

**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) eliminating multiple and confusing permits for tastings and retail sales by New York manufacturers and including such activities as part of their license privileges;
- (b) increasing the production caps on "farm" and "micro" manufacturers;
- (c) allowing farm distilleries to operate branch offices similar to farm wineries, farm cideries and farm breweries;
- (d) creating a marketing permit and special events permit for use by licensed wholesalers, out-of-state manufacturers and importers;
- (e) allowing all manufacturers to conduct tastings and sell, by the bottle or glass, the alcoholic beverages they manufacture without a separate license;
- (f) lowering the food requirement that must be met by manufacturers to obtain an on-premises license; and
- (g) creating uniform provisions for tastings and sales by the bottle.

Summary of Provisions:

Section 1 of this bill would amend the penalty provisions of ABCL §17(3) to address the creation of three new permits for suppliers and distributors of alcoholic beverages.

Section 2 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 3 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 4 of this bill would amend ABCL §51(5) to allow brewers to conduct off-site tastings and bottle sales without the need for a separate permit.

Section 5 of this bill would amend ABCL §51(6-a) to eliminate duplicative provisions regarding tastings and bottle sales for brewers.

Section 6 of this bill would repeal ABCL §51(8) to eliminate duplicative provisions regarding tastings.

Section 7 of this bill would add ABCL §51(8) to set minimum production requirements for brewers.

Section 8 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 9 of this bill would repeal ABCL §51-a(2)(h) to eliminate duplicative provisions regarding off-site bottle sales for farm breweries.

Section 10 of this bill would amend ABCL §51-a(3) to allow farm brewers to conduct off-site tastings and bottle sales without the need for a separate permit.

Section 11 of this bill would repeal ABCL §51-a(4) to eliminate duplicative provisions regarding tastings and bottle sales for farm breweries.

Section 12 of this bill would amend ABCL §51-a(10) to set minimum production requirements for a farm brewer and to increase the maximum amount of beer and cider that can be produced by a farm brewery.

Section 13 of this bill would repeal ABCL §52 to eliminate duplicative provisions regarding bottle sales for brewers.

Section 14 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 15 of this bill would amend ABCL §58(2) to allow cider producers to conduct off-site tastings and bottle sales without the need for a separate permit.

Section 16 of this bill would repeal ABCL §58(3) to eliminate duplicative provisions regarding tastings and bottle sales for cider producers.

Section 17 of this bill would repeal ABCL §58(3-a) to eliminate duplicative provisions regarding tastings and bottle sales for cider producers.

Section 18 of this bill would add ABCL §58(9) to set minimum production requirements for cider.

Section 19 of this bill would repeal ABCL §58-c(2)(d) and (e) to eliminate duplicative provisions regarding bottle sales for farm cideries.

Section 20 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 21 of this bill would amend ABCL §58-c(2)(g) to allow cider producers to conduct off-site tastings and bottle sales without the need for a separate permit.

Section 22 of this bill would repeal ABCL §58-c(2)(d) to eliminate duplicative provisions regarding tastings and bottle sales for farm cideries.

Section 23 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 24 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 25 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 26 of this bill would repeal ABCL §61(2-c)(b)(iv) to eliminate duplicative provisions regarding bottle sales for farm distilleries.

Section 27 of this bill would amend ABCL §61(2-c)(e) to allow farm distillers 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 distillery.

Section 28 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 29 of this bill would add a new ABCL §61(2-c)(g) to allow farm distillers to operate branch offices.

Section 30 of this bill would add a new ABCL §61(7) to allow all classes of distillers to conduct off-site tastings and bottle sales without the need for a separate permit.

Section 31 of this bill would add ABCL §61(8) to set minimum production requirements for liquor.

Section 32 of this bill would amend ABCL §76(3) to allow wineries to conduct off-site tastings and bottle sales without the need for a separate permit.

Section 33 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 34 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 35 of this bill would repeal ABCL §76(7) to eliminate duplicative provisions regarding bottle sales for wineries.

Section 36 of this bill would amend ABCL §76(10) to eliminate duplicative provisions regarding bottle sales for wineries.

Section 37 of this bill would add ABCL §76(7) to set minimum production requirements for wine.

Section 38 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 39 of this bill would amend ABCL §76-a(3) to allow farm wineries to conduct off-site tastings and bottle sales without the need for a separate permit.

Section 40 of this bill would repeal ABCL §76-a(3-a) to eliminate duplicative provisions regarding bottle sales for farm wineries.

Section 41 of this bill would amend ABCL §76-a(9) 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 42 of this bill would amend ABCL §97(2) to eliminate duplicative provisions regarding special events permits for brewers.

Section 43 of this bill would repeal ABCL §97(4) to eliminate duplicative provisions regarding special events permits for wineries.

Section 44 of this bill would add a new ABCL §99-h to create a new permit for tastings and bottle sales for out-of-state suppliers.

Section 45 of this bill would add a new ABCL §99-i to create a new special events permit for out-of-state suppliers.

Section 46 of this bill would add a new ABCL §99-j to create a new permit for tastings for licensed wholesalers and out-of-state distributors.

Section 47 of this bill would add a new ABCL §102-a to create standards for tastings of alcoholic beverages.

Section 48 of this bill would add a new ABCL §102-b to create standards for off-premises sales by suppliers.

Section 49 of this bill would add a new ABCL §104(4) to prohibit beer wholesalers from conducting tastings or sales on behalf of other licensees and permit holders.

Section 50 of this bill would provide that the bill would take effect thirty days after it becomes law.

Existing Law:

The current statutory scheme for allowing manufacturers to conduct tastings and sell alcoholic beverages to consumers, either for on or off premises consumption is confusing. As noted above, the statutory provisions are scattered through four different articles of the ABCL. Manufacturers must obtain multiple permits depending on where the tasting or sale will take place. To allow in-state and out-of-state suppliers to market their product, the State Liquor Authority has relied on its powers under ABCL §99-b(1)(k) to create a miscellaneous permit to allow these entities to conduct off-site tastings and bottle sales.

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 greater economic opportunities for New York manufacturers by expanding the activities that they can conduct at their facilities. Manufacturers and wholesalers have expressed concern about the number of permits that are needed to conduct activities away from their licensed premises and that existing permits restrict their ability to market effectively their products to retailers and the public. This bill would eliminate the various permits and incorporate into the license privilege for New York manufacturers, the ability to conduct tastings and sell their product to consumers both "by the bottle" and "by the glass."

Legislative History:

This is a new bill.