



Dan Bucks
Director

Montana Department of Revenue



Brian Schweitzer
Governor

To: Dan Bucks, Director

From: Shauna Helfert, Liquor Control Division Administrator

Date: September 11, 2012

Subject: **Liquor Control Division Update: Rules and Bottle Clubs**

At a recent Liquor Control rules hearing, the department received comments from Mr. Staples, representing the Montana Tavern Association regarding public premises that openly defy Montana laws by operating unlicensed bottle clubs.

Mr. Staples stated that legitimate, licensed, premises are investigated, examined, protested, inspected, audited, stung, taxed, zoned, and assessed fees in exchange for the privilege of serving alcohol in a public establishment. They must train their servers, conform their premises, check identification, not over-serve, be law abiding, pay their taxes, and generally be in strict compliance with a vast array of governmental controls over their alcohol service.

Mr. Staples commented that the bottle clubs operate with no restrictions, scrutiny, or consequences and are "a gaping tear in the fabric of the State of Montana's alcohol control system."

Mr. Staples stated that the MTA has consistently been supportive of the department's authority and administration of alcohol matters. Mr. Staples commented that while the department may consider this a matter for local law enforcement, 16-6-306, MCA, clearly prohibits bottle clubs. If the department determines that it is constrained by jurisdictional limits that extend only to licensees, the department should use its considerable influence to urge numerous public advocacy groups to in turn use their influence to bring an end to the bottle club culture, which openly mocks the control invested in the department.

The department agrees that bottle clubs are unlawful under 16-6-306, MCA. As Mr. Staples' pointed out, the department is without an enforcement mechanism against unlicensed persons or businesses. Through our rulemaking process, the issue of the status of bottle clubs has again come to light. The department agreed in its response to the rule hearing comments that it would call this public concern to the attention of the Revenue and Transportation Committee given that it is a matter that can only be dealt with by legislation.