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HOUSE BILL NO. 1735

Offered January 13, 2021

Prefiled July 22, 2020

A BILL to amend and reenact § 4.1-206.1, as it shall become effective, of the Code of Virginia, relating to alcoholic beverage control; privileges of farm winery licensees and limited brewery licensees.

Patron—Ware

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That § 4.1-206.1, as it shall become effective, of the Code of Virginia is amended and reenacted as follows:

§ 4.1-206.1. (Effective July 1, 2021) Manufacturer licenses.

The Board may grant the following manufacturer licenses:

1. Distiller's licenses, which shall authorize the licensee to manufacture alcoholic beverages other than wine and beer, and to sell and deliver or ship the same, in accordance with Board regulations, in closed containers, to the Board and to persons outside the Commonwealth for resale outside the Commonwealth. When the Board has established a government store on the distiller's licensed premises pursuant to subsection D of § 4.1-119, such license shall also authorize the licensee to make a charge to consumers to participate in an organized tasting event conducted in accordance with subsection G of § 4.1-119 and Board regulations.

2. Limited distiller's licenses, to distilleries that (i) are located on a farm in the Commonwealth on land zoned agricultural and owned or leased by such distillery or its owner and (ii) use agricultural products that are grown on the farm in the manufacture of their alcoholic beverages. Limited distiller's licensees shall be treated as distillers for all purposes of this title except as otherwise provided in this subdivision. For purposes of this subdivision, "land zoned agricultural" means (a) land zoned as an agricultural district or classification or (b) land otherwise permitted by a locality for limited distillery use. For purposes of this subdivision, "land zoned agricultural" does not include land zoned "residential conservation." Except for the limitation on land zoned "residential conservation," nothing in this definition shall otherwise limit or affect local zoning authority.

3. Brewery licenses, which shall authorize the licensee to manufacture beer and to sell and deliver or ship the beer so manufactured, in accordance with Board regulations, in closed containers to (i) persons licensed to sell the beer at wholesale and (ii) persons outside the Commonwealth for resale outside the Commonwealth. Such license shall also authorize the licensee to sell at retail at premises described in the brewery license (a) the brands of beer that the brewery owns for on-premises consumption, provided that not less than 20 percent of the volume of beer sold for on-premises consumption in any calendar year is manufactured on the licensed premises, and (b) beer in closed containers, which shall include growlers and other reusable containers, for off-premises consumption.

4. Limited brewery licenses, to breweries that manufacture no more than 15,000 barrels of beer per calendar year, provided that (i) the brewery is located on a farm in the Commonwealth on land zoned agricultural and owned or leased by such brewery or its owner and (ii) agricultural products, including barley, other grains, hops, or fruit, used by such brewery in the manufacture of its beer are grown on the farm. The licensed premises shall be limited to the portion of the farm on which agricultural products, including barley, other grains, hops, or fruit, used by such brewery in the manufacture of its beer are grown and that is contiguous to the premises of such brewery where the beer is manufactured, exclusive of any residence and the curtilage thereof. However, the Board may, with notice to the local governing body in accordance with the provisions of § 4.1-230, also approve other portions of the farm to be included as part of the licensed premises. For purposes of this subdivision, "land zoned agricultural" means (a) land zoned as an agricultural district or classification or (b) land otherwise permitted by a locality for limited brewery use. For purposes of this subdivision, "land zoned agricultural" does not include land zoned "residential conservation." Except for the limitation on land zoned "residential conservation," nothing in this definition shall otherwise limit or affect local zoning authority.

Limited brewery licensees shall be treated as breweries for all purposes of this title except as otherwise provided in this subdivision. *In addition to the retail privileges granted in subdivision 3, limited breweries shall be permitted to sell at retail wine manufactured by farm wineries licensed pursuant to subdivision 6 at premises described in the limited brewery license for on-premises consumption.*

INTRODUCED

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59 5. Winery licenses, which shall authorize the licensee to manufacture wine and to sell and deliver or
60 ship the wine, in accordance with Board regulations, in closed containers, to persons licensed to sell the
61 wine so manufactured at wholesale for the purpose of resale, and to persons outside the Commonwealth
62 for resale outside the Commonwealth. In addition, such license shall authorize the licensee to (i) operate
63 distilling equipment on the premises of the licensee in the manufacture of spirits from fruit or fruit
64 juices only, which shall be used only for the fortification of wine produced by the licensee; (ii) operate
65 a contract winemaking facility on the premises of the licensee in accordance with Board regulations; (iii)
66 store wine in bonded warehouses on or off the licensed premises upon permit issued by the Board; and
67 (iv) sell wine at retail at the place of business designated in the winery license for on-premises
68 consumption or in closed containers for off-premises consumption, provided that any brand of wine not
69 owned by the winery licensee is purchased from a wholesale wine licensee and any wine sold for
70 on-premises consumption is manufactured on the licensed premises.

71 6. Farm winery licenses, which shall authorize the licensee to manufacture wine containing 21
72 percent or less of alcohol by volume and to sell, deliver, or ship the wine, in accordance with Board
73 regulations, in closed containers, to (i) the Board, (ii) persons licensed to sell the wine so manufactured
74 at wholesale for the purpose of resale, or (iii) persons outside the Commonwealth. In addition, the
75 licensee may (a) acquire and receive deliveries and shipments of wine and sell and deliver or ship this
76 wine, in accordance with Board regulations, to the Board, persons licensed to sell wine at wholesale for
77 the purpose of resale, or persons outside the Commonwealth; (b) operate a contract winemaking facility
78 on the premises of the licensee in accordance with Board regulations; and (c) store wine in bonded
79 warehouses located on or off the licensed premises upon permits issued by the Board. For the purposes
80 of this title, a farm winery license shall be designated either as a Class A or Class B farm winery
81 license in accordance with the limitations set forth in § 4.1-219. A farm winery may enter into an
82 agreement in accordance with Board regulations with a winery or farm winery licensee operating a
83 contract winemaking facility.

84 Such licenses shall also authorize the licensee to sell (1) wine and (2) beer manufactured by limited
85 brewery licensees pursuant to subdivision 4 at retail at the places of business designated in the licenses,
86 which may include no more than five additional retail establishments of the licensee. Wine may be sold
87 at these business places for on-premises consumption and in closed containers for off-premises
88 consumption, provided that any brand of wine not owned by the farm winery licensee is purchased from
89 a wholesale wine licensee. *Beer may be sold at these business places for on-premises consumption only.*
90 In addition, wine may be pre-mixed by the licensee to be served and sold for on-premises consumption
91 at these business places.

92 7. Wine importer's licenses, which shall authorize persons located within or outside the
93 Commonwealth to sell and deliver or ship wine, in accordance with Board regulations, in closed
94 containers, to persons in the Commonwealth licensed to sell such wine at wholesale for the purpose of
95 resale, and to persons outside the Commonwealth for resale outside the Commonwealth.

96 8. Beer importer's licenses, which shall authorize persons located within or outside the
97 Commonwealth to sell and deliver or ship beer, in accordance with Board regulations, in closed
98 containers, to persons in the Commonwealth licensed to sell such beer at wholesale for the purpose of
99 resale and to persons outside the Commonwealth for resale outside the Commonwealth.