STATE OF NEW YORK

7793

IN SENATE

February 26, 2018

Introduced by Sen. VALESKY -- read twice and ordered printed, and when printed to be committed to the Committee on Commerce, Economic Development and Small Business

AN ACT to amend the alcoholic beverage control law, in relation to establishing a custom distiller's endorsement for holders of class D distiller's licenses

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Subdivision 2-c of section 61 of the alcoholic beverage control law is amended by adding a new paragraph (i) to read as follows:

(i) A class D distiller's license holder may apply to the authority for a custom distiller's endorsement to conduct those activities provided for pursuant to section sixty-one-c of this article. If such endorsement is granted, those activities authorized pursuant to section sixty-one-c of this article shall be activities that may be conducted under the authority and power specified under this subdivision.

§ 2. Subdivision 1 of section 61-a of the alcoholic beverage control law, as added by chapter 297 of the laws of 2016, is amended to read as follows:

1. The authority may issue a combined craft manufacturer's license to a person for the purposes of **this article and** articles four, [~~four-a, five~~] **four-A** and six of this chapter, combining the privileges of two or more farm or micro manufacturing licenses **and a custom distiller's endorsement** for use at one premises.

§ 3. The alcoholic beverage control law is amended by adding a new section 61-c to read as follows:

§ 61-c. Custom distiller's endorsement; activities permitted. 1. Any holder of a class D distiller's license, issued pursuant to subdivision two-c of section sixty-one of this article, may apply to the authority for a custom distiller's endorsement as provided for in this section to operate a custom distiller's facility, and manufacture liquors to the order of any person under the authority and power specified in subdivision two-c of section sixty-one of this article. Such application shall be in writing and verified, and shall contain such information as the authority shall require. The application shall be accompanied by a check or draft for the amount required by this subdivision for such endorse-

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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ment. If the authority grants the application, it shall issue an endorsement in such form as shall be determined by its rules.

2. All liquors manufactured under a custom distiller's endorsement must qualify as New York state labeled liquor.

3. A custom distiller's endorsement shall authorize the holder thereof to operate a facility for the production of liquors under the authority of a class D distiller's license made to the order of any person. Such an endorsement shall also authorize the holder, provided such activities are permitted by the federal Alcohol and Tobacco Tax and Trade Bureau for the manufacture of distilled spirits for personal household use, to:

(a) conduct training classes on how to manufacture liquor;

(b) conduct liquor tastings for those persons taking such classes, provided that such tastings shall be conducted by the holder of the endorsement or by an official agent of such holder. Such holder or agent shall be physically present at all times during the conduct of the tastings as provided pursuant to subdivision two-c of section sixty-one of this article;

(c) rent space, equipment and storage facilities and, if necessary, purchase fruit and grains to manufacture liquor for personal household use provided that the manufacture and production of liquor for personal household consumption and use is done in accordance with state and federal laws and regulations;

(d) distribute to persons who have ordered such manufactured liquor. Such liquor shall only be distributed to or used for (i) personal household consumption; (ii) gifts to be given to persons, but not for resale; or (iii) persons residing outside of this state, in accordance with the laws of the state or jurisdiction where such person is located; and

(e) permit such persons, who have ordered such manufactured liquor, to assist the class D license holder in the manufacture and processing of such liquor, so long as such person is under the direct supervision and control of personnel employed by such class D license holder.

4. The holder of an endorsement or an official agent of such holder shall be physically present at all times during the licensed facility's hours of operations.

5. The annual aggregate production of liquors for all New York labeled liquor at the licensed premises, pursuant to a custom distiller's endorsement, shall not exceed seventy-five thousand gallons of liquor annually; provided that such aggregate production limit shall not be offset by liquors produced at such facility under a farm distillery license.

6. Notwithstanding any other provision of this chapter to the contrary, the authority may issue a custom distiller's endorsement to the holder of a farm distillery license for use at such licensee's existing licensed premises.

7. The endorsement holder shall maintain a record of the name, address and contact information of the individuals, corporations and other business entities for whom it manufactures liquor and the annual amount of liquor produced for each individual, corporation or other business entity at the licensed premises pursuant to the rules of the authority.

8. The fee for a custom distiller's endorsement shall be three hundred dollars for each three year license term.

§ 4. This act shall take effect on the sixtieth day after it shall have become a law; provided, however, that effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized and directed to be made and completed on or before such effective date.