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

- 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 governor signs alcohol rewrite bill into law, but some changes will take a while
Published: Jun. 20, 2022 at 7:06 PM AKDT
Legislative Process

- 10-year refinement
- The struggle
- Amendment types
### Bill Amendments (2022) – 1 of 2

<table>
<thead>
<tr>
<th>Section</th>
<th>Summary of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sec. 13</td>
<td><strong>Fair License</strong></td>
</tr>
<tr>
<td>04.09.290</td>
<td>Creates a Fair License; allows up to 30 events (+ can use permits)</td>
</tr>
<tr>
<td>Sec. 13</td>
<td><strong>Brewery, Winery, Distillery (Manufacturer) Retail Licenses</strong></td>
</tr>
</tbody>
</table>
| 04.09.320, -330, -340 | Changes to serving times, population limits for MFR. retail licenses  
• 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       | **Winery Direct Shipment Lic. > Manufacturer Direct Shipment Lic.**                                                                                                                                                                                                                      |
| 04.09.370     | Allows direct shipment of beer and spirits, as well as wine.  
Limits this license to small Breweries and Distilleries. Sales limits:  
**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 |
<table>
<thead>
<tr>
<th>Section</th>
<th>Summary of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sec. 13</td>
<td><strong>Nonprofit Org. Event Permit</strong>&lt;br&gt;Existing permit type; restores number of events to 5 per year</td>
</tr>
<tr>
<td>Sec. 53</td>
<td><strong>Relocate Existing Licenses from Borough &gt; City</strong>&lt;br&gt;Allows relocation of Package Store; Brewery Retail; Winery Retail; or Distillery Retail License from into city limits from surrounding borough</td>
</tr>
<tr>
<td>Sec. 69, 70</td>
<td><strong>Local Option: Beer and Wine Only Package Store</strong>&lt;br&gt;Allows Local Option elections to authorize a beer+wine package store</td>
</tr>
<tr>
<td>Sec. 150</td>
<td><strong>Clarification: Charitable Gaming at Designated Restaurants</strong>&lt;br&gt;Allows pull-tabs at designated restaurants, only in “over-21” areas</td>
</tr>
</tbody>
</table>
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).

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.

Sections 168-170, Transition
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

Section 13, 04.09.360
Upcoming: Local Government Petition for Additional Restaurant Licenses
(Proposed AS 04.11.405)

CITY PREPARES PETITION
to ABC Board for more restaurant licenses

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

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

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

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

NO
City may petition again with revised application.

YES
New restaurant licenses available in the city. City cannot petition again for more licenses for 1 year.

Sections 54-56, 04.11.405
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.

- **Manufacturing Tier**
  - Brewery Manufacturer (MS)
  - Winery Manufacturer (MS)
  - Distillery Manufacturer (MS)
  - Exempt from population limits

- **Wholesale Tier**
  - General
  - Limited Beer + Wine
  - Exempt from population limits

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

- **PSS**
  - Pkg Store
  - Shipping

- **PSR**
  - Pkg Store
  - Repackaging

- **RE**
  - Restaurant

- **GC**
  - Golf Course

- **BA**
  - Bowling Alley

- **MS**
  - Manufacturer
  - Brewery
  - Sampling

- **PSD**
  - Pkg Store
  - Delivery

- **PST**
  - Pkg Store
  - Sampling

- **H/M**
  - Hotel/Motel

- **LR**
  - Large Resort

- **MFC**
  - Multiple Fixed Counter

**See Title 4 Review Report, Appendix for full graphic**
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.

Community Level

- **Beverage Dispensary**
  - MFC
  - RE
  - BA
  - GC
  - H/M
  - LR

- **Package Store**
  - PSS
  - PSD
  - PSR
  - PST

- **Restaurant/Eating Place**
  - RE
  - BR

- **Golf Course**
  - RE

- **Club**
  - RE

- **Sporting Event**
  - RE

- **Theater**
  - RE

- **Winery Retail**

- **Brewery Retail**

- **Common Carrier**

- **Distillery Retail**

Endorsements:

- Expanded activities and/or premises to fit business model

See Title 4 Review Report, Appendix for full graphic

NEW LICENSE
Proposed new license in Title 4

Fair License (amended 2021)
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
Upcoming: Endorsements on Licenses

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

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

Product-specific Manufacturer Retail License
- Same as existing retail operations for Breweries
- Limited sales volume
- Limited hours

Obtain existing retail licenses
Operate a regular retail license, with no production or sales limit

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

Section 13, 04.09.320, .330, .340; Sections 60-62, 04.11.450
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.

**Sales Limits**

- 1 case: 6 bottles
- 2 cases: 12 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
<table>
<thead>
<tr>
<th>SB 9 Section</th>
<th>Citation</th>
<th>Section Title</th>
<th>Effective Date</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>36</td>
<td>04.11.330(a)</td>
<td>Denial, License Renewal</td>
<td>Immediate*</td>
<td>Public Convenience Licenses</td>
</tr>
<tr>
<td>41</td>
<td>04.11.340</td>
<td>Denial, License Relocation</td>
<td>Immediate*</td>
<td>Public Convenience Licenses</td>
</tr>
<tr>
<td>43</td>
<td>04.11.360</td>
<td>Denial, Transfer of Ownership</td>
<td>Immediate*</td>
<td>Public Convenience Licenses</td>
</tr>
<tr>
<td>49</td>
<td>04.11.400(a)</td>
<td>Population Limits</td>
<td>Immediate*</td>
<td>Public Convenience Licenses, Local Government Petition for REPLs</td>
</tr>
<tr>
<td>51</td>
<td>04.11.400(a)</td>
<td>Population Limits</td>
<td>Jan. 1, 2030</td>
<td>Brewery, Winery, Distillery Retail license population limit to 1:4,500</td>
</tr>
<tr>
<td>54</td>
<td>04.11.405</td>
<td>Petition for REPLs by Local Governments [Cities]</td>
<td>Immediate*</td>
<td>Allows city petition process to ABC Board for REPLs</td>
</tr>
<tr>
<td>59</td>
<td>04.11.430</td>
<td>Person and Location</td>
<td>Immediate*</td>
<td>Local Governments, Tribes w/ Licenses</td>
</tr>
<tr>
<td>165</td>
<td>Uncodified</td>
<td>Repeal: 04.11.400(e), (g)</td>
<td>Immediate*</td>
<td>Public Convenience Licenses</td>
</tr>
<tr>
<td>168</td>
<td>Uncodified</td>
<td>Transition: License Applications</td>
<td>Sep. 1, 2023</td>
<td>New License System: Applications and Fee Structure</td>
</tr>
<tr>
<td>169(a)</td>
<td>Uncodified</td>
<td>Transition: Public Conv. REPLs</td>
<td>Immediate*</td>
<td>Convert Public Convenient Licenses</td>
</tr>
<tr>
<td>169(d)(10)</td>
<td>Uncodified</td>
<td>Transition: Convert Licenses</td>
<td>Immediate*</td>
<td>Application Process</td>
</tr>
<tr>
<td>170</td>
<td>Uncodified</td>
<td>Transition: Seasonal REPL Tourism</td>
<td>Immediate*</td>
<td>Seasonal REPL Tourism</td>
</tr>
<tr>
<td>171</td>
<td>Uncodified</td>
<td>Transition: Regulations</td>
<td>Immediate*</td>
<td>Regulation Process</td>
</tr>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>All other sections</td>
<td>Jan. 1, 2024</td>
<td>Most changes take effect on this date.</td>
</tr>
</tbody>
</table>
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:

Office of Senate President Micciche
(907) 465-2828
senator.peter.micciche@akleg.gov

Alcohol and Marijuana Control Office
https://www.commerce.alaska.gov/web/amco/
(907) 269-0350
alcohol@alaska.gov