

ALTERNATING PROPRIETORSHIP OPTIONS

2021 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Joel K. Briscoe

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends the Alcoholic Beverage Control Act to allow for alternating proprietorships for manufacturing licensees.

Highlighted Provisions:

This bill:

- ▶ defines "alternating proprietorship";
- ▶ permits a person to apply to a manufacturing license in connection with an alternating proprietorship;
- ▶ permits the commission to issue a manufacturing license to a person operating in an alternating proprietorship under certain conditions; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

- 32B-11-102**, as enacted by Laws of Utah 2010, Chapter 276
- 32B-11-203**, as last amended by Laws of Utah 2011, Chapter 334
- 32B-11-205**, as enacted by Laws of Utah 2010, Chapter 276



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Be it enacted by the Legislature of the state of Utah:

Section 1. Section **32B-11-102** is amended to read:

32B-11-102. Definitions.

As used in this chapter[;]:

(1) "Alternating proprietorship" means an arrangement in which two or more manufacturing licensees take turns using the licensed premises of a winery, distillery, or brewery.

(2) [~~"manufacturing]~~ "Manufacturing license" means an alcoholic product manufacturing license issued under this chapter.

Section 2. Section **32B-11-203** is amended to read:

32B-11-203. Application requirements for a manufacturing license.

To obtain an alcoholic product manufacturing license, a person shall submit to the department:

- (1) a written application in a form prescribed by the department;
- (2) a nonrefundable application fee of \$300;
- (3) an initial license fee of \$3,800:
 - (a) unless otherwise provided in this chapter; and
 - (b) that is refundable if a license is not issued;
- (4) written consent of the local authority;
- (5) a statement of the purpose for which the person has applied for the manufacturing license;
- (6) evidence that the person is authorized by the United States to manufacture an alcoholic product;
- (7) a bond as specified by Section [32B-11-207](#);
- (8) evidence that the person is carrying public liability insurance in an amount and form satisfactory to the department;
- (9) a signed consent form stating that the manufacturing licensee will permit any authorized representative of the commission, department, or any law enforcement officer to have unrestricted right to enter the licensed premises;
- (10) if the person is an entity, proper verification evidencing that a person who signs

59 the application is authorized to sign on behalf of the entity; [~~and~~]

60 (11) if the person plans to operate in an alternating proprietorship:

61 (a) evidence that the person is authorized by the United States to operate in an
62 alternating proprietorship; and

63 (b) a copy of the alternating proprietorship agreement; and

64 [~~(11)~~] (12) any other information the commission or department may require.

65 Section 3. Section **32B-11-205** is amended to read:

66 **32B-11-205. Specific qualifications for a manufacturing license.**

67 (1) The commission may not issue a manufacturing license to a person who:

68 (a) is disqualified under Section **32B-1-304**; [~~or~~]

69 (b) has not met an applicable federal requirement for the operation of a winery,
70 distillery, or brewery[-]; or

71 (c) (i) plans to operate in an alternating proprietorship; and

72 (ii) has not met an applicable federal requirement to operate in an alternating
73 proprietorship.

74 (2) If a person to whom a manufacturing license is issued under this chapter no longer
75 possesses the qualifications required by this title for obtaining that manufacturing license, the
76 commission may suspend or revoke that manufacturing license.