

Guidance for SELLING an alcoholic beverage license

If you own an alcoholic beverage license, there may be a time when you decide to sell it. Here is some helpful information to understand the process of selling your alcoholic beverage license.

Who to contact when selling a license?

Contact Alcoholic Beverage Control Division (ABCD) and provide the primary contact information including, name, phone number, and email. ([Contact a Licensing Specialist](#)).

Steps of the application process when selling:

It takes approximately 90 days after a completed application has been received to process it when selling an alcoholic beverage license. This includes, but is not limited to:

- A review of financial information provided by the buyer to determine the suitability of the funding for the license;
- Background checks of buyers with 15% or more ownership and any non-institutional lenders;
- A suitability review of the premises proposed for licensing;
- Inspections by local building and fire officials; and
- Publication (newspaper) of the transfer of ownership of the license [16-4-207](#) and [16-4-401](#), MCA which requires additional time for protests.

Seller(s) are responsible for:

- Operating the license until the transfer or until Temporary Operating Authority (TOA) is approved. TOA is for a maximum of 180 days. [16-4-404 \(6\)](#), MCA and ARM [42.12.208](#);
- Requesting nonuse status if you **are not operating** during the transfer and TOA has not been approved for the buyer;
- Maintaining possessory interest in the property, if seller(s) are planning to continue to operate the license. Seller(s) must have a lease from the buyer if the property is sold before the license is transferred and the license is not on nonuse;
- A buy-sell agreement between the owning entity and the buyer. The purchase price of the license must be separated from any other property;
- Contacting the licensing specialist and getting approval before any alterations begin on the premises;
- Making sure the license renewal is not outstanding before the license can be transferred.

If the seller is “owner financing”

If the seller(s) have not been vetted through the department in the last 5 years, fingerprint cards and background documentation must be submitted. Seller(s) may have other documentation that must be submitted with the application regarding bank financing information as well.

Is there a secured party on the license that is being sold?

If there is a secured party (or secured parties) on the license, it will need to be cleared up by submitting a secured party termination form. This form can be found on our website or click here: [Secured Party/Security Interest Form - Montana Department of Revenue \(mtrevenue.gov\)](#).

Sellers may NOT:

- Receive funds for the license other than earnest money, not to exceed 5% of the license purchase price, before final approval of the license transfer or issuance of TOA. ARM [42.12.209](#). Keep in mind if for any reason TOA is revoked the seller must return the funds immediately and report it to the ABCD.

Guidance for BUYING an alcoholic beverage license

There may be a time when you decide to buy an alcoholic beverage license. Here is some helpful information to understand the process of buying an alcoholic beverage license.

Who to contact when buying a license?

Contact ABCD and provide the primary contact information including, name, phone number, and email. ([Contact a Licensing Specialist](#)).

Steps of the application process when buying:

A completed application must be submitted to start the process. See ARM [42.12.101](#) for a list of required documentation. The application may be submitted online via the TransAction Portal ([TAP](#)). It takes approximately 90 days after a completed application has been received to process. The application review includes, but is not limited to:

- A review of financial information provided by the buyer to determine the suitability of the funding for the license;
- Background checks of buyers with 15% or more ownership and any non-institutional lenders;
- A suitability review of the premises proposed for licensing;
- Inspections by local building and fire officials; and
- Publication (newspaper) of the transfer of ownership of the license [16-4-207](#) and [16-4-401](#), MCA which requires additional time for protests; and
- Taxes must be current for the buyer's business entity and any individual owners with 15% or more ownership.

Buyers are responsible for:

- Being in good tax standing before Temporary Operating Authority (TOA) is issued, if applicable. TOA is for a maximum of 180 days [16-4-404 \(6\)](#), MCA and ARM [42.12.101](#) (sellers are responsible for operating the license until the transfer or until the TOA is approved);
- Understanding that the seller(s) must maintain a possessory interest during the application process if the seller(s) are planning to continue to operate the license. If the buyer purchases the property, there must be a lease with the seller unless the license is on nonuse status or being operated by the buyer under TOA;

- Having a buy-sell agreement between the owning entity and the buyer with the purchase price of the license separated from any other property;
- Contacting the licensing specialist before any alterations begin on the premises;
- Contacting the local building, health, and fire officials to get on their schedule as soon as the department contacts them regarding the application;
- Being timely in responding to inquiries from the department;
- Submitting an accurate floor plan (see Floor Plan fact sheet); and
- Communicating the closing date with the licensing specialist as soon as it has been set.

Buyers may NOT:

- Transfer funds for the license, other than earnest money not to exceed 5% of the license purchase price, before final approval of the license transfer or issuance of TOA. ARM [42.12.209](#). Keep in mind if for any reason TOA is revoked the buyer must receive the funds back from the seller immediately and report it to the ABCD.

Questions? Contact a licensing specialist for your county ([Contact a Licensing Specialist](#)).

All licensees must comply with all Federal and Montana alcoholic beverage laws and rules.

[16-4-207](#), [16-4-401](#), [16-4-404 \(6\)](#), MCA and ARM [42.12.101](#), [42.12.208](#), [42.12.209](#)

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