



House of Representatives

General Assembly

File No. 68

January Session, 2017

House Bill No. 5928

House of Representatives, March 16, 2017

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 bill ought to pass.

AN ACT ESTABLISHING A MANUFACTURER PERMIT FOR FARM BREWERIES.

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

1 Section 1. Subsections (f) and (g) of section 30-16 of the general
2 statutes are repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

4 (f) (1) A manufacturer permit for a farm brewery 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 the production of not more
7 than fifty thousand gallons of beer in a calendar year. As used in this
8 section, "farm brewery" means any place or premises that is located on
9 a farm in the state in which beer is manufactured and sold.

10 (2) Such permit shall, at the single principal premises of the farm
11 brewery, authorize (A) the sale of sealed bottles or other sealed
12 containers of beer brewed on such premises to the holder of a
13 wholesaler permit issued pursuant to section 30-17; (B) the offering

14 and tasting of free samples of beer manufactured by the farm brewery
15 permittee, dispensed out of bottles or other sealed containers to
16 visitors and prospective retail customers for consumption on the
17 premises of the farm brewery permittee; (C) the sale at retail from the
18 premises of not more than nine liters of such beer to any person per
19 day, in sealed bottles or other sealed containers, for consumption off
20 the premises; and (D) the sale at retail from the premises of beer by the
21 glass and bottle to visitors on the premises of the farm brewery
22 permittee for consumption on the premises. Notwithstanding the
23 provisions of subparagraphs (A) to (D), inclusive, of this subdivision, a
24 town may, by ordinance or zoning regulation, prohibit any such
25 offering, tasting or selling at retail at premises within such town for
26 which a manufacturer permit for a farm brewery has been issued.

27 (3) The farm brewery permittee shall use not less than twenty-five
28 per cent of a combination of hops, barley, cereal grains, honey, flowers
29 or other fermentables grown or malted within the state of Connecticut
30 in the manufacture of the farm brewery permittee's beer for the first
31 year of issuance for any such permit and not less than fifty per cent of
32 such hops, barley, cereal grains, honey, flowers or other fermentables
33 in the manufacture of the farm brewery permittee's beer for the second
34 and any subsequent year of issuance for any such permit. Any such
35 beer may be advertised and sold by the farm brewery permittee as
36 "Connecticut Craft Beer".

37 (4) A holder of a manufacturer permit for a farm brewery may sell
38 beer manufactured from such brewery at a farmers' market, as defined
39 in section 22-6r, that is operated as a nonprofit enterprise or
40 association, provided such farmers' market invites such holder to sell
41 beer at such farmers' market and such holder has a farmers' market
42 beer sales permit issued by the Commissioner of Consumer Protection
43 in accordance with the provisions of subsection (a) of section 30-37o.

44 (5) The annual fee for a manufacturer permit for a farm brewery
45 shall be three hundred dollars.

46 [(f)] (g) A manufacturer permit for a brew pub shall allow: (1) The

47 manufacture, storage and bottling of beer, (2) the retail sale of alcoholic
48 liquor to be consumed on the premises with or without the sale of
49 food, (3) the selling at retail from the premises of sealed bottles or
50 other sealed containers of beer brewed on such premises for
51 consumption off the premises, and (4) the sale of sealed bottles or other
52 sealed containers of beer brewed on such premises to the holder of a
53 wholesaler permit issued pursuant to subsection (b) of section 30-17,
54 provided that the holder of a manufacturer permit for a brew pub
55 produces at least five thousand gallons of beer on the premises
56 annually. Such selling at retail from the premises of sealed bottles or
57 other sealed containers shall comply with the provisions of subsection
58 (d) of section 30-91, as amended by this act, and shall permit not more
59 than nine liters of beer to be sold to any person on any day on which
60 such sale is authorized under the provisions of subsection (d) of
61 section 30-91, as amended by this act. The annual fee for a
62 manufacturer permit for a brew pub shall be three hundred dollars.

63 [(g)] (h) A manufacturer permit for beer and brew pub shall be in all
64 respects the same as a manufacturer permit for beer, as defined in
65 subsection (b) of this section, and shall allow those additional
66 permissible uses specified in the manufacturer permit for a brew pub,
67 as defined in subsection [(f)] (g) of this section, provided the holder of
68 a manufacturer permit for beer and brew pub produces at least five
69 thousand gallons of beer on the premises annually. The annual fee for
70 a manufacturer permit for beer and brew pub shall be one thousand
71 five hundred dollars.

72 Sec. 2. Subsection (c) of section 30-37j of the general statutes is
73 repealed and the following is substituted in lieu thereof (*Effective from*
74 *passage*):

75 (c) Notwithstanding the provisions of subsection (a) of section 30-48,
76 a backer or holder of a caterer liquor permit may be a backer or holder
77 of any other permit issued under the provisions of this chapter,
78 including, but not limited to, a manufacturer permit for a brew pub
79 issued under subsection [(f)] (g) of section 30-16, as amended by this

80 act, or a manufacturer permit for beer and brew pub issued under
81 subsection [(g)] (h) of section 30-16, as amended by this act, except that
82 a backer or holder of a caterer liquor permit may not be a backer or
83 holder of any other manufacturer permit issued under section 30-16, as
84 amended by this act, or a wholesaler permit issued under section 30-
85 17.

86 Sec. 3. Section 30-37r of the general statutes is repealed and the
87 following is substituted in lieu thereof (*Effective from passage*):

88 (a) The Commissioner of Consumer Protection shall issue a farmers'
89 market beer sales permit to a holder of: (1) A manufacturer permit for
90 beer issued pursuant to subsection (b) of section 30-16, (2) a
91 manufacturer permit for a brew pub issued pursuant to subsection [(f)]
92 (g) of section 30-16, as amended by this act, [or] (3) a manufacturer
93 permit for beer and brew pub issued pursuant to subsection [(g)] (h) of
94 section 30-16, as amended by this act, or (4) a manufacturer permit for
95 a farm brewery issued pursuant to subsection (f) of section 30-16, as
96 amended by this act.

97 (b) A farmers' market beer sales permit shall authorize the sale of
98 beer manufactured by the holder of a permit specified in subdivision
99 (1), (2), [or] (3) or (4) of subsection (a) of this section for an unlimited
100 number of appearances at a farmers' market at not more than three
101 farmers' market locations per year, provided such permit holder: (1)
102 Has an invitation from such farmers' market to sell beer at such
103 farmers' market, (2) sells only sealed bottles of beer for off-premises
104 consumption at such farmers' market, (3) is present, or has an
105 authorized representative present, at the time of sale of any such beer
106 at such farmers' market, and (4) does not sell more than five liters of
107 such beer per day to any one person at such farmers' market. A
108 farmers' market beer sales permit shall be valid for a period of one year
109 from the date of issuance. The annual fee for a farmers' market beer
110 sales permit shall be two hundred fifty dollars. There shall be a one-
111 hundred-dollar nonrefundable filing fee for any such permit.

112 (c) Any town or municipality may, by ordinance or zoning

113 regulation, prohibit the sale of beer by the holder of a farmers' market
114 beer sales permit at a farmers' market held in such town or
115 municipality.

116 Sec. 4. Subsection (a) of section 30-62c of the general statutes is
117 repealed and the following is substituted in lieu thereof (*Effective from*
118 *passage*):

119 (a) The holder of an alcoholic liquor permit issued by the
120 Department of Consumer Protection pursuant to subsections (b) to
121 ~~[(g)] (h)~~, inclusive, of section 30-16, as amended by this act, or an agent
122 of such permit holder, shall furnish potable water without charge to
123 any person on the permit premises requesting such water or shall offer
124 nonalcoholic beverages for sale to such person.

125 Sec. 5. Subsection (d) of section 30-91 of the general statutes is
126 repealed and the following is substituted in lieu thereof (*Effective from*
127 *passage*):

128 (d) The sale or dispensing of alcoholic liquor in places operating
129 under package store permits, drug store permits, manufacturer
130 permits for beer, manufacturer permits for beer and brew pubs,
131 manufacturer permits for a farm brewery or grocery store beer permits
132 shall be unlawful on Thanksgiving Day, New Year's Day or Christmas;
133 and such sale or dispensing of alcoholic liquor in places operating
134 under package store permits, drug store permits, manufacturer
135 permits for beer, manufacturer permits for beer and brew pubs,
136 manufacturer permits for a farm brewery and grocery store beer
137 permits shall be unlawful on Sunday before ten o'clock a.m. and after
138 six o'clock p.m. and on any other day before eight o'clock a.m. and
139 after ten o'clock p.m. It shall be unlawful for the holder of a
140 manufacturer permit for a brew pub to sell beer for consumption off
141 the premises on the days or hours prohibited by this subsection. Any
142 town may, by a vote of a town meeting or by ordinance, reduce the
143 number of hours during which such sale shall be permissible.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	30-16(f) and (g)
Sec. 2	<i>from passage</i>	30-37j(c)
Sec. 3	<i>from passage</i>	30-37r
Sec. 4	<i>from passage</i>	30-62c(a)
Sec. 5	<i>from passage</i>	30-91(d)

GL *Joint Favorable*

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 18	FY 19	FY 20
Department of Revenue Services	GF - Revenue Gain	Minimal	Minimal	Minimal
Consumer Protection, Dept.	GF - Revenue Gain	300	600	less than 1,200

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill results in minimal revenue gain in sales tax and alcoholic beverages tax, along with permitting fee revenue, by creating a farm brewery manufacturing permit. The actual revenue gain is dependent upon (1) the number of establishments that would qualify for the permit and (2) the size of the establishment's production.

It is anticipated that most of the revenue gain would occur in FY 20 and beyond due to the nature of the cultivation of associated crops. The bill requires a farm to grow at least 25% of the hops and barley it uses in the manufacturing process within the first year of the issuance of the permit, and 50% for the second year and beyond. One farm is currently producing at or near this level and another may be approaching it. However, such crops take multiple years to cultivate. There may be a lag in the time needed for additional farms to meet the required production thresholds in the bill.

To the extent that additional farms are currently producing at or near this level, the timing of the fiscal impact may occur sooner than FY 20.

The impacts to the sales tax listed above would also result in corresponding impacts to the Municipal Revenue Sharing Account and the Special Transportation Fund.¹

Additionally the bill results in a revenue gain of \$300 in FY 18 and \$600 in FY 19, based on one currently operating farm brewery, another in development, and a permit fee of \$300. In FY 20, the revenue gain may rise to \$1,200 if there are two additional permittees.

The Out Years

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

¹Current law transfers 0.5 percentage point of the Sales Tax into the Municipal Revenue Sharing Account and the Special Transportation Fund each in FY 18 and beyond.

OLR Bill Analysis**HB 5928*****AN ACT ESTABLISHING A MANUFACTURER PERMIT FOR FARM BREWERIES.*****SUMMARY**

This bill establishes a farm brewery manufacturer permit, which allows for, among other things, the manufacture, storage, bottling, and wholesale distribution and sale of beer manufactured at any place or premises located on a farm. A permittee may only produce up to 50,000 gallons of beer annually.

Under the bill, permittees may sell their beer on-premises and, if they obtain the requisite permit, at farmers' markets (see COMMENT). A permit also allows for the offering and tasting of free samples, and retail sales for both on- and off-premises consumption, though a town may prohibit the activity by ordinance or zoning regulation.

The bill requires permittees to use a certain amount of hops, barley, and other fermentable grown or malted in the state. After fulfilling these requirements, permittees may then advertise and sell their product as "Connecticut Craft Beer." The bill also sets the annual fee for a farm brewery manufacturer permit at \$300.

EFFECTIVE DATE: Upon passage

SCOPE OF A FARM BREWERY MANUFACTURER PERMIT

The bill allows a permittee, from his or her single principal premises, to:

1. sell sealed bottles or other sealed containers of beer brewed on the premises to a wholesaler permittee,

2. offer tastings of free samples of beer manufactured by the permittee from bottles or other sealed containers to visitors and prospective retail customers to be consumed on-premises,
3. sell at retail from the premises up to nine liters of beer per person per day for off-premises consumption in sealed bottles or other sealed containers, and
4. sell at retail beer by the glass and bottle to visitors for on-premises consumption.

PRODUCT CONTENT REQUIREMENT

The bill requires permittees to use a certain amount of hops, barley, and other fermentable grown or malted in the state. In the first year of a permit's issuance, a farm brewery manufacturer permittee must use at least 25% of a combination of hops, barley, cereal grains, honey, flowers, or other fermentables grown or malted within the state when brewing his or her beer. The permittee must increase this amount to at least 50% each subsequent year. Any such beer may be advertised and sold by the farm brewery as "Connecticut Craft Beer."

FARMERS' MARKET SALES

The bill allows a farm brewery permittee to sell the beer he or she manufactures at a farmers' market run by a nonprofit organization. To do so, the farmers' market must invite the permittee to sell his or her beer there and the permittee must obtain a farmers' market beer sales permit from the Department of Consumer Protection.

By law, a farmers' market beer sales permit allows permittees to attend an unlimited number of appearances at a farmers' market, at up to three farmers' market locations each year. Permittees may sell up to five liters of beer per person per day at a farmers' market, and they may only sell sealed bottles for off-premises consumption. The nonrefundable filing fee is \$100, and the annual fee for this permit is \$250.

COMMENT

Conflicting Statutes

The law prohibits holders of one class of permit from also holding a permit of another class, unless they are specifically allowed by statute to do so (CGS § 30-48(a)). For example, a manufacturing class permittee cannot also hold a retail class permit unless the law makes an exception.

Although the bill allows a farm brewery permittee to obtain a farmers' market beer sales permit, it does not make the corresponding change to the statute specifying the brewery may hold both permits.

COMMITTEE ACTION

General Law Committee

Joint Favorable

Yea 17 Nay 0 (03/07/2017)