

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: June 6, 2022
Item No.: 7.b

Department Approval

City Manager Approval



Item Description: Discuss Amending City Code Chapter 302 Liquor Control to Allow for the Off-sale of Malt Beverages.

BACKGROUND

The 2022 Minnesota Legislative Session resulted in the passage of a new law that created Minnesota Statute 340A.29. This law has created a new class of off-sale license for small brewers with production up to 7,500 barrels of beer annually and allows the off-sale of malt beverages up to 128 ounces, per customer, per day. This new provision would allow small brewers to sell their products in different packaging, such as a 4-pack or 6-pack, instead of just in a growler container.

If the ordinance is amended in accordance with state law, an applicant would need to apply to the state and city for a license to sell up to 128 ounces per day, per customer.

POLICY OBJECTIVE

Administering and controlling the dispensing of liquor is an important regulatory function of the City. Amending City Ordinances to reflect State law allows for continued enforcement of liquor control regulations while providing the business community and consumers a choice on how liquor is sold and consumed.

FINANCIAL IMPACTS

There will be minimal administrative costs with the new licenses, as this will typically be issued simultaneously with an off-sale brewery taproom license.

STAFF RECOMMENDATION

Staff recommends that the City Council adopt changes to the ordinance.

REQUESTED COUNCIL ACTION

Staff recommends that the City Council adopt changes to the ordinance.

Prepared by: Katie Bruno, Deputy City Clerk

Attachments: A. Draft Ordinance
B. Chapter 86, MN Session Laws 2022

ORDINANCE NO. _____

**AN ORDINANCE AMENDING
TITLE 3, SECTION 302
LIQUOR CONTROL**

The City Council of the City of Roseville does ordain:

SECTION 1: Title 3, Section 302.02(L) License Required of the Roseville City Code is amended to read as follows:

L. Off-Sale Brewery Malt Liquor License: Off-sale brewery malt liquor licenses for the sale of intoxicating liquor shall permit the licensee to sell intoxicating liquor that has been produced and packaged on the licensed premises in accordance with MN Statutes section 340A.28 or 340A.29 (Ord.1406, 4-25-2011) (~~Ord. XXXX~~)

SECTION 2: Effective date. This ordinance shall take effect upon its passage and publication.

Passed by the City Council of the City of Roseville this ____ day of _____, 2022.

(SEAL)

CITY OF ROSEVILLE

BY: _____
Daniel J. Roe, Mayor

ATTEST:

BY: _____
Patrick Trudgeon, City Manager

EFFECTIVE DATE. This section is effective the day following final enactment.

Attachment B

Sec. 5. **[340A.29] OFF-SALE PACKAGING REQUIREMENTS FOR CERTAIN SMALL BREWERS.**

Subdivision 1. Certain off-sale authorized. Notwithstanding any law to the contrary, and in addition to the off-sale of malt liquor allowed under section 340A.28, a brewer licensed under section 340A.301, subdivision 6, clause (c), (i), or (j), that produces 7,500 barrels or less of malt liquor annually may be issued a license by a municipality for off-sale at its licensed premises of up to 128 ounces per customer per day of malt liquor that has been produced and packaged by the brewer, as provided in subdivision 2. The license must be approved by the commissioner. The amount of malt liquor sold at off-sale under this section must be included in calculating the annual barrel limit imposed in section 340A.28, subdivision 1.

Subd. 2. Packaging. Malt liquor authorized for off-sale pursuant to subdivision 1 must be packaged in a container or combination of containers that is in compliance with the provisions of Minnesota Rules, parts 7515.1080 to 7515.1120.

Subd. 3. Off-sale not exclusive to brewery premises. Any brand sold under this section must be made available for sale to a malt liquor wholesaler, other than a wholesaler owned in whole or in part by a brewer as allowed in section 340A.301, subdivision 9.

Subd. 4. Exception; production in 2021. Notwithstanding the 7,500 barrel limit in subdivision 1, a brewer licensed under section 340A.301, subdivision 6, clause (c), (i), or (j), that produced more than 5,500 barrels but not more than 13,500 barrels of malt liquor in calendar year 2021, as demonstrated by records from the Department of Revenue, may be issued a license under this section, provided that a brewer is only allowed to make the sales authorized in this section until the brewer's production exceeds its 2021 production amount by 2,000 barrels.

Subd. 5. Reporting. The commissioner may by rule establish reporting requirements for brewers making off-sales of malt liquor under this section to ensure compliance with the 128 ounce limit in subdivision 1.

Subd. 6. Other laws. All other requirements of chapter 340A, not inconsistent with this section apply.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2020, section 340A.301, subdivision 8, is amended to read:

Subd. 8. Interest in other business. (a) Except as provided in this subdivision, a holder of a license as a manufacturer, brewer, importer, or wholesaler may not have any ownership, in whole or in part, in a business holding a retail intoxicating liquor or 3.2 percent malt liquor license. The commissioner may not issue a license under this section to a manufacturer, brewer, importer, or wholesaler if a retailer of intoxicating liquor has a direct or indirect interest in the manufacturer, brewer, importer, or wholesaler. A manufacturer or wholesaler of intoxicating liquor may use or have property rented for retail intoxicating liquor sales only if the manufacturer or wholesaler has owned the property continuously since November 1, 1933. A retailer of intoxicating liquor may not use or have property rented for the manufacture or wholesaling of intoxicating liquor.

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

(c) A winery holding a license under subdivision 6, paragraph (b) that produces and sells, including sales from the winery's premises, no more than 2,500 barrels or its metric equivalent of cider made from apples in a calendar year may own or have an interest in a wholesaler that sells only the winery's apple-based cider products. The winery eligible to own or have an interest in a wholesaler under this subdivision must provide the commissioner with an affidavit stating that no existing wholesaler is available to represent and distribute the winery's apple-based cider to retail license holders, and detailing the actions taken by the winery in pursuing a distribution contract for the cider product.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2020, section 340A.307, subdivision 1, is amended to read:

Subdivision 1. Nondiscriminatory sales. All licensed importers and manufacturers must offer for sale on an equal basis to all licensed wholesalers and manufacturers all intoxicating liquor brought into or produced in the state of Minnesota.

EFFECTIVE DATE. This section is effective the day following final enactment.