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SENATE BILL NO. 758

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Rehabilitation and Social Services
on February 5, 2016)

(Patron Prior to Substitute—Senator Black)

A BILL to amend and reenact § 4.1-219 of the Code of Virginia, relating to alcoholic beverage control; farm winery license.

Be it enacted by the General Assembly of Virginia:

1. That § 4.1-219 of the Code of Virginia is amended and reenacted as follows:

§ 4.1-219. Limitation on Class A and Class B farm wineries.

A. For Class A farm winery licensees, at least 51 percent of the ~~fresh~~ fruits or agricultural products used by the owner or lessee to manufacture the wine shall be grown or produced on such farm and no more than 25 percent of the fruits, fruit juices or other agricultural products shall be grown or produced outside the Commonwealth.

B. For Class B farm winery licensees, 75 percent of the ~~fresh~~ fruits or agricultural products used by the owner or lessee to manufacture the wine shall be grown or produced in the Commonwealth and no more than 25 percent of the fruits, fruit juices or other agricultural products shall be grown or produced outside the Commonwealth. No Class B farm winery license shall be issued to any person who has not operated under an existing Virginia farm winery license for at least seven years.

C. *Farm winery licensees may trade fruits or agricultural products grown or produced on such farms with other farm winery licensees. For the purposes of this section, fruit or agricultural products traded or exchanged between farm winery licensees shall be considered grown or produced on the receiving farm for the purposes of meeting the fruit sourcing requirement in subsections A and B, provided that verification is provided to the receiving farm that the fruit or agricultural products traded or exchanged were grown or produced in the Commonwealth by the farm winery licensee engaging in such trade or exchange. Both licensees shall maintain complete and accurate records of the quantity and source of any fruit or agricultural products traded or exchanged. Such trades or exchanges shall be bona fide transactions based on the fair market value of the fruits or agricultural products traded or exchanged. For the purposes of this subsection, "agricultural products" means the raw materials used or intended to be used in the manufacture of wine or cider by farm winery licensees.*

~~D. However~~ Notwithstanding the provisions of subsections A and B, upon petition by the Department of Agriculture and Consumer Services, the Board may permit the use (i) of a greater quantity of out-of-state products if supplies grown or produced in the Commonwealth are insufficient for a farm winery licensee, whether Class A or Class B, to achieve the level of production which otherwise could be anticipated during a given license year or (ii) by a Class A farm winery of a lesser percentage of products grown or produced on the farm if unusually severe weather or disease conditions cause a significant reduction in the availability of fruit or other agricultural products grown or produced on the farm to manufacture wine during a given license year. As used in this section, the terms "owner" and "lessee" shall include a cooperative formed by an association of individuals for the purpose of manufacturing wine. The term "farm" as used in this section includes all of the land owned or leased by the farm winery licensee as long as such land is located in the Commonwealth.