

Date: 1/24/25

To: House Industry, Business and Labor Committee

From: Shiloh K. Perry, Marketing Director for Big Dog Beverages LLC.

Subject: Testimony in Support of House Bill No. 1466

Chairman Warrey and members of the House Industry, Business and Labor Committee,

I am Shiloh K. Perry and I represent Big Dog Beverages LLC. My colleague and I are here to express our support for House Bill No.1466.

House Bill No.1466 adds several amendments to sections 5-01-01 through 5-01-02 of North Dakota century code in reference to domestic and manufacturing distilleries operating within the state of North Dakota. The purpose of this bill is to clearly define a manufacturing distillery and ensure such distilleries the ability to continue operations whilst also remaining compliant with North Dakota state laws.

Section 1 outlines various terms that are relevant to this particular industry. This testimony will primarily focus on the following terms; domestic distillery, manufacturing distillery, and distilled spirits. The current century code caps both domestic and manufacturing distilleries at 25,000 gallons of distilled spirits per calendar year and fails to outline what should happen once that ceiling is hit. House Bill No.1466 addresses these issues by amending the definitions of domestic distilleries to producing 25,000 gallons or less, and manufacturing distilleries to producing at least 25,000 gallons of distilled spirits, each within a calendar year. These amendments are exceedingly important to ensure myself and others are able to operate within the state in the coming years.

Distilleries have been known to have a great impact on the economy and employment rates in many other states. We are no different. Through this testimony I will showcase each of these points of impact in order to express the importance of passing House Bill No.1466.

While on the surface it seems a stretch that one small business could have such a significant impact, this is however the reality. Our growing distillery alone impacts over 40 jobs, this is not accounting for multiples of the positions themselves or the other distilleries within the state. With expansion on our near horizon, we can expect those 40 positions to very well become 120 just from our single distillery. Without amending the ceiling and definitions outlined in this bill, we will be forced to relocate to a different state in order to continue operations, taking those jobs with us. As we are not the only distillery in the state, without the amendments House Bill No.1466 proposes this will become a reality for the entire industry operating in the state.

Distilleries have been known to contribute greatly to state economies. In 2022 alone distilleries in Iowa contributed \$27 million in state taxes compared to \$10 million in federal taxes. While North Dakota has significantly less distilleries than Iowa, this type of impact is still very achievable in the near future. If we were to base the potential impact of the distillery industry on the current impact of the ethanol industry (an industry with a similar economic base), which generates \$1.7 billion per year in revenue and \$8.5 million in state and local tax revenue, the data would suggest that with proper support and legislation, the distillery industry can reach these heights of contribution to the state. Our own distillery will be surpassing 25,000 gallons of production by the end of this calendar year. With the infrastructure House Bill No.1466 provides, we hope to be able to contribute to North Dakota's economy for many years to come.

With these thoughts in mind I hope you will support House Bill No. 1466. This bill will have a direct effect on the economy and employment rate of this state, with a significant potential growth in impact for the years to come. Thank you very much for your time and the opportunity to testify on behalf of the distillery industry in this state.