

Sixty-eighth  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1449

Introduced by

Representatives Mock, Boschee, Louser, Wagner, Warrey

Senators Kessel, Larsen, Meyer

1 A BILL for an Act to amend and reenact subsection 2 of section 5-01-14, section 5-01-19, and  
2 subsection 3 of section 5-01-21 of the North Dakota Century Code, relating to event permits for  
3 microbrew pubs, domestic distilleries, and brewer taproom licensees, and the domestic farm  
4 product requirement for domestic distilleries.

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

6 **SECTION 1. AMENDMENT.** Subsection 2 of section 5-01-14 of the North Dakota Century  
7 Code is amended and reenacted as follows:

8 2. The tax commissioner may issue a special event permit for not more than forty  
9 ~~daysevents~~ per calendar year to a microbrew licensee ~~which allows~~ allowing the  
10 licensee, subject to local ordinance, to give free samples of beer manufactured by the  
11 licensee, sell beer manufactured by the glass or in closed containers, or dispense beer  
12 manufactured by the licensee, ~~at a designated trade show, convention, festival,~~  
13 ~~fundraiser, or other related special event hosted by a nonprofit organization unaffiliated~~  
14 ~~with the licensee, or a similar event approved by the tax commissioner. This~~  
15 ~~subsection is subject to local ordinances~~ off-premises events.

16 **SECTION 2. AMENDMENT.** Section 5-01-19 of the North Dakota Century Code is amended  
17 and reenacted as follows:

18 **5-01-19. Domestic distillery.**

19 1. The tax commissioner may issue a domestic distillery license to the owner or operator  
20 of a distillery that is located within this state ~~which uses a majority of North Dakota~~  
21 ~~farm products to manufacture and sell spirits produced on the premises~~. A domestic  
22 distillery license may be issued and renewed for an annual fee of one hundred dollars.  
23 This fee is in lieu of all other license fees required by this title. The tax commissioner  
24 may not issue the domestic distillery license until the applicant has established that the

1 applicant has applied for and obtained the necessary federal registrations and permits,  
2 as required under the Internal Revenue Code of 1986 [26 U.S.C. 5001 et seq.] and the  
3 federal Alcohol Administration Act [27 U.S.C. 203], for the operation of a distilled spirits  
4 plant.

- 5 2. A domestic distillery may sell spirits produced by that distillery at on sale or off sale, in  
6 retail lots, and not for resale, and may sell or direct ship its spirits to persons inside or  
7 outside the state in a manner consistent with the laws of the place of the sale or  
8 delivery in total quantities not in excess of twenty-five thousand gallons [94635 liters]  
9 in a calendar year. Direct sales within this state are limited to two and thirty-eight  
10 hundredths gallons [9 liters] or less per month per person for personal use and not for  
11 resale. The packaging must conform with the labeling requirements in section 5-01-16.  
12 A licensee may dispense free samples of the spirits offered for sale. Subject to local  
13 ordinance, sales at on sale and off sale may be made on Sundays between eight a.m.  
14 and twelve midnight. A domestic distillery may hold events inside and outside its  
15 premises, but only on contiguous property under common ownership, allowing free  
16 samples of its spirits and to sell its spirits by the glass or in closed containers. The tax  
17 commissioner may issue special event permits for not more than forty ~~event-~~  
18 ~~day~~events per calendar year to a domestic distillery allowing the domestic distillery,  
19 subject to local ordinance, to give free samples of its product and to sell its product by  
20 the glass or in closed containers, at off-premises events. A domestic distillery may not  
21 engage in any wholesaling activities. Except as provided by section 5-01-19.1, all  
22 sales and deliveries of spirits to any other retail licensed premises in this state may be  
23 made only through a licensed North Dakota liquor wholesaler. However, a domestic  
24 distillery may sell distilled spirits to a domestic winery if the distilled spirits were  
25 produced from products provided to the domestic distillery by the domestic winery. No  
26 later than the last business day of a calendar month, a farm distillery that has made  
27 sales to a North Dakota wholesaler during the preceding calendar month shall file a  
28 report with the tax commissioner reporting those sales.
- 29 3. A domestic distillery may obtain a domestic distillery license and a retailer license  
30 allowing the onpremises sale of alcoholic beverages at a restaurant owned by the

1 licensee and located on property contiguous to the domestic distillery. A domestic  
2 distillery also may own or operate a winery.

3 4. A domestic distillery is subject to section 5-03-06 and shall report and pay annually to  
4 the tax commissioner the wholesaler taxes due on all spirits sold by the licensee at  
5 retail or to a retail licensee, including all spirits shipped directly to consumers as set  
6 forth in sections 5-03-07 and 57-39.6-02. The annual wholesaler tax reports are due  
7 January fifteenth of the year following the year sales were made. The report must  
8 provide the detail and be in a format as prescribed by the tax commissioner. The tax  
9 commissioner may require that the report be submitted in an electronic format  
10 approved by the tax commissioner.

11 **SECTION 3. AMENDMENT.** Subsection 3 of section 5-01-21 of the North Dakota Century  
12 Code is amended and reenacted as follows:

13 3. The tax commissioner may issue special event permits for not more than forty  
14 daysevents per calendar year to a brewer taproom licensee allowing the licensee,  
15 subject to local ordinance, to give free samples of its beer, sell its beer by the glass or  
16 in closed containers, or dispense beer manufactured by the licensee, ~~at a designated~~  
17 ~~trade show, convention, festival, fundraiser or other related special event hosted by a~~  
18 ~~nonprofit organization unaffiliated with the brewer taproom licensee, or a similar event~~  
19 ~~approved by the tax commissioner~~ off-premises events.