

Alcoholic Beverage Control (ABC) Board
Title 4 Rewrite Project

Senate Bill 9 Update

June 28, 2022

Senate President Peter Micciche (Bill Sponsor)
Anna Brawley, Agnew::Beck (Project Coordinator)

What We'll Cover Today

1. Brief recap: Title 4 Rewrite Project
2. Legislative Process
3. Senate Bill 9: Changes in Final Version
4. Highlights of Upcoming Policy Changes
 - Effective immediately, coming soon
 - What's in store as of January 1, 2024
 - ABC Board (and AMCO) Roles
5. Next Steps (*Joan Wilson, AMCO Director*)

Goals of Title 4 Rewrite Process

A comprehensive, systems-level review, and a series of compromises to make Title 4 work better for everyone.

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

1. Create **rational regulation** for all tiers of the state's alcohol industry.
2. **Limit youth access** to alcohol, while ensuring youth are not criminalized
3. Promote **responsible alcohol use** and reduce the harms of overconsumption.
4. Evaluate the **responsible** expansion of local control.

Make Title 4 a clear and consistent legal framework.

1. Increase swiftness, proportionality and consistency of **penalties**.
2. Increase **local law enforcement** of Title 4.
3. Increase **licensee accountability** before the ABC Board for Title 4 violations.
4. Eliminate bureaucratic rules with little or no value for public health, safety or the industry.

Ten Years of Work



More than 120 stakeholders and staff spent over 16,000 hours to craft Title 4 recommendations for proposed legislation, passed in SB 9!

Diverse Stakeholders



Youth



Local Governments



Public Health



Business



Public Safety



Rural Communities

- ABC Board, AMCO (staff)
- 4 legislatures, 2 administrations
- Public Safety and Law Enforcement
- Industry
 - Manufacturers, BGA
 - Wholesalers
 - Retailers, CHARR
- Public Health
 - Recover Alaska
 - Department of Health and Social Services
 - Alaska Mental Health Trust Authority
 - Rasmuson Foundation
- Community Advocates
- Local Governments
- Over 1,500 members of the public who engaged and testified

Our Core Team



- Senator Peter Micciche | Konrad Jackson, Chief of Staff
- Tiffany Hall, Recover Alaska
- Sarah Oates, Alaska CHARR | Kim Hutchinson, Lobbyist
- Lee Ellis, Brewer's Guild of Alaska | Myer Hutchinson, Lobbyist
- Anna Brawley, Agnew::Beck

Senate Bill 9 has passed!

Alaska House approves major update to alcohol laws, including changes for breweries

Brewery and distillery taprooms will be able to stay open until 9 p.m.

BY: JAMES BROOKS - MAY 15, 2022 8:37 PM

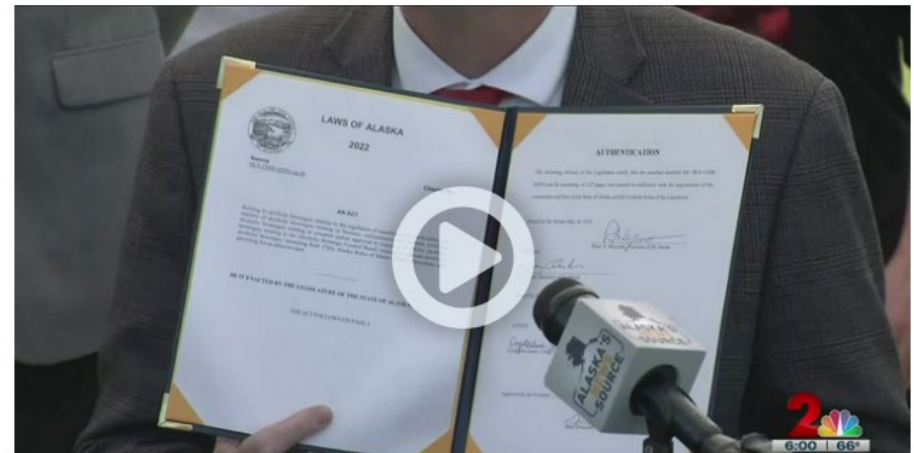


Alaska Beacon, 5-15-22



Alaska governor signs alcohol rewrite bill into law, but some changes will take a while

Published: Jun. 20, 2022 at 7:06 PM AKDT



Alaska's News Source, 6-20-22

Legislative Process

- 10-year refinement
- The struggle
- Amendment types

Bill Amendments (2022) – 1 of 2

Section	Summary of Change
Sec. 13 04.09.290	Fair License <i>Creates a Fair License; allows up to 30 events (+ can use permits)</i>
Sec. 13 04.09.320, -330, -340	Brewery, Winery, Distillery (Manufacturer) Retail Licenses <i>Changes to serving times, population limits for MFR. retail licenses</i> <ul style="list-style-type: none">• Must stop serving at 9:00 p.m.; “hard close” at 9:30 p.m.• Population limit for retail licenses: 1:9,000 (for each type) As of Jan. 1, 2030 – population limit shifts to 1:4,500
Sec. 13 04.09.370	Winery Direct Shipment Lic. > Manufacturer Direct Shipment Lic. <i>Allows direct shipment of beer and spirits, as well as wine.</i> <i>Limits this license to small Breweries and Distilleries. Sales limits:</i> Beer: 1 case per transaction, 6 cases per year [case = 24 cans] Wine: 2 cases per transaction, 12 cases per year [case = 12 bottles] Spirits: 2 bottles per transaction, 6 bottles per year

Bill Amendments (2022) – 2 of 2

Section	Summary of Change
Sec. 13 04.09.650	Nonprofit Org. Event Permit <i>Existing permit type; restores number of events to 5 per year</i>
Sec. 53 04.11.400 (k)	Relocate Existing Licenses from Borough > City <i>Allows relocation of Package Store; Brewery Retail; Winery Retail; or Distillery Retail License from into city limits from surrounding borough</i>
Sec. 69, 70 04.11.491	Local Option: Beer and Wine Only Package Store <i>Allows Local Option elections to authorize a beer+wine package store</i>
Sec. 150 05.15.690	Clarification: Charitable Gaming at Designated Restaurants <i>Allows pull-tabs at designated restaurants, only in "over-21" areas</i>

Changes by Effective Date: Highlights

1. Effective Immediately (pending implementation):

- Replacing Public Convenience
- New options for more restaurants: Seasonal REPL Tourism, Local Government Petition

2. Effective January 1, 2024:

- Reorganized licensing system + new fees
- Endorsements (for both existing and new privileges)
- Options for Manufacturers (Brewery, Winery, Distillery)
- Regulating prohibited trade practices
- New penalty structure for minor offenses
- Regulating Internet sales + direct shipping

Note: all section references current to SB 9 ver. Z, 5-16-22

Changes Effective 2022

*Immediate effective date,
pending regulations + implementation by
ABC Board and AMCO*

Upcoming: 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



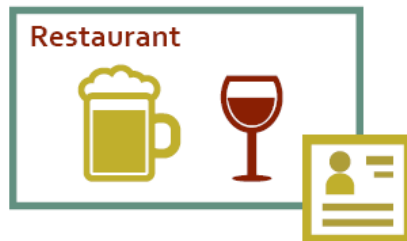
REPL



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

New: Seasonal REPL Tourism

- Seasonal restaurant license
- Available in smaller communities (< 40,000 pop.)
- Same operating requirements and privileges as full-year restaurants (REPL)
- Number of licenses per community determined by formula:

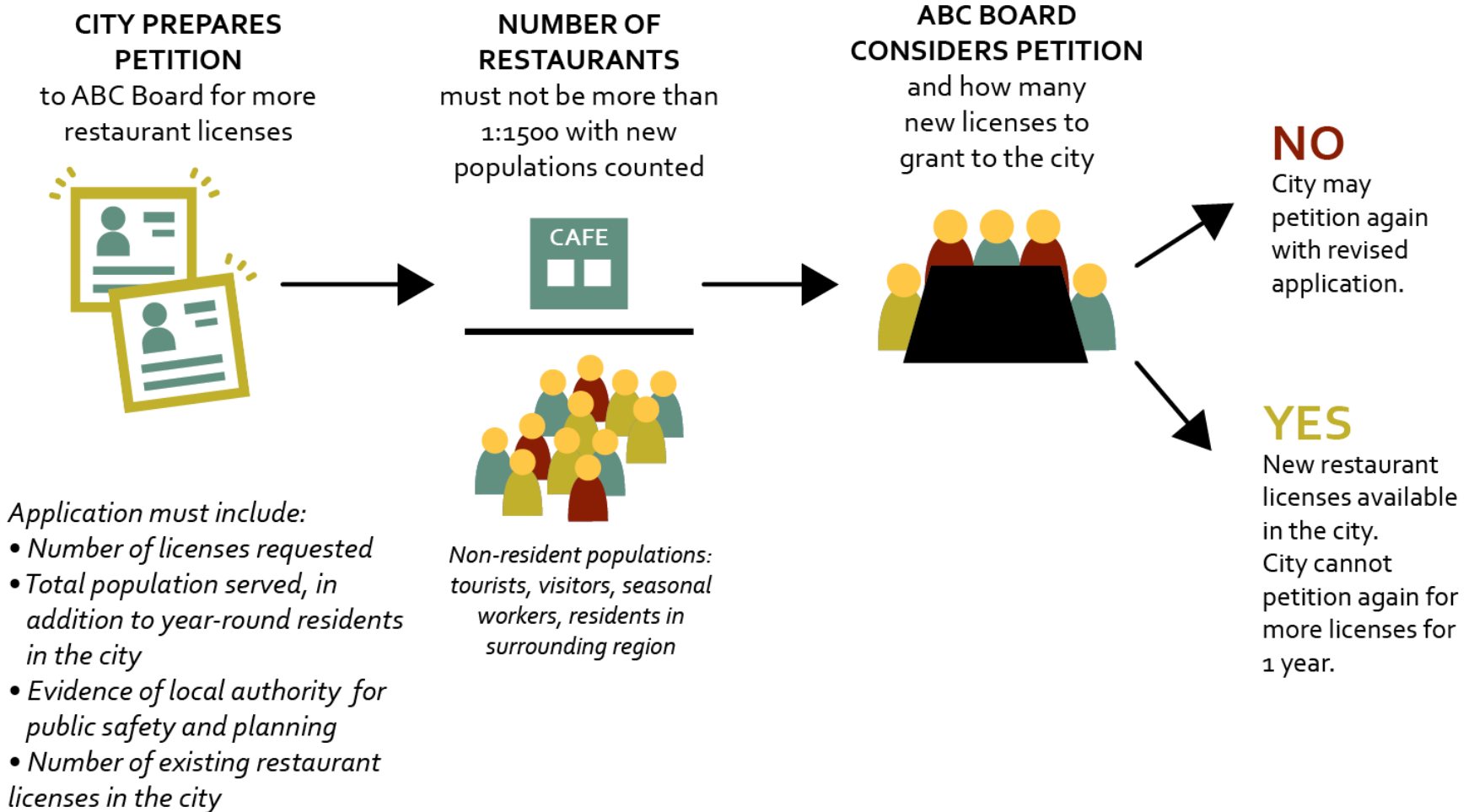
5-year average of annual visitors / months in season = Average monthly visitor population

(Residents + average monthly visitors) / 1,500 = Available Seasonal REP Tourism licenses

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

Upcoming: Local Government Petition for Additional Restaurant Licenses

(Proposed AS 04.11.405)



Sections 54-56, 04.11.405

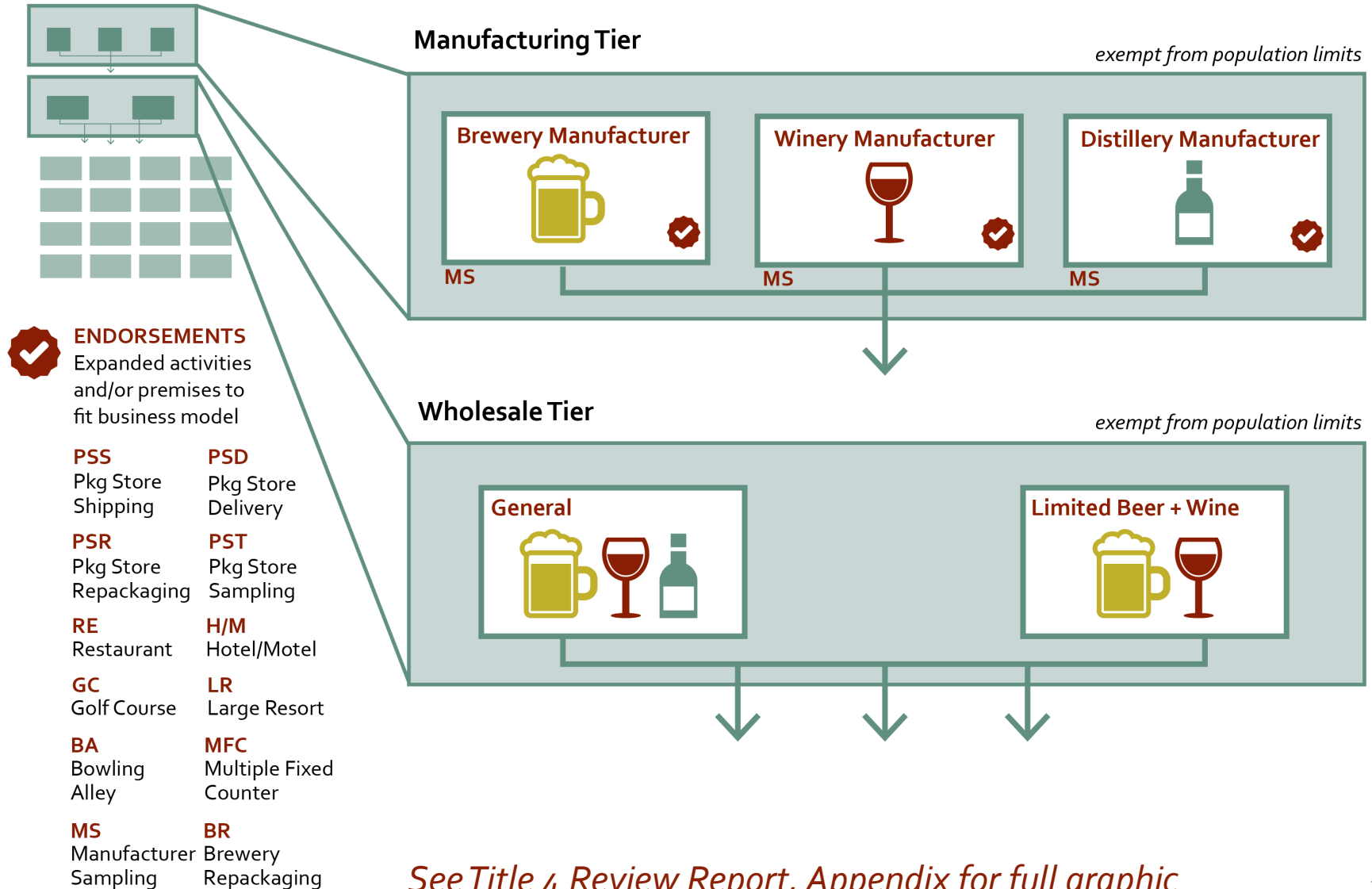
Changes Effective January 1, 2024

Most of SB 9's major changes will take effect after next year.

This gives time for outreach, education, regulations drafting, and time for licensees, local governments and other agencies to plan.

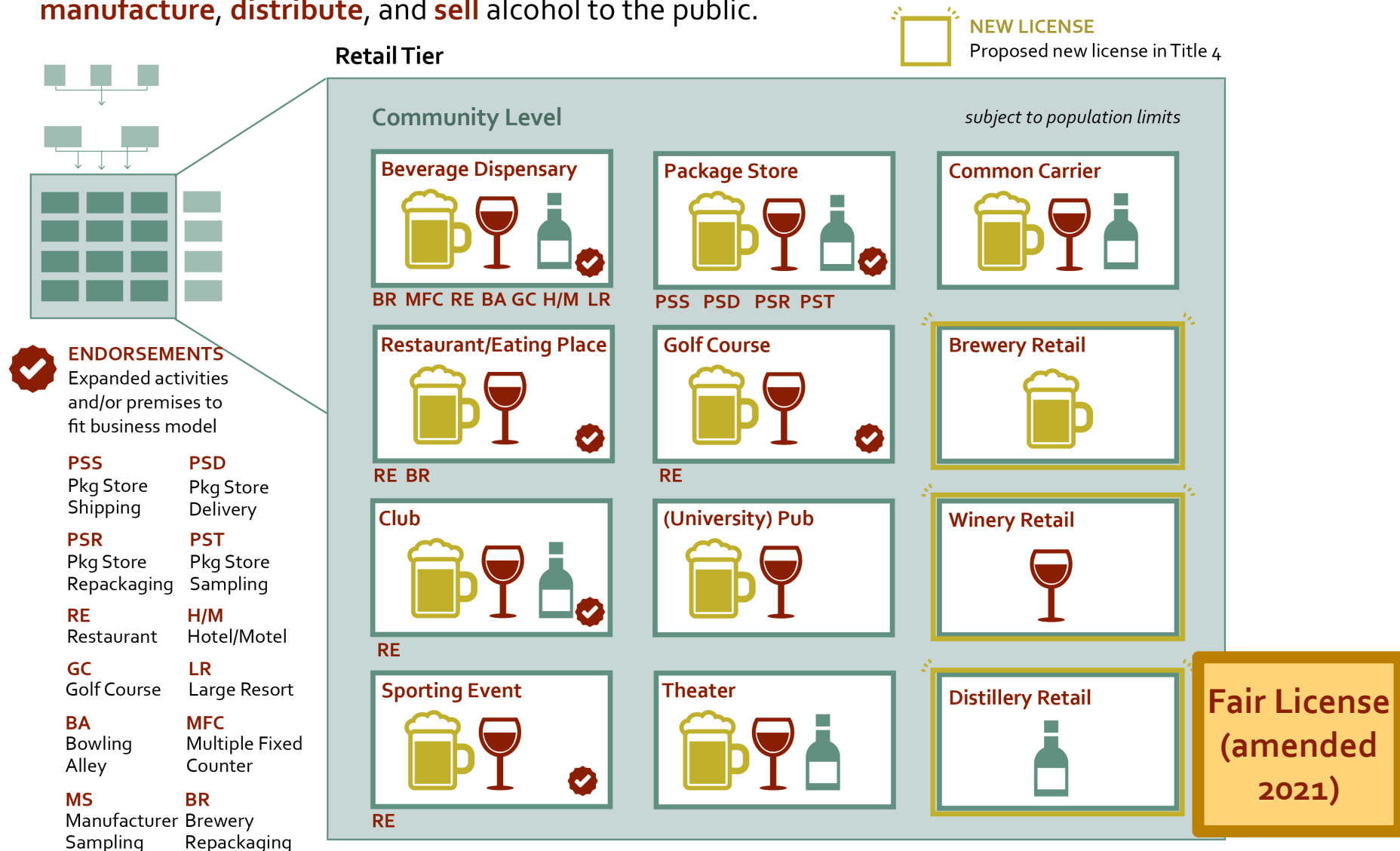
Alaska's Liquor License System: Upcoming Changes

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



Alaska's Liquor License System: Upcoming Changes

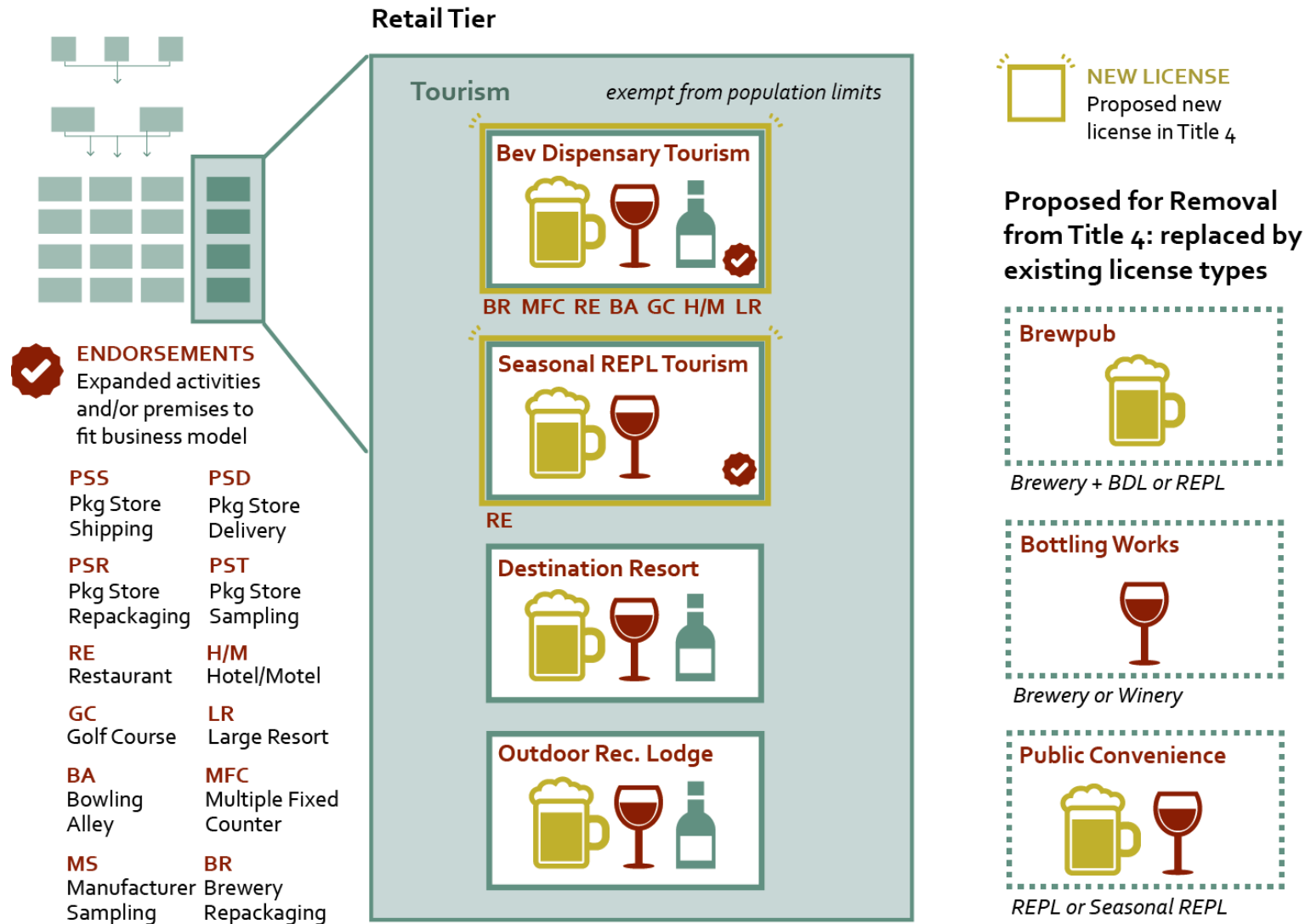
Alaska's license system is based on the 3-tier system of alcohol regulation: separate entities **manufacture**, **distribute**, and **sell** alcohol to the public.



See Title 4 Review Report, Appendix for full graphic

Alaska's Liquor License System: Upcoming Changes

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See Title 4 Review Report, Appendix for full graphic

Upcoming: Endorsements on Licenses

Add endorsements to existing licenses, giving businesses flexibility in how to operate, without creating more specific license types.



BASE LICENSE

ENDORSEMENTS

Expanded activities and/or premises to fit business model

Endorsements will allow sampling on premises, multiple bar rooms, deliveries by package stores, etc.

Section 13, 04.09.400; endorsements defined in 04.09.410-.520

Upcoming: More Retail Options for Manufacturers



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

Upcoming: Regulate Internet Alcohol Sales

- Alaska does not limit online sales of alcohol. Orders from out of state businesses are not subject to Alaska's alcohol excise tax, and the state cannot track how much alcohol is ordered each year.
- The bill would create a Manufacturer Direct Shipment License and allow online alcohol sales only from U.S. breweries, wineries, distilleries and Alaska package stores.



Alaska customer orders a product online from a licensed manufacturer

Sales Limits



1 case
6 cases



2 cases
12 cases



2 bottles
6 bottles

Per Sale
Per Year



Manufacturer Direct Shipment Licensee verifies:

- Is customer 21 or older?
- Is customer in a non-Local Option area?
- Is order within limit for personal use?



Common carrier receives, transports and delivers order

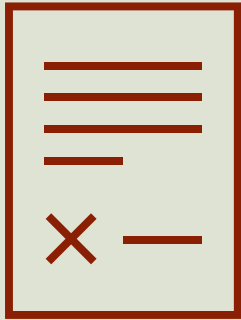


Carrier verifies customer is 21+, delivers package in person

Section 13, 04.09.370; Section 91, 04.16.022; Section 160, 43.60.060

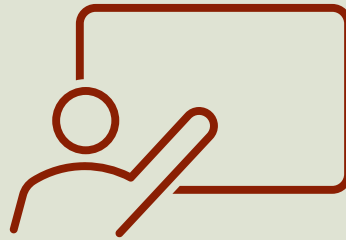
SB 9 Section	Citation	Section Title	Effective Date	Subject
36	04.11.330(a)	Denial, License Renewal	Immediate*	Public Convenience Licenses
41	04.11.340	Denial, License Relocation	Immediate*	Public Convenience Licenses
43	04.11.360	Denial, Transfer of Ownership	Immediate*	Public Convenience Licenses
49	04.11.400(a)	Population Limits	Immediate*	Public Convenience Licenses, Local Government Petition for REPLs
51	04.11.400(a)	Population Limits	Jan. 1, 2030	Brewery, Winery, Distillery Retail license population limit to 1:4,500
54	04.11.405	Petition for REPLs by Local Governments [Cities]	Immediate*	Allows city petition process to ABC Board for REPLs
59	04.11.430	Person and Location	Immediate*	Local Governments, Tribes w/ Licenses
165	Uncodified	Repeal: 04.11.400(e), (g)	Immediate*	Public Convenience Licenses
168	Uncodified	Transition: License Applications	Sep. 1, 2023	New License System: Applications and Fee Structure
169(a)	Uncodified	Transition: Public Conv. REPLs	Immediate*	Convert Public Convenient Licenses
169(d)(10)	Uncodified	Transition: Convert Licenses	Immediate*	Application Process
170	Uncodified	Transition: Seasonal REPL Tourism	Immediate*	Seasonal REPL Tourism
171	Uncodified	Transition: Regulations	Immediate*	Regulation Process
N/A	N/A	All other sections	Jan. 1, 2024	Most changes take effect on this date.

ABC Board (and AMCO) Roles



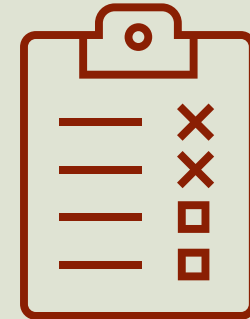
Regulations

*Statutes
provide broad
guidance, with
details in regs.*



Outreach

*Educate
licensees, local
governments,
public safety,
and the public*



Implement

*Application
process, new
database, convert
licenses, assist
with transition*

AMCO Action Plan

- We know this is a marathon, but we are running it a 400 meter pace
- We begin now!
 - See Board agenda for immediate effective date action items



AMCO Action Plan

- Inaugural meeting of AMCO team held
- Job Descriptions for two positions added by fiscal note (being prepared as we meet!)
- Bringing our heroes onboard
- Scoping Document for New Electronic Licensing System in place
 - Meetings with both DCCED and OIT on procurement avenues and requirements

AMCO Action Plan

- At the same time we ensure immediate effective date provisions, **WE** develop the timeline for the Title 4 Rewrite implementation, working backward:
 - Main effective date: January, 1, 2024
 - January 1, 2023 (the vital section 168, if accepting applications, need to be well advanced in regulation development)
 - Build in at least 2 public comment periods
 - Wide Sweeping campaign to share, educate, and listen
 - As much as feasible, bring that campaign to the people (versus continued life by Zoom)
 - Follow this Board's guidance
 - Hold additional Board meetings (anticipated in fiscal note)

AMCO Action Plan

Who needs to be involved?

- Each of you in this room!
- All stakeholders
- Communities
- Wise Advisors
- Eye on the prize:

Everyone worked so hard to make Title 4's
Rewrite possible!



What We Know About Our Home: **WE DON'T STOP AT THE FINISH LINE!**



Contacts:

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Alcohol and Marijuana Control Office

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