

HCS SS SCS SB 919 -- INTOXICATING LIQUOR

SPONSOR: Schmitt (Cornejo)

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Small Business by a vote of 12 to 2. Voted "Do Pass with HCS" by the Select Committee on Commerce by a vote of 7 to 1.

MALT LIQUOR (Sections 311.090 & 311.200, RSMo)

Current law allows for the issuance of a license to sell malt liquor that has an alcohol level of no more than 5% by weight in cities of less than 19,000 in which voters have not authorized the sale of intoxicating liquor. This bill removes the 5% alcohol limit on the malt liquor and adds a reference to a statutory definition of malt liquor.

MICROBREWERIES (Section 311.195)

Currently, microbreweries may receive a license to sell intoxicating liquor by the drink at retail for consumption on the premises. This bill specifies that the license allows the microbrewery to sell all kinds of intoxicating liquor as defined by statute and the consumption may occur on the premises of the microbrewery or in close proximity to it. In addition, this bill repeals a provision of current law specifying that certain statutes regarding the authority of cities and counties to collect liquor license fees and other liquor regulations apply to microbreweries.

COOLERS (Sections 311.198 and B)

Beginning January 1, 2017, this bill allows a brewer to lease portable refrigeration units to retail licensees at a value equal to the cost of the unit to the brewer. A brewer may also enter into lease agreements with wholesalers, who may enter into sub-lease agreements with retail licensees at a value equal to the cost of the unit to the brewer. The brewer or wholesaler may also recover 2% of the total lease value at the execution of the lease. A wholesaler may not directly or indirectly fund the cost or maintenance of the portable refrigeration units. A brewer may only lease one portable refrigeration unit per retail location. For the purposes of the section, a "brewer" is defined as all associated businesses, subsidiaries, and interest holders. No portable refrigeration unit may exceed certain height, width, and depth dimensions as set forth in this bill. The portable refrigeration unit may bear in a conspicuous manner substantial advertising matter about a product or products of the brewer, and no retail location may have more than one unit. A retail licensee may sell any product from such units, but dispensing equipment may not be

attached to the unit and liquor may not be dispensed from the unit. Further, if a brewer or wholesaler provides such portable refrigeration units, they shall provide the Division of Alcohol and Tobacco Control certain information within 30 days as set forth in this bill.

This section shall expire on January 1, 2020, except any lease executed prior to January 1, 2020 shall remain in effect until the expiration of such lease.

GROWLERS (Section 311.201)

This bill allows any person who is licensed to sell intoxicating liquor in the original package at retail to sell 32 to 128 ounces of draft beer for consumption off the premises.

This bill specifies that no law or rule of the Supervisor of Alcohol and Tobacco Control shall be interpreted to allow a liquor wholesaler, distributor, or manufacturer to provide dispensing or cooling equipment or growlers to anyone who has a retail license to sell liquor in the original package. This bill provides the manner in which growlers may be filled and refilled and requirements for certain information to be provided on the growler.

This provision is similar to SCS HB 279 (2015) and SB 312 (2015).

CONTROLLED LIQUOR SELF-DISPENSING SYSTEMS (Section 311.205)

Currently, licensed liquor retailers may use table tap dispensing systems that allow patrons to self-dispense up to 32 ounces of beer per patron at their tables. This bill expands this statute to allow licensed liquor retailers to use self-dispensing systems that allow patrons to self-dispense up to 32 ounces of beer or 16 ounces of wine. The bill removes references to table taps and instead refers to self-dispensing systems.

This provision is identical to SB 825 (2016).

PROOF OF AGE TO PURCHASE LIQUOR (Section 311.328)

This bill adds nondriver's licenses to the list of types of identification that may be used as proof of age to purchase liquor. This provision is identical to HB 2534 (2016).

FESTIVAL PERMIT FOR OUT-OF-STATE MANUFACTURERS (Section 311.915)

An out-of-state beer and malt liquor manufacturer who is not licensed in Missouri may receive a special permit to participate in festivals, bazaars, and other events. The manufacturer does not

need to follow label registration requirements for state-licensed manufacturers. The permit only allows up to 200 gallons of beer or malt liquor to be shipped in the state. The licensed manufacturer holding the retail license for the event must pay the excise taxes on the liquor, but beer and malt liquor samples provided at festivals, bazaars, or similar events are not to be considered sales for tax reporting purposes as long as specific criteria are met. The permit is valid for up to 72 hours and costs \$25.

This bill is similar to SS SCS SB 919 (2016).

PROPOSERS: Supporters say that the bill opens up a new market for refrigerated space, which is critical for beer sales, that the bill is not an attack on the three-tier liquor legal system, and that craft brewers will not be harmed by brewers leasing portable refrigeration units to retailers.

Testifying for the bill were Senator Schmitt; Matthew Pelizzaro, Teamsters Local 6; Steven Busch; Missouri Restaurant Association; Associated Industries Of Missouri; Missouri Chamber Of Commerce and Industry; Plumbers & Pipefitters Local #562; Anheuser Busch; St. Louis Regional Chamber; United For Missouri; Missouri Retailers Associated & Missouri Grocers Association; and the Missouri Petroleum Marketers & Convenience Store Association (MPCA).

OPPOSERS: Those who oppose the bill say that coolers are already available for retailers and wholesalers, that the bill is actually about circumventing the three-tier liquor legal system, and larger brewers will invariably use their market power to unduly influence consumer choices in retail markets regardless of the bill's language to the contrary.

Testifying against the bill were Bernie Fechtel; Brian Durham, Piney River Brewing Company, LLC; and Jeff Schrag, Missouri Small Brewers Guild.

OTHERS: Others testifying on the bill say being required to file copy and sales use tax statements within ten days of their issuance will impose a measurable burden for renewing liquor licenses.

Testifying on the bill were Dirt Cheap and Keith Hendrickson, Liquor Control.