

NEW YORK IS PROPOSING CHANGES TO ITS ALCOHOL LICENSING RULES

Manufacturing Alert
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As part of the Governor's Budget Proposal, several changes are proposed for Alcohol Producers and sellers.

Proposal of a new "Exporter's License"

The new legislation proposes the creation of an "exporter's license" for businesses that purchase and export N.Y. alcoholic beverages, but do not sell to retailers or wholesalers within the State. If the legislation passes, this license would authorize the holder to purchase alcoholic beverages from licensed manufacturers in the State *solely* for the purpose of exporting the beverages outside the State. The annual fee for the license would be \$125.00.

Proposal of a new "Farm Meadery License"

N.Y. alcohol laws have several categories designed to assist farm-based alcohol production. The proposed legislation adds to the benefits by creating a new "farm meadery" license. A farm meadery would be defined as a place or premises located on a farm that stores and sells mead and/or braggot. Mead would be defined as a "wine made primarily from honey and water." Mead could also contain fruits spices herbs, grain and other agricultural products. If the legislation passes, certain wines would be considered "mead" if honey represented 51% of the starting fermentable sugars by weight of the finished product. Braggot would be defined as a malt alcoholic beverage made of at least 51% honey. Braggot would have to be designated and sold as beer.

Farm meaderies would be allowed to sell by the glass, offer tastings of, and sell to go not only mead and braggot, but also any New York State farm-produced beer, wine, cider and spirits. The legislation would give farm meaderies the privilege of self-distribution, in addition to the ability to market and sell their products through existing wholesalers. Farm meaderies would also be permitted to open restaurants and gift shops, and have the ability to operate up to five no-fee offsite branch stores anywhere in the state. As with New York manufactured hard cider, New York mead would be sold in both grocery stores as well as liquor and wine stores. The annual cost for the new license would be \$75. Currently, only farm wineries, which must be located on a farm, and commercial wineries, may produce honey wine.

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Under the proposal, producers would be able to label and sell mead beverages as wine or mead, unless the beverage had more than eight and a half percent alcohol per volume, in which case the beverage would have to be sold as wine.

In order to obtain a farm meadery license, the mead or braggot would have to be made exclusively from honey produced in New York State and no more than 250,000 gallons could be produced annually.

Note: Retail and wholesale licensees would not need to obtain additional licenses to buy and sell mead or braggot. The new license would only apply to farms where these beverages are stored.

Questions about the Legislation or any aspect of New York's Alcohol laws? Contact Chris Fattey at 716-848-1757 (cfattey@hodgsonruss.com) or Mark Sweeney at 518-433-2452 (MSweeney@hodgsonruss.com).

