

GREEN SHEET REDIGEST

HB 370

2022 Regular Session

Magee

**ALCOHOLIC BEVERAGES: Provides relative to the self-distribution of certain alcoholic beverages by certain brewers**

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DIGEST

Present law (R.S. 26:241) provides for definitions for alcohol beverage control and taxation.

Proposed law adds definitions for "brewing facility", "self-distribution", and "secondary location".

Present law requires that sales to the public by manufacturers or brewers cannot exceed the greater of 10% of the total amount of product brewed at that facility monthly or 250 barrels and requires all state and parish or municipal sales and excise taxes be remitted to the proper tax collecting authority for all products sold to the public as well as compliance with all local zoning laws and regulations.

Proposed law retains present law.

Proposed law authorizes a brewer who operates a brewing facility located entirely in the state that produces less than 5,000 barrels of beer or other malt beverages annually at the brewing facility and holds both an in-state manufacturer's permit and a brewer's self-distribution permit issued pursuant to present law to self-distribute to either of the following:

- (1) A secondary location wholly owned by the brewer holding the self-distribution permit.
- (2) A retailer holding a Class A permit, a Class B permit, a Class C permit, or a Type A, B, or C temporary alcoholic beverage permit.

Proposed law authorizes a brewer who operates a brewing facility located entirely in the state to obtain a permit to self-distribute beer or other malt beverages brewed at its brewing facility under the following conditions:

- (1) The quantity of beer brewed at the brewing facility that is self-distributed to a secondary location shall be included in the quantity limitations for selling products for on- or off-the-premises consumption in present law for the producing brewing facility that does not exceed an amount greater than 50% of the secondary location facility's production of beer for the previous month or 50% of the volume of beer sold at retail by the secondary location for the previous month, whichever is less.
- (2) If a brewer self-distributes to a secondary location, the brewing facility at which the beer is produced shall maintain no less than a 10-barrel brewing system and the secondary location is required to maintain no less than a five-barrel brewing system.

Proposed law requires that if a brewer self-distributes to retailers the following apply:

- (1) No more than 3,000 barrels of beer brewed at the brewing facility be self-distributed to all retailers annually.
- (2) The product be offered at a standard price to all retailers.

Proposed law requires that the brewer or brewing facility not have an existing distribution agreement with a permitted wholesale dealer.

Proposed law requires that the brewer or brewing facility own or lease warehouse space that be maintained separate from the brewing facility.

Proposed law requires that the brewer or brewing facility own or lease delivery equipment dedicated for the primary use of distribution and delivery of only those products brewed at the brewing facility.

Proposed law requires the brewer to remit all state sales and excise taxes on all beer or other malt beverages produced at its brewing facility that is self-distributed to a secondary location.

Proposed law requires the secondary location to remit all parish or municipal sales and excise taxes on any amount received through self-distribution by the brewer to the proper tax collecting authority for all products sold to the public.

Proposed law requires the brewer or brewing facility to provide a monthly report of all sales from the brewing facility and all sales from self-distribution to the office of alcohol and tobacco control.

Proposed law authorizes a brewing facility to enter into a distribution agreement with a permitted wholesale dealer or make application for a self-distribution permit. However, no brewing facility shall distribute through the permitted wholesale dealer and self-distribution.

Proposed law provides that any brewing facility that engages in self-distribution be subject to applicable state regulations.

Proposed law authorizes a brewer who operates a brewing facility located entirely within the state and who holds an in-state manufacturer's permit to use a wholesaler, for a set fee, to transfer beer or other malt beverages brewed at the brewing facility to another brewing facility in the state owned wholly by the brewer to sell or serve to the public for consumption on- or off-the-licensed premises under the following circumstances:

- (1) A transferring brewing facility that maintains no less than a 10-barrel brewing system, and the receiving brewing facility owned wholly by the transferring brewing facility maintains no less than a five-barrel brewing system.
- (2) The quantity of beer transferred is included in the quantity limitation for selling products by a brewer to the public for on- or off-the-licensed premises consumption for the brewing facility receiving the transferred beer.
- (3) The quantity of beer transferred does not exceed an amount greater than 50% of the receiving brewing facility's production of beer for the previous month or 50% of the volume of beer sold at retail by the receiving facility for the previous month, whichever is less.
- (4) The receiving brewing facility remits all state and parish or municipal sales and excise taxes to the proper tax collecting authority for all products received and sold to the public.

Present law provides a fee schedule for those engaged in the business of dealing in malt beverages or beverages of low alcoholic content.

Proposed law retains present law and adds that brewers engaged in self-distribution shall pay a \$1,500 permit fee.

(Amends R.S. 26:359(A); Adds R.S. 26:241(27) through (29), 242, 243, and 271(A)(7))

#### Summary of Amendments Adopted by House

##### The House Floor Amendments to the engrossed bill:

1. Make technical changes.

2. Retain present law relative to sales limitations, the collection of sales and excise taxes, and the compliance with local zoning laws.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Judiciary B to the reengrossed bill

1. Makes technical changes.
2. Adds definition of "secondary location".
3. Changes the requirements for self-distribution brewing facility located entirely within the state to other locations.
4. Establishes conditions to transfer beer or other malt beverages using a wholesaler.
5. Exempts self-distributing brewers from the requirement to distribute its product through a wholesaler.