

LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]
ASSEMBLY, No. 2644

STATE OF NEW JERSEY

DATED: JANUARY 2, 1998

Assembly Bill No. 2644(1R) of 1997 establishes two new types of alcoholic beverage licenses: a winery-brewery sublicense and a farm brewery license.

The winery-brewery sublicense would allow a licensed winery to produce malt alcoholic beverages for retail sale to consumers for consumption off the licensed premises. The sublicensee would be permitted to brew up to 3,000 barrels per year of malt beverages and would pay an annual license fee of \$750. The sublicensee would be required to grow at least three acres of hops or 10 acres of barley on land adjacent to the winery. The malt beverages produced would have to contain at least 51 percent New Jersey grown hops or barley during the first five years of operation and 75 percent thereafter.

The farm brewery license would allow malt alcoholic beverages to be produced and sold for off-premises consumption in a farm setting under rules similar to those existing for farm wineries. The licensee would be permitted to brew up to 2,000 barrels of malt alcoholic beverages and be required to pay an annual license fee ranging from \$100 to \$300, depending on the volume produced. The licensee would be required to grow at least three acres of hops or 10 acres of barley. The malt beverages produced would have to contain at least 51 percent New Jersey grown hops or barley during the first five years of operation and 75 percent thereafter.

The bill also authorizes farm wineries to produce fermented alcoholic cider, commonly known as hard cider.

Information provided by the Division of Alcoholic Beverage Control in the Department of Law and Public Safety indicates that enactment of this bill will not significantly affect State revenues or costs. The number of applicants for the winery-brewery sublicense or the farm brewery license cannot be predicted, according to the division. The State presently licenses eight plenary and 11 farm wineries. Licensing revenues would increase by \$750 a year for each winery that applied for the winery-brewery sublicense, to a maximum of \$14,250 if all applied. If the number of applicants for a farm brewery license equaled the number of farm winery licensees, the maximum potential licensing revenue would total \$3,300.

The division notes that it would expect any increase in tax revenues resulting from the new licenses or the sale of fermented cider, as permitted by this bill, to be modest. The division further observes that any increase in administrative workload required to

implement this bill could be covered through the use of existing resources.

The Office of Legislative Services (OLS) concurs with this estimate.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.