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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1293

03/02/2015 Authored by Sanders

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

1.1 A bill for an act
1.2 relating to legislative enactments; recodifying certain liquor statutes relating
1.3 to brewers and other providers of alcoholic beverages; providing definitions;
1.4 making technical and conforming changes; amending Minnesota Statutes 2014,
1.5 sections 340A.101, by adding a subdivision; 340A.22; 340A.301; proposing
1.6 coding for new law in Minnesota Statutes, chapter 340A.

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

1.8 Section 1. Minnesota Statutes 2014, section 340A.101, is amended by adding a
1.9 subdivision to read:

1.10 Subd. 3a. **Brew pub.** "Brew pub" is a brewer who also holds one or more retail
1.11 on-sale licenses and who manufactures fewer than 3,500 barrels of malt liquor in a year,
1.12 at any one licensed premises, the entire production of which is solely for consumption
1.13 on tap on any licensed premises owned by the brewer, or for off-sale from those licensed
1.14 premises as permitted in section 340A.24, subdivision 2.

1.15 Sec. 2. Minnesota Statutes 2014, section 340A.22, is amended to read:

1.16 **340A.22 MICRODISTILLERIES.**

1.17 Subdivision 1. **Activities.** (a) A microdistillery licensed under ~~section 340A.301,~~
1.18 ~~subdivision 6e,~~ this chapter may provide on its premises samples of distilled spirits
1.19 manufactured on its premises, in an amount not to exceed 15 milliliters per variety per
1.20 person. No more than 45 milliliters may be sampled under this paragraph by any person
1.21 on any day.

1.22 (b) A microdistillery can sell cocktails to the public, pursuant to subdivision 2.

1.23 Subd. 2. **Cocktail room license.** (a) A municipality, including a city with a
1.24 municipal liquor store, may issue the holder of a microdistillery license under ~~section~~

2.1 ~~340A.301, subdivision 6e, this chapter~~ a microdistillery cocktail room license. A
 2.2 microdistillery cocktail room license authorizes on-sale of distilled liquor produced by
 2.3 the distiller for consumption on the premises of or adjacent to one distillery location
 2.4 owned by the distiller. Nothing in this subdivision precludes the holder of a microdistillery
 2.5 cocktail room license from also holding a license to operate a restaurant at the distillery.
 2.6 Section 340A.409 shall apply to a license issued under this subdivision. All provisions of
 2.7 this chapter that apply to a retail liquor license shall apply to a license issued under this
 2.8 subdivision unless the provision is explicitly inconsistent with this subdivision.

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

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

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

2.20 (e) No single entity may hold both a cocktail room and taproom license, and a
 2.21 cocktail room and taproom may not be co-located.

2.22 Subd. 3. **License; fee.** The commissioner shall establish a fee for licensing
 2.23 microdistilleries that adequately covers the cost of issuing the license and other inspection
 2.24 requirements. The fees shall be deposited in an account in the special revenue fund and
 2.25 are appropriated to the commissioner for the purposes of this subdivision. All other
 2.26 requirements of section 340A.301 apply to a license under this section.

2.27 **Sec. 3. [340A.24] BREW PUBS.**

2.28 Subdivision 1. **On-sale license.** A brew pub may be issued an on-sale intoxicating
 2.29 liquor or 3.2 percent malt liquor license by a municipality for a restaurant operated in
 2.30 the place of manufacture.

2.31 Subd. 2. **Off-sale license.** Notwithstanding section 340A.405, a brew pub that
 2.32 holds an on-sale license issued pursuant to this section may, with the approval of the
 2.33 commissioner, be issued a license by a municipality for off-sale of malt liquor produced
 2.34 and packaged on the licensed premises. Off-sale of malt liquor shall be limited to the legal
 2.35 hours for off-sale at exclusive liquor stores in the jurisdiction in which the brew pub is

3.1 located, and the malt liquor sold off-sale must be removed from the premises before the
3.2 applicable off-sale closing time at exclusive liquor stores. Packaging of malt liquor for
3.3 off-sale under this subdivision must comply with section 340A.285.

3.4 Subd. 3. **Total retail sales.** A brew pub's total retail sales at on- or off-sale under
3.5 this section may not exceed 3,500 barrels per year, provided that off-sales may not total
3.6 more than 500 barrels.

3.7 Subd. 4. **Interest in other license.** (a) A brew pub may hold or have an interest
3.8 in other retail on-sale licenses, but may not have an ownership interest in whole or in
3.9 part, or be an officer, director, agent, or employee of, any other manufacturer, brewer,
3.10 importer, or wholesaler, or be an affiliate thereof whether the affiliation is corporate or by
3.11 management, direction, or control.

3.12 (b) Notwithstanding this prohibition, a brew pub may be an affiliate or subsidiary
3.13 company of a brewer licensed in Minnesota or elsewhere if that brewer's only manufacture
3.14 of malt liquor is:

3.15 (1) manufacture licensed under section 340A.301, subdivision 6, clause (d);

3.16 (2) manufacture in another state for consumption exclusively in a restaurant located
3.17 in the place of manufacture; or

3.18 (3) manufacture in another state for consumption primarily in a restaurant located
3.19 in or immediately adjacent to the place of manufacture if the brewer was licensed under
3.20 section 340A.301, subdivision 6, clause (d), on January 1, 1995.

3.21 Subd. 5. **Prohibition.** A brew pub licensed under this chapter may not be licensed
3.22 as an importer under section 340A.302.

3.23 Sec. 4. **[340A.26] BREWER TAPROOMS.**

3.24 Subdivision 1. **Brewer taproom license.** (a) A municipality, including a city with a
3.25 municipal liquor store, may issue the holder of a brewer's license under section 340A.301,
3.26 subdivision 6, clause (c), (i), or (j), a brewer taproom license. A brewer taproom license
3.27 authorizes on-sale of malt liquor produced by the brewer for consumption on the premises
3.28 of or adjacent to one brewery location owned by the brewer. Nothing in this subdivision
3.29 precludes the holder of a brewer taproom license from also holding a license to operate
3.30 a restaurant at the brewery. Section 340A.409 shall apply to a license issued under this
3.31 subdivision. All provisions of this chapter that apply to a retail liquor license shall apply
3.32 to a license issued under this subdivision unless the provision is explicitly inconsistent
3.33 with this subdivision.

3.34 (b) A brewer may only have one taproom license under this subdivision, and may
3.35 not have an ownership interest in a brew pub.

4.1 Subd. 2. **Prohibition.** A municipality may not issue a brewer taproom license to a
4.2 brewer if the brewer seeking the license, or any person having an economic interest in the
4.3 brewer seeking the license or exercising control over the brewer seeking the license, is
4.4 a brewer that brews more than 250,000 barrels of malt liquor annually or a winery that
4.5 produces more than 250,000 gallons of wine annually.

4.6 Subd. 3. **Fee.** The municipality shall impose a licensing fee on a brewer holding a
4.7 brewer taproom license under this subdivision, subject to limitations applicable to license
4.8 fees under section 340A.408, subdivision 2, paragraph (a).

4.9 Subd. 4. **Municipality to inform commissioner.** A municipality shall, within ten
4.10 days of the issuance of a license under this subdivision, inform the commissioner of the
4.11 licensee's name and address and trade name, and the effective date and expiration date of
4.12 the license. The municipality shall also inform the commissioner of a license transfer,
4.13 cancellation, suspension, or revocation during the license period.

4.14 Subd. 5. **Sunday on-sale.** Notwithstanding section 340A.504, subdivision 3, a
4.15 taproom may be open and may conduct on-sale business on Sundays if authorized by the
4.16 municipality.

4.17 **Sec. 5. [340A.28] SMALL BREWER OFF-SALE.**

4.18 Subdivision 1. **License; limitations.** A brewer licensed under section 340A.301,
4.19 subdivision 6, clause (c), (i), or (j), may be issued a license by a municipality for off-sale
4.20 of malt liquor at its licensed premises that has been produced and packaged by the brewer.
4.21 The license must be approved by the commissioner. A brewer may only have one license
4.22 under this subdivision. The amount of malt liquor sold at off-sale may not exceed 500
4.23 barrels annually. Off-sale of malt liquor shall be limited to the legal hours for off-sale at
4.24 exclusive liquor stores in the jurisdiction in which the brewer is located, and the malt
4.25 liquor sold off-sale must be removed from the premises before the applicable off-sale
4.26 closing time at exclusive liquor stores. Packaging of malt liquor for off-sale under this
4.27 subdivision must comply with section 340A.285.

4.28 Subd. 2. **Prohibition.** A municipality may not issue a license under this section to a
4.29 brewer if the brewer seeking the license, or any person having an economic interest in the
4.30 brewer seeking the license or exercising control over the brewer seeking the license, is a
4.31 brewer that brews more than 20,000 barrels of its own brands of malt liquor annually or a
4.32 winery that produces more than 250,000 gallons of wine annually.

4.33 Subd. 3. **Fee.** The municipality shall impose a licensing fee on a brewer holding a
4.34 license under this subdivision, subject to limitations applicable to license fees under
4.35 section 340A.408, subdivision 3, paragraph (a).

5.1 Sec. 6. **[340A.285] GROWLERS.**

5.2 (a) Malt liquor authorized for off-sale pursuant to section 340A.24 or 340A.28
 5.3 shall be packaged in 64-ounce containers commonly known as "growlers" or in 750
 5.4 milliliter bottles. The containers or bottles shall bear a twist-type closure, cork, stopper,
 5.5 or plug. At the time of sale, a paper or plastic adhesive band, strip, or sleeve shall be
 5.6 applied to the container or bottle and extended over the top of the twist-type closure, cork,
 5.7 stopper, or plug forming a seal that must be broken upon opening the container or bottle.
 5.8 The adhesive band, strip, or sleeve shall bear the name and address of the brewer. The
 5.9 containers or bottles shall be identified as malt liquor, contain the name of the malt liquor,
 5.10 bear the name and address of the brew pub or brewer selling the malt liquor, and shall
 5.11 be considered intoxicating liquor unless the alcoholic content is labeled as otherwise in
 5.12 accordance with the provisions of Minnesota Rules, part 7515.1100.

5.13 (b) A brew pub or brewer may, but is not required to, refill any container or bottle
 5.14 with malt liquor for off-sale at the request of the customer. A brew pub or brewer refilling
 5.15 a container or bottle must do so at its licensed premises and the container or bottle must be
 5.16 filled at the tap at the time of sale. A container or bottle refilled under this paragraph must
 5.17 be sealed and labeled in the manner described in paragraph (a).

5.18 Sec. 7. Minnesota Statutes 2014, section 340A.301, is amended to read:

5.19 **340A.301 MANUFACTURERS, BREWERS, AND WHOLESALERS**
 5.20 **LICENSES.**

5.21 Subdivision 1. **Licenses required.** No person may directly or indirectly manufacture
 5.22 or sell at wholesale intoxicating liquor, or 3.2 percent malt liquor without obtaining an
 5.23 appropriate license from the commissioner, except where otherwise provided in this
 5.24 chapter. A manufacturer's license includes the right to import. A licensed brewer may sell
 5.25 the brewer's products at wholesale only if the brewer has been issued a wholesaler's license.
 5.26 The commissioner shall issue a wholesaler's license to a brewer only if (1) the commissioner
 5.27 determines that the brewer was selling the brewer's own products at wholesale in
 5.28 Minnesota on January 1, 1991, or (2) the brewer has acquired a wholesaler's business or
 5.29 assets under subdivision 7a, paragraph (c) or (d). A licensed wholesaler of intoxicating
 5.30 malt liquor may sell 3.2 percent malt liquor at wholesale without an additional license.

5.31 Subd. 2. **Persons eligible.** (a) Licenses under this section may be issued only to
 5.32 a person who:

- 5.33 (1) is of good moral character and repute;
- 5.34 (2) is 21 years of age or older;

6.1 (3) has not had a license issued under this chapter revoked within five years of the
6.2 date of license application, or to any person who at the time of the violation owns any
6.3 interest, whether as a holder of more than five percent of the capital stock of a corporation
6.4 licensee, as a partner or otherwise, in the premises or in the business conducted thereon,
6.5 or to a corporation, partnership, association, enterprise, business, or firm in which any
6.6 such person is in any manner interested; and

6.7 (4) has not been convicted within five years of the date of license application of a
6.8 felony, or of a willful violation of a federal or state law, or local ordinance governing
6.9 the manufacture, sale, distribution, or possession for sale or distribution of alcoholic
6.10 beverages. The Alcohol and Gambling Enforcement Division may require that fingerprints
6.11 be taken and may forward the fingerprints to the Federal Bureau of Investigation for
6.12 purposes of a criminal history check.

6.13 (b) In order to determine if an individual has a felony or willful violation of federal
6.14 or state law governing the manufacture, sale, distribution, or possession for sale or
6.15 distribution of an alcoholic beverage, the applicant for a license to manufacture or sell
6.16 at wholesale must provide the commissioner with their signed, written informed consent
6.17 to conduct a background check. The commissioner may query the Minnesota criminal
6.18 history repository for records on the applicant. If the commissioner conducts a national
6.19 criminal history record check, the commissioner must obtain fingerprints from the
6.20 applicant and forward them and the required fee to the superintendent of the Bureau
6.21 of Criminal Apprehension. The superintendent may exchange the fingerprints with the
6.22 Federal Bureau of Investigation for purposes of obtaining the applicant's national criminal
6.23 history record information. The superintendent shall return the results of the national
6.24 criminal history records check to the commissioner for the purpose of determining if the
6.25 applicant is qualified to receive a license.

6.26 Subd. 3. **Application.** An application for a license under this section must be made
6.27 to the commissioner on a form the commissioner prescribes and must be accompanied by
6.28 the fee specified in subdivision 6. If an application is denied, \$100 of the amount of any fee
6.29 exceeding that amount shall be retained by the commissioner to cover costs of investigation.

6.30 Subd. 4. **Bond.** The commissioner may not issue a license under this section to a
6.31 person who has not filed a bond with corporate surety, or cash, or United States government
6.32 bonds payable to the state. The proof of financial responsibility must be approved by the
6.33 commissioner before the license is issued. The bond must be conditioned on the licensee
6.34 obeying all laws governing the business and paying when due all taxes, fees, penalties and
6.35 other charges, and must provide that it is forfeited to the state on a violation of law. This

7.1 subdivision does not apply to a Minnesota farm winery, licensed under section 340A.315,
7.2 that is in existence as of January 1, 2010. Bonds must be in the following amounts:

7.3	Manufacturers and wholesalers of intoxicating		
7.4	liquor except as provided in this subdivision	\$	10,000
7.5	Manufacturers and wholesalers of wine up to		
7.6	25 percent alcohol by weight	\$	5,000
7.7	Manufacturers and wholesalers of beer of more		
7.8	than 3.2 percent alcohol by weight	\$	1,000
7.9	Manufacturers and wholesalers of fewer than		
7.10	20,000 proof gallons	\$	2,000
7.11	Manufacturers and wholesalers of 20,000 to		
7.12	40,000 proof gallons	\$	3,000

7.13 Subd. 5. **Period of license.** Licenses issued under this section are valid for one year
7.14 except that to coordinate expiration dates initial licenses may be issued for a shorter period.

7.15 Subd. 6. **Fees.** The annual fees for licenses under this section are as follows:

7.16	(a) Manufacturers (except as provided in clauses (b)		
7.17	and (c))	\$	30,000
7.18	Duplicates	\$	3,000
7.19	(b) Manufacturers of wines of not more than 25 percent		
7.20	alcohol by volume	\$	500
7.21	(c) Brewers who manufacture more than 3,500 barrels		
7.22	of malt liquor in a year	\$	4,000
7.23	(d) Brewers who also hold one or more retail on-sale		
7.24	licenses and who manufacture fewer than 3,500		
7.25	barrels of malt liquor in a year, at any one licensed		
7.26	premises, the entire production of which is solely for		
7.27	consumption on tap on any licensed premises owned		
7.28	by the brewer, or for off-sale from those licensed		
7.29	premises as permitted in subdivision 7 <u>Brew pubs.</u>		
7.30	<u>A brewer brew pub licensed under this clause must</u>		
7.31	<u>obtain a separate license for each licensed premises</u>		
7.32	<u>where the brewer brews brew pub produces malt</u>		
7.33	<u>liquor. A brewer licensed under this clause may not</u>		
7.34	<u>be licensed as an importer under this chapter</u>	\$	500
7.35	(e) Wholesalers (except as provided in clauses (f), (g),		
7.36	and (h))	\$	15,000
7.37	Duplicates	\$	3,000
7.38	(f) Wholesalers of wines of not more than 25 percent		
7.39	alcohol by volume	\$	3,750
7.40	(g) Wholesalers of intoxicating malt liquor	\$	1,000
7.41	Duplicates	\$	25
7.42	(h) Wholesalers of 3.2 percent malt liquor	\$	10
7.43	(i) Brewers who manufacture fewer than 2,000 barrels		
7.44	of malt liquor in a year	\$	150
7.45	(j) Brewers who manufacture 2,000 to 3,500 barrels		
7.46	of malt liquor in a year	\$	500

8.1 If a business licensed under this section is destroyed, or damaged to the extent that
8.2 it cannot be carried on, or if it ceases because of the death or illness of the licensee, the
8.3 commissioner may refund the license fee for the balance of the license period to the
8.4 licensee or to the licensee's estate.

8.5 Subd. 6a. **Permits and identification cards; fees.** Any person engaged in the
8.6 purchase, sale, or use for any purpose other than personal consumption of intoxicating
8.7 alcoholic beverages or ethyl alcohol shall obtain the appropriate regulatory permit and
8.8 identification card from the commissioner as provided in this subdivision. The fee for each
8.9 permit, other than one issued to a state or federal agency, is \$35 and must be submitted
8.10 together with the appropriate application form provided by the commissioner. Identification
8.11 cards and permits must be issued for a period coinciding with that of the appropriate state
8.12 or municipal license and are not transferable. In instances where there is no annual license
8.13 period, cards and permits expire one year after the date of issuance. The authority to
8.14 engage in the purchase, sale, or use granted by the card or permit may be revoked by the
8.15 commissioner upon evidence of a violation by the holder of such a card or permit of any
8.16 of the provisions of chapter 340A or any rule of the commissioner made pursuant to law.

8.17 ~~Subd. 6b. **Brewer taproom license.** (a) A municipality, including a city with a~~
8.18 ~~municipal liquor store, may issue the holder of a brewer's license under subdivision 6,~~
8.19 ~~clause (e), (i), or (j), a brewer taproom license. A brewer taproom license authorizes on-sale~~
8.20 ~~of malt liquor produced by the brewer for consumption on the premises of or adjacent~~
8.21 ~~to one brewery location owned by the brewer. Nothing in this subdivision precludes the~~
8.22 ~~holder of a brewer taproom license from also holding a license to operate a restaurant at~~
8.23 ~~the brewery. Section 340A.409 shall apply to a license issued under this subdivision. All~~
8.24 ~~provisions of this chapter that apply to a retail liquor license shall apply to a license issued~~
8.25 ~~under this subdivision unless the provision is explicitly inconsistent with this subdivision.~~

8.26 ~~(b) A brewer may only have one taproom license under this subdivision, and may~~
8.27 ~~not have an ownership interest in a brewery licensed under subdivision 6, clause (d).~~

8.28 ~~(c) A municipality may not issue a brewer taproom license to a brewer if the brewer~~
8.29 ~~seeking the license, or any person having an economic interest in the brewer seeking the~~
8.30 ~~license or exercising control over the brewer seeking the license, is a brewer that brews~~
8.31 ~~more than 250,000 barrels of malt liquor annually or a winery that produces more than~~
8.32 ~~250,000 gallons of wine annually.~~

8.33 ~~(d) The municipality shall impose a licensing fee on a brewer holding a brewer~~
8.34 ~~taproom license under this subdivision, subject to limitations applicable to license fees~~
8.35 ~~under section 340A.408, subdivision 2, paragraph (a).~~

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

9.6 ~~(f) Notwithstanding section 340A.504, subdivision 3, a taproom may be open and~~
9.7 ~~may conduct on-sale business on Sundays if authorized by the municipality.~~

9.8 ~~Subd. 6c. **Microdistilleries.** The commissioner shall establish a fee for licensing~~
9.9 ~~microdistilleries that adequately covers the cost of issuing the license and other inspection~~
9.10 ~~requirements. The fees shall be deposited in an account in the special revenue fund and~~
9.11 ~~are appropriated to the commissioner for the purposes of this subdivision.~~

9.12 ~~Subd. 6d. **Small brewer license.** (a) A brewer licensed under subdivision 6, clause~~
9.13 ~~(e), (i), or (j), may be issued a license by a municipality for off-sale of malt liquor at its~~
9.14 ~~licensed premises that has been produced and packaged by the brewer. The license must be~~
9.15 ~~approved by the commissioner. The amount of malt liquor sold at off-sale may not exceed~~
9.16 ~~500 barrels annually. Off-sale of malt liquor shall be limited to the legal hours for off-sale at~~
9.17 ~~exclusive liquor stores in the jurisdiction in which the brewer is located, and the malt liquor~~
9.18 ~~sold off-sale must be removed from the premises before the applicable off-sale closing~~
9.19 ~~time at exclusive liquor stores. The malt liquor shall be packed in 64-ounce containers~~
9.20 ~~commonly known as "growlers" or in 750 milliliter bottles. The containers or bottles shall~~
9.21 ~~bear a twist-type closure, cork, stopper, or plug. At the time of the sale, a paper or plastic~~
9.22 ~~adhesive band, strip, or sleeve shall be applied to the container or bottle and extended over~~
9.23 ~~the top of the twist-type closure, cork, stopper, or plug forming a seal that must be broken~~
9.24 ~~upon opening of the container or bottle. The adhesive band, strip, or sleeve shall bear the~~
9.25 ~~name and address of the brewer. The containers or bottles shall be identified as malt~~
9.26 ~~liquor, contain the name of the malt liquor, bear the name and address of the brewer selling~~
9.27 ~~the malt liquor, and shall be considered intoxicating liquor unless the alcoholic content is~~
9.28 ~~labeled as otherwise in accordance with the provisions of Minnesota Rules, part 7515.1100.~~

9.29 ~~(b) A brewer may, but is not required to, refill any growler with malt liquor for~~
9.30 ~~off-sale at the request of a customer. A brewer refilling a growler must do so at its licensed~~
9.31 ~~premises and the growler must be filled at the tap at the time of sale. A growler refilled~~
9.32 ~~under this paragraph must be sealed and labeled in the manner described in paragraph (a).~~

9.33 ~~(c) A brewer may only have one license under this subdivision.~~

9.34 ~~(d) A municipality may not issue a license under this subdivision to a brewer if the~~
9.35 ~~brewer seeking the license, or any person having an economic interest in the brewer~~
9.36 ~~seeking the license or exercising control over the brewer seeking the license, is a brewer~~

10.1 ~~that brews more than 20,000 barrels of its own brands of malt liquor annually or a winery~~
10.2 ~~that produces more than 250,000 gallons of wine annually.~~

10.3 ~~(e) The municipality shall impose a licensing fee on a brewer holding a license~~
10.4 ~~under this subdivision, subject to limitations applicable to license fees under section~~
10.5 ~~340A.408, subdivision 3, paragraph (a).~~

10.6 **Subd. 7. Interest in other business.** (a) Except as provided in this subdivision,
10.7 a holder of a license as a manufacturer, brewer, importer, or wholesaler may not have
10.8 any ownership, in whole or in part, in a business holding a retail intoxicating liquor or
10.9 3.2 percent malt liquor license. The commissioner may not issue a license under this
10.10 section to a manufacturer, brewer, importer, or wholesaler if a retailer of intoxicating
10.11 liquor has a direct or indirect interest in the manufacturer, brewer, importer, or wholesaler.
10.12 A manufacturer or wholesaler of intoxicating liquor may use or have property rented
10.13 for retail intoxicating liquor sales only if the manufacturer or wholesaler has owned the
10.14 property continuously since November 1, 1933. A retailer of intoxicating liquor may not
10.15 use or have property rented for the manufacture or wholesaling of intoxicating liquor.

10.16 ~~(b) A brewer licensed under subdivision 6, clause (d), may be issued an on-sale~~
10.17 ~~intoxicating liquor or 3.2 percent malt liquor license by a municipality for a restaurant~~
10.18 ~~operated in the place of manufacture. Notwithstanding section 340A.405, a brewer who~~
10.19 ~~holds an on-sale license issued pursuant to this paragraph may, with the approval of the~~
10.20 ~~commissioner, be issued a license by a municipality for off-sale of malt liquor produced~~
10.21 ~~and packaged on the licensed premises. Off-sale of malt liquor shall be limited to the~~
10.22 ~~legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the brewer~~
10.23 ~~is located, and the malt liquor sold off-sale must be removed from the premises before~~
10.24 ~~the applicable off-sale closing time at exclusive liquor stores. The malt liquor shall be~~
10.25 ~~packaged in 64-ounce containers commonly known as "growlers" or in 750 milliliter~~
10.26 ~~bottles. The containers or bottles shall bear a twist-type closure, cork, stopper, or plug. At~~
10.27 ~~the time of the sale, a paper or plastic adhesive band, strip, or sleeve shall be applied to the~~
10.28 ~~container or bottle and extend over the top of the twist-type closure, cork, stopper, or plug~~
10.29 ~~forming a seal that must be broken upon opening of the container or bottle. The adhesive~~
10.30 ~~band, strip, or sleeve shall bear the name and address of the brewer. The containers or~~
10.31 ~~bottles shall be identified as malt liquor, contain the name of the malt liquor, bear the name~~
10.32 ~~and address of the brewer selling the malt liquor, and shall be considered intoxicating~~
10.33 ~~liquor unless the alcoholic content is labeled as otherwise in accordance with the~~
10.34 ~~provisions of Minnesota Rules, part 7515.1100. A brewer may, but is not required to, refill~~
10.35 ~~any growler with malt liquor for off-sale at the request of a customer. A brewer refilling a~~
10.36 ~~growler must do so at its licensed premises and the growler must be filled at the tap at the~~

11.1 ~~time of sale. A growler refilled under this paragraph must be sealed and labeled in the~~
 11.2 ~~manner described in this paragraph. A brewer's total retail sales at on- or off-sale under~~
 11.3 ~~this paragraph may not exceed 3,500 barrels per year, provided that off-sales may not total~~
 11.4 ~~more than 500 barrels. A brewer licensed under subdivision 6, clause (d), may hold or have~~
 11.5 ~~an interest in other retail on-sale licenses, but may not have an ownership interest in whole~~
 11.6 ~~or in part, or be an officer, director, agent, or employee of, any other manufacturer, brewer,~~
 11.7 ~~importer, or wholesaler, or be an affiliate thereof whether the affiliation is corporate or by~~
 11.8 ~~management, direction, or control. Notwithstanding this prohibition, a brewer licensed~~
 11.9 ~~under subdivision 6, clause (d), may be an affiliate or subsidiary company of a brewer~~
 11.10 ~~licensed in Minnesota or elsewhere if that brewer's only manufacture of malt liquor is:~~

- 11.11 ~~(i) manufacture licensed under subdivision 6, clause (d);~~
- 11.12 ~~(ii) manufacture in another state for consumption exclusively in a restaurant located~~
 11.13 ~~in the place of manufacture; or~~
- 11.14 ~~(iii) manufacture in another state for consumption primarily in a restaurant located~~
 11.15 ~~in or immediately adjacent to the place of manufacture if the brewer was licensed under~~
 11.16 ~~subdivision 6, clause (d), on January 1, 1995.~~

11.17 ~~(e) (b)~~ Except as provided in subdivision 7a, no brewer as defined in subdivision 7a
 11.18 or importer may have any interest, in whole or in part, directly or indirectly, in the license,
 11.19 business, assets, or corporate stock of a licensed malt liquor wholesaler.

11.20 Subd. 7a. **Permitted interests in wholesale business.** (a) A brewer may financially
 11.21 assist a wholesaler of malt liquor through participation in a limited partnership in which
 11.22 the brewer is the limited partner and the wholesaler is the general partner. A limited
 11.23 partnership authorized in this paragraph may not exist for more than ten years from the
 11.24 date of its creation, and may not, directly or indirectly, be recreated, renewed, or extended
 11.25 beyond that date.

11.26 (b) A brewer may financially assist a malt liquor wholesaler and collateralize the
 11.27 financing by taking a security interest in the inventory and assets, other than the corporate
 11.28 stock, of the wholesaler. A financial agreement authorized by this paragraph may not be
 11.29 in effect for more than ten years from the date of its creation and may not be directly or
 11.30 indirectly extended or renewed.

11.31 (c) A brewer who, after creation of a financial agreement authorized by paragraph
 11.32 (b), or after creation of a limited partnership authorized in paragraph (a), acquires legal
 11.33 or equitable title to the wholesaler's business which was the subject of the agreement or
 11.34 limited partnership, or to the business assets, must divest the business or its assets within
 11.35 two years of the date of acquiring them. A malt liquor wholesaler whose business or
 11.36 assets are acquired by a brewer as described in this paragraph may not enter into another

12.1 such financial agreement, or participate in another such limited partnership, for 20 years
12.2 from the date of the acquisition of the business or assets.

12.3 (d) A brewer may have an interest in the business, assets, or corporate stock of a
12.4 malt liquor wholesaler as a result of (1) a judgment against the wholesaler arising out of a
12.5 default by the wholesaler or (2) acquisition of title to the business, assets, or corporate
12.6 stock as a result of a written request of the wholesaler. A brewer may maintain ownership
12.7 of or an interest in the business, assets, or corporate stock under this paragraph for not
12.8 more than two years and only for the purpose of facilitating an orderly transfer of the
12.9 business to an owner not affiliated with the brewer.

12.10 (e) A brewer may continue to maintain an ownership interest in a malt liquor
12.11 wholesaler if it owned the interest on January 1, 1991.

12.12 (f) A brewer that was legally selling the brewer's own products at wholesale in
12.13 Minnesota on January 1, 1991, may continue to sell those products at wholesale in the
12.14 area where it was selling those products on that date.

12.15 (g) A brewer that manufactures no more than 20,000 barrels of malt liquor or its
12.16 metric equivalent in a calendar year may own or have an interest in a malt liquor wholesaler
12.17 that sells only the brewer's products, provided that a brewer that manufactures between
12.18 20,000 and 25,000 barrels in any calendar year shall be permitted to continue to own or
12.19 have an interest in a malt liquor wholesaler that sells only the brewer's products if: (1) that
12.20 malt liquor wholesaler distributes no more than 20,000 barrels per calendar year; and (2)
12.21 the brewer has not manufactured 25,000 barrels in any calendar year. Notwithstanding the
12.22 foregoing, a brewer that manufactured between 20,000 and 25,000 barrels in 2012 shall be
12.23 permitted to continue to own or have an interest in a malt liquor wholesaler that sells only
12.24 the brewer's products until that brewer manufactures 25,000 barrels in a calendar year.

12.25 (h) When the commissioner issues a license to a malt liquor wholesaler described in
12.26 paragraph (a) or (b), the commissioner may issue the license only to the entity which is
12.27 actually operating the wholesale business and may not issue the license to a brewer that is
12.28 a limited partner under paragraph (a) or providing financial assistance under paragraph (b)
12.29 unless the brewer has acquired a wholesaler's business or assets under paragraph (c) or (d).

12.30 (i) For purposes of this subdivision and subdivision 7, ~~clause (e)~~ paragraph (b),
12.31 "brewer" means:

12.32 (1) a holder of a license to manufacture malt liquor;

12.33 (2) an officer, director, agent, or employee of such a license holder; and

12.34 (3) an affiliate of such a license holder, regardless of whether the affiliation is
12.35 corporate or by management, direction, or control.

13.1 Subd. 8. **Sales without license.** A licensed brewer or brew pub may without an
 13.2 additional license sell malt liquor to employees or retired former employees, in amounts
 13.3 of not more than 768 fluid ounces in a week for off-premise consumption only. A collector
 13.4 of commemorative bottles, those terms are as defined in section 297G.01, subdivisions 4
 13.5 and 5, may sell them to another collector without a license. It is also lawful for a collector
 13.6 of beer cans to sell unopened cans of a brand which has not been sold commercially for at
 13.7 least two years to another collector without obtaining a license. The amount sold to any
 13.8 one collector in any one month shall not exceed 768 fluid ounces. A licensed manufacturer
 13.9 of wine containing not more than 25 percent alcohol by volume nor less than 51 percent
 13.10 wine made from Minnesota-grown agricultural products may sell at on-sale or off-sale
 13.11 wine made on the licensed premises without a further license.

13.12 Subd. 9. **Unlicensed manufacture.** (a) Nothing in this chapter requires a license for
 13.13 the natural fermentation of fruit juices or brewing of beer in the home for family use.

13.14 (b) Naturally fermented fruit juices or beer made under this subdivision may be
 13.15 removed from the premises where made for use at organized affairs, exhibitions, or
 13.16 competitions, including, but not limited to, homemaker's contests, tastings, or judging.

13.17 (c) For purposes of this subdivision, "tastings" means an event where the general
 13.18 public may sample unlicensed naturally fermented fruit juices or beer.

13.19 (d) Beverages produced pursuant to this subdivision may be sampled or used in
 13.20 tastings provided that the beverage is made and transported in containers and equipment
 13.21 that shall not allow the migration of toxic substances.

13.22 (e) Public notice meeting the requirements of this paragraph must be given in writing
 13.23 or signage at any tasting. The notice shall include disclosure that the unlicensed naturally
 13.24 fermented fruit juices or beer being offered is homemade and not subject to state inspection,
 13.25 and may be consumed by persons over the age of 21 at their own risk. The notice must
 13.26 include the name and address of the person who processed and bottled the beverage.

13.27 (f) Naturally fermented fruit juices or beer removed under this subdivision may not
 13.28 be sold or offered for sale.

13.29 **Sec. 8. REVISOR'S INSTRUCTION.**

13.30 (a) The revisor of statutes shall renumber the provisions of Minnesota Statutes listed
 13.31 in column A to the references listed in column B.

	<u>Column A</u>	<u>Column B</u>
13.32		
13.33	<u>340A.301, subdivision 6a</u>	<u>340A.301, subdivision 7</u>
13.34	<u>340A.301, subdivision 7</u>	<u>340A.301, subdivision 8</u>
13.35	<u>340A.301, subdivision 7a</u>	<u>340A.301, subdivision 9</u>

14.1 340A.301, subdivision 8 340A.301, subdivision 10

14.2 340A.301, subdivision 9 340A.301, subdivision 11

14.3 (b) The revisor of statutes shall make all necessary cross-reference changes in

14.4 Minnesota Statutes and Minnesota Rules consistent with the amendments and renumbering

14.5 in this act.

14.6 Sec. 9. **EFFECTIVE DATE.**

14.7 This act is effective the day following final enactment.