

Sec. 9. REPEALER.

Minnesota Statutes 1996, section 474A.061, subdivision 3, is repealed.

Presented to the governor April 3, 1998

Signed by the governor April 6, 1998, 3:05 p.m.

CHAPTER 364—S.F.No. 2274

An act relating to liquor; regulating beer brewers and wholesalers; providing for the obligations of successors; allowing the commissioner of public safety to issue on-sale licenses to Giants Ridge and Ironworld Discovery Center; modifying restrictions for temporary on-sale licenses; authorizing issuance of temporary on-sale licenses to state universities; regulating malt liquor sampling; authorizing certain cities to issue additional on-sale licenses; amending Minnesota Statutes 1996, sections 325B.01; 325B.14; 340A.404, subdivision 10, and by adding a subdivision; 340A.410, subdivision 10; 340A.412, subdivision 4; and 340A.510, subdivision 2; Laws 1994, chapter 611, section 32, as amended.

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

Section 1. Minnesota Statutes 1996, section 325B.01, is amended to read:

325B.01 DEFINITIONS.

Subdivision 1. As used in sections 325B.01 to 325B.17 and unless otherwise required by the context, the terms defined in this section have the meanings given them.

Subd. 2. "Agreement" means one or more of the following:

(a) A commercial relationship between a licensed beer wholesaler and a licensed brewer of a definite or indefinite duration, which is not required to be evidenced in writing;

(b) A relationship whereby the beer wholesaler is granted the right to offer and sell a brand or brands of beer offered by a brewer;

(c) A relationship whereby the beer wholesaler, as an independent business, constitutes a component of a brewer's distribution system;

(d) A relationship whereby the beer wholesaler's business is substantially associated with a brewer's brand or brands, designating the brewer;

(e) A relationship whereby the beer wholesaler's business is substantially reliant on a brewer for the continued supply of beer;

(f) A written or oral arrangement for a definite or indefinite period whereby a brewer grants to a beer wholesaler a license to use a brand, trade name, trademark, or service mark, and in which there is a community of interest in the marketing of goods or services at wholesale or retail.

Subd. 3. "Beer wholesaler" shall mean any licensed person importing or causing to be imported into this state or purchasing or causing to be purchased within this state, any

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beer for sale or resale to retailers or wholesalers licensed under chapter 340, without regard to whether the business of the person is conducted under the terms of an agreement with a licensed brewer.

Subd. 4. "Brewer" means every licensed brewer or importer of beer located within or without the state of Minnesota, who enters into an "agreement" with any beer wholesaler licensed to do doing business in the state of Minnesota.

Subd. 5. "Person" means a natural person, corporation, partnership, trust, agency, or other entity as well as the individual officers, directors or other persons in active control of the activities of each such entity. Person also includes heirs, assigns, personal representatives and guardians.

Subd. 6. "Successor" means a person who replaces a brewer, importer, or wholesaler with regard to the right to manufacture, sell, distribute, or import a brand or brands of beer.

Subd. 7. "Territory" or "sales territory" means the area of primary sales responsibility designated by any agreement between any beer wholesaler and brewer for the brand or brands of any brewer.

Sec. 2. Minnesota Statutes 1996, section 325B.14, is amended to read:

325B.14 OBLIGATIONS OF PURCHASER SUCCESSOR.

~~Except for good cause, which shall include, but not be limited to (1) revocation of the wholesaler's license to do business in the state, (2) bankruptcy or insolvency of the wholesaler, (3) assignment for the benefit of creditors or similar disposition of the assets of the wholesaler, (4) failure by the wholesaler to substantially comply, without reasonable excuse or justification, with any reasonable and material requirement imposed upon the wholesaler by the brewery, the purchaser of a "brewer" as defined in sections 325B.01 to 325B.17 shall become obligated to all of the terms and conditions of the agreement in effect on the date of purchase. "Purchase", as defined for the purposes of sections 325B.01 to 325B.17, shall include, but is not limited to, the sale of stock, sale of assets, merger, lease, transfer or consolidation.~~

A successor shall become obligated to all of the terms and conditions of the agreement in effect on the date of succession. This section applies regardless of the character or form of the succession. A successor has the right to contractually require its wholesalers to comply with operational standards of performance, if the standards are uniformly established for all of the successor's wholesalers and conform to sections 325B.01 to 325B.17.

Sec. 3. Minnesota Statutes 1996, section 340A.404, is amended by adding a subdivision to read:

Subd. 4a. **STATE-OWNED RECREATION; ENTERTAINMENT FACILITIES.** Notwithstanding any other law, local ordinance, or charter provision, the commissioner may issue on-sale intoxicating liquor licenses:

(1) to the state agency administratively responsible for, or to an entity holding a concession or facility management contract with such agency for beverage sales at, the premises of any Giants Ridge recreation area building or recreational improvement area owned by the state in the town of White, St. Louis county; and

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(2) to the state agency administratively responsible for, or to an entity holding a concession or facility management contract with such agency for beverage sales at, the premises of any Ironworld Discovery Center building or facility owned by the state at Chisholm.

The commissioner shall charge a fee for licenses issued under this subdivision in an amount comparable to the fee for comparable licenses issued in surrounding cities.

Sec. 4. Minnesota Statutes 1996, section 340A.404, subdivision 10, is amended to read:

Subd. 10. **TEMPORARY ON-SALE LICENSES.** The governing body of a municipality may issue to (1) a club or charitable, religious, or other nonprofit organization in existence for at least three years, or to (2) a political committee registered under section 10A.14, or (3) a state university, a temporary license for the on-sale of intoxicating liquor in connection with a social event within the municipality sponsored by the licensee. The license may authorize the on-sale of intoxicating liquor for not more than four consecutive days, and may authorize on-sales on premises other than premises the licensee owns or permanently occupies. The license may provide that the licensee may contract for intoxicating liquor catering services with the holder of a full-year on-sale intoxicating liquor license issued by any municipality. The licenses are subject to the terms, including a license fee, imposed by the issuing municipality. Licenses issued under this subdivision are subject to all laws and ordinances governing the sale of intoxicating liquor except sections 340A.409 and 340A.504, subdivision 3, paragraph (d), and those laws and ordinances which by their nature are not applicable. Licenses under this subdivision are not valid unless first approved by the commissioner of public safety.

A county under this section may issue a temporary license only to a premises located in the unincorporated or unorganized territory of the county.

Sec. 5. Minnesota Statutes 1996, section 340A.410, subdivision 10, is amended to read:

Subd. 10. **TEMPORARY LICENSES; RESTRICTIONS.** (a) A municipality may not issue more than three four-day, four three-day, or six two-day, or 12 one-day temporary licenses, in any combination not to exceed 12 days per year, under section 340A.404, subdivision 10, for the sale of alcoholic beverages to any one organization or registered political committee, or for any one location, within a 12-month period.

(b) A municipality may not issue more than one temporary license under section 340A.404, subdivision 10, for the sale of alcoholic beverages to any one organization or registered political committee, or for any one location, within any 30-day period unless the licenses are issued in connection with an event officially designated a community festival by the municipality.

This restriction does not apply to a municipality with a population of 5,000 or fewer people.

(c) A municipality that issues separate temporary wine and liquor licenses may separately apply the limitations contained in paragraphs (a) and (b) to the issuance of such licenses to any one organization or registered political committee, or for any one location.

Sec. 6. Minnesota Statutes 1996, section 340A.412, subdivision 4, is amended to read:

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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;

(3) on the state fairgrounds or at any place in a city of the first class within one-half mile of the fairgrounds, except as otherwise provided by charter;

(4) on the campus of the college of agriculture of the University of Minnesota or at any place in a city of the first class within one-half mile of the campus, provided that a city may issue one on-sale wine license in this area that is not included in the area described in clause (3), except as provided by charter;

(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) at any place on the east side of the Mississippi River within one-tenth of a mile of the main building of the University of Minnesota unless the licensed establishment is on property owned or operated by a nonprofit corporation organized prior to January 1, 1940, for and by former students of the University of Minnesota;

(8) within 1,500 feet of a state university, except ~~only 1,200 feet from that:~~

(i) the minimum distance in the case of Winona and Southwest State University, provided that is 1,200 feet;

(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 ~~except;~~

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

(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

(9) 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.

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Sec. 7. Minnesota Statutes 1996, section 340A.510, subdivision 2, is amended to read:

Subd. 2. **MALT LIQUOR FURNISHED FOR SAMPLING.** (a) Notwithstanding section 340A.308, with respect only to sampling authorized under subdivision 1, a brewer may furnish at no cost to an off-sale retailer malt liquor the brewer manufactures if:

(1) the malt liquor is dispensed by the retailer only for tastings authorized under subdivision 1;

(2) the retailer makes available for return to the brewer any unused malt liquor and empty containers;

(3) the samples are dispensed by an employee of the retailer or brewer or by a sampling service retained by the retailer or brewer and not affiliated directly or indirectly with a brewer or malt liquor wholesaler;

(4) the brewer furnishes not more than three cases of malt liquor to the retailer for each sampling;

(5) each sampling continues for not more than eight hours;

(6) the brewer has furnished malt liquor for not more than five samplings for any retailer in any calendar year;

(7) the brewer delivers the malt liquor for the sampling to its exclusive wholesaler for that malt liquor;

(8) the brewer has at least seven days before the sampling filed with the commissioner, on a form the commissioner prescribes, written notice of intent to furnish malt liquor for the sampling, which contains (i) the name and address of the retailer conducting the sampling, (ii) the amount of malt liquor being furnished by the brewer, (iii) the number of times the brewer has furnished malt liquor to the retailer in the calendar year in which the notice is filed, (iv) the date and time of the sampling, (v) the exclusive wholesaler to whom the brewer will deliver the malt liquor, and (vi) a statement by the brewer to the effect that to the brewer's knowledge all requirements of this section have been or will be complied with; and

(9) the commissioner has not notified the brewer filing the notice under clause (8) that the commissioner disapproves the notice.

(b) For purposes of this subdivision, "retailer" means a licensed off-sale retailer of alcoholic beverages and a municipal liquor store that sells at off-sale.

Sec. 8. Laws 1994, chapter 611, section 32, as amended by Laws 1996, chapter 418, section 15, is amended to read:

Sec. 32. EAGAN; LICENSES AUTHORIZED.

The city of Eagan may issue not more than eight ~~12~~ on-sale intoxicating liquor licenses in addition to the number authorized by Minnesota Statutes, section 340A.413. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized by this section.

Sec. 9. CITY OF ALBERT LEA; LIQUOR LICENSES.

The city of Albert Lea may issue three on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter

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340A, not inconsistent with this section, apply to the licenses authorized under this section, except that the city may issue the licenses only to establishments that derive 50 percent or more of their gross income from food sales.

Sec. 10. CITY OF VIRGINIA; LIQUOR LICENSES.

The city of Virginia may issue one on-sale intoxicating liquor license in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license authorized under this section.

Sec. 11. EAST GRAND FORKS; LICENSES AUTHORIZED.

The city of East Grand Forks may issue four on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license authorized under this section.

Sec. 12. CANOSIA TOWNSHIP; OFF-SALE HOURS.

Notwithstanding any other law, Canosia township may by ordinance permit the off-sale of intoxicating liquor until 10:00 p.m. on Monday through Saturday.

Sec. 13. LAKE COUNTY; OFF-SALE LICENSE.

Notwithstanding Minnesota Statutes, section 340A.405, subdivision 2, paragraph (e), the Lake county board may issue an off-sale intoxicating liquor license within one mile of the city of Two Harbors. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license authorized under this section.

Sec. 14. CITY OF PINE CITY; LIQUOR LICENSE.

The city of Pine City may issue one on-sale intoxicating liquor license in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license authorized under this section.

Sec. 15. STUDY.

The house research department, office of senate counsel and research, and applicable committee staff, in consultation with the departments of revenue and public safety, shall study issues relating to direct shipment of liquor into Minnesota. The study shall consider the legal, tax, public policy, and regulatory aspects of direct shipment. The study shall be submitted to the chairs of the commerce committees of the legislature by February 1, 1999.

Sec. 16. EFFECTIVE DATE.

Sections 3, 5, and 7 are effective the day following final enactment.

Section 8 is effective on approval by the Eagan city council and compliance with Minnesota Statutes, section 645.021.

Section 9 is effective upon approval by the Albert Lea city council and compliance with Minnesota Statutes, section 645.021.

Section 10 is effective upon approval by the Virginia city council and compliance with Minnesota Statutes, section 645.021.

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Section 11 is effective on approval by the East Grand Forks city council and compliance with Minnesota Statutes, section 645.021.

Section 12 is effective upon approval by the Canosia town board and compliance with Minnesota Statutes, section 645.021.

Section 13 is effective upon approval by the Lake county board and compliance with Minnesota Statutes, section 645.021.

Section 14 is effective upon approval by the Pine City city council and compliance with Minnesota Statutes, section 645.021.

Presented to the governor April 3, 1998

Signed by the governor April 6, 1998, 2:50 p.m.

CHAPTER 365—S.F.No. 2532

VETOED

CHAPTER 366—S.F.No. 3354

An act relating to the organization and operation of state government; appropriating money for the general administrative expenses of state government; modifying provisions relating to state government operations; modifying budget preparation provisions; modifying agency reporting; providing for certain reimbursement of the health care access fund; modifying the Debt Collection Act; requiring free Internet access to certain state publications; creating the construction codes advisory council and the livestock industry environmental steering committee; providing for consumer education on telemarketing fraud; modifying lottery provisions; creating a settlement division in the office of administrative hearings; transferring the small claims court; amending Minnesota Statutes 1996, sections 3.3005, subdivision 2, and by adding a subdivision; 4.07, subdivision 3; 14.04; 14.46, subdivision 4; 15.91, subdivision 2; 16A.055, subdivision 6; 16A.10, as amended; 16A.11, subdivision 3; 16A.72; 16B.04, subdivision 4; 16D.02, subdivision 3; 16D.04, subdivisions 1 and 4; 16D.06, subdivision 2; 16D.08, subdivision 2; 16D.11, as amended; 16D.14, subdivisions 2, 3, and 5; 16D.16; 17.03, subdivision 11; 43A.04, subdivision 1a; 43A.17, subdivision 8; 43A.317, subdivision 8; 45.012; 84.027, subdivision 14; 116.03, subdivision 2a; 116J.011; 144.05, subdivision 2; 174.02, subdivision 1a; 175.001, subdivision 6; 190.09, subdivision 2; 196.05, subdivision 2; 216A.07, subdivision 6; 268.0122, subdivision 6; 270.02, subdivision 3a; 299A.01, subdivision 1a; 349A.06, by adding a subdivision; 349A.10, subdivision 3; 349A.11; 352D.12; 357.022; 363.05, subdivision 3; and 469.177, subdivision 11; Minnesota Statutes 1997 Supplement, sections 16A.103, subdivision 1; 16A.11, subdivision 1; 16E.01, subdivision 3; 16E.03, subdivisions 1, 3, 4, and 5; 16E.07, subdivision 3; 43A.30, subdivision 5; 120.0111; 241.01, subdivision 3b; 245.03, subdivision 2; 270.063, subdivision 1; 357.021, subdivision 1a; and 394.232, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 16B; 16D; 325G; and 349A; repealing Minnesota Statutes 1996, section 3.971, subdivision 3; Minnesota Statutes 1997 Supplement, sections 16A.11, subdivisions 3b and 3c; and 241.015.

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