

For **SEPTEMBER 6, 2018**

Economic Affairs Interim Committee
Pat Murdo, Research Staff

UPDATE ON ALCOHOLIC BEVERAGE AUCTIONS

RULES

- March 16, 2018 -- The Department of Revenue published a notice for a public hearing on its proposed rules.
- April 9, 2018 -- At a public hearing three people testified. Three people (including one who testified in person) provided written comments.
- Aug. 10, 2018 -- The proposed rules were published and adopted with some changes to proposed rules I, II, and IV.

AUCTIONS

The accompanying table shows the first set of auctions authorized under Senate Bill 5 from the 2017 special session.

All bidders must file a form along with a \$100 processing fee and an irrevocable letter of credit from a financial institution

Quota Area	Reason Available	License Type	Minimum Bid	Competitive Bid Deadline
Belgrade	SB 5 quota split	Beer License	\$168,300	Sept. 20, 2018
Bozeman	Census	Beer License	\$220,000	Sept. 20, 2018
	Census	All-Beverage License (Floater)	\$371,250	Sept. 20, 2018
Three Forks	Census	Beer License	\$14,622	Sept. 20, 2018
	Census	All-Beverage License (Floater)	\$71,577	Sept. 20, 2018
Townsend	Census	All-Beverage License (Floater)	\$10,395	Sept. 20, 2018

equal to or greater than the bid amount. The minimum bids are set at 75% of the market value of licenses of the same type in the area or a similar area.

Although more licenses are available for auction than are listed in the Table, the Department of Revenue used the initial auction as a way of making sure the process goes smoothly for all involved. After the initial group's competitive bid processes close, the Department of Revenue plans to make more licenses available. The winners of these first bids are expected to be announced later this year.

The new law authorizing quota areas limits auctions to one license per license type per year in each town that was part of the overlapping quota area, which now can be evenly split as allowed by SB 5. For example, Belgrade is eligible for 18 additional alcoholic beverage licenses, of which 3 are beer licenses. But of that number only one beer license may be auctioned this year in Belgrade.

CI0425 8248pmxa.docx