

# Title 4 Review: Senate Bill 76

## WHAT IS TITLE 4?

Alaska's Title 4 statutes regulate "the manufacture, barter, possession, and sale of alcoholic beverages in the state" (AS 04.06.090). The Alcoholic Beverage Control Board, Alcohol and Marijuana Control Office, law enforcement, and communities across the state enforce these laws.

## WHY REVIEW TITLE 4?

Much of the chapter has not been updated since 1980. Over time, incremental updates to the statutes, inconsistent interpretations of the law, and changing industry trends have reduced the effectiveness of Title 4. A systematic review of the statutes helps the Board carry out its mission and will benefit the organizations, municipalities and individuals whose work, community or business is affected by alcohol laws and regulations.

## GOALS OF TITLE 4 REVIEW

Stakeholders engaged in this review process shared goals as the foundation for developing recommendations:

### Promote a fair business climate and protect public health and safety.

- Create rational regulation for all tiers of the state's alcohol industry.
- Limit youth access to alcohol.
- Promote responsible alcohol use and reduce the harms of overconsumption.
- Implement change without negatively impacting existing businesses and responsible operators.

### Make Title 4 a clear and consistent legal framework for the ABC Board, licensees and law enforcement.

- Increase swiftness, proportionality and consistency of penalties.
- Increase local Title 4 law enforcement.
- Increase licensee accountability before the ABC Board for Title 4 violations.

## SUCCESS IN 2016: SB 165

In last year's session, Senator Micciche sponsored and the Legislature passed the first set of Title 4 Review recommendations. SB 165 was enacted in July 2016:

- Restores Minor Consuming Alcohol (MCA) as a true violation and promotes alcohol education.
- Changes ABC Board composition, designating one seat for a public safety representative.

## STAKEHOLDER-DRIVEN PROCESS

Since 2012, stakeholders representing the alcohol industry, public health, local government, law enforcement, public safety, education, and community advocacy sectors have dedicated over 11,000 hours to craft recommendations to improve Title 4. This group, led by the Title 4 Review Steering Committee, has continued to refine the package of recommendations and addressed several other emerging issues raised in the last two years.



## 2018 PRIORITY: SENATE BILL 76

Working closely with Title 4 Review stakeholders, Senator Peter Micciche introduced **SB 76**, a comprehensive bill that would enact many of the group's recommendations.

Title 4's statutes are closely inter-related, and changes to the laws have impacts on communities and alcohol businesses statewide. A comprehensive bill ensures that the proposed changes are coordinated and can be implemented smoothly by the ABC Board.

Recommendations are organized in five categories, first developed by five Title 4 Review subcommittees:

1. Alcohol Licenses, Permits and Trade Practices
2. Underage Drinking and Youth Access to Alcohol
3. Local Option Communities
4. Regulation of Internet Sales of Alcohol
5. Role and Functions of the ABC Board and Staff

## TITLE 4 REVIEW WORK CONTINUES

Updating Title 4 is a complex, long term project! Implementing the changes in SB 76 will take time, and many details are left to the ABC Board to determine in regulation.

There are many important issues identified by the group that are not addressed in SB 76, such as working with rural communities to improve local option laws. The stakeholder group will continue this important work in a future phase.

*About Senate Bill 76:*

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## KEY RECOMMENDATIONS

### Alcohol Licenses, Permits and Trade Practices

- Preserve the 3-tier system to prevent monopolies, but increase flexibility for small businesses by allowing manufacturers to own retail licenses.
- Preserve the population limits on licenses to manage health and safety impacts of having too many alcohol outlets, but provide flexibility for communities who serve tourists and visitors.
- Respond to innovative business concepts with endorsements (add-on privileges to existing licenses), instead of creating more license types.
- Level the playing field among existing license types with updated fees and consistent rules.
- Restructure Title 4 penalties to be proportional with the seriousness of each violation: most are currently Class A Misdemeanors, considered too steep to be consistently enforced by police or the courts.

### Underage Drinking and Youth Access to Alcohol

- Restore Minor Consuming Alcohol and related offenses to a true violation, with incentives for alcohol education or treatment (*passed in SB 165*).
- Hold licensees, employees and other adults more accountable for serving minors with reasonable and consistent penalties.
- Require registration of all kegs, so adult “social hosts” of underage parties can be held accountable.

### Local Option Communities

- Increase availability of community-level data about alcohol shipments entering local option areas.
- Better regulation of transport and delivery of alcohol by common carriers.

### Regulated Internet Sales of Alcohol

- Limit online sales to wineries and in-state package stores.
- Collect excise taxes on all orders to Alaska customers.
- Ensure all alcohol deliveries are made only to adults.

### Role and Functions of the ABC Board and Staff

- Ensure balanced representation on the Board with a designated Public Safety seat (*passed in SB 165*).
- Allow the Board to provide a review and advisory opinion on future Title 4-related legislation.
- Improve the Board and agency staff’s resources and ability to interpret, administer, and enforce Title 4.

## BENEFITS FOR ALL ALASKANS

The Title 4 Review process relies on building consensus: finding common ground and crafting recommendations that, considered overall, will benefit all stakeholders. Each decision required compromise. Where possible, the group found “win win” solutions that have multiple benefits.

Overall, the proposals in SB 76 will benefit all stakeholders:

### Benefits for Youth

- Expands reforms enacted in SB 165 to apply to other specific underage drinking offenses.
- Helps prevent youth access to alcohol, while not criminalizing youth for one mistake.
- Incentivizes youth who need it to seek alcohol education, treatment, or community-based justice.
- Holds adults accountable who supply alcohol to youth.

### Benefits for the Alcohol Industry

- A streamlined, user-friendly Title 4 will be easier to understand and comply with for all businesses.
- All manufacturers can expand production and continue to serve customers in retail establishments.
- Wholesalers have less administrative burden and are protected against unfair trade practices.
- Retailers have more opportunities to innovate, such as providing product samples at package stores, while protecting existing business investments.
- Restructured penalties will encourage compliance, and reserve strict punishments only for serious crimes.

### Benefits for Public Health and Safety

- Preserves limits on the density of alcohol outlets, correlated with negative health and safety impacts.
- Promotes responsible service and consumption of alcohol at establishments and special events.
- Fairly regulates all alcohol purchases shipped directly to customers through online sales.
- Increases availability of data on alcohol in local option areas, and local enforcement of Title 4.
- Provides more resources for education about and enforcement of Title 4 at the state and local levels.

### Benefits for Local Governments

- Provides options to support economic development, tourism and hospitality with more liquor licenses.
- Increases resources available for educating local governments about their role in alcohol control.

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