

What is a Competitive Bid?

When the Department of Revenue determines a quota area is eligible for a license, the [competitive bidding process](#) is then used to allow interested parties to bid for the to apply for an available license. The highest bidder must meet specific requirements to apply for the license.

Before Bidding

Think about how you want to run the business. The information you submit on the **bid application** is how you must apply for the **license**. For example, ownership information:

- If you bid as “John Smith”, you must apply as a sole proprietor, “John Smith”.
- If you bid as an entity, such as “John’s Bar, LLC”, you must apply as “John’s Bar, LLC”.

Review the following information before you begin the competitive bidding process. (For more detailed information about licensing criteria refer to [16-4-401, MCA](#), and [Competitive Bidding Terms and Conditions](#).)

- Bidder must be 19 years or older (this includes all members of an entity if bidding as an entity).
- A license issued through a competitive bidding process is **not eligible** to offer gambling under [Title 23, chapter 5, part 3, 5, or 6](#).
- Bidder must create an account in OKTA to access the competitive bid form and complete and submit the online competitive bid form before the competitive bid deadline.
- All bids must include an Irrevocable Letter of Credit (ILOC) from a financial institution; the ILOC must contain the following information:
 - Issued in the name of individual, the business, **or** one of the business owners.
 - The bid amount in the ILOC must be equal to or greater than the bid amount on the competitive bid form and must also identify the department as the beneficiary.
 - The ILOC must be good for one year after the competitive bid deadline.

Disqualification from Competitive Bid

The following is a brief list of what may disqualify applicants from the competitive bidding process (detailed list can be found [ARM, 42.12.503](#)):

- [Competitive bid form](#) is not received on or before the deadline.
- Amount of bid is less than the minimum bid amount.
- Bidder fails to include an ILOC from a financial institution.
- ILOC fails to identify the department as the beneficiary.
- ILOC is not equal to or greater than the bid amount.

Applying for a License

- To apply for the license, complete the [Alcoholic Beverage - Gambling Operator Combined On-Premises License Application \(form 5\)](#) and applicable fees **within 60 days** of notification of being the highest bidder.
- The highest bidder may request an additional 60 days to complete and submit the License Application; the request must be made in writing and explain the need for the additional time.
- The proposed location may not have been licensed for the same license type within the previous 12 months.
- The information on the [application](#) must match the information on the [bid form](#).
- The successful applicant must operate within one (1) year from the department's notification of being the highest bidder. Keep these dates in mind. Even if you are applying for the license with a no premises application, the same one (1) year deadline from notification still applies.

After Approval of the License

- Transfer of ownership of the license is not allowed for one (1) year unless it is due to the death of an owner.
- Licensed premises must be operational within one (1) year of the Department's notification of being the highest bidder.
- Nonuse status is not available for 5 years.

Timeline

- The Department publishes notice of quota areas eligible for new licenses when available.
- The Department will contact the highest bidder if their bid form has deficiencies and will provide the opportunity for the bidder to resubmit the bid form within five (5) business days to correct any deficiencies.
- After the bid closes, the Department will notify the winning and unsuccessful bidders.
- Once notified, see above "Applying for License."

Questions? Click the link to our website and click "[Contact a Licensing Specialist](#)".

All licensees must comply with all Federal and Montana alcoholic beverage laws and rules. [16-4-401](#), [16-4-430](#), MCA and ARM, [42.12.501](#), [42.12.502](#), [42.12.503](#), [42.12.504](#).

[9.2022](#) Please note that the information in department communications may have been modified, superseded, or made obsolete by changes in federal or state law or the Administrative Rules of Montana. If you need to verify the current validity of this fact sheet or have any questions, please contact us at DORABCD-O&E@mt.gov.

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