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LAW/KR

P.L.2012, CHAPTER 47, *approved September 19, 2012*  
Assembly Committee Substitute (*First Reprint*) for  
Assembly, No. 1277

1 AN ACT concerning certain brewery licenses and amending  
2 R.S.33:1-10 and P.L.1962, c.152.

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 The holder of this license shall not sell food or operate a restaurant

**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>Assembly AAP committee amendments adopted June 18, 2012.

1 on the licensed premises. The fee for this license shall be graduated  
2 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 ~~3,000~~ 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 ~~as a~~  
30 ~~restricted brewery~~ under this subsection. The holder of this  
31 license shall ~~only~~ be entitled to sell or deliver the product to that  
32 restaurant premises. The holder of this license also shall be entitled  
33 to sell and distribute the product to wholesalers licensed in  
34 accordance with this chapter. The fee for this license shall be  
35 \$1,250, which fee shall entitle the holder to brew up to 1,000  
36 barrels of 31 liquid gallons per annum. The licensee also shall pay  
37 an additional ~~\$625~~ \$250 for every additional 1,000 barrels of 31  
38 fluid gallons produced. ~~【No more than two restricted brewery~~  
39 ~~licenses shall be issued to a person or entity which holds an interest~~  
40 ~~in a plenary retail consumption license.】~~ The fee shall be  
41 ‘[estimated and]’ paid at the time of application for the license,  
42 and ‘additional payments based on barrels produced’ shall be  
43 ‘[adjusted] paid’ within 60 days following the expiration of the  
44 license term upon certification by the licensee of the actual gallons  
45 brewed during the license term. No more than 10 restricted brewery  
46 licenses shall be issued to a person or entity which holds an interest

1 in a plenary retail consumption license. If the governing body of  
2 the municipality in which the licensed premises will be located  
3 should file a written objection, the director shall hold a hearing and  
4 may issue the license only if the director finds that the issuance of  
5 the license will not be contrary to the public interest. All fees  
6 related to the issuance of both licenses shall be paid in accordance  
7 with statutory law. The provisions of this subsection shall not be  
8 construed to limit or restrict the rights and privileges granted by the  
9 plenary retail consumption license held by the holder of the  
10 restricted brewery license issued pursuant to this subsection.

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

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

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

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

16 A holder of this license who produces not more than 250,000  
17 gallons per year shall not own, either in whole or in part, or hold,  
18 either directly or indirectly, any interest in a winery that produces  
19 more than 250,000 gallons per year. In addition, a holder of this  
20 license who produces more than 250,000 gallons per year shall not  
21 own, either in whole or in part, or hold, either directly or indirectly,  
22 any interest in a winery that produces not more than 250,000  
23 gallons per year. For the purposes of this subsection, "product"  
24 means any wine that is produced, blended, fortified, or treated by  
25 the licensee on its licensed premises situated in the State of New  
26 Jersey.

27 Farm winery license. 2b. The holder of this license shall be  
28 entitled, subject to rules and regulations, to manufacture any  
29 fermented wines and fruit juices in a quantity to be expressed in  
30 said license, dependent upon the following fees and not in excess of  
31 50,000 gallons per year and to sell and distribute his products to  
32 wholesalers and retailers licensed in accordance with this chapter  
33 and to churches for religious purposes and to sell and distribute  
34 without this State to any persons pursuant to the laws of the places  
35 of such sale and distribution, and to maintain a warehouse and to  
36 sell at retail to consumers for consumption on or off the licensed  
37 premises and to offer samples for sampling purposes only. The  
38 license shall be issued only when the winery at which such  
39 fermented wines and fruit juices are manufactured is located and  
40 constructed upon a tract of land exclusively under the control of the  
41 licensee, provided that the licensee is actively engaged in growing  
42 and cultivating an area of not less than three acres on or adjacent to  
43 the winery premises and on which are growing grape vines or fruit  
44 to be processed into wine or fruit juice; and provided, further, that  
45 for the first five years of the operation of the winery such fermented  
46 wines and fruit juices shall be manufactured from at least 51%  
47 grapes or fruit grown in the State and that thereafter they shall be

1 manufactured from grapes or fruit grown in this State at least to the  
2 extent required for labeling as "New Jersey Wine" under the  
3 applicable federal laws and regulations. The containers of all wine  
4 sold to consumers by such licensee shall have affixed a label stating  
5 such information as shall be required by the rules and regulations of  
6 the Director of the Division of Alcoholic Beverage Control. The  
7 fee for this license shall be graduated as follows: to so manufacture  
8 between 30,000 and 50,000 gallons per annum, \$375; to so  
9 manufacture between 2,500 and 30,000 gallons per annum, \$250; to  
10 so manufacture between 1,000 and 2,500 gallons per annum, \$125;  
11 to so manufacture less than 1,000 gallons per annum, \$63. No farm  
12 winery license shall be held by the holder of a plenary winery  
13 license or be situated on a premises licensed as a plenary winery.

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

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

39 Unless otherwise indicated, for the purposes of this subsection,  
40 with respect to farm winery licenses, "manufacture" means the  
41 vinification, aging, storage, blending, clarification, stabilization and  
42 bottling of wine or juice from New Jersey fruit to the extent  
43 required by this subsection.

44 Wine blending license. 2c. The holder of this license shall be  
45 entitled, subject to rules and regulations, to blend, treat, mix, and  
46 bottle fermented wines and fruit juices with non-alcoholic  
47 beverages, and to sell and distribute his products to wholesalers and

1 retailers licensed in accordance with this chapter, and to sell and  
2 distribute without this State to any persons pursuant to the laws of  
3 the places of such sale and distribution, and to maintain a  
4 warehouse. The fee for this license shall be \$625.

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

35 Out-of-State winery license. 2e. Provided that the applicant  
36 does not produce more than 250,000 gallons of wine per year, the  
37 holder of a valid winery license issued in any other state may make  
38 application to the director for this license. The holder of this  
39 license shall have the right to sell and distribute his products to  
40 wholesalers licensed in accordance with this chapter and to sell  
41 such wine at retail in original packages in 16 salesrooms apart from  
42 the winery premises for consumption on or off the premises at a fee  
43 of \$250 for each salesroom. Licensees shall not jointly control and  
44 operate salesrooms. The annual fee for this license shall be \$938.  
45 A copy of a current license issued by another state shall accompany  
46 the application. The holder of this license also shall have the right  
47 to sell and distribute his products to retailers licensed in accordance



1 with this chapter, except that the holder of this license shall not use  
2 a common carrier for such distribution. The fee for this additional  
3 privilege shall be graduated as follows: a licensee who  
4 manufactures more than 150,000 gallons, but not in excess of  
5 250,000 gallons per annum, \$1,000; a licensee who manufactures  
6 more than 100,000 gallons, but not in excess of 150,000 gallons per  
7 annum, \$500; a licensee who manufactures more than 50,000  
8 gallons, but not in excess of 100,000 gallons per annum, \$250; a  
9 licensee who manufactures 50,000 gallons or less per annum, \$100.  
10 Additionally, the holder of this license may ship not more than 12  
11 cases of wine per year, subject to regulation, to any person within or  
12 without this State over 21 years of age for personal consumption  
13 and not for resale. A case of wine shall not exceed a maximum of  
14 nine liters. A copy of the original invoice shall be available for  
15 inspection by persons authorized to enforce the alcoholic beverage  
16 laws of this State for a minimum period of three years at the  
17 licensed premises of the winery.

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

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

34 Plenary distillery license. 3a. The holder of this license shall be  
35 entitled, subject to rules and regulations, to manufacture any  
36 distilled alcoholic beverages and rectify, blend, treat and mix, and  
37 to sell and distribute his products to wholesalers and retailers  
38 licensed in accordance with this chapter, and to sell and distribute  
39 without this State to any persons pursuant to the laws of the places  
40 of such sale and distribution, and to maintain a warehouse. The fee  
41 for this license shall be \$12,500.

42 Limited distillery license. 3b. The holder of this license shall be  
43 entitled, subject to rules and regulations, to manufacture and bottle  
44 any alcoholic beverages distilled from fruit juices and rectify,  
45 blend, treat, mix, compound with wine and add necessary  
46 sweetening and flavor to make cordial or liqueur, and to sell and  
47 distribute to wholesalers and retailers licensed in accordance with

1 this chapter, and to sell and distribute without this State to any  
2 persons pursuant to the laws of the places of such sale and  
3 distribution and to warehouse these products. The fee for this  
4 license shall be \$3,750.

5 Supplementary limited distillery license. 3c. The holder of this  
6 license shall be entitled, subject to rules and regulations, to bottle  
7 and rebottle, in a quantity to be expressed in said license, dependent  
8 upon the following fees, alcoholic beverages distilled from fruit  
9 juices by such holder pursuant to a prior plenary or limited distillery  
10 license, and to sell and distribute his products to wholesalers and  
11 retailers licensed in accordance with this chapter, and to sell and  
12 distribute without this State to any persons pursuant to the laws of  
13 the places of such sale and distribution, and to maintain a  
14 warehouse. The fee for this license shall be graduated as follows:  
15 to so bottle and rebottle not more than 5,000 wine gallons per  
16 annum, \$313; to so bottle and rebottle not more than 10,000 wine  
17 gallons per annum, \$625; to so bottle and rebottle without limit as  
18 to amount, \$1,250.

19 Rectifier and blender license. 4. The holder of this license shall  
20 be entitled, subject to rules and regulations, to rectify, blend, treat  
21 and mix distilled alcoholic beverages, and to fortify, blend, and  
22 treat fermented alcoholic beverages, and prepare mixtures of  
23 alcoholic beverages, and to sell and distribute his products to  
24 wholesalers and retailers licensed in accordance with this chapter,  
25 and to sell and distribute without this State to any persons pursuant  
26 to the laws of the places of such sale and distribution, and to  
27 maintain a warehouse. The fee for this license shall be \$7,500.

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

35 The provisions of section 21 of P.L.2003, c.117 amendatory of  
36 this section shall apply to licenses issued or transferred on or after  
37 July 1, 2003, and to license renewals commencing on or after July  
38 1, 2003.

39 (cf: P.L.2011, c.207, s.1)

40

41 2. Section 2 of P.L.1962, c.152 (C.33:1-12.32) is amended to  
42 read as follow:

43 2. The provisions of this act shall not apply to the acquisition  
44 of an additional license or licenses or an interest therein, when such  
45 license is issued to a person for use in connection with the operation  
46 of a hotel containing at least 50 sleeping rooms, for use in  
47 connection with the operation of a restaurant, for use in connection

1 with the operation of a bowling establishment consisting of more  
2 than 20 lanes, but only so long as the person uses the license in  
3 connection with the operation of that bowling establishment, or for  
4 use on premises within the grounds of an international airport, nor  
5 shall the provisions of this act affect the right of any person to  
6 dispose of an interest in a license or licenses by will or to the  
7 transfer of such an interest by descent and distribution.

8 Any additional license acquired for use in connection with a  
9 restaurant or bowling establishment consisting of more than 20  
10 lanes or for use on premises within the grounds of an international  
11 airport, as herein authorized, shall be limited, however, to the sale  
12 of alcoholic beverages for consumption on the licensed premises  
13 only, except that this restriction shall not apply to the sale of malt  
14 alcoholic beverages produced on the licensed premises of a  
15 restricted brewery pursuant to R.S.33:1-10.

16 (cf: P.L.1985, c.65, s.1)

17

18 3. This act shall take effect immediately.

19

20

21

22

23 Revises privileges of limited and restricted breweries.

# ASSEMBLY, No. 1277

## STATE OF NEW JERSEY 215th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2012 SESSION

**Sponsored by:**

**Assemblyman CRAIG J. COUGHLIN**

**District 19 (Middlesex)**

**Assemblyman JON M. BRAMNICK**

**District 21 (Morris, Somerset and Union)**

**Assemblyman PATRICK J. DIEGNAN, JR.**

**District 18 (Middlesex)**

**Assemblywoman ALISON LITTELL MCHOSE**

**District 24 (Morris, Sussex and Warren)**

**Assemblyman ANTHONY M. BUCCO**

**District 25 (Morris and Somerset)**

**Co-Sponsored by:**

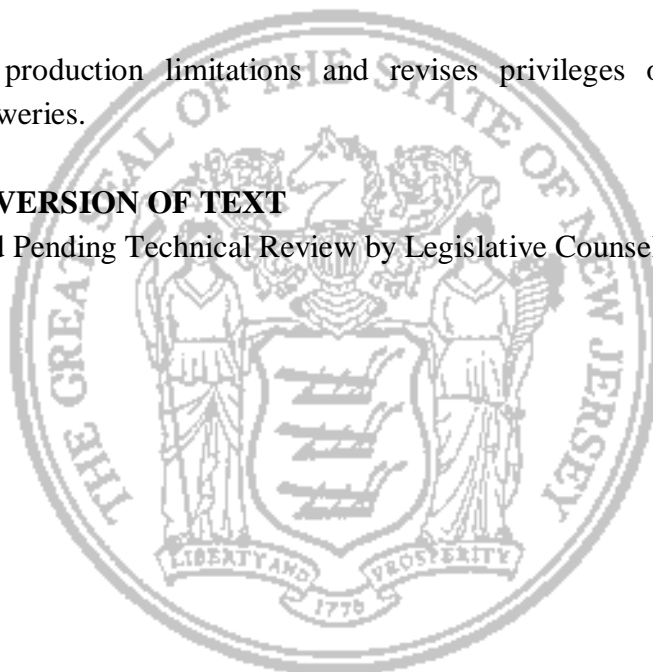
**Assemblywoman N.Munoz, Assemblymen Benson, Wilson, Fuentes and Greenwald**

**SYNOPSIS**

Increases production limitations and revises privileges of limited and restricted breweries.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel



**(Sponsorship Updated As Of: 3/13/2012)**

A1277 COUGHLIN, BRAMNICK

2

1 AN ACT concerning certain brewery licenses and amending  
2 R.S.33:1-10, P.L.1962 c.152, and R.S.33:1-43.

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. The fee for this license shall be \$10,625.

17 Limited brewery license. 1b. The holder of this license shall be  
18 entitled, subject to rules and regulations, to brew any malt alcoholic  
19 beverages in a quantity to be expressed in said license, dependent  
20 upon the following fees and not in excess of ~~300,000~~ 500,000  
21 barrels of 31 fluid gallons capacity per year and to sell and  
22 distribute this product to wholesalers and retailers licensed in  
23 accordance with this chapter, and to sell and distribute without this  
24 State to any persons pursuant to the laws of the places of such sale  
25 and distribution, ~~and~~ to maintain a warehouse, and to sell his  
26 products at retail to consumers on the licensed premises of the  
27 brewery for consumption on or off the premises, and to offer  
28 samples for sampling purposes only. The fee for this license shall  
29 be graduated as follows:

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

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

34 to so brew not more than ~~200,000~~ 300,000 barrels of 31 fluid  
35 gallons capacity per annum, \$5,000;

36 to so brew not more than ~~300,000~~ 500,000 barrels of 31 fluid  
37 gallons capacity per annum, \$7,500. The holder of this license shall  
38 also have the right to sell such malt alcoholic beverages at retail in  
39 original packages in 10 salesrooms apart from the brewery premises  
40 for consumption on or off the premises and for sampling purposes  
41 for consumption on the premises, at a fee of \$250 for each  
42 salesroom.

43 Upon submission of the required fees and proof satisfactory to  
44 the director, a brewery duly licensed in another state, with annual

**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 production not in excess of 500,000 barrels of 31 fluid gallons  
2 capacity per annum, may apply for a limited brewery license under  
3 this subsection. The holder of the limited brewery license granted  
4 pursuant to this subsection shall have the right to sell the brewery's  
5 products to consumers at retail in original packages in 10  
6 salesrooms situated in the State of New Jersey for consumption on  
7 or off the premises and for sampling purposes for consumption on  
8 the premises, at a fee of \$250 for each salesroom.

9 For the purposes of this section, "sampling" means the selling at  
10 a nominal charge or the gratuitous offering of an open container not  
11 exceeding four ounces of any malt alcoholic beverage. For the  
12 purposes of this section, "product" means any malt alcoholic  
13 beverage that is produced by the licensee on its licensed premises  
14 situated in the State of New Jersey.

15 Restricted brewery license. 1c. The holder of this license shall  
16 be entitled, subject to rules and regulations, to brew any malt  
17 alcoholic beverages in a quantity to be expressed in such license not  
18 in excess of ~~【3,000】~~ 10,000 barrels of 31 gallons capacity per year.  
19 Notwithstanding the provisions of R.S.33:1-26, the director shall  
20 issue a restricted brewery license only to a person or an entity  
21 which has identical ownership to an entity which holds a plenary  
22 retail consumption license issued pursuant to R.S.33:1-12, provided  
23 that such plenary retail consumption license is operated in  
24 conjunction with a restaurant regularly and principally used for the  
25 purpose of providing meals to its customers and having adequate  
26 kitchen and dining room facilities, and that the licensed restaurant  
27 premises is immediately adjoining the premises licensed as a  
28 restricted brewery. The holder of this license shall only be entitled  
29 to sell or deliver the product to that restaurant premises, or to  
30 another restaurant premises operated by the same entity which also  
31 holds a plenary retail consumption license issued pursuant to  
32 R.S.33:1-12 for that licensed premises, but which does not hold a  
33 restricted brewery license issued pursuant to this section adjacent to  
34 that licensed restaurant premises. The fee for this license shall be  
35 \$1,250, which fee shall entitle the holder to brew up to 1,000  
36 barrels of 31 liquid gallons per annum. The licensee also shall pay  
37 an additional ~~【\$625】~~ \$250 for every additional 1,000 barrels of 31  
38 fluid gallons produced. **【No more than two restricted brewery**  
39 **licenses shall be issued to a person or entity which holds an interest**  
40 **in a plenary retail consumption license.】** The fee shall be estimated  
41 and paid at the time of application for the license, and shall be  
42 adjusted within 60 days following the expiration of the license term  
43 upon certification by the licensee of the actual gallons brewed  
44 during the license term. If the governing body of the municipality  
45 in which the licensed premises will be located should file a written  
46 objection, the director shall hold a hearing and may issue the license  
47 only if the director finds that the issuance of the license will not be

1 contrary to the public interest. All fees related to the issuance of  
2 both licenses shall be paid in accordance with statutory law. The  
3 holder of this license shall also have the privilege to offer samples  
4 of its product off the licensed premises pursuant to an annual permit  
5 issued by the director. The holder of this license also may hold a  
6 limited brewery license for the same premises licensed under this  
7 restricted brewery license.

8 Plenary winery license. 2a. Provided that the holder is engaged  
9 in growing and cultivating grapes or fruit used in the production of  
10 wine on at least three acres on, or adjacent to, the winery premises,  
11 the holder of this license shall be entitled, subject to rules and  
12 regulations, to produce any fermented wines, and to blend, fortify  
13 and treat wines, and to sell and distribute his products to  
14 wholesalers and retailers license in accordance with this chapter and  
15 to churches for religious purposes, and to sell and distribute with  
16 this State to any persons pursuant to the laws of the places of such  
17 sale and distribution, and to maintain a warehouse, and to sell his  
18 products at retail to consumers on the licensed premises of the  
19 winery for consumption on or off the premises and to offer samples  
20 for sampling purposes only. The fee for this license shall be \$938.  
21 The holder of this license shall also have the right to sell such wine  
22 at retail in original packages in six salesrooms apart from the  
23 winery premises for consumption on or off the premises and for  
24 sampling purposes for consumption on the premises, at a fee of  
25 \$250 for each saleroom. Additionally, subject to rules and  
26 regulations, one salesroom per county may be jointly controlled and  
27 operated by at least two plenary or farm winery licensees for the  
28 sale of the products of any plenary or farm winery licensee for  
29 consumption on or off the premises and for consumption on the  
30 licensed premises for sampling purposes at an additional fee of  
31 \$625 per county salesroom. For the purposes of this subsection,  
32 "sampling" means the selling at a nominal charge or the gratuitous  
33 offering of an open container not exceeding one and one-half  
34 ounces of any wine. For the purposes of this section, "product"  
35 means any wine that is produced, blended, fortified, or treated by  
36 the licensee on its licensed premises situated in the State of New  
37 Jersey. Any holder of a plenary winery license who sold wine  
38 which was produced, bottled, and labeled by that holder in a place  
39 other than its licensed New Jersey premises between July 1, 1992  
40 and June 30, 1993, may continue to sell that wine provided no more  
41 than 25,000 cases, each case consisting of 12 750 milliliter bottles  
42 or the equivalent, are sold in any single license year. This privilege  
43 shall terminate upon, and not survive, any transfer of the license to  
44 another person or entity subsequent to the effective date of this  
45 1993 amendatory act or any transfer of stock of the licensed  
46 corporation other than to children, grandchildren, parents, spouses  
47 or siblings of the existing stockholders.

1 Farm winery license. 2b. The holder of this license shall be  
2 entitled, subject to rules and regulations, to manufacture any  
3 fermented wines and fruit juices in a quantity to be expressed in  
4 said license, dependent upon the following fees and not in excess of  
5 50,000 gallons per year and to sell and distribute his products to  
6 wholesalers and retailers licensed in accordance with this chapter  
7 and to churches for religious purposes and to sell and distribute  
8 without this State to any persons pursuant to the laws of the places  
9 of such sale and distribution, and to maintain a warehouse and to  
10 sell at retail to consumers for consumption on or off the licensed  
11 premises and to offer samples for sampling purposes only. The  
12 license shall be issued only when the winery at which such  
13 fermented wines and fruit juices are manufactured is located and  
14 constructed upon a tract of land exclusively under the control of the  
15 licensee, provided that the license is actively engaged in growing  
16 and cultivating an area of not less than three acres on or adjacent to  
17 the winery premises and on which are growing grape vines or fruit  
18 to be processed into wine or fruit juice; and provided, further, that  
19 for the first five years of the operation of the winery such fermented  
20 wines and fruit juices shall be manufactured from at least 51%  
21 grapes or fruit grown in the State and that thereafter they shall be  
22 manufactured from grapes or fruit grown in this State at least to the  
23 extent required for labeling as "New Jersey Wine" under the  
24 applicable federal laws and regulations. The containers of all wine  
25 sold to consumers by such licensee shall have affixed a label stating  
26 such information as shall be required by the rules and regulations of  
27 the Director of the Division of Alcoholic Beverage Control. The  
28 fee for this license shall be graduated as follows:

29 To so manufacture between 30,000 and 50,000 gallons per  
30 annum, \$375; to so manufacture between 2,500 and 30,000 gallons  
31 per annum, \$250; to so manufacture between 1,000 and 2,500  
32 gallons per annum, \$125; to so manufacture less than 1,000 gallons  
33 per annum, \$63. No farm winery shall be held by the holder of a  
34 plenary winery license or be situated on a premises licensed as a  
35 plenary winery. The holder of this license shall also have the right  
36 to sell his products in original packages at retail to consumers in six  
37 salesrooms apart from the winery premises for consumption on or  
38 off the premises, and for sampling purposes for consumption on the  
39 premises, at a fee of \$250 for each salesroom. Additionally, subject  
40 to rules and regulations, one salesroom per county may be jointly  
41 controlled and operated by at least two plenary or farm winery  
42 licensees for the sale of the products of any plenary or farm winery  
43 licensee for consumption on or off the premises and for  
44 consumption on the licensed premises for sampling purposes only,  
45 at an additional fee of \$625 per county salesroom. For the purposes  
46 of this subsection, "sampling" means the selling at a nominal charge  
47 or the gratuitous offering of an open container not exceeding one



1 and one-half of any wine. Unless otherwise indicated, for the  
2 purposes of this subsection, with respect to farm winery licenses,  
3 “manufacture” means the vinification, aging, storage, blending,  
4 clarification, stabilization and bottling of wine or juice from New  
5 Jersey fruit to the extent required by this subsection.

6 Wine blending license. 2c. The holder of this license shall be  
7 entitled, subject to rules and regulations, to blend, treat, mix, and  
8 bottle fermented wines and fruit juices with non-alcoholic  
9 beverages, and to sell and distribute his products to wholesalers and  
10 retailers licensed in accordance with this chapter, and to sell and  
11 distribute without this State to any persons pursuant to the laws of  
12 the places of such sale and distribution, and to maintain a  
13 warehouse. The fee for this license shall be \$625.

14 Instructional winemaking facility license. 2d. The holder of this  
15 license shall be entitled, subject to rules and regulations, to instruct  
16 persons in and provide them with the opportunity to participate  
17 directly in the process of winemaking and to directly assist such  
18 persons in the process of winemaking while in the process of  
19 instruction on the premises of the facility. The holder of this  
20 license also shall be entitled to manufacture wine on the premises  
21 not in excess of an amount of 10% of the wine produced annually  
22 on the premises of the facility, which shall be used only to replace  
23 quantities lost or discarded during the winemaking process, to  
24 maintain a warehouse, and to offer samples produced to persons  
25 who have received instruction in winemaking on the premises by  
26 the licensee for sampling purposes only on the licensed premises for  
27 the purpose of promoting winemaking for personal or household use  
28 or consumption. Wine produced on the premises of an instructional  
29 winemaking facility shall be used, consumed or disposed of on the  
30 facility’s premises or distributed from the facility’s premises to a  
31 person who has participated directly in the process of winemaking  
32 for the person’s personal or household use or consumption. The  
33 holder of this license may sell mercantile items traditionally  
34 associated with winemaking and novelty wearing apparel identified  
35 with the name of the establishment licensed under the provisions of  
36 this section. The holder of this license may use the licensed  
37 premises for an event or affair, including an event or affair at which  
38 a plenary retail consumption licensee serves alcoholic beverages in  
39 compliance with all applicable statutes and regulations promulgated  
40 by the director. The fee for this license shall be \$1,000. For the  
41 purposes of this subsection, “sampling” means the gratuitous  
42 offering of an open container not exceeding one and one-half  
43 ounces of any wine.

44 Plenary distiller license. 3a. The holder of this license shall be  
45 entitled, subject to rules and regulation, to manufacture any distilled  
46 alcoholic beverages and rectify, blend, treat and mix, and to sell and  
47 distribute his products 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 fee for this shall  
4 be \$12,500.

5 Limited distillery license. 3b. The holder of this license shall be  
6 entitled, subject to rules and regulations, to manufacture and bottle  
7 any alcoholic beverages distilled from fruit juices and rectify,  
8 blend, treat, mix, compound with wine and add necessary  
9 sweetening and flavor to make cordial or liqueur, and to sell and  
10 distribute to wholesalers and retailers licensed in accordance with  
11 this chapter, and to sell and distribute without this State to any  
12 persons pursuant to the laws of the places of such sale and  
13 distribution and to warehouse these products. The fee for this  
14 license shall be \$3,750.

15 Supplementary limited distillery license. 3c. The holder of this  
16 license shall be entitled, subject to rules and regulations, to bottle  
17 and rebottle, in a quantity to be expressed in said license, dependent  
18 upon the following fess, alcoholic beverages distilled from fruit  
19 juices by such holder pursuant to a priority plenary or limited  
20 distillery license, and to sell and distribute his products to  
21 wholesalers and retailers licensed in accordance with this chapter ,  
22 and to sell and distribute without this State to any persons pursuant  
23 to the laws of the places of such sale and distribution, and to  
24 maintain a warehouse. The fee for this license shall be graduated as  
25 follows:

26 to so bottle and rebottle not more than 5,000 wine gallons per  
27 annum, \$313;

28 to so bottle and rebottle not more than 10,000 wine gallons per  
29 annum, \$625;

30 to so bottle and rebottle without limit as to amount, \$1,250.

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

40 Bonded warehouse bottling license. 5. The holder of this license  
41 shall be entitled, subject to rules and regulations, to bottle alcoholic  
42 beverages in bond on behalf of all persons authorized by federal and  
43 State law and regulations to withdraw alcoholic beverages from  
44 bond. The fee for this license shall be \$625. This license shall be  
45 issued only to persons holding permits to operate Internal Revenue  
46 bonded warehouses pursuant to the laws of the United States. The  
47 provisions of section 21 of P.L.2003, c.117 amendatory of this

1 section shall apply to licenses issued or transferred on or after July  
2 1, 2003, and to license renewals commencing on or after July 1,  
3 2003.

4 (cf: P.L.2007, c. 329, s.1)

5

6 2. Section 2 of P.L.1962, c.152 (C.33:1-12.32) is amended to  
7 read as follow:

8 2. The provisions of this act shall not apply to the acquisition of  
9 an additional license or licenses or an interest therein, when such  
10 license is issued to a person for use in connection with the operation  
11 of a hotel containing at least 50 sleeping rooms, for use in  
12 connection with the operation of a restaurant, for use in connection  
13 with the operation of a bowling establishment consisting of more  
14 than 20 lanes, but only so long as the person uses the license in  
15 connection with the operation of that bowling establishment, for use  
16 in a restaurant having ownership which is identical to the ownership  
17 of a restricted brewery license issued pursuant to R.S.33:1-10, or  
18 for use on premises within the grounds of an international airport,  
19 nor shall the provisions of this act affect the right of any person to  
20 dispose of an interest in a license or licenses by will or to the  
21 transfer of such an interest by descent and distribution.

22 Any additional license acquired for use in connection with a  
23 restaurant or bowling establishment consisting of more than 20  
24 lanes or for use on premises within the grounds of an international  
25 airport, as herein authorized, shall be limited, however, to the sale  
26 of alcoholic beverages for consumption on the licensed premises  
27 only, except that this restriction shall not apply to the sale of malt  
28 alcoholic beverages produced on the licensed premises of a  
29 restricted brewery pursuant to R.S.33:1-10.

30 (cf: P.L.1985, c.65, s.1)

31

32 3. R.S.33:1-43 is amended to read as follows:

33 33:1-43. a. It shall be unlawful for any owner, part owner,  
34 stockholder or officer or director of any corporation, or any other  
35 person whatsoever interested in any way whatsoever in any  
36 brewery, winery, distillery or rectifying and blending plant, or any  
37 wholesaler of alcoholic beverages, to conduct, own either in whole  
38 or in part, or be directly or indirectly interested in the retailing of  
39 any alcoholic beverages in New Jersey except as provided in this  
40 chapter, and such interest shall include any payments or delivery of  
41 money or property by way of loan or otherwise accompanied by an  
42 agreement to sell the product of said brewery, winery, distillery,  
43 rectifying and blending plant or wholesaler.

44 b. It shall be unlawful for any owner, part owner, stockholder or  
45 officer or director of any corporation, or any other person  
46 whatsoever, interested in any way whatsoever in the retailing of  
47 alcoholic beverages to conduct, own either whole or in part, or to be

1 a shareholder, officer or director of a corporation or association,  
2 directly or indirectly, interested in any brewery, winery, distillery,  
3 rectifying and blending plant, or wholesaling or importing interest  
4 of any kind whatsoever.

5 No interest in the retailing of alcoholic beverages shall be  
6 deemed to exist by reason of the ownership, delivery or loan of  
7 interior signs designed for and exclusively used for advertising the  
8 product of or product offered for sale by such brewery, winery,  
9 distillery or rectifying and blending plant or wholesaler.

10 c. Nothing in this section shall prohibit:

11 (1) The exercise of limited retail privileges by Class A or Class  
12 B licensees conferred pursuant to R.S.33:1-10, R.S.33:1-11, by rule  
13 or regulation or by special permit issued by the director;

14 (2) Any owner, part owner, stockholder, officer or director of  
15 any corporation, or any other person whatsoever interested in any  
16 way whatsoever in any brewery, winery, distillery, rectifying and  
17 blending plant or any wholesaler of alcoholic beverages, from  
18 conducting, owning, either in whole or in part, or being directly or  
19 indirectly interested in the retailing of any alcoholic beverages,  
20 under any retail consumption license or State issued permit, in  
21 conjunction with and as a part of the operations of a hotel or motel;

22 (3) Any owner, part owner, stockholder or officer or director of  
23 any corporation, or any other person or corporation interested in  
24 any way whatsoever in the retailing of alcoholic beverages, under a  
25 retail consumption license or State issued permit, in conjunction  
26 with and as a part of the operations of a hotel or motel from  
27 conducting, owning, either in whole or in part, or being a  
28 shareholder, officer or director of a corporation or association,  
29 directly or indirectly interested in any brewery, winery, distillery,  
30 rectifying and blending plant, or wholesaling or importing interest  
31 of any kind whatsoever; or

32 (4) The exercise of a limited brewery or restricted brewery  
33 license privilege by an immediately adjoining or other restaurant  
34 having a plenary retail consumption license issued under R.S.33:1-  
35 12, and having ownership which is identical to the ownership of the  
36 limited brewery license and restricted brewery license.

37 No more than 20% of the total gross annual revenues of a hotel  
38 or motel described in paragraphs (2) and (3) shall be derived from  
39 the sale of alcoholic beverages by the hotel or motel. A retail  
40 licensee described in paragraphs (2) and (3) shall not purchase or  
41 sell any alcoholic beverage product produced or sold by the  
42 brewery, winery, distillery, rectifying and blending plant,  
43 wholesaler or importer that has any interest in the retail license of  
44 the hotel or motel, unless the total of all such products is 5% or less  
45 of the total volume of alcoholic beverage products purchased and  
46 sold annually by the hotel or motel holding the retail license. The  
47 retail licensee shall, within 30 days following the effective date of

1 this act, file with the Division of Alcoholic Beverage Control a list  
2 of all alcoholic beverage products which shall not be purchased or  
3 sold by the hotel or motel except to the extent permitted herein.  
4 Thereafter, the retail licensee shall file a new or amended list with  
5 the division within 30 days of any changed circumstances which  
6 affect the information on the list. This list shall be made available  
7 to the public upon request.

8 For purposes of this subsection "hotel" or "motel" means an  
9 establishment containing at least 100 guest room accommodations  
10 where the relationship between the occupants thereof and the owner  
11 or operator of the establishment is that of innkeeper and guest.  
12 (cf: P.L.1993, c.216, s.3)

13

14 4. This act shall take effect immediately.

15

16

17

#### STATEMENT

18

19 This bill revises current law concerning limited breweries and  
20 restricted breweries, which are popularly known as brewpubs.

21 The bill permits limited breweries to increase their annual  
22 production from 300,000 to 500,000 barrels annually. The bill also  
23 permits these breweries to sell their products at retail to consumers  
24 on the licensed premises of the brewery for consumption on or off  
25 the premises, and to offer samples. The bill revises the fee for  
26 licensees who produce certain quantities: the fee to produce up to  
27 300,000 barrels annually would be \$5,000 and to brew up to  
28 500,000 barrels annually would be \$7,500. The bill also permits the  
29 licensee to sell malt alcoholic beverages at retail in original  
30 packages in 10 salesrooms for consumption on or off the premises,  
31 and to offer samples, at a fee of \$250 for each salesroom.

32 Upon submission of the required fees and proof satisfactory to  
33 the director, a brewery duly licensed in another state which does not  
34 produce more than 500,000 barrels annually may apply for a limited  
35 brewery license under the bill. The holder of the limited brewery  
36 license would have the right to sell the brewery's products to  
37 consumers at retail in original packages in 10 salesrooms situated in  
38 New Jersey for consumption on or off the premises and to offer  
39 samples, at a fee of \$250 for each salesroom.

40 The bill also increases the quantity of malt alcoholic beverages  
41 that may be produced by a restricted brewery from 3,000 to 10,000  
42 barrels annually. Under current law, a restricted brewery must be  
43 operated in conjunction with a restaurant which is immediately  
44 adjoining the restricted brewery premises, and the brewery product  
45 only may be delivered to that restaurant premises. This bill permits  
46 licensees to serve their products at another restaurant they own  
47 which is not a restricted brewery. The bill decreases the fee the

1 licensee is required to pay from \$625 to \$250 for every additional  
2 1,000 barrels produced. In addition, the licensee may offer samples  
3 of its products off the licensed premises if the licensee obtains an  
4 annual permit issued by the director. The bill also permits a  
5 restricted brewery licensee to obtain a limited brewery license for  
6 the same premises licensed as a restricted brewery.

7 Current law prohibits the acquisition of more than two alcoholic  
8 beverage retail licenses, with certain exceptions including  
9 restaurants. This bill amends that statute to provide an exception  
10 for the acquisition of an additional license to be used in a restaurant  
11 with ownership identical to the ownership of a restricted brewery  
12 license. If an additional license is acquired under current law for  
13 use in a restaurant, the licensee may sell alcoholic beverages for  
14 consumption only on the licensed premises. Under this bill,  
15 however, the restaurant would be permitted to sell malt alcoholic  
16 beverages produced by a restricted brewery for consumption off the  
17 licensed premises.

18 Finally, the bill clarifies that the operation of a limited brewery  
19 in conjunction with a restricted brewery and restaurants would not  
20 conflict with the "tied house" prohibition established under  
21 R.S.33:1-43, which prohibits a person with an interest in a brewery  
22 from conducting or being directly or indirectly interested in the  
23 retailing of any alcoholic beverages.

# ASSEMBLY LAW AND PUBLIC SAFETY COMMITTEE

## STATEMENT TO

### ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 1277

# STATE OF NEW JERSEY

DATED: JUNE 7, 2012

The Assembly Law and Public Safety reports favorably an Assembly Committee Substitute for Assembly Bill No. 1277.

This Assembly Committee Substitute for Assembly Bill No. 1277 revises current law regarding limited breweries, commonly known as micro-breweries, and restricted breweries, commonly known as brewpubs.

The committee substitute permits limited breweries to sell and distribute their products to a consumer on the licensed premises of the brewery: 1) for consumption on the premises only in connection with a tour of the brewery; 2) in an amount of up to 15.5 fluid gallons for consumption off the licensed premises; and 3) for sampling only if the brewery has obtained an annual permit from the Director of the Division of Alcoholic Beverage Control. The substitute prohibits these licensees from selling food or operating a restaurant on the licensed premises.

In addition, the substitute increases the quantity of malt alcoholic beverages that a restricted brewery may annually produce from 3,000 to 10,000 barrels. Under current law, the fee for a restricted brewery license is \$1,250 to brew 1,000 barrels annually. The licensee is required to pay an \$625 for every additional 1,000 barrels produced; under the substitute, that fee is reduced to \$250. The substitute further permits a restricted brewery to sell its products to licensed wholesalers for distribution and sale to licensed retailers, enabling the sale of these products to the public through the three-tier system. The licensee also may offer samples of its products at charitable or civic events off the licensed premises if the licensee obtains an annual permit issued by the director.

Current law prohibits the acquisition of more than two restricted brewery licenses; the substitute permits the acquisition of up to 10 restricted brewery licenses. Current law also prohibits the acquisition of two alcoholic beverage retail licenses, with certain exceptions, including restaurants. If an additional license is acquired under current law for use in a restaurant, the licensee may sell alcoholic beverages for consumption only on the licensed premises. Under the substitute, however, a restaurant with a restricted brewery license would be

permitted to sell malt alcoholic beverages produced by the restricted brewery for consumption off the licensed premises.

Additionally, the substitute makes an “at rest” provision applicable to holders of plenary brewery licenses and limited brewery licenses. The bill specifically requires these licensees to deliver their malt alcoholic beverage products from inventory in a warehouse located within the State. Current law requires holders of plenary wholesale licenses and wine wholesaler licenses to deliver their alcoholic beverages and wines from inventory in warehouses located in the State. These “at rest” provisions allow for employees of the Division of Alcoholic Beverage Control to inspect alcoholic beverage products and records in a licensed and regulated facility before resale to retailers to ensure compliance with brand registration, registered distribution, product composition, labeling and advertising standards, and other applicable regulations. They also ensure the collection of applicable taxes.



ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 1277**

**STATE OF NEW JERSEY**  
**215th LEGISLATURE**

ADOPTED JUNE 7, 2012

**Sponsored by:**

**Assemblyman CRAIG J. COUGHLIN**

**District 19 (Middlesex)**

**Assemblyman JON M. BRAMNICK**

**District 21 (Morris, Somerset and Union)**

**Assemblyman PATRICK J. DIEGNAN, JR.**

**District 18 (Middlesex)**

**Assemblywoman ALISON LITTELL MCHOSE**

**District 24 (Morris, Sussex and Warren)**

**Assemblyman ANTHONY M. BUCCO**

**District 25 (Morris and Somerset)**

**Assemblyman RUBEN J. RAMOS, JR.**

**District 33 (Hudson)**

**Co-Sponsored by:**

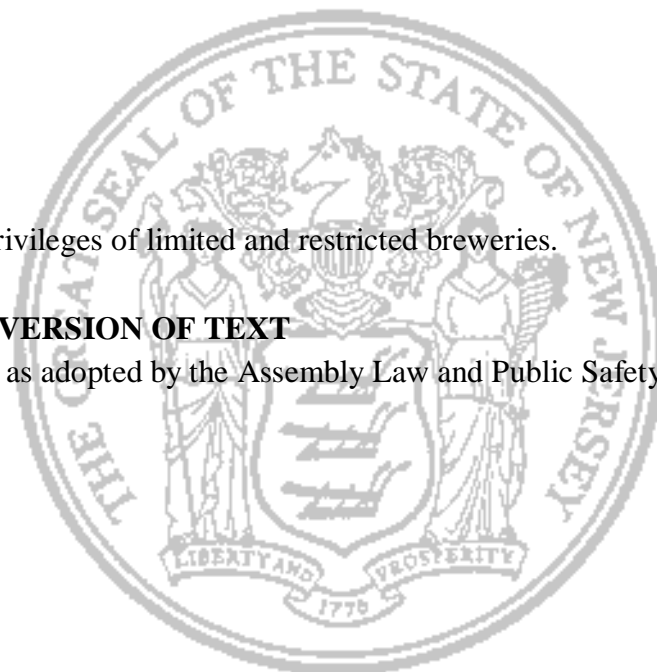
**Assemblywoman N.Munoz, Assemblymen Benson, Wilson, Fuentes,  
Greenwald and Assemblywoman Riley**

**SYNOPSIS**

Revises privileges of limited and restricted breweries.

**CURRENT VERSION OF TEXT**

Substitute as adopted by the Assembly Law and Public Safety Committee.



**(Sponsorship Updated As Of: 6/15/2012)**

1 AN ACT concerning certain brewery licenses and amending  
2 R.S.33:1-10 and P.L.1962, c.152.

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 The holder of this license shall not sell food or operate a restaurant  
40 on the licensed premises. The fee for this license shall be graduated  
41 as follows:

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

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

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

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

5 For the purposes of this subsection, “sampling” means the selling  
6 at a nominal charge or the gratuitous offering of an open container  
7 not exceeding four ounces of any malt alcoholic beverage. For the  
8 purposes of this subsection, “product” means any malt alcoholic  
9 beverage that is produced on the premises licensed under this  
10 subsection.

11 Restricted brewery license. 1c. The holder of this license shall  
12 be entitled, subject to rules and regulations, to brew any malt  
13 alcoholic beverages in a quantity to be expressed in such license not  
14 in excess of ~~【3,000】~~ 10,000 barrels of 31 gallons capacity per year.  
15 Notwithstanding the provisions of R.S.33:1-26, the director shall  
16 issue a restricted brewery license only to a person or an entity  
17 which has identical ownership to an entity which holds a plenary  
18 retail consumption license issued pursuant to R.S.33:1-12, provided  
19 that such plenary retail consumption license is operated in  
20 conjunction with a restaurant regularly and principally used for the  
21 purpose of providing meals to its customers and having adequate  
22 kitchen and dining room facilities, and that the licensed restaurant  
23 premises is immediately adjoining the premises licensed ~~【as a~~  
24 ~~restricted brewery】~~ under this subsection. The holder of this  
25 license shall ~~【only】~~ be entitled to sell or deliver the product to that  
26 restaurant premises. The holder of this license also shall be entitled  
27 to sell and distribute the product to wholesalers licensed in  
28 accordance with this chapter. The fee for this license shall be  
29 \$1,250, which fee shall entitle the holder to brew up to 1,000  
30 barrels of 31 liquid gallons per annum. The licensee also shall pay  
31 an additional ~~【\$625】~~ \$250 for every additional 1,000 barrels of 31  
32 fluid gallons produced. ~~【No more than two restricted brewery~~  
33 ~~licenses shall be issued to a person or entity which holds an interest~~  
34 ~~in a plenary retail consumption license.】~~ The fee shall be estimated  
35 and paid at the time of application for the license, and shall be  
36 adjusted within 60 days following the expiration of the license term  
37 upon certification by the licensee of the actual gallons brewed  
38 during the license term. No more than 10 restricted brewery  
39 licenses shall be issued to a person or entity which holds an interest  
40 in a plenary retail consumption license. If the governing body of  
41 the municipality in which the licensed premises will be located  
42 should file a written objection, the director shall hold a hearing and  
43 may issue the license only if the director finds that the issuance of  
44 the license will not be contrary to the public interest. All fees  
45 related to the issuance of both licenses shall be paid in accordance  
46 with statutory law. The provisions of this subsection shall not be  
47 construed to limit or restrict the rights and privileges granted by the

1 plenary retail consumption license held by the holder of the  
2 restricted brewery license issued pursuant to this subsection.

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

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

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

1 shall not exceed a maximum of nine liters. A copy of the original  
2 invoice shall be available for inspection by persons authorized to  
3 enforce the alcoholic beverage laws of this State for a minimum  
4 period of three years at the licensed premises of the winery. For the  
5 purposes of this subsection, "sampling" means the selling at a  
6 nominal charge or the gratuitous offering of an open container not  
7 exceeding one and one-half ounces of any wine.

8 A holder of this license who produces not more than 250,000  
9 gallons per year shall not own, either in whole or in part, or hold,  
10 either directly or indirectly, any interest in a winery that produces  
11 more than 250,000 gallons per year. In addition, a holder of this  
12 license who produces more than 250,000 gallons per year shall not  
13 own, either in whole or in part, or hold, either directly or indirectly,  
14 any interest in a winery that produces not more than 250,000  
15 gallons per year. For the purposes of this subsection, "product"  
16 means any wine that is produced, blended, fortified, or treated by  
17 the licensee on its licensed premises situated in the State of New  
18 Jersey.

19 Farm winery license. 2b. The holder of this license shall be  
20 entitled, subject to rules and regulations, to manufacture any  
21 fermented wines and fruit juices in a quantity to be expressed in  
22 said license, dependent upon the following fees and not in excess of  
23 50,000 gallons per year and to sell and distribute his products to  
24 wholesalers and retailers licensed in accordance with this chapter  
25 and to churches for religious purposes and to sell and distribute  
26 without this State to any persons pursuant to the laws of the places  
27 of such sale and distribution, and to maintain a warehouse and to  
28 sell at retail to consumers for consumption on or off the licensed  
29 premises and to offer samples for sampling purposes only. The  
30 license shall be issued only when the winery at which such  
31 fermented wines and fruit juices are manufactured is located and  
32 constructed upon a tract of land exclusively under the control of the  
33 licensee, provided that the licensee is actively engaged in growing  
34 and cultivating an area of not less than three acres on or adjacent to  
35 the winery premises and on which are growing grape vines or fruit  
36 to be processed into wine or fruit juice; and provided, further, that  
37 for the first five years of the operation of the winery such fermented  
38 wines and fruit juices shall be manufactured from at least 51%  
39 grapes or fruit grown in the State and that thereafter they shall be  
40 manufactured from grapes or fruit grown in this State at least to the  
41 extent required for labeling as "New Jersey Wine" under the  
42 applicable federal laws and regulations. The containers of all wine  
43 sold to consumers by such licensee shall have affixed a label stating  
44 such information as shall be required by the rules and regulations of  
45 the Director of the Division of Alcoholic Beverage Control. The  
46 fee for this license shall be graduated as follows: to so manufacture  
47 between 30,000 and 50,000 gallons per annum, \$375; to so

1 manufacture between 2,500 and 30,000 gallons per annum, \$250; to  
2 so manufacture between 1,000 and 2,500 gallons per annum, \$125;  
3 to so manufacture less than 1,000 gallons per annum, \$63. No farm  
4 winery license shall be held by the holder of a plenary winery  
5 license or be situated on a premises licensed as a plenary winery.

6 The holder of this license shall also have the right to sell and  
7 distribute his products to retailers licensed in accordance with this  
8 chapter, except that the holder of this license shall not use a  
9 common carrier for such distribution. The fee for this additional  
10 privilege shall be \$100. The holder of this license shall have the  
11 right to sell his products in original packages at retail to consumers  
12 in 15 salesrooms apart from the winery premises for consumption  
13 on or off the premises, and for sampling purposes for consumption  
14 on the premises, at a fee of \$250 for each salesroom. Licensees  
15 shall not jointly control and operate salesrooms. Additionally, the  
16 holder of this license may ship not more than 12 cases of wine per  
17 year, subject to regulation, to any person within or without this  
18 State over 21 years of age for personal consumption and not for  
19 resale. A case of wine shall not exceed a maximum of nine liters.  
20 A copy of the original invoice shall be available for inspection by  
21 persons authorized to enforce the alcoholic beverage laws of this  
22 State for a minimum period of three years at the licensed premises  
23 of the winery. For the purposes of this subsection, "sampling"  
24 means the selling at a nominal charge or the gratuitous offering of  
25 an open container not exceeding one and one-half ounces of any  
26 wine.

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

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

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

44 Instructional winemaking facility license. 2d. The holder of this  
45 license shall be entitled, subject to rules and regulations, to instruct  
46 persons in and provide them with the opportunity to participate  
47 directly in the process of winemaking and to directly assist such

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

27 Out-of-State winery license. 2e. Provided that the applicant  
28 does not produce more than 250,000 gallons of wine per year, the  
29 holder of a valid winery license issued in any other state may make  
30 application to the director for this license. The holder of this  
31 license shall have the right to sell and distribute his products to  
32 wholesalers licensed in accordance with this chapter and to sell  
33 such wine at retail in original packages in 16 salesrooms apart from  
34 the winery premises for consumption on or off the premises at a fee  
35 of \$250 for each salesroom. Licensees shall not jointly control and  
36 operate salesrooms. The annual fee for this license shall be \$938.  
37 A copy of a current license issued by another state shall accompany  
38 the application. The holder of this license also shall have the right  
39 to sell and distribute his products to retailers licensed in accordance  
40 with this chapter, except that the holder of this license shall not use  
41 a common carrier for such distribution. The fee for this additional  
42 privilege shall be graduated as follows: a licensee who  
43 manufactures more than 150,000 gallons, but not in excess of  
44 250,000 gallons per annum, \$1,000; a licensee who manufactures  
45 more than 100,000 gallons, but not in excess of 150,000 gallons per  
46 annum, \$500; a licensee who manufactures more than 50,000  
47 gallons, but not in excess of 100,000 gallons per annum, \$250; a

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

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

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

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

44 Supplementary limited distillery license. 3c. The holder of this  
45 license shall be entitled, subject to rules and regulations, to bottle  
46 and rebottle, in a quantity to be expressed in said license, dependent  
47 upon the following fees, alcoholic beverages distilled from fruit



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

11 Rectifier and blender license. 4. The holder of this license shall  
12 be entitled, subject to rules and regulations, to rectify, blend, treat  
13 and mix distilled alcoholic beverages, and to fortify, blend, and  
14 treat fermented alcoholic beverages, and prepare mixtures of  
15 alcoholic beverages, and to sell and distribute his products to  
16 wholesalers and retailers licensed in accordance with this chapter,  
17 and to sell and distribute without this State to any persons pursuant  
18 to the laws of the places of such sale and distribution, and to  
19 maintain a warehouse. The fee for this license shall be \$7,500.

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

27 The provisions of section 21 of P.L.2003, c.117 amendatory of  
28 this section shall apply to licenses issued or transferred on or after  
29 July 1, 2003, and to license renewals commencing on or after July  
30 1, 2003.

31 (cf: P.L.2011, c.207, s.1)

32

33 2. Section 2 of P.L.1962, c.152 (C.33:1-12.32) is amended to  
34 read as follow:

35 2. The provisions of this act shall not apply to the acquisition of  
36 an additional license or licenses or an interest therein, when such  
37 license is issued to a person for use in connection with the operation  
38 of a hotel containing at least 50 sleeping rooms, for use in  
39 connection with the operation of a restaurant, for use in connection  
40 with the operation of a bowling establishment consisting of more  
41 than 20 lanes, but only so long as the person uses the license in  
42 connection with the operation of that bowling establishment, or for  
43 use on premises within the grounds of an international airport, nor  
44 shall the provisions of this act affect the right of any person to  
45 dispose of an interest in a license or licenses by will or to the  
46 transfer of such an interest by descent and distribution.

1 Any additional license acquired for use in connection with a  
2 restaurant or bowling establishment consisting of more than 20  
3 lanes or for use on premises within the grounds of an international  
4 airport, as herein authorized, shall be limited, however, to the sale  
5 of alcoholic beverages for consumption on the licensed premises  
6 only, except that this restriction shall not apply to the sale of malt  
7 alcoholic beverages produced on the licensed premises of a  
8 restricted brewery pursuant to R.S.33:1-10.

9 (cf: P.L.1985, c.65, s.1)

10

11 3. This act shall take effect immediately.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR

**ASSEMBLY, No. 1277**

**STATE OF NEW JERSEY**

**215th LEGISLATURE**

DATED: JUNE 25, 2012

## SUMMARY

**Synopsis:** Revises privileges of limited and restricted breweries.

**Type of Impact:** Indeterminate Revenue Gain. General Fund.

**Agencies Affected:** Department of Law and Public Safety, Division of Alcoholic Beverage Control

### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost</b>	Nominal Indeterminate Expenditure – See comments below		
<b>State Revenue</b>	Indeterminate Increase – See comments below		

- The Office of Legislative Services (OLS) notes that the bill increases various sales options for restricted and limited brewery licensees and notes that the expansion of the licensees privileges under this bill has the potential to increase tourism and product sales. Therefore, the bill may expand the tax collection base in New Jersey by an amount that cannot be determined.
- Permits those with a restricted brewery license, otherwise know as a brew pub, to increase their annual production from 3,000 to 10,000 barrels a year. The annual fee of \$1,250 for production of the first 1,000 barrels would remain unchanged under this bill. The fee for each additional 1,000 barrels would decrease from \$625 per 1,000 barrels to \$250 per 1,000 barrels. This fee for production of additional barrels is to be paid within 60 days of the expired license upon certification of the actual gallons brewed during that term.
- Allows a restricted brewery license to distribute its products to liquor stores and restaurants through the wholesale distribution system. Currently, licensees may only sell their products in a restaurant adjacent to the brewery.

- Increases from two to ten the number of restricted brewery locations a company may operate in New Jersey. The entity is still required to also obtain a plenary retail consumption license.
- Permits limited brewery licensees to sell beer brewed at the licensed location for consumption on premises as part of a brewery tour and to sell a limited amount of beer for off-site consumption.
- Permits both limited and restricted brewery licensees to provide product samples of up to four ounces after obtaining an annual permit from the director.
- According to the Division of Alcoholic Beverage Control, there are 11 active Limited Brewery licensees and 14 active Restricted Brewery licensees.

## **BILL DESCRIPTION**

The Assembly Committee Substitute for Assembly Bill No. 1277 (1R) of 2012 revises current law regarding limited breweries, commonly known as micro-breweries, and restricted breweries, commonly known as brewpubs.

The bill makes an “at rest” provision applicable to holders of plenary brewery licenses and limited brewery licenses. These “at rest” provisions allow for employees of the Division of Alcoholic Beverage Control to inspect alcoholic beverage products and records in a licensed and regulated facility before resale to retailers to ensure compliance with brand registration, registered distribution, product composition, labeling and advertising standards, and other applicable regulations.

The bill permits limited breweries to sell and distribute their products to a consumer on the licensed premises of the brewery: 1) for consumption on the premises only in connection with a tour of the brewery; 2) in an amount of up to 15.5 fluid gallons for consumption off the licensed premises; and 3) for sampling only if the brewery has obtained an annual permit from the Director of the Division of Alcoholic Beverage Control. The bill does prohibit these licensees from selling food or operating a restaurant on the licensed premises.

In, addition, the bill increases the quantity of malt alcoholic beverages that a restricted brewery may produce annually from 3,000 to 10,000 barrels. Under current law, the fee for a restricted brewery license is \$1,250 to brew 1,000 barrels annually. The licensee is required to pay an additional \$625 for every 1,000 barrels produced; under this bill, that fee is reduced to \$250 for every 1,000 barrels produced.

The barrelage fee paid by restricted brewery licensees for each additional 1,000 barrels of malt alcoholic beverages is revised. As reported by the Assembly Law and Public Safety Committee, an estimated total fee was to be paid at the time the license was issued, subject to later certification. The Assembly Budget and Appropriations Committee revised the bill so that the additional fee is assessed within 60 days following the expiration of the license term, upon certification by the licensee of the actual gallons brewed during the license term.

The bill further permits a restricted brewery to sell its products to licensed wholesalers for distribution and sale to licensed retailers, enabling the sale of these products to the public through the three-tier system. The licensee also may offer samples of its products at charitable or civic events off the licensed premises if the licensee obtains an annual permit issued by the director.

Current law prohibits the acquisition of more than two restricted brewery licenses; the substitute permits the acquisition of up to 10 restricted brewery licenses. Current law also prohibits the acquisition of two alcoholic beverage retail licenses, with certain exceptions including restaurants. If an additional license is acquired under current law for use in a restaurant, the licensee may sell alcoholic beverages for consumption only on the licensed premises. Under the bill, however, a restaurant with a restricted brewery would be permitted to sell malt alcoholic beverages produced by the restricted brewery for consumption off the licensed premises.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS notes that the bill increases various sales options for restricted and limited brewery licensees and notes that the expansion of the licensees privileges under this bill has the potential to increase tourism and product sales. Therefore, the bill may expand the tax collection base in New Jersey by an amount that cannot be determined.

Currently, limited and restricted brewery licensees have limited venues in which to advertise and sell their product, which in turn limits products sales. This bill could expand the market base by enabling greater amounts of product to be sold to buyers: 1) after completing an establishment tour (15.5 fluid gallons); 2) through samplings during off-premises events; 3) sales at restaurants; 4) sales through the wholesale distribution system; and 5) through sales at new store fronts. All of these modes of distribution have the potential to enlarge the products' sales base, and in turn, increase the State's revenue through taxes collected.

It is unknown if the expanded sales in the brewery market, however, will offset the wine or distilled spirits market.

The bill's "at rest" provisions for plenary and limited brewery licensees may facilitate collection of applicable taxes and encourage larger licensee inventory allocations in-State, which may generate ancillary economic activity. The extent to which these "at rest" provisions may require additional enforcement resources is unknown.

The Department of Law and Public Safety unofficially noted that there would be no fiscal impact to the Division of Alcoholic Beverage Control as a result of the implementation of this bill.

*Section:* Law and Public Safety

*Analyst:* Kristin Brunner Santos  
Senior Fiscal Analyst

*Approved:* David J. Rosen  
Legislative Budget and Finance Officer

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

# SENATE, No. 641

## STATE OF NEW JERSEY 215th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2012 SESSION

**Sponsored by:**

**Senator THOMAS H. KEAN, JR.**

**District 21 (Morris, Somerset and Union)**

**Senator DONALD NORCROSS**

**District 5 (Camden and Gloucester)**

**Co-Sponsored by:**

**Senators A.R.Bucco and Cardinale**

**SYNOPSIS**

Increases production limitations and revises privileges of limited and restricted breweries.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel



1 AN ACT concerning certain brewery licenses and amending  
2 R.S.33:1-10, P.L.1962 c.152, and R.S.33:1-43.

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. The fee for this license shall be \$10,625.

17 Limited brewery license. 1b. The holder of this license shall be  
18 entitled, subject to rules and regulations, to brew any malt alcoholic  
19 beverages in a quantity to be expressed in said license, dependent  
20 upon the following fees and not in excess of **[300,000]** 500,000  
21 barrels of 31 fluid gallons capacity per year and to sell and  
22 distribute this product to wholesalers and retailers licensed in  
23 accordance with this chapter, and to sell and distribute without this  
24 State to any persons pursuant to the laws of the places of such sale  
25 and distribution, **[and]** to maintain a warehouse, and to sell his  
26 products at retail to consumers on the licensed premises of the  
27 brewery for consumption on or off the premises, and to offer  
28 samples for sampling purposes only. The fee for this license shall  
29 be graduated as follows:

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

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

34 to so brew not more than **[200,000]** 300,000 barrels of 31 fluid  
35 gallons capacity per annum, \$5,000;

36 to so brew not more than **[300,000]** 500,000 barrels of 31 fluid  
37 gallons capacity per annum, \$7,500. The holder of this license shall  
38 also have the right to sell such malt alcoholic beverages at retail in  
39 original packages in 10 salesrooms apart from the brewery premises  
40 for consumption on or off the premises and for sampling purposes  
41 for consumption on the premises, at a fee of \$250 for each  
42 salesroom.

43 Upon submission of the required fees and proof satisfactory to  
44 the director, a brewery duly licensed in another state, with annual

**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 production not in excess of 500,000 barrels of 31 fluid gallons  
2 capacity per annum, may apply for a limited brewery license under  
3 this subsection. The holder of the limited brewery license granted  
4 pursuant to this subsection shall have the right to sell the brewery's  
5 products to consumers at retail in original packages in 10  
6 salesrooms situated in the State of New Jersey for consumption on  
7 or off the premises and for sampling purposes for consumption on  
8 the premises, at a fee of \$250 for each salesroom.

9 For the purposes of this section, "sampling" means the selling at  
10 a nominal charge or the gratuitous offering of an open container not  
11 exceeding four ounces of any malt alcoholic beverage. For the  
12 purposes of this section, "product" means any malt alcoholic  
13 beverage that is produced by the licensee on its licensed premises  
14 situated in the State of New Jersey.

15 Restricted brewery license. 1c. The holder of this license shall  
16 be entitled, subject to rules and regulations, to brew any malt  
17 alcoholic beverages in a quantity to be expressed in such license not  
18 in excess of **【3,000】** 10,000 barrels of 31 gallons capacity per year.  
19 Notwithstanding the provisions of R.S.33:1-26, the director shall  
20 issue a restricted brewery license only to a person or an entity  
21 which has identical ownership to an entity which holds a plenary  
22 retail consumption license issued pursuant to R.S.33:1-12, provided  
23 that such plenary retail consumption license is operated in  
24 conjunction with a restaurant regularly and principally used for the  
25 purpose of providing meals to its customers and having adequate  
26 kitchen and dining room facilities, and that the licensed restaurant  
27 premises is immediately adjoining the premises licensed as a  
28 restricted brewery. The holder of this license shall only be entitled  
29 to sell or deliver the product to that restaurant premises, or to  
30 another restaurant premises operated by the same entity which also  
31 holds a plenary retail consumption license issued pursuant to  
32 R.S.33:1-12 for that licensed premises, but which does not hold a  
33 restricted brewery license issued pursuant to this section adjacent to  
34 that licensed restaurant premises. The fee for this license shall be  
35 \$1,250, which fee shall entitle the holder to brew up to 1,000  
36 barrels of 31 liquid gallons per annum. The licensee also shall pay  
37 an additional **【\$625】** \$250 for every additional 1,000 barrels of 31  
38 fluid gallons produced. **【No more than two restricted brewery**  
39 **licenses shall be issued to a person or entity which holds an interest**  
40 **in a plenary retail consumption license.】** The fee shall be estimated  
41 and paid at the time of application for the license, and shall be  
42 adjusted within 60 days following the expiration of the license term  
43 upon certification by the licensee of the actual gallons brewed  
44 during the license term. If the governing body of the municipality  
45 in which the licensed premises will be located should file a written  
46 objection, the director shall hold a hearing and may issue the license  
47 only if the director finds that the issuance of the license will not be



1 contrary to the public interest. All fees related to the issuance of  
2 both licenses shall be paid in accordance with statutory law. The  
3 holder of this license shall also have the privilege to offer samples  
4 of its product off the licensed premises pursuant to an annual permit  
5 issued by the director. The holder of this license also may hold a  
6 limited brewery license for the same premises licensed under this  
7 restricted brewery license.

8 Plenary winery license. 2a. Provided that the holder is engaged  
9 in growing and cultivating grapes or fruit used in the production of  
10 wine on at least three acres on, or adjacent to, the winery premises,  
11 the holder of this license shall be entitled, subject to rules and  
12 regulations, to produce any fermented wines, and to blend, fortify  
13 and treat wines, and to sell and distribute his products to  
14 wholesalers and retailers license in accordance with this chapter and  
15 to churches for religious purposes, and to sell and distribute with  
16 this State to any persons pursuant to the laws of the places of such  
17 sale and distribution, and to maintain a warehouse, and to sell his  
18 products at retail to consumers on the licensed premises of the  
19 winery for consumption on or off the premises and to offer samples  
20 for sampling purposes only. The fee for this license shall be \$938.  
21 The holder of this license shall also have the right to sell such wine  
22 at retail in original packages in six salesrooms apart from the  
23 winery premises for consumption on or off the premises and for  
24 sampling purposes for consumption on the premises, at a fee of  
25 \$250 for each saleroom. Additionally, subject to rules and  
26 regulations, one salesroom per county may be jointly controlled and  
27 operated by at least two plenary or farm winery licensees for the  
28 sale of the products of any plenary or farm winery licensee for  
29 consumption on or off the premises and for consumption on the  
30 licensed premises for sampling purposes at an additional fee of  
31 \$625 per county salesroom. For the purposes of this subsection,  
32 “sampling” means the selling at a nominal charge or the gratuitous  
33 offering of an open container not exceeding one and one-half  
34 ounces of any wine. For the purposes of this section, “product”  
35 means any wine that is produced, blended, fortified, or treated by  
36 the licensee on its licensed premises situated in the State of New  
37 Jersey. Any holder of a plenary winery license who sold wine  
38 which was produced, bottled, and labeled by that holder in a place  
39 other than its licensed New Jersey premises between July 1, 1992  
40 and June 30, 1993, may continue to sell that wine provided no more  
41 than 25,000 cases, each case consisting of 12 750 milliliter bottles  
42 or the equivalent, are sold in any single license year. This privilege  
43 shall terminate upon, and not survive, any transfer of the license to  
44 another person or entity subsequent to the effective date of this  
45 1993 amendatory act or any transfer of stock of the licensed  
46 corporation other than to children, grandchildren, parents, spouses  
47 or siblings of the existing stockholders.

1 Farm winery license. 2b. The holder of this license shall be  
2 entitled, subject to rules and regulations, to manufacture any  
3 fermented wines and fruit juices in a quantity to be expressed in  
4 said license, dependent upon the following fees and not in excess of  
5 50,000 gallons per year and to sell and distribute his products to  
6 wholesalers and retailers licensed in accordance with this chapter  
7 and to churches for religious purposes and to sell and distribute  
8 without this State to any persons pursuant to the laws of the places  
9 of such sale and distribution, and to maintain a warehouse and to  
10 sell at retail to consumers for consumption on or off the licensed  
11 premises and to offer samples for sampling purposes only. The  
12 license shall be issued only when the winery at which such  
13 fermented wines and fruit juices are manufactured is located and  
14 constructed upon a tract of land exclusively under the control of the  
15 licensee, provided that the license is actively engaged in growing  
16 and cultivating an area of not less than three acres on or adjacent to  
17 the winery premises and on which are growing grape vines or fruit  
18 to be processed into wine or fruit juice; and provided, further, that  
19 for the first five years of the operation of the winery such fermented  
20 wines and fruit juices shall be manufactured from at least 51%  
21 grapes or fruit grown in the State and that thereafter they shall be  
22 manufactured from grapes or fruit grown in this State at least to the  
23 extent required for labeling as "New Jersey Wine" under the  
24 applicable federal laws and regulations. The containers of all wine  
25 sold to consumers by such licensee shall have affixed a label stating  
26 such information as shall be required by the rules and regulations of  
27 the Director of the Division of Alcoholic Beverage Control. The  
28 fee for this license shall be graduated as follows:

29 To so manufacture between 30,000 and 50,000 gallons per  
30 annum, \$375; to so manufacture between 2,500 and 30,000 gallons  
31 per annum, \$250; to so manufacture between 1,000 and 2,500  
32 gallons per annum, \$125; to so manufacture less than 1,000 gallons  
33 per annum, \$63. No farm winery shall be held by the holder of a  
34 plenary winery license or be situated on a premises licensed as a  
35 plenary winery. The holder of this license shall also have the right  
36 to sell his products in original packages at retail to consumers in six  
37 salesrooms apart from the winery premises for consumption on or  
38 off the premises, and for sampling purposes for consumption on the  
39 premises, at a fee of \$250 for each salesroom. Additionally, subject  
40 to rules and regulations, one salesroom per county may be jointly  
41 controlled and operated by at least two plenary or farm winery  
42 licensees for the sale of the products of any plenary or farm winery  
43 licensee for consumption on or off the premises and for  
44 consumption on the licensed premises for sampling purposes only,  
45 at an additional fee of \$625 per county salesroom. For the purposes  
46 of this subsection, "sampling" means the selling at a nominal charge  
47 or the gratuitous offering of an open container not exceeding one

1 and one-half of any wine. Unless otherwise indicated, for the  
2 purposes of this subsection, with respect to farm winery licenses,  
3 “manufacture” means the vinification, aging, storage, blending,  
4 clarification, stabilization and bottling of wine or juice from New  
5 Jersey fruit to the extent required by this subsection.

6 Wine blending license. 2c. The holder of this license shall be  
7 entitled, subject to rules and regulations, to blend, treat, mix, and  
8 bottle fermented wines and fruit juices with non-alcoholic  
9 beverages, and to sell and distribute his products to wholesalers and  
10 retailers licensed in accordance with this chapter, and to sell and  
11 distribute without this State to any persons pursuant to the laws of  
12 the places of such sale and distribution, and to maintain a  
13 warehouse. The fee for this license shall be \$625.

14 Instructional winemaking facility license. 2d. The holder of this  
15 license shall be entitled, subject to rules and regulations, to instruct  
16 persons in and provide them with the opportunity to participate  
17 directly in the process of winemaking and to directly assist such  
18 persons in the process of winemaking while in the process of  
19 instruction on the premises of the facility. The holder of this  
20 license also shall be entitled to manufacture wine on the premises  
21 not in excess of an amount of 10% of the wine produced annually  
22 on the premises of the facility, which shall be used only to replace  
23 quantities lost or discarded during the winemaking process, to  
24 maintain a warehouse, and to offer samples produced to persons  
25 who have received instruction in winemaking on the premises by  
26 the licensee for sampling purposes only on the licensed premises for  
27 the purpose of promoting winemaking for personal or household use  
28 or consumption. Wine produced on the premises of an instructional  
29 winemaking facility shall be used, consumed or disposed of on the  
30 facility’s premises or distributed from the facility’s premises to a  
31 person who has participated directly in the process of winemaking  
32 for the person’s personal or household use or consumption. The  
33 holder of this license may sell mercantile items traditionally  
34 associated with winemaking and novelty wearing apparel identified  
35 with the name of the establishment licensed under the provisions of  
36 this section. The holder of this license may use the licensed  
37 premises for an event or affair, including an event or affair at which  
38 a plenary retail consumption licensee serves alcoholic beverages in  
39 compliance with all applicable statutes and regulations promulgated  
40 by the director. The fee for this license shall be \$1,000. For the  
41 purposes of this subsection, “sampling” means the gratuitous  
42 offering of an open container not exceeding one and one-half  
43 ounces of any wine.

44 Plenary distiller license. 3a. The holder of this license shall be  
45 entitled, subject to rules and regulation, to manufacture any distilled  
46 alcoholic beverages and rectify, blend, treat and mix, and to sell and  
47 distribute his products 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 fee for this shall  
4 be \$12,500.

5 Limited distillery license. 3b. The holder of this license shall be  
6 entitled, subject to rules and regulations, to manufacture and bottle  
7 any alcoholic beverages distilled from fruit juices and rectify,  
8 blend, treat, mix, compound with wine and add necessary  
9 sweetening and flavor to make cordial or liqueur, and to sell and  
10 distribute to wholesalers and retailers licensed in accordance with  
11 this chapter, and to sell and distribute without this State to any  
12 persons pursuant to the laws of the places of such sale and  
13 distribution and to warehouse these products. The fee for this  
14 license shall be \$3,750.

15 Supplementary limited distillery license. 3c. The holder of this  
16 license shall be entitled, subject to rules and regulations, to bottle  
17 and rebottle, in a quantity to be expressed in said license, dependent  
18 upon the following fess, alcoholic beverages distilled from fruit  
19 juices by such holder pursuant to a priority plenary or limited  
20 distillery license, and to sell and distribute his products to  
21 wholesalers and retailers licensed in accordance with this chapter ,  
22 and to sell and distribute without this State to any persons pursuant  
23 to the laws of the places of such sale and distribution, and to  
24 maintain a warehouse. The fee for this license shall be graduated as  
25 follows:

26 to so bottle and rebottle not more than 5,000 wine gallons per  
27 annum, \$313;

28 to so bottle and rebottle not more than 10,000 wine gallons per  
29 annum, \$625;

30 to so bottle and rebottle without limit as to amount, \$1,250.

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

40 Bonded warehouse bottling license. 5. The holder of this license  
41 shall be entitled, subject to rules and regulations, to bottle alcoholic  
42 beverages in bond on behalf of all persons authorized by federal and  
43 State law and regulations to withdraw alcoholic beverages from  
44 bond. The fee for this license shall be \$625. This license shall be  
45 issued only to persons holding permits to operate Internal Revenue  
46 bonded warehouses pursuant to the laws of the United States. The  
47 provisions of section 21 of P.L.2003, c.117 amendatory of this

1 section shall apply to licenses issued or transferred on or after July  
2 1, 2003, and to license renewals commencing on or after July 1,  
3 2003.

4 (cf: P.L.2007, c. 329, s.1)

5

6 2. Section 2 of P.L.1962, c.152 (C.33:1-12.32) is amended to  
7 read as follow:

8 2. The provisions of this act shall not apply to the acquisition  
9 of an additional license or licenses or an interest therein, when such  
10 license is issued to a person for use in connection with the operation  
11 of a hotel containing at least 50 sleeping rooms, for use in  
12 connection with the operation of a restaurant, for use in connection  
13 with the operation of a bowling establishment consisting of more  
14 than 20 lanes, but only so long as the person uses the license in  
15 connection with the operation of that bowling establishment, for use  
16 in a restaurant having ownership which is identical to the ownership  
17 of a restricted brewery license issued pursuant to R.S.33:1-10, or  
18 for use on premises within the grounds of an international airport,  
19 nor shall the provisions of this act affect the right of any person to  
20 dispose of an interest in a license or licenses by will or to the  
21 transfer of such an interest by descent and distribution.

22 Any additional license acquired for use in connection with a  
23 restaurant or bowling establishment consisting of more than 20  
24 lanes or for use on premises within the grounds of an international  
25 airport, as herein authorized, shall be limited, however, to the sale  
26 of alcoholic beverages for consumption on the licensed premises  
27 only, except that this restriction shall not apply to the sale of malt  
28 alcoholic beverages produced on the licensed premises of a  
29 restricted brewery pursuant to R.S.33:1-10.

30 (cf: P.L.1985, c.65, s.1)

31

32 3. R.S.33:1-43 is amended to read as follows:

33 33:1-43. a. It shall be unlawful for any owner, part owner,  
34 stockholder or officer or director of any corporation, or any other  
35 person whatsoever interested in any way whatsoever in any  
36 brewery, winery, distillery or rectifying and blending plant, or any  
37 wholesaler of alcoholic beverages, to conduct, own either in whole  
38 or in part, or be directly or indirectly interested in the retailing of  
39 any alcoholic beverages in New Jersey except as provided in this  
40 chapter, and such interest shall include any payments or delivery of  
41 money or property by way of loan or otherwise accompanied by an  
42 agreement to sell the product of said brewery, winery, distillery,  
43 rectifying and blending plant or wholesaler.

44 b. It shall be unlawful for any owner, part owner, stockholder  
45 or officer or director of any corporation, or any other person  
46 whatsoever, interested in any way whatsoever in the retailing of  
47 alcoholic beverages to conduct, own either whole or in part, or to be

1 a shareholder, officer or director of a corporation or association,  
2 directly or indirectly, interested in any brewery, winery, distillery,  
3 rectifying and blending plant, or wholesaling or importing interest  
4 of any kind whatsoever.

5 No interest in the retailing of alcoholic beverages shall be  
6 deemed to exist by reason of the ownership, delivery or loan of  
7 interior signs designed for and exclusively used for advertising the  
8 product of or product offered for sale by such brewery, winery,  
9 distillery or rectifying and blending plant or wholesaler.

10 c. Nothing in this section shall prohibit:

11 (1) The exercise of limited retail privileges by Class A or Class  
12 B licensees conferred pursuant to R.S.33:1-10, R.S.33:1-11, by rule  
13 or regulation or by special permit issued by the director;

14 (2) Any owner, part owner, stockholder, officer or director of  
15 any corporation, or any other person whatsoever interested in any  
16 way whatsoever in any brewery, winery, distillery, rectifying and  
17 blending plant or any wholesaler of alcoholic beverages, from  
18 conducting, owning, either in whole or in part, or being directly or  
19 indirectly interested in the retailing of any alcoholic beverages,  
20 under any retail consumption license or State issued permit, in  
21 conjunction with and as a part of the operations of a hotel or motel;

22 (3) Any owner, part owner, stockholder or officer or director of  
23 any corporation, or any other person or corporation interested in  
24 any way whatsoever in the retailing of alcoholic beverages, under a  
25 retail consumption license or State issued permit, in conjunction  
26 with and as a part of the operations of a hotel or motel from  
27 conducting, owning, either in whole or in part, or being a  
28 shareholder, officer or director of a corporation or association,  
29 directly or indirectly interested in any brewery, winery, distillery,  
30 rectifying and blending plant, or wholesaling or importing interest  
31 of any kind whatsoever; or

32 (4) The exercise of a limited brewery or restricted brewery  
33 license privilege by an immediately adjoining or other restaurant  
34 having a plenary retail consumption license issued under R.S.33:1-  
35 12, and having ownership which is identical to the ownership of the  
36 limited brewery license and restricted brewery license.

37 No more than 20% of the total gross annual revenues of a hotel  
38 or motel described in paragraphs (2) and (3) shall be derived from  
39 the sale of alcoholic beverages by the hotel or motel. A retail  
40 licensee described in paragraphs (2) and (3) shall not purchase or  
41 sell any alcoholic beverage product produced or sold by the  
42 brewery, winery, distillery, rectifying and blending plant,  
43 wholesaler or importer that has any interest in the retail license of  
44 the hotel or motel, unless the total of all such products is 5% or less  
45 of the total volume of alcoholic beverage products purchased and  
46 sold annually by the hotel or motel holding the retail license. The  
47 retail licensee shall, within 30 days following the effective date of

1 this act, file with the Division of Alcoholic Beverage Control a list  
2 of all alcoholic beverage products which shall not be purchased or  
3 sold by the hotel or motel except to the extent permitted herein.  
4 Thereafter, the retail licensee shall file a new or amended list with  
5 the division within 30 days of any changed circumstances which  
6 affect the information on the list. This list shall be made available  
7 to the public upon request.

8 For purposes of this subsection "hotel" or "motel" means an  
9 establishment containing at least 100 guest room accommodations  
10 where the relationship between the occupants thereof and the owner  
11 or operator of the establishment is that of innkeeper and guest.  
12 (cf: P.L.1993, c.216, s.3)

13

14 4. This act shall take effect immediately.

15

16

17

STATEMENT

18

19 This bill revises current law concerning limited breweries and  
20 restricted breweries, which are popularly known as brewpubs.

21 The bill permits limited breweries to increase their annual  
22 production from 300,000 to 500,000 barrels annually. The bill also  
23 permits these breweries to sell their products at retail to consumers  
24 on the licensed premises of the brewery for consumption on or off  
25 the premises, and to offer samples. The bill revises the fee for  
26 licensees who produce certain quantities: the fee to produce up to  
27 300,000 barrels annually would be \$5,000 and to brew up to  
28 500,000 barrels annually would be \$7,500. The bill also permits the  
29 licensee to sell malt alcoholic beverages at retail in original  
30 packages in 10 salesrooms for consumption on or off the premises,  
31 and to offer samples, at a fee of \$250 for each salesroom.

32 Upon submission of the required fees and proof satisfactory to  
33 the director, a brewery duly licensed in another state which does not  
34 produce more than 500,000 barrels annually may apply for a limited  
35 brewery license under the bill. The holder of the limited brewery  
36 license would have the right to sell the brewery's products to  
37 consumers at retail in original packages in 10 salesrooms situated in  
38 New Jersey for consumption on or off the premises and to offer  
39 samples, at a fee of \$250 for each salesroom.

40 The bill also increases the quantity of malt alcoholic beverages  
41 that may be produced by a restricted brewery from 3,000 to 10,000  
42 barrels annually. Under current law, a restricted brewery must be  
43 operated in conjunction with a restaurant which is immediately  
44 adjoining the restricted brewery premises, and the brewery product  
45 only may be delivered to that restaurant premises. This bill permits  
46 licensees to serve their products at another restaurant they own  
47 which is not a restricted brewery. The bill decreases the fee the

1 licensee is required to pay from \$625 to \$250 for every additional  
2 1,000 barrels produced. In addition, the licensee may offer samples  
3 of its products off the licensed premises if the licensee obtains an  
4 annual permit issued by the director. The bill also permits a  
5 restricted brewery licensee to obtain a limited brewery license for  
6 the same premises licensed as a restricted brewery.

7 Current law prohibits the acquisition of more than two alcoholic  
8 beverage retail licenses, with certain exceptions including  
9 restaurants. This bill amends that statute to provide an exception  
10 for the acquisition of an additional license to be used in a restaurant  
11 with ownership identical to the ownership of a restricted brewery  
12 license. If an additional license is acquired under current law for  
13 use in a restaurant, the licensee may sell alcoholic beverages for  
14 consumption only on the licensed premises. Under this bill,  
15 however, the restaurant would be permitted to sell malt alcoholic  
16 beverages produced by a restricted brewery for consumption off the  
17 licensed premises.

18 Finally, the bill clarifies that the operation of a limited brewery  
19 in conjunction with a restricted brewery and restaurants would not  
20 conflict with the "tied house" prohibition established under  
21 R.S.33:1-43, which prohibits a person with an interest in a brewery  
22 from conducting or being directly or indirectly interested in the  
23 retailing of any alcoholic beverages.



# SENATE LAW AND PUBLIC SAFETY COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 641**

# **STATE OF NEW JERSEY**

DATED: MARCH 5, 2012

The Senate Law and Public Safety Committee reports favorably a Senate Committee Substitute for Senate Bill No. 641.

This committee substitute revises current law regarding limited breweries, commonly known as micro-breweries, and restricted breweries, commonly known as brewpubs.

The committee substitute permits limited breweries to sell and distribute their products to a consumer on the licensed premises of the brewery: 1) for consumption on the premises only in connection with a tour of the brewery; 2) in an amount of up to 15.5 fluid gallons for consumption off the licensed premises; and 3) for sampling only if the brewery has obtained an annual permit from the Director of the Division of Alcoholic Beverage Control. The substitute prohibits these licensees from selling food or operating a restaurant on the licensed premises.

In, addition, the substitute increases the quantity of malt alcoholic beverages that a restricted brewery may produce annually from 3,000 to 10,000 barrels. Under current law, the fee for a restricted brewery license is \$1,250 to brew 1,000 barrels annually. The licensee is required to pay an additional \$625 for every 1,000 barrels produced; under the substitute, that fee is reduced to \$250. The substitute further permits a restricted brewery to sell its products to licensed wholesalers for distribution and sale to licensed retailers, enabling the sale of these products to the public through the three-tier system. The licensee also may offer samples of its products at charitable or civic events off the licensed premises if the licensee obtains an annual permit issued by the director.

Current law prohibits the acquisition of more than two restricted brewery licenses; the substitute permits the acquisition of up to 10 restricted brewery licenses. Current law also prohibits the acquisition of two alcoholic beverage retail licenses, with certain exceptions including restaurants. The substitute amends that statute to provide an exception for the acquisition of additional licenses to be used in restaurants with ownership identical to the ownership of a restricted brewery license. If an additional license is acquired under current law for use in a restaurant, the licensee may sell alcoholic beverages for

consumption only on the licensed premises. Under the substitute, however, a restaurant with a restricted brewery would be permitted to sell malt alcoholic beverages produced by the restricted brewery for consumption off the licensed premises.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 641**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 18, 2012

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 641 (SCS), with committee amendments.

As amended, the bill revises current law regarding limited breweries, commonly known as micro-breweries, and restricted breweries, commonly known as brewpubs.

The bill permits limited breweries to sell and distribute their products to a consumer on the licensed premises of the brewery: 1) for consumption on the premises only in connection with a tour of the brewery; 2) in an amount of up to 15.5 fluid gallons for consumption off the licensed premises; and 3) for sampling only if the brewery has obtained an annual permit from the Director of the Division of Alcoholic Beverage Control. The bill prohibits these licensees from selling food or operating a restaurant on the licensed premises.

The bill increases the quantity of malt alcoholic beverages that a restricted brewery may annually produce from 3,000 to 10,000 barrels. Under current law, the fee for a restricted brewery license is \$1,250 to brew 1,000 barrels annually. Currently a restricted brewery licensee is required to pay \$625 for each additional 1,000 barrels produced; the bill reduces that fee for additional production to \$250 for each additional 1,000 barrels. The bill permits a restricted brewery to sell its products to licensed wholesalers for distribution and sale to licensed retailers, enabling the sale of these products to the public through the three-tier system. A licensee also may offer samples of its products at charitable or civic events off the licensed premises if the licensee obtains an annual permit issued by the director.

Current law prohibits the acquisition of more than two restricted brewery licenses; the bill permits the acquisition of up to 10 restricted brewery licenses. Current law also prohibits the acquisition of two alcoholic beverage retail licenses, with certain exceptions, including restaurants. If an additional license is acquired under current law for use in a restaurant, the licensee may sell alcoholic beverages for consumption only on the licensed premises. Under the bill, however, a restaurant with a restricted brewery license will be permitted to sell

malt alcoholic beverages produced by the restricted brewery for consumption off the licensed premises.

Additionally, the bill makes an “at rest” provision applicable to holders of plenary brewery licenses and limited brewery licenses. The bill specifically requires these licensees to deliver their malt alcoholic beverage products from inventory in a warehouse located within the State. Current law requires holders of plenary wholesale licenses and wine wholesaler licenses to deliver their alcoholic beverages and wines from inventory in warehouses located in the State. These “at rest” provisions allow for employees of the Division of Alcoholic Beverage Control to inspect alcoholic beverage products and records in a licensed and regulated facility before resale to retailers to ensure compliance with brand registration, registered distribution, product composition, labeling and advertising standards, and other applicable regulations. The “at rest” provisions also enable applicable tax collection administration.

With committee amendments, this bill is identical to Assembly Bill No. 1277 (ACS).

#### COMMITTEE AMENDMENTS:

The committee amendments have three components: (i) adds “at rest” provisions for plenary brewery licenses and limited brewer licenses, thereby requiring these licensees to deliver their malt alcoholic beverage products from inventory located in an in-State warehouse; (ii) removes an exception to the limit on alcoholic beverage license acquisition for use in a restaurant with identical ownership to a restricted brewery licensee; (iii) provides that the restricted brewery license fees are to be paid at the time of application and additional payments based on production in excess of the first 1,000 barrels are to be paid within 60 days following the expiration of the license term upon certification by the licensee of the actual gallons brewed during the license term; and (iv) makes a technical adjustment.

#### FISCAL IMPACT:

The Office of Legislative Services is without sufficient data to estimate the fiscal impact of this bill. However, there are a number of provisions in the bill that may have variable fiscal impacts upon the State, directly and indirectly.

The bill lowers the fee paid by restricted brewery licensees for each additional 1,000 barrels of malt alcoholic beverages, beyond the first 1,000, from \$625 to \$250, which will lower fee collections to the extent the provision is not generating additional production

The bill also provides restricted brewery licensees increased authorized annual production capacity (from 3,000 barrels to 10,000 barrels of malt alcoholic beverages) and authority to sell and distribute to wholesalers. These provisions may generate additional economic

activity, to the extent new activity is not simply a shift from other market production and sale practices.

The bill's "at rest" provisions for plenary and limited brewery licensees may better enable applicable tax collection and cause larger licensee inventory allocations in-State, which may generate ancillary economic activity. The extent to which these "at rest" provisions may require additional enforcement resources is unknown.

The bill's authorization for limited brewery licensees to offer malt alcoholic beverages samples, on-premises consumable product and off-premises consumable product may enable additional receipts. However, the extent to which this new authority may give rise to shifts in existing market consumption patterns rather than generating new activity is unknown.

The bill also allows a restaurant with a restricted brewery license to sell malt alcoholic beverages produced by the restricted brewery for consumption off the licensed premises. This authorization may generate additional receipts for these licensees. However, new receipts may to an unknown extent merely represent shifts in market consumption patterns.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE COMMITTEE SUBSTITUTE FOR**  
**SENATE, No. 641**  
**STATE OF NEW JERSEY**  
**215th LEGISLATURE**

DATED: JUNE 20, 2012

**SUMMARY**

**Synopsis:** Revises privileges of limited and restricted breweries.

**Type of Impact:** Indeterminate Revenue Gain. General Fund.

**Agencies Affected:** Department of Law and Public Safety, Division of Alcoholic Beverage Control

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<u><b>Year 1</b></u>	<u><b>Year 2</b></u>	<u><b>Year 3</b></u>
<b>State Cost</b>	Nominal Indeterminate Expenditure – See Below.		
<b>State Revenue</b>	Indeterminate Increase – See Below.		

- The Office of Legislative Services (OLS) notes that the bill increases various sales options for restricted and limited brewery licensees and notes that the expansion of the licensees privileges under this bill has the potential to increase tourism and product sales. Therefore, the bill may expand the tax collection base in New Jersey by an amount that cannot be determined.
- Permits those with a restricted brewery license, otherwise know as a brew pub, to increase their annual production from 3,000 to 10,000 barrels a year. The annual fee of \$1,250 for production of the first 1,000 barrels would remain unchanged under this bill. The cost for each additional 1,000 barrels would decrease from \$625 per 1,000 barrels to \$250 per 1,000 barrels.
- Allows a restricted brewery license to distribute its products to liquor stores and restaurants through the wholesale distribution system. Currently, licensees may only sell their products in a restaurant adjacent to the brewery.
- Increases from two to 10 the number of restricted brewery locations a company may operate in New Jersey. The entity is still required to also obtain a plenary retail consumption license.

- Permits limited brewery licensees to sell beer brewed at the licensed location for consumption on premises as part of a brewery tour and to sell a limited amount of beer for off-site consumption.
- Permits both limited and restricted brewery licensees to provide product samples of up to four ounces after obtaining an annual permit from the director.
- According to the Division of Alcoholic Beverage Control, there are 11 active Limited Brewery licensees and 14 active Restricted Brewery licensees.

## **BILL DESCRIPTION**

Senate Committee Substitute for Senate Bill No. 641 of 2012 revises current law regarding limited breweries, commonly known as micro-breweries, and restricted breweries, commonly known as brewpubs.

The bill permits limited breweries to sell and distribute their products to a consumer on the licensed premises of the brewery: 1) for consumption on the premises only in connection with a tour of the brewery; 2) in an amount of up to 15.5 fluid gallons for consumption off the licensed premises; and 3) for sampling only if the brewery has obtained an annual permit from the Director of the Division of Alcoholic Beverage Control. The bill does prohibit these licensees from selling food or operating a restaurant on the licensed premises.

In, addition, the bill increases the quantity of malt alcoholic beverages that a restricted brewery may produce annually from 3,000 to 10,000 barrels. Under current law, the fee for a restricted brewery license is \$1,250 to brew 1,000 barrels annually. The licensee is required to pay an additional \$625 for every 1,000 barrels produced; under this bill, that fee is reduced to \$250 for every 1,000 barrels produced. The bill further permits a restricted brewery to sell its products to licensed wholesalers for distribution and sale to licensed retailers, enabling the sale of these products to the public through the three-tier system. The licensee also may offer samples of its products at charitable or civic events off the licensed premises if the licensee obtains an annual permit issued by the director.

Current law prohibits the acquisition of more than two restricted brewery licenses; the substitute permits the acquisition of up to 10 restricted brewery licenses. Current law also prohibits the acquisition of two alcoholic beverage retail licenses, with certain exceptions including restaurants. The bill amends that statute to provide an exception for the acquisition of additional licenses to be used in restaurants with ownership identical to the ownership of a restricted brewery license. If an additional license is acquired under current law for use in a restaurant, the licensee may sell alcoholic beverages for consumption only on the licensed premises. Under the bill, however, a restaurant with a restricted brewery would be permitted to sell malt alcoholic beverages produced by the restricted brewery for consumption off the licensed premises.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

***OFFICE OF LEGISLATIVE SERVICES***

The OLS notes that the bill increases various sales options for restricted and limited brewery licensees and notes that the expansion of the licensees privileges under this bill has the potential to increase tourism and product sales. Therefore, the bill may expand the tax collection base in New Jersey by an amount that cannot be determined.

Currently, limited and restricted brewery licensees have limited venues in which to advertise and sell their product, which in turn limits products sales. This bill could expand the market base by enabling greater amounts of product to be sold to buyers: 1) after completing an establishment tour (15.5 fluid gallons); 2) through samplings during off-premises events; 3) sales at restaurants; 4) sales through the wholesale distribution system; and 5) through sales at new store fronts. All of these modes of distribution have the potential to enlarge the products' sales base, and in turn, increase the State's revenue through taxes collected.

It is unknown if the expanded sales in the brewery market, however, will offset the wine or distilled spirits market.

The Department of Law and Public Safety unofficially noted that there would be no fiscal impact to the Division of Alcoholic Beverage Control as a result of the implementation of this bill.

*Section: Law and Public Safety*

*Analyst: Kristin Brunner Santos  
Senior Fiscal Analyst*

*Approved: David J. Rosen  
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 COMMITTEE SUBSTITUTE FOR  
**SENATE, No. 641**  
**STATE OF NEW JERSEY**  
**215th LEGISLATURE**

DATED: JULY 26, 2012

**SUMMARY**

**Synopsis:** Revises privileges of limited and restricted breweries.

**Type of Impact:** Indeterminate Revenue Gain. General Fund.

**Agencies Affected:** Department of Law and Public Safety, Division of Alcoholic Beverage Control

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<u><b>Year 1</b></u>	<u><b>Year 2</b></u>	<u><b>Year 3</b></u>
<b>State Cost</b>	Nominal Indeterminate Expenditure – See comments below.		
<b>State Revenue</b>	Indeterminate Increase – See comments below.		

- The Office of Legislative Services (OLS) notes that the bill increases various sales options for restricted and limited brewery licensees and notes that the expansion of the licensees privileges under this bill has the potential to increase tourism and product sales. Therefore, the bill may expand the tax collection base in New Jersey by an amount that cannot be determined.
- Permits those with a restricted brewery license, otherwise know as a brew pub, to increase their annual production from 3,000 to 10,000 barrels. The annual fee of \$1,250 for production of the first 1,000 barrels would remain unchanged under this bill. The fee for each additional 1,000 barrels would decrease from \$625 per 1,000 barrels to \$250 per 1,000 barrels. This fee for production of additional barrels is to be paid within 60 days of the expired license upon certification of the actual gallons brewed during that term.
- Allows a restricted brewery license to distribute its products to liquor stores and restaurants through the wholesale distribution system. Currently, licensees may only sell their products in a restaurant adjacent to the brewery.

- Increases from two to 10 the number of restricted brewery locations a company may operate in New Jersey. The entity is still required to also obtain a plenary retail consumption license.
- Permits limited brewery licensees to sell beer brewed at the licensed location for consumption on premises as part of a brewery tour and to sell a limited amount of beer for off-site consumption.
- Permits both limited and restricted brewery licensees to provide product samples of up to four ounces after obtaining an annual permit from the director.
- According to the Division of Alcoholic Beverage Control, there are 11 active Limited Brewery licensees and 14 active Restricted Brewery licensees.

## **BILL DESCRIPTION**

The Senate Committee Substitute for Senate Bill No. 641 (1R) of 2012 revises current law regarding limited breweries, commonly known as micro-breweries, and restricted breweries, commonly known as brewpubs.

The bill makes an “at rest” provision applicable to holders of plenary brewery licenses and limited brewery licenses. These “at rest” provisions allow for employees of the Division of Alcoholic Beverage Control to inspect alcoholic beverage products and records in a licensed and regulated facility before resale to retailers to ensure compliance with brand registration, registered distribution, product composition, labeling and advertising standards, and other applicable regulations.

The bill permits limited breweries to sell and distribute their products to a consumer on the licensed premises of the brewery: 1) for consumption on the premises only in connection with a tour of the brewery; 2) in an amount of up to 15.5 fluid gallons for consumption off the licensed premises; and 3) for sampling only if the brewery has obtained an annual permit from the Director of the Division of Alcoholic Beverage Control. The bill does prohibit these licensees from selling food or operating a restaurant on the licensed premises.

In, addition, the bill increases the quantity of malt alcoholic beverages that a restricted brewery may produce annually from 3,000 to 10,000 barrels. Under current law, the fee for a restricted brewery license is \$1,250 to brew 1,000 barrels annually. The licensee is required to pay an additional \$625 for every 1,000 barrels produced; under this bill, that fee is reduced to \$250 for every 1,000 barrels produced.

The barrelage fee paid by restricted brewery licensees for each additional 1,000 barrels of malt alcoholic beverages is revised. As reported by the Assembly Law and Public Safety Committee, an estimated total fee was to be paid at the time the license was issued, subject to later certification. The Assembly Budget and Appropriations Committee revised the bill so that the additional fee is assessed within 60 days following the expiration of the license term, upon certification by the licensee of the actual gallons brewed during the license term.

The bill further permits a restricted brewery to sell its products to licensed wholesalers for distribution and sale to licensed retailers, enabling the sale of these products to the public through the three-tier system. The licensee also may offer samples of its products at charitable or civic events off the licensed premises if the licensee obtains an annual permit issued by the director.

Current law prohibits the acquisition of more than two restricted brewery licenses; the substitute permits the acquisition of up to 10 restricted brewery licenses. Current law also

prohibits the acquisition of two alcoholic beverage retail licenses, with certain exceptions including restaurants. If an additional license is acquired under current law for use in a restaurant, the licensee may sell alcoholic beverages for consumption only on the licensed premises. Under the bill, however, a restaurant with a restricted brewery would be permitted to sell malt alcoholic beverages produced by the restricted brewery for consumption off the licensed premises.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS notes that the bill increases various sales options for restricted and limited brewery licensees and notes that the expansion of the licensees privileges under this bill has the potential to increase tourism and product sales. Therefore, the bill may expand the tax collection base in New Jersey by an amount that cannot be determined.

Currently, limited and restricted brewery licensees have limited venues in which to advertise and sell their product, which in turn limits products sales. This bill could expand the market base by enabling greater amounts of product to be sold to buyers: 1) after completing an establishment tour (15.5 fluid gallons); 2) through samplings during off-premises events; 3) sales at restaurants; 4) sales through the wholesale distribution system; and 5) through sales at new store fronts. All of these modes of distribution have the potential to enlarge the products' sales base, and in turn, increase the State's revenue through taxes collected.

It is unknown if the expanded sales in the brewery market, however, will offset the wine or distilled spirits market.

The bill's "at rest" provisions for plenary and limited brewery licensees may facilitate collection of applicable taxes and encourage larger licensee inventory allocations in-State, which may generate ancillary economic activity. The extent to which these "at rest" provisions may require additional enforcement resources is unknown.

The Department of Law and Public Safety unofficially noted that there would be no fiscal impact to the Division of Alcoholic Beverage Control as a result of the implementation of this bill.

*Section:* Law and Public Safety  
*Analyst:* Kristin Brunner Santos  
Senior Fiscal Analyst  
*Approved:* David J. Rosen  
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the OLS 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.).