

Senate Bill No. 246–Senators
Settelmeyer and Gustavson

Joint Sponsors: Assemblymen Seaman,
Titus; and Silberkraus

CHAPTER.....

AN ACT relating to alcoholic beverages; authorizing a person who suffers certain injuries relating to alcoholic beverages to bring a civil action for the recovery of damages and attorney’s fees and costs; increasing the quantity of spirits a craft distillery may export to another state; increasing the quantity of spirits that a craft distillery may serve samples of or sell at retail for consumption off the premises; allowing a craft distillery to donate and transport spirits for charitable purposes under certain circumstances; allowing a craft distillery to transfer in bulk certain spirits to a supplier; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law allows a person, subject to certain conditions, to operate a craft distillery and to sell and transport not more than 10,000 cases of spirits to a wholesale dealer of liquor within this State and to manufacture for exportation to another state not more than 20,000 cases of spirits. A craft distillery may also serve samples of and sell the spirits manufactured at the craft distillery on the premises of the craft distillery. Such samples must not exceed 2 ounces per person, per day, and such sales must not exceed 2 bottles of spirits per person, per month. (NRS 597.235) **Section 1.7** of this bill increases the quantity of spirits which a craft manufacturer may manufacture for export to another state to 40,000 cases of spirits. **Section 1.7** also allows a craft distillery to serve samples, not to exceed 4 ounces per person, per day, of the spirits manufactured at the craft distillery, and increases the quantity of spirits that may be sold to a person at retail for off-premises consumption from 2 bottles per month to 1 case of spirits per month, not to exceed 6 cases in a year. **Section 1.7** authorizes a craft distillery to donate and transport spirits manufactured at the craft distillery for charitable or nonprofit purposes or to transfer certain bulk spirits to another supplier. Such a charitable donation or bulk transfer is not included in the 10,000 cases per year that a craft distillery is permitted to sell and transport within this State. **Section 1** of this bill creates a civil cause of action for a person damaged by certain violations of existing law relating to the manufacturing, importing, wholesaling and retailing of alcoholic beverages.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 597 of NRS is hereby amended by adding thereto a new section to read as follows:

1. A person who has suffered injury, including, without limitation, economic damage, as the proximate result of a violation of the provisions of this section and NRS 597.190 to 597.245, inclusive, may bring a civil action against the person who committed the violation to recover:

(a) For the first violation, \$100 plus the injured person's actual damages, attorney's fees and costs, if any.

(b) For the second violation, \$250 plus the injured person's actual damages, attorney's fees and costs, if any.

(c) For the third and any subsequent violation, \$500 plus the injured person's actual damages, attorney's fees and costs, if any, and any punitive damages that the facts may warrant.

2. Any person, including, without limitation, a director, officer, agent or employee of the person, who knowingly violates or knowingly aids or assists in the violation of any provision of this section and NRS 597.190 to 597.245, inclusive, is liable under this section.

3. Except as otherwise provided in NRS 597.157, 597.170 and 597.260, and in addition to any legal action brought pursuant to NRS 597.262, the provisions of this section do not preclude a person from seeking any other legal remedy available.

Sec. 1.3. NRS 597.200 is hereby amended to read as follows:

597.200 As used in NRS 597.190 to 597.250, inclusive, *and section 1 of this act*, unless the context otherwise requires:

1. "Alcoholic beverage" means any malt beverage or spirituous, vinous or malt liquor which contains 1 percent or more ethyl alcohol by volume.

2. "Brew pub" means an establishment which manufactures malt beverages and sells those malt beverages at retail pursuant to the provisions of NRS 597.230.

3. "Craft distillery" means an establishment which:

(a) Manufactures distilled spirits from agricultural raw materials through distillation; and

(b) Is authorized to sell those distilled spirits pursuant to the provisions of this chapter.



4. "Distillation" means the process of producing or purifying spirituous liquor by successive evaporation and condensation.

5. "Engage in" includes participation in a business as an owner or partner, or through a subsidiary, affiliate, ownership equity or in any other manner.

6. "Instructional wine-making facility" means an instructional wine-making facility operated pursuant to NRS 597.245.

7. "Legal age" means the age at which a person is legally permitted to purchase an alcoholic beverage pursuant to NRS 202.020.

8. "Malt beverage" means beer, ale, porter, stout and other similar fermented beverages of any name or description, brewed or produced from malt, wholly or in part.

9. "Supplier" has the meaning ascribed to it in NRS 597.140.

10. "Wine" has the meaning ascribed to it in NRS 369.140.

Sec. 1.7. NRS 597.235 is hereby amended to read as follows:

597.235 1. A person may operate a craft distillery if the person:

(a) Obtains a license for the facility pursuant to chapter 369 of NRS;

(b) Complies with the requirements of this chapter; and

(c) Complies with any other applicable governmental requirements.

2. A person who operates a craft distillery pursuant to this section may:

(a) In addition to manufacturing spirits from agricultural raw materials through distillation, blend, age, store and bottle the spirits so manufactured. The person operating the craft distillery shall ensure that none of the spirits manufactured at the craft distillery are derived from neutral or distilled spirits manufactured by another manufacturer.

(b) ~~Not~~ *Except as otherwise provided in paragraphs (f) and (g), in* any calendar year, sell and transport in Nevada not more than a combined total of 10,000 cases of spirits at all the craft distilleries the person operates to a person who holds a license to engage in business as a wholesale dealer of liquor pursuant to chapter 369 of NRS.

(c) In any calendar year, manufacture for exportation to another state, not more than a combined total of ~~120,000~~ *40,000* cases of spirits at all the craft distilleries the person operates.

(d) On the premises of the craft distillery, serve samples of the spirits manufactured at the craft distillery. Any such samples must not exceed, per person, per day, ~~2~~ *4* fluid ounces in volume.



(e) On the premises of the craft distillery, sell the spirits manufactured at the craft distillery at retail for consumption on or off the premises. Any such spirits sold at retail for off-premises consumption must not exceed, per person, per month, ~~12 bottles~~ **1 case** of spirits ~~1~~ **and not exceed, per person, per year, 6 cases of spirits.** Spirits purchased on the premises of a craft distillery must not be resold by the purchaser or any retail liquor store.

(f) Donate for charitable or nonprofit purposes and transport neutral or distilled spirits manufactured at the craft distillery in accordance with the terms and conditions of a special permit for the transportation of the neutral or distilled spirits obtained from the Department of Taxation pursuant to subsection 4 of NRS 369.450.

(g) Transfer in bulk neutral or distilled spirits manufactured at the craft distillery to a supplier. Any such transfer:

(1) Is taxable only when the neutral or distilled spirits are rectified and bottled in original packages for sale within this State; and

(2) Is not a sale for the purposes of paragraph (b) or manufacturing for exportation for the purposes of paragraph (c).

3. As used in this section:

(a) ~~1~~ **“Bottle”** ~~“Case of spirits”~~ means ~~12 bottles, each~~ containing 750 milliliters of distilled spirits.

(b) ~~“Case of spirits” means 12 bottles of spirits.~~ **“Supplier”** has the meaning ascribed to it in NRS 597.140.

Sec. 2. This act becomes effective upon passage and approval.

