

Amendment No. 468

Senate Amendment to Senate Bill No. 345	(BDR 52-980)
Proposed by: Senate Committee on Revenue and Economic Development	
Amends: Summary: No Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes	

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.



SENATE BILL NO. 345—SENATOR SETTELMAYER

MARCH 18, 2019

JOINT SPONSORS: ASSEMBLYMEN TITUS, WHEELER; AND ELLISON

Referred to Committee on Revenue and
Economic Development

SUMMARY—Revises provisions governing estate distilleries. (BDR 52-980)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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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 estate distilleries; ***authorizing brew pubs and certain wineries to transfer certain malt beverages and wine in bulk to an estate distillery***; authorizing an estate distillery to receive ~~certain spirits~~ ***malt beverages and wine*** in bulk for the purpose of ~~rectification~~ ***distillation and blending***; revising when certain spirits that are received ~~from imported~~ or transferred in bulk are subject to taxation; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides for the operation of ***brew pubs***, estate distilleries ~~and wineries~~, (NRS ~~597.230, 597.237~~) ~~Existing law provides that, with respect to the distilled spirits manufactured by an estate distillery, 85 percent of the agricultural raw materials from which such distilled spirits are manufactured were grown on land within this State which is owned or controlled by the owner of the estate distillery. (NRS 597.200) and 597.240.~~ Existing law requires an estate distillery to ensure that none of the spirits manufactured at the estate distillery are derived from neutral or distilled spirits manufactured by another manufacturer. (NRS 597.237)

~~This~~ ***Section 2 of this bill*** removes the requirement that none of the spirits manufactured at an estate distillery be derived from neutral or distilled spirits manufactured by another manufacturer. ~~This bill authorizes an estate distillery to import neutral or distilled spirits in bulk from a supplier for the purpose of rectification, provided that the person who operates the estate distillery obtains a license as an importer of liquor. This~~ ***Section 2 also authorizes an estate distillery to blend and distill wines and malt beverages, provided such wines and malt beverages are acquired from a licensed brew pub or winery in this State meeting certain requirements.***

~~Sections 1.5, 2, 2.3, 2.5 and 2.7 of this bill also authorize~~ ***authorize*** an estate distillery to receive ~~neutral or distilled spirits~~ ***from a licensed brew pub or winery in this State meeting certain requirements***, in bulk, ~~from a supplier in this State for the purpose of rectification. This bill requires the person operating an estate distillery which engages in the blending or rectifying of spirits to ensure that any blended or rectified spirits manufactured by the estate distillery were manufactured using agricultural raw materials, 85 percent of which~~

~~were grown on land within this State which is owned or controlled by the owner of the estate distillery.] wine or malt beverages for the purpose of distillation and blending. Sections 1.5, 2, 2.3, 2.5 and 2.7 provide that wine and malt beverages so received is taxable only when the wine or malt beverages are bottled in original packages for sale within this State and removed from the federally bonded premises of the estate distillery.~~

Existing law authorizes an estate distillery to transfer in bulk neutral or distilled spirits to a supplier. Existing law provides that any such transfer is taxable only when the neutral or distilled spirits are rectified and bottled in original packages for sale within this State. (NRS 597.237) ~~[This bill]~~ **Section 2** provides that neutral or distilled spirits which are so received ~~[or imported for rectification or which are transferred by an estate distillery]~~ are taxable only when they are ~~[rectified and]~~ bottled in original packages for sale within this State and are removed from the federally bonded premises of the ~~[estate distillery or]~~ supplier. ~~[as applicable.]~~

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

Section 1. ~~[NRS 597.210 is hereby amended to read as follows:]~~

~~597.210 1. Except as otherwise provided in subsection 2, 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:~~

~~(a) Engage in the business of importing, wholesaling or retailing alcoholic beverages; or~~

~~(b) Operate or otherwise locate his or her business on the premises or property of another person engaged 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 [.] or 597.237;~~

~~(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 NRS 597.235;~~

~~(f) Prohibit a person from operating an estate distillery pursuant to NRS 597.237;~~

~~(g) Prohibit a person from operating a winery pursuant to NRS 597.240.]~~
(Deleted by amendment.)

Sec. 1.5. NRS 597.230 is hereby amended to read as follows:

597.230 1. In any county, a person may operate a brew pub:

(a) In any redevelopment area established in that county pursuant to chapter 279 of NRS;

(b) In any historic district established in that county pursuant to NRS 384.005;

(c) In any retail liquor store as that term is defined in NRS 369.090; or

(d) In any other area in the county designated by the board of county commissioners for the operation of brew pubs. In a city which is located in that county, a person may operate a brew pub in any area in the city designated by the governing body of that city for the operation of brew pubs.

1 ✍ A person who operates one or more brew pubs may not manufacture more than
2 40,000 barrels of malt beverages for all the brew pubs he or she operates in this
3 State in any calendar year.

4 2. The premises of any brew pub operated pursuant to this section must be
5 conspicuously identified as a “brew pub.”

6 3. Except as otherwise provided in subsection 4, a person who operates one or
7 more brew pubs pursuant to this section may, upon obtaining a license pursuant to
8 chapter 369 of NRS and complying with any other applicable governmental
9 requirements:

10 (a) Manufacture and store malt beverages on the premises of one or more of
11 the brew pubs and:

12 (1) Sell and transport the malt beverages manufactured on the premises to a
13 person holding a valid wholesale wine and liquor dealer’s license or wholesale beer
14 dealer’s license issued pursuant to chapter 369 of NRS.

15 (2) Donate for charitable or nonprofit purposes and, for the purposes of the
16 donation, transport the malt beverages manufactured on the premises in accordance
17 with the terms and conditions of a special permit for the transportation of the malt
18 beverages obtained from the Department of Taxation pursuant to subsection 4 of
19 NRS 369.450.

20 (3) Transfer in bulk the malt beverages manufactured on the premises to
21 a person holding a valid license to operate an estate distillery issued pursuant to
22 chapter 369 of NRS for the purpose of distillation and blending, which transfer is
23 taxable only as provided in NRS 597.237.

24 (b) Manufacture and store malt beverages on the premises of one or more of
25 the brew pubs and transport the malt beverages manufactured on the premises to a
26 retailer, other than a person who operates a brew pub pursuant to this section, that
27 holds a valid license pursuant to chapter 369 of NRS for the purpose of selling the
28 malt beverages at a special event in accordance with the terms and conditions of a
29 special permit for the transportation of the malt beverages obtained from the
30 Department of Taxation pursuant to subsection 4 of NRS 369.450. For the purposes
31 of this paragraph, the person who operates one or more brew pubs shall not obtain
32 more than 20 such special permits for the transportation of the malt beverages from
33 the Department of Taxation pursuant to subsection 4 of NRS 369.450 within a
34 calendar year.

35 (c) Sell at retail, not for resale, malt beverages manufactured on or off the
36 premises of one or more of the brew pubs for consumption on the premises.

37 (d) Sell at retail, not for resale, in packages sealed on the premises of one or
38 more of the brew pubs, malt beverages, including malt beverages in unpasteurized
39 form, manufactured on the premises for consumption off the premises.

40 4. The amount of malt beverages sold pursuant to paragraphs (b), (c) and (d)
41 of subsection 3 must not exceed a total of 5,000 barrels in any calendar year. Of the
42 5,000 barrels, not more than 1,000 barrels may be sold in kegs.

43 **Sec. 2.** NRS 597.237 is hereby amended to read as follows:

44 597.237 1. A person may operate an estate distillery if the person:

45 (a) Obtains a license for the facility pursuant to chapter 369 of NRS;

46 (b) Complies with the requirements of this chapter; and

47 (c) Complies with any other applicable governmental requirements.

48 2. A person who operates an estate distillery pursuant to this section may:

49 (a) In addition to manufacturing spirits from agricultural raw materials through
50 distillation, blend, age, store and bottle the spirits so manufactured. ~~The If the~~
51 ~~estate distillery engages in the blending or rectifying of spirits, the person~~
52 ~~operating the estate distillery shall ensure that none of the any blended or rectified~~
53 ~~spirits manufactured at the estate distillery are derived from neutral or distilled~~

~~spirits manufactured by another manufacturer, manufactured from raw materials, 85 percent of which, in aggregate, were grown on land within this State which is owned or controlled by the owner of the estate distillery.~~

(b) Blend and distill wines or malt beverages, provided any such wine or malt beverage was manufactured by:

(1) A brew pub licensed pursuant to NRS 597.230;

(2) A winery that has been issued a wine-maker's license pursuant to NRS 369.200 on or before September 30, 2015; or

(3) A winery that has been issued a wine-maker's license pursuant to NRS 369.200 on or after October 1, 2015, if 25 percent or more of the wine produced, blended or aged by the winery is produced, blended or aged from fruit grown in this State.

(c) Except as otherwise provided in paragraphs ~~((f) and (g))~~ (g) and (h), in any calendar year, sell and transport in Nevada not more than a combined total of 75,000 cases of spirits at the estate distillery to a person who holds a license to engage in business as a wholesale dealer of liquor pursuant to chapter 369 of NRS.

~~((e))~~ (d) In any calendar year, manufacture for exportation to another state, not more than a combined total of 400,000 cases of spirits at all the estate distilleries the person operates.

~~((d))~~ (e) On the premises of the estate distillery, serve samples of the spirits manufactured at the estate distillery. Any such samples must not exceed, per person, per day, 4 fluid ounces in volume.

~~((e))~~ (f) On the premises of the estate distillery, sell the spirits manufactured at the estate distillery at retail for consumption on or off the premises. Any such spirits sold at retail for off-premises consumption must not exceed, per person, per month, 1 case of spirits and not exceed, per person, per year, 6 cases of spirits. The total amount of such spirits sold at retail for off-premises consumption must not exceed 7,500 cases per year. Spirits purchased on the premises of an estate distillery must not be resold by the purchaser or any retail liquor store. A person who operates an estate distillery shall prominently display on the premises a notice that the resale of spirits purchased on the premises is prohibited.

~~((f))~~ (g) Donate for charitable or nonprofit purposes and transport neutral or distilled spirits manufactured at the estate distillery in accordance with the terms and conditions of a special permit for the transportation of the neutral or distilled spirits obtained from the Department of Taxation pursuant to subsection 4 of NRS 369.450.

~~((g))~~ (h) Transfer in bulk neutral or distilled spirits manufactured at the estate distillery to a supplier. Any such transfer:

(1) Is taxable only when the neutral or distilled spirits are rectified and bottled in original packages for sale within this State ~~and removed from the federally bonded premises of the supplier~~; and

(2) Is not a sale for the purposes of paragraph ~~((b))~~ (c) or manufacturing for exportation for the purposes of paragraph ~~((e))~~.

~~((h))~~ (d).

(i) Subject to the provisions of subsection 3, receive for import neutral or distilled spirits, wine or malt beverages in bulk from a supplier person described in subparagraph (1), (2) or (3) of paragraph (b) for the sole purpose of rectification. Neutral or distilled spirits distillation and blending. Wine and malt beverages so received for imported are taxable only when the neutral or distilled spirits, wine and malt beverages are:

(1) Rectified and bottled Distilled, blended or both, and bottled in original packages for sale within this State; and

(2) Removed from the federally bonded premises of the estate distillery.

3. ~~[Notwithstanding any other provision of law, a]~~ A person who operates an estate distillery shall not ~~[import liquors into this State]~~ receive a shipment of wine or malt beverages;

(a) ~~Unless the person first secures an importer's license pursuant to NRS 369.180,~~ notifies the Department of Taxation that the distillery will receive such a shipment; and

(b) ~~Except as authorized by paragraph ~~[(b)]~~ (i) of subsection 2.~~

4. ~~[Rectified spirits]~~ Spirits manufactured by an estate distillery pursuant to this section ~~[shall]~~ may be sold in this State only after bottling in original packages.

Sec. 2.3. NRS 597.237 is hereby amended to read as follows:

597.237 1. A person may operate an estate distillery if the person:

(a) Obtains a license for the facility pursuant to chapter 369 of NRS;

(b) Complies with the requirements of this chapter; and

(c) Complies with any other applicable governmental requirements.

2. A person who operates an estate distillery pursuant to this section may:

(a) In addition to manufacturing spirits from agricultural raw materials through distillation, blend, age, store and bottle the spirits so manufactured. ~~[The person operating the estate distillery shall ensure that none of the spirits manufactured at the estate distillery are derived from neutral or distilled spirits manufactured by another manufacturer.]~~

(b) Blend and distill wines or malt beverages, provided any such wine or malt beverage was manufactured by:

(1) A brew pub licensed pursuant to NRS 597.230;

(2) A winery that has been issued a wine-maker's license pursuant to NRS 369.200 if 25 percent or more of the wine produced, blended or aged by the winery is produced, blended or aged from fruit grown in this State.

(c) ~~Except as otherwise provided in paragraphs ~~[(d) and (e)]~~ (g) and (h),~~ in any calendar year, sell and transport in Nevada not more than a combined total of 75,000 cases of spirits at the estate distillery to a person who holds a license to engage in business as a wholesale dealer of liquor pursuant to chapter 369 of NRS.

~~[(e)]~~ (d) In any calendar year, manufacture for exportation to another state, not more than a combined total of 400,000 cases of spirits at all the estate distilleries the person operates.

~~[(d)]~~ (e) On the premises of the estate distillery, serve samples of the spirits manufactured at the estate distillery. Any such samples must not exceed, per person, per day, 4 fluid ounces in volume.

~~[(e)]~~ (f) On the premises of the estate distillery, sell the spirits manufactured at the estate distillery at retail for consumption on or off the premises. Any such spirits sold at retail for off-premises consumption must not exceed, per person, per month, 1 case of spirits and not exceed, per person, per year, 6 cases of spirits. The total amount of such spirits sold at retail for off-premises consumption must not exceed 7,500 cases per year. Spirits purchased on the premises of an estate distillery must not be resold by the purchaser or any retail liquor store. A person who operates an estate distillery shall prominently display on the premises a notice that the resale of spirits purchased on the premises is prohibited.

~~[(f)]~~ (g) Donate for charitable or nonprofit purposes and transport neutral or distilled spirits manufactured at the estate distillery in accordance with the terms and conditions of a special permit for the transportation of the neutral or distilled spirits obtained from the Department of Taxation pursuant to subsection 4 of NRS 369.450.

~~[(g)]~~ (h) Transfer in bulk neutral or distilled spirits manufactured at the estate distillery to a supplier. Any such transfer:

(1) Is taxable only when the neutral or distilled spirits are rectified and bottled in original packages for sale within this State ~~and removed from the federally bonded premises of the supplier;~~ and

(2) Is not a sale for the purposes of paragraph ~~(c)~~ or manufacturing for exportation for the purposes of paragraph ~~(c)~~ (d).

(i) Subject to the provisions of subsection 3, receive wine or malt beverages in bulk from a person described in subparagraph (1) or (2) of paragraph (b) for the purpose of distillation and blending. Wine and malt beverages so received are taxable only when the wine and malt beverages are:

(1) Distilled, blended or both, and bottled in original packages for sale within this State; and

(2) Removed from the federally bonded premises of the estate distillery.

3. A person who operates an estate distillery shall not receive a shipment of wine or malt beverages:

(a) Unless the person first notifies the Department of Taxation that the distillery will receive such a shipment; and

(b) Except as authorized by paragraph (i) of subsection 2.

4. Spirits manufactured by an estate distillery pursuant to this section may be sold in this State only after bottling in original packages.

Sec. 2.5. NRS 597.240 is hereby amended to read as follows:

597.240 1. A winery that is federally bonded and permitted by the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury, including, without limitation, an alternating proprietorship of not more than four such wineries, and that has been issued a wine-maker's license pursuant to NRS 369.200 may:

(a) Produce, bottle, blend and age wine.

(b) Import wine or juice from a winery that is located in another state and that is federally bonded and permitted by the Alcohol and Tobacco Tax and Trade Bureau, to be fermented into wine or, if already fermented, to be mixed with other wine or aged in a suitable cellar, or both.

2. A winery that has been issued a wine-maker's license pursuant to NRS 369.200 on or before September 30, 2015, may:

(a) Sell at retail or serve by the glass, on its premises and at one other location, wine produced, blended or aged by the winery. The amount of wine sold at a location other than on the premises of the winery may not exceed 50 percent of the total volume of the wine sold by the winery.

(b) Serve by the glass, on its premises, any alcoholic beverage.

(c) Transfer in bulk wine produced, blended or aged by the winery to a person holding a valid license to operate an estate distillery issued pursuant to chapter 369 of NRS for the purpose of distillation and blending, which transfer is taxable only as provided in NRS 597.237.

3. A winery that is issued a wine-maker's license pursuant to NRS 369.200 on or after October 1, 2015:

(a) If 25 percent or more of the wine produced, blended or aged by the winery is produced, blended or aged from fruit grown in this State, may ~~sell~~:

(1) Sell at retail or serve by the glass, on its premises, wine produced, blended or aged by the winery.

(2) Transfer in bulk wine produced, blended or aged by the winery to a person holding a valid license to operate an estate distillery issued pursuant to chapter 369 of NRS for the purpose of distillation and blending, which transfer is taxable only as provided in NRS 597.237.

(b) If less than 25 percent of the wine produced, blended or aged by the winery is produced, blended or aged from fruit grown in this State, may sell at retail or

1 serve by the glass, on its premises, not more than 1,000 cases of wine produced,
2 blended or aged by the winery per calendar year.

3 4. The owner or operator of a winery shall not:

4 (a) Except as otherwise provided in paragraph (b) of subsection 2, sell
5 alcoholic beverages on the premises of the winery other than wine produced,
6 blended or aged by the winery.

7 (b) Produce, blend or age wine at any location other than on the premises of the
8 winery.

9 5. The State Board of Agriculture may adopt regulations for the purposes of
10 ensuring that a winery is in compliance with any requirements established by the
11 Federal Government for labeling bottles of wine produced, blended or aged by the
12 winery.

13 6. For the purposes of this section, an instructional wine-making facility is not
14 a winery.

15 **Sec. 2.7. NRS 597.240 is hereby amended to read as follows:**

16 597.240 1. A winery that is federally bonded and permitted by the Alcohol
17 and Tobacco Tax and Trade Bureau of the United States Department of the
18 Treasury, including, without limitation, an alternating proprietorship of not more
19 than four such wineries, and that has been issued a wine-maker's license pursuant
20 to NRS 369.200 may:

21 (a) Produce, bottle, blend and age wine.

22 (b) Import wine or juice from a winery that is located in another state and that
23 is federally bonded and permitted by the Alcohol and Tobacco Tax and Trade
24 Bureau, to be fermented into wine or, if already fermented, to be mixed with other
25 wine or aged in a suitable cellar, or both.

26 2. A winery that has been issued a wine-maker's license pursuant to NRS
27 369.200 on or before September 30, 2015, may:

28 (a) Within the limits prescribed by subsection 3, sell at retail or serve by the
29 glass, on its premises and at one other location, wine produced, blended or aged by
30 the winery. The amount of wine sold at a location other than on the premises of the
31 winery may not exceed 50 percent of the total volume of the wine sold by the
32 winery.

33 (b) Serve by the glass, on its premises, any alcoholic beverage.

34 3. A winery that is issued a wine-maker's license pursuant to NRS 369.200:

35 (a) If 25 percent or more of the wine produced, blended or aged by the winery
36 is produced, blended or aged from fruit grown in this State, may ~~sell~~:

37 (1) Sell at retail or serve by the glass, on its premises and, if applicable, at
38 one other location, wine produced, blended or aged by the winery.

39 (2) Transfer in bulk wine produced, blended or aged by the winery to a
40 person holding a valid license to operate an estate distillery issued pursuant to
41 chapter 369 of NRS for the purpose of distillation and blending, which transfer is
42 taxable only as provided in NRS 597.237.

43 (b) If less than 25 percent of the wine produced, blended or aged by the winery
44 is produced, blended or aged from fruit grown in this State, may sell at retail or
45 serve by the glass, on its premises and, if applicable, at one other location, not more
46 than 1,000 cases of wine produced, blended or aged by the winery per calendar
47 year.

48 4. The owner or operator of a winery shall not:

49 (a) Except as otherwise provided in paragraph (b) of subsection 2, sell
50 alcoholic beverages on the premises of the winery other than wine produced,
51 blended or aged by the winery.

52 (b) Produce, blend or age wine at any location other than on the premises of the
53 winery.

1 5. The State Board of Agriculture may adopt regulations for the purposes of
2 ensuring that a winery is in compliance with any requirements established by the
3 Federal Government for labeling bottles of wine produced, blended or aged by the
4 winery.

5 6. For the purposes of this section, an instructional wine-making facility is not
6 a winery.

7 **Sec. 3.** 1. This section and sections 1.5, 2 and 2.5 of this act ~~becomes~~
8 become effective on July 1, 2019.

9 2. Sections 2.3 and 2.7 of this act become effective on October 1, 2025.