

ARTICLE 5

LIQUOR

Sec. 2.

**Minnesota Statutes 2016, section 340A.22, subdivision 1, is amended to read:
Subdivision 1.**

Activities.

(a) A microdistillery licensed under this chapter may provide on its premises samples of distilled spirits manufactured on its premises, in an amount not to exceed 15 milliliters per variety per person. No more than 45 milliliters may be sampled under this paragraph by any person on any day.

(b) A microdistillery can sell cocktails to the public, pursuant to subdivision 2.

(c) A microdistillery may not operate a cocktail room under subdivision 2 or conduct sales at off-sale under subdivision 4 unless at least 50 percent of the annual production of the licensee is processed and distilled on premises.

(d) Distilled spirits produced or in production prior to July 1, 2017, are not counted as part of the calculations under paragraph (c).

EFFECTIVE DATE.

This section is effective July 1, 2017.

Sec. 3.

**Minnesota Statutes 2016, section 340A.22, subdivision 2, is amended to read:
Subd. 2.**

Cocktail room license.

(a) A municipality, including a city with a municipal liquor store, may issue the holder of a microdistillery license under this chapter a microdistillery cocktail room license. A microdistillery cocktail room license authorizes on-sale of distilled liquor produced by the distiller for consumption on the premises of or adjacent to one distillery location owned by the distiller. Notwithstanding section 340A.504, subdivision 3, a cocktail room may be open and may conduct on-sale business on Sundays if authorized by the municipality. Nothing in this subdivision precludes the holder of a microdistillery cocktail room license from also holding a license to operate a restaurant at the distillery. Section 340A.409 shall apply to a license issued under this subdivision. All provisions of this chapter that apply to a retail liquor license shall apply to a license issued under this subdivision unless the provision is explicitly inconsistent with this subdivision.

(b) A distiller may only have one cocktail room license under this subdivision, and may not have an ownership interest in a distillery licensed under section [340A.301](#), subdivision 6, clause (a).

(c) The municipality shall impose a licensing fee on a distiller holding a microdistillery cocktail room license under this subdivision, subject to limitations applicable to license fees under section [340A.408, subdivision 2](#), paragraph (a).

(d) A municipality shall, within ten days of the issuance of a license under this subdivision, inform the commissioner of the licensee's name and address and trade name, and the effective date and expiration date of the license. The municipality shall also inform the commissioner of a license transfer, cancellation, suspension, or revocation during the license period.

(e) No single entity may hold both a cocktail room and taproom license, and a cocktail room and taproom may not be colocated.

EFFECTIVE DATE.

This section is effective July 1, 2017.

Sec. 4.

**Minnesota Statutes 2016, section 340A.24, subdivision 3, is amended to read:
Subd. 3.**

Total retail sales.

A brew pub's total retail sales at on- or off-sale under this section may not exceed 3,500 barrels per year, provided that off-sales may not total more than ~~500~~ 750 barrels.

EFFECTIVE DATE.

This section is effective the day following final enactment.

Sec. 5.

**Minnesota Statutes 2016, section 340A.28, subdivision 1, is amended to read:
Subdivision 1.**

License; limitations.

A brewer licensed under section [340A.301](#), subdivision 6, clause (c), (i), or (j), may be issued a license by a municipality for off-sale of malt liquor at its licensed premises that has been produced and packaged by the brewer. The license must be approved by the commissioner. A brewer may only have one license under this subdivision. The amount of malt liquor sold at off-sale may not exceed ~~500~~ 750 barrels annually. Off-sale of malt liquor shall be limited to the legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the brewer is located, and the malt liquor sold off-sale must be removed from the premises before the applicable off-sale closing time at exclusive liquor stores, except that

malt liquor in growlers only may be sold at off-sale on Sundays. Sunday sales must be approved by the licensing jurisdiction and hours may be established by those jurisdictions. Packaging of malt liquor for off-sale under this subdivision must comply with section [340A.285](#).

EFFECTIVE DATE.

This section is effective the day following final enactment.

Sec. 6.

Minnesota Statutes 2016, section 340A.301, is amended by adding a subdivision to read: Subd. 12.

3.2 percent malt liquor; label.

3.2 percent malt liquor, as defined under section 340A.101, subdivision 19, may be sold with a label that states "MAX 3.2% ALC/WT" or equivalent, on the side of the can or bottle, and does not require a similar disclosure on the can top or bottom. The commissioner shall establish standards to implement this requirement.

EFFECTIVE DATE.

This section is effective July 1, 2017, and applies to all cans or bottles sold after that date.

Sec. 7.

Minnesota Statutes 2016, section 340A.315, subdivision 7, is amended to read: Subd. 7.

Distilled spirits permitted.

Farm wineries licensed under this section are permitted to manufacture distilled spirits as defined under section [340A.101, subdivision 9](#), which may exceed 25 percent alcohol by volume, made from Minnesota-produced or Minnesota-grown grapes, grape juice, other fruit bases, or honey. The following conditions pertain:

(1) no farm winery or firm owning multiple farm wineries may manufacture more than 5,000 gallons of distilled spirits in a given year, and this 5,000 gallon limit is part of the 50,000 gallon limit found in subdivision 2;

(2) a farm winery may not sell at on-sale, off-sale, or wholesale, a distilled spirit that does not qualify as a Minnesota spirit. For purposes of this section, to qualify as a Minnesota spirit, 50 percent of the distilled spirit must be processed and distilled on premises. Distilled spirits produced or in production prior to July 1, 2017, are not counted as part of the calculations under this clause;

(3) farm wineries must pay an additional annual fee of \$50 to the commissioner before beginning production of distilled spirits; and

~~(3)~~ (4) farm wineries may not sell or produce distilled spirits for direct sale to manufacturers licensed under section 340A.301, subdivision 6, paragraph (a).

EFFECTIVE DATE.

This section is effective July 1, 2017.

Sec. 9.

**Minnesota Statutes 2016, section 340A.504, subdivision 6, is amended to read:
Subd. 6.**

Municipalities may limit hours.

A municipality may further limit the days or hours of on and off sales of alcoholic beverages, provided that further restricted on-sale hours for intoxicating liquor must apply equally to on-sale hours of 3.2 percent malt liquor. A city may not permit the sale of alcoholic beverages during hours when the sale is prohibited by this section.

EFFECTIVE DATE.

This section is effective the day following final enactment.

Sec. 18.

SPECIAL CLOSING TIMES; 2018 SUPER BOWL.

During the 2018 National Football League Super Bowl at U.S. Bank Stadium, licensing jurisdictions that issue on-sale intoxicating liquor licenses under Minnesota Statutes, chapter 340A, may, at their discretion, issue special permits for service of alcohol through extended hours lasting until 4:00 a.m. each day. This section is subject to the following conditions:

(1) only holders of an existing on-sale intoxicating liquor license or a 3.2 malt liquor license are eligible for later closing hours;

(2) later closing hours apply only during the period from 12:00 p.m. on February 2, 2018, through 4:00 a.m. on February 5, 2018;

(3) local licensing jurisdictions issuing special permits to operate with extended hours during the days listed in clause (2) may charge a fee up to but not to exceed \$250 for a permit. In the process of issuing a permit under this section, the licensing jurisdiction may limit approval to specified geographic, zoning, or license classifications within its jurisdiction; and

(4) this section expires at 4:01 a.m. on February 5, 2018.

EFFECTIVE DATE.

This section is effective the day following final enactment.

Sec. 19.

REPEALER.

Laws 2001, chapter 193, section 10, as amended by Laws 2013, chapter 137, article 4, section 6; and Laws 2013, chapter 137, article 4, section 6, are repealed.

Presented to the governor May 26, 2017

Signed by the governor May 30, 2017, 4:40 p.m.