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3 HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE SUBSTITUTE
4 FOR SB294

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9 SYNOPSIS: Under existing law, a producer of alcoholic
10 beverages may only sell its product to distributors
11 or wholesalers, or directly to consumers in limited
12 quantities at its licensed premises.

13 This bill would allow licensed wineries that
14 produce locally sourced wines and are below a
15 certain size, known as "small farm wineries," to
16 sell and transport their table wines directly to
17 licensed retailers or to sell directly to
18 consumers, under certain conditions. Transportation
19 of the table wine must be made by the winery's
20 employees in a vehicle owned or leased by the
21 winery.

22 This bill would require small farm wineries
23 to collect and remit certain taxes in certain
24 circumstances.

25 This bill would authorize the Alcoholic
26 Beverage Control Board to adopt rules to implement
27 this act.

1
2 A BILL
3 TO BE ENTITLED
4 AN ACT

5
6 Relating to wine; to allow certain licensed wineries
7 to sell and transport their table wines directly to licensed
8 retailers and to sell directly to consumers, under certain
9 conditions; to require these wineries to collect and remit
10 certain taxes; to require these wineries to make reports to
11 the Alcoholic Beverage Control Board; and to authorize the
12 Alcoholic Beverage Control Board to adopt rules to implement
13 this act.

14 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

15 Section 1. The Legislature hereby finds and declares
16 that this act has been enacted pursuant to the authority
17 granted to the state under the Twenty-first Amendment to the
18 United States Constitution and the powers reserved to the
19 state under the Tenth Amendment to the United States
20 Constitution and the inherent powers of the state under the
21 Constitution of Alabama of 1901. It is the intent of the
22 Legislature that this act maintains the current three-tier
23 system of control over the sale, distribution, purchase,
24 transportation, manufacture, consumption, and possession of
25 alcoholic beverages in the state and promotes the health,
26 safety, and welfare of residents of this state.

1 Section 2. (a) For purposes of this act, a "small
2 farm winery" means a manufacturer of table wine licensed by
3 the Alcoholic Beverage Control Board that does both of the
4 following:

5 (1) Produces fewer than 50,000 gallons of table wine
6 per year.

7 (2) Produces at least 50 percent of its total
8 production of table wine from fruit that is grown in this
9 state.

10 (b) A catastrophic loss to produce grown in this
11 state, including, but not limited to, one caused by drought or
12 frost, may not disqualify a small farm winery if the winery
13 qualified as a small farm winery prior to the catastrophic
14 loss.

15 (c) Notwithstanding any provision of Title 28, Code
16 of Alabama 1975, to the contrary, a small farm winery may do
17 all of the following:

18 (1) Sell its table wines produced on its licensed
19 premises directly from its licensed premises at retail to
20 consumers physically present at the licensed premises, either
21 for on-premises or off-premises consumption, for personal use
22 and not for resale; provided, the winery collects and remits
23 all state and local sales or use taxes and excise taxes due on
24 the sale of table wine to consumers, packages and labels the
25 wine in accordance with state and federal law, and reports its
26 annual production of table wine to the board.

1 (2)a. Either of the following, provided that
2 transportation of wine under this subdivision is made by the
3 winery's employees in a vehicle owned or leased by the winery:

4 1. Sell and transport up to 10,000 gallons of its
5 table wine directly to licensed retailers each year.

6 2. Sell and transport up to 20,000 gallons of its
7 table wine directly to licensed retailers each year, if the
8 winery provides to the board proof that the winery's table
9 wine has been declined to be distributed by two separate
10 wholesalers of table wine. If the winery's table wine has been
11 accepted for distribution by any wholesaler of table wine,
12 then the winery may not sell its table wine directly to
13 retailers under this paragraph.

14 b. For purposes of this subdivision, retailers
15 include those that are licensed by the board for on-premises
16 consumption, for off-premises consumption, or for both.

17 c. If a winery sells and transports 20,000 total
18 gallons of table wine directly to retailers as provided in
19 this subdivision in any one year, that winery may not
20 subsequently sell and transport table wine directly to
21 retailers under this subdivision.

22 (d) A county or a municipality may not require a
23 small farm winery to pay any fees, including business
24 licensure fees, to make sales or deliveries under this
25 section, or any additional local tax other than the tax
26 described in subdivision (c) (1).

1 (e) (1) A small farm winery shall maintain records
2 verifying that the winery meets the qualifications under this
3 section, and shall provide those records to the Alcoholic
4 Beverage Control Board upon request.

5 (2) A small farm winery shall report to the
6 Alcoholic Beverage Control Board each month the amount of
7 table wine sold directly to each licensed retailer under this
8 section.

9 (f) The Alcoholic Beverage Control Board shall adopt
10 rules to implement this section.

11 Section 3. If any provision of this act or its
12 application to any person or circumstance is determined by a
13 court to be invalid or unconstitutional, that provision shall
14 be stricken and the remaining provisions shall be construed in
15 accordance with the intent of the Legislature to further
16 limit, rather than expand, commerce in alcoholic beverages,
17 including by prohibiting any commerce in alcoholic beverages
18 not expressly authorized, and to enhance strict regulatory
19 control over taxation, distribution, and sale of alcoholic
20 beverages through the existing uniform system of regulation of
21 alcoholic beverages.

22 Section 4. This act shall become effective on the
23 first day of the third month following its passage and
24 approval by the Governor, or its otherwise becoming law.