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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1198

03/04/2013 Authored by Dehn, R.; FitzSimmons; Schoen and Zerwas

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 certain brewers with production over 3,500 barrels to
1.3 sell growlers at off-sale; amending Minnesota Statutes 2012, section 340A.301,
1.4 subdivision 7, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2012, section 340A.301, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 6d. **Brewer off-sale license.** (a) A municipality, with the approval of the
1.9 commissioner, may issue the holder of a brewer's license under subdivision 6, clause (c),
1.10 (i), or (j), a brewer off-sale license. A brewer off-sale license authorizes the off-sale of
1.11 malt liquor produced and packaged by the brewer in an amount not to exceed 500 barrels
1.12 annually. Off-sale of malt liquor shall be limited to the legal hours for off-sale at exclusive
1.13 liquor stores in the jurisdiction in which the brewer is located, and the malt liquor sold
1.14 off-sale must be removed from the premises before the applicable off-sale closing time at
1.15 exclusive liquor stores. The malt liquor shall be packed in 64-ounce containers commonly
1.16 known as "growlers" or in 750 milliliter bottles. The containers or bottles shall bear
1.17 a twist-type closure, cork, stopper, or plug. At the time of the sale, a paper or plastic
1.18 adhesive band, strip, or sleeve shall be applied to the container or bottle and extended over
1.19 the top of the twist-type closure, cork, stopper, or plug forming a seal that must be broken
1.20 upon opening of the container or bottle. The adhesive band, strip, or sleeve shall bear the
1.21 name and address of the brewer. The containers or bottles shall be identified as malt
1.22 liquor, contain the name of the malt liquor, bear the name and address of the brewer selling
1.23 the malt liquor, and shall be considered intoxicating liquor unless the alcoholic content is
1.24 labeled as otherwise in accordance with the provisions of Minnesota Rules, part 7515.1100.

2.1 (b) A brewer may only have one brewer off-sale license under this subdivision.

2.2 (c) A municipality may not issue a brewer off-sale license to a brewer if the brewer
 2.3 seeking the license, or any person having an economic interest in the brewer seeking the
 2.4 license or exercising control over the brewer seeking the license, is a brewer that brews
 2.5 more than 250,000 barrels of malt liquor annually or a winery that produces more than
 2.6 250,000 gallons of wine annually.

2.7 (d) The municipality shall impose a licensing fee on a brewer holding a brewer
 2.8 off-sale license under this subdivision, subject to limitations applicable to license fees
 2.9 under section 340A.408, subdivision 3, paragraph (a).

2.10 Sec. 2. Minnesota Statutes 2012, section 340A.301, subdivision 7, is amended to read:

2.11 Subd. 7. **Interest in other business.** (a) Except as provided in this subdivision,
 2.12 a holder of a license as a manufacturer, brewer, importer, or wholesaler may not have
 2.13 any ownership, in whole or in part, in a business holding a retail intoxicating liquor or
 2.14 3.2 percent malt liquor license. The commissioner may not issue a license under this
 2.15 section to a manufacturer, brewer, importer, or wholesaler if a retailer of intoxicating
 2.16 liquor has a direct or indirect interest in the manufacturer, brewer, importer, or wholesaler.
 2.17 A manufacturer or wholesaler of intoxicating liquor may use or have property rented
 2.18 for retail intoxicating liquor sales only if the manufacturer or wholesaler has owned the
 2.19 property continuously since November 1, 1933. A retailer of intoxicating liquor may not
 2.20 use or have property rented for the manufacture or wholesaling of intoxicating liquor.

2.21 (b) A brewer licensed under subdivision 6, clause (d), may be issued an on-sale
 2.22 intoxicating liquor or 3.2 percent malt liquor license by a municipality for a restaurant
 2.23 operated in the place of manufacture. Notwithstanding section 340A.405, a brewer
 2.24 who holds an on-sale license issued pursuant to this paragraph ~~or a brewer who~~
 2.25 ~~manufactures fewer than 3,500 barrels of malt liquor in a year~~ may, with the approval
 2.26 of the commissioner, be issued a license by a municipality for off-sale of malt liquor
 2.27 produced and packaged on the licensed premises. Off-sale of malt liquor shall be limited
 2.28 to the legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the
 2.29 brewer is located, and the malt liquor sold off-sale must be removed from the premises
 2.30 before the applicable off-sale closing time at exclusive liquor stores. The malt liquor shall
 2.31 be packaged in 64-ounce containers commonly known as "growlers" or in 750 milliliter
 2.32 bottles. The containers or bottles shall bear a twist-type closure, cork, stopper, or plug. At
 2.33 the time of the sale, a paper or plastic adhesive band, strip, or sleeve shall be applied to the
 2.34 container or bottle and extend over the top of the twist-type closure, cork, stopper, or plug
 2.35 forming a seal that must be broken upon opening of the container or bottle. The adhesive

3.1 band, strip, or sleeve shall bear the name and address of the brewer. The containers or
3.2 bottles shall be identified as malt liquor, contain the name of the malt liquor, bear the name
3.3 and address of the brewer selling the malt liquor, and shall be considered intoxicating
3.4 liquor unless the alcoholic content is labeled as otherwise in accordance with the provisions
3.5 of Minnesota Rules, part 7515.1100. A brewer's total retail sales at on- or off-sale under
3.6 this paragraph may not exceed 3,500 barrels per year, provided that off-sales may not total
3.7 more than 500 barrels. A brewer licensed under subdivision 6, clause (d), may hold or have
3.8 an interest in other retail on-sale licenses, but may not have an ownership interest in whole
3.9 or in 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. Notwithstanding this prohibition, a brewer licensed
3.12 under subdivision 6, clause (d), may be an affiliate or subsidiary company of a brewer
3.13 licensed in Minnesota or elsewhere if that brewer's only manufacture of malt liquor is:

3.14 (i) manufacture licensed under subdivision 6, clause (d);

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

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

3.20 (c) Except as provided in subdivision 7a, no brewer as defined in subdivision 7a or
3.21 importer may have any interest, in whole or in part, directly or indirectly, in the license,
3.22 business, assets, or corporate stock of a licensed malt liquor wholesaler.