

MONTANA'S LIQUOR LICENSE QUOTA SYSTEM

A REPORT TO THE  
FORTY-SEVENTH LEGISLATURE

REVENUE OVERSIGHT COMMITTEE

NOVEMBER 1980

Published by  
MONTANA LEGISLATIVE COUNCIL  
STATE CAPITOL  
HELENA, MONTANA 59601

Revenue & Transportation Committee  
May 2, 2006

Exhibit #14

**SENATE JOINT RESOLUTION NO. 30**

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA ASSIGNING THE REVENUE OVERSIGHT COMMITTEE TO CONDUCT AN INTERIM STUDY OF THE VARIOUS ASPECTS OF ALCOHOLIC BEVERAGE REGULATION IN MONTANA.

WHEREAS, the Legislature has established a comprehensive system to regulate and limit the manufacture and sale of alcoholic beverages; and

WHEREAS, the amount of revenue received from sales in state liquor stores and from taxes on alcoholic beverages and license fees is significant to state and local governments; and

WHEREAS, the public interest demands that the Legislature take responsible action to alter certain aspects of the system to meet today's marketing conditions; and

WHEREAS, there have been increasing efforts in the Legislature evidenced by the many bills introduced to alter laws governing the marketing of alcoholic beverages and the licensing of retail outlets; and

WHEREAS, the people have recently adopted by initiative a law altering the marketing system for table wine; and

WHEREAS, piecemeal changes in this system may have unexpected repercussions damaging to consumers, wholesalers, retailers, and the state; and

WHEREAS, responsible legislation can be more effectively developed through study and deliberate consideration by the Legislature.

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

That the Revenue Oversight Committee is assigned to study all aspects of alcoholic beverages regulation, including marketing, licensing, and quotas and the probable effects of changes that have been proposed. The Committee shall make its recommendations no later than September 15, 1980, and submit its report and recommendations together with implementing legislation to the 47th Legislature.

Approved April 17, 1979.

## SUMMARY

SJR 30, passed by the Forty-Sixth Legislature, called for a study of the various aspects of alcoholic beverage regulation in Montana. The study was assigned to the Revenue Oversight Committee.

The Committee held eight meetings during the 1979-1981 interim. The study of the liquor license quota system occupied a major part of the Committee's agenda. The staff researchers developed two major reports and four draft bills for the Committee's consideration. In addition, the Committee devoted several meetings to obtaining public comments on the reports and bill drafts.

Two bills were discussed by the Committee that would substantially alter the liquor license quota system. The first bill draft established a system by which current liquor licenses within quota areas were appraised by competent appraisal experts. Anyone desiring a liquor license could purchase one from the state for the appraised value. This bill draft died in the Committee by a vote of five in favor and six against.

The second bill draft discussed by the Committee phased out the current liquor license quota system over a 15-year period. After the phase out period ended -- in 1995 -- anyone would be allowed to purchase a liquor license that qualified under the criteria of need and necessity and good moral character. This bill was recommended by the Committee to the Forty-Seventh Legislature by a vote of six in favor and five against.

Two other bills received unanimous endorsement by the Revenue Oversight Committee. One bill authorizes the use of annual population estimates in establishing the number of liquor licenses available to a quota area due to increased population. The bill also eliminates that provision in current law that allows a special census to be made in some instances. The Committee, and industry representatives, felt this provision would no longer be necessary if the use of annual census estimates were allowed.

The final bill endorsed by the Revenue Oversight Committee authorizes the transfer of all-beverages licenses from an incorporated area to a new unincorporated area within the same county under certain conditions. The bill attempts to provide a more even distribution of all-beverages licenses.

The Revenue Oversight Committee recommends that the Forty-Seventh Legislature enact the following legislation:

- (1) LC 16 - "AN ACT TO AUTHORIZE THE TRANSFER OF ALL-BEVERAGE LICENSES IN CERTAIN CASES"
- (2) LC 18 - "AN ACT TO PHASE OUT OVER A 15-YEAR PERIOD THE LIQUOR LICENSE QUOTA SYSTEM IN MONTANA"
- (3) LC 57 - "AN ACT TO ALLOW THE USE OF CERTAIN ANNUAL POPULATION ESTIMATES AS THE BASIS FOR DETERMINING RETAIL BEER LICENSE AND ALL-BEVERAGES LICENSE QUOTAS: AND TO ELIMINATE SPECIAL CENSUS PROVISIONS"