

**Subject** Liquor

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## Overview

This bill would modify a variety of tax and regulatory provisions related to liquor. Excise taxes would be modified for cider and wine and the small winery tax credit would be expanded to include cideries over the current production threshold for the credit.

The bill would also allow expanded off-sale for microdistilleries and for brewers selling growlers (i.e. the growler cap would be eliminated).

Growlers would also be allowed to be sold in any container up to 64 ounces, but a sales limit of 768 ounces per customer per day would also be imposed. Exclusive liquor stores would also be allowed to fill growlers.

Self-distribution would be allowed for brewpubs and all wineries.

In addition, the bill would eliminate references to the majority Minnesota grown requirement for wineries due to the United States District Court's decision in *Alexis Bailly Vineyard, Inc. v. Harrington*, 2020 WL 5106789 (D. Minn. Aug. 31, 2020) that held the restriction unconstitutional under the dormant commerce clause.

Brand registration rules would also be modified and would not apply to beer and cider sold exclusively on tap.

Lastly, the temporary authority for restaurants to sell takeout liquor during the COVID emergency would be made permanent.

## Summary

Section	Description
1	<b>Cider.</b> Modifies the definition of “cider” for purposes of the alcohol excise tax, by increasing the ABV threshold from 7% to 8.5% and including cider made from pears.
2	<b>General rate; distilled spirits and wine.</b> Modifies the alcohol excise tax. Most metric equivalents would be stricken, except for distilled spirits and low-alcohol dairy cocktails. The first ABV tier for wine would be increased from 14% to 16%.
3	<b>Small winery tax credit.</b> Modifies the definition of “qualified winery” under the credit to include wineries producing fewer than 250,000 barrels of cider annually.
4	<b>Cider.</b> For purposes of the liquor regulation chapter, creates a definition for “cider” which would include ciders made from apples or pears having an ABV up to 8.5%.
5	<b>Off-sale license; microdistilleries.</b> Increases the microdistillery off-sale limit from 375 ml per customer per day to 1.5 liters per customer per day.
6	<b>Total retail sales; brewpubs.</b> Adds an additional limit for brewpub off-sales of 768 ounces per customer per day.
7	<b>Interest in other license; brewpubs.</b> Allows a brewpub to self-distribute up to 200 barrels of malt liquor annually.
8	<b>License; limitations; growlers.</b> Adds an additional limit for brewer off-sale of 768 ounces per customer per day.
9	<b>Prohibition; growlers.</b> Eliminates the 20,000 barrel growler cap for brewers.
10	<b>Growlers; packaging.</b> Modifies the growler packaging rules. Malt liquor could be sold in any container up to 64 ounces in size, provided that all current state and federal rules for packaging and labeling are met. Current growler packaging requirements would be limited to 64 ounce or 750 milliliter containers. Exclusive liquor stores would also be allowed to fill containers for off-sale.

Section	Description
11	<b>Additional permitted interest in wholesale business.</b> Allows all wineries to self-distribute.
12	<b>Sales without a license.</b> Removes the majority Minnesota grown requirement for winery on- and off-sales.
13	<b>Brand registration; malt liquor.</b> Modifies the brand registration fee requirements for brewers and exempts breweries and cideries from the registration requirements for product that will only be sold on-tap.
14	<b>Distilled spirits permitted; farm wineries.</b> Eliminates the majority Minnesota grown requirement for farm winery productions of distilled spirits.
15	<b>Bulk wine; farm wineries.</b> Eliminates the reference to the majority Minnesota grown requirements for the use of bulk wine in the production of wine.
16	<b>Limited off-sale for bars and restaurants.</b> Makes permanent and modifies the COVID special law allowing take-out liquor.  Under this provision, restaurants holding an on-sale license would be permitted to sell beer, hard seltzer, cider, wine and cocktails with a take-out food order. Liquor sales must be incidental to food sales, and sold in their original packaging (or for cocktails, in a secure container).  Beer, hard seltzer, and cider sales would be limited to 72 ounces or 128 ounces for growlers; wine would be limited to 750 milliliters; the cocktail limit would be 34 ounces.  The restaurant would be required to verifying the age of the person picking up the order and the restaurant's liability insurance carrier must also be notified of the change.
17	<b>Repealer.</b> Repeals the one cent bottle tax and the exception to the 51% Minnesota grown requirement.



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