

VITICULTURE IN MONTANA

ECONOMIC AFFAIRS INTERIM COMMITTEE
ERIN SULLIVAN - SEPTEMBER 2023

INTRODUCTION

The Economic Affairs Interim Committee was assigned SJR 30, the study on viticulture, wine distribution, and licensing regulation for the 2023-2024 interim by the Legislative Council. Viticulture is the study and practice of cultivating grapevines, usually with the overall goal of producing fruit that is suitable for some specific end purpose. When the grapes are being used specifically for wine production, the study of grapes can also be called viniculture.

As part of its study tasks, the EAIC was asked to look at wine production from vine to bottle, how Montana wine is marketed to consumers, who those consumers are, what the wine tourism industry looks like, what the current regulatory requirements and constraints are in state code and as provided by the US Department of the Treasury, and finally determine if there are additional licensing opportunities for wine production, manufacturing, or sales.

DEFINITIONS

Relevant definitions, based on the 2023 MCA, for the SJ 30 study can be found in Title 16:

16-1-106 (4) "Alcoholic beverage" means a compound produced and sold for human consumption as a drink that contains more than 0.5% of alcohol by volume.

16-1-106 (15) "Hard cider" means an alcoholic beverage that is made from the alcoholic fermentation of the juices of apples or pears and contains not less than 0.5% of alcohol by volume and not more than 8.5% of alcohol by volume, including but not limited to flavored, sparkling, or carbonated cider.

16-1-106 (29) "Sacramental wine" means wine that contains more than 0.5% but not more than 24% of alcohol by volume that is manufactured and sold exclusively for use as sacramental wine or for other religious purposes.

16-1-106 (30) "Special event", as it relates to an application for a beer and wine special permit, means a short, infrequent, out-of-the-ordinary occurrence, such as a picnic, fair, reception, or sporting contest.

16-1-106 (34) "Table wine" means wine that contains not more than 16% of alcohol by volume and includes hard cider.

16-1-106 (37) "Wine" means an alcoholic beverage made from or containing the normal alcoholic fermentation of the juice of sound, ripe fruit or other agricultural products without addition or abstraction, except as may occur in the usual cellar treatment of clarifying and aging, and that contains more than 0.5% but not more than 24% of alcohol by volume. Wine may be ameliorated to correct natural deficiencies, sweetened, and fortified in accordance with applicable federal regulations and the customs and practices of the industry. Other alcoholic beverages not defined in this subsection but made in the manner of wine and labeled and sold as wine in accordance with federal regulations are also wine.

Wine is most often produced with grapes, but can also be made using other fruits, such as plums or cherries. Many wines include a variety of fruits and other notes like chocolate or spice to enhance the flavor. Mead, which is made with honey, and cider, also fall under the definition of wine in the MCA. Each alcoholic beverage differs with respect to the range of alcohol by volume (ABV).



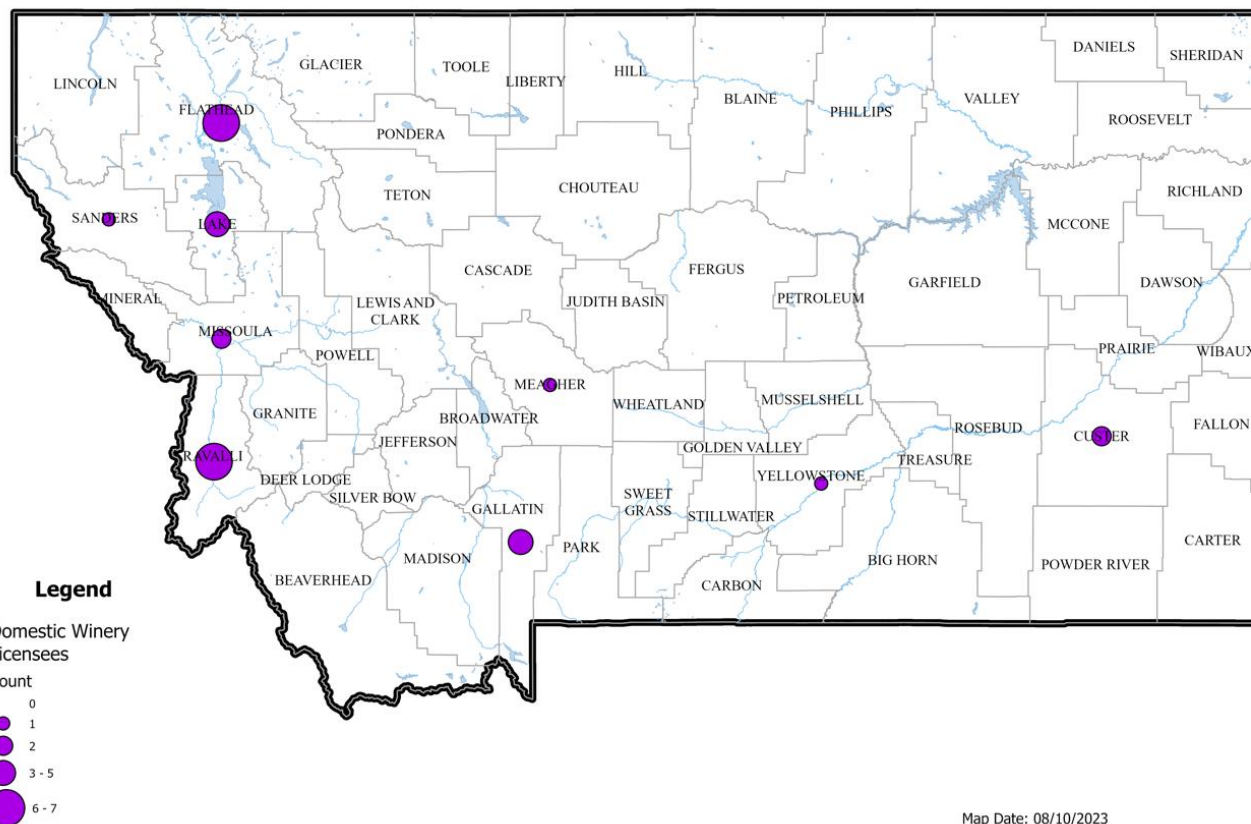
LICENSING

The Montana Department of Revenue licenses Montana wineries under a domestic winery license (16-4-107, MCA). There are currently 30 licenses issued across the state. Domestic winery licensees can manufacture, sell, and deliver wine from the licensed premises to any table wine distributor, retail licensee, or the public. Additionally:

- The licensee may provide samples, with or without charge, of wine that it produces in a sample room located on the licensed premises between 8:00 a.m. and 2:00 a.m.
- There are no restrictions on the number of samples a licensee may provide per individual customer during a business day.
- A licensee may offer wine in original packaging, prepared servings, or growlers for curbside pickup.
- A winery may receive up to 12 special permits during a calendar year to provide wine that was fermented or blended at the licensed premises for off-premises consumption if sold in its original packaging (new in 2023 – HB783).

LOCATIONS

Montana vineyards and wineries are found mostly in the mountainous regions of the state, in the Bitterroot Valley, Flathead Valley, and along the Yellowstone River.



BIGFORK

Bowman Orchards

BILLINGS

Last Chance Cider Mill
Yellowstone Cellars & Winery

BOZEMAN

Blend a Bozeman Winery
Lockhorn Hard Ciders
Mavens Market
Valhalla Meadery
Wallace Beverage Works

COLUMBIA FALLS

White Raven Winery

CONNER

Montana Ciderworks

CORVALLIS

Willow Mountain Winery

DAYTON

Mission Mountain Winery

DIXON

Watchdog Winery LLC

HAMILTON

Back Road Cider

BLDGGETT CANYON

Shed Horn

KALISPELL

Big Mountain Ciderworks
Glacier Sun Winery
Montavino Winery
Tailing Loop Winery
Waters Edge Winery & Bistro Kalispell

MILES CITY

Tongue River Vineyard & Winery LLC

MISSOULA

Ten Spoon Vineyard

Western Cider Company

POLSON

D. Berardinis Winery
Flathead Lake Winery Inc
Grinde Bay Winery

VICTOR

Hidden Legend Winery

WHITE SULPHUR SPRINGS

Montana Meadworks

WHITEFISH

Unleashed: A Winery

2023 MAJOR UPDATES TO WINE LAWS

- HB 49** Revises laws relating to beer wholesaler and table wine distributor agreements; requires a wholesaler to notify a beer importer of the filing of an agreement with the department; requires a table wine distributor to notify the supplier of a filing of an agreement with the department.
- HB 68** Revises laws relating to the sale of beer and wine licenses; creates retail beer and wine licenses by combining retail beer licenses with wine amendments; eliminates wine amendments; revises annual fees; revises golf course beer and wine licenses.
- HB 69** Revises alcoholic beverage laws relating to agency stores; revises laws relating to table wine; eliminates the phasing out of commission rates; clarifies hours of operation; revises laws related to payment for sales.
- HB 72** Revises alcoholic beverage laws relating to restaurant beer and wine licenses; eliminates restaurant beer and wine license ownership restrictions; eliminates redundant provisions relating to the transfer of ownership, revises the payment deadline of the licensing fee; clarifies the number of seating licenses that may be issued.
- HB 95** Generally revises alcoholic beverage laws; revises wholesaler laws; revises requirements by the Department of Revenue; revises laws relating to the conveyance of alcoholic beverages; revises laws relating to payment by retail licensees to brewers, beer importers, or wholesalers; revises laws relating to raffles or auctions; revises laws relating to table wine.
- HB 97** Generally revises alcoholic beverage laws; revises laws related to price reduction for quantity sales of liquor; revises alcohol licenses pertaining to golf courses; revises laws related to liquor store agents and table wine; revises definitions; provides rulemaking authority.
- HB 124** Revises the collection of taxes on beer, wine, and hard cider from monthly to quarterly.
- HB 127** Creates a combined beer wholesaler and table wine distributor license; eliminates separate beer wholesaler and table wine distributor licenses.
- HB 157** Revises laws relating to the Department of Revenue's operations and duties; revises the definition of "table wine"; clarifies language relating to the sale of liquor; revises laws relating to the preparation of alcohol; revises laws relating to withdrawal of liquor from the regular warehouse inventory.
- HB 305** Allows a limited exception for licensed brewers, distillers, and wineries to hold retail licenses, allows a limited exception for retail licensees to hold a brewer, distiller, or winery license.
- HB 783** Revises alcohol special permit laws; allows a winery to sell alcohol that is fermented or blended by the winery for off-premises consumption; provides for up to 12 special permits per year.
- SB 59** Provides that public convenience and necessity considerations are limited to consideration of the alcoholic beverage; revises laws related to department requests for additional licensing information; revises laws related to table wine; revises laws relating to resort area licenses; revises laws relating to special permits.