STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF ALCOHOLIC BEVERAGE CONTROL

IN THE MATTER OF LIMITED BREWERY LICENSEES

SPECIAL RULING AUTHORIZING CERTAIN ACTIVITIES BY HOLDERS OF LIMITED BREWERY LICENSES

In recent years, craft beers manufactured by limited breweries have grown in popularity both nationally and in New Jersey. The Division of Alcoholic Beverage Control (the "Division" or "ABC") has issued 88 limited brewery licenses (including those holding Temporary Authorization Permits or "TAPs") and 23 applications are pending. The growth in limited breweries can be attributed, in large part, to an amendment to N.J.S.A. 33:1-10(1)(b) in 2012 ("2012 amendment").

In passing the 2012 amendment, the Legislature intended to promote the craft beer industry and create a demand for these products by the consuming public. The expectation was that the increased demand for craft beers would generate greater retail sales of these products at licensed consumption and distribution premises. Accordingly, the law was enacted to require consumers to take a tour of the brewery, to sample the beers produced on-site, and then to purchase them as package goods for off-premises consumption or for on-premises consumption at a Class C licensed premises. The 2012 amendment was not intended to establish a new consumption venue at the brewery, with the same privileges as a sports bar or restaurant.
Over the past year, I have visited numerous limited breweries, met with and spoken to various stakeholders, including the different tiers in the alcohol industry, and have analyzed the issues facing the growing craft beer industry. As a result of these visits, meetings with stakeholders, and discussions with the owners of the breweries, it has become apparent that there is significant confusion in the industry regarding what constitutes an appropriate tour and what constitutes permissible activities that may take place on a licensed premises, particularly in the tasting rooms of the limited breweries. Although it is clear that a tasting room at a limited brewery is not a new consumption venue with the same privileges as a Class C plenary retail consumption licensee, it is also evident that a brewery has limited retail privileges granted by the Legislature.

Therefore, in order to clarify the privileges that Limited Brewery licensees have pursuant to N.J.S.A. 33:1-10(1)(b), balance the concerns and interests of the entire industry, and ensure compliance with the Alcoholic Beverage Control Act ("ABC Act") and regulations, and as a result of consultations with various stakeholders, I am issuing this Special Ruling pursuant to my authority in N.J.S.A. 33:1-39. This Special Ruling establishes the requirements, which are set forth at length in Schedule A (which is attached hereto and incorporated herein), that are applicable to all Limited Brewery licensees operating in the State of New Jersey and that "are necessary for the proper regulation and control" of this industry. See N.J.S.A. 33:1-39. Limited Brewery licensees must be mindful, however, that the requirements contained herein are not the only requirements with which they must comply. In addition to the requirements set forth in this Special Ruling, Limited Brewery licensees must comply with all applicable requirements contained in the ABC Act and implementing regulations, and may be subject to disciplinary action by the Division for violations thereof.
In general, in deciding how to properly regulate the alcoholic beverage industry, I must balance the somewhat competing statutory declarations set forth at N.J.S.A. 33:1-3.1. Specifically, the Division is charged with regulating alcoholic beverages in a manner that protects the health, safety and welfare of the people of New Jersey and that fosters moderation and responsibility in the use and consumption of alcoholic beverages, while at the same time, encourages the beneficial aspects of competition and maintenance of trade stability in the industry. With respect to the Limited Brewery industry, in particular, I am mindful of the limited retail privileges set forth at N.J.S.A. 33:1-10(1)(b), and I must balance these privileges against the State’s interest in developing a regulatory scheme that encourages this industry to succeed and thrive in New Jersey. However, I cannot overlook the fact that the primary purpose of a Limited Brewery license is the manufacture of malt alcoholic beverages and the distribution of these products through the three-tier system, not the operation of a retail outlet for its products. Thus, in this Special Ruling, I have attempted to strike a balance that reflects these competing interests, privileges and ideas.

As described above, I am authorized by N.J.S.A. 33:1-39 to make rules, regulations, special rulings and findings that are “necessary for the proper regulation and control of the manufacture, sale and distribution of alcoholic beverages.” I also have the authority pursuant to N.J.S.A. 33:1-74 to issue temporary permits, for good cause shown, that “provide for contingencies where it would be appropriate and consonant with the spirit of [the ABC Act] to issue a license but the contingency has not been expressly provided for ...” In attempting to define the activities of Limited Breweries that are permissible under the ABC Act, I have
determined that certain activities should be governed and controlled by special permits issued by
the Division.

The requirements set forth in Schedule A are based on the Division's interpretation of 3
N.J.S.A. 33:1-10(1)(b) and discussions with and input from Limited Brewery licensees and
various other members of the industry. Among other things, they establish guidelines that define
a "tour" on an initial and subsequent visit to a brewery; they allow certain activities to take place
on the licensed premises after electronic notification is given to the Division; and they allow
limited activities off the licensed premises, but only in connection with a special permit issued by
the Director.

In the case of on-site activities, such as trivia night, paint and sip, live music, live
sporting events and yoga night, etc., a Limited Brewery licensee will be permitted to hold a total
of twenty-five (25) events per license term on the licensed premises of a Limited Brewery. The
Division will be launching, on a pilot basis, an electronic notification system ("e-notification")
that will authorize a circumscribed set of activities on a licensed premises, consistent with the
privileges granted by N.J.S.A. 33:1-10(1)(b). Upon completing the e-notification and certifying
the truth and accuracy of the information provided, a Limited Brewery licensee will be
authorized to conduct the event on its licensed premises as described in the e-notification. The e-
notification shall be provided to the Division by the Limited Brewery at least ten (10) days
before the special event is scheduled to occur. After the Division monitors and collects data on
the efficacy of the e-notification system set forth herein, it will propose regulations implementing
or revising this system.

With respect to off-site activities, the Division has identified two types of events that may
require a special permit issued by the Director. First, the Division contemplates that a Limited
Brewery may wish to conduct an event off of the licensed premises, such as on an adjacent or adjoining sidewalk, parking lot or similar area. Second, the Division recognizes that a Limited Brewery may also wish to hold an event completely off of its licensed premises, such as, but not limited to, beer, music or arts festivals, civic events, or athletic events. In other contexts within the industry, the Director has exercised his broad authority under N.J.S.A. 33:1-39 and -74 and has issued special permits, such as an Extension of Premises Permit and a Catering Permit, to retail consumption licensees who wish to use their privileges in a controlled manner off of their licensed premises.

Using this same authority, I have determined that a Limited Brewery is eligible to receive a total of twelve (12) special permits per license term for events held off of the licensed premises, as either an extension of the licensed premises ("Limited Brewery Extension of Premises Special Permit") or completely off of the licensed premises ("Limited Brewery Off-Premises Special Permit").¹ These special permits will be issued as part of a pilot program that will allow the Division to collect and interpret data related to these events and promulgate regulations implementing or revising these types of permits. The special permits issued will contain Special Conditions consistent with N.J.S.A. 33:1-10(1)(b).

Effective immediately, Limited Brewery licensees may apply for either the Limited Brewery Extension of Premises Special Permit or the Limited Brewery Off-Premises Special Permit, instead of the Civic and Charitable Event Permit currently issued by the Division.² This

¹ Participation by a Limited Brewery licensee in a Festival held pursuant to the Special Ruling Authorizing the Temporary Issuance of Certain Festival Event Permits, dated June 9, 2014, and amendments thereto, will not count towards the twelve off-premises events that each Limited Brewery may hold.

² To ensure a smooth transition from the Civic and Charitable Event Permits to the new permits authorized by this Special Ruling, please refer to the Special Ruling Authorizing
is part of the Division’s effort to clarify and simplify the type of permits that are available to Limited Brewery licensees and to ensure that the special permits being issued actually reflect the type and location of the activity that is being allowed.

As the Division implements this Special Ruling on a temporary pilot basis, monitors the activities being conducted on and off the licensed premises of Limited Breweries, and ultimately develops regulations governing this burgeoning industry, I believe that it is important for existing licensees (including those operating on a TAP) and new licensees to understand and follow a uniform set of rules now so that all Limited Brewery licensees operate on an equal playing field. As such, effective immediately, the requirements set forth in Schedule A will be implemented and enforced against every Limited Brewery licensee and TAP holder. Thereafter, upon license renewal, or issuance of a new license or TAP, these requirements will be imposed by way of Special Conditions attached to every Limited Brewery license or TAP. See N.J.S.A. 33:1-32.

In issuing this Special Ruling, my intention is to strike a balance respecting the roles of Limited Brewery licensees and other tiers of the industry in order to increase stability in the alcoholic beverage marketplace, while allowing realistic competition that ultimately will benefit all residents of the State. The information and data collected by the Division through its implementation of this Special Ruling will eventually form the basis for the development of regulations implementing N.J.S.A. 33:1-10(1)(b).

Accordingly, it is on this 21st day of September, 2018,

ORDERED that, pursuant to N.J.S.A. 33:1-39 and N.J.S.A. 33:1-74, this Special Ruling establishes the requirements for the operation of Limited Breweries in the State of New Jersey; and it is further
ORDERED that every holder of a Limited Brewery license or TAP shall comply with the requirements set forth in Schedule A, as may be amended from time to time; and it is further

ORDERED that the requirements set forth in Schedule A shall be incorporated into every Limited Brewery license or TAP upon initial issuance and renewal thereof, and shall be fully enforceable by the Division; and it is further

ORDERED that this Special Ruling shall be in effect until superseded by regulations or a subsequent Special Ruling; and it is further

ORDERED that the Director may withdraw or modify this Special Ruling and Schedule A, in the exercise of his discretion.

DAVID P. RIBLE
DIRECTOR
SCHEDULE A

1. Definitions.

(a) “Crowler” is a fillable and machine-sealable beer can used to package draft beer for off-premises consumption, which is commonly sold at limited and restricted breweries. For purposes of this Schedule A, a crowler shall not exceed a maximum of 32 ounces.

(b) “Growler” is a glass, ceramic or stainless steel jug used to transport draft beer for off-premises consumption, which is commonly sold at limited or restricted breweries. For purposes of this Schedule A, a growler shall not exceed a maximum size of 128 ounces.

(c) “Licensed premises” means the physical place at which the Limited Brewery license is sited to conduct and carry on the manufacture, distribution, sale or consumption of the malt alcoholic beverage produced thereon.

(d) “Limited Brewery” is a brewery described in N.J.S.A. 33:1-10(1)(b).

(e) “Limited Brewery Extension of Premises Special Permit” means a special permit issued by the Director for activities occurring on a sidewalk, parking lot or similar area either adjacent to or adjoining the licensed premises of a Limited Brewery.

(f) “Limited Brewery Off-Premises Special Permit” means a special permit issued by the Director for activities occurring completely off of the licensed premises of a Limited Brewery.

(g) “Other mercantile business” means the buying and selling of goods or merchandise or the dealing in the purchase and sale of commodities that do not serve as an accommodation to patrons and are not related to or incidental to the licensed business.

(h) “Sample” or “Sampling” means the selling at a nominal charge or the gratuitous offering of an open container not exceeding four ounces of any malt alcoholic beverage produced on the licensed premises. A “Sample” does not include the gratuitous offering of one free drink per patron in a 24-hour period as a gesture of good will.
(i) "Tour" is any form of engagement with brewery visitors on the licensed premises that communicates information about the brewery and the brewing process. This definition applies to initial and subsequent visits to a Limited Brewery.

2. General Requirements.

(a) A Limited Brewery licensee has the privilege to sell its product at retail to consumers for consumption on the licensed premises of the brewery, but only in connection with a tour of the brewery.

(b) A Limited Brewery licensee has the privilege to sell its product at retail to consumers for consumption off the licensed premises of the brewery, in the form of kegs, sixtels, cases, six-packs, growlers, crowlers or other formats, in a quantity of not more than 15.5 fluid gallons per person. No tour is required for off-premises retail sales.

(c) Following a tour of the brewery, a Limited Brewery licensee may offer a sample of its products to consumers for sampling purposes, or may sell its products, at retail, to consumers for consumption on the licensed premises.

(d) Each municipality in which a Limited Brewery is located may establish, by ordinance or resolution, the hours between which the sale of malt alcoholic beverages may be made.

(e) A Limited Brewery is subject to and must comply with all applicable local ordinances.

(f) All pourers/servers at a Limited Brewery shall receive server training and shall be certified by an industry-recognized server training program.

(g) Since a Limited Brewery license is a manufacturer’s license, no Limited Brewery licensee shall use its license exclusively as a retail consumption license.

3. On-Premises Special Events via E-Notification.

(a) The Director may authorize a maximum of 25 special events per license term, which are open to the general public, to be held on the licensed premises of a Limited Brewery ("On-Premises Special Event"). A special event is a one-day event only, and cannot exceed the opening and closing hours of a Limited Brewery. Examples of the types of special events that may be held include, but are not limited to, the following:
(b) To be authorized to conduct a special event on the licensed premises of a Limited Brewery, a Limited Brewery licensee shall provide electronic notification (“e-notification”), under oath or certification, to the Division at limitedbrewerynotice@njegov at least ten (10) days prior to the event. Such e-notification shall include:

a. Name of Limited Brewery;
b. Address of Limited Brewery;
c. License No. or Temporary Authorization Permit No.;
d. Description of special event to occur on licensed premises;
e. Date and time of event;
f. Estimated number of people in attendance;
g. Cover charge for event, if any;
h. Security for event to ensure no consumption by individuals under the legal age and no pass-offs;
i. Name, address, and other contact information for outside vendor providing entertainment, if any.
j. Statement indicating that this is the [number] on-premises special event held on the licensed premises in the present license term.

(c) If a Limited Brewery charges participants to attend a special event, the cover charge shall not include any free or discounted alcoholic beverages, and participants shall not be required to purchase any number of alcoholic beverages as a condition of entry to the special event.

(d) For special events involving outside vendor(s) that charge a fee, a participant shall pay the Limited Brewery directly for the cost of attendance, and the Limited Brewery shall pay the outside vendor(s) for their services.

(e) The Limited Brewery licensee shall maintain a record of each on-premises special event, including all financial records related thereto, conducted on the licensed premises per license term, and shall retain these records for three (3) years on its
licensed premises. These records shall be made available to the Division upon request.

4. Off-Premises Special Permit; Extension of Premises Special Permit.

(a) The Director may issue a maximum of 12 special permits per license term to a Limited Brewery licensee for special events taking place off the licensed premises. Said permit may either be for a Limited Brewery Off-Premises Special Permit or Limited Brewery Extension of Premises Special Permit, but in no event may the combination of either type of permit exceed 12 per license term.

(b) A special event that may qualify for either a Limited Brewery Off-Premises Special Permit or Limited Brewery Extension of Premises Special Permit is a one-day event only, and cannot exceed the opening and closing hours of a Limited Brewery, as authorized by the town in which the brewery is located. Special events that may qualify for these permits include, but are not limited to, the following:

   a. Beer, music or arts festivals;
   b. Civic events;
   c. Athletic events, such as 5K races, mud runs, bike races;
   d. Limited Brewery anniversary celebrations; and
   e. Holiday celebrations, such as July 4th, Memorial Day events.

(c) To obtain a Limited Brewery Off-Premises Special Permit or Limited Brewery Extension of Premises Special Permit, a Limited Brewery licensee shall submit a completed application 21 days before the event, and pay a non-refundable permit fee.

   a. Application forms for each permit type shall be made available on the Division’s website at www.nj.gov/oag/abc.
   b. Upon receipt of a completed application and payment of fees, the Division may request an in-person conference with the applicant prior to issuance or denial of the permit.

(d) The application for a Limited Brewery Off-Premises Special Permit or Limited Brewery Extension of Premises Special Permit shall include, but not be limited to, the following:

   a. Complete general information on the Limited Brewery licensee, including license number;
   b. A comprehensive description of the event, including but not limited to:
(i) Location of event;
(ii) Type of event;
(iii) Date, times, ticket and other pricing information;
(iv) Description of the kinds of malt alcoholic beverages to be dispensed and cup sizes;
(v) A map or detailed sketch of the designated area where the event is to take place;
(vi) A detailed security plan to assure general safety, as well as emergency medical assistance. The plan must provide for: age verification to prevent underage consumption; “pass-off” controls; prevention of intoxication; identification of security personnel, duties, numbers and experience; confirmation that all servers shall be employees of the applicant and shall be certified by an industry-recognized server training program; and
(vii) Complete information relating to any entertainment and/or recreational activities provided at the event.

c. The application shall be signed by the Municipal Clerk and Police Chief of the municipality in which the event is taking place. If the event is taking place in or on publicly owned or controlled property, the consent of the political subdivision that owns or controls the property and the Chief Law Enforcement Officer of the law enforcement entity with jurisdiction over the property must be obtained.

(e) The holder of a Limited Brewery Off-Premises Special Permit or Limited Brewery Extension of Premises Special Permit shall have the following privileges:

a. To sell malt alcoholic beverages produced on their licensed premises by the glass or open container for immediate consumption only in the area(s) designated by the permit;
b. To provide samples of malt alcoholic beverages produced on their licensed premises for immediate consumption only in the area(s) designated by the permit;
c. To sell by the glass or open container or to provide samples of sodas produced on their licensed premises; and
d. To provide entertainment and/or recreational activities within the area(s) designated by the permit.

(f) The holder of a Limited Brewery Off-Premises Special Permit or Limited Brewery Extension of Premises Special Permit shall not be permitted to:

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a. Provide food, except as otherwise permitted in Section 6(c), operate a restaurant, or coordinate with any food vendors to sell food in the areas designated by the permit. However, nothing stated herein shall prohibit individuals attending the event from bringing food into the area designated by the permit;

b. Sell any other type of alcoholic beverage or sodas, except those produced on the licensed premises of the permittee; and

c. Sell the Limited Brewery's malt alcoholic beverages in the form of kegs, sixtels, cases, six-packs, growlers, crowlers or other formats intended for off-premises consumption.

(g) If a Limited Brewery charges participants to attend a special event, the cover charge shall not include any free or discounted alcoholic beverages, and participants shall not be required to purchase any alcoholic beverages as a condition of entry to the special event.

(h) For special events involving outside vendor(s) that charge a fee, a participant shall pay the Limited Brewery licensee directly for the cost of attendance, and the Limited Brewery licensee shall pay the outside vendor(s) for their services.

(i) The Limited Brewery licensee shall maintain a record of each off-premises special event, including all financial records related thereto, and shall retain these records on their licensed premises for three (3) years. These records shall be made available to the Division upon request.

(j) The holder of a Limited Brewery Off-Premises Special Permit or Limited Brewery Extension of Premises Special Permit shall comply with special conditions, if any, attached to the permit.

5. Other permissible activities on a Limited Brewery licensed premises.

(a) A Limited Brewery licensee may allow a maximum of 52 private parties to occur on the licensed premises, such as birthdays, weddings, anniversaries, civic/political functions, professional/trade association events, class reunion/alumni events, provided the following conditions are met:

a. No alcoholic beverages, except those malt alcoholic beverages produced by the Limited Brewery on-site, may be sold or served at a private party;

b. If the host of a private party brings food onto the licensed premises of the Limited Brewery, s/he shall remove all food at the end of the party;

c. A private party may be held in an area on the licensed premises of a Limited Brewery, provided that such area is clearly separated from the tasting room by
a permanent or temporary structure and is not accessible by or to the general public. Under no circumstances may a member of the general public enter the separate area of the private party, and the Limited Brewery licensee is responsible for ensuring that only private party guests are permitted in the area separated off for the private party;

d. Tickets shall not be sold to attend a private party, nor may the event be advertised to the general public;

e. The Division may request a copy of the contract between the host of the private party and the Limited Brewery licensee;

f. A Limited Brewery licensee shall provide to the Division a post-event accounting for every private party held on the licensed premises, which may include but not be limited to, the guest list and the amount of alcoholic beverages sold.

(b) A Limited Brewery licensee may offer for sale soda that is manufactured by the Limited Brewery on the licensed premises for consumption on and/or off the licensed premises.

(c) A Limited Brewery licensee may offer for sale or make gratuitous offering of de minimis types of food as an accommodation to patrons, such as water, pre-packaged crackers, chips, nuts and similar snacks.

(d) A Limited Brewery licensee may offer for sale suitable gift items and novelty wearing apparel identified with the name of the licensed Limited Brewery.

(e) A Limited Brewery licensee may sell or serve malt alcoholic beverages that are produced by the Limited Brewery on-site in outdoor spaces, provided that:

a. The outdoor space is part of the licensed premises;

b. The outdoor space is fenced in, and the fence is at least three feet high, unless a local ordinance requires a different height;

c. The outdoor space is monitored by an employee of the Limited Brewery at all times when customers are present.

(f) Background music, radio and television may be provided on the licensed premises. However, no live music, DJs or television programs, movies or sporting events, pre-recorded or otherwise, may occur on the licensed premises unless the Limited Brewery licensee provides e-notification to the Division pursuant to Section 3(b), above, and does not exceed the 25 authorized on-premises special events per license term.
6. Impermissible activities at a Limited Brewery licensed premises.

(a) A Limited Brewery licensee shall not sell food, except as permitted in Section 5(c) above, or operate a restaurant, as defined at N.J.S.A. 33:1-1, on its licensed premises. Other than the de minimis types of food described in Section 5(c), a Limited Brewery licensee shall provide no food, even on a gratuitous basis.

(b) No restaurant menus of any kind shall be placed or maintained on the licensed premises of a Limited Brewery.

(c) A Limited Brewery licensee shall not coordinate with any food vendor for the provision of food on the licensed premises. However, a consumer may bring his/her own food into the tasting room of a Limited Brewery for his/her own consumption.

(d) A Limited Brewery licensee shall not allow, permit or suffer other mercantile business, such as “pop up” shops, bazaars or craft shows, to occur on the licensed premises.

(e) The events described in Section 4, above, shall not be allowed, except in accordance with a special permit or social affairs permit issued by the Director.

7. Miscellaneous provisions.

(a) All Limited Brewery licensees that sell the malt alcoholic beverages produced on their licensed premises to retailers shall comply with the Alcoholic Beverage Control Act and implementing regulations at N.J.A.C. 13:2-16, -20, -21, -23, -24 and -37, unless the context thereof clearly indicates that a particular provision does not apply to Limited Brewery licensees.

(b) No Limited Brewery licensee shall deliver the malt alcoholic beverages produced on their licensed premises to consumer’s homes.

(c) All Limited Brewery licenses shall comply with all records creation, maintenance and production requirements of the Alcoholic Beverage Control Act and implementing regulations.
STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF ALCOHOLIC BEVERAGE CONTROL

E-NOTIFICATION FOR ON-PREMISES SPECIAL EVENTS AT LIMITED BREWERY

The E-Notification shall be completed by the Limited Brewery licensee and shall be submitted to limitedbrewerynotice@njoag.gov at least ten (10) days prior to the date of the event.

The E-Notification shall be certified or notarized to ensure the truth and accuracy of the information provided.

Once submitted to limitedbrewerynotice@njoag.gov, the E-Notification provided herein shall constitute authorization by the Division of Alcoholic Beverage Control to conduct an On-Premises Special Event, provided:

1. The E-Notification is complete;
2. The E-Notification is in compliance with the Special Ruling Authorizing Certain Activities by Holders of Limited Breweries, Schedule A, and any Special Condition imposed on a Limited Brewery license;
3. The E-Notification for the On-Premises Special Event does not exceed the maximum number of on-premises events allowed to be conducted on the licensed premises of a Limited Brewery.

To obtain authorization for an On-Premises Special Event at a Limited Brewery, please provide the following information:

1. Name of Limited Brewery.
2. Address of Limited Brewery
3. License No. or Temporary Authorization Permit No.
4. Description of Special Event to Occur on Licensed Premises:
   a. Nature of event;
   b. Date and time of event;
   c. Estimated number of people in attendance;
   d. Cover charge for event, if any;
   e. Security for event to ensure no consumption by individuals under the legal age and no pass-offs;
   f. Name, address, and other contact information for outside vendor providing entertainment, if any.
5. A statement certifying that this is the [state number] on-premises event held on the licensed premises in the present calendar year.