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CL/JA

P.L. 2023, CHAPTER 141, *approved August 16, 2023*  
Assembly, No. 3912 (*First Reprint*)

1 AN ACT concerning wineries and amending and R.S.33:1-10 and  
2 R.S.33:1-26.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. R.S.33:1-10 is amended to read as follows:

8 33:1-10. Class A licenses shall be subdivided and classified as  
9 follows:

10 Plenary brewery license. 1a. The holder of this license shall be  
11 entitled, subject to rules and regulations, to brew any malt alcoholic  
12 beverages and to sell and distribute his products to wholesalers and  
13 retailers licensed in accordance with this chapter, and to sell and  
14 distribute without this State to any persons pursuant to the laws of the  
15 places of such sale and distribution, and to maintain a warehouse;  
16 provided, however, that the delivery of this product by the holder of  
17 this license to retailers licensed under this title shall be from inventory  
18 in a warehouse located in this State which is operated under a plenary  
19 brewery license. The fee for this license shall be \$10,625.

20 Limited brewery license. 1b. The holder of this license shall be  
21 entitled, subject to rules and regulations, to brew any malt alcoholic  
22 beverages in a quantity to be expressed in said license, dependent upon  
23 the following fees and not in excess of 300,000 barrels of 31 fluid  
24 gallons capacity per year and to sell and distribute this product to  
25 wholesalers and retailers licensed in accordance with this chapter, and  
26 to sell and distribute without this State to any persons pursuant to the  
27 laws of the places of such sale and distribution, and to maintain a  
28 warehouse; provided, however, that the delivery of this product by the  
29 holder of this license to retailers licensed under this title shall be from  
30 inventory in a warehouse located in this State which is operated under  
31 a limited brewery license. The holder of this license shall be entitled  
32 to sell this product at retail to consumers on the licensed premises of  
33 the brewery for consumption on the premises, but only in connection  
34 with a tour of the brewery, or for consumption off the premises in a  
35 quantity of not more than 15.5 fluid gallons per person, and to offer  
36 samples for sampling purposes only pursuant to an annual permit  
37 issued by the director. If the holder of this license holds a bonded  
38 warehouse bottling license issued pursuant to subsection 5 of this  
39 section, product brewed in accordance with this subsection and

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SBA committee amendments adopted June 12, 2023.

1 transferred to a bonded warehouse for bottling and storage may be sold  
2 at retail and offered for sampling on the licensed premises of the  
3 brewery by the holder of this license. The holder of this license shall  
4 not sell food or operate a restaurant on the licensed premises. The fee  
5 for this license shall be graduated as follows:

6 to so brew not more than 50,000 barrels of 31 liquid gallons  
7 capacity per annum, \$1,250;

8 to so brew not more than 100,000 barrels of 31 fluid gallons  
9 capacity per annum, \$2,500;

10 to so brew not more than 200,000 barrels of 31 fluid gallons  
11 capacity per annum, \$5,000;

12 to so brew not more than 300,000 barrels of 31 fluid gallons  
13 capacity per annum, \$7,500.

14 For the purposes of this subsection, "sampling" means the selling  
15 at a nominal charge or the gratuitous offering of an open container not  
16 exceeding four ounces of any malt alcoholic beverage. For the  
17 purposes of this subsection, "product" means any malt alcoholic  
18 beverage that is produced on the premises licensed under this  
19 subsection.

20 Restricted brewery license. 1c. The holder of this license shall be  
21 entitled, subject to rules and regulations, to brew any malt alcoholic  
22 beverages in a quantity to be expressed in such license not in excess of  
23 10,000 barrels of 31 gallons capacity per year. Notwithstanding the  
24 provisions of R.S.33:1-26, the director shall issue a restricted brewery  
25 license only to a person or an entity which has identical ownership to  
26 an entity which holds a plenary retail consumption license issued  
27 pursuant to R.S.33:1-12, provided that such plenary retail consumption  
28 license is operated in conjunction with a restaurant regularly and  
29 principally used for the purpose of providing meals to its customers  
30 and having adequate kitchen and dining room facilities, and that the  
31 licensed restaurant premises is immediately adjoining the premises  
32 licensed under this subsection. The holder of this license shall be  
33 entitled to sell or deliver the product to that restaurant premises. The  
34 holder of this license also shall be entitled to sell and distribute the  
35 product to wholesalers licensed in accordance with this chapter. The  
36 fee for this license shall be \$1,250, which fee shall entitle the holder to  
37 brew up to 1,000 barrels of 31 liquid gallons per annum. The licensee  
38 also shall pay an additional \$250 for every additional 1,000 barrels of  
39 31 fluid gallons produced. The fee shall be paid at the time of  
40 application for the license, and additional payments based on barrels  
41 produced shall be paid within 60 days following the expiration of the  
42 license term upon certification by the licensee of the actual gallons  
43 brewed during the license term. No more than 10 restricted brewery  
44 licenses shall be issued to a person or entity which holds an interest in  
45 a plenary retail consumption license. If the governing body of the  
46 municipality in which the licensed premises will be located should file  
47 a written objection, the director shall hold a hearing and may issue the  
48 license only if the director finds that the issuance of the license will

1 not be contrary to the public interest. All fees related to the issuance  
2 of both licenses shall be paid in accordance with statutory law. The  
3 provisions of this subsection shall not be construed to limit or restrict  
4 the rights and privileges granted by the plenary retail consumption  
5 license held by the holder of the restricted brewery license issued  
6 pursuant to this subsection.

7 The holder of this license shall be entitled to offer samples of its  
8 product for promotional purposes at charitable or civic events off the  
9 licensed premises pursuant to an annual permit issued by the director.

10 For the purposes of this subsection, "sampling" means the selling  
11 at a nominal charge or the gratuitous offering of an open container not  
12 exceeding four ounces of any malt alcoholic beverage product. For the  
13 purposes of this subsection, "product" means any malt alcoholic  
14 beverage that is produced on the premises licensed under this  
15 subsection.

16 Plenary winery license. 2a. Provided that the holder is engaged in  
17 growing and cultivating grapes or fruit used in the production of wine  
18 on at least three acres on, or adjacent to, the winery premises, except  
19 as otherwise provided in this subsection for certain alternating  
20 proprietorship agreements, the holder of this license shall be entitled,  
21 subject to rules and regulations, to produce any fermented wines, and  
22 to blend, fortify and treat wines, and to sell and distribute his products  
23 to wholesalers licensed in accordance with this chapter and to churches  
24 for religious purposes, and to sell and distribute without this State to  
25 any persons pursuant to the laws of the places of such sale and  
26 distribution, and to maintain a warehouse, and to sell his products at  
27 retail to consumers on the licensed premises of the winery for  
28 consumption on or off the premises and to offer samples for sampling  
29 purposes only. The fee for this license shall be \$938. A holder of this  
30 license who produces not more than 250,000 gallons per year shall  
31 also have the right to sell and distribute his products to retailers  
32 licensed in accordance with this chapter, except that the holder of this  
33 license shall not use a common carrier for such distribution. The fee  
34 for this additional privilege shall be graduated as follows: a licensee  
35 who manufactures more than 150,000 gallons, but not in excess of  
36 250,000 gallons per annum, \$1,000; a licensee who manufactures more  
37 than 100,000 gallons, but not in excess of 150,000 gallons per annum,  
38 \$500; a licensee who manufactures more than 50,000 gallons, but not  
39 in excess of 100,000 gallons per annum, \$250; a licensee who  
40 manufactures 50,000 gallons or less per annum, \$100. A holder of this  
41 license who produces not more than 250,000 gallons per year shall  
42 have the right to sell such wine at retail in original packages in 15  
43 salesrooms apart from the winery premises for consumption on or off  
44 the premises and for sampling purposes for consumption on the  
45 premises, at a fee of \$250 for each salesroom. Licensees shall not  
46 jointly control and operate salesrooms. Additionally, the holder of this  
47 license who produces not more than 250,000 gallons per year may ship  
48 not more than 12 cases of wine per year, subject to regulation, to any

1 person within or without this State over 21 years of age for personal  
2 consumption and not for resale. A case of wine shall not exceed a  
3 maximum of nine liters. A copy of the original invoice shall be  
4 available for inspection by persons authorized to enforce the alcoholic  
5 beverage laws of this State for a minimum period of three years at the  
6 licensed premises of the winery. For the purposes of this subsection,  
7 "sampling" means the selling at a nominal charge or the gratuitous  
8 offering of an open container not exceeding one and one-half ounces  
9 of any wine.

10 A holder of this license who produces not more than 250,000  
11 gallons per year shall not own, either in whole or in part, or hold,  
12 either directly or indirectly, any interest in a winery that produces  
13 more than 250,000 gallons per year. In addition, a holder of this  
14 license who produces more than 250,000 gallons per year shall not  
15 own, either in whole or in part, or hold, either directly or indirectly,  
16 any interest in a winery that produces not more than 250,000 gallons  
17 per year.

18 An applicant for a plenary winery license or the holder of a plenary  
19 winery license may apply to the director <sup>1</sup>for approval<sup>1</sup> to enter into  
20 an agreement with a host New Jersey winery to use the host's  
21 equipment and space in an alternating proprietorship for production of  
22 wine <sup>1</sup>[in a manner consistent with regulations promulgated by] ,  
23 provided that the applicant or holder has obtained approval of the  
24 proposed alternating proprietorship arrangement from<sup>1</sup> the Alcohol  
25 and Tobacco Tax and Trade Bureau. <sup>1</sup>The director shall approve the  
26 agreement if the director determines that the Alcohol and Tobacco Tax  
27 and Trade Bureau has approved the agreement and the agreement does  
28 not violate any applicable New Jersey alcohol licensing and taxation  
29 laws and related regulations or special rulings of the director. The  
30 director shall approve or deny the application no later than 180 days  
31 after receipt of the application, unless the applicant agrees to an  
32 extension.<sup>1</sup>

33 An applicant for a plenary winery license who also applies to the  
34 director to enter into an alternating proprietorship agreement pursuant  
35 to this subsection shall <sup>1</sup>, upon approval by the director of both  
36 applications,<sup>1</sup> be permitted to grow and cultivate grapes or fruit used  
37 in the production of wine on at least three acres within a <sup>1</sup>[five mile]  
38 five-mile<sup>1</sup> radius of the host winery premises.

39 For the purposes of this subsection, "product" means any wine that  
40 is produced, blended, fortified, or treated by the licensee on its  
41 licensed premises situated in the State of New Jersey. For the  
42 purposes of this subsection, "wine" shall include "hard cider" and  
43 "mead" as defined in this section.

44 Farm winery license. 2b. The holder of this license shall be  
45 entitled, subject to rules and regulations, to manufacture any fermented  
46 wines and fruit juices in a quantity to be expressed in said license,  
47 dependent upon the following fees and not in excess of 50,000 gallons

1 per year and to sell and distribute his products to wholesalers and  
2 retailers licensed in accordance with this chapter and to churches for  
3 religious purposes and to sell and distribute without this State to any  
4 persons pursuant to the laws of the places of such sale and distribution,  
5 and to maintain a warehouse and to sell at retail to consumers for  
6 consumption on or off the licensed premises and to offer samples for  
7 sampling purposes only. The license shall be issued only when the  
8 winery at which such fermented wines and fruit juices are  
9 manufactured is located and constructed upon a tract of land  
10 exclusively under the control of the licensee, provided that the licensee  
11 is actively engaged in growing and cultivating an area of not less than  
12 three acres on or adjacent to the winery premises and on which are  
13 growing grape vines or fruit to be processed into wine or fruit juice,  
14 except in the case of certain alternating proprietorship agreements, as  
15 provided in this subsection; and provided, further, that for the first five  
16 years of the operation of the winery such fermented wines and fruit  
17 juices shall be manufactured from at least 51 percent grapes or fruit  
18 grown in the State and that thereafter they shall be manufactured from  
19 grapes or fruit grown in this State at least to the extent required for  
20 labeling as "New Jersey Wine" under the applicable federal laws and  
21 regulations. The containers of all wine sold to consumers by such  
22 licensee shall have affixed a label stating such information as shall be  
23 required by the rules and regulations of the Director of the Division of  
24 Alcoholic Beverage Control. The fee for this license shall be  
25 graduated as follows: to so manufacture between 30,000 and 50,000  
26 gallons per annum, \$375; to so manufacture between 2,500 and 30,000  
27 gallons per annum, \$250; to so manufacture between 1,000 and 2,500  
28 gallons per annum, \$125; to so manufacture less than 1,000 gallons per  
29 annum, \$63. No farm winery license shall be held by the holder of a  
30 plenary winery license **【**or be situated on a premises licensed as a  
31 plenary winery**】**.

32 The holder of this license shall also have the right to sell and  
33 distribute his products to retailers licensed in accordance with this  
34 chapter, except that the holder of this license shall not use a common  
35 carrier for such distribution. The fee for this additional privilege shall  
36 be \$100. The holder of this license shall have the right to sell his  
37 products in original packages at retail to consumers in 15 salesrooms  
38 apart from the winery premises for consumption on or off the  
39 premises, and for sampling purposes for consumption on the premises,  
40 at a fee of \$250 for each salesroom. Licensees shall not jointly control  
41 and operate salesrooms. Additionally, the holder of this license may  
42 ship not more than 12 cases of wine per year, subject to regulation, to  
43 any person within or without this State over 21 years of age for  
44 personal consumption and not for resale. A case of wine shall not  
45 exceed a maximum of nine liters. A copy of the original invoice shall  
46 be available for inspection by persons authorized to enforce the  
47 alcoholic beverage laws of this State for a minimum period of three  
48 years at the licensed premises of the winery. For the purposes of this

1 subsection, "sampling" means the selling at a nominal charge or the  
2 gratuitous offering of an open container not exceeding one and one-  
3 half ounces of any wine.

4 A holder of this license who produces not more than 250,000  
5 gallons per year shall not own, either in whole or in part, or hold,  
6 either directly or indirectly, any interest in a winery that produces  
7 more than 250,000 gallons per year.

8 An applicant for a farm winery license<sup>1</sup> or the holder of a farm  
9 winery license<sup>1</sup> may apply to the director<sup>1</sup> for approval<sup>1</sup> to enter into  
10 an agreement with a host New Jersey winery to use the host's  
11 equipment and space in an alternating proprietorship for production of  
12 wine<sup>1</sup> [in a manner consistent with regulations promulgated by] .  
13 provided that the applicant or holder has obtained approval of the  
14 proposed alternating proprietorship arrangement from<sup>1</sup> the Alcohol  
15 and Tobacco Tax and Trade Bureau. <sup>1</sup>The director shall approve the  
16 agreement if the director determines that the Alcohol and Tobacco Tax  
17 and Trade Bureau has approved the agreement and the agreement does  
18 not violate any applicable New Jersey alcohol licensing and taxation  
19 laws and related regulations or special rulings of the director. The  
20 director shall approve or deny the application no later than 180 days  
21 after receipt of the application, unless the applicant agrees to an  
22 extension.<sup>1</sup>

23 An applicant for a farm winery license who also applies to the  
24 director to enter into an alternating proprietorship agreement pursuant  
25 to this subsection shall<sup>1</sup>, upon approval by the director of both  
26 applications,<sup>1</sup> be permitted to grow and cultivate grapes or fruit used  
27 in the production of wine on at least three acres within a <sup>1</sup>[five mile]  
28 five-mile<sup>1</sup> radius of the host winery premises.

29 Unless otherwise indicated, for the purposes of this subsection,  
30 with respect to farm winery licenses, "manufacture" means the  
31 vinification, aging, storage, blending, clarification, stabilization and  
32 bottling of wine or juice from New Jersey fruit to the extent required  
33 by this subsection.

34 For the purposes of this subsection, "wine" shall include "hard  
35 cider" and "mead" as defined in this section.

36 Wine blending license. 2c. The holder of this license shall be  
37 entitled, subject to rules and regulations, to blend, treat, mix, and bottle  
38 fermented wines and fruit juices with non-alcoholic beverages, and to  
39 sell and distribute his products to wholesalers and retailers licensed in  
40 accordance with this chapter, and to sell and distribute without this  
41 State to any persons pursuant to the laws of the places of such sale and  
42 distribution, and to maintain a warehouse. The fee for this license  
43 shall be \$625.

44 For the purposes of this subsection, "wine" shall include "hard  
45 cider" and "mead" as defined in this section.

46 Instructional winemaking facility license. 2d. The holder of this  
47 license shall be entitled, subject to rules and regulations, to instruct

1 persons in and provide them with the opportunity to participate  
2 directly in the process of winemaking and to directly assist such  
3 persons in the process of winemaking while in the process of  
4 instruction on the premises of the facility. The holder of this license  
5 also shall be entitled to manufacture wine on the premises not in  
6 excess of an amount of 10 percent of the wine produced annually on  
7 the premises of the facility, which shall be used only to replace  
8 quantities lost or discarded during the winemaking process, to  
9 maintain a warehouse, and to offer samples produced by persons who  
10 have received instruction in winemaking on the premises by the  
11 licensee for sampling purposes only on the licensed premises for the  
12 purpose of promoting winemaking for personal or household use or  
13 consumption. Wine produced on the premises of an instructional  
14 winemaking facility shall be used, consumed or disposed of on the  
15 facility's premises or distributed from the facility's premises to a  
16 person who has participated directly in the process of winemaking for  
17 the person's personal or household use or consumption. The holder of  
18 this license may sell mercantile items traditionally associated with  
19 winemaking and novelty wearing apparel identified with the name of  
20 the establishment licensed under the provisions of this section. The  
21 holder of this license may use the licensed premises for an event or  
22 affair, including an event or affair at which a plenary retail  
23 consumption licensee serves alcoholic beverages in compliance with  
24 all applicable statutes and regulations promulgated by the director.  
25 The fee for this license shall be \$1,000. For the purposes of this  
26 subsection, "sampling" means the gratuitous offering of an open  
27 container not exceeding one and one-half ounces of any wine.

28 For the purposes of this subsection, "wine" shall include "hard  
29 cider" and "mead" as defined in this section.

30 Out-of-State winery license. 2e. Provided that the applicant does  
31 not produce more than 250,000 gallons of wine per year, the holder of  
32 a valid winery license issued in any other state may make application  
33 to the director for this license. The holder of this license shall have the  
34 right to sell and distribute his products to wholesalers licensed in  
35 accordance with this chapter and to sell such wine at retail in original  
36 packages in 16 salesrooms apart from the winery premises for  
37 consumption on or off the premises at a fee of \$250 for each  
38 salesroom. Licensees shall not jointly control and operate salesrooms.  
39 The annual fee for this license shall be \$938. A copy of a current  
40 license issued by another state shall accompany the application. The  
41 holder of this license also shall have the right to sell and distribute his  
42 products to retailers licensed in accordance with this chapter, except  
43 that the holder of this license shall not use a common carrier for such  
44 distribution. The fee for this additional privilege shall be graduated as  
45 follows: a licensee who manufactures more than 150,000 gallons, but  
46 not in excess of 250,000 gallons per annum, \$1,000; a licensee who  
47 manufactures more than 100,000 gallons, but not in excess of 150,000  
48 gallons per annum, \$500; a licensee who manufactures more than

1 50,000 gallons, but not in excess of 100,000 gallons per annum, \$250;  
2 a licensee who manufactures 50,000 gallons or less per annum, \$100.  
3 Additionally, the holder of this license may ship not more than 12  
4 cases of wine per year, subject to regulation, to any person within or  
5 without this State over 21 years of age for personal consumption and  
6 not for resale. A case of wine shall not exceed a maximum of nine  
7 liters. A copy of the original invoice shall be available for inspection  
8 by persons authorized to enforce the alcoholic beverage laws of this  
9 State for a minimum period of three years at the licensed premises of  
10 the winery.

11 The licensee shall collect from the customer the tax due on the sale  
12 pursuant to the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1  
13 et seq.) and shall pay the tax due on the delivery of alcoholic  
14 beverages pursuant to the "Alcoholic beverage tax law," R.S.54:41-1  
15 et seq. The Director of the Division of Taxation in the Department of  
16 the Treasury shall promulgate such rules and regulations necessary to  
17 effectuate the provisions of this paragraph, and may provide by  
18 regulation for the co-administration of the tax due on the delivery of  
19 alcoholic beverages pursuant to the "Alcoholic beverage tax law,"  
20 R.S.54:41-1 et seq. with the administration of the tax due on the sale  
21 pursuant to the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1  
22 et seq.).

23 A holder of this license who produces not more than 250,000  
24 gallons per year shall not own, either in whole or in part, or hold,  
25 either directly or indirectly, any interest in a winery that produces  
26 more than 250,000 gallons per year.

27 For the purposes of this subsection, "wine" shall include "hard  
28 cider" and "mead" as defined in this section.

29 Cidery and meadery license. 2f. The holder of this license shall be  
30 entitled, subject to rules and regulations, to manufacture hard cider and  
31 mead and to sell and distribute these products to wholesalers and  
32 retailers licensed in accordance with this chapter, and to sell and  
33 distribute without this State to any persons pursuant to the laws of the  
34 places of such sale and distribution, and to maintain a warehouse. The  
35 holder of this license shall be entitled to sell these products at retail to  
36 consumers on the licensed premises for consumption on or off the  
37 premises and to offer samples for sampling purposes only. The holder  
38 of this license shall be permitted to offer for sale or make the  
39 gratuitous offering of packaged crackers, chips, nuts, and similar  
40 snacks to consumers, but shall not operate a restaurant on the licensed  
41 premises. The fee for this license shall be \$938.

42 The holder of this license shall be entitled to manufacture hard  
43 cider in a quantity not to exceed 50,000 barrels of 31 fluid gallons  
44 capacity per year. With respect to the sale and distribution of hard  
45 cider to a wholesaler, the licensee shall be subject to the same statutory  
46 and regulatory requirements as a brewer, and hard cider shall be  
47 considered a malt alcoholic beverage, for the purposes of the "Malt  
48 Alcoholic Beverage Practices Act," P.L.2005, c.243 (C.33:1-93.12 et

1 seq.). The holder of this license shall not directly ship hard cider  
2 either within or without this State.

3 The holder of this license shall be entitled to manufacture not more  
4 than 250,000 gallons of mead per year. The holder of this license may  
5 ship not more than 12 cases of mead per year, subject to regulation, to  
6 any person within or without this State over 21 years of age for  
7 personal consumption and not for resale. A case of mead shall not  
8 exceed a maximum of nine liters. A copy of the original invoice shall  
9 be available for inspection by persons authorized to enforce the  
10 alcoholic beverage laws of this State for a minimum period of three  
11 years at the licensed premises.

12 As used in this subsection:

13 "Hard cider" means a fermented alcoholic beverage derived  
14 primarily from apples, pears, apple juice concentrate and water, or  
15 pear juice concentrate and water, which may include spices, herbs,  
16 honey, or other flavoring, and which contains at least one half of one  
17 percent but less than eight and one half percent alcohol by volume.

18 "Mead" means an alcoholic beverage primarily made from honey,  
19 water, and yeast, and which may contain fruit, fruit juices, spices, or  
20 herbs added before or after fermentation has completed, except that the  
21 ratio of fermentable sugars from fruit or fruit juices shall not exceed 49  
22 percent of the total fermentable sugars used to produce mead.

23 "Sampling" means the selling at a nominal charge or the gratuitous  
24 offering of an open container not exceeding four ounces of hard cider  
25 or mead produced on the licensed premises.

26 Plenary distillery license. 3a. The holder of this license shall be  
27 entitled, subject to rules and regulations, to manufacture any distilled  
28 alcoholic beverages and rectify, blend, treat and mix, and to sell and  
29 distribute his products to wholesalers and retailers licensed in  
30 accordance with this chapter, and to sell and distribute without this  
31 State to any persons pursuant to the laws of the places of such sale and  
32 distribution, and to maintain a warehouse. The fee for this license  
33 shall be \$12,500.

34 Limited distillery license. 3b. The holder of this license shall be  
35 entitled, subject to rules and regulations, to manufacture and bottle any  
36 alcoholic beverages distilled from fruit juices and rectify, blend, treat,  
37 mix, compound with wine and add necessary sweetening and flavor to  
38 make cordial or liqueur, and to sell and distribute to wholesalers and  
39 retailers licensed in accordance with this chapter, and to sell and  
40 distribute without this State to any persons pursuant to the laws of the  
41 places of such sale and distribution and to warehouse these products.  
42 The fee for this license shall be \$3,750.

43 Supplementary limited distillery license. 3c. The holder of this  
44 license shall be entitled, subject to rules and regulations, to bottle and  
45 rebottle, in a quantity to be expressed in said license, dependent upon  
46 the following fees, alcoholic beverages distilled from fruit juices by  
47 such holder pursuant to a prior plenary or limited distillery license, and  
48 to sell and distribute his products to wholesalers and retailers licensed

1 in accordance with this chapter, and to sell and distribute without this  
2 State to any persons pursuant to the laws of the places of such sale and  
3 distribution, and to maintain a warehouse. The fee for this license  
4 shall be graduated as follows: to so bottle and rebottle not more than  
5 5,000 wine gallons per annum, \$313; to so bottle and rebottle not more  
6 than 10,000 wine gallons per annum, \$625; to so bottle and rebottle  
7 without limit as to amount, \$1,250.

8 Craft distillery license. 3d. The holder of this license shall be  
9 entitled, subject to rules and regulations, to manufacture not more than  
10 20,000 gallons of distilled alcoholic beverages, to rectify, blend, treat  
11 and mix distilled alcoholic beverages, to sell and distribute this  
12 product to wholesalers and retailers licensed in accordance with this  
13 chapter, and to sell and distribute without this State to any persons  
14 pursuant to the laws of the places of such sale and distribution, and to  
15 maintain a warehouse. The holder of this license shall be entitled to  
16 sell this product at retail to consumers on the licensed premises of the  
17 distillery for consumption on the premises, but only in connection with  
18 a tour of the distillery, and for consumption off the premises in a  
19 quantity of not more than five liters per person. In addition, the holder  
20 of this license may offer any person not more than three samples per  
21 calendar day for sampling purposes only. For the purposes of this  
22 subsection, "sampling" means the gratuitous offering of an open  
23 container not exceeding one-half ounce serving of distilled alcoholic  
24 beverage produced on the distillery premises. If the holder of this  
25 license holds a bonded warehouse bottling license issued pursuant to  
26 subsection 5 of this section, product manufactured in accordance with  
27 this subsection and transferred to a bonded warehouse for bottling and  
28 storage may be sold at retail and offered for sampling on the licensed  
29 premises of the distillery by the holder of this license. Nothing in this  
30 subsection shall be deemed to permit the direct shipment of distilled  
31 spirits either within or without this State.

32 The holder of this license shall not sell food or operate a restaurant  
33 on the licensed premises. A holder of this license who certifies that not  
34 less than 51 percent of the raw materials used in the production of  
35 distilled alcoholic beverages under this section are grown in this State  
36 or purchased from providers located in this State may, consistent with  
37 all applicable federal laws and regulations, label these distilled  
38 alcoholic beverages as "New Jersey Distilled." The fee for this license  
39 shall be \$938.

40 Rectifier and blender license. 4. The holder of this license shall be  
41 entitled, subject to rules and regulations, to rectify, blend, treat and  
42 mix distilled alcoholic beverages, and to fortify, blend, and treat  
43 fermented alcoholic beverages, and prepare mixtures of alcoholic  
44 beverages, and to sell and distribute his products to wholesalers and  
45 retailers licensed in accordance with this chapter, and to sell and  
46 distribute without this State to any persons pursuant to the laws of the  
47 places of such sale and distribution, and to maintain a warehouse. The  
48 fee for this license shall be \$7,500.

1 Bonded warehouse bottling license. 5. The holder of this license  
2 shall be entitled, subject to rules and regulations, to bottle alcoholic  
3 beverages in bond on behalf of all persons authorized by federal and  
4 State law and regulations to withdraw alcoholic beverages from bond.  
5 The fee for this license shall be \$625. This license shall be issued only  
6 to persons holding permits to operate Internal Revenue bonded  
7 warehouses pursuant to the laws of the United States.

8 The provisions of section 21 of P.L.2003, c.117 amendatory of this  
9 section shall apply to licenses issued or transferred on or after July 1,  
10 2003, and to license renewals commencing on or after July 1, 2003.

11 (cf: P.L.2021, c.407, S.1 )

12

13 2. R.S.33:1-26 is amended to read as follows:

14 33:1-26. All licenses shall be for a term of one year from July 1 in  
15 each year. The respective fees for any such license shall be prorated  
16 according to the effective date of the license and based on the  
17 respective annual fee as in this chapter provided. Where the license  
18 fee deposited with the application exceeds the prorated fee, a refund of  
19 the excess shall be made to the licensee. Licenses are not transferable  
20 except as hereinafter provided. **[A]** The holders of a plenary winery  
21 license or farm winery license who are engaged in an alternating  
22 proprietorship pursuant to subsection 2a. or 2b. of R.S.33:1-10 shall be  
23 permitted to share a place of business on an alternating basis for  
24 production of wine in a manner consistent with regulations  
25 promulgated by the Alcohol and Tobacco Tax and Trade Bureau.  
26 <sup>1</sup>[Except in the case of an alternating proprietorship, a] Approval by  
27 the director to engage in an alternating proprietorship shall be  
28 conditioned upon the ongoing approval of the Alcohol and Tobacco  
29 Tax and Trade Bureau of the alternating proprietorship. A<sup>1</sup> separate  
30 license is required for each specific place of business <sup>1</sup>, except as  
31 otherwise provided in this section for the holders of a plenary winery  
32 license or the farm winery license who are engaged in an alternating  
33 proprietorship,<sup>1</sup> and the operation and effect of every license is  
34 confined to the licensed premises. No retail license of any class shall  
35 be issued to any holder of a manufacturer's or wholesaler's license, and  
36 no manufacturer's or wholesaler's license shall be issued to the holder  
37 of a retail license of any class. Any person who shall exercise or  
38 attempt to exercise, or hold himself out as authorized to exercise, the  
39 rights and privileges of a licensee except the licensee and then only  
40 with respect to the licensed premises, shall be guilty of a  
41 misdemeanor.

42 In case of death, bankruptcy, receivership or incompetency of the  
43 licensee, or if for any other reason whatsoever the operation of the  
44 business covered by the license shall devolve by operation of law upon  
45 a person other than the licensee, the director or the issuing authority  
46 may, in his or its discretion, extend the license for a limited time, not  
47 exceeding its term, to the executor, administrator, trustee, receiver or

1 other person upon whom the same has devolved by operation of law as  
2 aforesaid. Under no circumstances, however, shall a license, or rights  
3 thereunder, be deemed property, subject to inheritance, sale, pledge,  
4 lien, levy, attachment, execution, seizure for debts, or any other  
5 transfer or disposition whatsoever, except for payment of taxes, fees,  
6 interest and penalties imposed by any State tax law for which a lien  
7 may attach pursuant to R.S.54:49-1 or pursuant to the State Uniform  
8 Tax Procedure Law, R.S.54:48-1 et seq., or any similar State lien of  
9 tax, except to the extent expressly provided by this chapter.

10 On application made therefor setting forth the same matters and  
11 things with reference to the premises to which a transfer of license is  
12 sought as are required to be set forth in connection with an original  
13 application for license, as to the premises, and after publication of  
14 notice of intention to apply for transfer, in the same manner as is  
15 required in case of an application for license as to the premises, the  
16 director or other issuing authority may transfer, upon payment of a fee  
17 of 10% of the annual license fee for the license sought to be  
18 transferred, any license issued by him or it respectively to a different  
19 place of business than that specified therein, by endorsing permission  
20 upon the license.

21 On application made therefor setting forth the same matters and  
22 things with reference to the person to whom a transfer of license is  
23 sought as are required to be set forth in connection with an original  
24 application for license, which application for transfer shall be signed  
25 and sworn to by the person to whom the transfer of license is sought  
26 and shall bear the consent in writing of the licensee to the transfer, and  
27 after publication of notice of intention by the person to whom the  
28 transfer of license is sought, to apply for transfer in the same manner  
29 as is required in the case of an original application for license, the  
30 director or other issuing authority, as the case may be, may transfer  
31 any license issued by him or it respectively to the applicant for transfer  
32 by endorsing the license. The application and the applicant shall  
33 comply with all requirements of this chapter pertaining to an original  
34 application for license and shall be accompanied, in lieu of the license  
35 fee required on the original application, by a fee of 10% of the annual  
36 license fee for the license sought to be transferred, which 10% shall be  
37 retained by the director or other issuing authority, as the case may be,  
38 whether the transfer be granted or not, and accounted for as other  
39 license fees.

40 If the other issuing authority shall refuse to grant a transfer the  
41 applicant shall be notified forthwith of the refusal by a notice served  
42 personally upon the applicant, or sent to him by registered mail  
43 addressed to him at the address stated in the application, and the  
44 applicant may, within 30 days after the date of service or mailing of  
45 the notice, appeal to the director from the action of the issuing  
46 authority. If the other issuing authority shall grant a transfer, any  
47 taxpayer or other aggrieved person opposing the grant of the transfer

1 may, within 30 days after the grant of the transfer, appeal to the  
2 director from the action of the issuing authority.

3 No person who would fail to qualify as a licensee under this  
4 chapter shall be knowingly employed by or connected in any business  
5 capacity whatsoever with a licensee. A person failing to qualify as to  
6 age or by reason of conviction of a crime involving moral turpitude  
7 may, with the approval of the director, and subject to rules and  
8 regulations, be employed by any licensee, but the employee if  
9 disqualified by age shall not, in any manner whatsoever serve, sell or  
10 solicit the sale or participate in the manufacture, rectification,  
11 blending, treating, fortification, mixing, processing or bottling of any  
12 alcoholic beverage; and further provided, that no permit shall be  
13 necessary for the employment in a bona fide hotel or restaurant of any  
14 person failing to qualify as to age so long as the person shall not in any  
15 manner whatsoever serve, sell or solicit the sale of any alcoholic  
16 beverage, or participate in the mixing, processing or preparation  
17 thereof. Except for a person convicted of a sex offense as enumerated  
18 in subsection b. of N.J.S.2C:7-2 or a person convicted of a crime  
19 involving moral turpitude committed while employed on a licensed  
20 premises, a person who has been convicted of a crime involving moral  
21 turpitude may be employed by a Class C licensee without obtaining  
22 the approval of the director or a rehabilitation employment permit  
23 provided the person's responsibilities do not involve serving, selling or  
24 soliciting the sale of any alcoholic beverage; participating in the  
25 mixing, processing or preparation of alcoholic beverages; providing  
26 private security or admission-monitoring services for the premises; or  
27 providing or participating in any management or professional services.

28 Each person seeking to be employed or connected in any business  
29 capacity whatsoever with a licensee shall submit to the director the  
30 applicant's name, address, fingerprints and written consent for a  
31 criminal history record background check to be performed. The  
32 director is authorized to receive criminal history record information  
33 from the State Bureau of Identification in the Division of State Police  
34 and the Federal Bureau of Investigation consistent with applicable  
35 State and federal laws, rules and regulations. The applicant shall bear  
36 the cost for the criminal history record background check, including all  
37 costs of administering and processing the check. The Division of State  
38 Police shall promptly notify the director in the event a current holder  
39 of a license or prospective applicant, who was the subject of a criminal  
40 history record background check pursuant to this section, is arrested  
41 for a crime or offense in this State after the date the background check  
42 was performed.

43 Any request for relief under this section shall be accompanied by a  
44 nonreturnable filing fee of **[\$100.00]** \$100 payable to the director.

45 (cf: P.L.2012, c.32, s.1)

46

47 <sup>13</sup> (New section) The director shall have final approval of an  
48 alternating proprietorship arrangement, as established in subsections

1 2a. and 2b. of R.S.33:1-10, approved by the Alcohol and Tobacco Tax  
2 and Trade Bureau, subject to rules and regulations promulgated by the  
3 division, including regulations governing recordkeeping and reporting.  
4 If the Alcohol and Tobacco Tax and Trade Bureau determines that the  
5 alternating proprietorship is not a bona fide arrangement, or if the  
6 plenary winery or farm winery applicant does not qualify as an  
7 independent bonded winery, the applicant shall not be eligible to enter  
8 into an alternating proprietorship arrangement.<sup>1</sup>

9

10 <sup>1</sup>**[3.]** 4.<sup>1</sup> This act shall take effect immediately.

11

12

13

14

15 Permits alternating proprietorship of certain wineries.

# ASSEMBLY, No. 3912

## STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED MAY 9, 2022

**Sponsored by:**

**Assemblyman LOUIS D. GREENWALD**

**District 6 (Burlington and Camden)**

**Assemblyman CLINTON CALABRESE**

**District 36 (Bergen and Passaic)**

**Co-Sponsored by:**

**Assemblyman Spearman, Assemblywoman Lampitt and Assemblyman Freiman**

**SYNOPSIS**

Permits alternating proprietorship of certain wineries.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 12/15/2022)**

A3912 GREENWALD, CALABRESE

2

1 AN ACT concerning wineries and amending and R.S.33:1-10 and  
2 R.S.33:1-26.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. R.S.33:1-10 is amended to read as follows:

8 33:1-10. Class A licenses shall be subdivided and classified as  
9 follows:

10 Plenary brewery license 1a. The holder of this license shall be  
11 entitled, subject to rules and regulations, to brew any malt alcoholic  
12 beverages and to sell and distribute his products to wholesalers and  
13 retailers licensed in accordance with this chapter, and to sell and  
14 distribute without this State to any persons pursuant to the laws of  
15 the places of such sale and distribution, and to maintain a  
16 warehouse; provided, however, that the delivery of this product by  
17 the holder of this license to retailers licensed under this title shall be  
18 from inventory in a warehouse located in this State which is  
19 operated under a plenary brewery license. The fee for this license  
20 shall be \$10,625.

21 Limited brewery license 1b. The holder of this license shall be  
22 entitled, subject to rules and regulations, to brew any malt alcoholic  
23 beverages in a quantity to be expressed in said license, dependent  
24 upon the following fees and not in excess of 300,000 barrels of 31  
25 fluid gallons capacity per year and to sell and distribute this product  
26 to wholesalers and retailers licensed in accordance with this  
27 chapter, and to sell and distribute without this State to any persons  
28 pursuant to the laws of the places of such sale and distribution, and  
29 to maintain a warehouse; provided, however, that the delivery of  
30 this product by the holder of this license to retailers licensed under  
31 this title shall be from inventory in a warehouse located in this State  
32 which is operated under a limited brewery license. The holder of  
33 this license shall be entitled to sell this product at retail to  
34 consumers on the licensed premises of the brewery for consumption  
35 on the premises, but only in connection with a tour of the brewery,  
36 or for consumption off the premises in a quantity of not more than  
37 15.5 fluid gallons per person, and to offer samples for sampling  
38 purposes only pursuant to an annual permit issued by the director.  
39 If the holder of this license holds a bonded warehouse bottling  
40 license issued pursuant to subsection 5 of this section, product  
41 brewed in accordance with this subsection and transferred to a  
42 bonded warehouse for bottling and storage may be sold at retail and  
43 offered for sampling on the licensed premises of the brewery by the  
44 holder of this license. The holder of this license shall not sell food

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 or operate a restaurant on the licensed premises. The fee for this  
2 license shall be graduated as follows:

3 to so brew not more than 50,000 barrels of 31 liquid gallons  
4 capacity per annum, \$1,250;

5 to so brew not more than 100,000 barrels of 31 fluid gallons  
6 capacity per annum, \$2,500;

7 to so brew not more than 200,000 barrels of 31 fluid gallons  
8 capacity per annum, \$5,000;

9 to so brew not more than 300,000 barrels of 31 fluid gallons  
10 capacity per annum, \$7,500.

11 For the purposes of this subsection, "sampling" means the selling  
12 at a nominal charge or the gratuitous offering of an open container  
13 not exceeding four ounces of any malt alcoholic beverage. For the  
14 purposes of this subsection, "product" means any malt alcoholic  
15 beverage that is produced on the premises licensed under this  
16 subsection.

17 Restricted brewery license. 1c. The holder of this license shall  
18 be entitled, subject to rules and regulations, to brew any malt  
19 alcoholic beverages in a quantity to be expressed in such license not  
20 in excess of 10,000 barrels of 31 gallons capacity per year.  
21 Notwithstanding the provisions of R.S.33:1-26, the director shall  
22 issue a restricted brewery license only to a person or an entity  
23 which has identical ownership to an entity which holds a plenary  
24 retail consumption license issued pursuant to R.S.33:1-12, provided  
25 that such plenary retail consumption license is operated in  
26 conjunction with a restaurant regularly and principally used for the  
27 purpose of providing meals to its customers and having adequate  
28 kitchen and dining room facilities, and that the licensed restaurant  
29 premises is immediately adjoining the premises licensed under this  
30 subsection. The holder of this license shall be entitled to sell or  
31 deliver the product to that restaurant premises. The holder of this  
32 license also shall be entitled to sell and distribute the product to  
33 wholesalers licensed in accordance with this chapter. The fee for  
34 this license shall be \$1,250, which fee shall entitle the holder to  
35 brew up to 1,000 barrels of 31 liquid gallons per annum. The  
36 licensee also shall pay an additional \$250 for every additional 1,000  
37 barrels of 31 fluid gallons produced. The fee shall be paid at the  
38 time of application for the license, and additional payments based  
39 on barrels produced shall be paid within 60 days following the  
40 expiration of the license term upon certification by the licensee of  
41 the actual gallons brewed during the license term. No more than 10  
42 restricted brewery licenses shall be issued to a person or entity  
43 which holds an interest in a plenary retail consumption license. If  
44 the governing body of the municipality in which the licensed  
45 premises will be located should file a written objection, the director  
46 shall hold a hearing and may issue the license only if the director  
47 finds that the issuance of the license will not be contrary to the  
48 public interest. All fees related to the issuance of both licenses

1 shall be paid in accordance with statutory law. The provisions of  
2 this subsection shall not be construed to limit or restrict the rights  
3 and privileges granted by the plenary retail consumption license  
4 held by the holder of the restricted brewery license issued pursuant  
5 to this subsection.

6 The holder of this license shall be entitled to offer samples of its  
7 product for promotional purposes at charitable or civic events off  
8 the licensed premises pursuant to an annual permit issued by the  
9 director.

10 For the purposes of this subsection, "sampling" means the selling  
11 at a nominal charge or the gratuitous offering of an open container  
12 not exceeding four ounces of any malt alcoholic beverage product.  
13 For the purposes of this subsection, "product" means any malt  
14 alcoholic beverage that is produced on the premises licensed under  
15 this subsection.

16 Plenary winery license. 2a. Provided that the holder is engaged  
17 in growing and cultivating grapes or fruit used in the production of  
18 wine on at least three acres on, or adjacent to, the winery premises,  
19 except as otherwise provided in this subsection for certain  
20 alternating proprietorship agreements, the holder of this license  
21 shall be entitled, subject to rules and regulations, to produce any  
22 fermented wines, and to blend, fortify and treat wines, and to sell  
23 and distribute his products to wholesalers licensed in accordance  
24 with this chapter and to churches for religious purposes, and to sell  
25 and distribute without this State to any persons pursuant to the laws  
26 of the places of such sale and distribution, and to maintain a  
27 warehouse, and to sell his products at retail to consumers on the  
28 licensed premises of the winery for consumption on or off the  
29 premises and to offer samples for sampling purposes only. The fee  
30 for this license shall be \$938. A holder of this license who produces  
31 not more than 250,000 gallons per year shall also have the right to  
32 sell and distribute his products to retailers licensed in accordance  
33 with this chapter, except that the holder of this license shall not use  
34 a common carrier for such distribution. The fee for this additional  
35 privilege shall be graduated as follows: a licensee who  
36 manufactures more than 150,000 gallons, but not in excess of  
37 250,000 gallons per annum, \$1,000; a licensee who manufactures  
38 more than 100,000 gallons, but not in excess of 150,000 gallons per  
39 annum, \$500; a licensee who manufactures more than 50,000  
40 gallons, but not in excess of 100,000 gallons per annum, \$250; a  
41 licensee who manufactures 50,000 gallons or less per annum, \$100.  
42 A holder of this license who produces not more than 250,000  
43 gallons per year shall have the right to sell such wine at retail in  
44 original packages in 15 salesrooms apart from the winery premises  
45 for consumption on or off the premises and for sampling purposes  
46 for consumption on the premises, at a fee of \$250 for each  
47 salesroom. Licensees shall not jointly control and operate  
48 salesrooms. Additionally, the holder of this license who produces

1 not more than 250,000 gallons per year may ship not more than 12  
2 cases of wine per year, subject to regulation, to any person within or  
3 without this State over 21 years of age for personal consumption  
4 and not for resale. A case of wine shall not exceed a maximum of  
5 nine liters. A copy of the original invoice shall be available for  
6 inspection by persons authorized to enforce the alcoholic beverage  
7 laws of this State for a minimum period of three years at the  
8 licensed premises of the winery. For the purposes of this  
9 subsection, "sampling" means the selling at a nominal charge or the  
10 gratuitous offering of an open container not exceeding one and one-  
11 half ounces of any wine.

12 A holder of this license who produces not more than 250,000  
13 gallons per year shall not own, either in whole or in part, or hold,  
14 either directly or indirectly, any interest in a winery that produces  
15 more than 250,000 gallons per year. In addition, a holder of this  
16 license who produces more than 250,000 gallons per year shall not  
17 own, either in whole or in part, or hold, either directly or indirectly,  
18 any interest in a winery that produces not more than 250,000  
19 gallons per year.

20 An applicant for a plenary winery license or the holder of a  
21 plenary winery license may apply to the director to enter into an  
22 agreement with a host New Jersey winery to use the host's  
23 equipment and space in an alternating proprietorship for production  
24 of wine in a manner consistent with regulations promulgated by the  
25 Alcohol and Tobacco Tax and Trade Bureau.

26 An applicant for a plenary winery license who also applies to the  
27 director to enter into an alternating proprietorship agreement  
28 pursuant to this subsection shall be permitted to grow and cultivate  
29 grapes or fruit used in the production of wine on at least three acres  
30 within a five mile radius of the host winery premises.

31 For the purposes of this subsection, "product" means any wine  
32 that is produced, blended, fortified, or treated by the licensee on its  
33 licensed premises situated in the State of New Jersey. For the  
34 purposes of this subsection, "wine" shall include "hard cider" and  
35 "mead" as defined in this section.

36 Farm winery license. 2b. The holder of this license shall be  
37 entitled, subject to rules and regulations, to manufacture any  
38 fermented wines and fruit juices in a quantity to be expressed in  
39 said license, dependent upon the following fees and not in excess of  
40 50,000 gallons per year and to sell and distribute his products to  
41 wholesalers and retailers licensed in accordance with this chapter  
42 and to churches for religious purposes and to sell and distribute  
43 without this State to any persons pursuant to the laws of the places  
44 of such sale and distribution, and to maintain a warehouse and to  
45 sell at retail to consumers for consumption on or off the licensed  
46 premises and to offer samples for sampling purposes only. The  
47 license shall be issued only when the winery at which such  
48 fermented wines and fruit juices are manufactured is located and

1 constructed upon a tract of land exclusively under the control of the  
2 licensee, provided that the licensee is actively engaged in growing  
3 and cultivating an area of not less than three acres on or adjacent to  
4 the winery premises and on which are growing grape vines or fruit  
5 to be processed into wine or fruit juice , except in the case of certain  
6 alternating proprietorship agreements, as provided in this  
7 subsection; and provided, further, that for the first five years of the  
8 operation of the winery such fermented wines and fruit juices shall  
9 be manufactured from at least 51 percent grapes or fruit grown in  
10 the State and that thereafter they shall be manufactured from grapes  
11 or fruit grown in this State at least to the extent required for  
12 labeling as "New Jersey Wine" under the applicable federal laws  
13 and regulations. The containers of all wine sold to consumers by  
14 such licensee shall have affixed a label stating such information as  
15 shall be required by the rules and regulations of the Director of the  
16 Division of Alcoholic Beverage Control. The fee for this license  
17 shall be graduated as follows: to so manufacture between 30,000  
18 and 50,000 gallons per annum, \$375; to so manufacture between  
19 2,500 and 30,000 gallons per annum, \$250; to so manufacture  
20 between 1,000 and 2,500 gallons per annum, \$125; to so  
21 manufacture less than 1,000 gallons per annum, \$63. No farm  
22 winery license shall be held by the holder of a plenary winery  
23 license **【**or be situated on a premises licensed as a plenary winery**】**.

24 The holder of this license shall also have the right to sell and  
25 distribute his products to retailers licensed in accordance with this  
26 chapter, except that the holder of this license shall not use a  
27 common carrier for such distribution. The fee for this additional  
28 privilege shall be \$100. The holder of this license shall have the  
29 right to sell his products in original packages at retail to consumers  
30 in 15 salesrooms apart from the winery premises for consumption  
31 on or off the premises, and for sampling purposes for consumption  
32 on the premises, at a fee of \$250 for each salesroom. Licensees  
33 shall not jointly control and operate salesrooms. Additionally, the  
34 holder of this license may ship not more than 12 cases of wine per  
35 year, subject to regulation, to any person within or without this  
36 State over 21 years of age for personal consumption and not for  
37 resale. A case of wine shall not exceed a maximum of nine liters.  
38 A copy of the original invoice shall be available for inspection by  
39 persons authorized to enforce the alcoholic beverage laws of this  
40 State for a minimum period of three years at the licensed premises  
41 of the winery. For the purposes of this subsection, "sampling"  
42 means the selling at a nominal charge or the gratuitous offering of  
43 an open container not exceeding one and one-half ounces of any  
44 wine.

45 A holder of this license who produces not more than 250,000  
46 gallons per year shall not own, either in whole or in part, or hold,  
47 either directly or indirectly, any interest in a winery that produces  
48 more than 250,000 gallons per year.

1       An applicant for a farm winery license may apply to the director  
2 to enter into an agreement with a host New Jersey winery to use the  
3 host's equipment and space in an alternating proprietorship for  
4 production of wine in a manner consistent with regulations  
5 promulgated by the Alcohol and Tobacco Tax and Trade Bureau.

6       An applicant for a farm winery license who also applies to the  
7 director to enter into an alternating proprietorship agreement  
8 pursuant to this subsection shall be permitted to grow and cultivate  
9 grapes or fruit used in the production of wine on at least three acres  
10 within a five mile radius of the host winery premises.

11       Unless otherwise indicated, for the purposes of this subsection,  
12 with respect to farm winery licenses, "manufacture" means the  
13 vinification, aging, storage, blending, clarification, stabilization and  
14 bottling of wine or juice from New Jersey fruit to the extent  
15 required by this subsection.

16       For the purposes of this subsection, "wine" shall include "hard  
17 cider" and "mead" as defined in this section.

18       Wine blending license. 2c. The holder of this license shall be  
19 entitled, subject to rules and regulations, to blend, treat, mix, and  
20 bottle fermented wines and fruit juices with non-alcoholic  
21 beverages, and to sell and distribute his products to wholesalers and  
22 retailers licensed in accordance with this chapter, and to sell and  
23 distribute without this State to any persons pursuant to the laws of  
24 the places of such sale and distribution, and to maintain a  
25 warehouse. The fee for this license shall be \$625.

26       For the purposes of this subsection, "wine" shall include "hard  
27 cider" and "mead" as defined in this section.

28       Instructional winemaking facility license. 2d. The holder of this  
29 license shall be entitled, subject to rules and regulations, to instruct  
30 persons in and provide them with the opportunity to participate  
31 directly in the process of winemaking and to directly assist such  
32 persons in the process of winemaking while in the process of  
33 instruction on the premises of the facility. The holder of this  
34 license also shall be entitled to manufacture wine on the premises  
35 not in excess of an amount of 10 percent of the wine produced  
36 annually on the premises of the facility, which shall be used only to  
37 replace quantities lost or discarded during the winemaking process,  
38 to maintain a warehouse, and to offer samples produced by persons  
39 who have received instruction in winemaking on the premises by  
40 the licensee for sampling purposes only on the licensed premises for  
41 the purpose of promoting winemaking for personal or household use  
42 or consumption. Wine produced on the premises of an instructional  
43 winemaking facility shall be used, consumed or disposed of on the  
44 facility's premises or distributed from the facility's premises to a  
45 person who has participated directly in the process of winemaking  
46 for the person's personal or household use or consumption. The  
47 holder of this license may sell mercantile items traditionally  
48 associated with winemaking and novelty wearing apparel identified

1 with the name of the establishment licensed under the provisions of  
2 this section. The holder of this license may use the licensed  
3 premises for an event or affair, including an event or affair at which  
4 a plenary retail consumption licensee serves alcoholic beverages in  
5 compliance with all applicable statutes and regulations promulgated  
6 by the director. The fee for this license shall be \$1,000. For the  
7 purposes of this subsection, "sampling" means the gratuitous  
8 offering of an open container not exceeding one and one-half  
9 ounces of any wine.

10 For the purposes of this subsection, "wine" shall include "hard  
11 cider" and "mead" as defined in this section.

12 Out-of-State winery license. 2e. Provided that the applicant  
13 does not produce more than 250,000 gallons of wine per year, the  
14 holder of a valid winery license issued in any other state may make  
15 application to the director for this license. The holder of this  
16 license shall have the right to sell and distribute his products to  
17 wholesalers licensed in accordance with this chapter and to sell  
18 such wine at retail in original packages in 16 salesrooms apart from  
19 the winery premises for consumption on or off the premises at a fee  
20 of \$250 for each salesroom. Licensees shall not jointly control and  
21 operate salesrooms. The annual fee for this license shall be \$938.  
22 A copy of a current license issued by another state shall accompany  
23 the application. The holder of this license also shall have the right  
24 to sell and distribute his products to retailers licensed in accordance  
25 with this chapter, except that the holder of this license shall not use  
26 a common carrier for such distribution. The fee for this additional  
27 privilege shall be graduated as follows: a licensee who  
28 manufactures more than 150,000 gallons, but not in excess of  
29 250,000 gallons per annum, \$1,000; a licensee who manufactures  
30 more than 100,000 gallons, but not in excess of 150,000 gallons per  
31 annum, \$500; a licensee who manufactures more than 50,000  
32 gallons, but not in excess of 100,000 gallons per annum, \$250; a  
33 licensee who manufactures 50,000 gallons or less per annum, \$100.  
34 Additionally, the holder of this license may ship not more than 12  
35 cases of wine per year, subject to regulation, to any person within or  
36 without this State over 21 years of age for personal consumption  
37 and not for resale. A case of wine shall not exceed a maximum of  
38 nine liters. A copy of the original invoice shall be available for  
39 inspection by persons authorized to enforce the alcoholic beverage  
40 laws of this State for a minimum period of three years at the  
41 licensed premises of the winery.

42 The licensee shall collect from the customer the tax due on the  
43 sale pursuant to the "Sales and Use Tax Act," P.L.1966, c.30  
44 (C.54:32B-1 et seq.) and shall pay the tax due on the delivery of  
45 alcoholic beverages pursuant to the "Alcoholic beverage tax law,"  
46 R.S.54:41-1 et seq. The Director of the Division of Taxation in the  
47 Department of the Treasury shall promulgate such rules and  
48 regulations necessary to effectuate the provisions of this paragraph,

1 and may provide by regulation for the co-administration of the tax  
2 due on the delivery of alcoholic beverages pursuant to the  
3 "Alcoholic beverage tax law," R.S.54:41-1 et seq. with the  
4 administration of the tax due on the sale pursuant to the "Sales and  
5 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

6 A holder of this license who produces not more than 250,000  
7 gallons per year shall not own, either in whole or in part, or hold,  
8 either directly or indirectly, any interest in a winery that produces  
9 more than 250,000 gallons per year.

10 For the purposes of this subsection, "wine" shall include "hard  
11 cider" and "mead" as defined in this section.

12 Cidery and meadery license. 2f. The holder of this license shall  
13 be entitled, subject to rules and regulations, to manufacture hard  
14 cider and mead and to sell and distribute these products to  
15 wholesalers and retailers licensed in accordance with this chapter,  
16 and to sell and distribute without this State to any persons pursuant  
17 to the laws of the places of such sale and distribution, and to  
18 maintain a warehouse. The holder of this license shall be entitled to  
19 sell these products at retail to consumers on the licensed premises  
20 for consumption on or off the premises and to offer samples for  
21 sampling purposes only. The holder of this license shall be  
22 permitted to offer for sale or make the gratuitous offering of  
23 packaged crackers, chips, nuts, and similar snacks to consumers, but  
24 shall not operate a restaurant on the licensed premises. The fee for  
25 this license shall be \$938.

26 The holder of this license shall be entitled to manufacture hard  
27 cider in a quantity not to exceed 50,000 barrels of 31 fluid gallons  
28 capacity per year. With respect to the sale and distribution of hard  
29 cider to a wholesaler, the licensee shall be subject to the same  
30 statutory and regulatory requirements as a brewer, and hard cider  
31 shall be considered a malt alcoholic beverage, for the purposes of  
32 the "Malt Alcoholic Beverage Practices Act," P.L.2005, c.243  
33 (C.33:1-93.12 et seq.). The holder of this license shall not directly  
34 ship hard cider either within or without this State.

35 The holder of this license shall be entitled to manufacture not  
36 more than 250,000 gallons of mead per year. The holder of this  
37 license may ship not more than 12 cases of mead per year, subject  
38 to regulation, to any person within or without this State over 21  
39 years of age for personal consumption and not for resale. A case of  
40 mead shall not exceed a maximum of nine liters. A copy of the  
41 original invoice shall be available for inspection by persons  
42 authorized to enforce the alcoholic beverage laws of this State for a  
43 minimum period of three years at the licensed premises.

44 As used in this subsection:

45 "Hard cider" means a fermented alcoholic beverage derived  
46 primarily from apples, pears, apple juice concentrate and water, or  
47 pear juice concentrate and water, which may include spices, herbs,  
48 honey, or other flavoring, and which contains at least one half of

1 one percent but less than eight and one half percent alcohol by  
2 volume.

3 "Mead" means an alcoholic beverage primarily made from  
4 honey, water, and yeast, and which may contain fruit, fruit juices,  
5 spices, or herbs added before or after fermentation has completed,  
6 except that the ratio of fermentable sugars from fruit or fruit juices  
7 shall not exceed 49 percent of the total fermentable sugars used to  
8 produce mead.

9 "Sampling" means the selling at a nominal charge or the  
10 gratuitous offering of an open container not exceeding four ounces  
11 of hard cider or mead produced on the licensed premises.

12 Plenary distillery license. 3a. The holder of this license shall be  
13 entitled, subject to rules and regulations, to manufacture any  
14 distilled alcoholic beverages and rectify, blend, treat and mix, and  
15 to sell and distribute his products to wholesalers and retailers  
16 licensed in accordance with this chapter, and to sell and distribute  
17 without this State to any persons pursuant to the laws of the places  
18 of such sale and distribution, and to maintain a warehouse. The fee  
19 for this license shall be \$12,500.

20 Limited distillery license. 3b. The holder of this license shall be  
21 entitled, subject to rules and regulations, to manufacture and bottle  
22 any alcoholic beverages distilled from fruit juices and rectify,  
23 blend, treat, mix, compound with wine and add necessary  
24 sweetening and flavor to make cordial or liqueur, and to sell and  
25 distribute to wholesalers and retailers licensed in accordance with  
26 this chapter, and to sell and distribute without this State to any  
27 persons pursuant to the laws of the places of such sale and  
28 distribution and to warehouse these products. The fee for this  
29 license shall be \$3,750.

30 Supplementary limited distillery license. 3c. The holder of this  
31 license shall be entitled, subject to rules and regulations, to bottle  
32 and rebottle, in a quantity to be expressed in said license, dependent  
33 upon the following fees, alcoholic beverages distilled from fruit  
34 juices by such holder pursuant to a prior plenary or limited distillery  
35 license, and to sell and distribute his products to wholesalers and  
36 retailers licensed in accordance with this chapter, and to sell and  
37 distribute without this State to any persons pursuant to the laws of  
38 the places of such sale and distribution, and to maintain a  
39 warehouse. The fee for this license shall be graduated as follows:  
40 to so bottle and rebottle not more than 5,000 wine gallons per  
41 annum, \$313; to so bottle and rebottle not more than 10,000 wine  
42 gallons per annum, \$625; to so bottle and rebottle without limit as  
43 to amount, \$1,250.

44 Craft distillery license. 3d. The holder of this license shall be  
45 entitled, subject to rules and regulations, to manufacture not more  
46 than 20,000 gallons of distilled alcoholic beverages, to rectify,  
47 blend, treat and mix distilled alcoholic beverages, to sell and  
48 distribute this product to wholesalers and retailers licensed in

1 accordance with this chapter, and to sell and distribute without this  
2 State to any persons pursuant to the laws of the places of such sale  
3 and distribution, and to maintain a warehouse. The holder of this  
4 license shall be entitled to sell this product at retail to consumers on  
5 the licensed premises of the distillery for consumption on the  
6 premises, but only in connection with a tour of the distillery, and  
7 for consumption off the premises in a quantity of not more than five  
8 liters per person. In addition, the holder of this license may offer  
9 any person not more than three samples per calendar day for  
10 sampling purposes only. For the purposes of this subsection,  
11 "sampling" means the gratuitous offering of an open container not  
12 exceeding one-half ounce serving of distilled alcoholic beverage  
13 produced on the distillery premises. If the holder of this license  
14 holds a bonded warehouse bottling license issued pursuant to  
15 subsection 5 of this section, product manufactured in accordance  
16 with this subsection and transferred to a bonded warehouse for  
17 bottling and storage may be sold at retail and offered for sampling  
18 on the licensed premises of the distillery by the holder of this  
19 license. Nothing in this subsection shall be deemed to permit the  
20 direct shipment of distilled spirits either within or without this  
21 State.

22 The holder of this license shall not sell food or operate a  
23 restaurant on the licensed premises. A holder of this license who  
24 certifies that not less than 51 percent of the raw materials used in  
25 the production of distilled alcoholic beverages under this section are  
26 grown in this State or purchased from providers located in this State  
27 may, consistent with all applicable federal laws and regulations,  
28 label these distilled alcoholic beverages as "New Jersey Distilled."  
29 The fee for this license shall be \$938.

30 Rectifier and blender license. 4. The holder of this license shall  
31 be entitled, subject to rules and regulations, to rectify, blend, treat  
32 and mix distilled alcoholic beverages, and to fortify, blend, and  
33 treat fermented alcoholic beverages, and prepare mixtures of  
34 alcoholic beverages, and to sell and distribute his products to  
35 wholesalers and retailers licensed in accordance with this chapter,  
36 and to sell and distribute without this State to any persons pursuant  
37 to the laws of the places of such sale and distribution, and to  
38 maintain a warehouse. The fee for this license shall be \$7,500.

39 Bonded warehouse bottling license. 5. The holder of this license  
40 shall be entitled, subject to rules and regulations, to bottle alcoholic  
41 beverages in bond on behalf of all persons authorized by federal and  
42 State law and regulations to withdraw alcoholic beverages from  
43 bond. The fee for this license shall be \$625. This license shall be  
44 issued only to persons holding permits to operate Internal Revenue  
45 bonded warehouses pursuant to the laws of the United States.

46 The provisions of section 21 of P.L.2003, c.117 amendatory of  
47 this section shall apply to licenses issued or transferred on or after

1 July 1, 2003, and to license renewals commencing on or after July  
2 1, 2003.

3 (cf: P.L.2021, c.407, S.1 )  
4

5 2. R.S.33:1-26 is amended to read as follows:

6 33:1-26. All licenses shall be for a term of one year from July 1  
7 in each year. The respective fees for any such license shall be  
8 prorated according to the effective date of the license and based on  
9 the respective annual fee as in this chapter provided. Where the  
10 license fee deposited with the application exceeds the prorated fee,  
11 a refund of the excess shall be made to the licensee. Licenses are  
12 not transferable except as hereinafter provided. **[A]** The holders of  
13 a plenary winery license or farm winery license who are engaged in  
14 an alternating proprietorship pursuant to subsection 2a. and 2b. of  
15 R.S.33:1-10 shall be permitted to share a place of business on an  
16 alternating basis for production of wine in a manner consistent with  
17 regulations promulgated by the Alcohol and Tobacco Tax and Trade  
18 Bureau. Except in the case of an alternating proprietorship, a  
19 separate license is required for each specific place of business and  
20 the operation and effect of every license is confined to the licensed  
21 premises. No retail license of any class shall be issued to any holder  
22 of a manufacturer's or wholesaler's license, and no manufacturer's  
23 or wholesaler's license shall be issued to the holder of a retail  
24 license of any class. Any person who shall exercise or attempt to  
25 exercise, or hold himself out as authorized to exercise, the rights  
26 and privileges of a licensee except the licensee and then only with  
27 respect to the licensed premises, shall be guilty of a misdemeanor.

28 In case of death, bankruptcy, receivership or incompetency of the  
29 licensee, or if for any other reason whatsoever the operation of the  
30 business covered by the license shall devolve by operation of law  
31 upon a person other than the licensee, the director or the issuing  
32 authority may, in his or its discretion, extend the license for a  
33 limited time, not exceeding its term, to the executor, administrator,  
34 trustee, receiver or other person upon whom the same has devolved  
35 by operation of law as aforesaid. Under no circumstances,  
36 however, shall a license, or rights thereunder, be deemed property,  
37 subject to inheritance, sale, pledge, lien, levy, attachment,  
38 execution, seizure for debts, or any other transfer or disposition  
39 whatsoever, except for payment of taxes, fees, interest and penalties  
40 imposed by any State tax law for which a lien may attach pursuant  
41 to R.S.54:49-1 or pursuant to the State Uniform Tax Procedure  
42 Law, R.S.54:48-1 et seq., or any similar State lien of tax, except to  
43 the extent expressly provided by this chapter.

44 On application made therefor setting forth the same matters and  
45 things with reference to the premises to which a transfer of license  
46 is sought as are required to be set forth in connection with an  
47 original application for license, as to the premises, and after  
48 publication of notice of intention to apply for transfer, in the same

1 manner as is required in case of an application for license as to the  
2 premises, the director or other issuing authority may transfer, upon  
3 payment of a fee of 10% of the annual license fee for the license  
4 sought to be transferred, any license issued by him or it respectively  
5 to a different place of business than that specified therein, by  
6 endorsing permission upon the license.

7 On application made therefor setting forth the same matters and  
8 things with reference to the person to whom a transfer of license is  
9 sought as are required to be set forth in connection with an original  
10 application for license, which application for transfer shall be  
11 signed and sworn to by the person to whom the transfer of license is  
12 sought and shall bear the consent in writing of the licensee to the  
13 transfer, and after publication of notice of intention by the person to  
14 whom the transfer of license is sought, to apply for transfer in the  
15 same manner as is required in the case of an original application for  
16 license, the director or other issuing authority, as the case may be,  
17 may transfer any license issued by him or it respectively to the  
18 applicant for transfer by endorsing the license. The application and  
19 the applicant shall comply with all requirements of this chapter  
20 pertaining to an original application for license and shall be  
21 accompanied, in lieu of the license fee required on the original  
22 application, by a fee of 10% of the annual license fee for the license  
23 sought to be transferred, which 10% shall be retained by the  
24 director or other issuing authority, as the case may be, whether the  
25 transfer be granted or not, and accounted for as other license fees.

26 If the other issuing authority shall refuse to grant a transfer the  
27 applicant shall be notified forthwith of the refusal by a notice  
28 served personally upon the applicant, or sent to him by registered  
29 mail addressed to him at the address stated in the application, and  
30 the applicant may, within 30 days after the date of service or  
31 mailing of the notice, appeal to the director from the action of the  
32 issuing authority. If the other issuing authority shall grant a  
33 transfer, any taxpayer or other aggrieved person opposing the grant  
34 of the transfer may, within 30 days after the grant of the transfer,  
35 appeal to the director from the action of the issuing authority.

36 No person who would fail to qualify as a licensee under this  
37 chapter shall be knowingly employed by or connected in any  
38 business capacity whatsoever with a licensee. A person failing to  
39 qualify as to age or by reason of conviction of a crime involving  
40 moral turpitude may, with the approval of the director, and subject  
41 to rules and regulations, be employed by any licensee, but the  
42 employee if disqualified by age shall not, in any manner whatsoever  
43 serve, sell or solicit the sale or participate in the manufacture,  
44 rectification, blending, treating, fortification, mixing, processing or  
45 bottling of any alcoholic beverage; and further provided, that no  
46 permit shall be necessary for the employment in a bona fide hotel or  
47 restaurant of any person failing to qualify as to age so long as the  
48 person shall not in any manner whatsoever serve, sell or solicit the

1 sale of any alcoholic beverage, or participate in the mixing,  
2 processing or preparation thereof. Except for a person convicted of  
3 a sex offense as enumerated in subsection b. of N.J.S.2C:7-2 or a  
4 person convicted of a crime involving moral turpitude committed  
5 while employed on a licensed premises, a person who has been  
6 convicted of a crime involving moral turpitude may be employed by  
7 a Class C licensee without obtaining the approval of the director or  
8 a rehabilitation employment permit provided the person's  
9 responsibilities do not involve serving, selling or soliciting the sale  
10 of any alcoholic beverage; participating in the mixing, processing or  
11 preparation of alcoholic beverages; providing private security or  
12 admission-monitoring services for the premises; or providing or  
13 participating in any management or professional services.

14 Each person seeking to be employed or connected in any  
15 business capacity whatsoever with a licensee shall submit to the  
16 director the applicant's name, address, fingerprints and written  
17 consent for a criminal history record background check to be  
18 performed. The director is authorized to receive criminal history  
19 record information from the State Bureau of Identification in the  
20 Division of State Police and the Federal Bureau of Investigation  
21 consistent with applicable State and federal laws, rules and  
22 regulations. The applicant shall bear the cost for the criminal  
23 history record background check, including all costs of  
24 administering and processing the check. The Division of State  
25 Police shall promptly notify the director in the event a current  
26 holder of a license or prospective applicant, who was the subject of  
27 a criminal history record background check pursuant to this section,  
28 is arrested for a crime or offense in this State after the date the  
29 background check was performed.

30 Any request for relief under this section shall be accompanied by  
31 a nonreturnable filing fee of **[\$100.00]** \$100 payable to the  
32 director.

33 (cf: P.L.2012, c.32, s.1)  
34

35 3. This act shall take effect immediately.  
36  
37

#### 38 STATEMENT 39

40 This bill facilitates alternating proprietorships for plenary and  
41 farm wineries. Under current law, the holder of a plenary winery  
42 license or a farm winery license is required to exercise exclusive  
43 control over a single place of business for its wine manufacturing  
44 processes.

45 This bill permits an applicant for or a holder of a plenary or farm  
46 winery license to apply to the Director of the Division of Alcoholic  
47 Beverage Control to enter into an agreement with a host New Jersey  
48 winery to use the host's equipment and space in an alternating

1 proprietorship for production of wine in a manner consistent with  
2 regulations promulgated by the Alcohol and Tobacco Tax and Trade  
3 Bureau. If the applicant meets all other requirements for licensure,  
4 the director may grant a plenary or farm winery license to the  
5 applicant for use in an alternating proprietor winery provided the  
6 applicant and the host winery utilize the place of business on an  
7 alternating basis.

8       Additionally, current law requires the holder of a plenary or farm  
9 winery license to produce wine using grapes or fruit grown on at  
10 least three acres on, or adjacent to, the winery premises. This bill  
11 provides that in the case of an applicant for a plenary or farm  
12 winery license who additionally is applying to the director to enter  
13 into an alternating proprietorship agreement, the applicant would be  
14 permitted to grow grapes or fruit used in the production of wine  
15 within a five mile radius of the host winery premises. Current law  
16 requires the grapes or fruit to be grown on or adjacent to the winery  
17 premises.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 3912**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 12, 2023

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 3912, with committee amendments.

As amended and reported by the committee, Assembly Bill No. 3912 permits an applicant for or a holder of a plenary or farm winery license to apply to the Director of the Division of Alcoholic Beverage Control for approval to enter into an agreement with a host New Jersey winery to use the host's equipment and space in an alternating proprietorship for production of wine. The director shall approve the agreement if the director determines the Alcohol and Tobacco Tax and Trade Bureau has approved the proposed alternating proprietorship arrangement and that no applicable State alcohol licensing or taxation law, or related regulation or special ruling would be violated. The bill requires the director to approve or deny an application within 180 days, unless the applicant agrees to an extension.

Additionally, current law requires the holder of a plenary or farm winery license to produce wine using grapes or fruit grown on at least three acres on, or adjacent to, the winery premises. This bill provides that in the case of an applicant for a plenary or farm winery license who additionally is applying to the director to enter into an alternating proprietorship agreement, the applicant would be permitted to grow grapes or fruit used in the production of wine within a five-mile radius of the host winery premises.

As amended and reported by the committee, Assembly Bill No. 3912 is identical to Senate Bill No. 2724, which also was reported and amended by the committee on this date.

#### COMMITTEE AMENDMENTS

The committee amended the bill to clarify that an applicant for a plenary winery license or farm winery license or the holder of either of those licenses may apply to the Director of the Division of Alcoholic Beverage Control for approval to enter into an alternating proprietorship agreement.

The amendments require the director to approve the application if the applicant or holder has approval from the Alcohol and Tobacco Tax and Trade Bureau to enter into the alternating proprietorship

agreement, provided that no relevant State alcohol licensing or taxation laws, regulations, or special rulings would be violated.

The amendments require the director to approve or deny an application within six months, unless the applicant agrees to an extension. The amendments also make clarifying and technical changes.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the Division of Alcoholic Beverage Control's increased workload.

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 3912**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

DATED: DECEMBER 7, 2022

**SUMMARY**

**Synopsis:** Permits alternating proprietorship of certain wineries.

**Type of Impact:** Annual State revenue and expenditure increases.

**Agencies Affected:** Department of Law and Public Safety; Department of the Treasury.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Annual</u></b>
<b>State Expenditure Increase</b>	Indeterminate
<b>State Revenue Increase</b>	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the division's increased workload.

**BILL DESCRIPTION**

This bill facilitates alternating proprietorships for plenary and farm wineries. Under current law, the holder of a plenary winery license or a farm winery license is required to exercise exclusive control over a single place of business for its wine manufacturing processes.

This bill permits an applicant for or a holder of a plenary or farm winery license to apply to the Director of the Division of Alcoholic Beverage Control to enter into an agreement with a host New Jersey winery to use the host's equipment and space in an alternating proprietorship for production of wine in a manner consistent with regulations promulgated by the Alcohol and Tobacco Tax and Trade Bureau.

If the applicant meets all other requirements for licensure, the director may grant a plenary or farm winery license to the applicant for use in an alternating proprietor winery provided the applicant and the host winery utilize the place of business on an alternating basis.

Additionally, current law requires the holder of a plenary or farm winery license to produce wine using grapes or fruit grown on at least three acres on, or adjacent to, the winery premises. This bill provides that in the case of an applicant for a plenary or farm winery license who is also applying to the director to enter into an alternating proprietorship agreement, the applicant would be permitted to use produce used in the production of wine, on at least three acres of land, within a five mile radius of the host winery premises.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the division's increased workload.

**State Revenue Impacts:** The bill will increase annual State revenue collections through the expansion of the use of an existing licensed plenary winery, creating a secondary business which would also require a plenary winery license (\$938). As any winery in New Jersey, or out-of-State, meeting these criteria could apply for the new license, OLS finds the number of potential applicants and thus the potential license revenue to be indeterminate.

It is unknown if there will be additional revenues from penalty collections which would be offset by expenditures for increased regulation and enforcement of the new licenses and the alternating proprietor agreement. Any additional revenues from penalty collections may offset the costs for the division's increased enforcement workload. Additionally, the OLS anticipates that increased sales would increase the amount of State sales tax collected.

**State Expenditure Impacts:** The bill may increase the division's administrative workload related to regulation and enforcement of the new licenses and alternating proprietor agreements. The OLS finds these potential costs to be indeterminate.

*Section: Law and Public Safety*

*Analyst: Kristin Brunner Santos  
Lead Fiscal Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 3912

### STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 21, 2023

#### SUMMARY

- Synopsis:** Permits alternating proprietorship of certain wineries.
- Type of Impact:** Annual State revenue and expenditure increases.
- Agencies Affected:** Department of Law and Public Safety; Department of the Treasury.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Annual</u></b>
<b>State Expenditure Increase</b>	Indeterminate
<b>State Revenue Increase</b>	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the division's increased workload.

#### BILL DESCRIPTION

This bill facilitates alternating proprietorships for plenary and farm wineries. Under current law, the holder of a plenary winery license or a farm winery license is required to exercise exclusive control over a single place of business for its wine manufacturing processes.

This bill permits an applicant for or a holder of a plenary or farm winery license to apply to the Division of Alcoholic Beverage Control for approval to enter into an agreement with a host New Jersey winery to use the host's equipment and space in an alternating proprietorship for production of wine. The division is required to approve the agreement if it determines the Alcohol and Tobacco Tax and Trade Bureau has approved the proposed alternating proprietorship

arrangement and that no applicable State alcohol licensing or taxation law, or related regulation or special ruling would be violated. The bill requires the division to approve or deny an application within 180 days, unless the applicant agrees to an extension.

Additionally, current law requires the holder of a plenary or farm winery license to produce wine using grapes or fruit grown on at least three acres on, or adjacent to, the winery premises. This bill provides that in the case of an applicant for a plenary or farm winery license who additionally is applying to the division to enter into an alternating proprietorship agreement, the applicant would be permitted to grow grapes or fruit used in the production of wine within a five-mile radius of the host winery premises.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary and farm winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the division's increased workload.

**State Revenue Impacts:** The bill will increase annual State revenue collections through the expansion of the use of an existing licensed plenary or farm winery, creating a secondary business which would also require a plenary winery license (\$938) or farm winery license (\$63 to \$375). As any winery in New Jersey, or out-of-State, meeting these criteria could apply for the new license, OLS finds the number of potential applicants and thus the potential license revenue to be indeterminate.

It is unknown if there will be additional revenues from penalty collections which would be offset by expenditures for increased regulation and enforcement of the new licenses and the alternating proprietor agreement. Any additional revenues from penalty collections may offset the costs for the division's increased enforcement workload. Additionally, the OLS anticipates that increased sales would increase the amount of State sales tax collected.

**State Expenditure Impacts:** The bill may increase the administrative workload of the Division of Alcoholic Beverage Control and the Alcohol and Tobacco Tax and Trade Bureau related to regulation and enforcement of the new licenses and alternating proprietor agreements. The OLS finds these potential costs to be indeterminate.

*Section: Law and Public Safety*

*Analyst: Kristin Brunner Santos  
Lead Fiscal Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

**SENATE, No. 2724**

**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

INTRODUCED MAY 26, 2022

**Sponsored by:**

**Senator JAMES BEACH**

**District 6 (Burlington and Camden)**

**Senator NILSA I. CRUZ-PEREZ**

**District 5 (Camden and Gloucester)**

**Co-Sponsored by:**

**Senators Gopal and Stanfield**

**SYNOPSIS**

Permits alternating proprietorship of certain wineries.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 8/8/2022)**

1 AN ACT concerning wineries and amending and R.S.33:1-10 and  
2 R.S.33:1-26.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. R.S.33:1-10 is amended to read as follows:

8 33:1-10. Class A licenses shall be subdivided and classified as  
9 follows:

10 Plenary brewery license 1a. The holder of this license shall be  
11 entitled, subject to rules and regulations, to brew any malt alcoholic  
12 beverages and to sell and distribute his products to wholesalers and  
13 retailers licensed in accordance with this chapter, and to sell and  
14 distribute without this State to any persons pursuant to the laws of  
15 the places of such sale and distribution, and to maintain a  
16 warehouse; provided, however, that the delivery of this product by  
17 the holder of this license to retailers licensed under this title shall be  
18 from inventory in a warehouse located in this State which is  
19 operated under a plenary brewery license. The fee for this license  
20 shall be \$10,625.

21 Limited brewery license 1b. The holder of this license shall be  
22 entitled, subject to rules and regulations, to brew any malt alcoholic  
23 beverages in a quantity to be expressed in said license, dependent  
24 upon the following fees and not in excess of 300,000 barrels of 31  
25 fluid gallons capacity per year and to sell and distribute this product  
26 to wholesalers and retailers licensed in accordance with this  
27 chapter, and to sell and distribute without this State to any persons  
28 pursuant to the laws of the places of such sale and distribution, and  
29 to maintain a warehouse; provided, however, that the delivery of  
30 this product by the holder of this license to retailers licensed under  
31 this title shall be from inventory in a warehouse located in this State  
32 which is operated under a limited brewery license. The holder of  
33 this license shall be entitled to sell this product at retail to  
34 consumers on the licensed premises of the brewery for consumption  
35 on the premises, but only in connection with a tour of the brewery,  
36 or for consumption off the premises in a quantity of not more than  
37 15.5 fluid gallons per person, and to offer samples for sampling  
38 purposes only pursuant to an annual permit issued by the director.  
39 If the holder of this license holds a bonded warehouse bottling  
40 license issued pursuant to subsection 5 of this section, product  
41 brewed in accordance with this subsection and transferred to a  
42 bonded warehouse for bottling and storage may be sold at retail and  
43 offered for sampling on the licensed premises of the brewery by the  
44 holder of this license. The holder of this license shall not sell food

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 or operate a restaurant on the licensed premises. The fee for this  
2 license shall be graduated as follows:

3 to so brew not more than 50,000 barrels of 31 liquid gallons  
4 capacity per annum, \$1,250;

5 to so brew not more than 100,000 barrels of 31 fluid gallons  
6 capacity per annum, \$2,500;

7 to so brew not more than 200,000 barrels of 31 fluid gallons  
8 capacity per annum, \$5,000;

9 to so brew not more than 300,000 barrels of 31 fluid gallons  
10 capacity per annum, \$7,500.

11 For the purposes of this subsection, "sampling" means the selling  
12 at a nominal charge or the gratuitous offering of an open container  
13 not exceeding four ounces of any malt alcoholic beverage. For the  
14 purposes of this subsection, "product" means any malt alcoholic  
15 beverage that is produced on the premises licensed under this  
16 subsection.

17 Restricted brewery license. 1c. The holder of this license shall  
18 be entitled, subject to rules and regulations, to brew any malt  
19 alcoholic beverages in a quantity to be expressed in such license not  
20 in excess of 10,000 barrels of 31 gallons capacity per year.  
21 Notwithstanding the provisions of R.S.33:1-26, the director shall  
22 issue a restricted brewery license only to a person or an entity  
23 which has identical ownership to an entity which holds a plenary  
24 retail consumption license issued pursuant to R.S.33:1-12, provided  
25 that such plenary retail consumption license is operated in  
26 conjunction with a restaurant regularly and principally used for the  
27 purpose of providing meals to its customers and having adequate  
28 kitchen and dining room facilities, and that the licensed restaurant  
29 premises is immediately adjoining the premises licensed under this  
30 subsection. The holder of this license shall be entitled to sell or  
31 deliver the product to that restaurant premises. The holder of this  
32 license also shall be entitled to sell and distribute the product to  
33 wholesalers licensed in accordance with this chapter. The fee for  
34 this license shall be \$1,250, which fee shall entitle the holder to  
35 brew up to 1,000 barrels of 31 liquid gallons per annum. The  
36 licensee also shall pay an additional \$250 for every additional 1,000  
37 barrels of 31 fluid gallons produced. The fee shall be paid at the  
38 time of application for the license, and additional payments based  
39 on barrels produced shall be paid within 60 days following the  
40 expiration of the license term upon certification by the licensee of  
41 the actual gallons brewed during the license term. No more than 10  
42 restricted brewery licenses shall be issued to a person or entity  
43 which holds an interest in a plenary retail consumption license. If  
44 the governing body of the municipality in which the licensed  
45 premises will be located should file a written objection, the director  
46 shall hold a hearing and may issue the license only if the director  
47 finds that the issuance of the license will not be contrary to the  
48 public interest. All fees related to the issuance of both licenses

1 shall be paid in accordance with statutory law. The provisions of  
2 this subsection shall not be construed to limit or restrict the rights  
3 and privileges granted by the plenary retail consumption license  
4 held by the holder of the restricted brewery license issued pursuant  
5 to this subsection.

6 The holder of this license shall be entitled to offer samples of its  
7 product for promotional purposes at charitable or civic events off  
8 the licensed premises pursuant to an annual permit issued by the  
9 director.

10 For the purposes of this subsection, "sampling" means the selling  
11 at a nominal charge or the gratuitous offering of an open container  
12 not exceeding four ounces of any malt alcoholic beverage product.  
13 For the purposes of this subsection, "product" means any malt  
14 alcoholic beverage that is produced on the premises licensed under  
15 this subsection.

16 Plenary winery license. 2a. Provided that the holder is engaged  
17 in growing and cultivating grapes or fruit used in the production of  
18 wine on at least three acres on, or adjacent to, the winery premises,  
19 except as otherwise provided in this subsection for certain  
20 alternating proprietorship agreements, the holder of this license  
21 shall be entitled, subject to rules and regulations, to produce any  
22 fermented wines, and to blend, fortify and treat wines, and to sell  
23 and distribute his products to wholesalers licensed in accordance  
24 with this chapter and to churches for religious purposes, and to sell  
25 and distribute without this State to any persons pursuant to the laws  
26 of the places of such sale and distribution, and to maintain a  
27 warehouse, and to sell his products at retail to consumers on the  
28 licensed premises of the winery for consumption on or off the  
29 premises and to offer samples for sampling purposes only. The fee  
30 for this license shall be \$938. A holder of this license who produces  
31 not more than 250,000 gallons per year shall also have the right to  
32 sell and distribute his products to retailers licensed in accordance  
33 with this chapter, except that the holder of this license shall not use  
34 a common carrier for such distribution. The fee for this additional  
35 privilege shall be graduated as follows: a licensee who  
36 manufactures more than 150,000 gallons, but not in excess of  
37 250,000 gallons per annum, \$1,000; a licensee who manufactures  
38 more than 100,000 gallons, but not in excess of 150,000 gallons per  
39 annum, \$500; a licensee who manufactures more than 50,000  
40 gallons, but not in excess of 100,000 gallons per annum, \$250; a  
41 licensee who manufactures 50,000 gallons or less per annum, \$100.  
42 A holder of this license who produces not more than 250,000  
43 gallons per year shall have the right to sell such wine at retail in  
44 original packages in 15 salesrooms apart from the winery premises  
45 for consumption on or off the premises and for sampling purposes  
46 for consumption on the premises, at a fee of \$250 for each  
47 salesroom. Licensees shall not jointly control and operate  
48 salesrooms. Additionally, the holder of this license who produces

1 not more than 250,000 gallons per year may ship not more than 12  
2 cases of wine per year, subject to regulation, to any person within or  
3 without this State over 21 years of age for personal consumption  
4 and not for resale. A case of wine shall not exceed a maximum of  
5 nine liters. A copy of the original invoice shall be available for  
6 inspection by persons authorized to enforce the alcoholic beverage  
7 laws of this State for a minimum period of three years at the  
8 licensed premises of the winery. For the purposes of this  
9 subsection, "sampling" means the selling at a nominal charge or the  
10 gratuitous offering of an open container not exceeding one and one-  
11 half ounces of any wine.

12 A holder of this license who produces not more than 250,000  
13 gallons per year shall not own, either in whole or in part, or hold,  
14 either directly or indirectly, any interest in a winery that produces  
15 more than 250,000 gallons per year. In addition, a holder of this  
16 license who produces more than 250,000 gallons per year shall not  
17 own, either in whole or in part, or hold, either directly or indirectly,  
18 any interest in a winery that produces not more than 250,000  
19 gallons per year.

20 An applicant for a plenary winery license or the holder of a  
21 plenary winery license may apply to the director to enter into an  
22 agreement with a host New Jersey winery to use the host's  
23 equipment and space in an alternating proprietorship for production  
24 of wine in a manner consistent with regulations promulgated by the  
25 Alcohol and Tobacco Tax and Trade Bureau.

26 An applicant for a plenary winery license who also applies to the  
27 director to enter into an alternating proprietorship agreement  
28 pursuant to this subsection shall be permitted to grow and cultivate  
29 grapes or fruit used in the production of wine on at least three acres  
30 within a five mile radius of the host winery premises.

31 For the purposes of this subsection, "product" means any wine  
32 that is produced, blended, fortified, or treated by the licensee on its  
33 licensed premises situated in the State of New Jersey. For the  
34 purposes of this subsection, "wine" shall include "hard cider" and  
35 "mead" as defined in this section.

36 Farm winery license. 2b. The holder of this license shall be  
37 entitled, subject to rules and regulations, to manufacture any  
38 fermented wines and fruit juices in a quantity to be expressed in  
39 said license, dependent upon the following fees and not in excess of  
40 50,000 gallons per year and to sell and distribute his products to  
41 wholesalers and retailers licensed in accordance with this chapter  
42 and to churches for religious purposes and to sell and distribute  
43 without this State to any persons pursuant to the laws of the places  
44 of such sale and distribution, and to maintain a warehouse and to  
45 sell at retail to consumers for consumption on or off the licensed  
46 premises and to offer samples for sampling purposes only. The  
47 license shall be issued only when the winery at which such  
48 fermented wines and fruit juices are manufactured is located and

1 constructed upon a tract of land exclusively under the control of the  
2 licensee, provided that the licensee is actively engaged in growing  
3 and cultivating an area of not less than three acres on or adjacent to  
4 the winery premises and on which are growing grape vines or fruit  
5 to be processed into wine or fruit juice ,except in the case of certain  
6 alternating proprietorship agreements, as provided in this  
7 subsection; and provided, further, that for the first five years of the  
8 operation of the winery such fermented wines and fruit juices shall  
9 be manufactured from at least 51 percent grapes or fruit grown in  
10 the State and that thereafter they shall be manufactured from grapes  
11 or fruit grown in this State at least to the extent required for  
12 labeling as "New Jersey Wine" under the applicable federal laws  
13 and regulations. The containers of all wine sold to consumers by  
14 such licensee shall have affixed a label stating such information as  
15 shall be required by the rules and regulations of the Director of the  
16 Division of Alcoholic Beverage Control. The fee for this license  
17 shall be graduated as follows: to so manufacture between 30,000  
18 and 50,000 gallons per annum, \$375; to so manufacture between  
19 2,500 and 30,000 gallons per annum, \$250; to so manufacture  
20 between 1,000 and 2,500 gallons per annum, \$125; to so  
21 manufacture less than 1,000 gallons per annum, \$63. No farm  
22 winery license shall be held by the holder of a plenary winery  
23 license **【**or be situated on a premises licensed as a plenary winery**】**.

24 The holder of this license shall also have the right to sell and  
25 distribute his products to retailers licensed in accordance with this  
26 chapter, except that the holder of this license shall not use a  
27 common carrier for such distribution. The fee for this additional  
28 privilege shall be \$100. The holder of this license shall have the  
29 right to sell his products in original packages at retail to consumers  
30 in 15 salesrooms apart from the winery premises for consumption  
31 on or off the premises, and for sampling purposes for consumption  
32 on the premises, at a fee of \$250 for each salesroom. Licensees  
33 shall not jointly control and operate salesrooms. Additionally, the  
34 holder of this license may ship not more than 12 cases of wine per  
35 year, subject to regulation, to any person within or without this  
36 State over 21 years of age for personal consumption and not for  
37 resale. A case of wine shall not exceed a maximum of nine liters.  
38 A copy of the original invoice shall be available for inspection by  
39 persons authorized to enforce the alcoholic beverage laws of this  
40 State for a minimum period of three years at the licensed premises  
41 of the winery. For the purposes of this subsection, "sampling"  
42 means the selling at a nominal charge or the gratuitous offering of  
43 an open container not exceeding one and one-half ounces of any  
44 wine.

45 A holder of this license who produces not more than 250,000  
46 gallons per year shall not own, either in whole or in part, or hold,  
47 either directly or indirectly, any interest in a winery that produces  
48 more than 250,000 gallons per year.

1       An applicant for a farm winery license may apply to the director  
2 to enter into an agreement with a host New Jersey winery to use the  
3 host's equipment and space in an alternating proprietorship for  
4 production of wine in a manner consistent with regulations  
5 promulgated by the Alcohol and Tobacco Tax and Trade Bureau.

6       An applicant for a farm winery license who also applies to the  
7 director to enter into an alternating proprietorship agreement  
8 pursuant to this subsection shall be permitted to grow and cultivate  
9 grapes or fruit used in the production of wine on at least three acres  
10 within a five mile radius of the host winery premises.

11       Unless otherwise indicated, for the purposes of this subsection,  
12 with respect to farm winery licenses, "manufacture" means the  
13 vinification, aging, storage, blending, clarification, stabilization and  
14 bottling of wine or juice from New Jersey fruit to the extent  
15 required by this subsection.

16       For the purposes of this subsection, "wine" shall include "hard  
17 cider" and "mead" as defined in this section.

18       Wine blending license. 2c. The holder of this license shall be  
19 entitled, subject to rules and regulations, to blend, treat, mix, and  
20 bottle fermented wines and fruit juices with non-alcoholic  
21 beverages, and to sell and distribute his products to wholesalers and  
22 retailers licensed in accordance with this chapter, and to sell and  
23 distribute without this State to any persons pursuant to the laws of  
24 the places of such sale and distribution, and to maintain a  
25 warehouse. The fee for this license shall be \$625.

26       For the purposes of this subsection, "wine" shall include "hard  
27 cider" and "mead" as defined in this section.

28       Instructional winemaking facility license. 2d. The holder of this  
29 license shall be entitled, subject to rules and regulations, to instruct  
30 persons in and provide them with the opportunity to participate  
31 directly in the process of winemaking and to directly assist such  
32 persons in the process of winemaking while in the process of  
33 instruction on the premises of the facility. The holder of this  
34 license also shall be entitled to manufacture wine on the premises  
35 not in excess of an amount of 10 percent of the wine produced  
36 annually on the premises of the facility, which shall be used only to  
37 replace quantities lost or discarded during the winemaking process,  
38 to maintain a warehouse, and to offer samples produced by persons  
39 who have received instruction in winemaking on the premises by  
40 the licensee for sampling purposes only on the licensed premises for  
41 the purpose of promoting winemaking for personal or household use  
42 or consumption. Wine produced on the premises of an instructional  
43 winemaking facility shall be used, consumed or disposed of on the  
44 facility's premises or distributed from the facility's premises to a  
45 person who has participated directly in the process of winemaking  
46 for the person's personal or household use or consumption. The  
47 holder of this license may sell mercantile items traditionally  
48 associated with winemaking and novelty wearing apparel identified

1 with the name of the establishment licensed under the provisions of  
2 this section. The holder of this license may use the licensed  
3 premises for an event or affair, including an event or affair at which  
4 a plenary retail consumption licensee serves alcoholic beverages in  
5 compliance with all applicable statutes and regulations promulgated  
6 by the director. The fee for this license shall be \$1,000. For the  
7 purposes of this subsection, "sampling" means the gratuitous  
8 offering of an open container not exceeding one and one-half  
9 ounces of any wine.

10 For the purposes of this subsection, "wine" shall include "hard  
11 cider" and "mead" as defined in this section.

12 Out-of-State winery license. 2e. Provided that the applicant  
13 does not produce more than 250,000 gallons of wine per year, the  
14 holder of a valid winery license issued in any other state may make  
15 application to the director for this license. The holder of this  
16 license shall have the right to sell and distribute his products to  
17 wholesalers licensed in accordance with this chapter and to sell  
18 such wine at retail in original packages in 16 salesrooms apart from  
19 the winery premises for consumption on or off the premises at a fee  
20 of \$250 for each salesroom. Licensees shall not jointly control and  
21 operate salesrooms. The annual fee for this license shall be \$938.  
22 A copy of a current license issued by another state shall accompany  
23 the application. The holder of this license also shall have the right  
24 to sell and distribute his products to retailers licensed in accordance  
25 with this chapter, except that the holder of this license shall not use  
26 a common carrier for such distribution. The fee for this additional  
27 privilege shall be graduated as follows: a licensee who  
28 manufactures more than 150,000 gallons, but not in excess of  
29 250,000 gallons per annum, \$1,000; a licensee who manufactures  
30 more than 100,000 gallons, but not in excess of 150,000 gallons per  
31 annum, \$500; a licensee who manufactures more than 50,000  
32 gallons, but not in excess of 100,000 gallons per annum, \$250; a  
33 licensee who manufactures 50,000 gallons or less per annum, \$100.  
34 Additionally, the holder of this license may ship not more than 12  
35 cases of wine per year, subject to regulation, to any person within or  
36 without this State over 21 years of age for personal consumption  
37 and not for resale. A case of wine shall not exceed a maximum of  
38 nine liters. A copy of the original invoice shall be available for  
39 inspection by persons authorized to enforce the alcoholic beverage  
40 laws of this State for a minimum period of three years at the  
41 licensed premises of the winery.

42 The licensee shall collect from the customer the tax due on the  
43 sale pursuant to the "Sales and Use Tax Act," P.L.1966, c.30  
44 (C.54:32B-1 et seq.) and shall pay the tax due on the delivery of  
45 alcoholic beverages pursuant to the "Alcoholic beverage tax law,"  
46 R.S.54:41-1 et seq. The Director of the Division of Taxation in the  
47 Department of the Treasury shall promulgate such rules and  
48 regulations necessary to effectuate the provisions of this paragraph,

1 and may provide by regulation for the co-administration of the tax  
2 due on the delivery of alcoholic beverages pursuant to the  
3 "Alcoholic beverage tax law," R.S.54:41-1 et seq. with the  
4 administration of the tax due on the sale pursuant to the "Sales and  
5 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

6 A holder of this license who produces not more than 250,000  
7 gallons per year shall not own, either in whole or in part, or hold,  
8 either directly or indirectly, any interest in a winery that produces  
9 more than 250,000 gallons per year.

10 For the purposes of this subsection, "wine" shall include "hard  
11 cider" and "mead" as defined in this section.

12 Cider and meadery license. 2f. The holder of this license shall  
13 be entitled, subject to rules and regulations, to manufacture hard  
14 cider and mead and to sell and distribute these products to  
15 wholesalers and retailers licensed in accordance with this chapter,  
16 and to sell and distribute without this State to any persons pursuant  
17 to the laws of the places of such sale and distribution, and to  
18 maintain a warehouse. The holder of this license shall be entitled to  
19 sell these products at retail to consumers on the licensed premises  
20 for consumption on or off the premises and to offer samples for  
21 sampling purposes only. The holder of this license shall be  
22 permitted to offer for sale or make the gratuitous offering of  
23 packaged crackers, chips, nuts, and similar snacks to consumers, but  
24 shall not operate a restaurant on the licensed premises. The fee for  
25 this license shall be \$938.

26 The holder of this license shall be entitled to manufacture hard  
27 cider in a quantity not to exceed 50,000 barrels of 31 fluid gallons  
28 capacity per year. With respect to the sale and distribution of hard  
29 cider to a wholesaler, the licensee shall be subject to the same  
30 statutory and regulatory requirements as a brewer, and hard cider  
31 shall be considered a malt alcoholic beverage, for the purposes of  
32 the "Malt Alcoholic Beverage Practices Act," P.L.2005, c.243  
33 (C.33:1-93.12 et seq.). The holder of this license shall not directly  
34 ship hard cider either within or without this State.

35 The holder of this license shall be entitled to manufacture not  
36 more than 250,000 gallons of mead per year. The holder of this  
37 license may ship not more than 12 cases of mead per year, subject  
38 to regulation, to any person within or without this State over 21  
39 years of age for personal consumption and not for resale. A case of  
40 mead shall not exceed a maximum of nine liters. A copy of the  
41 original invoice shall be available for inspection by persons  
42 authorized to enforce the alcoholic beverage laws of this State for a  
43 minimum period of three years at the licensed premises.

44 As used in this subsection:

45 "Hard cider" means a fermented alcoholic beverage derived  
46 primarily from apples, pears, apple juice concentrate and water, or  
47 pear juice concentrate and water, which may include spices, herbs,  
48 honey, or other flavoring, and which contains at least one half of

1 one percent but less than eight and one half percent alcohol by  
2 volume.

3 "Mead" means an alcoholic beverage primarily made from  
4 honey, water, and yeast, and which may contain fruit, fruit juices,  
5 spices, or herbs added before or after fermentation has completed,  
6 except that the ratio of fermentable sugars from fruit or fruit juices  
7 shall not exceed 49 percent of the total fermentable sugars used to  
8 produce mead.

9 "Sampling" means the selling at a nominal charge or the  
10 gratuitous offering of an open container not exceeding four ounces  
11 of hard cider or mead produced on the licensed premises.

12 Plenary distillery license. 3a. The holder of this license shall be  
13 entitled, subject to rules and regulations, to manufacture any  
14 distilled alcoholic beverages and rectify, blend, treat and mix, and  
15 to sell and distribute his products to wholesalers and retailers  
16 licensed in accordance with this chapter, and to sell and distribute  
17 without this State to any persons pursuant to the laws of the places  
18 of such sale and distribution, and to maintain a warehouse. The fee  
19 for this license shall be \$12,500.

20 Limited distillery license. 3b. The holder of this license shall be  
21 entitled, subject to rules and regulations, to manufacture and bottle  
22 any alcoholic beverages distilled from fruit juices and rectify,  
23 blend, treat, mix, compound with wine and add necessary  
24 sweetening and flavor to make cordial or liqueur, and to sell and  
25 distribute to wholesalers and retailers licensed in accordance with  
26 this chapter, and to sell and distribute without this State to any  
27 persons pursuant to the laws of the places of such sale and  
28 distribution and to warehouse these products. The fee for this  
29 license shall be \$3,750.

30 Supplementary limited distillery license. 3c. The holder of this  
31 license shall be entitled, subject to rules and regulations, to bottle  
32 and rebottle, in a quantity to be expressed in said license, dependent  
33 upon the following fees, alcoholic beverages distilled from fruit  
34 juices by such holder pursuant to a prior plenary or limited distillery  
35 license, and to sell and distribute his products to wholesalers and  
36 retailers licensed in accordance with this chapter, and to sell and  
37 distribute without this State to any persons pursuant to the laws of  
38 the places of such sale and distribution, and to maintain a  
39 warehouse. The fee for this license shall be graduated as follows:  
40 to so bottle and rebottle not more than 5,000 wine gallons per  
41 annum, \$313; to so bottle and rebottle not more than 10,000 wine  
42 gallons per annum, \$625; to so bottle and rebottle without limit as  
43 to amount, \$1,250.

44 Craft distillery license. 3d. The holder of this license shall be  
45 entitled, subject to rules and regulations, to manufacture not more  
46 than 20,000 gallons of distilled alcoholic beverages, to rectify,  
47 blend, treat and mix distilled alcoholic beverages, to sell and  
48 distribute this product to wholesalers and retailers licensed in

1 accordance with this chapter, and to sell and distribute without this  
2 State to any persons pursuant to the laws of the places of such sale  
3 and distribution, and to maintain a warehouse. The holder of this  
4 license shall be entitled to sell this product at retail to consumers on  
5 the licensed premises of the distillery for consumption on the  
6 premises, but only in connection with a tour of the distillery, and  
7 for consumption off the premises in a quantity of not more than five  
8 liters per person. In addition, the holder of this license may offer  
9 any person not more than three samples per calendar day for  
10 sampling purposes only. For the purposes of this subsection,  
11 "sampling" means the gratuitous offering of an open container not  
12 exceeding one-half ounce serving of distilled alcoholic beverage  
13 produced on the distillery premises. If the holder of this license  
14 holds a bonded warehouse bottling license issued pursuant to  
15 subsection 5 of this section, product manufactured in accordance  
16 with this subsection and transferred to a bonded warehouse for  
17 bottling and storage may be sold at retail and offered for sampling  
18 on the licensed premises of the distillery by the holder of this  
19 license. Nothing in this subsection shall be deemed to permit the  
20 direct shipment of distilled spirits either within or without this  
21 State.

22 The holder of this license shall not sell food or operate a  
23 restaurant on the licensed premises. A holder of this license who  
24 certifies that not less than 51 percent of the raw materials used in  
25 the production of distilled alcoholic beverages under this section are  
26 grown in this State or purchased from providers located in this State  
27 may, consistent with all applicable federal laws and regulations,  
28 label these distilled alcoholic beverages as "New Jersey Distilled."  
29 The fee for this license shall be \$938.

30 Rectifier and blender license. 4. The holder of this license shall  
31 be entitled, subject to rules and regulations, to rectify, blend, treat  
32 and mix distilled alcoholic beverages, and to fortify, blend, and  
33 treat fermented alcoholic beverages, and prepare mixtures of  
34 alcoholic beverages, and to sell and distribute his products to  
35 wholesalers and retailers licensed in accordance with this chapter,  
36 and to sell and distribute without this State to any persons pursuant  
37 to the laws of the places of such sale and distribution, and to  
38 maintain a warehouse. The fee for this license shall be \$7,500.

39 Bonded warehouse bottling license. 5. The holder of this license  
40 shall be entitled, subject to rules and regulations, to bottle alcoholic  
41 beverages in bond on behalf of all persons authorized by federal and  
42 State law and regulations to withdraw alcoholic beverages from  
43 bond. The fee for this license shall be \$625. This license shall be  
44 issued only to persons holding permits to operate Internal Revenue  
45 bonded warehouses pursuant to the laws of the United States.

46 The provisions of section 21 of P.L.2003, c.117 amendatory of  
47 this section shall apply to licenses issued or transferred on or after

1 July 1, 2003, and to license renewals commencing on or after July  
2 1, 2003.

3 (cf: P.L.2021, c.407, s.1)

4

5 2. R.S.33:1-26 is amended to read as follows:

6 33:1-26. All licenses shall be for a term of one year from July 1  
7 in each year. The respective fees for any such license shall be  
8 prorated according to the effective date of the license and based on  
9 the respective annual fee as in this chapter provided. Where the  
10 license fee deposited with the application exceeds the prorated fee,  
11 a refund of the excess shall be made to the licensee. Licenses are  
12 not transferable except as hereinafter provided. **[A]** The holders of  
13 a plenary winery license or farm winery license who are engaged in  
14 an alternating proprietorship pursuant to subsection 2a. and 2b. of  
15 R.S.33:1-10 shall be permitted to share a place of business on an  
16 alternating basis for production of wine in a manner consistent with  
17 regulations promulgated by the Alcohol and Tobacco Tax and Trade  
18 Bureau. Except in the case of an alternating proprietorship, a  
19 separate license is required for each specific place of business and  
20 the operation and effect of every license is confined to the licensed  
21 premises. No retail license of any class shall be issued to any holder  
22 of a manufacturer's or wholesaler's license, and no manufacturer's  
23 or wholesaler's license shall be issued to the holder of a retail  
24 license of any class. Any person who shall exercise or attempt to  
25 exercise, or hold himself out as authorized to exercise, the rights  
26 and privileges of a licensee except the licensee and then only with  
27 respect to the licensed premises, shall be guilty of a misdemeanor.

28 In case of death, bankruptcy, receivership or incompetency of the  
29 licensee, or if for any other reason whatsoever the operation of the  
30 business covered by the license shall devolve by operation of law  
31 upon a person other than the licensee, the director or the issuing  
32 authority may, in his or its discretion, extend the license for a  
33 limited time, not exceeding its term, to the executor, administrator,  
34 trustee, receiver or other person upon whom the same has devolved  
35 by operation of law as aforesaid. Under no circumstances,  
36 however, shall a license, or rights thereunder, be deemed property,  
37 subject to inheritance, sale, pledge, lien, levy, attachment,  
38 execution, seizure for debts, or any other transfer or disposition  
39 whatsoever, except for payment of taxes, fees, interest and penalties  
40 imposed by any State tax law for which a lien may attach pursuant  
41 to R.S.54:49-1 or pursuant to the State Uniform Tax Procedure  
42 Law, R.S.54:48-1 et seq., or any similar State lien of tax, except to  
43 the extent expressly provided by this chapter.

44 On application made therefor setting forth the same matters and  
45 things with reference to the premises to which a transfer of license  
46 is sought as are required to be set forth in connection with an  
47 original application for license, as to the premises, and after  
48 publication of notice of intention to apply for transfer, in the same

1 manner as is required in case of an application for license as to the  
2 premises, the director or other issuing authority may transfer, upon  
3 payment of a fee of 10% of the annual license fee for the license  
4 sought to be transferred, any license issued by him or it respectively  
5 to a different place of business than that specified therein, by  
6 endorsing permission upon the license.

7 On application made therefor setting forth the same matters and  
8 things with reference to the person to whom a transfer of license is  
9 sought as are required to be set forth in connection with an original  
10 application for license, which application for transfer shall be  
11 signed and sworn to by the person to whom the transfer of license is  
12 sought and shall bear the consent in writing of the licensee to the  
13 transfer, and after publication of notice of intention by the person to  
14 whom the transfer of license is sought, to apply for transfer in the  
15 same manner as is required in the case of an original application for  
16 license, the director or other issuing authority, as the case may be,  
17 may transfer any license issued by him or it respectively to the  
18 applicant for transfer by endorsing the license. The application and  
19 the applicant shall comply with all requirements of this chapter  
20 pertaining to an original application for license and shall be  
21 accompanied, in lieu of the license fee required on the original  
22 application, by a fee of 10% of the annual license fee for the license  
23 sought to be transferred, which 10% shall be retained by the  
24 director or other issuing authority, as the case may be, whether the  
25 transfer be granted or not, and accounted for as other license fees.

26 If the other issuing authority shall refuse to grant a transfer the  
27 applicant shall be notified forthwith of the refusal by a notice  
28 served personally upon the applicant, or sent to him by registered  
29 mail addressed to him at the address stated in the application, and  
30 the applicant may, within 30 days after the date of service or  
31 mailing of the notice, appeal to the director from the action of the  
32 issuing authority. If the other issuing authority shall grant a  
33 transfer, any taxpayer or other aggrieved person opposing the grant  
34 of the transfer may, within 30 days after the grant of the transfer,  
35 appeal to the director from the action of the issuing authority.

36 No person who would fail to qualify as a licensee under this  
37 chapter shall be knowingly employed by or connected in any  
38 business capacity whatsoever with a licensee. A person failing to  
39 qualify as to age or by reason of conviction of a crime involving  
40 moral turpitude may, with the approval of the director, and subject  
41 to rules and regulations, be employed by any licensee, but the  
42 employee if disqualified by age shall not, in any manner whatsoever  
43 serve, sell or solicit the sale or participate in the manufacture,  
44 rectification, blending, treating, fortification, mixing, processing or  
45 bottling of any alcoholic beverage; and further provided, that no  
46 permit shall be necessary for the employment in a bona fide hotel or  
47 restaurant of any person failing to qualify as to age so long as the  
48 person shall not in any manner whatsoever serve, sell or solicit the

1 sale of any alcoholic beverage, or participate in the mixing,  
2 processing or preparation thereof. Except for a person convicted of  
3 a sex offense as enumerated in subsection b. of N.J.S.2C:7-2 or a  
4 person convicted of a crime involving moral turpitude committed  
5 while employed on a licensed premises, a person who has been  
6 convicted of a crime involving moral turpitude may be employed by  
7 a Class C licensee without obtaining the approval of the director or  
8 a rehabilitation employment permit provided the person's  
9 responsibilities do not involve serving, selling or soliciting the sale  
10 of any alcoholic beverage; participating in the mixing, processing or  
11 preparation of alcoholic beverages; providing private security or  
12 admission-monitoring services for the premises; or providing or  
13 participating in any management or professional services.

14 Each person seeking to be employed or connected in any  
15 business capacity whatsoever with a licensee shall submit to the  
16 director the applicant's name, address, fingerprints and written  
17 consent for a criminal history record background check to be  
18 performed. The director is authorized to receive criminal history  
19 record information from the State Bureau of Identification in the  
20 Division of State Police and the Federal Bureau of Investigation  
21 consistent with applicable State and federal laws, rules and  
22 regulations. The applicant shall bear the cost for the criminal  
23 history record background check, including all costs of  
24 administering and processing the check. The Division of State  
25 Police shall promptly notify the director in the event a current  
26 holder of a license or prospective applicant, who was the subject of  
27 a criminal history record background check pursuant to this section,  
28 is arrested for a crime or offense in this State after the date the  
29 background check was performed.

30 Any request for relief under this section shall be accompanied by  
31 a nonreturnable filing fee of **[\$100.00]** \$100 payable to the  
32 director.

33 (cf: P.L.2012, c.32, s.1)  
34

35 3. This act shall take effect immediately.  
36  
37

38 STATEMENT  
39

40 This bill facilitates alternating proprietorships for plenary and  
41 farm wineries. Under current law, the holder of a plenary winery  
42 license or a farm winery license is required to exercise exclusive  
43 control over a single place of business for its wine manufacturing  
44 processes.

45 This bill permits an applicant for or a holder of a plenary or farm  
46 winery license to apply to the Director of the Division of Alcoholic  
47 Beverage Control to enter into an agreement with a host New Jersey  
48 winery to use the host's equipment and space in an alternating

1 proprietorship for production of wine in a manner consistent with  
2 regulations promulgated by the Alcohol and Tobacco Tax and Trade  
3 Bureau. If the applicant meets all other requirements for licensure,  
4 the director may grant a plenary or farm winery license to the  
5 applicant for use in an alternating proprietor winery provided the  
6 applicant and the host winery utilize the place of business on an  
7 alternating basis.

8       Additionally, current law requires the holder of a plenary or farm  
9 winery license to produce wine using grapes or fruit grown on at  
10 least three acres on, or adjacent to, the winery premises. This bill  
11 provides that in the case of an applicant for a plenary or farm  
12 winery license who additionally is applying to the director to enter  
13 into an alternating proprietorship agreement, the applicant would be  
14 permitted to grow grapes or fruit used in the production of wine  
15 within a five mile radius of the host winery premises. Current law  
16 requires the grapes or fruit to be grown on or adjacent to the winery  
17 premises.

# SENATE ECONOMIC GROWTH COMMITTEE

## STATEMENT TO

### SENATE, No. 2724

# STATE OF NEW JERSEY

DATED: JUNE 13, 2022

The Senate Economic Growth Committee reports favorably Senate Bill No. 2724.

As reported, this bill facilitates alternating proprietorships for plenary and farm wineries. Under current law, the holder of a plenary winery license or a farm winery license is required to exercise exclusive control over a single place of business for its wine manufacturing processes.

This bill permits an applicant for or a holder of a plenary or farm winery license to apply to the Director of the Division of Alcoholic Beverage Control (director) to enter into an agreement with a host New Jersey winery to use the host's equipment and space in an alternating proprietorship for production of wine in a manner consistent with regulations promulgated by the Alcohol and Tobacco Tax and Trade Bureau. If the applicant meets all other requirements for licensure, the director may grant a plenary or farm winery license to the applicant for use in an alternating proprietor winery provided the applicant and the host winery utilize the place of business on an alternating basis.

Additionally, current law requires the holder of a plenary or farm winery license to produce wine using grapes or fruit grown on at least three acres on, or adjacent to, the winery premises. This bill provides that in the case of an applicant for a plenary or farm winery license who additionally is applying to the director to enter into an alternating proprietorship agreement, the applicant would be permitted to grow grapes or fruit used in the production of wine, on at least three acres of land, within a five mile radius of the host winery premises.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **SENATE, No. 2724**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 12, 2023

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2724, with committee amendments.

As amended and reported by the committee, Senate Bill No. 2724 permits an applicant for or a holder of a plenary or farm winery license to apply to the Director of the Division of Alcoholic Beverage Control for approval to enter into an agreement with a host New Jersey winery to use the host's equipment and space in an alternating proprietorship for production of wine. The director shall approve the agreement if the director determines the Alcohol and Tobacco Tax and Trade Bureau has approved the proposed alternating proprietorship arrangement and that no applicable State alcohol licensing or taxation law, or related regulation or special ruling would be violated. The bill requires the director to approve or deny an application within 180 days, unless the applicant agrees to an extension.

Additionally, current law requires the holder of a plenary or farm winery license to produce wine using grapes or fruit grown on at least three acres on, or adjacent to, the winery premises. This bill provides that in the case of an applicant for a plenary or farm winery license who additionally is applying to the director to enter into an alternating proprietorship agreement, the applicant would be permitted to grow grapes or fruit used in the production of wine within a five-mile radius of the host winery premises.

As amended and reported by the committee, Senate Bill No. 2724 is identical to Assembly Bill No. 3912, which also was reported and amended by the committee on this date.

#### COMMITTEE AMENDMENTS:

The committee amended the bill to clarify that an applicant for a plenary winery license or farm winery license or the holder of either of those licenses may apply to the Director of the Division of Alcoholic Beverage Control for approval to enter into an alternating proprietorship agreement.

The amendments require the director to approve an application if the applicant or holder has approval from the Alcohol and Tobacco Tax and Trade Bureau to enter into the alternating proprietorship

agreement, provided that no relevant State alcohol licensing or taxation laws, regulations, or special rulings would be violated.

The amendments require the director to approve or deny an application within six months, unless the applicant agrees to an extension. The amendments also make clarifying and technical changes.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the Division of Alcoholic Beverage Control's increased workload.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 2724**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

DATED: JULY 7, 2022

**SUMMARY**

**Synopsis:** Permits alternating proprietorship of certain wineries.

**Type of Impact:** Annual State revenue and expenditure increases.

**Agencies Affected:** Department of Law and Public Safety; Department of the Treasury.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Annual</u></b>
<b>State Expenditure Increase</b>	Indeterminate
<b>State Revenue Increase</b>	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the division's increased workload.

**BILL DESCRIPTION**

This bill facilitates alternating proprietorships for plenary and farm wineries. Under current law, the holder of a plenary winery license or a farm winery license is required to exercise exclusive control over a single place of business for its wine manufacturing processes.

This bill permits an applicant for or a holder of a plenary or farm winery license to apply to the Director of the Division of Alcoholic Beverage Control to enter into an agreement with a host New Jersey winery to use the host's equipment and space in an alternating proprietorship for production of wine in a manner consistent with regulations promulgated by the Alcohol and Tobacco Tax and Trade Bureau.

If the applicant meets all other requirements for licensure, the director may grant a plenary or farm winery license to the applicant for use in an alternating proprietor winery provided the applicant and the host winery utilize the place of business on an alternating basis.

Additionally, current law requires the holder of a plenary or farm winery license to produce wine using grapes or fruit grown on at least three acres on, or adjacent to, the winery premises. This bill provides that in the case of an applicant for a plenary or farm winery license who is also applying to the director to enter into an alternating proprietorship agreement, the applicant would be permitted to use produce used in the production of wine, on at least three acres of land, within a five mile radius of the host winery premises.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the division's increased workload.

**State Revenue Impacts:** The bill will increase annual State revenue collections through the expansion of the use of an existing licensed plenary winery, creating a secondary business which would also require a plenary winery license (\$938). As any winery in New Jersey, or out-of-State, meeting these criteria could apply for the new license, OLS finds the number of potential applicants and thus the potential license revenue to be indeterminate.

It is unknown if there will be additional revenues from penalty collections which would be offset by expenditures for increased regulation and enforcement of the new licenses and the alternating proprietor agreement. Any additional revenues from penalty collections may offset the costs for the division's increased enforcement workload. Additionally, the OLS anticipates that increased sales would increase the amount of State sales tax collected.

**State Expenditure Impacts:** The bill may increase the division's administrative workload related to regulation and enforcement of the new licenses and alternating proprietor agreements. The OLS finds these potential costs to be indeterminate.

*Section: Law and Public Safety*

*Analyst: Kristin Brunner Santos  
Senior Fiscal Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 2724

### STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 21, 2023

#### SUMMARY

- Synopsis:** Permits alternating proprietorship of certain wineries.
- Type of Impact:** Annual State revenue and expenditure increases.
- Agencies Affected:** Department of Law and Public Safety; Department of the Treasury.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Annual</u></b>
<b>State Expenditure Increase</b>	Indeterminate
<b>State Revenue Increase</b>	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the division's increased workload.

#### BILL DESCRIPTION

This bill facilitates alternating proprietorships for plenary and farm wineries. Under current law, the holder of a plenary winery license or a farm winery license is required to exercise exclusive control over a single place of business for its wine manufacturing processes.

This bill permits an applicant for or a holder of a plenary or farm winery license to apply to the Division of Alcoholic Beverage Control for approval to enter into an agreement with a host New Jersey winery to use the host's equipment and space in an alternating proprietorship for

production of wine. The division is required to approve the agreement if it determines the Alcohol and Tobacco Tax and Trade Bureau has approved the proposed alternating proprietorship arrangement and that no applicable State alcohol licensing or taxation law, or related regulation or special ruling would be violated. The bill requires the division to approve or deny an application within 180 days, unless the applicant agrees to an extension.

Additionally, current law requires the holder of a plenary or farm winery license to produce wine using grapes or fruit grown on at least three acres on, or adjacent to, the winery premises. This bill provides that in the case of an applicant for a plenary or farm winery license who additionally is applying to the division to enter into an alternating proprietorship agreement, the applicant would be permitted to grow grapes or fruit used in the production of wine within a five-mile radius of the host winery premises.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary and farm winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the division's increased workload.

**State Revenue Impacts:** The bill will increase annual State revenue collections through the expansion of the use of an existing licensed plenary or farm winery, creating a secondary business which would also require a plenary winery license (\$938) or farm winery license (\$63 to \$375). As any winery in New Jersey, or out-of-State, meeting these criteria could apply for the new license, OLS finds the number of potential applicants and thus the potential license revenue to be indeterminate.

It is unknown if there will be additional revenues from penalty collections which would be offset by expenditures for increased regulation and enforcement of the new licenses and the alternating proprietor agreement. Any additional revenues from penalty collections may offset the costs for the division's increased enforcement workload. Additionally, the OLS anticipates that increased sales would increase the amount of State sales tax collected.

**State Expenditure Impacts:** The bill may increase the administrative workload of the Division of Alcoholic Beverage Control and the Alcohol and Tobacco Tax and Trade Bureau related to regulation and enforcement of the new licenses and alternating proprietor agreements. The OLS finds these potential costs to be indeterminate.

*Section: Law and Public Safety*

*Analyst: Kristin Brunner Santos  
Lead Fiscal Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 2724

### STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 21, 2023

#### SUMMARY

- Synopsis:** Permits alternating proprietorship of certain wineries.
- Type of Impact:** Annual State revenue and expenditure increases.
- Agencies Affected:** Department of Law and Public Safety; Department of the Treasury.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Annual</u></b>
<b>State Expenditure Increase</b>	Indeterminate
<b>State Revenue Increase</b>	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the division's increased workload.

#### BILL DESCRIPTION

This bill facilitates alternating proprietorships for plenary and farm wineries. Under current law, the holder of a plenary winery license or a farm winery license is required to exercise exclusive control over a single place of business for its wine manufacturing processes.

This bill permits an applicant for or a holder of a plenary or farm winery license to apply to the Division of Alcoholic Beverage Control for approval to enter into an agreement with a host New Jersey winery to use the host's equipment and space in an alternating proprietorship for

production of wine. The division is required to approve the agreement if it determines the Alcohol and Tobacco Tax and Trade Bureau has approved the proposed alternating proprietorship arrangement and that no applicable State alcohol licensing or taxation law, or related regulation or special ruling would be violated. The bill requires the division to approve or deny an application within 180 days, unless the applicant agrees to an extension.

Additionally, current law requires the holder of a plenary or farm winery license to produce wine using grapes or fruit grown on at least three acres on, or adjacent to, the winery premises. This bill provides that in the case of an applicant for a plenary or farm winery license who additionally is applying to the division to enter into an alternating proprietorship agreement, the applicant would be permitted to grow grapes or fruit used in the production of wine within a five-mile radius of the host winery premises.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary and farm winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the division's increased workload.

**State Revenue Impacts:** The bill will increase annual State revenue collections through the expansion of the use of an existing licensed plenary or farm winery, creating a secondary business which would also require a plenary winery license (\$938) or farm winery license (\$63 to \$375). As any winery in New Jersey, or out-of-State, meeting these criteria could apply for the new license, OLS finds the number of potential applicants and thus the potential license revenue to be indeterminate.

It is unknown if there will be additional revenues from penalty collections which would be offset by expenditures for increased regulation and enforcement of the new licenses and the alternating proprietor agreement. Any additional revenues from penalty collections may offset the costs for the division's increased enforcement workload. Additionally, the OLS anticipates that increased sales would increase the amount of State sales tax collected.

**State Expenditure Impacts:** The bill may increase the administrative workload of the Division of Alcoholic Beverage Control and the Alcohol and Tobacco Tax and Trade Bureau related to regulation and enforcement of the new licenses and alternating proprietor agreements. The OLS finds these potential costs to be indeterminate.

*Section: Law and Public Safety*

*Analyst: Kristin Brunner Santos  
Lead Fiscal Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

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This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 2724

### STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 21, 2023

#### SUMMARY

- Synopsis:** Permits alternating proprietorship of certain wineries.
- Type of Impact:** Annual State revenue and expenditure increases.
- Agencies Affected:** Department of Law and Public Safety; Department of the Treasury.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Annual</u></b>
<b>State Expenditure Increase</b>	Indeterminate
<b>State Revenue Increase</b>	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the division's increased workload.

#### BILL DESCRIPTION

This bill facilitates alternating proprietorships for plenary and farm wineries. Under current law, the holder of a plenary winery license or a farm winery license is required to exercise exclusive control over a single place of business for its wine manufacturing processes.

This bill permits an applicant for or a holder of a plenary or farm winery license to apply to the Division of Alcoholic Beverage Control for approval to enter into an agreement with a host New Jersey winery to use the host's equipment and space in an alternating proprietorship for

production of wine. The division is required to approve the agreement if it determines the Alcohol and Tobacco Tax and Trade Bureau has approved the proposed alternating proprietorship arrangement and that no applicable State alcohol licensing or taxation law, or related regulation or special ruling would be violated. The bill requires the division to approve or deny an application within 180 days, unless the applicant agrees to an extension.

Additionally, current law requires the holder of a plenary or farm winery license to produce wine using grapes or fruit grown on at least three acres on, or adjacent to, the winery premises. This bill provides that in the case of an applicant for a plenary or farm winery license who additionally is applying to the division to enter into an alternating proprietorship agreement, the applicant would be permitted to grow grapes or fruit used in the production of wine within a five-mile radius of the host winery premises.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary and farm winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the division's increased workload.

**State Revenue Impacts:** The bill will increase annual State revenue collections through the expansion of the use of an existing licensed plenary or farm winery, creating a secondary business which would also require a plenary winery license (\$938) or farm winery license (\$63 to \$375). As any winery in New Jersey, or out-of-State, meeting these criteria could apply for the new license, OLS finds the number of potential applicants and thus the potential license revenue to be indeterminate.

It is unknown if there will be additional revenues from penalty collections which would be offset by expenditures for increased regulation and enforcement of the new licenses and the alternating proprietor agreement. Any additional revenues from penalty collections may offset the costs for the division's increased enforcement workload. Additionally, the OLS anticipates that increased sales would increase the amount of State sales tax collected.

**State Expenditure Impacts:** The bill may increase the administrative workload of the Division of Alcoholic Beverage Control and the Alcohol and Tobacco Tax and Trade Bureau related to regulation and enforcement of the new licenses and alternating proprietor agreements. The OLS finds these potential costs to be indeterminate.

*Section: Law and Public Safety*

*Analyst: Kristin Brunner Santos  
Lead Fiscal Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# Governor Murphy Takes Action on Legislation

08/16/2023

**TRENTON** – Today, Governor Phil Murphy signed the following bills into law:

**SCS for S-520/A-3847 (Cruz-Perez/Calabrese, Freiman, Spearman)** - Exempts shellfish aquaculturists with commercial shellfish aquaculture permit from law prohibiting taking of shellfish on Sunday; requires submission of annual shellfish harvest report

**S-1442/A-5345 (Singleton/Thomson, DePhillips, Space)** - Requires public works contractor registration and payroll certification for public works projects to be completed online

**S-3929/A-5182 (Vitale, Scutari/Lampitt, Mukherji)** - Revises certain requirements for involuntary commitment for mental health treatment

[Copy of Statement](#)

**S-3950/A-5575 (Gopal, O'Scanlon/Coughlin)** - Establishes exemption from State school aid reductions for certain school districts

**A-3912/S-2724 (Greenwald, Calabrese/Beach, Cruz-Perez)** - Permits alternating proprietorship of certain wineries

**A-4192/S-3082 (Greenwald/Beach)** - Updates educational and experience requirements to obtain licensure as architect

**A-5286/S-3718 (Greenwald, Pintor Marin/Ruiz, Sarlo)** - Modifies employee health benefits requirements under certain economic development programs

**A-5329/S-3734 (Stanley, Atkins, Moen/Diegnan, Corrado)** - Extends useful service life of certain school buses to 20 years; provides temporary one-year extension of service life of Type S school buses