

This Document can be made available in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 2791

02/09/2018 Authored by Scott, Whelan, Theis and Davnie
The bill was referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to alcohol; establishing craft wineries; amending Minnesota Statutes 2016,
1.3 sections 340A.101, subdivision 11; 340A.315, as amended.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2016, section 340A.101, subdivision 11, is amended to
1.6 read:

1.7 Subd. 11. **Farm Craft winery.** "Farm Craft winery" is a winery ~~operated by the owner~~
1.8 ~~of a Minnesota farm and producing that produces~~ table, sparkling, or fortified wines from
1.9 grapes, grape juice, other fruit bases, or honey with a majority of the ingredients grown or
1.10 produced in Minnesota.

1.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.12 Sec. 2. Minnesota Statutes 2016, section 340A.315, as amended by Laws 2017, First
1.13 Special Session chapter 4, article 5, section 7, is amended to read:

1.14 **340A.315 FARM CRAFT WINERY LICENSE.**

1.15 Subdivision 1. **Licenses.** The commissioner may issue a ~~farm~~ craft winery license to the
1.16 owner or operator of a ~~farm~~ craft winery located within the state and producing table,
1.17 sparkling, or fortified wines. Licenses may be issued and renewed for an annual fee of \$50,
1.18 which is in lieu of all other license fees required by this chapter.

1.19 Subd. 2. **Sales.** A license authorizes the sale, on the ~~farm~~ craft winery premises, of table,
1.20 sparkling, or fortified wines produced by that ~~farm~~ craft winery at on-sale or off-sale, in
1.21 retail, or wholesale lots in total quantities not in excess of 75,000 gallons in a calendar year,

2.1 glassware, wine literature and accessories, cheese and cheese spreads, other wine-related
2.2 food items, and the dispensing of free samples of the wines offered for sale. Sales at on-sale
2.3 and off-sale may be made on Sundays between 10:00 a.m. and 12:00 midnight. Labels for
2.4 each type or brand produced must be registered with the commissioner, without fee prior
2.5 to sale. A ~~farm~~ craft winery may provide samples of distilled spirits manufactured pursuant
2.6 to subdivision 7, on the ~~farm~~ craft winery premises, but may sell the distilled spirits only
2.7 through a licensed wholesaler. Samples of distilled spirits may not exceed 15 milliliters per
2.8 variety.

2.9 Subd. 3. **Applicability.** Except as otherwise specified in this section, all provisions of
2.10 this chapter govern the production, sale, possession, and consumption of table, sparkling,
2.11 or fortified wines produced by a ~~farm~~ craft winery.

2.12 Subd. 4. **Minnesota products.** If Minnesota-produced or -grown grapes, grape juice,
2.13 other fruit bases, or honey is not available in quantities sufficient to constitute a majority
2.14 of the table, sparkling, or fortified wine produced by a ~~farm~~ craft winery, the holder of the
2.15 ~~farm~~ craft winery license may file an affidavit stating this fact with the commissioner. If
2.16 the commissioner, after consultation with the commissioner of agriculture, determines this
2.17 to be true, the ~~farm~~ craft winery may use imported products and shall continue to be governed
2.18 by the provisions of this section. The affidavit is effective for a period of one year, after
2.19 which time the ~~farm~~ craft winery must use the required amount of Minnesota products as
2.20 provided by subdivision 1 unless the ~~farm~~ craft winery holder files a new affidavit with the
2.21 commissioner.

2.22 Subd. 6. **On-sale licenses allowed.** Nothing in this section or in any other section of
2.23 law prevents a ~~farm~~ craft winery from obtaining a separate on-sale license and operating a
2.24 business establishment that utilizes that license in conjunction with and within the physical
2.25 facilities of the winery and its buildings.

2.26 Subd. 7. **Distilled spirits permitted.** ~~Farm~~ Craft wineries licensed under this section
2.27 are permitted to manufacture distilled spirits as defined under section 340A.101, subdivision
2.28 9, which may exceed 25 percent alcohol by volume, made from Minnesota-produced or
2.29 Minnesota-grown grapes, grape juice, other fruit bases, or honey. The following conditions
2.30 pertain:

2.31 (1) no ~~farm~~ craft winery or firm owning multiple ~~farm~~ craft wineries may manufacture
2.32 more than 5,000 gallons of distilled spirits in a given year, and this 5,000 gallon limit is
2.33 part of the 50,000 gallon limit found in subdivision 2;

3.1 (2) a farm craft winery may not sell at on-sale, off-sale, or wholesale, a distilled spirit
3.2 that does not qualify as a Minnesota spirit. For purposes of this section, to qualify as a
3.3 Minnesota spirit, 50 percent of the distilled spirit must be processed and distilled on premises.
3.4 Distilled spirits produced or in production prior to July 1, 2017, are not counted as part of
3.5 the calculations under this clause;

3.6 (3) farm craft wineries must pay an additional annual fee of \$50 to the commissioner
3.7 before beginning production of distilled spirits; and

3.8 (4) farm craft wineries may not sell or produce distilled spirits for direct sale to
3.9 manufacturers licensed under section 340A.301, subdivision 6, paragraph (a).

3.10 Subd. 8. **Bulk wine.** Farm Craft wineries licensed under this section are permitted to
3.11 purchase and use bulk wine, provided that:

3.12 (1) the quantity of bulk wine in any farm craft winery's annual production shall not
3.13 exceed ten percent of that winery's annual production;

3.14 (2) the bulk wine under subdivision 4 shall be counted as a portion of the 49 percent of
3.15 product that need not be Minnesota-grown and may be imported from outside Minnesota;
3.16 and

3.17 (3) the bulk wine must be blended and not directly bottled.

3.18 "Bulk wine," as used in this subdivision, means fermented juice from grapes, other fruit
3.19 bases, or honey.

3.20 ~~Subd. 9. **Agricultural land.** A farm winery license must be issued for operation of a~~
3.21 ~~farm winery on agricultural land, operating under an agricultural classification, zone, or~~
3.22 ~~conditional use permit. Farm wineries with licenses issued prior to March 1, 2012, are~~
3.23 ~~exempt from this provision.~~

3.24 Subd. 10. **Storage.** A farm craft winery may store finished wine and distilled spirits in
3.25 a noncontiguous warehouse location, provided that the chosen location complies with
3.26 Minnesota Rules, part 7515.0300, subpart 12, and any other state or federal requirements.
3.27 Cartage of finished goods between the farm craft winery and warehouse must be continuously
3.28 in the possession of a motor carrier of property as defined in section 221.012, subdivision
3.29 27, or carried in a motor vehicle owned, leased, or rented by the farm craft winery.

3.30 Subd. 11. **Bulk wine or distilled spirits.** If no wholesaler is able to provide bulk wine
3.31 or bulk distilled spirits, a farm craft winery may purchase either bulk wine or bulk distilled
3.32 spirits for purposes allowed under this chapter from any available source allowed under
3.33 federal law.

4.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.2 Sec. 3. **REVISOR'S INSTRUCTION.**

4.3 The revisor of statutes shall change the term "farm winery" to "craft winery" in Minnesota

4.4 Statutes and Minnesota Rules.