

By: Senator(s) Hewes

To: Finance

SENATE BILL NO. 2770

1 AN ACT TO AUTHORIZE THE HOLDERS OF PACKAGE RETAILER'S PERMITS
 2 AND ON-PREMISES RETAILER'S PERMITS TO PURCHASE ALCOHOLIC BEVERAGES
 3 FROM THE HOLDERS OF LIMITED DISTRIBUTION PERMITS ISSUED BY THE
 4 STATE TAX COMMISSION IF THE BRAND OR TYPE OF ALCOHOLIC BEVERAGE
 5 SOUGHT TO BE PURCHASED BY SUCH A PERMITTEE IS NORMALLY IN THE
 6 INVENTORY KEPT BY THE COMMISSION BUT IS OUT OF STOCK, OR IS AN
 7 ITEM THAT THE COMMISSION DOES NOT NORMALLY KEEP IN ITS INVENTORY;
 8 TO AMEND SECTIONS 27-71-5, 27-71-7, 27-71-15, 27-71-21, 67-1-5,
 9 67-1-9, 67-1-37, 67-1-41, 67-1-43, 67-1-45, 67-1-51 AND 67-1-77,
 10 MISSISSIPPI CODE OF 1972, TO CREATE A LIMITED DISTRIBUTOR'S PERMIT
 11 AND PROVIDE THE FEE FOR SUCH PERMIT; TO PROVIDE FOR THE COLLECTION
 12 OF TAXES BY THE HOLDER OF SUCH A PERMIT ON ALCOHOLIC BEVERAGES HE
 13 SELLS; TO AUTHORIZE THE TRANSPORT OF ALCOHOLIC BEVERAGES BY THE
 14 HOLDER OF A LIMITED DISTRIBUTOR'S PERMIT; TO AUTHORIZE THE STORAGE
 15 OF ALCOHOLIC BEVERAGES IN THIS STATE BY HOLDERS OF LIMITED
 16 DISTRIBUTOR'S PERMITS; TO AUTHORIZE THE STATE TAX COMMISSION TO
 17 ADOPT RULES AND REGULATIONS REGARDING THE LIMITED DISTRIBUTION OF
 18 ALCOHOLIC BEVERAGES; AND FOR RELATED PURPOSES.

19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

20 SECTION 1. If an alcoholic beverage product that the holder
 21 of a package retailer's or on-premises retailer's permit is
 22 seeking to purchase is not available from the State Tax Commission
 23 at wholesale, such permittee may purchase such product from a
 24 wholesaler or distributor who has a limited distributor's permit
 25 from the State Tax Commission that authorizes such wholesaler or
 26 distributor to sell alcoholic beverage products directly to such
 27 permittees if the products are not available from the State Tax
 28 Commission. For purposes of this section, an alcoholic beverage
 29 product is not considered to be available from the State Tax
 30 Commission only if:

- 31 (a) The brand or type of alcoholic beverage sought is
- 32 an item that the commission normally keeps in its inventory but is
- 33 out of stock at the time the order is made; or

34 (b) The brand or type of alcoholic beverage sought is
35 an item that the commission does not normally keep in its
36 inventory.

37 SECTION 2. Section 27-71-5, Mississippi Code of 1972, is
38 amended as follows:

39 27-71-5. (1) Upon each person approved for a permit under
40 the provisions of the Alcoholic Beverage Control Law and
41 amendments thereto, there is levied and imposed for each location
42 for the privilege of engaging and continuing in this state in the
43 business authorized by such permit, an annual privilege license
44 tax in the amount provided in the following schedule:

45 (a) Manufacturer's permit, Class 1, distiller's and/or
46 rectifier's..... \$4,500.00

47 (b) Manufacturer's permit, Class 2, wine manufacturer
48 \$1,800.00

49 (c) Manufacturer's permit, Class 3, native wine
50 manufacturer per 10,000 gallons or part thereof produced
51 \$10.00

52 (d) Native wine retailer's permit..... \$50.00

53 (e) Package retailer's permit, each..... \$900.00

54 (f) On-premises retailer's permit, except for clubs and
55 common carriers, each..... \$450.00

56 On purchases exceeding \$5,000.00 and for each additional
57 \$5,000.00, or fraction thereof..... \$225.00

58 (g) On-premises retailer's permit for wine of more than
59 four percent (4%) alcohol by volume, but not more than twenty-one
60 percent (21%) alcohol by volume (each)..... \$225.00

61 On purchases exceeding \$5,000.00 and for each additional
62 \$5,000.00, or fraction thereof..... \$225.00

63 (h) On-premises retailer's permit for clubs.... \$225.00

64 On purchases exceeding \$5,000.00 and for each additional
65 \$5,000.00, or fraction thereof..... \$225.00

| | | |
|----|---|-------------------|
| 66 | (i) On-premises retailer's permit for common carriers, | |
| 67 | per car, plane, or other vehicle..... | \$120.00 |
| 68 | (j) Solicitor's permit, regardless of any other | |
| 69 | provision of law, solicitor's permits shall be issued only in the | |
| 70 | discretion of the commission..... | \$100.00 |
| 71 | (k) Filing fee for each application except for an | |
| 72 | employee identification card..... | \$25.00 |
| 73 | (l) Temporary permit, Class 1, each..... | \$10.00 |
| 74 | (m) Temporary permit, Class 2, each..... | \$50.00 |
| 75 | On-premises purchases exceeding \$5,000.00 and for each | |
| 76 | additional \$5,000.00, or fraction thereof..... | \$225.00 |
| 77 | (n) (i) Caterer's permit..... | \$600.00 |
| 78 | On purchases exceeding \$5,000.00 and for each additional | |
| 79 | \$5,000.00, or fraction thereof..... | \$250.00 |
| 80 | (ii) Caterer's permit for holders of on-premises | |
| 81 | retailer's permit..... | \$150.00 |
| 82 | On purchases exceeding \$5,000.00 and for each additional | |
| 83 | \$5,000.00, or fraction thereof..... | \$250.00 |
| 84 | (o) Research permit..... | \$100.00 |
| 85 | (p) Filing fee for each application for an employee | |
| 86 | identification card..... | \$5.00 |
| 87 | <u>(q) Limited distributor's permit.....</u> | <u>\$1,800.00</u> |

88 In addition to the filing fee imposed by item (k) of this
89 subsection, a fee to be determined by the State Tax Commission may
90 be charged to defray costs incurred to process applications. Such
91 additional fees shall be paid into the State Treasury to the
92 credit of a special fund account, which is hereby created, and
93 expenditures therefrom shall be made only to defray the costs
94 incurred by the State Tax Commission in processing alcoholic
95 beverage applications. Any unencumbered balance remaining in the
96 special fund account on June 30 of any fiscal year shall lapse
97 into the State General Fund.

98 All privilege taxes herein imposed shall be paid in advance
99 of doing business. The additional privilege tax imposed for an
100 on-premises retailer's permit based upon purchases shall be due
101 and payable on demand.

102 Any person who has paid the additional privilege license tax
103 imposed by item (f), (g), (h), (m) or (n) of this subsection, and
104 whose permit is renewed, may add any unused fraction of Five
105 Thousand Dollars (\$5,000.00) purchases to the first Five Thousand
106 Dollars (\$5,000.00) purchases authorized by the renewal permit,
107 and no additional license tax will be required until purchases
108 exceed the sum of the two (2) figures.

109 (2) There is imposed and shall be collected from each
110 permittee, except a common carrier, solicitor, holder of an
111 employee identification card or a temporary permittee, by the
112 commission, an additional license tax equal to the amounts imposed
113 under subsection (1) of this section for the privilege of doing
114 business within any municipality or county in which the licensee
115 is located. If the licensee is located within a municipality, the
116 commission shall pay the amount of additional license tax to the
117 municipality, and if outside a municipality the commission shall
118 pay the additional license tax to the county in which the licensee
119 is located. Payments by the commission to the respective local
120 government subdivisions shall be made once each month for any
121 collections during the preceding month.

122 (3) When an application for any permit, other than for
123 renewal of a permit, has been rejected by the commission, such
124 decision shall be final. Appeal may be made in the manner
125 provided by Section 67-1-39. Another application from an
126 applicant who has been denied a permit shall not be reconsidered
127 within a twelve-month period.

128 (4) The number of permits issued by the commission shall not
129 be restricted or limited on a population basis; however, the
130 foregoing limitation shall not be construed to preclude the right

131 of the commission to refuse to issue a permit because of the
132 undesirability of the proposed location.

133 (5) If any person shall engage or continue in any business
134 which is taxable hereunder without having paid the tax as provided
135 herein, such person shall be liable for the full amount of such
136 tax plus a penalty thereon equal to the amount thereof, and, in
137 addition, shall be punished by a fine of not more than One
138 Thousand Dollars (\$1,000.00), or by imprisonment in the county
139 jail for a term of not more than six (6) months, or by both such
140 fine and imprisonment, in the discretion of the court.

141 (6) It shall be unlawful for any person to consume alcoholic
142 beverages on the premises of any hotel restaurant, restaurant,
143 club or the interior of any public place defined in Chapter 1,
144 Title 67, Mississippi Code of 1972, when the owner or manager
145 thereof displays in several conspicuous places inside said
146 establishment and at the entrances thereto a sign containing the
147 following language: NO ALCOHOLIC BEVERAGES ALLOWED.

148 SECTION 3. Section 27-71-7, Mississippi Code of 1972, is
149 amended as follows:

150 27-71-7. (1) There is hereby levied and assessed an excise
151 tax upon each case of alcoholic beverages sold by the commission
152 or the holder of a limited distributor's permit to be collected
153 from each retail licensee at the time of sale in accordance with
154 the following schedule:

- 155 (a) Distilled spirits..... \$2.50 per gallon
- 156 (b) Sparkling wine and champagne..... \$1.00 per gallon
- 157 (c) Other wines, including native
158 wines..... \$.35 per gallon

159 (2) (a) In addition to the tax levied by subsection (1) of
160 this section, and in addition to any other markup collected, the
161 Alcoholic Beverage Control Division or the holder of a limited
162 distributor's permit shall collect a markup of three percent (3%)
163 on all alcoholic beverages, as defined in Section 67-1-5,

164 Mississippi Code of 1972, which are sold by the division or the
165 holder of a limited distributor's permit. The proceeds of the
166 markup shall be collected by the division or the holder of a
167 limited distributor's permit from each purchaser at the time of
168 purchase.

169 (b) Until June 30, 1987, the revenue derived from this
170 three percent (3%) markup shall be deposited by the division in
171 the State Treasury to the credit of the "Alcoholism Treatment and
172 Rehabilitation Fund," a special fund which is hereby created in
173 the State Treasury, and shall be used by the Division of Alcohol
174 and Drug Abuse of the State Department of Mental Health and public
175 or private centers or organizations solely for funding of
176 treatment and rehabilitation programs for alcoholics and alcohol
177 abusers which are sponsored by the division or public or private
178 centers or organizations in such amounts as the Legislature may
179 appropriate to the division for use by the division or public or
180 private centers or organizations for such programs. Any tax
181 revenue in the fund which is not encumbered at the end of the
182 fiscal year shall lapse to the General Fund. It is the intent of
183 the Legislature that the State Department of Mental Health shall
184 continue to seek funds from other sources and shall use the funds
185 appropriated for the purposes of this section and Section 27-71-29
186 to match all federal funds which may be available for alcoholism
187 treatment and rehabilitation.

188 From and after July 1, 1987, the revenue derived from this
189 three percent (3%) markup collected by the division and the
190 revenue remitted to the State Tax Commission pursuant to
191 subsection (3) of this section shall be deposited by the division
192 in the State Treasury to the credit of the "Mental Health Programs
193 Fund," a special fund which is hereby created in the State
194 Treasury and shall be used by the State Department of Mental
195 Health for the service programs of the department. Any revenue in
196 the "Alcoholism Treatment and Rehabilitation Fund" which is not

197 encumbered at the end of Fiscal Year 1987 shall be deposited to
198 the credit of the "Mental Health Programs Fund."

199 (3) The tax and markup provided for in subsections (1) and
200 (2) of this section shall be collected by the holder of a limited
201 distributor's permit on alcoholic beverages such permittee sells
202 and the proceeds of the tax that such permittee collects shall be
203 remitted to the State Tax Commission on or before the fifteenth
204 day of the month following the month in which the tax and markup
205 were collected.

206 SECTION 4. Section 27-71-15, Mississippi Code of 1972, is
207 amended as follows:

208 27-71-15. Except as otherwise provided in Section 67-9-1 for
209 the transportation of limited amounts of alcoholic beverages for
210 the use of an alcohol processing permittee, if transportation
211 requires passage through a county which has not authorized the
212 sale of alcoholic beverages, such transportation shall be by a
213 sealed vehicle. Such seal shall remain unbroken until the vehicle
214 shall reach the place of business operated by the permittee. The
215 operator of any vehicle transporting alcoholic beverages shall
216 have in his possession an invoice issued by the commission or the
217 holder of a limited distributor's permit at the time of the
218 wholesale sale covering the merchandise transported by the
219 vehicle. The commission is authorized to issue regulations
220 controlling the transportation of alcoholic beverages.

221 When the restrictions imposed by this section and by the
222 regulations of the commission have not been violated, the person
223 transporting alcoholic beverages through a county wherein the sale
224 of alcoholic beverages is prohibited shall not be guilty of
225 unlawful possession and such merchandise shall be immune from
226 seizure.

227 SECTION 5. Section 27-71-21, Mississippi Code of 1972, is
228 amended as follows:

229 27-71-21. Before any person shall engage in the business of
230 manufacturing, distributing or retailing of alcoholic beverages,
231 he may be required to enter into a bond payable to the State of
232 Mississippi, conditioned that he will conduct said business
233 strictly in accordance with the laws of the State of Mississippi,
234 and that he will comply with the rules and regulations prescribed
235 by the commission, and pay all taxes due the State of Mississippi.
236 The amount of a bond required of a manufacturer or distributor,
237 not including a producer of native wine, shall not exceed One
238 Hundred Thousand Dollars (\$100,000.00), and the amount required of
239 a retailer shall be Five Thousand Dollars (\$5,000.00). Provided,
240 however, any retailer whose check for purchase of merchandise or
241 payment of taxes shall be dishonored may be required by the
242 commission to post additional bond not to exceed Five Thousand
243 Dollars (\$5,000.00). Such bond shall be made in a surety company
244 authorized to do business in the State of Mississippi and shall be
245 approved by the commission. The commission shall be authorized to
246 institute suit in the proper court for any violation of the
247 condition of said bonds. The amount of the bond required of a
248 producer of native wine shall be Five Thousand Dollars
249 (\$5,000.00).

250 As an alternative to entering into a bond as required by this
251 section, any person who shall engage in the business of
252 manufacturing, distributing or retailing alcoholic beverages may,
253 subject to the same conditions of conduct required for bonds,
254 deposit with the State Treasurer the equivalent amount of the bond
255 required for that particular person in cash or securities. The
256 only securities allowable for this purpose are those which may
257 legally be purchased by a bank or for trust funds, having a market
258 value not less than that of the required bond. The commission
259 shall file notice with the Treasurer for any violation of the
260 conditions of the cash or security deposit.

261 SECTION 6. Section 67-1-5, Mississippi Code of 1972, is
262 amended as follows:

263 67-1-5. For the purposes of this chapter and unless
264 otherwise required by the context:

265 (a) * * * "Alcoholic beverage" means any alcoholic
266 liquid, including wines of more than five percent (5%) of alcohol
267 by weight, capable of being consumed as a beverage by a human
268 being, but shall not include wine containing five percent (5%) or
269 less of alcohol by weight and shall not include beer containing
270 not more than five percent (5%) of alcohol by weight, as provided
271 for in Section 67-3-5, Mississippi Code of 1972, but shall include
272 native wines. The words "alcoholic beverage" shall not include
273 ethyl alcohol manufactured or distilled solely for fuel purposes.

274 (b) * * * "Alcohol" means the product of distillation
275 of any fermented liquid, whatever the origin thereof, and includes
276 synthetic ethyl alcohol, but does not include denatured alcohol or
277 wood alcohol.

278 (c) * * * "Distilled spirits" means any beverage
279 containing more than four percent (4%) of alcohol by weight
280 produced by distillation of fermented grain, starch, molasses or
281 sugar, including dilutions and mixtures of these beverages.

282 (d) * * * "Wine" or "vinous liquor" means any product
283 obtained from the alcoholic fermentation of the juice of sound,
284 ripe grapes, fruits or berries and made in accordance with the
285 revenue laws of the United States.

286 (e) * * * "Person" means and includes any individual,
287 partnership, corporation, association or other legal entity
288 whatsoever.

289 (f) * * * "Manufacturer" means any person engaged in
290 manufacturing, distilling, rectifying, blending or bottling any
291 alcoholic beverage.

292 (g) * * * "Wholesaler" means any person, other than a
293 manufacturer, engaged in distributing or selling any alcoholic

294 beverage at wholesale for delivery within or without this state
295 when such sale is for the purpose of resale by the purchaser.

296 (h) * * * "Retailer" means any person who sells,
297 distributes, or offers for sale or distribution, any alcoholic
298 beverage for use or consumption by the purchaser and not for
299 resale.

300 (i) * * * "Commission" means the State Tax Commission
301 of the State of Mississippi, which shall create a division in its
302 organization to be known as the Alcoholic Beverage Control
303 Division. Any reference to the commission hereafter means the
304 powers and duties of the State Tax Commission with reference to
305 supervision of the Alcoholic Beverage Control Division.

306 (j) * * * "Division" means the Alcoholic Beverage
307 Control Division of the State Tax Commission.

308 (k) * * * "Municipality" means any incorporated city or
309 town of this state.

310 (l) * * * "Hotel" means an establishment within a
311 municipality, or within a qualified resort area approved as such
312 by the commission, where, in consideration of payment, food and
313 lodging are habitually furnished to travelers and wherein are
314 located at least twenty (20) adequately furnished and completely
315 separate sleeping rooms with adequate facilities that persons
316 usually apply for and receive as overnight accommodations. Hotels
317 in towns or cities of more than twenty-five thousand (25,000)
318 population are similarly defined except that they must have fifty
319 (50) or more sleeping rooms. Any such establishment described in
320 this paragraph with less than fifty (50) beds shall operate one or
321 more regular dining rooms designed to be constantly frequented by
322 customers each day. When used in this chapter, the word "hotel"
323 shall also be construed to include any establishment that meets
324 the definition of "bed and breakfast inn" as provided in this
325 section.

326 (m) * * * "Restaurant" means a place which is regularly
327 and in a bona fide manner used and kept open for the serving of
328 meals to guests for compensation, which has suitable seating
329 facilities for guests, and which has suitable kitchen facilities
330 connected therewith for cooking an assortment of foods and meals
331 commonly ordered at various hours of the day; the service of such
332 food as sandwiches and salads only shall not be deemed in
333 compliance with this requirement. No place shall qualify as a
334 restaurant under this chapter unless twenty-five percent (25%) or
335 more of the revenue derived from such place shall be from the
336 preparation, cooking and serving of meals and not from the sale of
337 beverages, or unless the value of food given to and consumed by
338 customers is equal to twenty-five percent (25%) or more of total
339 revenue.

340 (n) * * * "Club" means an association or a corporation:

341 (i) Organized or created under the laws of this
342 state for a period of five (5) years prior to July 1, 1966;

343 (ii) Organized not primarily for pecuniary profit
344 but for the promotion of some common object other than the sale or
345 consumption of alcoholic beverages;

346 (iii) Maintained by its members through the
347 payment of annual dues;

348 (iv) Owning, hiring or leasing a building or space
349 in a building of such extent and character as may be suitable and
350 adequate for the reasonable and comfortable use and accommodation
351 of its members and their guests;

352 (v) The affairs and management of which are
353 conducted by a board of directors, board of governors, executive
354 committee, or similar governing body chosen by the members at a
355 regular meeting held at some periodic interval; and

356 (vi) No member, officer, agent or employee of
357 which is paid, or directly or indirectly receives, in the form of
358 a salary or other compensation any profit from the distribution or

359 sale of alcoholic beverages to the club or to members or guests of
360 the club beyond such salary or compensation as may be fixed and
361 voted at a proper meeting by the board of directors or other
362 governing body out of the general revenues of the club.

363 The commission may, in its discretion, waive the five-year
364 provision of this paragraph. In order to qualify under this
365 paragraph, a club must file with the commission, at the time of
366 its application for a license under this chapter, two (2) copies
367 of a list of the names and residences of its members and similarly
368 file, within ten (10) days after the election of any additional
369 member, his name and address. Each club applying for a license
370 shall also file with the commission at the time of the application
371 a copy of its articles of association, charter of incorporation,
372 bylaws or other instruments governing the business and affairs
373 thereof.

374 (o) * * * "Qualified resort area" means any area or
375 locality outside of the limits of incorporated municipalities in
376 this state commonly known and accepted as a place which regularly
377 and customarily attracts tourists, vacationists and other
378 transients because of its historical, scenic or recreational
379 facilities or attractions, or because of other attributes which
380 regularly and customarily appeal to and attract tourists,
381 vacationists and other transients in substantial numbers; however,
382 no area or locality shall so qualify as a resort area until it has
383 been duly and properly approved as such by the commission.

384 (i) The commission may approve an area or locality
385 outside of the limits of an incorporated municipality that is in
386 the process of being developed as a qualified resort area if such
387 area or locality, when developed, can reasonably be expected to
388 meet the requisites of the definition of the term "qualified
389 resort area." In such a case, the status of qualified resort area
390 shall not take effect until completion of the development.

391 (ii) The term includes any state park which is
392 declared a resort area by the commission; however, such
393 declaration may only be initiated in a written request for resort
394 area status made to the commission by the Executive Director of
395 the Department of Wildlife, Fisheries and Parks, and no permit for
396 the sale of any alcoholic beverage, as defined in this chapter,
397 except an on-premises retailer's permit, shall be issued for a
398 hotel, restaurant or bed and breakfast inn in such park.

399 (iii) The term includes the clubhouses associated
400 with the state park golf courses at the Lefleur's Bluff State
401 Park, the John Kyle State Park, the Percy Quin State Park and the
402 Hugh White State Park. The status of these clubhouses as
403 qualified resort areas does not require any declaration of same by
404 the commission.

405 (p) * * * "Native wine" means any product, produced in
406 Mississippi for sale, having an alcohol content not to exceed
407 twenty-one percent (21%) by weight and made in accordance with
408 revenue laws of the United States, which shall be obtained
409 primarily from the alcoholic fermentation of the juice of ripe
410 grapes, fruits, berries or vegetables grown and produced in
411 Mississippi; provided that bulk, concentrated or fortified wines
412 used for blending may be produced without this state and used in
413 producing native wines. The commission shall adopt and promulgate
414 rules and regulations to permit a producer to import such bulk
415 and/or fortified wines into this state for use in blending with
416 native wines without payment of any excise tax that would
417 otherwise accrue thereon.

418 (q) * * * "Native winery" means any place or
419 establishment within the State of Mississippi where native wine is
420 produced in whole or in part for sale.

421 (r) * * * "Bed and breakfast inn" means an
422 establishment within a municipality where in consideration of
423 payment, breakfast and lodging are habitually furnished to

424 travelers and wherein are located not less than eight (8) and not
425 more than nineteen (19) adequately furnished and completely
426 separate sleeping rooms with adequate facilities, that persons
427 usually apply for and receive as overnight accommodations;
428 however, such restriction on the minimum number of sleeping rooms
429 shall not apply to establishments on the National Register of
430 Historic Places. No place shall qualify as a bed and breakfast
431 inn under this chapter unless on the date of the initial
432 application for a license under this chapter more than fifty
433 percent (50%) of the sleeping rooms are located in a structure
434 formerly used as a residence.

435 (s) "Limited distributor" means a person who is
436 authorized to distribute alcoholic beverages pursuant to Section 1
437 of Senate Bill No. 2770, 2001 Regular Session.

438 SECTION 7. Section 67-1-9, Mississippi Code of 1972, is
439 amended as follows:

440 67-1-9. (1) It shall be unlawful for any person to
441 manufacture, distill, brew, sell, possess, import into this state,
442 export from the state, transport, distribute, warehouse, store,
443 solicit, take order for, bottle, rectify, blend, treat, mix or
444 process any alcoholic beverage except as authorized in this
445 chapter. However, nothing contained herein shall prevent
446 importers, wineries and distillers of alcoholic beverages from
447 storing such alcoholic beverages in private bonded warehouses
448 located within the State of Mississippi for the ultimate use and
449 benefit of the State Tax Commission as provided in Section
450 67-1-41, and nothing contained herein shall prohibit the holder of
451 a limited distributor's permit from storing alcoholic beverages in
452 Mississippi for resale as authorized in Section 1 of Senate Bill
453 No. 2770, 2001 Regular Session. The commission is hereby
454 authorized to promulgate rules and regulations for the
455 establishment of such private bonded warehouses and for the
456 control of alcoholic beverages stored in such warehouses.

457 Additionally, nothing herein contained shall prevent any duly
458 licensed practicing physician or dentist from possessing or using
459 alcoholic liquor in the strict practice of his profession, or
460 prevent any hospital or other institution caring for sick and
461 diseased persons, from possessing and using alcoholic liquor for
462 the treatment of bona fide patients of such hospital or other
463 institution. Any drugstore employing a licensed pharmacist may
464 possess and use alcoholic liquors in the combination of
465 prescriptions of duly licensed physicians. The possession and
466 dispensation of wine by an authorized representative of any church
467 for the purpose of conducting any bona fide rite or religious
468 ceremony conducted by such church shall not be prohibited by this
469 chapter.

470 (2) Any person, upon conviction of any provision of this
471 section, shall be punished as follows:

472 (a) By a fine of not less than One Hundred Dollars
473 (\$100.00), nor more than Five Hundred Dollars (\$500.00), or by
474 imprisonment in the county jail not less than one (1) week nor
475 more than three (3) months, or both, for the first conviction
476 under this section.

477 (b) By a fine of not less than One Hundred Dollars
478 (\$100.00) nor more than Five Thousand Dollars (\$5,000.00) or by
479 imprisonment in the county jail not less than sixty (60) days, nor
480 more than six (6) months, or both fine and imprisonment, for the
481 second conviction for violating this section.

482 (c) By a fine of not less than One Hundred Dollars
483 (\$100.00) nor more than Five Thousand Dollars (\$5,000.00) or by
484 imprisonment in the State Penitentiary not less than one (1) year,
485 nor more than five (5) years, or both fine and imprisonment, for
486 conviction the third time under this section for the violation
487 thereof after having been twice convicted of its violation.

488 SECTION 8. Section 67-1-37, Mississippi Code of 1972, is
489 amended as follows:

490 67-1-37. The State Tax Commission, under its duties and
491 powers with respect to the Alcoholic Beverage Control Division
492 therein, shall have the following powers, functions and duties:

493 (a) To issue or refuse to issue any permit provided for
494 by this chapter, or to extend the permit or remit in whole or any
495 part of the permit monies when the permit cannot be used due to a
496 natural disaster or Act of God.

497 (b) To revoke, suspend or cancel, for violation of or
498 noncompliance with the provisions of this chapter, or the law
499 governing the production and sale of native wines, or any lawful
500 rules and regulations of the commission issued hereunder, or for
501 other sufficient cause, any permit issued by it under the
502 provisions of this chapter; however, no such permit shall be
503 revoked, suspended or cancelled except after a hearing of which
504 the permit holder shall have been given reasonable notice and an
505 opportunity to be heard. The commission shall be authorized to
506 suspend the permit of any permit holder for being out of
507 compliance with an order for support, as defined in Section
508 93-11-153. The procedure for suspension of a permit for being out
509 of compliance with an order for support, and the procedure for the
510 reissuance or reinstatement of a permit suspended for that
511 purpose, and the payment of any fees for the reissuance or
512 reinstatement of a permit suspended for that purpose, shall be
513 governed by Section 93-11-157 or 93-11-163, as the case may be.
514 If there is any conflict between any provision of Section
515 93-11-157 or 93-11-163 and any provision of this chapter, the
516 provisions of Section 93-11-157 or 93-11-163, as the case may be,
517 shall control.

518 (c) To prescribe forms of permits and applications for
519 permits and of all reports which it deems necessary in
520 administering this chapter.

521 (d) To fix standards, not in conflict with those
522 prescribed by any law of this state or of the United States, to

523 secure the use of proper ingredients and methods of manufacture of
524 alcoholic beverages.

525 (e) To issue rules regulating the advertising of
526 alcoholic beverages in the state in any class of media and
527 permitting advertising of the retail price of alcoholic beverages.

528 (f) To issue reasonable rules and regulations, not
529 inconsistent with the federal laws or regulations, requiring
530 informative labeling of all alcoholic beverages offered for sale
531 within this state and providing for the standards of fill and
532 shapes of retail containers of alcoholic beverages; however, such
533 containers shall not contain less than fifty (50) milliliters by
534 liquid measure.

535 (g) Subject to the provisions * * * of Section
536 67-1-51(3), to issue rules and regulations governing the issuance
537 of retail permits for premises located near or around schools,
538 colleges, universities, churches and other public institutions,
539 and specifying the distances therefrom within which no such permit
540 shall be issued. The Alcoholic Beverage Control Division shall
541 not allow the sale or consumption of alcoholic beverages in or on
542 the campus of any public school or college, and no alcoholic
543 beverage shall be for sale or consumed at any public athletic
544 event at any grammar or high school or any college.

545 (h) To adopt and promulgate, repeal and amend, such
546 rules, regulations, standards, requirements and orders, not
547 inconsistent with this chapter or any law of this state or of the
548 United States, as it deems necessary to control the manufacture,
549 importation, transportation, distribution and sale of alcoholic
550 liquor, whether intended for beverage or nonbeverage use in a
551 manner not inconsistent with the provisions of this chapter or any
552 other statute, including the native wine laws.

553 (i) To call upon other administrative departments of
554 the state, county and municipal governments, county and city
555 police departments and upon prosecuting officers for such

556 information and assistance as it may deem necessary in the
557 performance of its duties.

558 (j) To prepare and submit to the Governor during the
559 month of January of each year a detailed report of its official
560 acts during the preceding fiscal year ending June 30, including
561 such recommendations as it may see fit to make, and to transmit a
562 like report to each member of the Legislature of this state upon
563 the convening thereof at its next regular session.

564 (k) To inspect, or cause to be inspected, any premises
565 where alcoholic liquors intended for sale are manufactured,
566 stored, distributed or sold, and to examine or cause to be
567 examined all books and records pertaining to the business
568 conducted therein.

569 (l) In the conduct of any hearing authorized to be held
570 by the commission, to hear testimony and take proof material for
571 its information in the discharge of its duties under this chapter;
572 to issue subpoenas, which shall be effective in any part of this
573 state, requiring the attendance of witnesses and the production of
574 books and records; to administer or cause to be administered
575 oaths; and to examine or cause to be examined any witness under
576 oath. Any court of record, or any judge thereof, may by order
577 duly entered require the attendance of witnesses and the
578 production of relevant books subpoenaed by the commission, and
579 such court or judge may compel obedience to its or his order by
580 proceedings for contempt.

581 (m) To investigate the administration of laws in
582 relation to alcoholic liquors in this and other states and any
583 foreign countries, and to recommend from time to time to the
584 Governor and through him to the Legislature of this state such
585 amendments to this chapter, if any, as it may think desirable.

586 (n) To designate hours and days when alcoholic
587 beverages may be sold in different localities in the state which
588 permit such sale.

589 (o) To assign employees to posts of duty at locations
590 where they will be most beneficial for the control of alcoholic
591 beverages, to remove, to dismiss, to suspend without pay, to act
592 as a trial board in hearings based upon charges against employees.
593 After twelve (12) months' service, no employee shall be removed,
594 dismissed, demoted or suspended without just cause and only after
595 being furnished with reasons for such removal, dismissal, demotion
596 or suspension, and upon request given a hearing in his own
597 defense.

598 (p) All hearings conducted by the commission shall be
599 open to the public, and, when deemed necessary, a written
600 transcript shall be made of the testimony introduced thereat.

601 (q) To adopt and promulgate rules and regulations for
602 suspension or revocation of identification cards of employees of
603 permittees for violations of the alcoholic beverage control laws,
604 rules or regulations.

605 (r) To adopt rules and regulations governing the
606 limited distribution of alcoholic beverages pursuant to Section 1,
607 Senate Bill No. 2770, 2001 Regular Session.

608 SECTION 9. Section 67-1-41, Mississippi Code of 1972, is
609 amended as follows:

610 67-1-41. (1) Except as otherwise provided in Section 1 of
611 Senate Bill No. 2770, 2001 Regular Session, the State Tax
612 Commission is hereby created a wholesale distributor and seller of
613 alcoholic beverages, not including malt liquors, within the State
614 of Mississippi. Except as otherwise provided in Section 1 of
615 Senate Bill No. 2770, 2001 Regular Session, it is granted the sole
616 right to import and sell such intoxicating liquors at wholesale
617 within the state, and no person who is granted the right to sell,
618 distribute or receive such liquors at retail shall purchase any
619 such intoxicating liquors from any source other than the
620 commission except as authorized in subsections (4) and (9) of this
621 section and Section 1 of Senate Bill No. 2770, 2001 Regular

622 Session, provided that retailers and consumers may purchase native
623 wines directly from the producer. The commission may establish
624 warehouses, purchase intoxicating liquors in such quantities and
625 from such sources as it may deem desirable and sell the same to
626 authorized permittees within the state including, at the
627 discretion of the commission, any retail distributors operating
628 within any military post or qualified resort areas within the
629 boundaries of the state, keeping a correct and accurate record of
630 all such transactions and exercising such control over the
631 distribution of alcoholic beverages as seem right and proper in
632 keeping with the provisions or purposes of this chapter.

633 The commission is empowered to borrow such working capital as
634 may be required, not to exceed the sum of Nine Hundred Thousand
635 Dollars (\$900,000.00). Such loan shall be repaid from the
636 earnings of the wholesale liquor business.

637 The commission is hereby authorized to use and to promulgate
638 rules for the affixing of identification stamps to each container
639 of alcoholic liquor.

640 (2) No person for the purpose of sale shall manufacture,
641 distill, brew, sell, possess, export, transport, distribute,
642 warehouse, store, solicit, take orders for, bottle, rectify,
643 blend, treat, mix or process any alcoholic beverage except in
644 accordance with authority granted under this chapter, or as
645 otherwise provided by law for native wines.

646 (3) No alcoholic beverage intended for sale or resale shall
647 be imported, shipped or brought into this state for delivery to
648 any person other than as provided in this chapter, or as otherwise
649 provided by law for native wines.

650 (4) The commission may promulgate rules and regulations
651 which authorize on-premises retailers to purchase limited amounts
652 of alcoholic beverages from package retailers and for package
653 retailers to purchase limited amounts of alcoholic beverages from
654 other package retailers. The commission shall develop and provide

655 forms to be completed by the on-premises retailers and the package
656 retailers verifying the transaction. The completed forms shall be
657 forwarded to the commission within a period of time prescribed by
658 the commission.

659 (5) The commission may promulgate rules which authorize the
660 holder of a package retailer's permit to permit individual retail
661 purchasers of packages of alcoholic beverages to return, for
662 exchange, credit or refund, limited amounts of original sealed and
663 unopened packages of alcoholic beverages purchased by such
664 individual from the package retailer.

665 (6) The commission shall maintain all forms to be completed
666 by applicants necessary for licensure by the commission at all
667 district offices of the commission.

668 (7) The commission may promulgate rules which authorize the
669 manufacturer of an alcoholic beverage or wine to import, transport
670 and furnish or give a sample of alcoholic beverages or wines to
671 the holders of package retailer's permits, on-premises retailer's
672 permits, native wine retailer's permits and temporary retailer's
673 permits who have not previously purchased the brand of that
674 manufacturer from the commission. For each holder of the
675 designated permits, the manufacturer may furnish not more than
676 five hundred (500) milliliters of any brand of alcoholic beverage
677 and not more than three (3) liters of any brand of wine.

678 (8) The commission may promulgate rules disallowing open
679 product sampling of alcoholic beverages or wines by the holders of
680 package retailer's permits and permitting open product sampling of
681 alcoholic beverages by the holders of on-premises retailer's
682 permits. Permitted sample products shall be plainly identified
683 "sample" and the actual sampling must occur in the presence of the
684 manufacturer's representatives during the legal operating hours of
685 on-premises retailers.

686 (9) The commission may promulgate rules and regulations that
687 authorize the holder of a research permit to import and purchase

688 limited amounts of alcoholic beverages from importers, wineries
689 and distillers of alcoholic beverages or from the commission. The
690 commission shall develop and provide forms to be completed by the
691 research permittee verifying each transaction. The completed
692 forms shall be forwarded to the commission within a period of time
693 prescribed by the commission. The records and inventory of
694 alcoholic beverages shall be open to inspection at any time by the
695 Director of the Alcoholic Beverage Control Division or any duly
696 authorized agent.

697 SECTION 10. Section 67-1-43, Mississippi Code of 1972, is
698 amended as follows:

699 67-1-43. Any authorized retail distributor who shall
700 purchase or receive intoxicating liquor from any source except
701 from the commission or the holder of a limited distributor's
702 permit, unless authorized by rules and regulations of the
703 commission promulgated under subsection (4) of Section 67-1-41,
704 shall be guilty of a misdemeanor and upon conviction thereof shall
705 be punished by a fine of not less than Five Hundred Dollars
706 (\$500.00), nor more than Two Thousand Dollars (\$2,000.00), to
707 which may be added imprisonment in the county jail for not more
708 than six (6) months. Any authorization of such person to sell
709 intoxicating beverages may be revoked as provided by law.

710 This section shall not apply to any authorized retail
711 distributor who shall purchase native wines directly from the
712 producer.

713 SECTION 11. Section 67-1-45, Mississippi Code of 1972, is
714 amended as follows:

715 67-1-45. Except as otherwise authorized in Section 1 of
716 Senate Bill No. 2770, 2001 Regular Session, no manufacturer,
717 rectifier, or distiller of intoxicating liquor shall sell or
718 attempt to sell any such intoxicating liquor, except malt liquor,
719 within the State of Mississippi, except to the commission, or to
720 the holder of a research permit as provided in Section 67-1-41.

721 However, a producer of native wine may sell native wines to the
722 commission, authorized retail distributor, or directly to
723 consumers.

724 Any violation of this section by any manufacturer, rectifier,
725 or distiller shall be punished by a fine of not less than Five
726 Hundred Dollars (\$500.00), and not more than Two Thousand Dollars
727 (\$2,000.00), to which may be added imprisonment in the county jail
728 not to exceed six (6) months.

729 SECTION 12. Section 67-1-51, Mississippi Code of 1972, is
730 amended as follows:

731 67-1-51. (1) Permits which may be issued by the commission
732 shall be as follows:

733 (a) Manufacturer's permit. A manufacturer's permit
734 shall permit the manufacture, importation in bulk, bottling and
735 storage of alcoholic liquor and its distribution and sale to
736 manufacturers holding permits under this chapter in this state and
737 to persons outside the state who are authorized by law to purchase
738 the same, and to sell exclusively to the commission.

739 Manufacturer's permits shall be of the following classes:

740 Class 1. Distiller's and/or rectifier's permit, which
741 shall authorize the holder thereof to operate a distillery for the
742 production of distilled spirits by distillation or redistillation
743 and/or to operate a rectifying plant for the purifying, refining,
744 mixing, blending, flavoring or reducing in proof of distilled
745 spirits and alcohol.

746 Class 2. Wine manufacturer's permit, which shall
747 authorize the holder thereof to manufacture, import in bulk,
748 bottle and store wine or vinous liquor.

749 Class 3. Native wine producer's permit, which shall
750 authorize the holder thereof to produce, bottle, store and sell
751 native wines.

752 (b) Package retailer's permit. Except as otherwise
753 provided in this paragraph, a package retailer's permit shall

754 authorize the holder thereof to operate a store exclusively for
755 the sale at retail in original sealed and unopened packages of
756 alcoholic beverages, including native wines, not to be consumed on
757 the premises where sold. Alcoholic beverages shall not be sold by
758 any retailer in any package or container containing less than
759 fifty (50) milliliters by liquid measure. In addition to the sale
760 at retail of packages of alcoholic beverages, the holder of a
761 package retailer's permit is authorized to sell at retail
762 corkscrews, wine glasses, soft drinks, ice, juices, mixers and
763 other beverages commonly used to mix with alcoholic beverages.
764 Nonalcoholic beverages sold by the holder of a package retailer's
765 permit shall not be consumed on the premises where sold.

766 (c) On-premises retailer's permit. An on-premises
767 retailer's permit shall authorize the sale of alcoholic beverages,
768 including native wines, for consumption on the licensed premises
769 only. Such a permit shall issue only to qualified hotels,
770 restaurants and clubs, and to common carriers with adequate
771 facilities for serving passengers. In resort areas, whether
772 inside or outside of a municipality, the commission may, in its
773 discretion, issue on-premises retailer's permits to such
774 establishments as it deems proper. An on-premises retailer's
775 permit when issued to a common carrier shall authorize the sale
776 and serving of alcoholic beverages aboard any licensed vehicle
777 while moving through any county of the state; however, the sale of
778 such alcoholic beverages shall not be permitted while such vehicle
779 is stopped in a county that has not legalized such sales.

780 (d) Solicitor's permit. A solicitor's permit shall
781 authorize the holder thereof to act as salesman for a manufacturer
782 or wholesaler holding a proper permit, to solicit on behalf of his
783 employer orders for alcoholic beverages, and to otherwise promote
784 his employer's products in a legitimate manner. Such a permit
785 shall authorize the representation of and employment by one (1)
786 principal only. However, the permittee may also, in the

787 discretion of the commission, be issued additional permits to
788 represent other principals. No such permittee shall buy or sell
789 alcoholic beverages for his own account, and no such beverage
790 shall be brought into this state in pursuance of the exercise of
791 such permit otherwise than through a permit issued to a wholesaler
792 or manufacturer in the state.

793 (e) Native wine retailer's permit. A native wine
794 retailer's permit shall be issued only to a holder of a Class 3
795 manufacturer's permit, and shall authorize the holder thereof to
796 make retail sales of native wines to consumers for on-premises
797 consumption or to consumers in originally sealed and unopened
798 containers at an establishment located on the premises of or in
799 the immediate vicinity of a native winery.

800 (f) Temporary retailer's permit. A temporary
801 retailer's permit shall permit the purchase and resale of
802 alcoholic beverages, including native wines, during legal hours on
803 the premises described in the temporary permit only.

804 Temporary retailer's permits shall be of the following
805 classes:

806 Class 1. A temporary one-day permit may be issued to
807 bona fide nonprofit civic or charitable organizations authorizing
808 the sale of alcoholic beverages, including native wine, for
809 consumption on the premises described in the temporary permit
810 only. Class 1 permits may be issued only to applicants
811 demonstrating to the commission, by affidavit submitted ten (10)
812 days prior to the proposed date or such other time as the
813 commission may determine, that they meet the qualifications of
814 Sections 67-1-11, 67-1-37, 67-1-51(2) and (3), 67-1-55, 67-1-57
815 (excluding paragraph (e)) and 67-1-59. Class 1 permittees shall
816 obtain all alcoholic beverages from package retailers located in
817 the county in which the temporary permit is issued. Alcoholic
818 beverages remaining in stock upon expiration of the temporary
819 permit may be returned by the permittee to the package retailer

820 for a refund of the purchase price upon consent of the package
821 retailer or may be kept by the permittee exclusively for personal
822 use and consumption, subject to all laws pertaining to the illegal
823 sale and possession of alcoholic beverages. The commission,
824 following review of the affidavit and the requirements of the
825 applicable statutes and regulations, may issue the permit.

826 Class 2. A temporary permit, not to exceed seventy (70)
827 days, may be issued to prospective permittees seeking to transfer
828 a permit authorized in either paragraph (b) or (c) of this
829 section. A Class 2 permit may be issued only to applicants
830 demonstrating to the commission, by affidavit, that they meet the
831 qualifications of Sections 67-1-5(1), (m), (n), (o), (p) or (q),
832 67-1-37, 67-1-51(2) and (3), 67-1-55, 67-1-57 and 67-1-59. The
833 commission, following a preliminary review of the affidavit and
834 the requirements of the applicable statutes and regulations, may
835 issue the permit.

836 Class 2 temporary permittees must purchase their
837 alcoholic beverages directly from the commission or, with approval
838 of the commission, purchase the remaining stock of the previous
839 permittee. If the proposed applicant of a Class 1 or Class 2
840 temporary permit falsifies information contained in the
841 application or affidavit, the applicant shall never again be
842 eligible for a retail alcohol beverage permit and shall be subject
843 to prosecution for perjury.

844 (g) Caterer's permit. A caterer's permit shall permit
845 the purchase of alcoholic beverages by a person engaging in
846 business as a caterer and the resale of alcoholic beverages by
847 such person in conjunction with such catering business. No person
848 shall qualify as a caterer unless forty percent (40%) or more of
849 the revenue derived from such catering business shall be from the
850 serving of prepared food and not from the sale of alcoholic
851 beverages and unless such person has obtained a permit for such
852 business from the Department of Health. A caterer's permit shall

853 not authorize the sale of alcoholic beverages on the premises of
854 the person engaging in business as a caterer; however, the holder
855 of an on-premises retailer's permit may hold a caterer's permit.
856 All sales of alcoholic beverages by holders of a caterer's permit
857 shall be made at the location being catered by the caterer, and
858 such sales may be made only for consumption at the catered
859 location. Such sales shall be made pursuant to any other
860 conditions and restrictions which apply to sales made by
861 on-premises retail permittees. The holder of a caterer's permit
862 or his employees shall remain at the catered location as long as
863 alcoholic beverages are being sold pursuant to the permit issued
864 under this paragraph (g), and the permittee and employees at such
865 location shall each have personal identification cards issued by
866 the Alcoholic Beverage Control Division of the commission. No
867 unsold alcoholic beverages may be left at the catered location by
868 the permittee upon the conclusion of his business at that
869 location. Appropriate law enforcement officers and Alcoholic
870 Beverage Control Division personnel may enter a catered location
871 on private property in order to enforce laws governing the sale or
872 serving of alcoholic beverages.

873 (h) Research Permit. A research permit shall authorize
874 the holder thereof to operate a research facility for the
875 professional research of alcoholic beverages. Such permit shall
876 authorize the holder of the permit to import and purchase limited
877 amounts of alcoholic beverages from the commission or from
878 importers, wineries and distillers of alcoholic beverages for
879 professional research.

880 (i) Alcohol processing permit. An alcohol processing
881 permit shall authorize the holder thereof to purchase, transport
882 and possess alcoholic beverages for the exclusive use in cooking,
883 processing or manufacturing products which contain alcoholic
884 beverages as an integral ingredient. An alcohol processing permit
885 shall not authorize the sale of alcoholic beverages on the

886 premises of the person engaging in the business of cooking,
887 processing or manufacturing products which contain alcoholic
888 beverages. The amounts of alcoholic beverages allowed under an
889 alcohol processing permit shall be set by the commission.

890 (j) Limited distributor's permit. A limited
891 distributor's permit shall authorize the holder thereof to
892 purchase for resale, to store, to transport and to distribute
893 alcoholic beverages for the limited purposes authorized in Section
894 1 of Senate Bill No. 2770, 2001 Regular Session. Records of any
895 order taken by the holder of a limited distributor's permit shall
896 be kept and maintained for a period of three (3) years after the
897 order is taken and shall be subject to inspection by the division
898 at any time without prior notice.

899 (2) Except as otherwise provided in subsection (4) of this
900 section, retail permittees may hold more than one (1) retail
901 permit, at the discretion of the commission.

902 (3) Except as otherwise provided in this subsection, no
903 authority shall be granted to any person to manufacture, sell or
904 store for sale any intoxicating liquor as specified in this
905 chapter within four hundred (400) feet of any church, school,
906 kindergarten or funeral home. However, within an area zoned
907 commercial or business, such minimum distance shall be not less
908 than one hundred (100) feet.

909 A church or funeral home may waive the distance restrictions
910 imposed in this subsection in favor of allowing issuance by the
911 commission of a permit, pursuant to subsection (1) of this
912 section, to authorize activity relating to the manufacturing, sale
913 or storage of alcoholic beverages which would otherwise be
914 prohibited under the minimum distance criterion. Such waiver
915 shall be in written form from the owner, the governing body, or
916 the appropriate officer of the church or funeral home having the
917 authority to execute such a waiver, and the waiver shall be filed
918 with and verified by the commission before becoming effective.

919 The distance restrictions imposed in this subsection shall
920 not apply to the sale or storage of alcoholic beverages at a bed
921 and breakfast inn listed in the National Register of Historic
922 Places.

923 (4) No person, either individually or as a member of a firm,
924 partnership or association, or as a stockholder, officer or
925 director in a corporation, shall own or control any interest in
926 more than one (1) package retailer's permit, nor shall such
927 person's spouse, if living in the same household of such person,
928 any relative of such person, if living in the same household of
929 such person, or any other person living in the same household with
930 such person own any interest in any other package retailer's
931 permit.

932 SECTION 13. Section 67-1-77, Mississippi Code of 1972, is
933 amended as follows:

934 67-1-77. (1) It shall be unlawful for the holder of a
935 manufacturer's, limited distributor's or wholesaler's permit, or
936 anyone connected with the business of such holder, or for any
937 other distiller, wine manufacturer, brewer, rectifier, blender, or
938 bottler, to have any financial interest in any premises upon which
939 any alcoholic beverage is sold at retail by any permittee, or in
940 the business conducted by such permittee; provided, however, the
941 holder of a manufacturer's or wholesaler's permit may contract for
942 the service of a representative in the area of governmental
943 affairs on a part-time basis with a holder of an on-premises
944 permit.

945 (2) It shall also be unlawful for any such person, or anyone
946 connected with his, its, or their business to lend any money or
947 make any gift or offer any gratuity, to any retail permittee,
948 except as authorized by regulations of the commission, to the
949 holder of any retail permit issued under the provisions of this
950 chapter. Except as above provided, no retail permittee shall
951 accept, receive, or make use of any money or gift furnished by any

952 such person, or become indebted to such person except for the
953 purchase of alcoholic beverages.

954 (3) The commission shall not prohibit the furnishing of
955 advertising specialties, printed materials, or other things having
956 nominal value to a retail permittee. This section shall not be
957 construed to prohibit the possession by any person of advertising
958 specialties, printed materials, or other things having nominal
959 value furnished by a retail permittee.

960 (4) Any person violating the provisions of this section
961 shall, upon conviction, be punished by a fine of not more than
962 Five Thousand Dollars (\$5,000.00) or by imprisonment for not more
963 than two (2) years, or by both such fine and imprisonment, in the
964 discretion of the court.

965 SECTION 14. This act shall take effect and be in force from
966 and after July 1, 2001.