



MEMORANDUM

TO: The Alcoholic Beverage Control Board

DATE: January 23, 2024

FROM: Joan M. Wilson

RE: Director's Report

I. INTRODUCTION

As we informed you in the last report to the Alcoholic Beverage Control Board ("Board"), AMCO's primary focus between November 1, 2023 and January 1, 2024 was to prepare for the full implementation of the Title 4 Rewrite. As demonstrated below, the Office achieved significant goals. At the same time, we prepared for two key members of AMCO leaving our team. From this date forward we are rebuilding the licensing and enforcement culture to best serve licensees and the public. We still have significant benchmarks to achieve, but we have a plan for doing so. This report will address these myriad of subjects.

II. TOPICS FOR THIS BOARD MEETING

A. Our January 1, 2024 Goals for Title 4 Rewrite Implementation

The Title 4 Rewrite required AMCO to adopt a two-tiered approach to best serving alcoholic beverage licensees. The first tier was allowing for current alcoholic beverage licensees to conduct business as usual. The second tier was providing licensees the opportunity to engage in the additional activities permitted after January 1, 2024.

In addition to these tiers, it is necessary to describe to the Board some of the large problems caused by having two license processes in place: one through AK-ACCIS and the other by paper. This duplicative system will reduce our effectiveness until AK-ACCIS can process all applications and paper applications are no longer permitted. Last, new questions have arisen regarding treatment of certain endorsements and fees related to the same, many coming into place as we move these licenses and endorsements through AK-ACCIS. All these issues are addressed below. We look forward to your guidance.

1. Business As Usual.

As this Board is well aware many activities that could be undertaken under a basic alcoholic beverage license would now require either a new license or new endorsement. Our Office worked diligently to assist licensees to apply for what they needed to continue business as usual. If they applied by December 31, 2023, we committed to using the authority delegated to the Director to issue interim licenses, endorsements, and carrier approvals. So long as an action was complete, we were 100% successful in reaching this goal. Here are the summary of the interim licenses, endorsements, and carrier approvals issued not only through January 31, 2024, but through the date of this memorandum.

Interim Licenses and Endorsements	Count
Interim Manufacturer Retail Licenses	71
Interim Manufacturer Sampling Endorsements	24
Interim Brewery Repackaging Endorsements	18
Interim Restaurant Endorsements	163 and counting
Interim Hotel or Motel Endorsements	22
Interim Bowling Alley Endorsements	3
Interim Package Store Shipping Endorsements	10
Interim Package Store Repackaging Endorsements	33
Interim Package Store Delivery Endorsements	2
TOTAL	346

Since these endorsements and licenses generally continue business that was already permitted by licensees, many of these licenses and endorsements will be before you for final approval.

B. New Business

1. Licensure and Approval of New Entities

Not surprisingly, there was significant interest in continuing to ship alcoholic beverages direct to consumer and to continue to be able to ship by means of air and vehicle. Direct manufacture licenses and common carrier approvals remain highly sought. As of the date of this memorandum, we have issued the following:

Interim Licenses and Approvals	Count
Interim Direct Manufacturer Shipment Licenses	70
Interim Approved Common Carriers	9
TOTAL	79

These applications will also be before the Board for final approval. As you will also see in the agenda, questions have arisen regarding the statutory breadth of common carrier approvals. We will discuss this with you the second date of the board meeting. A regulation project is also before the Board regarding use of age-verification services for direct manufacturer shipment licensees.

2. New License Applications for Manufacturers

This Board has spent a significant amount of time preparing regulations that guide how manufacturers may apply for retail licenses beyond the manufacturer retail license. We have two applications before you at this meeting. This will be your first consideration of overlapping premises in this new environment.

3. Package Store Sampling Endorsements

Our Office also received 32 package store sampling endorsements. These applications are before you. Should the Board approve any of these applications, local government input will still be required. Local governments do have the ability to protest this new activity.

4. Manufacturer Retail Live Music or Event Permits

Applications for this new permit are available on AMCO's website. To date, I have approved one event for mid-February.

5. A Duplicative Process

While it is easy to concentrate on the success, it is necessary to explain how difficult some of these successes were to achieve. The primary reason for this is that AMCO had to maintain a dual system for processing applications: (1) through AK-ACCIS and (2) by paper. Although largely resolved, implementation issues with AK-ACCIS led to the submission of a significant number of paper applications. Also contributing to this is lack of buy-in from a portion of

licensees who preferred old ways to the new. While it would be wonderful to tell you the licensing examiners have spent significant time reviewing applications, that was unfortunately not the case. Instead, all six examiners, their supervisors, and their supervisors were triaging phone calls, helping people sign up for myAlaska, and then helping them move their applications through AK-ACCIS. While we did this, the number of paper applications continually grew. In short, we are significantly behind in processing renewals, new licenses, and transfer applications. There is light at the end of this tunnel. Examiners will be back to the regular assignments following the Board meeting, but new intake procedures must be developed for the process of electronic applications. I provide this caveat not only to the Board but to licensees. While we will work as hard as we can within the normal business framework to move these applications forward, expect delays, likely for up to a year. The Legislature and this Board is correct that an online licensing system will improve our metrics for performance, but it will be difficult to do so when we will be called upon to enter paper applications into AK-ACCIS ourselves, develop new protocols for working with local governments, and best preparing for the future. At some point, not now, but likely soon, we will request this board to require submissions through AK-ACCIS to reduce duplicative work by our Office.

6. Decisions Made for Your Review and Approval.

Two additional issues require your attention. First, as this Board is aware endorsements on licenses are to renew when licenses renew. This first year of implementation, a number of licensees are required to apply for endorsements on their off cycle. Our licensing system also does not currently permit the payment of only year of the endorsement. Our question to the Board will be how to address this cost to licensees who are required to renew their licenses and renewals next year. Secondly, a very interesting issue has arisen with conversion of duplicate licenses into multiple fixed counter endorsements. In most cases, duplicate licenses did not renew the same year of the master license. We developed a solution to this Program Coordinator Jane Sawyer can best verbally explained. We will seek your guidance following that discussion.

7. Additional New Duties.

Please see the discussion items at Sections C through E below.

B. Staffing Changes

As the Board is no doubt aware, two key members of the AMCO team will not be before you at this Board meeting: Enforcement Supervisor, Chief Hoelscher and Records and Licensing Supervisor Carrie Craig. Together, these individuals are taking fifteen years of knowledge with them. They have seen AMCO, this Board, and the Marijuana Control Board through many changes, such as the implementation of the Office itself and many changes through successive directors. They both are strong public servants who will certainly succeed on their next career endeavors.

That said, every change is an opportunity, and we are using these critical points in time to reassess and align AMCO with the values of both boards as well as Governor Dunleavy's goals of keeping Alaska open for business. We have many structural changes ahead of us that we will

discuss in more detail at this upcoming meeting, including some hierarchical changes in the Enforcement Division with a focus on licensee education. We also will have the opportunity to introduce you to Acting (soon-to-be permanent) Records and Licensing Supervisor Regina T. Cruz, Acting Enforcement Supervisor Steven Johnson, and subsequent Acting Enforcement Supervisor Joe Bankowski. So that both individuals can be in attendance of the Board meeting, we are requesting that the review of the Enforcement Section's contribution to AMCO be addressed the second day of the two-day board meeting.

C. Legislative Review

Per AS 04.06.090(h), the Board may now “within 30 days after the introduction of a bill amending a provision of this title or adding a new provision to this title, prepare an advisory opinion regarding the changes proposed in the bill.” Should time allow, there are two current legislative bills that are likely of interest to this Board:

[HB 189: SALE OF ALOCOHOL BY PERSONS UNDER 21](#)
[HB 192: DELIVERY/PICK UP OF ALCOHOL; LICENSING](#)

The Board Chair has set aside time in the agenda for the Board to discuss both of these bills.

D. An Additional New Duty: Responsible Use of Alcohol and Education on Fetal Alcohol Spectrum Disorder.

Per AS 04.06.090(f), the Board is responsible for:

education on relevant state statutes, regulations, and policies. The board shall coordinate with agencies and nonprofit organizations that provide alcohol awareness education to develop a plan to educate public safety professionals, the alcoholic beverage industry, individuals under 21 years of age, local governments, established villages, and the general public on the responsible use of alcoholic beverages. The board shall update and revise the plan annually.

We also have included time in the agenda for the Board to begin these discussions and develop a strategy for fulfilling this obligation.

Similarly, AS 04.06.090(j) requires the Board to “post information on the board's Internet website about fetal alcohol syndrome and fetal alcohol effects resulting from a woman consuming alcohol during pregnancy.” We are currently developing that website information for you, but also submit the Board's best option may be to link to the Department of Health's information [on fetal alcoholism spectrum disorder](#).

E. Additional Regulatory Authority

Under AS 04.06.100(b) (17), this Board may also promulgate regulations that “on the manufacture, packaging, sale, and distribution of products containing alcohol that are intended for

human consumption.” Please see the comments from Petra Illig, M.D. in the board mailbox as one example of a concern.

III. CONCLUSION

There is no doubt this Board Meeting will be exceptionally busy. We welcome the hard work we expect over the next two days and the additional work required to implement your directions. Following this Board meeting, the ABC Board will meet in Anchorage for one day on April 16, 2024.

