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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO ALCOHOLIC BEVERAGES - LICENSES GENERALLY

Introduced By: Senator Ryan W. Pearson

Date Introduced: May 16, 2013

Referred To: Senate Special Legislation and Veterans Affairs

(by request)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 3-5-10 of the General Laws in Chapter 3-5 entitled "Licenses
2 Generally" is hereby amended to read as follows:

3 **3-5-10. Residence of licensees and qualifications of persons and corporations as**
4 **licensee.** -- (a) (1) Except as otherwise provided, licenses are issued only to citizens who are
5 residents of this state. It is not required that dining car companies, sleeping car companies,
6 railroad companies operating in this state, or companies operating passenger-carrying marine
7 vessels in this state be citizens of this state in order to be eligible to receive retailers' Class G
8 licenses. Retailer's licenses may, however, be issued to corporations incorporated in any other of
9 the United States which are authorized by the secretary of state to transact business in this state.

10 (2) Notwithstanding the provisions of subsection (a)(1) of this section, no license shall
11 be issued, granted, renewed, or transferred to any trust or trustee or to any corporation of which
12 any share or shares of stock or other indicia of ownership or control are owned or held by any
13 trust, or trustee, business organization, or other entity or person other than a natural person or
14 corporation authorized by the secretary of state to transact business in this state; provided,
15 however, that this subsection shall not affect any grant, renewal, or transfer of a license which
16 occurred prior to the effective date of this subsection [June 15, 2000].

17 (b) (1) In applications for beverage licenses by corporations except those having more
18 than twenty-five (25) stockholders, the names and addresses of all officers and members of the
19 board of directors and of all stockholders shall be filed with the board, body, or official to whom

1 application is made. No beverage license shall be issued to the corporation unless each officer,
2 director or stockholder is a suitable person to hold a license within the discretion of the board,
3 body or official to whom application is made.

4 (2) All those corporations holding beverage licenses shall report to the board, body or
5 official who issued the licenses the name of any newly elected officer or director and the
6 acquisition by any person of more than ten percent (10%) of any class of corporate stock, within
7 thirty (30) days after the election or acquisition. Thereupon, the board, body or official may call a
8 hearing, at its discretion, to determine whether the new officer, director or stockholder is a
9 suitable person under this section and the board, body or official may revoke or suspend the
10 license if the new officer or director or stockholder is not a suitable person to hold a license.

11 (3) No person shall acquire fifty percent (50%) or more of any class of the stock of any
12 corporation licensed under this section, except corporations having more than twenty-five (25)
13 stockholders, unless permission for the acquisition is first given by the board, body or official
14 who issued the license. Application for permission to acquire stock is subject to the provisions of
15 section 3-5-19 relating to the transfer of a license to another person except that it shall not be
16 necessary that a new bond be given. Unless the board, body or official determines that the person
17 seeking permission to acquire fifty per cent (50%) or more of the corporation's stock is a suitable
18 person to hold a license, the permission shall not be given.

19 (4) The beverage license of a corporation is subject to suspension or revocation for
20 failure to comply with any of the provisions of this section or for any fraud or misrepresentation
21 in connection with the beverage license.

22 (c) Applicants for beverage licenses shall make full disclosure in their applications for a
23 license of any interest, whether direct or indirect, by any other person, firm or corporation in the
24 license applied for, and failure to do so or any misrepresentation by the applicant may be cause
25 for denial of the application or revocation of the license if granted by the board, body or official
26 issuing the license.

27 (d) The board, body or official issuing beverage licenses may also deny applications of
28 persons who have criminal records, or who have records of repeated violations of this title;
29 [provided, however, that the provisions contained in this subsection relating to criminal records](#)
30 [shall not apply to license holders pursuant to section 3-6-1.1 relating to farmer-winery licenses.](#)

31 SECTION 2. Sections 3-6-1 and 3-6-13 of the General Laws in Chapter 3-6 entitled
32 "Manufacturing and Wholesale Licenses" are hereby amended to read as follows:

33 **3-6-1. Manufacturer's license. --** (a) A manufacturer's license authorizes the holder to
34 establish and operate a brewery, distillery, or winery at the place described in the license for the

1 manufacture of beverages within this state. The license does not authorize more than one of the
2 activities of operator of a brewery or distillery or winery and a separate license shall be required
3 for each plant.

4 (b) The license also authorizes the sale at wholesale at the licensed place by the
5 manufacturer of the product of the licensed plant to another license holder and the transportation
6 and delivery from the place of sale to a licensed place or to a common carrier for that delivery.
7 The license does not authorize the sale of beverages for consumption on premises where sold.
8 The license does not authorize the sale of beverages in this state for delivery outside this state in
9 violation of the law of the place of delivery.

10 (c) The annual fee for the license is three thousand dollars (\$3,000) for a distillery; and
11 five hundred dollars (\$500) for a brewery; ~~and one thousand five hundred dollars (\$1,500) for a~~
12 ~~winery producing more than fifty thousand (50,000) gallons per year and five hundred dollars~~
13 ~~(\$500) per year for a winery producing less than fifty thousand (50,000) gallons per year.~~ Farmer-
14 wineries as set forth in section 3-6-1.1 shall pay a fee of five hundred dollars (\$500) anytime the
15 ownership interest in the farmer-winery is changed, or transferred to another person, corporation
16 or other entity. All those fees are prorated to the year ending December 1 in every calendar year
17 and shall be paid to the division of taxation and be turned over to the general treasurer for the use
18 of the state.

19 **3-6-13. License bonds to state.** -- As conditions precedent to the issuance by the
20 department of any manufacturer's license, rectifier's license, wholesaler's Class A license,
21 wholesaler's Class B license, and wholesaler's Class C license under the provisions of this
22 chapter, the person applying for a license shall give bond to the general treasurer of the state in a
23 penal sum in the amount that the department of business regulation requests with at least two (2)
24 resident sureties satisfactory to the department of business regulation, or a surety company
25 authorized to do business in this state as surety, which bond shall be on condition that the licensee
26 will not violate or suffer to be violated on any licensed premises under his or her control any of
27 the provisions of this chapter or of chapter 5 of this title or of chapters 10, 34, 40 or 45 of title 11
28 or sections 11-2-1, 11-9-13, 11-9-15, 11-11-5, 11-11-6, 11-18-2 -- 11-18-4, 11-20-1, 11-20-2, 11-
29 23-4, 11-31-1 or 11-37-2 -- 11-37-4 and on condition that the licensee will pay all costs and
30 damages incurred by any violation of any of those chapters or sections, and shall also pay to the
31 division of taxation the license fee required by this chapter; provided, however, that any farmer-
32 winery licensed pursuant to section 3-6-1.1 which has a tax liability of five thousand dollars
33 (\$5,000) or less shall be exempt from the provisions of this section.

1 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO ALCOHOLIC BEVERAGES - LICENSES GENERALLY

- 1 This act would amend several sections of the general laws relating to wineries.
- 2 This act would take effect upon passage.

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