



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

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

**The Title 4 Rewrite and Its Impact on
Local Governments and the Allocation of
Alcohol License Fees to Municipalities**

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Gonzales

February 23rd, 2023



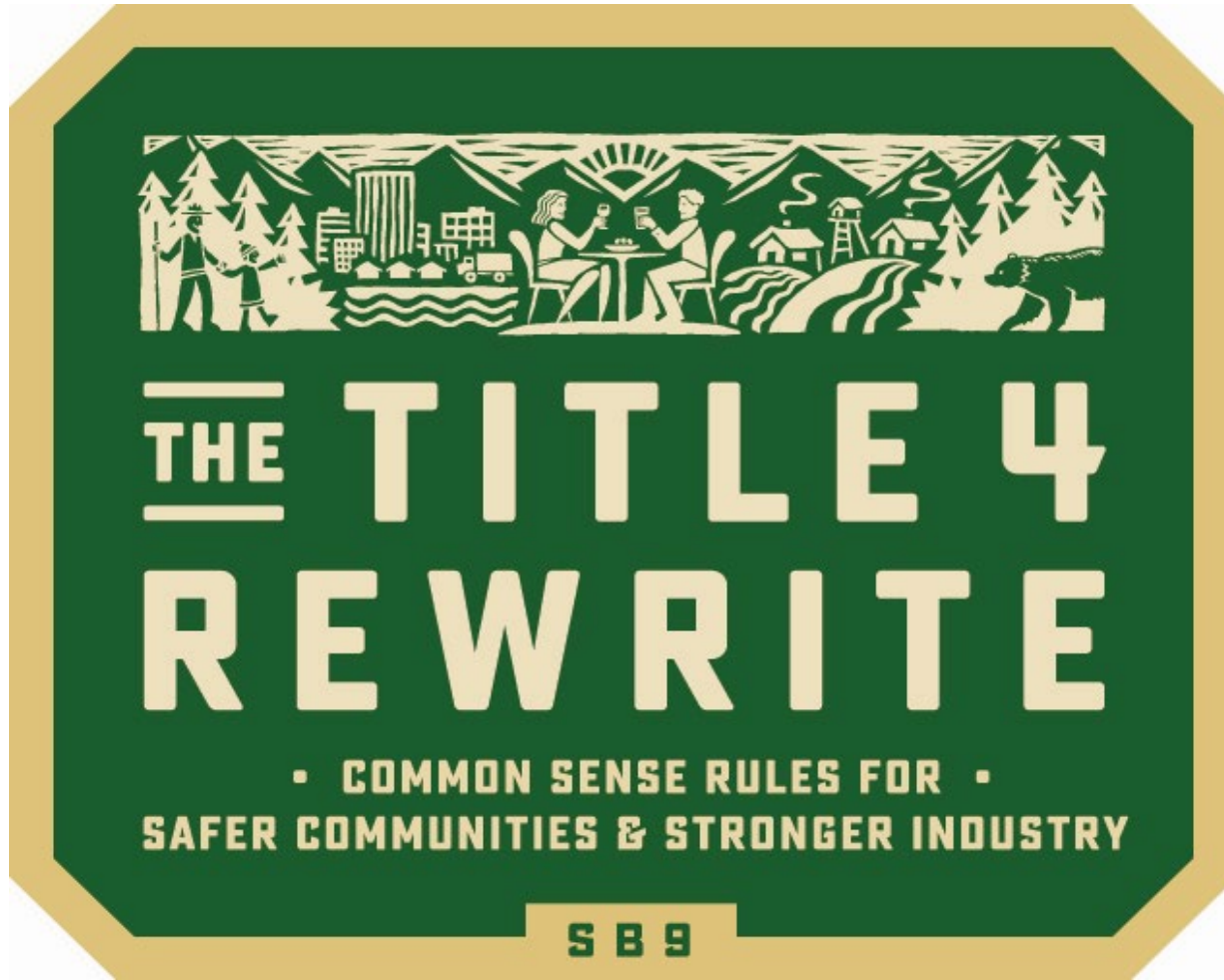
Overview

Agenda:

- Discuss the Title 4 Rewrite and Its implementation date
- It's potential impact on local government procedure for license and endorsement applications
- Switch to statute and regulation which allows for refunds/allocations of licensing fees to local governments that actively enforce Title 4
- When to submit the quarterly reports and when allocations are sent to municipalities
- Questions



SB 9 and the Title 4 Rewrite





In the Coming Months

- AMCO and the ABC Board will be developing regulatory language to define how it will interpret and enforce statute.
- Once regulations are created, they will be publicly introduced, followed by a period for public comment.
- Once the Public Comment period concludes, the ABC Board will determine how to adopt proposed regulatory language with consideration to public feedback
- Local Government Process Coordination Extremely Important
- Effective dates for most industry regulations and statutes will occur January 1st 2024



Upcoming Changes: Highlights

1. Effective Immediately

- Public Convenience Licenses Converted
- New options for more restaurants: Seasonal REPL Tourism
- Local Government Petitions for More REPLS

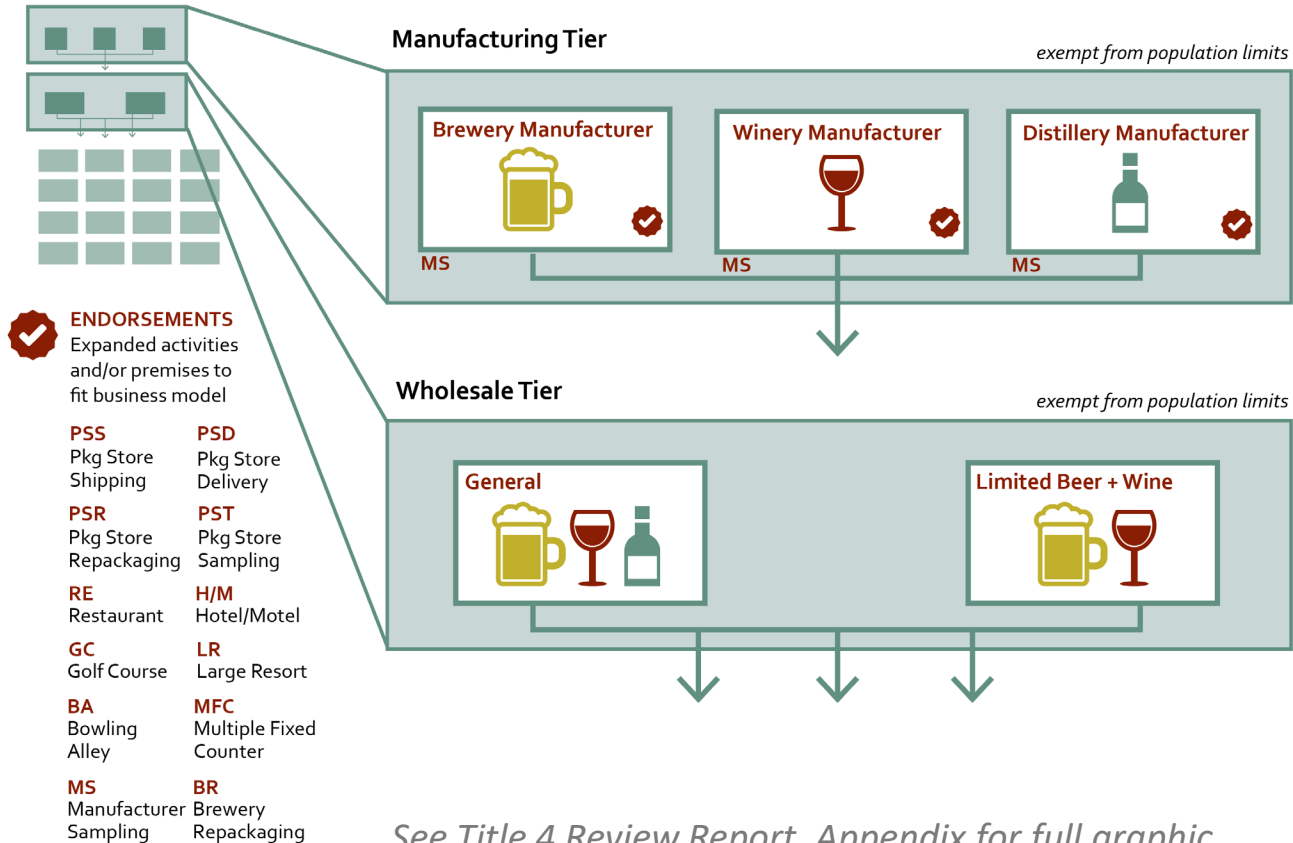
2. Effective January 1, 2024:

- Reorganized licensing system + new fees
- Endorsements (for both existing and new privileges)
- Moving Licenses in certain boroughs to municipalities
- Regulating prohibited trade practices
- New penalty structure for minor offenses



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.

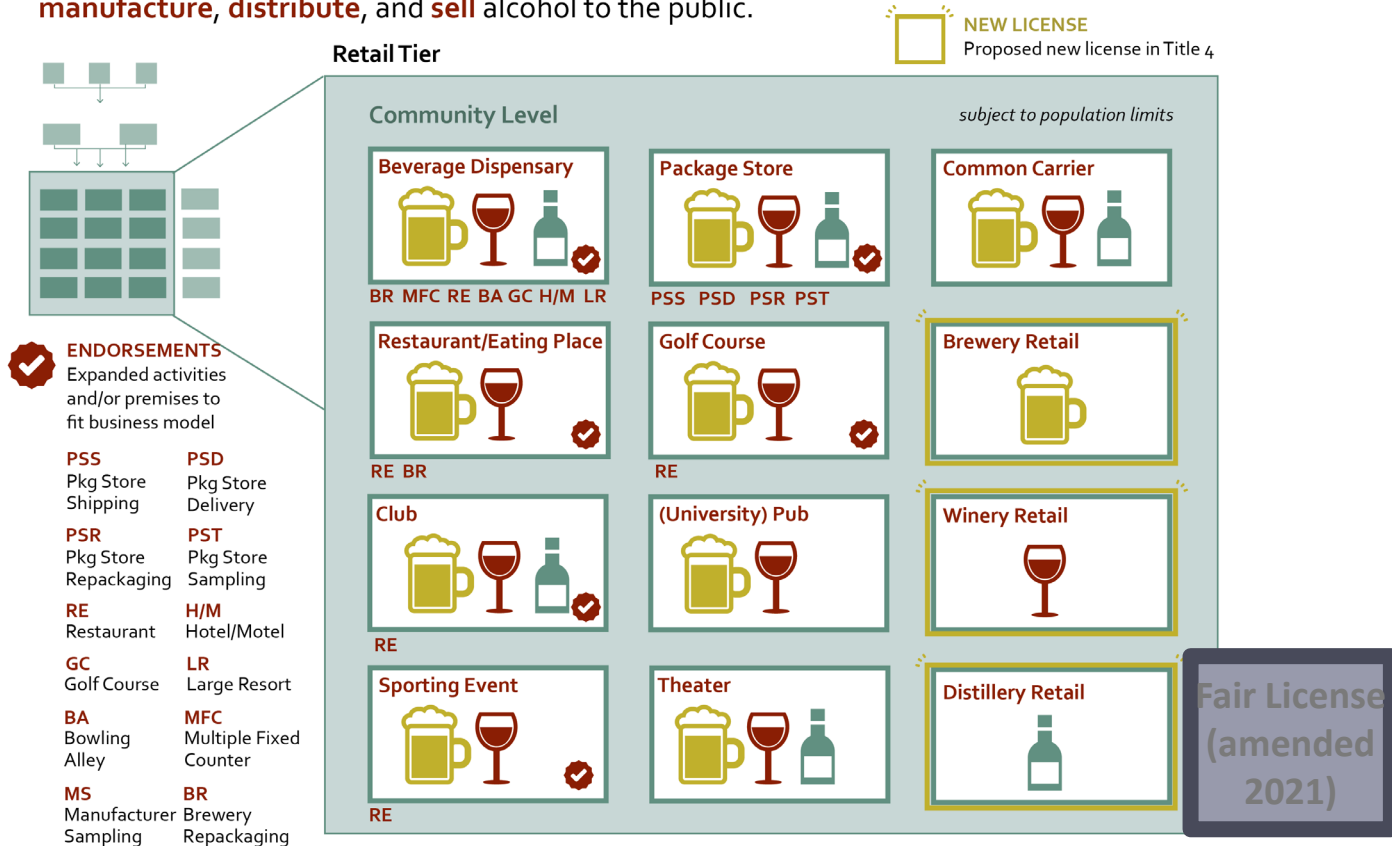


See Title 4 Review Report, Appendix for full graphic



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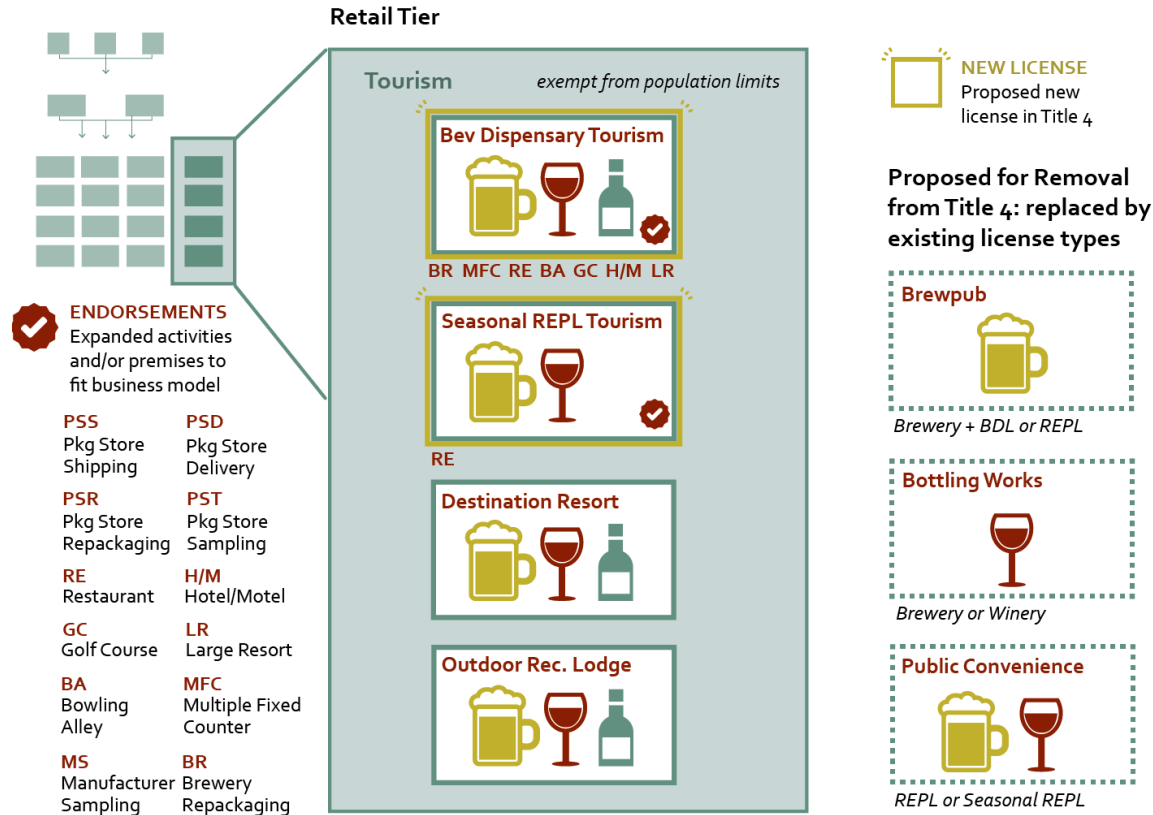


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Alaska's Liquor License System: Upcoming Changes

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See Title 4 Review Report, Appendix for full graphic



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.



Upcoming! More Retail Options for Manufacturers



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



Changes for Manufacturer Retailer Tasting Rooms

- Longer hours of operation, 9am - 9pm service, 930pm – 9am “Hard Close”
- Patrons allowed to provide own entertainment (cards, knitting, fireworks, etc.)
- 4 Permits per year to provide live entertainment events. 04.09.685
- Allows for “activities, presentations, television or video displays, or other displays that directly promote or educate customers about the brewery’s products, processes, or establishment”
- Allows “other community organizations or businesses to provide presentations, classes, or product displays, or host fundraisers.”
- Population caps for Manufacturer Retail Licenses will 1:9000 and are based on whether that license is in a village, town, city, borough or unincorporated area of Alaska.
- On January 1, 2030, that 1:9000 will change to 1:4500.



Restaurant or Eating Place License Changes

REPL changes

- Public Convenience REPL's are gone – Already Converted to REPLS
- Seasonal REPL's Tourism Licenses, in place this summer to meet visitor need
- First class cities, home rule cities, or unified municipalities may petition the ABC Board for more licenses on an annual basis with no limitation
- License moves to incorporated cities within boroughs



Seasonal REPL Tourism Regulations Just Adopted

- Municipalities and Established Villages with 40,000 or less population
- 4,000 or more visitors a year (applicant, govt, board can present data to support)
- Statute directed board to establish license cap based on visitor data and public interest
- Supplemented the following year with local government petitions for REPLS above population limits
- <https://www.commerce.alaska.gov/web/amco/Title4Rewrite.aspx>



Local Government Petitions

AS 04.11.405

- A first class city, home city, or unified municipality submits a resolution to the board petitioning for additional licenses
 - Resolution must satisfy data requirements of AS 04. 11.405(c)
- Board holds public hearing



Local Government Petitions

Licenses may issue if the board finds:

- The municipality serves as a center for commercial activity within and outside its boundary by providing goods and services greater than the permanent resident population; has local law enforcement department; exercises planning and land use authority; and is over the license threshold
- The number of additional licenses does not exceed the government's request
- Granting the petition is in the public interest



Local Government Petitions

If the board grants a petition for additional REPL's, the board may not authorize additional REPL's to the same municipality under this section for the following year



Moving Licenses

AS 04.11.400(k) (Jan. 1, 2024)

- **The board may allow for the relocation of retail licenses subject to the cap in a borough with 50,000 or more into an incorporated city within the borough.**
 - Both governments must approve
 - License cap for city must already be met
 - No more than three relocations a decade (20 -29, 30 -39, etc.)



Conversion and New Application Timeline

- Extremely fast
- Cooperation and understanding local government application process key
- Conversions not applications
- Where applications necessary, ensure timeliness to achieve Jan. 1, 2024 implementation date
- AMCO all hand's on deck



Conversion and Application Timeline

Section 168 (AMCO Title 4 Rewrite Page)

- By September 1, 2023, the ABC Board may begin accepting applications and collecting fees for licenses, endorsements, and permits (however, licenses, endorsements, and permits not effective until Jan. 1, 2024)
- New online licensing system in place



Conversion and Application Timeline

Section 169

- **169(a) achieved – Public convenience licenses and applications are converted to REPL irrespective of population limits**
 - note impact on Seasonal REPL Tourism license limitations



Conversion and Application Timeline

- **169(b) – Within 90 days of Jan. 1, 2024, notwithstanding population caps, the Board shall convert without application**
 - Bottling works into brewery manufacturer or winery manufacturer (no application)
 - Brewpub into brewery manufacturer
 - BDL or REPL with theater premises into a theater license
 - Wholesaler to general wholesaler or limited brewed beverages or wine wholesaler
 - BDL tourism into BDL tourism
 - Duplicate BDL into a multiple fixed counter endorsement



Conversion and Application Timeline

- **169(c) – Notwithstanding population limits, the ABC Board may:**
 - Convert a brewery license into a brewery manufacturer license and a brewery retail license (upon application)
 - Convert a winery license into a winery manufacturer license and a winery retail license (upon application)
 - Convert and issue a distillery license into a distillery manufacturer license and a brewery retail license (upon application)



Conversion and Application Timeline

- **169(c) (Effective immediately)**
 - Establish an application form and procedure for a conversion application under this subsection
 - **Here is my ask as Director and of the Board due to extremely tight timeline (what keeps me up at night)**
 - These are existing licenses that likely already permit the retail license activity, now fashioned as a tasting room (no substantive change)
 - Local govts – treat as conversions and not new applications
 - Address concerns with license at renewal (which will include half of these licenses under normal protocol each year)



Last Note for SB9 Implementation

Be prepared for overlapping premises

- For further discussion
- Largest interplay manufacturer and retail space, especially with new license type availability
- What is permissible where
- Who is responsible for violations
- Part of the Title 4 regulations which the board will roll out



Allocation of license fees to municipalities

Alaska Statute 04.11.610

- Biennial alcohol license fees collected within a municipality shall be refunded semi-annually to the municipality (*excluding wholesale license fees*)



Allocation of license fees to municipalities

- Refunds may be denied "if officers of a municipality fail to actively enforce local ordinances, laws of the United States and the state, and the regulations relating to the manufacture and sale of alcoholic beverages in the state" AS 04.11.610 (b)



Allocation of license fees to municipalities

- In order to qualify for refunds, municipality must submit Enforcement Reports quarterly to AMCO Enforcement
- Refunds are authorized by AMCO director on a semi-annual basis (January/ July)



Allocation of license fees to municipalities

- Once the quarterly report is approved, Dept. of Revenue disperses the funds to municipal governments
- **We want to help you receive these refunds if you are actively enforcing these laws!**



Allocation of license fees to municipalities

State Fiscal Year: 1 July – 30 June

Municipality should submit reports for:

1st quarter: 1 July – 30 September

2nd quarter: 1 October – 31 December

- 1st semi-annual refund processed

3rd quarter: 1 January – 31 March

4th quarter: 1 April – 30 June

- 2nd semi-annual refund processed



Allocation of license fees to municipalities

- 1st and 2nd quarter reports should be submitted by January 15th to receive the first semi-annual allocation
- 3rd and 4th quarter reports should be submitted by July 15th to receive the second semi-annual allocation
- If 1st/2nd reports are late, they can be submitted by July 15th. If 3rd/4th reports are late, allocations may not be disbursed due to SOA closing out the fiscal year



Legislative Budget and Audit Committee Finding

The Board and AMCO should implement procedures to ensure that municipalities receiving refunds are actively enforcing alcoholic beverage laws

- Reports must show active enforcement: If they do not, I may request the Commissioner to deny the allocation**



Department of Commerce, Community, and Economic Development
Alcohol & Marijuana Control Office – Enforcement Unit
550 W 7th Avenue, Suite 1600, Anchorage, AK 99501
Tel: (907) 269-0350 / Email: amco.enforcement@alaska.gov




QUARTERLY REPORT OF TITLE 4 VIOLATIONS WITHIN MUNICIPALITIES

MUNICIPALITY/AGENCY: DATE:

REPORTING YEAR: REPORTING QUARTER: COMPLETED BY: EMAIL:

	STATUTE	ARREST	CITE/SUMMONS	COMPLAINT	WARNING	COMMENTS
1.	AS 04.11.010 – Sale without a license					
2.	AS 04.16.010 – Hours of sale & presence (closing hours)					
3.	AS 04.16.015 – Pricing & marketing					
4.	AS 04.16.020 – Solicitation; purchase on behalf of another					
5.	AS 04.16.025 – Illegal Presence on premises (local ord)					
6.	AS 04.16.030 – Licensee allow drunk on licensed premises					
7.	AS 04.16.040 – Drunk on licensed premises					
8.	AS 04.16.045 – Consumption on premises in violation					
9.	AS 04.16.047 – Alco restricted person-purchase/consume					
10.	AS 04.16.049 – Underage person on premises					
11.	AS 04.16.050 – Minor consuming/possession					
12.	AS 04.16.051 – Furnishing alcohol to minor					
13.	AS 04.16.052 – Licensee furnishing alcohol to minor					
14.	AS 04.11.057 – Minor possessing in dwelling					
15.	AS 04.16.059 – Purchase by sex offender					
16.	AS 04.16.060 – Purchase by/delivery to minor					
17.	AS 04.16.080 – Sale/consumption at school event					

Title 4 Enforcement Reporting

	STATUTE	ARREST	CITE/SUMMONS	COMPLAINT	WARNING	COMMENTS
18.	AS 04.16.090 – Bottle Club					
19.	AS 04.16.120 – Removal/intro of alcoholic beverages					
20.	AS 04.16.130 – Stock confined to licensed premises					
21.	AS 04.16.160 – Restriction on purchasing alcohol					
22.	AS 04.16.172 – Restriction on purchase and sale					
23.	AS 04.16.175 – Furnishing in aid of gambling					
24.	AS 04.21.025 – Alcohol server education course					
25.	AS 04.21.065 – Posting of warning signs	N/A		N/A		
26.	OTHER-SPECIFY: 					
27.	OTHER-SPECIFY:					
28.	OTHER-SPECIFY:					
29.	ALCOHOL EDUCATION PROGRAMS CONDUCTED:		COMMENTS:			
30.	ALCOHOL PREMISES INSPECTIONS CONDUCTED AT AMCO ENFORCEMENT REQUEST:				COMMENTS:	

- Use additional sheets if necessary.
- Please include copies of police reports of incidents involving a licensed premises.
- **PLEASE SUBMIT COMPLETED REPORTS TO AMCO ENFORCEMENT BY EMAIL AT:** amco.enforcement@alaska.gov.
- **Contact us anytime with questions, for assistance, or to request copies of the required warning signs to be sent to licensees.**



Allocation of license fees to municipalities

Quarterly reporting form can be found at AMCO website (fillable pdf):

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

Quarterly report should be submitted via email to:

- amco.enforcement@alaska.gov



Allocation of license fees to municipalities

Per the audit, forms will be reviewed to ensure we are capturing your active enforcement

- By statute, not just of Title 4
- “local ordinances, laws of the United States and the state, and the regulations relating to the manufacture and sale of alcoholic beverages in the state”
- Commitment to capture your activity; to do so conversations ahead



Allocation of license fees to municipalities

Questions?



Alcohol & Marijuana Control Office

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