

HOUSE JOINT RESOLUTION NO. 54

INTRODUCED BY D. FERN

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A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN INTERIM STUDY OF ALCOHOL LICENSING, PRODUCTION, DISTRIBUTION, AND SALE, ALONG WITH RELATED REGULATIONS; AND REQUIRING THAT THE FINAL RESULTS OF THE STUDY BE REPORTED TO THE 67TH LEGISLATURE.

WHEREAS, the three-tier system of alcohol production, distribution, and sale in Montana has worked well since enactment of the State Liquor Control Act of Montana in 1933; and

WHEREAS, the three-tier system has evolved over the years to meet the changing needs of society and address the social ills that can be caused by alcohol; and

WHEREAS, the three-tier system is a complex interrelationship in which the three tiers are interdependent while also in competition with each other; and

WHEREAS, the hospitality industry composed of lodging, restaurants, alcoholic beverage retailers, and alcoholic beverage manufacturers is critically aligned with the tourism industry in many communities; and

WHEREAS, individuals and companies in each of the three tiers have invested and built successful business models that rely on equitable application of the control jurisdiction; and

WHEREAS, these same historic business models of production, distribution, and sale are at times challenged by expanding demand, new product introduction, business technology innovation, cross-sector collaboration, and more efficient commerce impacting one or more of the three sectors; and

WHEREAS, a comprehensive interim study would potentially allow stakeholders to identify legislative solutions that promote a more modern, efficient, profitable, safe, and consumer-oriented marketplace for Montana liquor products and services and, at the same time, yield benefits to Montana's agricultural industry.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Legislative Council be requested to designate an appropriate interim committee, pursuant to section 5-5-217, MCA, or direct sufficient staff resources to:

- (1) review state alcoholic beverage laws to determine if:



- 1 (a) an update of the policy goals outlined in section 16-1-101, MCA, should be considered;
- 2 (b) lessons may be learned from other states that have revised and modernized their alcoholic beverage
- 3 laws; and
- 4 (c) other forms of innovation and industry organization can help improve business opportunity, public
- 5 health and safety, and consumer satisfaction;
- 6 (2) study and make recommendations on:
- 7 (a) whether problems and benefits associated with the quota and state agency liquor franchise systems
- 8 can be identified and whether, specifically, the state should reform or eliminate the quota system or the state
- 9 agency liquor franchise system, or both, while ensuring that license holders or state agency liquor franchise
- 10 owners, as applicable, are recompensed, if change is enacted, for the real market value of their licenses or
- 11 franchise assets;
- 12 (b) the dynamics of determining the value of an alcoholic beverage license, including determining the
- 13 value of the gambling privilege of certain licenses;
- 14 (c) state agency liquor franchises and their value related to liquor laws;
- 15 (d) policies for beer, wine, and liquor sampling rooms; and
- 16 (e) new licensing options.

17 BE IT FURTHER RESOLVED, that the interim committee work with stakeholders, including alcohol  
 18 manufacturers of all types, distributors, retailers who have licenses under Title 16, MCA, representatives of the  
 19 gaming industry, representatives of the restaurant and hotel trades, a representative from the Department of  
 20 Revenue's Alcoholic Beverage Control Division, and local government representatives to offer input and bring  
 21 proposals forward.

22 BE IT FURTHER RESOLVED, that if the study is assigned to staff, any findings or conclusions be  
 23 presented to and reviewed by an appropriate committee designated by the Legislative Council.

24 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review  
 25 requirements, be concluded prior to September 15, 2020.

26 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,  
 27 comments, or recommendations of the appropriate committee, be reported to the 67th Legislature.

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