

PROGRAM BILL # 38 R

GOVERNOR'S PROGRAM BILL 2014

MEMORANDUM

AN ACT to amend the alcoholic beverage control law in relation to licenses and permits regarding the manufacture of alcoholic beverages; and to repeal certain provisions of such law relating thereto

Purpose:

This bill would amend the Alcoholic Beverage Control Law ("ABCL") governing licenses and permits issued to alcoholic beverage manufacturers, by:

- (a) increasing the production caps on "farm" and "micro" manufacturers;
- (b) allowing farm distilleries to operate a branch office;
- (c) allowing all manufacturers to conduct tastings and sell, by the bottle or glass, the alcoholic beverages they manufacture without a separate license; and
- (d) lowering the food requirement that must be met by manufacturers to obtain an on-premises license.

Summary of Provisions:

Section 1 of this bill would add a new subdivision 3-a to ABCL §51 to allow brewers to conduct tastings and sell beer for on and off-premises consumption at the brewery.

Section 2 of this bill would amend ABCL §51(4) to allow brewers to operate restaurants, hotels, catering establishments and other food and drinking establishments at the brewery.

Section 3 of this bill would repeal ABCL §51(6-a)(b) and (d).

Section 4 of this bill would add ABCL §51(9) to set minimum production requirements for brewers.

Section 5 of this bill would amend ABCL §51-a(2)(g) to allow farm brewers to operate restaurants, hotels, catering establishments and other food and drinking establishments at the brewery.

Section 6 of this bill would amend ABCL §51-a(10) to set minimum production requirements for a farm brewer and increase the maximum amount of beer and cider that can be produced by a farm brewery.

Section 7 of this bill would repeal ABCL §52 to eliminate duplicative provisions regarding bottle sales for brewers.

Section 8 of this bill would amend ABCL §56(1)(a) to increase the maximum amount of beer and cider that can be produced by a micro-brewery.

Section 9 of this bill would add ABCL §58(5) to set minimum production requirements for cider.

Section 10 of this bill would repeal ABCL §58-c(2)(d) and (e) to eliminate duplicative provisions regarding bottle sales for farm cideries.

Section 11 of this bill would amend ABCL §58-c(2)(f) to allow farm cideries to conduct tastings, sell by the glass and by the bottle, and operate restaurants, hotels, catering establishments and other food and drinking establishments at the cidery.

Section 12 of this bill would amend ABCL §58-c(10) to set minimum production requirements for cider by a farm cidery and to increase the maximum amount of cider that can be produced by a farm cidery and sets minimum production requirements for cider.

Section 13 of this bill would amend ABCL §61(1-a) to increase the maximum amount of liquor that can be produced by a micro-distiller.

Section 14 of this bill would amend ABCL §61(2-b) to increase the maximum amount of liquor that can be produced by a micro-rectifier.

Section 15 of this bill would amend ABCL §61(2-c)(e) to allow farm distillers to sell by the glass and by the bottle, and operate restaurants, hotels, catering establishments and other food and drinking establishments at the distillery.

Section 16 of this bill would amend ABCL §61(2-c)(f) to increase the amount of liquor that can be produced by a farm distiller.

Section 17 of this bill would add a new ABCL §61(2-c)(g) to allow farm distillers to operate a branch office.

Section 18 of this bill would add ABCL §61(7) to set minimum production requirements for liquor.

Section 19 of this bill would amend ABCL §76(4) to allow wineries to sell by the glass and by the bottle at the winery without a separate permit.

Section 20 of this bill would amend ABCL §76(4-a) to allow wineries to operate restaurants, hotels, catering establishments and other food and drinking establishments at the winery.

Section 21 of this bill would amend ABCL §76(10) to eliminate duplicative provisions regarding bottle sales for wineries.

Section 22 of this bill would add ABCL §76(14) to set minimum production requirements for wine.

Section 23 of this bill would amend ABCL §76-a(2)(f) to allow farm wineries to operate restaurants, hotels, catering establishments and other food and drinking establishments at the winery.

Section 24 of this bill would repeal ABCL §76-a(3-a) to eliminate duplicative provisions regarding bottle sales for farm wineries.

Section 25 of this bill would amend ABCL §76-a(8) to set minimum production requirements of wine by a farm winery and to increase the maximum amount of wine that can be produced by a farm winery and sets minimum production requirements for wine.

Section 26 of this bill would provide that the bill would take effect thirty days after it becomes law.

Existing Law:

The current statutory scheme for manufacturers is overly restrictive. Small manufacturers are incentivized against growing by laws that increase manufacturers' licensing fees because of any modest increase in alcohol beverage productions. Additionally, manufacturers are limited in their ability to market their products.

Justification:

The New York State Law Revision Commission's report on the ABCL suggested the need for a complete revision of the laws regarding licensed manufacturers and wholesalers. This bill addresses some issues raised by the Commission, as well as concerns routinely raised by manufacturers regarding the overly restrictive and confusing laws that regulate their activities.

This bill would provide New York manufacturers with greater opportunities to market their products by expanding the activities that they can conduct at their facilities, including serving "by the bottle" and "by the glass" as well as permitting small distilleries to increase the retail outlets where they can sell, serve and offer samples of their products. Moreover, this bill would reduce costs for small manufacturers by permitting them to produce more of their product at lower fees.

Legislative History:

This is a new bill.

Budget Implications:

There will be a minimal loss of revenue with the elimination of the fees associated with the numerous permits issued to New York manufacturers anticipated to be less than \$100,000 annually.

Effective Date:

This bill would take effect thirty days after it becomes law.