

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; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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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 PROOF gallons or less of liquor nationwide annually. The reduction
16 in the ~~standard~~ markup must be determined as follows:

Percent of Montana-Produced Ingredients	Reduction in Standard Markup
50% to 64%	25% <u>50%</u>
65% to 74%	50% <u>75%</u>
75% to 100%	75% <u>100%</u>

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22 (2) For the purposes of this section, the ~~standard~~ liquor markup is the STANDARD markup added to the
23 department's base case price used in determining the wholesale price of liquor for products other than fortified
24 wine or sacramental wine and does not include the reduced markup that results from the department's reduced
25 prices for products designated for closeout or inventory reduction. THE REDUCED MARKUP MUST BE APPLIED TO THE
26 STANDARD LIQUOR MARKUP MINUS ASSOCIATED AGENCY LIQUOR STORE COMMISSIONS AND DISCOUNT RATE COSTS
27 PURSUANT TO 16-2-101 AND COSTS OF OPERATING THE CENTRAL LIQUOR WAREHOUSE AND MUST BE DETERMINED BY THE
28 DEPARTMENT ON A YEARLY BASIS.

29 (3) (a) The percent of Montana-produced ingredients is determined as a percentage of the total
30 applicable dry and wet weights of all the fermentable and flavor ingredients used in the production of the liquor

1 as provided by rule adopted by the department.

2 (b) For the purposes of this section, a Montana-produced ingredient is an agricultural product, either
3 processed or unprocessed, that in its unprocessed state was grown in Montana or, if it is a processed ingredient,
4 that was processed in Montana from unprocessed agricultural products that were grown in Montana. Water is
5 not an ingredient.

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

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10 **NEW SECTION. SECTION 3. NONSEVERABILITY. IT IS THE INTENT OF THE LEGISLATURE THAT EACH PART OF**
11 **[THIS ACT] IS ESSENTIALLY DEPENDENT UPON EVERY OTHER PART, AND IF ONE PART IS HELD UNCONSTITUTIONAL OR**
12 **INVALID, ALL OTHER PARTS ARE INVALID.**

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14 **NEW SECTION. SECTION 4. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE ON PASSAGE AND APPROVAL.**

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