

HOUSE BILL NO. 1298
with Senate Amendments

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

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

- 1 to the state in the manner and on the forms prescribed by the state tax
2 commissioner.
- 3 5. Except as otherwise specified in this section, all provisions of this title govern the
4 production, sale, possession, and consumption of ~~table or sparkling wines~~ wine
5 produced by a ~~farm~~ domestic winery.
- 6 **SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure.