



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**DEPARTMENT OF COMMERCE, COMMUNITY AND
ECONOMIC DEVELOPMENT
ALCOHOL & MARIJUANA CONTROL OFFICE**

Wednesdays at 1 for 1

**Title 4 Rewrite Implementation: A
Presentation to Manufacturer
Licensees**

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Agenda

- **Title 4 Rewrite Changes for Manufacturer Licensees**
 - License
 - Endorsements
 - Permits
- **Trade Practices**
 - New license options
 - Overlapping Premises
 - Prohibited trade practices
- **Timeline for Implementation**
- **Questions**



License, Endorsement, Permit

Defining Terms

- **License:** A license defines activities allowed daily on licensed premises. License type is a general category of license activity based on a three-tier system of alcohol regulation: manufacturer, wholesale, and retail.
- **Endorsement:** An endorsement expands the boundaries of a licensed premises or the authorized activities of a licensed business.
- **Permit:** A permit allows catering and serving activities for a specific period of time on a single specified premises and allows an eligible nonprofit organization to host a fundraising or not-for-profit event.



Manufacturer License

- Move from AS 04.11 to AS 04.09.
- A brewery, winery or distillery manufacturer license authorizes the holder to operate for the purpose of **manufacturing, packaging, storing and sale of its distilled spirits.**
- In the retail license class. Only the holder of a manufacturer license issued under, AS 04.09.020; 04.09.030; 04.09.040 may hold a brewery/winery/distillery retail license.
- Out-of-state manufacturers may only hold a manufacturer direct shipment license, AS 04.09.370.



Manufacturer Licenses

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

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

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

(b) The biennial winery manufacturer license fee is \$1,000.

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

(b) The biennial distillery manufacturer license fee is \$1,250.



Authorized sales – AS 04.09.050

Sec. 04.09.050. Authorized sales. (a) The holder of a manufacturer license that annually produces in total less than 300,000 barrels of brewed beverages or mead or cider containing less than 8.5 percent alcohol by volume, less than 50,000 nine-liter-equivalent cases of wine, sake, or mead or cider containing 8.5 percent or more alcohol by volume, or less than 50,000 nine-liter-equivalent cases of distilled spirits may sell its product to:

- (1) the holder of a wholesale license issued under this chapter;
- (2) the holder of a retail license issued under this chapter;
- (3) the holder of a permit issued under this chapter;
- (4) an entity in another state or country under Article 4.



Brewery retail license – 04.09.320

Sec. 04.09.320. Brewery retail license. (a) A brewery retail license authorizes the holder to store, sell, or serve on the licensed premises brewed beverages for consumption on and off the premises.

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

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

(d) Each day, the holder of a brewery retail license may sell to a person on the licensed premises for consumption on the licensed premises, not more than (1) 36 ounces of the holder's beer; or (2) 18 ounces of the holder's sake.



Winery retail license – AS 04.09.330

Sec. 04.09.330. Winery retail license. (a) A winery retail license authorizes the holder to store, sell, or serve on the licensed premises wine for consumption on and off the premises.

(b) The biennial winery retail license fee is \$1,000.

(c) The board may issue a winery retail license only to the holder of a winery manufacturer license issued under AS 04.09.030. The winery retail licensed premises may be all or part of the winery manufacturer licensed premises, or the winery retail licensed premises may be at a single different site that is adjacent to the winery manufacturer licensed premises.



Distillery retail license – AS 04.09.340

Sec. 04.09.340. Distillery retail license. (a) A distillery retail license authorizes the holder to store, sell, or serve on the licensed premises distilled spirits for consumption on and off the premises.

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

(c) The board may issue a distillery retail license only to the holder of a distillery manufacturer license under AS 04.09.040. The distillery retail licensed premises may be all or part of the distillery manufacturer licensed premises, or the distillery retail licensed premises may be at a single different site that is adjacent to the distillery manufacturer licensed premises.



Manufacturer direct shipment license – AS 04.09.370

Sec. 04.09.370. Manufacturer direct shipment license. (a) A manufacturer direct shipment license authorizes the holder of a brewery retail license issued under AS 04.09.320, winery retail license issued under AS 04.09.330, or distillery retail license issued under AS 04.09.340, or the holder of a manufacturer license issued in another state, to sell the holder's product in response to an order for shipment to a person, for personal use only and not for resale, who is located in the state. A manufacturer direct shipment license may not be transferred to another person or another location.

(b) The biennial fee for a manufacturer direct shipment license is \$200.



Conversion Process for licenses

Section 179(b) Notwithstanding population limits, the ABC Board shall convert within 90 days after the effective date of this subsection

- (1) bottling works license into brewery or winery manufacturer (as applicable)
- (2) brewpub license into brewery manufacturer license



Conversion Process for licenses

Section 179(d) Notwithstanding population limits, the ABC Board may

(1) convert a brewery/winery/distillery license into a brewery/winery/distillery manufacturer license and a brewery/winery/distillery retail license, upon application by the licensee

(2) convert an application for a brewery/winery/distillery license that meets all the requirements of the prior statute into a brewery/winery/distillery manufacturer license application and a brewery/winery/distillery retail license application

(3) issue a brewery/winery/distillery manufacturer license and brewery/winery/distillery retail license if an application is converted under (2)



Current holders of brewpub licenses

AS 04.11.135(a) – A brewpub license authorizes the holder of a beverage dispensary:

- Manufacture on the BDL licensed premises not more than 465,000 gallons of beer/calendar year
- Sell its own beer for consumption on the licensed premises or other licensed premises of the licensee that are also licensed as a beverage dispensary
- Provide samples free of charge
- Sell limited quantities to individuals on premises for off-premises consumption
- Sell its beer to a wholesaler (volume)
- Sell its beer to another licensee in Alaska or another state or country (volume)



Current holders of brewpub licenses

AS 04.11.135(d) Notwithstanding (a), the holder of a brewpub license who under the provisions of AS 04.11.450(b) formerly held a brewery and an REPL and who under the former brewery license manufacturer beer at a location other than the licensed premises of the REPL may

- Manufacturer not more than 465,000 gallons of beer in a calendar year on premises other than the BDL premises
- Provide free, small samples at the manufacturing location
- Sell the beer authorized to be manufactured:
 - on the bdl premises or other licensed premises of the licensee that are licensed as a beverage dispensary
 - To a wholesaler (volume)
 - To individuals on premises for off-premises consumption (volume)
 - Sell its beer to another licensee in Alaska or another state or country (volume)



Current holders of brewpub licenses

AS 04.11.135(e) Notwithstanding (a), a brewpub license authorizes the holder of an REPL to:

- Manufacture on the REPL premises not more than 465,000 gallons of beer in a calendar year
- Sell the beer authorized to be manufactured:
 - on the REPL premises or for on-premises consumption
 - To individuals on premises for off-premises consumption (volume)
 - Provide small samples on the premises free of charge
- A person who holds a license under this subsection may not hold more than one brewpub license



Maintaining rights as brewpubs

- Manufacturing privileges go to the automatically converted brewery manufacturer license
 - manufacturer sampling endorsement
- No brewery retail license as part of conversion
- But BDL or REPL(?) continues. Will permit on-premises consumption of own product.
 - Attach restaurant endorsement to BDL
 - Attach brewery repackaging endorsement to manufacturer license for off-premises consumption



Manufacturer Sampling Endorsement AS.09.410

- Authorizes the holder of a brewery manufacturer license, winery manufacturer license, or a distillery manufacturer license to offer for consumption on the licensed premises at no charge a small sample of an alcoholic beverage produced by the manufacturer (will be important if not allotted retail license)
 - Volume set out in statute
 - Biennial fee: \$200
 - Server education for those serving samples. Only the license holder, agent, or employee of a licensee may serve



Brewery repackaging endorsement – AS 04.09.520

Sec. 04.09.520. Brewery repackaging endorsement. (a) A brewery repackaging endorsement authorizes the holder of a brewery manufacturer license who held a license to operate a brewpub under former AS 04.11.135 and was operating a brewpub on the day before the effective date of this section and who also holds, wholly or in part, a beverage dispensary license, beverage dispensary tourism license, restaurant or eating place license, or a seasonal restaurant or eating place tourism license to offer the holder's brewed beverage for sale for consumption off the licensed premises and to subdivide and sell the holder's brewed beverages from original packages with federally compliant labels to smaller containers with the standard federal government warnings and the product name.

(b) The biennial fee for a brewery repackaging endorsement is \$200.



Live Music or Entertainment Permit AS 04.09.685

- A live music or entertainment permit authorizes the holder of a brewery retail license, winery retail license, or distillery retail license to allow live music or other entertainment on the licensed premises where consumption occurs (already under BDL)
- The director may not issue more than four live music or entertainment permits to a licensee in a calendar year.
- The director may issue a live music or entertainment permit only for designated premises for a specific occasion and for a limited period during a single day between the hours of 9:00 a.m. and 9:00 p.m., as specified in the application.
- The fee for a live music or entertainment permit is \$100 per event.



Inventory Resale Permit AS 04.09.680

- An inventory resale permit authorizes any person who no longer holds a license (by regulation or other persons if approved by the board) to sell the remaining inventory of the business.
- The sale may be only to holders of any valid license under AS 04.
- The Director may issue an inventory resale permit for a period of 90 days after the date of expiration or forfeiture of the license.
- The Director may not issue a permit if the license was suspended or revoked.
- The inventory resale permit is \$100.



Population limitations AS 04.11.400

What is new.....

Under AS 04.11.400(i) Brewery Manufacturer, Winery Manufacturer and Distillery Manufacturer licenses are not limited by population count.

Under AS 04.11.400(i) A Manufacturer Direct Shipment license (a license type in the retail category) is not limited by population count.

Under AS 04.11.400(a), unless grandfathered in for current licensees, a Brewery Retail, Winery Retail and Distillery Retail license are limited to one for each 9,000 population or fraction of that population.

Sec. 176, ch. 8, SLA 2022 Effective January 1, 2030 a Brewery Retail, Winery Retail and Distillery Retail license are limited to one for each 4,500 population or fraction of that population.



- **What Is Now Permitted**
 - AS 04.11.450(b) Prohibited Financial Interests is significantly amended.
 - Manufacturers may hold retail licenses in addition to manufacturer retail licenses (e.g., REPL, BDL, and package store).
 - Not available for larger manufacturers (by volume restrictions).
 - So -- alternatives. Manufacturer, acquires a BDL that operates a large resort, has 4 restaurants and a package store. What would you do?



Trade Practices and Overlapping Premises

- **What This Makes Possible**
- Overlapping licensed premises (3 AAC 305.660).
 - Proposes to set parameters for what may be overlapping premises.
 - Overlapping licensed premises. (a) Other than as provided in subsection (h), upon a licensee's written request accompanied by a detailed premises diagram, the board may approve overlapping premises for two or more licenses, owned by the same person or group of persons required to be identified in an application submitted under AS 04.11.260.
- Please familiarize yourself with the entire section to learn what may or may not be allowed under this statute.



Trade Practice Prohibitions AS 04.16.017

Incorporating Federal Law for enforcement purposes – These will impact you as manufacturers. Stay attuned to the regulation process. Manufacturers, wholesalers, and limited wholesalers (including those in other states) may not except as provided by regulation) induce a person holding a license under this title to

- Operate as a tied house
- Operate as an exclusive outlet
- Exclude purchases from other entities
- Enter into certain agreements



Requirements for Regulatory Exceptions

- Exceptions must be consistent to federal law as of January 1, 2024.
- Necessary to avoid practical difficulty or undue hardship on a licensee.
- In the best interests of the public.
- Consistent with the requirements of AS 04.



Timeline for Implementation

- **Regulations – Now**
 - Statutes provide broad guidance, with details in regulations.
- **Outreach – Now**
 - Educate licensees, local governments, public safety, and the public.
- **Implement – In Development**
 - Application process, new on-line database, testing soon, convert licenses, **APPLY to preserve tasting rooms or make the actual decision to forego if population limits impact you**, and assist with transition.



Timeline for Implementation

- **Section 168 (SB 9)**
 - To timely provided for the issuance, renewal, and transfer of licenses, endorsements, and permits beginning on January 1, 2024, the ABC Board may begin to send notices, accept applications, and collect fees by September 1, 2023 (on new online licensing system).
- **Section 171**
 - The ABC Board may adopt regulations necessary to implement SB 9, but the regulations will take effect upon the effective date of the law implemented by the regulation.
- **Section 177**
 - Licenses, endorsements can take effect January 1, 2024. Board also has 90 days to complete the conversion.



Timeline for Implementation

- **Goals**
 - Seamless for you as possible.
 - As much training as you require.
 - Online licensing system that works the day we go live.
 - Meeting all effective dates.
 - Treating you like the business leaders you are.
 - I respectfully ask you in turn treat our license examiners as professionals.



Timeline for Implementation

QUESTIONS?

Answers will be added to our FAQ's

In addition, email title4.amco@alaska.gov

If you want to know...you gotta' go:

<https://www.commerce.alaska.gov/web/amco/Title4Rewrite.aspx>



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