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SYNOPSIS:

Under existing law, products that contain psychoactive cannabinoids found in or derived from hemp may not be sold to minors but are otherwise not regulated.

This bill would define "hemp beverage" and treat hemp beverages for purposes of state law similar to beer or wine, to be licensed and regulated by the Alcoholic Beverage Control Board.

This bill would extend the three-tier system that exists in state law for alcoholic beverages to hemp beverages and would require a license from the board to manufacture, distribute, or sell at retail for either on-premises or off-premises consumption.

This bill would establish labeling and testing requirements for safety, and would place restrictions on where hemp beverages may be sold in stores.

This bill would levy an excise tax on hemp beverages at the rate of six percent on the retail sales price, in addition to any state or local sales tax.

This bill would require each importer and manufacturer of hemp beverages to designate sales territories for each of its brands and enter into an exclusive franchise agreement with a licensed



29 wholesaler for each sales territory.

30 This bill would set conditions and requirements
31 for franchise agreements between suppliers and
32 wholesale distributors of hemp beverages, including
33 provisions for the modification, termination,
34 cancellation, nonrenewal, or discontinuance of an
35 agreement.

36 This bill would define "psychoactive hemp
37 product", which does not include beverages, and treat
38 these products for purposes of state law similar to
39 tobacco products, to be permitted and regulated by the
40 Alcoholic Beverage Control Board.

41 This bill would require psychoactive hemp
42 products to be placed onto the ENDS directory
43 maintained by the Department of Revenue and would
44 provide requirements for such products to be listed on
45 the directory.

46 This bill would establish labeling requirements
47 and restrict advertising of these products.

48 This bill would also provide civil and criminal
49 penalties for violations.

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A BILL

55

TO BE ENTITLED

56

AN ACT



57
58 Relating to psychoactive cannabinoids; to add Chapters
59 12 and 12A to Title 28, Code of Alabama 1975; to license and
60 regulate hemp beverages that contain psychoactive
61 cannabinoids; to require all hemp beverages to be distributed
62 through a licensed wholesaler; to provide for licensure of
63 manufacturers, wholesalers, and retailers of hemp beverages by
64 the Alcoholic Beverage Control Board and set fees for
65 licensure; to impose labeling and testing requirements for
66 hemp beverages; to levy an excise tax on retail sales of hemp
67 beverages; to require licensed importers, manufacturers, and
68 suppliers of hemp beverages to enter into exclusive franchise
69 agreements with wholesalers; to amend Sections 28-11-1,
70 28-11-2, 28-11-3, 28-11-4, 28-11-5, 28-11-6.2, 28-11-7,
71 28-11-8, and 28-11-9, Section 28-11-13, as last amended by Act
72 2024-79 of the 2024 Regular Session, and Sections 28-11-15,
73 28-11-16, and 28-11-19, Code of Alabama 1975; to add Sections
74 28-11-1.1, 28-11-1.2, 28-11-7.1, 28-11-16.1, 28-11-17.2, and
75 28-11-18.1 to the Code of Alabama 1975; to permit and regulate
76 psychoactive hemp products other than beverages; to require a
77 permit for retailers of psychoactive hemp products and set
78 fees; to impose labeling and advertising requirements; to
79 impose civil and criminal penalties for violations; and to
80 repeal Section 13A-12-214.4, Code of Alabama 1975, relating to
81 the sale of pscyoactive cannabinoids.

82 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

83 Section 1. Chapter 12 is added to Title 28, Code of
84 Alabama 1975, to read as follows:



85 Article 1. General Provisions

86 §28-12-1

87 It is the intent of the Legislature, through the
88 provisions of this chapter, to:

89 (1) Exercise the police power of the State of Alabama
90 to regulate the sale and distribution of hemp beverages for
91 the protection of the public welfare, health, peace, and
92 morals of the people of the state; and

93 (2) Eliminate the sale of hemp beverages to, and
94 consumption of hemp beverages by, individuals under 21 years
95 of age.

96 §28-12-2

97 Nothing in this chapter shall prevent the governing
98 body of any county or municipality to ban or further regulate
99 where or when hemp beverages may be sold within the respective
100 jurisdiction of the county or municipality.

101 §28-12-3

102 As used in this chapter, the following terms have the
103 following meanings:

104 (1) BATCH. A specific quantity of a specific product
105 containing psychoactive cannabinoids that: (i) is manufactured
106 at the same time and using the same methods, equipment, and
107 ingredients that are uniform and intended to meet
108 specifications for identity, strength, purity, and
109 composition, and (ii) is manufactured, packaged, and labeled
110 according to a single batch production record executed and
111 documented.

112 (2) CARTON. The package or container or containers in



113 which hemp beverages are originally packaged for shipment to
114 market by the manufacturer or its designated representatives.

115 (3) CERTIFICATE OF ANALYSIS (COA). A document issued by
116 an independent, accredited laboratory that provides
117 information about the chemical composition of a particular
118 batch of hemp beverages.

119 (4) CONTAINER. The bottle, can, bag, or other
120 receptacle, not a carton, in which hemp beverages are
121 originally packaged for the market by the manufacturer or its
122 designated representatives and from which the hemp beverage is
123 consumed by or dispensed to the public.

124 (5) HEMP BEVERAGE. Any product that is intended to be
125 consumed as a beverage by humans that contains psychoactive
126 cannabinoids.

127 (6) KEG. A pressurized factory sealed container used to
128 dispense hemp beverages on draft.

129 (7) MANUFACTURER. Any person licensed by the board
130 engaged in the producing, bottling, manufacturing, blending,
131 infusing, cooking, rectifying, or compounding of hemp
132 beverages in this state or for sale or distribution in this
133 state or to the board or to a licensee of the board.

134 (8) MULTI-USE CONTAINER. A resealable container
135 designed and intended for multiple servings of a hemp
136 beverage.

137 (9) PSYCHOACTIVE CANNABINOID. Cannabinoids derived
138 from or found in hemp as defined in Section 2-8-381,
139 including, but not limited to, delta-8-tetrahydrocannabinol
140 (delta-8 THC), delta-9-tetrahydrocannabinol (delta-9 THC), and



141 delta-10-tetrahydrocannabinol (delta-10 THC).

142 (10) RETAILER. Any person licensed by the board to
143 engage in the retail sale of any hemp beverages to the
144 consumer.

145 (11) WHOLESALER. Any person licensed by the board to
146 engage in the sale and distribution of hemp beverages within
147 this state, at wholesale only, to be sold by export or to
148 retail licensees or other wholesaler licensees or others
149 within this state lawfully authorized to sell hemp beverages
150 for the purpose of resale only.

151 §28-12-4

152 (a) The manufacture, possession, sale, consumption,
153 use, and delivery of hemp beverages within this state shall be
154 regulated and enforced by the board through the licensure of
155 manufacturers, wholesalers, and retailers of hemp beverages,
156 as provided in this chapter.

157 (b) The board may enter upon the premises of any
158 licensee to examine, or cause to be examined by any agent or
159 representative designated by the board for that purpose, any
160 books, papers, or other records and to secure other
161 information directly or indirectly relating to the enforcement
162 of this chapter.

163 (c) The board shall adopt rules as necessary to
164 implement this chapter.

165 Article 2 Hemp Beverage Licenses

166 §28-12-20

167 (a) Subject to this chapter and rules adopted
168 thereunder, the board may issue and renew licenses to



169 reputable and responsible persons for the following purposes:

170 (1) To manufacture or otherwise produce, blend, bottle,
171 infuse, cook, rectify, or compound hemp beverages within this
172 state or for sale or distribution within this state.

173 (2) To distribute, wholesale, or act as jobber for the
174 sale of hemp beverages to licensed retailers within the state
175 and others within this state lawfully authorized to sell hemp
176 beverages.

177 (3) To sell hemp beverages at retail for on-premises
178 consumption.

179 (4) To sell hemp beverages at retail for off-premises
180 consumption.

181 (b) The board is granted discretionary powers in acting
182 upon license applications under this chapter.

183 (c) Licenses issued under this chapter, unless revoked
184 or suspended by the board, shall be valid for the license year
185 which shall begin on October 1 of each year, unless otherwise
186 established by this chapter or by the board. Licenses may be
187 issued at any time during the year.

188 §28-12-21

189 (a) (1) Effective January 1, 2026, upon the submission
190 of an application and application fee, as prescribed by the
191 board by rule, the board shall issue to the applicant a
192 manufacturer license that authorizes the licensee to
193 manufacture or otherwise produce, blend, bottle, infuse, cook,
194 rectify, or compound hemp beverages within this state or for
195 sale or distribution within this state.

196 (2) No person shall manufacture or otherwise produce,



197 blend, bottle, infuse, cook, rectify, or compound hemp
198 beverages within this state or for sale or distribution within
199 this state, unless the person is issued a manufacturer license
200 by the board.

201 (b) A manufacturer licensee may not:

202 (1) Sell any hemp beverages direct to any retailer or
203 for consumption on the premises where sold;

204 (2) Sell or deliver any hemp beverages in other than
205 original containers approved by the board; or

206 (3) Maintain or operate within the state any place or
207 places, other than the place or places covered by the
208 manufacturer license where hemp beverages are manufactured or
209 sold for wholesale distribution.

210 (c) Effective January 1, 2026, each manufacturer
211 licensee shall file with the board prior to making any sales
212 within this state:

213 (1) The label for each container to be sold in this
214 state, which label must comply with Section 28-12-40; and

215 (2) The certificate of analysis for each batch of hemp
216 beverages to be sold in this state, which certificate must
217 provide the information as established in Section 28-12-41.

218 (d) On and after January 1, 2026, all hemp beverages
219 whose labels and certificates of analysis have not been filed
220 as provided in subsection (c) shall be considered contraband
221 and may be seized by the board or its agents, or any law
222 enforcement officer of the state without a warrant, and the
223 goods shall be delivered to, and disposed of by, the board.

224 (e) A manufacturer licensee shall be required to mail



225 to the board prior to the twentieth day of each month a
226 consolidated report of all shipments of hemp beverages made to
227 each wholesaler during the preceding month. The reports shall
228 be in the form and containing information as the board may
229 prescribe.

230 (f) A manufacturer licensee shall keep at its principal
231 place of business within this state daily permanent records
232 that show the quantities of raw materials received and used in
233 the manufacture of hemp beverages and the quantities of hemp
234 beverages manufactured and stored, the sale of hemp beverages,
235 the quantities of hemp beverages stored for hire or
236 transported for hire by or for the licensee, and the names and
237 addresses of the purchasers or other recipients thereof.

238 (g) (1) Every place licensed as a manufacturer shall be
239 subject to inspection by members of the board or by
240 individuals authorized and designated by the board at any time
241 of the day or night as they may deem necessary, for the
242 detection of violations of this chapter, any law, or the rules
243 of the board, or for the purpose of ascertaining the
244 correctness of the records required to be kept by the
245 licensees.

246 (2) The books and records of licensees at all times
247 shall be open to inspection by members of the board or by
248 individuals authorized and designated by the board.

249 (3) Members of the board and its authorized agents,
250 without hindrance, may enter any place that is subject to
251 inspection hereunder or any place where records are kept for
252 the purpose of making inspections and making transcripts



253 thereof.

254 §28-12-22

255 (a) Effective January 1, 2026, upon the submission of
256 an application and application fee, as prescribed by the board
257 by rule, the board shall issue to the applicant a wholesaler
258 license that authorizes the licensee to import and receive
259 shipments of hemp beverages from outside the state from
260 licensed manufacturers, to purchase hemp beverages from
261 licensed manufacturers or other licensed wholesalers within
262 the state, to sell at wholesale and distribute hemp beverages
263 to retailer licensees, and to export hemp beverages from the
264 state. Sales to all retailer licensees shall be in original
265 packages or containers as prepared for the market by the
266 manufacturer or bottler.

267 (b) No person shall sell at wholesale or distribute
268 hemp beverages within this state or to retailer licensees
269 unless the person has been issued a wholesaler license by the
270 board.

271 §28-12-23

272 (a) Effective January 1, 2026, upon the submission of
273 an application and application fee, as prescribed by the board
274 by rule, the board shall issue to the applicant a retail
275 license that authorizes the licensee to purchase hemp
276 beverages from a licensed wholesaler and to sell hemp
277 beverages at retail for on-premises consumption in a room or
278 rooms or place on the licensed premises, for off-premises
279 consumption.

280 (b) A retail licensee for off-premises consumption may



281 only be sold in original unopened containers.

282 (c) No person shall sell hemp beverages at retail for
283 either: (i) on-premises consumption; or (ii) off-premises
284 consumption within this state unless the person has been
285 issued the appropriate on-premises retailer license or
286 off-premises retailer license by the board.

287 §28-12-24

288 (a) Effective January 1, 2026, upon the submission of
289 an application and application fee, as prescribed by the board
290 by rule, the board shall issue to the applicant the applicable
291 hemp beverage license as established in Sections 28-12-21
292 through 28-12-23 to any person who holds and possesses any of
293 the following:

294 (1) A valid manufacturer license as provided for in
295 Section 28-3A-6.

296 (2) A valid wholesaler license as provided for in
297 Section 28-3A-9.

298 (3) A valid retail license as provided for in Sections
299 28-3A-11 through 28-3A-20.

300 (b) Notwithstanding any provision of this title or
301 rules of the board to the contrary, upon the issuance of a
302 hemp beverage license in accordance with subsection (a)(3),
303 retail licensees under Section 28-3A-11, commonly known as
304 package stores, shall be authorized to purchase hemp beverages
305 from a licensed hemp beverage wholesaler and sell hemp
306 beverages at retail commensurate with the privileges granted
307 to such store to sell alcoholic beverages.

308 (c) Except for payment of the applicable license fee,



309 there shall be no additional licensing or administrative
310 requirements, including no requirement for additional
311 background checks, which may be imposed by the state, a
312 county, or a municipality for licenses issued under this
313 section.

314 §28-12-25

315 (a) The board shall impose the following annual license
316 fees for hemp beverage licenses issued and renewed by the
317 board:

318 (1) Manufacturer license, license fee of five hundred
319 dollars (\$500).

320 (2) Wholesaler license, license fee of five hundred
321 fifty dollars (\$550), plus two hundred dollars (\$200) for each
322 warehouse in addition to the principal warehouse.

323 (3) Retail license for on-premises consumption, license
324 fee of one hundred fifty dollars (\$150).

325 (4) Retail license for off-premises consumption,
326 license fee of one hundred fifty dollars (\$150).

327 (b) The license fees shall be paid before a license may
328 be issued or renewed.

329 §28-12-26

330 The requirements and restrictions on licensees set
331 forth in subsections (a), (b), (c), (d), (f), (g), (k), (l),
332 (m), and (n) of Section 28-3A-23 are adopted and apply to this
333 article, and any reference therein to alcoholic beverages
334 shall refer to hemp beverages for purposes of this chapter.

335 §28-12-27

336 (a) Except subdivisions (a)(10) and (a)(13) of Section



337 28-3A-25(a) (10) and (a) (13), the violations of the alcoholic
338 beverage laws described in Section 28-3A-25(a) and the
339 penalties described in Section 28-3A-25(b) and (c) are adopted
340 and apply to this article, and any reference therein to
341 alcoholic beverages shall refer to hemp beverages for purposes
342 of this chapter.

343 (b) (1) In addition to subsection (a), it shall be
344 unlawful for any person to:

345 a. Sell hemp beverages in any county or municipality
346 that has prohibited the sale of hemp beverages or to sell hemp
347 beverages in a manner that violates a restriction authorized
348 under Section 28-12-2 as to where or when hemp beverages may
349 be sold; or

350 b. Adulterate, contaminate, or in any manner change the
351 character or purity of a hemp beverage from that as originally
352 marketed and packaged by the manufacturer.

353 (2) A violation of this subsection shall be subject to
354 the penalties described in Section 28-3A-25(b).

355 §28-12-28

356 The board may revoke licenses under the same terms and
357 conditions set forth in Section 28-3A-26.

358 Article 3 Hemp Beverage Guidelines

359 §28-12-40

360 (a) Every container of hemp beverages must bear a label
361 that contains, at a minimum:

362 (1) The name, location, contact phone number, and
363 website of the manufacturer of the product;

364 (2) The name and address of the independent, accredited



365 laboratory used by the manufacturer to test the product;

366 (3) The batch number;

367 (4) The total number of milligrams of psychoactive
368 cannabinoids found in the container;

369 (5) The serving size, which may not exceed 12 ounces;

370 (6) The total number of milligrams of psychoactive
371 cannabinoids per serving;

372 (7) The International Intoxicating Cannabinoid Product
373 Symbol (IICPS);

374 (8) A list of ingredients, including identification of
375 any major food allergens declared by name;

376 (9) A statement that the hemp beverage does not claim
377 to diagnose, treat, cure, or prevent any disease and has not
378 been evaluated or approved by the U.S. Food and Drug
379 Administration (FDA), unless the product has been so approved;
380 and

381 (10) The following warnings:

382 a. To keep the product out of reach of children;

383 b. That consumption of the product impairs person's
384 ability to drive and operate machinery;

385 c. For persons who are pregnant, nursing, or taking
386 medications, to consult their licensed healthcare professional
387 about safety before consuming the product;

388 d. That the product is not intended for sale to or use
389 by persons under 21 years of age;

390 e. That the psychoactive cannabinoids in the product
391 are derived from hemp.

392 (b) Containers of hemp beverages may not:



393 (1) Bear the likeness or contain cartoon-like
394 characteristics of a real or fictional person, animal, or
395 fruit that appeals to children;

396 (2) Be modeled after a brand of products primarily
397 consumed by or marketed to children;

398 (3) Contain an ingredient, other than a psychoactive
399 cannabinoid, that is not approved by the United States Food
400 and Drug Administration for use in beverages;

401 (4) Include a statement, artwork, or design that could
402 reasonably mislead an individual to believe that the package
403 contains anything other than a hemp beverage product;

404 (5) Contain alcohol; provided, however, hemp beverages
405 may contain trace amounts of alcohol if the alcohol is solely
406 derived from flavoring agents or ingredients such as bitters
407 and the presence of trace amounts of alcohol does not cause
408 the hemp beverage to be classified as an alcoholic beverage
409 under state or federal law; or

410 (6) Contain caffeine; provided, however, hemp beverages
411 may contain naturally occurring caffeine derived from
412 ingredients such as coffee, tea, or other natural sources, so
413 long as the caffeine does not exceed levels deemed safe by
414 generally accepted dietary guidelines.

415 (c) Hemp beverages must be packaged in child-resistant
416 cartons.

417 (d) Hemp beverages may not contain more than a total of
418 10 milligrams of psychoactive cannabinoids per container, and
419 a single container may not contain more than 12 ounces of
420 beverage. Kegs and multi-use containers that hold a volume no



421 less than 750 milliliters may contain more than 10 milligrams
422 of psychoactive cannabinoids, so long as the intended single
423 serving from the keg or multi-use container does not exceed 10
424 milligrams of psychoactive cannabinoids.

425 (e) Hemp beverages must not be packaged in cartons
426 containing more than six containers.

427 (f) Hemp beverages may be dispensed from kegs and
428 multi-use containers for on-premises consumption only in
429 servings not exceeding 10 milligrams of psychoactive
430 cannabinoids. Kegs and multi-use containers may not be sold by
431 off-premises licensees.

432 (g) Any hemp beverages found not complying with the
433 provisions of this section shall be considered contraband and
434 may be seized by the board or its agents or by any law
435 enforcement officer of the State of Alabama without a warrant,
436 and the goods shall be delivered to, and disposed of by, the
437 board.

438 §28-12-41

439 (a) Prior to making any sales within this state, a
440 manufacturer shall submit representative samples of each batch
441 of the hemp beverage product to be sold within this state or
442 for sale or distribution within this state to an independent,
443 accredited laboratory for a certificate of analysis
444 certifying, at a minimum, that the product:

445 (1) Contains an amount of delta-8 tetrahydrocannabinol,
446 delta-9 tetrahydrocannabinol, delta-10 tetrahydrocannabinol,
447 or any other psychoactive cannabinoid not exceeding that which
448 is stated on the label of the product; and



449 (2) Does not contain more than trace amounts of any
450 mold, residual solvents or other catalysts, pesticides,
451 fertilizers, or heavy metals.

452 (b) A manufacturer must disclose all known information
453 regarding pesticides, fertilizers, solvents, or other foreign
454 materials applied to hemp or added to hemp during any
455 production or processing stages of any batch from which a
456 representative sample has been sent for testing, including any
457 catalysts used to create psychoactive cannabinoids. The
458 disclosure must be made to the laboratory performing testing
459 or sampling and, upon request, to the board. The disclosure
460 must include all information known to the manufacturer
461 regardless of whether the application or addition was made
462 intentionally or accidentally, or by the manufacturer or any
463 other person.

464 (c) Prior to making any sales within this state, a
465 manufacturer shall submit the certificate of analysis required
466 by this section to the board, and a manufacturer shall not
467 sell or offer for sale or distribution within this state any
468 hemp beverages from a batch which has not obtained a
469 certificate of analysis.

470 (d) Any hemp beverages found not complying with this
471 section shall be considered contraband and may be seized by
472 the board or its agents or by any law enforcement officer of
473 the state without a warrant, and the goods shall be delivered
474 to, and disposed of by, the board.

475 §28-12-42

476 (a) Prior to initiating a sale or otherwise providing



477 hemp beverages to an individual, an employee of a retailer
478 must verify that the individual is at least 21 years of age.

479 (b) Proof of age may be established only by one of the
480 following:

481 (1) A valid driver license of any state.

482 (2) A valid United States Uniformed Service
483 Identification.

484 (3) A valid passport.

485 (4) A valid identification issued by any agency of a
486 state for the purpose of identification, bearing a photograph
487 and date of birth of the individual in question.

488 (c) The board shall levy a civil penalty against any
489 licensee who sells a hemp beverage to an individual under 21
490 years of age as follows:

491 (1) One thousand five hundred dollars (\$1,500) for a
492 first offense.

493 (2) Two thousand five hundred dollars (\$2,500) for a
494 second offense.

495 (3) Five thousand dollars (\$5,000) for a third offense.

496 (4) Revocation of all licenses and permits issued by
497 the board to the licensee for a fourth offense. In addition,
498 the board shall not issue any license or permit under this
499 title until the expiration of one year from the date the
500 license or licenses are revoked at the location where the
501 violation occurred.

502 §28-12-43

503 (a) Off-premises retail licensees must designate a
504 specific area within their premises for the display and sale



505 of hemp beverages.

506 (b) The designated sales space for hemp beverages must
507 be:

508 (1) Separate from areas used for the display or sale of
509 non-alcoholic beverages and of alcoholic beverages; and

510 (2) Clearly marked and identified as a space for hemp
511 beverages to prevent consumer confusion.

512 (c) The designated space must include signage that:

513 (1) Clearly identifies the products as hemp beverages
514 containing psychoactive cannabinoids; and

515 (2) States that the products are not intended for sale
516 to persons under 21 years of age.

517 Article 4 Taxation

518 §28-12-60

519 (a) An excise tax at the rate of six percent is levied
520 on the retail sales price of a hemp beverage product. The tax
521 is in addition to any other tax imposed by federal, state, or
522 local law.

523 (b) The tax levied by this section is intended to be
524 passed on to and borne by the purchaser of the hemp beverage
525 product. The tax is a debt from the purchaser to the retailer
526 until paid. The retailer is considered to act as a trustee on
527 behalf of the board when the retailer collects the tax from
528 the purchaser on a taxable transaction. The tax must be stated
529 and charged separately on any documentation provided to the
530 purchaser by the retailer at the time of the transaction.

531 (c) The tax levied during the preceding month is due
532 and payable monthly to the board on the first day of each



533 month, and for the purpose of ascertaining the amount of tax
534 payable under this section, all retailers making taxable sales
535 on or before the twentieth day of each month shall transmit to
536 the board, upon forms prescribed by the board, returns showing
537 gross sales during the preceding month.

538 (d) The revenue generated from the tax shall be
539 distributed as follows:

540 (1) Sixty-five percent to the State General Fund.

541 (2) Ten percent shall be retained by the board for
542 regulatory and administrative purposes.

543 (3) Fifteen percent divided equally between the board
544 and the Alabama State Law Enforcement Agency to be retained by
545 each for purposes of enforcement.

546 (4) Ten percent to the treasury of the municipality in
547 which the hemp beverages were sold within its corporate
548 limits, or, where sold outside the corporate limits of any
549 municipality, to the treasury of the county in which the hemp
550 beverages were sold for the purposes of enforcement.

551 (e) The taxes levied pursuant to this section are
552 exclusive and shall be in lieu of all other and additional
553 taxes and licenses of the state, county, or municipality,
554 imposed on the sale of hemp beverages; provided, that nothing
555 herein contained shall be construed to exempt the retail sale
556 of hemp beverages from the levy of tax on general retail sales
557 by the state, county, or municipality in the nature of, or in
558 lieu of, a general sales tax.

559 Section 2. Chapter 12A is added to Title 28 of the Code
560 of Alabama 1975, to read as follows:



561 §28-12A-1 Legislative Intent and General Provisions

562 The legislative intent and purpose of this chapter is
563 to provide a structure for the business relations between a
564 wholesaler and a supplier of hemp beverages. Regulation in
565 this area is considered necessary for the following reasons:

566 (1) To maintain stability and healthy competition in
567 the hemp beverage industry in this state.

568 (2) To promote and maintain a sound, stable, and viable
569 three-tier system of distribution of hemp beverages to the
570 public.

571 (3) To promote the public health, safety, and welfare.

572 §28-12A-2 Definitions

573 As used in this chapter, the following terms have the
574 following meanings:

575 (1) AGREEMENT. Any agreement between a wholesaler and a
576 supplier, whether oral or written, whereby a wholesaler is
577 granted the right to purchase and sell a brand or brands of
578 hemp beverages sold by a supplier.

579 (2) ANCILLARY BUSINESS. A business owned by a
580 wholesaler, or by a substantial partner of a wholesaler, the
581 primary business of which is directly related to the
582 transporting, storing, or marketing of the brand or brands of
583 hemp beverages of a supplier with whom the wholesaler has an
584 agreement; or a business owned by a wholesaler, a substantial
585 stockholder of a wholesaler, or a substantial partner of a
586 wholesaler that recycles empty beverage containers.

587 (3) DESIGNATED MEMBER. The spouse, child, grandchild,
588 parent, brother, or sister of a deceased individual who owned



589 an interest, including a controlling interest, in a
590 wholesaler; or any person who inherits the deceased
591 individual's ownership interest in the wholesaler under the
592 terms of the deceased individual's will, or under the laws of
593 intestate succession of this state; or any person who or
594 entity which has otherwise by designation in writing by the
595 deceased individual, succeeded the deceased individual in the
596 wholesaler's business, or has succeeded to the deceased
597 individual's ownership interest in the wholesaler pursuant to
598 a written contract or instrument; and also includes the
599 appointed and qualified personal representative and the
600 testamentary trustee of a deceased individual owning an
601 ownership interest in a wholesaler. The term also includes a
602 person appointed by the court as the guardian or conservator
603 of the property of an incapacitated individual owning an
604 ownership interest in a wholesaler.

605 (4) GOOD FAITH. Honesty in fact and the observance of
606 reasonable commercial standards of fair dealing in the trade,
607 as defined in and interpreted under the Uniform Commercial
608 Code, Section 7-2-103.

609 (5) REASONABLE QUALIFICATIONS. The standard of the
610 reasonable criteria established and consistently used by the
611 respective supplier for Alabama wholesalers that entered into,
612 continued, or renewed an agreement with the supplier during a
613 period of 24 months prior to the proposed transfer of the
614 wholesaler's business, or for Alabama wholesalers who have
615 changed managers or designated managers during a period of 24
616 months prior to the proposed change in manager or successor



617 manager of the wholesaler's business.

618 (6) RETALIATORY ACTION. Includes, but is not limited
619 to, the refusal to continue an agreement, or a material
620 reduction in the quality of service or in the quantity of
621 products available to a wholesaler under an agreement, which
622 refusal or reduction is not made in good faith.

623 (7) SALES TERRITORY. An area of exclusive sales
624 responsibility for the brand or brands of hemp beverages sold
625 by a supplier as designated by an agreement.

626 (8) SUBSTANTIAL STOCKHOLDER or SUBSTANTIAL PARTNER. A
627 stockholder of or partner in the wholesaler who owns an
628 interest of 25 percent or more of the partnership or of the
629 capital stock of a corporate wholesaler.

630 (9) SUPPLIER. A manufacturer of hemp beverages licensed
631 by the board.

632 (10) TRANSFER OF WHOLESALER'S BUSINESS. The voluntary
633 sale, assignment, or other transfer of all or control of the
634 business or all or substantially all of the assets of the
635 wholesaler, or all or control of the capital stock of the
636 wholesaler, including without limitation the sale or other
637 transfer of capital stock or assets by merger, consolidation,
638 or dissolution, or of the capital stock of the parent
639 corporation, or of the capital stock or beneficial ownership
640 of any other entity owning or controlling the wholesaler.

641 (11) WHOLESALER. A wholesaler of hemp beverages
642 licensed by the board.

643 §28-12A-3 Existing Franchise Laws

644 (a) This chapter does not apply to regulation of beer



645 or wine franchises.

646 (b) Nothing in this chapter shall be deemed to repeal
647 or amend any existing beer or wine franchise laws. This
648 chapter is intended to provide franchise regulation for hemp
649 beverages, and to leave in effect and unchanged any local or
650 state franchise laws existing on July 1, 2025.

651 §28-12A-4 Territorial Agreements

652 (a) Each supplier of hemp beverages licensed by the
653 board to sell its hemp beverages within the State of Alabama
654 shall sell its hemp beverages only through wholesaler
655 licensees of the board and shall grant in writing to each of
656 its wholesalers an exclusive sales territory in accordance
657 with Sections 28-8-2 through 28-8-4, as though every reference
658 therein to alcoholic beverages shall refer to hemp beverages
659 regulated under Chapter 12 and this chapter.

660 (b) The provisions of Section 28-8-8, including the
661 penalties of subsection (b), are adopted and incorporated into
662 this chapter, and any reference in Section 28-8-8 to alcoholic
663 beverages shall refer to hemp beverages regulated under
664 Chapter 12 and this chapter.

665 §28-12A-5 Supplier Prohibitions

666 A supplier shall not do any of the following:

667 (1) Fail to provide each wholesaler of the supplier's
668 brand or brands with a written agreement which contains in
669 total the supplier's agreement with each wholesaler, and
670 designates a specific exclusive sales territory. No part of
671 this chapter shall prevent a supplier from appointing, one
672 time for a period not to exceed 90 days, a wholesaler to



673 temporarily service a sales territory not designated to
674 another wholesaler, until such time as a wholesaler is
675 appointed by the supplier; and the wholesaler who is
676 designated to service the sales territory during this period
677 of temporary service shall not be in violation of this
678 chapter, and, with respect to the temporary service territory,
679 shall not have any of the rights provided under Sections
680 28-12A-7 and 28-12A-9.

681 (2) Fix, maintain, or establish the price at which a
682 wholesaler shall sell any hemp beverages.

683 (3) Enter into an additional agreement with any other
684 wholesaler for, or to sell to any other wholesaler, the same
685 brand or brands of hemp beverages in the same territory or any
686 portion thereof, or to sell directly to any retailer in this
687 state.

688 (4) Coerce or attempt to coerce any wholesaler to
689 accept delivery of any hemp beverages or other commodity that
690 has not been ordered by the wholesaler. Provided, however, a
691 supplier may impose reasonable inventory requirements upon a
692 wholesaler if the requirements are made in good faith and are
693 generally applied to other similarly situated wholesalers
694 having an agreement with the supplier.

695 (5) Coerce, or attempt to coerce, any wholesaler to
696 accept delivery of any hemp beverages or other commodity
697 ordered by a wholesaler if the order was cancelled by the
698 wholesaler.

699 (6) Coerce, or attempt to coerce, any wholesaler to do
700 any illegal act or to violate any law or any regulation by



701 threatening to amend, modify, cancel, terminate, or refuse to
702 review any agreement existing between the supplier and
703 wholesaler.

704 (7) Require a wholesaler to assent to any condition,
705 stipulation, or provision limiting the wholesaler's right to
706 sell the brand or brands of hemp beverages or other products
707 of any other supplier unless the acquisition of the brand or
708 brands or products of another supplier would materially impair
709 or adversely affect the wholesaler's quality of service,
710 sales, or ability to compete effectively in representing the
711 brand or brands of the supplier presently being sold by the
712 wholesaler. The supplier shall have the burden of proving that
713 acquisition of the other brand or brands or products would
714 have that effect.

715 (8) Require a wholesaler to purchase one or more brands
716 of hemp beverages or other products in order for the
717 wholesaler to purchase another brand or brands of hemp
718 beverages for any reason.

719 (9) Request a wholesaler to submit audited profit and
720 loss statements, balance sheets, or financial records as a
721 condition of renewal or continuation of an agreement.

722 (10) Withhold delivery of hemp beverages ordered by a
723 wholesaler, or change a wholesaler's quota of a brand or
724 brands if the withholding or change is not made in good faith.

725 (11) Require a wholesaler by any means directly to
726 participate in or contribute to any local or national
727 advertising fund controlled directly or indirectly by a
728 supplier.



729 (12) Take any retaliatory action against a wholesaler
730 that files a complaint regarding an alleged violation by the
731 supplier of federal, state, or local law or an administrative
732 rule.

733 (13) Require or prohibit, without just and reasonable
734 cause, any change in the manager or successor manager of any
735 wholesaler who has been approved by the supplier. Should a
736 wholesaler change an approved manager or successor manager, a
737 supplier shall not require or prohibit the change unless the
738 person selected by the wholesaler fails to meet the
739 nondiscriminatory, material, and reasonable standards and
740 qualifications for managers of Alabama wholesalers of the
741 supplier which previously have been consistently applied to
742 Alabama wholesalers by the supplier. The supplier shall have
743 the burden of proving that a person fails to meet the
744 standards and qualifications which are nondiscriminatory,
745 material, and reasonable and have been consistently applied to
746 Alabama wholesalers.

747 (14) Upon written notice of intent to transfer the
748 wholesaler's business, interfere with, prevent, or
749 unreasonably delay, for longer than 30 days after the receipt
750 of the notice, the transfer of the wholesaler's business if
751 the proposed transferee is a designated member.

752 (15) Upon written notice of intent to transfer the
753 wholesaler's business to a person other than a designated
754 member, withhold consent to or approval of or unreasonably
755 delay, for longer than 30 days after receipt of the notice,
756 the transfer of a wholesaler's business if the proposed



757 transferee meets the nondiscriminatory, material, and
758 reasonable qualifications and standards required by the
759 supplier for Alabama wholesalers. The supplier shall have the
760 burden of proving that the proposed transferee does not meet
761 such standards and qualifications that are nondiscriminatory,
762 material, and reasonable and have been consistently applied to
763 Alabama wholesalers.

764 (16) Restrict or inhibit, directly or indirectly, the
765 right of free association among wholesalers for any lawful
766 purpose.

767 §28-12A-6 Wholesaler Prohibitions

768 A wholesaler shall not do any of the following:

769 (1) Fail to devote reasonable efforts and resources,
770 within its supplier-designated sales territory, to the sale
771 and distribution of all of the supplier's brands of hemp
772 beverages that the wholesaler has been granted the right to
773 sell or distribute.

774 (2) Sell or deliver hemp beverages to a retail licensee
775 located outside the sales territory designated to the
776 wholesaler by the supplier of a particular brand or brands of
777 hemp beverages. Notwithstanding the foregoing, during periods
778 of temporary service interruptions impacting a particular
779 sales territory, a wholesaler who normally services the
780 impacted sales territory shall file with the board and give to
781 the affected supplier written notice designating the specific
782 licensed wholesaler or wholesalers, not disapproved by the
783 supplier, who will service the sales territory during the
784 period of temporary service interruption and the approximate



785 length of time for the service interruption. Each wholesaler
786 designated to temporarily service the sales territory shall be
787 a wholesaler who has a current written agreement with the
788 supplier for the brand or brands affected. When the temporary
789 service interruption is over, the wholesaler who normally
790 services the sales territory shall notify in writing the
791 board, the supplier, and the wholesaler, or wholesalers,
792 servicing the sales territory on a temporary basis of this
793 fact, and any wholesaler servicing the sales territory on a
794 temporary basis shall cease servicing the sales territory upon
795 receipt of notice. A wholesaler who is designated to service
796 the impacted sales territory during the period of temporary
797 service shall not be in violation of this chapter and, with
798 respect to the temporary service territory, shall not have any
799 of the rights provided under Sections 28-12A-7 and 28-12A-9.

800 (3) Transfer the wholesaler's business without giving
801 the supplier written notice of intent to transfer the
802 wholesaler's business and, where required by this section,
803 receiving the supplier's approval for the proposed transfer.
804 Provided, the consent or approval of the supplier shall not be
805 required of any transfer of the wholesaler's business to a
806 designated member, or any transfer of less than control of the
807 wholesaler's business. Provided, however, that the wholesaler
808 shall give the supplier written notice of any change in
809 ownership of the wholesaler.

810 §28-12A-7 Supplier and Wholesaler Agreements

811 (a) Notwithstanding any agreement and except as
812 otherwise provided for in this chapter, a supplier shall not



813 amend or modify an agreement; cause a wholesaler to resign
814 from an agreement; or cancel, terminate, fail to renew, or
815 refuse to continue under an agreement, unless, in any of the
816 foregoing cases, the supplier has complied with all of the
817 following:

818 (1) Has satisfied the applicable notice requirements of
819 subsection (c).

820 (2) Has acted in good faith.

821 (3) Has good cause for the amendment, modification,
822 cancellation, termination, nonrenewal, discontinuance, or
823 forced resignation.

824 (b) For each amendment, modification, termination,
825 cancellation, nonrenewal, or discontinuance, the supplier
826 shall have the burden of proving that it has acted in good
827 faith, that the notice requirements under this section have
828 been complied with, and that there was good cause for the
829 amendment, modification, termination, cancellation,
830 nonrenewal, or discontinuance.

831 (c) Notwithstanding any agreement and except as
832 otherwise provided in this section, and in addition to the
833 time limits set forth in subdivision (d) (5), the supplier
834 shall furnish written notice of the amendment, modification,
835 termination, cancellation, nonrenewal, or discontinuance of an
836 agreement to the wholesaler not less than 60 days before the
837 effective date of the amendment, modification, termination,
838 cancellation, nonrenewal, or discontinuance. The notice shall
839 be by certified mail and shall contain all of the following:

840 (1) A statement of intention to amend, modify,



841 terminate, cancel, not renew, or discontinue the agreement.

842 (2) A statement of the reason for the amendment,
843 modification, termination, cancellation, nonrenewal, or
844 discontinuance.

845 (3) The date on which the amendment, modification,
846 termination, cancellation, nonrenewal, or discontinuance takes
847 effect.

848 (d) Notwithstanding any agreement, good cause shall
849 exist for the purposes of a termination, cancellation,
850 nonrenewal, or discontinuance under subdivision (a) (3) when
851 all of the following occur:

852 (1) There is a failure by the wholesaler to comply with
853 a provision of the agreement which is both reasonable and of
854 material significance to the business relationship between the
855 wholesaler and the supplier.

856 (2) The supplier first acquired knowledge of the
857 failure described in subdivision (1) not more than 18 months
858 before the date notification was given pursuant to subdivision
859 (a) (1).

860 (3) The wholesaler was given notice by the supplier of
861 failure to comply with the agreement.

862 (4) The wholesaler was afforded a reasonable
863 opportunity to assert good faith efforts to comply with the
864 agreement within the time limits as provided for in
865 subdivision (5).

866 (5) The wholesaler has been afforded 30 days in which
867 to submit a plan of corrective action to comply with the
868 agreement and an additional 120 days to cure such



869 noncompliance in accordance with the plan.

870 (e) Notwithstanding subsections (a) and (c), a supplier
871 may terminate, cancel, fail to renew, or discontinue an
872 agreement immediately upon written notice given in the manner
873 and containing information required by subsection (c) if any
874 of the following occur:

875 (1) Insolvency of the wholesaler, the filing of any
876 petition by or against the wholesaler under any bankruptcy or
877 receivership law, or the assignment for the benefit of
878 creditors or dissolution or liquidation of the wholesaler
879 which materially affects the wholesaler's ability to remain in
880 business.

881 (2) Revocation or suspension of the wholesaler's state
882 or federal license by the appropriate regulatory agency
883 whereby the wholesaler cannot service the wholesaler's sales
884 territory for more than 61 days.

885 (3) The wholesaler, or partner or individual who owns
886 10 percent or more of the partnership or stock of a corporate
887 wholesaler, has been convicted of a felony under federal or
888 any state law which reasonably may adversely affect the good
889 will or the interest of the wholesaler or supplier. However,
890 an existing stockholder or stockholders, or partner or
891 partners, or a designated member or members, subject to this
892 chapter, shall have the right to purchase the partnership
893 interest or the stock of the offending partner or stockholder
894 prior to the conviction of the offending partner or
895 stockholder, and if the sale is completed prior to conviction
896 this subdivision shall not apply.



897 (f) Notwithstanding subsections (a), (c), and (e), upon
898 not less than 15 days' prior written notice given in the
899 manner and containing the information required by subsection
900 (c), a supplier may terminate, cancel, fail to renew, or
901 discontinue an agreement if any of the following events occur:

902 (1) There was intentional fraudulent conduct relating
903 to a material matter on the part of the wholesaler in dealings
904 with the supplier. Provided, however, the supplier shall have
905 the burden of proving intentional fraudulent conduct relating
906 to a material matter on the part of the wholesaler.

907 (2) The wholesaler failed to confine to the designated
908 sales territory its sales of a brand or brands to retailers.
909 Provided, this subdivision does not apply if there is a
910 dispute between two or more wholesalers as to the boundaries
911 of the assigned territory and the boundary cannot be
912 determined by a reading of the description contained in the
913 agreements between the suppliers and the wholesalers.

914 (3) A wholesaler who has failed to pay for hemp
915 beverages ordered and delivered in accordance with established
916 terms with the supplier fails to make full payment within two
917 business days after receipt of written notice of the
918 delinquency and demand for immediate payment from the
919 supplier.

920 (4) A wholesaler intentionally has made a transfer of
921 wholesaler's business, other than a transfer to a designated
922 member or pursuant to a loan agreement or debt instrument,
923 without prior written notice to the supplier, and has failed,
924 within 30 days from the receipt of written notice from the



925 supplier of its intent to terminate on the grounds of such
926 transfer, to reverse the transfer of the wholesaler's
927 business.

928 (5) A wholesaler intentionally has made a transfer of
929 the wholesaler's business other than a transfer to a
930 designated member, although the wholesaler, prior to the
931 transfer, has received from the supplier a timely notice of
932 disapproval of the transfer in accordance with this section.

933 (6) The wholesaler intentionally ceases, or ceases for
934 more than a period of 61 days, to carry on business with
935 respect to any of the supplier's brand or brands previously
936 serviced by the wholesaler in its territory designated by the
937 supplier, unless the cessation is due to a force majeure or to
938 a labor dispute and the wholesaler has made good faith efforts
939 to overcome such events. This subdivision shall affect only
940 that brand or brands with respect to which the wholesaler
941 ceased to carry on business.

942 (g) Notwithstanding subsections (a), (c), (e), and (f),
943 a supplier may terminate, cancel, not renew, or discontinue an
944 agreement upon not less than 30 days' prior written notice if
945 the supplier discontinues production or discontinues
946 distribution in this state of all brands sold by the supplier
947 to the wholesaler. Provided, however, nothing in this section
948 shall prohibit a supplier from doing either of the following:

949 (1) Upon not less than 30 days' notice, discontinuing
950 the distribution of any particular brand of hemp beverages.

951 (2) Conducting test marketing of a new brand of hemp
952 beverages or of a brand of hemp beverages which is not



953 currently being sold in this state, if the supplier has
954 notified the board in writing of its plan to test market. The
955 notice shall describe the market area in which the test shall
956 be conducted, the name or names of the wholesaler or
957 wholesalers who will be selling the hemp beverages, the name
958 or names of the brand of hemp beverages being tested, and the
959 period of time not to exceed 18 months during which the
960 testing will take place.

961 §28-12A-8 Transfers of Wholesaler Business

962 (a) Upon written notice of intent to transfer the
963 wholesaler's business, any individual owning or a deceased
964 individual who owned an interest in a wholesaler may transfer
965 the wholesaler's business to a designated member, or any other
966 person who meets the nondiscriminatory, material, and
967 reasonable qualifications and standards required by the
968 supplier for Alabama wholesalers. The consent or approval of
969 the supplier shall not be required of any transfer of the
970 wholesaler's business, including the assignment of
971 wholesaler's rights under the agreement, to a designated
972 member or shall not be withheld or unreasonably delayed to a
973 proposed transferee, other than a designated member, who meets
974 the nondiscriminatory, material, and reasonable qualifications
975 and standards. Provided, however, the supplier shall have the
976 burden of proving that the proposed transferee fails to meet
977 the qualifications and standards which are nondiscriminatory,
978 material, and reasonable and consistently applied to Alabama
979 wholesalers by the supplier. Provided, the designated member
980 or transferee shall in no event be qualified as a transferee



981 without the prior written approval or consent of the supplier,
982 where the proposed transferee shall have been involved in any
983 of the following:

984 (1) Insolvency filing of any voluntary or involuntary
985 petition under any bankruptcy or receivership law, or
986 execution of an assignment for the benefit of creditors.

987 (2) Revocation or suspension of a hemp beverage license
988 by the regulatory agency of the U.S. government or any state,
989 whereby service was interrupted for more than 61 days.

990 (3) Conviction of a felony under the United States
991 Code, or the laws of any state which reasonably may adversely
992 affect the good will or interest of the wholesaler or
993 supplier.

994 (4) The involuntary termination, cancellation,
995 nonrenewal, or discontinuance by a supplier of an agreement
996 for good cause.

997 (b) The supplier shall not interfere with, prevent, or
998 unreasonably delay the transfer of the wholesaler's business,
999 including an assignment of wholesaler's rights under the
1000 agreement, if the proposed transferee is a designated member,
1001 or if the transferee other than a designated member meets such
1002 nondiscriminatory, material, and reasonable qualifications
1003 required by the supplier for Alabama wholesalers. Where the
1004 transferee is other than a designated member, the supplier, in
1005 good faith and for good cause related to the reasonable
1006 qualifications, may refuse to accept the transfer of the
1007 wholesaler's business or the assignment of wholesaler's rights
1008 under the agreement. The supplier shall have the burden of



1009 proving that it has acted in good faith and that there was
1010 good cause for failure to accept or consent to the transfer of
1011 the wholesaler's business or the assignment of the
1012 wholesaler's rights under the agreement.

1013 §28-12A-9 Payment to the Wholesaler of Reasonable
1014 Compensation for Diminished Value of Business; Arbitration

1015 (a) Except as provided for in this chapter, a supplier
1016 that has amended, modified, cancelled, terminated, or refused
1017 to renew any agreement; or has caused a wholesaler to resign
1018 from any agreement; or has interfered with, prevented, or
1019 unreasonably delayed, or where required by this chapter, has
1020 withheld or unreasonably delayed consent to or approval of,
1021 any assignment or transfer of a wholesaler's business, shall
1022 pay the wholesaler reasonable compensation for the diminished
1023 value of the wholesaler's business, including any ancillary
1024 business which has been negatively affected by the act of the
1025 supplier. The value of the wholesaler's business or ancillary
1026 business shall include, but not be limited to, any good will.
1027 Provided, however, nothing contained in this chapter shall
1028 give rise to a claim against the supplier or wholesaler by any
1029 proposed purchaser of wholesaler's business.

1030 (b) Should either party, at any time, determine that
1031 mutual agreement on the amount of reasonable compensation
1032 cannot be reached, the supplier or the wholesaler may send by
1033 certified mail, return receipt requested, written notice to
1034 the other party declaring its intention to proceed with
1035 arbitration. Arbitration shall proceed only by mutual
1036 agreement by both parties.



1037 (c) Not more than 10 business days after the notice to
1038 enter into arbitration has been delivered, the other party
1039 shall send written notice to the requesting party declaring
1040 its intention either to proceed or not to proceed with
1041 arbitration. Should the other party fail to respond within the
1042 10 business days, it shall be conclusively presumed that the
1043 party shall have agreed to arbitration.

1044 (d) The matter of determining the amount of
1045 compensation, by agreement of the parties, may be submitted to
1046 a three-member arbitration panel consisting of one
1047 representative selected by the supplier but unassociated with
1048 the affected supplier; one wholesaler representative selected
1049 by the wholesaler but unassociated with the wholesaler; and an
1050 impartial arbitrator chosen as provided in this section.

1051 (e) Not more than 10 business days after mutual
1052 agreement of both parties has been reached to arbitrate, each
1053 party shall designate, in writing, its one arbitrator
1054 representative and the party initiating arbitration shall
1055 request, in writing, a list of five arbitrators from the
1056 American Arbitration Association or its successor and request
1057 that the list shall be mailed to each party by certified mail,
1058 return receipt requested. Not more than 10 business days after
1059 the receipt of the list of five choices, the wholesaler
1060 arbitrator and the supplier arbitrator shall strike and
1061 disqualify up to two names each from the list. Should either
1062 party fail to respond within 10 business days or should more
1063 than one name remain after the strikes, the American
1064 Arbitration Association shall make the selection of the



1065 impartial arbitrator from the names not stricken from the
1066 list.

1067 (f) Not more than 30 days after the final selection of
1068 the arbitration panel is made, the arbitration panel shall
1069 convene to decide the dispute. The panel shall conclude the
1070 arbitration within 20 days after the arbitration panel
1071 convenes and shall render a decision by majority vote of the
1072 arbitrators within 20 days from the conclusion of the
1073 arbitration. The award of the arbitration panel shall be final
1074 and binding on the parties as to the amount of compensation
1075 for the diminished value.

1076 (g) The cost of the impartial arbitrator, the
1077 stenographer, and the meeting site shall be equally divided
1078 between the wholesaler and the supplier. All other costs shall
1079 be paid by the party incurring them.

1080 (h) After both parties have agreed to arbitrate, should
1081 either party, except by mutual agreement, fail to abide by the
1082 time limitations as prescribed in subsections (c), (e), and
1083 (f), or fail or refuse to make the selection of any
1084 arbitrators, or fail to participate in the arbitration
1085 hearings, the other party shall make the selection of its
1086 arbitrator and proceed to arbitration. The party who has
1087 failed or refused to comply as prescribed in this section
1088 shall be considered to be in default. Any party considered to
1089 be in default pursuant to this subsection shall have waived
1090 any and all rights the party would have had in the arbitration
1091 and shall be considered to have consented to the determination
1092 of the arbitration panel.



1093 §28-12A-10 No Waiver; Successors and Transferees

1094 (a) A wholesaler may not waive any of the rights
1095 granted in this chapter and the provisions of any agreement
1096 which would have such an effect shall be void. Nothing in this
1097 chapter shall be construed to limit or prohibit good faith
1098 dispute settlements voluntarily entered into by the parties.

1099 (b) A transferee of a wholesaler that continues in
1100 business as a wholesaler shall have the benefit of and be
1101 bound by all terms and conditions of the agreement with the
1102 supplier in effect on the date of the transfer; provided,
1103 however, a transfer of a wholesaler's business which requires
1104 supplier's consent or approval but is disapproved by the
1105 supplier shall be void.

1106 (c) A successor to a supplier that continues in
1107 business as a supplier shall be bound by all terms and
1108 conditions of each agreement of the supplier in effect on the
1109 date of succession.

1110 §28-12A-11 Standards of Conduct

1111 (a) If a supplier engages in conduct prohibited under
1112 this chapter, a wholesaler with which the supplier has an
1113 agreement may maintain a civil action against the supplier to
1114 recover actual damages reasonably incurred as the result of
1115 the prohibited conduct. If a wholesaler engages in conduct
1116 prohibited under this chapter, a supplier with which the
1117 wholesaler has an agreement may maintain a civil action
1118 against the wholesaler to recover actual damages reasonably
1119 incurred as the result of the prohibited conduct.

1120 (b) A supplier that violates this chapter shall be



1121 liable for all actual damages and all court costs and, in the
1122 court's discretion, reasonable attorney fees incurred by a
1123 wholesaler as a result of that violation. A wholesaler that
1124 violates this chapter shall be liable for all actual damages
1125 and all court costs and, in the court's discretion, reasonable
1126 attorney fees incurred by the supplier as a result of that
1127 violation.

1128 (c) (1) This chapter imposes upon a supplier the duty to
1129 deal fairly and in good faith with a wholesaler that has
1130 entered into an agreement with the supplier to purchase and
1131 sell a brand or brands of hemp beverages sold by the supplier.
1132 Except as otherwise provided in this chapter, a court may
1133 award exemplary or punitive damages, as well as actual
1134 damages, court costs, and reasonable attorney fees to the
1135 wholesaler who has been damaged by the action or the failure
1136 to act of the supplier if the court, upon proof thereof by
1137 clear and convincing evidence as defined in Section 6-11-20,
1138 finds that a supplier has intentionally, consciously, or
1139 deliberately acted in bad faith or failed to act in good faith
1140 in any of the following:

1141 a. Effecting an amendment, modification, termination,
1142 cancellation, or nonrenewal of any agreement.

1143 b. Unreasonably interfering with, preventing, or
1144 unreasonably delaying the transfer of the wholesaler's
1145 business where approval of the proposed transferee is not
1146 required by this chapter.

1147 c. Unreasonably withholding its consent to or approval
1148 of any assignment, transfer, or sale of a wholesaler's



1149 business, where approval of the proposed transferee is
1150 required by this chapter.

1151 (2) The actions or failure to act on the part of the
1152 supplier, as listed in subdivision (1), shall also constitute
1153 the tort of bad faith, and the amount of any award of punitive
1154 damages and the review thereof by the trial or appellate court
1155 shall be governed by Section 6-11-25.

1156 (d) A supplier or wholesaler may bring an action for
1157 declaratory judgment for determination of any controversy
1158 arising pursuant to this chapter.

1159 (e) Upon proper application to the court, a supplier or
1160 wholesaler may obtain injunctive relief against any violation
1161 of this chapter. If the court grants injunctive relief or
1162 issues a temporary restraining order, bond shall not be
1163 required to be posted.

1164 (f) The remedies provided by this section are
1165 nonexclusive.

1166 (g) Any legal action taken under this chapter, or in a
1167 dispute arising out of an agreement or breach thereof, or over
1168 the provisions of an agreement shall be filed in any state
1169 court located in a county in which the supplier and wholesaler
1170 have a territorial agreement in Alabama.

1171 Section 3. Sections 28-11-1, 28-11-2, 28-11-3, 28-11-4,
1172 28-11-5, 28-11-6.2, 28-11-7, 28-11-8, and 28-11-9, Section
1173 28-11-13, as last amended by Act 2024-79 of the 2024 Regular
1174 Session, and Sections 28-11-15, 28-11-16, and 28-11-19, Code
1175 of Alabama 1975, are amended to read as follows:

1176 "§28-11-1



1177 It is the intent of the Legislature to prohibit access
1178 to tobacco, tobacco products, psychoactive hemp products,
1179 alternative nicotine products, and electronic nicotine
1180 delivery systems to individuals under ~~the age of~~ 21 years of
1181 age and prevent all of the following:

1182 (1) The possibility of addiction to tobacco, tobacco
1183 products, psychoactive hemp products, alternative nicotine
1184 products, and electronic nicotine delivery systems by
1185 individuals under ~~the age of~~ 21 years of age.

1186 (2) Potential health problems associated with the use
1187 of tobacco, tobacco products, psychoactive hemp products,
1188 alternative nicotine products, and electronic nicotine
1189 delivery systems.

1190 (3) The failure by this state to comply with federal
1191 guidelines or grant funding requirements, when applicable,
1192 which relate to the establishment by the state of programs and
1193 policies dealing with the sale of tobacco, tobacco products,
1194 psychoactive hemp products, alternative nicotine products, and
1195 electronic nicotine delivery systems."

1196 "§28-11-2

1197 For purposes of this chapter, the following terms have
1198 the following meanings unless the context clearly indicates
1199 otherwise:

1200 (1) ALTERNATIVE NICOTINE PRODUCT. The term alternative
1201 nicotine product includes any product that consists of or
1202 contains nicotine that can be ingested into the body by
1203 chewing, smoking, absorbing, dissolving, inhaling, snorting,
1204 sniffing, or by any other means. The term does not include a



1205 tobacco product, electronic nicotine delivery system, or any
1206 product that has been approved by the United States Food and
1207 Drug Administration for sale as a tobacco cessation product or
1208 for other medical purposes and that is being marketed and sold
1209 solely for that purpose.

1210 (2) BOARD. The Alabama Alcoholic Beverage Control
1211 Board.

1212 (3) CHILD-RESISTANT PACKAGING. Liquid nicotine
1213 container packaging meeting the requirements of 15 U.S.C. §
1214 1472a.

1215 (4) COMMISSIONER. The Commissioner of the Department of
1216 Revenue.

1217 (5) DISTRIBUTION. To sell, barter, exchange, or give
1218 tobacco or tobacco products for promotional purposes or for
1219 gratis.

1220 (6) ELECTRONIC NICOTINE DELIVERY SYSTEM. Any electronic
1221 device that uses a battery and heating element in combination
1222 with an e-liquid or tobacco to produce a vapor that delivers
1223 nicotine to the individual inhaling from the device to
1224 simulate smoking, and includes, but is not limited to,
1225 products that may be offered to, purchased by, or marketed to
1226 consumers as an electronic cigarette, electronic cigar,
1227 electronic cigarillo, electronic pipe, electronic hookah, vape
1228 pen, vape tool, vaping device, or any variation of these
1229 terms. The term also includes any e-liquid intended to be
1230 vaporized in any device included in this subdivision.

1231 (7) ELECTRONIC NICOTINE DELIVERY SYSTEM RETAILER. Any
1232 retail business which offers for sale electronic nicotine



1233 delivery systems.

1234 (8) E-LIQUID. A liquid that contains nicotine and may
1235 include flavorings or other ingredients that are intended for
1236 use in an electronic nicotine delivery system.

1237 (9) E-LIQUID MANUFACTURER. Any person who manufactures,
1238 fabricates, assembles, processes, mixes, prepares, labels,
1239 repacks, or relabels an e-liquid to be sealed in final
1240 packaging intended for consumer use. This term includes an
1241 owner of a brand or formula for an e-liquid who contracts with
1242 another person to complete the fabrication and assembly of the
1243 product to the brand or formula owner's standards.

1244 (10) FDA. The United States Food and Drug
1245 Administration.

1246 (11) LIQUID NICOTINE CONTAINER. A bottle or other
1247 container of a liquid product that is intended to be vaporized
1248 and inhaled using an electronic nicotine delivery system. The
1249 term does not include a container holding liquid that is
1250 intended for use in a vapor product if the container is
1251 pre-filled and sealed by the manufacturer and is not intended
1252 to be opened by the consumer.

1253 (12) MINOR. Any individual under ~~the age of~~ 19 years of
1254 age.

1255 (13) PERSON. Any natural person, firm, partnership,
1256 association, company, corporation, or other entity. Person
1257 does not include a manufacturer or wholesaler of tobacco or
1258 tobacco products nor does it include employees of the permit
1259 holder.

1260 (14) PROOF OF IDENTIFICATION. Any one or more of the



1261 following documents used for purposes of determining the age
1262 of an individual purchasing, attempting to purchase, or
1263 receiving tobacco, tobacco products, electronic nicotine
1264 delivery systems, or alternative nicotine products:

1265 a. A valid ~~driver's~~driver license issued by any state
1266 and bearing the photograph of the presenting individual.

1267 b. United States Uniform Service Identification.

1268 c. A valid passport.

1269 d. A valid identification card issued by any state
1270 agency for the purpose of identification and bearing the
1271 photograph and date of birth of the presenting individual.

1272 e. For legal mail order purposes only, a valid signed
1273 certification that will verify the individual is 21 years of
1274 age or older.

1275 (15) PSYCHOACTIVE CANNABINOIDS. Any cannabinoid derived
1276 from or found in hemp as defined in Section 2-8-381,
1277 including, but not limited to, delta-8-tetrahydrocannabinol,
1278 delta-9-tetrahydrocannabinol, and
1279 delta-10-tetrahydrocannabinol.

1280 (16) PSYCHOACTIVE HEMP PRODUCT. a. Any of the
1281 following:

1282 1. A liquid that contains psychoactive cannabinoids and
1283 may include flavorings or other ingredients that are intended
1284 for use in an electronic nicotine delivery system or any other
1285 product marketed to consumers as an electronic cigarette,
1286 electronic cigarillo, electronic pipe, electronic hookah, vape
1287 pen, vape tool, vaping device, or any variation of these
1288 terms.



1289 2. A candy, gummy, capsule, or other product that
1290 contains psychoactive cannabinoids and is intended to be
1291 ingested into the body.

1292 3. An oil or tincture that contains psychoactive
1293 cannabinoids and is marketed to deliver to the body
1294 sublingually psychoactive cannabinoids.

1295 b. The term excludes beverages that are regulated
1296 pursuant to Chapter 12.

1297 ~~(15)~~ (17) RESPONSIBLE VENDOR PROGRAM. A program
1298 administered by the board to encourage and support vendors in
1299 training employees in legal and responsible sales practices.

1300 ~~(16)~~ (18) SAMPLER. Any business or person who
1301 distributes tobacco or tobacco products for promotional
1302 purposes.

1303 ~~(17)~~ (19) SELF-SERVICE DISPLAY. A display that contains
1304 tobacco or tobacco products and is located in an area openly
1305 accessible to purchasers at retail and from which the
1306 purchasers can readily access tobacco or tobacco products
1307 without the assistance of the tobacco permit holder or an
1308 employee of the permit holder. A display case that holds
1309 tobacco or tobacco products behind locked doors does not
1310 constitute a self-service display.

1311 ~~(18)~~ (20) SPECIALTY RETAILER OF ELECTRONIC NICOTINE
1312 DELIVERY SYSTEMS. A business establishment at which any of the
1313 following are true:

1314 a. The sale of electronic nicotine delivery systems
1315 accounts for more than 35 percent of the total quarterly gross
1316 receipts for the establishment.



1317 b. Twenty percent or more of the public retail floor
1318 space is allocated for the offering, displaying, or storage of
1319 electronic nicotine delivery systems.

1320 c. Twenty percent or more of the total shelf space,
1321 including retail floor shelf space and shelf space in areas
1322 accessible only to employees, is allocated for the offering,
1323 displaying, or storage of electronic nicotine delivery
1324 systems.

1325 d. The retail space features a self-service display for
1326 electronic nicotine delivery systems.

1327 e. Samples of electronic nicotine delivery systems are
1328 offered to customers.

1329 f. Liquids intended to be vaporized through the use of
1330 an electronic nicotine delivery system are produced at the
1331 facility or are produced by the owner of the establishment or
1332 any of its agents or employees for sale at the establishment.

1333 ~~(19)~~ (21) TOBACCO or TOBACCO PRODUCT. Any product made
1334 or derived from tobacco that is intended for human
1335 consumption, including any component, part, or accessory of a
1336 tobacco product, except for raw materials other than tobacco
1337 used in manufacturing a component, part, or accessory of a
1338 tobacco product, but does not include an article that is a
1339 drug under Section 201(g)(1) of the Federal Food, Drug, and
1340 Cosmetic Act, a device under Section 201(h) of the Federal
1341 Food, Drug, and Cosmetic Act, or a combination product
1342 described in Section 503(g) of the Federal Food, Drug, and
1343 Cosmetic Act.

1344 ~~(20)~~ (22) TOBACCO PERMIT. A permit issued by the board



1345 to allow the permit holder to engage in the distribution of
1346 tobacco, tobacco products, electronic nicotine delivery
1347 systems, or alternative nicotine products at the location
1348 identified in the permit.

1349 ~~(21)~~ (23) TOBACCO SPECIALTY STORE. A business that
1350 derives at least 75 percent of its revenue from tobacco or
1351 tobacco products."

1352 "§28-11-3

1353 The board, in conjunction with federal, state, and
1354 local law enforcement agencies, shall enforce state and
1355 federal laws ~~that prohibit~~ relating to the distribution and
1356 retail sales of tobacco, tobacco products, psychoactive hemp
1357 products, alternative nicotine products, and electronic
1358 nicotine delivery systems ~~to individuals under the age of 21~~
1359 ~~years~~. Notwithstanding the foregoing, for purposes of
1360 inspections and enforcement actions undertaken pursuant to
1361 this section, individuals under ~~the age of~~ 21 years of age may
1362 be enlisted to attempt to purchase or purchase tobacco,
1363 tobacco products, psychoactive hemp products, alternative
1364 nicotine products, and electronic nicotine delivery systems,
1365 provided that individuals under ~~the age of~~ 18 years of age
1366 shall have the prior written consent of a parent or legal
1367 guardian, and provided further that the individuals shall be
1368 directly supervised during the conduct of each inspection or
1369 enforcement action by an enforcement agent of the board or a
1370 law enforcement officer, ~~or by a sheriff or head of police of~~
1371 ~~any county, city, town, or other political subdivision, or by~~
1372 ~~a deputy or officer thereof. No individual under the age of 21~~



1373 ~~years may misrepresent his or her age for the purpose of~~
1374 ~~purchasing or attempting to purchase tobacco, tobacco~~
1375 ~~products, alternative nicotine products, or electronic~~
1376 ~~nicotine delivery systems. If questioned about his or her age~~
1377 ~~during an attempt to purchase or receive tobacco, tobacco~~
1378 ~~products, alternative nicotine products, or electronic~~
1379 ~~nicotine delivery systems, an individual under the age of 21~~
1380 ~~years shall state his or her true age. A photograph or video~~
1381 ~~recording of any individual under the age of 21 years~~
1382 ~~assisting in an inspection or enforcement action shall be~~
1383 ~~taken prior to the investigation. The appearance of an~~
1384 ~~individual under the age of 21 years participating in an~~
1385 ~~inspection or enforcement action shall not be altered at the~~
1386 ~~time of the inspection.~~"

1387 "§28-11-4

1388 Pursuant to its rulemaking authority, the board shall
1389 adopt rules that have the full force and effect of law, for
1390 purposes of the following:

1391 (1) Establishing permits for the distribution of
1392 tobacco, tobacco products, electronic nicotine delivery
1393 systems, and alternative nicotine products.

1394 (2) Establishing permits for the distribution of
1395 psychoactive hemp products.

1396 ~~(2)~~ (3) Preventing the distribution of tobacco, tobacco
1397 products, psychoactive hemp products, electronic nicotine
1398 delivery systems, and alternative nicotine products to
1399 individuals under ~~the age of 21~~ years of age.

1400 ~~(3)~~ (4) Conducting annual random compliance tests to



1401 assure compliance with applicable state and federal laws and
1402 guidelines regarding the distribution of tobacco, tobacco
1403 products, psychoactive hemp products, electronic nicotine
1404 delivery systems, and alternative nicotine products. The tests
1405 involving any person or location engaged in the distribution
1406 of tobacco may ~~utilize~~ use individuals under ~~the age of~~ 21
1407 years of age."

1408 "§28-11-5

1409 The board may use funding, if available, from the
1410 Department of Mental Health, other state or federal agencies,
1411 grants, and private or public organizations to enforce this
1412 chapter and to provide and distribute tobacco, psychoactive
1413 hemp products, and nicotine prevention materials to retail
1414 tobacco merchants and specialty retailers of electronic
1415 nicotine delivery systems. The materials shall provide
1416 information regarding state and federal laws that prohibit
1417 access to tobacco, tobacco products, psychoactive hemp
1418 products, alternative nicotine products, and electronic
1419 nicotine delivery systems by individuals under ~~the age of~~ 21
1420 years of age and other appropriate information. The board may
1421 also provide consultation services for establishing programs
1422 to minimize or eliminate sales of tobacco, tobacco products,
1423 psychoactive hemp products, alternative nicotine products, and
1424 electronic nicotine delivery systems to individuals under ~~the~~
1425 ~~age of~~ 21 years of age pursuant to the responsible vendor
1426 program."

1427 "§28-11-6.2

1428 (a) No tobacco, tobacco product, alternative nicotine



1429 product, or electronic nicotine delivery system shall be
1430 distributed at retail through a self-service display unless
1431 the display ~~is a vending machine as permitted under Section~~
1432 ~~28-11-6.1~~ or is located in a tobacco specialty store or at a
1433 specialty retailer of electronic nicotine delivery systems and
1434 is located in an area in which individuals under 21 years of
1435 age are not permitted access.

1436 (b) A psychoactive hemp product may only be distributed
1437 at retail through a self-service display if the display is
1438 located in a specialty retailer of electronic nicotine
1439 delivery systems and the product is located in an area in
1440 which individuals under 21 years of age are not permitted
1441 access.

1442 (c) A violation of this section shall be subject to the
1443 penalties provided in Section 28-11-9."

1444 "§28-11-7

1445 (a) Any person who distributes tobacco, tobacco
1446 products, psychoactive hemp products, electronic nicotine
1447 delivery systems, or alternative nicotine products within this
1448 state shall first obtain a permit from the board for each
1449 location of distribution. There is no fee for the permit.

1450 (b) Any person who maintains a tobacco, tobacco
1451 product, electronic nicotine delivery system, or alternative
1452 nicotine product vending machine on his or her property in
1453 this state shall first obtain a permit from the board for each
1454 machine at each machine location. The permit for each machine
1455 shall be posted in a conspicuous place on the machine.

1456 (c) A permit shall be valid only for the location



1457 specified in the permit application.

1458 (d) A permit is not transferable or assignable and
1459 shall be renewed annually. Notwithstanding the foregoing, if a
1460 location for which a permit is obtained is sold or
1461 transferred, the permit shall be transferred to the person
1462 obtaining control of the location and shall be valid for 30
1463 days after the transfer during which time a new permit shall
1464 be obtained.

1465 (e) If feasible, the board by rule may adopt procedures
1466 for the issuance and renewal of permits which combine tobacco
1467 permit procedures with the application and licensing
1468 procedures for alcoholic beverages."

1469 "§28-11-8

1470 (a) It shall be unlawful for any person to sell or
1471 offer for sale tobacco, ~~or~~ tobacco products, psychoactive hemp
1472 products, alternative nicotine products, or electronic
1473 nicotine delivery systems without first obtaining the
1474 appropriate permit from the board. Selling or offering for
1475 sale tobacco, ~~or~~ tobacco products, psychoactive hemp products,
1476 alternative nicotine products, or electronic nicotine delivery
1477 systems without obtaining and displaying a valid permit ~~by~~
1478 ~~January 1, 1998,~~ shall result in issuance of a warning
1479 citation.

1480 (b) The board shall conduct an information and
1481 education campaign by its Responsible Vendor Program to inform
1482 distributors of tobacco products, psychoactive hemp products,
1483 alternative nicotine products, or electronic nicotine delivery
1484 systems at retail or in vending machines or self-service



1485 displays of the requirements of this law. Failure to obtain or
1486 display a valid permit pursuant to this chapter ~~after January~~
1487 ~~1, 1998,~~ shall constitute a misdemeanor offense.

1488 ~~(b) It shall be unlawful for any person to sell or~~
1489 ~~offer for sale electronic nicotine delivery systems or~~
1490 ~~alternative nicotine products without first obtaining the~~
1491 ~~appropriate permit from the board. Failure to obtain or~~
1492 ~~display a valid permit by October 30, 2019, shall result in~~
1493 ~~issuance of a warning citation. The board shall conduct an~~
1494 ~~information and education campaign by its Responsible Vendor~~
1495 ~~Program to inform distributors of alternative nicotine~~
1496 ~~products at retail or in vending machines or self-service~~
1497 ~~displays of the requirements of this law. Selling or offering~~
1498 ~~for sale electronic nicotine delivery systems or alternative~~
1499 ~~nicotine products without obtaining and displaying a valid~~
1500 ~~permit issued pursuant to this chapter by October 30, 2019,~~
1501 ~~shall be a Class C misdemeanor.~~

1502 (c) Each violation for selling tobacco, tobacco
1503 products, psychoactive hemp products, electronic nicotine
1504 delivery systems, or alternative nicotine products without a
1505 valid permit shall be treated as a separate offense and be
1506 punishable as follows: For the first violation by a fine of
1507 not less than one hundred dollars (\$100) nor more than five
1508 hundred dollars (\$500) and for each subsequent violation by a
1509 fine of not less than five hundred dollars (\$500) nor more
1510 than one thousand five hundred dollars (\$1,500)."

1511 "§28-11-9

1512 (a) Subject to the Alabama Administrative Procedure



1513 Act, Chapter 22 of Title 41, the board shall have full and
1514 final authority as to the suspension or revocation for cause
1515 of any permit issued pursuant to this chapter.

1516 (b) (1) The board may appoint a hearing commission of at
1517 least three persons which may do all of the following:

1518 a. Hear and decide all contested applications for
1519 permits.

1520 b. Hear and decide all charges against any permit
1521 holder or employee of a permit holder for violations of this
1522 chapter, the law, or the rules of the board.

1523 c. Revoke or suspend permits as provided in this
1524 chapter.

1525 d. Levy administrative fines upon permit holders or
1526 employees of permit holders.

1527 (2) No member of the hearing commission shall
1528 participate in the hearing or disposition of any application
1529 for a permit or charge against a permit holder or an employee
1530 of a permit holder if he or she has an interest therein or was
1531 involved in the investigation.

1532 ~~(b)~~ (c) The board, or a hearing commission appointed by
1533 the board, upon finding that a permit holder or any partner,
1534 member, employee, officer, or director of the permit holder
1535 has violated any of the laws of this state or the United
1536 States relating to the manufacture, sale, possession, or
1537 transportation of tobacco, tobacco products, psychoactive hemp
1538 products, electronic nicotine delivery systems, or alternative
1539 nicotine products, or that the permit holder has acted in a
1540 manner prejudicial to the welfare, health, peace, temperance,



1541 and safety of the people of the community or of the state, ~~may~~
1542 upon due notice and hearing, shall levy administrative fines
1543 or suspend or revoke the permit issued by the board, or a
1544 combination of all three. In all cases where the board or
1545 hearing commission ~~shall levy levies~~ levies an administrative fine or
1546 ~~suspend or revoke~~ suspends or revokes a permit, it shall set
1547 forth its findings of fact, the evidence from which the
1548 findings of facts are made, and the reasons upon which its
1549 actions are based.

1550 ~~(e)~~ (d) The fines as specified in subsection ~~(e)~~ (f)
1551 shall be applicable per each violation. The permit holder or
1552 employee shall remit the administrative fine to the board
1553 within seven calendar days from the day that the
1554 administrative fine is levied. Failure by the permit holder to
1555 pay the administrative fine within that time period shall
1556 result in an automatic suspension of the permit until the
1557 administrative fine is paid.

1558 ~~(d)~~ (e) (1) The maximum length of suspension of a permit
1559 pursuant to this chapter shall be one year. A permit holder
1560 shall be ineligible to hold a permit pursuant to this chapter
1561 for the location where the violation occurred until the
1562 expiration or removal of the suspension.

1563 (2) A permit holder whose permit is revoked ~~by the~~
1564 ~~board or the hearing commission shall be, at the discretion of~~
1565 ~~the board or hearing commission,~~ shall be ineligible to hold a
1566 permit pursuant to this chapter until the expiration of one
1567 year from the date the permit is revoked at the location where
1568 the violation occurred.



1569 ~~(e)~~ (f) ~~The~~ Except as otherwise provided in this
1570 chapter, the following administrative ~~fin~~es may penalties
1571 shall be levied for violations of this chapter ~~against valid~~
1572 ~~permit holders or employees, or both:~~

1573 (1) Upon conviction for a first violation by the permit
1574 holder or an employee of the permit holder, the board or
1575 hearing commission may offer the permit holder an opportunity
1576 to provide training sessions administered by the Responsible
1577 Vendor Program in lieu of an administrative fine upon the
1578 permit holder and the employee, if the violation is by an
1579 employee, of not more than two hundred dollars (\$200).

1580 (2) Upon conviction of a second violation at the same
1581 location within a two-year period, the board or hearing
1582 commission may levy an administrative fine upon the permit
1583 holder and the employee, if the violation is by an employee,
1584 of not more than four hundred dollars (\$400).

1585 (3) Upon conviction of a third or subsequent violation
1586 at the same location within a two-year period, the board or
1587 hearing commission may levy an administrative fine upon the
1588 permit holder and the employee, if the violation is by an
1589 employee, of not more than seven hundred fifty dollars (\$750).

1590 (4) Upon conviction of a fourth or subsequent violation
1591 at the same location within a two-year period, the board or
1592 hearing commission may levy an administrative fine upon the
1593 permit holder and the employee, if the violation is by an
1594 employee, of not more than one thousand dollars (\$1,000) and
1595 may suspend or revoke the permit.

1596 ~~(f)~~ (g) Before imposition of any administrative fine,



1597 the permit holder shall be afforded all procedural rights to
1598 due process in addition to those rights guaranteed by the
1599 Alabama Administrative Procedure Act, Chapter 22 of Title 41."

1600 "§28-11-13

1601 (a) (1) It is unlawful for any individual under 21 years
1602 of age to purchase, use, possess, or transport tobacco, a
1603 tobacco product, a psychoactive hemp product, an electronic
1604 nicotine delivery system, or other electronic battery-powered
1605 device capable of being used to deliver any e-liquid, e-liquid
1606 substitute, tobacco, CBD oil, THC oil, herbal extract, or
1607 nicotine salt, or any analog thereof, or any other substance
1608 to the individual through the inhalation of vapor, or an
1609 alternative nicotine product within this state.

1610 (2) For purposes of this subsection, a violation is
1611 committed upon mere possession of an electronic nicotine
1612 delivery system or other electronic battery-powered device as
1613 described in subdivision (1), irrespective of which particular
1614 e-liquid or other substance, if any, was contained or
1615 otherwise used in the device.

1616 (b) It shall not be unlawful for an individual under 21
1617 years of age who is an employee of a tobacco, tobacco product,
1618 psychoactive hemp product, electronic nicotine delivery
1619 system, or alternative nicotine product permit holder to
1620 handle, transport, or sell tobacco, a tobacco product, a
1621 psychoactive hemp product, an electronic nicotine delivery
1622 system, or an alternative tobacco product if the employee is
1623 acting within the line and scope of employment and the permit
1624 holder, or an employee of the permit holder who is 21 years of



1625 age or older, is present.

1626 (c) It is unlawful for any individual under 21 years of
1627 age to present or offer to another person proof of
1628 identification that is false, fraudulent, or not actually his
1629 or her own proof of identification in order to buy, receive,
1630 or otherwise obtain, or attempt to buy, receive, or otherwise
1631 obtain, any tobacco, tobacco product, psychoactive hemp
1632 product, electronic nicotine delivery system, or alternative
1633 nicotine product.

1634 (d) If a minor is cited for any violation under this
1635 section, the citing agency shall make reasonable efforts to
1636 notify a parent, legal guardian, or legal custodian of the
1637 minor unless the minor has been emancipated by court order or
1638 operation of law.

1639 (e) Nothing in this section shall apply to devices used
1640 to deliver medication prescribed or ordered by a physician
1641 licensed to practice medicine in this state."

1642 "§28-11-15

1643 (a) Any person who ~~distributes~~ sells at retail tobacco,
1644 ~~or~~ tobacco products, psychoactive hemp products, electronic
1645 nicotine delivery systems, or alternative nicotine products
1646 within this state shall post conspicuously and keep so posted
1647 at each location of ~~distribution~~ sale and vending machines a
1648 sign that is placed in a way that it is likely to be read by
1649 those seeking to purchase or obtain ~~tobacco or tobacco~~ any of
1650 these products. Each sign shall state that:

1651 (1) Alabama law strictly prohibits the purchase of
1652 tobacco products and psychoactive hemp products by persons



1653 under ~~the age of~~ 21 years of age.

1654 (2) Proof of age is required for the purchase of
1655 tobacco products and psychoactive hemp products.

1656 (b) The board shall levy a civil penalty against any
1657 permit holder who sells a psychoactive hemp product to an
1658 individual under 21 years of age as follows:

1659 (1) One thousand five hundred dollars (\$1,500) for a
1660 first offense.

1661 (2) Two thousand five hundred dollars (\$2,500) for a
1662 second offense.

1663 (3) Five thousand dollars (\$5,000) for a third offense.

1664 (4) Revocation of all licenses and permits issued by
1665 the board to the permit holder for a fourth offense. In
1666 addition, the board shall not issue any license or permit
1667 under this title until the expiration of one year from the
1668 date the permit is revoked at the location where the violation
1669 occurred."

1670 "§28-11-16

1671 (a) (1) A retailer or manufacturer of psychoactive hemp
1672 products, electronic nicotine delivery systems, or alternative
1673 nicotine products may not advertise ~~an electronic nicotine~~
1674 ~~delivery system or an alternative nicotine~~ the product in any
1675 of the following ways:

1676 a. As a tobacco cessation product.

1677 b. As a healthier alternative to smoking.

1678 c. As available for purchase in any variety of flavors
1679 other than tobacco, mint, or menthol on any outdoor billboard.

1680 d. On any outdoor billboard located within 1,000 feet



1681 of any public or private K-12 school or public playground.

1682 e. As a drug to treat, diagnose, or cure any medical
1683 condition.

1684 f. Using any medical-related imagery, including images
1685 of doctors, nurses, syringes, or pills.

1686 g. To individuals under 21 years of age.

1687 h. On social media websites accessible to individuals
1688 under 21 years of age.

1689 i. Using unsubstantiated claims, exaggerated or false
1690 promises about the product, or misrepresenting the effect of
1691 the product on the consumer.

1692 (2) Paragraphs (1)a. and (1)b. ~~of subdivision (1)~~ are
1693 not applicable to products that have received an order from
1694 the FDA permitting the product to be marketed as a modified
1695 risk tobacco product, and are marketed in accordance with that
1696 order.

1697 (b) (1) A specialty retailer of electronic nicotine
1698 delivery systems, ~~or a~~ manufacturer of tobacco, tobacco
1699 products, electronic nicotine delivery systems, or alternative
1700 nicotine products, or a retailer of psychoactive hemp products
1701 may not in any way sponsor, finance, or advertise a
1702 scholarship of any kind using the brand name of any tobacco
1703 product, psychoactive hemp product, alternative nicotine
1704 product, or electronic nicotine delivery system.

1705 (2) A specialty retailer of electronic nicotine
1706 delivery systems, ~~or a~~ manufacturer of tobacco, tobacco
1707 products, electronic nicotine delivery systems, or alternative
1708 nicotine products, or a retailer of psychoactive hemp products



1709 may not use the brand name of any tobacco product,
1710 psychoactive hemp product, alternative nicotine product, or
1711 electronic nicotine delivery system to advertise at or sponsor
1712 any stadium, concert, sporting event, or other public
1713 performance event for which individuals ~~aged~~ 21 years of age
1714 or older make up less than 85 percent of the total age
1715 demographic of performing participants.

1716 (3) A specialty retailer of electronic nicotine
1717 delivery systems, ~~or a~~ manufacturer of tobacco, tobacco
1718 products, electronic nicotine delivery systems, or alternative
1719 nicotine products, or a retailer of psychoactive hemp products
1720 may not advertise a tobacco product, psychoactive hemp
1721 product, electronic nicotine delivery system, or alternative
1722 nicotine product in a newspaper, magazine, periodical, or
1723 other print or digital publication distributed in this state
1724 for which less than 85 percent of the viewership or readership
1725 of the publication is made up of individuals 21 years of age
1726 or older as measured by competent and reliable survey
1727 evidence.

1728 (c) (1) A violation of subsection (a) or subsection (b)
1729 shall result in a one hundred dollar (\$100) fine for the first
1730 occurrence.

1731 (2) A second or subsequent violation of subsection (a)
1732 or subsection (b) shall result in a five hundred dollar (\$500)
1733 fine per occurrence.

1734 (3) Each day a violation of subsection (a) or
1735 subsection (b) persists shall constitute a separate and
1736 subsequent violation.



1737 (d) A retailer or manufacturer of tobacco, tobacco
1738 products, psychoactive hemp products, electronic nicotine
1739 delivery systems, or alternative nicotine products may not
1740 advertise, market, or offer for sale tobacco, a tobacco
1741 product, a psychoactive hemp product, an electronic nicotine
1742 delivery system, or an alternative nicotine product in any of
1743 the following ways:

1744 (1) By using, in the labeling or design of the product,
1745 its packaging, or in its advertising or marketing materials,
1746 the terms "candy" or "candies," any variant of these words, or
1747 any other term referencing a type or brand of candy, including
1748 types or brands of candy that do not include the words "candy"
1749 or "candies" in their names or slogans.

1750 (2) By using, in the labeling or design of the product,
1751 its packaging, or in its advertising or marketing materials,
1752 the terms "cake" or "cakes" or "cupcake" or "cupcakes" or
1753 "pie" or "pies," any variant of these words, or any other term
1754 referencing a type or brand of cake, pastry, or pie, including
1755 types or brands of cakes, pastries, or pies that do not
1756 include the words "cake" or "cakes" or "cupcake" or "cupcakes"
1757 or "pie" or "pies" in their names or slogans.

1758 (3) By using, in the labeling or design of the product,
1759 its packaging, or in its advertising or marketing materials,
1760 trade dress, trademarks, branding, or other related imagery
1761 that imitates or replicates those of food brands or other
1762 related products that are marketed to minors, including, but
1763 not limited to, breakfast cereal, cookies, juice drinks, soft
1764 drinks, frozen drinks, ice creams, sorbets, sherbets, and



1765 frozen pops.

1766 (4) By using, in the labeling or design of the product,
1767 its packaging, or in its advertising or marketing materials,
1768 trade dress, trademarks, branding, or other related imagery
1769 that depicts or signifies characters or symbols that are known
1770 to appeal primarily to minors, including, but not limited to,
1771 superheroes, comic book characters, video game characters,
1772 television show characters, movie characters, mythical
1773 creatures, unicorns, or that otherwise incorporates related
1774 imagery or scenery."

1775 "§28-11-19

1776 (a) ~~Beginning January 1, 2020, a~~ A county or
1777 municipality may not issue a license to conduct business as a
1778 specialty retailer of psychoactive hemp products or electronic
1779 nicotine delivery systems if the retail business is located
1780 within 1,000 feet of any of the following:

1781 (1) A public or private K-12 school.

1782 (2) A licensed ~~child-care~~ child care facility or
1783 preschool.

1784 (3) A church.

1785 (4) A public library.

1786 (5) A public playground.

1787 (6) A public park.

1788 (7) A youth center or other space used primarily for
1789 youth-oriented activities.

1790 (b) This section does not apply to a specialty retailer
1791 of electronic nicotine delivery systems that obtained a
1792 business license at a location prohibited in subsection (a)



1793 prior to January 1, 2020, that has conducted business as a
1794 specialty retailer of electronic nicotine delivery systems at
1795 that location for at least 18 consecutive months, and that
1796 remains in the same location."

1797 Section 4. Sections 28-11-1.1, 28-11-1.2, 28-11-7.1,
1798 28-11-16.1, 28-11-17.2, and 28-11-18.1 are added to the Code
1799 of Alabama 1975, to read as follows:

1800 §28-11-1.1

1801 Nothing in this chapter shall prevent the governing
1802 body of any county or municipality to ban or further regulate
1803 where or when psychoactive hemp products may be sold within
1804 the respective jurisdiction of the county or municipality.

1805 §28-11-1.2

1806 Any psychoactive hemp product found not complying with
1807 this chapter shall be considered contraband and may be seized
1808 by the board or its agents or by any law enforcement officer
1809 of the State of Alabama without a warrant, and the goods shall
1810 be delivered to, and disposed of by, the board.

1811 §28-11-7.1

1812 (a) Any person who distributes psychoactive hemp
1813 products within this state shall first obtain a permit from
1814 the board for each location of distribution.

1815 (b) Upon application, there shall be a one-time,
1816 nonrefundable filing fee of one hundred dollars (\$100), in
1817 addition to a permit fee of one thousand dollars (\$1,000),
1818 which shall be renewed annually. A permit shall be valid only
1819 for the location specified in the permit application.

1820 (c) Fees collected under this section shall be



1821 deposited in the State Treasury to the credit of the Alcoholic
1822 Beverage Control Board to be used for operational costs of
1823 enforcing this chapter and tobacco, nicotine, and psychoactive
1824 hemp product prevention education.

1825 §28-11-16.1

1826 (a) With regard to psychoactive hemp products:

1827 (1) One serving size may not contain more than a total
1828 of 10 milligrams of psychoactive cannabinoids per serving;

1829 (2) One gummy may not contain more than one serving;

1830 and

1831 (3) Each product must be labeled in a manner that
1832 includes all of the following:

1833 a. The name and website of the manufacturer.

1834 b. The batch number.

1835 c. The total number of milligrams of psychoactive
1836 cannabinoids found in a single serving.

1837 d. The International Intoxicating Cannabinoid Product
1838 Symbol (IICPS).

1839 e. A list of ingredients, including identification of
1840 any major food allergens declared by name.

1841 §28-11-17.2

1842 (a) A psychoactive hemp product may only be distributed
1843 at retail if the product is listed on the electronic nicotine
1844 delivery system (ENDS) directory maintained by the Department
1845 of Revenue.

1846 (b) The Department of Revenue shall list a psychoactive
1847 hemp product on the directory if the product meets all of the
1848 following requirements:



1849 (1) The manufacturer submits to the department
1850 information that clearly identifies the product, submission
1851 tracking number (STN), product name, product subcategory,
1852 characterizing flavor, and product SKU number.

1853 (2) The product is subject to a quantitative test
1854 conducted by a certified laboratory upon a random batch of
1855 newly manufactured products which certifies a full statement
1856 of the components, ingredients, additives, and properties of
1857 the product.

1858 (3) The product meets the labeling requirements in
1859 Section 28-11-16.1.

1860 (4) Any harmful and potentially harmful constituents
1861 (HPHC), as provided in the Food, Drug and Cosmetic Act, in the
1862 product do not exceed workplace exposure guidelines adopted by
1863 the United States Occupational Safety and Health
1864 Administration.

1865 (5) The product is not subject to an FDA Import Alert.

1866 (6) The manufacturer certifies the product's country of
1867 origin.

1868 (c) A person who violates this section shall be guilty
1869 of a Class B misdemeanor.

1870 §28-11-18.1

1871 (a) A retailer of psychoactive hemp products shall
1872 display in a prominent area of the retail store near the point
1873 of sale a sign that contains the following statement:

1874 (1) "ALABAMA LAW STRICTLY PROHIBITS THE PURCHASE OF
1875 PSYCHOACTIVE HEMP PRODUCTS BY PERSONS UNDER THE AGE OF 21
1876 YEARS."



1877 (2) "PSYCHOACTIVE HEMP PRODUCTS DO NOT CLAIM TO
1878 DIAGNOSE, TREAT, CURE, OR PREVENT ANY DISEASE AND HAS NOT BEEN
1879 EVALUATED OR APPROVED BY THE U.S. FOOD AND DRUG
1880 ADMINISTRATION."

1881 (3) "CONSUMPTION OF THIS PRODUCT IMPAIRS A PERSON'S
1882 ABILITY TO DRIVE AND OPERATE MACHINERY."

1883 (4) "FOR PERSONS WHO ARE PREGNANT, NURSING, OR TAKING
1884 MEDICATION, CONSULT YOUR LICENSED HEALTHCARE PROFESSIONAL
1885 ABOUT SAFETY BEFORE CONSUMING THIS PRODUCT."

1886 Section 5. Section 13A-12-214.4, Code of Alabama 1975,
1887 relating to the sale of psychoactive cannabinoids, is
1888 repealed.

1889 Section 6. If any provision of Section 1 or Section 2
1890 of this act, or its application to any person or circumstance,
1891 is determined by a court to be invalid or unconstitutional,
1892 that provision shall be stricken and the remaining provisions
1893 shall be construed in accordance with the intent of the
1894 Legislature to further limit rather than expand commerce in
1895 hemp beverages.

1896 Section 7. This act shall become effective on July 1,
1897 2025.