



House of Representatives

General Assembly

File No. 215

February Session, 2014

Substitute House Bill No. 5425

House of Representatives, March 31, 2014

The Committee on General Law reported through REP. BARAM of the 15th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE SALE OF FARM WINERY BRANDY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (e) of section 30-16 of the 2014 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage*):

4 (e) (1) A manufacturer permit for a farm winery shall be in all
5 respects the same as a manufacturer permit, except that the scope of
6 operations of the holder shall be limited to wine and brandies distilled
7 from grape products or other fruit products, including grappa and
8 eau-de-vie. As used in this section, "farm winery" means any place or
9 premises, located on a farm in the state in which wine is manufactured
10 and sold.

11 (2) Such permit shall, at the single principal premises of the farm
12 winery, authorize (A) the sale in bulk by the holder thereof from the
13 premises where the products are manufactured pursuant to such
14 permit; (B) as to a manufacturer who produces one hundred thousand

15 gallons of wine or less per year, the sale and shipment by the holder
16 thereof to a retailer of wine manufactured by the farm winery
17 permittee in the original sealed containers of not more than fifteen
18 gallons per container; (C) the sale and shipment by the holder thereof
19 of wine manufactured by the farm winery permittee to persons outside
20 the state; (D) the offering and tasting of free samples of such wine or
21 brandy to visitors and prospective retail customers for consumption on
22 the premises of the farm winery permittee; (E) the sale at retail from
23 the premises of sealed bottles or other sealed containers of such wine
24 or brandy for consumption off the premises; (F) the sale at retail from
25 the premises of wine or brandy by the glass and bottle to visitors on
26 the premises of the farm winery permittee for consumption on the
27 premises; and (G) subject to the provisions of subdivision (3) of this
28 subsection, the sale and delivery or shipment of wine manufactured by
29 the permittee directly to a consumer in this state. Notwithstanding the
30 provisions of subparagraphs (D), (E) and (F) of this subdivision, a
31 town may, by ordinance or zoning regulation, prohibit any such
32 offering, tasting or selling at retail at premises within such town for
33 which a manufacturer permit for a farm winery has been issued.

34 (3) A permittee, when selling and shipping wine directly to a
35 consumer in this state, shall: (A) Ensure that the shipping labels on all
36 containers of wine shipped directly to a consumer in this state
37 conspicuously state the following: "CONTAINS ALCOHOL—
38 SIGNATURE OF A PERSON AGE 21 OR OLDER REQUIRED FOR
39 DELIVERY"; (B) obtain the signature of a person age twenty-one or
40 older at the address prior to delivery, after requiring the signer to
41 demonstrate that he or she is age twenty-one or older by providing a
42 valid motor vehicle operator's license or a valid identity card described
43 in section 1-1h; (C) not ship more than five gallons of wine in any two-
44 month period to any person in this state; (D) pay, to the Department of
45 Revenue Services, all sales taxes and alcoholic beverage taxes due
46 under chapters 219 and 220 on sales of wine to consumers in this state,
47 and file, with said department, all sales tax returns and alcoholic
48 beverage tax returns relating to such sales; (E) report to the
49 Department of Consumer Protection a separate and complete record of

50 all sales and shipments to consumers in the state, on a ledger sheet or
51 similar form which readily presents a chronological account of such
52 permittee's dealings with each such consumer; (F) not ship to any
53 address in the state where the sale of alcoholic liquor is prohibited by
54 local option pursuant to section 30-9; and (G) hold an in-state
55 transporter's permit pursuant to section 30-19f or make any such
56 shipment through the use of a person who holds such an in-state
57 transporter's permit.

58 (4) No licensed farm winery may sell any such wine or brandy not
59 manufactured by such winery, except a licensed farm winery may sell
60 from the premises (A) wine manufactured by another farm winery
61 located in this state, and (B) brandy manufactured from fruit harvested
62 on the premises of such farm winery and distilled off such premises.

63 (5) The farm winery permittee shall grow on the premises of the
64 farm winery or on property under the same ownership and control of
65 said permittee or leased by the backer of a farm winery permit or by
66 said permittee within the farm winery's principal state an average crop
67 of fruit equal to not less than twenty-five per cent of the fruit used in
68 the manufacture of the farm winery permittee's wine. An average crop
69 shall be defined each year as the average yield of the farm winery
70 permittee's two largest annual crops out of the preceding five years,
71 except that during the first seven years from the date of issuance of a
72 farm winery permit, an average crop shall be defined as three tons of
73 grapes for each acre of vineyard farmed by the farm winery permittee.
74 Such seven-year period shall not begin anew if the property for which
75 the farm winery permit is held is transferred or sold during such
76 seven-year period. In the event the farm winery consists of more than
77 one property, the aggregate acreage of the farm winery shall not be
78 less than five acres.

79 (6) A holder of a manufacturer permit for a farm winery, when
80 advertising or offering wine for direct shipment to a consumer in this
81 state via the Internet or any other on-line computer network, shall
82 clearly and conspicuously state such liquor permit number in its

83 advertising.

84 (7) A holder of a manufacturer permit for a farm winery may sell
85 wine manufactured from such winery at a farmers' market, as defined
86 in section 22-6r, that is operated as a nonprofit enterprise or
87 association, provided such farmers' market invites such holder to sell
88 wine at such farmers' market and such holder has a farmers' market
89 wine sales permit issued by the Commissioner of Consumer Protection
90 in accordance with the provisions of subsection (a) of section 30-37o.

91 (8) The annual fee for a manufacturer permit for a farm winery shall
92 be three hundred dollars.

| | | |
|---|---------------------|----------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>from passage</i> | 30-16(e) |

GL *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 14 \$ | FY 15 \$ |
|--------------------------------|-----------------------------|-----------------|-----------------|
| Department of Revenue Services | GF - Potential Revenue Gain | Up to \$5,000 | Up to \$20,000 |

Municipal Impact: None

Explanation

The bill allows farm wineries to sell on its premise brandy manufactured from fruit harvested on the premise but distilled off-site. To the extent that farm wineries sell such product, there will be a revenue gain to the state from the alcoholic beverages and sales taxes applied to such products.

For illustrative purposes, assuming that 50% of the state's wineries produce such brandy for sale on premise as a result of the bill, it is estimated that the alcoholic beverages and sales taxes generated would be up to \$20,000 annually. This estimate assumes that the production of brandy at these wineries would be small relative to the production of wine.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis

sHB 5425

AN ACT CONCERNING THE SALE OF FARM WINERY BRANDY.

SUMMARY:

This bill allows a licensed farm winery to sell from its premises, brandy manufactured from fruit harvested on the farm and distilled off the premises. Current law prohibits such wineries from selling brandy if it is not manufactured on the premises.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/13/2014)