

Framework of HB 616

EXHIBIT 7
DATE 3/26/13
HB 616

If a brewer is retail focused:

- Brewers will be able to hold both a brewing license and a retail license (stacking)
- Brewers can buy any "beer license MCA 16-4-104" or "all beverage license MCA 16-4-201" in the market, at the market price, and get all of the privileges associated with that license. If existing brewers cannot find a license in the market that they want to buy, then they can buy a new issue "beer license MCA 16-4-104" from the Department of Revenue for \$100,000.
- My research has shown that the breweries that will likely buy the \$100,000 license are in Billings, Bozeman, Helena, Missoula, and Kalispell. In many small markets and outside of the cities, these licenses are currently available for \$400, in other markets they are more than \$400 but well less than \$100,000.
- Breweries over 10,000 barrels can buy a license and sell beer on site. (currently they cannot)

If the brewer is distribution focused, with limited sample room sales:

- Sample rooms can retail sell 100% of the first 300 barrels and retail sell 40% of barrels 301 through 10,000. (retail includes all sales to the public; it excludes sales to other licensees and to distributors.)
- New and existing breweries will have 2 years before they will have to comply with the new sample room limitations.
- Sample rooms will close at 8pm

Benefits:

- This bill places brewers and taverns on equal footing, subject to the same licensing and regulatory requirements, which will help end the conflicts between the 2 parties.
- Brewers will only need to buy a license if they sell a substantial amount of their product in their sample room.
- Brewers with a distribution focus will not have to change anything.
- Maintains ease of entry into the market for new entrants.
- Most of Montana's brewers already operate within the bills sample room limitations.

If you have any questions, please call or email me.

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