

1 **SENATE FLOOR VERSION**

2 February 26, 2020

3 **AS AMENDED**

4 SENATE BILL NO. 1653

5 By: Coleman and **Bergstrom** of
6 the Senate

7 and

8 McEntire of the House

9 **[alcoholic beverages - craft distiller licenses -
10 fees - codification - conditional effective date]**

11 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

12 SECTION 1. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 2-103.1 of Title 37A, unless
14 there is created a duplication in numbering, reads as follows:

15 A. A craft distiller license shall authorize the holder thereof
16 to:

17 1. Manufacture, bottle, package and store spirits produced by
18 the licensee on licensed premises;

19 2. Sell spirits in this state to licensed wholesalers and
20 holders of retail licenses and to sell spirits outside this state to
21 qualified persons;

22 3. Serve free samples of spirits produced only by the licensee
23 to visitors twenty-one (21) years of age and older. For purposes of
24 this paragraph, no visitor may sample more than a total of three (3)

1 fluid ounces of spirits per day. The distiller shall restrict the
2 distribution and consumption of samples of spirits to an area within
3 the licensed premises designated by the distiller. A current floor
4 plan that includes the designated sampling area shall be on file
5 with the ABLE Commission. No visitor under twenty-one (21) years of
6 age shall be permitted to enter the designated sampling area when
7 samples are being distributed and consumed. Samples of spirits
8 served by a distiller under this paragraph shall not be considered a
9 sale of spirits within the meaning of Article XXVIII-A of the
10 Oklahoma Constitution or Section 1-103 of Title 37A of the Oklahoma
11 Statutes; provided, such samples of spirits shall be considered
12 removed or withdrawn from the distillery for use or consumption
13 within the meaning of Section 5-110 of Title 37A of the Oklahoma
14 Statutes for excise tax determination and reporting requirements.
15 Sampling may only occur between the hours of 10:00 a.m. and 2:00
16 a.m.;

17 4. Sell spirits produced by the licensee for either on-premises
18 or off-premises consumption to consumers on the distillery premises
19 or on premises located contiguous thereto;

20 5. Sell spirits at public events such as trade shows or
21 festivals;

22 6. Purchase wine and beer in retail containers from the holder
23 of a wholesaler license or as specifically provided by law;

24

1 7. Sell, offer for sale and possess beer and wine for on-
2 premises consumption; and

3 8. Operate spirit lounges pursuant to Section 2 of this act.

4 B. A craft distiller self-distribution license shall authorize
5 a holder of a craft distiller license to distribute spirits produced
6 only by such licensee to holders of retail liquor licenses, retail
7 spirits licenses, mixed beverage licenses, beer and wine licenses,
8 caterer licenses, special event licenses, public event licenses,
9 charitable auction licenses and brewpub licenses.

10 C. A craft distiller shall elect whether to distribute through
11 a distributor or self-distribute in a subject territory; provided,
12 however, a craft distiller shall not be permitted to elect to do
13 both simultaneously in a subject territory. The election shall be
14 made through notice to the ABLE Commission. Any changes to the
15 election shall require immediate notification to the ABLE Commission
16 before the change in election shall take effect. A craft distiller
17 that elects to self-distribute in multiple territories shall only be
18 required to have one craft distiller self-distribution license.

19 D. If a craft distiller elects to market wine and beer, the
20 craft distiller shall also be required to obtain a manufacturer's
21 license and comply with the laws and ABLE Commission rules
22 pertaining to both licenses.

23 E. As used in this section, "craft distiller" means a
24 distillery that does not annually produce for sale more than one

1 hundred thousand (100,000) proof gallons of spirits as reported to
2 the United States Department of the Treasury Alcohol and Tobacco Tax
3 and Trade Bureau.

4 SECTION 2. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 2-103.2 of Title 37A, unless
6 there is created a duplication in numbering, reads as follows:

7 A. A craft distiller spirit lounge license shall authorize a
8 craft distiller to:

9 1. Manufacture, bottle, package and store spirits on the
10 licensed premises;

11 2. Sell spirits produced by the licensee for either on-premises
12 or off-premises consumption to consumers on the distillery premises
13 or premises located contiguous thereto;

14 3. Sell spirits at public events such as trade shows or
15 festivals;

16 4. Hold a mixed beverage license, beer and wine license or
17 caterer license; and

18 5. Hold a craft distillery self-distribution license.

19 B. A spirit lounge self-distribution license shall authorize a
20 holder of a lounge distribution license to distribute spirits
21 produced only by the licensee pursuant to a spirit lounge operated
22 by an entity which has common owners with the spirit lounge
23 licensee, regardless of which place of business distills the
24 spirits.

1 C. As used in this section:

2 1. "Common owners" means that the owners at each place of
3 business or entity together own more than fifty percent (50%) of the
4 interest in each place of business or entity that holds a type of
5 license listed in this section;

6 2. "Craft distiller" means a distillery that does not annually
7 produce for sale more than twenty-five thousand (25,000) proof
8 gallons of spirits as reported to the United States Department of
9 the Treasury Alcohol and Tobacco Tax and Trade Bureau; and

10 3. "Spirit lounge" means a licensed establishment operated on
11 the premises of, or on premises located contiguous to, a craft
12 distiller that prepares and serves food and beverages, including
13 alcoholic beverages, for on-premises consumption.

14 SECTION 3. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 2-101.1 of Title 37A, unless
16 there is created a duplication in numbering, reads as follows:

17 The annual license fees for licenses issued pursuant to Sections
18 1 and 2 of this act shall be as follows:

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|----|--|----------|
| 19 | 1. Craft distiller license | \$125.00 |
| 20 | 2. Craft distiller self-distribution license | \$750.00 |
| 21 | 3. Craft distiller spirit lounge license | \$75.00 |
| 22 | 4. Spirit lounge self-distribution license | \$750.00 |

1 SECTION 4. This act shall become effective upon the passage of
2 a vote of the people of a constitutional amendment authorizing the
3 direct sale of spirits by distillery to consumers.

4 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
5 February 26, 2020 - DO PASS
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