STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

By: McEntire

COMMITTEE SUBSTITUTE

HOUSE BILL NO. 2126

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COMMITTEE SUBSTITUTE

An Act relating to alcoholic beverages; creating the grocery and convenience store spirits license; providing license requirements; amending Section 13, Chapter 366, O.S.L. 2016, as last amended by Section 9, Chapter 161, O.S.L. 2020 (37A O.S. Supp. 2020, Section 2-101), which relates to license fees and surcharges; adding grocery and convenience store spirits license fee and surcharge; amending Section 53, Chapter 366, O.S.L. 2016 (37A O.S. Supp. 2020, Section 2-141), which relates to applications for a license; adding grocery and convenience store spirits license to the listed applications; amending Section 60, Chapter 366, O.S.L. 2016, as last amended by Section 18, Chapter 161, O.S.L. 2020 (37A O.S. Supp. 2020, Section 2-148), which relates to grounds for revocation of license; adding grocery and convenience store spirits license to list of licenses that can be revoked; amending Section 1, Chapter 155, O.S.L. 2020 (37A O.S. Supp. 2020, Section 2-161), which relates to selling curbside and by delivery; adding the grocery and convenience store license to the approved licenses to sell curbside and by delivery; amending Section 143, Chapter 366, O.S.L. 2016, as last amended by Section 1, Chapter 237, O.S.L. 2019 (37A O.S. Supp. 2020, Section 6-103), which relates to retail spirits licensee prohibited acts; adding grocery and convenience store spirits licensees; providing for codification; and providing an effective date.

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

- SECTION 1. NEW LAW A new section of law to be codified
 in the Oklahoma Statutes as Section 2-162 of Title 37A, unless there
 is created a duplication in numbering, reads as follows:
 - A. A grocery and convenience store spirits license shall authorize the holder thereof:
- 6 1. To purchase wine or spirits from a wine and spirits 7 wholesaler;
- 2. To purchase beer from a beer distributor or from the holder of a small brewer self-distribution license; and
- 3. To sell same on the licensed premises in such containers to consumers for off-premises consumption only and not for resale;
 provided, spirits, wine and beer may be sold to charitable organizations that are holders of charitable alcoholic beverage auction or charitable alcoholic beverage event licenses.
- B. Businesses that qualify for a grocery and convenience store spirits license:
 - 1. Grocery stores; and
- 2. Convenience stores.

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- 19 | SECTION 2. AMENDATORY Section 13, Chapter 366, O.S.L.
- 20 | 2016, as last amended by Section 9, Chapter 161, O.S.L. 2020 (37A
- 21 O.S. Supp. 2020, Section 2-101), is amended to read as follows:
- 22 Section 2-101. A. Except as otherwise provided in this
- 23 section, the licenses issued by the ABLE Commission, and the annual

24 | fees therefor, shall be as follows:

1	1.	Brewer License\$1,250.00
2	2.	Small Brewer License\$125.00
3	3.	Distiller License\$3,125.00
4	4.	Winemaker License\$625.00
5	5.	Small Farm Winery License\$75.00
6	6.	Rectifier License\$3,125.00
7	7.	Wine and Spirits Wholesaler License\$3,000.00
8	8.	Beer Distributor License\$750.00
9	9.	The following retail spirits license fees
10		shall be determined by the latest Federal
11		Decennial Census:
12		a. Retail Spirits License for cities and
13		towns from 200 to 2,500 population\$305.00
14		b. Retail Spirits License for cities and
15		towns from 2,501 to 5,000 population\$605.00
16		c. Retail Spirits License for cities and
17		towns over 5,000 population\$905.00
18	10.	Retail Wine License\$1,000.00
19	11.	Retail Beer License\$500.00
20	12.	Mixed Beverage License
21		(initial license)
22		\$905.00
23		(renewal)
24	13.	Mixed Beverage/Caterer Combination License \$1,250.00

1	14.	On-Premises Beer and Wine License\$500.00
2		(initial license)
3		\$450.00
4		(renewal)
5	15.	Bottle Club License\$1,000.00
6		(initial license)
7		\$900.00
8		(renewal)
9	16.	Caterer License\$1,005.00
10		(initial license)
11		\$905.00
12		(renewal)
13	17.	Annual Special Event License\$55.00
14	18.	Quarterly Special Event License\$55.00
15	19.	Hotel Beverage License\$1,005.00
16		(initial license)
17		\$905.00
18		(renewal)
19	20.	Airline/Railroad/Commercial Passenger Vessel Beverage
20	License.	\$1,005.00
21		(initial license)
22		\$905.00
23		(renewal)
24	21.	Agent License\$55.00

1	22.	Employee License\$30.00
2	23.	Industrial License\$23.00
3	24.	Carrier License\$23.00
4	25.	Private Carrier License\$23.00
5	26.	Bonded Warehouse License\$190.00
6	27.	Storage License\$23.00
7	28.	Nonresident Seller License or Manufacturer's
8		License \$750.00
9	29.	Manufacturer's Agent License\$55.00
10	30.	Sacramental Wine Supplier License\$100.00
11	31.	Charitable Auction License\$1.00
12	32.	Charitable Alcoholic Beverage License\$55.00
13	33.	Winemaker Self-Distribution License\$750.00
14	34.	Annual Public Event License\$1,005.00
15	35.	One-Time Public Event License\$255.00
16	36.	Small Brewer Self-Distribution License \$750.00
17	37.	Brewpub License\$1,005.00
18	38.	Brewpub Self-Distribution License\$750.00
19	39.	Complimentary Beverage License\$75.00
20	40.	Satellite Tasting Room License\$100.00
21	41.	The following Grocery, Big Box and
22		Convenience Store Spirits License fees shall
23		be determined by the latest Federal
24		Decennial Census:

1	a. Grocery and Convenience Store Spirits			
2	License for cities and towns from 200			
3	to 2,500 population\$305.00			
4	b. Grocery and Convenience Store Spirits			
5	License for cities and towns from 2,501			
6	to 5,000 population\$605.00			
7	c. Grocery and Convenience Store Spirits			
8	License for cities and towns over 5,000			
9	population			
10	B. 1. There shall be added to the initial or renewal fees for			
11	a Mixed Beverage License an administrative fee, which shall not be			
12	deemed to be a license fee, in the amount of Five Hundred Dollars			
13	(\$500.00), which shall be paid at the same time and in the same			
14	manner as the license fees prescribed by paragraph 12 of subsection			

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Code.

There shall be added to the fee for a Mixed Beverage/Caterer Combination License an administrative fee, which shall not be deemed to be a license fee, in the amount of Two Hundred Fifty Dollars (\$250.00), which shall be paid at the same time and in the same manner as the license fee prescribed by paragraph 13 of subsection A of this section.

A of this section; provided, this fee shall not be assessed against

service organizations or fraternal beneficiary societies which are

exempt under Section 501(c)(19), (8) or (10) of the Internal Revenue

C. Notwithstanding the provisions of subsection A of this section:

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- 1. The license fee for a mixed beverage or bottle club license for those service organizations or fraternal beneficiary societies which are exempt under Section 501(c)(19), (8) or (10) of the Internal Revenue Code shall be Five Hundred Dollars (\$500.00) per year; and
- 2. The renewal fee for an airline/railroad/commercial passenger vessel beverage license held by a railroad described in 49 U.S.C., Section 24301, shall be One Hundred Dollars (\$100.00).
- D. An applicant may apply for and receive both an on-premises beer and wine license and a caterer license.
- E. All licenses, except as otherwise provided, shall be valid for one (1) year from date of issuance unless revoked or surrendered. Provided, all employee licenses shall be valid for two (2) years.
- F. The holder of a license, issued by the ABLE Commission, for a bottle club located in a county of this state where the sale of alcoholic beverages by the individual drink for on-premises consumption has been authorized, may exchange the bottle club license for a mixed beverage license or an on-premises beer and wine license and operate the licensed premises as a mixed beverage establishment or an on-premises beer and wine establishment subject to the provisions of the Oklahoma Alcoholic Beverage Control Act.

1	There shall be no additional fee for such exchange and the mixed					
2	beverage license or on-premises beer and wine license issued shall					
3	expire one (1) year from the date of issuance of the original bottle					
4	club license.					
5	G. In addition to the applicable licensing fee, the following					
6	surcharge shall be assessed annually on the following licenses:					
7	1. Nonresident Seller or Manufacturer License \$2,500.00					
8	2. Wine and Spirits Wholesaler License\$2,500.00					
9	3. Beer Distributor\$1,000.00					
10	4. Retail Spirits License for cities and towns					
11	over 5,000 population\$250.00					
12	5. Retail Spirits License for cities and towns					
13	from 2,501 to 5,000 population\$200.00					
14	6. Retail Spirits License for cities and towns					
15	from 200 to 2,500 population\$150.00					
16	7. Retail Wine License\$250.00					
17	8. Retail Beer License\$250.00					
18	9. Mixed Beverage License\$25.00					
19	10. Mixed Beverage/Caterer Combination License\$25.00					
20	11. Caterer License\$25.00					
21	12. On-Premises Beer and Wine License\$25.00					
22	13. Annual Public Event License\$25.00					
23	14. Small Farm Winery License\$25.00					
24	15. Small Brewer License\$35.00					

1	16. Complimentary Beverage License\$25.00							
2	17. Grocery and Convenience Store Spirits							
3	License for cities and towns over 5,000							
4	population\$250.00							
5	18.	18. Grocery and Convenience Store Spirits						
6	License for cities and towns from 2,501 to							
7	5,000 population\$200.00							
8	19. Grocery and Convenience Store Spirits							
9	License for cities and towns from 200 to							
10	2,500 population							
11	The surcharge shall be paid concurrent with the licensee's							
12	annual licensing fee and, in addition to Five Dollars (\$5.00) of the							
13	employee license fee, shall be deposited in the Alcoholic Beverage							
14	Governance Revolving Fund established pursuant to Section 5-128 of							
15	this tit	le.						
16	H. Any license issued by the ABLE Commission under this title							
17	may be relied upon by other licensees as a valid license, and no							
18	other licensee shall have any obligation to independently determine							
19	the validity of such license or be held liable solely as a							
20	consequence of another licensee's failure to maintain a valid							
21	license.							
22	SECT	ION 3. AMENDATORY Section 53, Chapter 366, O.S.L.						
23	2016 (37A O.S. Supp. 2020, Section 2-141), is amended to read as							
24	follows:							

Section 2-141. Applicants for original brewer, distiller, winemaker, rectifier, wine and spirits wholesaler, beer distributor, mixed beverage, beer and wine, bottle club, caterer, grocery and convenience store spirits, retail spirits, retail wine or retail beer licenses shall, prior to applying for such license, twice publish, in such form and containing such information as the ABLE Commission shall by rule prescribe, a notice of its intention to apply for any such license, once a week for two (2) successive weeks in a legal newspaper of general circulation within the county where the proposed premises is to be located, and file proof of such publication with the ABLE Commission. Unless otherwise provided, the ABLE Commission shall give notice of approval or disapproval of an application for a license within thirty (30) days after the filing of the application. The ABLE Commission shall give notice of approval or disapproval of an application for a mixed beverage, beer and wine, bottle club or caterer license within sixty (60) days after the filing of the application. Provided, the ABLE Commission may extend the period for making a determination of whether to approve or disapprove an application an additional thirty (30) days for good cause. The ABLE Commission may conditionally approve any application which is subject to Section 54 of this act if:

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1. Construction, modification or alteration of premises proposed for licensed operations is not completed; and

2. The applicant furnishes a conditional certification issued by the municipality or county that the applicant's plans and specifications indicate that the proposed premises will comply with the municipality's or county's zoning, fire, safety and health codes.

The ABLE Commission shall issue its final notice of approval when the applicant furnishes final certificates required by Section 54 of this act.

SECTION 4. AMENDATORY Section 60, Chapter 366, O.S.L. 2016, as last amended by Section 18, Chapter 161, O.S.L. 2020 (37A O.S. Supp. 2020, Section 2-148), is amended to read as follows:

Section 2-148. A. Any license issued pursuant to the provisions of the Oklahoma Alcoholic Beverage Control Act by the

ABLE Commission, after due notice and hearing, may be revoked or suspended if the ABLE Commission finds or has grounds to believe that the licensee has:

- 1. Violated any rule promulgated by the ABLE Commission;
- 2. Procured a license through fraud, or misrepresentation, or concealment of a material fact;
- 3. Made any false representation or statement to the ABLE Commission or the Oklahoma Tax Commission in order to prevent or induce action by the ABLE Commission or the Tax Commission;
- 4. Maintained an unsanitary establishment or has supplied impure or otherwise deleterious beverages or food;

5. Stored, possessed, mixed or served on the premises of a bottle club any alcoholic beverage upon which the tax levied by Section 5-101 of this title has not been paid as provided for in the Oklahoma Alcoholic Beverage Control Act, in a county of this state where the sale of alcoholic beverages by the individual drink for on-premises consumption has not been authorized;

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- 6. Misrepresented to a customer or the public any alcoholic beverage sold by the licensee;
- 7. Had any permit or license issued by the Tax Commission and required by the Oklahoma Alcoholic Beverage Control Act, suspended or revoked by the Tax Commission; or
- 8. Is not in compliance with the tax laws of this state as required in Article XXVIII-A of the Oklahoma Constitution.
- B. The ABLE Commission may revoke or suspend the license of any mixed beverage, caterer or bottle club licensee if the ABLE Commission finds or has grounds to believe that such licensee:
- 1. Has acted as an agent of a manufacturer, brewer or wholesaler of alcoholic beverages;
 - 2. Is a manufacturer, brewer or wholesaler of alcoholic beverages;
- 3. Has borrowed money or property or accepted gratuities or rebates from a manufacturer, brewer or wholesaler of alcoholic beverages;

4. Has obtained the use of equipment from any manufacturer, brewer or wholesaler of alcoholic beverages or any agent thereof;

- 5. Has violated any of the provisions of the Oklahoma Alcoholic Beverage Control Act for which mandatory revocation or suspension is not required;
- 6. Has been convicted within the past twenty-five (25) years, of a violation of any state or federal law relating to alcoholic beverage for which mandatory revocation or suspension is not required; or
- 7. Is not in compliance with the tax laws of this state as required in Article XXVIII-A of the Oklahoma Constitution.
- C. The ABLE Commission may revoke or suspend the license of any grocery and convenience store spirits, retail, mixed beverage, caterer or bottle club licensee if the ABLE Commission finds or has grounds to believe that such licensee has borrowed money or property or accepted gratuities, discounts, rebates, free goods, allowances or other inducements from a wine and spirits wholesaler or beer distributor.
- D. The ABLE Commission shall have the authority to revoke the license of any licensee if the ABLE Commission finds:
- 1. That the licensee knowingly sold alcoholic beverages or allowed such beverages to be sold, delivered or furnished to any person under the age of twenty-one (21) years or to any person visibly intoxicated or adjudged insane or mentally deficient;

2. That the licensee, any general or limited partner of the licensee, or in the case of a corporation, an officer or director of the corporation, has been convicted of a felony or is not in compliance with the tax laws of this state as required in Article XXVIII-A of the Oklahoma Constitution. Provided, an employee license may be issued and held by a person who has been convicted of a felony if such conviction was not for a violent offense specified in paragraph 2 of Section 571 of Title 57 of the Oklahoma Statutes or an offense under the provisions of this title;

- 3. That, in the case of a wine and spirits wholesaler, beer distributor, grocery spirits, retail spirits, retail wine or retail beer licensee, the holder of the license or any member of a general or limited partnership which is the holder of such a license, has been convicted of a prohibitory law relating to the sale, manufacture or transportation of alcoholic beverages which constitutes a felony.
- E. If the ABLE Commission shall find by a preponderance of the evidence as in civil cases that a licensee has knowingly sold any alcoholic beverage to any person under the age of twenty-one (21) years, after a public hearing, the ABLE Commission shall revoke such license and no discretion as to the revocation shall be exercised by the ABLE Commission.
- F. The ABLE Commission shall have the authority to promulgate rules to establish a penalty schedule for violations of any

provision of the Oklahoma Alcoholic Beverage Control Act or any rule of the ABLE Commission. The schedule shall provide for suspension or revocation of any license for major and minor violations as determined by the ABLE Commission. Penalties shall be increasingly severe with each violation by a licensee.

Provided, that for a fourth major violation by a licensee within a twenty-four-month period, the penalty shall be mandatory revocation of license. The twenty-four-month period shall be calculated from the date of the most recent violation as set forth in an order signed by the Director or the designee of the Director.

- G. The ABLE Commission or the Tax Commission may impose a monetary penalty in lieu of or in addition to suspension of a license. The amount of the fine for a major violation shall be computed by multiplying the proposed number of days of the suspension period by One Hundred Dollars (\$100.00). The amount of the fine for a minor violation shall be computed by multiplying the number of days of the proposed suspension period by Fifty Dollars (\$50.00).
- H. The failure of any licensee to pay a fine or serve a suspension imposed by the ABLE Commission or the Tax Commission shall result in the revocation of the license of the licensee.
- I. If the ABLE Commission or the Tax Commission finds that public health, safety or welfare require emergency action, and incorporates a finding to that effect in its order, summary

- suspension of a license may be ordered pending proceeding for revocation or other action, pursuant to the provisions of Section
- 3 | 314 of Title 75 of the Oklahoma Statutes.
- 4 SECTION 5. AMENDATORY Section 1, Chapter 155, O.S.L.
- 5 | 2020 (37A O.S. Supp. 2020, Section 2-161), is amended to read as
- 6 | follows:
- 7 Section 2-161. A. Retail spirit and grocery and convenience
- 8 | store spirit licensees may sell curbside and deliver alcoholic
- 9 beverages including beer, wine, and spirits in sealed original
- 10 | containers to consumers aged twenty-one (21) years and older as
- 11 | follows:
- 12 | 1. Only employees of the retail spirit or grocery and
- 13 | convenience store spirit licensee shall be permitted to make
- 14 | alcoholic beverage product deliveries to consumers;
- 2. Payment for alcoholic beverage product delivery by the
- 16 | retail spirit licensee may be made by cash, check, transportable
- 17 | credit/debit card processors or advance on-line online payment
- 18 | methods; and
- 19 3. The retail spirit or grocery and convenience store spirit
- 20 licensee shall be responsible for his or her delivery employees as
- 21 provided in Section 2-133 of Title 37A of the Oklahoma Statutes this
- 22 title.
- B. Small brewers and small farm wineries licensed by the
- Oklahoma ABLE Commission may sell curbside only alcoholic beverages

produced by such licensee in sealed original containers to consumers aged twenty-one (21) years and older as follows:

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- 1. Only employees of the licensed small brewer or small farm winery shall be permitted to make alcoholic beverage product deliveries to consumers;
- 2. Payment for alcoholic beverage product delivery by licensed small brewers or small farm wineries may be made by cash, check, transportable credit/debit card processors, or advance on-line online payment methods; and
- 3. Small brewers and small farm wineries shall be responsible for their delivery employees as provided in Section 2-133 of $\frac{1}{2}$ of the Oklahoma Statutes this title.
- C. Restaurants, bars and clubs holding mixed beverage, beer and wine, or caterer/mixed beverage licenses issued by the Oklahoma ABLE Commission may sell curbside and deliver only closed packages of beer and wine to consumers aged twenty-one (21) years and older as follows:
- 1. Only employees of such restaurant, bar or club licensee shall be permitted to make alcoholic beverage package deliveries to consumers;
- 2. Payment for alcoholic beverage package delivery by licensed restaurants, bars and clubs may be made by cash, check, transportable credit/debit card processors, or advance on-line online payment methods; and

3. Restaurants, bars and clubs licensed by the Oklahoma ABLE Commission shall be responsible for their delivery employees as provided in Section 2-133 of Title 37A of the Oklahoma Statutes this title.

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- D. Grocery and convenience stores holding a retail beer and/or retail wine license issued by the Oklahoma ABLE Commission may sell curbside and deliver original sealed containers of beer and/or wine only according to the license held to consumers aged twenty-one (21) years and older as follows:
- 1. Only employees of such licensed grocery or convenience store shall be permitted to make alcoholic beverage product deliveries to consumers;
- 2. Payment for alcoholic beverage product delivery by a licensed grocery or convenience store may be made by cash, check, transportable credit/debit card processors or advance on-line online payment methods; and
- 3. Grocery and convenience store licensees shall be responsible for their delivery employees as provided in Section 2-133 of Title

 37A of the Oklahoma Statutes this title.
- E. Licensees authorized by this section to make alcoholic beverage product deliveries to consumers are prohibited from utilizing third-party vendors or delivery services for purposes of completing such product deliveries to consumers.

F. Licensees authorized by this section to make alcoholic beverage product deliveries to consumers shall comply with the laws, rules, procedures and executive orders incumbent on such licensee.

- G. The Oklahoma ABLE Commission is authorized to promulgate rules, regulations, forms and procedures necessary to implement and enforce the provisions of this section.
- H. For purposes of this section each delivery authorized by a licensee to be made by his or her employee shall be deemed a direct hand-to-hand sale as though the consumer was physically present on the licensed premises and authorized by law by such licensee.
- SECTION 6. AMENDATORY Section 143, Chapter 366, O.S.L.

 2016, as last amended by Section 1, Chapter 237, O.S.L. 2019 (37A)

 O.S. Supp. 2020, Section 6-103), is amended to read as follows:

 Section 6-103. A. No retail spirits or grocery and convenience
 - store spirits licensee shall:
 - 1. Purchase or receive any alcoholic beverage other than from a wine and spirits wholesaler, beer distributor, winery or small brewer self-distribution licensee who elects to self-distribute;
 - 2. Suffer or permit any retail container to be opened, or any alcoholic beverage to be consumed on the licensed premises, unless otherwise permitted by law;
 - 3. Sell any alcoholic beverages at any hour other than between the hours of 8:00 a.m. and midnight Monday through Saturday, and shall not be permitted to be open on Thanksgiving Day or Christmas

Day; provided, a county may, pursuant to the provisions of subsections B and C of Section 3-124 of this title, elect to allow such sales between the hours of noon and midnight on Sunday. Retail spirits licensees shall be permitted to sell alcoholic beverages on the day of any General, Primary, Runoff Primary or Special Election whether on a national, state, county or city election, provided that the election day does not occur on any day on which such sales are otherwise prohibited by law;

4. Sell spirits in a city or town, unless such city or town has a population in excess of two hundred (200) according to the latest Federal Decennial Census;

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- 5. Sell any alcoholic beverage on credit; provided, that acceptance by a licensee of a cash or debit card or a nationally recognized credit card in lieu of actual cash payment does not constitute the extension of credit; provided, further, as used in this section:
 - a. "cash or debit card" means any instrument or device whether known as a debit card or by any other name, issued with or without fee by an issuer for the use of the cardholder in depositing, obtaining or transferring funds from a consumer banking electronic facility, and
 - b. "nationally recognized credit card" means any instrument or device, whether known as a credit card,

credit plate, charge plate or by any other name, issued with or without fee by an issuer for the use of the cardholder in obtaining money, goods, services or anything else of value on credit which is accepted by over one hundred retail locations;

- 6. Offer or furnish any prize, premium, gift or similar inducement to a consumer in connection with the sale of alcoholic beverages, except that goods or merchandise included by the manufacturer in packaging with alcoholic beverages or for packaging with alcoholic beverages shall not be included in this prohibition, but no wholesaler or retailer shall sell any alcoholic beverage prepackaged with other goods or merchandise at a price which is greater than the price at which the alcoholic beverage alone is sold; or
- 7. Pay for alcoholic beverages by a check or draft which is dishonored by the drawee when presented to such drawee for payment; and the ABLE Commission may cancel or suspend the license of any retailer who has given a check or draft, as maker or endorser, which is so dishonored upon presentation.
- B. No retail spirits licensee shall permit any person under twenty-one (21) years of age to enter into or remain within or about the licensed premises unless accompanied by the person's parent or legal guardian.

Req. No. 7809

1	SECTION 7.	This act	shall become	e effective	November	1, 2021.
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