

March 2024 Legal & Legislative Update

FEDERAL / NATIONAL / INTERNATIONAL

Draft Beer-Centric Relief Introduced in Congress

[H.R.7577](#), the Creating Hospitality Economic Enhancement for Restaurants and Servers (CHEERS) Act, has been introduced in the U.S. House of Representatives. The CHEERS Act would provide a tax deduction for bars, restaurants and entertainment venues with draft beer systems in an effort to provide some relief to hospitality establishments still struggling post-pandemic.

THE STATES

Arizona

Now under Senate consideration, [H.B. 2185](#), among several provisions, would allow a special event license to be issued concurrently with a microbrewery license.

[House Bill 2888](#) defines "ready-to-drink spirits products" as distilled spirits mixed with other beverages that may contain flavoring or coloring materials and other ingredients, that do not exceed ten percent alcohol by volume, that are sealed in an original container of not more than sixteen ounces and that are sold in the manufacturer's original packaging and provides a tax rate on each sealed container of ready-to-drink spirits products proportionate to \$3.00 per gallon for the amount of spirituous liquor in the ready-to-drink spirits product.

California

[Assembly Bill 2849](#) would exempt premises operated under a beer manufacturer license from current requirements that any on-sale retail licensee that gives, sells, or otherwise dispenses draught beer to include specified information about the beer upon the faucet, spigot, or outlet from which the beer is drawn or in the place of service and consumption.

Colorado

[House Bill 1373](#) seeks to eliminate the liquor-licensed drugstore license, remove the cap on the amount of alcohol beverages a retailer can purchase from retail liquor stores, require a fermented malt beverage and wine retailer to display alcohol beverages in a single location on the retailer's sales floor, expand certain licensees' ability to deliver alcohol to certain other licensees, and prohibit a fermented malt beverage and wine retailer from selling alcohol beverages with greater than fourteen percent alcohol by volume.

[Senate Bill 181](#) seeks to impose a fee on alcohol distributed in Colorado to fund an addiction recovery program. The proposed fee for malt beverages and cider is sixteen cents/gallon, however, companies selling 60,000 barrels/year or less are exempt.

Connecticut

[H.B. 5148](#) seeks to redefine "grocery store" for purposes of the grocery store beer permit.

[House Bill 5149](#) would allow beer manufacturer permittees to sell and deliver kegs of beer at locations in this state that are within a five-mile radius of their permit premises; package store permittees to provide fee-based spirits tastings; and Connecticut craft cafe permittees to sell additional alcoholic beverages manufactured in this state.

Florida

Both bills dying in committee, [House Bill 1107](#) and companion S.B. 1348 sought to authorize manufacturers of malt beverages to transfer malt beverages to another manufacturer for brewing under certain conditions; specify conditions under which licensed craft breweries may conduct tastings and sell malt beverages; delete the definition of the term "keg"; revise a provision to limit the number of barrels, rather than kegs, of malt beverages certain vendors may brew annually; authorize contract brewers to transfer malt beverages to contracting brewers and to contract with other contracting brewers if certain conditions are met; provide requirements for contract brewing and alternating proprietorship brewing; and specify instances in which certain manufacturers, brewers, bottlers, distributors, and importers of malt beverages must register their names and brands or labels that will be sold to a distributor.

Failing to advance from committee, [Senate Bill 696](#) / House Bill 339 sought to prohibit local governments from adopting ordinances, regulations, rules, or policies that require certificates of use for certain agricultural lands, facilities, and venues or that limit certain activities associated with agritourism including the limitation of any state-regulated activity associated with agritourism, including a farm stand, farmers market, brewery, winery, distillery, food processing and preparation activity, food truck, or mobile food service operation associated with agritourism agricultural products.

Georgia

Failing to clear committee, [S.B. 163](#) provides for small brewer self-distribution, modifies provisions of franchise agreements, lifts the limit on sales for off premises consumption, and provides for donations to charitable events.

Hawaii

Each bill passing its respective chamber, [Senate Bill 2354](#) and companion H.B. 2522 expand the definition of "beer" under the liquor regulatory laws to mean any alcoholic beverage containing no less than 0.5 per cent alcohol by volume obtained by fermentation of any infusion or decoction of malt or any substitute, including alcohol seltzer beverages and excluding sake, cooler beverages, and other distilled products. The bills further authorize brewpubs to sell beer they manufacture, or beer manufactured on their premises, subject to certain conditions.

Now under House consideration, [Senate Bill 2384](#) seeks to lower the blood alcohol concentration threshold for driving while under the influence of alcohol from 0.08 to 0.05.

Idaho

Passing the Senate, [S.B. 1364](#) consolidates the "brew pub" license and "retail" license into one "brewer's retail" license and provides that a brewery can maintain their retail privileges should they exceed 30,000 barrels of annual production, provided that it has continuously maintained a

physical presence and continuously brewed beer in Idaho for at least five years. The brewery will not lose its ability to operate a pub at its brewery or one remote retail location, provided the brewer has a clean record with no major violations.

Illinois

[S.B. 3245](#) provides that any person licensed as a brewer, class 1 brewer, or class 2 brewer shall be permitted to sell on the licensed premises to non-licensees for on-premises or off-premises consumption (instead of for on or off-premises consumption for the premises in which he or she actually conducts such business) and may sell wine or spirits on the licensed premises for off-premises consumption.

[H.B. 4775](#) provides that a retail licensee or licensed manufacturer with retail privileges may offer incentives to consumers for participation in a consumer loyalty and reward program, offer consumers discounts on its products as part of a consumer loyalty and reward program, offer benefits to the members or participants of a consumer loyalty and reward program that are not offered to other consumers, or offer specialty glassware for sale to members or participants in a consumer loyalty and reward program, and offer a price discount to the owner of that glassware for additional purchases using the glassware.

[S.B. 3426](#) provides that the tax imposed on manufacturers or importing distributors of alcoholic liquor containing not less than 0.5% alcohol by volume nor more than 10% alcohol by volume, other than cider, wine, or beer, is imposed at the rate of \$0.231 per gallon.

Indiana

Signed by the Governor, [Senate Bill 205](#) allows a small brewery to manufacture beer for another small brewery if certain requirements are met (contract brewing).

Signed by the Governor, [H.B. 1025](#) defines "mixed beverage" as a prepared cordial, cocktail, or highball that is in a can or container that holds not more than twenty-four (24) ounces of the beverage and is a mixture of: (1) whiskey, neutral spirits, brandy, gin, or another distilled spirit; and (2) carbonated or plain water, pure juice from a flower or plant, or other flavoring materials that is suitable for immediate consumption and contains not less than five-tenths percent (0.5%) of alcohol by volume and not more than fifteen percent (15%) of alcohol by volume. The bill would further allow the holder of a wine wholesalers permit to distribute such products.

Passing both legislative chambers, [H.B. 1197](#), among many provisions, repeals a provision concerning residency requirements for beer wholesalers.

On its way to the Governor, [House Bill 1086](#), in part defines "craft manufacturer's permit" as a small brewery permit, farm winery permit, or artisan distiller's permit and "craft manufacturer" as the holder of a "craft manufacturer's permit." The bill also allows a retailer or craft manufacturer to reduce or increase the price of alcoholic beverages during a part of the day.

Iowa

Now under Senate consideration, [H.F. 2277](#) would prohibit a brewer from requiring a wholesaler to assent to any unreasonable requirement, condition, understanding, or term of an agreement

prohibiting the wholesaler from utilizing, or requiring the wholesaler to utilize, a business-to-business electronic commerce platform offered by a brewer.

Kansas

[S.B. 511](#) would allow beer and hard cider sales by microbreweries to retailers, public venues, clubs, drinking establishments, holders of temporary permits and caterers and allowing such sales at special events to consumers.

Louisiana

[S.B. 230](#) seeks to allow a microbrewer who produces no more than 1,500 barrels per year to sell manufactured beverages at wholesale. Additionally, authorizes a licensed wholesaler to transfer manufactured beverages from a permitted microbrewery to any authorized liquor retailer for resale under specified conditions.

Maryland

Failing to advance from committee, [H.B. 663](#) defines "ready-to-drink cocktail" as a beverage that contains distilled spirits mixed with nonalcoholic beverages and may contain wine, is 12% or less alcohol by volume, and is contained in original packaging consisting of a metallic container or can that is not more than twelve ounces. The bill further sets the tax rate for such products at 40 cents per gallon.

Amended on second reading to strike direct shipment provisions, [Senate Bill 1041](#) seeks to establish direct-to-consumer alcoholic beverages permits authorizing the direct delivery of beer, wine, or liquor to a consumer.

[H.B. 1217](#) provides for the direct delivery or shipment of beer, wine, or liquor to a consumer.

[House Bill 1072](#) seeks to increase the rate of the sales and use tax from 9% to 10% applied to certain sales of alcoholic beverages.

Minnesota

[S.F. 3767](#) / H.F. 4002 would allow brew pubs to be affiliated with a farm winery and authorize the issuance of retail licenses to farm wineries and brew pubs.

Mississippi

Amended prior to passage, [House Bill 777](#) seeks to renounce prohibition as the policy of this state in favor of the legal manufacture, sale, distribution and transportation of alcoholic beverages, except in counties that vote to institute prohibition after holding an election on the issue.

Dying in committee, [H.B. 1280](#) sought to authorize direct sales and shipments of wine and distilled spirits to state residents.

New Jersey

Under the provisions of [Senate Bill 2564](#)/Assembly Bill 1344 food and beverage establishments would receive a temporary deduction for remittances of sales and use taxes.

[S.B. 2854](#)/A.B. 3039 establish a new retail alcoholic beverage license authorizing retail food stores to sell alcoholic beverages manufactured in New Jersey for consumption off the licensed premises.

New Mexico

Failing to advance from committee, [House Bill 179](#) sought to increase alcohol excise tax rates. The tax on beer produced by microbrewers and sold in the state would remain at the current rate of eight cents/gallon on the first 30,000 barrels sold, but then increases through three different production levels to end at \$3.08/gallon for those producing more than 200,000 barrels.

Stalled in committee, [H.B. 213](#) would change the liquor excise tax to one on the retail transaction. All consumers would pay an excise tax equivalent to two percent of the price of beer, three percent of the price of wine, and four percent of the price of spirits. Retailers are defined as any person having a place of business who sells alcoholic beverages.

New York

Passing the Senate, [S.B. 1999](#) addresses direct interstate and intrastate cider shipments.

Rhode Island

[H.B. 7842](#) / S.B. 2695 would allow for holders of a manufacturer's license to sell one 1/6 barrel keg of malt beverage, produced on the premises, per day.

[Senate Bill 2786](#)/House Bill 7843 would allow the holder of a manufacturer's license to apply for two satellite taprooms located off the premises of the manufacturer and allow the manufacturer to transport beer, spirits or wine to the satellite taprooms.

[S.B. 2554](#) phases out the local meals and beverage tax by January 1, 2028.

[H.B. 8019](#) celebrates the 3rd Annual Rhode Island Craft Beer Week March 1-10, 2024.

[House Bill 8024](#) prohibits manufacturers of alcoholic beverages from holding or having any interest in a wholesaler license.

Tennessee

Continuing under consideration in both chambers, [S.B. 2427](#)/H.B. 2607 authorize retail package store licensees and beer permittees to sell hemp-based products.

Receiving committee consideration, [S.B. 2636](#)/H.B. 2845 seek to prohibit a beer permittee from selling at retail refrigerated or cold beer.

Utah

Among a multitude of provisions, [H.B. 548](#) seeks to increase the tax on beer and use the additional revenue to fund three new alcohol-related law enforcement officers dedicated to compliance.

Vermont

[H.B. 867](#), among several provisions, seeks to increase the limit on special event permits that may be acquired by an individual licensee from ten to twenty.

Virginia

Signed into law, [S.B. 182](#) directs the Board of Directors of the Virginia Alcoholic Beverage Control Authority to promulgate regulations that prescribe the terms and conditions under which manufacturers, brokers, importers and wholesalers may advertise and promote alcoholic beverages via the Internet, social media, direct-to-consumer electronic communication, or other electronic means.

Washington

Failing to clear committee, [Senate Bill 5002](#) sought to reduce the breath or blood alcohol concentration limit for operating a motor vehicle from 0.08 to 0.05.

Failing to advance from the Senate, [S.B. 5375](#) sought to define low-proof beverage to mean any beverage 16 ounces or less that contains more than 0.5 percent and less than 7 percent alcohol by volume, but does not include wine, malt beverages, or malt liquor and to impose a \$2.50 per gallon tax on the distribution and sale of those beverages.

Stalling in the House, [H.B. 2049](#) sought to require producers of certain paper products and packaging (covered PPP) to participate in and fund the operations of a producer responsibility organization (PRO) to collect and manage covered PPP from consumers and carry out other specified activities and makes changes to minimum postconsumer recycled content (PCRC) requirements for certain plastic products.

Wyoming

Signed into law, [S.B. 79](#) allows brewers producing less than 25,000 barrels per year to terminate contracts with their wholesaler without cause following a forty-five day notification period and fair market value compensation to the affected wholesaler.