

SENATE BILL NO. 259—SENATORS DONDERO LOOP; CANNIZZARO,
DONATE, D. HARRIS, NGUYEN AND PAZINA

MARCH 13, 2023

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to alcoholic beverages.
(BDR 52-676)

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 alcoholic beverages; authorizing certain wineries to sell wine at one other location other than its premises; revising certain limitations imposed on certain wineries concerning the amount of wine that may be sold by the winery each calendar year; requiring the State Board of Agriculture to adopt certain regulations relating to wine; revising procedures for the imposition of certain disciplinary action against a person who holds a license to engage in certain activities related to alcohol; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides for the operation of wineries in this State. Under existing law, a winery that has been issued a wine-maker's license on or before September 30, 2015, is authorized to sell at retail or serve by the glass, on its premises and at one other location, wine produced, blended or aged by the winery. (NRS 597.240) **Section 1** of this bill removes a limitation set forth in existing law restricting the amount of wine sold by such a winery at a location other than on its premises to not more than 50 percent of the total volume of wine sold by the winery. Additionally, **section 1** authorizes a winery that has been issued a wine-maker's license on or after October 1, 2015, to also sell at retail or serve by the glass wine produced, blended or aged by the winery at one other location in addition to its premises.

If a winery has been issued a wine-maker's license on or after October 1, 2015, and less than 25 percent of the wine produced, blended or aged by the winery is produced, blended or aged from fruit grown or honey produced in this State, existing law limits the amount of wine that the winery is authorized to sell at retail or serve by the glass to 1,000 cases per calendar year. (NRS 597.240) **Section 1** increases that limit to 2,000 cases and additionally authorizes such a winery to sell



at retail or serve by the glass not more than 150 barrels of cider produced by the winery per calendar year.

Existing law authorizes the State Board of Agriculture to adopt regulations for the purposes of ensuring that a winery is in compliance with certain federal labeling requirements. (NRS 597.240) **Section 1** instead requires the Board to adopt those regulations and additionally requires the Board to adopt regulations creating a certification for wine produced, blended or aged from fruit grown or honey produced in this State.

Existing law provides for the licensure of importers, wholesale wine and liquor dealers, wholesale beer dealers, wine-makers, instructional wine-making facilities, breweries, brew pubs, craft distilleries and estate distilleries. (Chapter 369 of NRS) Existing law sets forth a process by which a board of county commissioners or the governing body of an incorporated city may, after an investigation, the issuance of a citation for a licensee to answer a verified complaint and a hearing, recommend to the Department of Taxation the suspension or revocation of the license of a licensee. (NRS 369.240, 369.250, 369.260) **Section 2** of this bill revises that process to require a hearing to be conducted and a decision to be rendered recommending the suspension or revocation of a license, or the dismissal of a complaint, within 60 days after a citation is served upon a licensee.

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

Section 1. NRS 597.240 is hereby amended to read as follows:

597.240 1. A winery, including a winery that consists of multiple noncontiguous locations, 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 for each noncontiguous location of the winery 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:



(1) To a person holding a valid wholesale wine and liquor dealer's license issued pursuant to chapter 369 of NRS for the purpose of transferring in bulk the wine to an estate distillery for the purpose of distillation and blending, which transfer is taxable only as provided in NRS 597.237; or

(2) If there is no wholesaler who is able or willing to accept and transfer in bulk the wine pursuant to subparagraph (1), 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 and must be performed in accordance with the terms and conditions of a special permit for the transportation of the wine obtained from the Department of Taxation pursuant to subsection 4 of NRS 369.450.

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 or honey produced in this State, may:

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

(2) Transfer in bulk wine produced, blended or aged by the winery:

(I) To a person holding a valid wholesale wine and liquor dealer's license issued pursuant to chapter 369 of NRS for the purpose of transferring in bulk the wine to an estate distillery for the purpose of distillation and blending, which transfer is taxable only as provided in NRS 597.237; or

(II) If there is no wholesaler who is able or willing to accept and transfer in bulk the wine pursuant to sub-subparagraph (I), 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) Sell alcoholic beverages at retail if the winery:

(I) Has obtained any license or permit required to sell alcoholic beverages at retail in the jurisdiction in which the winery is located; and

(II) Complies with NRS 369.487.

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

(1) Sell at retail or serve by the glass, on its premises ~~and~~ **and at one other location**, not more than ~~1,000~~ **2,000** cases of wine



1 produced, blended or aged by the winery *and not more than 150*
2 *barrels of cider produced by the winery* per calendar year.

3 (2) Subject to the limitation set forth in subparagraph (1), sell
4 alcoholic beverages at retail if the winery:

5 (I) Has obtained any license or permit required to sell
6 alcoholic beverages at retail in the jurisdiction in which the winery
7 is located; and

8 (II) Complies with NRS 369.487.

9 4. The State Board of Agriculture ~~{may}~~ *shall* adopt
10 regulations for the purposes of ensuring that a winery is in
11 compliance with any requirements established by the Federal
12 Government for labeling bottles of wine produced, blended or aged
13 by the winery ~~{}~~ *and to create a certification for wine produced,*
14 *blended or aged from fruit grown or honey produced in this State.*

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

17 6. *As used in this section, "cider" means a wine that contains*
18 *not less than one-half of 1 percent of alcohol by volume and not*
19 *more than 8.5 percent of alcohol by volume that is produced from*
20 *the fermentation of the juice of sound, ripe apples or pears, or*
21 *both. The term includes, without limitation, sparkling or*
22 *carbonated cider and cider produced from the condensed must of*
23 *apples or pears, or both.*

24 **Sec. 2.** NRS 369.260 is hereby amended to read as follows:

25 369.260 1. Upon the hearing, the board of county
26 commissioners or the governing body of a city, as applicable, shall
27 hear all relevant and competent evidence offered by the complainant
28 and by the licensee.

29 2. After the hearing is concluded and the matter submitted, the
30 board of county commissioners or the governing body of a city, as
31 applicable, shall, within 10 days after such submission ~~{}~~ *and*
32 *within 60 days after the date of service of the citation issued*
33 *pursuant to NRS 369.240,* render its decision in writing
34 recommending the suspension or revocation of the license, or
35 dismissing the complaint, with a statement of the board's or the
36 governing body's reasons therefor.

37 3. The board of county commissioners or the governing body
38 of a city, as applicable, shall give to the complainant and to the
39 licensee, or their respective attorneys, notice of such
40 recommendation, by mail, in the same manner as prescribed in this
41 chapter for the giving of notice of hearing.

42 4. A copy of the decision of the board of county commissioners
43 or the governing body of a city recommending the suspension or
44 revocation of a license shall be transmitted forthwith by the board or
45 the governing body, as applicable, to the Department. Thereupon,



1 the Department shall cause the license to be suspended or revoked
2 and shall give notice thereof in the same manner as provided in
3 NRS 369.240.

4 **Sec. 3.** 1. This section becomes effective upon passage and
5 approval.

6 2. Sections 1 and 2 of this act become effective:

- 7 (a) Upon passage and approval for the purpose of adopting any
8 regulations and performing any other preparatory administrative
9 tasks that are necessary to carry out the provisions of this act; and
10 (b) On October 1, 2023, for all other purposes.

