

## **Specialty Shop**

**Specialty shop as defined in the Code, may be issued an on-premises consumption and package license for the sale of malt beverages and wine without meeting the requirements that forty-five (45) percent of its gross annual sales be derived from the sale of prepared meals or food, pursuant to the following:**

- a. No less than sixty-five (65) percent of the annual gross revenue shall be derived from the sale of non-alcoholic retail goods and merchandise, and no more than thirty-five (35) percent of its annual gross revenues shall be derived from the sale of malt beverage and wine for on-premises consumption and off-premises package sales.**
- b. Said establishment shall not be required to meet the requirement that forty-five (45) percent of its annual gross sales shall be derived from the sale of prepared meals or food.**
- c. Free samples of wine shall not exceed one and one half (1½) ounces nor shall any individual be offered more than three (3) samples within a calendar day.**
- d. Sampling or tasting of wine is only permitted within a designated area of the establishment, as indicated on their application.**
- e. Craft beer is defined as beer produced by the following: 1. Beer having an annual production of six million (6,000,000) barrels of beer or less; or 2. If less than twenty-five (25) percent of the craft brewery is owned or controlled (or equivalent economic interest) by a beverage alcohol industry member that is not itself a craft brewer.**
- f. Said establishments are only allowed in the downtown business district and the area enclosed by North Tennessee Street, Main Street, Stonewall Street, and Church Street.**

**(b) Reporting requirements. (1) All establishments licensed under this chapter shall be required by November 1 of each calendar year to turn in third quarter reports which at a minimum indicate the percentage of alcohol sales on-premises and off-premises, including food, retail, and other required categories of its gross revenues. (2) The director of planning and development or his designee shall review the gross income figures from each establishment which shall provide such information at the end of the third quarter of each calendar year, or at any other time requested to do so by the director of planning and development or his designee, and determine if the annual sales meet the required ratio and make appropriate recommendations to the alcohol control board.**

## Cigar Bar

Retail cigar shops as specifically defined in this Code, may be issued an on-premises consumption license for sales of beer, malt beverages, wine, and distilled spirits, without meeting the requirement that forty-five (45) percent of its gross annual sales be derived from the sale of prepared meals or food, provided that at least fifty-one (51) percent of its gross annual sales be derived from the sale of full-sized hand-rolled cigars, pipe tobaccos, briar wood pipes, humidors, lighters, cutters, and expressly excluding from the calculation of gross annual sales the sale of cigarettes, bongs, bubblers, glass pipes, water pipes, Turkish pipes, pipe screens, pipe filters, dug-outs, stash boxes, rolling papers, rolling devices, rolling trays, grinders, incense, pipe cleaners, and other smoking paraphernalia if at all allowed to be sold pursuant to this chapter. The total amount of alcohol sales for consumption on the premises shall not exceed forty-nine (49) percent. The director of planning and development or his designee shall review the gross income figures from each establishment which shall provide such information, at the end of the third quarter of each calendar year, and at any other time requested to do so by the director of planning and development or his designee, and determine if the annual sales meet the required ratio and make appropriate recommendations to the alcohol control board.

a. In regards to seating, parking and occupancy requirements, those applicable to the cigar store shall supersede those listed in chapter 4.

## Specialty Shop Distilled Spirits Revision

Specialty shop as defined in the Code, may be issued an *on-premises consumption license for sales of craft and non-craft beer, malt beverages, wine, and distilled spirits* and package license for the sale of malt beverages and wine without meeting the requirements that forty-five (45) percent of its gross annual sales be derived from the sale of prepared meals or food, pursuant to the following:

- a. No less than **fifty-one (51) percent** of the annual gross revenue shall be derived from the sale of non-alcoholic retail goods and merchandise, **and no more than forty-nine (49) percent of its annual gross revenues shall be derived from the sale of malt beverage, wine and distilled spirits** for on-premises consumption and off-premises package sales.
- b. Said establishment shall not be required to meet the requirement that forty-five (45) percent of its annual gross sales shall be derived from the sale of prepared meals or food.
- c. Free samples of wine shall not exceed one and one half (1½) ounces nor shall any individual be offered more than three (3) samples within a calendar day.
- d. Sampling or tasting of wine is only permitted within a designated area of the establishment, as indicated on their application.
- e. Craft beer is defined as beer produced by the following: 1. Beer having an annual production of six million (6,000,000) barrels of beer or less; or 2. If less than twenty-five (25) percent of the craft brewery is owned or controlled (or equivalent economic interest) by a beverage alcohol industry member that is not itself a craft brewer.
- f. Said establishments are only allowed in the downtown business district and the area enclosed by North Tennessee Street, Main Street, Stonewall Street, and Church Street.

(b) Reporting requirements. (1) All establishments licensed under this chapter shall be required by November 1 of each calendar year to turn in third quarter reports which at a minimum indicate the percentage of alcohol sales on-premises and off-premises, including food, retail, and other required categories of its gross revenues. (2) The director of planning and development or his designee shall review the gross income figures from each establishment which shall provide such information at the end of the third quarter of each calendar year, or at any other time requested to do so by the director of planning and development or his designee, and determine if the annual sales meet the required ratio and make appropriate recommendations to the alcohol control board.

\*Distilled spirits means all beverages containing alcohol, obtained by distillation or containing more than twenty-one (21) percent alcohol by volume, including fortified wines.

Alcohol Control Board,

Southern Cove is requesting an amendment to the Specialty Shop Alcoholic Beverage Rules and Regulations outlined on page 25-26 section 7 to include Distilled Spirits as part of our on premise consumption license.

Southern Cove is requesting the restriction and limitation of Craft Beer to be lifted and include Craft and Non-Craft Beer.

When reviewing the existing ordinance afforded to the Cigar Bar page 24-25 section 3 and their ability to sell for consumption distilled spirits, we find no plausible reasoning between their requirements of % to retail vs. a Specialty Shop's % to retail requirement. They are required to sell 51% of retail with exclusion of food in order to sell distilled spirits.

We are able to meet the requirement of 51% non-alcoholic retail goods and merchandise as outlined in the cigar bar % Regulations.

Thank you for your consideration and we look forward to your fair consideration.

Co-founder

Jayson Frederick

Southern Cove

Small Business of the year 2022