



# House of Representatives

**File No. 478**

General Assembly

January Session, 2017

**(Reprint of File No. 68)**

House Bill No. 5928  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
April 7, 2017

## ***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2 statutes are repealed and the following is substituted in lieu thereof  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 seventy-five thousand gallons of beer in a calendar year. As used  
8 in this section, "farm brewery" means any place or premises that is  
9 located on 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 30-37r.

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

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

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] seven  
107 liters of 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 30-48 of the general statutes is  
117 repealed and the following is substituted in lieu thereof (*Effective from*  
118 *passage*):

119 (a) No backer or permittee of one permit class shall be a backer or  
120 permittee of any other permit class except in the case of any class of  
121 airport, railroad, airline and boat permits, and except that: (1) A backer  
122 of a hotel or restaurant permit may be a backer of both such classes; (2)  
123 a holder or backer of a manufacturer permit for a brew pub, a  
124 restaurant permit or a cafe permit may be a holder or backer of any  
125 other or all of such classes; (3) a holder or backer of a restaurant permit  
126 may be a holder or backer of a bowling establishment permit; (4) a  
127 backer of a restaurant permit may be a backer of a coliseum permit or a  
128 coliseum concession permit, or both, when such restaurant is within a  
129 coliseum; (5) a backer of a hotel permit may be a backer of a coliseum  
130 permit or a coliseum concession permit, or both; (6) a backer of a  
131 coliseum permit may be a backer of a coliseum concession permit; (7) a  
132 backer of a coliseum concession permit may be a backer of a coliseum  
133 permit; (8) a backer of a grocery store beer permit may be a backer of a  
134 package store permit if such was the case on or before May 1, 1996; (9)  
135 a backer of a university permit may be a backer of a nonprofit theater  
136 permit; (10) subject to the discretion of the department, a backer of a  
137 permit provided for in section 30-33b, may be a backer of any other  
138 retail on-premise consumption permit, including those permits  
139 provided for in section 30-33b; (11) a backer of a nonprofit theater  
140 permit may be a holder or backer of a hotel permit; (12) a holder or  
141 backer of a restaurant permit may be a holder or backer of a special  
142 outing facility permit; (13) a backer of a concession permit may be a  
143 backer of a coliseum permit or a coliseum concession permit, or both;  
144 (14) a holder of an out-of-state winery shipper's permit for wine may  
145 be a holder of an in-state transporter's permit or an out-of-state entity

146 wine festival permit issued pursuant to section 30-37m, or of both such  
147 permits; (15) a holder of an out-of-state shipper's permit for alcoholic  
148 liquor other than beer may be a holder of an in-state transporter's  
149 permit; (16) a holder of a manufacturer permit for a farm winery may  
150 be a holder of an in-state transporter's permit, a wine festival permit  
151 issued pursuant to section 30-37l, a farmers' market wine sales permit  
152 issued pursuant to subsection (a) of section 30-37o, an off-site farm  
153 winery sales and tasting permit issued pursuant to section 30-16a or of  
154 any combination of such permits; and (17) a holder of a manufacturer  
155 permit for beer, manufacturer permit for a brew pub, [or]  
156 manufacturer permit for beer and brew pub or manufacturer permit  
157 for a farm brewery may be a holder of a farmers' market beer sales  
158 permit issued pursuant to section 30-37r, as amended by this act. Any  
159 person may be a permittee of more than one permit. A person may be  
160 a permittee under a permit provided for in section 30-33b and a backer  
161 of any other retail on-premise consumption permit, including those  
162 permits provided for in section 30-33b. The operator of a racing or jai  
163 alai exhibition with pari-mutuel betting licensed by the Department of  
164 Consumer Protection may be a backer of any permit provided for in  
165 section 30-33b. No holder of a manufacturer permit for a brew pub and  
166 no spouse or child of such holder may be a holder or backer of more  
167 than three restaurant permits or cafe permits.

168 Sec. 5. Subsection (a) of section 30-62c of the general statutes is  
169 repealed and the following is substituted in lieu thereof (*Effective from*  
170 *passage*):

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

177 Sec. 6. Subsection (d) of section 30-91 of the general statutes is  
178 repealed and the following is substituted in lieu thereof (*Effective from*

179 *passage*):

180 (d) The sale or dispensing of alcoholic liquor in places operating  
 181 under package store permits, drug store permits, manufacturer  
 182 permits for beer, manufacturer permits for beer and brew pubs,  
 183 manufacturer permits for a farm brewery or grocery store beer permits  
 184 shall be unlawful on Thanksgiving Day, New Year's Day or Christmas;  
 185 and such sale or dispensing of alcoholic liquor in places operating  
 186 under package store permits, drug store permits, manufacturer  
 187 permits for beer, manufacturer permits for beer and brew pubs,  
 188 manufacturer permits for a farm brewery and grocery store beer  
 189 permits shall be unlawful on Sunday before ten o'clock a.m. and after  
 190 six o'clock p.m. and on any other day before eight o'clock a.m. and  
 191 after ten o'clock p.m. It shall be unlawful for the holder of a  
 192 manufacturer permit for a brew pub to sell beer for consumption off  
 193 the premises on the days or hours prohibited by this subsection. Any  
 194 town may, by a vote of a town meeting or by ordinance, reduce the  
 195 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>	30-48(a)
Sec. 5	<i>from passage</i>	30-62c(a)
Sec. 6	<i>from passage</i>	30-91(d)

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:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 18 \$</b>	<b>FY 19 \$</b>	<b>FY 20</b>
Department of Revenue Services	GF - Revenue Gain	Minimal	Minimal	Minimal
Consumer Protection, Dept.	GF - Revenue Gain	300	Up to 600	Less than 1,200

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill results in a 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.<sup>1</sup>

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 Department of Consumer Protection permit fee of \$300. In FY 20, the revenue gain may rise to \$1,200 if there are two additional permittees.

House "A" may lessen the permit revenue gain and increase, minimally, the revenue gain to sales and alcoholic beverages taxes. Permit revenue may be lowered because the amendment increased the farm brewery production limits. To the extent a farm brewery produces between the original bill's limit (50,000 gallons) and the amended bill's limit (75,000 gallons), and would have otherwise been required to hold a \$1,100 beer manufacturer permit, the potential revenue loss is \$800 per such brewery. At the same time, if such a brewery would not have otherwise qualified for a beer manufacturer permit but will produce more than 50,000 gallons, there could be a revenue gain to both permit fees and sales and alcoholic beverages taxes. House "A" results in further potential revenue gain to sales and alcoholic beverages taxes by raising the bill's limit on farmers' market purchases of farm brewery beer.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of establishments that

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<sup>1</sup> Current 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.

would qualify for the permit, the size of the establishment's production, the volume of farm brewery sales at farmers' markets, and inflation..

**OLR Bill Analysis****HB05928 (as amended by House "A")\******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 produce up to 75,000 gallons of beer annually.

Under the bill, a farm brewery permit 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. Such permittees may also sell their beer at farmers' markets if they also obtain the farmers' market beer sales permit.

The bill requires permittees to use a certain amount of hops, barley, or other fermentables 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.

The bill also increases, from five to seven liters, the amount a farmers' market beer sales permittee may sell to a person per day at a farmers' market.

\*House Amendment "A" (1) increases the amount permittees may annually produce and sell at a farmers' market and (2) makes technical and conforming changes.

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 (see BACKGROUND), 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, or other fermentables 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.

The bill also increases the amount, from five to seven liters, a permittee may sell to a person per day at a farmers’ market.

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. 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.

**HOLDING TWO ALCOHOL PERMITS**

By law, alcohol permittees are generally prohibited from holding alcohol permits in different permit classes, unless specifically exempted. The bill allows a farm brewery manufacturer permittee to also hold a farmers’ market beer sales permit.

**BACKGROUND**

***Off-premises Consumption Hours***

Off-premises sale and dispensing of alcohol are generally allowed only on days Monday through Saturday, from 8:00 a.m. to 10:00 p.m., and Sundays, from 10:00 a.m. to 6:00 p.m. Permittees cannot sell or dispense alcohol on Thanksgiving Day, New Year's Day, or Christmas Day (CGS § 30-91(d)).

**COMMITTEE ACTION**

General Law Committee

Joint Favorable  
Yea 17 Nay 0 (03/07/2017)