

SB217 INTRODUCED



1 SB217
2 G39Q762-1
3 By Senators Singleton, Albritton, Waggoner, Jones, Smitherman,
4 Stewart, Coleman-Madison, Sessions
5 RFD: Tourism
6 First Read: 27-Jan-26



4 SYNOPSIS:

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

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

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

22 This bill would further impose penalties on
23 retailers who sell mixed spirit beverages to
24 individuals who are under 21 years of age.

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

27 This bill would require suppliers of mixed
28 spirit beverages to designate exclusive sales



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territories for each brand and enter into a distribution agreement with a licensed wholesaler for each sales territory.

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

A BILL
TO BE ENTITLED
AN ACT

Relating to alcoholic beverages; to amend Sections 28-3-1, 28-3A-3, and 28-3A-23, Code of Alabama 1975; to define a new category of low-alcohol content liquor beverages called mixed spirit beverages; to add Section 28-3-208 to the Code of Alabama 1975, to levy an excise tax upon the distribution of mixed spirit beverages; to add Section 28-1-9 to the Code of Alabama 1975, to regulate the display by retailers of mixed spirit and other alcoholic beverages; to add Section 28-3A-9.1 to the Code of Alabama 1975, to provide a license for wholesalers of mixed spirit beverages; to add Section 28-3A-17.3 to the Code of Alabama 1975, to provide licenses and a requirement for retailers of mixed spirit beverages; to amend Section 28-3A-21 as last amended by Acts 2025-405 and 2025-413, 2025 Regular Session, to set fees for the licenses; to amend Sections 28-3A-1.5, 28-3A-11, 28-3A-12, 28-3A-13,



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28-3A-17.2, 28-3A-18, 28-3A-19, 28-3A-19.1, 28-3A-20, Code of Alabama 1975, Section 1 of Act 2025-413, 2025 Regular Session, now appearing as Section 28-3A-6.5, Code of Alabama 1975, Section 3 of Act 2025-405, 2025 Regular Session, now appearing as Section 28-3A-19.2, Code of Alabama 1975, and Section 2 of Act 2025-405, 2025 Regular Session, now appearing as 28-3A-20.5, Code of Alabama 1975, to make conforming changes; to add Section 28-3A-27 to the Code of Alabama 1975, to impose penalties on retailers who sell mixed spirit beverages to individuals under 21 years of age; and to add Chapter 8B to Title 28 of the Code of Alabama 1975, to require licensed importers, manufacturers, and suppliers of mixed spirit beverages to enter into exclusive sales territory distribution agreements with wholesalers.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 28-1-9 is added to the Code of Alabama 1975, to read as follows:

§28-1-9

(a) No alcoholic beverage products shall be sold or distributed within the state without first having received approval of the label thereon by the board.

(b) No alcoholic beverage shall be marketed, displayed, labeled, or advertised in a way calculated to do either of the following:

(1) Appeal to minors.

(2) Include statements, artwork, or designs that could easily mislead an individual to believe that the product is not an alcoholic beverage.



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(c) No label shall be approved by the board which would violate any rule of the board which governs general advertising.

(d) Alcoholic beverages for retail sale shall be displayed in such a way that they are separated from nonalcoholic beverages, dual-branded beverages, or beverages intended for children.

(e) Any licensed premises containing less than 500 square feet in capacity in which it is unfeasible to separate the display of mixed spirit beverages from nonalcoholic beverages shall prominently post signage that states: "The products in this area contain alcohol and are not permitted for sale to anyone under 21 years of age."

Section 2. Section 28-3-1, Code of Alabama 1975, is amended to read as follows:

"§28-3-1

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

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

(2) ASSOCIATION. A partnership, limited partnership, or



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any form of unincorporated enterprise owned by two or more persons.

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

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

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

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

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



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by volume.

(8) CLUB.

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

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

(9) CONTAINER. The single bottle, can, keg, bag, or other receptacle, but not a carton, in which alcoholic beverages are originally packaged for the market by the



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169 manufacturer or importer and from which the alcoholic beverage
170 is consumed by or dispensed to the public.

171 (10) CORPORATION. A corporation or joint stock
172 association organized under the laws of this state, the United
173 States, or any other state, territory, or foreign country, or
174 dependency.

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

178 (12) DELIVERY SERVICE LICENSE. A license issued by the
179 ~~Alabama Alcoholic Beverage Control Board~~ board in accordance
180 with Section 28-3A-13.1 that authorizes the licensee, the
181 licensee's employees, or independent contractors under a
182 contractual or business arrangement with the licensee to
183 transport and deliver alcoholic beverages.

184 (13) DRY COUNTY. Any county which by a majority of
185 those voting voted in the negative in an election ~~heretofore~~
186 held under the applicable statutes at the time of the election
187 or may hereafter vote in the negative in an election or
188 special method referendum hereafter held in accordance with
189 Chapter 2, or held in accordance with the provisions of any
190 act hereafter enacted permitting such election.

191 (14) DRY MUNICIPALITY. Any municipality within a wet
192 county which has, by its governing body or by a majority of
193 those voting in a municipal election ~~heretofore~~ held in
194 accordance with the provisions of Section 28-2-22, or in a
195 municipal option election ~~heretofore or hereafter~~ held in
196 accordance with the provisions of ~~Act 84-408, Acts of Alabama~~



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~~1984, appearing as~~ Chapter 2A, or any act hereafter enacted permitting municipal option election, voted to exclude the sale of alcoholic beverages within the corporate limits of the municipality.

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

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

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

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

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

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

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

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

(19) IMPORTER. Any person, association, or corporation engaged in importing alcoholic beverages, liquor, wine, ~~or~~ beer, or mixed spirit beverages manufactured outside of the



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United States of America into this state or for sale or distribution in this state, or to the board or to a licensee of the board.

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

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

(22) LIQUOR. Any alcoholic, spirituous, vinous, fermented, or other alcoholic beverage, or combination of liquors and mixed liquor, a part of which is spirituous, fermented, vinous, or otherwise alcoholic, and all drinks or drinkable liquids, preparations, or mixtures intended for beverage purposes, which contain one-half of one percent or more of alcohol by volume, except beer, ~~and~~ table wine, and mixed spirit beverages.

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

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

(25) MEAD. An alcoholic beverage produced by fermenting a solution of honey and water with grain mash and containing



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not more than 18 percent alcohol by volume.

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

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

(28) MIXED SPIRIT BEVERAGES. A single-serve beverage containing liquor, packaged in a can or other container approved by the board no larger than 16 ounces, and which contains no more than 7 percent alcohol by volume. The term does not include any beverage containing liquor over 16 ounces in size or of more than 7 percent alcohol by volume.

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

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

~~(30)~~ (31) POPULATION. The population according to the last preceding or any subsequent decennial census of the



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United States, except where a municipality is incorporated subsequent to the last census, in which event, its population until the next decennial census shall be the population of the municipality as determined by the judge of probate of the county as the official population on the date of its incorporation.

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

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

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

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

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



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309 not liquor, spirituous, or vinous.

310 ~~(36)~~ (37) UNOPENED CONTAINER. A container containing
311 alcoholic beverages, which has not been opened or unsealed
312 subsequent to filling and sealing by the manufacturer or
313 importer.

314 ~~(37)~~ (38) WET COUNTY. Any county which by a majority of
315 those voting voted in the affirmative in an election
316 ~~heretofore~~ held in accordance with the statutes applicable at
317 the time of the election or may hereafter vote in the
318 affirmative in an election or special method referendum held
319 in accordance with Chapter 2, or other statutes applicable at
320 the time of the election.

321 ~~(38)~~ (39) WET MUNICIPALITY. Any municipality in a dry
322 county which by a majority of those voting voted in the
323 affirmative in a municipal option election ~~heretofore or~~
324 ~~hereafter~~ held in accordance with ~~the provisions of Act~~
325 ~~84-408, Acts of Alabama 1984, appearing as~~ Chapter 2A of this
326 title, ~~as amended,~~ or any act hereafter enacted permitting
327 municipal option election, or any municipality ~~which~~ that
328 became wet by vote of the governing body or by the voters of
329 the municipality ~~heretofore or hereafter~~ held under the
330 special method referendum provisions of Section 28-2-22, or as
331 hereafter provided, where the county has become dry subsequent
332 to the elected wet status of the municipality.

333 ~~(39)~~ (40) WHOLESALER. Any person licensed by the board
334 to engage in the sale and distribution of table wine, ~~and~~
335 beer, or mixed spirit beverages, or ~~either~~ any combination
336 thereof ~~of them,~~ within this state, at wholesale only, to be



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337 sold by export or to retail licensees or other wholesale
338 licensees or others within this state lawfully authorized to
339 sell table wine, ~~and~~ beer, or mixed spirit beverages, or
340 ~~either any combination thereof of them,~~ for the purpose of
341 resale only.

342 ~~(40)~~ (41) WINE. All beverages made from the fermentation
343 of fruits, berries, or grapes, with or without added spirits,
344 and produced in accordance with the laws and regulations of
345 the United States, containing not more than 24 percent alcohol
346 by volume, and shall include all sparkling wines, carbonated
347 wines, special natural wines, rectified wines, vermouths,
348 vinous beverages, vinous liquors, and like products, including
349 restored or unrestored pure condensed juice."

350 Section 3. Section 28-3-208 is added to the Code of
351 Alabama 1975, to read as follows:

352 §28-3-208

353 (a) There is levied, in addition to the license taxes
354 provided for by this chapter and municipal and county license
355 taxes, a privilege or excise tax measured by and graduated in
356 accordance with the volume of sales of mixed spirit beverages,
357 which shall be an amount equal to two and five-tenths cents
358 (\$.025) per ounce or fractional part thereof.

359 (b)(1)a. The tax levied by subsection (a) shall be
360 added to the sales price of all mixed spirit beverages and
361 collected from the purchaser. The tax shall be collected in
362 the first instance from the wholesaler where mixed spirit
363 beverages are sold or handled by wholesale licensees.

364 b. It shall be unlawful for any person who is required



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

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

a. The wholesaler shall file a monthly return with the board no later than the 15th day of the second month following the month of receipt of mixed spirit beverages by the wholesaler on a form prescribed by the board showing receipts by the wholesaler from manufacturers, importers, or other wholesaler licensees during the month of receipt and the tax due thereon at the rate of two and five-tenths cents (\$.025) per ounce of mixed spirit beverages sold to the wholesaler. The tax due at this rate shall be remitted to the board along with the return.

b. A wholesaler shall file a monthly return with the county or municipality within which the mixed spirit beverage is sold at retail not later than the 15th day of each month, showing sales by wholesalers during the preceding month and the tax due thereon at the rate of two thousandths cents (\$.002) per ounce sold. The tax due at this rate shall be remitted to the county or municipality along with the return and shall be distributed as provided in Section 28-3-190.



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

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

(1) Fifty percent of the mixed spirit beverage tax shall be deposited in the State General Fund.

(2) Thirty-three percent of the mixed spirit beverage tax shall be retained by the board for regulatory, enforcement, and administrative purposes.

(3) The remainder of the mixed spirit beverage tax shall be distributed to the county or municipality where the mixed spirit beverages were sold and shall be distributed as provided in Section 28-3-190.

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

(e) The tax levied by subsection (a) shall not be



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imposed upon the sale, trade, or barter of mixed spirit beverages by one licensed wholesaler to another wholesaler licensed to sell and handle mixed spirit beverages in this state, which transaction is made exempt from the tax, provided the board may require written reporting of any such transaction in the form as the board may prescribe pursuant to paragraph (b)(2)a.

(f) Each county and municipality may fix a reasonable privilege or license fee on retail, importer, and wholesale licensees, for the purpose of covering the cost of administration with respect to the sale of mixed spirit beverage, but not to generate revenue. A county or municipality may not levy a license or privilege tax or other charge for the privilege of doing business as a mixed spirit beverage wholesaler, importer, or retailer which shall exceed one-half the amount of the state license fee.

(g) Nothing in this section shall be construed to restrict a municipality's authority to issue a business license pursuant to Article 2 of Chapter 51 of Title 11 on the privilege of doing business as a mixed spirit beverage wholesaler, importer, or retailer. Any business license issued pursuant to the foregoing article on the privilege of doing business as a mixed spirit beverage wholesaler, importer, or retailer shall not be measured by the volume of sale for mixed spirit beverages.

Section 4. Section 28-3A-3 Code of Alabama 1975, is amended to read as follows:

"§28-3A-3



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

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

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

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

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

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

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

~~(7)~~ g. To sell and dispense at retail ~~in an establishment habitually and principally used for the purpose of providing meals for the public, liquor and other~~ in a restaurant alcoholic beverages for on-premises consumption.

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



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

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

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

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

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

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

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

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

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

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

(2) ~~Provided, however, that the~~ Notwithstanding subdivision (1), licenses authorized under subdivision (1) may not be issued in dry counties where traffic in alcoholic beverages is not authorized by law, ~~therein~~ except a wine manufacturer license may be issued in a dry county pursuant to



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Section 28-7-10.1. ~~Provided the~~The restriction of this ~~paragraph~~subdivision shall not apply to the ~~issuance of a~~ renewal of a license under ~~subdivisions (1), (2), (3), (4), and (5)~~paragraphs (1)a. through (1)e. where the county or municipality was wet when the initial license was issued and the county or municipality subsequently votes dry; however, no importer or wholesaler licensee may sell or distribute alcoholic beverages within a dry county, except in a wet municipality therein, or within a dry municipality.

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

(c) Licenses issued under this chapter, unless revoked or suspended in the manner provided in this chapter, shall be valid for the license year which shall begin on ~~the first day of~~ October 1 of each year, unless otherwise established by this chapter or by the board. Licenses may be issued at any time during the year."

Section 5. Sections 28-3A-9.1 and 28-3A-17.3 are added to the Code of Alabama 1975, to read as follows:

§28-3A-9.1

(a) Upon payment of the applicable fee for a mixed spirit beverage wholesaler license as established in Section 28-3A-21 and the applicant's compliance with this chapter and rules adopted pursuant to this chapter, the board shall issue to a wholesaler a mixed spirit beverage wholesaler license.

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



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

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

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

(4) Export mixed spirit beverages from the state.

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

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

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

§28-3A-17.3

(a) Upon payment of the limited mixed spirit beverage expanded retail license fee as established in Section 28-3A-21 and the applicant's compliance with this chapter and the rules adopted thereunder, the board shall issue a limited mixed spirit beverage expanded retail license to any person who holds and possesses any of the following:



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

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

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

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

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

(c) As a condition for obtaining a license under this section, an applicant shall implement a secure age verification system that electronically scans an approved form of identification to determine whether an individual purchasing mixed spirit beverages is no less than 21 years of age.

(d) The board shall retain all limited mixed spirit beverage expanded retail license fees collected. The board may use collected fees for regulatory and administrative purposes as determined by the board in its discretion, including for the purposes of occasional purchases by the board of mixed spirit beverages to ensure compliance with this chapter.

(e) Upon payment of a mixed spirit beverage expanded retail license fee, there shall be no additional licensing or



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administrative requirements, including no requirement for additional background checks imposed by the municipality, county, or state for licensees for the sale of mixed spirit beverages.

Section 6. Section 28-3A-21, as last amended by Acts 2025-405 and 2025-413 of the 2025 Regular Session, and Section 28-3A-23, Code of Alabama 1975, are amended to read as follows:

"§28-3A-21

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

(1) Manufacturer license, license fee of five hundred dollars (\$500).

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

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

(4) Beer wholesaler license, license fee of five hundred fifty dollars (\$550) plus two hundred dollars (\$200) for each warehouse in addition to the principal warehouse.

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

(6) Beer and wine wholesaler license, license fee of seven hundred fifty dollars (\$750) plus two hundred dollars (\$200) for each warehouse in addition to the principal warehouse.



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617 (7) Mixed spirit beverage wholesaler license, license
618 fee of five hundred fifty dollars (\$550) plus two hundred
619 dollars (\$200) for each warehouse in addition to the principal
620 warehouse.

621 (8) Beer, wine, and mixed spirit beverage wholesaler
622 license, license fee of one thousand dollars (\$1,000) plus two
623 hundred dollars (\$200) for each warehouse in addition to the
624 principal warehouse.

625 ~~(7)~~ (9) Warehouse license, license fee of two hundred
626 dollars (\$200).

627 ~~(8)~~ (10) Lounge retail liquor license, license fee of
628 three hundred dollars (\$300).

629 ~~(9)~~ (11) Restaurant retail liquor license, license fee
630 of three hundred dollars (\$300).

631 ~~(10)~~ (12) Club liquor license, Class I license fee of
632 three hundred dollars (\$300), Class II license fee of seven
633 hundred fifty dollars (\$750).

634 ~~(11)~~ (13) Retail table wine license for off-premises
635 consumption, license fee of one hundred fifty dollars (\$150).

636 ~~(12)~~ (14) Retail table wine license for on-premises and
637 off-premises consumption, license fee of one hundred fifty
638 dollars (\$150).

639 ~~(13)~~ (15) Retail beer license for on-premises and
640 off-premises consumption, license fee of one hundred fifty
641 dollars (\$150).

642 ~~(14)~~ (16) Retail beer license for off-premises
643 consumption, license fee of one hundred fifty dollars (\$150).

644 ~~(15)~~ (17) Retail common carrier liquor license, license



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fee of one hundred fifty dollars (\$150) for each railroad, airline, bus line, ship line, vessel, or other common carrier entity with a vehicle passenger capacity of at least 10 people.

~~(16)~~ (18) Special retail license, license fee of one hundred dollars (\$100) for 30 days or less; license fee of two hundred fifty dollars (\$250) for more than 30 days.

~~(17)~~ (19) Special events retail license, license fee of one hundred fifty dollars (\$150).

(20) Limited mixed spirit beverage expanded retail license, license fee of five hundred dollars (\$500).

~~(18)~~ (21) Government venue license, license fee of two hundred fifty dollars (\$250).

~~(19)~~ (22) Event storage license, license fee of five hundred fifty dollars (\$550).

~~(20)~~ (23) Educational tourism distillery license, license fee of one thousand dollars (\$1,000).

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

(c) In addition to the foregoing filing fee and license taxes or fees, any county or municipality in which the sale of alcoholic beverages is permitted ~~shall be authorized to~~ may fix and levy privileges or license taxes on any of the foregoing licenses located or operated therein, conditioned on a permit or license being issued by the board.

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

"§28-3A-23



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

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

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

(2) An applicant shall provide the board with two complete functional sets of fingerprints, either cards or electronic, properly executed by a criminal justice agency or an individual properly trained in fingerprinting techniques. The fingerprints and form shall be submitted by the board to the State Bureau of ~~Investigations~~Investigation of the Alabama State Law Enforcement Agency for the purposes of furnishing criminal background checks. The State Bureau of ~~Investigations~~Investigation shall forward a copy of the



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applicant's prints to the Federal Bureau of Investigation for a national criminal background check. The applicant shall pay all costs associated with the background checks required by this section.

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

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

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

(e) Each retail liquor license application must be approved by the governing authority of the municipality if the retailer is located in a municipality, or by the county commission if the retailer is located in the county and outside the limits of the municipality, before the board shall have authority to grant the license.

(f) Any retailer may be granted licenses to maintain, operate, or conduct any number of places for the sale of alcoholic beverages, but a separate license must be secured for each place where alcoholic beverages are sold. No retail



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license issued under this ~~title~~chapter shall be used for more than one premises, nor for separate types of operation on the same premises. ~~Provided, however, any~~Any such licensed retail operation existing on May 14, 2009, and operating based on dual licenses, both a club or lounge license and a restaurant license, on the same premises shall be exempt from the requirement of the preceding sentence and may continue to operate under the dual licenses. Any rule adopted by the board relating to the requirements concerning dual licenses, both a club or lounge license and a restaurant license, shall not apply to any retail operation existing on May 14, 2009. The rules shall include, but not be limited to, the maintenance of separate books, separate entrances, and separate inventories. Each premises must have a separate retail license. Where more than one retail operation is located within the same building, each operation under a separate or different ownership is required to obtain a separate retail license; and where more than one type of retail operation located within the same building is operated by the same licensee, the licensee must have a license for each type of retail operation. ~~Provided, there~~There shall be no licenses issued by the board for the sale of liquor, beer, or wine by rolling stores.

(g) No retailer shall sell any alcoholic beverages for consumption on the licensed premises except in a room or rooms or place on the licensed premises at all times accessible to the use and accommodation of the general public; but this section shall not be interpreted to prevent a hotel or club licensee from selling alcoholic beverages in any room of the



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757 hotel or club house occupied by a bona fide registered guest
758 or member or private party entitled to purchase the same.

759 (h) All beer, except draft or keg beer, sold by
760 retailers must be sold or dispensed in bottles, cans, or other
761 containers not to exceed 25.4 ounces. All wine sold by
762 retailers for off-premises consumption must be sold or
763 dispensed in bottles or other containers in accordance with
764 the standards of fill specified in the then effective
765 standards of fill for wine prescribed by the U.S. Treasury
766 Department.

767 (i) Draft or keg beer may be sold or dispensed within
768 this state within those counties in which and in the manner in
769 which the sale of draft or keg beer was authorized by law on
770 September 30, 1980, or in which the sale of draft or keg beer
771 is hereafter authorized by law. ~~In rural communities with a~~
772 ~~predominantly foreign population, after the payment of the tax~~
773 ~~imposed by this title, draft or keg beer may be sold or~~
774 ~~dispensed by special permit from the board, when, in the~~
775 ~~judgment of the board, the use and consumption of draft or keg~~
776 ~~beer is in accordance with the habit and customs of the people~~
777 ~~of any such rural community. The board may grant to any civic~~
778 ~~center authority or its franchisee or concessionaire, to which~~
779 ~~the board may have issued or may simultaneously issue a retail~~
780 ~~license under the provisions of this title, a revocable~~
781 ~~temporary permit to sell or dispense in any part of its civic~~
782 ~~center, for consumption therein, draft or keg beer. Either~~
783 ~~permit shall be promptly revoked by the board if, in its~~
784 ~~judgment, the same tends to create intemperance or is~~



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~~prejudicial to the welfare, health, peace, temperance, and
safety of the people of the community or of the state.~~

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

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

(l) Licenses issued under this ~~title~~chapter may not be assigned. The board may transfer any license from one person to another, or from one place to another within the same governing jurisdiction, or both, as the board may determine; but no transfers shall be made to a person who would not have been eligible to receive the license originally, ~~nor~~ for the transaction of business at a place for which the license could not originally have been issued lawfully.



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

(n) In the event that any person to whom a license has been issued under the terms of this ~~title~~chapter becomes insolvent, makes an assignment for the benefit of creditors, or is adjudicated as bankrupt by either voluntary or involuntary action, the license of the person shall immediately terminate and be ~~cancelled~~canceled without any action on the part of the board, and there shall be no refund made, or credit given, for the unused portion of the license fee for the remainder of the license year for which the license was granted. Thereafter, no license shall be issued by the board for the premises, wherein the license was conducted, to any assignee, committee, trustee, receiver, or successor of the licensee until a hearing has been held by the board as in the case of a new application for license. In all such cases, the board shall have the sole and final discretion as to the propriety of the issuance of a license for the premises, the time it shall issue, and the period for which it shall be issued, and shall have the further power to impose conditions under which the licensed premises shall be conducted."

Section 7. Sections 28-3A-1.5, 28-3A-11, 28-3A-12, 28-3A-13, 28-3A-17.2, 28-3A-18, 28-3A-19, 28-3A-19.1, and



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28-3A-20, Code of Alabama 1975, Section 1 of Act 2025-413, 2025 Regular Session, now appearing as Section 28-3A-6.5, Code of Alabama 1975, Section 3 of Act 2025-405, 2025 Regular Session, now appearing as Sections 28-3A-19.2, Code of Alabama 1975, and Section 2 of Act 2025-405, 2025 Regular Session, now appearing as 28-3A-20.5, Code of Alabama 1975, are amended to make conforming changes to read as follows:

"§28-3A-1.5

(a) Definitions.

As used in this section and Section 28-3A-6, the following words ~~shall~~ have the following meanings:

(1) NONPROFIT SPECIAL EVENTS RETAIL LICENSE. A license issued pursuant to subsection (b) for the sale of beer, wine, mixed spirit beverages, or liquor.

(2) QUALIFYING ORGANIZATION. A bona fide nonprofit organization operating in the state that satisfies all of the following requirements:

a. Operates without profit to the organization's members.

b. Is exempt from taxation under ~~Section 501 of the Internal Revenue Code~~26 U.S.C. § 501.

c. Satisfies at least one of the following requirements:

1. Has been continuously in existence in the state for a minimum of three years.

2. Is affiliated with a parent organization that has been in existence in the state for a minimum of three years.

3. Has reorganized and is continuing its mission under



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a new name on file with the Secretary of State and with a new tax identification number after having satisfied the requirements set forth in either subparagraph 1. or 2.

(b) Licensed authorized.

The board may issue a nonprofit special events retail license for the sale of beer, wine, mixed spirit beverages, and liquor to a qualifying organization.

(c) Applications for nonprofit special events retail license.

(1) Applications for a nonprofit special events retail license shall be made with the board at least 25 calendar days prior to the event on forms provided by the board and shall be verified by oath or affirmation of an officer or director of the qualifying organization who is authorized to do so.

(2) The applicant shall provide the board all of the following:

a. Documentation to show that the nonprofit is a qualifying organization.

b. A notarized, signed statement of proper authority from the person signing the application.

c. Date, time, and address of the event location. The applicant may also include an alternate event date or location.

d. Documentation of authority for use of property for the requested event.

e. A copy of the letter notifying the local governing officials of the event.

(3) A qualifying organization that applies for a



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nonprofit special events retail license shall not be required to provide evidence of liquor liability insurance.

(4) The board may request additional documentation at its discretion.

(5) Nonprofit special ~~event~~events retail licenses are not renewable and are valid for a period not to exceed seven days, and are issued upon terms and conditions as the board may prescribe.

(d) Donated alcohol.

Beer, wine, mixed spirit beverages, and liquor may be donated by a nonlicensed person.

(e) Rulemaking authority.

The board may adopt rules necessary for the implementation and administration of this section and Section 28-3A-6."

"§28-3A-11

Upon applicant's compliance with the provisions of this chapter and the regulations made thereunder, the board~~shall~~, where the application is accompanied by a certificate from the clerk or proper officer setting out that the applicant has presented his or her application to the governing authority of the municipality, if the licensed premises is to be located therein, and has obtained its consent and approval, shall issue a retail liquor license which will authorize the licensee to purchase liquor and wine from the board or as authorized by the board and to purchase table wine, mixed spirit beverages, and beer, including draft or keg beer in any county or municipality in which the sale thereof is permitted,



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from any wholesaler licensee of the board and to sell at retail liquor and wine, dispensed from containers of any size, mixed spirit beverages in containers not to exceed 16 ounces, and beer, including draft or keg beer, in any county or municipality in which the sale thereof is permitted, to patrons. A lounge liquor licensee may permit dancing or provide other lawful entertainment on the licensed premises. No person under 19 years of age shall be admitted on the premises of any lounge liquor licensee as a patron or employee, and it shall be unlawful for any such licensee to admit any minor to the premises as a patron or employee."

"§28-3A-12

Upon applicant's compliance with the provisions of this chapter and the regulations made thereunder, the board ~~may~~, where the application is accompanied by a certificate from the clerk or proper officers setting out that the applicant has presented his or her application to the governing authority of the municipality, if the licensed premises is to be located therein, and has obtained its consent and approval, may issue a club liquor license for a club which will authorize the licensee to purchase liquor and wine from the board or as authorized by the board and to purchase table wine, mixed spirit beverages, and beer, including draft or keg beer, in any county or municipality in which the sale thereof is permitted, from any wholesale licensee of the board and to sell liquor and wine, dispensed from containers of any size, mixed spirit beverages in containers not to exceed 16 ounces, and beer, including draft or keg beer, in any county or



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municipality in which the sale thereof is permitted, to the members of the club or their guests for on-premises consumption and to sell all of the above for off-premises consumption except on Sunday."

"§28-3A-13

(a) Upon applicant's compliance with this chapter and the rules adopted thereunder, the board ~~shall~~, where the application is accompanied by a certificate from the clerk or proper officer setting out that the applicant has presented his or her application to the governing authority of the municipality, if the licensed premises is to be located therein, and has obtained its consent and approval, shall issue a restaurant liquor license for a hotel, restaurant, civic center authority, or dinner theater which will authorize the licensee to purchase liquor and wine from the board or as authorized by the board and to purchase table wine, mixed spirit beverages, and beer, including draft or keg beer, in any county or municipality in which the sale thereof is permitted, from any wholesale licensee of the board and, in that part of the hotel, restaurant, club, or dinner theater set out in the license, to sell liquor and wine, dispensed from containers of any size, mixed spirit beverages in containers not to exceed 16 ounces, and beer, including draft or keg beer, in any county or municipality in which the sale thereof is permitted, to the patrons, guests, or members for on-premises consumption in any part of the civic center or in that part of the hotel, restaurant, or dinner theater habitually used for serving meals to patrons, guests, or



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members, or other public or private rooms of the building in accordance with this chapter and the rules adopted thereunder, and where a restaurant located in a hotel, but not operated by the owner of the hotel, is licensed to sell alcoholic beverages in the restaurant, it may also sell alcoholic beverages to guests in private rooms in the hotel.

(b) In accordance with Section 28-3A-13.1, a restaurant retail liquor licensee licensed to sell beer, wine, mixed spirit beverages, or spirits for on-premises consumption may apply for and be issued a delivery service license that authorizes the licensee to deliver, along with the purchase of a meal, beer, wine, mixed spirit beverages, or spirits from the retailer's premises."

"§28-3A-17.2

(a) As used in this section, "food or beverage truck" means a fully encased food or beverage service establishment approved by the Department of Public Health, which is housed on a motor vehicle or on a trailer that a motor vehicle pulls to transport, and from which a vendor, standing within the frame of the vehicle, prepares, cooks, sells, or serves food or beverages, or both, for immediate human consumption. The term does not include a food or beverage cart that is not motorized.

(b)(1) Upon a food or beverage truck applicant's compliance with this chapter and any rules adopted thereunder, and upon presentation of the certificate described in subdivision (2), the board shall issue to the applicant a food or beverage truck license that will authorize the licensee to



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purchase liquor and wine from the board or, as authorized by the board, table wine, mixed spirit beverages, and beer, including draft or keg beer, from any wholesale licensee of the board and to sell alcoholic beverages for on-premises consumption to guests who may consume the beverages in open containers anywhere within an area designated by the municipal governing body within an established entertainment district, provided the license is not prohibited by a valid ordinance or other ordinance in the valid exercise of police power by the governing body of the municipality in which the food or beverage truck is located.

(2) An applicant shall obtain from the municipality in which the food or beverage truck intends to operate a certificate setting out that the applicant has presented his or her application to the governing body of the municipality and the municipality approves of the issuance of the license for the food or beverage truck to sell alcoholic beverages.

(c) The food or beverage truck license fee shall be three hundred dollars (\$300).

(d) A food or beverage truck operating outside the designated entertainment district may not sell alcoholic beverages.

(e) A food or beverage truck licensee shall consent, in writing, to warrantless inspections by city, county, and state inspectors and law enforcement.

(f) A food or beverage truck licensee must comply with all on-premises rules, other than the requirement for seating and restrooms.



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1037 (g) Each food or beverage truck licensee shall collect
1038 and remit all state and local sales and use taxes and all
1039 excise and privilege taxes due on the sale of alcoholic
1040 beverages.

1041 (h) A food or beverage truck licensee may not serve or
1042 be authorized to serve any food or beverage within 150 feet of
1043 any entrance to any permanent restaurant or to any Alcoholic
1044 Beverage Control Board licensee.

1045 (i) The board, by rule, may require security cameras in
1046 all licensed food or beverage trucks and may require a barrier
1047 be placed as a boundary around the vicinity of the food or
1048 beverage truck or group of food or beverage trucks within
1049 which consumption of alcoholic beverages is permitted. The
1050 board shall adopt additional reasonable rules to protect
1051 public health and safety."

1052 "§28-3A-18

1053 (a) Upon applicant's compliance with the provisions of
1054 this chapter and the regulations made thereunder, the board
1055 shall issue a retail common carrier liquor license for a
1056 railroad, airline, bus line, ship line, vessel, or other
1057 common carrier entity operating passenger vehicles with a
1058 passenger seating capacity of at least 10 people, which will
1059 authorize the licensee to sell, whenever operated in Alabama,
1060 alcoholic beverages, liquor, mixed spirit beverages, wine, and
1061 beer, including draft or keg beer, to passengers for
1062 consumption while aboard such licensee. No railroad, airline,
1063 bus line, ship line, vessel, or common carrier entity shall
1064 sell alcoholic beverages to passengers for consumption within



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1065 this state without first obtaining a retail common carrier
1066 liquor license from the board.

1067 (b) Sales within Alabama of alcoholic beverages by
1068 retail common carrier liquor licensees shall be made in
1069 accordance with and shall be subject to the provisions of this
1070 chapter and regulations ~~promulgated~~adopted thereunder."

1071 "§28-3A-19

1072 Upon applicant's compliance with the provisions of this
1073 chapter and the regulations made thereunder, the board shall
1074 issue a special retail license in wet counties for a state
1075 park, racing commission, fair authority, airport authority, or
1076 civic center authority, or the franchises or concessionaire of
1077 such park, commission, or authority, and may, in its
1078 discretion, issue a special retail license to any other valid, or
1079 responsible organization of good reputation for such period of
1080 time not to exceed one year and upon such terms and conditions
1081 as the board shall prescribe, which will authorize the
1082 licensee to purchase, where the retail sale thereof is
1083 authorized by the board, liquor and wine from the board or as
1084 authorized by the board and table wine, mixed spirit
1085 beverages, and beer from any wholesale licensee of the board
1086 and to sell at retail and dispense such alcoholic beverages as
1087 are authorized by the board at such locations authorized by
1088 the board upon such terms and conditions as prescribed by the
1089 board. ~~Provided, however, no~~No sale of alcoholic beverages
1090 shall be permitted on any Sunday after the hour of 2:00
1091 ~~A.M.~~a.m. "

1092 "§28-3A-19.1



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1093 (a) Upon compliance by an applicant with the provisions
1094 of this chapter, and the regulations made thereunder, the
1095 Alcoholic Beverage Control Board ~~may~~, where the application is
1096 accompanied by a certificate from the clerk or proper officers
1097 setting out that the applicant has presented his or her
1098 application to the governing authority of the municipality if
1099 the licensed premises is to be located therein, or by a
1100 certificate from the clerk or proper officers of the county if
1101 the licensed premises is to be located within the county but
1102 outside the jurisdiction of a municipality, and that the
1103 applicant has obtained the consent and approval of the proper
1104 governing authority, may issue an international motor speedway
1105 license for any international motor speedway in the state
1106 which marketed at least 60,000 tickets to at least two motor
1107 sport racing events at the speedway in 1994, 1995, and 1996.
1108 Notwithstanding the provisions of ~~subdivisions (20) and (21)~~
1109 ~~of subsection (a) of Section 28-3A-25~~ Section 28-3A-25(a) (20)
1110 and (21), the international motor speedway license shall
1111 authorize the licensee to purchase liquor and wine from the
1112 board, or as authorized by the board, and to purchase table
1113 wine, mixed spirit beverages, and beer, in any county or
1114 municipality in which the sale thereof is permitted, from any
1115 wholesale licensee of the board and to sell liquor and wine,
1116 dispensed from containers of any size, mixed spirit beverages
1117 in containers not to exceed 16 ounces, and beer in any county
1118 or municipality in which the sale thereof is permitted, for
1119 on-premises consumption each day of the week, including
1120 ~~Sundays~~ Sunday, and to sell all of the aforementioned for



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1121 off-premises consumption except on Sunday. Such sales shall be
1122 incidental to the primary purpose of recreation and athletics,
1123 and shall be confined to those buildings, facilities, and
1124 grounds which comprise the speedway.

1125 (b) An annual license fee of three hundred dollars
1126 (\$300) is levied and prescribed for an international motor
1127 speedway license issued and renewed by the board pursuant to
1128 the authority contained in this section and this chapter."

1129 "§28-3A-20

1130 Upon applicant's compliance with this chapter and the
1131 regulations made thereunder, and upon application made on a
1132 form provided by the board at least 25 days in advance of the
1133 event for which a license is granted, the board shall issue a
1134 special events license for a valid, responsible organization
1135 of good reputation, for a period not to exceed seven days, and
1136 upon such terms and conditions as the board may prescribe. The
1137 license shall authorize the licensee to purchase, where the
1138 retail sale thereof is authorized by the board, liquor and
1139 wine from the board or as authorized by the board and table
1140 wine, mixed spirit beverages, and beer from any wholesale
1141 licensee of the board and to sell at retail and dispense such
1142 alcoholic beverages as are authorized by the board to the
1143 patrons, guests, or members of the organization at such
1144 locations or areas as shall be authorized by the board upon
1145 such terms and conditions as prescribed by the board. No sale
1146 of alcoholic beverages shall be permitted on any Sunday after
1147 the hour of 2:00~~A.M~~ a.m."

1148 "§28-3A-6.5



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1149 (a) (1) Upon compliance by an applicant with this
1150 chapter and provided the operation is in compliance with state
1151 and federal laws, rules, and regulations, the Alabama
1152 Alcoholic Beverage Control Board may issue an Educational
1153 Tourism Distillery license to any person engaged in the
1154 producing, bottling, manufacturing, distilling, rectifying, or
1155 compounding of liquor upon payment of the license fee as
1156 established in Section 28-3A-21.

1157 (2) For ~~the~~ purposes of this section, an Educational
1158 Tourism Distillery licensee must produce, bottle, manufacture,
1159 distill, rectify, or compound 100,000 gallons or more of
1160 liquor each year.

1161 (3) For purposes of this section, the total gross sales
1162 of an Educational Tourism Distillery licensee must be 50
1163 percent or more from liquor products produced, bottled,
1164 manufactured, distilled, rectified, or compounded on site.

1165 (4) For purposes of this section, an Educational
1166 Tourism Distillery licensee may export sales outside of the
1167 State of Alabama.

1168 (5) Any licensee operating under or in conjunction with
1169 an Educational Tourism Distillery license shall be responsible
1170 for ensuring compliance with all applicable laws and board
1171 rules relating to the sale of alcohol.

1172 (b) An Educational Tourism Distillery license
1173 authorizes the licensee to do all of the following on the
1174 premises pursuant to this section:

1175 (1) Purchase other liquor and wine from the board, or
1176 as authorized by the board; purchase table wine, mixed spirit



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1177 beverages, and beer from any wholesale licensee of the board;
1178 and sell liquor, wine, and beer dispensed from containers of
1179 any size, to include draft beer, and mixed spirit beverages in
1180 containers not to exceed 16 ounces, for on-premises
1181 consumption. The sale of alcoholic beverages under this
1182 subdivision shall be confined to a designated enclosed area
1183 comprising no fewer than 500 square feet for service and
1184 consumption, within which patrons under 21 years of age are
1185 prohibited from entering. Any liquor manufactured at the
1186 licensed premises may be sold for ~~on-premise~~on-premises
1187 consumption in this designated area, provided that the total
1188 amount of liquor sold in a single tasting or sampling flight
1189 does not exceed one and one-half ounces.

1190 (2) Purchase other liquor and wine from the board, or
1191 as authorized by the board; purchase table wine, mixed spirit
1192 beverages, and beer from any wholesale licensee of the board;
1193 and sell liquor, wine, and beer dispensed from containers of
1194 any size, to include draft beer, and mixed spirit beverages in
1195 containers not to exceed 16 ounces, for on-premises
1196 consumption in a freestanding separate structure on the
1197 licensed premises where the licensee provides or serves food.
1198 Any liquor manufactured at the licensed premises may be sold
1199 at retail for on-premises consumption in the designated area.

1200 (3) Purchase other liquor and wine from the board, or
1201 as authorized by the board; purchase table wine, mixed spirit
1202 beverages, and beer from any wholesale licensee of the board;
1203 and sell liquor, wine, and beer dispensed from containers of
1204 any size, to include draft beer, and mixed spirit beverages in



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1205 containers not to exceed 16 ounces, for on-premises
1206 consumption at temporary or permanently designated serving
1207 stations on the licensed premises for special events such as
1208 receptions, parties, or similar gatherings. A licensee shall
1209 post at each of its special event serving stations at least
1210 one sign warning customers that the sale of alcoholic
1211 beverages to patrons under 21 years of age is strictly
1212 prohibited. Any liquor manufactured at the licensed premises
1213 may be sold for on-premises consumption in the designated
1214 serving stations.

1215 (4) Sell at retail in a designated enclosed area, which
1216 shall be separate from all other designated areas on the
1217 licensed premises, for off-premises consumption, liquor
1218 manufactured at the licensed premises; ~~provided, however,~~
1219 ~~liquor.~~ Liquor sold for off-premises consumption may not
1220 exceed four and one-half liters per customer per day and shall
1221 be sealed, labeled, packaged, and taxed in accordance with
1222 state and federal laws, rules, and regulations.

1223 (5) Must provide patrons with the opportunity to
1224 participate in a guided tour of the distillery operations,
1225 which tours must include an educational component in which an
1226 in-person guide provides information to patrons regarding the
1227 historic and scientific characteristics of the liquor
1228 manufactured at the licensed premises. A licensee may offer a
1229 tasting or sampling of liquor manufactured at the licensed
1230 premises at the conclusion of each tour in a designated
1231 enclosed area which shall be separate from all other
1232 designated areas on the licensed premises, provided that the



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1233 total amount of liquor provided to each patron for such
1234 tasting or sampling does not exceed one and one-half ounces.
1235 The price of the tasting or sampling shall be included in the
1236 price charged to patrons over 21 years of age for the guided
1237 tour. No retail sales shall be authorized in the designated
1238 area.

1239 (c) An Educational Tourism Distillery licensee may
1240 transfer liquor directly from a licensed manufacturer. For the
1241 purposes of this subsection, the licensee must have a 75
1242 percent ownership or control of the brand or product received
1243 by the licensee.

1244 (d) The licensed premises must contain a distillery
1245 operation that encompasses no fewer than 5,000 square feet in
1246 one or more structures.

1247 (e) There is levied and assessed upon all liquor
1248 manufactured on the premises which is dispensed or sold at
1249 retail for on-premises or off-premises consumption, as well as
1250 samplings and tastings consumed as provided in this section,
1251 the mark up and the privilege or excise tax imposed on the
1252 retail sale of liquor in a state liquor store, in the same
1253 manner as if collected in a state liquor store. Taxes and mark
1254 up described in this subsection shall be remitted by the
1255 licensee to the board. The respective mark up and taxes
1256 collected shall be distributed, respectively, in the same
1257 manner as the mark up and taxes collected in an ABC liquor
1258 store.

1259 (f)(1) The tax levied in subsection (e) shall be
1260 collected by a return which shall be filed by the licensee



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1261 with the board postmarked not later than the last day of the
1262 month following the month of production or sale of liquor,
1263 which shall be accompanied by the remittance of the tax due.
1264 The report shall include, but not be limited to, a
1265 consolidated report of all liquor manufactured, sold, or
1266 otherwise consumed on the licensed location. The report shall
1267 be in the form and containing information as the board may
1268 prescribe.

1269 (2) If a licensee fails to file any return required to
1270 be filed with the board on or before the date prescribed
1271 therefor, including any written extension of time granted by
1272 the board in advance, there shall be assessed as a penalty the
1273 greater of 10 percent of any additional tax required to be
1274 paid with the return or fifty dollars (\$50).

1275 (3) If a licensee fails to pay to the board the amount
1276 of the tax due on a return required to be filed on or before
1277 the date prescribed for payment of the tax, including any
1278 written extension of time granted by the board in advance,
1279 there shall be added as a penalty 10 percent of the unpaid
1280 amount due on the return.

1281 (4) Interest shall be added to any tax due to the board
1282 which is not paid by the due date, from the due date of the
1283 tax, computed based on the underpayment rate established by
1284 the Secretary of the Treasury under the authority of 26 U.S.C.
1285 § 6621.

1286 (g) An Educational Tourism Distillery licensee shall
1287 not sell any alcoholic beverages direct to any retailer.

1288 (h) An Educational Tourism Distillery licensee shall



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1289 file with the board, prior to making any sales in Alabama, a
1290 list of its labels to be sold in Alabama and shall file with
1291 the board its federal certificate of label approvals or its
1292 certificates of exemption as required by the U.S. Treasury
1293 Department. All liquors whose labels have not been registered
1294 as herein provided for shall be considered contraband and may
1295 be seized by the board or its agents or by any peace officer
1296 of the State of Alabama without a warrant, and the goods shall
1297 be delivered to the board and disposed of as provided by law.

1298 (i)(1) An Educational Tourism Distillery licensee shall
1299 keep at its principal place of business within the state daily
1300 permanent records that show the quantities of raw materials
1301 received and used in the manufacture of liquor, and the
1302 quantities of alcoholic beverages manufactured and stored, the
1303 sale of alcoholic beverages, the quantities of alcoholic
1304 beverages stored for hire or transported for hire by or for
1305 the licensee, and the names and addresses of the purchasers or
1306 other recipients thereof.

1307 (2) An Educational Tourism Distillery licensee shall
1308 keep and maintain for a minimum of three years all records
1309 required to be kept and maintained at the licensed location by
1310 manufacturer, wholesaler, and retailer licensees for the tax
1311 so levied, except that the Educational Tourism Distillery is
1312 not required to maintain name, address, or other personal
1313 demographic information for sales as provided in subdivision
1314 (1).

1315 (j) An Educational Tourism Distillery licensee shall be
1316 subject to inspection by members of the board or by



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1317 individuals authorized and designated by the board at any time
1318 of the day or night as they may deem necessary for the
1319 detection of violations of this chapter, of any law, or of the
1320 rules of the board, or for the purpose of ascertaining the
1321 correctness of the records required to be kept by the
1322 licensees. The books and records of licensees, at all times,
1323 shall be open to inspection by members of the board or by
1324 individuals authorized and designated by the board. Members of
1325 the board and its authorized agents, without hindrance, may
1326 enter any place that is subject to inspection hereunder or any
1327 place where records are kept for the purpose of making
1328 inspections and making transcripts thereof.

1329 (k) An Educational Tourism Distillery licensee may be
1330 certified in the Responsible Vendor Program.

1331 (l) A licensee shall post in each of its locations
1332 where alcoholic beverages are served at least one sign warning
1333 customers that the sale of alcoholic beverages to patrons
1334 under 21 years of age is strictly prohibited. The sign shall
1335 be posted at a point of sale or in any other location that is
1336 visible to customers and employees.

1337 (m) An Educational Tourism Distillery licensee shall
1338 maintain a surety bond of not less than twenty-five thousand
1339 dollars (\$25,000), payable to the board for any outstanding
1340 fine, penalty, or tax.

1341 (n) Upon approval of the board, a licensee shall be
1342 allowed one off-premises manufacturer extension location for
1343 the exclusive storage of finished and unfinished goods
1344 pursuant to this section:



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(1) A licensee shall provide documentation indicating approval from the Alcohol and Tobacco Tax and Trade Bureau for the extension. Prior to a manufacturer extension being issued in Alabama, the licensee must provide all of the following:

a. Approval of the manufacturer extension from the Alcohol and Tobacco Tax and Trade Bureau.

b. A lease, deed, or other document showing control of the property.

c. A current, valid Educational Tourism Distillery license from the board.

(2) The application for a manufacturing extension must be approved by the board prior to its use.

(3) The manufacturer extension premises must be secured at all times.

(4) The manufacturer extension premises may not be used for the exportation of products nor any form of distribution of products within Alabama.

(5) Except where otherwise prohibited by federal or state law, a licensee may obtain a manufacturer extension for a building located 10 miles or less from the original licensed premises. A manufacturer extension is prohibited outside the State of Alabama.

(6) Authorized representatives of the board or commissioned law enforcement officers of the state, county, or municipality in which the manufacturer extension premises is located may enter and search, without a warrant, the manufacturer extension premises or any building owned or occupied by the licensee in connection therewith, adjoining,



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1373 adjacent to, or part of the curtilage thereof, whether used as
1374 a private dwelling or not, at any time.

1375 (7) No sales, sampling, or tastings of any alcoholic
1376 beverage shall be allowed at the manufacturer extension
1377 premises.

1378 (8) A licensee under this section which is issued a
1379 manufacturer extension shall maintain all records related to
1380 the disposition of the finished or unfinished goods stored in
1381 the extension, as applicable.

1382 (9) The finished and unfinished goods may be
1383 transported in bond from the licensed premises to the
1384 manufacturer extension location for storage, as applicable.
1385 Transportation shall be made by the licensee or employee of
1386 the same in a vehicle bearing signage on each side identifying
1387 the licensee. A current copy of the manufacturer extension and
1388 the bill of lading or other documentary evidence of ownership
1389 of the product shall be included on board the transportation
1390 vehicle."

1391 "§28-3A-19.2

1392 (a) Upon an applicant's compliance with this chapter
1393 and rules adopted thereunder and payment of the government
1394 venue license fee as established in Section 28-3A-21, the
1395 board shall issue a government venue license to a person for
1396 such period of time and upon such terms and conditions as the
1397 board may prescribe. A government venue license authorizes the
1398 licensee to purchase liquor and wine from the board and table
1399 wine, mixed spirit beverages, and beer from any wholesale
1400 licensee and to sell at retail and dispense for on-premises



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1401 consumption alcoholic beverages at a location on property
1402 owned or leased by the state or a political subdivision of the
1403 state. Locations may include, but are not limited to, civic
1404 centers and community event spaces; concert centers,
1405 amphitheatres, and music halls; convention centers and
1406 exhibition halls; government owned stadiums and sports
1407 complexes; or historic properties, parks, fairgrounds, or
1408 other outdoor spaces.

1409 (b) The government venue license is a special retail
1410 license, and selling and dispensing of alcoholic beverages
1411 shall be restricted to an occasional use basis. For the
1412 purposes of this section, "occasional use basis" refers to a
1413 location where alcoholic beverages are sold and dispensed at
1414 individual events that may be open to the public or restricted
1415 to private parties. The term excludes locations where
1416 alcoholic beverages are dispensed and served to the public
1417 during continual business hours on a regular schedule.

1418 (c) Any holder of a special retail license under
1419 Section 28-3A-19 may convert the license to a government venue
1420 license no later than September 30, 2026; provided, all
1421 requirements for issuance of a government venue license are
1422 met."

1423 "§28-3A-20.5

1424 (a) Upon an eligible applicant's compliance with this
1425 chapter and rules adopted thereunder and payment of the event
1426 storage license fee as established in Section 28-3A-21 the
1427 board, on and after January 1, 2026, shall issue an event
1428 storage license to a person for such period of time not to



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1429 exceed one year and upon such terms and conditions as the
1430 board may prescribe. An event storage license authorizes the
1431 licensee to purchase and store alcoholic beverages at one
1432 designated location and transfer alcoholic beverages as needed
1433 to special event venues where the licensee holds the
1434 appropriate special event license under the same Federal
1435 Employer Identification Number.

1436 (b) Notwithstanding Section 28-3-4, only the holder of
1437 one or more of the following special event licenses shall be
1438 eligible to make application for and hold an event storage
1439 license:

1440 (1) A special events retail license.

1441 (2) A nonprofit special events retail license.

1442 (3) A special retail license for 30 days or less.

1443 (4) A government venue license.

1444 (c) An event storage license authorizes a licensee to:

1445 (1) Store alcoholic beverages, when not at a special
1446 event venue, at the storage location;

1447 (2) Arrange delivery of alcoholic beverages purchased
1448 from the board or a wholesale licensee directly to the
1449 licensee's storage location or directly to a special event
1450 license venue; and

1451 (3) Transfer alcoholic beverages between the storage
1452 location and a special event venue. Alcoholic beverages
1453 returned from a special event venue to the storage location
1454 may then be transferred to another special event venue, but a
1455 licensee may not transfer alcoholic beverages directly from
1456 one special event venue to another special event venue without



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1457 first returning the alcoholic beverages to the storage
1458 location.

1459 (d)(1) The holder of an event storage license may only
1460 purchase beer, mixed spirit beverages, and table wine from a
1461 licensed wholesaler that maintains the appropriate franchise
1462 for the brand purchased in the area applicable to the storage
1463 location. The holder of an event storage license may only
1464 purchase liquor from the board wholesale.

1465 (2) The holder of an event storage license may purchase
1466 alcoholic beverages under one of the special events licenses
1467 listed in subsection (b) which is issued to the holder;
1468 ~~provided,~~ the purchase ~~is~~ may be made only from a vendor
1469 permitted under the special events license and ~~that~~ any
1470 remaining alcoholic beverages purchased are to be returned to
1471 the storage location.

1472 (e) The holder of an event storage license may apply
1473 for and hold up to three such licenses, each of which permits
1474 one designated storage location, provided:

1475 (1) All storage locations are situated at least 100
1476 miles from one another; and

1477 (2) Alcoholic beverages may not be transferred between
1478 storage locations.

1479 (f) The storage location facility must:

1480 (1) Be secured at all times with locked access when not
1481 in use;

1482 (2) Use an access control system to monitor and
1483 restrict entry to authorized individuals only;

1484 (3) Be temperature controlled as appropriate for the



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1485 types of alcoholic beverages stored; and

1486 (4) Comply with local zoning and building codes.

1487 (g) An event storage licensee shall track all alcoholic
1488 beverage transfers, on a form prescribed by the board, which
1489 shall include, but not be limited to, all of the following
1490 information:

1491 (1) The name under which the event storage license is
1492 issued.

1493 (2) The event storage license number.

1494 (3) The date of the transfer.

1495 (4) The type of alcoholic beverage, the brand name, and
1496 the quantity transferred.

1497 (5) The destination of the transfer, identified by
1498 location, special event license type, and number.

1499 (6) If the destination of the transfer is the return of
1500 alcoholic beverages from a special event venue to a storage
1501 location, the type of alcoholic beverage, the brand, and the
1502 quantity returned.

1503 (7) A signed certification that the transfer is in
1504 compliance with this section and board rules.

1505 (h)(1) An event storage licensee shall maintain for a
1506 period of three years records of all alcoholic beverages
1507 purchased, stored, transferred, and sold in accordance with
1508 rules adopted by the board. These records may be maintained in
1509 an electronic format so long as the records may be promptly
1510 provided in a readable format upon request by the board.

1511 (2) All invoices, transfer logs, and other records of
1512 an event storage licensee shall be subject to inspection by



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1513 members of the board or by agents authorized and designated by
1514 the board at any time during the normal business hours
1515 established by the licensee.

1516 (3) Inspection by the board or by agents authorized and
1517 designated by the board may:

1518 a. Include a search by law enforcement officers with
1519 jurisdiction if the circumstances require; and

1520 b. Extend to other buildings attached or adjacent to
1521 the storage location, including a dwelling.

1522 (i) (1) If a discrepancy is discovered during an
1523 inspection or audit, the board may issue a compliance warning,
1524 require immediate corrective action, or issue a citation.

1525 (2) Reoccurring discrepancies discovered by audit or
1526 inspection may be considered a violation pursuant to rules
1527 adopted by the board.

1528 (3) The board may assess a civil fine of no more than
1529 one thousand dollars (\$1,000) for each occurrence that is a
1530 violation of this chapter and may revoke the license.

1531 (j) The board shall adopt rules to implement this
1532 section."

1533 Section 8. Section 28-3A-27 is added to the Code of
1534 Alabama 1975, to read as follows:

1535 §28-3A-27

1536 (a) A person that is issued a limited mixed spirit
1537 beverage expanded retail license pursuant to this chapter
1538 which sells, attempts to sell, furnishes, or otherwise
1539 provides a mixed spirit beverage to an individual who is less
1540 than 21 years of age shall be subject to the following



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1541 penalties:

1542 (1) For a first offense, the board shall prohibit the
1543 the sale of mixed spirit beverages for 30 days at the licensed
1544 premises where the violation occurred.

1545 (2) For a second offense within the same 18-month
1546 period, the board shall suspend the sale of any alcoholic
1547 beverage at the premises covered by the license for 90 days.

1548 (3) For a third offense within the same 18-month
1549 period, the board shall revoke all licenses to sell alcoholic
1550 beverages and tobacco products covering the premises where the
1551 violation occurred for a 24-month period.

1552 (b) The board shall publish a list identifying any
1553 retailer, by licensed premises, which violates this section.
1554 Upon notification by the board and confirmed receipt by a
1555 wholesaler, the wholesaler shall terminate sales or
1556 distribution to the retailer according to the terms of the
1557 board's order.

1558 Section 9. Chapter 8B, commencing with Section 28-8B-1,
1559 is added to Title 28 of the Code of Alabama 1975, to read as
1560 follows:

1561 §28-8B-1

1562 (a) The Legislature hereby finds and declares that this
1563 chapter is enacted pursuant to the authority granted to the
1564 state under the Twenty-First Amendment to the United States
1565 Constitution, the powers reserved to the state under the Tenth
1566 Amendment to the United States Constitution, and the inherent
1567 powers of the state under the Constitution of Alabama of 2022,
1568 in order to regulate the traffic of alcoholic beverages and to



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substitute the regulations and oversight established in this chapter for the application of federal and state antitrust laws that otherwise would apply to any potential anti-competitive effects of this title. For the avoidance of doubt, the intent of the Legislature is to maintain the uniform three-tier system of control over the sale, purchase, taxation, transportation, manufacture, consumption, and possession of alcoholic beverages in the state to promote the health, safety, and welfare of residents of this state by, among other purposes, ensuring the state shall be able to register, audit, inspect, seize, recall, and test alcoholic beverages shipped into, distributed, and sold throughout this state; and this expression of the policy and intent of the Legislature is intended to satisfy the clear articulation test for state action immunity as has been established by the United States Supreme Court in *California Retail Liquor Dealers Assn. v. Midcal Aluminum, Inc., et al.*

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



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1597 §28-8B-2

1598 (a) This chapter applies only to mixed spirit beverages
1599 and does not apply to regulation of beer or wine franchises.

1600 (b) Nothing in this chapter shall be deemed to repeal
1601 or amend any existing beer or wine franchise laws. This
1602 chapter is intended to address mixed spirit beverages and to
1603 leave in effect and unchanged any local or state franchise
1604 laws existing on the effective date of this act.

1605 §28-8B-3

1606 (a) Each supplier of mixed spirit beverages licensed by
1607 the board to sell its mixed spirit beverages within the State
1608 of Alabama shall sell its mixed spirit beverages only through
1609 wholesaler licensees of the board and shall grant in writing
1610 to each of its wholesalers a distribution agreement which
1611 contains the wholesaler's exclusive sales territory for the
1612 distribution of the supplier's designated brand in accordance
1613 with Chapter 8.

1614 (b) A licensed retailer may not purchase mixed spirit
1615 beverages from any entity other than the licensed wholesaler
1616 designated by the manufacturer of the mixed spirit beverages.

1617 §28-8B-4

1618 (a) For the purposes of this chapter, the following
1619 terms have the following meanings:

1620 (1) DISTRIBUTION AGREEMENT. Any written and signed
1621 agreement between a wholesaler and a supplier, whereby a
1622 wholesaler is granted the right to purchase and sell a brand
1623 of mixed spirit beverages sold by a supplier.

1624 (2) FAIR MARKET VALUE. An amount equal to a multiple of



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1625 the wholesaler's gross profit on the wholesaler's sales of the
1626 supplier's products in the 12-month period immediately
1627 preceding the date of the notice of termination or non-renewal
1628 by supplier.

1629 (3) GOOD CAUSE. A material breach by the wholesaler of
1630 an essential element in a distribution agreement with a
1631 supplier which is uncured or which reoccurs three or more
1632 times.

1633 (4) GROSS PROFIT. The wholesaler's selling price, net
1634 of promotions, discounts, allowances, and freight, of the
1635 products sold during such 12-month period, less the
1636 wholesaler's cost to purchase the products from the supplier,
1637 net of any discounts, promotions, and allowances from the
1638 supplier.

1639 (b) Upon a supplier's termination or non-renewal of a
1640 distribution agreement with a wholesaler, except where
1641 termination or non-renewal is for good cause, the supplier
1642 shall pay the wholesaler reasonable compensation in an amount
1643 equal to the fair market value of the wholesaler's business
1644 attributable to the supplier's portfolio, including the value
1645 of the distribution rights, current saleable inventory,
1646 goodwill, and other relevant assets.

1647 (c) The supplier and wholesaler shall have 30 days
1648 following receipt of the supplier's notice of termination or
1649 non-renewal to agree upon a multiple of gross profit in
1650 determining fair market value. Following the notice of
1651 termination or non-renewal, but prior to determination of the
1652 fair market value of the supplier's portfolio, the supplier



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and wholesaler shall each continue to operate in good faith in the regular course of the business relationship.

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

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

(3) If the independent appraisers' valuations are not within 10 percent of each other, a third independent appraiser with experience in valuating alcoholic beverage distribution rights shall be retained by mutual agreement of the parties within 10 business days to assess the fair market value, and the fair market value shall be submitted in writing by the third independent appraiser within 30 days. The cost of the third independent appraiser shall be shared equally by the parties. The fair market value shall then be the average of:

(i) the third independent appraiser's valuation; and (ii) the average of the first two valuations.

(e) The supplier shall have no more than seven business days after the determination of fair market value within which



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1681 to remit payment of reasonable compensation to the wholesaler.

1682 Section 10. If any provision of this act, or its
1683 application to any person or circumstance, is determined by a
1684 court to be invalid or unconstitutional, that provision shall
1685 be stricken and the remaining provisions shall be construed in
1686 accordance with the intent of the Legislature to further limit
1687 rather than expand commerce in alcoholic beverages, including
1688 by prohibiting any commerce in alcoholic beverages not
1689 expressly authorized, and to enhance strict regulatory control
1690 over taxation, distribution, and sale of alcoholic beverages
1691 through the existing uniform system of regulation of alcoholic
1692 beverages.

1693 Section 11. This act shall become effective immediately
1694 upon approval by the Governor.