SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 5295

(SENATE AUTHORS: LIESKE)

DATE	D-PG	OFFICIAL STATUS
05/15/2026	10666	Introduction and first reading Referred to Commerce and Consumer Protection

A bill for an act

relating to liquor; defining limited malt liquor and food retailer; authorizing the issuance of off-sale limited malt liquor licenses; making conforming changes; amending Minnesota Statutes 2024, sections 28A.16; 340A.101, subdivision 15a, by adding a subdivision; 340A.301, subdivision 8; 340A.402, subdivision 1; 340A.408, subdivisions 3a, 5, by adding a subdivision; 340A.409, subdivision 4; 340A.410, subdivision 8; 340A.414, subdivision 2; 340A.503, subdivision 1; 340A.504, by adding a subdivision; 340A.508, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 340A.

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

Section 1. Minnesota Statutes 2024, section 28A.16, is amended to read:

28A.16 PERSONS SELLING LIQUOR.

(a) The provisions of the Minnesota consolidated food licensing law, sections 28A.01 to 28A.16 and acts amendatory thereto, shall not apply to persons licensed to sell 3.2 percent malt liquor "on-sale" as provided in section 340A.403, persons licensed to sell limited malt liquor as provided in section 340A.4031, or to persons licensed to sell intoxicating liquors "on-sale" or "off-sale" as provided in sections 340A.404 to 340A.407, provided that these persons sell only ice manufactured and packaged by another, or bottled or canned soft drinks and prepacked candy at retail.

(b) When an exclusive liquor store is not exempt under paragraph (a), the commissioner must exclude all gross sales of off-sale alcoholic beverages when determining the applicable license fee under section 28A.08, subdivision 3. For purposes of this paragraph, "exclusive liquor store" and "alcoholic beverage" have the meanings given in section 340A.101.

Sec. 2. Minnesota Statutes 2024, section 340A.101, is amended by adding a subdivision to read:

Subd. 10b. **Food retailer.** "Food retailer" is a for-profit, not-for-profit, or cooperative self-service retail establishment that primarily sells, directly to consumers: bread and bakery items; meats, seafood, and poultry; fruits, vegetables, and other produce; dairy products; and dried, canned, and other packaged groceries and shelf-stable food products. A food retailer includes large and mid-scale establishments such as supermarkets and grocery stores, but may also include small-scale establishments such as corner stores or convenience stores.

Sec. 3. Minnesota Statutes 2024, section 340A.101, subdivision 15a, is amended to read:

Subd. 15a. **~~Low-alcohol~~ Limited malt liquor.** ~~"Low-alcohol malt liquor" is a fermented malt beverage containing two percent or less of alcohol by weight. Notwithstanding any law or rule to the contrary, if either; (a) the term "low alcohol" appears on the label of the beverage container; or (b) a brewer has provided written certification to the Department of Public Safety establishing an alcoholic content of two percent or less by weight; no further label shall be required on that container~~ "Limited malt liquor" is malt liquor containing not less than one-half of one percent alcohol by weight nor more than 15 percent alcohol by weight.

Sec. 4. Minnesota Statutes 2024, section 340A.301, subdivision 8, is amended to read:

Subd. 8. **Interest in other business.** (a) Except as provided in this subdivision, a holder of a license as a manufacturer, brewer, importer, or wholesaler may not have any ownership, in whole or in part, in a business holding a retail intoxicating liquor, limited malt liquor, or 3.2 percent malt liquor license. The commissioner may not issue a license under this section to a manufacturer, brewer, importer, or wholesaler if a retailer of intoxicating liquor has a direct or indirect interest in the manufacturer, brewer, importer, or wholesaler. A manufacturer or wholesaler of intoxicating liquor may use or have property rented for retail intoxicating liquor sales only if the manufacturer or wholesaler has owned the property continuously since November 1, 1933. A retailer of intoxicating liquor may not use or have property rented for the manufacture or wholesaling of intoxicating liquor.

(b) Except as provided in subdivision 9, no brewer as defined in subdivision 9 or importer may have any interest, in whole or in part, directly or indirectly, in the license, business, assets, or corporate stock of a licensed malt liquor wholesaler.

(c) A winery holding a license under subdivision 6, paragraph (b), that produces and sells, including sales from the winery's premises, no more than 2,500 barrels or its metric

equivalent of cider made from apples in a calendar year may own or have an interest in a wholesaler that sells only the winery's apple-based cider products. The winery eligible to own or have an interest in a wholesaler under this subdivision must provide the commissioner with an affidavit stating that no existing wholesaler is available to represent and distribute the winery's apple-based cider to retail license holders, and detailing the actions taken by the winery in pursuing a distribution contract for the cider product.

Sec. 5. Minnesota Statutes 2024, section 340A.402, subdivision 1, is amended to read:

Subdivision 1. **Disqualifiers.** No retail license may be issued to:

(1) a person under 21 years of age;

(2) a person who has had an intoxicating liquor, limited malt liquor, or 3.2 percent malt liquor license revoked within five years of the license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested;

(3) a person not of good moral character and repute;

(4) a person who:

(i) has had a license or registration issued pursuant to chapter 342 or section 151.72, subdivision 5b, revoked;

(ii) has been convicted of an offense under section 151.72, subdivision 7; or

(iii) has been convicted under any other statute for the illegal sale of marijuana, cannabis flower, cannabis products, lower-potency hemp edibles, hemp-derived consumer products, or edible cannabinoid products and the sale took place on the premises of a business that sells intoxicating liquor or 3.2 percent malt liquor to customers; or

(5) a person who has a direct or indirect interest in a manufacturer, brewer, or wholesaler.

In addition, no new retail license may be issued to, and the governing body of a municipality may refuse to renew the license of, a person who, within five years of the license application, has been convicted of a felony or a willful violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of an alcoholic beverage. The Alcohol and Gambling Enforcement Division or licensing authority may require that fingerprints be taken and forwarded to the Federal Bureau of Investigation for purposes of a criminal history check.

Sec. 6. **[340A.4031] LIMITED MALT LIQUOR LICENSES.**

Subdivision 1. **Issuance by county or city.** The governing body of a city may issue off-sale licenses to food retailers for the sale of limited malt liquor within its jurisdiction. The governing body of a county may issue off-sale licenses to food retailers for the sale of limited malt liquor within the area of the county that is unorganized or unincorporated, with the approval of the commissioner.

Subd. 2. **Exemption.** Any person licensed to sell intoxicating liquor at off-sale shall not be required to obtain an off-sale license under this section, and may sell limited malt liquor at off-sale without further license.

Subd. 3. **Notice to commissioner.** Within ten days of the issuance of a license under this section, the city or county shall inform the commissioner, on a form the commissioner prescribes, of the licensee's name and address and trade name, the effective date and expiration date of the license, and any other information on the license the commissioner requires.

Sec. 7. Minnesota Statutes 2024, section 340A.408, is amended by adding a subdivision to read:

Subd. 1a. **Limited malt liquor.** (a) The license fee for an off-sale limited malt liquor license is the fee set by the county or city issuing the license.

(b) One-half of the license fee received by a county for a retail license to sell limited malt liquor within any town in the county shall be paid to the town board where the business is located.

Sec. 8. Minnesota Statutes 2024, section 340A.408, subdivision 3a, is amended to read:

Subd. 3a. **Fee increases; notice, hearing.** No city, town, or county shall increase the fee for a liquor license governed by subdivision 1, 1a, 2, or 3, except after notice and hearing on the proposed increase. Notice of the proposed increase must be mailed to all affected licensees at least 30 days before the date set for the hearing. This subdivision supersedes any inconsistent provision of law or charter.

Sec. 9. Minnesota Statutes 2024, section 340A.408, subdivision 5, is amended to read:

Subd. 5. **Refunds.** A pro rata share of an annual license fee for a retail license to sell intoxicating liquor, limited malt liquor, or 3.2 percent malt liquor, either on-sale or off-sale, may be refunded to the licensee or to the licensee's estate if:

(1) the business ceases to operate because of destruction or damage;

(2) the licensee dies;

(3) the business ceases to be lawful for a reason other than a license revocation; or

(4) the licensee ceases to carry on the licensed business under the license.

Sec. 10. Minnesota Statutes 2024, section 340A.409, subdivision 4, is amended to read:

Subd. 4. **Insurance not required.** Subdivision 1 does not apply to licensees who by affidavit establish that:

(1) they are on-sale 3.2 percent malt liquor licensees with sales of less than $25,000 of 3.2 percent malt liquor for the preceding year;

(2) they are off-sale 3.2 percent malt liquor licensees with sales of less than $50,000 of 3.2 percent malt liquor for the preceding year;

(3) they are holders of on-sale wine licenses with sales of less than $25,000 for wine for the preceding year;

(4) they are holders of temporary wine licenses issued under law; ~~or~~

(5) they are wholesalers who donate wine to an organization for a wine tasting conducted under section 340A.418 or 340A.419~~.~~<u>; or</u>

<u>(6) they are off-sale limited malt liquor licensees with sales of less than $50,000 of limited malt liquor for the preceding year.</u>

Sec. 11. Minnesota Statutes 2024, section 340A.410, subdivision 8, is amended to read:

Subd. 8. **Copy of summons.** Every application for the issuance or renewal of intoxicating <u>liquor, limited malt liquor,</u> or 3.2 percent malt liquor licenses must include a copy of each summons received by the applicant under section 340A.802 during the preceding year.

Sec. 12. **<u>[340A.4111] LICENSE RESTRICTIONS; LIMITED MALT LIQUOR.</u>**

<u>All retail limited malt liquor licenses must be issued for one year, except that for the purpose of coordinating the time of expiration of licenses in general, licenses may be issued for a shorter time, in which case a pro rata license fee must be charged.</u>

Sec. 13. Minnesota Statutes 2024, section 340A.414, subdivision 2, is amended to read:

Subd. 2. **Eligibility for permit.** (a) The commissioner may issue a permit under this section only to:

(1) an applicant who has not, within five years prior to the application, been convicted of a felony or of violating any provision of this chapter or rule adopted under this chapter;

(2) a restaurant;

(3) a hotel;

(4) an establishment licensed for the sale of 3.2 percent malt liquor;

(5) a resort as defined in section 157.15;

(6) a club as defined in section 340A.101, subdivision 7, or an unincorporated club otherwise meeting that definition; ~~and~~

(7) a bed and breakfast facility as defined in section 340A.4011, subdivision 1~~.~~; and

(8) an establishment licensed for the sale of limited malt liquor.

(b) The commissioner may not issue a permit to a club holding an on-sale intoxicating liquor license.

Sec. 14. Minnesota Statutes 2024, section 340A.503, subdivision 1, is amended to read:

Subdivision 1. **Consumption.** (a) It is unlawful for any:

(1) retail intoxicating liquor, limited malt liquor, or 3.2 percent malt liquor licensee, municipal liquor store, or bottle club permit holder under section 340A.414, to permit any person under the age of 21 years to drink alcoholic beverages on the licensed premises or within the municipal liquor store; or

(2) person under the age of 21 years to consume any alcoholic beverages. If proven by a preponderance of the evidence, it is an affirmative defense to a violation of this clause that the defendant consumed the alcoholic beverage in the household of the defendant's parent or guardian and with the consent of the parent or guardian.

(b) An offense under paragraph (a), clause (2), may be prosecuted either in the jurisdiction where consumption occurs or the jurisdiction where evidence of consumption is observed.

(c) As used in this subdivision, "consume" includes the ingestion of an alcoholic beverage and the physical condition of having ingested an alcoholic beverage.

Sec. 15. Minnesota Statutes 2024, section 340A.504, is amended by adding a subdivision to read:

Subd. 1a. **Limited malt liquor.** No sale of limited malt liquor may be made between 2:00 a.m. and 8:00 a.m. on the days of Monday through Saturday, nor between 2:00 a.m. and 10:00 a.m. on Sunday.

Sec. 16. Minnesota Statutes 2024, section 340A.508, subdivision 2, is amended to read:

Subd. 2. **Tampering or diluting contents.** It is unlawful for a person holding a retail intoxicating liquor license, limited malt liquor license, or a 3.2 percent malt liquor license, directly or indirectly through an agent, employee, or other person, to dilute or in any manner tamper with the contents of an original package or bottle so as to change its composition or alcoholic content while the contents are in the original package or bottle. Possession on the premises by a licensee of alcoholic beverages in the original package or bottle, differing in composition or alcoholic content from when it was received from the manufacturer or wholesaler from whom it was purchased, is prima facie evidence that the contents of the original package or bottle has been diluted, changed, or tampered with in violation of this section.