

HOUSE BILL NO. 586
INTRODUCED BY GOULD

IN THE HOUSE

FEBRUARY 3, 1987 INTRODUCED AND REFERRED TO COMMITTEE
 ON BUSINESS & LABOR.

FEBRUARY 24, 1987 COMMITTEE RECOMMEND BILL
 DO PASS AS AMENDED. REPORT ADOPTED.

 STATEMENT OF INTENT ADOPTED.

 PRINTING REPORT.

 SECOND READING, DO PASS.

 ON MOTION, RULES SUSPENDED AND BILL
 PLACED ON THIRD READING THIS DAY.

 THIRD READING, PASSED.
 AYES, 92; NOES, 7.

 TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 2, 1987 INTRODUCED AND REFERRED TO COMMITTEE
 ON BUSINESS & INDUSTRY.

MARCH 27, 1987 COMMITTEE RECOMMEND BILL BE
 CONCURRED IN. REPORT ADOPTED.

MARCH 30, 1987 ON MOTION, CONSIDERATION PASSED
 FOR THE DAY.

 ON MOTION, TAKEN FROM SECOND READING
 AND REREFERRED TO COMMITTEE ON
 BUSINESS AND INDUSTRY.

APRIL 1, 1987 COMMITTEE RECOMMEND BILL BE
 CONCURRED IN AS AMENDED. REPORT
 ADOPTED.

APRIL 4, 1987 SECOND READING, CONCURRED IN.

APRIL 6, 1987

THIRD READING, CONCURRED IN.
AYES, 49; NOES, 0.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 8, 1987

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS NOT
CONCURRED IN.

ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 9, 1987

ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE HOUSE

APRIL 16, 1987

FREE CONFERENCE COMMITTEE REPORTED.

IN THE SENATE

APRIL 17, 1987

FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

IN THE HOUSE

APRIL 20, 1987

SECOND READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

APRIL 21, 1987

THIRD READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

SENT TO ENROLLING.

1 House BILL NO. 586

2 INTRODUCED BY [Signature]

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO MODIFY THE STATE
5 LIQUOR DIVISION'S MARKETING ARRANGEMENTS FOR TABLE WINE;
6 AMENDING SECTIONS 16-2-301, 16-2-302, AND 16-3-403, MCA; AND
7 PROVIDING AN EFFECTIVE DATE."
8

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

10 Section 1. Section 16-2-301, MCA, is amended to read:

11 "16-2-301. Retail selling price on table wine sold by
12 the state. (1) The retail selling price at which table wine
13 is sold by the department ~~shall--be~~ through a state
14 employee-operated store is computed by adding to the
15 statewide weighted average cost of table wine the tax and
16 state markup as designated by the department.

17 (2) The retail selling price at which table wine is
18 sold by a commission agent of the department is computed by
19 adding to the delivered cost of the wine from the
20 distributor a separate markup designated by the department."

21 Section 2. Section 16-2-302, MCA, is amended to read:

22 "16-2-302. State distribution. The department may
23 import and distribute one or more named table wines to one
24 or more designated state employee-operated liquor stores, in
25 the same manner as if the table wine contained more than 14%

1 alcohol by volume."

2 Section 3. Section 16-3-403, MCA, is amended to read:

3 "16-3-403. To whom table wine distributor may sell.

4 (1) A table wine distributor may sell and deliver table wine
5 purchased or acquired by him to:

6 (a) another table wine distributor, retailer, or
7 common carrier which holds a license issued by the
8 department of revenue; ~~or to;~~

9 (b) the department; and

10 (c) a commission agent of the department.

11 (2) It shall be unlawful for any table wine
12 distributor to sell, deliver, or give away any table wine to
13 be consumed on such distributor's premises or to give, sell,
14 deliver, or distribute any table wine purchased or acquired
15 by him to the public."

16 NEW SECTION. Section 4. Extension of authority. Any
17 existing authority of the department of revenue to make
18 rules on the subject of the provisions of this act is
19 extended to the provisions of this act.

20 NEW SECTION. Section 5. Effective date. This act is
21 effective July 1, 1989.

-End-



STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB586, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to modify the state liquor division's marketing arrangements for table wine; amending sections 16-2-301, 16-2-302, and 16-3-403, MCA; and providing an effective date.

FISCAL IMPACT:

The proposed law would not become effective until FY90. It enables the Department of Revenue to add a separate markup to the cost of wine delivered to commission agents by private distributors. The proposed law would have no fiscal impact because the Department could designate markups which would achieve revenue neutrality.

David L. Hunter DATE 2/9/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

Budd Gould DATE _____
BUDD GOULD, PRIMARY SPONSOR
Fiscal Note for HB586, as introduced.

HB 586

HOUSE BILL NO. 586
INTRODUCED BY GOULD

A BILL FOR AN ACT ENTITLED: "AN ACT TO MODIFY THE STATE LIQUOR DIVISION'S MARKETING ARRANGEMENTS FOR TABLE WINE; AMENDING SECTIONS 16-2-301, 16-2-302, AND 16-3-403, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 16-2-301, MCA, is amended to read:

"16-2-301. Retail selling price on table wine sold by the state. (1) The retail selling price at which table wine is sold by the department shall be through a state employee-operated store is computed by adding to the statewide weighted average cost of table wine the tax and state markup as designated by the department.

(2) The retail selling price at which table wine is sold by a commission agent of APPOINTED BY the department AFTER MAY 1, 1987, is computed by adding to the delivered cost of the wine from the distributor a separate markup designated by the department."

Section 2. Section 16-2-302, MCA, is amended to read:

"16-2-302. State distribution. The department may import and distribute one or more named table wines to one or more designated state employee-operated liquor stores, OR

AGENCY STORES APPOINTED ON OR BEFORE APRIL 30, 1987, in the same manner as if the table wine contained more than 14% alcohol by volume."

Section 3. Section 16-3-403, MCA, is amended to read:

"16-3-403. To whom table wine distributor may sell.

(1) A table wine distributor may sell and deliver table wine purchased or acquired by him to:

(a) another table wine distributor, retailer, or common carrier which holds a license issued by the department of revenue; or to;

(b) the department; and

(c) a commission agent of the department.

(2) It shall be unlawful for any table wine distributor to sell, deliver, or give away any table wine to be consumed on such distributor's premises or to give, sell, deliver, or distribute any table wine purchased or acquired by him to the public."

NEW SECTION. Section 4. Extension of authority. Any existing authority of the department of revenue to make rules on the subject of the provisions of this act is extended to the provisions of this act.

NEW SECTION. Section 5. Effective date. This act is effective July 1, 1989 MAY 1, 1987.

-End-



APPROVED BY COMM. ON
BUSINESS AND LABOR

1 STATEMENT OF INTENT

2 HOUSE BILL 586

3 House Business and Labor Committee
4

5 A statement of intent is required for HB 586 because it
6 contemplates a modification of the department of revenue's
7 existing rule establishing a markup on table wine. This bill
8 is intended to equalize the status of agency liquor stores
9 established in the future between stores which hold wine
10 retailing licenses (e.g. grocery stores or pharmacies) and
11 agency stores which do not hold wine licenses. The latter
12 class of agents may purchase table wine from local wine
13 distributors with their own funds, should they choose to do
14 so, as the agents with wine licenses will be doing. The
15 department should set a markup reflective of market
16 conditions in wine retailing. The agent would remit to the
17 department that portion of the markup remaining after the
18 agent's commission comes out. The agent would also retain so
19 much of his receipts from table wine sales as reflects the
20 cost of the wine to him, in order to replenish inventory.

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THIRD READING

HB 586

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13 is sold by the department shall--be through a state
14 employee-operated store is computed by adding to the
15 statewide weighted average cost of table wine the tax and
16 state markup as designated by the department.

17 (2) The retail selling price at which table wine is
18 sold by a commission agent of APPOINTED BY the department
19 AFTER MAY 1, 1987, is computed by adding to the delivered
20 cost of the wine from the distributor a separate markup
21 designated by the department."

22 Section 2. Section 16-2-302, MCA, is amended to read:

23 "16-2-302. State distribution. The department may
24 import and distribute one or more named table wines to one
25 or more designated state employee-operated liquor stores, OR

1 AGENCY STORES APPOINTED ON OR BEFORE APRIL 30, 1987, in the
2 same manner as if the table wine contained more than 14%
3 alcohol by volume."

4 Section 3. Section 16-3-403, MCA, is amended to read:

5 "16-3-403. To whom table wine distributor may sell.

6 (1) A table wine distributor may sell and deliver table wine
7 purchased or acquired by him to:

8 (a) another table wine distributor, retailer, or
9 common carrier which holds a license issued by the
10 department of revenue--or-to;

11 (b) the department; and

12 (c) a commission agent of the department.

13 (2) It shall be unlawful for any table wine
14 distributor to sell, deliver, or give away any table wine to
15 be consumed on such distributor's premises or to give, sell,
16 deliver, or distribute any table wine purchased or acquired
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19 existing authority of the department of revenue to make
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21 extended to the provisions of this act.

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23 effective ~~July 1, 1989~~ MAY 1, 1987.

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11 agency stores which do not hold wine licenses. The latter
12 class of agents may purchase table wine from local wine
13 distributors with their own funds, should they choose to do
14 so, as the agents with wine licenses will be doing. The
15 department--should--set--a--markup--reflective---of---market
16 conditions--in--wine--retailing--The-agent-would-remit-to-the
17 department--that--portion-of-the-markup--remaining--after--the
18 agent's-commission-comes-out--The-agent-would-also-retain-so
19 much--of--his-receipts-from-table-wine-sales-as-reflects-the
20 cost-of-the-wine-to-him, in order to replenish inventory.

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 2 INTRODUCED BY GOULD
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 5 LIQUOR DIVISION'S MARKETING ARRANGEMENTS FOR TABLE WINE; TO
 6 PROVIDE A TAX ON TABLE WINE SOLD BY A DISTRIBUTOR TO CERTAIN
 7 COMMISSION AGENTS; AMENDING SECTIONS 16-2-301, 16-2-302, AND
 8 16-3-403, MCA; AND PROVIDING AN EFFECTIVE DATE."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 16-2-301, MCA, is amended to read:

12 "16-2-301. Retail selling price on table wine ~~sold by~~
 13 ~~the state --~~ TAX ON CERTAIN TABLE WINE. (1) The retail
 14 selling price at which table wine is sold EITHER by the
 15 department, ~~shall--be~~ through a state employee-operated
 16 store, OR BY A COMMISSION AGENT, WHO WAS APPOINTED BEFORE
 17 APRIL 30, 1987, INCLUDING SUBSEQUENT RENEWALS OF SUCH
 18 APPOINTMENT, AND WHO ELECTS TO ORDER TABLE WINE FROM THE
 19 DEPARTMENT, is computed by adding to the statewide weighted
 20 average cost of table wine the tax and state markup as
 21 designated by the department.

22 (2) The retail selling price at which table wine is
 23 sold by a commission agent of APPOINTED BY the department
 24 AFTER MAY 1, 1987, is computed by adding--to--the--delivered
 25 cost--of--the--wine--from--the--distributor--a--separate--markup

1 designated-by-the-department AS DETERMINED BY THE AGENT.
 2 (3) IN ADDITION TO THE TAX ON WINE ASSESSED UNDER
 3 16-1-411, THERE IS A TAX OF 32 CENTS A LITER ON TABLE WINE
 4 SOLD BY A TABLE WINE DISTRIBUTOR TO AN AGENT AS DESCRIBED IN
 5 SUBSECTION (2). THIS ADDITIONAL TAX MUST BE PAID TO THE
 6 DEPARTMENT BY THE DISTRIBUTOR IN THE SAME MANNER AS THE TAX
 7 UNDER 16-1-411 IS PAID."

8 Section 2. Section 16-2-302, MCA, is amended to read:

9 "16-2-302. State distribution. The department may
 10 import and distribute one or more named table wines to one
 11 or more designated state employee-operated liquor stores, OR
 12 AGENCY STORES APPOINTED ON OR BEFORE APRIL 30, 1987,
 13 INCLUDING SUBSEQUENT RENEWALS OF SUCH APPOINTMENTS, in the
 14 same manner as if the table wine contained more than 14%
 15 alcohol by volume."

16 Section 3. Section 16-3-403, MCA, is amended to read:

17 "16-3-403. To whom table wine distributor may sell.

18 (1) A table wine distributor may sell and deliver table wine
19 purchased or acquired by him to:

20 (a) another table wine distributor, retailer, or
21 common carrier which holds a license issued by the
22 department of revenue, ~~or to;~~

23 (b) the department; and

24 (c) a commission agent of the department.

25 (2) It shall be unlawful for any table wine



1 distributor to sell, deliver, or give away any table wine to
2 be consumed on such distributor's premises or to give, sell,
3 deliver, or distribute any table wine purchased or acquired
4 by him to the public."

5 NEW SECTION. Section 4. Extension of authority. Any
6 existing authority of the department of revenue to make
7 rules on the subject of the provisions of this act is
8 extended to the provisions of this act.

9 NEW SECTION. Section 5. Effective date. This act is
10 effective ~~July-17-1989~~ MAY 1, 1987.

-End-

STANDING COMMITTEE REPORT

BUSINESS & INDUSTRY
HB 586
Page 2 of 2

SENATE

MARCH 31, 1987

MARCH 31, 1987

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE BILL No. 586

THIRD reading copy (BLUE color)

GOULD (WILLIAMS)

MODIFY MARKETING ARRANGEMENTS FOR TABLE WINE

Respectfully report as follows: That HOUSE BILL No. 586

be amended as follows:

1. Statement of intent, lines 14 through 20.
Following: "doing." on line 14
Strike: remainder of line 14 through line 20
2. Title, following line 5.
Insert: "TO PROVIDE A TAX ON TABLE WINE SOLD BY A DISTRIBUTOR TO CERTAIN COMMISSION AGENTS;"
3. Page 1, lines 11 and 12.
Following: "wine"
Strike: "sold by the store"
Insert: "-- tax on certain table wine"
4. Page 1, line 13.
Following: "sold"
Insert: "either"
Following: "department"
Insert: ",,"

5. Page 1, line 14.
Following: "store"
Insert: ", or by a commission agent, who was appointed before April 30, 1987, including subsequent renewals of such appointment, and who elects to order table wine from the department,"
6. Page 1, lines 19 through 21.
Following: "1987, is"
Strike: remainder of line 19 through "department" on line 21
Insert: "as determined by the agent"
(3) In addition to the tax on wine assessed under 16-1-411, there is a tax of 32 cents a liter on table wine sold by a table wine distributor to an agent as described in subsection (2). This additional tax must be paid to the department by the distributor in the same manner as the tax under 16-1-411 is paid."
7. Page 2, line 1.
Following: "1987,"
Insert: "including subsequent renewals of such appointments,"

Amendments, HB 586
7090f/C:JEANNE\WP:jj

XXXXXX

XXXXXXXX

(CONTINUED)

AK
SENATOR ALLEN C. KOLSTAD, Chairman

3-31-87
14
5
AB

AND AS AMENDED,
BE CONCURRED IN

AK
SENATOR ALLEN C. KOLSTAD, CHAIRMAN

3-31-87
14
520

CONFERENCE COMMITTEE REPORT

Report No. One

..... 4-15..... 19..87...

MR. PRESIDENT

We, your _____ Free _____ Conference Committee on

HB 586

met and considered _____ House Bill 586 in its entirety.

We recommend as follows:

THAT HOUSE BILL 586, reference copy salmon, BE AMENDED AS FOLLOWS:

1) Statement of Intent, line 10.
Following: "e.g."
Strike: "grocery stores or"
Insert: ", "

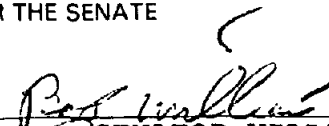
2) Page 2, line 3.
Strike: "32 CENTS"
Insert: "1 cent"

3) Page 2, line 7.
Following: "PAID."
Insert: "The department shall deposit the tax paid under this section in the general fund."

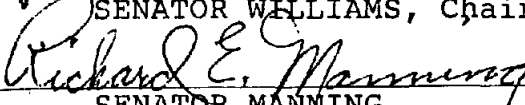
And that this Conference Committee report be adopted.

FOR THE SENATE

FOR THE HOUSE



SENATOR WILLIAMS, Chairman



SENATOR MANNING




SENATOR HAGER



REP. GOULD



REP. GRINDE



REP. PAVLOVICH

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3 House Business and Labor Committee
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6 contemplates a modification of the department of revenue's
7 existing rule establishing a markup on table wine. This bill
8 is intended to equalize the status of agency liquor stores
9 established in the future between stores which hold wine
10 retailing licenses (e.g., ~~grocery stores or~~ pharmacies) and
11 agency stores which do not hold wine licenses. The latter
12 class of agents may purchase table wine from local wine
13 distributors with their own funds, should they choose to do
14 so, as the agents with wine licenses will be doing. ~~The~~
15 ~~department--should--set--a--markup--reflective---of---market~~
16 ~~conditions--in--wine-retailing;-The-agent-would-remit-to-the~~
17 ~~department-that-portion-of-the-markup--remaining--after--the~~
18 ~~agent's-commission-comes-out;-The-agent-would-also-retain-so~~
19 ~~much--of--his-receipts-from-table-wine-sales-as-reflects-the~~
20 ~~cost-of-the-wine-to-him;-in-order-to-replenish-inventory;-~~

Includes free conference
committee report dated 4-15-87

HB-586

HOUSE BILL NO. 586

INTRODUCED BY GOULD

A BILL FOR AN ACT ENTITLED: "AN ACT TO MODIFY THE STATE LIQUOR DIVISION'S MARKETING ARRANGEMENTS FOR TABLE WINE; TO PROVIDE A TAX ON TABLE WINE SOLD BY A DISTRIBUTOR TO CERTAIN COMMISSION AGENTS; AMENDING SECTIONS 16-2-301, 16-2-302, AND 16-3-403, MCA; AND PROVIDING AN EFFECTIVE DATE."

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(2) The retail selling price at which table wine is sold by a commission agent of APPOINTED BY the department AFTER MAY 1, 1987, is computed by adding--to--the--delivered cost--of--the--wine--from--the--distributor--a--separate--markup

designated-by-the-department AS DETERMINED BY THE AGENT.

(3) IN ADDITION TO THE TAX ON WINE ASSESSED UNDER 16-1-411, THERE IS A TAX OF ~~32-CENTS~~ 1 CENT A LITER ON TABLE WINE SOLD BY A TABLE WINE DISTRIBUTOR TO AN AGENT AS DESCRIBED IN SUBSECTION (2). THIS ADDITIONAL TAX MUST BE PAID TO THE DEPARTMENT BY THE DISTRIBUTOR IN THE SAME MANNER AS THE TAX UNDER 16-1-411 IS PAID. THE DEPARTMENT SHALL DEPOSIT THE TAX PAID UNDER THIS SECTION IN THE GENERAL FUND."

Section 2. Section 16-2-302, MCA, is amended to read:

"16-2-302. State distribution. The department may import and distribute one or more named table wines to one or more designated state employee-operated liquor stores, OR AGENCY STORES APPOINTED ON OR BEFORE APRIL 30, 1987, INCLUDING SUBSEQUENT RENEWALS OF SUCH APPOINTMENTS, in the same manner as if the table wine contained more than 14% alcohol by volume."

Section 3. Section 16-3-403, MCA, is amended to read:

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12 effective ~~July 17, 1989~~ MAY 1, 1987.

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