

ONE HUNDRED EIGHTH LEGISLATURE - FIRST SESSION - 2023
COMMITTEE STATEMENT
LB452

Hearing Date: Monday January 30, 2023
Committee On: General Affairs
Introducer: Murman
One Liner: Change provisions relating to microdistilleries under the Nebraska Liquor Control Act

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

Vote Results:

Aye: 8 Senators Brewer, Cavanaugh, J., Day, Hardin, Holdcroft, Hughes, Lowe, Raybould

Nay:

Absent:

Present Not Voting:

Testimony:

Proponents:

Dave Murman
Laura Ebke
Cody Schmik
Ryan Hanzling
Zack Triemert
Barry Fox
Vanessa Silke
Paul Oettinger

Representing:

District 38
Platte Institute
Citizen
Long Dogs Distilling
Brickway Brewing and Distilling
Sideshow Spirits and Kinkader Brewing
Sideshow Spirits and Brickway Brewing
Pal's Brewery

Opponents:

Justin Brady
Rich Otto
Chris Wagner

Representing:

Nebraska Liquor Wholesalers
Nebraska Grocery Industry Association
Project Extra Mile

Neutral:

Hobert Rupe

Representing:

Nebraska Liquor Control Commission

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

Bill Summary: LB 452 allows a holder of a microdistillery license to self-distribute up to two thousand gallons per calendar year of their product directly to retail licensees within the state if at least fifty-one percent of the finished microdistilled product is produced from agricultural products grown in Nebraska, if the holder of the microdistillery license self-distributes their products using people who are exclusively and solely employed by the microdistillery using vehicles owned or leased

exclusively and solely by the microdistillery, and the holder of the license is in compliance with all relevant statutes, rules, and regulations that apply to Nebraska liquor wholesalers regarding the distribution of their products.

The bill further requires that a holder of a microdistillery license only self-distribute products manufactured at its licensed microdistillery premises and they are prohibited from distributing liquor produced by any other license holder in the state.

Section-by-Section Summary:

Section 1: Amends section 53-123.16 to include new language that allows the holder of a microdistillery license to self-distribute up to two thousand gallons of their own microdistilled product manufactured at its licensed premises directly to retail licensees located within Nebraska that hold the appropriate retail license if:

- (i) At least fifty-one percent of the finished microdistilled product is produced from agricultural products grown in this state;
- (ii) The holder of the microdistillery license self-distributes their products using only people who are exclusively and solely employed by the holder of the license, in vehicles exclusively and solely owned or leased by the holder of the license; and
- (iii) The holder of the microdistillery license complies with all relevant statutes, rules, and regulations that apply to Nebraska liquor wholesalers regarding the distribution of such products.

This section also requires a holder of a microdistillery license which self-distributes microdistilled products in accordance with this section to only self-distribute microdistilled products manufactured at its licensed premises, and are prohibited from distributing liquor produced by any other licensee.

Section 2: Amends section 53-169 to provide an exception for new subsection (2) of section 53-123.16 to allow microdistillery license holders to engage in the limited wholesale distribution of their products as described above.

Section 3: Amends section 53-171 to provide the same exception described in section 2 for this section of the liquor control act, to allow microdistillery license holders to engage in the wholesale distribution of their products as described previously.

Explanation of amendments:

AM 710 changes the amount a holder of a microdistillery license may directly sell for resale up to five hundred gallons per calendar year from the proposed two thousand gallons in the original bill. The amendment further provides the licensee may only distribute its own micro-distilled products utilizing only persons employed by the licensee, and it allows the licensee to store and warehouse tax paid products produced on the licensee's premises in a designated, secure, offsite facility if they receive authorization from the commission.

John Lowe, Chairperson