

WEST VIRGINIA LEGISLATURE

2016 REGULAR SESSION

Committee Substitute

for

Senate Bill 481

BY SENATOR WALTERS

[Originating in the Committee on the Judiciary;

reported on February 18, 2016.]

1 A BILL to amend and reenact §60-4-3a of the Code of West Virginia, 1931, as amended, relating
2 to authorizing operators of a distillery or mini-distillery to offer for purchase and
3 consumption liquor on the premises if purchased and consumed at a licensed Class A
4 private club operating on the premises of the distillery or mini-distillery; and allowing
5 distilleries and mini-distilleries to sell and serve alcohol beginning at 10:00 a.m. on
6 Sundays.

Be it enacted by the Legislature of West Virginia:

1 That §60-4-3a of the Code of West Virginia, 1931, as amended, be amended and
2 reenacted to read as follows:

ARTICLE 4. LICENSES.

§60-4-3a. Distillery and mini-distillery license to manufacture and sell.

1 (a) *Sales of liquor.* — An operator of a distillery or a mini-distillery may offer liquor for retail
2 sale to customers from the distillery or the mini-distillery for consumption off premises only, unless
3 a licensed Class A private club operating pursuant to article seven of this chapter is operating on
4 the premises, in which case the licensed Class A private club may offer liquor for retail sale and
5 consumption on premises. Except for free complimentary samples offered pursuant to section
6 one, article six of this chapter, and in on-premise Class A private club operations, customers are
7 prohibited from consuming any liquor on the premises of the distillery or the mini-distillery.

8 (b) *Retail sales.* — Every licensed distillery or mini-distillery shall comply with the
9 provisions of sections nine, eleven, thirteen, sixteen, seventeen, eighteen, nineteen, twenty-two,
10 twenty-three, twenty-four, twenty-five and twenty-six, article three-a of this chapter and the
11 provisions of articles three and four of this chapter applicable to liquor retailers and distillers;:
12 Provided, That a licensed distillery or mini-distillery may offer samples provided for in subsection
13 (a) of this section and make retail sales of alcoholic liquors manufactured by that licensed distillery
14 or mini-distillery for consumption off the premises on Sundays beginning at 10:00 a.m.

15 (c) *Payment of taxes and fees.* — The distillery or mini-distillery shall pay all taxes and
16 fees required of licensed retailers and meet applicable licensing provisions as required by this

17 chapter and by rule of the commissioner, except for payments of the wholesale markup
18 percentage and the handling fee provided by rule of the commissioner: *Provided*, That all liquor
19 for sale to customers from the distillery or the mini-distillery for off-premises consumption shall be
20 subject of a five percent wholesale markup fee and an 80 cents per case bailment fee to be paid
21 to the commissioner: *Provided, however*, That no liquor sold by the distillery or mini-distillery shall
22 be priced less than the price set by the commissioner pursuant to section seventeen, article three-
23 a of this chapter.

24 (d) *Payments to market zone retailers.* — Each distillery or mini-distillery shall submit to
25 the commissioner two percent of the gross sales price of each retail liquor sale for the value of all
26 sales at the distillery or the mini-distillery each month. This collection shall be distributed by the
27 commissioner, at least quarterly, to each market zone retailer located in the distillery or mini-
28 distillery's market zone, proportionate to each market zone retailer's annual gross prior years
29 pretax value sales. The maximum amount of market zone payments that a distillery or mini-
30 distillery shall be required to submit to the commissioner is \$15,000 per annum.

31 (e) *Limitations on licensees.* — No distillery or mini-distillery may sell more than three
32 thousand gallons of product at the distillery or mini-distillery location the initial two years of
33 licensure. The distillery or mini-distillery may increase sales at the distillery or mini-distillery
34 location by two thousand gallons following the initial 24-month period of licensure and may
35 increase sales at the distillery or mini-distillery location each subsequent 24-month period by two
36 thousand gallons, not to exceed ten thousand gallons a year of total sales at the distillery or mini-
37 distillery location. No licensed mini-distillery may produce more than fifty thousand gallons per
38 calendar year at the mini-distillery location. No more than one distillery or mini-distillery license
39 may be issued to a single person or entity and no person may hold both a distillery and a mini-
40 distillery license.