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Memo to the Economic Affairs Interim Committee

From Becky Schlauch, ABCD Administrator

April 25, 2024

RE: SJ30 Draft Legislation

In reviewing the draft legislation options as a result of SJ 30, the Alcoholic Beverage Control Division would like to highlight a couple issues that may be relevant to your discussions.

Federal code, 27 CFR 4, defines wines as being between 7% ABV and 24% ABV. The federal definition of wine includes hard cider and mead. The federal code also outlines when a product may be qualified as a product from a specific state or region. This includes the requirements for labelling a product as "Montana wine." *See 27 CFR 4, Subsection 4.25(b).*

The Department has adopted specific TTB regulations including 27 CFR 4 in rule. *See ARM 42.13.221.* Therefore, Montana licensees are already required to follow federal labeling requirements for wine. Given that the proposed legislation essentially follows the federal code, this would be a duplication and unnecessary. Duplicating the federal code could also cause confusion for licensees.

The Montana definition for wine includes hard cider and mead as well and allows for table wine to be up to 16% ABV.

By adding the proposed definition of "Montana-grown" to Montana code, wines that are less than 7% ABV would be subject to this requirement as well, including wine cooler type products and hard ciders which are not currently subject to this requirement.

Additionally, the proposed definition could be interpreted that "Montana-grown" only applies to grapes and not the other fruits or other agricultural products containing natural sugar, including honey. If the intent is that all of those products be "Montana-grown", it might be preferable to amend this definition to something like "Montana wine" means wine produced from grapes, other fruits, or other agricultural products containing natural sugar, including honey, 75% of which must be grown in Montana.

I would be happy to answer any questions you may have about this.