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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2435

02/27/2014 Authored by Davnie and Murphy, E.,
The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act
1.2 relating to liquor; expanding locations for small wineries; amending Minnesota
1.3 Statutes 2012, sections 340A.101, by adding a subdivision; 340A.315; repealing
1.4 Minnesota Statutes 2012, section 340A.101, subdivision 11.

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

1.6 Section 1. Minnesota Statutes 2012, section 340A.101, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 26a. Small winery. A "small winery" is a winery producing table, sparkling,
1.9 or fortified wine from grapes, grape juice, other fruit or fruit juices, or honey, with a
1.10 majority of the ingredients grown or produced in Minnesota.

1.11 Sec. 2. Minnesota Statutes 2012, section 340A.315, is amended to read:

1.12 **340A.315 FARM SMALL WINERY LICENSE.**

1.13 Subdivision 1. **Licenses.** The commissioner may issue a ~~farm~~ small winery license
1.14 to the owner or operator of a ~~farm~~ small winery located within the state and producing
1.15 table, sparkling, or fortified wines. Licenses may be issued and renewed for an annual fee
1.16 of \$50, which is in lieu of all other license fees required by this chapter.

1.17 Subd. 2. **Sales.** A license authorizes the sale, on the ~~farm~~ small winery premises,
1.18 of table, sparkling, or fortified wines produced by that ~~farm~~ small winery at on-sale or
1.19 off-sale, in retail, or wholesale lots in total quantities not in excess of 50,000 gallons in
1.20 a calendar year, glassware, wine literature and accessories, cheese and cheese spreads,
1.21 other wine-related food items, and the dispensing of free samples of the wines offered
1.22 for sale. Sales at on-sale and off-sale may be made on Sundays between 10:00 a.m. and
1.23 12:00 midnight. Labels for each type or brand produced must be registered with the

2.1 commissioner, without fee prior to sale. A ~~farm~~ small winery may provide samples
2.2 of distilled spirits manufactured pursuant to subdivision 7, on the ~~farm~~ small winery
2.3 premises, but may sell the distilled spirits only through a licensed wholesaler. Samples of
2.4 distilled spirits may not exceed 15 milliliters per variety.

2.5 Subd. 3. **Applicability.** Except as otherwise specified in this section, all provisions
2.6 of this chapter govern the production, sale, possession, and consumption of table,
2.7 sparkling, or fortified wines produced by a ~~farm~~ small winery.

2.8 Subd. 4. **Minnesota products.** If Minnesota-produced or -grown grapes, grape
2.9 juice, other fruit bases, or honey is not available in quantities sufficient to constitute
2.10 a majority of the table, sparkling, or fortified wine produced by a ~~farm~~ small winery,
2.11 the holder of the ~~farm~~ small winery license may file an affidavit stating this fact with
2.12 the commissioner. If the commissioner, after consultation with the commissioner of
2.13 agriculture, determines this to be true, the ~~farm~~ small winery may use imported products
2.14 and shall continue to be governed by the provisions of this section. The affidavit is
2.15 effective for a period of one year, after which time the ~~farm~~ small winery must use the
2.16 required amount of Minnesota products as provided by subdivision 1 unless the ~~farm~~ small
2.17 winery holder files a new affidavit with the commissioner.

2.18 Subd. 6. **On-sale licenses allowed.** Nothing in this section or in any other section of
2.19 law prevents a ~~farm~~ small winery from obtaining a separate on-sale license and operating
2.20 a business establishment that utilizes that license in conjunction with and within the
2.21 physical facilities of the winery and its buildings.

2.22 Subd. 7. **Distilled spirits permitted.** ~~Farm~~ Small wineries licensed under
2.23 this section are permitted to manufacture distilled spirits as defined under section
2.24 340A.101, subdivision 9, which may exceed 25 percent alcohol by volume, made from
2.25 Minnesota-produced or Minnesota-grown grapes, grape juice, other fruit bases, or honey.
2.26 The following conditions pertain:

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

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

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

2.34 Subd. 8. **Bulk wine.** ~~Farm~~ Small wineries licensed under this section are permitted
2.35 to purchase and use bulk wine, provided that:

3.1 (1) the quantity of bulk wine in any ~~farm~~ small winery's annual production shall not
3.2 exceed ten percent of that winery's annual production;

3.3 (2) the bulk wine under subdivision 4 shall be counted as a portion of the 49
3.4 percent of product that need not be Minnesota-grown and may be imported from outside
3.5 Minnesota; and

3.6 (3) the bulk wine must be blended and not directly bottled.

3.7 "Bulk wine," as used in this subdivision, means fermented juice from grapes, other
3.8 fruit bases, or honey.

3.9 ~~Subd. 9. **Agricultural land.** A farm winery license must be issued for operation of
3.10 a farm winery on agricultural land, operating under an agricultural classification, zone,
3.11 or conditional use permit. Farm wineries with licenses issued prior to March 1, 2012,
3.12 are exempt from this provision.~~

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

3.14 Sec. 3. **REVISOR'S INSTRUCTION.**

3.15 The revisor of statutes shall replace the term "farm winery" with "small winery" in
3.16 Minnesota Statutes.

3.17 Sec. 4. **REPEALER.**

3.18 Minnesota Statutes 2012, section 340A.101, subdivision 11, is repealed.

APPENDIX
Repealed Minnesota Statutes: 14-4667

340A.101 DEFINITIONS.

Subd. 11. **Farm winery.** "Farm winery" is a winery operated by the owner of a Minnesota farm and producing table, sparkling, or fortified wines from grapes, grape juice, other fruit bases, or honey with a majority of the ingredients grown or produced in Minnesota.