

**FIRST ENGROSSMENT**

**ENGROSSED HOUSE BILL NO. 1466**

Introduced by

Representatives Dockter, Berg, O'Brien, Toman

Senators Larson, Mathern

1 A BILL for an Act to amend and reenact section 5-01-01 and subsection 2 of section 5-01-19.2  
2 of the North Dakota Century Code, relating to the definitions of a domestic and manufacturing  
3 distillery and satellite locations.

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

5 **SECTION 1. AMENDMENT.** Section 5-01-01 of the North Dakota Century Code is amended  
6 and reenacted as follows:

7 **5-01-01. Definitions.**

8 In this title:

- 9 1. "Alcohol" means neutral spirits distilled at or above one hundred ninety degrees proof,  
10 whether or not such product is subsequently reduced, for nonindustrial use.
- 11 2. "Alcoholic beverages" means any liquid suitable for drinking by human beings, which  
12 contains one-half of one percent or more of alcohol by volume.
- 13 3. "Beer" means any malt beverage containing one-half of one percent or more of alcohol  
14 by volume and includes an alcoholic beverage made by the fermentation of malt  
15 substitutes, including rice, grain of any kind, glucose, sugar, or molasses, which has  
16 not undergone distillation.
- 17 4. "Bottle or can" means any container, regardless of the material from which made,  
18 having a capacity less than a bulk container for use for the sale of malt beverages at  
19 retail.
- 20 5. "Direct shipper" means a person that is licensed by the commissioner and ships or  
21 causes to be shipped alcoholic beverages directly into this state to a consumer for the  
22 consumer's personal use and not for resale.

Sixty-ninth  
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- 1           6. "Distilled spirits" means any alcoholic beverage that is not beer, wine, sparkling wine,  
2           or alcohol.
- 3           7. "Domestic distillery" means a distillery that produces twenty-five thousand gallons or  
4           less of distilled spirits per year.
- 5           8. "In bulk" means in containers having a capacity not less than one-sixth barrel for use  
6           for the sale of malt beverages at retail.
- 7           ~~8-9.~~ "Licensed alcohol carrier" means a person licensed to transport or deliver alcoholic  
8           beverages to a consumer without first having the alcoholic beverage delivered through  
9           a wholesaler licensed in this state.
- 10          ~~9-10.~~ "Licensed logistics shipper" means a person that provides fulfillment house services,  
11          including warehousing, packaging, distribution, order processing, or shipment of  
12          alcoholic beverages on behalf of a licensed direct shipper and by way of a licensed  
13          alcohol carrier.
- 14          ~~10-11.~~ "Licensed premises" means the premises on which beer, liquor, or alcoholic beverages  
15          are normally sold or dispensed and must be delineated by diagram or blueprint which  
16          must be included with the license application or the license renewal application.
- 17          ~~11-12.~~ "Liquor" means any alcoholic beverage except beer.
- 18          ~~12-13.~~ "Local governing body" means the governing entity of a city, county, or federally  
19          recognized Indian tribe in this state.
- 20          ~~13-14.~~ "Local license" means a city, county, or tribal retail alcoholic beverage license issued  
21          by the appropriate local governing body.
- 22          15. "Manufacturing distillery" means a distillery that produces more than twenty-five  
23          thousand gallons of distilled spirits per year.
- 24          ~~14-16.~~ "Microbrew pub" means a brewer that brews ten thousand or fewer barrels of beer per  
25          year and sells beer produced or manufactured on the premises for consumption on or  
26          off the premises or serves beer produced or manufactured on the premises for  
27          purposes of sampling the beer.
- 28          ~~15-17.~~ "Organization" means a domestic or foreign corporation, general partnership, limited  
29          partnership, or limited liability company.
- 30          18. "Satellite location" means an offsite location owned or leased by a manufacturing  
31          distillery to conduct retail operations.

1 ~~46:19.~~ "Sparkling wine" means wine made effervescent with carbon dioxide.

2 ~~47:20.~~ "Supplier" means an alcoholic beverage manufacturer, importer, marketer, or  
3 wholesaler selling alcoholic beverages to a wholesaler licensed in this state for  
4 purposes of resale.

5 ~~48:21.~~ "Tribal licensee" means a person issued a local license by the governing body of a  
6 federally recognized Indian tribe in this state for the retail sale of alcoholic beverages  
7 within the exterior tribal reservation boundaries.

8 ~~49:22.~~ "Twenty-one years of age" means it is after eight a.m. on the date twenty-one years  
9 after a person's date of birth.

10 ~~20:23.~~ "Wine" means the alcoholic beverage obtained by fermentation of agricultural products  
11 containing natural or added sugar or such beverage fortified with brandy and  
12 containing not more than twenty-four percent alcohol by volume.

13 **SECTION 2. AMENDMENT.** Subsection 2 of section 5-01-19.2 of the North Dakota Century  
14 Code is amended and reenacted as follows:

15 2. A manufacturing distillery may sell spirits produced by that distillery at off sale, in retail  
16 lots, and not for resale, and may sell or direct ship its spirits to persons inside or  
17 outside the state in a manner consistent with the laws of the place of the sale or  
18 delivery in total quantities not in excess of ~~twenty-five thousand~~ one hundred fifty  
19 thousand gallons [~~94635567812~~ liters] in a calendar year.

20 a. Direct sales within this state are limited to two and thirty-eight hundredths gallons  
21 [9 liters] or less per month per person for personal use and not for resale. The  
22 packaging must conform with the labeling requirements in section 5-01-16. A  
23 licensee may dispense free samples of the spirits offered for sale. Subject to local  
24 ordinance, sales at off sale may be made on Sundays between twelve noon and  
25 twelve midnight.

26 b. A manufacturing distillery may hold events inside its premises and at its satellite  
27 location. The tax commissioner may issue event permits for not more than forty  
28 event days per calendar year to a manufacturing distillery to allow the  
29 manufacturing distillery, subject to local ordinance, to give free samples of its  
30 product and to sell its product by the glass or in closed containers at ~~on-premises-~~  
31 events on the premises, off the premises, and at its satellite location.

1           c. A manufacturing distillery may not engage in any wholesaling activities. Except  
2           as provided by section 5-01-19.1, all sales and deliveries of spirits to any other  
3           retail licensed premises in this state may be made only through a licensed North  
4           Dakota liquor wholesaler. However, a manufacturing distillery may sell distilled  
5           spirits to a domestic winery if the distilled spirits were produced from products  
6           provided to the manufacturing distillery by the domestic winery.