

SENATE BILL NO. 365

INTRODUCED BY E. BUTTREY

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LIQUOR LICENSE LAWS TO PERMIT AN APPLICANT WHO HOLDS A LICENSE TO APPLY FOR A NEW LICENSE AWARDED ON A LOTTERY BASIS; AND AMENDING SECTION 16-4-204, MCA."

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

**Section 1.** Section 16-4-204, MCA, is amended to read:

**"16-4-204. Transfer -- catering endorsement.** (1) (a) Except as provided in subsection (1)(d), a license may be transferred to a new ownership and to a location outside the quota area for which it was originally issued only when the following criteria are met:

(i) the total number of all-beverages licenses in the original quota area exceeded the quota for that area by at least 25% in the most recent census prescribed in 16-4-502;

(ii) the total number of all-beverages licenses in the quota area to which the license would be transferred, exclusive of those issued under 16-4-209(1)(a) and (1)(b), did not exceed that area's quota in the most recent census prescribed in 16-4-502:

(A) by more than 33%; or

(B) in an incorporated city of more than 10,000 inhabitants and within a distance of 5 miles from its corporate limits by more than 43%;

(iii) the department finds, after a public hearing, that the public convenience and necessity would be served by a transfer; and

(iv) an applicant for the new ownership to be awarded on a lottery basis by the department has met the following criteria:

(A) the applicant had not made another application under this subsection (1)(a) for a lottery-awarded license within the previous 12 months;

(B) the applicant has provided with the application an irrevocable letter of credit from a financial institution that guarantees the applicant's ability to pay \$100,000; and

(C) the applicant or, if the applicant is not an individual, a person with an ownership interest in the



1 applicant does not have an ownership interest in ~~an~~ more than two all-beverages ~~license~~ licenses.

2 (b) A license transferred pursuant to subsection (1)(a) that was issued pursuant to a lottery is not eligible  
3 to offer gambling under Title 23, chapter 5, part 3, 5, or 6.

4 (c) A successful lottery applicant shall commence business within 1 year of the lottery unless the  
5 department grants an extension because a delay was caused by circumstances beyond the control of the  
6 applicant.

7 (d) A license within an incorporated quota area may be transferred to a new ownership and to a new  
8 unincorporated location within the same county on application to and with consent of the department when the  
9 quota of the all-beverages licenses in the original quota area, exclusive of those issued under 16-4-209(1)(a) and  
10 (1)(b), exceeds the quota for that area by at least 25% in the most recent census and will not fall below that level  
11 because of the transfer.

12 (e) For 5 years after the transfer of a license between quota areas under subsection (1)(a), the license  
13 may not be mortgaged or pledged as security and may not be transferred to another person except for a transfer  
14 by inheritance upon the death of the licensee.

15 (f) Once a license is transferred to a new quota area under subsection (1)(a), it may not be transferred  
16 to another quota area or back to the original quota area.

17 (g) A license issued under 16-4-209(1)(a) may not be transferred to a location outside the quota area  
18 and the exterior boundaries of the Montana Indian reservation for which it was originally issued.

19 (2) (a) Any all-beverages licensee is, upon the approval and in the discretion of the department, entitled  
20 to a catering endorsement to the licensee's all-beverages license to allow the catering and sale of alcoholic  
21 beverages to persons attending a special event upon premises not otherwise licensed for the sale of alcoholic  
22 beverages for on-premises consumption. The alcoholic beverages must be consumed on the premises where  
23 the event is held.

24 (b) A written application for a catering endorsement and an annual fee of \$250 must be submitted to the  
25 department for its approval.

26 (c) An all-beverages licensee who holds an endorsement granted under this subsection (2) may not cater  
27 an event in which the licensee is the sponsor. The catered event must be within 100 miles of the licensee's  
28 regular place of business.

29 (d) The licensee shall notify the local law enforcement agency that has jurisdiction over the premises  
30 where the catered event is to be held. A fee of \$35 must accompany the notice.

1 (e) The sale of alcoholic beverages pursuant to a catering endorsement is subject to the provisions of  
2 16-6-103.

3 (f) The sale of alcoholic beverages pursuant to a catering endorsement is subject to the provisions of  
4 16-3-306, unless entities named in 16-3-306 give their written approval.

5 (g) A catering endorsement issued for the purpose of selling and serving beer at a special event  
6 conducted on the premises of a county fairground or public sports arena authorizes the licensee to sell and serve  
7 beer in the grandstand and bleacher area of the premises, as well as from a booth, stand, or other fixed place  
8 on the premises.

9 (h) A licensee may not share revenue from the sale of alcoholic beverages with the sponsor of the  
10 catered event unless the sponsor is the state of Montana, a political subdivision of the state, or a qualified entity  
11 under section 501(c) of the Internal Revenue Code, 26 U.S.C. 501(c), as amended."

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