

SENATE BILL NO. 215

INTRODUCED BY S. GALLUS

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4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A REDUCTION IN THE DEPARTMENT OF
5 REVENUE MARKUP ON LIQUOR SOLD BY THE STATE BASED UPON THE PERCENTAGE OF
6 MONTANA-PRODUCED INGREDIENTS USED IN THE PRODUCTION OF THE LIQUOR; AND PROVIDING
7 RULEMAKING AUTHORITY."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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11 NEW SECTION. **Section 1. State liquor markup reduction -- Montana-produced ingredients.** (1)
12 Based upon the percentage of Montana-produced ingredients that are used in producing a liquor, the department
13 shall reduce the standard liquor markup charged by the department in determining the wholesale price of the
14 liquor. To qualify for a reduced markup, the liquor must have been manufactured, distilled, rectified, bottled, or
15 processed by a distillery that produces 25,000 gallons or less of liquor nationwide annually. The reduction in the
16 standard markup must be determined as follows:

17	Percent of Montana-Produced	Reduction in
18	Ingredients	Standard Markup
19	50% to 64%	25%
20	65% to 74%	50%
21	75% to 100%	75%

22 (2) For the purposes of this section, the standard liquor markup is the markup added to the department's
23 base case price used in determining the wholesale price of liquor for products other than fortified wine or
24 sacramental wine and does not include the reduced markup that results from the department's reduced prices
25 for products designated for closeout or inventory reduction.

26 (3) (a) The percent of Montana-produced ingredients is determined as a percentage of the total
27 applicable dry and wet weights of all the fermentable and flavor ingredients used in the production of the liquor
28 as provided by rule adopted by the department.

29 (b) For the purposes of this section, a Montana-produced ingredient is an agricultural product, either
30 processed or unprocessed, that in its unprocessed state was grown in Montana or, if it is a processed ingredient,

1 that was processed in Montana from unprocessed agricultural products that were grown in Montana. Water is
2 not an ingredient.

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4 NEW SECTION. **Section 2. Codification instruction.** [Section 1] is intended to be codified as an
5 integral part of Title 16, and the provisions of Title 16 apply to [section 1].

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