

2001 HOUSE GOVERNMENT AND VETERANS AFFAIRS
HB 1404

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1404

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 2/08/01

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Minutes:

REP. M. KLEIN called the hearing to order, with all members present.

In favor:

REP, WILLIAM H. PIETSCH, DISTRICT 22

<u>PIETSCH</u> introduces the bill to the committee. States to the committee that this bill would allow a farmer to produce up to 1000 gallons of wine, per year. This would be value added agriculture. Maybe a lifestyle change, and a possible opportunity.

REP. BELLEW asks if they need to have a license on the farm, and would the state then get the revenue. PIETSCH replies that they have no intent not to pay the tax, all they want to do is be able to sell the product on their property. REP. KLEMIN asks if they would have to abide by the sales tax permit. PIETSCH replies yes, that is the understanding and their intent.

REP. HUNSKOR asks if the people would have to regulate the age limits of the potential customers that would want to purchase the products. <u>PIETSCH</u> comments that is in the local

Page 2 House Government and Veterans Affairs Committee Bill/Resolution Number HB 1404 Hearing Date 2/08/01

ordinances. <u>REP. HUNSKOR</u> then asks if it would be operated like a bar. <u>PIETSCH</u> comments that is his belief.

In favor:

DAN KUNZ, NORTH DAKOTA WHOLESALE LIQUOR DSTRUBUTORS

Please see attached amendments. <u>KUNZ</u> talks about the three tier system, and out of states wineries.

REP, CLARK asks if this bill would hinder them in anyway? <u>KUNZ</u> replies that it would allow them to sell more and also go to wholesale.

In favor:

REP. JIM KASPER, DISTRICT 46

REP. KASPER comments to the committee that he and his wife have a cabin in Minnesota, and on there way there, they stop at a local farm and purchase his wine. They have enjoyed this opportunity, and like this concept.

REP. KLEMIN asks if they are fruit based wines. <u>PIETSCH</u> replies yes, that is his understanding.

In favor:

BOB HANSON, WINE INSTITUTE

HANSON urges the committee a do pass. HANSON talks about some of the California wineries, and being able to buy it over the Internet.

REP. DEVLIN asks about buying the wine over the Internet, can it not be shipped anywhere?

HANSON replies that a bill was passed last session, so the wine could not get into the hands of a minor.

Being there was no further testimony in favor, or in opposition, the hearing was then closed.

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House Government and Veterans Affairs Committee
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Action was taken later that afternoon.

REP. GRANDE motioned to accept the amendments, seconded by REP. BRUSEGAARD.

A voice vote was taken with the majority passing it. <u>REP. BRUSEGAARD</u> then motioned to DO PASS AS AMENDED, seconded by <u>REP. KASPER</u>. The roll call was taken with 13 YES, 2

NO and 0 ABSENT AND NOT VOTING. The CARRIER of the bill is \underline{REP} , $\underline{BRUSEGAARD}$.

HB 1401: DO PASS AS AMENDED 13-2

CARRIER: REP. BRUSEGAARD

FISCAL NOTE

Requested by Legislative Council 01/23/2001

Bill/Resolution No.:

HB 1404

Amendment to:

1A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	1999-200	l Biennium	2001-200	3 Biennium	2003-2005 Blennium		
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	
Revenues					And the second section of the section of the second section of the section of the second section of the section of th		
Expenditures							
Appropriations					and the second s		

1B. County, city, and school district fiscal effect: Identify the fiscal effect on the appropriate political subdivision.

	1999-2001 Biennium		200	1-2003 Bieni	nium 2003-2005 Biennium			nlum	
	Counties	Cities	School Districts	Countles	Citles	School Districts	Counties	Cities	School Districts
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2. Narrative: Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

Less than \$5,000 affect on general fund.

- 3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:
 - A. Revenues: Explain the revenue emounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

Less 'han \$5,000 affect on general fund.

B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

Less than \$5,000 affect on general fund.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Less than \$5,000 affect on general fund.

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PROPOSED AMENDMENTS TO HOUSE BILL NO. 1404

Page 1, line 11, replace "or" with "and"

Page 1, line 11, after "produced" insert "in North Dakota"

Page 1, line 15, after "retail" remove ", or wholesale"

Page 1, line 16, after "lots" insert "and not for resale"

Page 1, line 21, after the period insert "A farm winery may not engage in any wholesaling activities. All sales and delivery of wines to any other retail licensed premises may be made only through a wholesale liquor licensee.

Page 1, after line 21, insert:

- "3. The farm winery shall pay to the state the wholesaler taxes and the sales taxes on all wines sold by the farm winery as set forth in sections 5-03-07 and 57-39.2-03.2.
- 4. The farm winery shall report quarterly to the state tax commissioner the total quantity of wine sold by type and the amount of taxes due the state in the manner and on the forms prescribed by the state tax commissioner,"

Page 1, line 22, replace "3" with "5"

Renumber accordingly

V/C = 219/01

HOUSE AMENDMENTS TO HB 1404 HOUSE GVA 2-09-01 Page 1, line 11, replace "or" with "and" and after "produced" insert "in this state"

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REPORT OF STANDING COMMITTEE (410) February 9, 2001 12:09 p.m.

Module No: HR-24-2852 Carrier: Brusegaard Insert LC: 10614.0301 Title: .0400

REPORT OF STANDING COMMITTEE

HB 1404: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1404 was placed on the Sixth order on the calendar.

Page 1, line 11, replace "or" with "and" and after "produced" insert "in this state"

Page 1, line 15, remove ", or wholesale"

Page 1, line 16, after "lots" insert ", and not for resale,"

Page 1, line 21, after the period insert "A farm winery may not engage in any wholesaling activities. All sales and delivery of wines to any other retail licensed premises may be made only through a wholesale liquor license.

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Page 1, line 22, replace "3" with "5"

Renumber accordingly

2001 SENATE AGRICULTURE

HB 1404

2001 SENATE STANDING COMMITTEE MINUTES

BILL RESOLUTION NO. HB 1404

Senate Agriculture Committee

Conference Committee

Hearing Date March 2, 2001

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REP. PIETSCH; Sponsor, introduced the bill to the committee. See attached testimony.

SENATOR NICHOLS; with regard to the one thousand gallon limit, is that just a figure that was used in other law that you have see.

REP. PIETSCH; No, it's very arbitrary. The Minnesota bill which the piece of legislation is patterned along for the production of up to five thousand gallons.

REP. BRUSEGAARD; Sponsor, testified in support of this bill.

DAN KUN IZ; Wholesaler, testified in support of this bill.

The hearing was closed.

SENATOR ERBELE moved for a DO PASS.

SENATOR URLACHER seconded the motion.

Roll call vote: 5 Yeas, 0 No, 0 Absent and Not voting.

SENATOR KROEPLIN will carry the bill.

Date: 3-02-01 Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO-++13 /404

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REPORT OF STANDING COMMITTEE (410) March 2, 2001 1:37 p.m.

Module No: SR-36-4738
Carrier: Kroeplin
Insert LC: Title:

REPORT OF STANDING COMMITTEE

HB 1404, as engrossed: Agriculture Committee (Sen. Wanzek, Chairman) recommends DO PASS (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1404 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

нв 1404

North Dakota Senate

Agriculture Committee

Testimony on House Bill 1404

Representative Bill Pietsch

March 2, 2001

Mr. Chairman and members of the Senate Agriculture Committee, I appear before you today in support of House Bill 1404. If enacted, this bill would permit the state treasure to issue a license that would allow the owner or operator of a farm winery located within the state to produce and market table or sparkling wines.

The license would have a fifty dollar annual fee, and permit the operator to produce and market not more than one thousand gallons of wine per year. To comply with the license, the majority of the raw materials used in the wine production would be of North Dakota origin.

As we seek new opportunities for "value-added" agriculture, this pilot venture would be fully integrated within the state, producing a product with increasing consumer demand. Like any new industry, pilot efforts are an important first step. Providing the opportunity for test marketing to determine consumer acceptance is critical.

Mr. Chairman and members of the Agriculture Committee, I encourage your serious consideration of this bill, and hope you'll see fit to recommend its passage to the Senate.