

HOUSE BILL NO. 603

INTRODUCED BY G. HERTZ

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LIQUOR LAWS TO EXPAND HOURS AND LICENSE RENEWAL FEES FOR SMALL BREWERIES AND MICRODISTILLERIES; AMENDING SECTIONS 16-3-213, 16-4-312, AND 16-4-501, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 16-3-213, MCA, is amended to read:

"16-3-213. Brewers or beer importers not to retail beer -- small brewery exceptions. (1) Except as provided for small breweries in subsection (2), it is unlawful for any brewer or breweries or beer importer to have or own any permit to sell or retail beer at any place or premises. It is the intention of this section to prohibit brewers and beer importers from engaging in the retail sale of beer. This section does not prohibit breweries from selling and delivering beer manufactured by them, in original packages, at either wholesale or retail.

(2) (a) For the purposes of this section, a "small brewery" is a brewery that has an annual nationwide production of not less than 100 barrels or more than 10,000 barrels.

(b) A small brewery may, at one location for each brewery license, provide samples of beer that were brewed and fermented on the premises in a sample room located on the licensed premises. The samples may be provided with or without charge between the hours of 10 a.m. and 8 10 p.m. No more than 48 ounces of malt beverage may be sold or given to each individual customer during a business day. Closing time may not be later than 11 p.m."

Section 2. Section 16-4-312, MCA, is amended to read:

"16-4-312. Domestic distillery. (1) A distillery located in Montana and licensed pursuant to 16-4-311 may:

- (a) import necessary products in bulk;
- (b) bottle, produce, blend, store, transport, or export liquor that it produces;
- (c) perform those operations that are permitted for bonded distillery premises under applicable regulations of the United States department of the treasury.

1 (2) (a) A distillery that is located in Montana and licensed pursuant to 16-4-311 shall sell liquor to the
2 department under this code, and the department shall include the distillery's liquor as a listed product.

3 (b) The distillery may use a common carrier for delivery of the liquor to the department.

4 (c) A distillery that produces liquor within the state under this subsection (2) shall maintain records of
5 all sales and shipments. The distillery shall furnish monthly and other reports concerning quantities and prices
6 of liquor that it ships to the department and other information that the department may determine to be necessary
7 to ensure that distribution of liquor within this state conforms to the requirements of this code.

8 (3) A microdistillery may:

9 (a) provide, with or without charge, not more than 2 ounces of liquor that it produces at the microdistillery
10 to consumers for consumption on the premises between 10 a.m. and 8 10 p.m. A microdistillery may not sell or
11 give more than 2 ounces of liquor to an individual for on-premises consumption during a business day. Closing
12 time may not be later than 11 p.m.

13 (b) sell liquor that it produces at retail at the distillery directly to the consumer for off-premises
14 consumption if:

15 (i) not more than 1.75 liters a day is sold to an individual; and

16 (ii) the minimum retail price as determined by the department is charged."

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18 **Section 3.** Section 16-4-501, MCA, is amended to read:

19 **"16-4-501. License and permit fees.** (1) Each beer licensee licensed to sell either beer or table wine
20 only or both beer and table wine under the provisions of this code shall pay a license fee. Unless otherwise
21 specified in this section, the fee is an annual fee and is imposed as follows:

22 (a) (i) each brewer and each beer importer, wherever located, whose product is sold or offered for sale
23 within the state, \$500;

24 (ii) for each storage depot, \$400;

25 (b) (i) each beer wholesaler, \$400; each winery, \$200; each table wine distributor, \$400;

26 (ii) for each subwarehouse, \$400;

27 (c) each beer retailer, \$200;

28 (d) (i) for a license to sell beer at retail for off-premises consumption only, the same as a retail beer
29 license;

30 (ii) for a license to sell table wine at retail for off-premises consumption only, either alone or in conjunction

1 with beer, \$200;

2 (e) any unit of a nationally chartered veterans' organization, \$50.

3 (2) The permit fee under 16-4-301(1) is computed at the following rate:

4 (a) \$10 a day for each day that beer and table wine are sold at events, activities, or sporting contests,
5 other than those applied for pursuant to 16-4-301(1)(c); and

6 (b) \$1,000 a season for professional sporting contests or junior hockey contests held under the
7 provisions of 16-4-301(1)(c).

8 (3) The permit fee under 16-4-301(2) is \$10 for the sale of beer and table wine only or \$20 for the sale
9 of all alcoholic beverages.

10 (4) Passenger carrier licenses must be issued upon payment by the applicant of an annual license fee
11 in the sum of \$300.

12 (5) The annual license fee for a license to sell wine on the premises, when issued as an amendment to
13 a beer-only license pursuant to 16-4-105, is \$200.

14 (6) The annual renewal fee for:

15 (a) a brewer producing 20,000 or fewer barrels of beer, as defined in 16-1-406, is ~~\$200~~ \$300; and

16 (b) resort retail all-beverages licenses within a given resort area is \$2,000 for each license.

17 (7) Except as provided in this section, each licensee licensed under the quotas of 16-4-201 shall pay
18 an annual license fee as follows:

19 (a) for each license outside of incorporated cities and incorporated towns or in incorporated cities and
20 incorporated towns with a population of less than 2,000, \$250 for a unit of a nationally chartered veterans'
21 organization and \$400 for all other licensees;

22 (b) for each license in incorporated cities with a population of more than 2,000 and less than 5,000 or
23 within a distance of 5 miles, measured in a straight line from the nearest entrance of the premises to be licensed
24 to the nearest boundary of the city, \$350 for a unit of a nationally chartered veterans' organization and \$500 for
25 all other licensees;

26 (c) for each license in incorporated cities with a population of more than 5,000 and less than 10,000 or
27 within a distance of 5 miles, measured in a straight line from the nearest entrance of the premises to be licensed
28 to the nearest boundary of the city, \$500 for a unit of a nationally chartered veterans' organization and \$650 for
29 all other licensees;

30 (d) for each license in incorporated cities with a population of 10,000 or more or within a distance of 5

1 miles, measured in a straight line from the nearest entrance of the premises to be licensed to the nearest
2 boundary of the city, \$650 for a unit of a nationally chartered veterans' organization and \$800 for all other
3 licensees;

4 (e) the distance of 5 miles from the corporate limits of any incorporated cities and incorporated towns
5 is measured in a straight line from the nearest entrance of the premises to be licensed to the nearest boundary
6 of the city or town; and where the premises of the applicant to be licensed are situated within 5 miles of the
7 corporate boundaries of two or more incorporated cities or incorporated towns of different populations, the license
8 fee chargeable by the larger incorporated city or incorporated town applies and must be paid by the applicant.
9 When the premises of the applicant to be licensed are situated within an incorporated town or incorporated city
10 and any portion of the incorporated town or incorporated city is without a 5-mile limit, the license fee chargeable
11 by the smaller incorporated town or incorporated city applies and must be paid by the applicant.

12 (f) an applicant for the issuance of an original license to be located in areas described in subsections
13 (6) and (7)(d) shall provide an irrevocable letter of credit from a financial institution that guarantees that applicant's
14 ability to pay a \$20,000 license fee. A successful applicant shall pay a one-time original license fee of \$20,000
15 for a license issued. The one-time license fee of \$20,000 may not apply to any transfer or renewal of a license
16 issued prior to July 1, 1974. However, all licenses are subject to the specified annual renewal fees.

17 (8) The fee for one all-beverages license to a public airport is \$800. This license is nontransferable.

18 (9) The annual fee for a retail beer and wine license to the Yellowstone airport is \$400.

19 (10) The annual fee for a special beer and table wine license for a nonprofit arts organization under
20 16-4-303 is \$250.

21 (11) The annual fee for a distillery is ~~\$600~~ \$700.

22 (12) The license fees provided in this section are exclusive of and in addition to other license fees
23 chargeable in Montana for the sale of alcoholic beverages.

24 (13) In addition to other license fees, the department of revenue may require a licensee to pay a late fee
25 of 33 1/3% of any license fee delinquent on July 1 of the renewal year or 1 year after the licensee's anniversary
26 date, 66 2/3% of any license fee delinquent on August 1 of the renewal year or 1 year and 1 month after the
27 licensee's anniversary date, and 100% of any license fee delinquent on September 1 of the renewal year or 1
28 year and 2 months after the licensee's anniversary date.

29 (14) All license and permit fees collected under this section must be deposited as provided in 16-2-108."
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