

## **Montana Department of Revenue**

# *Alcoholic Beverage Control in Montana*

### *Liquor Control Division Mission*

To provide effective and efficient administration of the Montana alcoholic beverage code with an emphasis in customer service and public safety by applying uniform and fair regulations while ensuring an orderly system for the convenient distribution and responsible consumption of alcoholic beverages.

Law & Justice Interim Committee Meeting  
September 28 & 29, 2009

Exhibit #8

## **Montana is a Control State**

### **16-1-101, Montana Code Annotated**

- It is the policy of the State of Montana, through the Montana Department of Revenue, to effectuate and ensure the entire control of the manufacture, sale, importation, and distribution of alcoholic beverages within the state.
- It is an exercise of the police power of the state, in and for the protection of the welfare, health, peace, morals, and safety of the people of the state, and of the state's power under the 21<sup>st</sup> amendment to the United States Constitution to control the transportation and importation of alcoholic beverages into the state.

Public policy issues are created by the special characteristics of alcohol as a consumer product. The potential misuse of alcohol and its associated problems lends support for public regulation and control.

Montana and nineteen other jurisdictions are known as "control jurisdictions."

- These jurisdictions control the sale of distilled spirits and, in some cases, beer and wine through government agencies at the wholesale level.
- Control states have less consumption, which equals less social cost. Control states consume 19% less distilled spirits than license states.

As a control state, Montana believes that moderation can best be achieved by neither promoting nor encouraging the consumption of alcohol but, instead by controlling it.

- The purpose of control is to make liquor available to those adults who choose to drink responsibly, not to promote the sale of liquor.
- The control system is an effective tool to promote public health, to protect the interest of the public, to generate revenue, promote social responsibility and provide customer service for a unique but legal product.

Our top priority is to promote public safety.

## **Control Benefits to Montanans**

- By participating in the marketplace, we are able to serve our citizens with a broader and more flexible range of policy options to promote moderation in the consumption of alcoholic beverages and reduce alcohol abuse.
- Revenue is generated by the state as the distributor of distilled spirits; the proceeds from the sale of alcoholic beverage go directly to the residents rather than to private sellers. Private sellers may try to increase consumption to increase profits.
- The control state system continues to provide a regulatory environment that is better able to deter the ever-present risks and costs to the individual and the community of alcohol abuse.
- At one level, the uniform enforcement of applicable laws is made far more effective in a control state, where there are ordinarily fewer sales outlets and more importantly, where the economic incentive to violate those laws is greatly reduced.
- At another level, the control system itself serves both as a visible symbol of the public commitment to moderation and as a vehicle for the promotion of alcohol education and awareness programs to support that commitment.
- The number of licensees available to sell alcohol is limited to a quota system based on population. When outlet density is less, product is less available and it drives the consumption down.

### **What are the elements of control?**

Elements of alcohol control include availability, pricing, taxing, hours of operations, location, social responsibility, outlet density, responsible sales and service training, public convenience and necessity (PCN) and regulating promotions.

As a control state, alcohol becomes a means of not only maximizing revenues but also maximizing society's protection from alcohol-related damage. Alcohol-related social harm includes fatalities, violence, vandalism, public disorder, family problems, financial problems, work-related problems, educational difficulties and social costs.

We have the opportunity to act in ways that will either improve or worsen the problem of underage drinking and drinking and driving.

A balanced approach to alcohol policy does not view alcohol in isolation.

Regulations concerning the availability of alcohol are a necessary component of any balanced alcohol policy. The challenge is to create safer drinking environments, consumption by of age persons, and to minimize harm when it does occur.

As a control state, we serve the community by practicing social responsibility with enforcement, education and revenue dollars that fund public programs.

## Control Jurisdictions

Alabama	Idaho	Ohio	Oregon
Iowa	Maine	Pennsylvania	Utah
Montgomery County, Maryland		Vermont	Virginia
Michigan	Mississippi	Washington	West Virginia
<b>Montana</b>	North Carolina	Worcester County, Maryland	
New Hampshire		Wyoming	



---

## Liquor Licensing

The Liquor Licensing Bureau is responsible to protect the welfare and safety of the public by regulating liquor licensing laws in a uniform and fair manner. The bureau is generally responsible for overseeing and enforcing compliance with the state's liquor laws, as provided for in the Montana Alcoholic Beverage Code (Title 16, MCA).

### Control Benefits:

- Verifying through diligent and detailed examinations of financial and other documents the suitability of liquor licenses and other applicants to ensure all applicants meet the qualifications required to sell, manufacture or distribute alcoholic beverages.
- Ensuring compliance with Montana's liquor laws by actively monitoring licensee behavior and premises activities, and issuing violation notices as needed.
- Quota system has been in place since 1947. The number of licensees available to sell alcohol is limited to a quota system based on population. When outlet density is less, product is less available and it drives the consumption down.
- Owners have to be likely to operate the establishment in compliance with all applicable laws of the state and local governments.
- Owners have background checks to determine they are fit to own a license.
- Minimum Price Requirements – Distilled spirits may not be sold below the minimum posted price for a product.
- Retail Sale Hours – Alcoholic beverages may not be sold between the hours of 2:00 a.m. and 8:00 a.m.
- Proximity to Churches and Schools – No retail license may be issued whose premises are within 600 feet of a church or school.



## Liquor Distribution

The Liquor Distribution Bureau is responsible to efficiently maintain a regulated channel of distribution with an emphasis on customer service by fulfilling the public demand of distilled spirits and fortified wine through Agency Liquor Stores. The bureau is generally responsible for overseeing and managing the effective receipt and distribution of alcoholic beverages in the state.

### Control Benefits:

- Oversee all operations of the state liquor warehouse to include ordering, maintaining and monitoring liquor warehouse inventories in a manner that balances state interests with liquor distribution outlet customers.
- Establish and post statutorily-defined prices for all liquor products distributed through the liquor warehouse.
- Establish, maintain and monitor relationships, compliance issues and state contracts with 95 separate agency liquor stores.
- Control products that by their nature appears to appeal to underage consumers or tends to blur the distinction between alcoholic and nonalcoholic products by emphasize the features that are normally associated with nonalcoholic products and minimizing the product's alcoholic content.

### Liquor Distribution Revenues and Distributions

The Liquor Control Division distributed \$25.4 million to the State General Fund and \$5.1 million to the State Special Revenue Fund in fiscal year 2008.

	FY2004	FY2005	FY2006	FY2007	FY2008
Gross Liquor Sales	\$70,827,539	\$75,686,673	\$83,916,488	\$92,301,388	\$98,594,652
Net Profits Transferred	\$ 6,500,000	\$ 6,650,000	\$ 7,450,000	\$ 8,200,000	\$ 8,775,000
Taxes Transferred	\$14,613,826	\$15,616,350	\$17,309,889	\$19,039,498	\$20,333,300



---

## Liquor Education

The Liquor Control Division includes a wide variety of educational efforts designed to educate and inform sellers, distributors, and manufacturers of alcoholic beverages, as well as the general public, on topics addressing the safe and responsible consumption of alcoholic beverages in the state.

The division works with other community partners via educational programs that help to decrease underage drinking, binge drinking, and over-service through our responsible sales and service training program, "Let's Control It".

### **Our Responsible Alcohol Sales and Service Training – Let's Control it.**

The Department administers a responsible alcohol sales and service training program called "Let's Control It." This program is designed to educate retailers on how to sell and serve alcohol responsibly in an effort to keep our citizens safe. The program promotes four key principles to help businesses operate within the constraints of the law, as well as protect their liabilities. Those principles are: eliminate selling to minors, eliminate selling to intoxicated customers, eliminate over-service in establishments and refusing altered/false identifications.

The Let's Control It program sheds some light on this subject, as well as, provides tips on how to spot fake identification, deal with alcohol misuse and handle difficult or troublesome situations. It helps to enhance the cooperation between local law enforcement officials and the sales and service industry.

People who serve alcohol as a profession can be a positive force in reducing alcohol-related problems. Server training enhances public health and safety by educating licensees and servers about Montana liquor laws, providing information to servers to protect them from third party liability lawsuits, reducing illegal alcohol sales to minors, promoting responsible consumption, reducing the number of drunk drivers and reducing alcohol abuse.

#### **Statutory Authority:**

None at the moment, server training is voluntary.

#### **Level of Funding:**

The program primarily runs on a NABCA grant anywhere from \$5,000 to \$10,000 a year.

#### **Staffing:**

The department's education programs are coordinated by one education specialist at a cost of approximately \$59,000 a year.

**Program Overhaul:**

In April of 2008 the Department of Revenue hired a full time Liquor Education Specialist to oversee the department's Liquor Education Program. This position develops strategic plans, policies, and procedures to accomplish the Division's outreach, education, and promotion objectives. The Liquor Education Program underwent a major overhaul in 2008. Listed are some of the accomplishments since 2008.

**Curriculum:**

The "Let's Control It" curriculum was updated and expanded. This included lengthening the program from one hour to approximately four hours and adding curriculum content to include skill building and tools for servers and sellers to use on the job. This curriculum will be updated annually and distributed to all trainers.

**Train-the-Trainer Program:**

A train-the-train certification program and requirement guidelines was developed and implemented. This included developing and conducting an 8 hour train-the-trainer course, developing policies and processes for trainer certification, certification exam, e-trainer network, and tracking capabilities. Trainers are required to attend the 8 hour course, pass the exam and present a portion of the curriculum. Trainers must then re-certify every two years and are required to instruct at least two classes per year to remain as an active trainer.

**Trainer Manual:**

A trainer manual was developed and distributed to all state certified trainers. Manuals included trainer policies and procedures, the curriculum PowerPoint, trainee handouts and videos for use in class. Trainers were also issued a ultra-violet scanner and retro-reflective handheld light to help with presentations with regards to authenticating identifications.

**Evaluations Forms:**

A course evaluation form was developed to monitor the effectiveness of the training and trainers. A form was also developed for the train-the-trainer sessions. The goal is to make sure that effective and necessary training is being provided.

**Database:**

A database was created to track trainers, classes, attendees, and certifications.

**POST Certification:**

DOR received approval for Peace Officer Standards and Training (POST) credits for its Let's Control It curriculum. POST certification was sought as a way to encourage law enforcement officers to become state certified trainers. When a law enforcement officer goes through the training, they will now receive POST credits toward their annual continuing education requirements.

**Justice System:**

DOR is working to create a RASS referral form designed to assist judges in including RASS training as part of sentencing for individuals cited for 16-3-301 MCA.

***Alcohol Compliance Check Guide:***

DOR and DOJ are working in partnership with Travis Bruyer of the Flathead County Sheriff's Department in developing a guide on compliance checks in order to facilitate consistency across the state. The guide is currently under review by DOR management and the Attorney General's Office. Once endorsed by the AG's Office, DOR will send the guide out to all law enforcement agencies as well as all certified trainers.

***Trainers:*** (see chart) as of 9/15/2009

In year's 2003 – 2007 the department had 15 trainers across the state. These were typically Safe Kids Safe Communities Coordinators. In year 2008 the program was revamped and added 65 trainers in 2008 and added another 163 in 2009 for a total to date of 243.

***Servers/Sellers:*** (see chart) as of 9/15/2009

2003 = 53

2004 = 594

2005 = 947

2006 = 660

2007 = 1,066

2008 = 1,675

2009 = 1,749

For a total to date of 6,744

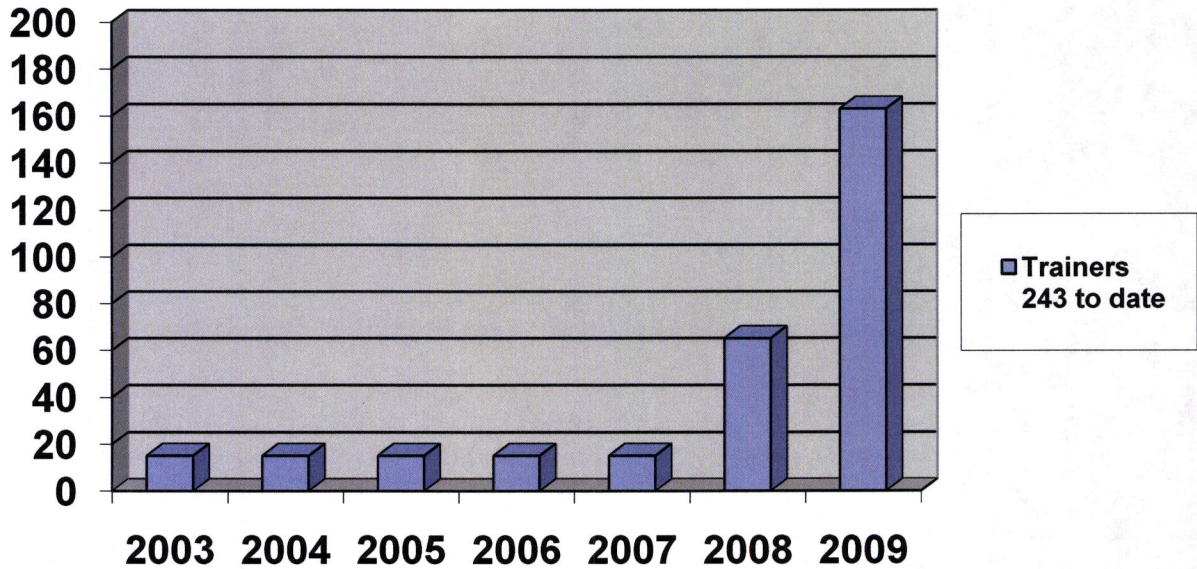
***Program Evaluation:***

DOR requires all trainers to have class attendees complete a course evaluation form. While these forms are collected by DOR, currently they have not been complied. However, the education specialist reads each evaluation that is turned in and a fair estimate would a 95% approval rating. Attendees express that the program was extremely helpful and that they have learned skills they can use on the job. These evaluations will be complied in the future.



# LET'S CONTROL IT RESPONSIBLE ALCOHOL SALES AND SERVICE TRAINING

Trainers Certified  
2003 – 2009  
(As of 9/15/2009)



Servers/Sellers Trained  
2003 – 2009  
(As of 9/15/2009)

