

Fifty-eighth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1298

Introduced by

Representatives Ruby, Dosch, Ekstrom, Kasper, Meier

Senator Tollefson

1 A BILL for an Act to amend and reenact section 5-01-17 of the North Dakota Century Code,
2 relating to domestic winery licenses; and to declare an emergency.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 5-01-17 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **5-01-17. Farm Domestic winery license.**

7 1. The state tax commissioner may issue a ~~farm~~ domestic winery license to the
8 owner or operator of a ~~farm~~ winery located within this state to produce ~~table or~~
9 ~~sparkling wines~~ wine. A ~~farm~~ majority of the wine produced by a domestic winery
10 must be operated by the owner of a North Dakota farm and produce table or
11 sparkling wines produced from grapes, grape juice, other fruit bases, or honey with
12 a majority of the ingredients by volume, excluding water, grown and produced in
13 this state by the farm winery. Licenses Domestic wineries may be granted an
14 exemption from the majority ingredient utilization requirement whenever the state
15 tax commissioner determines, upon the commissioner's own motion or at the
16 request of a domestic winery, that weather conditions, pest infestations, plant
17 disease epidemics, or other natural causes have reduced the quantity or quality of
18 produce grown in this state to an extent that renders compliance with the majority
19 ingredient utilization requirement infeasible. The exemption is effective for one
20 year unless the state tax commissioner issues a new exemption. A domestic
21 winery may purchase, at wholesale or retail, brandy for use of on-premises
22 fortification. A domestic winery license may be issued and renewed for an annual
23 fee of ~~fifty~~ one hundred dollars, which is in lieu of all other license fees required by
24 this title.

- 1 2. Before a domestic winery sells any wine, the licensee must register with the state
2 tax commissioner, without a fee, the labels for each type or brand of wine
3 produced. A licensee authorizes the sale domestic winery may sell, on the farm
4 winery premises, of table or sparkling wines wine produced by that farm winery at
5 on-sale or off-sale, in retail lots, and not for resale, in total quantities not in excess
6 of one ten thousand gallons in a calendar year; glassware; wine literature and
7 accessories; cheese, cheese spreads, and other snack food items; and the
8 dispensing of. A licensee may dispense free samples of the wines offered for sale.
9 Subject to local ordinance, sales at on-sale and off-sale may be made on Sundays
10 between twelve noon and twelve midnight. ~~Labels for each type or brand~~
11 ~~produced must be registered with the state treasurer, without fee before sale. The~~
12 state tax commissioner may issue special events permits for not more than five
13 days per calendar year to a domestic winery allowing the winery, subject to local
14 ordinance, to give free samples of its wine and to sell its wine by the glass or in
15 closed containers, at a designated trade show, convention, festival, or a similar
16 event approved by the state tax commissioner. The domestic winery may sell its
17 wine to a liquor wholesaler licensed in this state and may sell or deliver its wine to
18 persons outside the state pursuant to the laws of the place of the sale or delivery.
19 A ~~farm~~ domestic winery may not engage in any wholesaling activities. All sales
20 and delivery of wines to any other retail licensed premises in this state may be
21 made only through a wholesale liquor license. A domestic winery may obtain a
22 domestic winery license and a retailer license allowing the on-premises sale of
23 alcoholic beverages at a restaurant owned by the licensee and located on property
24 contiguous to the winery.
- 25 3. ~~The farm~~ A domestic winery shall pay to the state the wholesaler taxes and the
26 sales taxes on all wines sold at retail by the ~~farm winery~~ licensee as set forth in
27 sections 5-03-07 and 57-39.2-03.2.
- 28 4. ~~The farm~~ A domestic winery shall report quarterly or annually to the state tax
29 commissioner the total quantity of wine sold by type and the amount of taxes due
30 to the state in the manner and on the forms prescribed by the state tax
31 commissioner.

- 1 5. Except as otherwise specified in this section, all provisions of this title govern the
2 production, sale, possession, and consumption of ~~table or sparkling wines~~ wine
3 produced by a ~~farm~~ domestic winery.

4 **SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure.