

H. F. No. 1127

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

A bill for an act

relating to liquor; modifying regulation of off-sales by a microdistillery; regulating wholesale distribution of microdistillery products; amending Minnesota Statutes 2016, section 340A.22, subdivisions 2, 4, by adding a subdivision.

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

Section 1. Minnesota Statutes 2016, section 340A.22, subdivision 2, is amended to read:

Subd. 2. **Cocktail room license.** (a) A municipality, including a city with a municipal liquor store, may issue the holder of a microdistillery license under this chapter a microdistillery cocktail room license. A microdistillery cocktail room license authorizes on-sale of distilled liquor produced by the distiller for consumption on the premises of or adjacent to one distillery location owned by the distiller. Notwithstanding section 340A.504, subdivision 3, a cocktail room may be open and may conduct on-sale business on Sundays if authorized by the municipality. Nothing in this subdivision precludes the holder of a microdistillery cocktail room license from also holding a license to operate a restaurant at the distillery. Section 340A.409 shall apply to a license issued under this subdivision. All provisions of this chapter that apply to a retail liquor license shall apply to a license issued under this subdivision unless the provision is explicitly inconsistent with this subdivision.

(b) A distiller may only have one cocktail room license under this subdivision, and may not have an ownership interest in a distillery licensed under section 340A.301, subdivision 6, clause (a).

(c) The municipality shall impose a licensing fee on a distiller holding a microdistillery cocktail room license under this subdivision, subject to limitations applicable to license fees under section 340A.408, subdivision 2, paragraph (a).

(d) A municipality shall, within ten days of the issuance of a license under this subdivision, inform the commissioner of the licensee's name and address and trade name, and the effective date and expiration date of the license. The municipality shall also inform the commissioner of a license transfer, cancellation, suspension, or revocation during the license period.

(e) No single entity may hold both a cocktail room and taproom license, and a cocktail room and taproom may not be colocated.

Sec. 2. Minnesota Statutes 2016, section 340A.22, subdivision 4, is amended to read:

Subd. 4. **Off-sale license.** A microdistillery may be issued a license by the local licensing authority for off-sale of distilled spirits. The license may allow the sale of ~~one 375-milliliter bottle per customer per day of~~ product manufactured on site, subject to the following requirements:

(1) off-sale hours of sale must conform to hours of sale for retail off-sale licensees in the licensing municipality and the distilled spirits sold at off-sale must be removed from the premises before the applicable off-sale closing time at exclusive liquor stores, except that distilled spirits manufactured on site may be sold at off-sale on Sundays. Sunday sales must be approved by the licensing jurisdiction and hours may be established by those jurisdictions; and

(2) no brand may be sold at the microdistillery unless it is also available for distribution by wholesalers.

Sec. 3. Minnesota Statutes 2016, section 340A.22, is amended by adding a subdivision to read:

Subd. 5. **Wholesale distribution.** A microdistillery may own or have an interest in a distilled spirits wholesaler that sells only the distiller's products.