

SENATE BILL NO. 199—SENATOR SETTELMEYER

FEBRUARY 22, 2017

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions relating to alcoholic beverages.  
(BDR 52-519)

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: 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; providing for the licensing and operation of estate distilleries in this State; setting forth the conditions under which spirits manufactured at such estate distilleries may be sold; providing a penalty; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Existing law provides for the operation of craft distilleries. (NRS 597.235)  
2 Under existing law, craft distilleries must be licensed, a fee is imposed for the  
3 license and a person who engages in business in this State without having the  
4 appropriate permit or license for the business is guilty of a misdemeanor. (NRS  
5 360.490, 369.180, 369.300) Existing law further sets forth the scope of operation of  
6 a craft distillery, including, without limitation, authorizing a craft distillery to sell  
7 and transport not more than 10,000 cases of spirits each calendar year to a  
8 wholesale dealer of liquor within this State and to manufacture for exportation to  
9 another state not more than 40,000 cases of spirits each calendar year.  
10 (NRS 597.235)

11 This bill provides for the operation of estate distilleries. **Section 2** of this bill  
12 defines an “estate distillery” as a craft distillery where at least 75 percent of the  
13 agricultural raw materials from which distilled spirits are manufactured originate  
14 within this State. **Sections 1, 3, 4 and 8** of this bill authorize a person to operate an  
15 estate distillery if the person is licensed. **Sections 1 and 2** further set forth the  
16 permissible scope of operation of an estate distillery, which includes, without  
17 limitation, an authorization to sell and transport not more than 100,000 cases of  
18 spirits each calendar year to a wholesale dealer of liquor within this State and to  
19 manufacture for exportation to another state not more than 400,000 cases of spirits  
20 each calendar year. **Section 9** of this bill 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 an estate distillery if the person:*

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

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

7       (c) *Complies with any other applicable governmental*  
8 *requirements.*

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

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

17       (b) *Except as otherwise provided in paragraphs (f) and (g), in*  
18 *any calendar year, sell and transport in Nevada not more than a*  
19 *combined total of 100,000 cases of spirits at all the estate*  
20 *distilleries that the person operates to a person who holds a license*  
21 *to engage in business as a wholesale dealer of liquor pursuant to*  
22 *chapter 369 of NRS.*

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

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

29       (e) *On the premises of the estate distillery, sell the spirits*  
30 *manufactured at the estate distillery at retail for consumption on*  
31 *or off the premises. Any such spirits sold at retail for off-premises*  
32 *consumption must not exceed, per person, per month, 1 case of*  
33 *spirits and not exceed, per person, per year, 6 cases of spirits.*  
34 *Spirits purchased on the premises of an estate distillery must not*  
35 *be resold by the purchaser or any retail liquor store.*

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



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

3 *(1) Is taxable only when the neutral or distilled spirits are*  
4 *rectified and bottled in original packages for sale within this State;*  
5 *and*

6 *(2) Is not a sale for the purposes of paragraph (b) or*  
7 *manufacturing for exportation for the purposes of paragraph (c).*

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

9 597.200 As used in NRS 597.190 to 597.255, inclusive, *and*  
10 *section 1 of this act*, unless the context otherwise requires:

11 1. "Alcoholic beverage" means any malt beverage or  
12 spirituous, vinous or malt liquor which contains 1 percent or more  
13 ethyl alcohol by volume.

14 2. "Brew pub" means an establishment which manufactures  
15 malt beverages and sells those malt beverages at retail pursuant to  
16 the provisions of NRS 597.230.

17 3. *"Case of spirits" means 12 bottles, each containing 750*  
18 *milliliters of distilled spirits.*

19 4. "Craft distillery" means an establishment which:

20 (a) Manufactures distilled spirits from agricultural raw materials  
21 through distillation; and

22 (b) Is authorized to sell those distilled spirits pursuant to the  
23 provisions of this chapter.

24 ~~4~~ 5. *"Estate distillery" means an establishment which:*

25 *(a) Manufactures distilled spirits from agricultural raw*  
26 *materials through distillation, provided that 75 percent of such*  
27 *agricultural raw materials originated within this State; and*

28 *(b) Is authorized to sell those distilled spirits pursuant to the*  
29 *provisions of this chapter.*

30 6. "Distillation" means the process of producing or purifying  
31 spirituous liquor by successive evaporation and condensation.

32 ~~5~~ 7. "Engage in" includes participation in a business as an  
33 owner or partner, or through a subsidiary, affiliate, ownership equity  
34 or in any other manner.

35 ~~6~~ 8. "Instructional wine-making facility" means an  
36 instructional wine-making facility operated pursuant to  
37 NRS 597.245.

38 ~~7~~ 9. "Legal age" means the age at which a person is legally  
39 permitted to purchase an alcoholic beverage pursuant to  
40 NRS 202.020.

41 ~~8~~ 10. "Malt beverage" means beer, ale, porter, stout and  
42 other similar fermented beverages of any name or description,  
43 brewed or produced from malt, wholly or in part.

44 ~~9~~ 11. "Supplier" has the meaning ascribed to it in  
45 NRS 597.140.



1 ~~10.1~~ 12. "Wine" has the meaning ascribed to it in  
2 NRS 369.140.

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

4 597.210 1. Except as otherwise provided in subsection 2, a  
5 person engaged in business as a supplier or engaged in the business  
6 of manufacturing, blending or bottling alcoholic beverages within or  
7 without this State shall not:

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

10 (b) Operate or otherwise locate his or her business on the  
11 premises or property of another person engaged in the business of  
12 importing, wholesaling or retailing alcoholic beverages.

13 2. This section does not:

14 (a) Preclude any person engaged in the business of importing,  
15 wholesaling or retailing alcoholic beverages from owning less than  
16 2 percent of the outstanding ownership equity in any organization  
17 which manufactures, blends or bottles alcoholic beverages.

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

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

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

26 (e) Prohibit a person from operating a craft distillery pursuant to  
27 NRS 597.235.

28 (f) *Prohibit a person from operating an estate distillery*  
29 *pursuant to section 1 of this act.*

30 (g) Prohibit a person from operating a winery pursuant to  
31 NRS 597.240.

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

33 597.220 1. Except as otherwise provided in NRS 597.235 ~~12~~  
34 *and section 1 of this act*, a person who is engaged in the business of  
35 importing or wholesaling alcoholic beverages in the State of Nevada  
36 shall not:

37 (a) Engage in the business of retailing alcoholic beverages in  
38 this state; or

39 (b) Operate or otherwise locate his or her business on the  
40 premises or other property of any supplier.

41 2. For the purposes of this section, a person who transfers or  
42 receives alcoholic beverages in the manner described in NRS  
43 369.4865 must not be considered to be engaged in the business of  
44 wholesaling alcoholic beverages based solely upon those transfers.



1     **Sec. 5.** NRS 597.235 is hereby amended to read as follows:

2     597.235 1. A person may operate a craft distillery if the  
3 person:

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

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

7     (c) Complies with any other applicable governmental  
8 requirements.

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

11     (a) In addition to manufacturing spirits from agricultural raw  
12 materials through distillation, blend, age, store and bottle the spirits  
13 so manufactured. The person operating the craft distillery shall  
14 ensure that none of the spirits manufactured at the craft distillery are  
15 derived from neutral or distilled spirits manufactured by another  
16 manufacturer.

17     (b) Except as otherwise provided in paragraphs (f) and (g), in  
18 any calendar year, sell and transport in Nevada not more than a  
19 combined total of 10,000 cases of spirits at all the craft distilleries  
20 that the person operates to a person who holds a license to engage in  
21 business as a wholesale dealer of liquor pursuant to chapter 369 of  
22 NRS.

23     (c) In any calendar year, manufacture for exportation to another  
24 state, not more than a combined total of 40,000 cases of spirits at all  
25 the craft distilleries the person operates.

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

29     (e) On the premises of the craft distillery, sell the spirits  
30 manufactured at the craft distillery at retail for consumption on or  
31 off the premises. Any such spirits sold at retail for off-premises  
32 consumption must not exceed, per person, per month, 1 case of  
33 spirits and not exceed, per person, per year, 6 cases of spirits. Spirits  
34 purchased on the premises of a craft distillery must not be resold by  
35 the purchaser or any retail liquor store.

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

41     (g) Transfer in bulk neutral or distilled spirits manufactured at  
42 the craft distillery to a supplier. Any such transfer:

43         (1) Is taxable only when the neutral or distilled spirits are  
44 rectified and bottled in original packages for sale within this State;  
45 and



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

3 ~~3. As used in this section:~~

4 ~~—(a) “Case of spirits” means 12 bottles, each containing 750~~  
5 ~~milliliters of distilled spirits.~~

6 ~~—(b) “Supplier” has the meaning ascribed to it in NRS 597.140.~~

7 **Sec. 6.** 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, 597.235 or 597.245 *or section 1*  
10 *of this act* must be suspended or revoked in the manner provided in  
11 chapter 369 of NRS.

12 **Sec. 7.** NRS 597.255 is hereby amended to read as follows:

13 597.255 1. A person who has suffered injury, including,  
14 without limitation, economic damage, as the proximate result of a  
15 violation of the provisions of this section and NRS 597.190 to  
16 597.245, inclusive, *and section 1 of this act* may bring a civil action  
17 against the person who committed the violation to recover:

18 (a) For the first violation, \$100 plus the injured person’s actual  
19 damages, attorney’s fees and costs, if any.

20 (b) For the second violation, \$250 plus the injured person’s  
21 actual damages, attorney’s fees and costs, if any.

22 (c) For the third and any subsequent violation, \$500 plus the  
23 injured person’s actual damages, attorney’s fees and costs, if any,  
24 and any punitive damages that the facts may warrant.

25 2. Any person, including, without limitation, a director, officer,  
26 agent or employee of the person, who knowingly violates or  
27 knowingly aids or assists in the violation of any provision of this  
28 section and NRS 597.190 to 597.245, inclusive, *and section 1 of*  
29 *this act* is liable under this section.

30 3. Except as otherwise provided in NRS 597.157, 597.170 and  
31 597.260, and in addition to any legal action brought pursuant to  
32 NRS 597.262, the provisions of this section do not preclude a  
33 person from seeking any other legal remedy available.

34 **Sec. 8.** NRS 369.180 is hereby amended to read as follows:

35 369.180 1. In addition to the limitations imposed by NRS  
36 597.210 and 597.220, a person shall not:

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

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

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



1 (d) Operate a winery in this State or export wine from this State  
2 unless the person first secures a wine-maker's license from this  
3 State.

4 (e) Operate an instructional wine-making facility in this State  
5 unless the person first secures a license for the instructional wine-  
6 making facility from this State.

7 (f) Operate a brewery in this State unless the person first secures  
8 a brewer's license from this State.

9 (g) Operate a brew pub in this State unless the person first  
10 secures a brew pub's license from this State.

11 (h) Operate a craft distillery in this State unless the person first  
12 secures a craft distiller's license from this State.

13 *(i) Operate an estate distillery in this State unless the person*  
14 *first secures an estate distiller's license from this State.*

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

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

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

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

22 (a) May engage in any activity authorized by NRS 597.235.

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

26 4. *A person who holds a license for an estate distillery:*

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

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

32 5. As used in this section:

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

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

36 (c) "Craft distillery" has the meaning ascribed to it in  
37 NRS 597.200.

38 *(d) "Estate distillery" has the meaning ascribed to it in*  
39 *NRS 597.200.*

40 *(e) "Malt beverage" has the meaning ascribed to it in*  
41 *NRS 597.200.*

42 **Sec. 9.** NRS 369.300 is hereby amended to read as follows:

43 369.300 The following is a schedule of fees to be charged for  
44 licenses:



1	Importer's wine, beer and liquor license .....	\$500
2	Importer's beer license .....	150
3	Wholesale wine, beer and liquor license .....	250
4	Wholesale beer dealer's license.....	75
5	Wine-maker's license .....	75
6	License for an instructional wine-making facility .....	75
7	Brew pub's license .....	75
8	Brewer's license .....	75
9	Craft distiller's license.....	75
10	<i>Estate distiller's license .....</i>	<i>75</i>

11 **Sec. 10.** NRS 369.382 is hereby amended to read as follows:  
12 369.382 Except as otherwise provided in NRS 369.386,  
13 369.415 and 597.235, *and section 1 of this act*, a supplier shall not  
14 engage in the business of importing, wholesaling or retailing  
15 alcoholic beverages in this State.

