

CHAPTER 438

AN ACT concerning the promotion of the brewery, cidery, meadery, and distillery industries in the State and supplementing Title 33 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

C.33:5-1 Findings, declarations.

1. The Legislature finds and declares that:

a. It is of significant economic importance to the State of New Jersey and its residents that the State supports the future development, expansion, and continued success of New Jersey's burgeoning craft alcohol beverage industry in a myriad of ways, including direct financial support for industry-related research, development, and promotion activities positively impacting the operation and growth of New Jersey's limited brewery, restricted brewery, cidery, meadery, and craft distillery industries.

b. According to recent national industry statistics, New Jersey's craft beer industry is composed of hundreds of small and medium-sized businesses impacting the employment and livelihoods of over 8,000 individuals and their families statewide, equating to an over \$1.35 billion annual economic impact in the State. New Jersey's growing craft beer industry of production breweries and brewpubs has become a tourist draw for both in-State and out-of-State visitors, positively impacting State revenue and the economic vitality of host communities and other local business in proximity to many New Jersey craft breweries.

c. The State's distilled spirits industry, which supports almost 56,000 jobs and generates nearly \$4.7 billion in annual State economic activity, including to New Jersey's local communities and the State in taxes, has experienced noteworthy growth and increased financial investment in the State's local craft distillery sector in recent years, which has positively impacted the local communities where these businesses are situated and the State's tourism and hospitality industry as whole.

d. Small producers of New Jersey-produced hard cider and mead, which are contributing greater amounts of financial investment and tax revenue to the State and their local communities in recent years, are growing in consumer popularity nationwide, which entail supports the State's agricultural community and vendors through the purchase of New Jersey-sourced products such as apples, other produce, and local honey.

e. Travel and tourism is one of the largest employment sectors and highest revenue-generating industries in the State of New Jersey, a vibrant travel and tourism industry is vital to the overall economic well-being of New Jersey's citizens, and a robust craft alcohol beverage industry is crucial to promoting travel and tourism in this State.

f. As a result of the COVID-19 pandemic, there exists a heightened sense of fear and hesitancy in people to travel and experience tourism destinations, which has caused tremendous disruption throughout the State's travel and tourism industry, including travel and tourism to the State's craft alcohol beverage industries.

g. According to the 2021 report released by the Division of Travel and Tourism, the "Economic Impact of Tourism in New Jersey 2020," the number of people visiting the State dropped by 27 percent in 2020, from 116.2 million visitors in 2019 to 84.6 million visitors in 2020. Visitor spending also decreased sharply by 37 percent in 2020, from \$46.4 billion in 2019 to \$29.4 billion in 2020.

h. The success of the State's craft alcoholic beverage industry, in an international, ultra-competitive marketplace, necessitates dependable and consistent financial resources so that these industries may be collectively supported and promoted on both a domestic and global

basis, and to help address evolving industry priorities related to technology innovations, economic and supply chain challenges, food and beverage science research, workforce training and availability issues, and destination marketing trends.

C.33:5-2 Definitions.

2. As used in P.L.2021, c.438 (C.33:5-1 et seq.):

“Account” means the New Jersey Brewery, Cidery, Meadery, and Distillery Industry Promotion Account established pursuant to section 2 of P.L.2021, c.438 (C.33:5-2).

“Advisory council” means the New Jersey Brewery, Cidery, Meadery, and Distillery Industry Advisory Council established pursuant to section 3 of P.L.2021, c.438 (C.33:5-3).

“Beer” means beer, lager beer, ale, stout, porter, and all similar fermented malt beverages having an alcoholic content of one-half of one percent (1/2 of 1%) or more by volume.

“Chief executive officer” means the Chief Executive Officer of the New Jersey Economic Development Authority.

“Department” means the Department of State.

“Division” means the Division of Travel and Tourism in the Department of State.

“Executive director” means Executive Director of the Division of Travel and Tourism in the Department of State.

“Cider” means a beverage made from the alcoholic fermentation of the juice of apples, including but not limited to flavored, sparkling or carbonated cider.

“Liquors” means all distilled or rectified spirits, alcohol, brandy, whisky, rum, gin and all similar distilled alcoholic beverages, including all dilutions and mixtures of one or more of the foregoing, such as liqueurs, cordials, and similar compounds, having an alcoholic content of one-half of one percent (1/2 of 1%) or more by volume.

“Mead” means an alcoholic beverage primarily made from honey, water, and yeast, and which may contain fruit, fruit juices, spices, or herbs added before or after fermentation has completed, except that the ratio of fermentable sugars from fruit or fruit juices shall not exceed 49 percent of the total fermentable sugars used to produce mead.

“Qualifying licensee” means a person or entity that holds a limited brewery license, a restricted brewery license, a cidery and meadery license, or a craft distillery license issued pursuant to R.S.33:1-10.

C.33:5-3 “New Jersey Brewery, Cidery, Meadery, and Distillery Industry Promotion Account” established; credit; research, development.

3. a. There is established in the Division of Travel and Tourism in the Department of State the “New Jersey Brewery, Cidery, Meadery, and Distillery Industry Promotion Account.” All monies received in this account shall be expended by the executive director for research and development concerning the limited brewery, restricted brewery, cidery, meadery, and craft distillery industries in the State and for the promotion of New Jersey’s limited brewery, restricted brewery, cidery, meadery, and craft distillery industries, and in determining how to expend these monies the executive director shall give due consideration to the recommendations of the advisory council created pursuant to section 4 of P.L.2021, c.438 (C.33:5-4).

b. The account shall be credited annually, in an appropriation by law, with an amount equal to 50 percent of the receipts from the per gallon tax, as provided for pursuant to R.S.54:43-1, imposed on all sales of beer, cider, mead, and liquors sold by a qualifying licensee during the preceding taxable year.

c. The account shall also be credited with any monies made available to it from the General Fund or any non-State public or private source.

d. The Secretary of State shall include with the annual budget request for the department a request for funds sufficient to carry out the purposes and intent of P.L.2021, c.438 (C.33:5-1 et seq.).

C.33:5-4 “New Jersey Brewery, Cidery, Meadery, and Distillery Industry Advisory Council” established; membership criteria; duties.

4. a. There is established in the division the “New Jersey Brewery, Cidery, Meadery, and Distillery Industry Advisory Council,” comprising seven members, one of whom shall be the executive director and one of whom shall be the Chief Executive Officer of the New Jersey Economic Development Authority, or their respective designees, who shall serve ex officio and as nonvoting members, and five public members to be appointed by the Governor, following consultation with the executive director and chief executive officer, two of whom shall be representatives of the limited brewery or restricted brewery industry, one of whom shall be a representative of the cidery industry, one of whom shall be a representative of the meadery industry, and one of whom shall be a representative of the craft distillery industry. To the maximum extent practicable and feasible, the members appointed from the general public shall be chosen so as to collectively provide wide geographical representation. The members appointed from the general public shall serve for terms of three years and may be reappointed and may serve until a successor has been appointed. Of the public members first appointed, the representatives of the limited brewery or restricted brewery industry shall be appointed for terms of three years, the representatives of the cidery and craft distillery industries shall be appointed for terms of two years, and the representative of the meadery industry shall be appointed for a term of one year. A vacancy in the membership occurring other than by expiration of a term shall be filled in the same manner as the original appointment for the remainder of the unexpired term. The members of the advisory council shall serve without compensation, but the advisory council may, within the limits of funds appropriated or otherwise made available to it, reimburse members for actual expenses necessarily incurred in the discharge of their official duties.

b. The advisory council shall organize as soon as its membership has been appointed and shall select a chairman and vice-chairman from among its members and may select a secretary, who need not be a member of the advisory council. The advisory council shall meet twice annually, and at other times as determined by the advisory council.

c. It shall be the duty of the advisory council to assess the condition of the limited brewery, restricted brewery, cidery, meadery, and craft distillery industries of the State and to advise the executive director on expenditures from the account for research, development, and promotion of the New Jersey limited brewery, restricted brewery, cidery, meadery, and craft distillery industries.

d. The advisory council is entitled to call to its assistance and avail itself of the services of such employees of any State, county or municipal department, board, bureau, commission, or agency as it may require and as may be available to it for these purposes.

e. The Division of Travel and Tourism may promulgate rules and regulations subject to the approval of the Secretary of State to effectuate the purposes of P.L.2021, c.438 (C.33:5-1 et seq.). The advisory council may employ, prescribe the duties, and fix and pay the compensation of such persons it may deem necessary to carry out the duties of the advisory

council within the limits of available appropriations and subject to the approval of the Secretary of State.

C.33:5-5 Annual certification, taxable volume of beer, cider, mead, liquors sold.

5. The Director of the Division of Taxation shall certify by March 1 annually to the advisory council the taxable volume of beer, cider, mead, and liquors sold by qualifying licensees during the preceding taxable year.

6. This act shall take effect immediately.

Approved January 18, 2022.