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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE NO. **310**

January 25, 2007

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The bill was read for the first time and referred to the Committee on Commerce and Labor

1.1 A bill for an act
1.2 relating to liquor; modifying regulation of off-sales by brewpubs and small
1.3 brewers; authorizing sampling of malt liquor at breweries; amending Minnesota
1.4 Statutes 2006, sections 340A.301, subdivision 7; 340A.510, subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2006, section 340A.301, subdivision 7, is amended to
1.7 read:

1.8 Subd. 7. **Interest in other business.** (a) Except as provided in this subdivision,
1.9 a holder of a license as a manufacturer, brewer, importer, or wholesaler may not have
1.10 any ownership, in whole or in part, in a business holding a retail intoxicating liquor or
1.11 3.2 percent malt liquor license. The commissioner may not issue a license under this
1.12 section to a manufacturer, brewer, importer, or wholesaler if a retailer of intoxicating
1.13 liquor has a direct or indirect interest in the manufacturer, brewer, importer, or wholesaler.
1.14 A manufacturer or wholesaler of intoxicating liquor may use or have property rented
1.15 for retail intoxicating liquor sales only if the manufacturer or wholesaler has owned the
1.16 property continuously since November 1, 1933. A retailer of intoxicating liquor may not
1.17 use or have property rented for the manufacture or wholesaling of intoxicating liquor.

1.18 (b) A brewer licensed under subdivision 6, clause (d), may be issued an on-sale
1.19 intoxicating liquor or 3.2 percent malt liquor license by a municipality for a restaurant
1.20 operated in the place of manufacture. Notwithstanding section 340A.405, a brewer
1.21 who holds an on-sale license issued pursuant to this paragraph or a brewer who
1.22 manufactures fewer than 3,500 barrels of malt liquor in a year may, with the approval
1.23 of the commissioner, be issued a license by a municipality for off-sale of malt liquor
1.24 produced and packaged on the licensed premises. Off-sale of malt liquor shall be limited

2.1 to the legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the
 2.2 brewer is located, and the malt liquor sold off-sale must be removed from the premises
 2.3 before the applicable off-sale closing time at exclusive liquor stores. The malt liquor shall
 2.4 be packaged in 64-ounce containers commonly known as "growlers:" or in 750 milliliter
 2.5 bottles. The containers or bottles shall bear a twist-type closure, cork, stopper, or plug. At
 2.6 the time of the sale, a paper or plastic adhesive band, strip, or sleeve shall be applied to
 2.7 the container or bottle and extend over the top of the twist-type closure, cork, stopper,
 2.8 or plug forming a seal that must be broken upon opening of the container or bottle.

2.9 The adhesive band, strip, or sleeve shall bear the name and address of the brewer. The
 2.10 containers or bottles shall be identified as malt liquor, contain the name of the malt liquor,
 2.11 bear the name and address of the brewer selling the malt liquor, and shall be considered
 2.12 intoxicating liquor unless the alcoholic content is labeled as otherwise in accordance
 2.13 with the provisions of Minnesota Rules, part 7515.1100. A brewer's total retail sales at
 2.14 on- or off-sale under this paragraph may not exceed 3,500 barrels per year, provided that
 2.15 off-sales may not total more than 500 barrels. A brewer licensed under subdivision 6,
 2.16 clause (d), may hold or have an interest in other retail on-sale licenses, but may not have
 2.17 an ownership interest in whole or in part, or be an officer, director, agent, or employee of,
 2.18 any other manufacturer, brewer, importer, or wholesaler, or be an affiliate thereof whether
 2.19 the affiliation is corporate or by management, direction, or control. Notwithstanding
 2.20 this prohibition, a brewer licensed under subdivision 6, clause (d), may be an affiliate
 2.21 or subsidiary company of a brewer licensed in Minnesota or elsewhere if that brewer's
 2.22 only manufacture of malt liquor is:

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

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

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

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

2.32 Sec. 2. Minnesota Statutes 2006, section 340A.510, subdivision 2, is amended to read:

2.33 Subd. 2. **Malt liquor samples authorized.** (a) Notwithstanding section 340A.308,
 2.34 a brewer may purchase from or furnish at no cost to a licensed retailer malt liquor the
 2.35 brewer manufactures if:

3.1 (1) the malt liquor is dispensed by the retailer only for samples in a quantity of less
3.2 than 100 milliliters of malt liquor per variety per customer;

3.3 (2) where the brewer furnishes the malt liquor, the retailer makes available for return
3.4 to the brewer any unused malt liquor and empty containers;

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

3.8 (4) not more than three cases of malt liquor are purchased from or furnished to the
3.9 retailer by the brewer for each sampling;

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

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

3.13 (7) where the brewer furnishes the malt liquor, the brewer delivers the malt liquor
3.14 for the sampling to its exclusive wholesaler for that malt liquor;

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

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

3.27 (b) For purposes of this subdivision, "licensed retailer" means a licensed on-sale or
3.28 off-sale retailer of alcoholic beverages and a municipal liquor store.

3.29 (c) A brewer may provide samples of its own products on its premises to persons
3.30 touring the brewery in a quantity of less than 100 milliliters of malt liquor per variety
3.31 per person.