

CHAPTER 251  
FORMERLY  
SENATE BILL NO. 180  
AS AMENDED BY  
SENATE AMENDMENT NO. 1

AN ACT TO AMEND TITLE 4 OF THE DELAWARE CODE RELATING TO ALCOHOLIC LIQUORS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Three-fifths of all members elected to each house thereof concurring therein):

Section 1. Amend Title 4 of the Delaware Code by inserting a new §512E as shown by underlining as follows:

§ 512E. Craft Distillery.

(a) Upon proper application and subject to the applicable provisions, restrictions and prohibitions of this title, the Commissioner may grant a license to any person who is the owner or lessee of a craft distillery to manufacture and sell spirits.

(b) For purposes of this section, 'craft distillery' shall mean a single establishment in which spirits are manufactured and which is operated by the licensee in accordance with this section.

(c) Notwithstanding any provision of this title to the contrary, a craft distillery license shall allow the licensee:

(1) To manufacture on the licensed premises and sell not more than 750,000 proof gallons of distilled spirits in any calendar year;

(2) To manufacture spirits, on the licensed premises, for persons other than the licensee who are licensed under this title or for persons outside this State;

(3) To sell, deliver and ship such spirits in labeled barrels, bottles or other closed containers to persons licensed under the provisions of this title to import spirits; and to sell and ship spirits to persons outside of the State in accordance with this title;

(4) To store and sell spirits on the premises by the bottle or by the glass for consumption on or off the premises where sold. The amount of spirits sold for off-premises consumption shall be limited to a maximum of 1 case (i.e., not more than 12 - 750 ml bottles) per day to each retail customer for consumption off the premises. and

(5) To sell, on the licensed premises, food items, souvenirs, spirit-related supplies and educational material as approved by the Commissioner.

(d) It shall be unlawful for a person to operate a craft distillery if:

(1) The license is denied, canceled, suspended or revoked for any of the grounds contained in § 543 or § 561 of this title;

(2) The establishment is moved to a location other than the licensed premises; or

(3) It is owned, operated or affiliated with any other manufacturer or importer of alcoholic liquor, either in or without this State; except that the holder of a craft distillery license may own, operate or be affiliated with a microbrewery licensed under this chapter and actually located within this State, with a farm winery licensed under this chapter and actually located within this State, and / or with any brewery pubs in common ownership licensed under this chapter and actually located within this State.

(e) A craft distillery licensee shall be exempt from the distance requirements for establishments licensed or to be licensed as contained in § 543(d) of this title, and such requirements shall not affect the granting of a craft distillery license.

(f) All spirits sold by a craft distillery licensee for off-premise consumption shall be in containers which are securely sealed and have attached thereto a label setting forth such information as required by this title, Commissioner rules and laws of the State.

(g) Any craft distillery licensed by the Commissioner to manufacture spirits in this State may provide tastings of the spirits at said premises pursuant to a spirits tasting license granted by the Commissioner pursuant to section 525 of this title.

(h) The provisions of § 546 of this title to the contrary notwithstanding, the sale for off-premises consumption at up to a combined total of 3 licenses licensed under this section, §512A, §512B, or §512C of this Title all owned or controlled by the same person shall be permitted.

(i) A craft distillery licensee shall be authorized to purchase and receive shipments of unfinished neutral grain spirit in bulk form from suppliers and importers located within and without the State that are licensed in accordance with this title.

(j) A craft distillery licensee shall be authorized to export unfinished spirit manufactured in this State in bulk to persons outside the State for blending, aging, finishing, bottling and labeling and shall be authorized to receive the finished product from that person.

(k) A craft distillery shall be exempt from the prohibition of sales on Sundays as proscribed in § 709 of this title, but any sales on Sundays shall be limited to the hours during which the holders of licenses for the sale of spirits in a store may sell on Sundays pursuant to section 709(h) of this title. A craft distillery shall remain closed on Thanksgiving, Christmas and Easter.

(l) The Commissioner may promulgate such rules and regulations with respect to the enforcement or furtherance of the objectives and provisions of this section as the Commissioner may deem necessary, and all such rules and regulations that are not inconsistent with the provisions of this title shall have the force and effect of law.

Section 2. Amend Section 554, Title 4 of the Delaware Code by inserting a new subsection (mm) as shown by underlining as follows:

(mm) For a license as a 'craft distillery' as provided in § 512E of Title 4 the biennial license fee shall be \$1,500.

Section 3. Amend Section 581(b), Title 4 of the Delaware Code by making the deletions indicated by the strike through as follows:

(b) All persons licensed under this title to manufacture alcoholic beverages ~~or to act as an importer pursuant to the provisions of § 512A, § 512B or § 512C of this title~~ shall pay a tax on all alcoholic beverages sold to customers in this State at the rates set forth in subsection (d) of this section. This subsection shall not apply to sales to customers who are: (1) importers of alcoholic beverages subject to licensing under this title, (2) distributors of alcoholic beverages licensed by a state other than Delaware where the alcoholic beverages are sold for resale in such other state, or (3) in the case of sales of beer, an instrumentality of the United States Armed Forces.

Approved June 05, 2012