

Introduced by

Senator Larsen

Representatives Streyle, Ruby

1 A BILL for an Act to create and enact a new section to chapter 5-01 of the North Dakota Century
2 Code, relating to brewery licenses; and to amend and reenact section 5-03-07 of the North
3 Dakota Century Code, relating to taxes on alcohol.

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

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

7 **Domestic brewery license.**

- 8 1. The tax commissioner may issue a domestic brewery license to the owner or operator
9 of a brewery located within this state to produce beer. A domestic brewery license may
10 be issued and renewed for an annual fee of one hundred dollars, which is in lieu of all
11 other state license fees required by this title. A local governing body may require a
12 domestic brewery that intends to sell beer at retail to obtain a local retail alcoholic
13 beverage license, and subject to this section, require compliance with local regulations
14 for the retail sale of alcoholic beverages.
- 15 2. A brewery may sell beer produced at that brewery at on sale or off sale, in retail lots,
16 and not for resale, and may sell or ship its beer to persons inside or outside the state
17 in a manner consistent with the laws of the place of sale or delivery in total quantities
18 not in excess of twenty-five thousand gallons [94625 liters] in a calender year;
19 glassware; beer literature and accessories; and snack food items. A licensee may
20 dispense free samples of beer offered for sale. The tax commissioner may issue
21 special event permits for not more than twenty days per calendar year to a brewery
22 allowing the brewery, subject to local ordinance, to give free samples of its beer and to
23 sell its beer by the glass or in closed containers, at a designated trade show,
24 convention, festival, or a similar event approved by the tax commissioner. All sales and

1 deliveries of beer to any other retail license premises in this state may be made only
2 through a licensed North Dakota wholesaler unless the beer is sold and delivered by
3 the brewery to a retail license premises within one hundred fifty miles [241.40
4 kilometers] of the brewery. For any month in which a brewery has made sales to a
5 North Dakota wholesaler, that brewery shall file a report with the tax commissioner no
6 later than the last day of each calendar month reporting sales made during the
7 preceding calendar month. When the last day of the calendar month falls on a
8 Saturday, Sunday, or legal holiday, the due date is the first working day after that day.

9 3. A brewery may obtain a retail license allowing on-premises sales of alcoholic
10 beverages at a restaurant owned by the licensee and located on property contiguous
11 with the brewery.

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

21 **SECTION 2. AMENDMENT.** Section 5-03-07 of the North Dakota Century Code is amended
22 and reenacted as follows:

23 **5-03-07. Imposition of tax - Rate.**

24 A tax is hereby imposed upon all alcoholic beverage wholesalers, domestic wineries,
25 domestic distilleries, microbrew pubs, domestic brewers, and direct shippers for the privilege of
26 doing business in this state. The amount of this tax shall be determined by the gallonage
27 according to the following schedule:

28 Beer in bulk containers - per wine gallon	\$.08 (.021 per liter)
29 Beer in bottles and cans - per wine gallon	.16 (.042 per liter)
30 Wine, including sparkling wine,	
31 containing less than 17% alcohol by	

Sixty-third
Legislative Assembly

1	volume - per wine gallon	.50 (.132 per liter)
2	Wine containing 17%-24% alcohol by	
3	volume - per wine gallon	.60 (.159 per liter)
4	Distilled spirits - per wine gallon	2.50 (.66 per liter)
5	Alcohol - per wine gallon	4.05 (1.07 per liter)