

SENATE BILL 988

By Yager

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

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

SECTION 1. Tennessee Code Annotated, Section 57-3-202(f)(2), is amended by deleting the language "57-3-203," and substituting "57-3-203, 57-3-207,".

SECTION 2. Tennessee Code Annotated, Section 57-3-202, is amended by adding the following new subsections:

() A manufacturer licensed under this section may purchase wine from Tennessee wineries and Tennessee farm wine producers, licensed pursuant to § 57-3-207, and such wine, and any product that may result from the blending, distilling, or fortifying of such wine by the manufacturer, is the sole property of the manufacturer. The manufacturer, winery, or farm wine producer may transport the wine from the Tennessee winery or Tennessee farm wine producer. The transactions are not subject to taxation.

() A manufacturer licensed under this section may distill, blend, and fortify wine of a winery or farm wine producer on behalf of the winery or farm wine producer, and such distilled, blended, or fortified wine is the sole property of the winery or farm wine producer. The manufacturer, winery, or farm wine producer may transport the wine from the Tennessee winery or Tennessee farm wine producer. The manufacturer, winery, or farm wine producer may transport the distilled, blended, or fortified product back to the winery or farm wine producer. The transactions are not subject to taxation.

SECTION 3. Tennessee Code Annotated, Section 57-3-207(b), is amended by deleting the subsection and substituting:

(b) A winery license may be issued as provided in this section for the manufacture of wine, as defined in § 57-3-101, and as described in subsection (u), through the normal alcoholic fermentation of grapes and other suitable agricultural products, upon a verified, written application to the commission on the proper form authorized to be prescribed and furnished in this section, and the application may be granted by the commission, subject to the restrictions of this chapter. A winery licensed under this section may also blend wine manufactured by the winery with other wine, fortified wine, distilled wine, or non-alcoholic products. The winery license authorizes the holder of the license to place the wine in containers or bottles. Out-of-state residents may apply for and obtain a winery license issued in accordance with this section.

SECTION 4. Tennessee Code Annotated, Section 57-3-207(h)(2)(A)(i), is amended by deleting the language "Distilled spirits" and substituting "Alcoholic beverages other than wine, as defined in § 57-3-101, and as described in subsection (u)".

SECTION 5. Tennessee Code Annotated, Section 57-3-207(o)(4)(A), is amended by deleting the word "unfortified".

SECTION 6. Tennessee Code Annotated, Section 57-3-207, is amended by adding the following new subsection:

() Wineries and farm wine producers may have their wine distilled, blended, or fortified with distilled wine spirits made from their wine by manufacturers and may receive from manufacturers the wine created by such distilling, blending, or fortifying, and such distilled, blended, or fortified wine is the sole property of the winery or farm wine producer. Wineries and farm wine producers may also sell wine to manufacturers licensed pursuant to § 57-3-202, and such wine, and any product that may result from

the blending, distilling, or fortifying of such wine by the manufacturer, is the sole property of the manufacturer. The manufacturer, winery, or farm wine producer may transport the wine from the winery or farm wine producer and may transport the distilled, blended, or fortified wine owned by the winery or farm wine producer back to the winery or farm wine producer. The transactions are not subject to taxation.

SECTION 7. This act takes effect upon becoming a law, the public welfare requiring it.