

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 298

(SENATE AUTHORS: HOUSLEY and Sparks)

DATE
01/23/2017

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OFFICIAL STATUS
Introduction and first reading
Referred to Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act
1.2 relating to liquor; authorizing shipments of malt liquor into Minnesota with certain
1.3 conditions; amending Minnesota Statutes 2016, sections 297G.07, subdivision 1;
1.4 340A.417.

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

1.6 Section 1. Minnesota Statutes 2016, section 297G.07, subdivision 1, is amended to read:

1.7 Subdivision 1. **Exemptions.** The following are not subject to the excise tax:

1.8 (1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state in
1.9 interstate commerce.

1.10 (2) Alcoholic beverages sold or transferred between Minnesota wholesalers.

1.11 (3) Sales to common carriers engaged in interstate transportation of passengers, except
1.12 as provided in this chapter.

1.13 (4) Malt beverages served by a brewery for on-premise consumption at no charge, or
1.14 distributed to brewery employees for on-premise consumption under a labor contract.

1.15 (5) Shipments of wine or malt liquor to Minnesota residents under section 340A.417.

1.16 (6) Fruit juices naturally fermented or beer naturally brewed in the home for family use
1.17 and not sold or offered for sale.

1.18 (7) Sales of wine for sacramental purposes under section 340A.316.

1.19 (8) Alcoholic beverages sold to authorized manufacturers of food products or
1.20 pharmaceutical firms. The alcoholic beverage must be used exclusively in the manufacture
1.21 of food products or medicines. For purposes of this clause, "manufacturer" means a person

2.1 who manufactures food products intended for sale to wholesalers or retailers for ultimate
2.2 sale to the consumer.

2.3 (9) Liqueur-filled candy.

2.4 (10) Sales to a federal agency, that the state of Minnesota is prohibited from taxing under
2.5 the Constitution or laws of the United States or under the Constitution of Minnesota.

2.6 (11) Sales to Indian tribes as defined in section 297G.08.

2.7 (12) Shipments of intoxicating liquor from foreign countries to diplomatic personnel of
2.8 foreign countries assigned to service in this state.

2.9 (13) Shipments of bulk distilled spirits or bulk wine to farm wineries licensed under
2.10 section 340A.315 for input to the final product.

2.11 Sec. 2. Minnesota Statutes 2016, section 340A.417, is amended to read:

2.12 **340A.417 SHIPMENTS INTO MINNESOTA.**

2.13 (a) Notwithstanding section 297G.07, subdivision 2, or any provision of this chapter, a
2.14 winery or brewery licensed in a state other than Minnesota, or a winery located in Minnesota,
2.15 may ship, for personal use and not for resale, not more than two cases of wine, containing
2.16 a maximum of nine liters per case, or not more than two cases of malt liquor, containing a
2.17 maximum of 288 ounces per case, in any calendar year to any resident of Minnesota age
2.18 21 or over. Delivery of a shipment under this section may not be deemed a sale in this state.

2.19 (b) The shipping container of any wine or malt liquor sent under this section must be
2.20 clearly marked "Alcoholic Beverages: adult signature (over 21 years of age) required."

2.21 (c) It is not the intent of this section to impair the distribution of wine or malt liquor
2.22 through distributors or importing distributors, but only to permit shipments of wine or malt
2.23 liquor for personal use.

2.24 (d) No criminal penalty may be imposed on a person for a violation of this section other
2.25 than a violation described in paragraph (e) or (f). Whenever it appears to the commissioner
2.26 that any person has engaged in any act or practice constituting a violation of this section,
2.27 and the violation is not within two years of any previous violation of this section, the
2.28 commissioner shall issue and cause to be served upon the person an order requiring the
2.29 person to cease and desist from violating this section. The order must give reasonable notice
2.30 of the rights of the person to request a hearing and must state the reason for the entry of the
2.31 order. Unless otherwise agreed between the parties, a hearing shall be held not later than
2.32 seven days after the request for the hearing is received by the commissioner after which

3.1 and within 20 days after the receipt of the administrative law judge's report and subsequent
3.2 exceptions and argument, the commissioner shall issue an order vacating the cease and
3.3 desist order, modifying it, or making it permanent as the facts require. If no hearing is
3.4 requested within 30 days of the service of the order, the order becomes final and remains
3.5 in effect until modified or vacated by the commissioner. All hearings shall be conducted in
3.6 accordance with the provisions of chapter 14. If the person to whom a cease and desist order
3.7 is issued fails to appear at the hearing after being duly notified, the person shall be deemed
3.8 in default, and the proceeding may be determined against the person upon consideration of
3.9 the cease and desist order, the allegations of which may be deemed to be true.

3.10 (e) Any person who violates this section within two years of a violation for which a
3.11 cease and desist order was issued under paragraph (d), is guilty of a misdemeanor.

3.12 (f) Any person who commits a third or subsequent violation of this section within any
3.13 subsequent two-year period is guilty of a gross misdemeanor.