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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1958**

March 12, 2007

Authored by Atkins, Lesch and Johnson

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

March 23, 2007

Committee Recommendation and Adoption of Report:

To Pass as Amended

Read Second Time

1.1 A bill for an act
1.2 relating to liquor; modifying and providing for certain sale, license, and fee
1.3 provisions; authorizing a license; amending Minnesota Statutes 2006, sections
1.4 37.21, subdivisions 1, 2; 340A.301, subdivision 7; 340A.315, by adding a
1.5 subdivision; 340A.408, subdivision 3; 340A.412, subdivision 4; proposing
1.6 coding for new law in Minnesota Statutes, chapter 340A.

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

1.8 Section 1. Minnesota Statutes 2006, section 37.21, subdivision 1, is amended to read:

1.9 Subdivision 1. **Liquor prohibited.** No person may sell, barter, give away, or
1.10 otherwise dispose of or introduce, have, or keep for barter, gift, or sale, any intoxicating
1.11 liquors of any kind upon ~~or within one-half mile of~~ the State Fairgrounds, or aid and abet
1.12 any of those acts. The presence and possession of any kind of these liquors, in any quantity,
1.13 upon the person or upon the premises leased or occupied by any person within these limits
1.14 is a public nuisance and is prima facie evidence of the purpose of the person to barter, give
1.15 away, or sell the liquor. Any person who violates this section is guilty of a misdemeanor.

1.16 Sec. 2. Minnesota Statutes 2006, section 37.21, subdivision 2, is amended to read:

1.17 Subd. 2. **Exceptions.** Notwithstanding subdivision 1, the State Agricultural
1.18 Society may authorize, under terms and conditions it chooses, the sale, possession, and
1.19 consumption of intoxicating liquors at special events taking place on the fairgrounds at
1.20 times other than during the annual fair including, but not limited to, family reunions, class
1.21 reunions, weddings, conventions, and similar events. This section does not authorize
1.22 the society to issue retail licenses for the sale of alcoholic beverages. Notwithstanding
1.23 subdivision 1, the State Agricultural Society may also sell intoxicating malt liquors during

2.1 the annual fair or at other times of their choosing, provided that at least one Minnesota
2.2 brewed malt liquor is made available for sale at each allowed location within the grounds.

2.3 Sec. 3. Minnesota Statutes 2006, section 340A.301, subdivision 7, is amended to read:

2.4 Subd. 7. **Interest in other business.** (a) Except as provided in this subdivision,
2.5 a holder of a license as a manufacturer, brewer, importer, or wholesaler may not have
2.6 any ownership, in whole or in part, in a business holding a retail intoxicating liquor or
2.7 3.2 percent malt liquor license. The commissioner may not issue a license under this
2.8 section to a manufacturer, brewer, importer, or wholesaler if a retailer of intoxicating
2.9 liquor has a direct or indirect interest in the manufacturer, brewer, importer, or wholesaler.
2.10 A manufacturer or wholesaler of intoxicating liquor may use or have property rented
2.11 for retail intoxicating liquor sales only if the manufacturer or wholesaler has owned the
2.12 property continuously since November 1, 1933. A retailer of intoxicating liquor may not
2.13 use or have property rented for the manufacture or wholesaling of intoxicating liquor.

2.14 (b) A brewer licensed under subdivision 6, clause (d), may be issued an on-sale
2.15 intoxicating liquor or 3.2 percent malt liquor license by a municipality for a restaurant
2.16 operated in the place of manufacture. Notwithstanding section 340A.405, a brewer
2.17 who holds an on-sale license issued pursuant to this paragraph or a brewer who
2.18 manufactures fewer than 3,500 barrels of malt liquor in a year may, with the approval
2.19 of the commissioner, be issued a license by a municipality for off-sale of malt liquor
2.20 produced and packaged on the licensed premises. Off-sale of malt liquor shall be limited
2.21 to the legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the
2.22 brewer is located, and the malt liquor sold off-sale must be removed from the premises
2.23 before the applicable off-sale closing time at exclusive liquor stores. The malt liquor shall
2.24 be packaged in 64-ounce containers commonly known as "growlers:" or in 750 milliliter
2.25 bottles. The containers or bottles shall bear a twist-type closure, cork, stopper, or plug. At
2.26 the time of the sale, a paper or plastic adhesive band, strip, or sleeve shall be applied to
2.27 the container or bottle and extend over the top of the twist-type closure, cork, stopper,
2.28 or plug forming a seal that must be broken upon opening of the container or bottle.
2.29 The adhesive band, strip, or sleeve shall bear the name and address of the brewer. The
2.30 containers or bottles shall be identified as malt liquor, contain the name of the malt liquor,
2.31 bear the name and address of the brewer selling the malt liquor, and shall be considered
2.32 intoxicating liquor unless the alcoholic content is labeled as otherwise in accordance
2.33 with the provisions of Minnesota Rules, part 7515.1100. A brewer's total retail sales at
2.34 on- or off-sale under this paragraph may not exceed 3,500 barrels per year, provided that
2.35 off-sales may not total more than 500 barrels. A brewer licensed under subdivision 6,

3.1 clause (d), may hold or have an interest in other retail on-sale licenses, but may not have
3.2 an ownership interest in whole or in part, or be an officer, director, agent, or employee of,
3.3 any other manufacturer, brewer, importer, or wholesaler, or be an affiliate thereof whether
3.4 the affiliation is corporate or by management, direction, or control. Notwithstanding
3.5 this prohibition, a brewer licensed under subdivision 6, clause (d), may be an affiliate
3.6 or subsidiary company of a brewer licensed in Minnesota or elsewhere if that brewer's
3.7 only manufacture of malt liquor is:

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

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

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

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

3.17 Sec. 4. Minnesota Statutes 2006, section 340A.315, is amended by adding a
3.18 subdivision to read:

3.19 Subd. 6. **On-sale licenses allowed.** Nothing in this section or in any other section
3.20 of law prevents a farm winery from obtaining a separate on-sale license and operating
3.21 a business establishment that utilizes that license, in conjunction with and within the
3.22 physical facilities of the winery and its buildings.

3.23 Sec. 5. Minnesota Statutes 2006, section 340A.408, subdivision 3, is amended to read:

3.24 Subd. 3. **Intoxicating liquor; off-sale.** (a) The annual license fee for an off-sale
3.25 intoxicating liquor license issued by a city, when combined with any occupation tax
3.26 imposed by the city, may not exceed the following limits:

3.27 (1) ~~\$1,000~~ \$1,250 for cities of the first class;

3.28 (2) ~~\$200~~ \$250 for cities over 10,000 other than cities of the first class;

3.29 (3) ~~\$150~~ \$185 for cities of between 5,000 and 10,000 population; and

3.30 (4) ~~\$100~~ \$125 for cities with less than 5,000 population.

3.31 (b) The annual license fee for an off-sale intoxicating liquor license issued by a
3.32 county or town shall not exceed \$500.

3.33 Sec. 6. Minnesota Statutes 2006, section 340A.412, subdivision 4, is amended to read:

4.1 Subd. 4. **Licenses prohibited in certain areas.** (a) No license to sell intoxicating
4.2 liquor may be issued within the following areas:

4.3 (1) where restricted against commercial use through zoning ordinances and other
4.4 proceedings or legal processes regularly had for that purpose, except licenses may be
4.5 issued to restaurants in areas which were restricted against commercial uses after the
4.6 establishment of the restaurant;

4.7 (2) within the Capitol or on the Capitol grounds, except as provided under Laws
4.8 1983, chapter 259, section 9, or Laws 1999, chapter 202, section 13;

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

4.11 (4) on the campus of the College of Agriculture of the University of Minnesota ~~or at~~
4.12 ~~any place in a city of the first class within one-half mile of the campus, provided that a city~~
4.13 ~~may issue one on-sale wine license and one off-sale intoxicating liquor license in this area~~
4.14 ~~that is not included in the area described in clause (3), except as provided by charter;~~

4.15 (5) within 1,000 feet of a state hospital, training school, reformatory, prison, or other
4.16 institution under the supervision or control, in whole or in part, of the commissioner of
4.17 human services or the commissioner of corrections;

4.18 (6) in a town or municipality in which a majority of votes at the last election
4.19 at which the question of license was voted upon were not in favor of license under
4.20 section 340A.416, or within one-half mile of any such town or municipality, except that
4.21 intoxicating liquor manufactured within this radius may be sold to be consumed outside it;

4.22 (7) at any place on the east side of the Mississippi River within one-tenth of a mile
4.23 of the main building of the University of Minnesota unless (i) the licensed establishment
4.24 is on property owned or operated by a nonprofit corporation organized prior to January
4.25 1, 1940, for and by former students of the University of Minnesota, or (ii) the licensed
4.26 premises is Northrop Auditorium;

4.27 (8) within 1,500 feet of a state university, except that:

4.28 (i) the minimum distance in the case of Winona and Southwest State University is
4.29 1,200 feet, measured by a direct line from the nearest corner of the administration building
4.30 to the main entrance of the licensed establishment;

4.31 (ii) within 1,500 feet of St. Cloud State University one on-sale wine and two off-sale
4.32 intoxicating liquor licenses may be issued, measured by a direct line from the nearest
4.33 corner of the administration building to the main entrance of the licensed establishment;

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

5.1 (iv) a temporary license under section 340A.404, subdivision 10, may be issued to
5.2 a location on the grounds of a state university for an event sponsored or approved by
5.3 the state university; and

5.4 (v) this restriction does not apply to the area surrounding the premises of
5.5 Metropolitan State University in Minneapolis; and

5.6 (9) within 1,500 feet of any public school that is not within a city.

5.7 (b) The restrictions of this subdivision do not apply to a manufacturer or wholesaler
5.8 of intoxicating liquor or to a drugstore or to a person who had a license originally issued
5.9 lawfully prior to July 1, 1967.

5.10 **Sec. 7. [340A.707] RESALE FOR CHARITABLE PURPOSES.**

5.11 The governing body of a municipality may issue to a nonprofit organization
5.12 conducting a silent auction or other fund-raising event a temporary exclusive liquor store
5.13 license. This license authorizes the organization to sell wine, not to exceed five bottles;
5.14 beer, not to exceed one 24-bottle case; or intoxicating liquors, not to exceed one liter,
5.15 providing that funds from the sale are dedicated to the charitable purposes of the nonprofit
5.16 organization, such sales are limited to one occasion per year, and the alcohol is only
5.17 provided to persons who demonstrate that they are 21 years of age or older and do not
5.18 show signs of obvious intoxication.

5.19 The licenses are subject to the terms including a license fee, imposed by the issuing
5.20 municipality. Licenses issued under this section are subject to all laws and ordinances
5.21 governing the sale of intoxicating liquor except those laws and ordinances which by
5.22 their nature are not applicable. Licenses under this subdivision are not valid unless first
5.23 approved by the commissioner of public safety.

5.24 Retail donators of alcohol for an event described in this section shall not be
5.25 responsible for product sales tax.

5.26 **Sec. 8. ST. PAUL; LIQUOR LICENSE.**

5.27 Notwithstanding Minnesota Statutes, section 340A.412, subdivision 4, paragraph
5.28 (a), clause (8), the city of St. Paul may issue an on-sale intoxicating liquor license to a
5.29 restaurant located at 378 Maria Avenue North. The provisions of Minnesota Statutes,
5.30 chapter 340A, apply to licenses issued under this section.