

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2199

02/25/2014 Authored by Hoppe, Atkins, Woodard and Cornish

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy

- 1.1 A bill for an act
1.2 relating to liquor; allowing farm wineries to import bulk distilled spirits;
1.3 creating an excise tax exemption; increasing production limits; amending
1.4 Minnesota Statutes 2012, sections 297G.07, subdivision 1; 340A.101, by adding
1.5 subdivisions; 340A.315, subdivision 2, by adding subdivisions.
- 1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.7 Section 1. Minnesota Statutes 2012, section 297G.07, subdivision 1, is amended to read:
- 1.8 Subdivision 1. **Exemptions.** The following are not subject to the excise tax:
- 1.9 (1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state
1.10 in interstate commerce.
- 1.11 (2) Alcoholic beverages sold or transferred between Minnesota wholesalers.
- 1.12 (3) Sales to common carriers engaged in interstate transportation of passengers,
1.13 except as provided in this chapter.
- 1.14 (4) Malt beverages served by a brewery for on-premise consumption at no charge, or
1.15 distributed to brewery employees for on-premise consumption under a labor contract.
- 1.16 (5) Shipments of wine to Minnesota residents under section 340A.417.
- 1.17 (6) Fruit juices naturally fermented or beer naturally brewed in the home for family
1.18 use.
- 1.19 (7) Sales of wine for sacramental purposes under section 340A.316.
- 1.20 (8) Alcoholic beverages sold to authorized manufacturers of food products or
1.21 pharmaceutical firms. The alcoholic beverage must be used exclusively in the manufacture
1.22 of food products or medicines. For purposes of this clause, "manufacturer" means a
1.23 person who manufactures food products intended for sale to wholesalers or retailers for
1.24 ultimate sale to the consumer.
- 1.25 (9) Liqueur-filled candy.

(10) Sales to a federal agency, that the state of Minnesota is prohibited from taxing under the Constitution or laws of the United States or under the Constitution of Minnesota.

(11) Sales to Indian tribes as defined in section 297G.08.

(12) Shipments of intoxicating liquor from foreign countries to diplomatic personnel of foreign countries assigned to service in this state.

(13) Shipments of bulk distilled spirits or bulk wine to farm wineries licensed under section 340A.315 for input to the final product.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 2. Minnesota Statutes 2012, section 340A.101, is amended by adding a subdivision to read:

Subd. 4a. **Bulk distilled spirits.** "Bulk distilled spirits" means distilled spirits in a container having a capacity in excess of one gallon.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 3. Minnesota Statutes 2012, section 340A.101, is amended by adding a subdivision to read:

Subd. 4b. **Bulk wine.** "Bulk wine" means wine in a container having a capacity of five or more gallons.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 4. Minnesota Statutes 2012, section 340A.315, subdivision 2, is amended to read:

Subd. 2. **Sales.** A license authorizes the sale, on the farm winery premises, of table, sparkling, or fortified wines produced by that farm winery at on-sale or off-sale, in retail, or wholesale lots in total quantities not in excess of ~~50,000~~ 250,000 gallons in a calendar year, glassware, wine literature and accessories, cheese and cheese spreads, other wine-related food items, and the dispensing of free samples of the wines offered for sale. Sales at on-sale and off-sale may be made on Sundays between 10:00 a.m. and 12:00 midnight. Labels for each type or brand produced must be registered with the commissioner, without fee prior to sale. A farm winery may provide samples of distilled spirits manufactured pursuant to subdivision 7, on the farm winery premises, but may sell the distilled spirits only through a licensed wholesaler. Samples of distilled spirits may not exceed 15 milliliters per variety.

EFFECTIVE DATE. This section is effective July 1, 2014.

3.1 Sec. 5. Minnesota Statutes 2012, section 340A.315, is amended by adding a
3.2 subdivision to read:

3.3 Subd. 10. **Storage.** A farm winery may store finished wine and distilled spirits in
3.4 a noncontiguous warehouse location, provided that the chosen location meets any state
3.5 or federal requirements.

3.6 **EFFECTIVE DATE.** This section is effective July 1, 2014.

3.7 Sec. 6. Minnesota Statutes 2012, section 340A.315, is amended by adding a
3.8 subdivision to read:

3.9 Subd. 11. **Bulk wine or distilled spirits.** If no wholesaler is able to provide wine or
3.10 distilled spirits in bulk form, a farm winery may purchase either wine or distilled spirits
3.11 in bulk form for purposes allowed under this chapter from any available source allowed
3.12 under federal law.

3.13 **EFFECTIVE DATE.** This section is effective July 1, 2014.