SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3912

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 12, 2023

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 3912, with committee amendments.

As amended and reported by the committee, Assembly Bill No. 3912 permits an applicant for or a holder of a plenary or farm winery license to apply to the Director of the Division of Alcoholic Beverage Control for approval to enter into an agreement with a host New Jersey winery to use the host's equipment and space in an alternating proprietorship for production of wine. The director shall approve the agreement if the director determines the Alcohol and Tobacco Tax and Trade Bureau has approved the proposed alternating proprietorship arrangement and that no applicable State alcohol licensing or taxation law, or related regulation or special ruling would be violated. The bill requires the director to approve or deny an application within 180 days, unless the applicant agrees to an extension.

Additionally, current law requires the holder of a plenary or farm winery license to produce wine using grapes or fruit grown on at least three acres on, or adjacent to, the winery premises. This bill provides that in the case of an applicant for a plenary or farm winery license who additionally is applying to the director to enter into an alternating proprietorship agreement, the applicant would be permitted to grow grapes or fruit used in the production of wine within a five-mile radius of the host winery premises.

As amended and reported by the committee, Assembly Bill No. 3912 is identical to Senate Bill No. 2724, which also was reported and amended by the committee on this date.

COMMITTEE AMENDMENTS

The committee amended the bill to clarify that an applicant for a plenary winery license or farm winery license or the holder of either of those licenses may apply to the Director of the Division of Alcoholic Beverage Control for approval to enter into an alternating proprietorship agreement.

The amendments require the director to approve the application if the applicant or holder has approval from the Alcohol and Tobacco Tax and Trade Bureau to enter into the alternating proprietorship agreement, provided that no relevant State alcohol licensing or taxation laws, regulations, or special rulings would be violated.

The amendments require the director to approve or deny an application within six months, unless the applicant agrees to an extension. The amendments also make clarifying and technical changes.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that the bill will result in indeterminate increases in annual State revenues and expenditures. The OLS, however, cannot assess the magnitude of the increases given the absence of information on the potential revenue collected from the total number of plenary winery licenses issued annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by increased expenditures for regulation and enforcement of the new licenses and additional costs for the Division of Alcoholic Beverage Control’s increased workload.