

1 HOUSE BILL NO. 48

2 INTRODUCED BY T. BROCKMAN

3 BY REQUEST OF THE DEPARTMENT OF REVENUE

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATING TO ALCOHOL;
6 REVISING ALCOHOL LAWS RELATING TO STORAGE DEPOTS; ALLOWING DISTILLERIES, WINERIES,
7 AND BREWERIES TO MAINTAIN AND OPERATE STORAGE DEPOTS; REQUIRING LICENSEES TO PAY A
8 FEE FOR EACH LICENSED STORAGE DEPOT LOCATION; AMENDING SECTIONS 16-3-411, 16-4-102, 16-
9 4-312, AND 16-4-501, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

12
13 **Section 1.** Section 16-3-411, MCA, is amended to read:

14 **"16-3-411. Winery.** (1) A winery located in Montana and licensed pursuant to 16-4-107 may:

- 15 (a) import in bulk, bottle, produce, blend, store, transport, or export wine it produces;
16 (b) sell wine it produces at wholesale to wine distributors;
17 (c) sell wine it produces at retail at the winery directly to the consumer for consumption on or off
18 the premises;
19 (d) provide, without charge, wine it produces for consumption at the winery;
20 (e) purchase from the department or its licensees brandy or other distilled spirits for fortifying wine
21 it produces;
22 (f) obtain a special event permit under 16-4-301;
23 (g) perform those operations and cellar treatments that are permitted for bonded winery premises
24 under applicable regulations of the United States department of the treasury;
25 (h) sell wine at the winery to a licensed retailer who presents the retailer's license or a photocopy
26 of the license;
27 (i) obtain a direct shipment endorsement to ship table wine as provided in Title 16, chapter 4, part
28 11, directly to an individual in Montana who is at least 21 years of age; or

(j) offer wine in its original packaging, prepared servings, or growlers for curbside pickup between 8 a.m. and 2 a.m.

(2) (a) A winery licensed pursuant to 16-4-107 may sell and deliver wine produced by the winery directly to licensed retailers if the winery:

(i) uses the winery's own equipment, trucks, and employees to deliver the wine and the wine delivered pursuant to this subsection (2)(a)(i) does not exceed 4,500 9-liter cases a year;

(ii) contracts with a licensed table wine distributor to ship and deliver the winery's wine to the retailer; or

(iii) contracts with a common carrier to ship and deliver the winery's wine to the retailer and:

(A) the wine shipped and delivered by common carrier is shipped directly from the producer's winery or bonded warehouse;

(B) individual shipments delivered by common carrier are limited to three cases a day for each licensed retailer; and

(C) the shipments delivered by common carrier do not exceed 4,500 9-liter cases a year.

(b) If a winery uses a common carrier for delivery of the wine to licensed table wine distributors and retailers, the shipment must be:

(i) in boxes that are marked with the words: "Wine Shipment From Montana-Licensed Winery to Montana Licensee";

(ii) delivered to the premises of a licensed table wine distributor or licensed retailer ~~who is in good standing~~; and

(iii) signed for by the wine distributor or retailer or its employee or agent.

(c) In addition to any records required to be maintained under 16-4-107, a winery that distributes wine within the state under this subsection (2) shall maintain records of all sales and shipments. The winery shall, pursuant to 16-1-411, electronically file a report in the manner and form prescribed by the department, reporting the amount of wine or hard cider, or both, that it shipped in the state during the preceding period, including the names and addresses of consignees or retailers, and other information that the department may determine to be necessary to ensure that distribution of wine or hard cider, or both, within this state conforms to the requirements of this code.

(3) (a) A winery that is located in Montana and licensed to manufacture wine may be licensed by the department to own, lease, maintain, and operate anywhere in the state a storage depot for receiving, handling, and storing wine in addition to distributing and selling wine from the storage depot, subject to this code.

(b) To be licensed for a storage depot, a winery shall pay an annual license fee as provided in 16-4-501 for each storage depot operated by the winery, in addition to all other fees and taxes required to be paid by the winery, and must meet all applicable suitability requirements."

Section 2. Section 16-4-102, MCA, is amended to read:

"16-4-102. Right of ~~brewers~~ breweries to maintain and operate storage depots -- annual licenses. ~~It shall be lawful for any brewer duly licensed to manufacture beer, upon the payment to the department of an annual license fee in addition to all other fees and taxes required to be paid by such brewer for each storage depot, to own, lease, maintain, and operate, in any city or town in the state of Montana, a building for use as a storage depot, equipped with refrigeration and cooling apparatus, for receiving, handling, and storing beer therein and distributing and selling beer therefrom, as brewers are permitted to sell and distribute beer under the provisions of this code. A brewery that is located in Montana and licensed to manufacture beer, upon payment to the department of an annual license fee as provided in 16-4-501 for each storage depot operated by the brewery, in addition to all other fees and taxes required to be paid by the brewery, may own, lease, maintain, and operate anywhere in the state a storage depot for receiving, handling, and storing beer and for distributing and selling beer, subject to this code."~~

Section 3. 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.

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

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

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

(3) (a) A distillery that is located in Montana and licensed to manufacture distilled spirits may be licensed by the department to own, lease, maintain, and operate anywhere in the state a storage depot for receiving, handling, and storing distilled spirits in addition to distributing and selling distilled spirits from the storage depot, subject to this code.

(b) To be licensed for a storage depot, a distillery shall pay an annual license fee as provided in 16-4-501 for each storage depot operated by the distillery, in addition to all other fees and taxes required to be paid by the distillery, and must meet all applicable suitability requirements.

~~(3)~~(4) A microdistillery may:

(a) provide, with or without charge, not more than 2 ounces of liquor that it produces at the microdistillery to consumers for prepared servings though curbside pickup between 10 a.m. and 8 p.m. or consumption on the premises between 10 a.m. and 8 p.m.; or

(b) sell liquor in original packaging that it produces at retail at the distillery between the hours of 8 a.m. and 2 a.m. directly to the consumer, including curbside pickup, for off-premises consumption if:

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

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

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

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

(a) (i) each brewer and each beer importer, wherever located, whose product is sold or offered for

- 1 sale within the state, \$500;
- 2 (ii) for each storage depot, \$400;
- 3 (b) (i) each beer wholesaler, \$400; each winery, \$200; each table wine distributor, \$400;
- 4 (ii) for each subwarehouse and winery storage depot, \$400;
- 5 (c) each beer retailer, \$200;
- 6 (d) (i) for a license to sell beer at retail for off-premises consumption only, the same as a retail beer
- 7 license;
- 8 (ii) for a license to sell table wine at retail for off-premises consumption only, either alone or in
- 9 conjunction with beer, \$200;
- 10 (e) any unit of a nationally chartered veterans' organization, \$50.
- 11 (2) The permit fee under 16-4-301(1) is computed at the following rate:
- 12 (a) \$10 a day for each day that beer and table wine are sold at events, activities, or sporting
- 13 contests, other than those applied for pursuant to 16-4-301(1)(c); and
- 14 (b) \$1,000 a season for professional sporting contests or junior hockey contests held under the
- 15 provisions of 16-4-301(1)(c).
- 16 (3) The permit fee under 16-4-301(2) is \$10 for the sale of beer and table wine only or \$20 for the
- 17 sale of all alcoholic beverages.
- 18 (4) Passenger carrier licenses must be issued upon payment by the applicant of an annual license
- 19 fee in the sum of \$300.
- 20 (5) The annual license fee for a license to sell wine on the premises, when issued as an
- 21 amendment to a beer-only license pursuant to 16-4-105, is \$200.
- 22 (6) The annual renewal fee for:
- 23 (a) a brewer producing 10,000 or fewer barrels of beer, as defined in 16-1-406, is \$200;
- 24 (b) resort retail all-beverages licenses within a given resort area is \$2,000 for each license; and
- 25 (c) a continuing care retirement community limited all-beverages license is \$500 for each license.
- 26 (7) Except as provided in this section, each licensee licensed under the quotas of 16-4-201 shall
- 27 pay an annual license fee as follows:
- 28 (a) for each license outside of incorporated cities and incorporated towns or in incorporated cities

1 and incorporated towns with a population of less than 2,000, \$250 for a unit of a nationally chartered veterans'
2 organization and \$400 for all other licensees;

3 (b) for each license in incorporated cities with a population of more than 2,000 and less than 5,000
4 or within a distance of 5 miles, measured in a straight line from the nearest entrance of the premises to be
5 licensed to the nearest boundary of the city, \$350 for a unit of a nationally chartered veterans' organization and
6 \$500 for all other licensees;

7 (c) for each license in incorporated cities with a population of more than 5,000 and less than
8 10,000 or within a distance of 5 miles, measured in a straight line from the nearest entrance of the premises to
9 be licensed to the nearest boundary of the city, \$500 for a unit of a nationally chartered veterans' organization
10 and \$650 for all other licensees;

11 (d) for each license in incorporated cities with a population of 10,000 or more or within a distance
12 of 5 miles, measured in a straight line from the nearest entrance of the premises to be licensed to the nearest
13 boundary of the city, \$650 for a unit of a nationally chartered veterans' organization and \$800 for all other
14 licensees;

15 (e) the distance of 5 miles from the corporate limits of any incorporated cities and incorporated
16 towns is measured in a straight line from the nearest entrance of the premises to be licensed to the nearest
17 boundary of the city or town; and where the premises of the applicant to be licensed are situated within 5 miles
18 of the corporate boundaries of two or more incorporated cities or incorporated towns of different populations,
19 the license fee chargeable by the larger incorporated city or incorporated town applies and must be paid by the
20 applicant. When the premises of the applicant to be licensed are situated within an incorporated town or
21 incorporated city and any portion of the incorporated town or incorporated city is without a 5-mile limit, the
22 license fee chargeable by the smaller incorporated town or incorporated city applies and must be paid by the
23 applicant.

24 (f) an applicant for the issuance of a resort retail all-beverages license shall pay a \$100,000
25 license fee on issuance of the license. The resort retail all-beverages license may be transferred to another
26 location within the boundaries of the resort area or to another owner to be used at a location within the
27 boundaries of the resort area.

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

1 nontransferable.

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

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

5 (11) (a) The annual fee for a distillery is \$600.

6 (b) The annual fee for each distillery storage depot is \$400.

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

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

14 (14) All license and permit fees collected under this section must be deposited as provided in 16-2-
15 108."

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17 **NEW SECTION. Section 5. Applicability.** [This act] applies to new licenses for storage depots
18 issued on or after October 1, 2023, and to renewal of licenses for storage depots that existed before October 1,
19 2023.

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