| **License Type** | **Description** | **Annual Fee** |
| --- | --- | --- |
| Beverage Manufacturer License | Required to produce, bottle, blend, infuse, rectify, or compound hemp beverages for sale in Alabama. | **$500** |
| Beverage Wholesaler License | Required to import, distribute, and wholesale hemp beverages to retailers. | **$550 (+$200 per additional warehouse)** |
| Beverage Retail License (On-Premises Consumption) | Required for bars, restaurants, and other venues selling hemp beverages for on-site consumption. | **$150** |
| Beverage Retail License (Off-Premises Consumption) | Required for grocery stores, liquor/package stores, and other retailers selling hemp beverages for take-home consumption. | **$150** |
| Excise Tax Permit | Required for all retailers selling hemp beverages, as a 6% excise tax is imposed on sales. | **Fee included in tax reporting requirements** |
| Psychoactive Hemp Product Retailer Permit | Required for any business selling psychoactive hemp products (excluding beverages). | **$1,000 (annual) + $100 one-time filing fee** |
| Psychoactive Hemp Product Manufacturer Permit | Required to produce, package, or process psychoactive hemp products for sale in Alabama. | **Fee set by ABC Board** |
| Psychoactive Hemp Product Distributor Permit | Required to distribute psychoactive hemp products to retailers. | **Fee set by ABC Board** |
|  |  |  |

### **Executive Summary of SB132 – Regulation of Hemp Beverages and Psychoactive Hemp Products in Alabama**

#### **Objective:**

SB132 aims to regulate the sale, manufacturing, distribution, and taxation of **hemp beverages** and **psychoactive hemp products** containing cannabinoids such as Delta-8 THC, Delta-9 THC, and Delta-10 THC. It establishes a **three-tier system** similar to alcoholic beverages, requiring businesses to obtain licenses and comply with strict guidelines under the oversight of the **Alcoholic Beverage Control Board** (ABC).

#### **Key Provisions:**

1. **Licensing and Regulation:**
   * Defines **"hemp beverages"** and treats them similarly to **beer and wine** under state law.
   * Requires a **license** from the **ABC Board** to **manufacture, distribute, or sell** hemp beverages at **retail (on-premises or off-premises).**
   * Establishes **labeling and testing requirements** for safety and purity.
   * Places **restrictions on sales locations**, ensuring hemp beverages are displayed separately from alcohol and non-hemp products.
2. **Taxation:**
   * Imposes a **6% excise tax** on hemp beverages in addition to **state and local sales taxes**.
   * Revenue from the tax is allocated as follows:
     + **65%** to the State General Fund
     + **10%** to ABC Board for **regulation and enforcement**
     + **15%** split between the **ABC Board and Alabama Law Enforcement** for **enforcement**
     + **10%** to **local governments** where the products are sold
3. **Distribution Model & Franchise Agreements:**
   * Extends **Alabama’s existing three-tier alcohol distribution system** to hemp beverages.
   * **Manufacturers must enter exclusive franchise agreements** with licensed **wholesalers**.
   * Requires wholesalers to **designate sales territories** for their brands.
4. **Psychoactive Hemp Product Regulation:**
   * Defines **"psychoactive hemp products"** (excluding beverages).
   * Treats them similarly to **tobacco products**, requiring permits and **compliance with the ENDS directory** (Electronic Nicotine Delivery System).
   * Restricts **advertising** and **marketing**, banning anything appealing to **children**.
5. **Retail Sales & Consumer Restrictions:**
   * Prohibits the **sale of hemp beverages and psychoactive hemp products to individuals under 21**.
   * Requires **strict age verification** at purchase.
   * Retailers must **dedicate separate display areas** for hemp beverages.
6. **Penalties for Non-Compliance:**
   * **Civil and criminal penalties** apply for violations, including:
     + **First offense**: $1,500 fine
     + **Second offense**: $2,500 fine
     + **Third offense**: $5,000 fine
     + **Fourth offense**: **Revocation of all licenses for at least one year**.
   * Non-compliant products can be **seized as contraband** and disposed of by the state.
7. **Product Safety & Labeling:**
   * Labels must include:
     + Manufacturer & independent lab details
     + Batch number & cannabinoid content
     + Warnings about **impairment, health risks, and age restrictions**
     + **Prohibition on alcohol and caffeine additives** (except natural sources)
   * **Testing requirements** mandate that all products must be **certified by accredited labs**.

### **Implications:**

* **Industry Impact:** The bill **commercializes** hemp beverages like alcohol but **heavily restricts psychoactive hemp products**.
* **Business Compliance Costs:** New **licensing fees**, **taxes**, and **strict regulations** will **increase costs** for manufacturers, wholesalers, and retailers.
* **Law Enforcement & State Oversight:** The **ABC Board gains significant authority**, including the power to **inspect, regulate, and penalize businesses**.

### **Conclusion:**

SB132 is a **strict regulatory framework** for hemp-derived intoxicating products, particularly **hemp beverages**, treating them similarly to **alcohol**. It enforces **licensing, taxation, distribution control, labeling, and marketing restrictions** while imposing **strict penalties** for non-compliance. The bill aims to **legitimize the market**, **generate state revenue**, and **control consumer access**, particularly for minors.