A bill for an act

relating to alcohol; modifying provisions relating to farm wineries; amending Minnesota Statutes 2008, sections 340A.301, subdivision 4; 340A.315, subdivisions 2, 3, 7; 340A.418, subdivision 2.

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

Section 1. Minnesota Statutes 2008, section 340A.301, subdivision 4, is amended to read:

Subd. 4. **Bond.** The commissioner may not issue a license under this section to a person who has not filed a bond with corporate surety, or cash, or United States government bonds payable to the state. The proof of financial responsibility must be approved by the commissioner before the license is issued. The bond must be conditioned on the licensee obeying all laws governing the business and paying when due all taxes, fees, penalties and other charges, and must provide that it is forfeited to the state on a violation of law. <u>This requirement does not apply to Minnesota farm wineries.</u> Bonds must be in the following amounts:

Manufacturers and wholesalers of intoxicating liquor except as provided in this subdivision	$ 10,000
Manufacturers and wholesalers of wine up to 25 percent alcohol by weight	$ 5,000
Manufacturers and wholesalers of beer of more than 3.2 percent alcohol by weight	$ 1,000

Sec. 2. Minnesota Statutes 2008, 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~~ 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.

Sec. 3. Minnesota Statutes 2008, section 340A.315, subdivision 3, is amended to read:

Subd. 3. **Applicability.** Except as otherwise specified in this section, all provisions of this chapter govern the production, sale, possession, and consumption of table, sparkling, or fortified wines and distilled spirits produced by a farm winery.

Sec. 4. Minnesota Statutes 2008, section 340A.315, subdivision 7, is amended 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~~ $50 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)~~ through their respective on-site sales rooms.

Sec. 5. Minnesota Statutes 2008, section 340A.418, subdivision 2, is amended to read:

Subd. 2. **Tastings authorized.** (a) A charitable, religious, or other nonprofit organization may conduct a wine tasting of not more than four hours duration on premises the organization owns or leases or has use donated to it, or on the licensed premises of a holder of an on-sale intoxicating liquor license that is not a temporary license, if the organization holds a temporary on-sale intoxicating liquor license under section 340A.404, subdivision 10, and complies with this section. An organization holding a temporary license may be assisted in conducting the wine tasting by another nonprofit organization.

(b) An organization that conducts a wine tasting under this section may use the net proceeds from the wine tasting only for:

(1) the organization's primary nonprofit purpose; or

(2) donation to another nonprofit organization assisting in the wine tasting, if the other nonprofit organization uses the donation only for that organization's primary nonprofit purpose.

(c) No wine at a wine tasting under this section may be sold~~, or orders taken,~~ for off-premises consumption.

(d) Notwithstanding any other law, an organization may purchase or otherwise obtain wine for a wine tasting conducted under this section from a wholesaler licensed to sell wine, and the wholesaler may sell or give wine to an organization for a wine tasting conducted under this section and may provide personnel to assist in the wine tasting. A wholesaler who sells or gives wine to an organization for a wine tasting under this section must deliver the wine directly to the location where the wine tasting is conducted.

(e) This section does not prohibit or restrict a wine tasting that is:

(1) located on on-sale premises where no charitable organization is participating; ~~or~~

(2) located on on-sale premises where the proceeds are for a designated charity but where the tasting is primarily for educational purposes~~.~~; or

(3) located on the premises of a private business entity or a private residence.

(f) The four-hour limitation specified in paragraph (a) shall not apply to a wine tasting at a convention of fine wine and gourmet food exhibitors, provided the convention has at least 100 exhibitors and takes place over not more than three days.