

ONE HUNDRED SEVENTH LEGISLATURE - SECOND SESSION - 2022
COMMITTEE STATEMENT
LB1236

Hearing Date: Monday January 31, 2022
Committee On: General Affairs
Introducer: Lowe
One Liner: Change provisions relating to craft brewery licensees under the Nebraska Liquor Control Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 8 Senators Arch, Brandt, Brewer, Briese, Cavanaugh, J., Groene, Lowe, Wayne
Nay:
Absent:
Present Not Voting:

Oral Testimony:

Proponents:

Nathan Hoeft
Laura Ebke
Jim Engeleart
Caleb Pollard
Owen Nelson
Jessica Shelburn
Cory Sinclair
Joe Johnson
Mary Jacobson
Vanessa Silke

Representing:

Nebraska Craft Brewers Guild
Platte Institute
Emperyan Brewery
Scratchtown Brewery
Self
Americans for Prosperity
Backswing Brewery
McCues Taproom
Nebraska Licensed Beverage Association
Nebraska Craft Brewers Guild

Opponents:

Mary Kate Scheinost
Milan Knazovich
Tony Gillick
Scott Haneborg
Don Adamson
John Fordham
Justin Brady
Chris Wagner

Representing:

High Plains Beverages
K&Z Distributorship
Quality Brands Distribution
Coors Distributing North Platte
Adamson Distributing
State Distributing Company
Nebraska Liquor Wholesalers
Project Extra Mile

Neutral:

Hobert Rupe

Representing:

Nebraska Liquor Control Commission

Summary of purpose and/or changes:

LB 1236 is a bill to allow all Nebraska breweries to have limited self-distribution rights.

Section-by-Section Summary:

Section 1: Amends section 53-123.14 by adding new language to allow a holder of a craft brewery license to directly sell or re-sell up to XXX barrels of beer produced at its licensed premises per calendar year directly to off-premises sites located in the state which hold the appropriate retail license.

Explanation of amendments:

AM 1850 replaces the original bill.

Section one strikes the original section one and replaces it with language creating new subsections (2), (3), and (4).

Subsection (2)(a) allows a holder of a craft brewery license to directly sell for resale up to two hundred fifty barrels of their own manufactured craft beer per calendar year if the licensee only self-distributes its beer in a territory in which the licensee does not have a distribution agreement with a licensed wholesaler, uses only persons exclusively and solely employed by the licensee to distribute its beer in vehicles exclusively and solely owned or leased by the licensee, and complies with all relevant statutes, rules, and regulations that apply to Nebraska beer wholesalers regarding distribution of beer.

Subsection (2)(b) allows a holder of a craft brewery license to only self-distribute beer brewed at its licensed brewery premises, and may not distribute beer produced by any other licensee.

Subsection (3) allows a licensee to store and warehouse tax-paid products produced on their licensed premises in a designated, secure, offsite storage facility if the licensee has notified the commission of the location of such facility and received authorization from the commission. They must maintain a separate perpetual inventory of the product stored at the storage facility and consumption of any alcoholic liquor at the storage facility is strictly prohibited.

Subsection (4) gives the Liquor Control Commission the authority to adopt and promulgate rules and regulations pertaining to distribution rights of craft brewery licensees.

Section 2 of the bill amends section 53-169 to provide exception to the new subsection (2) of section 53-123.4 listed above from the Nebraska Liquor Control Act not being construed to permit the holder of a craft brewery license or of a manufacturer's license issued pursuant to section 53-123.16 to engage in the wholesale distribution of beer.

Section 3 of the bill amends section 53-171 with the same exception provided above in section 2, thereby granting the holder of a craft brewery license the ability to engage in the wholesale distribution of beer under the strict guidelines provided in section 1 of the amendment.

Committee Vote: 8 yes; 0 no; 0 abstain; 0 absent; 0 prv.

LB 899 was amended into LB 1236. LB 899 is a bill to create a new special designated license (SDL) for which specific nonprofit corporations exempted from the payment of federal income taxes may apply for multiple SDLs™ for the same location within a single application. The fee for the license is set at forty dollars for the initial SDL and ten dollars for each additional day designated in the application at the location specified in the application.

LB 899 would allow municipal corporations, fine art museums, political organizations, religious organizations, and other nonprofit organizations whose purpose is fraternal, charitable, or public service to use one application to apply for up to six special designated licenses as long as each event was held at the same location.

Section 1: Amends section 53-124.11 to create a new subsection which provides for a new special designated license (SDL) that may be issued to certain municipal corporations or nonprofit corporations who are exempted from the payment of federal income taxes. These specific organizations may submit one SDL application for licenses for multiple days within the calendar year for the same location.

This section specifically does not apply to a holder of a catering license.

The fee for this SDL is set at forty dollars for the initial SDL and ten dollars for each additional day requested in the application for the sole location listed therein.

Testifiers on LB 899

Proponents: None

Opponents: Chris Wagner, Project Extra Mile

Neutral: Hobert Rupe, Nebraska Liquor Control Commission

Committee Vote: 8 yes; 0 no; 0 abstain; 0 absent; 0 pnv.

LB 900 was also amended into LB 1236. LB 900 is a bill to allow microdistilleries in Nebraska to have up to five separate physical locations under their license. Currently, craft breweries are allowed to operate up to five separate physical locations under one license. This bill would extend this privilege to microdistilleries in the state.

Section 1: Amends section 53-123.16 by adding new language under the microdistillery license to allow a licensee to produce a maximum of one hundred thousand gallons in the aggregate from up to five physical locations under one license.

Section 2: Amends section 53-129 to add microdistillery licenses with craft brewery licenses as being allowed to operate up to five separate physical locations under one license.

Testifiers on LB 900:

Proponents:

1. Cody Schmik, Kinkaider Brewery and Sideshow Spirits
2. Laura Ebke, Platte Institute
3. Vanessa Silke, Kinkaider Brewery and Sideshow Spirits

Opponents: None

Neutral: Hobert Rupe, Nebraska Liquor Control Commission

Committee Vote: 8 yes; 0 no; 0 abstain; 0 absent; 0 pnv.

Tom Briese, Chairperson