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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH  
SESSION

HOUSE FILE No. **1476**

March 9, 2009

Authored by Atkins and Zellers

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

April 1, 2009

Committee Recommendation and Adoption of Report:

To Pass as Amended

Read Second Time

April 29, 2009

Calendar For The Day

Amended

Read Third Time as Amended

Passed by the House as Amended and transmitted to the Senate to include Floor Amendments

1.1 A bill for an act  
1.2 relating to liquor; modifying and clarifying certain licensing requirements;  
1.3 authorizing various licenses; modifying provision relating to shipments into the  
1.4 state; providing for wine tastings; extending certain on-sale hours; amending  
1.5 Minnesota Statutes 2008, sections 340A.101, by adding a subdivision; 340A.301,  
1.6 subdivision 4; 340A.315, subdivisions 2, 7; 340A.401; 340A.404, subdivisions  
1.7 1, 4, 4a; 340A.412, subdivision 14; 340A.414, subdivision 1; 340A.417;  
1.8 340A.419, subdivision 2; proposing coding for new law in Minnesota Statutes,  
1.9 chapter 340A.

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

1.11 Section 1. Minnesota Statutes 2008, section 340A.101, is amended by adding a  
1.12 subdivision to read:

1.13 Subd. 31. **Public facility.** "Public facility" is a park, community center, or other  
1.14 accommodation or facility owned or managed by or on behalf of a subdivision of the state,  
1.15 including any county, city, town, township, or independent district of the state.

1.16 Sec. 2. Minnesota Statutes 2008, section 340A.301, subdivision 4, is amended to read:

1.17 Subd. 4. **Bond.** The commissioner may not issue a license under this section to a  
1.18 person who has not filed a bond with corporate surety, or cash, or United States government  
1.19 bonds payable to the state. The proof of financial responsibility must be approved by the  
1.20 commissioner before the license is issued. The bond must be conditioned on the licensee  
1.21 obeying all laws governing the business and paying when due all taxes, fees, penalties and  
1.22 other charges, and must provide that it is forfeited to the state on a violation of law. This  
1.23 subdivision does not apply to a Minnesota farm winery, licensed under section 340A.315,  
1.24 that is in existence as of January 1, 2010. Bonds must be in the following amounts:

2.1	Manufacturers and wholesalers of intoxicating		
2.2	liquor except as provided in this subdivision	\$	10,000
2.3	Manufacturers and wholesalers of wine up to		
2.4	25 percent alcohol by weight	\$	5,000
2.5	Manufacturers and wholesalers of beer of more		
2.6	than 3.2 percent alcohol by weight	\$	1,000

2.7 Sec. 3. Minnesota Statutes 2008, section 340A.315, subdivision 2, is amended to read:

2.8 Subd. 2. **Sales.** A license authorizes the sale, on the farm winery premises, of table,  
 2.9 sparkling, or fortified wines produced by that farm winery at on-sale or off-sale, in retail,  
 2.10 or wholesale lots in total quantities not in excess of 50,000 gallons in a calendar year,  
 2.11 glassware, wine literature and accessories, cheese and cheese spreads, other wine-related  
 2.12 food items, and the dispensing of free samples of the wines offered for sale. Sales at  
 2.13 on-sale and off-sale may be made on Sundays between ~~12:00 noon~~ 10:00 a.m. and  
 2.14 12:00 midnight. Labels for each type or brand produced must be registered with the  
 2.15 commissioner, without fee prior to sale. A farm winery may provide samples of distilled  
 2.16 spirits manufactured pursuant to subdivision 7, on the farm winery premises, but may  
 2.17 sell the distilled spirits only through a licensed wholesaler. Samples of distilled spirits  
 2.18 may not exceed 15 milliliters per variety.

2.19 Sec. 4. Minnesota Statutes 2008, section 340A.315, subdivision 7, is amended to read:

2.20 Subd. 7. **Distilled spirits permitted.** Farm wineries licensed under this section are  
 2.21 permitted to manufacture distilled spirits as defined under section 340A.101, subdivision  
 2.22 9, which may exceed 25 percent alcohol by volume, made from Minnesota-produced or  
 2.23 -grown grapes, grape juice, other fruit bases, or honey. The following conditions pertain:

2.24 (1) no farm winery or firm owning multiple farm wineries may manufacture more  
 2.25 than 5,000 gallons of distilled spirits in a given year, and this 5,000 gallon limit is part of  
 2.26 the 50,000 gallon limit found in subdivision 2;

2.27 (2) farm wineries must pay an additional annual fee of ~~\$500~~ \$50 to the commissioner  
 2.28 before beginning production of distilled spirits; and

2.29 (3) farm wineries may not sell or produce distilled spirits for direct sale to  
 2.30 manufacturers licensed under section 340A.301, subdivision 6, paragraph (a).

2.31 Sec. 5. Minnesota Statutes 2008, section 340A.401, is amended to read:

2.32 **340A.401 LICENSE REQUIRED.**

2.33 Except as provided in this chapter, no person may directly or indirectly, on any  
 2.34 pretense or by any device, sell, barter, keep for sale, charge for possession, or otherwise

3.1 dispose of alcoholic beverages as part of a commercial transaction without having  
3.2 obtained the required license or permit. Rental of or permission to use a public facility is  
3.3 not a commercial transaction for the purposes of this chapter.

3.4 Sec. 6. Minnesota Statutes 2008, section 340A.404, subdivision 1, is amended to read:

3.5 Subdivision 1. **Cities.** (a) A city may issue an on-sale intoxicating liquor license to  
3.6 the following establishments located within its jurisdiction:

3.7 (1) hotels;

3.8 (2) restaurants;

3.9 (3) bowling centers;

3.10 (4) clubs or congressionally chartered veterans organizations with the approval of  
3.11 the commissioner, provided that the organization has been in existence for at least three  
3.12 years and liquor sales will only be to members and bona fide guests, except that a club  
3.13 may conduct wine tastings as allowed under section 340A.419, subdivision 2;

3.14 (5) sports facilities located on land owned by the Metropolitan Sports Commission;  
3.15 and

3.16 (6) exclusive liquor stores.

3.17 (b) A city may issue an on-sale intoxicating liquor license, an on-sale wine license,  
3.18 or an on-sale malt liquor license to a theater within the city, notwithstanding any law, local  
3.19 ordinance, or charter provision. A license issued under this paragraph authorizes sales on  
3.20 all days of the week to persons attending events at the theater.

3.21 (c) For the purposes of chapter 340A only, a city may issue an on-sale intoxicating  
3.22 liquor license, an on-sale wine license, or an on-sale malt liquor license to a convention  
3.23 center within the city, notwithstanding any law, local ordinance, or charter provision. A  
3.24 license issued under this paragraph authorizes sales on all days of the week to persons  
3.25 attending events at the convention center. This does not apply to convention centers  
3.26 in the seven-county metro area.

3.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.28 Sec. 7. Minnesota Statutes 2008, section 340A.404, subdivision 4, is amended to read:

3.29 Subd. 4. **Special provisions; sports, conventions, or cultural facilities;**

3.30 **community festivals.** (a) The governing body of a municipality may authorize a holder of  
3.31 a retail on-sale intoxicating liquor license issued by the municipality or by an adjacent  
3.32 municipality to dispense intoxicating liquor at any convention, banquet, conference,  
3.33 meeting, or social affair conducted on the premises of a sports, convention, or cultural  
3.34 facility owned by the municipality or instrumentality thereof having independent

4.1 policy-making and appropriating authority and located within the municipality. The  
4.2 licensee must be engaged to dispense intoxicating liquor at an event held by a person or  
4.3 organization permitted to use the premises, and may dispense intoxicating liquor only to  
4.4 persons attending the event. The licensee may not dispense intoxicating liquor to any  
4.5 person attending or participating in ~~an~~ a youth amateur athletic event, for persons 18 years  
4.6 of age or younger, held on the premises.

4.7 (b) The governing body of a municipality may authorize a holder of a retail on-sale  
4.8 intoxicating liquor license issued by the municipality to dispense intoxicating liquor  
4.9 off premises at a community festival held within the municipality. The authorization  
4.10 shall specify the area in which the intoxicating liquor must be dispensed and consumed,  
4.11 and shall not be issued unless the licensee demonstrates that it has liability insurance as  
4.12 prescribed by section 340A.409 to cover the event.

4.13 Sec. 8. Minnesota Statutes 2008, section 340A.404, subdivision 4a, is amended to read:

4.14 Subd. 4a. **State-owned recreation; entertainment facilities.** Notwithstanding any  
4.15 other law, local ordinance, or charter provision, the commissioner may issue on-sale  
4.16 intoxicating liquor licenses:

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

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

4.25 (3) to the Board of Regents of the University of Minnesota for events at Northrop  
4.26 Auditorium, the intercollegiate football stadium, or at no more than seven other locations  
4.27 within the boundaries of the University of Minnesota, provided that the Board of  
4.28 Regents has approved an application for a license for the specified location and provided  
4.29 that a liquor license issued under this section is void unless it requires the legal sale  
4.30 of intoxicating liquor throughout the stadium or arena and does not limit the sale of  
4.31 intoxicating liquor to premium seating areas or suites; and

4.32 (4) to the Duluth Entertainment and Convention Center Authority for beverage  
4.33 sales on the premises of the Duluth Entertainment and Convention Center Arena during  
4.34 intercollegiate hockey games.

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

5.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.4 Sec. 9. Minnesota Statutes 2008, section 340A.412, subdivision 14, is amended to read:

5.5 Subd. 14. **Exclusive liquor stores.** (a) Except as otherwise provided in this  
5.6 subdivision, an exclusive liquor store may sell only the following items:

5.7 (1) alcoholic beverages;

5.8 (2) tobacco products;

5.9 (3) ice;

5.10 (4) beverages, either liquid or powder, specifically designated for mixing with  
5.11 intoxicating liquor;

5.12 (5) soft drinks;

5.13 (6) liqueur-filled candies;

5.14 (7) food products that contain more than one-half of one percent alcohol by volume;

5.15 (8) cork extraction devices;

5.16 (9) books and videos on the use of alcoholic beverages;

5.17 (10) magazines and other publications published primarily for information and  
5.18 education on alcoholic beverages; ~~and~~

5.19 (11) multiple use bags designed to carry purchased items;

5.20 (12) devices designed to ensure safe storage and monitoring of alcohol in the home,  
5.21 to prevent access by underage drinkers; and

5.22 ~~(11)~~ (13) home brewing equipment.

5.23 (b) An exclusive liquor store that has an on-sale, or combination on-sale and off-sale  
5.24 license may sell food for on-premise consumption when authorized by the municipality  
5.25 issuing the license.

5.26 (c) An exclusive liquor store may offer live or recorded entertainment.

5.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.28 Sec. 10. Minnesota Statutes 2008, section 340A.414, subdivision 1, is amended to read:

5.29 Subdivision 1. **Permit required.** No business establishment or club which does  
5.30 not hold an on-sale intoxicating liquor license may directly or indirectly allow the  
5.31 consumption and display of alcoholic beverages or knowingly serve any liquid for the  
5.32 purpose of mixing with intoxicating liquor without first having obtained a permit from the

6.1 commissioner. Rental of a public facility does not make a subdivision or the facility a  
6.2 "business establishment" for the purposes of this chapter.

6.3 Sec. 11. Minnesota Statutes 2008, section 340A.417, is amended to read:

6.4 **340A.417 SHIPMENTS INTO MINNESOTA.**

6.5 (a) Notwithstanding section 297G.07, subdivision 2, or any provision of this chapter,  
6.6 a winery licensed in a state other than Minnesota, or a winery located in Minnesota, may  
6.7 ship, for personal use and not for resale, not more than two cases of wine, containing a  
6.8 maximum of nine liters per case, in any calendar year to any resident of Minnesota age 21  
6.9 or over. Delivery of a shipment under this section may not be deemed a sale in this state.

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

6.12 ~~(c) No person may (1) advertise shipments authorized under this section, (2) by~~  
6.13 ~~advertisement or otherwise, solicit shipments authorized by this section, or (3) accept~~  
6.14 ~~orders for shipments authorized by this section by use of the Internet. No shipper located~~  
6.15 ~~outside Minnesota may advertise interstate reciprocal wine shipments in Minnesota.~~

6.16 ~~(d)~~ It is not the intent of this section to impair the distribution of wine through  
6.17 distributors or importing distributors, but only to permit shipments of wine for personal  
6.18 use.

6.19 ~~(e)~~ (d) No criminal penalty may be imposed on a person for a violation of this  
6.20 section other than a violation described in paragraph ~~(f)~~ (e) or ~~(g)~~ (f). Whenever it appears  
6.21 to the commissioner that any person has engaged in any act or practice constituting a  
6.22 violation of this section, and the violation is not within two years of any previous violation  
6.23 of this section, the commissioner shall issue and cause to be served upon the person an  
6.24 order requiring the person to cease and desist from violating this section. The order must  
6.25 give reasonable notice of the rights of the person to request a hearing and must state the  
6.26 reason for the entry of the order. Unless otherwise agreed between the parties, a hearing  
6.27 shall be held not later than seven days after the request for the hearing is received by the  
6.28 commissioner after which and within 20 days after the receipt of the administrative law  
6.29 judge's report and subsequent exceptions and argument, the commissioner shall issue an  
6.30 order vacating the cease and desist order, modifying it, or making it permanent as the facts  
6.31 require. If no hearing is requested within 30 days of the service of the order, the order  
6.32 becomes final and remains in effect until modified or vacated by the commissioner. All  
6.33 hearings shall be conducted in accordance with the provisions of chapter 14. If the person  
6.34 to whom a cease and desist order is issued fails to appear at the hearing after being duly  
6.35 notified, the person shall be deemed in default, and the proceeding may be determined

7.1 against the person upon consideration of the cease and desist order, the allegations of  
7.2 which may be deemed to be true.

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

7.5 ~~(g)~~ (f) Any person who commits a third or subsequent violation of this section;  
7.6 ~~including a violation for which a cease and desist order was issued under paragraph (e);~~  
7.7 within any subsequent two-year period is guilty of a gross misdemeanor.

7.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.9 Sec. 12. Minnesota Statutes 2008, section 340A.419, subdivision 2, is amended to read:

7.10 Subd. 2. **Tastings.** (a) Notwithstanding any other law, an exclusive liquor store  
7.11 may conduct a wine tasting on the premises of a holder of an on-sale intoxicating liquor  
7.12 license, including on the premises of a club holding a license under 340A.404, subdivision  
7.13 1, paragraph (a), clause (4), or on the premises of a holder of a wine license under section  
7.14 340A.404, subdivision 5, that is not a temporary license if the exclusive liquor store  
7.15 complies with this section.

7.16 (b) No wine at a wine tasting under this section may be sold for off-premises  
7.17 consumption. A participant in the tasting may fill out a form indicating preferences for  
7.18 wine. The form may be held on the premises of the exclusive liquor store to assist the  
7.19 participant in making an off-sale purchase at a later date.

7.20 (c) Notwithstanding any other law, an exclusive liquor store may purchase or  
7.21 otherwise obtain wine for a wine tasting conducted under this section from a wholesaler  
7.22 licensed to sell wine. The wholesaler may sell or give wine to an exclusive liquor store  
7.23 for a wine tasting conducted under this section and may provide personnel to assist  
7.24 in the wine tasting.

7.25 (d) An exclusive liquor store that conducts a wine tasting under this section must use  
7.26 any fees collected from participants in the tasting only to defray the cost of conducting  
7.27 the tasting.

7.28 (e) The premises on which a tasting is conducted under this section must be insured  
7.29 as required by section 340A.409.

7.30 Sec. 13. **[340A.5041] AIRPORT COMMISSION; EXTENDED HOURS.**

7.31 Notwithstanding any law, rule, or ordinance to the contrary, the Metropolitan  
7.32 Airports Commission may allow extended hours of sale at on-sale locations within the  
7.33 security areas of the Lindbergh and Humphrey Terminals. Extended hours are allowed for  
7.34 sales during the hours between 6:00 a.m. and 2:00 a.m. Monday through Sunday.

8.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

8.2 Sec. 14. **AUGSBURG COLLEGE; ON-SALE LICENSE.**

8.3 Notwithstanding any other law, local ordinance, or charter provision, the city of  
8.4 Minneapolis may issue an on-sale intoxicating liquor license to Augsburg College, or to  
8.5 an entity holding a caterer's permit and a contract with Augsburg College, for catering on  
8.6 the premises of Augsburg College campus, or for any portion of the premises as described  
8.7 in the approved license application. The license authorized by this section may be issued  
8.8 for space that is not compact and contiguous, provided that all such space is within the  
8.9 boundaries of Augsburg College campus and is included in the description of the licensed  
8.10 premises on the approved license application. The license authorizes sales on all days of  
8.11 the week to persons attending events at the college. All other provisions of Minnesota  
8.12 Statutes, chapter 340A, not inconsistent with this section, apply to the license authorized  
8.13 under this section.

8.14 **EFFECTIVE DATE.** This section is effective upon approval by the Minneapolis  
8.15 City Council in the manner provided by Minnesota Statutes, section 645.021,  
8.16 notwithstanding Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

8.17 Sec. 15. **GRAND MARAIS; ON-SALE.**

8.18 Notwithstanding any law, local ordinance, or charter provision to the contrary, the  
8.19 city of Grand Marais may issue an on-sale intoxicating liquor license, or an on-sale wine  
8.20 license and an on-sale malt liquor license, to Holland Motel, Inc. d/b/a the Best Western  
8.21 Superior Inn and Suites located at 104 First Avenue East, Grand Marais, and an additional  
8.22 on-sale intoxicating liquor license, or on-sale wine and on-sale malt liquor license to East  
8.23 Bay Hospitality, LLC; d/b/a East Bay Suites located at 21 Wisconsin Street, Grand Marais.  
8.24 The license may authorize sales only to persons who are registered guests at the lodging  
8.25 establishment, their invitees, or persons attending a conference, meeting, or other event at  
8.26 the lodging establishment. The license may authorize sales on all days of the week.

8.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.