

HOUSE BILL NO. 277

INTRODUCED BY B. GRUBBS

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING SPECIAL PERMIT ALCOHOL LAWS TO
5 ALLOW SPECIAL PERMITS TO SELL LIQUOR; ALLOWING CERTAIN ORGANIZATIONS TO SELL LIQUOR
6 OR BEER AND WINE THROUGH SPECIAL PERMITS; ALLOWING NONPROFIT ARTS ORGANIZATIONS TO
7 SELL LIQUOR OR BEER AND WINE THROUGH SPECIAL PERMITS; REQUIRING PERMIT HOLDERS
8 SELLING LIQUOR TO COMPLY WITH THE RESPONSIBLE ALCOHOL SALES AND SERVICE ACT; AND
9 AMENDING SECTIONS 16-4-301, 16-4-303, 16-4-501, 16-4-1002, 16-4-1003, AND 16-4-1005, MCA."

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

12
13 **Section 1.** Section 16-4-301, MCA, is amended to read:
14 **"16-4-301. Special permits to sell all alcoholic beverages -- liquor or; beer; and table wine --**
15 **application and issuance.** (1) (a) An organization or institution that has a tax-exempt designation under the
16 provisions of section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. 501(c)(3), as amended, that is organized
17 and operated to raise funds for a needy person or that is an accredited Montana postsecondary school and that
18 conducts a special event may receive a special permit to sell liquor or beer and table wine to the patrons of that
19 special event. An organization may receive up to three special permits a year.
20 (b) A civic league or organization that has a tax-exempt designation under section 501(c)(4) of the
21 Internal Revenue Code, 26 U.S.C. 501(c)(4), as amended, or an organization authorized by an accredited
22 Montana postsecondary school to engage in fundraising activities for intercollegiate athletics that has a
23 tax-exempt designation under the provisions of section 501(c)(3) of the Internal Revenue Code, 26 U.S.C.
24 501(c)(3), as amended, may receive up to 12 special permits a year to sell liquor or beer and table wine. For
25 purposes of fundraising activities for intercollegiate athletics, only one organization for each Montana
26 postsecondary school may be authorized to apply for and receive special permits under this section. All net
27 earnings from the sale of liquor or beer and table wine must be contributed to the state of Montana or a political
28 subdivision of the state or must be devoted to purposes required of entities under section 501(c)(3) of the Internal
29 Revenue Code, 26 U.S.C. 501(c)(3), as amended.
30 (c) An association or corporation engaged in professional sporting contests or junior hockey contests

1 may receive one special permit to sell liquor or beer and table wine covering the entire season of play if:

2 (i) the association or corporation is sanctioned by a sports organization that regulates the specific sport;

3 (ii) the season of play of the sport is specified in advance;

4 (iii) an admission fee to the contests is charged; and

5 (iv) the contest events are held in facilities that provide seating for at least 1,000 patrons.

6 (d) A chamber of commerce or business league that has a tax-exempt designation under section
7 501(c)(6) of the Internal Revenue Code, 26 U.S.C. 501(c)(6), as amended, may receive up to 12 special permits
8 a year to sell liquor or beer and table wine. A chamber of commerce may not use one of its special permits for
9 an event conducted by a business league, and a business league may not use one of its permits for an event
10 conducted by a chamber of commerce. The chamber of commerce or business league receiving a special permit
11 shall obtain liquor liability insurance for any event it conducts.

12 (e) The liquor or beer and wine sold under this subsection (1) must be consumed at the time when and
13 within the enclosure where the special event, activity, or sporting contest is held.

14 (f) An application for a special permit must be presented 3 days in advance, but the department may,
15 for good cause, waive the 3-day requirement. The application must describe the location of the enclosure where
16 the special event, activity, or sporting contest is to be held, the nature of the special event, activity, or sporting
17 contest, and the period during which it is contemplated that the special event, activity, or sporting contest will be
18 held. An application for a permit for professional sporting contests or junior hockey contests under subsection
19 (1)(c) must provide the inclusive dates of the season of play for the sporting contest. The application must be
20 accompanied by the amount of the permit fee and a written statement of approval of the premises where the
21 special event, activity, or sporting contest is to be held issued by the local law enforcement agency that has
22 jurisdiction over the premises.

23 (g) A special permit issued under this subsection (1) for the purpose of selling and serving beer at a
24 special event, activity, or sporting contest conducted on the premises of a county fairground or public sports arena
25 authorizes the permitholder to sell and serve beer in the grandstand and bleacher area of the premises, as well
26 as from a booth, stand, or other fixed place on the premises.

27 (h) For the purposes of this subsection (1), a post of a nationally chartered veterans' organization or a
28 lodge of a recognized national fraternal organization otherwise licensed under this code is an organization that
29 may receive special permits for three special events a year, as described in subsection (1)(a), to sell liquor or
30 beer and table wine. All net proceeds must go to the post or lodge acquiring the special permit.

1 (2) (a) A post of a nationally chartered veterans' organization or a lodge of a recognized national fraternal
 2 organization not otherwise licensed under this code may receive, without notice or hearing as provided in
 3 16-4-207, a special permit to sell liquor or beer and table wine or a special permit to sell all alcoholic beverages
 4 at the post or lodge to members and their guests only, to be consumed within the hall or building of the post or
 5 lodge.

6 (b) The application of a nationally chartered veterans' organization or lodge of a recognized national
 7 fraternal organization must describe the location of the hall or building where the special permit will be used and
 8 the date it will be used.

9 (c) The special permit may be issued for a 24-hour period only, ending at 2 a.m., and the department
 10 may not issue more than 12 special permits to any post or lodge during a calendar year.

11 (3) A special permit holder under this section may serve only liquor or beer and table wine. A special
 12 permit holder that does not serve liquor may serve beer and wine or both. The Responsible Alcohol Sales and
 13 Service Act in Title 16, chapter 4, part 10:

14 (a) does not apply to a special permit holder that serves beer and table wine;

15 (b) applies to a special permit holder that serves liquor. A permit holder that serves liquor must get
 16 training for its employees under the Responsible Alcohol Sales and Service Act before service of alcohol under
 17 the special permit, as provided in 16-4-1005.

18 (4) A special permit holder serving liquor must purchase the liquor at the posted price."

19

20 **Section 2.** Section 16-4-303, MCA, is amended to read:

21 **"16-4-303. Special liquor or beer and table wine license for nonprofit arts organizations.** (1) A
 22 nonprofit arts organization as defined in subsection (4) is entitled to a special liquor or beer and table wine license
 23 to sell liquor or beer and table wine to patrons of exhibitions, productions, performances, or programs sponsored
 24 or presented by the organization in a specific theatre or other appropriately designated place for on-premises
 25 consumption.

26 (2) The proceeds derived from sales of liquor or beer and table wine, except for reasonable operating
 27 costs, must be used to further the purposes of the organization.

28 (3) The department shall have access to the organization's records to determine whether the
 29 organization is entitled to a license under this section.

30 (4) For the purposes of this section, the term "nonprofit arts organization" means an organization

1 governed under Title 35, chapter 2, that is organized and operated for the principal purpose of providing artistic
 2 or cultural exhibitions, presentations, or performances for viewing or attendance by the general public. Assets
 3 of the corporation must be irrevocably dedicated to the activities for which the license is granted and, on the
 4 liquidation, dissolution, or abandonment by the corporation, may not inure directly or indirectly to the benefit of
 5 a member or individual except a nonprofit organization, association, or corporation. An artistic or cultural
 6 exhibition, presentation, or performance includes:

7 (a) an exhibition or presentation of works of art or objects of cultural or historical significance, such as
 8 those commonly displayed in art or history museums; and

9 (b) a musical or dramatic performance or series of performances.

10 (5) A license issued under this section is not subject to the provisions of 16-4-105.

11 (6) A special permit holder under this section may serve only liquor or beer and table wine. A special
 12 permit holder that does not serve liquor may serve beer and wine or both. The Responsible Alcohol Sales and
 13 Service Act in Title 16, chapter 4, part 10:

14 (a) does not apply to a special permit holder that serves beer and table wine;

15 (b) applies to a special permit holder that serves liquor. A permit holder that serves liquor must get
 16 training for its employees under the Responsible Alcohol Sales and Service Act before service of alcohol under
 17 the special permit, as provided in 16-4-1005.

18 (7) A special permit holder serving liquor must purchase the liquor at the posted price."

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20 **Section 3.** Section 16-4-501, MCA, is amended to read:

21 **"16-4-501. License and permit fees.** (1) Each beer licensee licensed to sell either beer or table wine
 22 only or both beer and table wine under the provisions of this code shall pay a license fee. Unless otherwise
 23 specified in this section, the fee is an annual fee and is imposed as follows:

24 (a) (i) each brewer and each beer importer, wherever located, whose product is sold or offered for sale
 25 within the state, \$500;

26 (ii) for each storage depot, \$400;

27 (b) (i) each beer wholesaler, \$400; each winery, \$200; each table wine distributor, \$400;

28 (ii) for each subwarehouse, \$400;

29 (c) each beer retailer, \$200;

30 (d) (i) for a license to sell beer at retail for off-premises consumption only, the same as a retail beer

1 license;

2 (ii) for a license to sell table wine at retail for off-premises consumption only, either alone or in conjunction
3 with beer, \$200;

4 (e) any unit of a nationally chartered veterans' organization, \$50.

5 (2) The permit fee under 16-4-301(1) is computed at the following rate:

6 (a) \$10 a day for each day that liquor or beer and table wine are sold at events, activities, or sporting
7 contests, other than those applied for pursuant to 16-4-301(1)(c); and

8 (b) \$1,000 a season for professional sporting contests or junior hockey contests held under the
9 provisions of 16-4-301(1)(c).

10 (3) The permit fee under 16-4-301(2) is \$10 for the sale of liquor or beer and table wine only or \$20 for
11 the sale of all alcoholic beverages.

12 (4) Passenger carrier licenses must be issued upon payment by the applicant of an annual license fee
13 in the sum of \$300.

14 (5) The annual license fee for a license to sell wine on the premises, when issued as an amendment to
15 a beer-only license pursuant to 16-4-105, is \$200.

16 (6) The annual renewal fee for:

17 (a) a brewer producing 10,000 or fewer barrels of beer, as defined in 16-1-406, is \$200; and

18 (b) resort retail all-beverages licenses within a given resort area is \$2,000 for each license.

19 (7) Except as provided in this section, each licensee licensed under the quotas of 16-4-201 shall pay
20 an annual license fee as follows:

21 (a) for each license outside of incorporated cities and incorporated towns or in incorporated cities and
22 incorporated towns with a population of less than 2,000, \$250 for a unit of a nationally chartered veterans'
23 organization and \$400 for all other licensees;

24 (b) for each license in incorporated cities with a population of more than 2,000 and less than 5,000 or
25 within a distance of 5 miles, measured in a straight line from the nearest entrance of the premises to be licensed
26 to the nearest boundary of the city, \$350 for a unit of a nationally chartered veterans' organization and \$500 for
27 all other licensees;

28 (c) for each license in incorporated cities with a population of more than 5,000 and less than 10,000 or
29 within a distance of 5 miles, measured in a straight line from the nearest entrance of the premises to be licensed
30 to the nearest boundary of the city, \$500 for a unit of a nationally chartered veterans' organization and \$650 for

1 all other licensees;

2 (d) for each license in incorporated cities with a population of 10,000 or more or within a distance of 5
3 miles, measured in a straight line from the nearest entrance of the premises to be licensed to the nearest
4 boundary of the city, \$650 for a unit of a nationally chartered veterans' organization and \$800 for all other
5 licensees;

6 (e) the distance of 5 miles from the corporate limits of any incorporated cities and incorporated towns
7 is measured in a straight line from the nearest entrance of the premises to be licensed to the nearest boundary
8 of the city or town; and where the premises of the applicant to be licensed are situated within 5 miles of the
9 corporate boundaries of two or more incorporated cities or incorporated towns of different populations, the license
10 fee chargeable by the larger incorporated city or incorporated town applies and must be paid by the applicant.
11 When the premises of the applicant to be licensed are situated within an incorporated town or incorporated city
12 and any portion of the incorporated town or incorporated city is without a 5-mile limit, the license fee chargeable
13 by the smaller incorporated town or incorporated city applies and must be paid by the applicant.

14 (f) an applicant for the issuance of an original license to be located in areas described in subsections
15 (6) and (7)(d) shall provide an irrevocable letter of credit from a financial institution that guarantees that applicant's
16 ability to pay a \$20,000 license fee. A successful applicant shall pay a one-time original license fee of \$20,000
17 for a license issued. The one-time license fee of \$20,000 may not apply to any transfer or renewal of a license
18 issued prior to July 1, 1974. However, all licenses are subject to the specified annual renewal fees.

19 (8) The fee for one all-beverages license to a public airport is \$800. This license is nontransferable.

20 (9) The annual fee for a retail beer and wine license to the Yellowstone airport is \$400.

21 (10) The annual fee for a special liquor or beer and table wine license for a nonprofit arts organization
22 under 16-4-303 is \$250.

23 (11) The annual fee for a distillery is \$600.

24 (12) The license fees provided in this section are exclusive of and in addition to other license fees
25 chargeable in Montana for the sale of alcoholic beverages.

26 (13) In addition to other license fees, the department of revenue may require a licensee to pay a late fee
27 of 33 1/3% of any license fee delinquent on July 1 of the renewal year or 1 year after the licensee's anniversary
28 date, 66 2/3% of any license fee delinquent on August 1 of the renewal year or 1 year and 1 month after the
29 licensee's anniversary date, and 100% of any license fee delinquent on September 1 of the renewal year or 1
30 year and 2 months after the licensee's anniversary date.

1 (14) All license and permit fees collected under this section must be deposited as provided in 16-2-108."

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3 **Section 4.** Section 16-4-1002, MCA, is amended to read:

4 **"16-4-1002. Legislative intent.** It is the intent of this part that retail establishments and manufacturers
5 licensed to sell or serve alcoholic beverages to the public ensure that all licensees and their employees that sell
6 or serve alcoholic beverages are appropriately trained to comply with state law prohibiting the sale or service of
7 alcoholic beverages to persons under 21 years of age and to persons who are intoxicated. This part does not
8 apply to special permits issued under 16-4-301 that serve only beer and table wine. This part applies to special
9 permits issued under 16-4-301 and 16-4-303 that serve liquor."

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11 **Section 5.** Section 16-4-1003, MCA, is amended to read:

12 **"16-4-1003. Definition.** As used in this part, "licensee" means a person or entity licensed by the
13 department to sell alcoholic beverages at retail for either on-premises or off-premises consumption. The term
14 includes special permits issued under 16-4-301 and 16-4-303 that serve liquor."

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16 **Section 6.** Section 16-4-1005, MCA, is amended to read:

17 **"16-4-1005. Licensees required to ensure training.** (1) A licensee shall:

18 ~~(+)(a)~~ require each employee who is authorized to sell or serve alcoholic beverages in the normal course
19 of employment and the employee's immediate supervisor to successfully complete training to ensure compliance
20 with state law regarding the sale and service of alcoholic beverages. The training must be completed within 60
21 days of the employee's date of hire and every 3 years after the employee's initial training.

22 ~~(2)(b)~~ maintain employment records verifying employee completion of the training required in subsection
23 (1)(a).

24 (2) A special permit holder under 16-4-301 and 16-4-303 that serves liquor shall comply with subsection
25 (1)(a) of this section except that the training must be completed before the employee serves liquor under the
26 special permit."

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