



NEW YORK STATE SENATOR

Joseph A. Griffo

Griffo Says Senate Legislation to Encourage NY Craft Brewers

JOSEPH A. GRIFFO June 19, 2012

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Senate Passes Bills to Grow Craft Brewing Industry in New York

(Albany) - State Senator Joseph A. Griffo said that Senate passed three bills yesterday to help grow and expand the craft beer industry in New York State. The bills, which represent a three-way agreement among the Senate, Assembly and Governor Cuomo, will protect an important tax benefit for small breweries that produce beer in New York, create a Farm Brewery license that will allow craft brewers to expand their operations through opening restaurants or selling new products and will exempt breweries that produce small batches of beer from paying an annual State Liquor Authority fee.

Legislation (S7728) would provide a refundable corporate franchise and personal income tax credit for beer produced in New York.

The legislation creates a two-tiered credit of 14 cents per gallon for the first 500,000 gallons of beer brewed and 4.5 cents per gallon for the next 15 million gallons. The maximum available credit will be \$745,000. Only breweries that brew less than 60 million gallons a year will be eligible for the credit.

The legislation will exempt breweries that produce beer in batches of 1,500 barrels or less

annually (regardless of location) from the \$150 annual label fee. This exemption, which will be eligible to brewers in and outside of the state, will save New York breweries tens of thousands of dollars, and will help smaller breweries retain the capital they need to grow their operations and create jobs.

New York's craft brewing industry consists of more than 90 breweries that account for thousands of jobs and more than \$200 million of economic activity each year.

The Senate also passed legislation (S7727), that will create a farm brewery license to promote growth of craft breweries.

In an effort to increase economic activity, create jobs and increase tourism, the bill will allow craft brewers that use products grown in New York State to operate in a similar manner to the state's farm wineries.

The new brewery license will enable breweries that manufacture 60,000 gallons or less annually of New York State labeled beer to sell their products at retail outlets and for off-premises consumption; as well as to open restaurants, conference centers, inns, bed and breakfasts or hotels on or adjacent to the farm brewery. A licensee may operate up to five branch offices away from the farm brewery.

The bill also creates a new category of alcohol called "New York State Labeled Cider," which is cider made exclusively from apples grown in New York State.

A third bill (S7019), also sponsored by Senator Ritchie, will exempt farm wineries, farm

distilleries and farm breweries from a costly and burdensome tax filing requirement.

Currently, the Tax Law requires all beer, wine, and liquor wholesalers in New York to report sales made to restaurants, bars, and other retailers.

"Agriculture is one of the oldest industries in the state and this bill combines it with craft breweries, which is one of the fastest growing," Senator Joseph Griffo said. "Bringing them together, as these measures do, will help create jobs in the Mohawk Valley and throughout the state. Promoting craft breweries and agriculture is common sense and good economic policy."