

[First Reprint]

SENATE, No. 3977

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED JUNE 21, 2021

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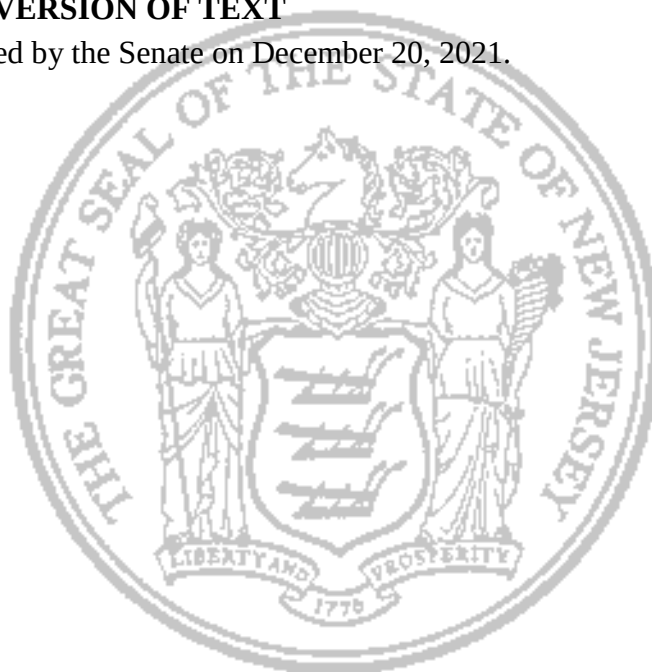
Senator Turner

SYNOPSIS

Establishes advisory council for the brewery, cidery, meadery, and distillery industries in NJ and provides for funding through certain alcoholic beverage tax receipts.

CURRENT VERSION OF TEXT

As amended by the Senate on December 20, 2021.



(Sponsorship Updated As Of: 11/15/2021)

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

4
5 BE IT ENACTED by the Senate and General Assembly of the State
6 of New Jersey:

7
8 ¹1. The Legislature finds and declares that:

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

17 b. According to recent national industry statistics, New Jersey's
18 craft beer industry is composed of hundreds of small and medium
19 sized businesses impacting the employment and livelihoods of over
20 8,000 individuals and their families statewide, equating to an over
21 \$1.35 billion annual economic impact in the State. New Jersey's
22 growing craft beer industry of production breweries and brewpubs has
23 become a tourist draw for both in-State and out-of-State visitors,
24 positively impacting State revenue and the economic vitality of host
25 communities and other local business in proximity to many New
26 Jersey craft breweries.

27 c. The State's distilled spirits industry, which supports almost
28 56,000 jobs and generates nearly \$4.7 billion in annual State economic
29 activity, including to New Jersey's local communities and the State in
30 taxes, has experienced noteworthy growth and increased financial
31 investment in the State's local craft distillery sector in recent years
32 which has positively impacted the local communities where these
33 businesses are situated and the State's tourism and hospitality industry
34 as whole.

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

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

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate floor amendments adopted December 20, 2021.

1 beverage industry is crucial to promoting travel and tourism in this
2 State.

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

8 g. According to the 2021 report released by the Division of Travel
9 and Tourism, the "Economic Impact of Tourism in New Jersey 2020,"
10 the number of people visiting the State dropped by 27 percent in 2020,
11 from 116.2 million visitors in 2019 to 84.6 million visitors in 2020.
12 Visitor spending also decreased sharply by 37 percent in 2020, from
13 \$46.4 billion in 2019 to \$29.4 billion in 2020.

14 h. The success of the State's craft alcoholic beverage industry, in
15 an international, ultra-competitive marketplace, necessitates
16 dependable and consistent financial resources so that these industries
17 may be collectively supported and promoted on both a domestic and
18 global basis, and to help address evolving industry priorities related to
19 technology innovations, economic and supply chain challenges, food
20 and beverage science research, workforce training and availability
21 issues, and destination marketing trends.¹

22
23 ¹**[1.] 2.**¹ As used in P.L. , c. (C.) (pending before the
24 Legislature as this bill):

25 "Account" means the New Jersey Brewery, Cidery, Meadery,
26 and Distillery Industry Promotion Account established pursuant to
27 section 2 of P.L. , c. (C.) (pending before the Legislature as
28 this bill).

29 "Advisory council" means the New Jersey Brewery, Cidery,
30 Meadery, and Distillery Industry Advisory Council established
31 pursuant to section 3 of P.L. , c. (C.) (pending before the
32 Legislature as this bill).

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

36 "Chief executive officer" means the Chief Executive Officer of
37 the New Jersey Economic Development Authority.

38 "Department" means the Department of State.

39 "Division" means the Division of Travel and Tourism in the
40 Department of State.

41 "Executive director" means Executive Director of the Division of
42 Travel and Tourism in the Department of State.

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

46 "Liquors" means all distilled or rectified spirits, alcohol, brandy,
47 whisky, rum, gin and all similar distilled alcoholic beverages,
48 including all dilutions and mixtures of one or more of the foregoing,

1 such as liqueurs, cordials, and similar compounds, having an
2 alcoholic content of one-half of one percent (1/2 of 1%) or more by
3 volume.

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

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

14

15 ¹~~2.~~ 3.¹ a. There is established in the Division of Travel and
16 Tourism in the Department of State the "New Jersey Brewery, Cidery,
17 Meadery, and Distillery Industry Promotion Account." All monies
18 received in this account shall be expended by the executive director for
19 research and development concerning the limited brewery, restricted
20 brewery, cidery, meadery, and craft distillery industries in the State
21 and for the promotion of New Jersey's limited brewery, restricted
22 brewery, cidery, meadery, and craft distillery industries, ¹~~consistent~~
23 ~~with~~ and in determining how to expend these monies the executive
24 director shall give due consideration to¹ the recommendations of the
25 advisory council created pursuant to section 3 of P.L. , c. (C.)
26 (pending before the Legislature as this bill).

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

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

35 d. The Secretary of State shall include with the annual budget
36 request for the department a request for funds sufficient to carry out
37 the purposes and intent of P.L. , c. (C.) (pending before the
38 Legislature as this bill).

39

40 ¹~~3.~~ 4.¹ a. There is established in the division the "New Jersey
41 Brewery, Cidery, Meadery, and Distillery Industry Advisory Council,"
42 comprising seven members, one of whom shall be the executive
43 director and one of whom shall be the Chief Executive Officer of the
44 New Jersey Economic Development Authority, or their respective
45 designees, who shall serve ex officio and as nonvoting members, and
46 five public members to be appointed by the ¹~~Secretary of State~~
47 Governor¹, following consultation with the executive director and

1 chief executive officer, two of whom shall be representatives of the
2 limited brewery or restricted brewery industry, one of whom shall be a
3 representative of the cidery industry, one of whom shall be a
4 representative of the meadery industry, and one of whom shall be a
5 representative of the craft distillery industry. To the maximum extent
6 practicable and feasible, the members appointed from the general
7 public shall be chosen so as to collectively provide wide geographical
8 representation. The members appointed from the general public shall
9 serve for terms of three years and may be reappointed and may serve
10 until a successor has been appointed. Of the public members first
11 appointed, the representatives of the limited brewery or restricted
12 brewery industry shall be appointed for terms of three years, the
13 representatives of the cidery and craft distillery industries shall be
14 appointed for terms of two years, and the representative of the
15 meadery industry shall be appointed for a term of one year. A vacancy
16 in the membership occurring other than by expiration of a term shall
17 be filled in the same manner as the original appointment for the
18 remainder of the unexpired term. The members of the advisory
19 council shall serve without compensation, but the advisory council
20 may, within the limits of funds appropriated or otherwise made
21 available to it, reimburse members for actual expenses necessarily
22 incurred in the discharge of their official duties.

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

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

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

39 e. The ¹advisory council shall Division of Travel and Tourism
40 may¹ promulgate rules and regulations subject to the approval of the
41 Secretary of State to effectuate the purposes of P.L. , c. (C.)
42 (pending before the Legislature as this bill). The advisory council may
43 employ, prescribe the duties, and fix and pay the compensation of such
44 persons it may deem necessary to carry out the duties of the advisory
45 council within the limits of available appropriations and subject to the
46 approval of the Secretary of State.

1 ¹**【4.】** 5.¹ The Director of the Division of Taxation shall certify
2 by March 1 annually to the advisory council the taxable volume of
3 beer, cider, mead, and liquors sold by qualifying licensees during
4 the preceding taxable year.

5

6 ¹**【5.】** 6.¹ This act shall take effect immediately.