



# North Dakota House of Representatives

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## **Representative Corey Mock**

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**COMMITTEES:**  
Appropriations

February 6, 2023

Chairman Scott Louser and House Industry, Business and Labor Committee

North Dakota State Capitol – Room 327C

Testimony in Support of HB 1449 – Craft Beverage Policy Standardization

Chairman Louser and Member of the House IBL Committee,

Since 1991, policy makers in North Dakota have created and amended provisions related to craft beverages in all but 3 legislative sessions (1993, 1997, and 1999.)

- Domestic wineries were created in 2001, with the law honed by 12 proposals enacted over 7 different sessions.
- Domestic distilleries joined the scene in 2009 and were featured in 7 bills over 4 sessions.
- Microbrew pubs are our oldest domestic craft beverage – August 1<sup>st</sup>, 1991 is the born on date stamped on their label – and modified 5 times over as many sessions.
- Their craft cousin – brewer taprooms – was conceived a decade ago and tweaked 4 times over its years.

Our craft beverages manufacturers, despite the individuality of their products, share much in common. They source local ingredients when possible; benefit from the success of industry businesses, such as other manufacturers, wholesalers, and retailers; are destination businesses who depend on new and returning customers alike; are carefully regulated at the local, state, and federal level.

Despite those similarities (and our best efforts), we have created several legal inconsistencies that create confusion and barriers for some of our more personable small businesses.

House Bill 1449 seeks to standardize some of the more renowned and resolvable regulatory differences.

Below is a rudimentary chart intended to illustrate major distinctions between the four craft beverage license types. Standardization of domestic farm product, special events, and special event definitions (all highlighted in red) are inconsistencies addressed in HB 1449.

	Winery	Distillery	Microbrew Pubs	Brewer Taprooms
<b>License Fee</b>	\$100	\$100	\$100	\$500
<b>Annual Production Limit</b>	25,000 gallons	25,000 gallons	10,000 barrels	25,000 barrels
<b>On Sale</b>	Y	Y	Y	Y
<b>Off Sale</b>	Y	Y	5.16 gal / day	5.16 gal / day
<b>Percent of ND Farm Product Required</b>	n/a	51%	n/a	n/a
<b>Special Events</b>	40 special events	40 event days	40 days	40 days
<b>Event Definition</b>	Any offsite	Any offsite	show, convention, festival, fundraiser or other nonprofit event...	show, convention, festival, fundraiser or other nonprofit event...

Each change in HB 1449 seeks to modify at least one license type and make it consistent with the others. Domestic wineries have become the standard-bearer in every category; HB 1449 originally removed the word “special” from “special event permits.” After consultation with industry partners, all beverage types agreed it was best to refer to these permits as “special event permits,” as these off-premises activities are supplemental to their primary businesses.

I will be walking through the amendment attached to my testimony (**23.1034.01001m**).

### Section 1 – Microbrew pubs

- Returns “special” to the name of their off-premise event license (existing law)
- Changes “days” to “events”
- Adds “subject to local ordinance”
- Removes ambiguous off-premise event types and replaces with “off-premises events”

*Domestic wineries are included in section 2 of the original bill; adopting “special event permits” as the craft beverage standard allows any modifications to the domestic winery code to be removed from the bill altogether.*

**Section 2 – Domestic distillery**

- Removes domestic ingredient requirement (consistent with wineries and breweries)
- Adds “special” to event permit language
- Changes “event days” to “events”

**Section 3 – Brewer taproom**

- Returns “special” to the name of their off-premises event license (existing law)
- Changes “days” to “events”
- Removes ambiguous off-premise event types and replaces with “off-premises events”

Clearing these small but noticeable inconsistencies should reduce the need for “tweaks” in future sessions. A welcomed change that makes the industry more predictable, stable, and enjoyable for all.