

1 HB543  
2 200439-1  
3 By Representative Nordgren  
4 RFD: Economic Development and Tourism  
5 First Read: 02-MAY-19

SYNOPSIS: Under existing law, manufacturers, wholesalers, and retailers of alcoholic beverages are restricted in their ability to have a financial or business interest with one another.

This bill would allow a manufacturer, importer, or wholesaler to be a member, donor, director, or officer of a tax exempt nonprofit organization that holds a retail class license.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to alcoholic beverages; to amend Section 28-3-4, Code of Alabama 1975; to allow a manufacturer, importer, or wholesaler to be a member, donor, director, or officer of a tax exempt nonprofit organization that holds a retail class license.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1           Section 1. Section 28-3-4, Code of Alabama 1975, is  
2 amended to read as follows:

3           "§28-3-4.

4           (a) No manufacturer and no officer or director of  
5 any manufacturer shall at the same time be a distributor,  
6 wholesaler or ~~retail dispenser~~ retailer or an officer,  
7 director or stockholder or creditor of any distributor,  
8 wholesaler or ~~retail dispenser~~ retailer, nor, except as  
9 provided in this section, be the owner, proprietor or lessor  
10 of any place covered directly or indirectly by any  
11 distributor's or wholesaler's ~~malt or brewed beverage liquor~~  
12 license.

13           (b) No distributor or wholesaler and no officer or  
14 director of any distributor or wholesaler shall at the same  
15 time be a manufacturer or retailer or be an officer, director,  
16 stockholder or creditor of a manufacturer or retailer or be  
17 the owner, proprietor or lessor of any place covered by any  
18 other ~~malt or brewed beverage or liquor~~ license.

19           (c) No licensee ~~licensed under this chapter~~ shall  
20 directly or indirectly own any stock of, or have any financial  
21 interest in, any other class of business licensed under this  
22 chapter.

23           "(d) Except as provided in this section, no  
24 manufacturer, wholesaler or distributor shall in any ~~wise~~  
25 manner be interested, either directly or indirectly, in the  
26 ownership or leasehold of any property or in any mortgage  
27 against the same for which a ~~liquor or retail dispensers~~

1 retail license is granted, nor shall a manufacturer,  
2 wholesaler or distributor, either directly or indirectly, lend  
3 any moneys, credit or equivalent thereof to any retailer in  
4 equipping, fitting out or maintaining and conducting, either  
5 in whole or in part, an establishment or business operated  
6 under a ~~liquor retail dispensers~~ retail license, excepting  
7 only the usual and customary credits allowed for returning  
8 packages or containers in which ~~malt or brewed~~ alcoholic  
9 beverages were packed for market by the manufacturer.

10 "(e) Except as provided in this section no  
11 manufacturer shall in any ~~wise~~ manner be interested, directly  
12 or indirectly, in the ownership or leasehold of any property  
13 or any mortgage lien against the same, for which a  
14 distributor's or wholesaler's license is granted nor shall a  
15 manufacturer, either directly or indirectly, lend any moneys,  
16 credit or their equivalent to any distributor or wholesaler in  
17 equipping, fitting out or maintaining and conducting, either  
18 in whole or in part, an establishment or business where ~~malt~~  
19 ~~or brewed~~ alcoholic beverages are licensed for sale by a  
20 distributor or wholesaler, excepting only the usual credits  
21 allowed for the return of packages or containers in which ~~malt~~  
22 ~~or brewed~~ alcoholic beverages were originally packed for the  
23 market by the manufacturer.

24 "(f) No distributor, wholesaler, or ~~retail dispenser~~  
25 retailer shall in any ~~wise~~ manner, either directly or  
26 indirectly, receive any credit, loan, moneys or the equivalent  
27 thereof from any other licensee or from or through a

1 subsidiary or affiliate of another licensee or from any firm,  
2 association, or corporation, except a banking institution, in  
3 which another licensee or any officer, director, or firm  
4 member of another licensee has a substantial interest or  
5 exercises a control of its business policy for equipping,  
6 fitting out, payment of license fee, or maintaining and  
7 conducting, either in whole or in part, an establishment or  
8 business operated under a distributor's, wholesaler's, or  
9 ~~retail dispenser's~~ retailer's license, excepting only the  
10 usual and customary credits allowed for the return of packages  
11 or containers in which ~~malt or brewed~~ alcoholic beverages were  
12 packed for the market by the manufacturer.

13 "(g) The purpose of this section is to require a  
14 separation of the financial and business interest between the  
15 various classes of business regulated by this chapter, and no  
16 person or corporation shall by any device whatsoever directly  
17 or indirectly, evade the provisions of this section.

18 "(h) Notwithstanding the foregoing, this section  
19 does not prohibit a manufacturer, importer, or wholesaler from  
20 being a member, donor, director, or officer of a nonprofit  
21 organization exempt from taxation under Section 501 of the  
22 Internal Revenue Code that holds a retail class license,  
23 regardless of the organization's purpose."

24 Section 2. This act shall become effective on the  
25 first day of the third month following its passage and  
26 approval by the Governor, or its otherwise becoming law.