65th Legislature SJ0026.01

1	SENATE JOINT RESOLUTION NO. 26
2	INTRODUCED BY S. FITZPATRICK
3	
4	A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF
5	MONTANA REQUESTING AN INTERIM STUDY OF THE ROLE THAT DISTRIBUTION HAS IN THE
6	THREE-TIER ALCOHOL REGULATORY CONTROL SYSTEM.
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8	WHEREAS, Montana since the end of prohibition has regulated manufacture, distribution, and sales of
9	alcohol in what is called a three-tiered system; and
10	WHEREAS, in recent legislative sessions there has been a focus on system concerns related to
11	manufacturing and sales, particularly quota systems, expansion of brewery and distillery privileges, and changes
12	in commissions for agency liquor stores, but less attention has been paid to the distribution role; and
13	WHEREAS, the distribution system, an often-silent partner in the three-tiered system, may need to be
14	reexamined in light of the diverse impacts posed by free markets, franchise agreements, and state control policies
15	seeking to address such diverse goals as temperance and aid in taxation.
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17	NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE
18	STATE OF MONTANA:
19	That the Legislative Council be requested to designate an appropriate interim committee, pursuant to
20	section 5-5-217, MCA, to examine the need for continued, controlled regulation of a distribution system for
21	alcohol, particularly when manufacturing and sales are closely regulated.
22	BE IT FURTHER RESOLVED, that the study be intended to examine:
23	(1) whether costs to the consumer increase or are controlled because the state licenses and controls
24	distribution of liquor, beer, and wine;
25	(2) whether the 2,000-plus jobs provided locally in this state by distributors is comparatively similar to
26	job levels, as well as wages paid, in other states, with a look at other states in the region that regulate distribution
27	and those that do not;
28	(3) data behind the industry's claims of contributing \$122 million to Montana household income through
29	beer and wine distribution and \$197 million in additional gross sales across Montana industry sectors each year
30	and whether less control would be expected to increase or decrease those levels;

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(4) the number of distributor licenses issued each year and the variety of beer and wine distributed through wholesalers and distributors to determine if the current system encourages responsiveness to consumers and manufacturers, helps serve all corners of rural Montana, or limits choice; and

(5) the financial impact and the impact on consumers of the direct delivery option for table wine after Montana adopted a direct shipment endorsement and an assessment by experts in the field as to whether similar impacts, or lack of impacts, would result under broader changes in the distribution system.

BE IT FURTHER RESOLVED, that the study include an examination of the cost-effectiveness and impact on consumers of the spoke-and-hub system that uses the state liquor distribution center and agency stores for distribution through liquor warehouses and subwarehouses to determine if changes are necessary to remove artificial costs, improve choice, or sustain the state's policies through a controlled system.

BE IT FURTHER RESOLVED, that the study incorporate stakeholders from across the state.

BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review requirements, be concluded prior to September 15, 2018.

BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions, comments, or recommendations of the appropriate committee, be reported to the 66th Legislature.

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