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To Whom It May Concern:

SJR # 95 established the Mixed Spirits Beverage Task Force

Upon convening of the task force Senator Livingston was selected as Chairman.

This task force has reviewed the various models of distribution reflective of Alabama's 3 tier system.

This task force was formed to determine whether or not Alabama should expand "Spirit based mixed drinks" into Convenience Stores, Grocery Stores and the big box retailers.

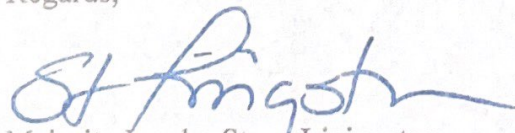
Challenges associated with these products.

1. The primary challenge is mode of distribution.
 - a. Under current law beer and wine wholesalers have "franchise" protection", While others that would like this business to operate using contractual arrangements. Distributors of non-alcohol soft drinks, juices, bottled water operate with contractual agreements.
2. The Alabama Beverage Control Board "ABC" expresses sincere concern over the Alcohol By Volume (ABV) of the "spiritous" based drinks. Explaining while they have lower ABV than some other products, the spiritous based drinks are mixed with Coke and other sweet tasting drinks, making an assumption that sweeter taste leads to more consumption. The current suggested ABV is 12.9% and ABC Director Stewart suggests 7.0% ABV.
3. ABC also believes these "spirit based" products should be under the tighter controls and guidelines of existing spirit laws. Thereby protecting our youth.

4. We also have an understandable concern over marketing practices. Merchandising of spiritous based products next to conventional look-a-like products where they could be confused by the consumer or under aged minors.
5. As we move to placing "spiritous" based drinks into a larger market place there are some additional factors that should be taken into consideration on merchandising. There are photos from other states showing the intentional cross merchandising of non -alcoholic and alcoholic products. There will need to be rules and regulations in place by ABC to prevent the potential confusion.
6. While Slotting Fees are used in soft drinks, water and juice merchandising there should be clear regulation concerning the cross use of slotting fees.
7. Bills written in prior years had these "spiritous" based drinks taxed at .98 cents per 12 oz. can and this has caused much conversation on the subject because it would make Alabama significantly higher than neighboring states.
8. Since this conversation has begun, Buffalo-Rock /"Pepsi Distributor" has made an application for a beer distributors license with ABC. It seems it would be wise to see how the franchise language plays out in this scenario.
9. It would be irresponsible of the task force to place these products in front of minors without rules and regulations in place for the protection of our minors and our store operators.
10. The latest challenge that has presented itself are the infused THC/Cannabis beverages, alcoholic and non-alcoholic.

Therefore, it is the opinion of the committee that "Spiritous Based" ready to drink cocktails remain under the control of the ABC board until some of the above questions can be answered.

Regards,


Majority Leader Steve Livingston

SENATE

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