

**Superseded 5/10/2016**

**32B-11-503 Specific authority and operational requirements for brewery manufacturing license.**

- (1) A brewery manufacturing license allows a brewery manufacturing licensee to:
  - (a) store, manufacture, brew, transport, or export beer, heavy beer, and flavored malt beverages;
  - (b) sell heavy beer and a flavored malt beverage to:
    - (i) the department;
    - (ii) a military installation; or
    - (iii) an out-of-state customer;
  - (c) sell beer to a beer wholesaler licensee;
  - (d) in the case of a small brewer, in accordance with Subsection (5), sell beer manufactured by the small brewer to:
    - (i) a retail licensee;
    - (ii) an off-premise beer retailer; or
    - (iii) an event permittee; and
  - (e) warehouse on its premises an alcoholic product that the brewery manufacturing licensee manufactures or purchases for manufacturing purposes.
- (2) A brewery manufacturing licensee may not sell the following to a person within the state except the department or a military installation:
  - (a) heavy beer; or
  - (b) a flavored malt beverage.
- (3) If considered necessary, the commission or department may require:
  - (a) the alteration of the plant, equipment, or licensed premises;
  - (b) the alteration or removal of any unsuitable alcoholic product-making equipment or material;
  - (c) a brewery manufacturing licensee to clean, disinfect, ventilate, or otherwise improve the sanitary and working conditions of the plant, licensed premises, and equipment; or
  - (d) that a record pertaining to the materials and ingredients used in the manufacture of an alcoholic product be available to the commission or department upon request.
- (4) A brewery manufacturing licensee may not permit any beer, heavy beer, or flavored malt beverage to be consumed on the licensed premises, except under the circumstances described in this Subsection (4).
  - (a) A brewery manufacturing licensee may allow its off-duty staff to consume beer, heavy beer, or a flavored malt beverage on its premises without charge.
  - (b) A brewery manufacturing licensee may allow a person who can lawfully purchase the following for wholesale or retail distribution to consume a bona fide sample of the brewery manufacturing licensee's product on the licensed premises:
    - (i) beer;
    - (ii) heavy beer; or
    - (iii) a flavored malt beverage.
  - (c)
    - (i) A brewery manufacturing licensee may operate on its licensed premises a retail facility allowing consumption on premises of beer in a bottle or on draft if food is also available.
    - (ii) A retail facility located on the licensed premises of a brewery manufacturing licensee shall be operated or supervised by the brewery manufacturing licensee.
    - (iii) In operating a retail facility under this Subsection (4)(c), a brewery manufacturing licensee shall comply with the requirements of Chapter 7, Part 2, Off-Premise Beer Retailer Local Authority.
- (5)

- (a) A small brewer shall own, lease, or maintain and control a warehouse facility located in this state for the storage of beer to be sold to a person described in Subsection (1)(d) if the small brewer:
  - (i)
    - (A) (I) is located in this state; and  
(II) holds a brewery manufacturing license; or
    - (B) (I) is located outside this state; and  
(II) holds a certificate of approval to sell beer in this state; and
  - (ii) sells beer manufactured by the small brewer directly to a person described in Subsection (1)(d).
- (b) A small brewer may not sell beer to a person described in Subsection (1)(d) unless the beer:
  - (i) is manufactured by the small brewer; and
  - (ii) is first placed in the small brewer's warehouse facility in this state.
- (c)
  - (i) A small brewer warehouse shall make and maintain complete beer importation, inventory, tax, distribution, sales records, and other records as the department and State Tax Commission may require.
  - (ii) The records described in Subsection (5)(c)(i) are subject to inspection by:
    - (A) the department; and
    - (B) the State Tax Commission.
  - (iii) Section 32B-1-205 applies to a record required to be made or maintained in accordance with this Subsection (5), except that the provision is considered to include an action described in Section 32B-1-205 made for the purpose of deceiving the State Tax Commission, or an official or employee of the State Tax Commission.
- (6) Subject to Subsection (7):
  - (a) A brewery manufacturing licensee may not sell beer in this state except under a written agreement with a beer wholesaler licensee in this state.
  - (b) An agreement described in Subsection (6)(a) shall:
    - (i) create a restricted exclusive sales territory that is mutually agreed upon by the persons entering into the agreement;
    - (ii) designate the one or more brands that may be distributed in the sales territory; and
    - (iii) set forth the exact geographical area of the sales territory.
  - (c) A brewery manufacturing licensee may have more than one agreement described in this Subsection (6) if each brand of the brewery manufacturing licensee is covered by one exclusive sales territory.
  - (d) A brewery manufacturing licensee may not enter into an agreement with more than one beer wholesaler licensee to distribute the same brand of beer in the same sales territory or any portion of the sales territory.
- (7) A small brewer is not subject to the requirements of Subsection (6).