

A bill for an act

relating to liquor; regulating consumption and service of alcohol under certain conditions; permitting farm wineries to manufacture distilled spirits under certain conditions; authorizing a liquor license; requiring a report; amending Minnesota Statutes 2006, sections 169A.35, subdivision 6; 340A.315, subdivision 2, by adding a subdivision; Minnesota Statutes 2007 Supplement, section 340A.412, subdivision 4.

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

Section 1. Minnesota Statutes 2006, section 169A.35, subdivision 6, is amended to read:

Subd. 6. **Exceptions.** (a) This section does not prohibit the possession or consumption of alcoholic beverages by passengers in:

(1) a bus that is operated by a motor carrier of passengers, as defined in section 221.011, subdivision 48; ~~or~~

(2) a vehicle that is operated for commercial purposes in a manner similar to a bicycle as defined in section 169.01, subdivision 51, with three or more passengers who provide pedal power to the drive train of the vehicle; or

~~(2)~~ (3) a vehicle providing limousine service as defined in section 221.84, subdivision 1.

(b) Subdivisions 3 and 4 do not apply to a bottle or receptacle that is in the trunk of the vehicle if it is equipped with a trunk, or that is in another area of the vehicle not normally occupied by the driver and passengers if the vehicle is not equipped with a trunk. However, a utility compartment or glove compartment is deemed to be within the area occupied by the driver and passengers.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2006, 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 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 12:00 noon and 12:00 midnight. Labels for each type or brand produced must be registered with the commissioner, without fee prior to sale. Distilled spirits manufactured pursuant to subdivision 7 may only be sold through a licensed wholesaler. A farm winery may provide samples of distilled spirits in the same manner as they are able for farm wines.

Sec. 3. Minnesota Statutes 2006, section 340A.315, is amended by adding a subdivision to read:

Subd. 7. **Distilled spirits permitted.** Farm wineries licensed under this section are permitted to manufacture distilled spirits as defined under section 340A.101, subdivision 9, which may exceed 25 percent alcohol by volume, made from Minnesota produced or grown grapes, grape juice, other fruit bases, or honey. The following conditions pertain:

(1) no farm winery or firm owning multiple farm wineries may manufacture more than 5,000 gallons of distilled spirits in a given year, and this 5,000 gallon limit is part of the 50,000 gallon limit found in subdivision 2;

(2) farm wineries must pay an additional annual fee of \$500 to the commissioner before beginning production of distilled spirits; and

(3) farm wineries may not sell or produce distilled spirits for direct sale to manufacturers licensed under section 340A.301, subdivision 6, paragraph (a).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2007 Supplement, section 340A.412, subdivision 4, is amended to read:

Subd. 4. **Licenses prohibited in certain areas.** (a) No license to sell intoxicating liquor may be issued within the following areas:

(1) where restricted against commercial use through zoning ordinances and other proceedings or legal processes regularly had for that purpose, except licenses may be issued to restaurants in areas which were restricted against commercial uses after the establishment of the restaurant;

(2) within the Capitol or on the Capitol grounds, except as provided under Laws 1983, chapter 259, section 9, or Laws 1999, chapter 202, section 13;

(3) on the State Fairgrounds, except as provided under section 37.21, subdivision 2;

(4) on the campus of the College of Agriculture of the University of Minnesota;

(5) within 1,000 feet of a state hospital, training school, reformatory, prison, or other institution under the supervision or control, in whole or in part, of the commissioner of human services or the commissioner of corrections;

(6) in a town or municipality in which a majority of votes at the last election at which the question of license was voted upon were not in favor of license under section 340A.416, or within one-half mile of any such town or municipality, except that intoxicating liquor manufactured within this radius may be sold to be consumed outside it;

(7) within 1,500 feet of a state university, except that:

(i) the minimum distance in the case of Winona and Southwest State University is 1,200 feet, measured by a direct line from the nearest corner of the administration building to the main entrance of the licensed establishment;

(ii) within 1,500 feet of St. Cloud State University one on-sale wine and two off-sale intoxicating liquor licenses may be issued, measured by a direct line from the nearest corner of the administration building to the main entrance of the licensed establishment;

(iii) at Mankato State University the distance is measured from the front door of the student union of the Highland campus;

(iv) a temporary license under section 340A.404, subdivision 10, may be issued to a location on the grounds of a state university for an event sponsored or approved by the state university; and

(v) this restriction does not apply to the area surrounding the premises of Metropolitan State University in Minneapolis; and

(8) within 1,500 feet of any public school that is not within a city.

(b) The restrictions of this subdivision do not apply to a manufacturer or wholesaler of intoxicating liquor or to a drugstore or to a person who had a license originally issued lawfully prior to July 1, 1967.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. SPECIAL LICENSE; MINNEAPOLIS.

Notwithstanding any law, local ordinance, or charter provision, the city of Minneapolis may issue an on-sale intoxicating liquor license to a restaurant located at 1367 Willow Street South. The provisions of Minnesota Statutes, chapter 340A, apply to licenses issued under this section. The license authorizes sales on all days of the week.

4.1 **EFFECTIVE DATE.** This section is effective upon approval by the Minneapolis
4.2 City Council in the manner provided by Minnesota Statutes, section 645.021,
4.3 notwithstanding Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

4.4 Sec. 6. **TEMPORARY CLOSING TIME.**

4.5 During the 2008 Republican National Convention, licensing jurisdictions that lie
4.6 fully or partially within the seven-county metropolitan area may at their discretion issue
4.7 special permits for service of alcohol through extended hours lasting until 4:00 a.m. each
4.8 day. This section is subject to the following conditions:

4.9 (1) only holders of an existing on-sale intoxicating liquor license or a 3.2 malt liquor
4.10 license are eligible for later closing hours;

4.11 (2) later closing hours apply only during the period from 12:00 p.m. on August 31,
4.12 2008, through 4:00 a.m. on September 5, 2008;

4.13 (3) local licensing jurisdictions issuing special permits to operate with extended
4.14 hours during these days, may charge a fee up to but not to exceed \$2,500 for such a
4.15 permit. In the process of issuing a permit under this section, the licensing jurisdiction
4.16 may limit approval to specified geographic, zoning, or license classifications within its
4.17 jurisdiction; and

4.18 (4) this section is repealed as of 4:01 a.m. on September 5, 2008.

4.19 Sec. 7. **REPORT.**

4.20 The House Research Department and Office of Senate Counsel, Research and Fiscal
4.21 Analysis shall review issues surrounding the production and sale of distilled spirits by
4.22 microdistillers, farm wineries, wholesalers, retailers, or other avenues for sale, and shall
4.23 report to the relevant committees of the house of representatives and senate, by February
4.24 1, 2009, on the legal and policy implications of changes in these statutes. This report shall
4.25 include a review of laws from other states, and shall not make recommendations.