

1.1 moves to amend H.F. No. 2767, the first engrossment, as follows:

1.2 Page 1, after line 15, insert:

1.3 "Sec. Minnesota Statutes 2020, section 340A.101, is amended by adding a subdivision
1.4 to read:

1.5 Subd. 9a. **Distilled spirits manufacturer.** "Distilled spirts manufacturer" is a distillery
1.6 operated within the state producing distilled spirits in total quantity exceeding the proof
1.7 gallons limit for a microdistillery in a calendar year.

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

1.9 Page 1, line 20, delete "carbohydrate" and insert "malt substitute"

1.10 Page 2, delete sections 2 and 3

1.11 Page 3, delete section 4 and insert:

1.12 "Sec. Minnesota Statutes 2020, section 340A.22, is amended to read:

1.13 **340A.22 MICRODISTILLERIES; DISTILLED SPIRIT MANUFACTURERS.**

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

1.18 (b) A microdistillery or distilled spirits manufacturer can sell cocktails to the public,
1.19 pursuant to subdivision 2.

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

2.1 (d) For purposes of calculating annual production under paragraph (c), distilled spirits
2.2 that are bottled by the licensee under a contract bottling agreement with a third party are
2.3 excluded from the licensee's annual production if the:

2.4 (1) third-party contractor is an independent entity that is not owned or controlled by the
2.5 licensee;

2.6 (2) distilled spirits bottled under a third-party contract are not available for sale or
2.7 marketed by the licensee or the third party at any location licensed under subdivision 2 or
2.8 4; and

2.9 (3) distilled spirits bottled under a third-party contract are available for distribution by
2.10 wholesalers.

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

2.13 **Subd. 2. Cocktail room license.** (a) A municipality, including a city with a municipal
2.14 liquor store, may issue the holder of a microdistillery license or distilled spirits manufacturer
2.15 license under this chapter a microdistillery or distilled spirits manufacturer cocktail room
2.16 license. A microdistillery cocktail room license authorizes on-sale of distilled liquor produced
2.17 by the distiller for consumption on the premises of or adjacent to one distillery location
2.18 owned by the distiller. Notwithstanding section 340A.504, subdivision 3, a cocktail room
2.19 may be open and may conduct on-sale business on Sundays if authorized by the municipality.
2.20 Nothing in this subdivision precludes the holder of a microdistillery or distilled spirits
2.21 manufacturer cocktail room license from also holding a license to operate a restaurant at
2.22 the distillery. Section 340A.409 shall apply to a license issued under this subdivision. All
2.23 provisions of this chapter that apply to a retail liquor license shall apply to a license issued
2.24 under this subdivision unless the provision is explicitly inconsistent with this subdivision.

2.25 (b) A distiller may only have one cocktail room license under this subdivision, ~~and may~~
2.26 ~~not have an ownership interest in a distillery licensed under section 340A.301, subdivision~~
2.27 ~~6, clause (a).~~

2.28 (c) The municipality shall impose a licensing fee on a distiller holding a microdistillery
2.29 or distilled spirits manufacturer cocktail room license under this subdivision, subject to
2.30 limitations applicable to license fees under section 340A.408, subdivision 2, paragraph (a).

2.31 (d) A municipality shall, within ten days of the issuance of a license under this
2.32 subdivision, inform the commissioner of the licensee's name and address and trade name,
2.33 and the effective date and expiration date of the license. The municipality shall also inform

3.1 the commissioner of a license transfer, cancellation, suspension, or revocation during the
3.2 license period.

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

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

3.10 Subd. 4. **Off-sale license.** (a) A microdistillery may be issued a license by the local
3.11 licensing authority for off-sale of distilled spirits, with the approval of the commissioner.
3.12 The license may allow ~~the sale of one 375 milliliter bottle per customer per day of product~~
3.13 ~~manufactured on-site~~ sales as provided in paragraph (b), subject to the following
3.14 requirements:

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

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

3.19 (b) The license allows a microdistillery to sell product manufactured on-site to each
3.20 customer per day under either one of the following amount and container size limitations:

3.21 (1) up to a total of 750 milliliters, in any size container approved under paragraph (c);
3.22 or

3.23 (2) up to a total of 1.125 liters, in any size container approved under paragraph (c) that
3.24 does not exceed 375 milliliters.

3.25 (c) The commissioner may approve any standard fill as approved by the Alcohol and
3.26 Tobacco Tax and Trade Bureau.

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

3.28 Page 10, strike lines 7 to 11

3.29 Page 10, line 12, strike the old language and delete the new language

3.30 Page 10, strike line 13

3.31 Page 10, line 14, strike "(c)" and insert "(b)"

4.1 Page 10, line 17, delete "(d)" and insert "(c)"

4.2 Page 21, after line 17, insert:

4.3 "Sec. APPROPRIATIONS.

4.4 (a) \$568,000 in fiscal year 2023 is appropriated from the general fund to the commissioner
4.5 of public safety for the Division of Alcohol and Gambling Enforcement to implement and
4.6 administer this article. The base for this appropriation is \$441,000 in fiscal year 2024 and
4.7 \$441,000 in fiscal year 2025.

4.8 (b) \$166,000 in fiscal year 2023 is appropriated from the general fund to the commissioner
4.9 of revenue to administer the tax provisions of this article. The base for this appropriation
4.10 is \$130,000 in fiscal year 2024 and \$130,000 in fiscal year 2025."

4.11 Page 23, after line 6, insert:

4.12 "Sec. CITY OF ANOKA; SPECIAL LICENSE.

4.13 Subdivision 1. **Social district; consumption allowed.** The city of Anoka may issue a
4.14 social district license to any holder of an on-sale license whose on-sale premises is contiguous
4.15 with the premises of the social district designated in subdivision 2. The license authorizes
4.16 consumption, but not sales or service, of alcoholic beverages sold by the on-sale licensee
4.17 within the social district.

4.18 Subd. 2. **Designation of social district.** (a) Prior to issuing the license in subdivision 1,
4.19 the city of Anoka must designate and describe the premises of the social district. The district
4.20 may not include any area under the ownership or control of a person that objects to the
4.21 extension of the social district to that area.

4.22 (b) The designation must include the specific premises where consumption of alcoholic
4.23 beverages is allowed and also include the proposed hours and days in which consumption
4.24 of alcoholic beverages is allowed in the social district. The city of Anoka must adopt the
4.25 designation by ordinance prior to issuing the license in subdivision 1.

4.26 Subd. 3. **Boundaries clearly defined.** The social district must be clearly defined with
4.27 signs posted in a conspicuous location indicating the area included in the social district and
4.28 the days and hours during which alcoholic beverages may be consumed in the district. In
4.29 addition, signs must include:

4.30 (1) the local law enforcement agency with jurisdiction over the area comprising the
4.31 social district; and

5.1 (2) a clear statement that an alcoholic beverage purchased for consumption in the social
5.2 district shall:

5.3 (i) only be consumed in the social district; and

5.4 (ii) be disposed of before the person in possession of the alcoholic beverage exits the
5.5 social district unless the person is reentering the licensed premises where the alcoholic
5.6 beverage was purchased.

5.7 Subd. 4. **Management and maintenance.** The city of Anoka must establish management
5.8 and maintenance plans for the social district and post these plans, along with a rendering
5.9 of the boundaries of the social district and days and hours during which alcoholic beverages
5.10 may be consumed in the district, on the website for the city of Anoka. The social district
5.11 must be maintained in a manner that protects the health and safety of the general public.

5.12 Subd. 5. **Requirements for on-sale licensees.** An on-sale licensee holding a social
5.13 district license may only sell and serve alcoholic beverages on the premises specified in the
5.14 licensee's on-sale license. The licensee must not allow a person to enter or reenter its on-sale
5.15 licensed premises with an alcoholic beverage not sold by the on-sale licensee. Sales for
5.16 consumption in the social district must meet the following container requirements:

5.17 (1) the container clearly identifies the on-sale licensee from which the alcoholic beverage
5.18 was purchased;

5.19 (2) the container clearly displays a logo or some other mark that is unique to the social
5.20 district in which it will be consumed;

5.21 (3) the container is not comprised of glass;

5.22 (4) the container displays, in no less than 12-point font, the statement, "Drink Responsibly
5.23 – Be 21."; and

5.24 (5) the container shall not hold more than 16 fluid ounces.

5.25 Subd. 6. **Additional social district requirements.** The possession and consumption of
5.26 an alcoholic beverage in a social district is subject to all of the following requirements:

5.27 (1) only alcoholic beverages purchased from an on sale-licensee holding a social district
5.28 license located in or contiguous to the social district may be possessed and consumed in the
5.29 district;

5.30 (2) alcoholic beverages shall only be in containers meeting the requirements set forth
5.31 in subdivision 5 of this section;

6.1 (3) alcoholic beverages shall only be possessed and consumed during the days and hours
6.2 set by the city of Anoka as specified in subdivision 2; and

6.3 (4) a person shall dispose of any alcoholic beverage in the person's possession prior to
6.4 exiting the social district unless the person is reentering the on-sale licensed premises where
6.5 the alcoholic beverage was purchased.

6.6 **EFFECTIVE DATE.** This section is effective upon approval by the Anoka City Council
6.7 and compliance with Minnesota Statutes, section 645.021.

6.8 Sec. **CITY OF ROCHESTER; ON-SALE LICENSE.**

6.9 Notwithstanding any law or ordinance to the contrary, in addition to the number of
6.10 licenses authorized, the city of Rochester may issue an on-sale wine license and an on-sale
6.11 malt liquor license to a nonprofit association comprised of members participating in adult
6.12 athletic competitions and related events at the McQuillan Park Softball Complex. The
6.13 licenses must authorize the dispensing of wine or malt liquor only to persons attending
6.14 events at the complex for consumption on the premises. A license issued under this section
6.15 authorizes sales on all days of the week to persons attending adult events at the complex.

6.16 **EFFECTIVE DATE.** This section is effective upon approval by the Rochester City
6.17 Council and compliance with Minnesota Statutes, section 645.021."

6.18 Renumber the sections in sequence and correct the internal references

6.19 Amend the title accordingly