

HOUSE BILL NO. 506

INTRODUCED BY D. MOORE

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING DISTILLERY LAWS TO ALLOW A DISTILLERY TO SELL ITS PRODUCT DIRECTLY TO AN AGENCY LIQUOR STORE; AMENDING SECTION 16-4-311, MCA; AND PROVIDING DELAYED EFFECTIVE DATES."

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

Section 1. Section 16-4-311, MCA, is amended to read:

"16-4-311. Distillery license. (1) The department may, upon receipt of an application, issue a distillery license to a person who is authorized under the provisions of the Federal Alcohol Administration Act, 27 U.S.C. 201 through 212, to distill, rectify, bottle, and process liquor. A licensee may import, manufacture, distill, rectify, blend, denature, and store spirits of an alcoholic content greater than 0.5% alcohol by volume for sale to the department or as provided in 16-4-312 and may transport the liquor out of this state for sale outside this state. Distillery licensees must be permitted to purchase, from and through the department, alcoholic beverages for blending and manufacturing purposes upon terms and conditions that the department may provide. A licensee may not sell any alcoholic beverage within this state except to the department or as provided in 16-4-312.

(2) An agricultural producer or association of agricultural producers or legal agents who manufacture and convert agricultural surpluses, byproducts, or wastes into denatured ethyl and industrial alcohol for purposes other than human consumption are not required to obtain a distillery license from the department.

(3) (a) A distillery producing less than 25,000 gallons of product annually may deliver its product directly to a state agency liquor store if the distillery uses the distillery's own equipment, trucks, and employees to deliver the product. The amount of product delivered may not be less than a case. The department shall create an electronic reporting system for distilleries to record deliveries made under this subsection (3). Agency liquor stores must be invoiced by the department for product received from a distillery.

(b) A distillery delivering its product pursuant to this subsection (3) must maintain records of each delivery, subject to inspection by the department.

(c) The department shall pay the distillery FOR ANY PRODUCT DELIVERED TO AN AGENCY LIQUOR STORE:

(i) the current freight rate; and



1 (ii) the distiller's current quoted price per case for any product delivered to an agency liquor store."

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3 **NEW SECTION. Section 2. Effective dates.** (1) Except as provided in subsection (2), [this act] is
4 effective January 1, 2016.

5 (2) [Section ~~1(3)(c)~~ 1(3)(C)(i)] is effective July 1, 2018.

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