

Sixty-first
Legislative Assembly
of North Dakota

HOUSE BILL NO.

Introduced by

Representative Ruby

1 A BILL for an Act to create and enact a new section to chapter 5-01 of the North Dakota
2 Century Code, relating to a farm distillery license.

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

4 **SECTION 1.** A new section to chapter 5-01 of the North Dakota Century Code is
5 created and enacted as follows:

6 **Farm distillery.**

- 7 1. The state tax commissioner may issue a farm distiller license to the owner or
8 operator of a distillery which is located on a farm premises within this state which
9 primarily uses a majority of North Dakota farm products to manufacture, and sell
10 spirits that they produced on the premises. A farm distillery license may be issued
11 and renewed for an annual fee of one hundred dollars, which is in lieu of all other
12 license fees required by this title.
- 13 2. A farm distillery may sell spirits produced by that distillery at on sale or off sale, in
14 retail lots, and not for resale, and may sell or direct ship its spirits to persons inside
15 or outside of the state in a manner consistent with the laws of the place of the sale
16 or delivery in total quantities not in excess of twenty-five thousand gallons [94625
17 liters] in a calendar year. A licensee may dispense free samples of the spirits
18 offered for sale. Subject to local ordinance, sales at on sale and off sale may be
19 made on Sundays between twelve noon and twelve midnight. A farm distillery may
20 hold events inside and outside its premises allowing free sample of its spirits and to
21 sell its spirits by the glass or in closed containers. A farm distillery may not engage
22 in any wholesaling activities. All sales and deliveries of spirits to any other retail
23 licensed premises in this state may be made only through a licensed North Dakota
24 liquor wholesaler. For any month in which a farm distillery has made sales to a

1 North Dakota wholesaler, that farm distillery shall file a report with the state tax
2 commissioner no later than the last day of each calendar month reporting sales
3 made during the preceding calendar month. When the last day of the calendar
4 month falls on a Saturday, Sunday, or legal holiday, the due date is the first
5 working day thereafter.

6 3. A farm distillery may obtain a farm distillery license and a retailer license allowing
7 the on premises sales of alcoholic beverages at a restaurant owned by the
8 licensee and located on property contiguous to the farm distillery. A farm distillery
9 may also won or operate a winery.

10 4. A farm distillery is subject to section 5-03-06 and shall report and pay annually to
11 the state tax commissioner the wholesaler taxes due on all spirits sold by the
12 licensee at retail, including all spirits shipped directly to consumers as set forth in
13 sections 5-03-07 and 57-39.6-02. The annual wholesaler tax reports are due
14 January fifteenth of the year following the year sales were made. When the
15 fifteenth of January falls on a Saturday, Sunday, or legal holiday, the due date is
16 the first working day thereafter. The report must provide such detail and be in a
17 format as prescribed by the state tax commissioner. The state tax commissioner
18 may require that the report be submitted in an electronic format approved by the
19 state tax commissioner.