



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 Beverage Dispensary  
Licensees**

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# Agenda

- **Title 4 Rewrite Changes for Beverage Dispensary Licensees**
  - License
  - Endorsements
  - Permits
- **Trade Practices**
  - New license options
  - 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.



## The Beverage Dispensary License – AS 04.09.230

- Move from AS 04.11 to AS 04.09.
- In the retail license class.
- A beverage dispensary license authorizes the holder to sell or serve on the licensed premises alcoholic beverages for consumption only on the licensed premises.



## The Beverage Dispensary License – AS 04.09.200

- The biennial fee is \$2,500/\$1,250 seasonal
- The holder of a beverage dispensary license may not maintain on the licensed premises more than one room in which there is regularly maintained a fixed counter or service bar that has plumbing connections to permanent plumbing at which alcoholic beverages are sold or served to members of the public for consumption unless the license has a multiple fixed counter endorsement under AS 04.09.420.



## Statutory prohibition

### **A beverage dispensary licensee may not**

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



## Beverage Dispensary Tourism License – AS 04.09.350

- Move from AS 04.11 to AS 04.09.
- In the retail license class.
- A beverage dispensary tourism license authorizes the holder to sell or serve on the licensed premises alcoholic beverages for consumption only on the licensed premises.



## Beverage Dispensary Tourism License – AS 04.09.350

- Available if it appears the issuance of the license will encourage the tourist trade by promoting the construction or improvement of
  - A hotel, motel, resort, or similar business with a dining facility or have kitchen facilities in a majority of its rental rooms and the minimum number of rooms based on population set out in statute; or
  - An airport terminal.
- Renewal requires that it is the holder of the license that “operates” the hotel/motel.





## Beverage Dispensary Tourism License – AS 04.09.350

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## Beverage Dispensary Tourism License – AS 04.09.350

- The biennial fee is \$2,500/\$1,250 seasonal.
- May not Maintain on the licensed premises more than one room in which there is a regularly maintained fixed counter or service bar unless the licensee holds a multiple fixed counter endorsement, a hotel or motel endorsement, or a large resort endorsement.
- Unauthorized beverage tourism activity is a violation.



## The Duplicate License

- Currently governed under AS 04.11.090(e).
  - Will be repealed and replaced by our first endorsement.



## Multiple fixed counter Endorsement AS 04.09.420

- A multiple fixed counter endorsement authorizes the holder of a beverage dispensary license or a beverage dispensary tourism license to sell or serve alcoholic beverages on the licensed premises from multiple fixed counters.
- The biennial fee for a multiple fixed counter endorsement is \$200.
- In addition to the fee under (b) of this section, the initial application fee for each fixed counter covered under the endorsement is \$1,250.
  - Example – One licensee, six fixed counters
- Initial application must include an annotated premises diagram identifying the counters.



## Multiple fixed counter Endorsement AS 04.09.420

- The fixed counter must be regularly maintained and have plumbing connections to permanent plumbing
  - Contiguous license premises/same building requirements absent other endorsements
- Operating without an endorsement -- \$500 fine.
- Noncompliance with endorsement -- \$250 fine.



## Hotel or motel Endorsement AS 04.09.430

- A hotel or motel endorsement authorizes the holder of a beverage dispensary license or a beverage dispensary tourism license that is a hotel, motel, resort, or similar business premises that caters to the traveling public as a substantial part of its business to sell or serve alcoholic beverages on the licensed premises, including in a dining room, banquet room, and other public areas approved by the board, and in guest rooms.
- The biennial fee for a hotel or motel endorsement is \$200.
- The holder of a beverage dispensary license or a beverage dispensary tourism license that is a hotel, motel, resort, or similar business premises that caters to the traveling public as a substantial part of its business shall apply for a multiple fixed counter endorsement under AS 04.09.420.



## Hotel or motel Endorsement AS 04.09.430

- Guest room stocking privileges set in statute.
- Endorsement holder must exercise control over conduct of the business in all areas of the licensed premises.
- Same violation structure
  - No endorsement -- \$500 fine
  - Noncompliance with the endorsement -- \$250 fine



# The Large Resort Endorsement AS 04.09.440

- What is a large resort?
  - “Resort” that offers both outdoor recreational activities and overnight lodging to the public and is located on a site consisting of at least 10 contiguous acres owned, leased, or owned or leased in combination by the licensee.
- A large resort endorsement authorizes the holder of a beverage dispensary license or a beverage dispensary tourism license that is a large resort to sell or serve alcoholic beverages from multiple locations on the resort property to guests for consumption in areas on the site of the large resort, including a dining room, banquet room, guest room, open air venue, and ingress or egress route between those areas.





# The Large Resort Endorsement AS 04.09.440

- The biennial fee for a large resort endorsement is \$200.
- The licensee may also apply for a multiple fixed counter endorsement to sell or serve alcoholic beverages from multiple locations within the large resort's property.
  - The locations need not be in the same building, but must be within the boundary of the large resort
- Same violation protocol.
- Determine if the Outdoor Recreation Lodge license (AS 04.09.280) is a better fit.



## Restaurant Endorsement AS 04.09.460

- Replacement for the restaurant designation permit.
- A restaurant endorsement authorizes the holder of a beverage dispensary license, fair license, golf course license, sporting activity or event license, club license, outdoor recreation lodge license, destination resort license, or beverage dispensary tourism license to allow a person, (1) under 21 years of age access as provided in (e) of this section to the premises of a bona fide restaurant on the licensed premises.
- The biennial fee for a restaurant endorsement is \$200.



## Restaurant Endorsement AS 04.09.460

- Caveat – Restrictions on minor access now built into AS 04.09.450(e)
  - Application process may still be similar to RDP
- Same violation protocol.



## Bowling Alley Endorsement AS 04.09.500

- A bowling alley endorsement authorizes the holder of a beverage dispensary license or a beverage dispensary tourism license to sell or serve alcoholic beverages in the concourse or lane areas of the bowling alley adjacent to the main bar area.
- The biennial fee for a bowling alley endorsement is \$200
- The board may issue a bowling alley endorsement only if the concourse or lane areas of the bowling alley or both are adjacent and contiguous to the primary licensed premises (3 AAC 305.330).
- Same violation protocol.



## Golf course Endorsement AS 04.09.510

- A golf course endorsement authorizes the owner of a golf course who has obtained a beverage dispensary license or a beverage dispensary tourism license to sell or serve alcoholic beverages on the golf course, driving range, club house and other buildings located on the course, and a vending cart carrying beverages or food to, from, or on the course, excluding the parking.
- The biennial fee for a golf course endorsement is \$200.
- An application for a golf course endorsement must include a drawing of the golf course with an annotated illustration and a description of the portions of the course that are licensed premises and that are intended to be covered by the endorsement.
- Same violation protocol.



## Beverage Dispensary Caterer's Permit AS 04.09.610

- A beverage dispensary caterer's permit authorizes the holder of a beverage dispensary license or beverage dispensary tourism license to sell or dispense alcoholic beverages at conventions, picnics, sporting activities or events, concerts, street festivals, or similar affairs held off the holder's licensed premises for which a beverage dispensary license or beverage dispensary tourism license would not otherwise be required. The permit may be issued only for designated premises for a specific occasion and for a limited period.



## Art Exhibit Permit AS 04.09.640

- An art exhibit event permit authorizes the holder of a beverage dispensary license, a beverage dispensary tourism license, a restaurant or eating place license, or a seasonal restaurant or eating place tourism license to sell and serve brewed beverages and wine for consumption at a specific art exhibit event.
- The director may issue an art exhibit event permit only for a specific art exhibit event at premises designated in the application for a limited period specified in the application.
- The director may not grant more than 12 art exhibit event permits to a licensee in a calendar year.
- An art exhibit event permit may not be exercised during an event that is expected to attract attendees under 21 years of age.
- Food must be provided in conjunction with the service of brewed beverages and wine under an art exhibit event permit.



## 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.





- **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 to larger manufacturers (by volume restrictions)



# Trade Practices and Overlapping Premises

- **What This Makes Possible**
  - Overlapping licensed premises (3 AAC 305.660).
  - Sets parameters for what may overlap with a beverage dispensary and a beverage dispensary tourism license.



## Incorporating Federal Law for enforcement purposes

- 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



## Tied House (Absent regulatory exception)

- Induce a retailer to purchase products to the exclusion of others by:
  - Furnishing, giving, renting, lending, or selling equipment fixtures, signs, supplies, money, services, or other things of value
  - Paying or crediting the retailer for an advertising, display, or distribution service
  - Guaranteeing a loan or the repayment of a financial obligation of the retailer
  - Extending credit that is not usual and customary for a particular class of transactions
  - Require the retailer to take and dispose of certain quota of products
- Apply federal definition of tied house at 27 U.S.C. 205.



## **Exclusive Outlet (Absent regulatory exception)**

- Requiring a retailer purchase products from an entity to the exclusion, in whole or in part, of alcoholic beverages sold or offered for sale by other entities.
- Apply federal definition of exclusive outlet at 27 U.S.C. 205.



## **Exclude Purchases from Other Entities (Absent regulatory exception)**

- In whole or in part by
  - Commercial bribery (apply federal definition at 27 U.S.C. 205)
  - Offering or giving any bonus, premium, or compensation to an officer, employee, or representative of the licensee



## Enter into Agreements (Absent regulatory exception)

- For consignment sales (apply federal definition at 27 U.S.C. 205) on any basis other than a bona fide sale, except that this paragraph does not apply to the return of merchandise for ordinary and commercial reasons arising after the merchandise has been sold.



## 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, convert licenses, 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, and permits take effect January 1, 2024.



# Timeline for Implementation

- **Most Beverage Dispensary Licenses Do Not Convert.**
  - Governed by new statutes and regulations (so may see re-issuance)
  - A BDL that is a theater will convert into a theater license
  - Exception a duplicate license issued or renewed converts into a multiple fixed counter endorsement (still apply with diagrams)
- **If your license needs to be renewed by December 31, 2023, still submit your application to renew.**
  - Subject to regular process (protest, objection, etc.)
- **If you have an interest in an endorsement, apply for them beginning Sept. 1, 2023.**



# 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.



# Timeline for Implementation

## *QUESTIONS?*

Answers will be added to our FAQ's



# Alcohol & Marijuana Control Office

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