

SB268 INTRODUCED



1 SB268
2 QN7TK11-1
3 By Senator Singleton
4 RFD: Tourism
5 First Read: 20-Mar-25



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SYNOPSIS:

Existing law makes no specific provisions regarding the retail sale, wholesale, or tax on the sale of low-alcohol by volume content beverages made from liquor. These beverages are regulated like liquor. They are not available for distribution through beer and table wine wholesalers and are only sold in ABC stores.

This bill would define a new category of ready to drink mixed liquor beverages containing no more than seven percent alcohol by volume, called "mixed spirit beverages."

This bill would institute a licensing structure in Alabama for mixed spirit beverages, which would require all mixed spirit beverages, other than those sold in Alabama Beverage Control Board stores, to be distributed through licensed wholesalers to licensed retailers for on-premise and off-premise consumption.

This bill would provide for the levy of a privilege or excise tax on mixed spirit beverages.

This bill would require suppliers of mixed spirit beverages to designate exclusive sales territories for each brand and enter into a distribution agreement with a licensed wholesaler for each sales territory.



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29 This bill would also set requirements for
30 distribution agreements between suppliers and wholesale
31 distributors of mixed spirit beverages for no-cause
32 termination or nonrenewal of a distribution agreement.

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A BILL

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TO BE ENTITLED

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AN ACT

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41 Relating to alcoholic beverages; to amend Sections
42 28-3-1, 28-3A-3, 28-3A-21, and 28-3A-23, Code of Alabama 1975;
43 to define a new category of low-alcohol content liquor
44 beverages called mixed spirit beverages; to add Section
45 28-3-208 to the Code of Alabama 1975, to levy an excise tax
46 upon the distribution of mixed spirit beverages; to add
47 Section 28-3A-9.1 to the Code of Alabama 1975, to provide a
48 license for wholesalers of mixed spirit beverages; to add
49 Section 28-3A-17.3, to provide licenses for retailers of mixed
50 spirit beverages; to set fees for the licenses; and to add
51 Chapter 8B to Title 28 of the Code of Alabama 1975; to require
52 licensed importers, manufacturers, and suppliers of mixed
53 spirit beverages to enter into exclusive sales territory
54 distribution agreements with wholesalers.

55

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

56

Section 1. Section 28-3-1, Code of Alabama 1975, is



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57 amended to read as follows:

58 "§28-3-1

59 As used in this title, the following words~~shall~~ have
60 the following meanings unless the context clearly indicates
61 otherwise:

62 (1) ALCOHOLIC BEVERAGES. Any alcoholic, spirituous,
63 vinous, fermented, or other alcoholic beverage, or combination
64 of liquors and mixed liquor, a part of which is spirituous,
65 vinous, fermented, or otherwise alcoholic, and all drinks or
66 drinkable liquids, preparations, or mixtures intended for
67 beverage purposes, which contain one-half of one percent or
68 more of alcohol by volume,~~and shall include~~. The term
69 includes liquor, beer,~~and~~ wine, and mixed spirit beverages.

70 (2) ASSOCIATION. A partnership, limited partnership, or
71 any form of unincorporated enterprise owned by two or more
72 persons.

73 (3) BEER, or MALT OR BREWED BEVERAGES. Any beer, lager
74 beer, ale, porter, malt or brewed beverage, or similar
75 fermented beverage containing one-half of one percent or more
76 of alcohol by volume and not in excess of~~thirteen and~~
77 ~~nine-tenths~~13.9 percent alcohol by volume, brewed or produced
78 from malt, wholly or in part, or from rice, grain of any kind,
79 bran, glucose, sugar, or molasses. A beer or malt or brewed
80 beverage may incorporate honey, fruit, fruit juice, fruit
81 concentrate, herbs, spices, or other flavorings during the
82 fermentation process. The term does not include any product
83 defined as liquor, table wine, ~~or~~ wine, or mixed spirit
84 beverages.



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85 (4) BOARD. The Alcoholic Beverage Control Board.

86 (5) BRANDY. All beverages that are an alcoholic
87 distillate from the fermented juice, mash, or wine of fruit,
88 or from the residue thereof, produced in such manner that the
89 distillate possesses the taste, aroma, and characteristics
90 generally attributed to the beverage, as bottled at not less
91 than 80 degree proof.

92 (6) CARTON. The package or container or containers in
93 which alcoholic beverages are originally packaged for shipment
94 to market by the manufacturer or its designated
95 representatives or the importer.

96 (7) CIDER. A fermented alcoholic beverage made from
97 apple juice and containing not more than 8.5 percent alcohol
98 by volume.

99 (8) CLUB.

100 a. Class I. A corporation or association organized or
101 formed in good faith by authority of law and which must have
102 at least 150 paid-up members. It must be the owner, lessee, or
103 occupant of an establishment operated solely for the objects
104 of a national, social, patriotic, political, or athletic
105 nature or the like, but not for pecuniary gain, and the
106 property as well as the advantages of which, belong to all the
107 members and which maintains an establishment provided with
108 special space and accommodations where, in consideration of
109 payment, food with or without lodging is habitually served.
110 The club shall hold regular meetings, continue its business
111 through officers regularly elected, admit members by written
112 application, investigation, and ballot, and charge and collect



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113 dues from elected members.

114 b. Class II. A corporation or association organized or
115 formed in good faith by authority of law and which must have
116 at least 100 paid-up members. It must be the owner, lessee, or
117 occupant of an establishment operated solely for the objects
118 of a national, social, patriotic, political, or athletic
119 nature or the like. The club shall hold regular meetings,
120 continue its business through officers regularly elected,
121 admit members by written application, investigation, and
122 ballot, and charge and collect dues from elected members.

123 (9) CONTAINER. The single bottle, can, keg, bag, or
124 other receptacle, but not a carton, in which alcoholic
125 beverages are originally packaged for the market by the
126 manufacturer or importer and from which the alcoholic beverage
127 is consumed by or dispensed to the public.

128 (10) CORPORATION. A corporation or joint stock
129 association organized under the laws of this state, the United
130 States, or any other state, territory, or foreign country, or
131 dependency.

132 (11) DELIVERY. The transportation of alcoholic
133 beverages directly from a retail licensee of the board to an
134 individual, pursuant to Section 28-1-4 and Section 28-3A-13.1.

135 (12) DELIVERY SERVICE LICENSE. A license issued by the
136 Alabama Alcoholic Beverage Control Board in accordance with
137 Section 28-3A-13.1 that authorizes the licensee, the
138 licensee's employees, or independent contractors under a
139 contractual or business arrangement with the licensee to
140 transport and deliver alcoholic beverages.



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141 (13) DRY COUNTY. Any county which by a majority of
142 those voting voted in the negative in an election ~~heretofore~~
143 held under the applicable statutes at the time of the election
144 or may hereafter vote in the negative in an election or
145 special method referendum hereafter held in accordance with
146 Chapter 2, or held in accordance with the provisions of any
147 act hereafter enacted permitting such election.

148 (14) DRY MUNICIPALITY. Any municipality within a wet
149 county which has, by its governing body or by a majority of
150 those voting in a municipal election ~~heretofore~~ held in
151 accordance with the provisions of Section 28-2-22, or in a
152 municipal option election ~~heretofore or hereafter~~ held in
153 accordance with the provisions of ~~Act 84-408, Acts of Alabama~~
154 ~~1984, appearing as~~ Chapter 2A, or any act hereafter enacted
155 permitting municipal option election, voted to exclude the
156 sale of alcoholic beverages within the corporate limits of the
157 municipality.

158 (15) EMPLOYEE. An individual to whom an employer is
159 required to issue a W-2 tax form under federal law.

160 (16) GENERAL WELFARE PURPOSES. All of the following:

161 a. The administration of public assistance as set out
162 in Sections 38-2-5 and 38-4-1.

163 b. Services, including supplementation and
164 supplementary services under the federal Social Security Act,
165 to or on behalf of persons to whom public assistance may be
166 given under Sections 38-2-5 and 38-4-1.

167 c. Service to and on behalf of dependent, neglected, or
168 delinquent children.



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169 d. Investigative and referral services to and on behalf
170 of needy persons.

171 (17) HEARING COMMISSION. A body appointed by the board
172 to hear and decide all contested license applications and all
173 disciplinary charges against any licensee for violation of
174 this title or the rules of the board.

175 (18) HOTEL. A building or buildings held out to the
176 public for housing accommodations of travelers or transients,
177 and shall include a motel, but shall not include a rooming
178 house or boarding house.

179 (19) IMPORTER. Any person, association, or corporation
180 engaged in importing alcoholic beverages, liquor, wine, ~~or~~
181 beer, or mixed spirit beverages manufactured outside of the
182 United States of America into this state or for sale or
183 distribution in this state, or to the board or to a licensee
184 of the board.

185 (20) INDEPENDENT CONTRACTOR. An individual to whom an
186 employer is required to issue a 1099 tax form under federal
187 law.

188 (21) KEG. A pressurized factory sealed container with a
189 capacity equal to or greater than five U.S. gallons, from
190 which beer is withdrawn by means of an external tap.

191 (22) LIQUOR. Any alcoholic, spirituous, vinous,
192 fermented, or other alcoholic beverage, or combination of
193 liquors and mixed liquor, a part of which is spirituous,
194 fermented, vinous, or otherwise alcoholic, and all drinks or
195 drinkable liquids, preparations, or mixtures intended for
196 beverage purposes, which contain one-half of one percent or



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197 more of alcohol by volume, except beer, ~~and~~ table wine, and
198 mixed spirit beverages.

199 (23) LIQUOR STORE. A liquor store operated by the
200 board, where alcoholic beverages other than beer are
201 authorized to be sold in unopened containers.

202 (24) MANUFACTURER. Any person, association, or
203 corporation engaged in the producing, bottling, manufacturing,
204 distilling, fermenting, brewing, rectifying, or compounding of
205 alcoholic beverages, liquor, beer, ~~or~~ wine, or mixed spirit
206 beverages in this state or for sale or distribution in this
207 state or to the board or to a licensee of the board.

208 (25) MEAD. An alcoholic beverage produced by fermenting
209 a solution of honey and water with grain mash and containing
210 not more than 18 percent alcohol by volume.

211 (26) MEAL. A diversified selection of food some of
212 which is not susceptible of being consumed in the absence of
213 at least some articles of tableware and which cannot be
214 conveniently consumed while one is standing or walking about.

215 (27) MINOR. Any person under 21 years of age; provided,
216 however, in the event Section 28-1-5, ~~shall be is~~ repealed or
217 otherwise ~~shall be~~ no longer in effect, ~~thereafter~~ the
218 provisions of Section 26-1-1, shall govern.

219 (28) MIXED SPIRIT BEVERAGES. A single-serve beverage
220 containing liquor, packaged in a can or other container
221 approved by the board no larger than 16 ounces, and which
222 contains no more than seven percent alcohol by volume. The
223 term does not include any beverage containing liquor over 16
224 ounces in size or of more than seven percent alcohol by



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225 volume.

226 (29) MUNICIPALITY. Any incorporated city or town of
227 this state to include its police jurisdiction.

228 ~~(29)~~30 PERSON. Every natural person, association, or
229 corporation. Whenever used in a clause prescribing or imposing
230 a fine or imprisonment, or both, ~~such~~ the term as applied to
231 an association shall mean the partners or members thereof and
232 as applied to a corporation shall mean the officers thereof,
233 except as to incorporated clubs the term ~~person shall mean~~
234 ~~such~~ means an individual or individuals who, under the bylaws
235 of such clubs, shall have jurisdiction over the possession and
236 sale of liquor therein.

237 ~~(30)~~ (31) POPULATION. The population according to the
238 last preceding or any subsequent decennial census of the
239 United States, except where a municipality is incorporated
240 subsequent to the last census, in which event, its population
241 until the next decennial census shall be the population of the
242 municipality as determined by the judge of probate of the
243 county as the official population on the date of its
244 incorporation.

245 ~~(31)~~ (32) RESTAURANT. A reputable place licensed as a
246 restaurant, operated by a responsible person of good
247 reputation, and habitually and principally used for the
248 purpose of preparing and serving meals for the public to
249 consume on the premises.

250 ~~(32)~~ (33) RETAILER. Any person licensed by the board to
251 engage in the retail sale of any alcoholic beverages to the
252 consumer.



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253 ~~(33)~~ (34) SALE or SELL. Any transfer of liquor, wine, ~~or~~
254 beer, or mixed spirit beverages for a consideration, and any
255 gift in connection with, or as a part of, a transfer of
256 property other than liquor, wine, ~~or~~ beer, or mixed spirit
257 beverages for a consideration.

258 ~~(34)~~ (35) SELLING PRICE. The total marked-up price of
259 spirituous or vinous liquors sold by the board, exclusive of
260 taxes levied thereon.

261 ~~(35)~~ (36) TABLE WINE. Except as otherwise provided in
262 this subdivision, any wine containing not more than 24 percent
263 alcohol by volume. Table wine does not include any wine
264 containing more than ~~sixteen and one-half~~ 16.5 percent alcohol
265 by volume that is made with herbs or flavors, except vermouth,
266 or is an imitation or other than standard wine. Table wine is
267 not liquor, spirituous, or vinous.

268 ~~(36)~~ (37) UNOPENED CONTAINER. A container containing
269 alcoholic beverages, which has not been opened or unsealed
270 subsequent to filling and sealing by the manufacturer or
271 importer.

272 ~~(37)~~ (38) WET COUNTY. Any county which by a majority of
273 those voting voted in the affirmative in an election
274 ~~heretofore~~ held in accordance with the statutes applicable at
275 the time of the election or may hereafter vote in the
276 affirmative in an election or special method referendum held
277 in accordance with Chapter 2, or other statutes applicable at
278 the time of the election.

279 ~~(38)~~ (39) WET MUNICIPALITY. Any municipality in a dry
280 county which by a majority of those voting voted in the



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281 affirmative in a municipal option election ~~heretofore or~~
282 ~~hereafter~~ held in accordance with ~~the provisions of Act~~
283 ~~84-408, Acts of Alabama 1984, appearing as~~ Chapter 2A of this
284 title, ~~as amended,~~ or any act hereafter enacted permitting
285 municipal option election, or any municipality which became
286 wet by vote of the governing body or by the voters of the
287 municipality ~~heretofore or hereafter~~ held under the special
288 method referendum provisions of Section 28-2-22, or as
289 hereafter provided, where the county has become dry subsequent
290 to the elected wet status of the municipality.

291 ~~(39)~~ (40) WHOLESALER. Any person licensed by the board
292 to engage in the sale and distribution of table wine, ~~and~~
293 beer, or mixed spirit beverages, or ~~either any combination~~
294 thereof ~~of them,~~ within this state, at wholesale only, to be
295 sold by export or to retail licensees or other wholesale
296 licensees or others within this state lawfully authorized to
297 sell table wine, ~~and~~ beer, or mixed spirit beverages, or
298 either any combination thereof ~~of them,~~ for the purpose of
299 resale only.

300 ~~(40)~~ (41) WINE. All beverages made from the fermentation
301 of fruits, berries, or grapes, with or without added spirits,
302 and produced in accordance with the laws and regulations of
303 the United States, containing not more than 24 percent alcohol
304 by volume, and shall include all sparkling wines, carbonated
305 wines, special natural wines, rectified wines, vermouths,
306 vinous beverages, vinous liquors, and like products, including
307 restored or unrestored pure condensed juice."

308 Section 2. Section 28-3-208 is added to the Code of



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309 Alabama 1975, to read as follows:

310 §28-3-208

311 (a) There is levied, in addition to the license taxes
312 provided for by this chapter and municipal and county license
313 taxes, a privilege or excise tax measured by and graduated in
314 accordance with the volume of sales of mixed spirit beverages,
315 which shall be an amount equal to two and nine-tenths cents
316 (\$.029) per ounce or fractional part thereof.

317 (b) (1)a. The tax levied by subsection (a) shall be
318 added to the sales price of all mixed spirit beverages and
319 collected from the purchaser. The tax shall be collected in
320 the first instance from the wholesaler where mixed spirit
321 beverages are sold or handled by wholesale licensees.

322 b. It shall be unlawful for any person who is required
323 to pay the tax in the first instance to fail or refuse to add
324 to the sales price and collect from the purchaser the required
325 amount of tax, it being the intent and purpose of this section
326 that the tax levied is in fact a levy on the consumer. The
327 person who pays the tax in the first instance is acting as an
328 agent of the state for the collection and payment of the tax
329 and as such may not collect a tax on mixed spirit beverages
330 for any other level of government.

331 (2) The tax levied by subsection (a) shall be collected
332 by a monthly return as follows:

333 a. The wholesaler shall file a monthly return with the
334 board no later than the 15th day of the second month following
335 the month of receipt of mixed spirit beverages by the
336 wholesaler on a form prescribed by the board showing receipts



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337 by the wholesaler from manufacturers, importers, or other
338 wholesaler licensees during the month of receipt and the tax
339 due thereon at the rate of two and nine-tenths cents (\$.029)
340 per ounce of mixed spirit beverages sold to the wholesaler.
341 The tax due at this rate shall be remitted to the board along
342 with the return.

343 b. A wholesaler shall file a monthly return with the
344 county or municipality within which the mixed spirit beverage
345 is sold at retail not later than the 15th day of each month,
346 showing sales by wholesalers during the preceding month and
347 the tax due thereon at the rate of two thousandths cents
348 (\$.002) per ounce sold. The tax due at this rate shall be
349 remitted to the county or municipality along with the return.

350 (3) The board and the governing body of each county and
351 municipality served by the wholesaler shall have the authority
352 to examine the books and records of the wholesaler who sells,
353 stores, or receives for the purpose of distribution any mixed
354 spirit beverages, to determine the accuracy of any return
355 required to be filed with it.

356 (c) The proceeds of the tax levied by subsection (a)
357 and remitted pursuant to subsection (b) shall be paid and
358 distributed as follows:

359 (1) One-half of the mixed spirit beverages tax shall be
360 deposited in the State General Fund.

361 (2) The remaining one-half of the mixed spirit
362 beverages tax shall be retained by the board for regulatory,
363 enforcement, and administrative purposes.

364 (3) The mixed spirit beverage tax remitted by the



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365 wholesaler to either the county or municipality under
366 paragraph (b) (2)b. shall be distributed as provided in Section
367 28-3-190.

368 (d) The tax levied under this section is exclusive and
369 shall be in lieu of all other and additional taxes and
370 licenses of the state, county, or municipality, imposed on or
371 measured by the sale or volume of sale of mixed spirit
372 beverages; provided, that nothing contained in this section
373 shall be construed to exempt the retail sale of mixed spirit
374 beverages from the levy of tax on general retail sales by the
375 state, county, or municipality in the nature of, or in lieu
376 of, a general sales tax.

377 (e) The tax levied by subsection (a) shall not be
378 imposed upon the sale, trade, or barter of mixed spirit
379 beverages by one licensed wholesaler to another wholesaler
380 licensed to sell and handle mixed spirit beverages in this
381 state, which transaction is made exempt from the tax;
382 provided, however, the board may require written reporting of
383 any such transaction in the form as the board may prescribe
384 pursuant to paragraph (b) (2)a.

385 (f) Each county and municipality may fix a reasonable
386 privilege or license fee on retail, importer, and wholesale
387 licensees, for the purpose of covering the cost of
388 administration with respect to the sale of mixed spirit
389 beverages, but not to generate revenue; provided, however, a
390 county or municipality may not levy a license or privilege tax
391 or other charge for the privilege of doing business as a mixed
392 spirit beverages wholesaler, importer, or retailer which shall



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393 exceed one-half the amount of the state license fee.

394 Section 3. Section 28-3A-3 Code of Alabama 1975, is
395 amended to read as follows:

396 "§28-3A-3

397 (a) (1) Subject to this chapter and rules adopted
398 thereunder, the board may issue and renew licenses to
399 reputable and responsible persons for the following purposes:

400 ~~(1)~~ a. To manufacture, brew, distill, ferment, rectify,
401 bottle, or compound ~~any or all~~ alcoholic beverages within or
402 for sale within this state.

403 ~~(2)~~ b. To import ~~any or all~~ alcoholic beverages
404 manufactured outside the United States into this state or for
405 sale or distribution within this state.

406 ~~(3)~~ c. To distribute, wholesale, or act as jobber for
407 the sale of liquor.

408 ~~(4)~~ d. To distribute, wholesale, or act as jobber for
409 the sale of table wine ~~and beer or either of them~~, beer, or
410 mixed spirit beverages alone or in any combination to licensed
411 retailers within the state and others within this state
412 lawfully authorized to sell table wine, ~~or~~ beer, or mixed
413 spirit beverages.

414 ~~(5)~~ e. To store or warehouse ~~any or all~~ alcoholic
415 beverages for transshipment inside and outside the state.

416 ~~(6)~~ f. To sell and dispense at retail, in a lounge,
417 ~~liquor and other~~ alcoholic beverages for on-premises
418 consumption.

419 ~~(7)~~ g. To sell and dispense at retail ~~in an~~
420 ~~establishment habitually and principally used for the purpose~~



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421 ~~of providing meals for the public, liquor and other~~, in a
422 restaurant, alcoholic beverages for on-premises consumption.

423 ~~(8)~~h. To sell liquor and wine at retail for
424 off-premises consumption.

425 ~~(9)~~i. To sell and dispense at retail, in a club, ~~liquor~~
426 ~~and other~~ alcoholic beverages for on-premises consumption.

427 ~~(10)~~j. To sell table wine at retail for off-premises
428 consumption.

429 ~~(11)~~k. To sell table wine at retail for on-premises and
430 off-premises consumption.

431 ~~(12)~~l. To sell beer at retail for on-premises and
432 off-premises consumption.

433 ~~(13)~~m. To sell beer at retail for off-premises
434 consumption.

435 n. To sell mixed spirit beverages at retail for
436 on-premises and off-premises consumption.

437 o. To sell mixed spirit beverages at retail for
438 off-premises consumption.

439 ~~(14)~~p. To sell liquor and other alcoholic beverages at
440 retail by a retail common carrier with a passenger capacity of
441 at least 10 people.

442 ~~(15)~~q. To sell ~~any or all~~ alcoholic beverages at retail
443 under a special license issued conditioned upon terms and
444 conditions and for the period of time prescribed by the board.

445 ~~(16)~~r. To sell ~~any or all~~ alcoholic beverages at retail
446 under a special event retail license issued for three days
447 upon the terms and conditions prescribed by the board.

448 (2) ~~Provided, however, that the~~ Notwithstanding



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449 subdivision (1), licenses authorized under subdivision (1) may
450 not be issued in dry counties where traffic in alcoholic
451 beverages is not authorized by law, ~~therein~~ except a wine
452 manufacturer license may be issued in a dry county pursuant to
453 Section 28-7-10.1. ~~Provided the~~The restriction of this
454 ~~paragraph~~subdivision shall not apply to the ~~issuance of a~~
455 renewal of a license under ~~subdivisions (1), (2), (3), (4),~~
456 ~~and (5)~~paragraphs (1)a. through (1)e. where the county or
457 municipality was wet when the initial license was issued and
458 the county or municipality subsequently votes dry; however, no
459 importer or wholesaler licensee may sell or distribute
460 alcoholic beverages within a dry county, except in a wet
461 municipality therein, or within a dry municipality.

462 (b) The board is granted discretionary powers in acting
463 upon license applications under the provisions of this
464 chapter.

465 (c) Licenses issued under this chapter, unless revoked
466 or suspended in the manner provided in this chapter, shall be
467 valid for the license year which shall begin on the first day
468 of October of each year, unless otherwise established by this
469 chapter or by the board. Licenses may be issued at any time
470 during the year."

471 Section 4. Section 28-3A-9.1 and 28-3A-17.3 are added
472 to the Code of Alabama 1975, to read as follows:

473 §28-3A-9.1

474 (a) Upon payment of the applicable fee for a mixed
475 spirit beverages wholesaler license as established in Section
476 28-3A-21, and the applicant's compliance with this chapter and



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477 rules adopted pursuant to this chapter, the board shall issue
478 to a wholesaler a mixed spirit beverage wholesaler license.

479 (b) A mixed spirit beverage wholesaler license shall
480 authorize the licensee to do all of the following:

481 (1) Import and receive shipments of mixed spirit
482 beverages from outside the state from licensed manufacturers.

483 (2) Purchase mixed spirit beverages from licensed
484 manufacturers or other licensed wholesalers within the state.

485 (3) Sell at wholesale or distribute mixed spirit
486 beverages to all licensees or other persons within this state
487 lawfully authorized to sell mixed spirit beverages within the
488 state.

489 (4) Export mixed spirit beverages from the state.

490 (c) Sales to all authorized persons shall be in
491 original packages or containers as approved by the board and
492 prepared for the market by the manufacturer.

493 (d) (1) Except as provided in this section, no person
494 shall sell at wholesale or distribute mixed spirit beverages
495 within this state unless the person is issued by the board a
496 wholesaler license to distribute mixed spirit beverages.

497 (2) Notwithstanding this section, Section 28-3A-17.3,
498 or Chapter 8B, the board shall retain the authority to act as
499 a wholesaler of mixed spirit beverages, provided the board, as
500 a wholesaler, shall only distribute mixed spirit beverages to
501 state liquor stores.

502 §28-3A-17.3

503 (a) Upon payment of the limited mixed spirit beverage
504 expanded retail license fee as established in Section



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505 28-3A-21, the board shall issue a limited mixed spirit
506 expanded retail license to any person who holds and possesses
507 any of the following:

508 (1) A valid retail table wine license for on-premises
509 and off-premises consumption as provided for in Section
510 28-3A-14.

511 (2) A valid retail table wine license for off-premises
512 consumption as provided for in Section 28-3A-15.

513 (3) A valid retail beer license for on-premises and
514 off-premises consumption as provided for in Section 28-3A-16.

515 (4) A valid retail beer license for off-premises
516 consumption as provided for in Section 28-3A-17.

517 (b) Upon written request to the board and without
518 payment of any additional fee in connection therewith, the
519 board shall issue a limited mixed spirit beverage expanded
520 retail license to any person who holds and possesses any of
521 the following:

522 (1) A valid lounge retail liquor license as provided
523 for in Section 28-3A-11.

524 (2) A valid club liquor retail license as provided for
525 in Section 28-3A-12.

526 (3) A valid restaurant retail liquor as provided for in
527 Section 28-3A-13.

528 (4) A special events retail license as provided for in
529 Section 28-3A-20.

530 (c) Each liquor store operated by the board for retail
531 sales only and not for sales to any person identified in
532 subsection (a) or (b) shall be authorized to purchase mixed



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533 spirit beverages from a licensed mixed spirit beverages
534 wholesaler and sell the mixed spirit beverages at retail
535 commensurate with the privileges granted to the state liquor
536 store to sell other alcoholic beverages.

537 (d) A license issued under this section shall authorize
538 the licensee to purchase mixed spirit beverages from a
539 licensed mixed spirit beverages wholesaler and sell the mixed
540 spirit beverages at retail commensurate with the privileges
541 granted to the licensee to sell beer and table wine.

542 (e) The board shall retain all limited mixed spirit
543 expanded retail licensing fees collected. The board may use
544 collected fees for regulatory and administrative purposes as
545 determined by the board in its discretion, including for the
546 purposes of replenishing the Cost of Evidence Fund established
547 pursuant to Section 28-3-55 to assist in the regulatory
548 functions of the board.

549 (f) Upon payment of a limited mixed spirit expanded
550 retail license fee, there shall be no additional licensing or
551 administrative requirements, including no requirement for
552 additional background checks imposed by the city, county, or
553 state for licensees for the sale of mixed spirit beverages.

554 Section 5. Sections 28-3A-21 and 28-3A-23, Code of
555 Alabama 1975, are amended to read as follows:

556 "§28-3A-21

557 (a) The following annual license fees are levied and
558 prescribed for licenses issued and renewed by the board
559 pursuant to the authority contained in this chapter:

560 (1) Manufacturer license, license fee of five hundred



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561 dollars (\$500).

562 (2) Importer license, license fee of five hundred
563 dollars (\$500).

564 (3) Liquor ~~wholesale~~wholesaler license, license fee of
565 five hundred dollars (\$500).

566 (4) ~~Wholesaler~~Beer wholesaler license, ~~beer~~ license fee
567 of five hundred fifty dollars (\$550) ~~or wine license fee of~~
568 ~~five hundred fifty dollars (\$550); license fee for beer and~~
569 ~~wine of seven hundred fifty dollars (\$750);~~ plus two hundred
570 dollars (\$200) for each warehouse in addition to the principal
571 warehouse.

572 (5) Wine wholesaler license, license fee of five
573 hundred fifty dollars (\$550) plus two hundred dollars (\$200)
574 for each warehouse in addition to the principal warehouse.

575 (6) Mixed spirit beverage wholesaler license, license
576 fee of five hundred fifty dollars (\$550) plus two hundred
577 dollars (\$200) for each warehouse in addition to the principal
578 warehouse.

579 (7) Beer, wine, and mixed spirit beverage wholesaler
580 license, license fee of one thousand dollars (\$1,000) plus two
581 hundred dollars (\$200) for each warehouse in addition to the
582 principal warehouse.

583 ~~(5)~~ (8) Warehouse license, license fee of two hundred
584 dollars (\$200).

585 ~~(6)~~ (9) Lounge retail liquor license, license fee of
586 three hundred dollars (\$300).

587 ~~(7)~~ (10) Restaurant retail liquor license, license fee
588 of three hundred dollars (\$300).



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589 ~~(8)~~ (11) Club liquor license, Class I license fee of
590 three hundred dollars (\$300), Class II license fee of seven
591 hundred fifty dollars (\$750).

592 ~~(9)~~ (12) Retail table wine license for off-premises
593 consumption, license fee of one hundred fifty dollars (\$150).

594 ~~(10)~~ (13) Retail table wine license for on-premises and
595 off-premises consumption, license fee of one hundred fifty
596 dollars (\$150).

597 ~~(11)~~ (14) Retail beer license for on-premises and
598 off-premises consumption, license fee of one hundred fifty
599 dollars (\$150).

600 ~~(12)~~ (15) Retail beer license for off-premises
601 consumption, license fee of one hundred fifty dollars (\$150).

602 ~~(13)~~ (16) Retail common carrier liquor license, license
603 fee of one hundred fifty dollars (\$150) for each railroad,
604 airline, bus line, ship line, vessel, or other common carrier
605 entity with a vehicle passenger capacity of at least 10
606 people.

607 ~~(14)~~ (17) Special retail license, license fee of one
608 hundred dollars (\$100) for 30 days or less; license fee of two
609 hundred fifty dollars (\$250) for more than 30 days.

610 ~~(15)~~ (18) Special events retail license, license fee of
611 one hundred fifty dollars (\$150).

612 (19) Mixed spirit expanded retail license, license fee
613 of five hundred dollars (\$500).

614 (b) The license fees levied and fixed by this section
615 shall be paid before the license is issued or renewed.

616 (c) In addition to the foregoing filing fee and license



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617 taxes or fees, any county or municipality in which the sale of
618 alcoholic beverages is permitted ~~shall be authorized to~~may fix
619 and levy privileges or license taxes on any of the foregoing
620 licenses located or operated therein, conditioned on a permit
621 or license being issued by the board.

622 (d) No county or municipality shall have any authority
623 to levy a license or tax of any nature on any liquor store."

624 "§28-3A-23

625 (a) No license prescribed in this ~~title~~chapter shall be
626 issued or renewed until the provisions of this ~~title~~chapter
627 have been complied with and the filing and license fees other
628 than those levied by a municipality are paid to the board.

629 (b) Licenses shall be granted and issued by the board
630 only to reputable individuals, to associations whose members
631 are reputable individuals, or to reputable corporations
632 organized under the laws of this state or duly qualified
633 thereunder to do business in Alabama, or, in the case of
634 manufacturers, duly registered under the laws of Alabama, and
635 then only when it appears that all officers and directors of
636 the corporation are reputable individuals.

637 (c) (1) In addition to all other requirements, an
638 applicant for a license under this section shall submit to the
639 board a form, sworn to by the applicant, providing written
640 consent from the applicant for the release of criminal history
641 background information. The form shall also require the
642 applicant's name, date of birth, and Social Security number
643 for completion of a criminal history background check.

644 (2) An applicant shall provide the board with two



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645 complete functional sets of fingerprints, either cards or
646 electronic, properly executed by a criminal justice agency or
647 an individual properly trained in fingerprinting techniques.
648 The fingerprints and form shall be submitted by the board to
649 the State Bureau of ~~Investigations~~Investigation of the Alabama
650 Law Enforcement Agency for the purposes of furnishing criminal
651 background checks. The State Bureau of
652 ~~Investigations~~Investigation shall forward a copy of the
653 applicant's prints to the Federal Bureau of Investigation for
654 a national criminal background check. The applicant shall pay
655 all costs associated with the background checks required by
656 this section.

657 (3) For purposes of this section, the term "applicant"
658 ~~shall include~~includes every person who has any proprietary or
659 profit interest of 10 percent or more in the licensed
660 establishment, but shall not include any public corporation
661 whose shares are traded on a recognized stock exchange.

662 (4) The board shall keep information received pursuant
663 to this section confidential, except that information received
664 and relied upon in denying the issuance of a license in this
665 state may be disclosed as may be necessary to support the
666 denial or when subpoenaed from a court.

667 (d) Every license issued under this ~~title~~chapter shall
668 be constantly and conspicuously displayed on the licensed
669 premises.

670 (e) Each retail liquor license application must be
671 approved by the governing authority of the municipality if the
672 retailer is located in a municipality, or by the county



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673 commission if the retailer is located in the county and
674 outside the limits of the municipality, before the board shall
675 have authority to grant the license.

676 (f) Any retailer may be granted licenses to maintain,
677 operate, or conduct any number of places for the sale of
678 alcoholic beverages, but a separate license must be secured
679 for each place where alcoholic beverages are sold. No retail
680 license issued under this ~~title~~chapter shall be used for more
681 than one premises, nor for separate types of operation on the
682 same premises. Provided, however, any such licensed retail
683 operation existing on May 14, 2009, and operating based on
684 dual licenses, both a club or lounge license and a restaurant
685 license, on the same premises shall be exempt from the
686 requirement of the preceding sentence and may continue to
687 operate under the dual licenses. Any rule adopted by the board
688 relating to the requirements concerning dual licenses, both a
689 club or lounge license and a restaurant license, shall not
690 apply to any retail operation existing on May 14, 2009. The
691 rules shall include, but not be limited to, the maintenance of
692 separate books, separate entrances, and separate inventories.
693 Each premises must have a separate retail license. Where more
694 than one retail operation is located within the same building,
695 each operation under a separate or different ownership is
696 required to obtain a separate retail license; and where more
697 than one type of retail operation located within the same
698 building is operated by the same licensee, the licensee must
699 have a license for each type of retail operation. Provided,
700 there shall be no licenses issued by the board for the sale of



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701 liquor, beer, or wine by rolling stores.

702 (g) No retailer shall sell any alcoholic beverages for
703 consumption on the licensed premises except in a room or rooms
704 or place on the licensed premises at all times accessible to
705 the use and accommodation of the general public; but this
706 section shall not be interpreted to prevent a hotel or club
707 licensee from selling alcoholic beverages in any room of the
708 hotel or club house occupied by a bona fide registered guest
709 or member or private party entitled to purchase the same.

710 (h) All beer, except draft or keg beer, sold by
711 retailers must be sold or dispensed in bottles, cans, or other
712 containers not to exceed 25.4 ounces. All wine sold by
713 retailers for off-premises consumption must be sold or
714 dispensed in bottles or other containers in accordance with
715 the standards of fill specified in the then effective
716 standards of fill for wine prescribed by the U.S. Treasury
717 Department.

718 (i) Draft or keg beer may be sold or dispensed within
719 this state within those counties in which and in the manner in
720 which the sale of draft or keg beer was authorized by law on
721 September 30, 1980, or in which the sale of draft or keg beer
722 is hereafter authorized by law. ~~In rural communities with a
723 predominantly foreign population, after the payment of the tax
724 imposed by this title, draft or keg beer may be sold or
725 dispensed by special permit from the board, when, in the
726 judgment of the board, the use and consumption of draft or keg
727 beer is in accordance with the habit and customs of the people
728 of any such rural community. The board may grant to any civic~~



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729 ~~center authority or its franchisee or concessionaire, to which~~
730 ~~the board may have issued or may simultaneously issue a retail~~
731 ~~license under the provisions of this title, a revocable~~
732 ~~temporary permit to sell or dispense in any part of its civic~~
733 ~~center, for consumption therein, draft or keg beer. Either~~
734 ~~permit shall be promptly revoked by the board if, in its~~
735 ~~judgment, the same tends to create intemperance or is~~
736 ~~prejudicial to the welfare, health, peace, temperance, and~~
737 ~~safety of the people of the community or of the state.~~

738 (j) No importer shall sell alcoholic beverages to any
739 person other than a wholesaler licensee, or sell to a
740 wholesaler licensee any brand or brands of alcoholic beverages
741 for sale or distribution in this state, except where the
742 importer has been granted written authorization from the
743 manufacturer thereof to import and sell the brand or brands to
744 be sold in this state, which authorization is on file with the
745 board.

746 (k) No wholesaler shall maintain or operate any place
747 where sales are made other than that for which the wholesale
748 license is granted; provided, however, a wholesaler may be
749 licensed to sell and distribute liquor, wine, ~~and~~ beer, and
750 mixed spirit beverages. No wholesaler shall maintain any place
751 for the storage of liquor, wine, ~~or~~ beer, or mixed spirit
752 beverages unless the same has been approved by the board. No
753 wholesaler license shall be issued for any premises in any
754 part of which there is operated any retail license for the
755 sale of alcoholic beverages.

756 (l) Licenses issued under this ~~title~~chapter may not be



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757 assigned. The board may transfer any license from one person
758 to another, or from one place to another within the same
759 governing jurisdiction, or both, as the board may determine;
760 but no transfers shall be made to a person who would not have
761 been eligible to receive the license originally, nor for the
762 transaction of business at a place for which the license could
763 not originally have been issued lawfully.

764 (m) Every applicant for a transfer of a license shall
765 file a written application with the board within such time as
766 the board shall fix in its rules. Whenever any license is
767 transferred, there shall be collected a filing fee of fifty
768 dollars (\$50), to be paid to the board, and the board shall
769 pay the fee into the State Treasury to the credit of the Beer
770 Tax and License Fund of the board.

771 (n) In the event that any person to whom a license has
772 been issued under the terms of this ~~title~~chapter becomes
773 insolvent, makes an assignment for the benefit of creditors,
774 or is adjudicated as bankrupt by either voluntary or
775 involuntary action, the license of the person shall
776 immediately terminate and be ~~cancelled~~canceled without any
777 action on the part of the board, and there shall be no refund
778 made, or credit given, for the unused portion of the license
779 fee for the remainder of the license year for which the
780 license was granted. Thereafter, no license shall be issued by
781 the board for the premises, wherein the license was conducted,
782 to any assignee, committee, trustee, receiver, or successor of
783 the licensee until a hearing has been held by the board as in
784 the case of a new application for license. In all such cases,



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785 the board shall have the sole and final discretion as to the
786 propriety of the issuance of a license for the premises, the
787 time it shall issue, and the period for which it shall be
788 issued, and shall have the further power to impose conditions
789 under which the licensed premises shall be conducted."

790 Section 6. Chapter 8B, commencing with Section 28-8B-1,
791 is added to Title 28 of the Code of Alabama 1975, to read as
792 follows:

793 §28-8B-1

794 (a) The Legislature hereby finds and declares that this
795 chapter is enacted pursuant to the authority granted to the
796 state under the Twenty-First Amendment to the United States
797 Constitution, the powers reserved to the state under the Tenth
798 Amendment to the United States Constitution, and the inherent
799 powers of the state under the Constitution of Alabama of 2022,
800 in order to regulate the traffic of alcoholic beverages and to
801 substitute the regulations and oversight established in this
802 act for the application of federal and state antitrust laws
803 that otherwise would apply to any potential anti-competitive
804 effects of this title. For the avoidance of doubt, the intent
805 of the Legislature is to maintain the uniform three-tier
806 system of control over the sale, purchase, taxation,
807 transportation, manufacture, consumption, and possession of
808 alcoholic beverages in the state to promote the health,
809 safety, and welfare of residents of this state by, among other
810 purposes, ensuring the state shall be able to register, audit,
811 inspect, seize, recall, and test alcoholic beverages shipped
812 into, distributed, and sold throughout this state; and this



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813 expression of the policy and intent of the Legislature is
814 intended to satisfy the clear articulation test for state
815 action immunity as has been established by the United States
816 Supreme Court in California Retail Liquor Dealers Assn. v.
817 Midcal Aluminum, Inc., et al.

818 (b) If any provision of this chapter, or its
819 application to any person or circumstance, is determined by a
820 court to be invalid or unconstitutional, that provision shall
821 be stricken and the remaining provisions shall be construed in
822 accordance with the intent of the Legislature to further limit
823 rather than expand commerce in alcoholic beverages, including
824 by prohibiting any commerce in alcoholic beverages not
825 expressly authorized, and to enhance strict regulatory control
826 over taxation, distribution, and sale of alcoholic beverages
827 through the existing uniform system of regulation of alcoholic
828 beverages.

829 §28-8B-2

830 (a) This chapter applies only to mixed spirit beverages
831 and does not apply to regulation of beer or wine franchises.

832 (b) Nothing in this chapter shall be deemed to repeal
833 or amend any existing beer or wine franchise laws. This
834 chapter is intended to address mixed spirit beverages, and to
835 leave in effect and unchanged any local or state franchise
836 laws existing on the effective date of this act.

837 §28-8B-3

838 (a) Each supplier of mixed spirit beverages licensed by
839 the board to sell its mixed spirit beverages within the State
840 of Alabama shall sell its mixed spirit beverages only through



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841 wholesaler licensees of the board and shall grant in writing
842 to each of its wholesalers a distribution agreement which
843 contains the wholesaler's exclusive sales territory for the
844 distribution of the supplier's designated brand in accordance
845 with Chapter 8.

846 (b) A licensed retailer may not purchase mixed spirit
847 beverages from any entity other than the licensed wholesaler
848 designated by the manufacturer of the mixed spirit beverages.

849 §28-8B-4

850 (a) For the purposes of this chapter, the following
851 terms have the following meanings:

852 (1) DISTRIBUTION AGREEMENT. Any written and signed
853 agreement between a wholesaler and a supplier, whereby a
854 wholesaler is granted the right to purchase and sell a brand
855 of mixed spirit beverages sold by a supplier.

856 (2) FAIR MARKET VALUE. An amount equal to a multiple of
857 the wholesaler's gross profit on the wholesaler's sales of the
858 supplier's products in the 12-month period immediately
859 preceding the date of the notice of termination or non-renewal
860 by supplier.

861 (3) GOOD CAUSE. A material breach by the wholesaler of
862 an essential element in a distribution agreement with a
863 supplier which is uncured or which reoccurs three or more
864 times.

865 (4) GROSS PROFIT. The wholesaler's selling price, net
866 of promotions, discounts, allowances, and freight, of the
867 products sold during such 12-month period, less the
868 wholesaler's cost to purchase the products from the supplier,



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869 net of any discounts, promotions, and allowances from
870 supplier.

871 (b) Upon a supplier's termination or non-renewal of a
872 distribution agreement with a wholesaler, except where
873 termination or non-renewal is for good cause, the supplier
874 shall pay the wholesaler reasonable compensation in an amount
875 equal to the fair market value of the wholesaler's business
876 attributable to the supplier's portfolio, including the value
877 of the distribution rights, current saleable inventory,
878 goodwill, and other relevant assets.

879 (c) The supplier and wholesaler shall have 30 days
880 following receipt of the supplier's notice of termination or
881 non-renewal to agree upon a multiple of gross profit in
882 determining fair market value. Following the notice of
883 termination or non-renewal, but prior to determination of the
884 fair market value of the supplier's portfolio, the supplier
885 and wholesaler shall each continue to operate in good faith in
886 the regular course of the business relationship.

887 (d) (1) In determining fair market value, in the event
888 that supplier and wholesaler cannot agree upon the multiple of
889 gross profit after 30 days, the parties shall then have 10
890 business days to each, at their own cost, appoint an
891 independent third-party appraiser with demonstrable experience
892 in valuating alcohol beverage distribution rights. Each
893 party's independent appraiser, within 30 days, shall submit in
894 writing the fair market value appraisal of the supplier's
895 portfolio, including disclosing the multiple of gross profit
896 used to arrive at the valuation.



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897 (2) If the independent appraisers' valuations of the
898 supplier's portfolio are within 10 percent of each other, the
899 fair market value shall be the average of the two valuations.

900 (3) If the independent appraisers' valuations are not
901 within 10 percent of each other, a third independent appraiser
902 with experience in valuating alcohol beverage distribution
903 rights shall be retained by mutual agreement of the parties
904 within 10 business days to assess the fair market value, and
905 the fair market value shall be submitted in writing by the
906 third independent appraiser within 30 days. The cost of the
907 third independent appraiser shall be shared equally by the
908 parties. The fair market value shall then be the average of:
909 (i) the third independent appraiser's valuation and (ii) the
910 average of the first two valuations.

911 (e) The supplier shall have no more than seven business
912 days after the determination of fair market value within which
913 to remit payment of reasonable compensation to the wholesaler.

914 Section 7. If any provision of this act, or its
915 application to any person or circumstance, is determined by a
916 court to be invalid or unconstitutional, that provision shall
917 be stricken and the remaining provisions shall be construed in
918 accordance with the intent of the Legislature to further limit
919 rather than expand commerce in alcoholic beverages, including
920 by prohibiting any commerce in alcoholic beverages not
921 expressly authorized, and to enhance strict regulatory control
922 over taxation, distribution, and sale of alcoholic beverages
923 through the existing uniform system of regulation of alcoholic
924 beverages.



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925 Section 8. This act shall become effective on October
926 1, 2025.