohol: both require that the shipper complete an alcohol shipping agreement, only allow shipments of wine, and that a shipment of alcohol be delivered in person to a recipient age 21 or older. Other local carriers in Alaska may have similar alcohol shipping policies, but there is currently no oversight of these practices beyond individual company policies. Because carriers ultimately make deliveries to consumers, however, ensuring that employees do not deliver packages to an underage person or leave them at a destination unattended is important.

This recommendation would require common carriers to apply to the ABC Board to be included on a list of approved carriers for alcohol transport and delivery to consumers, demonstrating that they maintain and enforce policies regarding clear labeling of packages containing alcoholic beverages, and in-person delivery to an individual age 21 years or older. This would not create a new license or permit, but would indicate which carriers within or into Alaska are allowed to deliver alcohol to consumers. Because the primary concern is ensuring alcohol is delivered responsibly to consumers, this would also impact common carriers who service alcohol licensees shipping products in or out of the state to another licensed business (such as, a wholesaler receiving a shipment of inventory), unless they also deliver directly to consumers. This recommendation is also separate from the existing Common Carrier Dispensary license, which is a license allowing carriers such as airlines and ferries to serve alcoholic drinks to passengers for consumption on the vessel.

The details of this recommendation, including the approval process and process for addressing a noncompliant approved carrier, would be left to the ABC Board, and may be generally similar to the existing process for the ABC Board to review and approve entities who provide alcohol server education classes. The list of approved carriers would be maintained and published by AMCO, to inform businesses who ship alcohol about which carriers they may use. This recommendation will need to align with an existing statute that addresses transport of alcohol by common carriers into Local Option areas (AS 04.16.125), which includes detailed labeling requirements.

IMPLICATIONS TO CONSIDER

- Carriers have only limited control over and liability for the contents of shipments they transport, and rely on the seller to determine whether they can legally ship an item to the intended recipient. Carriers therefore rely on the representations of the seller when accepting items, and do not necessarily inspect the contents of packages unless there is reason for suspicion that the item is illegal or noncompliant with the carrier's policies. Regulating carriers to control shipments of alcohol is part, but not all, of the solution; sellers must also be held responsible if they conceal or misrepresent an alcohol shipment.

LOCAL OPTION COMMUNITIES

The Local Option committee reviewed statutes related to AS 04.11.491, which allows communities to limit or prohibit the availability of alcohol within their community. The Local Option system was created in the 1980s and substantially revised in 1995. The general principle that states, counties or individual communities can restrict sales or importation of alcohol has been upheld since before Prohibition, and some states or counties in the U.S. maintain restrictions on sales, such as prohibiting alcohol sales on Sundays. In Alaska, Local Option was created in response to many rural communities' concern about the harms of alcohol and a desire to have more local control. Unlike Native communities in the rest of the U.S., only one Alaska tribal community lives on a reservation; alcohol sales are banned by default on reservations, unless the community enacts legislation to allow this activity, but Alaska tribal communities are not subject to this policy. Local Option is therefore a means of restricting availability of alcohol for communities who choose to do so through an election and adoption of one of five options defined in AS 04.11.491.

REVISED PLAN AND TIMELINE

Since developing the original set of recommendations in 2015, the Title 4 Review stakeholder group received feedback, questions and concerns about some of the Local Option proposals, and a desire to do more work before bringing them forward in legislation. Despite several efforts to work further with rural communities and other stakeholders on the proposed changes, the group was not successful in completing another thorough review of this work, and recommends not implementing changes that have not had sufficient input from the communities they will impact, and which may not take into account other priorities that the group has not yet discussed. Only Recommendation LO-5 is recommended to move forward at this time.

Recommendation LO-4 in particular, which proposes increasing fines for bootlegging activity, is not in keeping with other changes to the criminal justice system recommended by the Criminal Justice Commission and enacted in SB 91 in 2016. The group acknowledges the profound impacts that existing high penalties for alcohol-related crimes have in Local Option areas, and some stakeholders are interested in exploring future recommendations to improve the Local Option system as a tool for communities to reduce the negative impacts of alcohol. This exploration needs to include Local Option communities at the table for careful deliberation about the best solution.

The proposal to regulate Internet Sales is expected to have some benefits for Local Option communities: there is no available data on how much alcohol may be shipped into these areas from direct-to-consumer sales, which bypass the existing order database established in AS 04.06.095 to allow the ABC Board and package stores to comply with the monthly purchase limits in place in Local Option areas. The proposed Winery Direct Shipment license would prohibit sales to consumers located in Local Option areas, and other online alcohol sales would be made clearly illegal in statute. However, current law allows an Alaska package store to serve customers via mail, including in Local Option areas, provided that the licensee consults the database prior to filling an order and then records the new order in the database. This purchase option will still be available to rural customers, while ensuring that all alcohol sales to Alaska consumers are taxed, documented, and compliant with the law.

RECOMMENDATIONS

Recommendation LO-1. Repeal Local Option #4 | Repeal AS 04.11.491(b)(4) (Local Option #4), which bans the sale and importation of alcohol, not possession.

This recommendation has been withdrawn for further discussion and revision, and will not be included in the 2017 proposed legislation.

INTENT OF PROPOSED CHANGES

This recommendation would repeal AS 04.11.491(b)(4), the fourth Local Option available to communities. Originally, AS 04.11.491(b) included four choices for communities; the fourth bans the sale and importation of alcohol, but not possession. Because selling, importing or producing alcohol is illegal but possession is not in these communities, it is difficult for law enforcement to seize, destroy, investigate and successfully prosecute a case because an individual may claim they “found” the product and were not connected with the other, explicitly illegal activities.

The fifth option, which bans “sale, importation and possession” of alcohol, was later added to statute as a means of closing the loophole created by Local Option 4. Few communities have chosen to adopt Local Option 4 since Local Option 5 was available, but few have chosen to change from Local Option 4 to Local Option 5 because changing among the local options requires a repeal of the current option and a new vote of the community through the detailed election process outlined in AS 04.11.493 and AS 04.11.507. Currently, 43 communities have adopted Local Option 4, and 34 have adopted Local Option 5. Under this recommendation, the communities that have Local Option 4 currently would either hold a new election or be grandfathered in for a period of time.

Recommendation LO-2. Increase Enforcement and Prosecution Resources | Include in recommendation RB-3 (revised ABC Board budget to adequately fund needed activities) adequate budget for increased dedicated prosecutors and investigators for Title 4, particularly local option law enforcement.

This recommendation has been withdrawn for further discussion and revision, and will not be included in the 2017 proposed legislation.

INTENT OF PROPOSED CHANGES

This recommendation would dedicate additional staff resources to the Alaska State Troopers Statewide Drug Enforcement Unit (SDEU) to investigate Local Option offenses, and increase the number of dedicated state prosecutors for Title 4, Local Option related crimes. As of 2017, SDEU has six investigative task forces focused on alcohol, narcotics and other drugs; statewide budget cuts and reduced federal resources significantly decreased available law enforcement staff and prosecutors for Title 4 cases. This recommendation’s intent is to provide more resources to investigate and prosecute alcohol related crimes in rural Alaska, crimes that often lead to serious violent crimes. In addition to limited staff capacity of local police, VPSOs, Title 4 investigators and State Troopers in rural areas, limited staff and turnover of Assistant District Attorneys is a barrier to prosecuting cases. Without sufficient prosecution staff, cases will continue to be dismissed.

2017 Update: While the stakeholder group recognizes the need for more resources to handle Local Option related cases, Alaska’s budget crisis will continue to put a strain on all state law enforcement and criminal justice resources; this recommendation cannot be enacted in this current fiscal climate.

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

This recommendation has been withdrawn for further discussion and revision, and will not be included in the 2017 proposed legislation.

INTENT OF PROPOSED CHANGES

This recommendation would expand the Local Option area to a 10-mile radius from the boundaries of a municipality or the designated center of the community. The current boundary in statute is defined as 5 miles' radius from the boundaries of a municipality, or for "established villages" without specific physical boundaries, as 5 miles' radius from the post office or other defined central public building in the community. In some areas of the state, several villages have enacted Local Option laws, but with the limited 5-mile radius, there is a patchwork of enforceable and unenforceable territory surrounding these communities. Extending the defined boundaries to close the gaps between Local Option areas would make it easier to enforce the law across a larger region, following the general intent of communities who enact these laws. Expanding the Local Option area would also make it more difficult for bootleggers to continue the practice of traveling just outside the perimeter created by the 5-mile radius to conduct their illegal sales and operations. Transporting alcohol the extra distance would drive up the cost of doing business because of the high cost of fuel, potentially enough to deter some illegal operations.

Under this recommendation, lodges that have been legally operating under an outdoor recreation lodge license (AS 04.11.225) within the expanded perimeter would need to be grandfathered in under the expanded radius, such that a lodge with the outdoor recreation lodge license could operate and serve alcohol beyond the 5-mile radius and within the new 10-mile radius. Any overlapping jurisdictions are already accounted for in AS 04.11.508 subsections (b) and (c).

Recommendation LO-4. Increase Mandatory Minimum Penalty for Bootlegging | Increase the mandatory minimum penalty for bootlegging at the Misdemeanor level defined in AS 04.16.200(g), with increasing penalties for multiple offenses and per-unit fine for the volume of alcohol being illegally sent, brought or transported into the local option community.

This recommendation has been withdrawn for further discussion and revision, and will not be included in the 2017 proposed legislation.

INTENT OF PROPOSED CHANGES

AS 04.16.200 defines the penalties for bootlegging, which include Class A Misdemeanor and Class C Felony offense levels. Because of the lucrative nature of bootlegging in rural areas and perceived low level of risk if caught, threat of punishment under AS 04.16.200 is not a deterrent for the misdemeanor level offense.

The minimum penalty upon conviction of a Class A Misdemeanor includes imprisonment and fines that increase with prior convictions as detailed in AS 04.16.200(g). This recommendation would raise the minimum fine to \$3,000 (instead of \$1,500) for the first offense and increase subsequent fines by \$1,500, up to a maximum fine of \$10,000 under this scheme, the maximum fine allowed for this offense class.

2017 Update: As noted above, this recommendation is in conflict at a general policy level with the criminal justice reforms enacted in SB 91. Bootlegging remains a significant concern, especially because it can be very lucrative and entice individuals to take legal risks for high potential profit. However, given the shift in policy direction toward reducing punishments for non-violent offenses and rethinking how the criminal justice and corrective system is used to achieve broader social goals, this recommendation should be reconsidered and made consistent with the intent of SB 91.

Recommendation LO-5. Clarify Language Regarding Homebrew Ingredients | Clarify that possession of homebrew ingredients and/or equipment with intent to produce alcohol is illegal in all local option communities.

This recommendation is considered a technical change to communicate existing statutory intent, and will be included in the 2017 proposed legislation.

INTENT OF PROPOSED CHANGES

This recommendation would revise 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)~~ **a 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.”

As currently written, the statute is enforceable only in 34 communities, those who have adopted Local Option 5. The proposed statute change would make AS 04.16.035 clearly enforceable in all 108 Local Option communities. This is in keeping with the existing language in AS 04.21.015 regarding the private manufacture of alcoholic beverages, which allows individuals to produce alcohol for their own personal use except as prohibited by other state or federal laws, and prohibited in an area that is subject to any Local Option in AS 04.11.491.

ADDITIONAL RECOMMENDATIONS (2017)

The Title 4 Review stakeholder group completed a comprehensive set of recommendations for statutory changes in February 2017. These recommendations were the basis of SB 99, introduced in April 2015 in the 29th Legislature, but several pieces in the package had unresolved issues or were determined to need more work. Over the last two years, the stakeholder group has continued to refine the package of recommendations, as well as addressing several other emerging issues raised in the last two years by original members of the group or new stakeholders.

Some items were changes to the original recommendations, and have been integrated into the stakeholder recommendations in the previous sections of this report. Others were new standalone items incorporated into the new set of recommendations in 2017, briefly described below.

RECOMMENDATIONS

Recommendation N-1. Define Qualifications for Alaska Manufacturing Licenses | Require in Brewery, Winery, and Distillery Manufacturer licenses that at least 80 percent of alcohol products for sale were made on the Alaska licensed premises.

Manufacturing licenses are intended for businesses that brew, distill, or otherwise make alcoholic beverages onsite, then package products for sale to distributors, retailers, or directly to the public if they have a retail operation as well. In practice, there are several ways to make a final product, including combining already-finished ingredients or purchasing partially-finished products to further refine onsite. The question of who may qualify for a manufacturer license has come before the ABC Board within the last year, with a proposal to obtain a Distillery license to combine finished ingredients (distilled alcohol and various flavorings) and package them for sale. This resulted in a draft regulation that to qualify for an Alaska Distillery license, at least 80 percent of the manufacturer's final products must have been made on that licensed premises, including at least part of the alcohol production process.

This recommendation adds this definition to each of the Manufacturer licenses, clarifying that the license is intended to be used for alcohol production, not just adding additional flavors to already-produced alcohol. The 80 percent rule is also intended to provide flexibility to licensees, particularly those who rely on outside sources for key ingredients such as wine for grapes, hops and yeast for beer, and other raw materials. Placing the limit on final products ensures that the requirement does not disqualify bona fide manufacturers who necessarily use components produced outside Alaska.

Recommendation N-2. Change Sample and Sales Volumes for Certain Products | Cider under 8.5% ABV follows per-ounce volume limits for beer; sake and mead follows volume limits for wine.

Cider is technically defined as “wine” in both federal and state law, because it is an alcoholic beverage made from a fruit. In terms of marketing and typical percent alcohol by volume (ABV), however, cider is generally considered to be more like beer. Mead is also defined as wine by the TTB, made not from fruit but from honey, an “agricultural product,” but has similar ABV to grape wine. Conversely, sake (a fermented rice beverage) is classified as a “brewed beverage” like beer, but its typical alcohol content is closer to that of most wines. The proposed ounce limits on sales and sampling for manufacturers and package stores is intended to provide alcohol-equivalent volume

limits for products with different potencies. For other products that are atypical of their category in terms of alcohol content, however, it is appropriate to adjust sales and sampling limits for these products and place them in another category only for purposes of these limits. The recommendation keeps each product type in its existing license category, as is consistent with current federal and state laws. In terms of sampling and sales volume limits, however, cider below 8.5% ABV (a threshold defined in federal alcohol licenses) may be served up to the limits defined for beer. Sake, at higher average ABV than most beer, and mead will be limited to the same limits as wine.

Recommendation N-3. Expand Package Store Shipping Order Options | Allow orders under a Package Store Shipping endorsement to be received in formats other than a written order from a known customer.

Alaska Package Stores can currently fill orders from customers who are not physically present if they 1) receive the order in writing and 2) “know” the customer, typically interpreted to mean that they have previously provided a copy of their ID to the licensee. The group reviewed the current shipping rules to determine how they should align with the proposed Winery Direct Shipment license, and recommended that Package Stores should be afforded the same options for accepting orders as those under the new license type. Removing the requirement that the order be written, and from an already-known customer, will allow a Package Store with a Package Store Shipping endorsement to offer more ordering formats to Alaska customers. The licensee would still be required to verify that the customer is of legal age to place an order, consult the Local Option Database for orders originating in Local Option areas, provide an electronic or hardcopy information sheet about FASD to the customer with their order, and ship an order through an approved common carrier (see Recommendation INT-3). These changes ensure that both license types allow the same variety of options for ordering, and follow the same requirements.

Recommendation N-4. Pub License Alternating Premises | Allow a university with a Pub license to designate a second licensed premises, operated during mutually exclusive hours.

The Pub license (AS 04.11.220) allows a university to operate one beer and wine license on its campus; the only current Pub license has been issued to an establishment serving students at University Alaska Fairbanks. In addition to adjusting statute language to clarify that only one Pub license maybe issued at each campus, not one license in the state overall, the group considered the of University of Alaska’s request to amend statute to allow a second license per campus. UAF sought this license specifically to allow service of beer and wine at the Museum of the North, also located on campus and primarily attracting members of the general public and tourists, rather than students. While this particular proposal did not necessarily pose serious public health and safety risks, the group was concerned about the possibility of future impacts on other campuses, and whether it would promote more youth alcohol use on college campuses.

The ABC Board had previously developed the concept of an alternating designated premises, allowing a single licensee to set specific time periods in which one or another location was considered licensed premises. Rather than creating a second license, the recommendation allows a Pub licensee to request two locations to be licensed premises, provided that they are not physically adjacent and that only one is operating as licensed premises at a given time. When not in operation, the other premises must be closed to the public or all alcoholic beverages must be safely placed in locked storage. The recommendation includes these provisions because while it is only being applied to one specific license type, and will impact only one licensed location in the foreseeable future, it

sets precedent in Title 4 for this concept to be expanded and applied to other license types. By requiring that hours of operation not overlap and that the locations not be co-located, the risk of using alternating premises to permanently expand one license's premises may be mitigated if this concept is replicated elsewhere in the law.

Recommendation N-5. Make Licenses Transferrable to a New Owner | Allow most license types to be transferred to a new owner, except Winery Direct Shipment License; retain any existing restrictions on licenses for transfer of location.

The Licensing committee discussed at length the impacts of population limits and the ability to transfer licenses to a new owner or location; both of these features of licenses create a secondary market value for any licenses that are limited in number and can be sold. Generally, the stakeholder group decided not to make changes to transferability, particularly transfer of location, which is much more valuable than transfer of ownership because it makes the license portable within the community it was issued. Many of the non-transferrable licenses in statute are not currently subject to population limits, and therefore a transfer is not attractive to a prospective business owner, who can apply directly to the ABC Board for a new license rather than purchasing a transfer from an existing license holder. However, restricting transfers of ownership can also be problematic for licensees who make internal changes of ownership among business partners, or allowing a family member to take control of a business upon retirement or death of the current owner(s), requiring creation of a new license rather than transfer of the existing asset.

The recommendation retains any licenses' restrictions on transfer of location already defined in Title 4, but changes any non-transferrable licenses to allow transfer of ownership only. The exception, the Winery Direct Shipment license, would remain non-transferrable; it is an add-on to an existing license and its application process will be much simpler than other Alaska licenses, and therefore adds no burden to apply for a new license instead of a transfer.

Recommendation N-6. Improve the License, Endorsement and Permit Application Process | Apply several technical changes to statutes for applications for a license, endorsement or permit.

While reviewing the statutes outlining the application process for new licenses, renewals, and permits, ABC Board members and AMCO staff identified several issues with current language that make the application process difficult for applicants, the Board and staff, including vague or missing requirements in some places and overly-detailed language in others. Examples include:

- When considering renewals, the Board may not renew a license if it has not been operated for at least 30 eight-hour days each year, a requirement that can be difficult to meet for stores and distribution centers in small communities. The recommendation changes this language to require at least 240 hours of operation each year, achieving the same intent without specifying a schedule of hours.
- Current language in AS 04.11.260 requires that an application be executed (signed) by “the authorized officers of the corporation,” which may include up to dozens of individuals who hold ownership in a large company. The applicant must provide information about all owners and shareholders, but a signature from all these individuals to submit the application is an unnecessary administrative burden. The recommendation requires a signature from at least one authorized officer, and retains the existing requirement to provide a list of owners.
- Statute requires that the applicant provide an illustration of the licensed premises, indicating where alcohol will be stored, served and which areas of the establishment will be licensed

(allow consumption of alcohol). The ABC Board receives a wide variety of submissions for this requirement, from scale diagrams to a basic drawing of a rectangle to indicate the bar room, with no additional information about the location. The recommendation to add the phrase “annotated illustration” will clarify that some explanation is needed on the drawing to satisfy the requirements of submitting a premises diagram. Annotation means adding comments or written explanation to a document or image, and does not necessarily require a specific technical or architectural rendering; the applicant is simply required to add notes about key features of the premises, such as: counter or bar, licensed and unlicensed portions of a restaurant or bowling alley, storage area in a warehouse, and building entrances.

Recommendation N-7. Allow Relocation of a Package Store from Borough to City (AS 04.11.400(k)) | Amend AS 04.11.400(k) to allow transfers of both BDL and Package Store licenses from a borough to a city within the borough.

In Title 4, AS 04.11.400(k) allows permanent relocation of a Beverage Dispensary license (BDL) that is operated as a restaurant, hotel or similar business with a restaurant, from a borough to a city within that borough, with no more than three transfers per borough per decade (ten years). While the stakeholder group was not specifically aware of the original intent of this provision, it is currently available to two boroughs that are large enough to qualify and have cities within them: Fairbanks North Star Borough and Matanuska-Susitna Borough. This provision is not used often, but aligns with cities’ overall goals to promote economic development and increase the number of hospitality businesses in their jurisdiction, and encouraging business development in centralized areas where land use and police enforcement are available.

Representatives from Soldotna and Wasilla approached the stakeholder group to consider issuing additional Package Store licenses in communities, specifically to attract retailers such as Costco and Walgreens to locate within their cities and who may be hesitant to make investment in a new store if they cannot include alcohol sales as a portion of their business operation. Creating additional Package Store licenses would not be consistent with the goals of the Title 4 Review project, but the group instead considered changes to AS 04.11.400(k) to allow relocation of a Package Store as well: while all Package Store licenses have been issued in communities within these three boroughs, there is an excess of existing licenses in the borough itself.

The recommendation is to adjust AS 04.11.400(k) as follows:

- Decrease the qualifying population threshold to 50,000, to include Kenai Peninsula Borough.
- Allow relocation only of licenses that exist in excess of the allowed number of that type: allowing unlimited transfer out of a borough, beyond the number of licenses they have been allocated in AS 04.11.400(a), would potentially deprive borough businesses of licenses to which they would otherwise be able to apply for, according to the current population limit.
- Increase the allowed number of transfers to three per city, not three per borough; this allows individual cities to request relocation of licenses independently, provided licenses are still available from within the borough.

The stakeholder group found this solution to have multiple benefits: it provides cities a mechanism to have additional available Package Stores in their community, but utilizes an existing license rather than creating a new one. The limit on relocations to “excess” licenses in the borough creates some scarcity for available licenses to transfer, but each of the three boroughs has several available qualifying BDLs and Package Store licenses that may be relocated, outlined in the table below. The

recommendation does not change the qualification that the BDL must be operated as a restaurant or in a hotel, but does not place restrictions on the operations of the Package Store.

Borough (excluding population of incorporated cities)	Allowed Lic. (1:3000)	Beverage Dispensary (BDL)		Package Store (<i>Proposed</i>)	
		Currently Issued	Qualify for Relocation	Currently Issued	Qualify for Relocation
Fairbanks North Star	21	27	6	26	5
Kenai Peninsula	13	25	12	29	16
Matanuska-Susitna	28	31	3	33	5

Recommendation N-8. Allow Business Activities on Licensed Premises During Off Hours (AS 04.16.010) | Retain required closing hours (5:00 to 8:00 a.m.) for service and sales of alcohol to consumers, but allow other non-serving business activities on the premises.

Title 4 prohibits any activity on licensed premises between the hours of 5:00 and 8:00 a.m. Many local governments have enacted ordinances to further limit these hours, e.g., not allowing service of alcohol prior to 10:00 a.m. or after 2:00 a.m. The intent of this law is to establish closing hours for alcohol establishments and prevent 24-hour alcohol sales, which may have significant public health and safety consequences in communities. As written, however, the statute prohibits any activity on the premises during these hours. Industry stakeholders pointed out that this also restricts other legitimate business activities that do not involve sales or service of alcohol to customers: completing a sale of inventory with another licensee, performing routine maintenance or renovations of the premises, and completing payroll or other administrative tasks.

The recommendation retains the overall intent of the statute, to establish daily hours during which alcohol sales are not allowed, but includes an exception for business-related activities that do not involve service of alcohol. This provides businesses the ability to conduct other business on their premises as needed, as long as it does not involve alcohol sales for consumption.

Recommendation N-9. Licensee Liability for Overservice by Employees (AS 04.16.030) | Apply the same administrative penalty and mitigating circumstances proposed in Recommendation UAD-2 for violations of AS 04.16.030.

Law enforcement officials have identified overservice of alcohol (serving to an already intoxicated person) as a significant public safety issue, and for this reason alcohol server education always includes information about how to determine whether someone is too intoxicated to be served another drink, and whether they may be a risk to themselves and others. Additionally, current AS 04.06.100(b)(12) authorizes the Board to create regulations to prohibit “possession of alcoholic beverages by drunken persons and by minors.” Title 4 defines the offense of serving a drunken person or allowing a drunken person to remain on licensed premises, with criminal negligence, as a Class A Misdemeanor (AS 04.16.030). The phrase “criminal negligence” is significant: a person knows that they are serving an intoxicated person, understands the consequences, and does so anyway. Determining level of intoxication is more art than science, as each person has a different level of alcohol tolerance. It is possible to assess someone’s mental state incorrectly, and existing law does not define a mistake as an offense of AS 04.16.030. As is the case with an employee who serves a minor, the licensee may or may not be aware that this type of violation had occurred on their premises, leading to no opportunity for corrective action on their part if an employee is willfully disregarding the law regarding overserving.

This recommendation applies the same penalty structure outlined in Recommendations UAD-1 and UAD-2 for serving a minor (AS 04.16.052): the employee would be charged with a Minor Offense with a \$250 to \$500 fine, and the employer (licensee) would receive a \$250 administrative penalty. The licensee would have the same opportunity to demonstrate to the Board any mitigating circumstances to reduce other penalties, such as having a training program in place or working with the employee directly to correct the issue, for a violation of either AS 04.16.030 or AS 04.16.052.

A second change was made to both AS 04.16.030 and AS 04.16.052, inserting existing language from AS 04.16.150 which holds a licensee responsible for knowingly allowing employees to violate Title 4, and “recklessly and with criminal negligence” failing to act if this violation is known. The current penalty for this offense is a Class A Misdemeanor, retained in these two specific sections, indicating the seriousness of both of these offenses and licensees’ responsibility to monitor the performance of their employees. Because AS 04.16.150 could be construed to hold licensees responsible for a misdemeanor-level offense for any violation of Title 4 regardless of how serious the original offense, however, the penalty for that general section would be reduced to a violation with a \$250 fine.

Recommendation N-10. Allow Minors on Some Licensed Premises for Employment or Travel (AS 04.16.049) | Allow limited employment of minors by Wholesalers, Common Carriers, and Outdoor Recreation Lodges; clarify that minors are allowed at certain businesses.

In current law (AS 04.16.049), licenses designated as restaurants may employ minors, aged 16 to 20, at their business, provided that the underage employee does not handle alcoholic beverages and remains on the premises only for employment; underage individuals are also permitted to dine at the restaurant, accompanied by a guardian if they are younger than 16. Recommendation R-5 expands these privileges to Golf Courses, allowing minors to be employed or attend golf related activities.

The group further reviewed existing license types and discussed other situations in which these exceptions to AS 04.16.049 are appropriate, provided that the underage person does not have access to alcohol, does not serve alcoholic beverages, and is on the premises for other legitimate reasons. In many cases, it is commonly understood that minors are allowed at the establishment, such as a hotel, but the law does not specifically provide this exception. This recommendation would extend the same opportunities for minors to be present on licensed premises for some license types, for employment or to engage in activities specific to that business, such as travel, in situations other than those currently covered by provisions for bona fide restaurants: Wholesaler (both licenses), Common Carrier Dispensary, holder of a Hotel/Motel or Large Resort endorsement, and Outdoor Recreation Lodge. Wholesalers are included on this list because unlike other license types, wholesalers never sell directly to the public and handle alcohol beverages in large cases like any other warehouse inventory, and therefore alcoholic beverages would not be opened and served at these establishments. Allowing individuals under 21 years of age to be employed in basic warehouse operations provides a larger labor pool for wholesalers and does not expose underage employees to open containers of alcohol or situations in which they would be serving customers.

Recommendation N-11. Repeal Alcohol Sales Restriction on Election Day (AS 04.16.070) | Repeal outdated statute prohibiting sales of alcohol during federal, state and local elections.

Historically, consumption of alcohol was closely tied to public discourse about promoting a healthy democracy: in the 18th and 19th century, taverns were common gathering places for political discussion, and unscrupulous political machines were known to use free drinks to entice working-class men to vote for their candidates. This practice fell out of fashion long ago, and few people are

even aware that there are still laws prohibiting alcohol sales on election days. Alaska has such a law in Title 4, AS 04.16.070, prohibiting sales of alcohol until the polls have closed for any election day, but offering municipalities the option to pass an ordinance to negate the statute and allow alcohol sales. Many cities have passed ordinances allowing sales on election day, but this outdated law remains in effect for the rest of the state, and is likely not currently enforced. The recommendation is to simply repeal this law, as it hearkens back to a political problem of centuries past.

Recommendation N-12. Transition Provisions for Existing Licensees | Define process for current licensees of certain types to be converted to equivalent license(s) in the new system.

The proposed recommendations represent significant changes to Title 4, and the ABC Board and AMCO staff would take on the complex task of implementing the shift to a new system. Most license types will not be significantly affected, other than a change to the statutory citation of their license and addition of one or more endorsements on their license. Others will require conversion to new licenses, including applicants for new licenses whose application is still in progress.

The details of the transition process will be left to the ABC Board, but in some situations guidance should be provided in statute. For example, existing Brewery, Winery and Distillery licensees with retail operations should be issued the appropriate Manufacturer Retail license, even if it would exceed the new population limit. Applications submitted under the existing rules should be reviewed on their own merits, even if population limits would restrict issuing the license. Public Convenience license applicants will be protected from denial on the basis of having no REPLs available in the community, as this will be the case in any community with demand for Public Convenience licenses. The table below illustrates the anticipated transition process for the most impacted licenses.

Current License Type	Current Statute	Statute (SB 76 v.A)	New License Type(s)	Transition Process
Brewery	04.11.130	04.09.020 04.09.310	Brewery Manufacturer Brewery Retail	Convert current licensees Convert applications to new
Winery	04.11.140	04.09.030 04.09.320	Winery Manufacturer Winery Retail	Convert current licensees Convert applications to new
Distillery	04.11.170	04.09.040 04.09.330	Distillery Manufacturer Distillery Retail	Convert current licensees Convert applications to new
Bottling Works	04.11.120	<i>Repealed</i>	Brewery or Winery Manufacturer	Convert current licensee
Brewpub	04.11.135	<i>Repealed</i>	Brewery Manufacturer	Convert current licensees
Wholesale	04.11.160(a)	04.09.100	General Wholesale	Convert current licensees
Beer + Malt Bev. Wholesale	04.11.160(b)	04.09.110	Limited Brewed Bev. + Wine Wholesale	Convert current licensees
Duplicate BDL	04.11.090(e)	04.09.420	MFC Endorsement	Convert to endorsements
Public Convenience	04.11.400 (e), (g)	<i>Repealed</i>	Restaurant/Eating Place BDL (1 licensee)	Convert current licensees Convert applications to REPL
Beverage Disp. Tourism	04.11.400(d)	04.09.340	Beverage Dispensary Tourism	Convert current licensees
All Other Licenses	N/A	N/A	New License Citations Endorsements	Convert current licensees to applicable endorsements

APPENDIX

Table 1. Title 4 Review Stakeholders and Organizations

Over 100 stakeholders participated in this process since 2012, including several who have changed positions in the last few years. Organizations and agencies have also shown an ongoing commitment to the project by designating one or more representatives to participate on the organization’s behalf at various points in this process. The Steering Committee extends sincere appreciation for the efforts of each individual and organization on this list to carry this project forward. It is important to note, however, that this list includes participation in the process, not necessarily endorsement of the final product.

An individual marked with asterisk (*) denotes serving, currently or previously, on the Title 4 Steering Committee.

Name	Organization	Sector(s) Represented
1 Bob Klein *	ABC Board, Chair; Anchorage Distillery	ABC Board; Licensee (Distillery)
2 Tom Manning	ABC Board, Industry Member	ABC Board; Licensee (Pkg. Store)
3 Ellen Ganley *	ABC Board, Public Member	ABC Board; Public Health
4 Bobby Evans	ABC Board, Rural Member	ABC Board; Tribal Communities
5 Ethan Billings	[former] ABC Board, Industry Member	Licensee (Package Store)
6 Marvin Yoder	[former] ABC Board, Public Member	ABC Board
7 Erika McConnell *	AMCO Director; [former] Muni. Anchorage	ABC Board; Administrative
8 Sara Chambers *	[former] ABC Board, Acting Director	ABC Board; Administrative
9 Joe Hamilton	ABC Board, AMCO Staff	Public Safety
10 Sarah Oates	ABC Board, AMCO Staff	ABC Board; Administrative
11 Jedediah Smith	ABC Board, AMCO Staff	ABC Board; Local Government
12 Shirley Côté *	[former] ABC Board Director	ABC Board; Public Safety
13 Cynthia Franklin *	[former] AMCO Director	ABC Board; Public Safety
14 Bob Beasley	[former] ABC Board Staff	ABC Board; Public Safety
15 Christine Lambert	[former] ABC Board Staff	ABC Board; Administrative
16 James Hoelscher	[former] VPSO; ABC Board, AMCO Staff	Public Safety; ABC Board
17 Sen. Peter Micciche	Alaska Senate	Alaska Legislature
18 Rep. Chuck Kopp	Alaska House; [former] Office of Sen. Micciche	Alaska Legislature
19 Brian Olson	Alaska Berries	Licensee (Winery)
20 Paul Thomas	Alaska Cache Liquor	Licensee (Package Store)
21 Dale Fox	Alaska CHARR	Retail Industry Member
22 Pete Hanson	Alaska CHARR	Retail Industry Member
23 Bob Winn	Alaska Hospitality Retailers	Retail Industry Member
24 Kate Burkhart	[former] Alaska Mental Health Board + ABADA	Public Health
25 Teri Tibbett	Alaska Mental Health Board + ABADA	Public Health
26 Katie Baldwin-Johnson *	Alaska Mental Health Trust Authority	Public Health
27 Natasha Pineda	[former] Alaska Mental Health Trust Authority	Public Health
28 Amber Willis	Alaska State Fair	Licensee (Recreational Site)
29 Sheri Musgrave	Alaska State Fair	Licensee (Recreational Site)
30 Chris Thompson	Alaska State Troopers	Public Safety
31 Curtis Vik	Alaska State Troopers	Public Safety
32 Eric Olsen	Alaska State Troopers	Public Safety

	Name	Organization	Sector(s) Represented
33	James Cockrell	Alaska State Troopers	Public Safety
34	Kevin Blanchette	Alaska State Troopers	Public Safety
35	Marcy Larson	Alaskan Brewing Co.	Licensee (Brewery)
36	Rich Sayers	Anchorage Golf Course	Licensee (Golf Course)
37	Anthony Henry	Anchorage Police Department	Public Safety
38	Eric Pratt	Anchorage Police Department	Public Safety
39	Jared McKay	Anchorage Police Department	Public Safety
40	Mark Mew	[former] Anchorage Police Department	Public Safety
41	Matt Jones	Bear Tooth Grill + Theaterpub	Licensee (Brewpub, Bev. Disp.)
42	Ryan Makinster	Brewers Guild of Alaska	Manufacturing Industry Member
43	Gerald Proctor	Brown Jug	Licensee (Package Store)
44	Doran Powell	Chilkoot Charlie's	Licensee (Beverage Dispensary)
45	Kathy Hosford	Chilkoot Outpost Lodge	Licensee (Outdoor Rec. Lodge)
46	Beth McEwen	City and Borough of Juneau	Local Government
47	Clinton Singletary	City and Borough of Juneau	Local Government
48	Mark Dixson	City of Soldotna	Local Government
49	Stephanie Queen	City of Soldotna	Local Government
50	Bert Cottle	City of Wasilla	Local Government
51	Lyn Carden	City of Wasilla	Local Government
52	Tina Crawford	City of Wasilla	Local Government
53	Sassan Mossanen	Denali Brewing Co.	Licensee (Brewery)
54	L. Diane Casto *	[former] Dept. of Health and Social Services	Public Health; Youth
55	Sara Clark *	Department of Health and Social Services	Public Health
56	Joe Darnell	Department of Health and Social Services	Public Health
57	Tony Newman	Department of Health and Social Services	Public Health
58	John Novak	Department of Law	Administrative
59	Walt Monegan *	Department of Public Safety	Public Safety
60	Michael Duxbury	Department of Public Safety	Public Safety
61	Emily Walker	Department of Revenue	Administrative
62	Janis Hales	Department of Revenue	Administrative
63	Brandon Spanos	Department of Revenue	Administrative
64	Brandon Howard	Distillers Guild of Alaska	Licensee (Distillery)
65	Dick Rosston	Dorsey + Whitney	Retail Industry Member
66	Galen Jones	Double Shovel Cider	Licensee (Winery)
67	John Lau	Double Shovel Cider	Licensee (Winery)
68	Randy McCain	Eagles Lodge	Licensee (Club)
69	Peggy Phillips	[former] Fairbanks North Star Borough	Local Government
70	Mike Yadon	FedEx	Common Carrier
71	Lindsay Bard	FedEx	Common Carrier
72	Dustin Pickens	FedEx	Common Carrier
73	Kyle Wark	First Alaskans Institute	Tribal Communities; Youth
74	Liz Medicine-Crow	First Alaskans Institute	Tribal Communities; Youth
75	Robert McCormick	Glacier Brewhouse, Orso	Licensee (Beverage Dispensary)
76	Susan Osborne	Gold Hill Liquor	Licensee (Package Store)
77	Jan Hill *	Haines Borough	Tribal Communities; Local Option
78	Philippe Janicka	Holland America - Princess	Licensee (Common Carrier Disp.)

	Name	Organization	Sector(s) Represented
79	Molly Poland	Hooligans	Licensee (Beverage Dispensary)
80	Mike Dodge	[former] HottStixx	Licensee (Beverage Dispensary)
81	Fred Odsen	Hughes Gorski Seedorf Odsen + Tervooren	Retail Industry Member
82	Pete Burns	Humpy's Alaskan Alehouse, Williwaw	Licensee (Beverage Dispensary)
83	Don Grasse	K & L Distributors	Licensee (Wholesale)
84	Johni Blankenship	Kenai Peninsula Borough	Local Government
85	Laura Porter	Mat-Su Borough School District	Education
86	Elizabeth Ripley	Mat-Su Health Foundation	Public Health
87	Ray Michaelson	Mat-Su Health Foundation	Public Health
88	Barb Miller	Midnight Sun Brewing	Licensee (Brewery)
89	Amanda Moser	Municipality of Anchorage	Local Government
90	Anna Nowak	[former] Municipality of Anchorage	Local Government
91	Matt Felix	[former] NCADD-Juneau	Public Health; Youth
92	Joel Kadarrauch	Odom Corporation	Licensee (Wholesale)
93	Dorcas Bloom	[former] Public Health Nurse	Public Health; Education
94	Aleesha Towns-Bain *	[former] Rasmuson Foundation; Recover AK	Public Health
95	Jordan Marshall	[former] Rasmuson Foundation	Public Health
96	Tiffany Hall *	Recover Alaska	Public Health; Youth
97	Glenn Brady	Silver Gulch Brewing	Licensee (Brewpub, Bev. Disp.)
98	Rebecca Neagle	Sitnasuak Native Corporation	Tribal Communities
99	Melanie Lesh	Snug Harbor Liquor	Licensee (Package Store)
100	Danna Grammer	[former] Stellar Wines Distributing	Licensee (Wholesale)
101	Chris Simon *	Tanana Chiefs Conference	Education
102	George Gatter	Tony's Bar	Licensee (Beverage Dispensary)
103	Kim Hutchison	Trust Consultants	Retail Industry Member
104	Jeff Jessee *	University of Alaska; [former] AMHTA	Public Health
105	Marny Rivera	[former] University of Alaska Anchorage	Education; Youth
106	Mike O'Brien	University of Alaska Fairbanks	Education
107	Kristal Fiser	UPS	Common Carrier
108	Charlie Daniels	Volunteers of America, Alaska	Public Health; Youth
109	Trish Smith	Volunteers of America, Alaska	Public Health; Youth
110	Katie Jacoy	Wine Institute	Manufacturing Industry Member
	Rachel Hanke	Office of Sen. Peter Micciche, Staff	Alaska Legislature
	Thea Agnew Bembem	Agnew::Beck Consulting	Staff Support
	Anna Brawley	Agnew::Beck Consulting	Staff Support
	Heather Stewart	Agnew::Beck Consulting	Staff Support
	Carmen Gutierrez	Justice Improvement Solutions	Staff Support

Alaska's Liquor License System: Proposed Changes

Alaska's license system is based on the 3-tier system of alcohol regulation: separate entities **manufacture**, **distribute**, and **sell** alcohol to the public.

Manufacturing Tier

exempt from population limits



Wholesale Tier

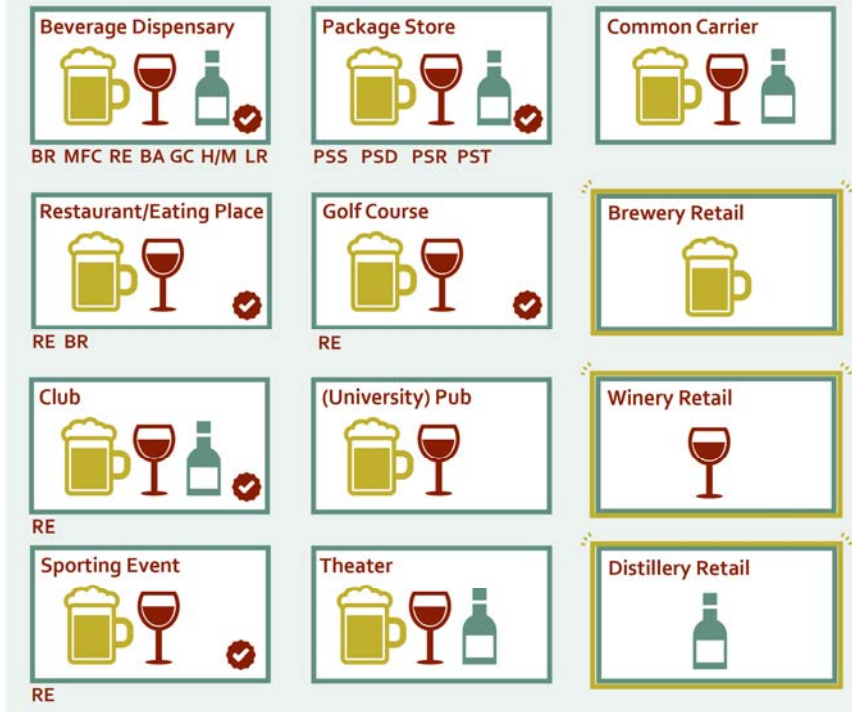
exempt from population limits



Retail Tier

Community Level

subject to population limits



Tourism

exempt from population limits



Proposed for Repeal: replaced by existing license types



Other

exempt from population limits



NEW LICENSE
Proposed new license in Title 4

ENDORSEMENTS
Expanded activities and/or premises to fit business model

- | | |
|-------------------------------------|--------------------------------------|
| PSS
Pkg Store Shipping | PSD
Pkg Store Delivery |
| PSR
Pkg Store Repackaging | PST
Pkg Store Sampling |
| RE
Restaurant | H/M
Hotel/Motel |
| GC
Golf Course | LR
Large Resort |
| BA
Bowling Alley | MFC
Multiple Fixed Counter |
| MS
Manufacturer Sampling | BR
Brewery Repackaging |

Table 2. Proposed Changes to License Fees

License Type	Current Statute	Bill Citation	Current Fee	Proposed Fee	Dollar Increase	Percent Increase	Comparison: Inflation (1980-2017)
Manufacturing Tier Licenses							
Brewery Manufacturer	04.11.130	04.09.020	\$1,000	\$1,500	\$500	50%	\$2,929.04
Winery Manufacturer	04.11.140	04.09.030	\$500	\$1,500	\$1,000	200%	\$1,464.52
Distillery Manufacturer	04.11.160	04.09.040	\$1,000	\$1,500	\$500	50%	\$2,929.04
Brewpub	04.11.135	<i>Repealed</i>	\$500	<i>Current licensees converted to Brewery Manufacturers</i>			
Bottling Works	04.11.120	<i>Repealed</i>	\$500	<i>Current licensee converted to Winery Manufacturer</i>			
Brewery Retail	04.11.131	04.09.310	<i>New license</i>	\$1,250		N/A	
Winery Retail	04.11.140	04.09.320	<i>New license</i>	\$1,250		N/A	
Distillery Retail	04.11.170	04.09.330	<i>New license</i>	\$1,250		N/A	
Wholesale Tier Licenses							
General Wholesale *	04.11.160	04.09.100	\$2,000 + annual supplier, transaction fees		<i>Rescaled transaction fees for smaller businesses</i>		\$5,858.08
Limited Beer + Wine Wholesale *	04.11.160	04.09.110	\$400 + annual supplier, transaction fees		<i>Rescaled transaction fees for smaller businesses</i>		\$1,171.62
Retail Tier Licenses: Serving Beer, Wine and Spirits							
Beverage Dispensary, BDL	04.11.090	04.09.200	\$2,500	\$2,500	\$0	0%	\$7,322.60
Beverage Dispensary Tourism	04.11.400(d)	04.09.340	\$2,500	\$2,500	\$0	0%	\$7,322.60
Club	04.11.110	04.09.220	\$1,200	\$2,500	\$1,300	108%	\$3,514.85
Destination Resort	04.11.255	04.09.300	\$1,250	\$2,500	\$1,250	100%	\$3,514.85
Outdoor Recreation Lodge	04.11.225	04.09.280	\$1,250	\$2,500	\$1,250	100%	\$3,661.30
Package Store **	04.11.150	04.09.230	\$1,500	\$1,500	\$0	0%	\$4,393.56
Common Carrier Dispensary ***	04.11.180	04.09.260	\$1,000 per vessel up to 10; \$2,000 per destination		\$0	0%	\$2,929.04
Retail Tier Licenses: Serving Beer and Wine Only							
Restaurant or Eating Place, REPL	04.11.100	04.09.210	\$600	\$1,250	\$650	108%	\$1,757.42
Seasonal Restaurant or Eating Place Tourism	04.11.100	04.09.350	<i>New license</i>	\$1,250		N/A	
Golf Course	04.11.115	04.09.290	\$400	\$1,250	\$850	213%	\$1,171.62
Pub	04.11.220	04.09.240	\$800	\$1,250	\$450	56%	\$2,343.23
Sporting Event (Recreational Site)	04.11.210	04.09.270	\$800	\$1,250	\$450	56%	\$2,343.23
Theater (Currently in regulation)	3 AAC 304.695	04.09.250	\$600	\$1,250	\$650	108%	\$1,757.42

Notes

- * Wholesalers pay multiple fees to the ABC Board depending on the amount of transacted business each year and the number of product suppliers. The lower tiers of the annual transaction fees are proposed to be reduced to support smaller businesses (see Recommendation W-1). The maximum transaction fees for both General and Limited Wholesale Licenses remains \$10,000 annually.
- ** Several Package Store activities currently included in the license are proposed as add-on endorsements, each with a \$200 fee per renewal period. The license fee would not increase, but total fees will increase if the licensee opts for one or more endorsements.
- *** Common Carrier Dispensary licensees pay scaled fees according to the number of vessels and specific destinations operated as licensed premises. Carriers pay \$1,000 per vessel, up to 10, and an \$100 per vessel above that number. No fee changes are proposed.

Table 3. Proposed Changes to Penalties for Title 4 Offenses

Title 4 currently defines specific penalties for violations of some statutes within the title, either referring to the offense as a violation with no defined penalty, defining a range of penalties to apply, or specifying a minimum penalty. The title contains generally increased penalties for crimes in Local Option areas, as well as provisions for forfeiture and seizure of assets (typically alcohol) involved with a Title 4 case. Unless otherwise defined in these sections, the “default” penalty for any violation of Title 4 is a Class A Misdemeanor, as stated in AS 04.16.180(a).

Additionally, Title 4 defines a range of administrative penalties that the ABC Board can take against a licensee, including monetary fines, additional restrictions on a license, and suspension or revocation of the license in serious cases or in response to repeated violations. These are not represented in the table below, which only concerns criminal penalties, but are discussed in Recommendations RB-6 and UAD-2. The rationale for changing most Title 4 offenses to Minor Offenses (violations with a fine that do not require a court appearance) is also outlined in RB-6. Proposed changes to penalties are indicated in **bold**.

Citation (SB 76 v.A)	New Statute Title	Current Penalty	Proposed Penalty	Proposed Fine	Notes + Applicability of Offense
04.09.060	Unlicensed Manufacturing	Misdo A (04.11.010)	Misdo A	Defined in AS 12.55	Sell, manufacture or operate without a license
04.09.070	Unlicensed Manuf.: Local Option	Felony C (04.11.010)	Felony C	Defined in AS 12.55	Sell, manufacture or operate without a license in a Local Option area
04.09.080	Unauthorized Manufacturer Sale	Misdo A	Minor Offense	\$250	License holder sells to a buyer not listed in AS 04.09.050
04.09.140	Unlicensed Wholesale Sale	Misdo A (04.11.010)	Misdo A	Defined in AS 12.55	Sell or operate a wholesale business without a license
04.09.145	Unlicensed Wholesale Sale: Local Option	Felony C (04.11.010)	Felony C	Defined in AS 12.55	Sell or operate a wholesale business without a license in a Local Option area
04.09.150	Failure to Pay Annual Fee or File Affidavit	Misdo A	Minor Offense	\$250	Wholesale licensee fails to pay or file required documentation for annual fees
04.09.160	Failure to Pay Fee or File Declaration	Misdo A	Minor Offense	\$250	Wholesale licensee fails to pay or file required documentation for supplier fees
04.09.200	Beverage Dispensary License	Misdo A	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.210	Restaurant or Eating Place License	Misdo A	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.220	Club License	Misdo A	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.230	Package Store License	Misdo A	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.240	Pub License	Misdo A	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.250	Theater License	Misdo A	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.260	Common Carrier Dispensary License	Misdo A	Misdo A	Defined in AS 12.55	Violates section (a): operates additional unlicensed vessel(s)
04.09.260	Common Carrier Dispensary License	Misdo A	Minor Offense	\$500 per vessel	Noncompliance with license terms; sale in violation of license restrictions
04.09.270	Sporting Event (Rec. Site) License	Misdo A	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.280	Outdoor Recreation Lodge License	Misdo A	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions

Citation (SB 76 v.A)	New Statute Title	Current Penalty	Proposed Penalty	Proposed Fine	Notes + Applicability of Offense
04.09.290	Golf Course License	Misdo A	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.300	Destination Resort License	Misdo A	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.310	Brewery Retail License	Misdo A (04.11.130)	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.320	Winery Retail License	Misdo A (04.11.140)	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.330	Distillery Retail License	Misdo A (04.11.170)	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.340	BDL Tourism License	Misdo A (04.11.400)	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.350	Seasonal REPL Tourism License	<i>New license</i>	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.360	Winery Direct Shipment License	<i>New license</i>	Minor Offense	\$250	Noncompliance with license terms; sale in violation of license restrictions
04.09.370	Unlicensed Retail Sale	Misdo A (04.11.010)	Misdo A	Defined in AS 12.55	Selling or operating a retail operation without a license
04.09.380	Unlicensed Retail Sale: Local Option	Felony C (04.11.010)	Felony C	Defined in AS 12.55	Selling or operating a retail operation without a license in a Local Option area
04.09.410	Manufacturer Sampling Endors.t	Misdo A	Minor Offense	w/o: \$500 other: \$250	Providing samples without endorsement Noncompliance with endorsement terms
04.09.420	Multiple Fixed Counter Endorsement	Misdo A (04.11.090)	Minor Offense	w/o: \$500 other: \$250	Operating without endorsement Noncompliance with endorsement terms
04.09.430	Hotel or Motel Endorsement	Misdo A (04.11.090)	Minor Offense	w/o: \$500 other: \$250	Operating without endorsement Noncompliance with endorsement terms
04.09.440	Large Resort Endorsement	Misdo A (04.11.090)	Minor Offense	w/o: \$500 other: \$250	Operating without endorsement Noncompliance with endorsement terms
04.09.450	Restaurant Endorsement	Misdo A (04.16.049)	Minor Offense	w/o: \$500 other: \$250	Operating without endorsement Noncompliance with endorsement terms
04.09.460	Package Store Shipping Endors.t	Misdo B (04.11.150)	Minor Offense	w/o: \$500 other: \$250	Operating without endorsement Noncompliance with endorsement terms
04.09.470	Package Store Delivery Endors.t	Misdo A (04.11.150)	Minor Offense	w/o: \$500 other: \$250	Operating without endorsement Noncompliance with endorsement terms
04.09.480	Package Store Repackaging Endors.t	Misdo A (04.11.150)	Minor Offense	w/o: \$500 other: \$250	Operating without endorsement Noncompliance with endorsement terms
04.09.490	Package Store Sampling Endors.t	<i>New section</i>	Minor Offense	w/o: \$500 other: \$250	Providing samples without endorsement Noncompliance with endorsement terms
04.09.500	Bowling Alley Endorsement	Misdo A (04.11.090)	Minor Offense	w/o: \$500 other: \$250	Operating without endorsement Noncompliance with endorsement terms
04.09.510	Golf Course Endorsement	Misdo A (04.11.115)	Minor Offense	w/o: \$500 other: \$250	Operating without endorsement Noncompliance with endorsement terms
04.09.520	Brewery Repackaging Endorsement	Misdo A (04.11.135)	Minor Offense	w/o: \$500 other: \$250	Operating without endorsement Noncompliance with endorsement terms
04.09.600	Failure to Comply with Permit Req.t	Misdo A	Minor Offense	\$250	Applies to all event permits under 04.09.600 - 670
		Misdo A	Minor Offense	\$500	Applies to Inventory Stock Sale (-.680), Conditional Contractor (-.690) Permits
04.11.010(a)	License or Permit	Misdo A	Misdo A	Defined in	Removed sale, manufacture, operations:

Citation (SB 76 v.A)	New Statute Title	Current Penalty	Proposed Penalty	Proposed Fine	Notes + Applicability of Offense
	Required; Possession for Sale			AS 12.55	now defined in AS 04.09. Remaining actions prohibited: barter, trafficking
04.11.010(b)	License or Permit Required; Possession for Sale	Felony C	Felony C	Defined in AS 12.55	Receiving or soliciting order for alcohol delivered to Local Option area (except under Pkg. Store Shipping Endorsement)
04.11.010(c)	License or Permit Required; Possession for Sale	Misdo A or Felony C [by volume]	Misdo A or Felony C	Defined in AS 12.55	Presumption about sale if possessing above a certain amount; severity depends on amount in question
04.11.015	Purchase from Nonlicensee Prohibited	Minor Offense	Minor Offense	\$250	Already violation in Title 4; added specific fine amount
04.11.040	Board Approval of Transfers	Misdo A	Minor Offense	\$250	Failure to seek approval of license transfer
04.11.045	Reports Required of Limited Liability Corporations	Misdo A	Minor Offense	\$250	Failure to report ownership change
04.11.050	Reports Required of Corporations	Misdo A	Minor Offense	\$250	Failure to report ownership change
04.11.055	Reports Required of Partnerships	Misdo A	Minor Offense	\$250	Failure to report ownership change
04.11.060	Nonresident Distiller, Brewer, Winery or Wholesaler	Misdo A	Misdo A	Defined in AS 12.55	Selling to in-state licensees without obtaining needed license(s)
04.11.315	False Statement on Application	Felony B (04.16.210)	Felony B	Defined AS 11.56.200	No policy change, statute moved; false statement "knowingly"
04.11.370	Suspension and Revocation of Licenses, et al.	<i>N/A – board-imposed penalties on licensees for violation of Title 4</i>			Defines administrative penalties that the board can impose on licenses; no changes to existing structure
04.11.499(a)	Prohibition of Importation, Purchase (Local Option)	Misdo A/ Felony C	Misdo A/ Felony C	Defined in AS 12.55	Bans importation into Local Option area; severity depends on amount
04.11.499(b)	Prohibition of Importation, Purchase (Local Option)	Misdo A	Misdo A	Defined in AS 12.55	Bans purchase from someone who illegally imported into Local Option area
04.11.501(a)	Prohibition of Possession (Local Option)	Minor Offense	Minor Offense	Fine up to \$1000 (04.16.205)	Court sets fine schedule, forfeiture, etc., for Local Option area banning possession
04.11.535(a)	Suspension and Revocation Based on Acts of Employees	<i>N/A – board-imposed penalties on licensees for violation of Title 4</i>			Establishes burden of proof for licensee; ties violation specifically with offenses under 04.16.150
04.11.560(b)	Appeals	<i>N/A – Defines appeal process</i>			Appeal of board decision go to superior court (44.62.560)
04.16.010	Hours of Sale, Presence on Licensed Premises	Misdo A	Minor Offense	\$250	Noncompliance for serving alcohol outside allowed hours of operation
04.16.015	Pricing and Marketing of Alcoholic Bev.s	Misdo A	Minor Offense	\$250	Noncompliance with limits on sales, amounts of sale, sales or over-service
04.16.017	Trade Practices	<i>New section</i>	<i>N/A – administrative penalties to be defined</i>		Penalties for trade practices administrative only, detailed in future regulations

Citation (SB 76 v.A)	New Statute Title	Current Penalty	Proposed Penalty	Proposed Fine	Notes + Applicability of Offense
04.16.020	Solicitation of Alcoholic Beverages; Purchase for Another	Misdo A	Minor Offense	\$100	Third party paid to encourage patrons to purchase; ordering for person in Local Option area to circumvent ordering limits
04.16.022	Online Alcohol Sales (Beer, Wine, Spirits)	<i>New section</i>	Misdo A	Defined in AS 12.55	Sale of alcohol online to AK consumer, unless under AS 04.09.360 or 04.09.460
		<i>New section</i>	Minor Offense	\$250	Purchase by consumer from online source, unless licensed or endorsed under Title 4
04.16.025	Illegal Presence on Premises Involving Alcoholic Beverages	Minor Offense	Minor Offense	\$250	May not remain on illegal/non-licensed premises with activities in violation of Local Option
04.16.030	Prohibited Conduct Relating to Drunken Persons	Misdo A	Minor Offense	\$250 to \$500	Licensee/employee sells to drunken person (DP); patron gives to DP on premises; allows DP to stay on premises
		<i>New section</i>	Misdo A	Defined in AS 12.55	Licensee knowingly allows violation of this section (adapted from previous 04.16.150)
		<i>New section</i>	Admin. Penalty to licensee	\$250	Licensee receives administrative penalty if employee violates this section. License cannot be suspended for first conviction.
04.16.035	Possession of Homebrew Ingredients in Certain Areas	Misdo A	Misdo A	Defined in AS 12.55	Possess homebrew ingredients with intent to manufacture
04.16.040	Access of Drunken Persons to Licensed Premises	Misdo A	Minor Offense	\$250	Drunken person may not access licensed premises
04.16.045	Obligation to Enforce Restrictions in Licensed Premises	Misdo A	Minor Offense	\$250	Licensee cannot serve alcohol except as allowed in license
04.16.047	Access of Persons with Restriction on Purchasing Alcohol	Misdo A	Misdo A	Defined in AS 12.55	Person cannot enter licensed premises if restricted from purchasing alcohol.
04.16.049	Access Under Age 21 to Licensed Premises	Misdo A	Minor Offense	\$500; \$50 w/ASAP	<i>Enacted in SB165</i>
04.16.050	Possession, Control, Consumption by Under Age 21	Minor Offense (multiple penalties)	Minor Offense	\$500; \$50 w/ASAP	<i>Enacted in SB165</i>
04.16.051	Furnishing or Delivery of Alcoholic Beverages to Persons Under Age 21	Misdo A	Minor Offense	\$500	Applies to an adult (other than licensee) providing a minor with alcohol
		Felony C	Felony C	Defined in AS 12.55	If minor causes injury or death, adult is liable; penalty for repeat offense repealed
04.16.052	Furnishing of Alcoholic Beverages to Persons Under Age 21 by Licensees	Misdo A	Minor Offense	\$250 to \$500	Licensee or employee receives penalty for serving a minor (whoever directly serves)
		<i>New section</i>	Misdo A	Defined in AS 12.55	Licensee knowingly allows violation of this section (adapted from previous 04.16.150)
		<i>New section</i>	Admin. Penalty to licensee	\$250	Licensee receives administrative penalty if employee violates this section. License cannot be suspended for first conviction.
04.16.055	Room Rental for Consuming Alcoholic Beverages	Misdo A	Minor Offense	\$500	Renting room for purpose of providing alcohol to person under 21

Citation (SB 76 v.A)	New Statute Title	Current Penalty	Proposed Penalty	Proposed Fine	Notes + Applicability of Offense
04.16.057	Permitting Minor to Illegally Possess Liquor in Dwelling	Minor Offense	Minor Offense	\$500	Already violation; added fine. Range of fines require court appearance for sentencing.
04.16.059	Aggravated Penalties Involving Under 21, and by Sex Offender	<i>Step-up of existing penalty of underlying offenses in specific cases [no change proposed]</i>			Increases penalties for anyone who is registered sex offender or child kidnapper. e.g. Misdo A goes to Felony C
04.16.060	Purchase or Delivery to Under Age 21	Misdo A	Minor Offense	\$500; \$50 w/ ASAP	Penalty for underage person purchasing or attempting to purchase; proposed to match changes made in SB 165
		Misdo A	Minor Offense	\$500	Delivery to or purchase for underage person by an adult
04.16.065	Civil Penalty for Violations of AS 04.16.060	<i>Civil penalty: \$1500+fees [no change proposed]</i>			Licensee can pursue minor 18+ or emancipated minor for civil damages if violated 04.16.060
04.16.065	Civil Penalty for Violations of AS 04.16.060	<i>Civil penalty \$1000+fees [no change proposed]</i>			Licensee can pursue guardian of >18 minor if violated 04.16.060
04.16.080	Consumption at School Events	Misdo A	Minor Offense	\$100	Consuming at school event, at site of event
04.16.090	Prohibition of Bottle Clubs	Misdo A	Misdo A	Defined in AS 12.55	Same as selling or operating w/o license
04.16.110	Sale of Certain Alcoholic Beverages Prohibited	Misdo A	Misdo A	Defined in AS 12.55	Selling products: powdered alcohol, more than 76 percent ABV
04.16.120	Removal + Introduction of Alcohol	Misdo A	Minor Offense	\$100	Brings alcohol onto licensed premises, or takes off premises
04.16.125	Alcohol Transported by Common Carrier	Misdo A	Misdo A	Defined in AS 12.55	Limits on amounts transported to LO areas, exception for small amts
		<i>New section</i>	Minor Offense	\$500	Delivery by common carrier not approved by ABC Board to deliver alcohol
04.16.125	Alcohol Transported by Common Carrier	<i>New section</i>	Minor Offense	\$250	Noncompliance with delivery requirements by approved common carrier
04.16.130	Stock Confined to Licensed Premises	Misdo A	Minor Offense	\$250	Storing alcohol outside of designated areas licensed for storage
04.16.140	Sale or Consumption of Alcohol in a Warehouse	Misdo A	Minor Offense	\$250	Selling or allowing consumption of alcohol in warehouse licensed for storage
04.16.150	Licensee Responsible for Violations	Misdo A	Minor Offense	\$250	Licensee knowingly allows other violations on premises (see 04.16.030 and 04.16.052)
04.16.160	Restriction on Purchasing Alcohol	Misdo A	Misdo A	Defined in AS 12.55	Requires restricted individual to have current marked ID, avoid alcohol
04.16.170	Source of Alcoholic Beverages	Misdo A	Misdo A	Defined in AS 12.55	Requires purchase from licensee, with exceptions e.g. medicinal, religious
04.16.172	Restrictions on Purchase and Sales of Alcoholic Beverages	Misdo A	Misdo A	Defined in AS 12.55	Prohibits purchase from seller not listed as primary source supplier (wholesaler or manufacturer)
04.16.175	Furnishing Alcoholic Beverages in Aid of Gambling Enterprise	Misdo A	Misdo A	Defined in AS 12.55	Gambling enterprise may not furnish alcohol to player; does not apply to businesses licensed under Title 4

Citation (SB 76 v.A)	New Statute Title	Current Penalty	Proposed Penalty	Proposed Fine	Notes + Applicability of Offense
04.16.180	Penalties for Violation	<i>N/A – board-imposed penalties on licensees for violation of Title 4</i>			Addresses range of board-imposed penalties for violations of Title 4
04.16.180(b)	Penalties for Violation	<i>New section</i>	<i>N/A – board-imposed penalties on licensees</i>		Includes specific penalties for violation of 04.16.030 and -052
04.16.180(e)	Penalties for Violation	<i>New section</i>	<i>N/A – for reference</i>		Defines conviction (applies to felony, misdo, minor offense)
04.16.180(f)	Penalties for Violation	<i>New section</i>	<i>N/A –for reference</i>		Clarifies that licensee convicted of Title 4 offense also subject to board penalties
04.16.180(g)	Penalties for Violation	<i>New section</i>	<i>N/A – for reference</i>		Allows board to reduce penalties on licensee if licensee demonstrates attempt to follow laws, mitigating circumstances
04.16.200	Penalties for Violation of 04.11.010, -.499	Misdo A or Felony C	Misdo A or Felony C	Defined in AS 12.55	Penalties vary by volume of alcohol, number of prior convictions
04.16.200(g)	Penalties for Violation of 04.11.010, -.499	Misdo A	Misdo A	Incl. repeat offenses	Penalties for selling, importing in LO area increased fine amts.
04.16.205	Penalties for Violation of 04.11.501 and Related Ordinances	Minor Offense	Minor Offense	Up to \$1,000	Penalty for possession; section (h) states specifically that violation is not considered a criminal offense, but a minor offense
04.16.220	Forfeitures and Seizures		<i>N/A – for reference</i>		Forfeit and seizure of property related to offenses of Title 4
04.21.012	Keg Registration	<i>New section</i>	Minor Offense	\$250	Licensee sells or rents an unregistered keg
		<i>New section</i>	Minor Offense	\$100	Person possesses unregistered keg containing alcohol
04.21.020	Civil Liability for Providing Alcohol		<i>N/A – for reference</i>		Includes liability for consequences from alcohol consumed when sold illegally
04.21.025	Alcohol Server Education Course	Misdo A	Minor Offense	\$250	Failure to maintain server card if expired
04.21.060	Warehousing of Alcoholic Beverages	Misdo A	Minor Offense	\$250	Can store beverages offsite if approved by board, allowed by local zoning
04.21.065	Posting of Warning Signs	Minor Offense	Minor Offense	\$20 to \$300 per day	Posting of warning signs; bail schedule; doesn't preclude license suspension
04.21.072(a)	Fines and Other Criminal Penalties	Misdo A (04.16.180)	Minor Offense	\$250	Unless specified otherwise, violation of Title 4 is a \$250 fine; replaces 04.16.180(a)
04.21.072(b)	Fines and Other Criminal Penalties	Misdo / Felony	Misdo / Felony	Defined in AS 12.55	Unless specified otherwise, penalties for Misdo/ Felony are defined in Title 12
04.21.074	Bail Forfeiture Schedule		<i>N/A – for reference</i>		Provides outline of bail forfeiture (if ticket is paid) and conviction for minor offenses
04.21.076	Suspension of Fine or Sentence		<i>N/A – for reference</i>		Court cannot suspend fine or sentence for minor offenses; requires enforcing
12.85.015	Record of Judgment of Conviction		<i>N/A – for reference</i>		Requires court to send convictions of Title 4 to ABC Board.
Repeal of 04.16.180(a)	Repeal: Default Penalty in Title 4	Misdo A	(See AS 04.21.072)		Removes default as Misdo A; is now Minor Offense, in 04.21.072

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 76
IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTIETH LEGISLATURE - FIRST SESSION

BY SENATOR MICCICHE

Introduced: 5/11/17

Referred: Labor and Commerce, Judiciary

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to alcoholic beverages; relating to the regulation of manufacturers,**
2 **wholesalers, retailers, and common carriers of alcoholic beverages; relating to licenses,**
3 **endorsements, and permits involving alcoholic beverages; relating to the Alcoholic**
4 **Beverage Control Board; relating to offenses involving alcoholic beverages; amending**
5 **Rule 17, Alaska Rules of Minor Offense Procedure; and providing for an effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 *** Section 1.** AS 04.06.075 is amended by adding a new subsection to read:

8 (b) The director shall prepare and submit to the board an annual budget for the
9 board that includes funding for administration, enforcement, education, training, and
10 prevention activities under this title.

11 *** Sec. 2.** AS 04.06.080 is amended to read:

12 **Sec. 04.06.080. Delegation of authority.** The director shall issue, renew,
13 transfer, suspend, or revoke all licenses, endorsements, and permits at the direction of

1 the board. However, notwithstanding AS 04.06.090(b) [AS 04.11.070], the board may
 2 delegate authority to the director to temporarily grant or deny the issuance, renewal, or
 3 transfer of licenses, endorsements, and permits. The director's temporary grant or
 4 denial of the issuance, renewal, or transfer of a license, endorsement, or permit is not
 5 binding on the board. The board may delegate to the director any duty imposed by this
 6 title except its power to propose and adopt regulations.

7 * **Sec. 3.** AS 04.06.090(b) is amended to read:

8 (b) Only the board may issue, renew, transfer, relocate, suspend, or
 9 revoke a license or endorsement under this title. The board shall review all
 10 applications for licenses and endorsements made under this title and may order the
 11 director to issue, renew, revoke, transfer, or suspend licenses, endorsements, and
 12 permits authorized under this title.

13 * **Sec. 4.** AS 04.06.090(e) is amended to read:

14 (e) The board shall promptly notify all licensees and municipalities of major
 15 changes to this title and to regulations adopted under this title. However, if changes
 16 only affect specific classifications of licenses, endorsements, and permits, the board
 17 need only notify those licensees and municipalities directly affected by the changes.
 18 Current copies of this title and current copies of the regulations adopted under it shall
 19 be made available at all offices in the state of the Department of Commerce,
 20 Community, and Economic Development and the detachment headquarters and posts
 21 maintained by the division of Alaska state troopers in the Department of Public Safety.

22 * **Sec. 5.** AS 04.06.090 is amended by adding new subsections to read:

23 (f) The board shall develop a comprehensive plan to educate public safety
 24 professionals, the alcoholic beverage industry, individuals under 21 years of age, local
 25 governments, established villages, and the general public on the responsible use of
 26 alcoholic beverages and on relevant state statutes, regulations, and policies. The board
 27 shall update and revise the plan annually.

28 (g) The board shall review the fees specified in this title and regulations
 29 adopted under this title at least every 10 years.

30 (h) The board may, within 30 days after the introduction of a bill amending a
 31 provision of this title or adding a new provision to this title, prepare an advisory

1 opinion regarding the changes proposed in the bill.

2 (i) The board shall, within 30 business days after receiving notice of a
3 conviction or violation under this title, provide a copy of the conviction or violation to
4 the holder of a license if an offense or violation occurred on the holder's licensed
5 premises and the holder is not the subject of the conviction or violation.

6 (j) The board shall post information on the board's Internet website about fetal
7 alcohol syndrome and fetal alcohol effects resulting from a woman consuming alcohol
8 during pregnancy.

9 * **Sec. 6.** AS 04.06.095 is amended to read:

10 **Sec. 04.06.095. Statewide database.** **(a)** The board, after consulting with
11 package store licensees, shall create and maintain a statewide database that contains a
12 monthly record of the alcohol purchased by, and shipped to, a person who resides in a
13 municipality or established village that has restricted the sale of alcoholic beverages
14 under AS 04.11.491(a)(1), (2), or (3) or (b)(1) or (2).

15 **(b)** Except as otherwise specifically provided in this section, the information
16 contained in the database is confidential and is not subject to inspection or copying
17 under AS 40.25.110 - 40.25.220. **Personally identifiable information, including**
18 **business names and addresses,** [INFORMATION] in the database shall be purged
19 one year after entry unless it is needed for criminal investigation or prosecution. **All**
20 **other information in the database shall be retained in aggregate form and purged**
21 **10 years after entry.** Information in the database is available only to

22 (1) a package store licensee, agent, or employee to consult before
23 shipping alcohol to a purchaser in a restricted area **under a package store shipping**
24 **endorsement** as provided in **AS 04.09.460** [AS 04.11.150(g)];

25 (2) a law enforcement officer;

26 (3) a probation or parole officer;

27 (4) the board; and

28 (5) the person who is the subject of the information; the board shall
29 adopt regulations concerning access by a person to information contained in the
30 database of the purchases by, and shipments to, that person.

31 * **Sec. 7.** AS 04.06.095 is amended by adding a new subsection to read:

1 (c) The board shall produce an annual report of the aggregate regional and
 2 statewide data from the database, excluding personally identifiable information and
 3 the names and addresses of businesses, and shall make the report available for public
 4 inspection and copying under AS 40.25.110 - 40.25.220. The report must include
 5 information about the total volume of alcohol received in each municipality or
 6 established village.

7 * **Sec. 8.** AS 04.06.100(b) is amended to read:

8 (b) The subjects covered by regulations adopted under (a) of this section may
 9 include the following matters:

10 (1) employment, conduct, and duties of the director and of regular and
 11 contractual employees of the board;

12 (2) procedures for the issuance, denial, renewal, transfer, revocation,
 13 and suspension of licenses, endorsements, and permits;

14 (3) terms and conditions of licenses, endorsements, and permits
 15 issued;

16 (4) fees for licenses, endorsements, and permits issued for which fees
 17 are not prescribed by statute;

18 (5) conduct of regular and special meetings of the board;

19 (6) delegation to the director of routine administrative functions and
 20 powers;

21 (7) the temporary granting or denial of issuance, transfer, and renewal
 22 of licenses and endorsements;

23 (8) manner of giving any notice required by law or regulation when not
 24 provided for by statute;

25 (9) requirements relating to the qualifications of licensees, the
 26 conditions upon which a license may be issued, the accommodations of licensed
 27 premises, and board inspection of those premises;

28 (10) making of reports by wholesalers;

29 (11) purchase of fidelity bonds by the state for the director and the
 30 employees of the board;

31 (12) prohibition of possession of alcoholic beverages by drunken

1 persons and by minors;

2 (13) required reports from corporations licensed under this title,
3 including reports of stock ownership and transfers and changes of officers and
4 directors;

5 (14) [CREATION OF CLASSIFICATIONS OF LICENSES OR
6 PERMITS NOT PROVIDED FOR IN THIS TITLE;

7 (15)] establishment and collection of fees to be paid on application for
8 a license, endorsement, or permit;

9 (15) [(16)] required reports from partnerships and limited partnerships
10 licensed under this title, including reports of transferred interests of 10 percent or
11 more;

12 (16) [(17)] required reports from limited liability organizations
13 licensed under this title, including reports of the transfer of a member's interest if the
14 transfer equals 10 percent or more of the ownership of the limited liability
15 organization and any change of managers;

16 (17) restrictions on the manufacture, packaging, sale, and
17 distribution of products containing alcohol that are intended for human
18 consumption.

19 * **Sec. 9.** AS 04 is amended by adding a new chapter to read:

20 **Chapter 09. Licenses, Endorsements, and Permits.**

21 **Article 1. License Types.**

22 **Sec. 04.09.010. Types of licenses.** A license defines activities allowed daily on
23 licensed premises. License type is a general category of license activity based on the
24 three-tier system of alcohol regulation. The three types of licenses the board may issue
25 are manufacturer, wholesale, and retail licenses. The board may issue only the licenses
26 authorized in AS 04.09.020 - 04.09.360.

27 **Article 2. Manufacturer Licenses.**

28 **Sec. 04.09.020. Brewery manufacturer license.** (a) A brewery manufacturer
29 license authorizes the holder to operate a brewery for the manufacture, packaging,
30 storing, and sale of its brewed beverages to a buyer as permitted in AS 04.09.050.

31 (b) The biennial brewery manufacturer license fee is \$1,500.

1 (c) At least 80 percent of the final product of brewed beverages offered for
 2 sale by the holder of a brewery manufacturer license must be manufactured on the
 3 holder's licensed premises in the state.

4 **Sec. 04.09.030. Winery manufacturer license.** (a) A winery manufacturer
 5 license authorizes the holder to operate a winery for the manufacture, packaging,
 6 storing, and sale of its wine to a buyer as permitted in AS 04.09.050.

7 (b) The biennial winery manufacturer license fee is \$1,500.

8 (c) At least 80 percent of the final product of wine offered for sale by the
 9 holder of a winery manufacturer license must be manufactured on the holder's licensed
 10 premises in the state.

11 **Sec. 04.09.040. Distillery manufacturer license.** (a) A distillery manufacture
 12 license authorizes the holder to operate a distillery for the manufacture, packaging,
 13 storing, and sale of its distilled spirits to a buyer as permitted in AS 04.09.050.

14 (b) The biennial distillery manufacturer license fee is \$1,500.

15 (c) At least 80 percent of the final product of distilled spirits offered for sale
 16 by the holder of a distillery manufacturer license must be manufactured on the holder's
 17 licensed premises in the state.

18 **Sec. 04.09.050. Authorized sales.** (a) The holder of a manufacturer license
 19 that annually produces in total less than 300,000 barrels of brewed beverages, less than
 20 50,000 nine-liter-equivalent cases of wine, or less than 50,000 nine-liter-equivalent
 21 cases of distilled spirits may sell its product to

22 (1) the holder of a wholesale license issued under this chapter;

23 (2) the holder of a retail license issued under this chapter;

24 (3) the holder of a permit issued under this chapter;

25 (4) an entity in another state or country.

26 (b) The holder of a manufacturer license that annually produces in total
 27 300,000 barrels or more of brewed beverages, 50,000 nine-liter-equivalent cases or
 28 more of wine, or 50,000 nine-liter-equivalent cases or more of distilled spirits may sell
 29 its product to

30 (1) the holder of a wholesale license issued under this chapter;

31 (2) an entity in another state or country.

1 (c) For purposes of calculating the volume that the holder of a manufacturer
2 license produces under this section, the volume of production must include all
3 production by

4 (1) the holder of the manufacturer's license; and

5 (2) an officer, director, agent, employee, or affiliate of the holder; in
6 this paragraph, "affiliate" means a person that directly or indirectly, through one or
7 more intermediaries, controls, or is controlled by, or is under common control with, a
8 corporation.

9 **Sec. 04.09.060. Unlicensed manufacturing.** (a) A person commits the crime
10 of unlicensed manufacturing if the person knowingly operates a

11 (1) brewery without a brewery manufacturer license;

12 (2) winery without a winery manufacturer license; or

13 (3) distillery without a distillery manufacturer license.

14 (b) Unlicensed manufacturing is a class A misdemeanor.

15 **Sec. 04.09.070. Unlicensed manufacturing in a local option area.** (a) A
16 person commits the crime of unlicensed manufacturing in a local option area if the
17 person knowingly operates in an area that has adopted a local option under
18 AS 04.11.491 a

19 (1) brewery without a brewery manufacturer license;

20 (2) winery without a winery manufacturer license; or

21 (3) distillery without a distillery manufacturer license.

22 (b) Unlicensed manufacturing in a local option area is a class C felony.

23 **Sec. 04.09.080. Unauthorized manufacturer sale.** (a) Except as provided in
24 AS 04.09.310 - 04.09.330, a person who holds a manufacturer license commits the
25 offense of unauthorized manufacturer sale if the person sells its product in violation of
26 AS 04.09.050.

27 (b) Unauthorized manufacturer sale is a violation.

28 **Sec. 04.09.090. Definition.** In AS 04.09.020 - 04.09.090, "packaging" means
29 the process of containing alcoholic beverages in bottles or other types of containers for
30 purpose of resale.

31 **Article 3. Wholesale Licenses.**

1 **Sec. 04.09.100. General wholesale license.** (a) A general wholesale license
 2 authorizes the holder to sell alcoholic beverages at wholesale. The holder of a general
 3 wholesale license may not sell to a person not licensed under this title, except as
 4 provided in AS 04.21.040.

5 (b) The biennial general wholesale license fee is \$2,000.

6 (c) In addition to the license fee under (b) of this section, the holder of a
 7 general wholesale license shall pay an annual fee based on the total value of business
 8 transacted by the wholesale business, including the excise tax imposed by
 9 AS 43.60.010. If the total value of business transacted during the calendar year
 10 including the excise tax imposed by AS 43.60.010 is

11 (1) less than or equal to \$100,000, then the annual fee is \$0;

12 (2) over \$100,000 and not over \$150,000, then the annual fee is \$250;

13 (3) over \$150,000 and not over \$200,000, then the annual fee is \$500;

14 (4) over \$200,000 and not over \$250,000, then the annual fee is \$750;

15 (5) over \$250,000 and not over \$300,000, then the annual fee is
 16 \$1,000;

17 (6) over \$300,000 and not over \$350,000, then the annual fee is
 18 \$1,250;

19 (7) over \$350,000 and not over \$400,000, then the annual fee is
 20 \$1,500;

21 (8) over \$400,000 and not over \$500,000, then the annual fee is
 22 \$2,000;

23 (9) over \$500,000 and not over \$600,000, then the annual fee is
 24 \$2,500;

25 (10) over \$600,000 and not over \$700,000, then the annual fee is
 26 \$3,000;

27 (11) over \$700,000 and not over \$800,000, then the annual fee is
 28 \$3,500;

29 (12) over \$800,000 and not over \$1,000,000, then the annual fee is
 30 \$4,500;

31 (13) over \$1,000,000, then the annual fee is \$10,000.

1 **Sec. 04.09.110. Limited wholesale brewed beverage and wine license.** (a) A
 2 limited wholesale brewed beverage and wine license authorizes the holder to sell
 3 brewed beverages and wine at wholesale. The holder of a limited wholesale brewed
 4 beverage and wine license may not sell to a person not licensed under this title, except
 5 as provided in AS 04.21.040.

6 (b) The biennial limited wholesale brewed beverage and wine license fee is
 7 \$400.

8 (c) In addition to the license fee under (b) of this section, the holder of a
 9 limited wholesale brewed beverage and wine license shall pay an annual fee based on
 10 the total value of business transacted by the wholesale business, including the excise
 11 tax imposed by AS 43.60.010. If the total value of business transacted during the
 12 calendar year including the excise tax imposed by AS 43.60.010 is

- 13 (1) less than or equal to \$20,000, then the annual fee is \$0;
 14 (2) over \$20,000 and not over \$50,000, then the annual fee is \$150;
 15 (3) over \$50,000 and not over \$100,000, then the annual fee is \$500;
 16 (4) over \$100,000 and not over \$150,000, then the annual fee is \$750;
 17 (5) over \$150,000 and not over \$200,000, then the annual fee is
 18 \$1,000;
 19 (6) over \$200,000 and not over \$400,000, then the annual fee is
 20 \$2,000;
 21 (7) over \$400,000 and not over \$600,000, then the annual fee is
 22 \$3,000;
 23 (8) over \$600,000 and not over \$800,000, then the annual fee is
 24 \$4,000;
 25 (9) over \$800,000, then the annual fee is \$10,000.

26 **Sec. 04.09.120. Annual fee and affidavit.** (a) Not later than February 28 of
 27 each year the holder of a general wholesale license or a limited wholesale brewed
 28 beverage and wine license shall pay the annual fee for the license for the preceding
 29 calendar year, and file with the board an affidavit showing the

- 30 (1) total value of business transacted under the license by the
 31 wholesale business, including the excise tax imposed by AS 43.60.010, during the

1 preceding calendar year; and

2 (2) location of the licensed premises at which the business was
3 transacted.

4 (b) Failure to file an affidavit under (a) of this section or the expiration of a
5 license under AS 04.11.540 does not relieve a licensee from paying the prescribed
6 annual fee.

7 **Sec. 04.09.130. Wholesale supplier declaration.** (a) A person who applies for
8 issuance or renewal of a general wholesale license or a limited wholesale brewed
9 beverage and wine license shall submit to the board, on a form prescribed by the
10 board, a declaration that the person is the appointed wholesaler of the distiller, brewer,
11 vintner, or importer of each product line of alcoholic beverage that the person intends
12 to purchase, offer for sale, or sell. The form must include a space for the person to
13 indicate the total number of suppliers. The board may request a list of suppliers, or
14 additional information about a product line.

15 (b) A person filing a declaration under this section shall pay a biennial filing
16 fee. If the declaration lists

- 17 (1) one to 25 suppliers, the fee is \$500;
18 (2) 26 to 50 suppliers, the fee is \$1,000;
19 (3) 51 to 75 suppliers, the fee is \$1,500;
20 (4) 76 or more suppliers, the fee is \$2,000.

21 (c) In this section, "distiller, brewer, vintner, or importer" includes an
22 exclusive agent of the distiller, brewer, vintner, or importer if the agent's name appears
23 on the label of the brand approved by the Alcohol and Tobacco Tax and Trade Bureau.

24 **Sec. 04.09.140. Unlicensed wholesale sale.** (a) A person commits the crime of
25 unlicensed wholesale sale if the person knowingly sells

26 (1) distilled spirits at wholesale without a general wholesale license; or
27 (2) brewed beverages or wine at wholesale without a general wholesale
28 license or a limited wholesale brewed beverage and wine license.

29 (b) Unlicensed wholesale sale is a class A misdemeanor.

30 **Sec. 04.09.145. Unlicensed wholesale sale in a local option area.** (a) A
31 person commits the crime of unlicensed wholesale sale in a local option area if the

1 person knowingly sells in an area that has adopted a local option under AS 04.11.491

2 (1) distilled spirits at wholesale without a general wholesale license; or

3 (2) brewed beverages or wine at wholesale without a general wholesale
4 license or a limited wholesale brewed beverage and wine license.

5 (b) Unlicensed wholesale sale in a local option area is a class C felony.

6 **Sec. 04.09.150. Failure to pay annual fee or file affidavit.** (a) A person
7 commits the offense of failure to pay an annual wholesale fee or file a wholesale
8 affidavit if the person fails to pay the annual fee or file the affidavit as required under
9 AS 04.09.120.

10 (b) Failure to pay an annual wholesale fee or file a wholesale affidavit is a
11 violation.

12 **Sec. 04.09.160. Failure to pay biennial fee or file declaration.** (a) A person
13 commits the offense of failure to pay a biennial supplier fee or file a supplier
14 declaration if the person fails to pay the biennial supplier fee or file the declaration as
15 required under AS 04.09.130.

16 (b) Failure to pay a biennial supplier fee or file a supplier declaration is a
17 violation.

18 **Article 4. Retail Licenses.**

19 **Sec. 04.09.200. Beverage dispensary license.** (a) A beverage dispensary
20 license authorizes the holder to sell or serve on the licensed premises alcoholic
21 beverages for consumption only on the licensed premises.

22 (b) The biennial beverage dispensary license fee is \$2,500.

23 (c) The holder of a beverage dispensary license may not maintain on the
24 licensed premises more than one room in which there is regularly maintained a fixed
25 counter or service bar that has plumbing connections to permanent plumbing at which
26 alcoholic beverages are sold or served to members of the public for consumption,
27 unless the license has a multiple fixed counter endorsement under AS 04.09.420.

28 (d) Except as provided under AS 04.09.610, 04.09.640, 04.09.670, and
29 AS 04.16.120(c), the holder of a beverage dispensary license who sells or serves
30 alcoholic beverages off the licensed premises or permits consumption off the premises
31 of alcoholic beverages sold or served on the premises commits the offense of

1 unauthorized beverage dispensary activity.

2 (e) Unauthorized beverage dispensary activity is a violation.

3 **Sec. 04.09.210. Restaurant or eating place license.** (a) A restaurant or eating
4 place license authorizes a restaurant or eating place to sell brewed beverages and wine
5 for consumption only on the licensed premises.

6 (b) The biennial restaurant or eating place license fee is \$1,250.

7 (c) The board may issue or renew a license under this section only if

8 (1) the board determines that the licensed premises is a bona fide
9 restaurant as defined in AS 04.21.080(b);

10 (2) the licensee has, or the licensee has simultaneously applied for, a
11 restaurant endorsement; and

12 (3) the sale and service of food and alcoholic beverages and any other
13 business conducted on the licensed premises of the restaurant or eating place is under
14 the sole control of the licensee.

15 (d) The holder of a restaurant or eating place license shall ensure that gross
16 receipts from the sale of food for consumption on the licensed premises are not less
17 than the total of the gross receipts from the sale of alcoholic beverages for
18 consumption on the licensed premises in each calendar year. At the time the holder
19 submits an application for renewal of the license, the holder shall submit a statement
20 to the board certifying that the holder has met the requirement under this subsection
21 for the designated period of the license under AS 04.11.680. The board may renew a
22 restaurant or eating place license only if the licensee's statement provides evidence
23 satisfactory to the board that, during the designated period of the license under
24 AS 04.11.680, the gross receipts from the sale of food for consumption on the licensed
25 premises were not less than the total of the gross receipts from the sale of alcoholic
26 beverages for consumption on the licensed premises.

27 (e) The holder of a restaurant or eating place license may not provide
28 entertainment on or adjacent to the licensed premises before 3:00 p.m. or after 11:00
29 p.m. except with the approval of the director. The director may grant approval for
30 entertainment at other times only upon the written request of the licensee, and only for
31 a specific occasion. The director may not grant approval for entertainment on or

1 adjacent to the licensed premises of an individual licensee more than six times in a
2 calendar year.

3 (f) Except as provided under AS 04.09.620, 04.09.640, and AS 04.16.120(c),
4 the holder of a restaurant or eating place license commits the offense of failure to
5 comply with the terms of a restaurant or eating place license if the person sells brewed
6 beverages or wine in violation of (a) of this section or fails to comply with (e) of this
7 section.

8 (g) Failure to comply with the terms of a restaurant or eating place license is a
9 violation.

10 **Sec. 04.09.220. Club license.** (a) A club license authorizes a club or
11 organization to sell alcoholic beverages for consumption only on the licensed
12 premises.

13 (b) The biennial fee for a club license is \$2,500.

14 (c) The board may issue a club license only to an organization operated for
15 social, recreational, benevolent, or athletic purposes and not for profit. The board may
16 issue a club license only to a club, fraternal organization, patriotic organization, or
17 social organization that has been

18 (1) chartered by a state or national organization for a period of 10
19 consecutive years before application for a license under this section; or

20 (2) chartered by a national organization that has maintained a chartered
21 club or organization within the state for a period of at least 20 years.

22 (d) Alcoholic beverages sold under a club license may be purchased only by

23 (1) members of the club and their families;

24 (2) widows or widowers of deceased members of the club who have
25 been accorded club privileges; and

26 (3) military personnel on active duty who are extended the privilege by
27 patriotic organizations.

28 (e) Alcoholic beverages may be purchased only in the portion of the club
29 rooms that are part of the licensed premises.

30 (f) Guests who enter the club premises on the invitation of a member and in
31 the company of the member may be served but not sold alcoholic beverages. A guest

1 shall leave the premises immediately upon the departure of the member who extended
2 the invitation to enter.

3 (g) Notwithstanding AS 04.16.049, access by persons under 21 years of age to
4 the

5 (1) licensed premises of a club is permitted when alcoholic beverages
6 are not present; and

7 (2) premises of a patriotic organization licensed as a club under this
8 section is permitted when alcoholic beverages are present, if the person possesses a
9 valid active duty military or armed forces identification card issued by the United
10 States Department of Defense or the United States Department of Homeland Security.

11 (h) The holder of a club license may not serve or sell alcoholic beverages for
12 use or consumption off the licensed premises of the club or organization, including use
13 or consumption by a club member or employee, except under a club caterer's permit.

14 (i) The holder of a club license may not

15 (1) solicit public patronage of the club premises, except as approved by
16 the board;

17 (2) distribute income from the sale of alcoholic beverages under the
18 license to a member, director, or officer;

19 (3) sell or serve alcoholic beverages in club rooms outside the portion
20 of the club rooms that are part of the licensed premises.

21 (j) In this section, "member" means a holder of a full year of paid membership
22 entitling the holder to all voting rights and privileges of membership under the
23 constitution or bylaws of the club or organization.

24 (k) The holder of a club license commits the offense of failure to comply with
25 the terms of a club license if the person sells alcoholic beverages in violation of (a) of
26 this section or violates (d), (e), (f), (h), or (i) of this section.

27 (l) Failure to comply with the terms of a club license is a violation.

28 **Sec. 04.09.230. Package store license.** (a) A package store license authorizes
29 the holder to operate a package store to store alcoholic beverages with federally
30 compliant labels, and to sell alcoholic beverages with federally compliant labels to a
31 person present on the licensed premises.

1 (b) The biennial package store license fee is \$1,500.

2 (c) The licensed premises occupied by the holder of a package store license
3 may not be connected by a door, opening, or other means of passage intended for the
4 access of the general public to an adjacent retail business not licensed under this title
5 unless approved by the board.

6 (d) If the holder of a package store license also holds a beverage dispensary
7 license, the licensed premises of the package store are contained within or are adjacent
8 to the licensed premises of the beverage dispensary, and the only public entrance to
9 the package store is by a door or other means within the beverage dispensary, the
10 board shall determine whether additional entrances to the package store are necessary
11 for enforcement purposes, to meet health and fire safety standards, or for the
12 convenience of the public.

13 (e) The holder of a package store license may not

14 (1) offer alcoholic beverages for consumption on the licensed premises
15 or allow the consumption of alcoholic beverages on the licensed premises except as
16 authorized by a package store sampling endorsement issued under AS 04.09.490 or a
17 tasting event permit issued under AS 04.09.670;

18 (2) subdivide alcoholic beverages except as authorized by a package
19 store repackaging endorsement issued under AS 04.09.480;

20 (3) offer alcoholic beverages for sale or sell alcoholic beverages to a
21 person not present on the licensed premises who makes an order for shipment except
22 as authorized by a package store shipping endorsement under AS 04.09.460; or

23 (4) deliver alcoholic beverages to a person not present on the licensed
24 premises except as authorized by a package store delivery endorsement under
25 AS 04.09.470.

26 (f) The holder of a package store license commits the offense of failure to
27 comply with the terms of a package store license if the person stores or sells alcoholic
28 beverages in violation of (a) of this section or fails to comply with (c) or (e) of this
29 section.

30 (g) Failure to comply with the terms of a package store license is a violation.

31 **Sec. 04.09.240. Pub license.** (a) A pub license authorizes the holder to sell

1 brewed beverages and wine for consumption only at a designated premises located on
2 the campus of an accredited college or university.

3 (b) The biennial pub license fee is \$1,250.

4 (c) The board may not

5 (1) issue more than one pub license for each accredited college or
6 university campus in the state; and

7 (2) issue or renew a pub license without the written approval of the
8 governing body of the accredited college or university.

9 (d) The board may designate two alternating premises for a pub license if

10 (1) both premises

11 (A) are located on the accredited college or university campus;

12 (B) are not located in contiguous rooms or adjacent buildings;

13 and

14 (C) are under the licensee's control;

15 (2) at any time, only one location is operating as a licensed premises
16 with specified operating hours approved by the board; and

17 (3) all alcoholic beverages are either removed from the alternate
18 premises or stored in a secure location that is not accessible to the general public
19 during times when the alternate premises is not operating as a licensed premises.

20 (e) The board may suspend or revoke a licensee's use of an alternate premises
21 under (d) of this section after providing written notice and an opportunity to be heard
22 to the licensee.

23 (f) In this section, "accredited college or university" means a college or
24 university accredited by the Northwest Commission on Colleges and Universities.

25 (g) The holder of a pub license commits the offense of failure to comply with
26 the terms of a pub license if the person sells brewed beverages or wine in violation of
27 (a) of this section.

28 (h) Failure to comply with the terms of a pub license is a violation.

29 **Sec. 04.09.250. Theater license.** (a) A theater license authorizes the holder of
30 a beverage dispensary license or a restaurant or eating place license to sell alcoholic
31 beverages for consumption on licensed premises at a specified theater site, except that

1 a restaurant or eating place licensee with a theater license may only sell brewed
2 beverages and wine.

3 (b) The biennial theater license fee is \$1,250.

4 (c) The holder of a theater license may sell or serve alcoholic beverages only
5 in designated areas on the licensed premises, and only for one hour before the event
6 and during intermissions.

7 (d) The holder of a theater license may not sell, serve, or permit the
8 consumption of alcoholic beverages in the audience viewing area.

9 (e) The holder of a theater license shall post the license conspicuously in the
10 theater during times when alcoholic beverages are sold.

11 (f) The board may not approve an application for transfer of a theater license
12 to another location.

13 (g) The board may deny an application for renewal of a theater license if the
14 theater license was not used for at least one event during each calendar year of the
15 license period.

16 (h) In this section, "theater" means a location where events, including plays,
17 operas, orchestra concerts, readings, and similar activities as determined by the board
18 are presented by live performers on a stage.

19 (i) A person commits the offense of failure to comply with the terms of a
20 theater license if the person sells, serves, or permits the consumption of alcoholic
21 beverages except as permitted in this section or fails to post the license as required by
22 this section.

23 (j) Failure to comply with the terms of a theater license is a violation.

24 **Sec. 04.09.260. Common carrier dispensary license.** (a) A common carrier
25 dispensary license authorizes the holder to sell alcoholic beverages for consumption
26 aboard a boat or train licensed by a state or federal agency for passenger travel, or
27 aboard aircraft operated by an airline licensed by a state or federal agency for
28 passenger travel.

29 (b) Except as provided for airlines under (c) of this section, the biennial
30 common carrier dispensary license fee is \$1,000 for each of the first 10 licenses a
31 common carrier holds and \$100 for each additional license issued to the common

1 carrier after the first 10 licenses.

2 (c) The biennial fee for a common carrier dispensary license issued to an
3 airline is the fee specified under (b) of this section for each aircraft in which alcoholic
4 beverages are served or \$2,000 for each community served by the airline. An airline
5 shall specify the fee applicable to the license at the time of the airline's application for
6 issuance or renewal of the license.

7 (d) Except for a common carrier that is an airline, a common carrier shall
8 obtain a license for each boat or train in which alcoholic beverages are served. After
9 obtaining an initial license for the first boat or train, the common carrier may obtain
10 additional licenses for additional boats or trains upon making a written request
11 identifying the boat or train in the manner prescribed by the board, and paying the
12 biennial fee for additional licensed premises as required by (b) of this section.

13 (e) The holder of a common carrier dispensary license who exceeds the
14 authority granted in (a) of this section commits the crime of unauthorized common
15 carrier dispensary activity.

16 (f) Unauthorized common carrier dispensary activity is a class A
17 misdemeanor.

18 (g) The holder of a common carrier dispensary license who fails to comply
19 with (b) - (d) of this section commits the offense of common carrier dispensary
20 noncompliance.

21 (h) Common carrier dispensary noncompliance is a violation and is punishable
22 by a fine of \$500 for each boat, train, or aircraft not in compliance with this section.

23 **Sec. 04.09.270. Sporting event license.** (a) A sporting event license authorizes
24 the holder to sell brewed beverages and wine at a sporting event site during and one
25 hour before and after a sporting event that is not a school event, for consumption on
26 designated areas at the sporting event site.

27 (b) The biennial sporting event license fee is \$1,250.

28 (c) In this section, "sporting event site" includes a location where baseball,
29 hockey, rugby, soccer, or football games, car races, dog sled racing events, or curling
30 matches are regularly held during a season.

31 (d) The holder of a sporting event license who sells brewed beverages or wine

1 off the licensed premises or during hours not authorized under (a) of this section or
 2 who permits consumption off the premises of brewed beverages or wine sold on the
 3 premises commits the offense of unauthorized sporting event activity.

4 (e) Unauthorized sporting event activity is a violation.

5 (f) The holder of a recreational site license issued under former AS 04.11.210
 6 offering, on the effective date of this section, on the recreational site's licensed
 7 premises brewed beverages and wine for sale to the public for consumption on the
 8 premises may offer brewed beverages and wine for sale to the public for consumption
 9 on the premises for a period ending on December 31, 2025, for a license renewing on
 10 an odd-numbered year, or December 31, 2026, for a license renewing on an even-
 11 numbered year.

12 **Sec. 04.09.280. Outdoor recreation lodge license.** (a) An outdoor recreation
 13 lodge license authorizes the holder to sell alcoholic beverages to a registered overnight
 14 guest or off-duty staff of the lodge for consumption on the licensed premises or in
 15 conjunction with purchased outdoor recreation activities provided by the licensee.

16 (b) The biennial outdoor recreation lodge license fee is \$2,500.

17 (c) The board may not grant an application for transfer of an outdoor
 18 recreation lodge license to another location.

19 (d) In this section, "outdoor recreation lodge" means a licensed business that
 20 provides overnight accommodations and meals, is primarily involved in offering
 21 opportunities for persons to engage in outdoor recreation activities, and has a
 22 minimum of two guest rooms.

23 (e) The holder of an outdoor recreation lodge license who sells alcoholic
 24 beverages in violation of the authority granted under (a) of this section commits the
 25 offense of unauthorized outdoor recreation lodge activity.

26 (f) Unauthorized outdoor recreation lodge activity is a violation.

27 **Sec. 04.09.290. Golf course license.** (a) A golf course license authorizes the
 28 holder to sell brewed beverages and wine for consumption on the licensed premises.

29 (b) The biennial golf course license fee is \$1,250.

30 (c) An application for a golf course license must include

31 (1) a drawing of the golf course with an annotated illustration and

1 description of the portions of the course that are intended to be licensed premises; and

2 (2) a sample food menu.

3 (d) The board may not approve an application for transfer of a golf course
4 license to another location.

5 (e) The holder of a golf course license shall make food similar to that listed in
6 the sample menu available during times when brewed beverages and wine are sold,
7 served, and consumed on the licensed premises.

8 (f) The holder of a golf course license may not allow a person other than the
9 holder or an agent or employee of the holder, in the regular course of employment, to
10 bring alcoholic beverages onto the licensed premises or other portions of the course
11 for consumption.

12 (g) In this section, "licensed premises" includes the golf course, a driving
13 range, a club house, and other buildings located on the course, and a vending cart
14 carrying beverages or food to, from, or on the course, and does not include the parking
15 lot.

16 (h) The holder of a golf course license commits the offense of failure to
17 comply with the terms of a golf course license if the person sells brewed beverages or
18 wine in violation of this section or violates (e) or (f) of this section.

19 (i) Failure to comply with the terms of a golf course license is a violation.

20 **Sec. 04.09.300. Destination resort license.** (a) A destination resort license
21 authorizes the holder to sell alcoholic beverages at a destination resort for
22 consumption on the licensed premises in conjunction with the visitor activities
23 provided by the licensee to cruise ship passengers and staff and other visitors while the
24 cruise ship is in port at the resort.

25 (b) The biennial destination resort license fee is \$2,500.

26 (c) The board may not approve an application for transfer of a destination
27 resort license to another location.

28 (d) In this section, "destination resort" means a business that owns a site of at
29 least 20 acres that is used principally as a destination for cruise ships and other vessels
30 that carry a minimum of 50 passengers and that does not provide overnight lodging on
31 its premises for visitors.

1 (e) The holder of a destination resort license commits the offense of failure to
 2 comply with a destination resort license if the person sells alcoholic beverages in
 3 violation of (a) of this section.

4 (f) Failure to comply with the terms of a destination resort license is a
 5 violation.

6 **Sec. 04.09.310. Brewery retail license.** (a) A brewery retail license authorizes
 7 the holder to store, sell, or serve on the licensed premises brewed beverages for
 8 consumption on and off the premises.

9 (b) The biennial brewery retail license fee is \$1,250.

10 (c) The board may issue a brewery retail license only to the holder of a
 11 brewery manufacturer license under AS 04.09.020. The brewery retail licensed
 12 premises may be all or part of the brewery manufacturer licensed premises, or the
 13 brewery retail licensed premises may be at a single different site that is adjacent to the
 14 brewery manufacturer licensed premises.

15 (d) Each day, the holder of a brewery retail license may sell, to a person on the
 16 licensed premises for consumption on the licensed premises, not more than

17 (1) 36 ounces of the holder's beer; or

18 (2) 18 ounces of the holder's sake.

19 (e) The holder of a brewery retail license may not

20 (1) allow live entertainment, televisions, pool tables, dart games,
 21 dancing, electronic or other games, game tables, or other recreational or gaming
 22 opportunities on or adjacent to the premises where the consumption occurs;

23 (2) provide seats at the counter or bar where the brewed beverages are
 24 served;

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

26 (4) serve brewed beverages after 8:00 p.m.

27 (f) Each day, the holder of a brewery retail license is authorized to sell, to a
 28 person on the licensed premises for consumption off the licensed premises, not more
 29 than

30 (1) 5.167 gallons of the holder's beer; or

31 (2) nine liters of the holder's sake.

1 (g) Except as provided under (h) of this section, after the fourth renewal of a
 2 brewery retail license, the holder of the license may sell to a buyer not listed in
 3 AS 04.09.050 not more than 20 percent of the holder's total volume of brewed
 4 beverages for the designated period of the license under AS 04.11.680.

5 (h) The requirements of (g) of this section do not apply to

6 (1) the holder of a brewery retail license under this section who held a
 7 brewery license issued under former AS 04.11.130 on the day before the effective date
 8 of this section; or

9 (2) any person or entity whose completed application is pending on
 10 December 31, 2018,

11 (A) under applicable federal law for authority to manufacture
 12 and sell products under former AS 04.11.130; and

13 (B) for a brewery license under former AS 04.11.130.

14 (i) The holder of a brewery retail license commits the offense of failure to
 15 comply with the terms of a brewery retail license if the person stores, sells, or serves
 16 brewed beverages in violation of (a) of this section or violates (d), (e), (f), or (g) of
 17 this section.

18 (j) Failure to comply with the terms of a brewery retail license is a violation.

19 **Sec. 04.09.320. Winery retail license.** (a) A winery retail license authorizes
 20 the holder to store, sell, or serve on the licensed premises wine for consumption on
 21 and off the premises.

22 (b) The biennial winery retail license fee is \$1,250.

23 (c) The board may issue a winery retail license only to the holder of a winery
 24 manufacturer license issued under AS 04.09.030. The winery retail licensed premises
 25 may be all or part of the winery manufacturer licensed premises, or the winery retail
 26 licensed premises may be at a single different site that is adjacent to the winery
 27 manufacturer licensed premises.

28 (d) Each day, the holder of a winery retail license may sell, to a person on the
 29 licensed premises for consumption on the licensed premises, not more than

30 (1) 18 ounces of the holder's wine, mead, or cider containing 8.5
 31 percent or more alcohol by volume; or

1 (2) 36 ounces of the holder's cider containing less than 8.5 percent
2 alcohol by volume.

3 (e) The holder of a winery retail license may not

4 (1) allow live entertainment, televisions, pool tables, dart games,
5 dancing, electronic or other games, game tables, or other recreational or gaming
6 opportunities on or adjacent to the premises where the consumption occurs;

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

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

9 (4) serve wine after 8:00 p.m.

10 (f) Each day, the holder of a winery retail license is authorized to sell, to a
11 person on the licensed premises for consumption off the licensed premises, not more
12 than

13 (1) nine liters of the holder's wine, mead, or cider containing 8.5
14 percent or more alcohol by volume; or

15 (2) 5.167 gallons of the holder's cider containing less than 8.5 percent
16 alcohol by volume.

17 (g) Except as provided under (h) of this section, after the fourth renewal of a
18 winery retail license, the holder of the license may sell to a buyer not listed in
19 AS 04.09.050 not more than 20 percent of the holder's total volume of wine for the
20 designated period of the license under AS 04.11.680.

21 (h) The requirements of (g) of this section do not apply to

22 (1) the holder of a winery retail license under this section who held a
23 winery license issued under former AS 04.11.140 on the day before the effective date
24 of this section; or

25 (2) any person or entity whose completed application is pending on
26 December 31, 2018,

27 (A) under applicable federal law for authority to manufacture
28 and sell products under former AS 04.11.140; and

29 (B) for a winery license under former AS 04.11.140.

30 (i) The holder of a winery retail license commits the offense of failure to
31 comply with the terms of a winery retail license if the person stores, sells, or serves

1 wine in violation of (a) of this section or violates (d), (e), (f), or (g) of this section.

2 (j) Failure to comply with the terms of a winery retail license is a violation.

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

9 **Sec. 04.09.330. Distillery retail license.** (a) A distillery retail license
10 authorizes the holder to store, sell, or serve on the licensed premises distilled spirits
11 for consumption on and off the premises.

12 (b) The biennial distillery retail license fee is \$1,250.

13 (c) The board may issue a distillery retail license only to the holder of a
14 distillery manufacturer license under AS 04.09.040. The distillery retail licensed
15 premises may be all or part of the distillery manufacturer licensed premises, or the
16 distillery retail licensed premises may be at a single different site that is adjacent to the
17 distillery manufacturer licensed premises.

18 (d) The holder of a distillery retail license may sell not more than three ounces
19 of the holder's distilled spirits each day to a person on the licensed premises for
20 consumption on the licensed premises.

21 (e) The holder of a distillery retail license may not

22 (1) allow live entertainment, televisions, pool tables, dart games,
23 dancing, electronic or other games, game tables, or other recreational or gaming
24 opportunities on or adjacent to the premises where the consumption occurs;

25 (2) provide seats at the counter or bar where the distilled spirits are
26 served;

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

28 (4) serve distilled spirits after 8:00 p.m.

29 (f) The holder of a distillery retail license is authorized to sell not more than
30 3.75 liters of the holder's distilled spirits each day to a person on the licensed premises
31 for consumption off the licensed premises.

1 (g) Except as provided under (h) of this section, after the fourth renewal of a
 2 distillery retail license, the holder of the license may sell to a person not listed in
 3 AS 04.09.050 not more than 20 percent of the holder's total volume of distilled spirits
 4 for the designated period of the license under AS 04.11.680.

5 (h) The requirements of (g) of this section do not apply to

6 (1) the holder of a distillery retail license under this section who held a
 7 distillery license issued under former AS 04.11.170 on the day before the effective
 8 date of this section; or

9 (2) any person or entity whose completed application is pending on
 10 December 31, 2018,

11 (A) under applicable federal law for authority to manufacture
 12 and sell products under former AS 04.11.170; and

13 (B) for a distillery license under former AS 04.11.170.

14 (i) The holder of a distillery retail license commits the offense of failure to
 15 comply with the terms of a distillery retail license if the person stores, sells, or serves
 16 distilled spirits in violation of (a) of this section or violates (d), (e), (f), or (g) of this
 17 section.

18 (j) Failure to comply with the terms of a distillery retail license is a violation.

19 **Sec. 04.09.340. Beverage dispensary tourism license.** (a) A beverage
 20 dispensary tourism license authorizes the holder to sell or serve on the licensed
 21 premises alcoholic beverages for consumption only on the licensed premises.

22 (b) The biennial beverage dispensary tourism license fee is \$2,500.

23 (c) The board may issue a beverage dispensary tourism license or approve an
 24 application for the transfer of ownership of a beverage dispensary tourism license if it
 25 appears that issuance or transfer will encourage the tourism trade by promoting the
 26 construction or improvement of

27 (1) a hotel, motel, resort, or similar business relating to the tourist trade
 28 with a dining facility or having kitchen facilities in a majority of its rental rooms and
 29 at least a minimum number of rental rooms required according to the population of the
 30 established village, incorporated city, unified municipality, or population area
 31 established under AS 04.11.400(a) in which the facility will be located, as follows:

- 1 (A) 10 rental rooms if the population is less than 1,501;
- 2 (B) 20 rental rooms if the population is 1,501 - 2,500;
- 3 (C) 25 rental rooms if the population is 2,501 - 5,000;
- 4 (D) 30 rental rooms if the population is 5,001 - 15,000;
- 5 (E) 35 rental rooms if the population is 15,001 - 25,000;
- 6 (F) 40 rental rooms if the population is 25,001 - 50,000; and
- 7 (G) 50 rental rooms if the population is greater than 50,000; or

8 (2) an airport terminal.

9 (d) The holder of a beverage dispensary tourism license may not maintain on
10 the licensed premises more than one room in which there is regularly maintained a
11 fixed counter or service bar that has plumbing connections to permanent plumbing at
12 which alcoholic beverages are sold or served to members of the public for
13 consumption unless the license has a multiple fixed counter endorsement under
14 AS 04.09.420, a hotel or motel endorsement under AS 04.09.430, or a large resort
15 endorsement under AS 04.09.440.

16 (e) Except as provided under AS 04.09.610, 04.09.640, 04.09.670, and
17 AS 04.16.120(c), the holder of a beverage dispensary tourism license who sells or
18 serves alcoholic beverages off the licensed premises or permits consumption off the
19 premises of alcoholic beverages sold or served on the premises commits the offense of
20 unauthorized beverage dispensary tourism activity.

21 (f) Unauthorized beverage dispensary tourism activity is a violation.

22 **Sec. 04.09.350. Seasonal restaurant or eating place tourism license.** (a) A
23 seasonal restaurant or eating place tourism license authorizes a restaurant or eating
24 place to sell brewed beverages and wine for consumption only on the licensed
25 premises for a period not to exceed six months in each calendar year.

26 (b) The biennial seasonal restaurant or eating place tourism license fee is
27 \$1,250.

28 (c) The board may issue or renew a license under this section only if

29 (1) the board determines that the licensed premises is a bona fide
30 restaurant as defined in AS 04.21.080(b);

31 (2) the licensee has, or the licensee has simultaneously applied for, a

1 restaurant endorsement; and

2 (3) the sale and service of food and alcoholic beverages and any other
3 business conducted on the licensed premises of the restaurant or eating place is under
4 the sole control of the licensee.

5 (d) The board may issue a license under this section only in a municipality or
6 established village that

7 (1) has a population of 20,000 or less; and

8 (2) includes a community that receives more than 4,000 visitors a year,
9 as determined by the Department of Commerce, Community, and Economic
10 Development.

11 (e) The board may issue a license or approve an application for the transfer of
12 ownership of a license under this section if it appears that issuance or transfer will
13 encourage the tourism trade.

14 (f) The holder of a seasonal restaurant or eating place tourism license shall
15 ensure that gross receipts from the sale of food for consumption on the licensed
16 premises are not less than the total of the gross receipts from the sale of alcoholic
17 beverages for consumption on the licensed premises in each calendar year. At the time
18 the holder submits an application for renewal of the license, the holder shall submit a
19 statement to the board certifying that the holder has met the requirement under this
20 subsection for the designated period of the license under AS 04.11.680. The board
21 may renew a seasonal restaurant or eating place tourism license only if the licensee
22 provides evidence satisfactory to the board that, during the designated period of the
23 license under AS 04.11.680, the gross receipts from the sale of food for consumption
24 on the licensed premises were not less than the total of the gross receipts from the sale
25 of alcoholic beverages for consumption on the licensed premises.

26 (g) The board shall adopt a regulation establishing a formula to limit the
27 number of seasonal restaurant or eating place tourism licenses.

28 (h) The holder of a seasonal restaurant or eating place tourism license may not
29 provide entertainment on or adjacent to the licensed premises before 3:00 p.m. or after
30 11:00 p.m. except with the approval of the director. The director may grant approval
31 for entertainment at other times only upon the written request of the licensee, and only

1 for a specific occasion. The director may not grant approval for entertainment on or
 2 adjacent to the licensed premises of an individual licensee more than three times in a
 3 calendar year.

4 (i) Except as provided under AS 04.09.620, 04.09.640, and AS 04.16.120(c),
 5 the holder of a seasonal restaurant or eating place tourism license commits the offense
 6 of failure to comply with the terms of a seasonal restaurant or eating place tourism
 7 license if the person sells brewed beverages or wine in violation of (a) of this section
 8 or fails to comply with (f) or (h) of this section.

9 (j) Failure to comply with the terms of a seasonal restaurant or eating place
 10 tourism license is a violation.

11 **Sec. 04.09.360. Winery direct shipment license.** (a) A winery direct shipment
 12 license authorizes the holder of a winery retail license issued under AS 04.09.320, or
 13 the holder of a winery license issued in another state, to sell the holder's wine in
 14 response to an order for shipment to a person, for personal use only and not for resale,
 15 who is located in the state. A winery direct shipment license may not be transferred to
 16 another person or another location.

17 (b) The biennial fee for a winery direct shipment license is \$200.

18 (c) An applicant for issuance or renewal of a winery direct shipment license
 19 shall

20 (1) submit an application on a form prescribed by the board;

21 (2) consent to the jurisdiction of the board, the Department of
 22 Revenue, and any other state agency or state court concerning enforcement of this
 23 title; and

24 (3) if the applicant is the holder of a license or permit authorizing the
 25 holder to manufacture and sell wine to the public issued in another state, provide to the
 26 board a copy of the holder's license or permit issued

27 (A) in the state; and

28 (B) by the Alcohol and Tobacco Tax and Trade Bureau.

29 (d) All wine shipped to a purchaser in the state by the holder of a winery direct
 30 shipment license is subject to the state excise tax.

31 (e) The holder of a winery direct shipment license may not

1 (1) ship wine to an address with a zip code located in an area that has
2 adopted a local option under AS 04.11.491;

3 (2) sell more than the equivalent of six nine-liter cases of wine to a
4 purchaser in one transaction, or more than the equivalent of 12 nine-liter cases of wine
5 to a purchaser in a calendar year; and

6 (3) ship wine using a common carrier who is not approved by the
7 board to ship alcoholic beverages to persons in the state under AS 04.16.125(b).

8 (f) Before shipping an order under this section, the holder of a winery direct
9 shipment license shall

10 (1) verify that the person submitting the order is at least 21 years of
11 age, using an age verification service or other method, and that the named recipient of
12 the shipment, if not the same person as the person submitting the order, is at least 21
13 years of age;

14 (2) determine that the order will not exceed the limits of (e)(2) of this
15 section;

16 (3) provide written or electronic information to the person submitting
17 the order on fetal alcohol syndrome and fetal alcohol effects resulting from a woman's
18 consumption of alcohol during pregnancy; and

19 (4) label the shipping container as containing alcoholic beverages and
20 requiring a signature by a person who is at least 21 years of age upon delivery.

21 (g) The holder of a winery direct shipment license shall

22 (1) retain records of sales made under this license for at least two
23 years; and

24 (2) make records of sales available for inspection and audit by the
25 board and the Department of Revenue.

26 (h) The board shall compile a list that is available for public inspection of zip
27 codes that are located within a local option area and notify the holder of a winery
28 direct shipment license of any change to the list.

29 (i) The holder of a winery direct shipment license commits the offense of
30 failure to comply with the terms of a winery direct shipment license if the person fails
31 to comply with (e) - (g) of this section.

1 (j) Failure to comply with the terms of a winery direct shipment license is a
2 violation.

3 **Sec. 04.09.370. Unlicensed retail sale.** (a) A person commits the crime of
4 unlicensed retail sale if the person knowingly operates without the appropriate license
5 a retail operation that requires a license under AS 04.09.200 - 04.09.360.

6 (b) Unlicensed retail sale is a class A misdemeanor and is punishable under
7 AS 12.55.

8 **Sec. 04.09.380. Unlicensed retail sale in a local option area.** (a) A person
9 commits the crime of unlicensed retail sale in a local option area if the person
10 knowingly operates without a license in an area that has adopted a local option under
11 AS 04.11.491 a retail operation that requires a license under AS 04.09.200 -
12 04.09.380.

13 (b) Unlicensed retail sale in a local option area is a class C felony and is
14 punishable under AS 12.55.

15 **Article 5. Endorsements.**

16 **Sec. 04.09.400. Types of endorsements.** (a) An endorsement expands the
17 boundaries of a licensed premises or the authorized activities of a licensed business.

18 (b) Only the board may issue an endorsement. The board may issue only the
19 endorsements authorized in AS 04.09.400 - 04.09.520.

20 (c) An endorsement is valid only in conjunction with a license. An
21 endorsement may only be transferred to another person if the license for which the
22 endorsement was issued is also transferred to that person. An endorsement expires if
23 the licensed premises are relocated, the license expires, or the license is revoked.

24 (d) Except as provided in (c) of this section, an endorsement is valid for the
25 duration of the license as designated in AS 04.11.680. The holder of the endorsement
26 shall renew the endorsement biennially.

27 (e) An application for an endorsement under AS 04.09.400 - 04.09.520 must

28 (1) be made in writing on a form prescribed by the board; and

29 (2) demonstrate that the holder of the license has authority over and
30 will exercise control over conduct of the business in all areas of the licensed premises,
31 including premises newly licensed by the endorsement.

1 **Sec. 04.09.410. Manufacturer sampling endorsement.** (a) A manufacturer
 2 sampling endorsement authorizes the holder of a brewery manufacturer license,
 3 winery manufacturer license, or distillery manufacturer license to offer for
 4 consumption on the licensed premises at no charge a small sample of an alcoholic
 5 beverage produced by the manufacturer.

6 (b) The biennial fee for a manufacturer sampling endorsement is \$200.

7 (c) A person serving a sample of an alcoholic beverage under this section must
 8 have a current alcohol server education card issued under AS 04.21.025(c). Only the
 9 license holder or an agent or employee of the license holder may serve a sample.

10 (d) The holder of a manufacturer sampling endorsement may serve a total
 11 volume of samples to a person on a licensed premises each day that does not exceed

12 (1) for the holder of a brewery manufacturer license,

13 (A) 12 ounces of beer; or

14 (B) six ounces of sake;

15 (2) for the holder of a winery manufacturer license,

16 (A) six ounces of wine, mead, or cider containing 8.5 percent
 17 or more alcohol by volume; or

18 (B) 12 ounces of cider containing less than 8.5 percent alcohol
 19 by volume;

20 (3) for the holder of a distillery manufacturer license, 1.5 ounces of
 21 distilled spirits.

22 (e) The holder of a manufacturer sampling endorsement may not publicly
 23 advertise, including through newsprint, radio, or television, sampling activities
 24 conducted under the endorsement. However, the holder of a manufacturer sampling
 25 endorsement may notify existing customers of sampling activities, including by
 26 electronic means.

27 (f) A person who offers a sample of an alcoholic beverage for consumption on
 28 the licensed premises of a brewery, winery, or distillery without an endorsement under
 29 this section commits the offense of unendorsed sampling.

30 (g) Unendorsed sampling is a violation and is punishable by a fine of \$500.

31 (h) The holder of a manufacturer sampling endorsement who fails to comply

1 with the requirements of (c) - (e) of this section commits the offense of failure to
2 comply with the terms of a manufacturer sampling endorsement.

3 (i) Failure to comply with the terms of a manufacturer sampling endorsement
4 is a violation.

5 **Sec. 04.09.420. Multiple fixed counter endorsement.** (a) A multiple fixed
6 counter endorsement authorizes the holder of a beverage dispensary license or a
7 beverage dispensary tourism license to sell or serve alcoholic beverages on the
8 licensed premises from multiple fixed counters.

9 (b) The biennial fee for a multiple fixed counter endorsement is \$200.

10 (c) In addition to the fee under (b) of this section, the initial application fee for
11 each fixed counter covered under the endorsement is \$1,250.

12 (d) An initial application for a multiple fixed counter endorsement must
13 include an annotated drawing of the location of each fixed counter in the licensed
14 premises.

15 (e) A fixed counter at which alcoholic beverages are sold or served to the
16 public for consumption covered under a multiple fixed counter endorsement must be a
17 regularly maintained fixed counter or service bar that has plumbing connections to
18 permanent plumbing. Multiple fixed counters must be located in the same building
19 under the same contiguous licensed premises as set out in regulation, except as
20 provided for the holder of a hotel or motel endorsement under AS 04.09.430 or a large
21 resort endorsement under AS 04.09.440. The board shall adopt regulations to
22 implement this subsection.

23 (f) The holder of a beverage dispensary license or a beverage dispensary
24 tourism license who maintains multiple fixed counters without an endorsement under
25 this section commits the offense of unendorsed service at multiple fixed counters.

26 (g) The holder of a multiple fixed counter endorsement who fails to comply
27 with the requirements of (d) and (e) of this section commits the offense of multiple
28 fixed counter endorsement noncompliance.

29 (h) Unendorsed service at multiple fixed counters is a violation and is
30 punishable by a fine of \$500.

31 (i) Multiple fixed counter endorsement noncompliance is a violation.

1 **Sec. 04.09.430. Hotel or motel endorsement.** (a) A hotel or motel
 2 endorsement authorizes the holder of a beverage dispensary license or a beverage
 3 dispensary tourism license that is a hotel, motel, resort, or similar business premises
 4 that caters to the traveling public as a substantial part of its business to sell or serve
 5 alcoholic beverages on the licensed premises, including in the dining room, banquet
 6 room, and other public areas approved by the board, and in guest rooms.

7 (b) The biennial fee for a hotel or motel endorsement is \$200.

8 (c) The holder of a beverage dispensary license or a beverage dispensary
 9 tourism license that is a hotel, motel, resort, or similar business premises that caters to
 10 the traveling public as a substantial part of its business may receive a hotel or motel
 11 endorsement in order to qualify for a multiple fixed counter endorsement under
 12 AS 04.09.420 to sell or serve alcoholic beverages at a secondary location located in a
 13 building different than the licensed premises for the beverage dispensary license or a
 14 beverage dispensary tourism license if the different building

15 (1) is located on the same property as, adjacent to, or attached to the
 16 originally licensed premises;

17 (2) principally caters to guests of the hotel or motel; and

18 (3) principally encourages the tourism trade at the hotel or motel.

19 (d) The holder of a hotel or motel endorsement may stock alcoholic beverages
 20 in guest rooms, for sale and consumption only in the guest room. Alcoholic beverages
 21 stocked under this subsection shall be stocked by an employee who is 21 years of age
 22 or older, may not be supplied or resupplied during hours that the sale of alcoholic
 23 beverages is prohibited as provided under AS 04.16.010(a) and (d), and shall be stored
 24 in a unit using a key or combination lock system within the guest room. A key lock
 25 system shall be designed to prevent the removal of the key unless the unit is locked.
 26 Except for the licensee, or an agent or employee of the licensee, a key or combination
 27 enabling a person to obtain alcoholic beverages stocked in a guest room may only be
 28 provided to a guest who occupies the room and who is 21 years of age or older.

29 (e) The holder of a hotel or motel endorsement shall exercise control over
 30 conduct of the business in all areas of the licensed premises.

31 (f) The holder of a beverage dispensary license or a beverage dispensary

1 tourism license who engages in activity under this section without an endorsement
2 under this section commits the offense of unendorsed hotel or motel service.

3 (g) The holder of a hotel or motel endorsement who fails to comply with the
4 requirements of this section commits the offense of hotel or motel endorsement
5 noncompliance.

6 (h) Unendorsed hotel or motel service is a violation and is punishable by a fine
7 of \$500.

8 (i) Hotel or motel endorsement noncompliance is a violation.

9 **Sec. 04.09.440. Large resort endorsement.** (a) A large resort endorsement
10 authorizes the holder of a beverage dispensary license or a beverage dispensary
11 tourism license that is a large resort to sell or serve alcoholic beverages from multiple
12 locations on the resort property including in the dining room, banquet room, and other
13 public areas approved by the board, and in guest rooms, regardless of whether the
14 locations are in the same building or under the same roof.

15 (b) The biennial fee for a large resort endorsement is \$200.

16 (c) The holder of a large resort endorsement may apply for a multiple fixed
17 counter endorsement under AS 04.09.420 to sell or serve alcoholic beverages from
18 multiple locations within the large resort's property. The locations do not need to be
19 located in the same building or on the same parcel, but must be within the boundary of
20 the large resort, as that term is defined in (h) of this section.

21 (d) The holder of a large resort endorsement may sell or serve alcoholic
22 beverages only from locations on the site of the large resort.

23 (e) For federal income tax purposes, the profit and loss from the licensed
24 business conducted at locations on the resort under a large resort endorsement, other
25 than guest rooms, must be combined or consolidated with the profit and loss from the
26 licensed business conducted under the multiple fixed counter endorsement.

27 (f) The holder of a large resort endorsement shall exercise control over
28 conduct of the business in all areas of the licensed premises.

29 (g) A holder of a beverage dispensary license with a large resort endorsement
30 may stock alcoholic beverages in guest rooms, for sale and consumption only in the
31 guest room. Alcoholic beverages stocked under this subsection must be stocked by an

1 employee who is 21 years of age or older, may not be supplied or resupplied during
 2 hours that the sale of alcoholic beverages is prohibited as provided under
 3 AS 04.16.010(a) and (d), and must be stored in a unit using a key or combination lock
 4 system within the guest room. A key lock system must be designed to prevent the
 5 removal of the key unless the unit is locked. Except for the licensee, or an agent or
 6 employee of the licensee, a key or combination enabling a person to obtain alcoholic
 7 beverages stocked in a guest room may be provided only to a guest who occupies the
 8 room and who is 21 years of age or older.

9 (h) In this section, "large resort" means a resort that offers both outdoor
 10 recreational activities and overnight lodging to the public and is located on a site
 11 consisting of at least 10 contiguous acres containing one or more parcels of real
 12 property owned by the licensee, leased by the licensee, or a combination of parcels
 13 owned by the licensee and leased by the licensee.

14 (i) The holder of a beverage dispensary license or a beverage dispensary
 15 tourism license who engages in activity under this section without an endorsement
 16 under this section commits the offense of unendorsed large resort service.

17 (j) The holder of a large resort endorsement who fails to comply with the
 18 requirements of (c) - (g) of this section commits the offense of large resort
 19 endorsement noncompliance.

20 (k) Unendorsed large resort service is a violation and is punishable by a fine of
 21 \$500.

22 (l) Large resort endorsement noncompliance is a violation.

23 **Sec. 04.09.450. Restaurant endorsement.** (a) A restaurant endorsement
 24 authorizes the holder of a restaurant or eating place license, beverage dispensary
 25 license, golf course license, sporting event license, club license, outdoor recreation
 26 lodge license, destination resort license, beverage dispensary tourism license, or
 27 seasonal restaurant or eating place tourism license to allow a person

28 (1) under 21 years of age access as provided in (e) of this section to the
 29 premises of a bona fide restaurant on the licensed premises; and

30 (2) to enter or remain on the licensed premises to consume food or
 31 nonalcoholic beverages as authorized under AS 04.16.010(c)(5).

1 (b) The biennial fee for a restaurant endorsement is \$200.

2 (c) An application for a restaurant endorsement must specify the establishment
3 or portion of the establishment that constitutes a bona fide restaurant.

4 (d) The board may issue an endorsement under this section only if the board
5 finds

6 (1) that the establishment or portion of the establishment for which the
7 endorsement is requested is a bona fide restaurant;

8 (2) there is supervision on the premises adequate to reasonably ensure
9 that a person under 21 years of age will not obtain alcoholic beverages; and

10 (3) that it is unlikely that persons under 21 years of age not employed
11 on the premises will enter and remain on the premises of the bona fide restaurant for
12 purposes other than dining.

13 (e) The board may authorize the holder of a license with a restaurant
14 endorsement

15 (1) to allow a person who is at least 16 years of age but under 21 years
16 of age to enter and remain on the licensed premises for dining only;

17 (2) to allow a person who is under 16 years of age to enter and remain
18 on the licensed premises for dining only if

19 (A) the person is accompanied by a person who is 21 years of
20 age or older; and

21 (B) the parent or guardian of the person consents to the person
22 being on the licensed premises; and

23 (3) subject to AS 04.16.049, to employ or permit the employment of a
24 person who is at least 16 years of age but under 21 years of age on the premises of the
25 bona fide restaurant if the employer provides adequate supervision to ensure that the
26 person does not obtain alcoholic beverages.

27 (f) The holder of a license who engages in activity under this section without
28 an endorsement under this section commits the offense of unendorsed restaurant
29 service.

30 (g) The holder of a restaurant endorsement who engages in activity not
31 authorized by the board under (e) of this section or fails to comply with the

1 requirements of (e) of this section commits the offense of restaurant endorsement
2 noncompliance.

3 (h) Unendorsed restaurant service is a violation and is punishable by a fine of
4 \$500.

5 (i) Restaurant endorsement noncompliance is a violation.

6 **Sec. 04.09.460. Package store shipping endorsement.** (a) A package store
7 shipping endorsement authorizes the holder of a package store license to sell alcoholic
8 beverages to a person who makes an order to that licensee for shipment.

9 (b) The biennial fee for a package store shipping endorsement is \$200.

10 (c) An endorsement holder may ship alcoholic beverages only to the purchaser
11 and may ship alcoholic beverages only in response to an order. The endorsement
12 holder may not, in response to an order, ship alcohol to a purchaser at an address other
13 than the address where the purchaser resides or, if the purchaser resides in a
14 municipality or established village that has adopted a local option under
15 AS 04.11.491(a)(1), (2), or (3) or (b)(1) or (2) for which a community delivery site has
16 been designated under AS 04.11.491(f), to an address other than that community
17 delivery site except as provided by AS 04.11.491(f)(1) and (2).

18 (d) An endorsement holder shall provide written or electronic information on
19 fetal alcohol syndrome and fetal alcohol effects resulting from a woman's
20 consumption of alcohol during pregnancy to the purchaser in response to an order.

21 (e) If a shipment is to an area that has restricted the sale of alcoholic beverages
22 under AS 04.11.491(a)(1), (2), or (3) or (b)(1) or (2), an endorsement holder may not
23 ship to a purchaser more than 10 and one-half liters of distilled spirits or 24 liters or
24 more of wine, or either a half-barrel keg of brewed beverages or 15.5 gallons or more
25 of brewed beverages in individual containers in a calendar month, or a lower amount
26 of distilled spirits, wine, or brewed beverages if the municipality or established village
27 has adopted the lower amount by local option under AS 04.11.491(g). Before shipping
28 alcohol to a purchaser in a restricted area, an endorsement holder shall consult the
29 database maintained by the board under AS 04.06.095 for any alcoholic beverage
30 shipments made to the purchaser during that calendar month by a package store. An
31 endorsement holder may not ship an amount of alcoholic beverages to a purchaser in a

1 restricted area that, when added to the amount already shipped, exceeds the amount
2 authorized by this subsection. An endorsement holder shall immediately enter into the
3 database the date and the amount of alcoholic beverages shipped to the purchaser.

4 (f) An endorsement holder may not divide or combine shipments of alcoholic
5 beverages so as to circumvent the limitation imposed under (e) of this section.

6 (g) In this section, "endorsement holder" means the holder of a package store
7 license with a package store shipping endorsement, and an agent or employee of the
8 holder of a package store license with a package store shipping endorsement.

9 (h) The holder of a package store license who ships alcoholic beverages
10 without an endorsement under this section commits the offense of unendorsed package
11 store shipping.

12 (i) The holder of a package store shipping endorsement who fails to comply
13 with the requirements of (c) - (f) of this section commits the offense of package store
14 shipping endorsement noncompliance.

15 (j) Unendorsed package store shipping is a violation and is punishable by a
16 fine of \$500.

17 (k) Package store shipping endorsement noncompliance is a violation.

18 **Sec. 04.09.470. Package store delivery endorsement.** (a) A package store
19 delivery endorsement authorizes the holder of a package store license to deliver
20 alcoholic beverages as set out in this section.

21 (b) The biennial fee for a package store delivery endorsement is \$200.

22 (c) The holder of a package store delivery endorsement may deliver alcoholic
23 beverages only in response to an order. The board shall adopt regulations specifying
24 the occasions for which delivery of alcoholic beverages is allowed and the manner of
25 delivery by the licensee.

26 (d) The holder of a package store delivery endorsement may deliver alcoholic
27 beverages only to a responsible adult at the delivery location specified on the order.
28 The responsible adult shall provide identification and acceptable proof of age under
29 AS 04.21.050 and acknowledge in writing receipt of the alcoholic beverages.

30 (e) The holder of a package store license who delivers alcoholic beverages
31 without an endorsement under this section commits the offense of unendorsed package

1 store delivery.

2 (f) The holder of a package store delivery endorsement who fails to comply
3 with the requirements of (c) and (d) of this section commits the offense of package
4 store shipping endorsement noncompliance.

5 (g) Unendorsed package store delivery is a violation and is punishable by a
6 fine of \$500.

7 (h) Package store shipping endorsement noncompliance is a violation.

8 **Sec. 04.09.480. Package store repackaging endorsement.** (a) A package
9 store repackaging endorsement authorizes the holder of a package store license to
10 subdivide and sell alcoholic beverages from original packages with federally
11 compliant labels to smaller containers with the standard federal government warnings
12 and the product name.

13 (b) The biennial fee for a package store repackaging endorsement is \$200.

14 (c) A package store licensee with a package store repackaging endorsement
15 may

16 (1) subdivide alcoholic beverages

17 (A) for sale on the licensed premises by opening the original
18 package for the purpose of subdividing the contents into smaller packages; or

19 (B) in response to a purchase request from a person who is on
20 the licensed premises or purchase order submitted in accordance with
21 AS 04.09.470(c);

22 (2) permit an agent or employee to subdivide alcoholic beverages, but
23 may not permit a customer or another person who is not an agent or employee of the
24 licensee to subdivide alcoholic beverages.

25 (d) The holder of a package store license who repackages alcoholic beverages
26 without an endorsement under this section commits the offense of unendorsed package
27 store repackaging.

28 (e) The holder of a package store repackaging endorsement who fails to
29 comply with the requirements of this section commit the offense of package store
30 repackaging endorsement noncompliance.

31 (f) Unendorsed package store repackaging is a violation and is punishable by a

1 fine of \$500.

2 (g) Package store repackaging endorsement noncompliance is a violation.

3 **Sec. 04.09.490. Package store sampling endorsement.** (a) A package store
4 sampling endorsement authorizes the holder of a package store license to offer for
5 consumption on the licensed premises at no charge a small sample of an alcoholic
6 beverage from its inventory during the package store's stated hours of business, but not
7 between the hours of midnight and 8 a.m.

8 (b) The biennial fee for a package store sampling endorsement is \$200.

9 (c) Only the license holder or an agent or employee of the license holder may
10 serve a sample.

11 (d) The holder of a package store sampling endorsement may serve a total
12 volume of samples to a person on a licensed premises each day that does not exceed

13 (1) 12 ounces of beer or cider, if the cider contains less than 8.5
14 percent alcohol by volume;

15 (2) six ounces of wine, mead, sake, or cider, if the cider contains 8.5
16 percent or more alcohol by volume;

17 (3) 1.5 ounces of distilled spirits; or

18 (4) the alcoholic equivalent of (1), (2), or (3) of this subsection.

19 (e) The holder of a package store sampling endorsement may not publicly
20 advertise, including through newsprint, radio, or television, sampling activities
21 conducted under the endorsement. However, the holder of a package store sampling
22 endorsement may notify existing customers of sampling activities, including by
23 electronic means.

24 (f) A person who offers a sample of an alcoholic beverage for consumption on
25 the licensed premises of a package store without an endorsement under this section
26 commits the offense of unendorsed package store sampling.

27 (g) Unendorsed package store sampling is a violation and is punishable by a
28 fine of \$500.

29 (h) The holder of a package store sampling endorsement who fails to comply
30 with the requirements of (a) and (c) - (e) of this section commits the offense of failure
31 to comply with the terms of a package store sampling endorsement.

1 (i) Failure to comply with the terms of a package store sampling endorsement
2 is a violation.

3 **Sec. 04.09.500. Bowling alley endorsement.** (a) A bowling alley endorsement
4 authorizes the holder of a beverage dispensary license or a beverage dispensary
5 tourism license to sell or serve alcoholic beverages in the concourse or lane areas of
6 the bowling alley adjacent to the main bar area.

7 (b) The biennial fee for a bowling alley endorsement is \$200.

8 (c) The board may issue a bowling alley endorsement only if the concourse or
9 lane areas of the bowling alley or both are

10 (1) designated as part of the licensed premises for the beverage
11 dispensary license or a beverage dispensary tourism license; and

12 (2) adjacent to the main bar area.

13 (d) Notwithstanding AS 04.16.049, the board may, upon application, authorize
14 access by persons under 21 years of age to the concourse or lane areas or both
15 designated part of the licensed premises of the bowling alley during hours when no
16 alcoholic beverages are being sold, served, or consumed.

17 (e) The periods during which persons under 21 years of age may be permitted
18 access to the licensed premises must be clearly posted on the licensed premises.

19 (f) The holder of a beverage dispensary license or a beverage dispensary
20 tourism license who sells or serves alcoholic beverages in the concourse or lane areas
21 of a bowling alley without an endorsement under this section commits the offense of
22 unendorsed bowling alley service.

23 (g) The holder of a bowling alley endorsement under this section who fails to
24 comply with the requirements of (e) of this section or who permits access by a person
25 under 21 years of age to the concourse or lane areas of the bowling alley during hours
26 when alcoholic beverages are being served in the concourse or lane areas commits the
27 offense of bowling alley endorsement noncompliance.

28 (h) Unendorsed bowling alley service is a violation and is punishable by a fine
29 of \$500.

30 (i) Bowling alley endorsement noncompliance is a violation.

31 **Sec. 04.09.510. Golf course endorsement.** (a) A golf course endorsement

1 authorizes the owner of a golf course who has obtained a beverage dispensary license
 2 or a beverage dispensary tourism license to sell or serve alcoholic beverages on the
 3 golf course, driving range, club house and other buildings located on the course, and a
 4 vending cart carrying beverages or food to, from, or on the course, excluding the
 5 parking lot.

6 (b) The biennial fee for a golf course endorsement is \$200.

7 (c) An application for a golf course endorsement must include a drawing of
 8 the golf course with an annotated illustration and a description of the portions of the
 9 course that are licensed premises and that are intended to be covered by the
 10 endorsement.

11 (d) The holder of a beverage dispensary license or beverage dispensary
 12 tourism license who sells or serves alcoholic beverages on a golf course without an
 13 endorsement under this section commits the offense of unendorsed golf course service.

14 (e) The holder of a golf course endorsement who fails to comply with (a) of
 15 this section commits the offense of golf course endorsement noncompliance.

16 (f) Unendorsed golf course service is a violation and is punishable by a fine of
 17 \$500.

18 (g) Golf course endorsement noncompliance is a violation.

19 **Sec. 04.09.520. Brewery repackaging endorsement.** (a) A brewery
 20 repackaging endorsement authorizes the holder of a brewery manufacturer license who
 21 held a license to operate a brewpub under former AS 04.11.135 and was operating a
 22 brewpub on the day before the effective date of this section and who also holds,
 23 wholly or in part, a beverage dispensary license, beverage dispensary tourism license,
 24 restaurant or eating place license, or a seasonal restaurant or eating place tourism
 25 license to offer the holder's brewed beverages for sale for consumption off the licensed
 26 premises and to subdivide and sell the holder's brewed beverages from original
 27 packages with federally compliant labels to smaller containers with the standard
 28 federal government warnings and the product name.

29 (b) The biennial fee for a brewery repackaging endorsement is \$200.

30 (c) A brewery manufacturer licensee with a brewery repackaging endorsement

31 (1) is authorized to sell, each day to a person on the licensed premises

1 for consumption off the licensed premises, not more than

2 (A) 5.167 gallons of the holder's beer; or

3 (B) nine liters of sake;

4 (2) may only subdivide the holder's brewed beverages in response to a
5 purchase request from a person who is on the licensed premises;

6 (3) may permit an agent or employee to subdivide the holder's brewed
7 beverages, but may not permit a customer or another person who is not an agent or
8 employee of the licensee to subdivide the holder's brewed beverages.

9 (d) The holder of a package store license who repackages brewed beverages
10 without an endorsement under this section commits the offense of unendorsed brewery
11 repackaging.

12 (e) In this section, "licensed premises" means the premises licensed under a
13 beverage dispensary license, beverage dispensary tourism license, restaurant or eating
14 place license, or a seasonal restaurant or eating place tourism license, and the premises
15 is owned, wholly or in part, by a brewery manufacturer licensee.

16 (f) The holder of a brewery repackaging endorsement who fails to comply
17 with the requirements of this section commits the offense of brewery repackaging
18 endorsement noncompliance.

19 (g) Unendorsed brewery repackaging is a violation, punishable by a fine of
20 \$500.

21 (h) Brewery repackaging endorsement noncompliance is a violation.

22 **Article 6. Permits.**

23 **Sec. 04.09.600. Types of permits.** (a) A permit allows catering and serving
24 activities for a specific time period on a single specified premises and allows an
25 eligible nonprofit organization to host a fundraising or not-for-profit event.

26 (b) The director may issue only the permits authorized in AS 04.09.600 -
27 04.09.690. An application for a permit must be received by the director not less than
28 three business days before the first day of the event. Except for a conditional
29 contractor's permit issued under AS 04.09.690, the director shall require every person
30 who will serve or sell alcohol or check identification of a patron during a permitted
31 event to complete an alcohol server education course under AS 04.21.025 before the

1 first day of the permitted event.

2 (c) An applicant for a permit must follow the application requirements set out
3 in AS 04.11.260.

4 (d) A permit, other than an inventory resale permit under AS 04.09.680 and a
5 conditional contractor's permit under AS 04.09.690, is valid only on the premises, for
6 the event, and for the period specified.

7 (e) The holder of an approved permit may submit a written request for
8 amendment of the approved permit to change the event date, site, designated area, or
9 designated time. The holder of the approved permit shall submit the request to the
10 director not later than three business days before the event and shall include approval
11 of the law enforcement agency having jurisdiction over the site of the event for which
12 the amended permit is sought.

13 (f) The holder of an approved permit shall ensure that the individuals serving
14 alcohol have completed alcohol server training as required under AS 04.21.025 before
15 the first day of the permitted event.

16 (g) A permit may not be transferred to another person or another location and,
17 except for a conditional contractor's permit under AS 04.09.690, may not be renewed.

18 (h) Except as otherwise provided in AS 04.09.680 for an inventory resale
19 permit and AS 04.09.690 for a conditional contractor's permit, the fee for a permit
20 shall be set by the board in regulation. The fee must be at least \$50 for each day of the
21 event.

22 (i) The director shall approve or deny a permit application. If the director
23 denies a permit application, the applicant may appeal to the board.

24 **Sec. 04.09.610. Beverage dispensary caterer's permit.** A beverage
25 dispensary caterer's permit authorizes the holder of a beverage dispensary license or
26 beverage dispensary tourism license to sell or dispense alcoholic beverages at
27 conventions, picnics, sporting events, concerts, street festivals, or similar affairs held
28 off the holder's licensed premises for which a beverage dispensary license or beverage
29 dispensary tourism license would not otherwise be required. The permit may be issued
30 only for designated premises for a specific occasion and for a limited period.

31 **Sec. 04.09.620. Restaurant caterer's dining permit.** (a) A restaurant caterer's

1 dining permit authorizes the holder of a restaurant or eating place license or a seasonal
 2 restaurant or eating place tourism license to sell brewed beverages and wine before
 3 and during the service of food provided by the licensee at a single dining event held
 4 off the holder's licensed premises.

5 (b) The director may issue a restaurant caterer's dining permit only for
 6 designated premises, for a specific occasion, and for a limited period.

7 (c) The licensee shall provide food in conjunction with the service of brewed
 8 beverages and wine under a restaurant caterer's dining permit. The licensee shall
 9 comply with the requirements for gross receipts from food sales for a restaurant or
 10 eating place license under AS 04.09.210(d) or a seasonal restaurant or eating place
 11 tourism license under AS 04.09.350.

12 **Sec. 04.09.630. Club caterer's permit.** (a) A club caterer's permit authorizes
 13 the holder of a club license to sell or dispense alcoholic beverages at an event held off
 14 the club's licensed premises.

15 (b) The application for a club caterer's permit filed under AS 04.11.260 must
 16 be signed by two officers of the organization.

17 (c) A restriction or prohibition under AS 04.09.220 regarding a club member
 18 or a guest of a club member applies at the premises covered by the permit.

19 (d) The director may not issue more than three club caterer's permits to the
 20 holder of a club license in a calendar year.

21 **Sec. 04.09.640. Art exhibit event permit.** (a) An art exhibit event permit
 22 authorizes the holder of a beverage dispensary license, a beverage dispensary tourism
 23 license, a restaurant or eating place license, or a seasonal restaurant or eating place
 24 tourism license to sell and serve brewed beverages and wine for consumption at a
 25 specific art exhibit event.

26 (b) The board may issue an art exhibit event permit only for a specific art
 27 exhibit event at premises designated in the application for a limited period specified in
 28 the application.

29 (c) The board may not grant more than 12 art exhibit event permits to a
 30 licensee in a calendar year.

31 (d) An art exhibit event permit may not be exercised during an event that is

1 expected to attract attendees under 21 years of age.

2 (e) Food must be provided in conjunction with the service of brewed
3 beverages and wine under an art exhibit event permit.

4 **Sec. 04.09.650. Nonprofit organization event permit.** (a) A nonprofit
5 organization event permit authorizes the holder to sell or dispense brewed beverages
6 or wine for consumption at an event organized by the nonprofit organization.

7 (b) Only a nonprofit fraternal, civic, professional, or patriotic organization
8 active for a period of at least two years before filing an application and incorporated
9 under AS 10.20 is eligible for a nonprofit organization event permit.

10 (c) The application for a nonprofit organization event permit filed under
11 AS 04.11.260 must be signed by two officers of the organization. The nonprofit
12 organization shall submit, together with the application,

13 (1) either a signed copy of a resolution adopted by the board of
14 directors or a copy of the minutes from a board meeting of the nonprofit organization
15 authorizing the application; and

16 (2) a sworn affidavit showing the length of time the organization has
17 been in existence.

18 (d) The director may not issue more than five nonprofit organization event
19 permits to a nonprofit organization, including an auxiliary of the organization, in a
20 calendar year. A nonprofit organization event permit may only be issued for
21 designated premises for a specific occasion and for a limited period of time as
22 specified in the application.

23 (e) The nonprofit organization shall ensure that all profits derived from the
24 sale of brewed beverages or wine under a nonprofit organization event permit are paid
25 to the organization that holds the permit and not to an individual.

26 **Sec. 04.09.660. Alcoholic beverage auction permit.** (a) An alcoholic
27 beverage auction permit authorizes the holder to sell alcoholic beverages by outcry or
28 silent auction. An alcoholic beverage auction permit is sufficient to authorize a
29 nonprofit organization under (b) of this section to sell alcoholic beverages by outcry or
30 silent auction, and no other permit or license is required.

31 (b) Only a nonprofit fraternal, civic, professional, or patriotic organization

1 active for a period of at least two years before filing an application and incorporated
2 under AS 10.20 is eligible for an alcoholic beverage auction permit.

3 (c) The application for an alcoholic beverage auction permit filed under
4 AS 04.11.260 must be signed by two officers of the organization. The nonprofit
5 organization shall submit, together with the application,

6 (1) either a signed copy of a resolution adopted by the board of
7 directors or a copy of the minutes of a board meeting of the nonprofit organization
8 authorizing the application; and

9 (2) a sworn affidavit showing the length of time the organization has
10 been in existence.

11 (d) The director may not issue more than five alcoholic beverage auction
12 permits to a nonprofit organization, including an auxiliary of the organization, in a
13 calendar year. The director may issue a permit only for designated premises for a
14 specific event and for a limited period as specified in the application.

15 (e) The nonprofit organization shall ensure that all profits derived from the
16 sale of brewed beverages or wine under an alcoholic beverage auction permit are paid
17 to the organization that holds the permit and not to an individual.

18 (f) The nonprofit organization may not permit consumption at the auction site
19 of the alcoholic beverages being auctioned under a nonprofit organization alcoholic
20 beverage auction permit.

21 **Sec. 04.09.670. Tasting event permit.** (a) A tasting event permit authorizes
22 the holder of a beverage dispensary license or a beverage dispensary tourism license to
23 sell or dispense alcoholic beverages at a tasting event held in partnership with the
24 holder of a package store license, brewery retail license, winery retail license, or
25 distillery retail license.

26 (b) A tasting event must be for the purpose of promoting products available
27 for purchase from the partnering package store licensee, brewery retail licensee,
28 winery retail licensee, or distillery retail licensee; only products produced or sold by
29 the partnering licensee may be sold or dispensed at the event.

30 (c) Only the holder of a beverage dispensary license or a beverage dispensary
31 tourism license may apply for a tasting event permit under this section. An application

1 for a tasting event permit must list both the beverage dispensary licensee or beverage
 2 dispensary tourism licensee and the partnering licensee, and specify the designated
 3 premises for the event. The tasting event must be held in the same municipality or
 4 organized village in which the licensed premises of the partnering licensee are located.

5 (d) The director may not issue more than six permits in a calendar year to a
 6 beverage dispensary licensee or a beverage dispensary tourism licensee for tasting
 7 events with a particular partnering licensee; however, there is no limit on the number
 8 of different partnering licensees with whom a beverage dispensary licensee may
 9 partner for different events. If a person holds two or more qualifying partnering
 10 licenses, then the director shall treat each license as separate and distinct when
 11 applying the limitation under this subsection, regardless of how many other licenses
 12 the person holds, wholly or in part.

13 (e) The director may not issue a tasting event permit for a period

14 (1) that is longer than four hours;

15 (2) that lasts beyond 9:00 p.m.

16 (f) Food must be provided in conjunction with the service of alcoholic
 17 beverages under a tasting event permit.

18 (g) In this section, "partnering licensee" means the holder of a package store
 19 license, brewery retail license, winery retail license, or distillery retail license who has
 20 partnered with the holder of a beverage dispensary license or a beverage dispensary
 21 tourism license to host a tasting event permitted by this section.

22 **Sec. 04.09.680. Inventory resale permit.** (a) An inventory resale permit
 23 authorizes the holder to sell the remaining inventory of alcoholic beverages of a
 24 business when the owner of the business no longer has a valid license under this title.

25 (b) The fee for an inventory resale permit is \$100.

26 (c) The holder of an inventory resale permit may sell the remaining alcoholic
 27 beverage inventory only to the holder of a valid license under this chapter.

28 (d) The director may issue an inventory resale permit for a period ending 90
 29 days after the date of expiration or forfeiture of the license. The director may not issue
 30 a permit if the license was suspended or revoked.

31 **Sec. 04.09.690. Conditional contractor's permit.** (a) A conditional

1 contractor's permit authorizes the holder to sell brewed beverages or wine for
 2 consumption only on designated premises for the designated period of the permit
 3 under AS 04.11.680 at construction sites that are located outside a city and inside the
 4 boundaries of a military or naval reservation.

5 (b) The biennial conditional contractor's permit fee is \$1,200.

6 (c) An applicant for a conditional contractor's permit must obtain and file with
 7 the board written permission from the commanding officer of the military or naval
 8 reservation and the prime contractor of the remotely situated project for the conduct of
 9 the activities authorized by the permit. A conditional contractor's permit may be
 10 renewed biennially upon reapplication for a permit and may be revoked or suspended
 11 at the discretion of the commanding officer or the prime contractor.

12 (d) A conditional contractor's permit may not be transferred and is not valid
 13 after the completion of the holder's contract or the closing of the military or naval
 14 reservation.

15 **Sec. 04.09.700. Failure to comply with a permit requirement.** (a) A person
 16 who engages in activity that requires a permit under AS 04.09.600 - 04.09.690 without
 17 having a permit and a person who violates the terms of a permit issued under
 18 AS 04.09.600 - 04.09.690 commits the offense of failure to comply with a permit
 19 requirement.

20 (b) Failure to comply with a permit requirement is a violation.

21 (c) Failure to comply with a permit requirement of an inventory resale permit
 22 under AS 04.09.680 or a conditional contractor's permit under AS 04.09.690 is
 23 punishable by a fine of \$500.

24 * **Sec. 10.** AS 04.11.010(a) is amended to read:

25 (a) A [EXCEPT AS PROVIDED IN AS 04.11.020, A] person may not
 26 knowingly [MANUFACTURE, SELL, OFFER FOR SALE,] possess for [SALE OR]
 27 barter, traffic in, or barter an alcoholic beverage unless under license or permit issued
 28 under this title.

29 * **Sec. 11.** AS 04.11.010(b) is amended to read:

30 (b) Except as provided in this subsection, a person may not solicit or receive
 31 orders for the delivery of an alcoholic beverage in an area that has adopted a local

1 option under AS 04.11.491. If the area has adopted a local option under
 2 AS 04.11.491(a)(1), (2), or (3), or (b)(1) or (2), a package store licensee outside of that
 3 local option area may receive orders as provided under **a package store shipping**
 4 **endorsement under AS 04.09.460** [AS 04.11.150] but may not solicit in that area or
 5 receive orders through an agent or employee in that area. This subsection does not
 6 apply to a package store licensee who operates a package store in an area that has
 7 adopted a local option under AS 04.11.491(a)(2)(C) or (3)(C) or (b)(2)(C). A person
 8 who violates this subsection is punishable upon conviction as provided under
 9 AS 04.16.200(a) or (b).

10 * **Sec. 12.** AS 04.11.010(c) is amended to read:

11 (c) Unless a municipality or established village has adopted a more restrictive
 12 local option under AS 04.11.491(g), in a criminal prosecution for possession of
 13 alcoholic beverages for **barter or** sale in violation of (a) of this section, **AS 04.09.060,**
 14 **04.09.070, 04.09.140, 04.09.145, 04.09.370, or 04.09.380,** the fact that a person

15 (1) possessed more than 10 1/2 liters of distilled spirits or 24 liters or
 16 more of wine, or either a **half-barrel keg** [HALF-KEG] of **brewed** [MALT]
 17 beverages or **15.5** [12] gallons or more of **brewed** [MALT] beverages in individual
 18 containers in an area where the sale of alcoholic beverages is restricted or prohibited
 19 under AS 04.11.491 creates a presumption that the person possessed the alcoholic
 20 beverages for **barter or** sale;

21 (2) sends, transports, or brings more than 10 1/2 liters of distilled
 22 spirits or 24 liters or more of wine, or either a **half-barrel keg** [HALF-KEG] of
 23 **brewed** [MALT] beverages or **15.5** [12] gallons or more of **brewed** [MALT]
 24 beverages in individual containers to an area where the sale of alcoholic beverages is
 25 restricted or prohibited under AS 04.11.491 creates a presumption that the person sent,
 26 transported, or brought the alcoholic beverages for **barter or** sale in the area.

27 * **Sec. 13.** AS 04.11.015 is amended to read:

28 **Sec. 04.11.015. Purchase from nonlicensee prohibited.** (a) A person may
 29 not purchase **or barter for** alcoholic beverages from a person who is not a licensee,
 30 permittee, or an agent or employee of a licensee or permittee.

31 (b) A person who violates **(a) of** this section is guilty of a violation.

1 * **Sec. 14.** AS 04.11.040 is amended by adding new subsections to read:

2 (d) A person who transfers a license or permit or a controlling interest in a
3 license or permit in violation of this section commits the offense of unauthorized
4 transfer of an alcoholic beverage license or permit.

5 (e) Unauthorized transfer of an alcoholic beverage license or permit is a
6 violation.

7 * **Sec. 15.** AS 04.11.045 is amended by adding new subsections to read:

8 (c) A limited liability organization that fails to report as required under (a) of
9 this section commits the offense of failure to report a change in member interest or
10 manager.

11 (d) Failure to report a change in member interest or manager is a violation.

12 * **Sec. 16.** AS 04.11.050 is amended by adding new subsections to read:

13 (d) A corporation that fails to report as required under (a) of this section, other
14 than a corporation described in (c) of this section, commits the offense of failure to
15 report a stock transfer or change of officers or board members.

16 (e) Failure to report a stock transfer or change of officers or board members is
17 a violation.

18 * **Sec. 17.** AS 04.11.055 is amended by adding new subsections to read:

19 (c) A partnership that fails to report as required under (a) of this section
20 commits the offense of failure to report a transfer of partnership interest or change of
21 general partner.

22 (d) Failure to report a transfer of partnership interest or change of general
23 partner is a violation.

24 * **Sec. 18.** AS 04.11.060 is amended to read:

25 **Sec. 04.11.060. Nonresident distiller, brewer, winery, or wholesaler.** A
26 distiller, brewer, winery, or wholesaler whose plant or principal place of business is
27 outside the state may not sell products directly to licensees in the state without

28 (1) obtaining a general wholesale license under AS 04.09.100
29 [AS 04.11.160(a)] for each wholesale distributing point in the state;

30 (2) appointing an agent upon whom process can be served; and

31 (3) obtaining other applicable licenses under the provisions of this title.

1 * **Sec. 19.** AS 04.11.060 is amended by adding a new subsection to read:

2 (b) A person who violates (a) of this section is guilty of a class A
3 misdemeanor.

4 * **Sec. 20.** AS 04.11.260 is amended to read:

5 **Sec. 04.11.260. Application for new license, endorsement, or permit.** (a) An
6 applicant for a new license, endorsement, or permit shall file with the director a
7 written application, signed and sworn to by the applicant, giving the applicant's name,
8 mailing address, telephone number, and electronic mail address. If the applicant is
9 a corporation, the application shall be executed by an [THE] authorized officer
10 [OFFICERS] of the corporation. If the applicant is a partnership, including a limited
11 partnership, the application shall be executed by an authorized general partner. The
12 application must include

13 (1) the type of license, endorsement, or permit desired;

14 (2) a description of the premises for which the license, endorsement,
15 or permit is desired, giving the address by street and number, or other information, so
16 that the location of the premises can be definitely determined;

17 (3) an annotated illustration of the premises designating the areas
18 for manufacture, storage, service, and consumption of alcoholic beverages and,
19 for a license application, the area for warehousing of the alcoholic beverages;

20 (4) the license, endorsement, or permit fee, and, for a multiple fixed
21 counter endorsement, the application fee for each counter;

22 (5) [(4)] the duration of the license, endorsement, or permit desired,
23 including, for a permit, a statement of the event dates and the specific hours of
24 intended operation;

25 (6) [(5)] any other information required by the board.

26 (b) A corporation applying for a license or conditional contractor's permit
27 under AS 04.09.690 shall provide the names and addresses of the president, vice-
28 president, secretary, managing officer, and all stockholders who own 10 percent or
29 more of the stock in the corporation, together with any other information required by
30 the board.

31 (c) An applicant for a new license or permit must include with the application

1 (1) proof that notice required by AS 04.11.310, **if any**, has been given;
 2 (2) any petitions required to be secured under AS 04.11.460 before a
 3 license may be issued;

4 (3) evidence of any approval by public authorities required to be
 5 obtained [UNDER AS 04.11.090(e), 04.11.220(c), 04.11.230(b), 04.11.240(b), OR
 6 04.11.250(b)], before a license or permit may be issued, **including**

7 **(A) written approval under AS 04.09.240 from the**
 8 **governing body of a college or university for a pub license;**

9 **(B) approval under AS 04.11.365 for a restaurant or eating**
 10 **place license in a multi-unit residential housing development owned or**
 11 **financed by the Alaska Housing Finance Corporation;**

12 **(C) permission from the commanding officer and the prime**
 13 **contractor for a conditional contractor's permit under AS 04.09.690;**

14 **(D) for a permit other than a conditional contractor's**
 15 **permit, approval of the law enforcement agency having jurisdiction over**
 16 **the site of the event for which the permit is sought.**

17 (d) A partnership, including a limited partnership, that applies for a license or
 18 **conditional contractor's** permit **under AS 04.09.690** shall provide information
 19 required by the board including the names and addresses of all general partners and all
 20 partners with an interest of 10 percent or more.

21 (e) A limited liability organization that applies for a license or **conditional**
 22 **contractor's** permit **under AS 04.09.690** shall provide information required by the
 23 board, including the names and addresses of all members with an ownership interest of
 24 10 percent or more and the names and addresses of all managers.

25 * **Sec. 21.** AS 04.11.260 is amended by adding a new subsection to read:

26 (f) This section does not apply to a winery direct shipment license issued
 27 under AS 04.09.360.

28 * **Sec. 22.** AS 04.11.270 is amended to read:

29 **Sec. 04.11.270. Application for renewal of license, endorsement, or**
 30 **conditional contractor's permit.** (a) An application for renewal of a license,
 31 **endorsement**, or [RENEWAL OF A] conditional contractor's permit **under**

1 **AS 04.09.690** must include

2 (1) the information required for a new license, **endorsement**, or permit
3 under AS 04.11.260 except that proof of notice under AS 04.11.310 is not required;
4 and

5 (2) a list of all convictions of the applicant of violations of this title, a
6 regulation adopted under this title, or an ordinance adopted under AS 04.21.010, that
7 occurred in the preceding two calendar years.

8 (b) A license, **endorsement, or permit** shall be renewed as follows:

9 (1) on or before November 1, the director shall mail a renewal
10 application to each licensee whose license, **endorsement, or permit**, unless renewed,
11 will expire on December 31 of that year; the application shall be mailed to the licensee
12 **or permittee** [AT THE LICENSED PREMISES OR] at a mailing address **or**
13 **electronic mail address** furnished by the licensee **or permittee**;

14 (2) the licensee **or permittee** shall submit the completed renewal
15 application and the biennial [LICENSE] fee to the director before January 1;

16 (3) a renewal application filed after December 31 is delinquent and
17 must be accompanied by a \$500 penalty fee;

18 (4) if December 31 falls on a weekend or a state holiday, the deadline
19 is extended to the first business day following December 31.

20 * **Sec. 23.** AS 04.11.270 is amended by adding a new subsection to read:

21 (c) This section does not apply to a winery direct shipment license issued
22 under AS 04.09.360.

23 * **Sec. 24.** AS 04.11.280 is amended to read:

24 **Sec. 04.11.280. Application for transfer of a license to another person.** (a)

25 An application for transfer of a license **or a license with one or more endorsements**
26 to another person must contain the same information about the transferee as is required
27 of an applicant for a new license **or endorsement** under AS 04.11.260 and must
28 include other information required by the board.

29 (b) An application for the transfer of a license **or a license with one or more**
30 **endorsements** to another person must be accompanied by a statement, under oath,
31 executed by the transferor, listing all debts of the business and all taxes due by the

1 business. The board shall promptly inform each listed creditor of the application and
2 the amount shown as owed to that creditor.

3 * **Sec. 25.** AS 04.11.295(a) is amended to read:

4 (a) An applicant for the issuance or transfer of a license or **issuance of** a
5 conditional contractor's permit under this title shall submit to the board, with the
6 application, the applicant's fingerprints and the fees required by the Department of
7 Public Safety under AS 12.62.160 for criminal justice information and a national
8 criminal history record check. The board may require an applicant for renewal of a
9 license or a conditional contractor's permit under this title to submit fingerprints and
10 pay fees as required by this subsection. The board shall submit the fingerprints to the
11 Department of Public Safety to obtain a report of criminal justice information under
12 AS 12.62 and a national criminal history record check under AS 12.62.400. The
13 Department of Public Safety may submit the fingerprints to the Federal Bureau of
14 Investigation for a national criminal history record check. The board shall use the
15 information obtained under this section in its determination of an applicant's
16 qualification for issuance, transfer, or renewal of a license or **issuance or renewal of** a
17 conditional contractor's permit.

18 * **Sec. 26.** AS 04.11.295(b)(1) is amended to read:

19 (1) "applicant" means all individuals whose names and addresses are
20 required to be provided with an application for a new license or **conditional**
21 **contractor's** permit under **AS 04.09.690** [AS 04.11.260];

22 * **Sec. 27.** AS 04.11.310 is amended by adding a new subsection to read:

23 (c) This section does not apply to a winery direct shipment license issued
24 under AS 04.09.360.

25 * **Sec. 28.** AS 04.11 is amended by adding a new section to article 3 to read:

26 **Sec. 04.11.315. False statement on application.** A person who knowingly
27 makes a false sworn statement that the person does not believe to be true on an
28 application under AS 04.11.260 - 04.11.310 commits the crime of perjury under
29 AS 11.56.200.

30 * **Sec. 29.** AS 04.11.320(a) is amended to read:

31 (a) An application requesting issuance of a new license **or endorsement** shall

1 be denied if

2 (1) the board finds, after review of all relevant information, that
3 issuance of the license or endorsement would not be in the best interests of the
4 public;

5 (2) issuance of the license is prohibited by AS 04.11.410, relating to
6 location of premises near churches and schools;

7 (3) the application has not been completed in accordance with
8 AS 04.11.260;

9 (4) issuance of the license or endorsement would violate the
10 restrictions pertaining to the particular license or endorsement imposed under this
11 title;

12 (5) issuance of the license is prohibited under this title as a result of an
13 election conducted under AS 04.11.507;

14 (6) the requirements of AS 04.11.420 - 04.11.450 relating to zoning,
15 ownership and location of the license or endorsement, and the identity and financing
16 of a licensee have not been met;

17 (7) issuance of the license is prohibited under AS 04.11.400(a) or
18 prohibition of issuance of the license is found necessary under AS 04.11.400(b);

19 (8) the application contains false statements of material fact;

20 (9) the license is sought for the sale of alcoholic beverages in a first or
21 second class city where there are no licensed premises at the time of application unless
22 a majority of the voters have voted not to approve a local option to restrict or prohibit
23 the sale of alcoholic beverages under AS 04.11.491, have voted to approve a local
24 option to allow the type of premises under AS 04.11.491(a)(2) or (3), or have voted to
25 remove a restriction or prohibition on the sale of alcoholic beverages under
26 AS 04.11.495; or

27 (10) the license is sought for the sale of alcoholic beverages in an
28 established village where there are no licensed premises at the time of application
29 unless a majority of the voters have voted not to approve a local option to restrict or
30 prohibit the sale of alcoholic beverages under AS 04.11.491, have voted to approve a
31 local option to allow the type of premises under AS 04.11.491(b)(2), or have voted to

1 remove a restriction or prohibition on the sale of alcoholic beverages under
2 AS 04.11.495.

3 * **Sec. 30.** AS 04.11.330(a) is amended to read:

4 (a) An application requesting renewal of a license shall be denied if

5 (1) the board finds, after review of all relevant information, that
6 renewal of the license would not be in the best interests of the public;

7 (2) the license has been revoked for any cause;

8 (3) the applicant has not operated the licensed premises for at least **240**
9 **hours** [30 EIGHT-HOUR DAYS] during each of the two preceding calendar years,
10 unless the board determines that the licensed premises are under construction or
11 cannot be operated through no fault of the applicant;

12 (4) the board finds that issuance of an existing license under
13 AS 04.11.400(d) has not encouraged tourist trade;

14 (5) the requirements of AS 04.11.420 - 04.11.450 relating to zoning,
15 ownership of the license, and financing of the licensee have not been met;

16 (6) renewal of the license would violate the restrictions pertaining to
17 the particular license under this title or the license has been operated in violation of a
18 condition or restriction imposed by the board;

19 (7) renewal of the license is prohibited under this title as a result of an
20 election conducted under AS 04.11.507; **or**

21 (8) the application has not been completed in accordance with
22 AS 04.11.270 [; OR

23 (9) THE LICENSE WAS ISSUED UNDER AS 04.11.400(g), AND
24 THE BOARD FINDS THAT THE PUBLIC CONVENIENCE DOES NOT
25 REQUIRE RENEWAL].

26 * **Sec. 31.** AS 04.11.330(a), as amended by sec. 30 of this Act, is amended to read:

27 (a) An application requesting renewal of a license **or endorsement** shall be
28 denied if

29 (1) the board finds, after review of all relevant information, that
30 renewal of the license **or endorsement** would not be in the best interests of the public;

31 (2) the license **or endorsement** has been revoked for any cause;

1 (3) the applicant has not operated the licensed premises for at least **240**
 2 **hours** [30 EIGHT-HOUR DAYS] during each of the two preceding calendar years,
 3 unless the board determines that the licensed premises are under construction or
 4 cannot be operated through no fault of the applicant;

5 (4) the board finds that issuance of an existing **beverage dispensary**
 6 **tourism** license under **AS 04.09.340 or seasonal restaurant or eating place tourism**
 7 **license under AS 04.09.350** [AS 04.11.400(d)] has not encouraged tourist trade;

8 (5) the requirements of AS 04.11.420 - 04.11.450 relating to zoning,
 9 ownership of the license, and financing of the licensee have not been met;

10 (6) renewal of the license **or endorsement** would violate the
 11 restrictions pertaining to the particular license **or endorsement** under this title or the
 12 license **or endorsement** has been operated in violation of a condition or restriction
 13 imposed by the board;

14 (7) renewal of the license is prohibited under this title as a result of an
 15 election conducted under AS 04.11.507; or

16 (8) the application has not been completed in accordance with
 17 **AS 04.09.360 or** AS 04.11.270.

18 * **Sec. 32.** AS 04.11.330(d) is amended to read:

19 (d) Notwithstanding (a)(3) of this section, a **common carrier dispensary**
 20 **license issued under AS 04.09.260 or a sporting event** [RECREATIONAL SITE]
 21 license issued under **AS 04.09.270** [AS 04.11.210] may be renewed if the license was
 22 exercised at least once during each of the two preceding calendar years.

23 * **Sec. 33.** AS 04.11.330 is amended by adding a new subsection to read:

24 (e) The requirements of (a)(3), (a)(5), and (a)(7) of this section do not apply to
 25 a winery direct shipment license issued under AS 04.09.360.

26 * **Sec. 34.** AS 04.11.340 is amended to read:

27 **Sec. 04.11.340. Denial of request for relocation.** An application requesting
 28 approval for the relocation of licensed premises shall be denied if

29 (1) the board finds, after review of all relevant information, that
 30 relocation of the license would not be in the best interests of the public;

31 (2) the relocation is prohibited under AS 04.11.400(a) or (b);

1 (3) the license would be relocated out of the established village,
2 incorporated city, unified municipality, or population area established under
3 AS 04.11.400(a) within which it is located;

4 (4) transfer of ownership is to be made concurrently with the
5 relocation of the licensed premises and a ground for denial of the transfer of
6 ownership under AS 04.11.360 is presented;

7 (5) the application has not been completed in accordance with
8 AS 04.11.290;

9 (6) relocation of the license would result in violation of a local zoning
10 law;

11 (7) relocation of the license would violate the restrictions pertaining to
12 the particular license imposed by this title;

13 (8) relocation of the license is prohibited under this title as a result of
14 an election conducted under AS 04.11.507; or

15 (9) the license was issued under AS 04.11.400(d) [, (e), OR (g)].

16 * **Sec. 35.** AS 04.11.340, as amended by sec. 34 of this Act, is amended to read:

17 **Sec. 04.11.340. Denial of request for relocation.** An application requesting
18 approval for the relocation of licensed premises shall be denied if

19 (1) the board finds, after review of all relevant information, that
20 relocation of the license would not be in the best interests of the public;

21 (2) the relocation is prohibited under AS 04.11.400(a) or (b);

22 (3) the license would be relocated out of the established village,
23 incorporated city, unified municipality, or population area established under
24 AS 04.11.400(a) within which it is located **except as provided under**
25 **AS 04.11.400(k)**;

26 (4) transfer of ownership is to be made concurrently with the
27 relocation of the licensed premises and a ground for denial of the transfer of
28 ownership under AS 04.11.360 is presented;

29 (5) the application has not been completed in accordance with
30 AS 04.11.290;

31 (6) relocation of the license would result in violation of a local zoning

1 law;

2 (7) relocation of the license would violate the restrictions pertaining to
3 the particular license imposed by this title; **or**

4 (8) relocation of the license is prohibited under this title as a result of
5 an election conducted under AS 04.11.507 [; OR

6 (9) THE LICENSE WAS ISSUED UNDER AS 04.11.400(d)].

7 * **Sec. 36.** AS 04.11.360 is amended to read:

8 **Sec. 04.11.360. Denial of transfer of a license to another person.** An
9 application requesting approval of a transfer of a license to another person under this
10 title shall be denied if

11 (1) the board finds, after review of all relevant information, that
12 transfer of a license to another person would not be in the best interests of the public;

13 (2) the application has not been completed in accordance with
14 AS 04.11.280;

15 (3) the application contains false statements of material fact;

16 (4) the transferor has not paid all debts or taxes arising from the
17 conduct of the business licensed under this title unless

18 (A) the transferor gives security for the payment of the debts or
19 taxes satisfactory to the creditor or taxing authority; or

20 (B) the transfer is under a promise given as collateral by the
21 transferor to the transferee in the course of an earlier transfer of the license
22 under which promise the transferor is obliged to transfer the license back to the
23 transferee in the event of default in payment for property conveyed as part of
24 the earlier transfer of the license;

25 (5) transfer of the license to another person would result in violation of
26 the provisions of this title relating to identity of licensees and financing of licensees;

27 (6) transfer of the license to another person would violate the
28 restrictions pertaining to the particular license under this title;

29 (7) transfer of the license to another person is prohibited under the
30 provisions of this title as a result of an election conducted under AS 04.11.507;

31 (8) the prospective transferee does not have the qualifications required

1 under this title of an original applicant;

2 (9) the license was issued under AS 04.11.100(f) [OR 04.11.400(g)];
3 however, this paragraph does not apply to a beverage dispensary license issued before
4 June 6, 1985, under former AS 04.11.400(j) if the transfer does not involve a change
5 in location; or

6 (10) the license was issued under AS 04.11.135, unless the transferor is
7 also applying to transfer the beverage dispensary license required under AS 04.11.135
8 to the same transferee.

9 * **Sec. 37.** AS 04.11.360, as amended by sec. 36 of this Act, is amended to read:

10 **Sec. 04.11.360. Denial of transfer of a license to another person.** An
11 application requesting approval of a transfer of a license to another person under this
12 title shall be denied if

13 (1) the board finds, after review of all relevant information, that
14 transfer of a license to another person would not be in the best interests of the public;

15 (2) the application has not been completed in accordance with
16 AS 04.11.280;

17 (3) the application contains false statements of material fact;

18 (4) the transferor has not paid all debts or taxes arising from the
19 conduct of the business licensed under this title unless

20 (A) the transferor gives security for the payment of the debts or
21 taxes satisfactory to the creditor or taxing authority; or

22 (B) the transfer is under a promise given as collateral by the
23 transferor to the transferee in the course of an earlier transfer of the license
24 under which promise the transferor is obliged to transfer the license back to the
25 transferee in the event of default in payment for property conveyed as part of
26 the earlier transfer of the license;

27 (5) transfer of the license to another person would result in violation of
28 the provisions of this title relating to identity of licensees and financing of licensees;

29 (6) transfer of the license to another person would violate the
30 restrictions pertaining to the particular license under this title;

31 (7) transfer of the license to another person is prohibited under the

1 provisions of this title as a result of an election conducted under AS 04.11.507; **or**

2 (8) the prospective transferee does not have the qualifications required
3 under this title of an original applicant;

4 [(9) THE LICENSE WAS ISSUED UNDER AS 04.11.100(f);
5 HOWEVER, THIS PARAGRAPH DOES NOT APPLY TO A BEVERAGE
6 DISPENSARY LICENSE ISSUED BEFORE JUNE 6, 1985, UNDER FORMER
7 AS 04.11.400(j) IF THE TRANSFER DOES NOT INVOLVE A CHANGE IN
8 LOCATION; OR

9 (10) THE LICENSE WAS ISSUED UNDER AS 04.11.135, UNLESS
10 THE TRANSFEROR IS ALSO APPLYING TO TRANSFER THE BEVERAGE
11 DISPENSARY LICENSE REQUIRED UNDER AS 04.11.135 TO THE SAME
12 TRANSFEREE].

13 * **Sec. 38.** AS 04.11.365 is amended to read:

14 **Sec. 04.11.365. Licensed premises in multi-unit residential housing**
15 **developments owned or financed by the Alaska Housing Finance Corporation.**

16 For premises located in a multi-unit residential housing development owned or
17 financed by the Alaska Housing Finance Corporation, the board may issue a new
18 license under AS 04.11.320, renew a license under AS 04.11.330, or approve a request
19 for relocation under AS 04.11.340 if the Alaska Housing Finance Corporation
20 authorizes the use under AS 18.56.230 and

21 [(1) THE LICENSE IS FOR A RESTAURANT OR EATING PLACE
22 UNDER AS 04.11.100; OR

23 (2)] the premises are **covered by a restaurant endorsement**
24 [DESIGNATED BY THE BOARD AS A RESTAURANT] under **AS 04.09.450**
25 [AS 04.16.049].

26 * **Sec. 39.** AS 04.11.370(a) is amended to read:

27 (a) A license, **endorsement**, or permit shall be suspended or revoked if the
28 board finds

29 (1) misrepresentation of a material fact on an application made under
30 this title or a regulation adopted under this title;

31 (2) continuation of the manufacture, sale, or service of alcoholic

1 beverages by the licensee or permittee would be contrary to the best interests of the
2 public;

3 (3) failure on the part of the licensee to correct a defect that constitutes
4 a violation of this title, a condition or restriction imposed by the board, a regulation
5 adopted under this title, or other laws after receipt of notice issued by the board or its
6 agent;

7 (4) conviction of a licensee of a violation of this title, a regulation
8 adopted under this title, or an ordinance adopted under AS 04.21.010;

9 (5) conviction of an agent or employee of a licensee of a violation of
10 this title, a regulation adopted under this title, or an ordinance adopted under
11 AS 04.21.010, if the licensee is found by the board to have either knowingly allowed
12 the violation or to have recklessly or with criminal negligence failed to act in
13 accordance with the duty prescribed under AS 04.21.030 with the result that the agent
14 or employee violates a law, regulation, or ordinance;

15 (6) failure of the licensee to comply with the public health, fire, or
16 safety laws and regulations in the state;

17 (7) use of the licensed premises as a resort for illegal possessors or
18 users of narcotics, prostitutes, or sex traffickers; in addition to any other legally
19 competent evidence, the character of the premises may be proved by the general
20 reputation of the premises in the community as a resort for illegal possessors or users
21 of narcotics, prostitutes, or sex traffickers;

22 (8) occurrence of illegal gambling within the limits of the licensed
23 premises;

24 (9) the licensee permitted a public offense involving moral turpitude to
25 occur on the licensed premises;

26 (10) violation by a licensee of this title, a condition or restriction
27 imposed by the board, a regulation adopted under this title, or an ordinance adopted
28 under AS 04.21.010; or

29 (11) violation by an agent or employee of a licensee of a provision of
30 this title, a condition or restriction imposed by the board, a regulation adopted under
31 this title, or an ordinance adopted under AS 04.21.010, if the licensee is found by the

1 board to have either knowingly allowed the violation or to have recklessly or with
 2 criminal negligence failed to act in accordance with the duty prescribed under
 3 AS 04.21.030 with the result that the agent or employee violates the law, condition or
 4 restriction, regulation, or ordinance.

5 * **Sec. 40.** AS 04.11.395 is amended to read:

6 **Sec. 04.11.395. Board imposed conditions or restrictions.** The board may, in
 7 the best interests of the public, impose conditions or restrictions on a license,
 8 endorsement, or permit issued under this chapter.

9 * **Sec. 41.** AS 04.11.400(a) is amended to read:

10 (a) Except as provided in (d) - (k) of this section **and AS 04.11.405**, a new
 11 license may not be issued and the board may prohibit relocation of an existing license

12 (1) outside an established village, incorporated city, unified
 13 municipality, or organized borough if, after the issuance or relocation, there would be
 14 (A) more than one restaurant or eating place license for each 1,500 population or
 15 fraction of that population, or (B) more than one license of each other type, including
 16 licenses that have been issued under (d) or (e) of this section, for each 3,000
 17 population or fraction of that population, in a radius of five miles of the licensed
 18 premises, excluding the populations of established villages, incorporated cities, unified
 19 municipalities, and organized boroughs that are wholly or partly included within the
 20 radius;

21 (2) inside an established village, incorporated city, or unified
 22 municipality if, after the issuance or relocation, there would be inside the established
 23 village, incorporated city, or unified municipality

24 (A) more than one restaurant or eating place license for each
 25 1,500 population or fraction of that population; or

26 (B) more than one license of each other type, including licenses
 27 that have been issued under (d) or (e) of this section, for each 3,000 population
 28 or fraction of that population;

29 (3) inside an organized borough but outside an established village or
 30 incorporated city located within the borough if, after the issuance or relocation, there
 31 would be inside the borough, but outside the established villages and incorporated

1 cities located within the borough,

2 (A) more than one restaurant or eating place license for each
3 1,500 population or fraction of that population; or

4 (B) more than one license of each other type, including licenses
5 that have been issued under (d) or (e) of this section, for each 3,000 population
6 or fraction of that population excluding the population of those established
7 villages that have adopted a local option under AS 04.11.491(b)(1), (3), or (4),
8 and excluding the population of incorporated cities located within the
9 organized borough.

10 * **Sec. 42.** AS 04.11.400(a), as amended by sec. 41 of this Act, is amended to read:

11 (a) Except as provided in **(f) and (k)** [(d) - (k)] of this section and
12 AS 04.11.405, a new license may not be issued and the board may prohibit relocation
13 of an existing license

14 (1) outside an established village, incorporated city, unified
15 municipality, or organized borough if, after the issuance or relocation, **in a radius of**
16 **five miles of the licensed premises, excluding the populations of established**
17 **villages, incorporated cities, unified municipalities, and organized boroughs that**
18 **are wholly or partly included within the radius,** there would be

19 (A) more than one restaurant or eating place license for each
20 1,500 population or fraction of that population; [, OR]

21 (B) **more than one brewery retail, winery retail, or distillery**
22 **retail license for each 9,000 population or fraction of that population; or**

23 **(C)** more than one license of each other type, **except a type**
24 **listed in (i) of this section** [INCLUDING LICENSES THAT HAVE BEEN
25 ISSUED UNDER (d) OR (e) OF THIS SECTION], for each 3,000 population
26 or fraction of that population [, IN A RADIUS OF FIVE MILES OF THE
27 LICENSED PREMISES, EXCLUDING THE POPULATIONS OF
28 ESTABLISHED VILLAGES, INCORPORATED CITIES, UNIFIED
29 MUNICIPALITIES, AND ORGANIZED BOROUGHS THAT ARE
30 WHOLLY OR PARTLY INCLUDED WITHIN THE RADIUS];

31 (2) inside an established village, incorporated city, or unified

1 municipality if, after the issuance or relocation, there would be inside the established
2 village, incorporated city, or unified municipality

3 (A) more than one restaurant or eating place license for each
4 1,500 population or fraction of that population; [OR]

5 (B) **more than one brewery retail, winery retail, or distillery**
6 **retail license for each 9,000 population or fraction of that population; or**

7 (C) more than one license of each other type, **except a type**
8 **listed in (i) of this section** [INCLUDING LICENSES THAT HAVE BEEN
9 ISSUED UNDER (d) OR (e) OF THIS SECTION], for each 3,000 population
10 or fraction of that population;

11 (3) inside an organized borough but outside an established village or
12 incorporated city located within the borough if, after the issuance or relocation, there
13 would be inside the borough, but outside the established villages and incorporated
14 cities located within the borough, **excluding the population of those established**
15 **villages that have adopted a local option under AS 04.11.491(b)(1) or (3), and**
16 **excluding the population of incorporated cities located within the organized**
17 **borough;**

18 (A) more than one restaurant or eating place license for each
19 1,500 population or fraction of that population; [OR]

20 (B) **more than one brewery retail, winery retail, or distillery**
21 **retail license for each 9,000 population or fraction of that population; or**

22 (C) more than one license of each other type, **except a type**
23 **listed in (i) of this section** [INCLUDING LICENSES THAT HAVE BEEN
24 ISSUED UNDER (d) OR (e) OF THIS SECTION], for each 3,000 population
25 or fraction of that population [EXCLUDING THE POPULATION OF THOSE
26 ESTABLISHED VILLAGES THAT HAVE ADOPTED A LOCAL OPTION
27 UNDER AS 04.11.491(b)(1), (3), OR (4), AND EXCLUDING THE
28 POPULATION OF INCORPORATED CITIES LOCATED WITHIN THE
29 ORGANIZED BOROUGH].

30 * **Sec. 43.** AS 04.11.400(i) is repealed and reenacted to read:

31 (i) This section does not apply to a

- 1 (1) brewery manufacturer license issued under AS 04.09.020;
- 2 (2) winery manufacturer license issued under AS 04.09.030;
- 3 (3) distillery manufacturer license issued under AS 04.09.040;
- 4 (4) general wholesale license issued under AS 04.09.100;
- 5 (5) limited wholesale brewed beverage and wine license under
- 6 AS 04.09.110;
- 7 (6) outdoor recreation lodge license issued under AS 04.09.280;
- 8 (7) destination resort license issued under AS 04.09.300;
- 9 (8) beverage dispensary tourism license issued under AS 04.09.340;
- 10 (9) seasonal restaurant or eating place tourism license issued under
- 11 AS 04.09.350;
- 12 (10) winery direct shipment license issued under AS 04.09.360;
- 13 (11) conditional contractor's permit issued under AS 04.09.690.

14 * **Sec. 44.** AS 04.11.400(k) is amended to read:

15 (k) The board may allow the relocation of an existing beverage dispensary
 16 license under **AS 04.09.200 or former** AS 04.11.090 to a restaurant, eating place, or
 17 hotel, motel, resort, or similar business that contains a restaurant or eating place, **or of**
 18 **an existing package store license under AS 04.09.230 or former AS 04.11.150,** in a
 19 borough with a population of **50,000** [60,000] or more [IF THE GOVERNING BODY
 20 OF THE BOROUGH APPROVES THE RELOCATION. HOWEVER, IF THE
 21 RELOCATION OF THE LICENSE IS] into or within an incorporated city in the
 22 borough. **The** [, THE] board may not approve the relocation unless, **at the time of**
 23 **application, the existing number of issued licenses of the type under consideration**
 24 **for relocation located within the borough exceeds the maximum allowed under**
 25 **(a) of this section and** the governing bodies of both the borough and the incorporated
 26 city approve the relocation. The board may allow not more than three relocations **into**
 27 **each city** [IN A BOROUGH] under this subsection each decade. In this subsection,
 28 "decade" means each 10-year period beginning April 1 in a year ending in zero.

29 * **Sec. 45.** AS 04.11 is amended by adding a new section to read:

30 **Sec. 04.11.405. Petition for additional restaurant or eating place licenses**
 31 **for certain local governing bodies.** (a) A first class city, a home rule city, or a unified

1 municipality may submit a resolution to the board, adopted by its legislative body,
 2 petitioning the board for the issuance of additional restaurant or eating place licenses
 3 under AS 04.11.100 that exceed the limits under AS 04.11.400(a) in accordance with
 4 this section.

5 (b) The board, following a public hearing, may issue one or more additional
 6 restaurant or eating place licenses under AS 04.11.100, within the boundaries of the
 7 municipality, if the board finds that

8 (1) the municipality

9 (A) serves as a center for commercial activity within and
 10 outside the boundaries of the municipality by providing goods and services to a
 11 population that is greater than the permanent resident population within the
 12 boundaries of the municipality;

13 (B) maintains a local law enforcement department;

14 (C) exercises planning and land-use authority; and

15 (D) at the time of the petition, meets or exceeds the maximum
 16 limit under AS 04.11.400(a) for restaurant or eating place licenses issued under
 17 AS 04.11.100;

18 (2) the number of additional licenses does not exceed the number of
 19 additional licenses requested by the municipality in the petition; and

20 (3) granting the additional licenses is in the public interest.

21 (c) A resolution submitted by a municipality under (a) of this section must
 22 include

23 (1) information demonstrating that the petitioner meets the criteria in
 24 (b) of this section;

25 (2) the most recent estimate of the number of people who claim
 26 residency or work outside the boundaries of the municipality and who are served by
 27 the municipality, including the

28 (A) population located outside the boundaries of the
 29 municipality that relies on the municipality for goods and services;

30 (B) visitor population; and

31 (C) nonresident worker population that resides in the

1 municipality, but that is not counted in the latest federal or state census for the
2 municipality;

3 (3) the number of existing restaurant or eating place licenses

4 (A) within the boundaries of the municipality;

5 (B) in a geographic area that the municipality serves under (2)
6 of this subsection;

7 (4) information showing that the number of additional licenses
8 requested does not exceed one license for each 1,500 population of the population
9 identified under (2) of this subsection; and

10 (5) additional justification, as necessary, to demonstrate that granting
11 of the additional licenses is in the public interest.

12 (d) If the board grants a petition for additional restaurant or eating place
13 licenses under this section to a municipality, the board may not authorize additional
14 restaurant or eating place licenses to the same municipality under this section for the
15 following 10 years.

16 * **Sec. 46.** AS 04.11.405(a), as amended by sec. 45 of this Act, is amended to read:

17 (a) A first class city, a home rule city, or a unified municipality may submit a
18 resolution to the board, adopted by its legislative body, petitioning the board for the
19 issuance of additional restaurant or eating place licenses under **AS 04.09.210**
20 [AS 04.11.100] that exceed the limits under AS 04.11.400(a) in accordance with this
21 section.

22 * **Sec. 47.** AS 04.11.405(b), as amended by sec. 45 of this Act, is amended to read:

23 (b) The board, following a public hearing, may issue one or more additional
24 restaurant or eating place licenses under **AS 04.09.210** [AS 04.11.100], within the
25 boundaries of the municipality, if the board finds that

26 (1) the municipality

27 (A) serves as a center for commercial activity within and
28 outside the boundaries of the municipality by providing goods and services to a
29 population that is greater than the permanent resident population within the
30 boundaries of the municipality;

31 (B) maintains a local law enforcement department;

1 (C) exercises planning and land-use authority; and

2 (D) at the time of the petition, meets or exceeds the maximum
3 limit under AS 04.11.400(a) for restaurant or eating place licenses issued under
4 **AS 04.09.210** [AS 04.11.100];

5 (2) the number of additional licenses does not exceed the number of
6 additional licenses requested by the municipality in the petition; and

7 (3) granting the additional licenses is in the public interest.

8 * **Sec. 48.** AS 04.11.430 is amended to read:

9 **Sec. 04.11.430. Person and location.** (a) Each license shall be issued to a
10 specific individual or individuals, to a partnership, including a limited partnership, to a
11 limited liability organization, or to a corporation. If the license is issued to a
12 corporation or a limited liability organization, the registered agent of the corporation
13 or limited liability organization **may** [MUST] be **either** an individual resident of the
14 state **or a domestic corporation authorized to transact business in this state whose**
15 **business office is the same as the registered office.**

16 (b) Except for a license authorizing the sale of alcoholic beverages on a
17 common carrier, a specific location shall be indicated on the license or permit as the
18 licensed premises, the principal address of which shall be indicated on the license or
19 permit. The mailing address, **telephone number, and electronic mailing address** of a
20 licensee or, if the licensee is a corporation, the address, **telephone number, and**
21 **electronic mailing address** of the registered office of the corporation must be kept
22 current and on file in the main office of the board.

23 * **Sec. 49.** AS 04.11.450(b) is amended to read:

24 (b) A person who is a representative or owner of a wholesale business
25 **licensed under AS 04.09.100 or 04.09.110** [, BREWERY, WINERY, BOTTLING
26 WORKS, OR DISTILLERY] may not be issued, solely or together with others, a
27 **manufacturer license issued under AS 04.09.020 - 04.09.040, or a retail license**
28 **issued under AS 04.09.200 - 04.09.360** [BEVERAGE DISPENSARY LICENSE, A
29 RESTAURANT OR EATING PLACE LICENSE, OR PACKAGE STORE
30 LICENSE. A HOLDER OF A BEVERAGE DISPENSARY LICENSE MAY BE
31 ISSUED A BREWPUB LICENSE, SUBJECT TO THE PROVISIONS OF

1 AS 04.11.135. THE PROHIBITION AGAINST ISSUANCE OF A RESTAURANT
 2 OR EATING PLACE LICENSE IMPOSED UNDER THIS SUBSECTION DOES
 3 NOT APPLY TO A RESTAURANT OR EATING PLACE LICENSE ISSUED ON
 4 OR BEFORE OCTOBER 1, 1996 OR A RESTAURANT OR EATING PLACE
 5 LICENSE ISSUED UNDER AN APPLICATION FOR A RESTAURANT OR
 6 EATING PLACE LICENSE APPROVED ON OR BEFORE OCTOBER 1, 1996].

7 * **Sec. 50.** AS 04.11.450(e) is amended to read:

8 (e) A holder of either a general wholesale license or a **limited** wholesale
 9 **brewed** [MALT] beverage and wine license may not be employed by or act as the
 10 agent or employee of the holder of a **manufacturer** [BEVERAGE DISPENSARY OR
 11 PACKAGE STORE] license **under AS 04.09.020 or 04.09.040 or a retail license**
 12 **under AS 04.09.200 - 04.09.360.**

13 * **Sec. 51.** AS 04.11.450 is amended by adding new subsections to read:

14 (g) The holder of a manufacturer license that annually produces in total
 15 300,000 barrels or more of brewed beverages, 50,000 nine-liter-equivalent cases or
 16 more of wine, or 50,000 nine-liter-equivalent cases or more of distilled spirits may not
 17 be issued, solely or together with others, a license under AS 04.09.100 - 04.09.360.

18 (h) For purposes of calculating the volume that the holder of a manufacturer
 19 license produces under this section, the volume of production must include all
 20 production by

21 (1) the holder of the manufacturer's license; and

22 (2) an officer, director, agent, employee, or affiliate of the holder; in
 23 this paragraph, "affiliate" means a person that directly or indirectly, through one or
 24 more intermediaries, controls, or is controlled by, or is under common control with, a
 25 corporation.

26 * **Sec. 52.** AS 04.11.460 is amended by adding a new subsection to read:

27 (d) This section does not apply to a winery direct shipment license issued
 28 under AS 04.09.360.

29 * **Sec. 53.** AS 04.11.470 is amended to read:

30 **Sec. 04.11.470. Objection.** A person may object to an application for issuance,
 31 renewal, transfer of location, or transfer to another person of a license, **for issuance,**

1 **renewal, or transfer to another person of a license with one or more**
 2 **endorsements, for issuance of an endorsement** or for issuance of a permit, by
 3 serving upon the applicant and the board the reasons for the objection. The board shall
 4 consider the objections and testimony received at a hearing conducted under
 5 AS 04.11.510(b)(2) when it considers the application. An objection and the record of a
 6 hearing conducted under AS 04.11.510(b)(2) shall be retained as part of the board's
 7 permanent record of its review of the application.

8 * **Sec. 54.** AS 04.11.480(a) is amended to read:

9 (a) A local governing body may protest the issuance, renewal, relocation, or
 10 transfer to another person of a license, **issuance, renewal, or transfer to another**
 11 **person of a license with one or more endorsements, or issuance of an**
 12 **endorsement** by sending the board and the applicant a protest and the reasons for the
 13 protest within 60 days of **the date** [RECEIPT FROM THE BOARD] of **the** notice of
 14 filing of the application. A protest received after the 60-day period may not be
 15 accepted by the board, and in no event may a protest cause the board to reconsider an
 16 approved renewal, relocation, or transfer. The local governing body may protest the
 17 continued operation of a license **or endorsement** during the second year of the
 18 biennial license period by sending the board and the licensee a protest and the reasons
 19 for the protest by January 31 of the second year of the license. The procedures for
 20 action on a protest of continued operation of a license **or endorsement** are the same as
 21 the procedures for action on a protest of a renewal application. The board shall
 22 consider a protest and testimony received at a hearing conducted under
 23 AS 04.11.510(b)(2) or (4) when it considers the application or continued operation,
 24 and the protest and the record of the hearing conducted under AS 04.11.510(b)(2) or
 25 (4) shall be kept as part of the board's permanent record of its review. If an application
 26 or continued operation is protested, the board shall deny the application or continued
 27 operation unless the board finds that the protest is arbitrary, capricious, and
 28 unreasonable.

29 * **Sec. 55.** AS 04.11.480(b) is amended to read:

30 (b) If the permanent residents residing outside of but within two miles of an
 31 incorporated city or an established village wish to protest the issuance, renewal, or

1 transfer of a license **or a license with one or more endorsements** within the city or
 2 village, they shall file with the board a petition meeting the requirements of
 3 AS 04.11.510(b)(3) requesting a public hearing **not later than** [WITHIN] 30 days
 4 **after** [OF] the posting of notice required under AS 04.11.310, or by December 31 of
 5 the year application is made for renewal of a license. The board shall consider
 6 testimony received at a hearing conducted under AS 04.11.510(b)(3) when it considers
 7 the application, and the record of a hearing conducted under AS 04.11.510(b)(3) shall
 8 be retained as part of the board's permanent record of its review of the application.

9 * **Sec. 56.** AS 04.11.480(c) is amended to read:

10 (c) A local governing body may recommend that a license be issued, renewed,
 11 relocated, or transferred, **or that a license with one or more endorsements be**
 12 **issued, renewed, or transferred to another person,** with conditions. The board shall
 13 consider recommended conditions and testimony received at a hearing conducted
 14 under AS 04.11.510(b)(2) or (4) when it considers the application or continued
 15 operation, and the recommended conditions and the record of the hearing conducted
 16 under AS 04.11.510(b)(2) or (4) shall be kept as part of the board's permanent record
 17 of its review. If the local governing body recommends conditions, the board shall
 18 impose the recommended conditions unless the board finds that the recommended
 19 conditions are arbitrary, capricious, or unreasonable. If a condition recommended by a
 20 local governing body is imposed on a licensee, the local governing body shall assume
 21 responsibility for monitoring compliance with the condition, except as otherwise
 22 provided by the board.

23 * **Sec. 57.** AS 04.11.491(a) is amended to read:

24 (a) If a majority of the persons voting on the question vote to approve the
 25 option, a municipality shall adopt a local option to prohibit

26 (1) the sale of alcoholic beverages;

27 (2) the sale of alcoholic beverages except by one or more of the
 28 following listed on the ballot:

29 (A) a restaurant or eating place licensee;

30 (B) a beverage dispensary licensee;

31 (C) a package store licensee;

1 (D) a caterer holding a **beverage dispensary caterer's** permit
 2 under **AS 04.09.610** [AS 04.11.230] to sell alcoholic beverages at a site within
 3 the municipality who is also licensed under a beverage dispensary license for
 4 premises outside of the municipality;

5 (E) a winery **manufacturer** licensee; [OR]

6 (F) a winery **manufacturer** licensee, except that sales may
 7 occur only to a person licensed under this title or in another state or country; **or**

8 **(G) an outdoor recreation lodge;**

9 (3) the sale of alcoholic beverages except on premises operated by the
 10 municipality and under a type of licensed premises listed on the ballot, that may
 11 include one or more of the following:

12 (A) a restaurant or eating place license;

13 (B) a beverage dispensary license; or

14 (C) a package store license;

15 (4) the sale and importation of alcoholic beverages; or

16 (5) the sale, importation, and possession of alcoholic beverages.

17 * **Sec. 58.** AS 04.11.491(b) is amended to read:

18 (b) If a majority of the persons voting on the question vote to approve the
 19 option, an established village shall exercise a local option to prohibit

20 (1) the sale of alcoholic beverages;

21 (2) the sale of alcoholic beverages except by one or more of the

22 following listed on the ballot:

23 (A) a restaurant or eating place licensee;

24 (B) a beverage dispensary licensee;

25 (C) a package store licensee;

26 (D) a caterer holding a **beverage dispensary caterer's** permit
 27 under **AS 04.09.610** [AS 04.11.230] to sell alcoholic beverages at a site within
 28 the established village who is also licensed under a beverage dispensary license
 29 for premises outside of the established village;

30 (E) a winery **manufacturer** licensee; [OR]

31 (F) a winery **manufacturer** licensee, except that sales may

1 occur only to a person licensed under this title or in another state or country; **or**

2 **(G) an outdoor recreation lodge;**

3 (3) the sale and importation of alcoholic beverages; or

4 (4) the sale, importation, and possession of alcoholic beverages.

5 * **Sec. 59.** AS 04.11.491(d) is amended to read:

6 (d) The ballot for an election on the option set out in (a)(2)(A), (a)(3)(A), or
7 (b)(2)(A) of this section must include a summary explanation of the authority to sell
8 alcoholic beverages given to a restaurant or eating place under **AS 04.09.210(a)**
9 [AS 04.11.100(a)]. The ballot for an election on the option set out in (a)(2)(B) or (D),
10 (a)(3)(B), or (b)(2)(B) or (D) of this section must include a statement that a beverage
11 dispensary license is commonly known as a "bar" and a summary explanation of the
12 authority to sell alcoholic beverages given to a beverage dispensary licensee under
13 **AS 04.09.200** [AS 04.11.090(a)]. The ballot for an election on the option set out in
14 (a)(2)(C), (a)(3)(C), or (b)(2)(C) of this section must include a statement that a
15 package store license is commonly known as a "liquor store" and a summary
16 explanation of the authority to sell alcoholic beverages given to a package store
17 licensee under **AS 04.09.230** [AS 04.11.150(a)].

18 * **Sec. 60.** AS 04.11.491(g) is amended to read:

19 (g) If a municipality or established village has adopted a local option under
20 (a)(1), (2), (3), or (4), or (b)(1), (2), or (3) of this section, the municipality or
21 established village, as part of the local option question or questions placed before the
22 voters, may

23 (1) adopt an amount of alcoholic beverages that may be imported that
24 is less than the amounts set out in **AS 04.09.460(e)** [AS 04.11.150(g)];

25 (2) adopt an amount of alcoholic beverages that would give rise to a
26 presumption that the person possessed the alcoholic beverages for sale; the amounts
27 adopted under this paragraph may be lower than those set out in AS 04.11.010(c) [;

28 (3) OPT TO NOT APPLY A CLASS C FELONY TO VIOLATIONS
29 OF AS 04.16.051 THAT APPLY SOLELY BY REASON OF THE MUNICIPALITY
30 OR ESTABLISHED VILLAGE ADOPTING A LOCAL OPTION UNDER THIS
31 SECTION].

1 * **Sec. 61.** AS 04.11.520 is amended to read:

2 **Sec. 04.11.520. Notice to local governing body.** After receipt of an
3 application **for the issuance or renewal of a license, the renewal of a license with**
4 **one or more endorsements, the transfer of a license or a license with one or more**
5 **endorsements to another person or a new location, or the issuance of an**
6 **endorsement** from within [(1)] an established village, [(2)] an incorporated city, [(3)]
7 an organized borough, or [(4)] a unified municipality, the board shall **notify**
8 [TRANSMIT WRITTEN NOTICE TO] the local governing body **in writing** within 10
9 **business** days so that the local governing body may protest under AS 04.11.480.

10 * **Sec. 62.** AS 04.11.535(a) is amended to read:

11 (a) If, in a proceeding to suspend or revoke a license, **endorsement, or permit**
12 under AS 04.11.370(a)(5), the board finds that a sentencing report, **record of**
13 **conviction, or judgment** sent to the board under AS 12.55.025(b) or a report prepared
14 by the investigating or arresting officers in connection with the violation, contains
15 information that if uncontradicted or unexplained would provide a ground for
16 suspension or revocation under AS 04.11.370(a)(5), the licensee **or permittee** has the
17 burden of proof to establish that the licensee **or permittee** neither knowingly allowed
18 the violation nor recklessly or with criminal negligence failed to act in accordance
19 with the duty prescribed under AS 04.21.030.

20 * **Sec. 63.** AS 04.11.537 is amended to read:

21 **Sec. 04.11.537. Application of precedent.** In determining whether issuance,
22 renewal, transfer, relocation, suspension, or revocation of a license **or the issuance,**
23 **renewal, transfer to another person, suspension, or revocation of an endorsement**
24 is in the best interests of the public, the board need not conform to or distinguish its
25 decision from any action it has taken in the past on applications presenting similar
26 facts, but may instead base its decision only on the particular facts before it.

27 * **Sec. 64.** AS 04.11.540 is amended to read:

28 **Sec. 04.11.540. License, endorsement, and conditional contractor's permit**
29 **renewal and expiration.** Notwithstanding AS 04.11.680, an application for renewal
30 of a license, **endorsement, or a conditional contractor's permit under**
31 **AS 04.09.690** issued for the two calendar years ending December 31 or of a seasonal

1 license issued for parts of those calendar years may be submitted up until the next
 2 February 28. If a complete application for renewal has not been filed by February 28
 3 or the required fees and the penalty fees have not been paid by that date, the license,
 4 **endorsement, or conditional contractor's permit** expires at 12:00 midnight
 5 February 28. A new license may not be issued to the holder of an expired license for
 6 the same premises except on proof satisfactory to the board of good cause for the
 7 failure to file and pay.

8 * **Sec. 65.** AS 04.11.560(b) is amended to read:

9 (b) A decision by the board relating to the issuance, renewal, transfer,
 10 relocation, suspension, or revocation of a license **or an endorsement** under this title
 11 may be appealed to the superior court under AS 44.62.560.

12 * **Sec. 66.** AS 04.11.570 is amended to read:

13 **Sec. 04.11.570. Refund and forfeiture of fees.** (a) If an application for a
 14 license **or endorsement** is denied, the board shall refund the license fee less the
 15 application fee.

16 (b) A license **or endorsement** fee may not be refunded after the license **or**
 17 **endorsement** has been issued unless the board determines it has erred in the issuance
 18 through no fault of the applicant.

19 (c) If a license, **endorsement, or permit** is revoked on grounds that
 20 statements made in the application are untrue, the [LICENSE] fee paid by the
 21 applicant is forfeited to the state.

22 * **Sec. 67.** AS 04.11.580(b) is amended to read:

23 (b) The licensee shall surrender a current license to the board **not later than**
 24 [WITHIN] 10 days after the loss or vacation of the licensed premises.

25 * **Sec. 68.** AS 04.11.590(a) is amended to read:

26 (a) Money collected from licenses, **endorsements, permits,** and civil
 27 **penalties** [FINES] under this title shall be transferred by the board to the Department
 28 of Commerce, Community, and Economic Development and deposited in the general
 29 fund.

30 * **Sec. 69.** AS 04.11.610 is amended to read:

31 **Sec. 04.11.610. Allocation [REFUND] to municipalities.** (a) **An amount**

1 **equal to the sum of the biennial** [BIENNIAL] license fees, excluding annual
 2 wholesale fees and biennial wholesale license fees, collected within a municipality
 3 shall be **allocated** [REFUNDED] semi-annually to the municipality.

4 (b) If the officers of a municipality fail to actively enforce local ordinances,
 5 **this title, and** laws of the United States and the state, and the regulations relating to
 6 the manufacture and sale of alcoholic beverages in the state, **or fail to provide the**
 7 **director with a report of contacts with licensed establishments, educational**
 8 **activities concerning this title and local ordinances, and violations of this title**
 9 **occurring in the municipality, at the time and in the format as may be required**
 10 **by regulation adopted by the board,** the commissioner of commerce, community,
 11 and economic development may deny the **allocation** [REFUND] provided for under
 12 (a) of this section until the board finds the enforcement of the ordinances, laws, and
 13 regulations is resumed **or the report is provided.**

14 (c) The Department of Commerce, Community, and Economic Development
 15 shall recover any **funds** [AMOUNTS] erroneously **allocated** [REFUNDED] under (a)
 16 of this section. The Department of Commerce, Community, and Economic
 17 Development shall schedule repayments of erroneously **allocated funds**
 18 [REFUNDED AMOUNTS] over a sufficient period of time to minimize financial
 19 hardship to the municipality involved.

20 * **Sec. 70.** AS 04.11.630(b) is amended to read:

21 (b) A license, **endorsement, or permit** issued under this title shall be posted
 22 within the licensed premises **or designated premises** so as to be easily available for
 23 inspection upon request by a peace officer or other person during regular business
 24 hours **or during the time period specified on the permit.**

25 * **Sec. 71.** AS 04.11.680 is amended to read:

26 **Sec. 04.11.680. Duration of licenses, endorsements, and permits.** (a) Upon
 27 application [AND PAYMENT OF ONE-HALF OF THE BIENNIAL FEE], the board
 28 may issue a seasonal license under this title that is effective for the intervals stated on
 29 the license. [A SEASONAL LICENSE MAY NOT BE EFFECTIVE FOR MORE
 30 THAN 12 MONTHS IN A TWO-YEAR PERIOD.] Otherwise, **a license or**
 31 **endorsement** [ALL LICENSES] issued under this title **and a conditional**

1 **contractor's permit issued under AS 04.09.690 is** [OTHER THAN A RETAIL
2 STOCK SALE LICENSE ARE] effective for the two calendar years ending
3 December 31, unless a shorter period is prescribed by the board or by law.

4 (b) A permit issued under this title shall be for **a specific time** [THE] period
5 [PRESCRIBED BY THE BOARD]. The period shall be clearly designated on the
6 permit.

7 * **Sec. 72.** AS 04.16.010(c) is amended to read:

8 (c) A licensee, an agent, or employee may not permit a person to enter and a
9 person may not enter premises licensed under this title between the hours of 5:00 a.m.
10 and 8:00 a.m. each day, **unless the person is**

11 **(1) on the premises to conduct business with the licensee, agent, or**
12 **employee, and the licensee, agent, or employee is in compliance with (a) and (b)**
13 **of this section;**

14 **(2) a common carrier with a common carrier dispensary license**
15 **under AS 04.09.260;**

16 **(3)** [. THIS SUBSECTION DOES NOT APPLY TO COMMON
17 CARRIERS OR TO] an employee of the licensee who is on the premises to prepare
18 for the next day's business;

19 **(4) performing maintenance or improvements authorized by the**
20 **licensee;**

21 **(5)** [. A PERSON MAY ENTER OR REMAIN] on the premises [OF
22 A BONA FIDE RESTAURANT OR EATING PLACE LICENSED UNDER THIS
23 TITLE] to consume food or nonalcoholic beverages **and the premises are covered**
24 **under a restaurant endorsement issued under AS 04.09.450.**

25 * **Sec. 73.** AS 04.16.010 is amended by adding a new subsection to read:

26 (e) A person who violates (a), (b), or (c) of this section is guilty of a violation.

27 * **Sec. 74.** AS 04.16.015(a) is amended to read:

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

30 (1) offer or deliver, as a marketing device to the general public, free
31 alcoholic beverages to a patron, **except as provided for the holder of a**

1 **manufacturer sampling endorsement under AS 04.09.410 or a package store**
 2 **sampling endorsement under AS 04.09.490;**

3 (2) deliver an alcoholic beverage to a person already possessing two or
 4 more;

5 (3) sell, offer to sell, or deliver alcoholic beverages to a person or
 6 group of persons at a price less than the price regularly charged for the beverages
 7 during **a consecutive seven-day period** [THE SAME CALENDAR WEEK], except at
 8 private functions not open to the general public;

9 (4) sell, offer to sell, or deliver an unlimited number of alcoholic
 10 beverages to a person or group of persons during a set period of time for a fixed price;

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

14 (6) encourage or permit an organized game or contest on the licensed
 15 premises that involves drinking alcoholic beverages or the awarding of alcoholic
 16 beverages as prizes.

17 * **Sec. 75.** AS 04.16.015 is amended by adding a new subsection to read:

18 (e) A person who violates this section is guilty of a violation.

19 * **Sec. 76.** AS 04.16 is amended by adding a new section to read:

20 **Sec. 04.16.017. Trade practices.** (a) A person holding a license under
 21 AS 04.09.020, 04.09.030, 04.09.040, 04.09.100, or 04.09.110 or engaged in the
 22 alcoholic beverage industry in another state or country as a brewer, vintner, distiller,
 23 or importer, or as an agent of a brewer, vintner, distiller, or importer, may not, except
 24 as provided in regulations adopted by the board under (b) of this section, induce a
 25 person holding a license under this title to

26 (1) operate as a tied house by inducing a retailer engaged in the sale of
 27 alcoholic beverages to purchase products from an entity to the exclusion, in whole or
 28 in part, of products sold or offered for sale by other entities by

29 (A) furnishing, giving, renting, lending, or selling to the retailer
 30 equipment fixtures, signs, supplies, money, services, or other things of value,
 31 except those excluded in regulation and determined to be not contrary to the

1 public interest or contrary to the intent of this subsection;

2 (B) paying or crediting the retailer for an advertising, display,
3 or distribution service;

4 (C) guaranteeing a loan or the repayment of a financial
5 obligation of the retailer;

6 (D) extending to the retailer credit for a period in excess of the
7 credit period usual and customary to the industry for the particular class of
8 transactions; or

9 (E) requiring the retailer to take and dispose of a certain quota
10 of the products;

11 (2) operate as an exclusive outlet by requiring that a retailer engaged in
12 the sale of alcoholic beverages purchase products from an entity, to the exclusion, in
13 whole or in part, of alcoholic beverages sold or offered for sale by other entities;

14 (3) purchase products from an entity to the exclusion, in whole or in
15 part, of products sold or offered for sale by other entities by

16 (A) commercial bribery; or

17 (B) offering or giving any bonus, premium, or compensation to
18 an officer, employee, or representative of the licensee;

19 (4) enter into an agreement for consignment sales, or to purchase, offer
20 to purchase, or contract to purchase products on consignment, under conditional sale,
21 or with the privilege of return on any basis other than a bona fide sale, or where part of
22 the transaction involves, directly or indirectly, the acquisition by an entity from the
23 licensee or the entity's agreement to acquire from the licensee other alcoholic
24 beverages, except that this paragraph does not apply to transactions involving solely
25 the return of merchandise for ordinary and usual commercial reasons arising after the
26 merchandise has been sold.

27 (b) The board shall adopt regulations providing exceptions to the practices
28 listed under (a) of this section that are

29 (1) consistent with federal law at the time of the effective date of sec.
30 76 of this Act;

31 (2) necessary to avoid practical difficulty or undue hardship on a

1 licensee;

2 (3) in the best interests of the public; and

3 (4) consistent with the requirements of this title.

4 (c) The board shall adopt regulations establishing administrative penalties for
5 a violation of this section.

6 (d) In this section, "commercial bribery," "consignment sales," "exclusive
7 outlet," and "tied house" have the meanings given in 27 U.S.C. 205 and regulations
8 adopted under that section.

9 * **Sec. 77.** AS 04.16.020 is amended by adding new subsections to read:

10 (d) A person who violates a provision of this section commits the offense of
11 unauthorized solicitation or purchase of alcoholic beverages.

12 (e) Unauthorized solicitation or purchase of alcoholic beverages is a violation
13 and is punishable by a fine of \$100.

14 * **Sec. 78.** AS 04.16 is amended by adding a new section to read:

15 **Sec. 04.16.022. Online sale and purchase of brewed beverages and distilled**
16 **spirits.** (a) A licensee or a licensee's agent or employee may not sell or offer to sell
17 alcoholic beverages to the public online unless the licensee holds a winery direct
18 shipment license issued under AS 04.09.360 or a package store shipping endorsement
19 under AS 04.09.460.

20 (b) A person may not purchase alcoholic beverages online except from the
21 holder of a winery direct shipment license issued under AS 04.09.360 or a package
22 store shipping endorsement under AS 04.09.460.

23 (c) A person who violates (a) of this section is, upon conviction, guilty of a
24 class A misdemeanor.

25 (d) A person who violates (b) of this section is guilty of a violation.

26 * **Sec. 79.** AS 04.16.025(a) is amended to read:

27 (a) A person may not knowingly enter or remain on premises

28 (1) in which alcoholic beverages are manufactured, sold, offered for
29 sale, possessed for sale or barter, trafficked in, or bartered in violation of

30 (A) AS 04.09.060, 04.09.070, 04.09.145, 04.09.370, 04.09.380,

31 or AS 04.11.010; or

1 (B) a municipal ordinance adopted under AS 04.21.010(a) or
2 (b); or

3 (2) licensed under this title during hours in which the person's presence
4 on the premises is a violation of a municipal ordinance adopted under authority of
5 AS 04.16.010(d) providing for hours of closure that are outside the hours of closure
6 prescribed by AS 04.16.010(c).

7 * **Sec. 80.** AS 04.16.030 is amended by adding new subsections to read:

8 (c) A person who violates this section commits the offense of prohibited
9 conduct relating to a drunken person.

10 (d) Prohibited conduct relating to a drunken person is a violation, punishable
11 by a fine of \$500.

12 (e) In addition to the penalty specified under (d) of this section, the holder of
13 the license is strictly and vicariously liable for a violation committed by an employee
14 or agent of the licensee on the licensed premises, punishable by an administrative
15 penalty of \$250. Notwithstanding AS 04.11.370(a)(4) and (5) and AS 04.16.180(b)(1),
16 the board may not order suspension of the license for the first violation committed on
17 the licensed premises under this section.

18 (f) A licensee who knowingly allows an agent or employee of the licensee to
19 commit the offense of prohibited conduct relating to a drunken person under (c) of this
20 section commits the offense of failure to ensure compliance relating to a drunken
21 person.

22 (g) Failure to ensure compliance relating to a drunken person is a class A
23 misdemeanor.

24 * **Sec. 81.** AS 04.16.035 is amended to read:

25 **Sec. 04.16.035. Possession of ingredients for homebrew in certain areas.** A
26 person residing in an area that has adopted a local option under AS 04.11.491 [TO
27 PROHIBIT THE SALE, IMPORTATION, AND POSSESSION OF ALCOHOLIC
28 BEVERAGES UNDER AS 04.11.491(a)(5) OR (b)(4)] may not possess sugar,
29 artificial sugar, malt, yeast, or any other material or equipment with the intent to use
30 the material or equipment to create an alcoholic beverage.

31 * **Sec. 82.** AS 04.16.035 is amended by adding new subsections to read:

1 (b) A person who knowingly violates this section commits the crime of
2 possession of ingredients for homebrew.

3 (c) Possession of ingredients for homebrew is a class A misdemeanor.

4 * **Sec. 83.** AS 04.16.040 is amended to read:

5 **Sec. 04.16.040. Access of drunken persons to licensed premises.** A drunken
6 person may not knowingly enter or remain on **licensed** premises [LICENSED
7 UNDER THIS TITLE].

8 * **Sec. 84.** AS 04.16.040 is amended by adding new subsections to read:

9 (b) A person who violates this section commits the offense of prohibited
10 access by a drunken person.

11 (c) Prohibited access by a drunken person is a violation.

12 * **Sec. 85.** AS 04.16.045 is amended by adding new subsections to read:

13 (b) A person who violates this section commits the offense of permitting
14 consumption not authorized under a license.

15 (c) Permitting consumption not authorized under a license is a violation.

16 * **Sec. 86.** AS 04.16.047 is amended by adding new subsections to read:

17 (d) A person who is restricted from purchasing alcohol under AS 04.16.160
18 who knowingly violates (a) of this section commits the offense of entering or
19 remaining on licensed premises.

20 (e) Entering or remaining on licensed premises is a class A misdemeanor.

21 * **Sec. 87.** AS 04.16.049(a) is amended to read:

22 (a) A person under 21 years of age may not knowingly enter or remain in
23 premises licensed under this title unless

24 (1) accompanied by a parent, guardian, or spouse who has attained 21
25 years of age;

26 (2) the person is **allowed to enter and remain on** [AT LEAST 16
27 YEARS OF AGE,] the premises **under a restaurant endorsement issued under**
28 **AS 04.09.450** [ARE DESIGNATED BY THE BOARD AS A RESTAURANT FOR
29 THE PURPOSES OF THIS SECTION, AND THE PERSON ENTERS AND
30 REMAINS ONLY FOR DINING;

31 (3) THE PERSON IS UNDER 16 YEARS OF AGE, IS

1 ACCOMPANIED BY A PERSON OVER 21 YEARS OF AGE, THE PARENT OR
 2 GUARDIAN OF THE UNDERAGED PERSON CONSENTS, THE PREMISES ARE
 3 DESIGNATED BY THE BOARD AS A RESTAURANT FOR THE PURPOSES OF
 4 THIS SECTION, AND THE PERSON ENTERS AND REMAINS ONLY FOR
 5 DINING];

6 **(3)** [(4)] the person is permitted on the premises under a club license
 7 issued under **AS 04.09.220(g) or former** AS 04.11.110(g); or

8 **(4)** [(5)] otherwise provided under (c), (d), or (g) of this section.

9 * **Sec. 88.** AS 04.16.049(c) is amended to read:

10 (c) Notwithstanding any other provision in this section, a person 16 or 17
 11 years of age may enter and remain within the licensed premises of a hotel **or motel,**
 12 **large resort,** golf course, **general wholesaler, limited brewed beverage and wine**
 13 **wholesaler, common carrier dispensary, outdoor recreation lodge,** or restaurant
 14 [OR EATING PLACE] in the course of employment if (1) the employment does not
 15 involve the serving, mixing, delivering, or dispensing of alcoholic beverages; (2) the
 16 person has the written consent of a parent or guardian; and (3) an exemption from the
 17 prohibition of AS 23.10.355 is granted by the Department of Labor and Workforce
 18 Development. [THE BOARD, WITH THE APPROVAL OF THE GOVERNING
 19 BODY HAVING JURISDICTION AND AT THE LICENSEE'S REQUEST, SHALL
 20 DESIGNATE WHICH PREMISES ARE HOTELS, GOLF COURSES,
 21 RESTAURANTS, OR EATING PLACES FOR THE PURPOSES OF THIS
 22 SUBSECTION.]

23 * **Sec. 89.** AS 04.16.049(d) is amended to read:

24 (d) Notwithstanding any other provision in this section, a person 18, 19, or 20
 25 years of age may be employed within the licensed premises of a hotel **or motel, large**
 26 **resort,** golf course, **general wholesaler, limited brewed beverage and wine**
 27 **wholesaler, common carrier dispensary, outdoor recreation lodge,** or restaurant
 28 [OR EATING PLACE], may enter and remain within those premises for the purpose
 29 of employment, but may not, in the course of employment, sell, serve, deliver, or
 30 dispense alcoholic beverages.

31 * **Sec. 90.** AS 04.16.049 is amended by adding a new subsection to read:

1 (j) Notwithstanding any other provision in this section, a person under 21
 2 years of age may be present on the licensed premises of a common carrier dispensary,
 3 destination resort, or outdoor recreation lodge for the purpose of travel, travel lodging,
 4 or outdoor recreation activities provided by the licensee if the person is

5 (1) at least 16 years of age; or

6 (2) under 16 years of age and a parent or legal guardian of the
 7 underaged person consents.

8 * **Sec. 91.** AS 04.16.051(d) is repealed and reenacted to read:

9 (d) A person who, with criminal negligence, furnishes or delivers an alcoholic
 10 beverage to a person under 21 years of age in violation of (a) of this section commits
 11 the crime of furnishing or delivering to a minor.

12 * **Sec. 92.** AS 04.16.051 is amended by adding a new subsection to read:

13 (e) Furnishing or delivering to a minor is

14 (1) a violation and is punishable by a fine of \$500, except as provided
 15 in (2) of this subsection;

16 (2) a class C felony if the person who receives the alcoholic beverage
 17 negligently causes serious physical injury to or the death of another person while
 18 under the influence of the alcoholic beverage received in violation of this section; in
 19 this paragraph,

20 (A) "negligently" means acting with civil negligence; and

21 (B) "serious physical injury" has the meaning given in

22 AS 11.81.900.

23 * **Sec. 93.** AS 04.16.052 is amended by adding new subsections to read:

24 (b) In addition to the penalty specified under (d) of this section, for a violation
 25 committed by an employee or agent of the licensee on a licensed premises under this
 26 section, the holder of the license is strictly liable and subject to an administrative
 27 penalty of \$250. Notwithstanding AS 04.11.370(a)(4) and (5) and AS 04.16.180(b)(1),
 28 the board may not order suspension of the license for the first violation committed on
 29 the licensed premises under this section.

30 (c) A person who violates (a) of this section commits the offense of licensee,
 31 employee, or agent furnishing alcohol to a minor.

1 (d) Licensee, employee, or agent furnishing alcohol to a minor is a violation
2 and is punishable by a fine of \$500.

3 (e) A licensee who knowingly allows an agent or employee of the licensee to
4 commit the offense of licensee, employee, or agent furnishing alcohol to a minor
5 under (c) of this section commits the offense of failure to ensure compliance relating
6 to furnishing alcohol to a minor.

7 (f) Failure to ensure compliance relating to furnishing alcohol to a minor is a
8 class A misdemeanor.

9 * **Sec. 94.** AS 04.16.055 is amended by adding new subsections to read:

10 (b) A person who knowingly rents a room in a hotel, motel, resort, or similar
11 business for the purpose of providing alcoholic beverages to a person under 21 years
12 of age commits the crime of renting a room for the purpose of providing alcoholic
13 beverages to a person under 21 years of age.

14 (c) Renting a room for the purpose of providing alcoholic beverages to a
15 person under 21 years of age is a violation and is punishable by a fine of \$500.

16 * **Sec. 95.** AS 04.16.057(b) is amended to read:

17 (b) A person who violates this section is guilty of a violation and **is**
18 **punishable by a fine of \$500** [SHALL BE PUNISHED AS PROVIDED IN
19 AS 12.55].

20 * **Sec. 96.** AS 04.16.060(e) is amended to read:

21 (e) A person under the age of 21 who is seeking to enter and remain in a
22 licensed premises under AS 04.16.049(a)(2) [OR (3)] may not misrepresent the
23 person's age or having obtained the consent of the parent or guardian required by that
24 section.

25 * **Sec. 97.** AS 04.16.060 is amended by adding new subsections to read:

26 (g) A person who violates (a) of this section commits the offense of purchase
27 by a person under 21 years of age.

28 (h) A person who violates (b) or (c) of this section commits the offense of
29 delivery to a person under 21 years of age.

30 (i) Purchase by a person under 21 years of age is a violation and is punishable
31 by a fine of \$500.

1 (j) Delivery to a person under 21 years of age is a violation and is punishable
2 by a fine of \$500.

3 (k) For a person under 21 years of age who commits an offense under (g) of
4 this section, the violation must be charged and filed with the court as a separate case
5 and may not be combined or joined with any other minor offense or criminal charge in
6 one action at the time of filing. A court may reduce the fine to \$50 for a person who
7 has not more than one previous violation or to \$250 for a person who has two or more
8 previous violations if the person provides the court, not later than six months after a
9 judgment of conviction is entered, with proof of completion of

10 (1) an alcohol safety action program or a juvenile alcohol safety action
11 program developed, designated, or approved by the Department of Health and Social
12 Services under AS 47.37; or

13 (2) a community diversion panel.

14 * **Sec. 98.** AS 04.16.080 is amended to read:

15 **Sec. 04.16.080. Consumption [SALES OR CONSUMPTION] at school**
16 **events.** A person may not [SELL OR] consume alcoholic beverages during a school
17 event at the site of the event.

18 * **Sec. 99.** AS 04.16.080 is amended by adding new subsections to read:

19 (b) A person who consumes an alcoholic beverage during a school event at the
20 site of the event commits the offense of consuming at a school event.

21 (c) Consuming at a school event is a violation and is punishable by a fine of
22 \$100.

23 * **Sec. 100.** AS 04.16.090(c) is amended to read:

24 (c) **In** [FOR THE PURPOSES OF] this section, "consideration" includes
25 [BUT IS NOT LIMITED TO] cover charge, the sale of food, ice, mixers, or other
26 liquids used with alcoholic beverage drinks, [OR] the furnishing of glassware or other
27 containers for use in the consumption of alcoholic beverages, **other charges for**
28 **access to the licensed premises, or other services or products provided on the**
29 **licensed premises.**

30 * **Sec. 101.** AS 04.16.090 is amended by adding new subsections to read:

31 (d) A person who knowingly violates this section commits the crime of

1 maintaining a bottle club.

2 (e) Maintaining a bottle club is a class A misdemeanor.

3 * **Sec. 102.** AS 04.16.110 is amended by adding new subsections to read:

4 (b) A person who knowingly sells an alcoholic beverage in violation of (a) of
5 this section commits the crime of sale of a prohibited alcoholic beverage.

6 (c) Sale of a prohibited alcoholic beverage is a class A misdemeanor.

7 * **Sec. 103.** AS 04.16.120 is amended by adding new subsections to read:

8 (d) A person who removes an alcoholic beverage from licensed premises in
9 violation of (a) of this section and a person who brings an alcoholic beverage onto
10 licensed premises in violation of (b) of this section commits the offense of removal or
11 introduction of alcoholic beverages.

12 (e) Notwithstanding (a) of this section, the holder of a beverage dispensary
13 license under AS 04.09.200, the holder of a beverage dispensary tourism license under
14 AS 04.09.340, or the holder's employee may transport alcoholic beverages across
15 unlicensed portions of a hotel, motel, or large resort if the

16 (1) licensee holds an endorsement under AS 04.09.430 or 04.09.440;
17 and

18 (2) licensee or employee is walking directly from one licensed area of
19 the premises to another licensed area.

20 (f) Removal or introduction of alcoholic beverages is a violation and is
21 punishable by a fine of \$100.

22 * **Sec. 104.** AS 04.16.125 is repealed and reenacted to read:

23 **Sec. 04.16.125. Alcoholic beverages transported or delivered by common**
24 **carrier.** (a) A common carrier may not transport or deliver alcoholic beverages to a
25 person in the state unless the board has approved the common carrier under (b) of this
26 section.

27 (b) A common carrier may apply to the board, on a form prescribed by the
28 board, for approval to transport and deliver alcoholic beverages to persons in the state.
29 The board shall approve an application if the common carrier certifies that it will meet
30 the requirements under (c) and (d) of this section.

31 (c) A common carrier delivering alcoholic beverages to a person in the state

1 shall ensure that the package containing alcoholic beverages is delivered directly to a
2 person who

3 (1) presents identification and acceptable proof of age under
4 AS 04.21.050 showing that the person is 21 years of age or older; and

5 (2) provides a signature acknowledging that the person received the
6 package.

7 (d) A common carrier approved by the board under (b) of this section shall
8 make records of shipments of alcoholic beverages to persons in the state available for
9 inspection and audit by the board. The board may require periodic reporting of
10 approved common carriers on a form prescribed by the board.

11 (e) The board shall maintain, periodically review, and make available for
12 public inspection a list of approved common carriers for transport and delivery of
13 alcoholic beverages to persons in the state.

14 (f) The board may remove a previously approved common carrier from the list
15 if the common carrier transports or delivers alcoholic beverages in violation of (c) or
16 (d) of this section.

17 (g) A person may use a common carrier to transport and deliver alcoholic
18 beverages into an area that has restricted the sale of alcoholic beverages under
19 AS 04.11.491(a)(1), (2), or (3) or (b)(1) or (2) if

20 (1) the shipping container holding the alcoholic beverages is clearly
21 labeled as containing alcoholic beverages and requiring a signature of a person at least
22 21 years of age upon delivery; and

23 (2) an itemized invoice showing the quantity and purchase value of
24 distilled spirits, wine, and brewed beverages is attached to the outside of the shipping
25 container.

26 (h) The requirements under (g) of this section do not apply to

27 (1) a person transporting

28 (A) two liters or less of wine;

29 (B) one gallon or less of brewed beverages; or

30 (C) one liter or less of distilled spirits; or

31 (2) the transportation of alcoholic beverages for use on premises

1 allowed under AS 04.11.491(a)(2) or (3) or (b)(2) or for use under a permit allowed
2 under AS 04.11.491(a)(2).

3 (i) A common carrier that has not been approved by the board to transport and
4 deliver alcoholic beverages and that transports or delivers alcoholic beverages into or
5 within the state commits the offense of unapproved common carrier transport or
6 delivery of alcoholic beverages.

7 (j) Unapproved common carrier transport or delivery of alcoholic beverages is
8 a violation and is punishable by a fine of \$500.

9 (k) An approved common carrier that violates a provision under (c) or (d) of
10 this section commits the offense of common carrier noncompliance for transport or
11 delivery of alcoholic beverages.

12 (l) Common carrier noncompliance for transport or delivery of alcoholic
13 beverages is a violation.

14 (m) A person who knowingly violates (g) of this section commits the crime of
15 unauthorized transportation of alcoholic beverages by common carrier into a local
16 option area.

17 (n) Unauthorized transportation of alcoholic beverages by common carrier
18 into a local option area is a class A misdemeanor.

19 (o) In this section,

20 (1) "common carrier" means a motor vehicle, watercraft, aircraft, or
21 railroad car available for public hire to transport freight or passengers;

22 (2) "transport" has the meaning given in AS 04.11.499.

23 * **Sec. 105.** AS 04.16.130 is amended by adding new subsections to read:

24 (c) A person who violates this section commits the offense of unauthorized
25 storage of alcoholic beverages.

26 (d) Unauthorized storage of alcoholic beverages is a violation.

27 * **Sec. 106.** AS 04.16.140 is amended by adding new subsections to read:

28 (b) A person who knowingly violates (a) of this section commits the offense
29 of sale or consumption of an alcoholic beverage in a warehouse.

30 (c) Sale or consumption of an alcoholic beverage in a warehouse is a violation.

31 * **Sec. 107.** AS 04.16.150 is amended by adding new subsections to read:

1 (b) Except as provided under AS 04.16.030(f) and 04.16.052(e), a licensee
2 who knowingly violates (a) of this section commits the offense of failure to ensure
3 compliance.

4 (c) Failure to ensure compliance is a violation.

5 * **Sec. 108.** AS 04.16.160 is amended by adding new subsections to read:

6 (c) A person who knowingly fails to comply with a restriction on purchasing
7 alcoholic beverages in violation of (a) of this section commits the crime of failure to
8 comply with a restriction on purchasing alcoholic beverages.

9 (d) Failure to comply with a restriction on purchasing alcoholic beverages is a
10 class A misdemeanor.

11 * **Sec. 109.** AS 04.16.170 is amended to read:

12 **Sec. 04.16.170. Source of alcoholic beverages.** (a) Alcoholic beverages for
13 consumption by the purchaser may only [NOT] be sold by [UNLESS OBTAINED
14 FROM] a person licensed under this title.

15 (b) A person transporting alcoholic beverages into the state may not sell those
16 alcoholic beverages to a person not licensed under this title, unless the alcoholic
17 beverages are used for religious, industrial, pharmaceutical, or medical purposes, or as
18 allowed under AS 04.09.360.

19 * **Sec. 110.** AS 04.16.170 is amended by adding new subsections to read:

20 (c) A licensee who knowingly violates (a) or (b) of this section commits the
21 crime of sale of alcoholic beverages from or to an unlicensed person.

22 (d) Sale of alcoholic beverages from or to an unlicensed person is a class A
23 misdemeanor.

24 * **Sec. 111.** AS 04.16.172 is amended to read:

25 **Sec. 04.16.172. Restrictions on purchase and sale of alcoholic beverages.** A
26 person licensed under AS 04.09.200, 04.09.210, 04.09.220, 04.09.230, 04.09.270,
27 04.09.280, 04.09.290, 04.09.300, 04.09.310, 04.09.320, 04.09.330, 04.09.340, or
28 04.09.350 [AS 04.11.090, 04.11.100, 04.11.110, OR 04.11.150] may not purchase,
29 sell, or offer for sale an alcoholic beverage unless the alcoholic beverage being
30 purchased, sold, or offered for sale was obtained from a person licensed under

31 (1) AS 04.09.100 or 04.09.110 [AS 04.11.160] as a primary source of

1 supply for the alcoholic beverage being purchased, sold, or offered for sale;

2 (2) AS 04.09.230 [AS 04.11.150] and the alcoholic beverage being
3 purchased, sold, or offered for sale was obtained from a person licensed under
4 AS 04.09.100 or 04.09.110 [AS 04.11.160] as a primary source of supply; or

5 (3) AS 04.09.020, 04.09.030, or 04.09.040 [AS 04.11.130, 04.11.140,
6 OR 04.11.170].

7 * **Sec. 112.** AS 04.16.172 is amended by adding new subsections to read:

8 (b) A licensee who knowingly violates (a) of this section commits the crime of
9 licensee obtaining alcoholic beverages from an unlicensed seller.

10 (c) Licensee obtaining alcoholic beverages from an unlicensed seller is a class
11 A misdemeanor.

12 * **Sec. 113.** AS 04.16.175 is amended by adding new subsections to read:

13 (c) A person who knowingly furnishes an alcoholic beverage to a player in
14 violation of (a) of this section commits the crime of furnishing an alcoholic beverage
15 in aid of a gambling enterprise.

16 (d) Furnishing an alcoholic beverage in aid of a gambling enterprise is a class
17 A misdemeanor.

18 * **Sec. 114.** AS 04.16.180(b) is amended to read:

19 (b) A suspension or revocation of a license ordered by the board under
20 AS 04.11.370(a)(4) and (5) shall be as follows:

21 (1) on first conviction, the license of the premises involved may not be
22 revoked, but, except as provided in AS 04.16.030 and 04.16.052, may be suspended
23 for not more than 45 days;

24 (2) on second conviction, the license of the premises involved may not
25 be revoked, but may be suspended for not more than 90 days;

26 (3) on third conviction, the license of the premises involved may be
27 suspended or revoked.

28 * **Sec. 115.** AS 04.16.180(e) is amended to read:

29 (e) In this section,

30 (1) "conviction" includes a conviction of a violation, a
31 misdemeanor, and a felony;

1 **(2)** [THE TERMS] "second conviction" and "third conviction" include
 2 only convictions for violations that occur within five years **after** [OF] the first
 3 conviction; **the** [. THE] terms refer to the cumulative number of convictions of a
 4 licensee of any combination of violations of the provisions of this title, regulations
 5 adopted under this title, or ordinances adopted under AS 04.21.010; [. THE TERMS]
 6 "second conviction" and "third conviction" include a conviction of the agent or
 7 employee of a licensee of a violation of a law, regulation, or ordinance if the
 8 conviction constitutes a ground for suspension or revocation under
 9 AS 04.11.370(a)(5).

10 * **Sec. 116.** AS 04.16.180 is amended by adding new subsections to read:

11 (f) In addition to the criminal penalties specified in this title and AS 12.55, a
 12 holder of a license under this title who is convicted of a crime or offense involving the
 13 violation of a provision of this title or a regulation adopted under this title is subject to
 14 suspension or revocation of the license under this section and other administrative
 15 penalties imposed by the board. For purposes of administrative penalties under this
 16 subsection, each violation is a separate offense.

17 (g) The holder of a license subject to suspension or revocation under (b)(2) or
 18 (3) of this section may request a hearing to petition the board to reduce the
 19 administrative penalty. The board may reduce the administrative penalty if the
 20 licensee shows, by a preponderance of the evidence, that

21 (1) the licensee complied with the alcohol server education course
 22 requirement of AS 04.21.025 and adopted and enforced a compliance program and a
 23 disciplinary program for agents and employees of the licensee;

24 (2) the licensee has a pattern and practice of exercising the degree of
 25 care required under AS 04.16.030;

26 (3) the licensee posted warning signs as required under AS 04.21.065;
 27 and

28 (4) in the case of a conviction for a violation of AS 04.16.030 or
 29 04.16.052, the agent or employee convicted under AS 04.16.030 or 04.16.052
 30 completed an alcohol server education course under AS 04.21.025.

31 * **Sec. 117.** AS 04.16.220(a) is amended to read:

1 (a) The following are subject to forfeiture:

2 (1) alcoholic beverages manufactured, sold, offered for sale, possessed
3 for sale, or bartered or exchanged for goods and services in this state in violation of
4 **AS 04.09.060, 04.09.070, 04.09.145, 04.09.370, 04.09.380, or** AS 04.11.010;
5 alcoholic beverages possessed, stocked, warehoused, or otherwise stored in violation
6 of AS 04.21.060; alcoholic beverages sold or offered for sale in violation of a local
7 option adopted under AS 04.11.491; alcoholic beverages transported into the state and
8 sold to persons not licensed under this chapter in violation of AS 04.16.170(b);
9 alcoholic beverages transported in violation of AS 04.16.125;

10 (2) materials and equipment used in the manufacture, sale, offering for
11 sale, possession for sale, or barter or exchange of alcoholic beverages for goods and
12 services in this state in violation of **AS 04.09.060, 04.09.070, 04.09.145, 04.09.370,**
13 **04.09.380, or** AS 04.11.010; materials and equipment used in the stocking,
14 warehousing, or storage of alcoholic beverages in violation of AS 04.21.060; materials
15 and equipment used in the sale or offering for sale of an alcoholic beverage in an area
16 in violation of a local option adopted under AS 04.11.491;

17 (3) aircraft, vehicles, or vessels used to transport or facilitate the
18 transportation of

19 (A) alcoholic beverages manufactured, sold, offered for sale,
20 possessed for sale, or bartered or exchanged for goods and services in this state
21 in violation of **AS 04.09.060, 04.09.070, 04.09.145, 04.09.370, 04.09.380, or**
22 AS 04.11.010;

23 (B) property stocked, warehoused, or otherwise stored in
24 violation of AS 04.21.060;

25 (C) alcoholic beverages imported into a municipality or
26 established village in violation of AS 04.11.499(a);

27 (4) alcoholic beverages found on licensed premises that do not bear
28 federal excise stamps if excise stamps are required under federal law;

29 (5) alcoholic beverages, materials, or equipment used in violation of
30 AS 04.16.175;

31 (6) money, securities, negotiable instruments, or other things of value

1 used in financial transactions or items of value purchased from the proceeds derived
 2 from activity prohibited under AS 04.09.060, 04.09.070, 04.09.145, 04.09.370,
 3 04.09.380, or AS 04.11.010 or in violation of a local option adopted under
 4 AS 04.11.491;

5 (7) a firearm used in furtherance of a violation of this title.

6 * **Sec. 118.** AS 04.16.220(d) is amended to read:

7 (d) Property subject to forfeiture under (a) of this section may be forfeited

8 (1) upon conviction of a person for a violation of AS 04.09.060,
 9 04.09.070, 04.09.145, 04.09.370, 04.09.380, AS 04.11.010, 04.11.499, AS 04.16.125,
 10 AS 04.21.060, or AS 04.11.501 or an ordinance adopted under AS 04.11.501; or

11 (2) upon judgment by the superior court in a proceeding in rem that the
 12 property was used in a manner subjecting it to forfeiture under (a) of this section.

13 * **Sec. 119.** AS 04.16.220(g) is amended to read:

14 (g) It is no defense in an in rem forfeiture proceeding brought under (d)(2) of
 15 this section that a criminal proceeding is pending or has resulted in conviction or
 16 acquittal of a person charged with violating AS 04.09.060, 04.09.070, 04.09.145,
 17 04.09.370, 04.09.380, AS 04.11.010, 04.11.499, or AS 04.21.060.

18 * **Sec. 120.** AS 04.16.220(i) is amended to read:

19 (i) Upon conviction for a violation of AS 04.09.060, 04.09.070, 04.09.145,
 20 04.09.370, 04.09.380, AS 04.11.010, or 04.11.499(a), if an aircraft, vehicle, or
 21 watercraft is subject to forfeiture under (a) of this section, the court shall, subject to
 22 remission to innocent parties under this section,

23 (1) order the forfeiture of an aircraft to the state;

24 (2) order the forfeiture of a vehicle or watercraft if

25 (A) the defendant has a prior felony conviction for a violation
 26 of AS 11.41 or a similar law in another jurisdiction;

27 (B) the defendant is on felony probation or parole;

28 (C) the defendant has a prior conviction for violating
 29 AS 04.11.010 or 04.11.499(a); or

30 (D) the quantity of alcohol transported in violation of this title
 31 was twice the presumptive amounts in AS 04.11.010(c).

1 * **Sec. 121.** AS 04.21 is amended by adding a new section to read:

2 **Sec. 04.21.012. Keg registration.** (a) A person may not purchase an alcoholic
3 beverage in a keg or other container holding four or more gallons unless the person
4 provides proof that the person is over 21 years of age and completes and signs a
5 registration form. The purchaser of an alcoholic beverage in a keg or other container
6 holding four or more gallons may not remove or obliterate the temporary identifying
7 tag on the keg or container.

8 (b) A licensee who sells or offers for sale an alcoholic beverage in a keg or
9 other container holding four or more gallons shall require a purchaser to show
10 acceptable proof of age under AS 04.21.050(b) and sign the sworn statement on a
11 registration form. The licensee shall complete the registration form and affix a
12 temporary tag with a unique identifier to the keg or container before releasing the
13 container to the purchaser. The licensee shall retain a copy of the form for one year
14 and make the form available for inspection.

15 (c) The board shall prescribe a registration form for use by licensees and
16 purchasers. The board may approve for use a registration form adopted by a local
17 governing body. A registration form must include

18 (1) the name of the seller;

19 (2) the name of the purchaser;

20 (3) a description of the proof of age provided by the buyer, including
21 the identification number, if any;

22 (4) the unique identifier on the temporary tag attached to the keg or
23 container under (b) of this section.

24 (d) A licensee or an agent or employee of a licensee who sells alcoholic
25 beverages in a keg or other container holding four or more gallons without completing
26 a registration form or affixing a temporary identification tag to the keg or container
27 commits the crime of selling alcoholic beverages in an unregistered keg.

28 (e) A person who is not licensed under this title or the employee or agent of a
29 person who is not licensed under this title who possesses alcoholic beverages in a keg
30 or other container holding four or more gallons without a temporary identification tag
31 commits the crime of possessing alcoholic beverages in an unregistered keg.

1 (f) Selling alcoholic beverages in an unregistered keg is a violation.

2 (g) Possessing alcoholic beverages in an unregistered keg is a violation and is
3 punishable by a fine of \$100.

4 * **Sec. 122.** AS 04.21.020(a) is amended to read:

5 (a) Except as provided under (b) and (d) of this section, a person who provides
6 alcoholic beverages to another person may not be held civilly liable for injuries
7 resulting from the intoxication of that person unless the person who provides the
8 alcoholic beverages holds a license authorized under AS 04.09.010 - 04.09.380
9 [AS 04.11.080 - 04.11.220] or is an agent or employee of [SUCH] a licensee and

10 (1) the alcoholic beverages are provided to a person under [THE AGE
11 OF] 21 years of age in violation of AS 04.16.051, unless the licensee, agent, or
12 employee secures in good faith from the person a signed statement, liquor
13 identification card, or driver's license meeting the requirements of AS 04.21.050(a)
14 and (b), that indicates that the person is 21 years of age or older; or

15 (2) the alcoholic beverages are provided to a drunken person in
16 violation of AS 04.16.030.

17 * **Sec. 123.** AS 04.21.020(b) is amended to read:

18 (b) A person who sells or barter an alcoholic beverage to another person in
19 violation of AS 04.09.060, 04.09.070, 04.09.145, 04.09.370, 04.09.380, or
20 AS 04.11.010 is strictly liable (1) to the recipient or another person for civil damages
21 if, while under the influence of the alcoholic beverage, the person receiving the
22 alcoholic beverage engages in conduct that results in civil damages and the recipient's
23 being under the influence of the alcoholic beverage substantially contributes to the
24 civil damages; and (2) for the cost to the state or a political subdivision of the state to
25 criminally prosecute a person who receives an alcoholic beverage from a person who
26 violates AS 04.11.010 if the prosecution results from the violation of AS 04.11.010
27 described in this subsection.

28 * **Sec. 124.** AS 04.21.025(a) is repealed and reenacted to read:

29 (a) As a condition of issuance or renewal of a license or conditional
30 contractor's permit and selling alcoholic beverages under a license or conditional
31 contractor's permit, the board shall require a licensee or permittee who sells or serves

1 alcoholic beverages and a licensee's or permittee's agents and employees who sell or
 2 serve alcoholic beverages or check the identification of a patron to complete an
 3 alcohol server education course approved by the board. This section applies only to a
 4 conditional contractor's permit under AS 04.09.690 and the following licenses:

5 (1) brewery manufacturer license under AS 04.09.020 with a
 6 manufacturer sampling endorsement;

7 (2) winery manufacturer license under AS 04.09.030 with a
 8 manufacturer sampling endorsement;

9 (3) distillery manufacturer license under AS 04.09.040 with a
 10 manufacturer sampling endorsement;

11 (4) beverage dispensary license under AS 04.09.200;

12 (5) restaurant or eating place license under AS 04.09.210;

13 (6) club license under AS 04.09.220;

14 (7) package store license under AS 04.09.230;

15 (8) pub license under AS 04.09.240;

16 (9) theater license under AS 04.09.250;

17 (10) sporting event license under AS 04.09.270;

18 (11) outdoor recreation lodge license under AS 04.09.280;

19 (12) golf course license under AS 04.09.290;

20 (13) destination resort license under AS 04.09.300;

21 (14) brewery retail license under AS 04.09.310;

22 (15) winery retail license under AS 04.09.320;

23 (16) distillery retail license under AS 04.09.330;

24 (17) beverage dispensary tourism license under AS 04.09.340;

25 (18) seasonal restaurant or eating place tourism license under
 26 AS 04.09.350;

27 (19) a brewery license issued under former AS 04.11.130, if brewed
 28 beverages are offered for sale to the public for consumption on or off the premises
 29 under AS 04.09.020;

30 (20) a winery license issued under former AS 04.11.140, if wine is
 31 offered for sale to the public for consumption on or off the premises under

1 AS 04.09.030;

2 (21) a distillery license issued under former AS 04.11.170, if distilled
3 beverages are offered for sale to the public for consumption on or off the premises
4 under AS 04.09.040.

5 * **Sec. 125.** AS 04.21.025(b) is amended to read:

6 (b) The subjects that are included in an approved alcohol server education
7 course shall be determined under regulations adopted by the board. In approving
8 alcohol server education courses, the board shall consider the needs of both urban and
9 rural licensees regarding access to an approved alcohol server education course. A
10 licensee, **permittee**, agent, or employee who sells or serves alcoholic beverages shall
11 keep the card described in (c) of this section or other proof acceptable to the board of
12 successful completion of an approved alcohol server education course on the licensed
13 premises during working hours.

14 * **Sec. 126.** AS 04.21.025(c) is amended to read:

15 (c) A licensee, **permittee**, agent, or employee shall complete the course
16 required under (a) of this section and pass a written test demonstrating an
17 understanding of the course subjects not more than 30 days after being licensed,
18 **permitted**, or employed. The course provider shall issue a card to each individual who
19 completes the course and passes the written test. A card issued under this subsection is
20 valid for three years from the date of issue. A licensee, **permittee**, agent, or employee
21 may renew a card issued under this section; to renew the card, the licensee, **permittee**,
22 agent, or employee must pass a written test demonstrating an understanding of the
23 course subjects. **Notwithstanding the 30-day period for completing the course and**
24 **passing the written test under this subsection, a person may not sell or serve**
25 **alcoholic beverages or check the identification of a patron at a permitted event**
26 **under AS 04.09.600 - 04.09.690 unless the person possesses a valid card issued**
27 **before the event.**

28 * **Sec. 127.** AS 04.21.025 is amended by adding new subsections to read:

29 (f) A person who violates (a) - (c) of this section commits the offense of
30 failure to comply with alcohol server education requirements.

31 (g) Failure to comply with alcohol server education requirements is a

1 violation.

2 * **Sec. 128.** AS 04.21.050(a) is amended to read:

3 (a) If a licensee or an agent or employee of the licensee questions or has
4 reason to question whether a person entering licensed premises, or ordering,
5 purchasing, attempting to purchase, or otherwise procuring or attempting to procure
6 alcoholic beverages,

7 (1) has attained the age of 21 years or is entering without consent in
8 violation of AS 04.16.049(a)(2) [AS 04.16.049(a)(3)] and has not attained the age of
9 16 years, that licensee, agent, or employee shall require the person to furnish proof of
10 age acceptable under (b) of this section or proof of consent in a form determined by
11 the board; if the person questioned does not furnish proof of age acceptable under (b)
12 of this section, or if a licensee, agent, or employee questions or has reason to question
13 the validity of the proof of age furnished, the licensee, employee, or agent shall require
14 the person to sign a statement that the person is over the age of 21 or 16 years, as
15 appropriate; this statement shall be made on a form prepared by and furnished to the
16 licensee by the board;

17 (2) is restricted from purchasing alcoholic beverages under
18 AS 04.16.160, the licensee, agent, or employee may, but has no duty or obligation to,
19 require the person to furnish proof acceptable under (b) of this section that the person
20 is not restricted from purchasing alcoholic beverages or require the person to sign a
21 statement that the person is not restricted from purchasing alcoholic beverages under
22 AS 04.16.160; this statement shall be made on a form prepared by and furnished to the
23 licensee by the board.

24 * **Sec. 129.** AS 04.21.060 is amended by adding new subsections to read:

25 (b) A licensee who stores alcoholic beverages elsewhere than on the licensed
26 premises and who fails to comply with (a)(1) - (3) of this section commits the offense
27 of unauthorized warehousing.

28 (c) Unauthorized warehousing is a violation.

29 * **Sec. 130.** AS 04.21.065(a) is repealed and reenacted to read:

30 (a) A holder of one of the following types of licenses or permits shall post on
31 the licensed or designated premises three separate warning signs as described in (b) of

1 this section:

2 (1) brewery manufacturer license under AS 04.09.020 with a
3 manufacturer sampling endorsement under AS 04.09.410;

4 (2) winery manufacturer license under AS 04.09.030 with a
5 manufacturer sampling endorsement under AS 04.09.410;

6 (3) distillery manufacturer license under AS 04.09.040 with a
7 manufacturer sampling endorsement under AS 04.09.410;

8 (4) beverage dispensary license under AS 04.09.200;

9 (5) restaurant or eating place license under AS 04.09.210;

10 (6) club license under AS 04.09.220;

11 (7) package store license under AS 04.09.230;

12 (8) pub license under AS 04.09.240;

13 (9) theater license under AS 04.09.250;

14 (10) common carrier dispensary license under AS 04.09.260;

15 (11) sporting event license under AS 04.09.270;

16 (12) outdoor recreation lodge license under AS 04.09.280;

17 (13) golf course license under AS 04.09.290;

18 (14) destination resort license under AS 04.09.300;

19 (15) brewery retail license under AS 04.09.310;

20 (16) winery retail license under AS 04.09.320;

21 (17) distillery retail license under AS 04.09.330;

22 (18) beverage dispensary tourism license under AS 04.09.340;

23 (19) seasonal restaurant or eating place tourism license under
24 AS 04.09.350;

25 (20) beverage dispensary caterer's permit under AS 04.09.610;

26 (21) restaurant caterer's dining permit under AS 04.09.620;

27 (22) club caterer's permit under AS 04.09.630;

28 (23) art exhibit event permit under AS 04.09.640;

29 (24) nonprofit organization event permit under AS 04.09.650;

30 (25) tasting event permit under AS 04.09.670;

31 (26) conditional contractor's permit under AS 04.09.690;

1 (27) another license or permit issued by the board authorizing
2 consumption of alcoholic beverages.

3 * **Sec. 131.** AS 04.21 is amended by adding new sections to read:

4 **Sec. 04.21.072. Fines and other criminal penalties.** (a) A violation under this
5 title, unless otherwise specified in the provision of this title defining the offense, is
6 punishable by a fine of \$250.

7 (b) A misdemeanor or felony under this title, unless otherwise specified in the
8 provision of this title defining the offense, is punishable as provided in AS 12.55.

9 **Sec. 04.21.074. Bail forfeiture schedule.** The supreme court shall establish by
10 rule or order a schedule of bail amounts for violations under this title that allow the
11 disposition of a citation without a court appearance. The bail amount may not exceed
12 the maximum penalty prescribed by law for the violation.

13 **Sec. 04.21.076. Suspension of fine or sentence.** The court may not suspend a
14 fine for an offense other than a misdemeanor or felony under this title, or suspend
15 imposition or execution of sentence for an offense other than a misdemeanor or felony
16 under this title, unless otherwise expressly provided in this title.

17 * **Sec. 132.** AS 04.21.078 is amended to read:

18 **Sec. 04.21.078. Court records of persons under 21 years of age.** The Alaska
19 Court System may not publish on a publicly available website the court records of a
20 violation of AS 04.16.049, [OR] 04.16.050, 04.16.060(g), or a similar ordinance of a
21 municipality, if the violation was charged separately and was not joined with any other
22 minor offense or criminal charge at the time of filing.

23 * **Sec. 133.** AS 04.21.080(b)(6) is amended to read:

24 (6) "designated premises" means any or all designated portions of a
25 building or structure, rooms or enclosures in the building or structure, or real estate
26 leased, used, controlled, or operated by a licensee or permittee for the purpose for
27 which the license or permit is issued by the board at the location of the site for which
28 the license or permit is issued;

29 * **Sec. 134.** AS 04.21.080(b)(15) is amended to read:

30 (15) "licensed premises" means any or all designated portions of a
31 building or structure, rooms or enclosures in the building or structure, or real estate

1 leased, used, controlled, or operated by a licensee in the conduct of business for which
 2 the licensee is licensed by the board at the specific address for which the license **or an**
 3 **endorsement to the license** is issued;

4 * **Sec. 135.** AS 04.21.080(b) is amended by adding new paragraphs to read:

5 (21) "bona fide restaurant" means an establishment or a portion of an
 6 establishment where, during all times alcoholic beverages are served or consumed,

7 (A) the patron's principal activity is consumption of food; and

8 (B) a variety of types of food items appropriate for meals is
 9 prepared on site and available for sale as shown on a menu provided to patrons
 10 and filed with the board;

11 (22) "brewed beverage" means an alcoholic beverage made by
 12 fermenting cereal grains, including beer and malt beverages, sake, and kombucha;

13 (23) "calendar year" means the period beginning January 1 and ending
 14 December 31;

15 (24) "cider" means a type of wine made primarily from fermented
 16 apples, apple juice, or concentrate;

17 (25) "distilled spirit" means an alcoholic beverage that is first
 18 fermented and then distilled;

19 (26) "golf course" means a course that is open to the public, having at
 20 least nine holes and covering at least 2,950 yards;

21 (27) "kombucha" means a brewed beverage made from fermented tea
 22 and containing at least one-half percent alcohol by volume;

23 (28) "mead" means a type of wine made primarily from honey;

24 (29) "sake" means a type of brewed beverage made primarily from
 25 fermented rice;

26 (30) "school grounds" has the meaning given in AS 11.71.900;

27 (31) "wine" means an alcoholic beverage made from fermented grapes
 28 or other fruit or honey.

29 * **Sec. 136.** AS 05.15.690(48) is amended to read:

30 (48) "vendor" means a business whose primary activity is not regulated
 31 by this chapter but that

1 (A) is engaged in the sale of pull-tabs on behalf of a permittee;

2 (B) holds a business license under AS 43.70; and

3 (C) is an establishment holding a

4 (i) beverage dispensary license under **AS 04.09.200**
 5 [AS 04.11.090] that has not been designated by the Alcoholic Beverage
 6 Control Board under **AS 04.16.049(a)(2)** [AS 04.16.049(a)(2) - (3)],
 7 has not been exempted by the Department of Labor and Workforce
 8 Development under AS 04.16.049(c) and AS 23.10.355, and if the
 9 establishment is a hotel, motel, resort, or similar business that caters to
 10 the traveling public as a substantial part of its business, does not allow
 11 the sale of pull-tabs in a dining room, banquet room, guest room, or
 12 other public areas other than a room in which there is regularly
 13 maintained a fixed counter or service bar **that has plumbing**
 14 **connections to permanent plumbing** at which alcoholic beverages are
 15 sold or served to members of the public for consumption;

16 (ii) package store license under **AS 04.09.230**
 17 [AS 04.11.150];

18 * **Sec. 137.** AS 09.65.315(b) is amended to read:

19 (b) A person licensed under **AS 04.09.010 - 04.09.380** [AS 04.11.080 -
 20 04.11.255], or an agent or employee of the person, is not liable for damages resulting
 21 from a motor vehicle accident described under (a) of this section. A person or entity
 22 that participates in making arrangements for transportation of a vehicle under (a) of
 23 this section is not liable for damages resulting from a motor vehicle accident described
 24 in (a) of this section.

25 * **Sec. 138.** AS 11.76.100(b) is amended to read:

26 (b) Notwithstanding the provisions of (a) of this section, a person who
 27 maintains a vending machine is not in violation of (a)(3) of this section if the vending
 28 machine is located

29 (1) on premises licensed as a beverage dispensary under **AS 04.09.200**
 30 [AS 04.11.090], licensed as a club under **AS 04.09.220** [AS 04.11.110], or licensed as
 31 a package store under **AS 04.09.230** [AS 04.11.150]; and

1 (A) as far as practicable from the primary entrance; and

2 (B) in a place that is directly and continually supervised by a
3 person employed on the licensed premises during the hours the vending
4 machine is accessible to the public; or

5 (2) in an employee break room or other controlled area of a private
6 work place that is not generally considered a public place and the room or area
7 contains a posted warning sign at least 11 inches by 14 inches indicating that
8 possession of tobacco by a person under 19 years of age is prohibited under
9 AS 11.76.105.

10 * **Sec. 139.** AS 11.76.107(a) is amended to read:

11 (a) A person commits the offense of failure to supervise a cigarette vending
12 machine if the person owns premises licensed as a beverage dispensary under
13 AS 04.09.200, [AS 04.11.090 OR] licensed as a club under AS 04.09.220,
14 [AS 04.11.110] or licensed as a package store under AS 04.09.230 [AS 04.11.150] and
15 with criminal negligence fails to have an employee supervise a vending machine on
16 those premises that dispenses cigarettes, cigars, tobacco, or products containing
17 tobacco as required by AS 11.76.100(b)(1)(B).

18 * **Sec. 140.** AS 12.62.400(a) is amended to read:

19 (a) To obtain a national criminal history record check for determining a
20 person's qualifications for a license, permit, registration, employment, or position, a
21 person shall submit the person's fingerprints to the department with the fee established
22 by AS 12.62.160. The department may submit the fingerprints to the Federal Bureau
23 of Investigation to obtain a national criminal history record check of the person for the
24 purpose of evaluating a person's qualifications for

25 (1) a license or conditional contractor's permit to manufacture, sell,
26 offer for sale, possess for sale or barter, traffic in, or barter an alcoholic beverage
27 under AS 04.09 [AS 04.11];

28 (2) licensure as a mortgage lender, a mortgage broker, or a mortgage
29 loan originator under AS 06.60;

30 (3) admission to the Alaska Bar Association under AS 08.08;

31 (4) licensure as a collection agency operator under AS 08.24;

- 1 (5) a certificate of fitness to handle explosives under AS 08.52;
 2 (6) licensure as a massage therapist under AS 08.61;
 3 (7) licensure to practice nursing or certification as a nurse aide under
 4 AS 08.68;
 5 (8) certification as a real estate appraiser under AS 08.87;
 6 (9) a position involving supervisory or disciplinary power over a minor
 7 or dependent adult for which criminal justice information may be released under
 8 AS 12.62.160(b)(9);
 9 (10) a teacher certificate under AS 14.20;
 10 (11) a registration or license to operate a marijuana establishment
 11 under AS 17.38;
 12 (12) licensure as a security guard under AS 18.65.400 - 18.65.490;
 13 (13) a concealed handgun permit under AS 18.65.700 - 18.65.790;
 14 (14) licensure as an insurance producer, managing general agent,
 15 reinsurance intermediary broker, reinsurance intermediary manager, surplus lines
 16 broker, or independent adjuster under AS 21.27;
 17 (15) serving and executing process issued by a court by a person
 18 designated under AS 22.20.130;
 19 (16) a school bus driver license under AS 28.15.046;
 20 (17) licensure as an operator or an instructor for a commercial driver
 21 training school under AS 28.17;
 22 (18) registration as a broker-dealer, agent, investment adviser
 23 representative, or state investment adviser under AS 45.55.030 - 45.55.060.

24 * **Sec. 141.** AS 18.56.230(b) is amended to read:

25 (b) The corporation may not authorize the commercial use of space in a multi-
 26 unit residential housing development owned or financed by the corporation for

- 27 (1) a business that offers adult entertainment;
 28 (2) the sale of alcoholic beverages, unless the sale [IS IN A
 29 RESTAURANT OR EATING PLACE LICENSED UNDER AS 04.11.100 OR] is in
 30 premises **covered by a restaurant endorsement issued** [DESIGNATED] by the
 31 Alcoholic Beverage Control Board **under AS 04.09.450** [AS A RESTAURANT

1 UNDER AS 04.16.049];

2 (3) substance abuse treatment; or

3 (4) a business that primarily sells, transfers, or stores cigarettes or
4 tobacco-related products.

5 * **Sec. 142.** AS 18.65.085(c) is amended to read:

6 (c) The Department of Public Safety may establish and administer a reward
7 program, and provide grants to municipalities, established villages, and, at the request
8 of a municipality or established village, to a nonprofit association that administers a
9 village public safety officer program, for reward programs leading to the apprehension
10 and conviction of persons who violate AS 04.09.060, 04.09.070, 04.09.145, 04.09.370,
11 04.09.380, or AS 04.11.010 by selling, importing, or possessing alcoholic beverages
12 in violation of a local option adopted by a municipality or established village under
13 AS 04.11.491.

14 * **Sec. 143.** AS 18.80.230(b) is amended to read:

15 (b) Notwithstanding (a) of this section, a physical fitness facility may limit
16 public accommodation to only males or only females to protect the privacy interests of
17 its users. Public accommodation may be limited under this subsection only to those
18 rooms in the facility that are primarily used for weight loss, aerobic, and other
19 exercises, or for resistance weight training. Public accommodation may not be limited
20 under this subsection to rooms in the facility primarily used for other purposes,
21 including conference rooms, dining rooms, and premises licensed under AS 04.09
22 [AS 04.11]. This subsection does not apply to swimming pools or golf courses.

23 * **Sec. 144.** AS 39.50.200(b) is amended by adding a new paragraph to read:

24 (65) Marijuana Control Board (AS 17.38.080).

25 * **Sec. 145.** AS 43.60 is amended by adding a new section to read:

26 **Sec. 43.60.060. Winery direct shipment tax; statement; audit.** A holder of a
27 winery direct shipment license under AS 04.09.360 who sells wine in the state or who
28 consigns shipments of wine into the state shall

29 (1) be subject to the taxes provided under AS 43.60.010(a);

30 (2) provide monthly statements and other information required under
31 AS 43.60.020 with the remittance of a tax collected under this section;

1 (3) allow the Department of Revenue to perform an audit of the
2 holder's records upon request; and

3 (4) consent to the jurisdiction of a state court concerning enforcement
4 of this section relating to the collection of taxes and other money owed by the holder,
5 including interest and penalties.

6 * **Sec. 146.** AS 43.70.105(a) is amended to read:

7 (a) This chapter does not apply to

8 (1) a fisheries business;

9 (2) the sale of liquor under a license issued under **AS 04.09**
10 [AS 04.11];

11 (3) an insurance business;

12 (4) a mining business;

13 (5) supplying services as an employee;

14 (6) furnishing goods or services by a person who does not represent to
15 be regularly engaged in furnishing goods or services;

16 (7) the activities of an investment club; in this paragraph,

17 (A) "investment club" means a group of individuals,
18 incorporated or otherwise organized, that engages primarily in investing in
19 securities, that does not sell investment services to another person, that does
20 not advertise, and the primary purpose of which is educational;

21 (B) "security" has the meaning given in AS 45.55.990.

22 * **Sec. 147.** AS 45.45.590(1) is amended to read:

23 (1) "business proprietor" means a person who owns a place of business
24 in which the public may assemble and in which copyrighted musical works may be
25 performed, broadcasted, or otherwise transmitted; in this paragraph, "place of
26 business" includes a store, professional office, sports facility, entertainment facility,
27 restaurant, hotel, or [AN] alcoholic beverage establishment licensed under **AS 04.09**
28 [AS 04.11];

29 * **Sec. 148.** The uncoded law of the State of Alaska is amended to read:

30 DIRECT COURT RULE AMENDMENT. Rule 17, Alaska Rules of Minor
31 Offense Procedure, is amended by adding a new subsection to read:

1 (g) A prosecutor may not join a minor offense for a violation of AS 04.16.049,
2 [OR] 04.16.050, or 04.16.060(g) with a related criminal offense.

3 * **Sec. 149.** AS 04.11.070, 04.11.080, 04.11.090, 04.11.100, 04.11.110, 04.11.115,
4 04.11.120, 04.11.130, 04.11.135, 04.11.140, 04.11.150, 04.11.160, 04.11.170, 04.11.180,
5 04.11.200, 04.11.210, 04.11.220, 04.11.225, 04.11.230, 04.11.240, 04.11.250, 04.11.255,
6 04.11.400(d), 04.11.400(h), 04.11.400(j); AS 04.16.070, 04.16.100, 04.16.180(a),
7 04.16.180(d), 04.16.210; and AS 04.21.080(b)(3) are repealed.

8 * **Sec. 150.** AS 04.11.400(e) and 04.11.400(g) are repealed.

9 * **Sec. 151.** AS 04.09.270(f) and 04.09.320(k) are repealed January 1, 2027.

10 * **Sec. 152.** Section 155 of this Act is repealed January 1, 2019.

11 * **Sec. 153.** The uncodified law of the State of Alaska is amended by adding a new section
12 to read:

13 APPLICABILITY. (a) The provisions of secs. 9 - 19, 28, 72 - 75, 77 - 121, 126 - 129,
14 131, 138, and 139 of this Act apply to offenses committed on or after the effective date of
15 each of those respective sections.

16 (b) References to previous convictions in AS 04.11.270(a), as amended by sec. 22 of
17 this Act, AS 04.16.180(b), as amended by sec. 114 of this Act, AS 04.16.180(e), as amended
18 by sec. 115 of this Act, and AS 04.16.220(i), as amended by sec. 120 of this Act, apply to
19 convictions occurring before, on, or after the effective date of each of those respective
20 sections.

21 * **Sec. 154.** The uncodified law of the State of Alaska is amended by adding a new section
22 to read:

23 TRANSITION: CONVERSION OF APPLICATIONS AND LICENSES. (a)
24 Notwithstanding AS 04.11.400(a), the Alcoholic Beverage Control Board shall convert,
25 within 90 days after the effective date of sec. 154 of this Act,

26 (1) a license issued or renewed as necessary for the public convenience under
27 former AS 04.11.400(e) or 04.11.400(g), repealed by sec. 150 of this Act, into a restaurant or
28 eating place license under AS 04.09.210, added by sec. 9 of this Act, if the license was issued
29 as a restaurant or eating place license, or into a beverage dispensary license under
30 AS 04.09.200, added by sec. 9 of this Act, if the license was issued as a beverage dispensary
31 license under former AS 04.11.400(j);

1 (2) notwithstanding AS 04.11.400(a) and (b), an application submitted to the
 2 board that meets all of the requirements under former AS 04.11.400(e) or 04.11.400(g),
 3 repealed by sec. 150 of this Act, into an application for a restaurant or eating place license
 4 under AS 04.09.210, added by sec. 9 of this Act, if the license was issued as a restaurant or
 5 eating place license;

6 (3) a license issued or renewed as a bottling works license under former
 7 AS 04.11.120, repealed by sec. 149 of this Act, into a brewery manufacturer license under
 8 AS 04.09.020, added by sec. 9 of this Act, or into a winery manufacturer license under
 9 AS 04.09.030, added by sec. 9 of this Act;

10 (4) a license issued or renewed as a brewpub license under former
 11 AS 04.11.135, repealed by sec. 149 of this Act, into a brewery manufacturer license under
 12 AS 04.09.020, added by sec. 9 of this Act;

13 (5) a license issued or renewed as a theater license under former
 14 AS 04.11.090, repealed by sec. 149 of this Act, or under former AS 04.11.100, repealed by
 15 sec. 151 of this Act, into a theater license under AS 04.09.250, added by sec. 9 of this Act;

16 (6) a license issued or renewed as a wholesale license under former
 17 AS 04.11.160(a), repealed by sec. 149 of this Act, into a general wholesale license under
 18 AS 04.09.100, added by sec. 9 of this Act;

19 (7) a license issued or renewed as a wholesale license under former
 20 AS 04.11.160(b), repealed by sec. 149 of this Act, into a limited wholesale brewed beverage
 21 and wine license under AS 04.09.110, added by sec. 9 of this Act;

22 (8) a license issued or renewed as a beverage dispensary license under former
 23 AS 04.11.400(d), repealed by sec. 149 of this Act, into a beverage dispensary tourism license
 24 under AS 04.09.340, added by sec. 9 of this Act;

25 (9) a duplicate license issued or renewed as a duplicate beverage dispensary
 26 license under former AS 04.11.090(e), repealed by sec. 149 of this Act, into a multiple fixed
 27 counter endorsement under AS 04.09.420, added by sec. 9 of this Act.

28 (b) The Alcoholic Beverage Control Board may

29 (1) convert a license issued or renewed as a brewery license under former
 30 AS 04.11.130, repealed by sec. 149 of this Act, into a brewery manufacturer license under
 31 AS 04.09.020, added by sec. 9 of this Act, and a brewery retail license under AS 04.09.310,

1 added by sec. 9 of this Act, upon application by the licensee;

2 (2) notwithstanding AS 04.11.400(a) or (b), convert an application submitted
3 to the board that meets all of the requirements under former AS 04.11.130, repealed by sec.
4 149 of this Act, into an application for a brewery manufacturer license under AS 04.09.020,
5 added by sec. 9 of this Act, and a brewery retail license under AS 04.09.310, added by sec. 9
6 of this Act;

7 (3) convert a license issued or renewed as a winery license under former
8 AS 04.11.140, repealed by sec. 149 of this Act, into a winery manufacturer license under
9 AS 04.09.030, added by sec. 9 of this Act, and a winery retail license under AS 04.09.320,
10 added by sec. 9 of this Act, upon application by the licensee;

11 (4) notwithstanding AS 04.11.400(a) or (b), convert an application submitted
12 to the board that meets all of the requirements under former AS 04.11.140, repealed by sec.
13 149 of this Act, into an application for a winery manufacturer license under AS 04.09.030,
14 added by sec. 9 of this Act, and a winery retail license under AS 04.09.320, added by sec. 9 of
15 this Act;

16 (5) convert a license issued or renewed as a distillery license under former
17 AS 04.11.170, repealed by sec. 149 of this Act, into a distillery manufacturer license under
18 AS 04.09.040, added by sec. 9 of this Act, and a distillery retail license under AS 04.09.330,
19 added by sec. 9 of this Act, upon application by the licensee;

20 (6) notwithstanding AS 04.11.400(a) or (b), convert an application submitted
21 to the board that meets all of the requirements under former AS 04.11.170, repealed by sec.
22 149 of this Act, into an application for a distillery manufacturer license under AS 04.09.040,
23 added by sec. 9 of this Act, and a distillery retail license under AS 04.09.330, added by sec. 9
24 of this Act;

25 (7) convert a license issued or renewed as a recreational site license under
26 former AS 04.11.210, repealed by sec. 149 of this Act, into a sporting event license under
27 AS 04.09.270, added by sec. 9 of this Act, upon application by the licensee;

28 (8) establish an application form and procedure for conversion applications
29 under this section.

30 * **Sec. 155.** The uncodified law of the State of Alaska is amended by adding a new section
31 to read:

1 TRANSITION: SEASONAL RESTAURANT OR EATING PLACE LICENSE. (a)
 2 Notwithstanding AS 04.11.080, the Alcoholic Beverage Control Board may issue a seasonal
 3 restaurant or eating place tourism license to a person who files an application under
 4 AS 04.11.260.

5 (b) A seasonal restaurant or eating place license authorizes a restaurant or eating place
 6 to sell brewed beverages and wine for consumption only on the licensed premises for a period
 7 not to exceed six months in each calendar year.

8 (c) The biennial seasonal restaurant or eating place tourism license fee is \$1,250.

9 (d) The board may issue a license under this section only if

10 (1) the board determines that the licensed premises is a bona fide restaurant or
 11 eating place; and

12 (2) the sale and service of food and alcoholic beverages and any other
 13 business conducted on the licensed premises of the restaurant or eating place is under the sole
 14 control of the licensee.

15 (e) The board may issue a license under this section only in a municipality or
 16 established village that

17 (1) has a population of 20,000 or less; and

18 (2) includes a community that receives more than 4,000 visitors a year, as
 19 determined by the Department of Commerce, Community, and Economic Development.

20 (f) The board may issue a license or approve an application for the transfer of
 21 ownership of a license under this section if it appears that issuance or transfer will encourage
 22 the tourism trade.

23 (g) The holder of a seasonal restaurant or eating place tourism license shall ensure
 24 that gross receipts from the sale of food for consumption on the licensed premises are not less
 25 than the total amount of the gross receipts from the sale of alcoholic beverages for
 26 consumption on the licensed premises in each calendar year.

27 (h) The board shall adopt a regulation establishing a formula to limit the number of
 28 seasonal restaurant or eating place tourism licenses.

29 (i) The holder of a seasonal restaurant or eating place tourism license may not provide
 30 entertainment on or adjacent to the licensed premises before 3:00 p.m. or after 11:00 p.m.
 31 except with the approval of the director. The director may grant approval for entertainment at

1 other times only upon the written request of the licensee, and only for a specific occasion. The
2 director may not grant approval for entertainment on or adjacent to the licensed premises of
3 an individual licensee more than five times in a calendar year.

4 (j) A license issued under this section may be renewed under AS 04.09.350, added by
5 sec. 9 of this Act, on or after the effective date of sec. 9 of this Act.

6 * **Sec. 156.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 TRANSITION: REGULATIONS. The Department of Commerce, Community, and
9 Economic Development and the Alcoholic Beverage Control Board may adopt regulations
10 necessary to implement the changes made by this Act. The regulations take effect under
11 AS 44.62 (Administrative Procedure Act), but not before the effective date of the law
12 implemented by the regulation.

13 * **Sec. 157.** Sections 30, 34, 36, 41, 45, 48, 97, 132, 150, 155, and 156 of this Act take effect
14 immediately under AS 01.10.070(c).

15 * **Sec. 158.** Except as provided in sec. 157 of this Act, this Act takes effect January 1, 2019.