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H. B. 3018

(By Delegates Skinner and Lawrence)
[Introduced March 21, 2013; referred to the
Committee on Energy, Industry and Labor, Economic
Development and Small Business then Finance.]

A BILL to amend and reenact §60-4-3a of the Code of West Virginia,
1931, as amended, relating to exempting distilleries that
produce less than 50,000 gallons of spirits and also have
retail sales from the payments to market zone retailers.

Be it enacted by the Legislature of West Virginia:

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

ARTICLE 4. LICENSES.

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

(a) *Sales of liquor.* -- An operator of a distillery or a
mini-distillery may offer liquor for retail sale to customers from
the distillery or the mini-distillery for consumption off premises
only. Except for free complimentary samples offered pursuant to

1 section one, article six of this chapter, customers are prohibited
2 from consuming any liquor on the premises of the distillery or the
3 mini-distillery.

4 (b) *Retail sales.* -- Every licensed distillery or
5 mini-distillery shall comply with the provisions of sections nine,
6 eleven, thirteen, sixteen, seventeen, eighteen, nineteen,
7 twenty-two, twenty-three, twenty-four, twenty-five and twenty-six,
8 article three-a of this chapter and the provisions of articles
9 three and four of this chapter applicable to liquor retailers and
10 distillers.

11 (c) *Payment of taxes and fees.* -- The distillery or
12 mini-distillery shall pay all taxes and fees required of licensed
13 retailers and meet applicable licensing provisions as required by
14 this chapter and by rule of the commissioner.

15 (d) *Payments to market zone retailers.* -- Each distillery ~~or~~
16 ~~mini-distillery~~ that produces at least fifty thousand gallons of
17 product per year and each distillery or mini-distillery that
18 produces less than fifty thousand gallons of product per year but
19 does not make retail sales shall submit to the commissioner ten
20 percent of the gross sales price or each retail liquor sale for the
21 value of all sales at the distillery or the mini-distillery each
22 month. This collection shall be distributed by the commissioner,
23 at least quarterly, to each market zone retailer located in the
24 distillery or mini-distillery's market zone, proportionate to each

1 market zone retailer's annual gross prior years pretax value sales.

2 (e) *Limitations on licensees.* -- No distillery or
3 mini-distillery may sell more than three thousand gallons of
4 product at the distillery or mini-distillery location during the
5 initial two years of licensure. The distillery or mini-distillery
6 may increase sales at the distillery or mini-distillery location by
7 two thousand gallons following the initial 24-month period of
8 licensure and may increase sales at the distillery or
9 mini-distillery location each subsequent 24-month period by two
10 thousand gallons, not to exceed ten thousand gallons a year of
11 total sales at the distillery or mini-distillery location. No
12 licensed mini-distillery may produce more than twenty thousand
13 gallons per calendar year at the mini-distillery location. No more
14 than one distillery or mini-distillery license may be issued to a
15 single person or entity and no person may hold both a distillery
16 and a mini-distillery license.

NOTE: The purpose of this bill is to exempt distilleries that produce less than 50,000 gallons of spirits and make retail sales from the payments to market zone retailers.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.