

ASSEMBLY BILL NO. 542—COMMITTEE
ON COMMERCE AND LABOR

MARCH 28, 2011

Referred to Committee on Commerce and Labor

SUMMARY—Provides for the licensing and operation of craft distilleries in Nevada. (BDR 52-649)

FISCAL NOTE: Effect on Local Government: Increases or Newly
Provides for Term of Imprisonment in County or City
Jail or Detention Facility.
Effect on the State: No.

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EXPLANATION – Matter in **bolded italics** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to alcoholic beverages; providing for the licensing and operation of craft distilleries in this State; setting forth the conditions under which spirits manufactured at such craft distilleries may be sold; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law provides for the operation of brew pubs and instructional wine-
2 making facilities. (NRS 597.230, 597.245) Under existing law, facilities such as
3 brew pubs and instructional wine-making facilities must be licensed, a fee is
4 imposed for the license, and a person who engages in business in this State without
5 having the appropriate permit or license for the business is guilty of a
6 misdemeanor. (NRS 360.490, 369.180, 369.300)

7 This bill: (1) authorizes the operation of craft distilleries in Nevada; (2) sets
8 forth the permissible scope of operation for those craft distilleries; (3) requires that
9 the craft distilleries be licensed; and (4) imposes a licensing fee of \$75.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 597 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 **1. *A person may operate a craft distillery if the person:***
4 ***(a) Obtains a license for the facility pursuant to chapter 369 of***
5 ***NRS;***



* A B 5 4 2 R 1 *

(b) *Complies with the requirements of this section; and*
(c) *Complies with any other applicable governmental requirements.*

2. *A person who operates a craft distillery pursuant to this section may:*

(a) *Manufacture spirits from agricultural raw materials through the process of distillation and blend, age, store and bottle the spirits so manufactured. The person operating the craft distillery shall ensure that:*

(1) *Not more than 10 percent of the spirits manufactured at the craft distillery are derived from neutral spirits manufactured by another distiller; and*

(2) *The craft distillery does not manufacture more than 10,000 cases of spirits in any calendar year.*

(b) *Sell and transport the spirits manufactured at the craft distillery to a person who holds a valid license to engage in business as a wholesale dealer of liquor.*

(c) *Export the spirits manufactured at the craft distillery to another state.*

(d) *On the premises of the craft distillery, serve samples of the spirits manufactured at the craft distillery. Any such samples must not exceed, per person, per day, 1 fluid ounce in volume of each type of spirit manufactured at the craft distillery.*

(e) *On the premises of the craft distillery, sell the spirits manufactured at the craft distillery at retail for consumption off premises. Any such spirits sold at retail for off-premises consumption must not exceed, per person, per day, 1.75 liters in volume of each type of spirit manufactured at the craft distillery. Spirits purchased on the premises of a craft distillery may not be resold by the purchaser or any retail liquor store.*

3. *As used in this section:*

(a) *“Case of spirits” means 12 bottles each containing 750 milliliters of distilled spirits.*

(b) *“Distillation” means the process of producing or purifying spirituous liquor by successive evaporation and condensation.*

Sec. 2. NRS 597.200 is hereby amended to read as follows:

597.200 As used in NRS 597.190 to 597.250, inclusive, *and section 1 of this act*, unless the context otherwise requires:

1. *“Alcoholic beverage” means any malt beverage or spirituous, vinous or malt liquor which contains 1 percent or more ethyl alcohol by volume.*

2. *“Brew pub” means an establishment which manufactures malt beverages and sells those malt beverages at retail pursuant to the provisions of NRS 597.230.*



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3. ***"Craft distillery" means an establishment which manufactures distilled spirits and is authorized to sell and distribute those distilled spirits pursuant to the provisions of section 1 of this act.***

4. "Engage in" includes participation in a business as an owner or partner, or through a subsidiary, affiliate, ownership equity or in any other manner.

~~[4-]~~ 5. "Instructional wine-making facility" means an instructional wine-making facility operated pursuant to NRS 597.245.

~~[5-]~~ 6. "Legal age" means the age at which a person is legally permitted to purchase an alcoholic beverage pursuant to NRS 202.020.

~~[6-]~~ 7. "Malt beverage" means beer, ale, porter, stout and other similar fermented beverages of any name or description, brewed or produced from malt, wholly or in part.

~~[7-]~~ 8. "Supplier" has the meaning ascribed to it in NRS 597.140.

~~[8-]~~ 9. "Wine" has the meaning ascribed to it in NRS 369.140.

Sec. 3. NRS 597.210 is hereby amended to read as follows:

597.210 1. Except as otherwise provided in NRS 597.240 ~~[4-]~~ ***and section 1 of this act***, a person engaged in business as a supplier or engaged in the business of manufacturing, blending or bottling alcoholic beverages within or without this State shall not engage in the business of importing, wholesaling or retailing alcoholic beverages.

2. This section does not:

(a) Preclude any person engaged in the business of importing, wholesaling or retailing alcoholic beverages from owning less than 2 percent of the outstanding ownership equity in any organization which manufactures, blends or bottles alcoholic beverages.

(b) Prohibit a person engaged in the business of rectifying or bottling alcoholic beverages from importing neutral or distilled spirits in bulk only for the express purpose of rectification pursuant to NRS 369.415.

(c) Prohibit a person from operating a brew pub pursuant to NRS 597.230.

(d) Prohibit a person from operating an instructional wine-making facility pursuant to NRS 597.245.

(e) Prohibit a person from operating a craft distillery pursuant to section 1 of this act.

Sec. 4. NRS 597.220 is hereby amended to read as follows:

597.220 1. ~~[Any]~~ ***Except as otherwise provided in section 1 of this act***, a person who is engaged in the business of importing or



1 wholesaling alcoholic beverages in the State of Nevada shall not
2 engage in the business of retailing alcoholic beverages in this state.

3 2. For the purposes of this section, a person who transfers or
4 receives alcoholic beverages in the manner described in NRS
5 369.4865 must not be considered to be engaged in the business of
6 wholesaling alcoholic beverages based solely upon those transfers.

7 **Sec. 5.** NRS 597.250 is hereby amended to read as follows:

8 597.250 The license of any person who violates the provisions
9 of NRS 597.210, 597.220, 597.230 , ~~for~~ 597.245 *or section 1 of*
10 *this act* must be suspended or revoked in the manner provided in
11 chapter 369 of NRS.

12 **Sec. 6.** Chapter 369 of NRS is hereby amended by adding
13 thereto a new section to read as follows:

14 *As used in this chapter, “craft distillery” has the meaning*
15 *ascribed to it in NRS 597.200.*

16 **Sec. 7.** NRS 369.180 is hereby amended to read as follows:

17 369.180 1. In addition to the limitations imposed by NRS
18 597.210 and 597.220, a person shall not:

19 (a) Import liquors into this State unless the person first secures
20 an importer’s license or permit from this State.

21 (b) Engage in business as a wholesale dealer of wines and
22 liquors in this State unless the person first secures a wholesale wine
23 and liquor dealer’s license from this State.

24 (c) Engage in business as a wholesale dealer of beer in this State
25 unless the person first secures a wholesale beer dealer’s license from
26 this State.

27 (d) Operate a winery in this State or export wine from this State
28 unless the person first secures a wine-maker’s license from this
29 State.

30 (e) Operate an instructional wine-making facility in this State
31 unless the person first secures a license for the instructional wine-
32 making facility from this State.

33 (f) Operate a brewery in this State unless the person first secures
34 a brewer’s license from this State.

35 (g) Operate a brew pub in this State unless the person first
36 secures a brew pub’s license from this State.

37 *(h) Operate a craft distillery in this State unless the person*
38 *first secures a craft distiller’s license from this State.*

39 2. A person who holds a license for an instructional wine-
40 making facility:

41 (a) May engage in any activity authorized by NRS 597.245.

42 (b) May not engage in any other activity for which a license is
43 required pursuant to this chapter, unless the person holds the
44 appropriate license for that activity.

45 3. *A person who holds a license for a craft distillery:*



(a) *May engage in any activity authorized by section 1 of this act.*

(b) *May not engage in any other activity for which a license is required pursuant to this chapter, unless the person holds the appropriate license for that activity.*

4. As used in this section:

(a) "Brew pub" has the meaning ascribed to it in NRS 597.200.

(b) "Brewery" means an establishment which manufactures malt beverages but does not sell those malt beverages at retail.

(c) "Malt beverage" has the meaning ascribed to it in NRS 597.200.

Sec. 8. NRS 369.300 is hereby amended to read as follows:

369.300 The following is a schedule of fees to be charged for licenses:

Importer's wine, beer and liquor license	\$500
Importer's beer license	150
Wholesale wine, beer and liquor license	250
Wholesale beer dealer's license	75
Wine-maker's license	75
License for an instructional wine-making facility	75
Brew pub's license	75
Brewer's license	75
<i>Craft distiller's license</i>	<i>75</i>

Sec. 9. (Deleted by amendment.)

Sec. 9.5. NRS 369.382 is hereby amended to read as follows:

369.382 Except as otherwise provided in NRS 369.386 and 369.415, *and section 1 of this act*, a supplier shall not engage in the business of importing, wholesaling or retailing alcoholic beverages in this State.

Sec. 10. (Deleted by amendment.)

Sec. 11. This act becomes effective upon passage and approval.

