

SENATE JOINT RESOLUTION NO. 26

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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 THE ROLE THAT DISTRIBUTION HAS IN THE THREE-TIER ALCOHOL REGULATORY CONTROL SYSTEM RELATING TO BEER AND WINE.

WHEREAS, Montana since the end of prohibition has regulated manufacture, distribution, and sales of ~~alcohol~~ BEER AND WINE in what is called a three-tiered system; and

WHEREAS, in recent legislative sessions there has been a focus on system concerns related to manufacturing and sales, particularly quota systems, expansion of brewery and distillery privileges, and changes in commissions for agency liquor stores, but less attention has been paid to the distribution role; and

WHEREAS, the distribution system, an often-silent partner in the three-tiered system, may need to be reexamined in light of the diverse impacts posed by free markets, franchise agreements, and state control policies seeking to address such diverse goals as temperance and aid in taxation.

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, to examine the need for continued, controlled regulation of a distribution system for ~~alcohol~~ BEER AND WINE, particularly when manufacturing and sales are closely regulated.

BE IT FURTHER RESOLVED, that the study be intended to examine:

- (1) whether costs to the consumer increase or are controlled because the state licenses and controls distribution of ~~liquor~~, beer, and wine;
(2) whether the 2,000-plus jobs provided locally in this state by distributors is comparatively similar to job levels, as well as wages paid, in other states, with a look at other states in the region that regulate distribution



1 and those that do not;

2 (3) data behind the industry's claims of contributing \$122 million to Montana household income through
3 beer and wine distribution and \$197 million in additional gross sales across Montana industry sectors each year
4 and whether less control would be expected to increase or decrease those levels;

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

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

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

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

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

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

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