F I S C A L   I M P A C T   R E P O R T

ORIGINAL DATE 2/25/15
SPONSOR Sapien **LAST UPDATED** **HB**

SHORT TITLE Brewer Facility Alternating Proprietorship **SB** 471

ANALYST Elkins

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	**FY16**	**FY17**		
	Indeterminate	Indeterminate		General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Regulation and Licensing Department (RLD)
Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

Senate Bill 471 will allow alternating proprietorships to be established so that manufacturing facilities and equipment of a small brewer licensee may be used by another small brewer licensee to produce beer.

FISCAL IMPLICATIONS

The number of small brewers who have excess capacity and are willing to enter into an arrangement with another brewer for use of that equipment is unknown. This bill may increase the number of small brewer licensees as well, which would increase revenue.

SIGNIFICANT ISSUES

Senate Bill 471 allows for small start-up brewers who do not have funds to purchase their own equipment to either work with an existing license holder or to band together with other start-up brewers to purchase equipment jointly. The bill only addresses alternating proprietorships for small brewers and does not include winegrowers or craft distillers.

Alternating proprietorships are permitted under federal law. An "alternating proprietorship" is a term used to describe an arrangement in which two or more people take turns using the physical premises of a brewery. The proprietor of an existing brewery, the "host brewery," agrees to rent space and equipment to a new "tenant brewer." Alternating brewery proprietorships allow existing breweries to use excess capacity and give new entrants to the beer business an opportunity to begin on a small scale, without investing in premises and equipment. (http://www.ttb.gov/beer/alternating_prop.shtml)

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