

3 AAC 304 is amended by adding a new section to read:

3 AAC 304.106. Security interest transfers.

(a) A licensee, wishing to establish a security interest in a license being transferred to a new owner, shall submit the following documents with the transfer application:

(1) a leasehold conveyance or contract of sale of property made in the course of the license transfer, recorded in the manner provided for recordation of real estate conveyances, along with a UCC filing statement in which a security interest in the license is claimed under AS 04.11.670 and AS 04.11.360(4)(B); the documents recorded under this paragraph must contain the following statement: "Under the terms of AS 04.11.670, AS 04.11.360(4)(B), and 3 AAC 304.106, the transferor/lessor retains a security interest in the liquor license that is the subject of this conveyance, and may, as a result, be able to obtain a retransfer of the license without satisfaction of other creditors.";

(2) a list of property being conveyed from the transferor to the transferee, along with the value of the property. The value shall be sufficient for the board to determine that the license is not being used as collateral as prohibited by AS 04.11.670; and

(3) all leases, contracts, and other relevant memoranda relating to the lease or sale of property in conjunction with the license transfer.

(b) The transferor must include in the published notice of transfer required by AS 04.11.310(a), the following statement: "Under the terms of AS 04.11.360(4)(B), AS 04.11.670, and 3 AAC 304.106, the transferor/lessor retains a security interest in the liquor license that is the subject of this conveyance, and may, as a result, be able to obtain a retransfer of the license without satisfaction of other creditors."

(c) A security interest in a license may not be established when the license transfer contemplates a transfer of less than 100% of the interest in the license.

(d) A license with an established security interest may not be transferred to a new owner unless all obligations under the security interest are satisfied prior to or as part of the transfer.

3 AAC 304.107 is amended to read:

3 AAC 304.107. Compelled transfer of license; security interest

(a) If the[A] former licensee seeks to compel the transfer of a license because of a promise under AS 04.11.670 given as collateral by the current licensee to the former licensee in the course of an earlier transfer of the license, followed by a default in payment in connection with property conveyed or a lease made in the course of the previous transfer, the board will deny the transfer if creditors are not satisfied under AS 04.11.360(4)(A) unless it clearly appears that: [THE FORMER LICENSEE, AT THE TIME OF THE PREVIOUS TRANSFER, COMPLIED WITH THE FOLLOWING NOTICE REQUIREMENTS:]

(1) the security interest was established in the previous transfer in accordance with 3 AAC 304.106;[A LEASEHOLD CONVEYANCE OR CONTRACT OF SALE OF PROPERTY MADE IN THE COURSE OF THE PREVIOUS LICENSE TRANSFER WAS RECORDED IN THE MANNER PROVIDED FOR RECORDATION OF REAL ESTATE CONVEYANCES, AND THE TRANSFEROR, AT THE TIME OF THE PREVIOUS TRANSFER, MADE A UCC FILING STATEMENT IN WHICH A SECURITY INTEREST IN THE LICENSE WAS CLAIMED UNDER AS 04.11.670 AND AS 04.11.360(4)(B); THE DOCUMENTS RECORDED UNDER THIS PARAGRAPH MUST CONTAIN THE FOLLOWING STATEMENT: "UNDER THE TERMS OF AS 04.11.670, AS 04.11.360(4)(B),

AND 3 AAC 304.107, THE TRANSFEROR/LESSOR RETAINS A SECURITY INTEREST IN THE LIQUOR LICENSE THAT IS THE SUBJECT OF THIS CONVEYANCE, AND MAY, AS A RESULT, BE ABLE TO OBTAIN A RETRANSFER OF THE LICENSE WITHOUT SATISFACTION OF OTHER CREDITORS."; AND]

(2) **the former licensee operated the license that was transferred for at least 30 eight-hour days and;**[ALL DOCUMENTS PREPARED IN CONNECTION WITH THE PREVIOUS TRANSFER OF THE LIQUOR LICENSE, INCLUDING ALL LEASES, CONTRACTS, AND OTHER RELEVANT MEMORANDA, WERE FILED WITH THE BOARD AT THE TIME OF THE PREVIOUS TRANSFER; THE DOCUMENTATION MUST INCLUDE A STATEMENT OF THE BOOK AND PAGE NUMBER SHOWING WHERE THE LEASE OR CONTRACT, AND UCC FILING STATEMENT, BEARING THE DISCLOSURE STATEMENT REQUIRED IN (1) OF THIS SUBSECTION, ARE RECORDED; AND]

(3) **the term of a security interest in a license to secure payment for personal property did not exceed 10 years.** [THE NOTICE OF THE PREVIOUS TRANSFER REQUIRED BY AS 04.11.310(A) WAS MADE IN WRITING AND PUBLISHED, AS REQUIRED UNDER 3 AAC 304.125, ONCE A WEEK FOR THREE WEEKS IN A NEWSPAPER OF GENERAL CIRCULATION BEFORE THE TRANSFER, IN ADDITION TO ANY OTHER NOTICE OF THE APPLICATION THAT MIGHT HAVE BEEN REQUIRED BY THE BOARD AT THE TIME OF THE PREVIOUS TRANSFER; THE PUBLISHED NOTICE MUST CONTAIN THE FOLLOWING STATEMENT: "UNDER THE TERMS OF AS 04.11.360(4)(B), AS 04.11.670, AND 3 AAC 304.107, THE TRANSFEROR/LESSOR RETAINS A SECURITY INTEREST IN THE LIQUOR LICENSE

THAT IS THE SUBJECT OF THIS CONVEYANCE, AND MAY, AS A RESULT, BE ABLE TO OBTAIN A RETRANSFER OF THE LICENSE WITHOUT SATISFACTION OF OTHER CREDITORS."]

(b) The director may identify, in board meeting agendas, those applications for transfer of ownership that are secured as described in this section.

[(C) A FORMER LICENSEE MAY NOT COMPEL RETRANSFER OF A LICENSE UNDER AS 04.11.360(4)(B) AND AS 04.11.670 UNLESS

(1) THE FORMER LICENSEE OPERATED THE LICENSE THAT WAS TRANSFERRED FOR AT LEAST 30 EIGHT-HOUR DAYS; AND

(2) PROPERTY, WITH THE EXCEPTION OF CORPORATE STOCK OR A LEASE CONVEYANCE, CONVEYED AT THE TIME OF LICENSE TRANSFER HAD SUFFICIENT INDEPENDENT VALUE APART FROM THE LICENSE SUFFICIENT IN THE DETERMINATION OF THE BOARD TO JUSTIFY THE TAKING OF A SECURITY INTEREST IN THE LICENSE; THE TERM OF A SECURITY INTEREST IN A LICENSE TO SECURE PAYMENT FOR PERSONAL PROPERTY MAY NOT EXCEED 10 YEARS; IN DETERMINING WHETHER THE PROPERTY VALUE IS SUFFICIENT UNDER THIS SUBSECTION, THE BOARD WILL UTILIZE ACCEPTED BUSINESS PRINCIPLES.]

(c)[(D)] After the foreclosure of real property that secures payment of a debt also secured by a promise under AS 04.11.670, a license may not be retransferred without satisfaction of creditors under AS 04.11.360(4)(A) unless

(1) the board approved an application for retransfer before the foreclosure; or

(2) the amount owed to the former licensee for the real property at the time of foreclosure exceeds the fair market value of the property; the former licensee carries the burden of proof to show that the fair market value is less than the amount owed.