

1.1 A bill for an act
1.2 relating to liquor; allowing distilleries of any size to operate a cocktail room;
1.3 amending Minnesota Statutes 2020, section 340A.22.

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

1.5 Section 1. Minnesota Statutes 2020, section 340A.22, is amended to read:

1.6 **340A.22 MICRODISTILLERIES.**

1.7 Subdivision 1. **Activities.** (a) A microdistillery licensed under this chapter may provide
1.8 on its premises samples of distilled spirits manufactured on its premises, in an amount not
1.9 to exceed 15 milliliters per variety per person. No more than 45 milliliters may be sampled
1.10 under this paragraph by any person on any day.

1.11 (b) A microdistillery or other licensed manufacturer of distilled spirits can sell cocktails
1.12 to the public, pursuant to subdivision 2.

1.13 (c) A microdistillery or other licensed manufacturer of distilled spirits may not operate
1.14 a cocktail room under subdivision 2 or conduct sales at off-sale under subdivision 4 unless
1.15 at least 50 percent of the annual production of the licensee is processed and distilled on
1.16 premises.

1.17 (d) Distilled spirits produced or in production prior to July 1, 2017, are not counted as
1.18 part of the calculations under paragraph (c).

1.19 Subd. 2. **Cocktail room license.** (a) A municipality, including a city with a municipal
1.20 liquor store, may issue the holder of a microdistillery license or distilled spirits manufacturer
1.21 license under this chapter a ~~microdistillery~~ cocktail room license. A ~~microdistillery~~ cocktail
1.22 room license authorizes on-sale of distilled liquor produced by the distiller for consumption

2.1 on the premises of or adjacent to one distillery location owned by the distiller.
2.2 Notwithstanding section 340A.504, subdivision 3, a cocktail room may be open and may
2.3 conduct on-sale business on Sundays if authorized by the municipality. Nothing in this
2.4 subdivision precludes the holder of a ~~microdistillery~~ cocktail room license from also holding
2.5 a license to operate a restaurant at the distillery. Section 340A.409 shall apply to a license
2.6 issued under this subdivision. All provisions of this chapter that apply to a retail liquor
2.7 license shall apply to a license issued under this subdivision unless the provision is explicitly
2.8 inconsistent with this subdivision.

2.9 (b) A distiller may only have one cocktail room license under this subdivision, ~~and may~~
2.10 ~~not have an ownership interest in a distillery licensed under section 340A.301, subdivision~~
2.11 ~~6, clause (a).~~

2.12 (c) The municipality shall impose a licensing fee on a distiller holding a ~~microdistillery~~
2.13 cocktail room license under this subdivision, subject to limitations applicable to license fees
2.14 under section 340A.408, subdivision 2, paragraph (a).

2.15 (d) A municipality shall, within ten days of the issuance of a license under this
2.16 subdivision, inform the commissioner of the licensee's name and address and trade name,
2.17 and the effective date and expiration date of the license. The municipality shall also inform
2.18 the commissioner of a license transfer, cancellation, suspension, or revocation during the
2.19 license period.

2.20 (e) No single entity may hold both a cocktail room and taproom license, and a cocktail
2.21 room and taproom may not be colocated.

2.22 Subd. 3. **License; fee.** The commissioner shall establish a fee for licensing
2.23 microdistilleries that adequately covers the cost of issuing the license and other inspection
2.24 requirements. The fees shall be deposited in an account in the special revenue fund and are
2.25 appropriated to the commissioner for the purposes of this subdivision. All other requirements
2.26 of section 340A.301 apply to a license under this section.

2.27 Subd. 4. **Off-sale license.** A microdistillery or other manufacturer of distilled spirits
2.28 may be issued a license by the local licensing authority for off-sale of distilled spirits, with
2.29 the approval of the commissioner. The license may allow the sale of one 375 milliliter bottle
2.30 per customer per day of product manufactured on site, subject to the following requirements:

2.31 (1) off-sale hours of sale must conform to hours of sale for retail off-sale licensees in
2.32 the licensing municipality; and

- 3.1 (2) no brand may be sold at the microdistillery unless it is also available for distribution
- 3.2 by wholesalers.