



ADMINISTRATIVE RULES OF MONTANA

42.11.106 REDUCTION IN STATE MARKUP FOR DISTILLERIES AT OR BELOW 25,000 PROOF GALLONS

- (1) For purposes of applying 16-2-211, MCA, a reduced markup rate of 20 percent will be applied to all liquor products acquired from a distillery that manufactures, distills, rectifies, bottles, or processes 25,000 proof gallons or less of liquor nationwide annually.
- (2) The 20 percent reduced markup rate is determined using a 100 percent reduction in markup after agency liquor store commissions and the costs to operate the state liquor warehouse have been accounted for. These costs account for approximately half of the standard markup normally collected on product sold by the department. The department will annually review the associated agency liquor store commissions and the costs to operate the state liquor warehouse to ensure these costs do not exceed the reduced markup. The department will publish any adjustments to the reduced markup based on the results of the annual review.
- (3) A distillery requesting a reduction in the state markup must certify with a sworn statement, on a form supplied by the department, that the number of proof gallons they have manufactured, distilled, rectified, bottled, or processed nationwide annually is at or below the 25,000 proof gallon threshold. A distillery requesting a reduced markup rate must submit this form and meet the specified requirements at the time of initially registering with the department and by February 15 of each of the following calendar years in order to receive the reduced markup rate.
- (4) Failure to submit the form described in (3) to the department each year by February 15 will result in a 40.5 percent markup rate for liquor products, 20 percent for sacramental wine products, and 51 percent for fortified wine products. The effective date of any changes in a distillery's markup rate will coincide with the publication date of the next quarterly price book.
- (5) Each new liquor product a vendor introduces will be assigned the distillery's current applicable markup rate.
- (6) The department may request and examine any distillery's books and records for the purpose of determining the accuracy of the total number of proof gallons reported by the distillery.
- (7) For the purpose of this rule, a distillery is considered a vendor.

Authorizing statute(s): 16-1-303, MCA

Implementing statute(s): 16-2-211, MCA

History: NEW, 2011 MAR p. 2296, Eff. 10/28/11; AMD, 2014 MAR p. 2793, Eff. 11/7/14; AMD, 2020 MAR p. 1745, Eff. 9/26/20.