



2019 MAY -3 PM 1:35

OFFICE OF THE
SECRETARY

MURIEL BOWSER
MAYOR

MAY 3 2019

The Honorable Philip Mendelson
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, N.W., Suite 506
Washington, D.C. 20004

Dear Chairman Mendelson:

I am transmitting to the Council of the District of Columbia, for its consideration and enactment, the "*Manufacturer and Pub Permit Parity Amendment Act of 2019*." The proposed bill would amend a variety of provisions in Title 25 of the D.C. Official Code that relate to manufacturer licenses and pub permits. Some of these amendments include:

1. Increasing the alcohol by volume percentage for wine from 15 to 21 percent;
2. Allowing holders of wine pub and distillery pub permits to ship products directly to District residents;
3. Allowing District residents to manufacture beer and wine in their home without needing to apply for a license so long as the manufactured product is for personal use and not resale; and
4. Allowing pub permit holders to manufacture alcoholic beverages off-site if the production facility is within 600 feet of the licensed premises.


I urge the Council to take prompt and favorable action on the enclosed legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser".

Muriel Bowser

enclosures


Chairman Phil Mendelson
at the request of the Mayor

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4 A BILL

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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10 Chairman Phil Mendelson, at the request of the Mayor, introduced the following bill,
11 which was referred to the Committee on _____.

12
13 To amend Title 25 of the District of Columbia Official Code to allow wineries and wine
14 pub permit holders to manufacture wine or other alcoholic beverages, excluding
15 beer, with no more than 21% alcohol by volume; to allow holders of wine pub
16 permits and distillery pub permits to deliver alcoholic beverages manufactured at
17 the licensed premises directly to consumers for off-premises consumption; to
18 allow breweries to sell and deliver beer brewed in collaboration with another
19 brewery to consumers for off-premises consumption in crowlers; to allow holders
20 of manufacturer's licenses, class C, owning more than one location to transport
21 products between the locations; to allow persons to manufacture wine and beer at
22 their residence; to allow holders of a manufacturer's license, class A, to sell and
23 deliver wine manufactured in collaboration with another winery to consumers for
24 off-premises consumption in growlers and crowlers; to change the name "pub
25 permits" to "pub endorsements"; to establish wine pub endorsement, brew pub
26 endorsement, and distillery pub endorsement fees; to allow a licensee to possess
27 more than one pub endorsement; to allow holders of wine pub endorsement,
28 distillery pub endorsement, or brew pub endorsements to manufacture alcoholic
29 beverages at a location other than the licensed location; to repeal the brew pub
30 permit fee; and to require manufacturers to comply with the window lettering
31 posting requirement.

32 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

33 That this act may be cited as the "Manufacturer and Pub Permit Parity Amendment Act
34 of 2019".

35 Sec. 2. Title 25 of the District of Columbia Official Code is amended as follows:

1 (a) Chapter 1 is amended as follows:

2 (1) Section 25-110 is amended as follows:

3 (A) Subsection (a) is amended as follows:

4 (i) Paragraph (1)(A)(i) is amended to by striking the phrase
5 “manufacture of wine;” and inserting “manufacture of wine or alcoholic beverages,
6 excluding beer, containing no more than 21% alcohol by volume;” in its place.

7 (ii) Paragraph (2)(C)(i) is amended by striking the phrase “sell and
8 deliver the new beer to a consumer in growlers for off-premises consumption; provided,
9 that, the growlers shall not be opened after sale or the contents consumed on the premises
10 sold” and inserting the phrase “sell and deliver the new beer to a consumer in growlers
11 and crowlers for off-premises consumption; provided, that the growlers and crowlers
12 shall not be opened after sale or the contents consumed on the premises sold.”.

13 (iii) Paragraph (3) is amended by adding a new subparagraph (H) to read
14 as follows:

15 “(H) A holder of a manufacturer’s license, class C, that owns 2 or more
16 locations shall be permitted to transport products from one location to the other location
17 that the licensee owns.”.

18 (iv) A new paragraph (4) is added to read as follows:

19 “(4) A manufacturer’s license shall not be required for persons who
20 manufacture beer or wine at their residence provided that the wine or beer is for personal
21 consumption only and not for resale.”.

22 (B) A new subsection (a)(1)(A-1) is added to read as follows:

23 “(a)(1)(A-1)(i) A holder of a manufacturer’s license, class A, that

1 collaborates with another winery, regardless of jurisdiction, to use the wine manufactured
2 at the licensed premises or the licensee’s wine recipe to produce a new wine at another
3 location may sell and deliver the new wine to a consumer in growlers and crowlers for
4 off-premises consumption; provided, that the growlers and crowlers shall not be opened
5 after sale or the contents consumed on the premises sold.

6 “(ii) For the purposes of sub-paragraph (i) of this paragraph, the
7 container containing the wine produced by the holder of the manufacturer’s license, class
8 A, in collaboration with another winery, shall contain the names of both wineries.”

9 (3) A new section 25-116a is added to read as follows:

10 “§ 25-116a Pub Endorsements

11 “(a) An on-premises retailer’s license, class C or D, may apply for one or
12 more pub endorsements in accordance with §§ 25-117, 25-124, or 25-125.

13 “(b) The following minimum annual fees for pub endorsements shall apply:

14 “(1) 1 pub endorsement \$5,000

15 “(2) 2 pub endorsements \$ 7,500

16 “(3) 3 pub endorsements \$ 9,000.”

17 (4) Section 25-117 is amended as follows:

18 (A) Amend title of the section to read as follows:

19 “§ 25-117 Brew pub endorsement requirements and qualifications”.

20 (B) Replace the phrase “brew pub permit” with “brew pub endorsement”
21 wherever it appears.

22 (C) Amend subsection (a) the read as follows:

23 “(a)(1) A brew pub endorsement shall authorize the licensee to brew malt

1 beverages at one location for consumption at a licensed restaurant, tavern, multipurpose
2 facility, hotel, or nightclub and for sale to licensed wholesalers for the purpose of resale
3 to other licensees.

4 “(2) Except as provided for in paragraph (3), the location used to brew
5 malt beverages shall be on or immediately adjacent to the on-premises retailer’s license,
6 class C or D, licensed to the brew pub owner in accordance with subsection (b) of this
7 section.

8 “(3) A licensee holding a brew pub endorsement may brew malt
9 beverages at a location which is not on or immediately adjacent to the on-premises
10 retailer’s license, class C or D, provided that:

11 “(A) The licensee obtains an off-site production permit as defined by
12 regulation;

13 “(B) The location of the off-site production permit is within 600 feet of
14 the licensed establishment; and

15 “(C) No on-premises or off-premises sales occur at the off-site
16 production location.

17 “(4) The minimum annual fee for an off-site production permit shall be
18 \$500 per year.”.

19 (D) Amend subsection (a-2)(2)(B) by striking the phrase “any ABRA
20 Investigator or any member of the Metropolitan Police Department a full opportunity to
21 examine its records at any time during its business hours” and inserting the phrase “an
22 ABRA Investigator or any member of the Metropolitan Police Department a full
23 opportunity to examine its records at any time during its operating hours” in its place.

1 (E) Amend subsection (b) by striking the phrase “an on-premises restaurant,
2 tavern, multipurpose facility, hotel, or nightclub retailer’s license, class C or D” and
3 inserting the phrase “on-premises retailer’s license, class C or D” in its place.

4 (F) Subsection (c) is amended to read as follows:

5 “(c) A brew pub endorsement shall be cancelled or revoked if the on-premises
6 retailer’s license, class C or D, ceases to operate or the license is revoked or cancelled.”.

7 (5) Section 25-124 is amended as follows:

8 (A) The title of the section is amended to read as follows:

9 “§ 25-124 Wine pub endorsement”.

10 (B) Replace the phrase “wine pub permit” with the phrase “wine pub
11 endorsement” wherever it appears in the section.

12 (C) Subsection (a) is amended to read as follows:

13 “A wine pub endorsement shall authorize the licensee to manufacture
14 wine or other alcoholic beverages, excluding beer, containing no more than 21% alcohol
15 by volume at one location from grapes, fruit, or fruit juices transported to the licensed on-
16 premises retailer’s license, class C or D, for on-premises consumption and for sale to the
17 licensed wholesalers for the purpose of resale to other licensees.”

18 (D) A new subsection (a-1) is added to read as follows:

19 “(a-1) A wine pub endorsement issued in accordance with subsection
20 (a) shall authorize the licensee to manufacture wine or other alcoholic beverages,
21 excluding beer, containing no more than 21% alcohol by volume.”.

22 (E) Amend subsection (b) to strike the phrase “an on-premises restaurant,
23 tavern, multipurpose facility, hotel, or nightclub license, class C or D” and insert the

1 phrase “an on-premises retailer’s license, class C or D” in its place.

2 (F) Subsection (c) is amended to read as follows:

3 “(c) Except as provided for in subsection (c-1), the location used to
4 manufacture wine or other alcoholic beverages containing no more than 21% alcohol by
5 volume, excluding beer, shall be on or immediately adjacent to the on-premises retailer’s
6 license, class C or D, licensed to the wine pub owner in accordance with subsection (b) of
7 this section.”.

8 (G) A new subsection (c-1) is added to read as follows:

9 “(c-1) A licensee holding a wine pub endorsement may manufacture
10 wine or other alcoholic beverages containing no more than 21% alcohol by volume,
11 excluding beer, at a location which is not on or immediately adjacent to the on-premises
12 retailer’s license, class C or D, provided that:

13 “(1) The licensee obtains an off-site production permit as defined by
14 regulation;

15 “(2) The location of the off-site production permit is within 600 feet
16 of the licensed establishment; and

17 “(3) No on-premises or off-premises sales occur at the off-site
18 production location.

19 “(c-2) The minimum annual fee for an off-site production permit
20 shall be \$500 per year.”.

21 (H) Subsection (d) is amended as follows:

22 (i) Subsection (d) is amended by striking the phrase “if a licensee has
23 submitted an application for or received a wine pub permit” and inserting the phrase “if a

1 licensee has submitted an application for or is a holder of a wine pub endorsement” in its
2 place.

3 (ii) Subsection (d) by striking the phrase “sell wine to patrons” and
4 inserting the phrase “sell wine or other alcoholic beverages containing no more than 21%
5 of alcohol by volume, excluding beer, to patrons”.

6 (I) Subsection (d-1) is amended as follows:

7 (i) Paragraph (1) is amended by striking the phrase “If the licensee
8 possesses or has submitted a completed application for a wine pub permit before
9 February 7, 2018, the establishment may sell wine to patrons in sealed bottles or other
10 closed containers for off-premises consumption” and inserting the phrase “If the licensee
11 has submitted a completed application for or is the holder of a wine pub endorsement
12 before February 7, 2018, the establishment may sell wine or other alcoholic beverages
13 containing no more than 21% alcohol by volume to patrons in sealed bottles or other
14 closed containers for off-premises consumption” in its place.

15 (ii) Subparagraph (1)(A) is amended by striking the phrase “any ABRA
16 Investigator upon request during business hours” and inserting the phrase “ An ABRA
17 investigator upon request during operating hours” in its place.

18 (iii) Paragraph (3) is amended by striking the phrase “as set forth in the
19 schedule of civil penalties established under § 25-830,”.

20 (J) Repeal subsection (e).

21 (K) Subsection (f) is amended to read as follows:

22 “(f) A wine pub endorsement shall be cancelled or revoked if the on-
23 premises retailer license, class C or D, ceases operation or the license is revoked or

1 cancelled.”.

2 (L) Subsection (h) is amended by striking the phrase “transport wine for
3 sale and consumption” and inserting the phrase “transport wine or other alcoholic
4 beverages containing no more than 21% of alcohol by volume, excluding beer, for sale
5 and consumption”.

6 (M) A new subsection (i) is added to read as follows:

7 “(i) A licensee holding a wine pub endorsement shall be authorized to sell
8 and deliver wine or other alcoholic beverages containing no more than 21% of alcohol by
9 volume, excluding beer, directly to a consumer for off-premises consumption if the
10 alcoholic beverage is:

11 “(1) Manufactured at the wine pub facility;

12 “(2) Manufactured by the holder of the wine pub endorsement or an entity,
13 regardless of jurisdiction, with a shared ownership interest of 5% or more in the location
14 where the wine pub endorsement is located; or

15 “(3) Manufactured by the holder of the wine pub endorsement as part of a
16 collaboration with another manufacturer, regardless of jurisdiction.”.

17 (6) Section 25-125 is amended as follows:

18 (A) The title of this section is amended to read as follows:

19 “§ 25-125 Distillery pub endorsement”

20 (B) Strike the phrase “distillery pub permit” and insert the phrase “distillery
21 pub endorsement” wherever it appears.

22 (C) Subsection (a) is amended to read as follows:

23 “(a)A distillery pub endorsement shall authorize the licensee to

1 manufacture distilled spirits at one location from fruits or grains, to blend and rectify
2 distilled spirits, and store distilled spirits transported to the on-premises retailer license,
3 class C, for on-premises consumption, and for sale to licensed wholesalers for the
4 purposes of resale to other licensees.”.

5 (D) Subsection (b) is amended by striking the phrase “an on-premises
6 restaurant, tavern, multipurpose facility, hotel, or nightclub license, class C” and inserting
7 the phrase “an on-premises retailer license, class C” in its place.

8 (E) Subsection (c) is amended to read as follows:

9 “(c) Except as provided for in subsection (c-1), the location used to
10 manufacture or age distilled spirits shall be on or immediately adjacent to the restaurant,
11 tavern, multipurpose facility, hotel, or nightclub licensed to the distillery pub owner in
12 accordance with subsection (b) of this section.

13 (F) A new subsection (c-1)(1) is added to read as follows:

14 “(c-1)(1) A licensee holding a distillery pub endorsement may
15 manufacture distilled spirits at a location not on or immediately adjacent to the licensed
16 premises, provided that:

17 “(A) The licensee obtains an off-site production permit as defined by
18 regulation;

19 “(B) The location of the off-site production permit is within 600 feet of the
20 licensed premises; and

21 “(C) No on-premises or off-premises sales occur at the off-site production
22 location.

23 “(c-1)(2) The minimum annual fee for an off-site production permit shall

1 be \$500 per year.”.

2 (G) Amend subsection (d) as follows:

3 (i) Paragraph (1) is amended by striking the phrase “or received a
4 distillery pub permit” and inserting the phrase “or is a holder of a distillery pub
5 endorsement” in its place.

6 (ii) Subparagraph (A) is amended by striking the phrase “licensed location”
7 and inserting the phrase “licensed premises” in its place.

8 (H) Amend subsection (d-1) as follows:

9 (i) Amend paragraph (1) by striking the phrase “if a licensee possesses or
10 has submitted a completed application for a distillery pub permit” and inserting the
11 phrase “if the licensee has submitted a completed application for or is the holder of a
12 distillery pub endorsement” in its place.

13 (ii) Amend subparagraph (4) by striking the phrase “as set forth in the
14 schedule or civil penalties established under § 25-830”

15 (I) Subsection (e) is repealed.

16 (J) Subsection (f) is amended to read as follows:

17 “(f) A distillery pub endorsement shall be cancelled or revoked if the on-
18 premises retailer license, class C, ceases operations or the license is revoked or
19 cancelled.”.

20 (K) Subsection (g) is amended by striking the phrase “distillery pub permit”
21 and inserting the phrase “distillery pub endorsement” in its place.

22 (L) Subsection (h) is amended by striking the phrase “distillery pub permits”
23 and inserting the phrase “distillery pub endorsements”.

1 (M) A new subsection (i) is added to read as follows:

2 “(i) A licensee holding a distillery pub endorsement shall be authorized to sell
3 and deliver spirits directly to a consumer for off-premises consumption if the spirits are:

4 “(1) Manufactured at the distillery pub facility;

5 “(2) Manufactured by the holder of the distillery pub endorsement or an
6 entity, regardless of jurisdiction, with a shared ownership interest of 5% or more in the
7 location where the distillery pub endorsement is located; or

8 “(3) Manufactured by the holder of the distillery pub endorsement as part of a
9 collaboration with another manufacturer, regardless of jurisdiction.”.

10 (7) Amend § 25-128 as follows:

11 (A) Subsection (a) is amended by striking the phrase “brew pub permit, wine
12 pub permit, or distillery pub permit” and inserting the phrase “brew pub endorsement,
13 wine pub endorsement, or distillery pub endorsement”.

14 (B) Subsection (h) is amended by striking the phrase “brew pub permit, wine pub
15 permit, or distillery pub permit” and inserting the phrase “brew pub endorsement, wine
16 pub endorsement, or distillery pub endorsement”.

17 (b) Chapter 4 is amended as follows:

18 (1) Section 25-407 is amended as follows:

19 (A) The title is amended to read as follows:

20 “§ 25-407 Application for brew pub endorsement”.

21 (B) Strike the phrase “brew pub permit” and insert the phrase “brew pub
22 endorsement” wherever it appears.

23 (c) Chapter 5 is amended as follows:

1 (1) Section 25-508 is amended by striking the phrase, “Brew pub permit \$3,000”.

2 (d) Chapter 7 is amended as follows:

3 (1) Section 25-711 is amended as follows:

4 (A) Subsection (b) is amended by striking the phrase “The licensee under a
5 retail license” and inserting the phrase “The licensee under a retail license or a
6 manufacturer’s license” in its place.

7 (2) Section 25-737 is amended by striking the phrase “brew pub permit, wine pub
8 permit, or a distillery pub permit” and inserting the phrase “brew pub endorsement, wine
9 pub endorsement, or a distillery pub endorsement” throughout the section.

10 (e) Chapter 9 is amended as follows:

11 (1) Section 25-902 is amended as follows:

12 (A) Subsection (a)(3) is amended by striking the phrase “brew pub permit”
13 and inserting the phrase “brew pub endorsement” in its place.

14 (B) Subsection (b) is amended as follows:

15 (1) Paragraph (1) is amended by striking the phrase “brew pub permit”
16 and inserting the phrase “brew pub endorsement” in its place.

17 (2) Paragraph (2) is amended by striking the phrase “brew pub permit”
18 and inserting the phrase “brew pub endorsement” in its place.

19 **Sec. 3. Fiscal impact.**

20 The Council adopts the fiscal impact statement in the committee report as the
21 fiscal impact statement required by section 602(c)(3) of the District of Columbia Home
22 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-
23 206.02(c)(3)).

1 **Sec. 4. Effective Date.**

2 **This act shall take effect following approval by the Mayor (or in the event of veto**
3 **by the Mayor, action by the Council to override the veto), a 30-day period of**
4 **Congressional review as provided in section 602(c)(1) of the District of Columbia Home**
5 **Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-**
6 **206.02(c)(1)), and publication in the District of Columbia Register.**

7

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Attorney General



ATTORNEY GENERAL
KARL A. RACINE

Legal Counsel Division

MEMORANDUM

TO: Alana Intrieri
Executive Director
Office of Policy & Legislative Affairs

FROM: Arthur J. Parker
Acting Deputy Attorney General
Legal Counsel Division

DATE: February 14, 2019

SUBJECT: Legal Sufficiency Review of Proposed Bill "Manufacturer and Pub Permit Parity Amendment Act of 2019"

(AE-19-062)

This is to Certify that this Office has reviewed the above-referenced proposed bill and found it to be legally sufficient. If you have any questions in this regard, please do not hesitate to call me at 724-5565.

A handwritten signature in black ink that reads "Arthur J. Parker". The signature is written in a cursive style and is positioned above a horizontal line.

Arthur J. Parker


Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: March 25, 2019

SUBJECT: Fiscal Impact Statement – Manufacturer and Pub Permit Parity
Amendment Act of 2019

REFERENCE: Draft Bill as shared with the Office of Revenue Analysis on March 20,
2019

Conclusion

Funds are sufficient in the fiscal year 2019 budget and the proposed fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill.

Background

The Alcoholic Beverage Regulation Administration (ABRA) licenses manufacturers in the District, giving them the ability to produce beer, wine, spirits, and other alcoholic beverages and products. The bill expands the allowable activities of manufacturer's licensees and reclassifies brew pub, wine pub, and distillery pub permits as brew pub, wine pub, and distillery pub endorsements.

The bill authorizes a beer manufacturer that collaborates with another brewery to sell the collaborative beverage in crowlers,¹ in addition to growlers.² The bill expands the potential products a wine manufacturer's licensee can produce to include non-beer alcoholic beverages³ and legalizes

¹ Crowlers are recyclable containers that can hold up to 64 ounces of beer or wine that can be filled and sealed on-premises for off-premises consumption.

² Growlers are reusable containers that can hold up to 64 ounces of beer or wine that can be filled and sealed on-premises for off-premises consumption.

³ This authorization is limited to beverages with no more than 21 percent alcohol by volume.

The Honorable Phil Mendelson

FIS: "Manufacturer and Pub Permit Parity Amendment Act of 2019," Draft Bill as shared with the Office of Revenue Analysis on March 20, 2019

collaborations among wineries that can be sold in growlers and crowlers for off-premises consumption.⁴

The bill also makes some general changes to manufacturing. The bill legalizes the in-home manufacture of beer and wine for personal consumption without a manufacturer's license. It authorizes a class C manufacturer's licensee to transport her or his alcohol-infused confectionery food products between two or more licensed premises that she or he owns. The bill also requires a manufacturer to post on its front door or window the name of the licensee, the license class, and the license number in plan, legible lettering larger than 1.25 inches in height.

The bill renames brew pub, wine pub, and distillery pub permits as brew pub, wine pub, and distillery pub endorsements and authorizes an ABRA licensee to obtain more than one permit. The bill eliminates the current fees⁵ for pub permits and establishes new minimum annual fees at \$5,000 for one endorsement, \$7,500 for two endorsements, and \$9,000 for three endorsements. The bill authorizes any pub endorsement holder to manufacture its beverages at a location other than on or adjacent to the licensed on-premises class C or D establishment if it obtains an off-site production permit, pays the relevant fees,⁶ identifies a location within 600 feet of the licensed establishment, and makes no sales for on-premises or off-premises consumption at the off-site production facility. The bill also clarifies that a brew pub, wine pub, or distillery pub endorsement should be suspended or revoked if the underlying on-premises class C or D license is suspended or revoked.

The bill allows the holder of a wine pub or distillery pub endorsement to deliver its beverages directly to a consumer for off-premises consumption, including directly from a non-District entity that collaborated with the endorsement holder. Brew pub endorsement holders have this allowance under current law.⁷

The bill expands all allowances granted to a wine pub endorsement holder to include non-beer alcoholic beverages as is consistent with the bill's provision for a class A manufacturer's licensee.

Financial Plan Impact

Funds are sufficient in the fiscal year 2019 budget and the proposed fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill. ABRA and the Alcoholic Beverage Control Board can implement the bill's changes and allowances within their existing budgeted resources.

⁴ The names of all wineries involved must be printed on the beverage containers.

⁵ The current fees are an annual minimum of \$3,000 for brew pubs, \$5,000 for wine pubs, and \$7,500 for distillery pubs.

⁶ The bill sets a minimum annual fee of \$500 for an off-site production facility permit.

⁷ District of Columbia Alcoholic Beverage Control Act Brew Pub License Amendment Act of 1991, effective August 17, 1991 (D.C. Law 9-40; D.C. Official Code § 25-117).