

ONE HUNDRED SIXTH LEGISLATURE - FIRST SESSION - 2019
COMMITTEE STATEMENT
LB584

Hearing Date: Monday February 11, 2019
Committee On: General Affairs
Introducer: Hilgers
One Liner: Change farm winery provisions and provide for a promotional special designated license

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 8 Senators Arch, Blood, Brandt, Briese, Hunt, Lowe, Moser, Wayne
Nay:
Absent:
Present Not Voting:

Oral Testimony:

Proponents:

Beau Ballard
Mike Schilling
Jim Ballard
John Siebert
Tim Murman
Richard Hilske
Les Meyer

Representing:

Senator Mike Hilgers/ Introducer
Nebraska Wine and Grape Growers
James Arthur Vineyards
Junto LLC
Glacial Till Vineyard and Winery
Cellar 426 Winery
Nebraska Wine and Grape Growers

Opponents:

Justin Brady
Joe Kohout
Chris Wagner

Representing:

NE Liquor Wholesalers Association
Associated Beverage Distributors of NE
Project Extra Mile

Neutral:

Hobert Rupe

Representing:

Nebraska Liquor Control Commission

Summary of purpose and/or changes:

LB584 makes changes to and updates the Nebraska Farm Winery Act.

LB584 amends current law defining farm winery to lower the percentage requirement from in State agricultural products from seventy five to sixty percent. The bill would make the corresponding change to allow forty percent of the farm wine to consist of out of State products.

Allows 50,000 gallons to be produced instead of 30,000 gallons before a farm winery shall be required to use a licensed wholesaler to distribute its wines.

Allows the sale of the wine at the Farm Winery and at four branch outlets in the State in reasonable amounts. LB584 increases the number of branch outlets allowed from one to four.

Allows a holder of a farm winery license to sell beer or other alcoholic beverages at the Farm Winery if the licensee also holds the appropriate class of license for such sales at such location.

Allows the creation and issuance by the Liquor Control Commission of a promotional special designated license.

LB584 makes the following changes by section:

Section One of the Bill: Amends section 53-103.13 to update the definition of farm winery to any enterprise which produces and sells wines produced from grapes, other fruit, or other sustainable agricultural products of which at least sixty percent of the finished product is grown in this state or which meets the requirements of section 53-123.13. LB584 would lower the amount of Nebraska agricultural products in the wine for it to fit the farm winery definition from the current seventy five percent to sixty percent. LB584 allows for the shipment of wines produced at the farm winery by common carrier and sold at retail to recipients in and outside the State of Nebraska if the output of such farm winery for each calendar year as reported to the commission does not exceed fifty thousand gallons. If over 50,000 gallons then the farm winery shall be require to use a licensed wholesaler to distribute its wines for the following calendar year. This does not apply to wines produced and sold onsite at the farm winery.

Section Two of the Bill: Amends section 53-123.11 to allow not only the sampling but the sale of wine at a farm winery and at four branch outlets instead of one in reasonable amounts. LB584 would allow a holder of a farm winery license to sell beer or other alcoholic beverages at the farm winery if the licensee also holds the appropriate class of license for such sales at such location.

Section Three of the Bill: Amends section 53-123.13 to specify that if the operator of a farm winery is unable to produce or purchase sixty percent of the grapes, fruit, or other suitable agricultural products used in the farm winery from within the state due to natural disaster, such operator may petition the commission to waive the sixty percent requirement for one year. LB584 lowers such percentage requirements from the current seventy five percent to sixty percent. It remains within the commission to waive the percentage requirement, sixty percent under the bill, taking into consideration the availability of products used in farm wineries in this areas and the ability of such operator to produce wine from products that are abundant within the state. Specifies that any product purchased under the waiver or as part of the specified percent of allowable product that is not Nebraska grown for the production of wine shall not exceed the specified percent volume allowed under state law if made from concentrated grapes or other fruit, when reconstituted. LB584 inserts forty percent allowable in the provisions that are currently twenty five percent to harmonize with the additional percentage changes from seventy five percent to sixty percent.

Section Four of the Bill: Amends Section 53-124.11 to create an exception to the rule that no retail licensee, craft brewery licensee, microdistillery licensee, farm winery licensee, holder of a manufacturers license issued pursuant to 53-123.01, organization or corporation may be issued a special designated license under this section for more than six calendar days in one year. LB584 would allow the commission to issue a new designated license, a promotional special designated license, to a craft brewery, microdistillery, or farm winery licensee for the sale or consumption of alcoholic liquor at a festival, bazaar, picnic, carnival, or similar function conducted by the licensee outside of the manufacturers designated premises at one location per twelve month period commencing May 1 of each year or such other date as the commission may prescribe. A licensee will be required to apply for the promotional special designated license at least 30 days prior to the promotional event. Such a license may be issued to a licensee for the duration of an annual event without reapplying to the commission. The licensee shall comply with the rules and regulations adopted and promulgated by the commission. The fee for a promotional special designated license shall be two hundred fifty dollars.

Section Five of the Bill: Amends section 53-124.13 to correspond to changes made to statutes within the bill by changing subsection (3) to subsection (4) in reference to section 53-124.11.

Section Six of the Bill: Repeals the original sections.

Explanation of amendments:

AM903 makes the following changes:

Removes the increase from 30,000 to 50,000 gallons before a farm winery must use a licensed wholesaler to distribute its wine. Keeps the 30,000 gallon self-distribution limit in place.

Removes the entire Special Designated License provision.

Tom Briese, Chairperson