

1 HOUSE BILL NO. 79

2 INTRODUCED BY M. NOLAND

3 BY REQUEST OF THE DEPARTMENT OF REVENUE

4
5 A BILL FOR AN ACT ENTITLED: "REVISING THE DEFINITION OF "MALT BEVERAGE" TO INCLUDE
6 ALCOHOLIC BEVERAGES MADE WITH MALT SUBSTITUTES; ~~AND~~ AMENDING SECTION 16-1-106, MCA;
7 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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11 **Section 1.** Section 16-1-106, MCA, is amended to read:

12 **"16-1-106. Definitions.** As used in this code, the following definitions apply:

13 (1) "Agency franchise agreement" means an agreement between the department and a person
14 appointed to sell liquor and table wine as a commission merchant rather than as an employee.

15 (2) "Agency liquor store" means a store operated under an agency franchise agreement in
16 accordance with this code for the purpose of selling liquor at either the posted or the retail price for off-premises
17 consumption.

18 (3) "Alcohol" means ethyl alcohol, also called ethanol, or the hydrated oxide of ethyl.

19 (4) "Alcoholic beverage" means a compound produced and sold for human consumption as a drink
20 that contains more than 0.5% of alcohol by volume.

21 (5) (a) "Beer" means:

22 (i) a malt beverage containing not more than 8.75% of alcohol by volume; or

23 (ii) an alcoholic beverage containing not more than 14% alcohol by volume:

24 (A) that is made by the alcoholic fermentation of an infusion or decoction, or a combination of both, in
25 potable brewing water, of malted cereal grain; and

26 (B) in which the sugars used for fermentation of the alcoholic beverage are at least 75% derived from
27 malted cereal grain measured as a percentage of the total dry weight of the fermentable ingredients.

28 (b) The term does not include a caffeinated or stimulant-enhanced malt beverage.

(6) "Beer importer" means a person other than a brewer who imports malt beverages.

(7) "Brewer" means a person who produces malt beverages.

(8) "Caffeinated or stimulant-enhanced malt beverage" means:

(a) a beverage:

(i) that is fermented in a manner similar to beer and from which some or all of the fermented alcohol has been removed and replaced with distilled ethyl alcohol;

(ii) that contains at least 0.5% of alcohol by volume;

(iii) that is treated by processing, filtration, or another method of manufacture that is not generally recognized as a traditional process in the production of beer as described in 27 CFR 25.55; and

(iv) to which is added caffeine or other stimulants, including but not limited to guarana, ginseng, and taurine; or

(b) a beverage:

(i) that contains at least 0.5% of alcohol by volume;

(ii) that is treated by processing, filtration, or another method of manufacture that is not generally recognized as a traditional process in the production of beer as described in 27 CFR 25.55;

(iii) to which is added a flavor or other ingredient containing alcohol, except for a hop extract;

(iv) to which is added caffeine or other stimulants, including but not limited to guarana, ginseng, and taurine;

(v) for which the producer is required to file a formula for approval with the United States alcohol and tobacco tax and trade bureau pursuant to 27 CFR 25.55; and

(vi) that is not exempt pursuant to 27 CFR 25.55(f).

(9) "Community" means:

(a) in an incorporated city or town, the area within the incorporated city or town boundaries;

(b) in an unincorporated city or area, the area identified by the federal bureau of the census as a community for census purposes; and

(c) in a consolidated local government, the area of the consolidated local government not otherwise incorporated.

(10) "Concessionaire" means an entity that has a concession agreement with a licensed entity.

(11) "Department" means the department of revenue, unless otherwise specified, and includes the department of justice with respect to receiving and processing, but not granting or denying, an application under a contract entered into under 16-1-302.

(12) "Growler" means any refillable, resealable container complying with federal law.

(13) "Hard cider" means an alcoholic beverage that is made from the alcoholic fermentation of the juices of apples or pears and that contains not less than 0.5% of alcohol by volume and not more than ~~6.9%~~ 8.5% of alcohol by volume, including but not limited to flavored, sparkling, or carbonated cider.

(14) "Immediate family" means a spouse, dependent children, or dependent parents.

(15) "Import" means to transfer beer or table wine from outside the state of Montana into the state of Montana.

(16) "Liquor" means an alcoholic beverage except beer and table wine. The term includes a caffeinated or stimulant-enhanced malt beverage.

(17) "Malt beverage" means:

(a) an alcoholic beverage made by the fermentation of an infusion or decoction, or a combination of both, in potable brewing water, of malted barley with or without hops or their parts or their products and with or without other malted cereals and with or without the addition of unmalted or prepared cereals, other carbohydrates, or products prepared from carbohydrates and with or without other wholesome products suitable for human food consumption; or

(b) an alcoholic beverage made by the fermentation of malt substitutes, including rice, grain of any kind, glucose, sugar, or molasses that has not undergone distillation.

(18) "Package" means a container or receptacle used for holding an alcoholic beverage.

(19) "Posted price" means the wholesale price of liquor for sale to persons who hold liquor licenses as fixed and determined by the department and in addition an excise and license tax as provided in this code. In the case of sacramental wine sold in agency liquor stores, the wholesale price may not exceed the sum of the department's cost to acquire the sacramental wine, the department's current freight rate to agency liquor stores, and a 20% markup.

(20) "Proof gallon" means a U.S. gallon of liquor at 60 degrees on the Fahrenheit scale that contains 50% of alcohol by volume.

1 (21) "Public place" means a place, building, or conveyance to which the public has or may be
2 permitted to have access and any place of public resort.

3 (22) "Retail price" means the price established by an agent for the sale of liquor to persons who do not
4 hold liquor licenses. The retail price may not be less than the department's posted price.

5 (23) "Rules" means rules adopted by the department or the department of justice pursuant to this
6 code.

7 (24) "Sacramental wine" means wine that contains more than 0.5% but not more than 24% of alcohol
8 by volume that is manufactured and sold exclusively for use as sacramental wine or for other religious
9 purposes.

10 (25) "Special event", as it relates to an application for a beer and wine special permit, means a short,
11 infrequent, out-of-the-ordinary occurrence, such as a picnic, fair, reception, or sporting contest.

12 (26) "State liquor warehouse" means a building owned or under control of the department for the
13 purpose of receiving, storing, transporting, or selling alcoholic beverages to agency liquor stores.

14 (27) "Storage depot" means a building or structure owned or operated by a brewer at any point in the
15 state of Montana off and away from the premises of a brewery, which building or structure is equipped with
16 refrigeration or cooling apparatus for the storage of beer and from which a brewer may sell or distribute beer as
17 permitted by this code.

18 (28) "Subwarehouse" means a building or structure owned or operated by a licensed beer wholesaler
19 or table wine distributor, located at a site in Montana other than the site of the beer wholesaler's or table wine
20 distributor's warehouse or principal place of business, and used for the receiving, storage, and distribution of
21 beer or table wine as permitted by this code.

22 (29) "Table wine" means wine that contains not more than 16% of alcohol by volume and includes
23 cider.

24 (30) "Table wine distributor" means a person importing into or purchasing in Montana table wine or
25 sacramental wine for sale or resale to retailers licensed in Montana.

26 (31) "Warehouse" means a building or structure located in Montana that is owned or operated by a
27 licensed beer wholesaler or table wine distributor for the receiving, storage, and distribution of beer or table
28 wine as permitted by this code.

