

1.1 A bill for an act
1.2 relating to liquor; changing all regulations related to 3.2 percent alcohol by weight
1.3 to five percent alcohol by volume; amending Minnesota Statutes 2016, sections
1.4 340A.101, subdivisions 14, 19; 340A.24, subdivision 1; 340A.301, subdivisions
1.5 1, 4, 6, 8; 340A.308; 340A.310; 340A.311; 340A.403; 340A.404, subdivisions 2,
1.6 5; 340A.4055; 340A.408, subdivisions 1, 4, 5; 340A.409, subdivision 4; 340A.410,
1.7 subdivision 8; 340A.411; 340A.412, subdivision 6; 340A.414, subdivision 2;
1.8 340A.503, subdivision 1; 340A.504, subdivisions 1, 7; 340A.508, subdivision 2;
1.9 Minnesota Statutes 2017 Supplement, section 340A.504, subdivision 6; repealing
1.10 Minnesota Statutes 2017 Supplement, section 340A.301, subdivision 12.

1.11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.12 Section 1. Minnesota Statutes 2016, section 340A.101, subdivision 14, is amended to
1.13 read:

1.14 Subd. 14. **Intoxicating liquor.** "Intoxicating liquor" is ethyl alcohol, distilled, fermented,
1.15 spirituous, vinous, and malt beverages containing more than ~~3.2~~ five percent of alcohol by
1.16 ~~weight~~ volume.

1.17 Sec. 2. Minnesota Statutes 2016, section 340A.101, subdivision 19, is amended to read:

1.18 Subd. 19. **~~3.2~~ Five percent malt liquor.** "~~3.2~~ Five percent malt liquor" is malt liquor
1.19 containing not less than one-half of one percent alcohol by volume nor more than ~~3.2~~
1.20 fivepercent alcohol by ~~weight~~ volume.

1.21 Sec. 3. Minnesota Statutes 2016, section 340A.24, subdivision 1, is amended to read:

1.22 Subdivision 1. **On-sale license.** A brew pub may be issued an on-sale intoxicating liquor
1.23 or ~~3.2~~ five percent malt liquor license by a municipality for a restaurant operated in the
1.24 place of manufacture.

2.1 Sec. 4. Minnesota Statutes 2016, section 340A.301, subdivision 1, is amended to read:

2.2 Subdivision 1. **Licenses required.** No person may directly or indirectly manufacture or
 2.3 sell at wholesale intoxicating liquor, or ~~3-2~~ five percent malt liquor without obtaining an
 2.4 appropriate license from the commissioner, except where otherwise provided in this chapter.
 2.5 A manufacturer's license includes the right to import. A licensed brewer may sell the brewer's
 2.6 products at wholesale only if the brewer has been issued a wholesaler's license. The
 2.7 commissioner shall issue a wholesaler's license to a brewer only if (1) the commissioner
 2.8 determines that the brewer was selling the brewer's own products at wholesale in Minnesota
 2.9 on January 1, 1991, or (2) the brewer has acquired a wholesaler's business or assets under
 2.10 subdivision 9, paragraph (c) or (d). A licensed wholesaler of intoxicating malt liquor may
 2.11 sell ~~3-2~~ five percent malt liquor at wholesale without an additional license.

2.12 Sec. 5. Minnesota Statutes 2016, section 340A.301, subdivision 4, is amended to read:

2.13 Subd. 4. **Bond.** The commissioner may not issue a license under this section to a person
 2.14 who has not filed a bond with corporate surety, or cash, or United States government bonds
 2.15 payable to the state. The proof of financial responsibility must be approved by the
 2.16 commissioner before the license is issued. The bond must be conditioned on the licensee
 2.17 obeying all laws governing the business and paying when due all taxes, fees, penalties and
 2.18 other charges, and must provide that it is forfeited to the state on a violation of law. This
 2.19 subdivision does not apply to a Minnesota farm winery, licensed under section 340A.315,
 2.20 that is in existence as of January 1, 2010. Bonds must be in the following amounts:

2.21	Manufacturers and wholesalers of intoxicating	
2.22	liquor except as provided in this subdivision	\$ 10,000
2.23	Manufacturers and wholesalers of wine up to 25	
2.24	percent alcohol by weight	\$ 5,000
2.25	Manufacturers and wholesalers of beer of more	
2.26	than 3-2 <u>five</u> percent alcohol by weight	\$ 1,000
2.27	Manufacturers and wholesalers of fewer than	
2.28	20,000 proof gallons	\$ 2,000
2.29	Manufacturers and wholesalers of 20,000 to	
2.30	40,000 proof gallons	\$ 3,000

2.31 Sec. 6. Minnesota Statutes 2016, section 340A.301, subdivision 6, is amended to read:

2.32 Subd. 6. **Fees.** The annual fees for licenses under this section are as follows:

2.33	(a) Manufacturers (except as provided in clauses (b) and	
2.34	(c))	\$ 30,000
2.35	Duplicates	\$ 3,000

3.1	(b) Manufacturers of wines of not more than 25 percent		
3.2	alcohol by volume	\$	500
3.3	(c) Brewers who manufacture more than 3,500 barrels of		
3.4	malt liquor in a year	\$	4,000
3.5	(d) Brew pubs. A brew pub licensed under this clause		
3.6	must obtain a separate license for each licensed		
3.7	premises where the brew pub produces malt liquor	\$	500
3.8	(e) Wholesalers (except as provided in clauses (f), (g),		
3.9	and (h))	\$	15,000
3.10	Duplicates	\$	3,000
3.11	(f) Wholesalers of wines of not more than 25 percent		
3.12	alcohol by volume	\$	3,750
3.13	(g) Wholesalers of intoxicating malt liquor	\$	1,000
3.14	Duplicates	\$	25
3.15	(h) Wholesalers of 3-2 <u>five</u> percent malt liquor	\$	10
3.16	(i) Brewers who manufacture fewer than 2,000 barrels		
3.17	of malt liquor in a year	\$	150
3.18	(j) Brewers who manufacture 2,000 to 3,500 barrels of		
3.19	malt liquor in a year	\$	500

3.20 If a business licensed under this section is destroyed, or damaged to the extent that it
 3.21 cannot be carried on, or if it ceases because of the death or illness of the licensee, the
 3.22 commissioner may refund the license fee for the balance of the license period to the licensee
 3.23 or to the licensee's estate.

3.24 Sec. 7. Minnesota Statutes 2016, section 340A.301, subdivision 8, is amended to read:

3.25 Subd. 8. **Interest in other business.** (a) Except as provided in this subdivision, a holder
 3.26 of a license as a manufacturer, brewer, importer, or wholesaler may not have any ownership,
 3.27 in whole or in part, in a business holding a retail intoxicating liquor or ~~3-2~~ five percent malt
 3.28 liquor license. The commissioner may not issue a license under this section to a manufacturer,
 3.29 brewer, importer, or wholesaler if a retailer of intoxicating liquor has a direct or indirect
 3.30 interest in the manufacturer, brewer, importer, or wholesaler. A manufacturer or wholesaler
 3.31 of intoxicating liquor may use or have property rented for retail intoxicating liquor sales
 3.32 only if the manufacturer or wholesaler has owned the property continuously since November
 3.33 1, 1933. A retailer of intoxicating liquor may not use or have property rented for the
 3.34 manufacture or wholesaling of intoxicating liquor.

3.35 (b) Except as provided in subdivision 9, no brewer as defined in subdivision 9 or importer
 3.36 may have any interest, in whole or in part, directly or indirectly, in the license, business,
 3.37 assets, or corporate stock of a licensed malt liquor wholesaler.

4.1 Sec. 8. Minnesota Statutes 2016, section 340A.308, is amended to read:

4.2 **340A.308 PROHIBITED TRANSACTIONS.**

4.3 (a) Except as otherwise provided in section 340A.301, no brewer or malt liquor wholesaler
4.4 may directly or indirectly, or through an affiliate or subsidiary company, or through an
4.5 officer, director, stockholder, or partner:

4.6 (1) give, or lend money, credit, or other thing of value to a retailer;

4.7 (2) give, lend, lease, or sell furnishing or equipment to a retailer;

4.8 (3) have an interest in a retail license; or

4.9 (4) be bound for the repayment of a loan to a retailer.

4.10 (b) No retailer may solicit any equipment, fixture, supplies, money, or other thing of
4.11 value from a brewer or malt liquor wholesaler if furnishing of these items by the brewer or
4.12 wholesaler is prohibited by law and the retailer knew or had reason to know that the
4.13 furnishing is prohibited by law.

4.14 (c) This section does not prohibit a manufacturer or wholesaler from:

4.15 (1) furnishing, lending, or renting to a retailer outside signs, of a cost of up to \$400
4.16 excluding installation and repair costs;

4.17 (2) furnishing, lending, or renting to a retailer inside signs and other promotional material,
4.18 of a cost of up to \$300 in a year;

4.19 (3) furnishing to or maintaining for a retailer equipment for dispensing malt liquor,
4.20 including tap trailers, cold plates and other dispensing equipment, of a cost of up to \$100
4.21 per tap in a year;

4.22 (4) using or renting property owned continually since November 1, 1933, for the purpose
4.23 of selling intoxicating or ~~3.2~~ five percent malt liquor at retail;

4.24 (5) extending customary commercial credit to a retailer in connection with a sale of
4.25 nonalcoholic beverages only, or engaging in cooperative advertising agreements with a
4.26 retailer in connection with the sale of nonalcoholic beverages only; or

4.27 (6) in the case of a wholesaler, with the prior written consent of the commissioner, selling
4.28 beer on consignment to a holder of a temporary license under section 340A.403, subdivision
4.29 2, or 340A.404, subdivision 10.

5.1 Sec. 9. Minnesota Statutes 2016, section 340A.310, is amended to read:

5.2 **340A.310 SALES BY WHOLESALERS.**

5.3 A wholesaler may sell intoxicating liquor or ~~3.2~~ five percent malt liquor only to municipal
5.4 liquor stores, government instrumentalities, or holders of alcoholic beverage licenses issued
5.5 under this chapter.

5.6 Sec. 10. Minnesota Statutes 2016, section 340A.311, is amended to read:

5.7 **340A.311 BRAND REGISTRATION.**

5.8 (a) A brand of intoxicating liquor or ~~3.2~~ five percent malt liquor may not be manufactured,
5.9 imported into, or sold in the state unless the brand label has been registered with and approved
5.10 by the commissioner. A brand registration must be renewed every three years in order to
5.11 remain in effect. The fee for an initial brand registration is \$40. The fee for brand registration
5.12 renewal is \$30. The brand label of a brand of intoxicating liquor or ~~3.2~~ five percent malt
5.13 liquor for which the brand registration has expired, is conclusively deemed abandoned by
5.14 the manufacturer or importer.

5.15 (b) In this section "brand" and "brand label" include trademarks and designs used in
5.16 connection with labels.

5.17 (c) The label of any brand of wine or intoxicating or nonintoxicating malt beverage may
5.18 be registered only by the brand owner or authorized agent. No such brand may be imported
5.19 into the state for sale without the consent of the brand owner or authorized agent. This
5.20 section does not limit the provisions of section 340A.307.

5.21 (d) The commissioner shall refuse to register a malt liquor brand label, and shall revoke
5.22 the registration of a malt liquor brand label already registered, if the brand label states or
5.23 implies in a false or misleading manner a connection with an actual living or dead American
5.24 Indian leader. This paragraph does not apply to a brand label registered for the first time in
5.25 Minnesota before January 1, 1992.

5.26 Sec. 11. Minnesota Statutes 2016, section 340A.403, is amended to read:

5.27 **340A.403 ~~3.2~~ FIVE PERCENT MALT LIQUOR LICENSES.**

5.28 Subdivision 1. **Issuance by county or city.** The governing body of a city or county may
5.29 issue off-sale or on-sale licenses for the sale of ~~3.2~~ five percent malt liquor within their
5.30 respective jurisdictions.

6.1 Subd. 2. **Temporary licenses.** (a) A club or charitable, religious, or nonprofit organization
6.2 may be issued a temporary on-sale license for the sale of ~~3.2~~ five percent malt liquor.

6.3 (b) The temporary license may authorize the sale of ~~3.2~~ five percent malt liquor in any
6.4 school or school buildings.

6.5 (c) Temporary licenses are subject to the terms set by the issuing county or city.

6.6 Subd. 3. **Exemption.** (a) Any person licensed to sell intoxicating liquor at on-sale shall
6.7 not be required to obtain an on-sale license under this section, and may sell nonintoxicating
6.8 malt beverages at on-sale without further license.

6.9 (b) Any person licensed to sell intoxicating liquor at off-sale shall not be required to
6.10 obtain an off-sale license under this section, and may sell nonintoxicating malt beverages
6.11 at off-sale without further license.

6.12 Subd. 4. **Notice to commissioner.** Within ten days of the issuance of a license under
6.13 this section, a municipality shall inform the commissioner, on a form the commissioner
6.14 prescribes, of the licensee's name and address and trade name, the effective date and
6.15 expiration date of the license, and any other information on the license the commissioner
6.16 requires.

6.17 Sec. 12. Minnesota Statutes 2016, section 340A.404, subdivision 2, is amended to read:

6.18 Subd. 2. **Special provision; city of Minneapolis.** (a) The city of Minneapolis may issue
6.19 an on-sale intoxicating liquor license to the Guthrie Theater, the Cricket Theatre, the
6.20 Orpheum Theatre, the State Theatre, and the Historic Pantages Theatre, notwithstanding
6.21 the limitations of law, or local ordinance, or charter provision relating to zoning or school
6.22 or church distances. The licenses authorize sales on all days of the week to holders of tickets
6.23 for performances presented by the theaters and to members of the nonprofit corporations
6.24 holding the licenses and to their guests.

6.25 (b) The city of Minneapolis may issue an intoxicating liquor license to 510 Groveland
6.26 Associates, a Minnesota cooperative, for use by a restaurant on the premises owned by 510
6.27 Groveland Associates, notwithstanding limitations of law, or local ordinance, or charter
6.28 provision.

6.29 (c) The city of Minneapolis may issue an on-sale intoxicating liquor license to Zuhrah
6.30 Shrine Temple for use on the premises owned by Zuhrah Shrine Temple at 2540 Park Avenue
6.31 South in Minneapolis, notwithstanding limitations of law, or local ordinances, or charter
6.32 provision relating to zoning or school or church distances.

7.1 (d) The city of Minneapolis may issue an on-sale intoxicating liquor license to the
7.2 American Association of University Women, Minneapolis branch, for use on the premises
7.3 owned by the American Association of University Women, Minneapolis branch, at 2115
7.4 Stevens Avenue South in Minneapolis, notwithstanding limitations of law, or local
7.5 ordinances, or charter provisions relating to zoning or school or church distances.

7.6 (e) The city of Minneapolis may issue an on-sale wine license and an on-sale ~~3-2~~ five
7.7 percent malt liquor license to a restaurant located at 5000 Penn Avenue South, and an on-sale
7.8 wine license and an on-sale malt liquor license to a restaurant located at 1931 Nicollet
7.9 Avenue South, notwithstanding any law or local ordinance or charter provision.

7.10 (f) The city of Minneapolis may issue an on-sale wine license and an on-sale malt liquor
7.11 license to the Brave New Workshop Theatre located at 3001 Hennepin Avenue South, the
7.12 Theatre de la Jeune Lune, the Illusion Theatre located at 528 Hennepin Avenue South, the
7.13 Hollywood Theatre located at 2815 Johnson Street Northeast, the Loring Playhouse located
7.14 at 1633 Hennepin Avenue South, the Jungle Theater located at 2951 Lyndale Avenue South,
7.15 Brave New Institute located at 2605 Hennepin Avenue South, the Guthrie Lab located at
7.16 700 North First Street, and the Southern Theatre located at 1420 Washington Avenue South,
7.17 notwithstanding any law or local ordinance or charter provision. The license authorizes
7.18 sales on all days of the week.

7.19 (g) The city of Minneapolis may issue an on-sale intoxicating liquor license to University
7.20 Gateway Corporation, a Minnesota nonprofit corporation, for use by a restaurant or catering
7.21 operator at the building owned and operated by the University Gateway Corporation on the
7.22 University of Minnesota campus, notwithstanding limitations of law, or local ordinance or
7.23 charter provision. The license authorizes sales on all days of the week.

7.24 (h) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Walker
7.25 Art Center's concessionaire or operator, for a restaurant and catering operator on the premises
7.26 of the Walker Art Center, notwithstanding limitations of law, or local ordinance or charter
7.27 provisions. The license authorizes sales on all days of the week.

7.28 (i) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Guthrie
7.29 Theater's concessionaire or operator for a restaurant and catering operator on the premises
7.30 of the Guthrie Theater, notwithstanding limitations of law, local ordinance, or charter
7.31 provisions. The license authorizes sales on all days of the week.

7.32 (j) The city of Minneapolis may issue an on-sale wine license and an on-sale malt liquor
7.33 license to the Minnesota Book and Literary Arts Building, Inc.'s concessionaire or operator
7.34 for a restaurant and catering operator on the premises of the Minnesota Book and Literary

8.1 Arts Building, Inc. (dba Open Book), notwithstanding limitations of law, or local ordinance
8.2 or charter provision. The license authorizes sales on all days of the week.

8.3 (k) The city of Minneapolis may issue an on-sale intoxicating liquor license to a restaurant
8.4 located at 5411 Penn Avenue South, notwithstanding any law or local ordinance or charter
8.5 provision.

8.6 (l) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Museum
8.7 of Russian Art's concessionaire or operator for a restaurant and catering operator on the
8.8 premises of the Museum of Russian Art located at 5500 Stevens Avenue South,
8.9 notwithstanding any law or local ordinance or charter provision.

8.10 (m) The city of Minneapolis may issue an on-sale intoxicating liquor license to the
8.11 American Swedish Institute or to its concessionaire or operator for use on the premises
8.12 owned by the American Swedish Institute at 2600 Park Avenue South, notwithstanding
8.13 limitations of law, or local ordinances, or charter provision relating to zoning or school or
8.14 church distances.

8.15 (n) Notwithstanding any other law, local ordinance, or charter provision, the city of
8.16 Minneapolis may issue one or more on-sale intoxicating liquor licenses to the Minneapolis
8.17 Society of Fine Arts (dba Minneapolis Institute of Arts), or to an entity holding a concessions
8.18 or catering contract with the Minneapolis Institute of Arts for use on the premises of the
8.19 Minneapolis Institute of Arts. The licenses authorized by this subdivision may be issued
8.20 for space that is not compact and contiguous, provided that all such space is included in the
8.21 description of the licensed premises on the approved license application. The licenses
8.22 authorize sales on all days of the week.

8.23 (o) The city of Minneapolis may issue an on-sale intoxicating liquor license to Norway
8.24 House or to its concessionaire or operator for use on the premises owned by Norway House
8.25 at 913 East Franklin Avenue, notwithstanding limitations of law, or local ordinances, or
8.26 charter provision relating to zoning or school or church distances.

8.27 Sec. 13. Minnesota Statutes 2016, section 340A.404, subdivision 5, is amended to read:

8.28 Subd. 5. **Wine licenses.** (a) A municipality may issue an on-sale wine license with the
8.29 approval of the commissioner to a restaurant having facilities for seating at least 25 guests
8.30 at one time. A wine license permits the sale of wine of up to 24 percent alcohol by volume
8.31 for consumption. A wine license authorizes the sale of wine on all days of the week unless
8.32 the issuing authority restricts the license's authorization to the sale of wine on all days except
8.33 Sundays.

9.1 (b) The governing body of a municipality may by ordinance authorize a holder of an
9.2 on-sale wine license issued pursuant to paragraph (a) who is also licensed to sell ~~3.2~~ five
9.3 percent malt liquors at on-sale pursuant to section 340A.411, to sell intoxicating malt liquors
9.4 at on-sale without an additional license.

9.5 (c) A municipality may issue an on-sale wine license with the approval of the
9.6 commissioner to a licensed bed and breakfast facility. A license under this paragraph
9.7 authorizes a bed and breakfast facility to furnish wine only to registered guests of the facility
9.8 and, if the facility contains a licensed commercial kitchen, also to guests attending private
9.9 events at the facility.

9.10 (d) The State Agricultural Society may issue an on-sale wine license to the holder of a
9.11 state fair concession contract pursuant to section 37.21, subdivision 2.

9.12 Sec. 14. Minnesota Statutes 2016, section 340A.4055, is amended to read:

9.13 **340A.4055 LICENSES IN INDIAN COUNTRY.**

9.14 Notwithstanding any law to the contrary, on-sale or off-sale licenses for the sale of
9.15 intoxicating liquor or ~~3.2~~ five percent malt liquor issued by the governing body of an Indian
9.16 tribe in accordance with United States Code, title 18, section 1161, to an Indian tribal member
9.17 or Indian tribal entity for an establishment located within Indian country as defined under
9.18 United States Code, title 18, section 1154, are valid. When a license is issued under this
9.19 section, the issuing authority shall notify the commissioner of public safety of the name and
9.20 address of the licensee. Upon receipt of the notice, the commissioner shall issue a retailer's
9.21 identification card to the licensee to permit the licensee to purchase distilled spirits, wine,
9.22 or malt beverages. An establishment issued a license under this section is not required to
9.23 obtain a license from any municipality, county, or town.

9.24 Sec. 15. Minnesota Statutes 2016, section 340A.408, subdivision 1, is amended to read:

9.25 Subdivision 1. **3.2 Five percent malt liquor.** (a) The license fee for an on-sale and
9.26 off-sale ~~3.2~~ five percent malt liquor license is the fee set by the county or city issuing the
9.27 license.

9.28 (b) One-half of the license fee received by a county for a retail license to sell ~~3.2~~ five
9.29 percent malt liquor within any town in the county shall be paid to the town board where the
9.30 business is located.

10.1 Sec. 16. Minnesota Statutes 2016, section 340A.408, subdivision 4, is amended to read:

10.2 Subd. 4. **Lake Superior, St. Croix River, and Mississippi River tour boats; common**
10.3 **carriers.** (a) The annual license fee for licensing of Lake Superior, St. Croix River, and
10.4 Mississippi River tour boats under section 340A.404, subdivision 8, shall be \$1,500. The
10.5 commissioner shall transmit one-half of this fee to the governing body of the city that is the
10.6 home port of the tour boat or to the county in which the home port is located if the home
10.7 port is outside a city.

10.8 (b) The annual license fee for common carriers licensed under section 340A.407 is:

10.9 (1) \$50 for ~~3.2~~ five percent malt liquor, and \$20 for a duplicate license; and

10.10 (2) \$250 for intoxicating liquor, and \$30 for a duplicate license.

10.11 Sec. 17. Minnesota Statutes 2016, section 340A.408, subdivision 5, is amended to read:

10.12 Subd. 5. **Refunds.** A pro rata share of an annual license fee for a retail license to sell
10.13 intoxicating or ~~3.2~~ five percent malt liquor, either on-sale or off-sale, may be refunded to
10.14 the licensee or to the licensee's estate if:

10.15 (1) the business ceases to operate because of destruction or damage;

10.16 (2) the licensee dies;

10.17 (3) the business ceases to be lawful for a reason other than a license revocation; or

10.18 (4) the licensee ceases to carry on the licensed business under the license.

10.19 Sec. 18. Minnesota Statutes 2016, section 340A.409, subdivision 4, is amended to read:

10.20 Subd. 4. **Insurance not required.** Subdivision 1 does not apply to licensees who by
10.21 affidavit establish that:

10.22 (1) they are on-sale ~~3.2~~ five percent malt liquor licensees with sales of less than \$25,000
10.23 of ~~3.2~~ five percent malt liquor for the preceding year;

10.24 (2) they are off-sale ~~3.2~~ five percent malt liquor licensees with sales of less than \$50,000
10.25 of ~~3.2~~ five percent malt liquor for the preceding year;

10.26 (3) they are holders of on-sale wine licenses with sales of less than \$25,000 for wine for
10.27 the preceding year;

10.28 (4) they are holders of temporary wine licenses issued under law; or

11.1 (5) they are wholesalers who donate wine to an organization for a wine tasting conducted
11.2 under section 340A.418 or 340A.419.

11.3 Sec. 19. Minnesota Statutes 2016, section 340A.410, subdivision 8, is amended to read:

11.4 Subd. 8. **Copy of summons.** Every application for the issuance or renewal of intoxicating
11.5 or ~~3-2~~ five percent malt liquor licenses must include a copy of each summons received by
11.6 the applicant under section 340A.802 during the preceding year.

11.7 Sec. 20. Minnesota Statutes 2016, section 340A.411, is amended to read:

11.8 **340A.411 LICENSE RESTRICTIONS; ~~3-2~~ FIVE PERCENT MALT LIQUOR**
11.9 **LICENSES.**

11.10 Subdivision 1. **On-sale licenses.** On-sale ~~3-2~~ five percent malt liquor licenses may only
11.11 be issued to drugstores, restaurants, hotels, clubs, bowling centers, golf courses, and
11.12 establishments used exclusively for the sale of ~~3-2~~ five percent malt liquor with the incidental
11.13 sale of tobacco and soft drinks.

11.14 Subd. 2. **License duration.** All retail ~~3-2~~ five percent malt liquor licenses must be issued
11.15 for one year, except that for the purpose of coordinating the time of expiration of licenses
11.16 in general, licenses may be issued for a shorter time, in which case a pro rata license fee
11.17 must be charged.

11.18 Subd. 3. **Terminology.** A political subdivision may not issue a ~~3-2~~ five percent malt
11.19 liquor license that includes the term "nonintoxicating liquor."

11.20 Sec. 21. Minnesota Statutes 2016, section 340A.412, subdivision 6, is amended to read:

11.21 Subd. 6. **Off-sale licenses where ~~3-2~~ five percent malt liquor is sold.** An off-sale
11.22 intoxicating liquor license may not be issued to a place where ~~3-2~~ five percent malt liquor
11.23 is sold for consumption on the premises. This subdivision does not apply to those places
11.24 where both an on-sale and off-sale license or a combination license have been issued under
11.25 section 340A.406.

11.26 Sec. 22. Minnesota Statutes 2016, section 340A.414, subdivision 2, is amended to read:

11.27 Subd. 2. **Eligibility for permit.** (a) The commissioner may issue a permit under this
11.28 section only to:

11.29 (1) an applicant who has not, within five years prior to the application, been convicted
11.30 of a felony or of violating any provision of this chapter or rule adopted under this chapter;

- 12.1 (2) a restaurant;
- 12.2 (3) a hotel;
- 12.3 (4) an establishment licensed for the sale of ~~3.2~~ five percent malt liquor;
- 12.4 (5) a resort as defined in section 157.15;
- 12.5 (6) a club as defined in section 340A.101, subdivision 7, or an unincorporated club
- 12.6 otherwise meeting that definition; and
- 12.7 (7) a bed and breakfast facility as defined in section 340A.4011, subdivision 1.
- 12.8 (b) The commissioner may not issue a permit to a club holding an on-sale intoxicating
- 12.9 liquor license.

12.10 Sec. 23. Minnesota Statutes 2016, section 340A.503, subdivision 1, is amended to read:

12.11 Subdivision 1. **Consumption.** (a) It is unlawful for any:

12.12 (1) retail intoxicating liquor or ~~3.2~~ five percent malt liquor licensee, municipal liquor

12.13 store, or bottle club permit holder under section 340A.414, to permit any person under the

12.14 age of 21 years to drink alcoholic beverages on the licensed premises or within the municipal

12.15 liquor store; or

12.16 (2) person under the age of 21 years to consume any alcoholic beverages. If proven by

12.17 a preponderance of the evidence, it is an affirmative defense to a violation of this clause

12.18 that the defendant consumed the alcoholic beverage in the household of the defendant's

12.19 parent or guardian and with the consent of the parent or guardian.

12.20 (b) An offense under paragraph (a), clause (2), may be prosecuted either in the jurisdiction

12.21 where consumption occurs or the jurisdiction where evidence of consumption is observed.

12.22 (c) As used in this subdivision, "consume" includes the ingestion of an alcoholic beverage

12.23 and the physical condition of having ingested an alcoholic beverage.

12.24 Sec. 24. Minnesota Statutes 2016, section 340A.504, subdivision 1, is amended to read:

12.25 Subdivision 1. ~~3.2~~ **Five percent malt liquor.** No sale of ~~3.2~~ five percent malt liquor

12.26 may be made between 2:00 a.m. and 8:00 a.m. on the days of Monday through Saturday,

12.27 nor between 2:00 a.m. and 10:00 a.m. on Sunday.

13.1 Sec. 25. Minnesota Statutes 2017 Supplement, section 340A.504, subdivision 6, is amended
13.2 to read:

13.3 Subd. 6. **Municipalities may limit hours.** A municipality may further limit the days or
13.4 hours of on and off sales of alcoholic beverages, provided that further restricted on-sale
13.5 hours for intoxicating liquor must apply equally to on-sale hours of ~~3-2~~ five percent malt
13.6 liquor. A city may not permit the sale of alcoholic beverages during hours when the sale is
13.7 prohibited by this section.

13.8 Sec. 26. Minnesota Statutes 2016, section 340A.504, subdivision 7, is amended to read:

13.9 Subd. 7. **Sales after 1:00 a.m.; permit fee.** (a) No licensee may sell intoxicating liquor
13.10 or ~~3-2~~ five percent malt liquor on-sale between the hours of 1:00 a.m. and 2:00 a.m. unless
13.11 the licensee has obtained a permit from the commissioner. Application for the permit must
13.12 be on a form the commissioner prescribes. Permits are effective for one year from date of
13.13 issuance. For retailers of intoxicating liquor, the fee for the permit is based on the licensee's
13.14 gross receipts from on-sales of alcoholic beverages in the 12 months prior to the month in
13.15 which the permit is issued, and is at the following rates:

13.16 (1) up to \$100,000 in gross receipts, \$300;

13.17 (2) over \$100,000 but not over \$500,000 in gross receipts, \$750; and

13.18 (3) over \$500,000 in gross receipts, \$1,000.

13.19 For a licensed retailer of intoxicating liquor who did not sell intoxicating liquor at on-sale
13.20 for a full 12 months prior to the month in which the permit is issued, the fee is \$200. For a
13.21 retailer of ~~3-2~~ five percent malt liquor, the fee is \$200.

13.22 (b) The commissioner shall deposit all permit fees received under this subdivision in
13.23 the alcohol enforcement account in the special revenue fund.

13.24 (c) Notwithstanding any law to the contrary, the commissioner of revenue may furnish
13.25 to the commissioner the information necessary to administer and enforce this subdivision.

13.26 Sec. 27. Minnesota Statutes 2016, section 340A.508, subdivision 2, is amended to read:

13.27 Subd. 2. **Tampering or diluting contents.** It is unlawful for a person holding a retail
13.28 intoxicating liquor license or a ~~3-2~~ five percent malt liquor license, directly or indirectly
13.29 through an agent, employee, or other person, to dilute or in any manner tamper with the
13.30 contents of an original package or bottle so as to change its composition or alcoholic content
13.31 while the contents are in the original package or bottle. Possession on the premises by a

14.1 licensee of alcoholic beverages in the original package or bottle, differing in composition
14.2 or alcoholic content from when it was received from the manufacturer or wholesaler from
14.3 whom it was purchased, is prima facie evidence that the contents of the original package
14.4 or bottle has been diluted, changed, or tampered with in violation of this section.

14.5 Sec. 28. **REPEALER.**

14.6 Minnesota Statutes 2017 Supplement, section 340A.301, subdivision 12, is repealed.