

STATE OF NEW YORK
LIQUOR AUTHORITY

To: All farm winery, micro-rectifier and micro-brewery licensees

Subject: Surety Bonds

Section 112 of the Alcoholic Beverage Control Law (“ABCL”) provides that the Authority “may require” licensees with a certain class of license to file a surety bond with the Authority. By regulation (Part 81 of the Rules of the Authority) the Authority imposes a requirement on certain classes of licensees to file such a bond. The amount of the bond varies with the class of license.

With respect to manufacturers, the regulations include a bond requirement for: class A distillers; class B distillers (also known as rectifiers); class C distillers; wineries; cider producers; and farm wineries. In Divisional Order #808 (issued on October 9, 1996), the Authority also imposed a bond requirement on class B-1 distillers (micro-rectifiers) and micro-breweries.

Since the Authority issued Divisional Order #808, a number of manufacturing licenses have been added to the ABCL. In 2003 the class A-1, or micro-distiller, license became available. That was followed in 2008 by the class D, or farm distiller, license, in 2013 by the farm brewery license and in 2014 by the farm cidery license. All of these licensees are “craft manufacturers” in the respect that they are limited in the amount of alcoholic beverages that they can produce.

Farm wineries, micro-rectifiers and micro-breweries are also craft manufacturers. However, since the Authority has taken no action since 1996, they are the only craft manufacturers required to file a bond. In order to treat all craft manufacturers equally with respect to the bond requirement, the Authority hereby exercises its discretionary power under section 112 and will no longer require farm wineries, micro-rectifiers and micro-breweries to file a bond with the Authority. Accordingly, Divisional Order #808 is hereby rescinded and, pending amendment of the Rules of the Authority, the provisions of Part 81 requiring a farm winery to file a bond shall be waived.