

**State of Alaska**  
**FY2018 Governor's Operating Budget**

**Department of Commerce, Community, and Economic  
Development**  
**Alcoholic Beverage Control Board**  
**Component Budget Summary**

**Component: Alcoholic Beverage Control Board**

**Contribution to Department's Mission**

Enforce alcohol and marijuana commerce laws and provide clear, consistent standards for licensure to protect the public from harm.

**Core Services**

- License and renew all qualified applicants to manufacture and sell alcoholic beverages, and to cultivate, produce and sell marijuana and marijuana products.
- Enforce state laws and regulations governing alcoholic beverage and commercial marijuana establishments.

**Major Component Accomplishments in 2016**

- Issued 84 new licenses, 165 transfers, 1800 renewals and 1,901 permits during this fiscal year. Maintained written order database for local option communities. Conducted inspections of liquor licensed establishments throughout the state.
- Staff attended and contributed during multiple meetings related to reform of Title 4 alcohol statutes and regulations, including steering committee meetings of the stakeholders group. The stakeholders group is responsible for the creation of Senate Bill 99, which seeks major revisions of Title 4 in this legislative session. Agency staff provided research, data and valuable experience which contributed to the reform effort. Staff has given multiple presentations regarding the changes proposed in SB 99 to a variety of groups, including the Alaska Wellness Coalition, Department of Health and Social Services Division of Behavioral Health grantees, and Alaska Municipal League.
- Identified multiple liquor licensed establishments with statutory and regulatory challenges and provided information which led to board action assuring resolution of license issues. Provided information which led to board holding liquor licensed establishments accountable for public safety violations of Title 4 statutes.
- Worked with a contract regulations attorney to draft Marijuana Control Board regulations for policy work by the board. The final product of nine articles of regulations is a 133 page document that is expected to be submitted to the Department of Law and Lt. Governor for enactment by February 24, 2016.
- Staff traveled to Washington and Colorado, where marijuana is legalized and commerce is occurring, to learn about practical challenges of implementing legalized marijuana. Agency investigators attended training sessions with other states' enforcement staff, enabling hands-on enforcement experience in commercial establishments that do not yet exist in Alaska.
- Staff posted multiple public notices related to the marijuana regulations project, and received and tracked written comments through five separate rounds of public input related to the nine articles of regulations. Thousands of comments were received from nearly five hundred individual commenters; these comments were tracked and posted to the website. The comments were also compiled section-by-section to facilitate board review.
- Conducted eight full-day meetings and three half-day meetings of the Alcoholic Beverage Control (ABC) board between July 1, 2015 and June 30, 2016. This represents a total of four additional full day meetings to address the added duties created by the passage of Ballot Measure 2. In past years the ABC board has met for five full days throughout the year. The ABC board promulgated one permanent regulation defining a term in the ballot measure, and reviewed draft regulations relating to Article 2, Local Option, of the marijuana regulations. The ABC board took public testimony at its April, 2015 meeting and posted draft regulations for public comment beginning in May, 2015.

**Key Component Challenges**

Remote liquor license holders manufacturing or serving alcohol cannot be regularly checked for compliance or violations because of prohibitive travel expenses. Partnering with other departments would increase consistent enforcement of statutes and regulations by allowing Alcohol and Marijuana Control Office (AMCO) investigators to accompany other employees who are already traveling to remote areas of the state, particularly by boat, car or private plane.

Technical improvements in record keeping and public interaction are needed. The agency's systems and records are paper-based and need updating. Storage and copying costs are incurred each year to maintain these paper-based systems as well as a significant amount of staff time. Applications are not available online and applicants must physically come in or mail applications, resulting in significant staff time in getting missing information or corrections to incomplete documents.

Accepting and processing an unknown number of marijuana license applications will pose a significant challenge in FY2016 and FY2017. In FY2016, staff must prepare to accept applications electronically; however, the database application cannot be developed and finalized until regulations are finalized. Staff will be particularly challenged by the need to implement an electronic licensing database in a narrow window of time (December, 2015-February, 2016). Training on the new regulations and preparation of a Request For Proposal for "seed to sale" software must all occur in the same short time span.

Educating the public, law enforcement stakeholders and local government officials regarding the regulations adopted by the board for the regulation of marijuana will be a significant challenge. If Senate Bill 99 (revisions to Title 4) passes this session, the changes will need to be disseminated to the public through an educational effort. Regulations in 3 AAC 304 must be promulgated to bring regulations in line with statutory changes.

### **Significant Changes in Results to be Delivered in FY2018**

The passage of Ballot Measure 2, allowing the possession, sale and use of marijuana, adds new responsibilities to the Alcohol and Marijuana Control Office. The new Marijuana Control Board (MCB), which is responsible for regulating the cultivation, manufacture, and sale of marijuana in the state, shares the same director and staff as the Alcoholic Beverage Control Board (ABC). Regulations for marijuana must be adopted by November 24, 2015 per the ballot measure. The volume of applications for licensure is unknown; a high volume of applications and licensees may stretch the agency's current resources.

The ABC and MCB are responsible for safely regulating alcohol and marijuana in the state; educational efforts are a key component of fulfilling that responsibility. The agency will add a Local Government Specialist IV in FY2017 to provide education and outreach support to local governments, licensees, municipal organizations, and other interested parties to ensure that the proposed changes to Title 4 under Senate Bill 99 and the new marijuana regulations are effectively communicated and appropriately implemented.

### **Statutory and Regulatory Authority**

Alcoholic Beverages (AS 04)  
Alcoholic Beverage Control Board (3 AAC 304)  
Production, Sale and Use of Marijuana (AS 17.38)  
Regulation of Marijuana (3 AAC 306)

<b>Contact Information</b>
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**Component Detail All Funds**  
**Department of Commerce, Community, and Economic Development**

**Component:** Alcoholic Beverage Control Board (2690)  
**RDU:** Alcoholic Beverage Control Board (614)

Non-Formula Component

	FY2016 Actuals	FY2017 Conference Committee	FY2017 Authorized	FY2017 Management Plan	FY2018 Governor	FY2017 Management Plan vs FY2018 Governor	
71000 Personal Services	1,496.5	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	73.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	1,205.8	0.0	0.0	0.0	0.0	0.0	0.0%
74000 Commodities	311.6	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	65.9	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>3,152.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Fund Sources:</b>							
1004Gen Fund (UGF)	1,501.5	0.0	0.0	0.0	0.0	0.0	0.0%
1005GF/Prgm (DGF)	1,651.3	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Unrestricted General (UGF)</b>	<b>1,501.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Designated General (DGF)</b>	<b>1,651.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
Permanent Full Time	17	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Commerce, Community, and Economic Development**

**Component:** Alcoholic Beverage Control Board (2690)  
**RDU:** Alcohol and Marijuana Control Office (647)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
Subtotal		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2017 Management Plan To FY2018 Governor *****												
Totals		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

**Line Item Detail (1676)**  
**Department of Commerce, Community, and Economic Development**  
**Travel**

**Component:** Alcoholic Beverage Control Board (2690)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
2000	Travel		73.0	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>2000 Travel Detail Totals</b>			<b>73.0</b>	<b>0.0</b>	<b>0.0</b>
2000	In-State Employee Travel	In-State Transportation - Transportation costs for travel relating to administration, meetings, and boards.	34.3	0.0	0.0
2001	In-State Non-Employee Travel	In-State Transportation - Transportation costs for travel relating to meetings and boards for non-employees.	29.5	0.0	0.0
2002	Out of State Employee Travel	Out-of-State Transportation - Transportation costs for travel relating to administration, conventions and meetings, boards and commissions.	9.2	0.0	0.0

**Line Item Detail (1676)**

**Department of Commerce, Community, and Economic Development  
Services**

**Component:** Alcoholic Beverage Control Board (2690)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
3000	Services		1,205.8	0.0	0.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
<b>3000 Services Detail Totals</b>			<b>1,205.8</b>	<b>0.0</b>	<b>0.0</b>
3000	Education Services	Training, educational conferences, agency memberships, tuition, books and fees for work-related courses.	1.5	0.0	0.0
3001	Financial Services	Accounting, auditing, management consulting, grantee monitoring, loan servicing and insurance related services.	67.5	0.0	0.0
3002	Legal and Judicial Services	Legal and judicial services, including costs to conduct hearings and transcription fees.	0.4	0.0	0.0
3003	Information Technology	Information Technology - Training, consulting, equipment and software leases, licensing and maintenance.	52.5	0.0	0.0
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors.	49.0	0.0	0.0
3006	Delivery Services	Freight, courier services, and postage.	1.3	0.0	0.0
3007	Advertising and Promotions	Advertising, promotions and legal notices.	14.1	0.0	0.0
3009	Structure/Infrastructure/Land	Structure, infrastructure and land repairs, maintenance, rentals and leases.	1.5	0.0	0.0
3010	Equipment/Machinery	Machinery, furniture and equipment purchase, repairs, maintenance,	4.7	0.0	0.0

**Line Item Detail (1676)**

**Department of Commerce, Community, and Economic Development  
Services**

**Component:** Alcoholic Beverage Control Board (2690)

Object Class		Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
			<b>3000 Services Detail Totals</b>	<b>1,205.8</b>	<b>0.0</b>	<b>0.0</b>
			rentals, and leases.			
3011	Other Services		Other professional services.	71.1	0.0	0.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	Information Technology services not including those for telecommunications.	12.6	0.0	0.0
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	Teleconferencing and telephone services. Teleconferencing and telephone services.	25.2	0.0	0.0
3018	Inter-Agency Information Technology Telecommunications	Legis - Department-wide	Teleconferencing and telephone services.	3.1	0.0	0.0
3021	Inter-Agency Mail	Admin - Department-wide	Division of General Services - Pro-rated share of expenses relating to central mailroom support and services.	2.3	0.0	0.0
3022	Inter-Agency Human Resources	Admin - Department-wide	Division of Personnel and Labor Relations - Human resource and personnel services.	8.3	0.0	0.0
3023	Inter-Agency Building Leases	Admin - Department-wide	Linny Pacillo Parking Garage lease and parking permits.	22.8	0.0	0.0
3024	Inter-Agency Legal	Law - Department-wide	Legal services.	225.3	0.0	0.0
3026	Inter-Agency Insurance	Admin - Department-wide	Division of Risk Management - Risk management insurance charges for leased buildings, repossessed properties, public official bonds, and overhead.	0.3	0.0	0.0
3027	Inter-Agency Financial	Admin - Department-wide	Division of Finance - Computer services for State accounting (IRIS), payroll (AKPAY), and reporting (ALDER) systems.	1.4	0.0	0.0
3030	Inter-Agency Hearing/Mediation		Hearing and mediation services.	9.2	0.0	0.0
3036	Inter-Agency Safety		Safety services, including guard hire,	13.1	0.0	0.0

**Line Item Detail (1676)**

**Department of Commerce, Community, and Economic Development  
Services**

**Component:** Alcoholic Beverage Control Board (2690)

Object Class		Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
			<b>3000 Services Detail Totals</b>	<b>1,205.8</b>	<b>0.0</b>	<b>0.0</b>
			background checks, security systems, and fingerprinting.			
3037	State Equipment Fleet	Trans - Department-wide	State equipment fleet services.	27.2	0.0	0.0
3038	Inter-Agency Management/Consulting	Commerce - Administrative Services (1028)	Administrative Services and Commissioner's Office support.	554.1	0.0	0.0
			Administrative Services and Commissioner's Office support.			
3038	Inter-Agency Management/Consulting	Commerce - DCCED State Facilities Rent (2472)	State-owned facility space rent.	37.3	0.0	0.0
			State-owned facility space rent.			

**Line Item Detail (1676)**

**Department of Commerce, Community, and Economic Development  
Commodities**

**Component:** Alcoholic Beverage Control Board (2690)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
4000	Commodities		311.6	0.0	0.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
		<b>4000 Commodities Detail Totals</b>	<b>311.6</b>	<b>0.0</b>	<b>0.0</b>
4000	Business	Supplies for office, library, training, and instructional needs, including small equipment, tools and subscriptions.	289.8	0.0	0.0
4004	Safety	Safety supplies, including law enforcement supplies and personal protection gear for investigators.	21.8	0.0	0.0

**Line Item Detail (1676)**

**Department of Commerce, Community, and Economic Development  
Capital Outlay**

**Component:** Alcoholic Beverage Control Board (2690)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
5000	Capital Outlay		65.9	0.0	0.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
<b>5000 Capital Outlay Detail Totals</b>			<b>65.9</b>	<b>0.0</b>	<b>0.0</b>
5004	Equipment	Equipment and furniture.	65.9	0.0	0.0

**Revenue Detail (1681)**

**Department of Commerce, Community, and Economic Development**

**Component:** Alcoholic Beverage Control Board (2690)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>5005 GF/Prgm (1005 GF/Prgm)</b>			<b>2,004.4</b>	<b>0.0</b>	<b>0.0</b>
5101 Program Receipts Public Protection - Licenses and Permits		Program receipts from alcohol regulation.	1,662.9	0.0	0.0
5101 Program Receipts Public Protection - Licenses and Permits		Program receipts from marijuana regulation.	341.5	0.0	0.0
<b>6004 Gen Fund (1004 Gen Fund)</b>			<b>0.3</b>	<b>0.0</b>	<b>0.0</b>
6046 General Fund - Prior Year Reimbursement Recovery		General Funds - Prior year reimbursement recovery.	0.3	0.0	0.0

**Inter-Agency Services (1682)**

**Department of Commerce, Community, and Economic Development**

**Component:** Alcoholic Beverage Control Board (2690)

	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>Component Totals</b>	<b>942.2</b>	<b>0.0</b>	<b>0.0</b>
With Department of Administration	72.9	0.0	0.0
With Legislature	3.1	0.0	0.0
With Department of Law	225.3	0.0	0.0
With Unspecified	22.3	0.0	0.0
With Department of Transportation/Public Facilities	27.2	0.0	0.0
With Department of Commerce, Community, and Economic Development	591.4	0.0	0.0

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3017 Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	Information Technology services not including those for telecommunications.	12.6	0.0	0.0
3018 Inter-Agency Information Technology Telecommunications	Admin - Department-wide	Teleconferencing and telephone services. Teleconferencing and telephone services.	25.2	0.0	0.0
3018 Inter-Agency Information Technology Telecommunications	Legis - Department-wide	Teleconferencing and telephone services.	3.1	0.0	0.0
3021 Inter-Agency Mail	Admin - Department-wide	Division of General Services - Pro-rated share of expenses relating to central mailroom support and services.	2.3	0.0	0.0
3022 Inter-Agency Human Resources	Admin - Department-wide	Division of Personnel and Labor Relations - Human resource and personnel services.	8.3	0.0	0.0
3023 Inter-Agency Building Leases	Admin - Department-wide	Linny Pacillo Parking Garage lease and parking permits.	22.8	0.0	0.0
3024 Inter-Agency Legal	Law - Department-wide	Legal services.	225.3	0.0	0.0
3026 Inter-Agency Insurance	Admin - Department-wide	Division of Risk Management - Risk management insurance charges for leased buildings, repossessed	0.3	0.0	0.0

**Inter-Agency Services (1682)**

**Department of Commerce, Community, and Economic Development**

**Component:** Alcoholic Beverage Control Board (2690)

<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
		properties, public official bonds, and overhead.			
3027	Inter-Agency Financial	Admin - Department-wide	1.4	0.0	0.0
		Division of Finance - Computer services for State accounting (IRIS), payroll (AKPAY), and reporting (ALDER) systems.			
3030	Inter-Agency Hearing/Mediation		9.2	0.0	0.0
		Hearing and mediation services.			
3036	Inter-Agency Safety		13.1	0.0	0.0
		Safety services, including guard hire, background checks, security systems, and fingerprinting.			
3037	State Equipment Fleet	Trans - Department-wide	27.2	0.0	0.0
		State equipment fleet services.			
3038	Inter-Agency Management/Consulting	Commerce - Administrative Services (1028)	554.1	0.0	0.0
		Administrative Services and Commissioner's Office support.			
		Administrative Services and Commissioner's Office support.			
3038	Inter-Agency Management/Consulting	Commerce - DCCED State Facilities Rent (2472)	37.3	0.0	0.0
		State-owned facility space rent.			
		State-owned facility space rent.			