

HOUSE BILL No. 1497

DIGEST OF INTRODUCED BILL

Citations Affected: IC 7.1-3.

Synopsis: Production of alcoholic beverages. Provides the following with regard to a farm winery, a microbrewery, and an artisan distillery (permit holders) that share the same building: (1) The permit holders may not have an ownership or other interest in a restaurant located in the same building. (2) The permit holders may sell the alcoholic beverages they manufacture directly to the restaurant. (3) The restaurant may serve alcoholic beverages by the glass and may not sell alcoholic beverages for carryout.

Effective: July 1, 2017.

Smaltz

January 18, 2017, read first time and referred to Committee on Public Policy.



First Regular Session of the 120th General Assembly (2017)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2016 Regular Session of the General Assembly.

HOUSE BILL No. 1497

A BILL FOR AN ACT to amend the Indiana Code concerning alcohol and tobacco.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 7.1-3-2-7, AS AMENDED BY P.L.214-2016,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2017]: Sec. 7. The holder of a brewer's permit or an
4 out-of-state brewer holding either a primary source of supply permit or
5 an out-of-state brewer's permit may do the following:
6 (1) Manufacture beer.
7 (2) Place beer in containers or bottles.
8 (3) Transport beer.
9 (4) Sell and deliver beer to a person holding a beer wholesaler's
10 permit issued under IC 7.1-3-3.
11 (5) If the brewer manufactures, at all of the brewer's breweries
12 located in Indiana, an aggregate of not more than ninety thousand
13 (90,000) barrels of beer in a calendar year for sale or distribution
14 within Indiana, the permit holder may do the following:
15 (A) Sell and deliver a total of not more than thirty thousand
16 (30,000) barrels of beer in a calendar year to a person holding
17 a retailer or a dealer permit under this title. The total number



- 1 of barrels of beer that the permit holder may sell and deliver
 2 under this clause in a calendar year may not exceed thirty
 3 thousand (30,000) barrels of beer.
- 4 (B) Be the proprietor of a restaurant. **The permit holder may**
 5 **not be the proprietor of a restaurant under IC 7.1-3-28.**
- 6 (C) Hold a beer retailer's permit, a wine retailer's permit, or a
 7 liquor retailer's permit for a restaurant established under clause
 8 (B).
- 9 (D) Transfer beer directly from the brewery to the restaurant
 10 by means of:
 11 (i) bulk containers; or
 12 (ii) a continuous flow system.
- 13 (E) Install a window between the brewery and an adjacent
 14 restaurant that allows the public and the permittee to view both
 15 premises. **This clause does not apply to a brewery and a**
 16 **restaurant under IC 7.1-3-28.**
- 17 (F) Install a doorway or other opening between the brewery
 18 and an adjacent restaurant that provides the public and the
 19 permittee with access to both premises. **This clause does not**
 20 **apply to a brewery and a restaurant under IC 7.1-3-28.**
- 21 (G) Sell the brewery's beer by the glass for consumption on the
 22 premises. Brewers permitted to sell beer by the glass under
 23 this clause must make food available for consumption on the
 24 premises. A brewer may comply with the requirements of this
 25 clause by doing any of the following:
 26 (i) Allowing a vehicle of transportation that is a food
 27 establishment (as defined in IC 16-18-2-137) to serve food
 28 near the brewer's licensed premises.
 29 (ii) Placing menus in the brewer's premises of restaurants
 30 that will deliver food to the brewery. **This item does not**
 31 **apply to a brewery under IC 7.1-3-28.**
 32 (iii) Providing food prepared at the brewery. **This item does**
 33 **not apply to a brewery under IC 7.1-3-28.**
 34 (iv) **In the case of a brewery that shares a building with**
 35 **a restaurant under IC 7.1-3-28, the brewery is open for**
 36 **business at a time when the restaurant is open for**
 37 **business.**
- 38 (H) Sell and deliver beer to a consumer at the permit premises
 39 of the brewer or at the residence of the consumer. The delivery
 40 to a consumer may be made only in a quantity at any one (1)
 41 time of not more than one-half (1/2) barrel, but the beer may
 42 be contained in bottles or other permissible containers.



- 1 (I) Sell the brewery's beer as authorized by this section for
 2 carryout on Sunday in a quantity at any one (1) time of not
 3 more than five hundred seventy-six (576) ounces. A brewer's
 4 beer may be sold under this clause at any address for which the
 5 brewer holds a brewer's permit issued under this chapter if the
 6 address is located within the same city boundaries in which the
 7 beer was manufactured.
- 8 (J) With the approval of the commission, participate:
 9 (i) individually; or
 10 (ii) with other permit holders under this chapter, holders of
 11 artisan distiller's permits, holders of farm winery permits, or
 12 any combination of holders described in this item;
 13 in a trade show or an exposition at which products of each
 14 permit holder participant are displayed, promoted, and sold.
 15 The commission may not grant to a holder of a permit under
 16 this chapter approval under this clause to participate in a trade
 17 show or exposition for more than forty-five (45) days in a
 18 calendar year.
- 19 (K) Store or condition beer in a secure building that is:
 20 (i) separate from the brewery; and
 21 (ii) owned or leased by the permit holder.
- 22 A brewer may not sell or transfer beer directly to a permittee
 23 or consumer from a building described in this clause.
- 24 (6) If the brewer's brewery manufactures more than ninety
 25 thousand (90,000) barrels of beer in a calendar year for sale or
 26 distribution within Indiana, the permit holder may own a portion
 27 of the corporate stock of another brewery that:
 28 (A) is located in the same county as the brewer's brewery;
 29 (B) manufactures less than ninety thousand (90,000) barrels of
 30 beer in a calendar year; and
 31 (C) is the proprietor of a restaurant that operates under
 32 subdivision (5).
- 33 (7) Provide complimentary samples of beer that are:
 34 (A) produced by the brewer; and
 35 (B) offered to consumers for consumption on the brewer's
 36 premises.
- 37 (8) Own a portion of the corporate stock of a sports corporation
 38 that:
 39 (A) manages a minor league baseball stadium located in the
 40 same county as the brewer's brewery; and
 41 (B) holds a beer retailer's permit, a wine retailer's permit, or a
 42 liquor retailer's permit for a restaurant located in that stadium.



1 (9) For beer described in IC 7.1-1-2-3(a)(4):

2 (A) may allow transportation to and consumption of the beer
3 on the licensed premises; and

4 (B) may not sell, offer to sell, or allow sale of the beer on the
5 licensed premises.

6 SECTION 2. IC 7.1-3-12-5, AS AMENDED BY THE TECHNICAL
7 CORRECTIONS BILL OF THE 2017 GENERAL ASSEMBLY, IS
8 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

9 Sec. 5. (a) The holder of a farm winery permit:

10 (1) is entitled to manufacture wine and to bottle wine produced by
11 the permit holder's farm winery;

12 (2) is entitled to serve complimentary samples of the winery's
13 wine on the licensed premises or an outside area that is
14 contiguous to the licensed premises as approved by the
15 commission if each employee who serves wine on the licensed
16 premises:

17 (A) holds an ~~employee~~ **employee's** permit under
18 IC 7.1-3-18-9; and

19 (B) completes a server training program approved by the
20 commission;

21 (3) is entitled to sell the winery's wine on the licensed premises to
22 consumers either by the glass, or by the bottle, or both;

23 (4) is entitled to sell the winery's wine to consumers by the bottle
24 at a farmers' market that is operated on a nonprofit basis;

25 (5) is entitled to sell wine by the bottle or by the case to a person
26 who is the holder of a permit to sell wine at wholesale **or the**
27 **holder of a retailer's permit that shares the same building**
28 **with the farm winery as set forth in IC 7.1-3-28.**

29 (6) is exempt from the provisions of IC 7.1-3-14;

30 (7) is entitled to advertise the name and address of any retailer or
31 dealer who sells wine produced by the permit holder's winery;

32 (8) for wine described in IC 7.1-1-2-3(a)(4):

33 (A) may allow transportation to and consumption of the wine
34 on the licensed premises; and

35 (B) may not sell, offer to sell, or allow the sale of the wine on
36 the licensed premises;

37 (9) is entitled to purchase and sell bulk wine as set forth in this
38 chapter;

39 (10) is entitled to sell wine as authorized by this section for
40 carryout on Sunday; and

41 (11) is entitled to sell and ship the farm winery's wine to a person
42 located in another state in accordance with the laws of the other



1 state.
 2 (b) With the approval of the commission, a holder of a permit under
 3 this chapter may conduct business at not more than three (3) additional
 4 locations that are separate from the winery. At the additional locations,
 5 the holder of a permit may conduct any business that is authorized at
 6 the first location, except for the manufacturing or bottling of wine.

7 (c) With the approval of the commission, a holder of a permit under
 8 this chapter may:
 9 (1) individually; or
 10 (2) with other permit holders under this chapter, holders of artisan
 11 distiller's permits, holders of a brewer's permits issued under
 12 IC 7.1-3-2-2(b), or any combination of holders described in this
 13 subdivision;

14 participate in a trade show or an exposition at which products of each
 15 permit holder participant are displayed, promoted, and sold. The
 16 commission may not grant approval under this subsection to a holder
 17 of a permit under this chapter for more than forty-five (45) days in a
 18 calendar year.

19 SECTION 3. IC 7.1-3-27-9, AS AMENDED BY P.L.159-2014,
 20 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2017]: Sec. 9. (a) An artisan distiller may not sell liquor to a
 22 retailer or dealer.

23 **(b) This section does not apply to an artisan distiller that sells**
 24 **liquor to a retailer under IC 7.1-3-28.**

25 ~~(b)~~ (c) An artisan distiller who knowingly or intentionally violates
 26 this section commits a Class B misdemeanor.

27 SECTION 4. IC 7.1-3-28 IS ADDED TO THE INDIANA CODE
 28 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 29 JULY 1, 2017]:

30 **Chapter 28. Shared Location of Brewery, Winery, or Distillery**

31 **Sec. 1. "Production facility" or "production facilities" means:**

- 32 (1) a farm winery;
 33 (2) a brewery under IC 7.1-3-2-7(5); or
 34 (3) an artisan distillery;

35 **that manufacture alcoholic beverages on site. The term does not**
 36 **include an additional location of a farm winery under**
 37 **IC 7.1-3-12-5(b).**

38 **Sec. 2. (a) Two (2) or more production facilities may:**

- 39 (1) locate the respective production facilities within the same
 40 building; and
 41 (2) maintain separate or shared tasting rooms.

42 **(b) The production facilities may lease or own the permit**



- 1 premises.
- 2 **Sec. 3. (a) If production facilities share a tasting room, each**
- 3 **production facility may sell by the glass for consumption on the**
- 4 **premises, the alcoholic beverages the production facility**
- 5 **manufactures on the permit premises:**
- 6 (1) from the same service bar; and
- 7 (2) without a partition, wall, or any other structure separating
- 8 the service of wine, the service of beer, and the service of
- 9 liquor.
- 10 (b) Except as provided in this chapter, the restrictions and
- 11 provisions of a permittee's permit governing the sale or service of
- 12 the alcoholic beverage that is the subject of the permit apply to the
- 13 sale and service of the alcoholic beverage under this chapter.
- 14 **Sec. 4. Notwithstanding any other law, a production facility to**
- 15 **which this chapter applies may not operate a restaurant in the**
- 16 **building or have an ownership or other interest in a restaurant**
- 17 **located within the building.**
- 18 **Sec. 5. A restaurant that is located in the building with the**
- 19 **production facilities and has the appropriate retailer's permit may**
- 20 **serve alcoholic beverages that are:**
- 21 (1) produced in the building by the production facilities; or
- 22 (2) acquired from any other source allowed under the
- 23 retailer's permit;
- 24 by the glass for consumption on the premises. However, the
- 25 restaurant may not sell alcoholic beverages for carryout.

