

Domestic Distillery License



What is a domestic distillery license?

How do I get one?

What can I do with it?

What is a domestic distillery license?

A domestic distillery is located in Montana and the license allows the licensee to legally import, manufacture, distill, rectify, blend, denature, and store spirits of an alcoholic content greater than 0.5 percent alcohol by volume for sale to the department or, in some cases, transport the liquor out of Montana for sale in another state. It may also allow some distilleries to provide samples of spirits it produces for consumption on their premises with or without charge.

Montana recognizes two types of distilleries. The term “distillery” means both a distillery and a microdistillery throughout the rest of this document:

1. Domestic Microdistillery: Distilleries that produce 200,000 proof gallons or less annually within the state of Montana.
2. Domestic Distillery: Distilleries that produce over 200,000 proof gallons annually within the state of Montana.

Any distillery licensed in the state may own, lease, maintain and operate a noncontiguous Department approved warehouse for the sole purpose of storing liquor.



The following definitions apply:

Distilled Spirits means alcoholic beverages that contain ethyl alcohol and generally are the result of distillation of fermented materials. Examples include whiskey, gin, vodka, cordials, liqueurs, and flavored brandies. Distilled spirits do not include alcoholic beverages that are defined as beer or wine by the Montana Alcoholic Beverage Code.

Alcoholic Beverage means a compound produced and sold for human consumption as a drink that contains more than 0.5 percent of alcohol by volume.

Where do I start?

A distillery license may be applied for directly from the ABCD and does not need to be purchased from an existing licensee unless you are buying the business and the distilled spirits inventory.

You can file your distillery license application electronically at <https://tap.dor.mt.gov> with the Department of Revenue (DOR) Alcoholic Beverage Control Division (ABCD).

What are the associated costs?

- One-time distillery license processing fee: \$200.
- Annual distillery license: \$600.
- One-time distillery storage warehouse processing fee: \$100.
- Fingerprint card fee for each individual with 10 percent or more ownership interest in the business. Price subject to change.

What do I need to apply?

When applying for a distillery license, you need to provide the following general information:

- A completed application for a distillery license.
- Alcohol and Tobacco Tax and Trade Bureau (TTB) Federal Basic Permit to manufacture distilled spirits.
- All distilled products in Montana will need label approvals through ABCD and TTB. Certificate of label approvals (COLA) or exemption from the TTB for each brand and variety of distilled spirits to be manufactured. TTB label approvals will not delay the processing of your application; however, your products cannot be sold or distributed in Montana without label approvals. More information regarding TTB COLA available at www.TTB.gov.
- A completed ABCD authorization to disclose tax information form for each individual with ownership over 10 percent and each entity for the purchaser of the license and the seller of the license, if applicable. The form is available at MTRevenue.gov.
- A floor plan that includes the business name, physical address, storage area, sample room (if applicable), manufacturing area, external dimensions, entryways and any patio or deck area. Do not send in the original blueprints, only an 8½-by-11-inch copy of the floor plan.

When applying for a distillery license, you must provide the following financial information showing the “intent to purchase” the alcoholic beverage license and/or building, if applicable:

NOTE: You cannot exchange funds for the alcohol beverage license beyond earnest money equal to 5 percent of the license price without ABCD approval.

- Copies of any loan agreements, contracts, notes and all related security agreements, guarantees and trust indentures.
- If you used funds other than from a loan you must provide the last six months of bank statements from the bank account you are using to pay for the alcoholic beverage license, building, and/or start-up operating funds for the business.
- Other sources of funding. You must file the non-institutional loan (NIL) form with the application if any lenders or other sources of financing are not state or federally regulated financial institutions, including gifting statements. The form is available at [MTRevenue.gov](https://mtrevenue.gov).
 - Authorization for examination and release of information for each NIL.
 - Personal criminal history statement form for each NIL. The form is available at [MTRevenue.gov](https://mtrevenue.gov).
 - Two fingerprint cards and fees for each NIL.
- Copies of lease, rent, purchase options, financing agreements, or other evidence showing possessory interest in the building.

- Financial statements, such as a balance sheet, income statement or tax return for the business. If it is a new business, projected balance sheet and income statements are acceptable.
- Copy of business's bank signature card.
- Purchase/transfer documents for the alcoholic beverage license, if applicable, such as a buy/sell agreement, contract for deed, warranty deed, and bill of sale, if applicable.

When applying for a distillery license, you must provide the following ownership information (based on entity type applying), including:

- Copy of partnership agreement documentation.
- Copy of Articles of Incorporation and amendments or addenda.
- Copy of Bylaws and amendments or addenda.
- Copy of Certificate of Fact (for LLCs and LLPs).
- LLC organizational information.
- Copy of stock certificates, corporate minutes, and attachments.
- Stock ledger or register.
- Copy of Certificate of Existence (for in-state corporations).
- Copy of authority to conduct business in Montana (for out-of-state corporations).
- Copy of documentation from the Secretary of State verifying that the assumed business name (ABN) has been approved.
- Copy of Federal Employer Identification Number (FEIN) verification from IRS.

- Completed personal history statement form for each individual with 10 percent or more ownership interest in the business. The form is found at [MTRevenue.gov](https://mtrrevenue.gov).
- Two fingerprint cards and fees for each individual with 10 percent or more ownership interest in the business.

When applying for a distillery license, you need to provide the following management information, including:

- Location Manager Form. The form is available at [MTRevenue.gov](https://mtrrevenue.gov).
- Personal criminal history statement form for each location manager. The form is available at [MTRevenue.gov](https://mtrrevenue.gov).
- Two fingerprint cards and fees for each location manager.

What are the steps in the application process?

- The application process takes on average 90 days and begins when DOR receives a complete application package and all supporting documents.
- Application is reviewed by the DOR ABCD.
- ABCD sends a letter to the applicant requesting any additional documents needed.
- ABCD notifies local agencies with jurisdiction over the area (law enforcement, building department, fire department, health department, etc.) of the application in process. They have 14 days to advise the department if the applicant and the premises meet all laws and ordinances.

- Prior to final approval of any new location, it is the responsibility of the applicant to contact local building, health, and fire code officials to schedule inspections. ABCD will not approve an application until:
 - Local officials have given notice that the licensed premises meet their requirements.
 - DOJ has conducted a background check of the applicant(s) and verified the location meets suitability requirements.
- After the completion of the audit and investigation, ABCD conducts a final review of the application. If necessary, any additional documents will be requested.

Note: The final step to selling your distilled spirits in the state will be to complete a standard quotation and specification form for each of your products.

- The department will use the information you supply on the standard quotation and specification form to determine the posted price of each product, which includes a markup, excise tax and license tax. The Liquor Distribution Bureau must also approve your product packaging before you can sell your product in Montana.
- You can get the standard quotation and specification form by calling the Liquor Distribution Bureau at (406) 444-6900 or online at MTRevenue.gov.
- Please notify the Liquor Distribution Bureau of the percentage of alcohol in each proof gallon of the product distilled at your distillery. If product you distilled is mixed with a purchased in bulk spirit, we need to know the percentage of each that is used to make your final product.

What taxes does a distillery pay?

Microdistilleries pay the excise and license tax on sales out of their sample room. The tax rate is a total of 5 percent of the retail selling price per bottle. Microdistilleries are required to electronically file their tax return on or before the 15th day of each month for liquor sold during the previous month.

A distillery for which the tax is less than \$10 a month from the sale of samples is not required to file a return or pay the tax for that month.

If a distillery did not file a return for a month, generally that period would be estimated and assessed. The distillery would then have the opportunity to provide information showing their tax liability was under \$10 for the month.

If a distillery sells their product through the state liquor warehouse, then the agency liquor store pays the excise and license tax.

You must file your return electronically at <https://tap.dor.mt.gov>.

If you need help filing any of these forms, call the ABCD Liquor Auditor at (406) 444-2909.

What are the rules for a distillery license?

- All licensees, their agents, and employees must conduct the licensed premises in compliance with all:
 - Alcohol related provisions of the laws of Montana and the United States.
 - County and city or town ordinances.
 - Indian alcohol beverage laws applicable within the areas of Indian country.
 - Rules of the department.

Licensed microdistilleries producing less than 200,000 proof gallons annually may:

- Provide samples of distilled spirits in an approved sample room that were distilled on the premises, with or without charge, at the distillery between 10 a.m. and 8 p.m. The distillery may serve no more than two ounces per customer per day.
- Sell for off-premises consumption, distilled spirits that were distilled on the premises, between the hours of 8 a.m. and 2 a.m. at the distillery. The distillery may serve no more than 1.75 liters per customer per day.
- Deliver distilled spirits, that were distilled on the premises, to the liquor warehouse or an agency liquor store if the distillery uses its own equipment, trucks and employees to deliver the product.

Licensed microdistilleries producing less than 200,000 proof gallons annually must:

- Electronically report all deliveries to agency liquor stores within two days of delivery.

Licensed distilleries producing more than 200,000 proof gallons annually may:

- Sell and deliver distilled spirits to the department.
- Use a common carrier for delivery to the department.
- Not provide samples.
- Not sell for off-premises consumption.

A distillery licensee may:

- Import necessary products in bulk; bottle, produce, blend, store, transport, or export liquor that it produces; and perform those operations that are permitted for bonded distillery premises under applicable regulations of the United States Department of the Treasury. You must fill out the ASA-1 form (Importing Bulk Spirits for Manufacturing). The form is available at [MTRevenue.gov](https://mtrrevenue.gov).
- Ship sample products to the state liquor warehouse for distribution purposes in agency liquor stores at no charge to the state.

A distillery licensee may not:

- Possess a financial or ownership interest in a Montana retail license, agency liquor store or a wholesale distributor license
- Obtain a special permit.
- Ship product directly to customers in Montana. All products must be shipped to the state liquor warehouse in Helena or delivered to an agency liquor store and sold through an agency liquor store.



A distillery licensee must:

- Employ at least one representative (up to a maximum of five) who promote the sale of the vendor's product. A representative must be a resident of the state or become a resident after employment.
- Register their representatives using the Montana Vendor Representative Permit Form. The form is available at [MTRevenue.gov](https://mtrevenue.gov).
- Sell their product at the posted price if the product is sold through the state liquor warehouse. The posted price is the wholesale price determined by the department and is in addition to an excise and license tax.
- Give law enforcement access to their licensed premises at all times.
- Ensure that all employees serving open-container alcoholic beverage are 18 years or older.
- Notify the department when there is a change in manager within 30 days of hire for the location.
- Notify the department regarding most changes to the existing license before the change occurs. Contact your ABCD Licensing Specialist for more information.
- Ensure that all employees who serve or sell alcoholic beverages and their immediate supervisors:
 - Obtain state-approved training (Responsible Sales and Service Training [RASS]) within 60 days of hire.
 - Complete renewal training every three years.

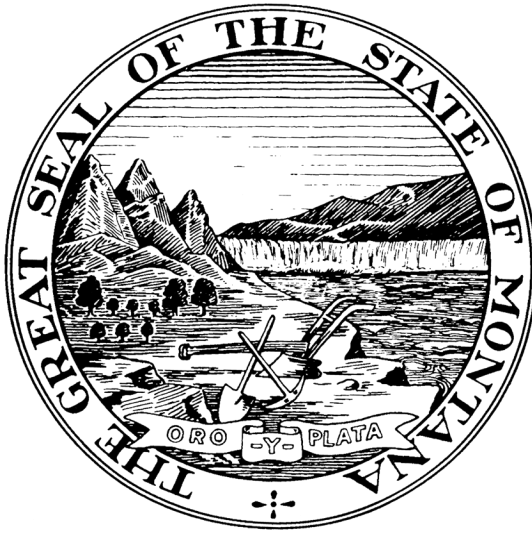
You can find a list of approved training providers at www.AlcoholServerTraining.mt.gov.

Miscellaneous:

- Alterations
 - If you decide to remodel your establishment, you must send ABCD an alteration request form along with a copy of the existing floor plan and a proposed floor plan showing the alterations before starting the alteration. The form is available at [MTRevenue.gov](https://mtrrevenue.gov).
 - Once the department reviews and approves the request, you can begin the alteration without it affecting your license. You can request to have your license placed on a non-use status while under construction. You cannot use altered areas until the department has approved them and they have passed building, health, fire, and DOJ premises inspections.
- Providing Samples
 - A sample of liquor may only be purchased through agency liquor stores by a registered liquor representative. The posted price for a sample liquor case is \$12 for shipping and handling.
 - The following rules also apply:
 - Sample products must be in their original containers and may only be given to licensed all-beverages retailers or agency liquor store agents.
 - Samples may not be given to a licensed all-beverages retailer or an agency liquor store agent who has purchased the brand within the last 12 months.

- A registered representative may not give more than three liters of a distilled spirit or a fortified wine as samples to an all-beverages retailer or agency liquor store agent.
- On-premises consumption of samples must take place at a licensed all-beverages establishment or at a special event conducted under a catering endorsement.
- Sample products must meet the following criteria:
 - Samples are limited to bottles containing no more than 750 milliliters.
 - If a vendor does not produce a product in a size of 750 milliliters or less, then the next largest size may be substituted for the 750 milliliters.
 - Samples are limited to an annual maximum of 200 liters per product.





Department of Revenue

Alcoholic Beverage Control Division

2517 Airport Road
P.O. Box 1712
Helena, MT 59624

Phone: (406) 444-6900

Fax: (406) 444-0722

Montana Relay 711

Website: MTRevenue.gov