

HOUSE BILL NO. 501

INTRODUCED BY C. KNUDSEN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING DIRECT DELIVERY BY A MICRODISTILLERY OF LESS
5 THAN ONE CASE TO STATE AGENCY LIQUOR STORES THROUGH SPLIT PACKAGES; AMENDING
6 SECTION 16-4-311, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

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

11 **"16-4-311. Distillery license -- deliveries by microdistillery -- split case.** (1) The department may,
12 upon receipt of an application, issue a distillery license to a person who is authorized under the provisions of the
13 Federal Alcohol Administration Act, 27 U.S.C. 201 through 212, to distill, rectify, bottle, and process liquor. A
14 licensee may import, manufacture, distill, rectify, blend, denature, and store spirits of an alcoholic content greater
15 than 0.5% alcohol by volume for sale to the department or as provided in 16-4-312 and may transport the liquor
16 out of this state for sale outside this state. Distillery licensees must be permitted to purchase, from and through
17 the department, alcoholic beverages for blending and manufacturing purposes upon terms and conditions that
18 the department may provide. A licensee may not sell any alcoholic beverage within this state except to the
19 department or as provided in 16-4-312.

20 (2) An agricultural producer or association of agricultural producers or legal agent who manufactures
21 and converts agricultural surpluses, byproducts, or wastes into denatured ethyl and industrial alcohol for purposes
22 other than human consumption is not required to obtain a distillery license from the department.

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

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

1 (c) The department shall pay to the distillery microdistillery for any product delivered to an agency liquor
2 store:

3 ~~—— (i) the current freight rate; and~~

4 ~~—— (ii) the distiller's current quoted price per case or a pro rata price if the product delivered to an agency~~
5 ~~liquor store is less than a case.~~

6 (4) The department shall offer the products in a split case for sale to agency liquor stores in amounts of
7 less than a case. For purposes of this section, a split case from a Montana microdistillery:

8 (a) must be available from the department for sale to agency liquor stores while a promotional contract
9 is in place; and

10 (b) after the expiration of a promotional contract, must remain eligible for sale to agency liquor stores as
11 determined by department polling."

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13 NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

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