

33:1-10

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2004 **CHAPTER:** 102

NJSA: 33:1-10 (Eliminates direct shipping for NJ wineries)

BILL NO: S1408 (Substituted for A2877)

SPONSOR(S): Lesniak

DATE INTRODUCED: March 29, 2004

COMMITTEE: **ASSEMBLY:** Law and Public Safety

SENATE: Law and Public Safety and Veterans Affairs

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 21, 2004

SENATE: May 20, 2004

DATE OF APPROVAL: July 14, 2004

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) 1st reprint enacted

S1408

[SPONSOR'S STATEMENT:](#) (Begins on page 6 of original bill) [Yes](#)

COMMITTEE STATEMENT: **[ASSEMBLY:](#)** [Yes](#)

[SENATE:](#) [Yes](#)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

A2877

[SPONSOR'S STATEMENT:](#) (Begins on 6 of original bill) [Yes](#)

COMMITTEE STATEMENT: **[ASSEMBLY:](#)** [Yes](#)

[SENATE:](#) No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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HEARINGS:

No

NEWSPAPER ARTICLES:

No

P.L. 2004, CHAPTER 102, *approved July 14, 2004*
Senate, No. 1408 (*First Reprint*)

1 **AN ACT** concerning the shipment of alcoholic beverages, amending
2 R.S.33:1-10 and repealing sections 1 through ¹[3] ⁴ of P.L.1982,
3 ¹[c.137 (C.33:1-28.1 through 33:1-28.3)] c.176 (C.33:1-28.1
4 through 33:1-28.4)¹.

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8

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

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

12 Plenary brewery license. 1a. The holder of this license shall be
13 entitled, subject to rules and regulations, to brew any malt alcoholic
14 beverages and to sell and distribute his products to wholesalers and
15 retailers licensed in accordance with this chapter, and to sell and
16 distribute without this State to any persons pursuant to the laws of the
17 places of such sale and distribution, and to maintain a warehouse. The
18 fee for this license shall be \$10,625.

19 Limited brewery license. 1b. The holder of this license shall be
20 entitled, subject to rules and regulations, to brew any malt alcoholic
21 beverages in a quantity to be expressed in said license, dependent upon
22 the following fees and not in excess of 300,000 barrels of 31 fluid
23 gallons capacity per year and to sell and distribute this product to
24 wholesalers and retailers licensed in accordance with this chapter, and
25 to sell and distribute without this State to any persons pursuant to the
26 laws of the places of such sale and distribution, and to maintain a
27 warehouse. The fee for this license shall be graduated as follows: to
28 so brew not more than 50,000 barrels of 31 fluid gallons capacity per
29 annum, \$1,250; to so brew not more than 100,000 barrels of 31 fluid
30 gallons capacity per annum, \$2,500; to so brew not more than 200,000
31 barrels of 31 fluid gallons capacity per annum, \$5,000; to so brew not
32 more than 300,000 barrels of 31 fluid gallons capacity per annum,
33 \$7,500.

34 Restricted brewery license. 1c. The holder of this license shall be
35 entitled, subject to rules and regulations, to brew any malt alcoholic
36 beverages in a quantity to be expressed in such license not in excess of
37 3,000 barrels of 31 fluid gallons capacity per year. Notwithstanding
38 the provisions of R.S.33:1-26, the director shall issue a restricted
39 brewery license only to a person or an entity which has identical
40 ownership to an entity which holds a plenary retail consumption

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:

¹ Senate SLP committee amendments adopted May 13, 2004.

1 license issued pursuant to R.S.33:1-12, provided that such plenary
2 retail consumption license is operated in conjunction with a restaurant
3 regularly and principally used for the purpose of providing meals to its
4 customers and having adequate kitchen and dining room facilities, and
5 that the licensed restaurant premises is immediately adjoining the
6 premises licensed as a restricted brewery. The holder of this license
7 shall only be entitled to sell or deliver the product to that restaurant
8 premises. The fee for this license shall be \$1,250, which fee shall
9 entitle the holder to brew up to 1,000 barrels of 31 fluid gallons per
10 annum. The licensee also shall pay an additional \$625 for every
11 additional 1,000 barrels of 31 fluid gallons produced. No more than
12 two restricted brewery licenses shall be issued to a person or entity
13 which holds an interest in a plenary retail consumption license. If the
14 governing body of the municipality in which the licensed premises will
15 be located should file a written objection, the director shall hold a
16 hearing and may issue the license only if the director finds that the
17 issuance of the license will not be contrary to the public interest. All
18 fees related to the issuance of both licenses shall be paid in accordance
19 with statutory law.

20 Plenary winery license. 2a. Provided that the holder is engaged in
21 growing and cultivating grapes or fruit used in the production of wine
22 on at least three acres on, or adjacent to, the winery premises, the
23 holder of this license shall be entitled, subject to rules and regulations,
24 to produce any fermented wines, and to blend, fortify and treat wines,
25 and to sell and distribute his products to wholesalers and retailers
26 licensed in accordance with this chapter and to churches for religious
27 purposes, 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 to
29 maintain a warehouse, and to sell his products at retail to consumers
30 on the licensed premises of the winery for consumption on or off the
31 premises and to offer samples for sampling purposes only. The fee for
32 this license shall be \$938. The holder of this license shall also have the
33 right to sell such wine at retail in original packages in [~~five~~] six
34 salesrooms apart from the winery premises for consumption on or off
35 the premises and for sampling purposes for consumption on the
36 premises, at a fee of \$250 for each salesroom. Additionally, subject
37 to rules and regulations, one salesroom per county may be jointly
38 controlled and operated by at least two plenary or farm winery
39 licensees for the sale of the products of any plenary or farm winery
40 licensee for consumption on or off the premises and for consumption
41 on the licensed premises for sampling purposes at an additional fee of
42 \$625 per county salesroom. For the purposes of this subsection,
43 "sampling" means the selling at a nominal charge or the gratuitous
44 offering of an open container not exceeding one and one-half ounces
45 of any wine.

46 For the purposes of this subsection, "product" means any wine that

1 is produced, blended, fortified, or treated by the licensee on its
2 licensed premises situated in the State of New Jersey.

3 Any holder of a plenary winery license who sold wine which was
4 produced, bottled, and labelled by that holder in a place other than its
5 licensed New Jersey premises between July 1, 1992 and June 30, 1993,
6 may continue to sell that wine provided no more than 25,000 cases,
7 each case consisting of 12 750 milliliter bottles or the equivalent, are
8 sold in any single license year. This privilege shall terminate upon, and
9 not survive, any transfer of the license to another person or entity
10 subsequent to the effective date of this 1993 amendatory act or any
11 transfer of stock of the licensed corporation other than to children,
12 grandchildren, parents, spouses or siblings of the existing
13 stockholders.

14 Farm winery license. 2b. The holder of this license shall be
15 entitled, subject to rules and regulations, to manufacture any
16 fermented wines and fruit juices in a quantity to be expressed in said
17 license, dependent upon the following fees and not in excess of 50,000
18 gallons per year and to sell and distribute his products to wholesalers
19 and retailers licensed in accordance with this chapter and to churches
20 for religious purposes and to sell and distribute without this State to
21 any persons pursuant to the laws of the places of such sale and
22 distribution, and to maintain a warehouse and to sell at retail to
23 consumers for consumption on or off the licensed premises and to
24 offer samples for sampling purposes only. The license shall be issued
25 only when the winery at which such fermented wines and fruit juices
26 are manufactured is located and constructed upon a tract of land
27 exclusively under the control of the licensee, provided that the licensee
28 is actively engaged in growing and cultivating an area of not less than
29 three acres on or adjacent to the winery premises and on which are
30 growing grape vines or fruit to be processed into wine or fruit juice;
31 and provided, further, that for the first five years of the operation of
32 the winery such fermented wines and fruit juices shall be manufactured
33 from at least 51% grapes or fruit grown in the State and that thereafter
34 they shall be manufactured from grapes or fruit grown in this State at
35 least to the extent required for labeling as "New Jersey Wine" under
36 the applicable federal laws and regulations. The containers of all wine
37 sold to consumers by such licensee shall have affixed a label stating
38 such information as shall be required by the rules and regulations of
39 the Director of the Division of Alcoholic Beverage Control. The fee
40 for this license shall be graduated as follows: to so manufacture
41 between 30,000 and 50,000 gallons per annum, \$375; to so
42 manufacture between 2,500 and 30,000 gallons per annum, \$250; to
43 so manufacture between 1,000 and 2,500 gallons per annum, \$125; to
44 so manufacture less than 1,000 gallons per annum, \$63. No farm
45 winery license shall be held by the holder of a plenary winery license
46 or be situated on a premises licensed as a plenary winery.

1 The holder of this license shall also have the right to sell his
2 products in original packages at retail to consumers in [~~five~~] six
3 salesrooms apart from the winery premises for consumption on or off
4 the premises, and for sampling purposes for consumption on the
5 premises, at a fee of \$250 for each salesroom. Additionally, subject
6 to rules and regulations, one salesroom per county may be jointly
7 controlled and operated by at least two plenary or farm winery
8 licensees for the sale of the products of any plenary or farm winery
9 licensee for consumption on or off the premises and for consumption
10 on the licensed premises for sampling purposes only, at an additional
11 fee of \$625 per county salesroom. For the purposes of this subsection,
12 "sampling" means the selling at a nominal charge or the gratuitous
13 offering of an open container not exceeding one and one-half ounces
14 of any wine.

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

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

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

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

45 Supplementary limited distillery license. 3c. The holder of this
46 license shall be entitled, subject to rules and regulations, to bottle and

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

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

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

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

32
33 2. Sections 1 through 4 of P.L.1982, c.176 (C.33:1-28.1 through
34 13:1-28.4) are hereby repealed.

35
36 3. This act shall take effect immediately.

37

38

39

40

41 Eliminates direct shipping for New Jersey wineries.

SENATE, No. 1408

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED MARCH 29, 2004

Sponsored by:

Senator RAYMOND J. LESNIAK

District 20 (Union)

SYNOPSIS

Eliminates direct shipping for New Jersey wineries.

CURRENT VERSION OF TEXT

As introduced.



S1408 LESNIAK

2

1 AN ACT concerning the shipment of alcoholic beverages, amending
2 R.S.33:1-10 and repealing sections 1 through 3 of P.L.1982, c.137
3 (C.33:1-28.1 through 33:1-28.3).

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

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

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

11 Plenary brewery license. 1a. The holder of this license shall be
12 entitled, subject to rules and regulations, to brew any malt alcoholic
13 beverages and to sell and distribute his products to wholesalers and
14 retailers licensed in accordance with this chapter, and to sell and
15 distribute without this State to any persons pursuant to the laws of the
16 places of such sale and distribution, and to maintain a warehouse. The
17 fee for this license shall be \$10,625.

18 Limited brewery license. 1b. The holder of this license shall be
19 entitled, subject to rules and regulations, to brew any malt alcoholic
20 beverages in a quantity to be expressed in said license, dependent upon
21 the following fees and not in excess of 300,000 barrels of 31 fluid
22 gallons capacity per year and to sell and distribute this product to
23 wholesalers and retailers licensed in accordance with this chapter, and
24 to sell and distribute without this State to any persons pursuant to the
25 laws of the places of such sale and distribution, and to maintain a
26 warehouse. The fee for this license shall be graduated as follows: to
27 so brew not more than 50,000 barrels of 31 fluid gallons capacity per
28 annum, \$1,250; to so brew not more than 100,000 barrels of 31 fluid
29 gallons capacity per annum, \$2,500; to so brew not more than 200,000
30 barrels of 31 fluid gallons capacity per annum, \$5,000; to so brew not
31 more than 300,000 barrels of 31 fluid gallons capacity per annum,
32 \$7,500.

33 Restricted brewery license. 1c. The holder of this license shall be
34 entitled, subject to rules and regulations, to brew any malt alcoholic
35 beverages in a quantity to be expressed in such license not in excess of
36 3,000 barrels of 31 fluid gallons capacity per year. Notwithstanding
37 the provisions of R.S.33:1-26, the director shall issue a restricted
38 brewery license only to a person or an entity which has identical
39 ownership to an entity which holds a plenary retail consumption
40 license issued pursuant to R.S.33:1-12, provided that such plenary
41 retail consumption license is operated in conjunction with a restaurant
42 regularly and principally used for the purpose of providing meals to its
43 customers and having adequate kitchen and dining room facilities, and

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

Matter underlined thus is new matter.

1 that the licensed restaurant premises is immediately adjoining the
2 premises licensed as a restricted brewery. The holder of this license
3 shall only be entitled to sell or deliver the product to that restaurant
4 premises. The fee for this license shall be \$1,250, which fee shall
5 entitle the holder to brew up to 1,000 barrels of 31 fluid gallons per
6 annum. The licensee also shall pay an additional \$625 for every
7 additional 1,000 barrels of 31 fluid gallons produced. No more than
8 two restricted brewery licenses shall be issued to a person or entity
9 which holds an interest in a plenary retail consumption license. If the
10 governing body of the municipality in which the licensed premises will
11 be located should file a written objection, the director shall hold a
12 hearing and may issue the license only if the director finds that the
13 issuance of the license will not be contrary to the public interest. All
14 fees related to the issuance of both licenses shall be paid in accordance
15 with statutory law.

16 Plenary winery license. 2a. Provided that the holder is engaged in
17 growing and cultivating grapes or fruit used in the production of wine
18 on at least three acres on, or adjacent to, the winery premises, the
19 holder of this license shall be entitled, subject to rules and regulations,
20 to produce any fermented wines, and to blend, fortify and treat wines,
21 and to sell and distribute his products to wholesalers and retailers
22 licensed in accordance with this chapter and to churches for religious
23 purposes, and to sell and distribute without this State to any persons
24 pursuant to the laws of the places of such sale and distribution, and to
25 maintain a warehouse, and to sell his products at retail to consumers
26 on the licensed premises of the winery for consumption on or off the
27 premises and to offer samples for sampling purposes only. The fee for
28 this license shall be \$938. The holder of this license shall also have the
29 right to sell such wine at retail in original packages in [~~five~~] six
30 salesrooms apart from the winery premises for consumption on or off
31 the premises and for sampling purposes for consumption on the
32 premises, at a fee of \$250 for each salesroom. Additionally, subject
33 to rules and regulations, one salesroom per county may be jointly
34 controlled and operated by at least two plenary or farm winery
35 licensees for the sale of the products of any plenary or farm winery
36 licensee for consumption on or off the premises and for consumption
37 on the licensed premises for sampling purposes at an additional fee of
38 \$625 per county salesroom. For the purposes of this subsection,
39 "sampling" means the selling at a nominal charge or the gratuitous
40 offering of an open container not exceeding one and one-half ounces
41 of any wine.

42 For the purposes of this subsection, "product" means any wine that
43 is produced, blended, fortified, or treated by the licensee on its
44 licensed premises situated in the State of New Jersey.

45 Any holder of a plenary winery license who sold wine which was
46 produced, bottled, and labelled by that holder in a place other than its

1 licensed New Jersey premises between July 1, 1992 and June 30, 1993,
2 may continue to sell that wine provided no more than 25,000 cases,
3 each case consisting of 12 750 milliliter bottles or the equivalent, are
4 sold in any single license year. This privilege shall terminate upon, and
5 not survive, any transfer of the license to another person or entity
6 subsequent to the effective date of this 1993 amendatory act or any
7 transfer of stock of the licensed corporation other than to children,
8 grandchildren, parents, spouses or siblings of the existing
9 stockholders.

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

43 The holder of this license shall also have the right to sell his
44 products in original packages at retail to consumers in ~~[five]~~ six
45 salesrooms apart from the winery premises for consumption on or off
46 the premises, and for sampling purposes for consumption on the

1 premises, at a fee of \$250 for each salesroom. Additionally, subject
2 to rules and regulations, one salesroom per county may be jointly
3 controlled and operated by at least two plenary or farm winery
4 licensees for the sale of the products of any plenary or farm winery
5 licensee for consumption on or off the premises and for consumption
6 on the licensed premises for sampling purposes only, at an additional
7 fee of \$625 per county salesroom. For the purposes of this subsection,
8 "sampling" means the selling at a nominal charge or the gratuitous
9 offering of an open container not exceeding one and one-half ounces
10 of any wine.

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

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

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

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

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

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

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

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

24 The provisions of section 21 of P.L.2003, c.117 amendatory of this
25 section shall apply to licenses issued or transferred on or after July 1,
26 2003, and to license renewals commencing on or after July 1, 2003.
27 (cf: P.L.2003, c.117, s.21)

28
29 2. Sections 1 through 4 of P.L.1982, c.176 (C.33:1-28.1 through
30 13:1-28.4) are hereby repealed.

31
32 3. This act shall take effect immediately.

33
34
35 STATEMENT

36
37 This bill repeals certain provisions of the "New Jersey Alcoholic
38 Beverage Control Act" which permit direct shipments of wine to
39 consumers by licensed wineries in the State of New Jersey using a
40 licensed or unlicensed parcel delivery service. While originally
41 intended to promote New Jersey's farm wineries and restore them to
42 a competitive position with out-of-state wineries, sales records reveal
43 that direct shipment sales to consumers of wine produced at such
44 wineries have been made only on a very limited basis, constituting a
45 minimal portion of winery sales in New Jersey. Since these provisions
46 have not effectively promoted New Jersey agriculture, a repeal is

1 appropriate and serves the public interest. In order to avoid any
2 potential impact with respect to market access, however, the bill
3 increases the number of retail outlets wineries are permitted to
4 maintain from five to six.

5 The Twenty-first Amendment of the Constitution of the United
6 States empowers the states to control the sale and consumption of
7 alcoholic beverages within their boundaries in order to protect and
8 promote public safety. Upon the repeal of Prohibition, New Jersey
9 enacted a statutory distribution scheme utilizing a three-tiered system
10 to regulate the sale and shipment of alcoholic beverages into the State.
11 Recently, Internet and telephone solicitations have increasingly been
12 employed to sell alcoholic beverages, requiring little more than a
13 shipping address and a credit card. These types of sales effectively
14 bypass the State's three-tier statutory distribution system, and deny
15 consumers the protections provided by this system.

16 The repeal of the direct shipment provisions will have numerous
17 salutary benefits. Eliminating the direct shipment of wines from
18 plenary or farm wineries within New Jersey to residences within New
19 Jersey will decrease minors' access to alcoholic beverages. The bill
20 will ensure that retail sales by a winery are made in person, where the
21 licensee or its employees will verify the age of the purchaser.
22 Furthermore, repealing the New Jersey farm and plenary wineries'
23 direct shipment exception to the three-tier system reiterates the State's
24 commitment to this statutory scheme and eliminates alleged
25 discriminatory treatment favoring in-state wineries.

26 The direct shipment provisions have been subject to constitutional
27 challenge from out-of-state wineries and New Jersey consumers
28 desiring to purchase out-of-state wines, who have sued to require the
29 shipment of wine directly into New Jersey without using the state
30 mandated three-tier distribution system.

ASSEMBLY LAW AND PUBLIC SAFETY COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1408

STATE OF NEW JERSEY

DATED: MAY 27, 2004

The Assembly Law and Public Safety Committee reports favorably Senate Bill No. 1408 (1R).

Senate Bill No. 1408 (1R) repeals certain provisions of the "New Jersey Alcoholic Beverage Control Act." Currently, direct shipment of wine to consumers, by licensed wineries in the State of New Jersey using a licensed or unlicensed parcel delivery service, is permitted. Under the provisions of this bill, direct shipment will not be permitted.

To avoid any potential impact with respect to market access, the bill increases the number of retail outlets wineries are permitted to maintain. Under current law, wineries are permitted five retail outlets. Under the provision of this bill, they would be permitted six retail outlets.

The Twenty-first Amendment of the Constitution of the United States empowers the states to control the sale and consumption of alcoholic beverages within their boundaries in order to protect and promote public safety. Upon the repeal of Prohibition, New Jersey enacted a statutory distribution scheme utilizing a three-tiered system to regulate the sale and shipment of alcoholic beverages into the State. Recently, Internet and telephone solicitations have increasingly been employed to sell alcoholic beverages, requiring little more than a shipping address and a credit card. These types of sales effectively bypass the State's three-tier statutory distribution system, and deny consumers the protections provided by this system.

The direct shipment provisions have been subject to constitutional challenge from out-of-state wineries and New Jersey consumers desiring to purchase out-of-state wines, who have sued to require the shipment of wine directly into New Jersey without using the state mandated three-tier distribution system.

As reported by the committee, Senate Bill No. 1408 (1R) is identical to Assembly Bill No. 2877, also reported by the committee on this same date.

SENATE LAW AND PUBLIC SAFETY AND VETERANS'
AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 1408

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 13, 2004

The Senate Law and Public Safety and Veterans' Affairs Committee reports favorably and with committee amendments Senate Bill No. 1408.

This bill repeals certain provisions of the "New Jersey Alcoholic Beverage Control Act" which permit direct shipments of wine to consumers by licensed wineries in the State of New Jersey using a licensed or unlicensed parcel delivery service. While originally intended to promote New Jersey's farm wineries and restore them to a competitive position with out-of-state wineries, sales records reveal that direct shipment sales to consumers of wine produced at such wineries have been made only on a very limited basis, constituting a minimal portion of winery sales in New Jersey. Since these provisions have not effectively promoted New Jersey agriculture, a repeal is appropriate and serves the public interest. In order to avoid any potential impact with respect to market access, however, the bill increases the number of retail outlets wineries are permitted to maintain from five to six.

The Twenty-first Amendment of the Constitution of the United States empowers the states to control the sale and consumption of alcoholic beverages within their boundaries in order to protect and promote public safety. Upon the repeal of Prohibition, New Jersey enacted a statutory distribution scheme utilizing a three-tiered system to regulate the sale and shipment of alcoholic beverages into the State. Recently, Internet and telephone solicitations have increasingly been employed to sell alcoholic beverages, requiring little more than a shipping address and a credit card. These types of sales effectively bypass the State's three-tier statutory distribution system and deny consumers the protections provided by this system.

The repeal of the direct shipment provisions will have numerous salutary benefits. Eliminating the direct shipment of wines from plenary or farm wineries within New Jersey to residences within New Jersey will decrease minors' access to alcoholic beverages. The bill will ensure that retail sales by a winery are made in person, where the

licensee or its employees will verify the age of the purchaser. Furthermore, repealing the New Jersey farm and plenary wineries' direct shipment exception to the three-tier system reiterates the State's commitment to this statutory scheme and eliminates alleged discriminatory treatment favoring in-state wineries.

The direct shipment provisions have been subject to constitutional challenge from out-of-state wineries and New Jersey consumers desiring to purchase out-of-state wines, who have sued to require the shipment of wine directly into New Jersey without using the three-tier distribution system mandated by the State.

The committee amendment is technical in nature and corrects a statutory citation in the title of the bill.

ASSEMBLY, No. 2877

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED MAY 17, 2004

Sponsored by:

Assemblyman PETER J. BARNES, JR.

District 18 (Middlesex)

Assemblyman JOSEPH CRYAN

District 20 (Union)

SYNOPSIS

Eliminates direct shipping for New Jersey wineries.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the shipment of alcoholic beverages, amending
2 R.S.33:1-10 and repealing sections 1 through 3 of P.L.1982, c.137
3 (C.33:1-28.1 through 33:1-28.3).

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

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

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

11 Plenary brewery license. 1a. The holder of this license shall be
12 entitled, subject to rules and regulations, to brew any malt alcoholic
13 beverages and to sell and distribute his products to wholesalers and
14 retailers licensed in accordance with this chapter, and to sell and
15 distribute without this State to any persons pursuant to the laws of the
16 places of such sale and distribution, and to maintain a warehouse. The
17 fee for this license shall be \$10,625.

18 Limited brewery license. 1b. The holder of this license shall be
19 entitled, subject to rules and regulations, to brew any malt alcoholic
20 beverages in a quantity to be expressed in said license, dependent upon
21 the following fees and not in excess of 300,000 barrels of 31 fluid
22 gallons capacity per year and to sell and distribute this product to
23 wholesalers and retailers licensed in accordance with this chapter, and
24 to sell and distribute without this State to any persons pursuant to the
25 laws of the places of such sale and distribution, and to maintain a
26 warehouse. The fee for this license shall be graduated as follows: to
27 so brew not more than 50,000 barrels of 31 fluid gallons capacity per
28 annum, \$1,250; to so brew not more than 100,000 barrels of 31 fluid
29 gallons capacity per annum, \$2,500; to so brew not more than 200,000
30 barrels of 31 fluid gallons capacity per annum, \$5,000; to so brew not
31 more than 300,000 barrels of 31 fluid gallons capacity per annum,
32 \$7,500.

33 Restricted brewery license. 1c. The holder of this license shall be
34 entitled, subject to rules and regulations, to brew any malt alcoholic
35 beverages in a quantity to be expressed in such license not in excess of
36 3,000 barrels of 31 fluid gallons capacity per year. Notwithstanding
37 the provisions of R.S.33:1-26, the director shall issue a restricted
38 brewery license only to a person or an entity which has identical
39 ownership to an entity which holds a plenary retail consumption
40 license issued pursuant to R.S.33:1-12, provided that such plenary
41 retail consumption license is operated in conjunction with a restaurant
42 regularly and principally used for the purpose of providing meals to its
43 customers and having adequate kitchen and dining room facilities, and

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

Matter underlined thus is new matter.

1 that the licensed restaurant premises is immediately adjoining the
2 premises licensed as a restricted brewery. The holder of this license
3 shall only be entitled to sell or deliver the product to that restaurant
4 premises. The fee for this license shall be \$1,250, which fee shall
5 entitle the holder to brew up to 1,000 barrels of 31 fluid gallons per
6 annum. The licensee also shall pay an additional \$625 for every
7 additional 1,000 barrels of 31 fluid gallons produced. No more than
8 two restricted brewery licenses shall be issued to a person or entity
9 which holds an interest in a plenary retail consumption license. If the
10 governing body of the municipality in which the licensed premises will
11 be located should file a written objection, the director shall hold a
12 hearing and may issue the license only if the director finds that the
13 issuance of the license will not be contrary to the public interest. All
14 fees related to the issuance of both licenses shall be paid in accordance
15 with statutory law.

16 Plenary winery license. 2a. Provided that the holder is engaged in
17 growing and cultivating grapes or fruit used in the production of wine
18 on at least three acres on, or adjacent to, the winery premises, the
19 holder of this license shall be entitled, subject to rules and regulations,
20 to produce any fermented wines, and to blend, fortify and treat wines,
21 and to sell and distribute his products to wholesalers and retailers
22 licensed in accordance with this chapter and to churches for religious
23 purposes, and to sell and distribute without this State to any persons
24 pursuant to the laws of the places of such sale and distribution, and to
25 maintain a warehouse, and to sell his products at retail to consumers
26 on the licensed premises of the winery for consumption on or off the
27 premises and to offer samples for sampling purposes only. The fee for
28 this license shall be \$938. The holder of this license shall also have the
29 right to sell such wine at retail in original packages in ~~five~~ six
30 salesrooms apart from the winery premises for consumption on or off
31 the premises and for sampling purposes for consumption on the
32 premises, at a fee of \$250 for each salesroom. Additionally, subject
33 to rules and regulations, one salesroom per county may be jointly
34 controlled and operated by at least two plenary or farm winery
35 licensees for the sale of the products of any plenary or farm winery
36 licensee for consumption on or off the premises and for consumption
37 on the licensed premises for sampling purposes at an additional fee of
38 \$625 per county salesroom. For the purposes of this subsection,
39 "sampling" means the selling at a nominal charge or the gratuitous
40 offering of an open container not exceeding one and one-half ounces
41 of any wine.

42 For the purposes of this subsection, "product" means any wine that
43 is produced, blended, fortified, or treated by the licensee on its
44 licensed premises situated in the State of New Jersey.

45 Any holder of a plenary winery license who sold wine which was
46 produced, bottled, and labelled by that holder in a place other than its

1 licensed New Jersey premises between July 1, 1992 and June 30, 1993,
2 may continue to sell that wine provided no more than 25,000 cases,
3 each case consisting of 12 750 milliliter bottles or the equivalent, are
4 sold in any single license year. This privilege shall terminate upon, and
5 not survive, any transfer of the license to another person or entity
6 subsequent to the effective date of this 1993 amendatory act or any
7 transfer of stock of the licensed corporation other than to children,
8 grandchildren, parents, spouses or siblings of the existing
9 stockholders.

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

43 The holder of this license shall also have the right to sell his
44 products in original packages at retail to consumers in [~~five~~] six
45 salesrooms apart from the winery premises for consumption on or off
46 the premises, and for sampling purposes for consumption on the

1 premises, at a fee of \$250 for each salesroom. Additionally, subject
2 to rules and regulations, one salesroom per county may be jointly
3 controlled and operated by at least two plenary or farm winery
4 licensees for the sale of the products of any plenary or farm winery
5 licensee for consumption on or off the premises and for consumption
6 on the licensed premises for sampling purposes only, at an additional
7 fee of \$625 per county salesroom. For the purposes of this subsection,
8 "sampling" means the selling at a nominal charge or the gratuitous
9 offering of an open container not exceeding one and one-half ounces
10 of any wine.

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

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

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

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

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

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

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

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

24 The provisions of section 21 of P.L.2003, c.117 amendatory of this
25 section shall apply to licenses issued or transferred on or after July 1,
26 2003, and to license renewals commencing on or after July 1, 2003.
27 (cf: P.L.2003, c.117, s.21)

28
29 2. Sections 1 through 4 of P.L.1982, c.176 (C.33:1-28.1 through
30 13:1-28.4) are hereby repealed.

31
32 3. This act shall take effect immediately.

33 34 35 STATEMENT

36
37 This bill repeals certain provisions of the "New Jersey Alcoholic
38 Beverage Control Act" which permit direct shipments of wine to
39 consumers by licensed wineries in the State of New Jersey using a
40 licensed or unlicensed parcel delivery service. While originally
41 intended to promote New Jersey's farm wineries and restore them to
42 a competitive position with out-of-state wineries, sales records reveal
43 that direct shipment sales to consumers of wine produced at such
44 wineries have been made only on a very limited basis, constituting a
45 minimal portion of winery sales in New Jersey. Since these provisions
46 have not effectively promoted New Jersey agriculture, a repeal is

1 appropriate and serves the public interest. In order to avoid any
2 potential impact with respect to market access, however, the bill
3 increases the number of retail outlets wineries are permitted to
4 maintain from five to six.

5 The Twenty-first Amendment of the Constitution of the United
6 States empowers the states to control the sale and consumption of
7 alcoholic beverages within their boundaries in order to protect and
8 promote public safety. Upon the repeal of Prohibition, New Jersey
9 enacted a statutory distribution scheme utilizing a three-tiered system
10 to regulate the sale and shipment of alcoholic beverages into the State.
11 Recently, Internet and telephone solicitations have increasingly been
12 employed to sell alcoholic beverages, requiring little more than a
13 shipping address and a credit card. These types of sales effectively
14 bypass the State's three-tier statutory distribution system, and deny
15 consumers the protections provided by this system.

16 The repeal of the direct shipment provisions will have numerous
17 salutary benefits. Eliminating the direct shipment of wines from
18 plenary or farm wineries within New Jersey to residences within New
19 Jersey will decrease minors' access to alcoholic beverages. The bill
20 will ensure that retail sales by a winery are made in person, where the
21 licensee or its employees will verify the age of the purchaser.
22 Furthermore, repealing the New Jersey farm and plenary wineries'
23 direct shipment exception to the three-tier system reiterates the State's
24 commitment to this statutory scheme and eliminates alleged
25 discriminatory treatment favoring in-state wineries.

26 The direct shipment provisions have been subject to constitutional
27 challenge from out-of-state wineries and New Jersey consumers
28 desiring to purchase out-of-state wines, who have sued to require the
29 shipment of wine directly into New Jersey without using the state
30 mandated three-tier distribution system.

ASSEMBLY LAW AND PUBLIC SAFETY COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2877

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 27, 2004

The Assembly Law and Public Safety Committee reports favorably and with committee amendments Assembly Bill No. 2877.

Assembly Bill No. 2877 repeals certain provisions of the "New Jersey Alcoholic Beverage Control Act." Currently, direct shipment of wine to consumers, by licensed wineries in the State of New Jersey using a licensed or unlicensed parcel delivery service, is permitted. Under the provisions of this bill, direct shipment will not be permitted.

To avoid any potential impact with respect to market access, the bill increases the number of retail outlets wineries are permitted to maintain. Under current law, wineries are permitted five retail outlets. Under the provision of this bill, they would be permitted six retail outlets.

The Twenty-first Amendment of the Constitution of the United States empowers the states to control the sale and consumption of alcoholic beverages within their boundaries in order to protect and promote public safety. Upon the repeal of Prohibition, New Jersey enacted a statutory distribution scheme utilizing a three-tiered system to regulate the sale and shipment of alcoholic beverages into the State. Recently, Internet and telephone solicitations have increasingly been employed to sell alcoholic beverages, requiring little more than a shipping address and a credit card. These types of sales effectively bypass the State's three-tier statutory distribution system, and deny consumers the protections provided by this system.

The direct shipment provisions have been subject to constitutional challenge from out-of-state wineries and New Jersey consumers desiring to purchase out-of-state wines, who have sued to require the shipment of wine directly into New Jersey without using the state mandated three-tier distribution system.

As amended, Assembly Bill No. 2877 is identical to Senate Bill No. 1408 (1R), also reported by the committee on this same date.

COMMITTEE AMENDMENTS

The committee amendment is technical in nature and corrects a statutory citation in the title of the bill.