1/23/2023

• • •

Mike Frohlich
Laughing Sun Brewing Company
Bismarck, ND 58504

Senator Doug Larsen
Industry, Business, and Labor Committee

Chairman Larsen & Members of the Senate IBL Committee,

I am writing this letter in support of SB 2319 to fix event language in state century code relating to off-site events for breweries and taprooms. Laughing Sun Brewing Company has been denied multiple permits over the years due to the Tax Department determination that they did not meet the requirements of the definition of a festival or non-profit fundraiser. State century code allows wineries and distilleries to participate in 40 events at off-site premises without distinction of a festival or fundraiser. Brewpubs and Taprooms should be on a level playing field with other alcohol manufacturers in the state.

Below are two examples of the state tax commissioner's office denial of event permits.

Example 1: Permit denied for a Capital City Sporting Clays Event

> I am reviewing the permit request submitted for Laughing Sun Brewing for the Fun Day Bustin' Clays event. This event does not meet the definition set forth in Century Code statute a "trade show, convention, festival, fundraiser, or other related special event hosted by a nonprofit organization unaffiliated with the licensee." Your product can be served at this event if the Capital City Sporting Clays organization purchases your product and they serve it at the event. We are unable to approve a special event permit for you to serve your product at this event.
>
> Best Regards,
> Dana

Example 2: Permit denied for the River City Sports Show

This is one of those events where it is not a festival, trade show, fundraiser or convention. It is a promotional event being held by a certain business, essentially advertising their products on a given day on their premises. It is not affiliated with a non-profit, as has been the case with most of your other events that we have allowed. The other vendors present appear to be manufacturers that have their products available at that business. The inclusion of your business in the lineup appears to be for refreshment purposes.

What has changed over the last year is the many and varied events that have been presented to us. We understand that it has been a struggle for a lot of small businesses out there and any opportunity to get your name out there is of benefit. However, the privileges of being a microbrew pub or taproom don't extend to participating as a "pop-up" bar at any event/location outside of your business premises. This has been something we have had to look at with increased scrutiny.

Amanda Filipek
Supervisor, Wholesale & Oil Taxes
NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER

Passage of SB2319 would simplify state century code, make it consistent across alcoholic beverage manufacturers, and eliminate the need for the tax commissioner's office to interpret state code, providing a level and consistent event permitting process. I ask that you vote in support of SB2319. Thank you for your time and attention to this matter, supporting small businesses across the state.

Sincerely,

Mike Frohlich
Founder/Brewmaster
Laughing Sun Brewing Company