

Assembly Bill No. 404—Assemblymembers Watts; Brown-May,
Kasama, Nguyen and Torres-Fossett

Joint Sponsor: Senator Nguyen

CHAPTER.....

AN ACT relating to alcoholic beverages; authorizing a person who operates a brew pub to engage in certain activities concerning the sale of alcoholic beverages; revising provisions governing the conduct of certain investigations and hearings and the revocation and suspension of certain licenses relating to intoxicating liquor; revising the manner in which a payment from a retail liquor store to a wholesale dealer for delivery of certain alcoholic beverages must be made; requiring certain persons manufacturing liquor to preserve certain records for inspection and audit by the Department of Taxation; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides for the licensure and operation of brew pubs in this State. (NRS 369.180, 597.230) Existing law authorizes a person who operates one or more brew pubs to sell at retail malt beverages that are: (1) manufactured on or off the premises of any of the brew pubs for consumption on the premises; and (2) manufactured and sealed in packages on the premises of any of the brew pubs for consumption off the premises. (NRS 597.230) **Section 2** of this bill additionally authorizes a person who operates one or more brew pubs to sell at retail any other alcoholic beverages if the person who operates such a brew pub has obtained any license or permit required to sell alcoholic beverages at retail in the jurisdiction in which the brew pub is located and purchases all such alcoholic beverages from a licensed wholesaler. **Section 2** also authorizes such a person to sell alcoholic beverages, including, without limitation, malt beverages manufactured on or off the premises of one or more of the brew pubs at, with certain exceptions, not more than two retail liquor store locations under the common control of the person if: (1) the person has obtained any license or permit required to sell alcoholic beverages at retail in the jurisdiction in which the retail liquor store location is located; (2) the person purchases all such alcoholic beverages from a licensed wholesaler; (3) for a retail liquor store location for which the person obtained any license or permit required to sell alcoholic beverages at retail on or after January 1, 2025, the retail liquor store location is not located closer than 1,000 feet to a gaming establishment; and (4) the retail liquor store location is located within the same county as the brew pub, with certain exceptions. As an exception to the limit of two retail liquor store locations set forth in **section 2**, **section 6** of this bill provides that a person who, on March 31, 2025, holds a license to operate a brew pub and any license or permit to operate three retail liquor store locations under the common control of the person is authorized to engage in the activities authorized by **section 2** at the third location so long as the license for that location is not transferred to another person or location.

Existing law: (1) prohibits a person who operates one or more brew pubs from manufacturing more than 40,000 barrels of malt beverages for all the brew pubs the person operates in this State in a calendar year; and (2) authorizes the person to manufacture and sell 20,000 barrels of malt beverages for all the brew pubs the



person operates in this State provided such barrels are sold to a wholesaler located outside of this State. (NRS 597.230) **Section 2** instead authorizes the person to sell the 20,000 barrels of malt beverages either to a wholesaler located outside of this State or, where allowable pursuant to applicable law, to persons residing in states outside of this State. Finally, **section 2** requires a person who operates a brew pub and one or more commonly controlled retail liquor store locations to comply with certain requirements of the Department of Taxation relating to the recordkeeping and reporting of manufacturing, purchases and receipts of liquor with respect to the brew pub and each retail liquor store location.

Existing law provides for the licensure of persons engaged in various activities relating to intoxicating liquor. (Chapter 369 of NRS) Existing law authorizes the board of county commissioners or the governing body of a city, as applicable, to investigate complaints against a licensee, conduct hearings and recommend to the Department of Taxation, under certain circumstances, the revocation or suspension of a license. (NRS 369.230-369.290) **Sections 3.1-3.6** of this bill, in general, provide for the Department to also perform these functions in the same manner as a board of county commissioners or governing body of a city and authorize the Department to revoke or suspend a license without receiving a recommendation from a board of county commissioners or governing body of a city.

Existing law authorizes the Department, under certain circumstances, to issue a summary suspension of the license of a licensee if the Department finds that the licensee is violating any of the provisions of existing law governing intoxicating liquor. (NRS 369.280) **Section 3.6** requires the Department, after issuing a summary suspension, to hold a hearing and render a decision regarding whether to issue a final order revoking or refusing to revoke the license of the licensee.

Existing law requires all persons obtaining liquor under any license or permit and all retail liquor dealers to preserve for inspection and audit by the Department of Taxation and its agents, for a period of 4 years, all invoices and lists of liquors purchased or received, specifying certain information relating to those purchases and receipts. (NRS 369.520) **Section 5** of this bill additionally imposes such recordkeeping requirements on all persons manufacturing liquor.

Existing law prohibits a wholesale dealer from selling liquor to a retail liquor store under certain circumstances relating to the timing of payments for the delivery of that liquor. (NRS 369.485) **Section 4** of this bill: (1) with certain exceptions, requires payment from a retail liquor store to a wholesale dealer for the delivery of beer, wine or distilled spirits to be made by electronic funds transfer; (2) requires the wholesale dealer to initiate the electronic funds transfer by initiating the withdrawal of funds from the bank account of the retail liquor store; (3) requires the electronic funds transfer to be completed not later than the expiration of the 30th day after the date of delivery of the beer, wine or distilled spirits; and (4) prohibits a wholesale dealer from paying or being required to pay, directly or indirectly, any fees incurred by the retail liquor store for such an electronic funds transfer. **Section 4** also authorizes a retail liquor store to elect to pay for the delivery of beer, wine or distilled spirits by credit card. If a retail liquor store so elects, **section 4** requires the retail liquor store to notify the wholesale dealer of the election. The retail liquor store is responsible for all costs associated with processing the credit card transaction. Finally, **section 4** requires, at the time a wholesale dealer makes a delivery of beer, wine or distilled spirits to a retail liquor store: (1) the wholesale dealer and retail liquor store to review the invoice of the delivery for accuracy; and (2) if the invoice is accurate, the retail liquor store to sign the invoice to confirm the accuracy of the invoice.



EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~for mitted material~~ is material to be omitted.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. (Deleted by amendment.)

Sec. 2. NRS 597.230 is hereby amended to read as follows:

597.230 1. In any county, a person may operate a brew pub:

(a) In any redevelopment area established in that county pursuant to chapter 279 of NRS;

(b) In any historic district established in that county pursuant to NRS 384.005;

(c) In any retail liquor store as that term is defined in NRS 369.090; or

(d) In any other area in the county designated by the board of county commissioners for the operation of brew pubs. In a city which is located in that county, a person may operate a brew pub in any area in the city designated by the governing body of that city for the operation of brew pubs.

↪ Except as otherwise provided in paragraph (e) of subsection 3, a person who operates one or more brew pubs may not manufacture more than 40,000 barrels of malt beverages for all the brew pubs he or she operates in this State in any calendar year.

2. The premises of any brew pub operated pursuant to this section must be conspicuously identified as a “brew pub.”

3. Except as otherwise provided in subsection 4, a person who operates one or more brew pubs pursuant to this section may, upon obtaining a license pursuant to chapter 369 of NRS and complying with any other applicable governmental requirements:

(a) Manufacture and store malt beverages on the premises of one or more of the brew pubs and:

(1) Sell and transport the malt beverages manufactured on the premises to a person holding a valid wholesale wine and liquor dealer’s license or wholesale beer dealer’s license issued pursuant to chapter 369 of NRS.

(2) Donate for charitable or nonprofit purposes and, for the purposes of the donation, transport the malt beverages manufactured on the premises in accordance with the terms and conditions of a special permit for the transportation of the malt beverages obtained from the Department of Taxation pursuant to subsection 4 of NRS 369.450.

(3) Transfer in bulk the malt beverages manufactured on the premises:



(I) To a person holding a valid wholesale wine and liquor dealer's license or wholesale beer dealer's license issued pursuant to chapter 369 of NRS for the purpose of transferring in bulk the malt beverages to an estate distillery for the purpose of distillation and blending, which transfer is taxable only as provided in NRS 597.237; or

(II) If there is no wholesaler who is able or willing to accept and transfer in bulk the malt beverages pursuant to sub-subparagraph (I), to a person holding a valid license to operate an estate distillery issued pursuant to chapter 369 of NRS for the purpose of distillation and blending, which transfer is taxable only as provided in NRS 597.237 and must be performed in accordance with the terms and conditions of a special permit for the transportation of the malt beverages obtained from the Department of Taxation pursuant to subsection 4 of NRS 369.450.

(b) Manufacture and store malt beverages on the premises of one or more of the brew pubs and transport the malt beverages manufactured on the premises to a retailer, other than a person who operates a brew pub pursuant to this section, that holds a valid license pursuant to chapter 369 of NRS for the purpose of selling the malt beverages at a special event in accordance with the terms and conditions of a special permit for the transportation of the malt beverages obtained from the Department of Taxation pursuant to subsection 4 of NRS 369.450. For the purposes of this paragraph, the person who operates one or more brew pubs shall not obtain more than 20 such special permits for the transportation of the malt beverages from the Department of Taxation pursuant to subsection 4 of NRS 369.450 within a calendar year.

(c) Sell at retail, not for resale, malt beverages manufactured on or off the premises of one or more of the brew pubs for consumption on the premises.

(d) Sell at retail, not for resale, in packages sealed on the premises of one or more of the brew pubs, malt beverages, including malt beverages in unpasteurized form, manufactured on the premises for consumption off the premises.

(e) *Sell at retail alcoholic beverages other than those described in paragraph (c) if the person:*

(1) Has obtained any license or permit required to sell alcoholic beverages at retail in the jurisdiction in which the brew pub is located; and

(2) Purchases all such alcoholic beverages from a licensed wholesaler in compliance with the provisions of NRS 369.487 and 369.488.



(f) Sell alcoholic beverages, including, without limitation, malt beverages manufactured on or off the premises of one or more of the brew pubs, at not more than two retail liquor store locations under the common control of the person if:

(1) The person has obtained any license or permit required to sell alcoholic beverages at retail in the jurisdiction in which the retail liquor store location is located;

(2) The person purchases all such alcoholic beverages from a licensed wholesaler in compliance with the provisions of NRS 369.487 and 369.488;

(3) For a retail liquor store location for which the person obtained any license or permit required to sell alcoholic beverages at retail on or after January 1, 2025, the retail liquor store location is not located closer than 1,000 feet to an establishment licensed pursuant to chapter 463 of NRS; and

(4) The retail liquor store location is located within the same county as the brew pub, unless the brew pub is located in a county whose population is less than 100,000.

*(g) In a calendar year, in addition to the amount of malt beverages which may be manufactured pursuant to subsection 1, manufacture and sell 20,000 barrels of malt beverages for all the brew pubs he or she operates in this State provided such barrels are sold **either** to a wholesaler located outside of this State **or, where allowable pursuant to applicable law, to persons residing in states outside of this State**, subject to such periodic auditing as the Department of Taxation shall require by regulation.*

4. The amount of malt beverages sold pursuant to paragraphs (b), (c) and (d) of subsection 3 must not exceed a total of 5,000 barrels in any calendar year. Of the 5,000 barrels, not more than 1,000 barrels may be sold in kegs.

5. A person who operates a brew pub and one or more commonly controlled retail liquor store locations shall:

(a) Comply with the provisions of NRS 369.520 with respect to the brew pub and each commonly controlled retail liquor store location; and

(b) In addition to making any reports required pursuant to rules made by the Department of Taxation pursuant to NRS 369.360, submit to the Department of Taxation each month a report of sales of malt beverages manufactured at each brew pub and commonly controlled retail liquor store location for the immediately preceding month.

Sec. 3. (Deleted by amendment.)



Sec. 3.1. NRS 369.230 is hereby amended to read as follows:

369.230 The board of county commissioners , ~~for~~ the governing body of a city ~~or~~ *or the Department*, as applicable, may, upon its own motion, and shall, upon the verified complaint in writing of any person, investigate the action of any licensee under this chapter . ~~and~~ *The board of county commissioners or the governing body of a city, as applicable*, shall have *the* power to recommend the temporary suspension or permanent revocation of a license *and the Department shall have the power to temporarily suspend or permanently revoke a license* for any one of the following acts or omissions:

1. Misrepresentation of a material fact by the applicant in obtaining a license under this chapter;
2. If the licensee violates or causes or permits to be violated any of the provisions of this chapter;
3. If the licensee commits any act which would be sufficient ground for the denial of an application for a license under this chapter;
4. If the licensee sells liquor to a wholesaler or retailer who is not a holder of a proper license or permit at such time; or
5. If the licensee fails to pay the excise tax or any penalty in connection therewith, in whole or in part, imposed by law, or violates any regulation of the Department respecting the same.

Sec. 3.2. NRS 369.240 is hereby amended to read as follows:

369.240 1. Upon the filing with the board of county commissioners of the county in which a licensee maintains his or her principal place of business , ~~or with~~ the governing body of the city in which the licensee maintains his or her principal place of business if the licensee maintains his or her principal place of business within an incorporated city *or the Department* of a verified complaint charging the licensee with the commission, within 1 year prior to the date of filing the complaint, of any act which is cause for suspension or revocation of a license, the board of county commissioners , ~~for~~ the governing body ~~or~~ *or the Department*, as applicable, forthwith shall issue a citation directing the licensee, within 10 days after service thereof upon him or her, to appear by filing with the board of county commissioners , ~~for~~ the governing body ~~or~~ *or the Department*, as applicable, a verified answer to the complaint showing cause, if any he or she has, why his or her license should not be suspended or revoked. Service of the citation with a copy of the complaint shall be made upon the licensee as provided by the Nevada Rules of Civil Procedure for the service of process in civil actions.



2. Failure of the licensee to answer within the time specified shall be deemed an admission by the licensee of the commission of the act or acts charged in the complaint. Thereupon, *if the verified complaint was filed with* the board of county commissioners or the governing body of a city, *the board or governing body*, as applicable, shall give written notice of the failure of the licensee to answer to the Department. The Department forthwith shall suspend or revoke the license, as the case may be, and shall give notice of such suspension or revocation by mailing a true copy thereof, by United States registered or certified mail in a sealed envelope with postage thereon fully prepaid, addressed to the licensee at his or her latest address of record in the office of the Department.

Sec. 3.3. NRS 369.250 is hereby amended to read as follows:

369.250 Upon the filing of the answer, the board of county commissioners, ~~or~~ the governing body of a city ~~or the Department~~, as applicable, shall fix a time and place for a hearing and give the licensee and the complainant not less than 5 days' notice thereof. The notice may be served by depositing in the United States mail a true copy of the notice enclosed in a sealed envelope with postage thereon fully prepaid, addressed to the licensee and to the complainant, respectively, at their last known addresses. With the notice to the complainant there shall be attached or enclosed a copy of the answer. If either party has appeared by counsel the notice shall be given, in like manner, to counsel instead of to the party.

Sec. 3.4. NRS 369.260 is hereby amended to read as follows:

369.260 1. Upon the hearing, the board of county commissioners, ~~or~~ the governing body of a city ~~or the Department~~, as applicable, shall hear all relevant and competent evidence offered by the complainant and by the licensee.

2. After the hearing is concluded and the matter submitted, ~~the board of county commissioners or the governing body of a city, as applicable, shall,~~ within 10 days after such submission and within 60 days after the date of service of the citation issued pursuant to NRS 369.240 ~~or~~:

(a) *If the hearing was held before the board of county commissioners or the governing body of a city, the board or governing body, as applicable, shall* render its decision in writing recommending the suspension or revocation of the license, or ~~dismissing~~ *the dismissal of* the complaint, with a statement of the board's or the governing body's reasons therefor.

(b) *If the hearing was held before the Department, the Department shall render its decision in writing suspending or*



revoking the license, or dismissing the complaint, with a statement of the Department's reasons therefor.

3. The board of county commissioners , ~~or~~ the governing body of a city ~~or~~ *or the Department*, as applicable, shall give to the complainant and to the licensee, or their respective attorneys, notice of ~~[such recommendation,]~~ *the decision rendered pursuant to subsection 2* by mail, in the same manner as prescribed in this chapter for the giving of notice of hearing.

4. A copy of ~~the~~ *a* decision of the board of county commissioners or the governing body of a city recommending the suspension or revocation of a license *rendered pursuant to subsection 2* shall be transmitted forthwith by the board or the governing body, as applicable, to the Department. ~~[Thereupon,]~~ *Upon receiving such a decision or upon rendering its own decision to suspend or revoke a license*, the Department shall cause the license to be suspended or revoked and shall give notice thereof in the same manner as provided in NRS 369.240.

Sec. 3.5. NRS 369.270 is hereby amended to read as follows:

369.270 1. Notwithstanding any other provision of this chapter, before suspending or revoking any license, the Department, in its discretion, may:

(a) If the licensee has not appeared pursuant to the provisions of NRS 369.240, permit the licensee to appear before the board of county commissioners , ~~or~~ the governing body of a city ~~or~~ *or the Department*, as applicable, and make a showing on his or her behalf if it is made to appear to the Department that the licensee's neglect to appear before the board of county commissioners , ~~or~~ the governing body *or the Department* was excusable.

(b) If a hearing was had ~~or~~ *before the board of county commissioners or the governing body of a city*, grant the licensee a new hearing before the Department if it shall be made to appear to the Department that the decision of the board of county commissioners or the governing body of a city, as applicable, was arbitrary, unreasonable or unjust.

2. After any new hearing before the Department, the Department shall enter a final order revoking or refusing to revoke the license affected.

Sec. 3.6. NRS 369.280 is hereby amended to read as follows:

369.280 1. Notwithstanding any other provision of this chapter, the board of county commissioners or the governing body of a city, as applicable, shall have the right to suspend or revoke summarily any license in cases appearing to it to be of an aggravated and flagrant violation of law.



2. On request, in all such cases, the Department shall conduct a hearing covering the proceedings and evidence, if any, before the board of county commissioners or the governing body of a city, as applicable, and any additional evidence offered by the board of county commissioners, the governing body or the licensee.

3. The hearing before the Department shall be had on reasonable notice of time, place and subject matter to the licensee and the board of county commissioners or the governing body of a city, as applicable, and the Department shall decide the matter without delay by either confirming, modifying or setting aside the action of the board of county commissioners or the governing body, as applicable.

4. If the Department finds that a licensee is violating any of the provisions of this chapter, the Department may issue a summary suspension of the violator's license. The Department shall notify the board of county commissioners or the governing body of a city, as applicable, of such suspension. Within 10 days after such notice the Department shall conduct a public hearing in the matter in the appropriate county or city, as applicable. The board of county commissioners or the governing body of a city, as applicable, may appear before the Department at the hearing. *If the Department issues a summary suspension of a license pursuant to this subsection, the Department shall thereafter hold a hearing and render a decision regarding whether to issue a final order revoking or refusing to revoke the license affected.*

Sec. 4. NRS 369.485 is hereby amended to read as follows:

369.485 1. The Legislature hereby declares:

(a) That it is a privilege to engage in the business of selling intoxicating liquor at the wholesale or retail level in this state;

(b) That the Legislature finds it necessary to impose certain restrictions on the exercise of such privilege; and

(c) That it is the policy of this state to preclude the acquisition or control of any retail liquor store by a wholesale liquor dealer.

2. As used in this section, unless the context requires otherwise:

(a) "Delinquent payment" means the failure of a retail liquor store to make payment to a wholesale dealer for liquor on or before the 15th day of the month following delivery by the wholesale dealer.

(b) *"Electronic funds transfer" means the electronic transfer of money from one bank account to another, either within a single financial institution or across multiple financial institutions through computer-based systems.*



(c) “Payment” means the full legal discharge of the debt by the wholesale dealer’s receipt of cash or its equivalent, including ordinary and recognized means for discharge of indebtedness excepting notes, pledges or other promises to pay at a future date. A postdated check, a check not promptly deposited for collection or a check dishonored on presentation for payment does not constitute payment.

~~(c)~~ (d) “Payment in cash” means the full legal discharge of the debt by delivery of cash, money order, certified check or a cashier’s or similar bank officer’s check.

3. A wholesale dealer shall not:

(a) Loan any money or other thing of value to a retail liquor store.

(b) Invest money, directly or indirectly, including through a subsidiary or agent, in a retail liquor store.

(c) Furnish or provide any premises, building, bar or equipment to a retail liquor store.

(d) Participate, directly or indirectly, in the operation of the business of a retail liquor store.

(e) Sell liquor to a retail liquor store except for payment on or before delivery or on terms requiring payment by the retail liquor store before or on the 10th day of the month following delivery of such liquor to it by the wholesale dealer.

(f) Sell liquor to a retail liquor store which is delinquent in payment to such wholesale dealer except for payment in cash on or before delivery.

4. *At the time a wholesale dealer makes a delivery of beer, wine or distilled spirits to a retail liquor store, the wholesale dealer and retail liquor store shall review the invoice of the delivery to verify its accuracy. If the invoice is accurate, the retail liquor store shall sign the invoice to confirm the accuracy of the invoice.*

5. *Except as otherwise provided in paragraph (f) of subsection 3, unless a retail liquor store elects to pay by credit card pursuant to subsection 6, payment from a retail liquor store to a wholesale dealer for the delivery of beer, wine or distilled spirits must be made by electronic funds transfer. The wholesale dealer shall initiate the electronic funds transfer by initiating the withdrawal of funds from the bank account of the retail liquor store. The electronic funds transfer must be completed not later than the expiration of the 30th day after the date of delivery of the beer, wine or distilled spirits for which the electronic funds transfer constitutes payment. A wholesale dealer shall not pay or be required to pay, directly or indirectly, any fees incurred by the*



retail liquor store for an electronic funds transfer made pursuant to this section.

6. A retail liquor store may elect to pay for the delivery of beer, wine or distilled spirits by credit card. If a retail liquor store elects to pay by credit card, the retail liquor store shall notify the wholesale dealer of the election. The retail liquor store is responsible for all costs associated with processing the credit card transaction.

7. On the 15th day of the month following the delivery of liquor and on the 15th day of each month thereafter, the wholesale dealer shall charge a retail liquor store which is delinquent a service charge of 1.5 percent of the amount of the unpaid balance.

~~15.1~~ 8. The Department may impose the following penalties on a wholesale dealer who violates any of the provisions of this section within any 24-month period:

- (a) For the first violation a penalty of not more than \$500.
- (b) For the second violation a penalty of not more than \$1,000.
- (c) For the third and any subsequent violation a penalty of not more than \$5,000 or by a license suspension, or by both such penalty and suspension.

~~16.1~~ 9. The Department may, upon its own motion, and shall, upon the verified written complaint of any wholesale dealer, investigate the possible violation of any of the provisions of this section by any wholesale dealer.

Sec. 5. NRS 369.520 is hereby amended to read as follows:

369.520 All persons obtaining *or manufacturing* liquor under any license or permit and all retail liquor dealers shall preserve for inspection and audit by the Department and its agents, for a period of 4 years, all invoices and lists of liquors purchased , *manufactured* or received, specifying:

1. Kind and quantity of liquor.
2. ~~[Names]~~ *For liquors purchased or received, names* of persons from whom received.
3. Place and date.

Sec. 6. Notwithstanding the provisions of paragraph (f) of subsection 3 of NRS 597.230 as amended by section 2 of this act, a person who, on March 31, 2025, holds a license issued pursuant to chapter 369 of NRS to operate one or more brew pubs and any license or permit required to operate three retail liquor store locations under the common control of the person may engage in the activities authorized by paragraph (f) of subsection 3 of NRS 597.230 as amended by section 2 of this act at the third retail liquor



store location so long as the license or permit to operate that location is not transferred to another person or location.

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