

Subject Omnibus liquor bill

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### Overview

This is the 2022 omnibus liquor bill.

## Article 1: Liquor Regulation

This article provides a number of laws related to liquor regulation and taxation.

### Section Description - Article 1: Liquor Regulation

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- 1 Malt liquor definition.**

Modifies the definition of “malt liquor” to include alcoholic beverages made with malt substitutes and clarifies that “beer” refers to “malt liquor.”
- 2 Activities; microdistilleries.**

This subdivision allows any distillery otherwise meeting the cocktail room requirements to operate a cocktail room and excludes spirits bottled under a third-party contract from the 50 percent Minnesota annual production threshold for operating a cocktail room.
- 3 Cocktail room license; microdistilleries.**

Makes conforming changes related to the provision in subd. 1 allowing any distiller to operate a cocktail room.
- 4 Off-sale license; microdistilleries.**

Provides new rules for microdistillery off-sales. Under the new rules, microdistilleries could sell their own product under one of two sets of limitations: either they may sell up to 750 ml of spirits per customer of any approved size or up to 1.125 liters per customer of any approved size no larger than 375 ml. In addition, the commissioner of public safety is allowed to approve any size container that is approved by the Alcohol and Tobacco Tax and Trade Bureau.

**Section Description - Article 1: Liquor Regulation**

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**5 Prohibition; growlers.**

Increases the annual production threshold to sell growlers from 20,000 barrels to 150,000 barrels.

**6 Off-sale packaging requirements for certain small brewers.**

**Subd. 1. Certain off-sale packaging requirements for certain small brewers.**

Allows a small brewer (annual production of less than 7,500 barrels) to sell up to 128 ounces of beer per customer per day, in addition to current off-sale limits. The amount sold would count toward the annual barrel limit for these off-sales under the growler rules.

**Subd. 2. Packaging.** Allows the proposed additional sales to be packaged in any approved container.

**Subd. 3. Off-sale not exclusive.** Requires any brand of beer sold under the proposed authority to be made available to a wholesaler.

**Subd. 4. Exception; production in 2021.** Allows small brewers (annual production between 5,500 and 13,500 barrels) to make the additional sales until their annual production increases by 2,000 barrels over their 2021 production.

**Subd. 5. Other laws.** Requires all other applicable laws in the liquor chapter to apply to the proposed sales.

**7 Interest in other business; cider; self-distribution.**

Allows a winery producing apple-based cider to self-distribute that cider, provided that: (1) no more than 2,500 barrels of the cider is produced and sold in a calendar year; and (2) a winery provides an affidavit to the commissioner of public safety stating that no wholesaler is available to distribute the cider.

**8 Nondiscriminatory sales; open wholesaling.**

Applies Minnesota's open-wholesaling law to in-state manufacturers of distilled spirits.

**9 Prohibited practices; open wholesaling.**

Makes a conforming change related to section 6.

**10 Exceptions; open wholesaling.**

Eliminates the exceptions to the open-wholesaling law for importers that: (1) also distill, refine, rectify, or blend spirits in Minnesota; or (2) only offer a brand of spirits for sale in Minnesota.

**Section Description - Article 1: Liquor Regulation**

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- 11      **Cities; on-sale licenses; town ball games.**  
Allows a municipality to issue an on-sale or malt liquor license to the owner of a “town ball” baseball team, for sales at games.
- 12      **Municipalities; on-sale licenses; auto-racing facilities.**  
Authorizes counties to issue on-sale intoxicating liquor licenses for auto-racing facilities.
- 13      **Counties; on-sale licenses.**  
Authorizes counties to issue on-sale licenses for resorts.
- 14      **Temporary on-sale licenses; county fairs.**  
Makes a conforming change to the temporary on-sale provision in section 15.
- 15      **Temporary licenses; restrictions.**  
Allows a municipality to issue one seven-day temporary on-sale license per year to a county agricultural society. Also increases the municipality population threshold for the exception to the 30-day waiting period for temporary on-sale licenses.
- 16      **Exclusive liquor stores.**  
Allows an exclusive liquor store to sell citrus fruits and glassware.
- 17      **Extended hours for on-sale; World Cup.**  
Allows a licensing jurisdiction to issue an on-sale license to operate during extended hours during a live broadcast of a men’s or women’s World Cup match. Sales would be authorized 30 minutes before, during, and 30 minutes after a match. Only existing on-sale licensees could obtain the extended hours license and the local jurisdiction may set a \$250 fee and limit approval to certain areas or license classifications.
- 18      **Liquor Regulation Advisory Council.**  
    **Subd. 1. Creation; composition.** Establishes a Liquor Regulation Advisory Council consisting of nine members appointed by the governor and provides for expiration of the council.  
  
    Three members must represent one of each of the following retailer groups: municipal liquor stores, exclusive liquor stores, and restaurants.  
  
    Three members must represent one of each of the following wholesaler groups: wholesaler labor unions, distilled spirits wholesalers, and beer wholesalers (excluding a small brewer that self-distributes).

**Section Description - Article 1: Liquor Regulation**

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Three members must represent one of each of the following manufacturer groups: small brewers, microdistilleries, and manufacturers other than a small brewer or microdistillery.

The governor would appoint the chair of the council and members would serve terms of five years.

The speaker of the house, house minority leader, and the senate majority and minority leaders would each appoint a caucus member as liaison to the council.

**Subd. 2. Duties; recommendations.** The council would be required to make recommendations regarding proposed changes to state liquor law that have a statewide impact. Recommendations on pending bills would be due by February 1 to the legislative committees having jurisdiction over liquor regulation. Recommendations must be supported by a majority of the council and by a member from each group of members established in subdivision 1. A house or senate chair of a committee having jurisdiction over liquor may request a meeting with the council to discuss matters of legislative concern arising under the state's liquor laws.

**Subd. 3. Meetings; voting.** Allows the council to meet as frequently as necessary and to conduct public hearings throughout the state. Imposes the Open Meeting Law on the council but allows members from the different groups established in subdivision 1 to deliberate privately.

**Subd. 4. Executive director.** Requires the commissioner of public safety or their designee to appoint an executive director to the council. The director would be required to provide administrative support to the council to allow it to monitor the state's liquor regulatory system.

**Subd. 5. Administrative support.** Requires the commissioner of public safety to supply all necessary administrative and clerical support to the council.

19 **Special provision; tax on fermented malt beverages.**

Imposes the fermented malt beverages tax (under the liquor excise tax) on sake produced by an establishment making sake under a brew pub license prior to March 1, 2012. The provision would be effective the day following final enactment and no refunds for the distilled spirits tax paid on the sake would be allowed prior to enactment.

20 **Service of alcoholic beverages; persons 17 years of age.**

Allows a person who is 17 years of age to serve or sell intoxicating liquor. This provision is temporary and would expire two years following enactment.

**Section Description - Article 1: Liquor Regulation**

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**21 Appropriation.**

Appropriates \$250,000 to the commissioner of public safety to hire two additional full-time employees for the Division of Alcohol and Gambling Enforcement.

## **Article 2: Direct Shipped Wine**

This article would allow any winery to ship up to 12 cases of wine per year to an individual in Minnesota, but would require all out-of-state direct ship wineries to obtain a license if they ship into the state, pay all applicable taxes, and comply with certain reporting requirements. Common carriers shipping direct shipped wine would also be subject to certain reporting requirements.

**Section Description - Article 2: Direct Shipped Wine**

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**1 Direct wine shipments.**

Creates a cross-reference in the data practices chapter to the data classification provisions in sections 8 and 9 of this article.

**2 Tax collection required.**

Requires a direct ship winery, as defined in section 8 of this article, to collect the alcohol gross receipts tax.

**3 Persons applying.**

Requires a direct ship winery to obtain a permit from the Department of Revenue to collect sales tax. Persons required to have a sales tax permit are required under another section of law to then collect and remit sales tax.

**4 Exemptions.**

Eliminates the alcohol excise tax exemption for direct shipments of wine.

**5 Alcohol enforcement account; appropriation.**

Appropriates money from the alcohol enforcement account for costs to the Alcohol and Gambling Enforcement Division in enforcing the new regulatory provisions in sections 8 and 10 of this article.

**6 License suspension and revocation.**

Applies the liquor license suspension and revocation provisions to direct ship winery licensees under section 8.

**Section Description - Article 2: Direct Shipped Wine**

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**7 Shipments into Minnesota.**

Increases the current law maximum number of cases that may be shipped to Minnesota residents from two to 12 and strikes the language in current law that deems deliveries of direct shipped wine to not be in-state sales.

Applies the current law penalties for violating the direct shipped wine law to violations arising under sections 8 and 10 of this article and clarifies that the violation of tax laws by direct ship wineries are not subject to the exclusive remedies provided by this paragraph.

**8 Direct shipments of wine; licensing, taxation, and restrictions.**

This section creates regulatory and taxation requirements for direct ship wineries.

**Subd. 1. Definitions.** Creates definitions for “direct ship purchaser” and “direct ship winery.” A “direct ship purchaser” is a person who purchases direct shipped wine for personal use from an out-of-state winery to a Minnesota address. A “direct ship winery” is a licensed out-of-state winery that sells and ships wine to a direct ship purchaser.

**Subd. 2. License requirements.** Creates new licensing requirements for direct ship wineries. The license fee is \$50 and is required to be deposited in the alcohol enforcement account. To obtain a license, a direct ship winery must provide a copy of its license and shipping address list, agree to pay the required state taxes and to the jurisdiction of Minnesota courts, laws, and agencies, and annually renew its license.

**Subd. 3. Direct ship wineries; restrictions.** Prohibits a direct ship winery from shipping wine to any address other than an address provided to the commissioner of public safety under subdivision 2, or from shipping wine through a third-party purchaser whose name and address has not been provided to the commissioner. In addition, only wine from the direct ship winery’s own production may be shipped into the state.

**Subd. 4. Taxation.** Requires a direct ship winery to pay the applicable alcohol gross receipts tax, sales tax, and wine excise tax and provide the commissioner of public safety a list of shipments made into the state.

**Subd. 5. Private or nonpublic data; classification and sharing.** Classifies the data collected under this section as private data, and requires the commissioner of public safety to share this data with the commissioner of revenue.

**Subd. 6. Enforcement; penalties.** Imposes the penalties provided in section 7 of this article to violations of this section.

**Section Description - Article 2: Direct Shipped Wine**

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**9 Common carrier regulations for direct shipped wine.**

**Subd. 1. Monthly report required.** Requires common carriers to file a monthly report with the commissioner of public safety detailing the shipments of wine the common carrier has made into the state from a direct ship winery.

**Subd. 2. Record availability and retention.** Requires the report under subdivision 1 to be retained for two years and to be made available for inspection by the commissioner of public safety. The reports must also be made available to law enforcement agencies or local regulatory authorities.

**Subd. 3. Penalty.** Imposes a fine of \$500 on a common carrier for each violation of the reporting requirements after the first violation.

**Subd. 4. Exemptions.** Exempts railroad carriers from the reporting requirement under this section.

**Subd. 5. Private or nonpublic data; classification and sharing.** Classifies the data collected under this section as private data, and requires the commissioner of public safety to share this data with the commissioner of revenue.

## **Article 3: Special Local Liquor Laws**

This article provides special laws for the cities of Willmar, Sauk Rapids, and St. Paul.

**Section Description - Article 3: Special Local Liquor Laws**

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**1 City of Willmar; on-sale license.**

Allows the city of Willmar to issue an on-sale wine or malt liquor license to a junior-league hockey team owner, or city concessionaire or contractor, for sales at events at Willmar Civic Center.

**2 City of Sauk Rapids; on-sale licenses.**

Allows the city of Sauk Rapids to issue on-sale intoxicating liquor licenses to a management or concessions contractor for events at two parks. The first would be for events at Bob Cross Regional Park and the second for events at a regional event center at Lions or Southside Park.

**3 City of St. Paul; license authorized.**

Allows the city of St. Paul to issue a temporary on-sale malt liquor license to the Thai Cultural Council of Minnesota, for sales at the State Capitol during the Minnesota Songkran Festival.

**Section Description - Article 3: Special Local Liquor Laws**

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**4 City of St. Cloud; on-sale license.**

Allows the city of St. Cloud to issue an on-sale wine or beer license to the Whitney Recreation facility, for events at Whitney Park.



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