HOUSE BILL 613
By Hawk

SENATE BILL 731

By Niceley

AN ACT to amend Tennessee Code Annotated, Title 57, Chapter 3, relative to wineries.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 57-3-101(a), is amended by adding the following new subdivision:

( ) "Alternating proprietorship agreement" means an agreement between two (2) or more licensed wineries to share all or a portion of a bonded or general premises, or both, pursuant to § 57-3-207(y);

SECTION 2. Tennessee Code Annotated, Section 57-3-207, is amended by adding the following as a new subsection (y):

(1) A winery licensed under this section may enter into an alternating proprietorship agreement with one (1) or more wineries, subject to the restrictions of this subsection (y).

(2) Parties to an alternating proprietorship agreement may alternate the use of a bonded or general premises, or both, or part of a bonded or general premises, or both, for the purpose of manufacturing and warehousing wine.

(3) A winery that is a party to an alternating proprietorship agreement shall maintain a room or separate area of the general premises that is exclusively occupied by that winery and that does not alternate with another winery. There is no size requirement for this exclusive premises.

(4) Each winery that is a party to an alternating proprietorship agreement shall individually receive approval of the agreement from the commission and shall receive

any required approvals from the Alcohol and Tobacco Tax and Trade Bureau (TTB), prior to commencing operations at the general premises.

(5) A winery seeking approval for an alternating proprietorship agreement shall submit to the commission:

(A) A description of the areas, equipment, resources, rooms, or buildings, or combination of areas, equipment, resources, rooms, or buildings, that will alternate between wineries;

(B) Diagrams of the parts of the general premises that will and will not alternate between wineries;

(C) A copy of the written alternating proprietorship agreement between wineries; and

(D) An acknowledgement from each winery that they will maintain adequate records that track the premises that alternate between wineries. Such records are subject to inspection by the commission upon request.

(6) The commission may require additional information under this subsection (y) that is necessary for the commission to verify compliance with this chapter 3 and other applicable laws.

(7) Only the winery participating in an alternating proprietorship agreement that is the property owner or primary lessee of the general premises may exercise retail rights and privileges under this subsection (y). If there are two (2) or more wineries that are property owners or are primary lessees, only one (1) winery may exercise the retail rights and privileges under this subsection (y).

(8)

(A) The wineries that are parties to an alternating proprietorship agreement must not be owned by the same individual or entity or by substantially similar ownership.

(B) As used in this subdivision (y)(8), "substantially similar ownership" includes, but is not limited to:

(i) An individual who owns more than a forty percent (40%) interest in each of the two (2) or more wineries that are parties to the alternating proprietorship agreement;

(ii) An individual who owns a winery that is a party to the alternating proprietorship agreement whose spouse is the owner of another winery that is a party to the agreement; or

(iii) A winery that is a party to the alternating proprietorship agreement that is owned by a trust that is for the benefit of an owner of another winery that is a party to the agreement, or the owner's spouse or children.

SECTION 3. This act takes effect upon becoming a law, the public welfare requiring it.