

HOUSE BILL NO. 578

INTRODUCED BY T. BROCKMAN

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING ALCOHOL LAWS TO ALLOW A LICENSEE WITH A CATERING ENDORSEMENT TO SELL LIQUOR IN ORIGINAL PACKAGING FOR OFF-PREMISES CONSUMPTION DURING A SPECIAL LIQUOR MANUFACTURING INDUSTRY-SPECIFIC EVENT SPONSORED BY A LICENSED DISTILLER; PROVIDING UP TO SIX SPECIAL EVENTS A YEAR; AND AMENDING SECTION 16-4-204, MCA."

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

**Section 1.** Section 16-4-204, MCA, is amended to read:

**"16-4-204. Transfer -- catering endorsement -- competitive bidding -- rulemaking.** (1) (a) Except as provided in subsection (3), a license may be transferred to a new owner and to a location outside the quota area where the license is currently located only when the following criteria are met:

(i) the total number of all-beverages licenses in the current quota area exceeded the quota for that area by at least 25% in the most recent census prescribed in 16-4-502;

(ii) the total number of all-beverages licenses in the quota area to which the license would be transferred, exclusive of those issued under 16-4-209(1)(a) and (1)(b), did not exceed that area's quota in the most recent census prescribed in 16-4-502:

(A) by more than 33%; or

(B) in an incorporated city of more than 10,000 inhabitants and within 5 miles of its corporate limits, by more than 43%; or

(iii) the department finds, after a public hearing, that the public convenience and necessity would be served by a transfer.

(b) A license transferred pursuant to subsection (1)(a) that was issued pursuant to a competitive bidding process is not eligible to offer gambling under Title 23, chapter 5, part 3, 5, or 6.

(2) When the department determines that a license may be transferred from one quota area to

another under subsection (1), the department shall use a competitive bidding process as provided in 16-4-430 to determine the party afforded the opportunity to purchase and transfer a license.

(3) A license within an incorporated quota area may be transferred to a new owner and to a new unincorporated location within the same county on application to and with consent of the department when the total number of all-beverages licenses in the current quota area, exclusive of those issued under 16-4-209(1)(a) and (1)(b), exceeds the quota for that area by at least 25% in the most recent census and will not fall below that level because of the transfer.

(4) A license issued under 16-4-209(1)(a) may not be transferred to a location outside the quota area and the exterior boundaries of the Montana Indian reservation for which it was originally issued.

(5) (a) Any all-beverages licensee is, upon the approval and in the discretion of the department, entitled to a catering endorsement to the licensee's all-beverages license to allow the catering and sale of alcoholic beverages to persons attending a special event on premises not otherwise licensed for the sale of alcoholic beverages for on-premises consumption. The Except as provided in subsection (5)(j) of this section, the alcoholic beverages must be consumed on the premises where the event is held.

(b) A written application for a catering endorsement and an annual fee of \$250 must be submitted to the department for its approval.

(c) An all-beverages licensee who holds an endorsement granted under this subsection (5) may not cater an event in which the licensee is the sponsor. The catered event must be within 100 miles of the licensee's regular place of business.

(d) The licensee shall notify the local law enforcement agency that has jurisdiction over the premises where the catered event is to be held. A fee of \$35 must accompany the notice.

(e) The sale of alcoholic beverages pursuant to a catering endorsement is subject to the provisions of 16-6-103.

(f) The sale of alcoholic beverages pursuant to a catering endorsement is subject to the provisions of 16-3-306, unless entities named in 16-3-306 give their written approval.

(g) A catering endorsement issued for the purpose of selling and serving beer at a special event conducted on the premises of a county fairground or public sports arena authorizes the licensee to sell and serve beer in the grandstand and bleacher area of the premises, as well as from a booth, stand, or other fixed

1 place on the premises.

2 (h) A catering endorsement issued for the purpose of selling and serving liquor or beer and wine at  
3 a sporting event conducted on the premises of a Montana university as provided in 16-4-112 authorizes the  
4 licensee to sell and serve liquor or beer and wine in the grandstand and bleacher area of the premises, as well  
5 as from a booth, stand, or other fixed place on the premises.

6 (i) A licensee may not share revenue from the sale of alcoholic beverages with the sponsor of the  
7 catered event unless the sponsor is the state of Montana, a political subdivision of the state, a Montana  
8 university as provided in 16-4-112, or a qualified entity under section 501(c) of the Internal Revenue Code, 26  
9 U.S.C. 501(c), as amended.

10 (j) A licensee with a catering endorsement may, up to six times a year, allow for the sale of liquor  
11 in original packaging for off-premises consumption. A distiller licensed under 16-4-312 may apply to the  
12 department to sponsor a catered event with a licensee with a catering endorsement under this subsection (5)  
13 that allows for the sale of liquor in original packaging for off-premises consumption at a liquor manufacturing  
14 industry-specific event. The department may only approve six of these events per year.

15 (6) The department may adopt rules to implement this section."

16 - END -