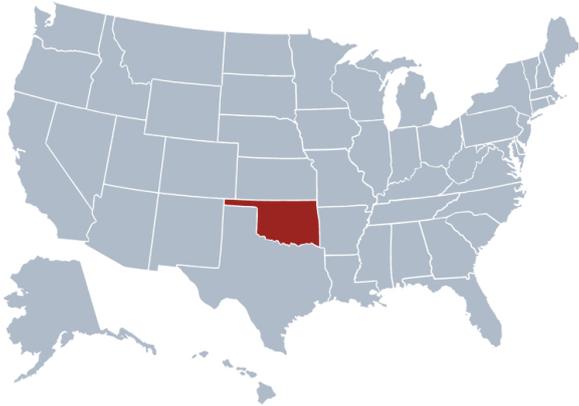


**OKLAHOMA LAW UPDATE BY RANDY J. MALONE, ATTORNEY & COUNSELOR AT
LAW, P.C WINE, STRONG BEER COMING TO
OKLAHOMA GROCERY STORES OCTOBER 2018**



November 8, 2016 was a historic day in Oklahoma elections. State voters overwhelmingly approved State Question 792, approving the sale of wine and strong beer in "supermarkets, grocery stores, convenience stores, drug stores, warehouse clubs and supercenters."

See

, Article 28A, sections 1-10 of the Oklahoma Constitution. In other news, Donald J. Trump was elected the 45th President of the United States of America.

Here are the highlights of what you need to know:

1.The Oklahoma ABLE Commission will begin accepting applications for a new category of licensees known as "Retail Wine Licensees" and "Retail Beer Licensees" on October 1, 2017. These licenses will take effect one year later, on October 1, 2018.

2.Any supermarket, grocery store, convenience store, drug store, warehouse club and supercenter will be permitted to obtain a license to sell strong beer and wine in Oklahoma.

3. No limit on the number of licenses will be imposed.

4. No location restrictions, such as proximity to a church or school or to other licensees, will be imposed for Retail Wine or Retail Beer licensees.

5. No residency requirement for any officer, director, shareholder, manager, member, or partner of a Retail Beer licensee or a Retail Wine licensee.

6. Beer & Wine Sales will be permitted 7 days a week between the hours of 6 A.M. to 2 A.M.

7. Beer must be no more than 8.99% alcohol by volume and wine no more than 15% alcohol by volume.

8. Employees involved in the sale or service of alcoholic beverages must be at least 18 years of age and have an employee license.

9. As a prerequisite to the issuance of an employee license, the applicant shall be required to have successfully completed a training program conducted by the ABLE Commission, or by another entity approved by the ABLE Commission, including an in-house training program conducted by the employer.

10. You must have both a Retail Wine license and a Retail Beer license in order to sell strong beer and wine.

11. Low-point beer licenses will no longer be available. This is not to say that low-point beer will not be available, but it will simply qualify as beer under a Retail Beer license.

12. The wholesale distribution system will change. Currently, every alcoholic beverage manufacturer is required to sell all products to every retailer. Beginning October 1, 2018, manufacturers will be permitted to designate an exclusive territory for a wholesaler.

13. The cost of a Retail Wine license will be \$1250.00 for the state license. Cities or counties may charge up to \$1000.00 for a license.

14. The cost of a Retail Beer license will be \$750.00 for the state license. Cities or counties may charge up to \$500.00 for a license.

MIXED BEVERAGES IN MOVIE THEATRES NOVEMBER 2017

There is a strong push to permit movie theatres to permit mixed beverages. I am currently monitoring 3 separate (but similar) bills that will permit the practice. Apparently, there is no serious opposition to the concept, and I personally give it an 8 out of 10 chance to become law, effective November 1, 2017.

MANUFACTURERS AND WHOLESALERS

On October 1, 2018, Oklahoma will permit manufacturers to grant exclusive rights to a wholesaler to sell its products in Oklahoma. Wholesalers will continue to be required to sell to all retailers "on the same price basis and without discrimination to all on-premise and off-premise licensees, unless otherwise provided by law." At this juncture, my sources tell me that no volume discounts will be permitted.

RETAIL SPIRITS LICENSEES

October 1, 2018 will bring an end to Retail Package Store licensees exclusive right to sell strong beer and wine in Oklahoma. They will be permitted to sell spirits, wine and beer, as well as "any item that may be purchased at a grocery store or convenience store, as defined by law, so

long as the sale of items other than alcoholic beverages do not comprise more than twenty percent (20%) of the holder's monthly sales."

Retail Spirits license holders will continue to be limited to sole proprietors and general partnerships in which the sole proprietor or each partner is a five (5) year resident of Oklahoma. Corporations, Limited Liability Companies, or similar business entities cannot hold a Retail Spirits license.

MIXED BEVERAGE LICENSEES

The major bill of interest to mixed beverage licensees is a bill to reduce the gross receipts tax from 13.5% down to 10%.

Another bill of interest is HB 1778. This bill will permit ABLE to issue an employee license to convicted felon so long as:

- 1) The felony conviction is over 5 years old;

- 2) The felony conviction was not for an alcohol-related offense, a violent crime (as defined), or a conviction that requires registration as a sex offender.

REQUIRED TRAINING BEGINNING OCTOBER 1, 2018

The issue that will affect all licenses is the new requirement for employee training. 37A OS 2-121 requires each employee license applicant to successfully complete a training program conducted by the ABLE Commission, or by another entity approved by the ABLE Commission, including an in-house training program conducted by the employer.

(Randy Malone focuses his practice in alcohol beverage licensing and compliance throughout Oklahoma and has been a proud associate member of NALCP since Jill forced him to attend the Vegas Conference in 2012. Please direct any questions on these matters or any other Oklahoma licensing matter in general, to randy@oklahomabeveragelaw.com)