

THE HOUSE OF REPRESENTATIVES  
Monday, April 16, 2007

Committee Substitute for  
ENGROSSED  
Senate Bill No. 41

COMMITTEE SUBSTITUTE FOR ENGROSSED SENATE BILL NO. 41 - By: CORN of the Senate and MARTIN (STEVE), BLACKWELL AND SEARS of the House.

An Act relating to intoxicating liquors; amending 37 O.S. 2001, Section 521, as last amended by Section 1, Chapter 73, O.S.L. 2006 (37 O.S. Supp. 2006, Section 521), which relates to acts authorized by certain licenses; changing name of certain license; modifying acts authorized by the license; and providing an effective date.

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

- 1       SECTION 1.   AMENDATORY   37 O.S. 2001, Section 521, as last amended by  
2 Section 1, Chapter 73, O.S.L. 2006 (37 O.S. Supp. 2006, Section 521), is amended to read  
3 as follows:
- 4       Section 521. A. A brewer license shall authorize the holder thereof: To  
5 manufacture, bottle, package, and store beer on licensed premises; to sell beer in this  
6 state to holders of Class B wholesaler licenses and retail licenses and to sell beer out of  
7 this state to qualified persons.
- 8       B. A distiller license shall authorize the holder thereof: To manufacture, bottle,  
9 package, and store spirits on licensed premises; to sell spirits in this state to licensed  
10 wholesalers and manufacturers only; to sell spirits out of this state to qualified persons;

1 to purchase from licensed distillers and rectifiers in this state, and import spirits from  
2 without this state for manufacturing purposes in accordance with federal laws and  
3 regulations.

4 C. A winemaker license shall authorize the holder thereof: To manufacture  
5 (including such mixing, blending and cellar treatment as authorized by federal law),  
6 bottle, package, and store on licensed premises wine containing not more than twenty-  
7 four percent (24%) alcohol by volume, provided the bottle or package sizes authorized  
8 shall be limited to the capacities approved by the United States Bureau of Alcohol,  
9 Tobacco and Firearms; to sell wine in this state to licensed wholesalers and  
10 manufacturers, provided, an Oklahoma winemaker may sell and ship wine produced at a  
11 winery in this state directly to retail package stores and restaurants in this state; to sell  
12 bottles of wine produced at the winery from grapes and other fruits and berries grown in  
13 this state, if available, to consumers on the premises of the winery; to serve visitors on  
14 the licensed premises samples of wine produced on the premises; to serve samples of  
15 wine produced at the winery at festivals and trade shows; to sell wine produced at the  
16 winery, in original sealed containers, at festivals and trade shows; to sell wine out of this  
17 state to qualified persons; to purchase from licensed winemakers, distillers and rectifiers  
18 in this state, and to import into this state wine, brandy and fruit spirits for use in  
19 manufacturing in accordance with federal laws and regulations.

20 D. A rectifier license shall authorize the holder thereof: To rectify spirits and  
21 wines, bottle, package, and store same on the licensed premises; to sell spirits and wines  
22 in this state to licensed wholesalers and manufacturers only; to sell spirits and wines out

1 of this state to qualified persons; to purchase from licensed manufacturers in this state;  
2 and to import into this state for manufacturing purposes spirits and wines in accordance  
3 with federal laws and regulations.

4 E. A wholesaler license shall authorize the holder thereof: To purchase and import  
5 into this state spirits and wines from persons authorized to sell same who are the holders  
6 of a nonresident seller license, and their agents who are the holders of manufacturers  
7 agent licenses; to purchase spirits and wines from licensed distillers, rectifiers,  
8 winemakers and wholesalers in this state; to sell spirits and wines in retail containers in  
9 this state to retailers, mixed beverage, caterer, special event, hotel beverage or  
10 airline/railroad beverage licensees; to sell spirits and wines to wholesalers authorized to  
11 sell same; and to sell spirits and wines out of this state to qualified persons. Provided,  
12 however, sales of spirits and wine in containers with a capacity of less than one-  
13 twentieth (1/20) gallon by a holder of a wholesaler license shall be in full case lots and in  
14 the original unbroken case. Wholesalers shall be authorized to place such signs outside  
15 their place of business as are required by Acts of Congress and by such laws and  
16 regulations promulgated under such Acts.

17 A wholesaler license shall authorize the holder thereof to operate a single bonded  
18 warehouse with a single central office together with delivery facilities at a location in this  
19 state only at the principal place of business for which the wholesaler license was granted.

20 F. A Class B wholesaler license shall authorize the holder thereof: To purchase and  
21 import into this state beer from persons authorized to sell same who are the holders of  
22 nonresident seller licenses, and their agents who are the holders of manufacturers agent

1 licenses; to purchase beer from licensed brewers and Class B wholesalers in this state; to  
2 sell in retail containers to retailers, mixed beverage, caterer, special event, hotel  
3 beverage and airline/railroad beverage licensees in this state, beer which has been  
4 unloaded and stored at the holder's self-owned or leased and self-operated warehouse  
5 facilities for a period of at least twenty-four (24) hours before such sale; and to sell beer  
6 in this state to Class B wholesalers and out of this state to qualified persons, including  
7 federal instrumentalities and voluntary associations of military personnel on federal  
8 enclaves in this state over which this state has ceded jurisdiction.

9 G. A package store license shall authorize the holder thereof: To purchase alcohol,  
10 spirits, beer and wine in retail containers from the holder of a brewer, wholesaler or  
11 Class B wholesaler license and to purchase wine produced at a winery in this state from  
12 an Oklahoma winemaker and to sell same on the licensed premises in such containers to  
13 consumers for off-premises consumption only and not for resale; provided, wine may be  
14 sold to charitable organizations that are holders of charitable auction or charitable wine  
15 event licenses. All alcoholic beverages that are sold by a package store are to be sold at  
16 ordinary room temperature.

17 H. A mixed beverage license shall authorize the holder thereof: To purchase  
18 alcohol, spirits, beer or wine in retail containers from the holder of a wholesaler or Class  
19 B wholesaler license or as specifically provided by law and to sell, offer for sale and  
20 possess mixed beverages for on-premises consumption only; provided, the holder of a  
21 mixed beverage license issued for an establishment which is also a restaurant may

1 purchase wine produced at wineries in this state directly from an Oklahoma winemaker  
2 as provided in Section 3 of Article XXVIII of the Oklahoma Constitution.

3 Sales and service of mixed beverages by holders of mixed beverage licenses shall be  
4 limited to the licensed premises of the licensee unless the holder of the mixed beverage  
5 license also obtains a caterer license or a mixed beverage/caterer combination license. A  
6 mixed beverage license shall only be issued in counties of this state where the sale of  
7 alcoholic beverages by the individual drink for on-premises consumption has been  
8 authorized. A separate license shall be required for each place of business. No mixed  
9 beverage license shall be issued for any place of business functioning as a motion picture  
10 theater, as defined by Section 506 of this title.

11 I. A bottle club license shall authorize the holder thereof: To store, possess and mix  
12 alcoholic beverages belonging to members of the club and to serve such alcoholic  
13 beverages for on-premises consumption to club members. A bottle club license shall only  
14 be issued in counties of this state where the sale of alcoholic beverages by the individual  
15 drink for on-premises consumption has not been authorized. A separate license shall be  
16 required for each place of business.

17 J. A caterer license shall authorize the holder thereof: To sell mixed beverages for  
18 on-premises consumption incidental to the sale or distribution of food at particular  
19 functions, occasions, or events which are temporary in nature. A caterer license shall not  
20 be issued in lieu of a mixed beverage license. A caterer license shall only be issued in  
21 counties of this state where the sale of alcoholic beverages by the individual drink for on-

1 premises consumption has been authorized. A separate license shall be required for each  
2 place of business.

3 K. 1. An annual special event license shall authorize the holder thereof: To sell  
4 and distribute mixed beverages for consumption on the premises for which the license  
5 has been issued for up to four events to be held over a period not to exceed one (1) year,  
6 not to exceed two such events in any three-month period. For purposes of this  
7 paragraph, an event shall not exceed a period of ten (10) consecutive days. An annual  
8 special event license shall only be issued in counties of this state where the sale of  
9 alcoholic beverages by the individual drink for on-premises consumption has been  
10 authorized. The holder of an annual special event license shall provide written notice to  
11 the ABLE Commission of each special event not less than ten (10) days before the event  
12 is held.

13 2. A quarterly special event license shall authorize the holder thereof: To sell and  
14 distribute mixed beverages for consumption on the premises for which the license has  
15 been issued for up to three events to be held over a period not to exceed three (3) months.  
16 For purposes of this paragraph, an event shall not exceed a period of ten (10) consecutive  
17 days. A quarterly special event license shall only be issued in counties of this state  
18 where the sale of alcoholic beverages by the individual drink for on-premises  
19 consumption has been authorized. The holder of a quarterly special event license shall  
20 provide written notice to the ABLE Commission of each special event not less than ten  
21 (10) days before the event is held.

1 L. A hotel beverage license shall authorize the holder thereof: To sell or serve  
2 alcoholic beverages in 50 milliliter spirits, 187 milliliter wine, and 12-ounce malt  
3 beverage containers which are distributed from a hotel room mini-bar. A hotel beverage  
4 license shall only be issued in counties of this state where the sale of alcoholic beverages  
5 by the individual drink for on-premises consumption has been authorized. A hotel  
6 beverage license shall only be issued to a hotel or motel as defined by Section 506 of this  
7 title which is also the holder of a mixed beverage license. Provided, that application may  
8 be made simultaneously for both such licenses. A separate license shall be required for  
9 each place of business.

10 M. An airline/railroad beverage license shall authorize the holder thereof: To sell  
11 or serve alcoholic beverages in or from any size container on a commercial passenger  
12 airplane or railroad operated in compliance with a valid license, permit or certificate  
13 issued under the authority of the United States or this state, even though the airplane or  
14 train, in the course of its travel, may cross an area in which the sale of alcoholic  
15 beverages by the individual drink is not authorized and to store alcoholic beverages in  
16 sealed containers of any size at any airport or station regularly served by the licensee, in  
17 accordance with rules promulgated by the Alcoholic Beverage Laws Enforcement  
18 Commission. Alcoholic beverages purchased by the holder of an airline/railroad license  
19 from the holder of a wholesaler license shall be presumed to be purchased for  
20 consumption outside the State of Oklahoma or in interstate commerce, and shall be  
21 exempt from the excise tax provided for in Section 553 of this title.

1 N. An agent license shall authorize the holder thereof: To represent only the  
2 holders of licenses within this state, other than retailers, authorized to sell alcoholic  
3 beverages to retail dealers in Oklahoma, and to solicit and to take orders for the  
4 purchase of alcoholic beverages from retailers including licensees authorized to sell  
5 alcoholic beverages by the individual drink for on-premises consumption. Such license  
6 shall be issued only to agents and employees of the holder of a license under the  
7 Oklahoma Alcoholic Beverage Control Act, Section 502 et seq. of this title but no such  
8 license shall be required of an employee making sales of alcoholic beverages on licensed  
9 premises of the employee's principal. No person holding an agent license shall be  
10 entitled to a manufacturers agent license.

11 O. An employee license shall authorize the holder thereof: To work in a package  
12 store, mixed beverage establishment, bottle club, or any establishment where alcohol or  
13 alcoholic beverages are sold, mixed, or served. Persons employed by a mixed beverage  
14 licensee or a bottle club who do not participate in the service, mixing, or sale of mixed  
15 beverages shall not be required to have an employee license. Provided, however, that a  
16 manager employed by a mixed beverage licensee or a bottle club shall be required to have  
17 an employee license whether or not the manager participates in the service, mixing or  
18 sale of mixed beverages. Applicants for an employee license must have a health card  
19 issued by the county in which they are employed, if the county issues such a card.  
20 Employees of special event, caterer or airline/railroad beverage licensees shall not be  
21 required to obtain an employee license. Persons employed by a hotel licensee who

1 participate in the stocking of hotel room mini-bars or in the handling of alcoholic  
2 beverages to be placed in such devices shall be required to have an employee license.

3 P. An industrial license may be issued to persons desiring to import, transport, and  
4 use alcohol for the following purposes:

5 1. Manufacture of patent, proprietary, medicinal, pharmaceutical, antiseptic, and  
6 toilet preparations;

7 2. Manufacture of extracts, syrups, condiments, and food products; and

8 3. For use in scientific, chemical, mechanical, industrial, and medicinal products  
9 and purposes.

10 No other provisions of the Oklahoma Alcoholic Beverage Control Act shall apply to  
11 alcohol intended for industrial, medical, mechanical, or scientific use.

12 Any person receiving alcohol under authority of an industrial license who shall use,  
13 permit, or cause same to be used for purposes other than authorized purposes specified  
14 above, and all such alcohol, shall be liable to all provisions of the Oklahoma Alcoholic  
15 Beverage Control Act, including payment of tax thereon.

16 No provisions of the Oklahoma Alcoholic Beverage Control Act shall apply to alcohol  
17 withdrawn by any person free of federal tax under a tax-free permit issued by the United  
18 States government, if such alcohol is received, stored, and used as authorized by federal  
19 laws.

20 Q. A carrier license may be issued to any common carrier operating under a  
21 certificate of convenience and necessity issued by any duly authorized federal or state  
22 regulatory agency. Such license shall authorize the holder thereof to transport alcoholic

1 beverages into, within, and out of this state under such terms, conditions, limitations,  
2 and restrictions as the ABLE Commission may prescribe by order issuing such license  
3 and by regulations.

4 R. A private carrier license may be issued to any carrier other than a common  
5 carrier described in subsection P of this section. Such license shall authorize the holder  
6 thereof to transport alcoholic beverages into, within, or out of this state under such  
7 terms, conditions, limitations, and restrictions as the ABLE Commission may prescribe  
8 by order issuing such license and by regulations. No carrier license or private carrier  
9 license shall be required of licensed brewers, distillers, winemakers, rectifiers,  
10 wholesalers, or Class B wholesalers, to transport alcoholic beverages from the place of  
11 purchase or acquisition to the licensed premises of such licensees and from such licensed  
12 premises to the licensed premises of the purchaser in vehicles owned or leased by such  
13 licensee when such transportation is for a lawful purpose and not for hire.

14 No carrier license or private carrier license shall be required of the holder of a  
15 package store, mixed beverage, caterer, special event, hotel beverage or airline/railroad  
16 license to pick up alcoholic beverage orders from the licensees' wholesaler or Class B  
17 wholesaler from whom they are purchased, and to transport such alcoholic beverages  
18 from the place of purchase or acquisition to the licensed premise of such licensees in  
19 vehicles owned or under the control of such licensee or a licensed employee of such  
20 licensee under such terms, conditions, limitations and restrictions as the ABLE  
21 Commission may prescribe.

1 S. A bonded warehouse license shall authorize the holder thereof: To receive and  
2 store alcoholic beverages for the holders of storage licenses on the licensed premises of  
3 the bonded warehouse licensee. No goods, wares or merchandise other than alcoholic  
4 beverages may be stored in the same bonded warehouse with alcoholic beverages. The  
5 holder of a bonded warehouse license shall furnish and file with the ABLE Commission a  
6 bond running to all bailers of alcoholic beverages under proper storage licenses and their  
7 assignees (including mortgagees or other bona fide lienholders) conditioned upon faithful  
8 performance of the terms and conditions of such bailments.

9 T. A storage license may be issued to a holder of a brewer, distiller, winemaker,  
10 rectifier, wholesaler, Class B wholesaler, nonresident seller, package store, mixed  
11 beverage, caterer, or hotel beverage license, and shall authorize the holder thereof: To  
12 store alcoholic beverages in a public warehouse holding a bonded warehouse license, and  
13 no goods, wares or merchandise other than alcoholic beverages may be stored in the same  
14 warehouse with alcoholic beverages in private warehouses owned or leased and operated  
15 by such licensees elsewhere than on their licensed premises. Provided:

16 1. A storage license issued to a Class B wholesaler shall permit the storage of light  
17 beer and permit the sale and delivery to retailers from the premises covered by such  
18 license;

19 2. Any licensee who is the holder of a mixed beverage/caterer combination license  
20 or the holder of a mixed beverage license and a hotel beverage license who is issued a  
21 storage license shall store all inventories of alcoholic beverages either on the premises of  
22 the mixed beverage establishment or in the warehouse;

1           3. A storage license shall not be required for a special event licensee storing  
2 alcoholic beverages for use at a subsequent event; and

3           4. Notwithstanding the provisions of subsection H of this section or any other  
4 provision of this title, a licensee who wholly owns more than one licensed mixed beverage  
5 establishment may store alcoholic beverages for each of the licensed establishments in  
6 one location under one storage license. Alcoholic beverages purchased and stored  
7 pursuant to the provisions of a storage license, for one licensed mixed beverage  
8 establishment may be transferred by a licensee to another licensed mixed beverage  
9 establishment which is wholly owned by the same licensee. Notice of such a transfer  
10 shall be given in writing to the Oklahoma Tax Commission and the ABLE Commission  
11 within three (3) business days of the transfer. The notice shall clearly show the quantity,  
12 brand and size of every transferred bottle or case.

13           U. A sacramental wine supplier license shall authorize the holder thereof: To sell,  
14 ship or deliver sacramental wine to any religious corporation or society of this state  
15 holding a valid exemption from taxation issued pursuant to Section 501(a) of the Internal  
16 Revenue Code, 1986, and listed as an exempt organization in Section 501(c)(3) of the  
17 Internal Revenue Code, 1986, of the United States, as amended.

18           V. A beer and wine license shall authorize the holder thereof: To purchase beer  
19 and wine in retail containers from the holder of a wholesaler or Class B wholesaler  
20 license or as specifically provided by law and to sell, offer for sale and possess beer and  
21 wine for on-premises consumption only; provided, the holder of a beer and wine license  
22 issued for an establishment which is also a restaurant may purchase wine produced at

1 wineries in this state directly from an Oklahoma winemaker as provided in Section 3 of  
2 Article XXVIII of the Oklahoma Constitution.

3 Sales and service of beer and wine by holders of beer and wine licenses shall be  
4 limited to the licensed premises of the licensee unless the holder of the beer and wine  
5 license also obtains a caterer license. A beer and wine license shall only be issued in  
6 counties of this state where the sale of alcoholic beverages by the individual drink for on-  
7 premises consumption has been authorized. A separate license shall be required for each  
8 place of business. No beer and wine license shall be issued for any place of business  
9 functioning as a motion picture theater, as defined by Section 506 of this title. No spirits  
10 shall be stored, possessed or consumed on the licensed premises of a beer and wine  
11 licensee.

12 W. A charitable auction ~~or~~, charitable wine event or charitable beer event license  
13 may be issued to a charitable organization exempt from taxation under Section 501(c)(3),  
14 (4), (5), (7), (8), (9), (10), or (19) of the United States Internal Revenue Code. The  
15 charitable wine event license or charitable beer event license shall authorize the holder  
16 thereof to conduct a wine or beer event which may consist of one or more of a wine or  
17 beer tasting event, a wine or beer dinner event or a wine or beer auction, which may be  
18 either a live auction conducted by an auctioneer or a silent auction for which:

- 19 1. Bid sheets are accepted from interested bidders at the event;
- 20 2. The holders of tickets are allowed to bid online for a period not exceeding thirty  
21 (30) days prior to the event; or

1           3. Both bid sheets are accepted at the event and online bids are accepted pursuant  
2 to paragraph 2 of this subsection.

3           A charitable wine or charitable beer event shall be conducted solely to raise funds  
4 for charitable purposes. Wine or beer used in, served, or consumed at a charitable wine  
5 or beer event may be purchased by the charitable organization or donated by any person  
6 or entity. The charitable wine event license or charitable beer event license shall be  
7 issued for a period not exceeding four (4) days. Only one such license may be issued to an  
8 organization in any twelve-month period. The charitable organization holding a  
9 charitable wine event license or charitable beer event license shall not be required to  
10 obtain a special event license. The charitable auction license shall authorize the holder  
11 thereof to auction wine purchased from a retail package store or received as a gift from  
12 an individual if the auction is conducted to raise funds for charitable purposes. The  
13 charitable auction license shall be issued for a period not to exceed two (2) days. Only  
14 one such license shall be issued to an organization in any twelve-month period. The  
15 maximum amount of wine auctioned pursuant to the charitable auction license shall not  
16 exceed fifty (50) gallons. All wines auctioned pursuant to the charitable auction license  
17 shall be registered and all fees and taxes shall be paid in accordance with the Oklahoma  
18 Alcoholic Beverage Control Act.

19           X. A mixed beverage/caterer combination license shall authorize the holder thereof:  
20 To purchase or sell mixed beverages as specifically provided by law for the holder of a  
21 mixed beverage license or a caterer license. All provisions of the Oklahoma Alcoholic  
22 Beverage Control Act applicable to mixed beverage licenses or caterer licenses, or the

1 holders thereof, shall also be applicable to mixed beverage/caterer combination licenses  
2 or the holders thereof, except where specifically otherwise provided. A mixed  
3 beverage/caterer combination license shall only be issued in counties of this state where  
4 the sale of alcoholic beverages by the individual drink for on-premises consumption has  
5 been authorized. A separate license shall be required for each place of business.

6 SECTION 2. This act shall become effective November 1, 2007.

7 COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT AND  
8 TRANSPORTATION, dated 04-12-07 - DO PASS, As Amended and Coauthored.  
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