



Amendment to New York law authorizes production of custom liquor

By Darren Miller and Ninteretse Jean Pierre

Beginning on October 15, 2018, any person holding a Class D Distiller's License in New York, also known as a farm distillery license, will be permitted to engage in custom liquor production for a non-licensed individual for that individual's personal or family use, much like beer, cider and wine producers currently are able to do.

In connection with such custom liquor production, the farm distillery must comply with the following conditions:

- a non-licensed individual may assist in the production of the custom liquors;
- custom liquors shall be sold only for personal or family use and not for resale (i.e., through distributors);
- the label on the custom liquor must clearly state that the product is not for resale;
- the custom liquor cannot be offered for sale per Section 99(g) of the Alcoholic Beverage Control Law (regarding the sale of privately held wines and liquors);
- tastings, if any, must be conducted according to the applicable legal requirements;
- the licensee or an employee or agent of the licensee must be present at all times when the non-licensed individual is assisting in the production of the custom liquor;
- the licensee must obtain brand label approval and pay all applicable taxes before sale of the custom liquor;
- any custom liquor produced must be a New York labelled liquor; and
- any custom liquor produced is counted toward the 75,000 gallon, annual limit a farm distillery is allowed to produce by law.

The authorizing law (Chapter 193 of the Laws of New York, 2018) is intended to offset some of the upfront investment risk farm distillers take when setting up their businesses by allowing them to produce their product to order and, therefore, more readily control raw material costs. In addition to reducing the distillery's risk on the initial capital investment for resources, this law will allow

individuals to be involved in the production of their own batch of custom liquor. Only time will tell whether it has the desired result. If so, a surge in new farm distillers could be coming to New York.

For more information on the content of this alert, please contact your Nixon Peabody attorney or:

- A. Darren Miller, 585-263-1353, admiller@nixonpeabody.com
- Ninteretse Jean Pierre, 585-263-1779, njeanpierre@nixonpeabody.com
- Tyler Savage, 585-263-1105, tsavage@nixonpeabody.com