

**TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION**

Control No. 20 Department or Agency Alabama Alcoholic Beverage Control Board

Rule No. 20-X-4-02

Rule Title: Markup For Liquor Sales By ABC Board State Liquor Stores.

 New X Amend Repeal Adopt by Reference

Would the Absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? no

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? yes

Is there another, less restrictive method of regulation available that could adequately protect the public? no

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? yes

Is the increase in cost, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? no

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? yes

.....

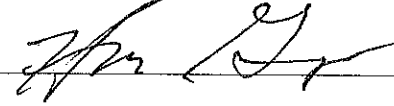
Does the proposed rule have an economic impact: yes

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

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Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975, and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer 
Date 3-20-17

APA-2
11/96

**ALABAMA ALCOHOLIC BEVERAGE
CONTROL BOARD**

NOTICE OF INTENDED ACTION

RULE NO. & TITLE: 20-X-4-.02 Markup For Liquor Sales By ABC Board State
Liquor Stores.

INTENDED ACTION: Amend rule.

SUBSTANCE OF PROPOSED ACTION:

To modify the markup provisions.

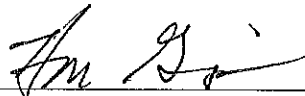
TIME, PLACE, MANNER OF PRESENTING VIEWS:

Interested persons may present their views in writing to the Administrative Procedures Secretary, Alabama ABC Board at 2715 Gunter Park Drive, West, Montgomery, Alabama 36109, or via email admin@abc.alabama.gov , by May 5, 2017.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE: May 5, 2017

CONTACT PERSON AT AGENCY:

Robert S. Hill, III, General Counsel, Alabama ABC Board, 2715 Gunter Park Drive, West, Montgomery, Alabama 36109.



H.M. Gipson
Administrator

20-X-4-.02 Markup For Liquor Sales By ABC Board State Liquor Stores.

(1) The wholesale price for case lot sales of liquor and fortified wine shall include a markup of 16.99% of the cost plus freight. ~~By this markup it is the intent of the Board to provide a 10% wholesale discount for case lot sales~~

(2) The wholesale price for bottle sales of liquor and fortified wine shall include a markup of ~~30%~~ 35% of the cost plus freight.

(3) The retail price for sales of liquor ~~and fortified wine~~ shall include a markup of ~~30%~~ 35% of the cost plus freight.

(4) These markups are to be applied in such a way that they are the total markups, exclusive of taxes, and net of any discounts allowed licensees, used in the normal pricing policy of the ABC Board. The ABC Board will, from time to time at its discretion, adjust these markups for such circumstances as: (1) timing to adjust for price increases or decreases by distillers; (2) deciding whether short-term and/or small discounts extended by the distiller are to be passed through to customers; (3) depletion of inventory of slow moving items that are to be closed out; and (4) for other unique market circumstances.

Author: ABC Board

Statutory Authority: *Code of Ala.* 1975, §§ 28-3-43; 28-3-49; 28-3-53.2.

History: Repealed and New: Filed August 21, 1998; effective October 16, 1998. **Amended:** Filed October 22, 2003; effective November 26, 2003.; **Amended:** Filed December 20, 2004; effective January 24, 2005.

**ECONOMIC IMPACT STATEMENT
FOR APA RULE
(Section 41-22-23(f))**

Control No. 20 Department or Agency Alabama Alcoholic Beverage Control Board

Rule No: 20-X-4-.02

Rule Title: Markup For Liquor Sales By ABC Board State Liquor Stores

 NEW X Amend Repeal Adopt by Reference

 This rule has no economic impact.

 X This rule has an economic impact, as explained below:

1. NEED/EXPECATED BENEFIT OR RULE: To assist in funding the Judicial System and District Attorneys of Alabama.
2. COSTS/BENEFITS OF RULE AND WHY RULE IS THE MOST EFFECTIVE, EFFICIENT, AND FEASIBLE MEANS FOR ALLOCATING RESOURCES AND ACHIEVING THE STATED PURPOSE: It reduces the need of compiling over 40 Judicial local tax bills to fund the needs of local DA's.
3. EFFECT OF THIS RULE ON COMPETITION: Possibility of a slight border bleed in revenue due to lower prices in adjoining states.
4. EFFECT OF THIS RULE ON COST-OF-LIVING AND DOING BUSINESS IN THE GEOGRAPHICAL AREA WHERE THE RULE IS TO BE IMPLEMENTED: A slight increase on the population that purchases spirits for consumption, about 40% of the population.
5. EFFECT OF THIS RULE ON EMPLOYMENT IN THE GEOGRAPHICAL AREA WHERE THE RULE IS TO BE IMPLEMENTED: The increased revenue will reduce the need to lay off personnel in the Court System and Prosecutors Offices.
6. SOURCE OF REVENUE TO BE USED FOR IMPLEMENTING AND ENFORCING THIS RULE: The markup on sales of spirits in Alabama.
7. THE SHORT-TERM/LONG-TERM ECONOMIC IMPACT ON THIS RULE ON AFFECTED PERSONS, INCLUDING ANALYSIS OF PERSONS WHO WILL BEAR THE COSTS AND THOSE WHO WILL BENEFIT FROM THE RULE: Economic studies show that the increase in cost of commodity reduces consumption which would lower social costs of spirit consumption.
8. UNCERTAINTIES ASSOCIATED WITH THE ESTIMATED BENEFITS AND BURDENS OF THE RULE, INCLUDING QUALITATIVE/QUANTITATIVE BENEFITS AND BURDER COMPARISON: Economic studies show that the increase in cost of commodity reduces consumption which would lower social costs of spirit consumption.

9. THE EFFECT OF THIS RULE ON THE ENVIROMENT AND PUBLIC HEALTH: No effect on environment. Increased cost equals lower consumption possibly lowering healthcare costs associated with alcohol consumption.
10. DETRIMENTAL EFFECT ON THE ENVIRONMENT AND PUBLIC HEALTH IF THE RULE IS NOT IMPLEMENTED: None