

Fifty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2003

HOUSE BILL NO. 1298
(Representatives Ruby, Dosch, Ekstrom, Kasper, Meier)
(Senator Tollefson)

AN ACT to amend and reenact section 5-01-17 of the North Dakota Century Code, relating to domestic winery licenses.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

5-01-17. Farm Domestic winery license.

1. The state tax commissioner may issue a farm domestic winery license to the owner or operator of a farm winery located within this state to produce table or sparkling wines wine. A farm winery must be operated by the owner of a North Dakota farm and produce table or sparkling wines from grapes, grape juice, other fruit bases, or honey with a majority of the ingredients by volume, excluding water, grown and produced in this state by the farm winery majority of the ingredients by volume, excluding water, of wine produced by a domestic winery, must be grown and produced in this state. Licenses Domestic wineries may be granted an exemption from the majority ingredient utilization requirement whenever the state tax commissioner determines, upon the commissioner's own motion or at the request of a domestic winery, that weather conditions, pest infestations, plant disease epidemics, or other natural causes have reduced the quantity or quality of produce grown in this state to an extent that renders compliance with the majority ingredient utilization requirement infeasible. The exemption is effective for one year unless the state tax commissioner issues a new exemption. A domestic winery may purchase, at wholesale or retail, brandy for use of on-premises fortification. A domestic winery license may be issued and renewed for an annual fee of fifty one hundred dollars, which is in lieu of all other license fees required by this title.
2. Before a domestic winery sells any wine, the licensee must register with the state tax commissioner, without a fee, the labels for each type or brand of wine produced. A license authorizes the sale domestic winery may sell, on the farm winery premises, of table or sparkling wines wine produced by that farm winery at on-sale or off-sale, in retail lots, and not for resale, in total quantities not in excess of one ten thousand gallons in a calendar year; glassware; wine literature and accessories; cheese, cheese spreads, and other snack food items; and the dispensing of. A licensee may dispense free samples of the wines offered for sale. Subject to local ordinance, sales at on-sale and off-sale may be made on Sundays between twelve noon and twelve midnight. Labels for each type or brand produced must be registered with the state treasurer, without fee before sale. The state tax commissioner may issue special events permits for not more than five days per calendar year to a domestic winery allowing the winery, subject to local ordinance, to give free samples of its wine and to sell its wine by the glass or in closed containers, at a designated trade show, convention, festival, or a similar event approved by the state tax commissioner. The domestic winery may sell its wine to a liquor wholesaler licensed in this state and may sell or deliver its wine to persons outside the state pursuant to the laws of the place of the sale or delivery. A farm domestic winery may not engage in any wholesaling activities. All sales and delivery of wines to any other retail licensed premises in this state may be made only through a wholesale liquor license. A domestic winery may obtain a domestic winery license and a retailer license allowing the on-premises sale of

alcoholic beverages at a restaurant owned by the licensee and located on property contiguous to the winery.

3. ~~The farm~~ A domestic winery shall pay to the state the wholesaler taxes and the sales taxes on all wines sold at retail by the ~~farm winery~~ licensee as set forth in sections 5-03-07 and 57-39.2-03.2.
4. ~~The farm~~ A domestic winery shall report quarterly or annually to the state tax commissioner the total quantity of wine sold by type and the amount of taxes due to the state in the manner and on the forms prescribed by the state tax commissioner.
5. Except as otherwise specified in this section, all provisions of this title govern the production, sale, possession, and consumption of ~~table or sparkling wines~~ wine produced by a ~~farm~~ domestic winery.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-eighth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1298.

House Vote: Yeas 80 Nays 10 Absent 4

Senate Vote: Yeas 29 Nays 18 Absent 0

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2003.

Approved at _____ M. on _____, 2003.

Governor

Filed in this office this _____ day of _____, 2003,

at _____ o'clock _____ M.

Secretary of State