

Committee Action:
Do Pass _____
Amend & Do Pass _____
Other _____

Senate Committee on Commerce and Labor

This measure may be considered for action during today's work session.

SENATE BILL 259

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

Sponsored By: Senator Dondero Loop
Date Heard: March 29, 2023
Fiscal Notes: Effect on Local Government: No.
Effect on the State: Yes.

Senate Bill 259 deletes provisions limiting the amount of wine that a winery licensed on or before September 2015 may sell at a location other than on the premises of the winery. The bill authorizes a winery licensed on or after October 1, 2015, to sell or serve its wine at one location other than on the premises of the winery if the winery uses more than 25 percent of fruit grown or honey produced within the State. If a winery uses less than 25 percent of fruit grown or honey produced within this State, the bill increases from 1,000 to 2,000 the number of cases sold or served at the winery or one other location and additionally authorizes such a winery to sell or serve not more than 150 barrels of cider produced by the winery per calendar year.

In addition, the bill revises existing provisions authorizing the State Board of Agriculture to adopt certain regulations ensuring that a winery is in compliance with federal law, to require the Board to adopt such regulations, as well as to create a certification for wine produced, blended, or aged from fruit grown or honey produced in this State.

Further, the bill revises provisions that govern the process when a board of county commissioners or the governing body of a city may recommend to the Department of Taxation the suspension or revocation of the license of a brew pub, instructional wine-making facility, craft distillery, or estate distillery, to include that such a decision or the decision to dismiss a complaint must be rendered within 60 days after a citation is served upon a licensee.

Amendments:

Senator Dondero Loop proposes the following amendments (attached is a mock-up prepared by the Legal Division of the Legislative Counsel Bureau):

1. Amend subsection 2 of Section 1 to retain the language proposed to be deleted by this bill, which provides that wine sold at the second location may not exceed 50 percent of the total wine sold by the winery.
2. Amend subsection 6 of Section 1 to authorize, instead of requiring, the Board to adopt certain regulations ensuring that a winery is in compliance with federal law, as well as to create a certification for wine produced, blended, or aged from fruit grown or honey produced in this State. In addition, include that the certification be based on the review of filings which the applying winery is required to provide to the federal Alcohol and Tobacco Tax and Trade Bureau. The following is proposed language:

MOCK-UP

PROPOSED AMENDMENT 3584 TO
SENATE BILL NO. 259

PREPARED FOR SENATOR DONDERO LOOP
APRIL 9, 2023

PREPARED BY THE LEGAL DIVISION

NOTE: THIS DOCUMENT SHOWS PROPOSED AMENDMENTS IN CONCEPTUAL FORM. THE LANGUAGE AND ITS PLACEMENT IN THE OFFICIAL AMENDMENT MAY DIFFER.

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.

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~~ **additionally authorizes** 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

1 pubs, craft distilleries and estate distilleries. (Chapter 369 of NRS) Existing law sets forth a
2 process by which a board of county commissioners or the governing body of an
3 incorporated city may, after an investigation, the issuance of a citation for a licensee to
4 answer a verified complaint and a hearing, recommend to the Department of Taxation the
5 suspension or revocation of the license of a licensee. (NRS 369.240, 369.250, 369.260)
6 **Section 2** of this bill revises that process to require a hearing to be conducted and a decision
7 to be rendered recommending the suspension or revocation of a license, or the dismissal of
8 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:

9 **Section 1.** NRS 597.240 is hereby amended to read as follows:
10 597.240 1. A winery, including a winery that consists of multiple
11 noncontiguous locations, that is federally bonded and permitted by the
12 Alcohol and Tobacco Tax and Trade Bureau of the United States
13 Department of the Treasury, including, without limitation, an alternating
14 proprietorship of not more than four such wineries, and that has been
15 issued a wine-maker's license for each noncontiguous location of the
16 winery pursuant to NRS 369.200 may:
17 (a) Produce, bottle, blend and age wine.
18 (b) Import wine or juice from a winery that is located in another state
19 and that is federally bonded and permitted by the Alcohol and Tobacco
20 Tax and Trade Bureau, to be fermented into wine or, if already fermented,
21 to be mixed with other wine or aged in a suitable cellar, or both.
22 2. A winery that has been issued a wine-maker's license pursuant to
23 NRS 369.200 on or before September 30, 2015, may:
24 (a) Sell at retail or serve by the glass, on its premises and at one other
25 location, wine produced, blended or aged by the winery. The amount of
26 wine sold at a location other than on the premises of the winery may not
27 exceed 50 percent of the total volume of the wine sold by the winery.
28 (b) Serve by the glass, on its premises, any alcoholic beverage.
29 (c) Transfer in bulk wine produced, blended or aged by the winery:
30 (1) To a person holding a valid wholesale wine and liquor dealer's
31 license issued pursuant to chapter 369 of NRS for the purpose of
32 transferring in bulk the wine to an estate distillery for the purpose of
33 distillation and blending, which transfer is taxable only as provided in NRS
34 597.237; or
35 (2) If there is no wholesaler who is able or willing to accept and
36 transfer in bulk the wine pursuant to subparagraph (1), to a person holding
37 a valid license to operate an estate distillery issued pursuant to chapter 369
38 of NRS for the purpose of distillation and blending, which transfer is
39 taxable only as provided in NRS 597.237 and must be performed in
40 accordance with the terms and conditions of a special permit for the
41 transportation of the wine obtained from the Department of Taxation

1 pursuant to subsection 4 of
2 NRS 369.450.

3 3. A winery that is issued a wine-maker's license pursuant to NRS
4 369.200 on or after October 1, 2015:

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

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

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

11 (I) To a person holding a valid wholesale wine and liquor
12 dealer's license issued pursuant to chapter 369 of NRS for the purpose of
13 transferring in bulk the wine to an estate distillery for the purpose of
14 distillation and blending, which transfer is taxable only as provided in NRS
15 597.237; or

16 (II) If there is no wholesaler who is able or willing to accept and
17 transfer in bulk the wine pursuant to sub-subparagraph (I), to a person
18 holding a valid license to operate an estate distillery issued pursuant to
19 chapter 369 of NRS for the purpose of distillation and blending, which
20 transfer is taxable only as provided in
21 NRS 597.237.

22 (3) Sell alcoholic beverages at retail if the winery:

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

25 (II) Complies with NRS 369.487.

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

29 (1) Sell at retail or serve by the glass, on its premises ~~and~~ *and at one*
30 *other location*, not more than ~~1,000~~ *2,000* cases of wine produced,
31 blended or aged by the winery *and not more than 150 barrels of cider*
32 *produced by the winery* per calendar year.

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

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

37 (II) Complies with NRS 369.487.

38 4. The State Board of Agriculture ~~shall~~ *may* adopt regulations for
39 the purposes of ensuring that a winery is in compliance with any
40 requirements established by the Federal Government for labeling bottles of
41 wine produced, blended or aged by the winery ~~and~~ *and to create a*
42 *certification for wine produced, blended or aged from fruit grown or*
43 *honey produced in this State* ~~and~~ *based on a review of filings that the*
44 *winery applying for this certification is required to provide to the Alcohol*

1 *and Tobacco Tax and Trade Bureau of the United States Department of*
2 *the Treasury.*

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

5 *6. As used in this section, "cider" means a wine that contains not*
6 *less than one-half of 1 percent of alcohol by volume and not more than*
7 *8.5 percent of alcohol by volume that is produced from the fermentation*
8 *of the juice of sound, ripe apples or pears, or both. The term includes,*
9 *without limitation, sparkling or carbonated cider and cider produced*
10 *from the condensed must of apples or pears, or both.*

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

12 369.260 1. Upon the hearing, the board of county commissioners or
13 the governing body of a city, as applicable, shall hear all relevant and
14 competent evidence offered by the complainant and by the licensee.

15 2. After the hearing is concluded and the matter submitted, the board
16 of county commissioners or the governing body of a city, as applicable,
17 shall, within 10 days after such submission ~~and~~ *and within 60 days after the*
18 *date of service of the citation issued pursuant to NRS 369.240,* render its
19 decision in writing recommending the suspension or revocation of the
20 license, or dismissing the complaint, with a statement of the board's or the
21 governing body's reasons therefor.

22 3. The board of county commissioners or the governing body of a
23 city, as applicable, shall give to the complainant and to the licensee, or
24 their respective attorneys, notice of such recommendation, by mail, in the
25 same manner as prescribed in this chapter for the giving of notice of
26 hearing.

27 4. A copy of the decision of the board of county commissioners or the
28 governing body of a city recommending the suspension or revocation of a
29 license shall be transmitted forthwith by the board or the governing body,
30 as applicable, to the Department. Thereupon, the Department shall cause
31 the license to be suspended or revoked and shall give notice thereof in the
32 same manner as provided in
33 NRS 369.240.

34 **Sec. 3.** 1. This section becomes effective upon passage and
35 approval.

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

37 (a) Upon passage and approval for the purpose of adopting any
38 regulations and performing any other preparatory administrative tasks that
39 are necessary to carry out the provisions of this act; and

40 (b) On October 1, 2023, for all other purposes.