

2025 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1466

2025 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

HB1466
1/27/2025

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

9:33 a.m. Vice Chairman Ostlie opened the meeting.

Members Present: Chairman Warrey, Vice Chairman Ostlie, Vice Chairman Johnson, Representatives Bahl, Brown, Christy, Finley-DeVill, Grindberg, Johnson, Kasper, Koppelman, D. Ruby, Schatz, Schauer, Vollmer

Discussion Topics:

- Compliance with State Law
- Production cap assurance
- Increase 25,000 limited cap
- Manufacturing license
- Industry preferences
- 3 tier system

9:33 a.m. Representative Jason Dockter, District 7, Bismarck, ND, introduced and testified.

9:34 a.m. Shiloh K. Perry, Marketing Director, Big Dog Beverages LLC., testified in favor and submitted testimony #31334.

9:42 a.m. Scott Beierle, Founder, Big Dog Beverages LLC, Bismarck, ND, testified in favor.

9:47 a.m. John Ward, ES Attorneys, representing ND Wine and Liquor Wholesalers Association, testified in opposition.

10:02 a.m. Vice Chairman Ostlie closed the hearing.

Diane Lillis, Committee Clerk

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.

2025 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

HB1466
2/3/2025

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

10:36 a.m. Chairman Warrey opened the meeting.

Members Present: Chairman Warrey, Vice Chairman Ostlie, Vice Chairman Johnson, Representatives Bahl, Brown, Christy, Finley-DeVile, Grindberg, Johnson, Kasper, Koppelman, D. Ruby, Schatz, Schauer, Vollmer

Discussion Topics:

- Raise limit
- No cap
- Blending spirits
- Needs distributors

10:45 a.m. Representative Koppelman moved to amend the cap from 25,000 gallons to 125,000 gallons.

10:45 a.m. Representative Christy seconded the motion.

10:54 a.m. Representative Koppelman withdrew the motion.

10:54 a.m. Chairman Warrey closed the meeting.

Diane Lillis, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

HB1466
2/3/2025

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

11:20 a.m. Chairman Warrey opened the hearing.

Members Present: Chairman Warrey, Vice Chairman Ostlie, Vice Chairman Johnson, Representatives Bahl, Brown, Christy, Finley-DeVille, Grindberg, Johnson, Kasper, Koppelman, D. Ruby, Schatz, Schauer, Vollmer

Discussion Topics:

- Committee Action

11:22 a.m. Representative Koppelman moved amend page 3, line 17 to remove the overstrike on "not" and to change twenty five thousand to "one hundred fifty thousand" gallons.

11:22 a.m. Representative Bahl seconded the motion.

| Representatives | Vote |
|------------------------------------|------|
| Representative Jonathan Warrey | Y |
| Representative Mitch Ostlie | Y |
| Representative Landon Bahl | Y |
| Representative Collette Brown | Y |
| Representative Josh Christy | Y |
| Representative Lisa Finley-DeVille | Y |
| Representative Karen Grindberg | Y |
| Representative Jorin Johnson | Y |
| Representative Jim Kasper | AB |
| Representative Ben Koppelman | Y |
| Representative Dan Ruby | N |
| Representative Mike Schatz | Y |
| Representative Austin Schauer | Y |
| Representative Daniel R. Vollmer | Y |

Motion passed 12-1-1.

11:24 a.m. Representative Koppelman moved Do Pass as amended.

11:24 a.m. Representative Bahl seconded the motion.

| Representatives | Vote |
|-----------------|------|
|-----------------|------|

| | |
|------------------------------------|----|
| Representative Jonathan Warrey | Y |
| Representative Mitch Ostlie | Y |
| Representative Landon Bahl | Y |
| Representative Collette Brown | Y |
| Representative Josh Christy | Y |
| Representative Lisa Finley-DeVille | Y |
| Representative Karen Grindberg | Y |
| Representative Jorin Johnson | Y |
| Representative Jim Kasper | AB |
| Representative Ben Koppelman | Y |
| Representative Dan Ruby | Y |
| Representative Mike Schatz | Y |
| Representative Austin Schauer | Y |
| Representative Daniel R. Vollmer | Y |

Motion 13-0-1

11:30 a.m. Representative Koppelman will carry the bill.

11:30 a.m. Chairman Warrey closed the meeting.

Diane Lillis, Committee Clerk

February 3, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1466

Introduced by

Representatives Dockter, Berg, O'Brien, Toman

Senators Larson, Mathern

2.3.25

JLB lat4

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.

JB 204

- 1 5. "Direct shipper" means a person that is licensed by the commissioner and ships or
2 causes to be shipped alcoholic beverages directly into this state to a consumer for the
3 consumer's personal use and not for resale.
- 4 6. "Distilled spirits" means any alcoholic beverage that is not beer, wine, sparkling wine,
5 or alcohol.
- 6 7. "Domestic distillery" means a distillery that produces twenty-five thousand gallons or
7 less of distilled spirits per year.
- 8 ~~8.~~ "In bulk" means in containers having a capacity not less than one-sixth barrel for use
9 for the sale of malt beverages at retail.
- 10 ~~8.9.~~ "Licensed alcohol carrier" means a person licensed to transport or deliver alcoholic
11 beverages to a consumer without first having the alcoholic beverage delivered through
12 a wholesaler licensed in this state.
- 13 ~~9.10.~~ "Licensed logistics shipper" means a person that provides fulfillment house services,
14 including warehousing, packaging, distribution, order processing, or shipment of
15 alcoholic beverages on behalf of a licensed direct shipper and by way of a licensed
16 alcohol carrier.
- 17 ~~10.11.~~ "Licensed premises" means the premises on which beer, liquor, or alcoholic beverages
18 are normally sold or dispensed and must be delineated by diagram or blueprint which
19 must be included with the license application or the license renewal application.
- 20 ~~11.12.~~ "Liquor" means any alcoholic beverage except beer.
- 21 ~~12.13.~~ "Local governing body" means the governing entity of a city, county, or federally
22 recognized Indian tribe in this state.
- 23 ~~13.14.~~ "Local license" means a city, county, or tribal retail alcoholic beverage license issued
24 by the appropriate local governing body.
- 25 15. "Manufacturing distillery" means a distillery that produces more than twenty-five
26 thousand gallons of distilled spirits per year.
- 27 ~~14.16.~~ "Microbrew pub" means a brewer that brews ten thousand or fewer barrels of beer per
28 year and sells beer produced or manufactured on the premises for consumption on or
29 off the premises or serves beer produced or manufactured on the premises for
30 purposes of sampling the beer.

1 ~~15-17.~~ "Organization" means a domestic or foreign corporation, general partnership, limited
2 partnership, or limited liability company.

3 18. "Satellite location" means an offsite location owned or leased by a manufacturing
4 distillery to conduct retail operations.

5 ~~16-19.~~ "Sparkling wine" means wine made effervescent with carbon dioxide.

6 ~~17-20.~~ "Supplier" means an alcoholic beverage manufacturer, importer, marketer, or
7 wholesaler selling alcoholic beverages to a wholesaler licensed in this state for
8 purposes of resale.

9 ~~18-21.~~ "Tribal licensee" means a person issued a local license by the governing body of a
10 federally recognized Indian tribe in this state for the retail sale of alcoholic beverages
11 within the exterior tribal reservation boundaries.

12 ~~19-22.~~ "Twenty-one years of age" means it is after eight a.m. on the date twenty-one years
13 after a person's date of birth.

14 ~~20-23.~~ "Wine" means the alcoholic beverage obtained by fermentation of agricultural products
15 containing natural or added sugar or such beverage fortified with brandy and
16 containing not more than twenty-four percent alcohol by volume.

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

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

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

30 b. A manufacturing distillery may hold events inside its premises and at its satellite
31 location. The tax commissioner may issue event permits for not more than forty

JB 4004

- 1 event days per calendar year to a manufacturing distillery to allow the
2 manufacturing distillery, subject to local ordinance, to give free samples of its
3 product and to sell its product by the glass or in closed containers at ~~on-premises~~
4 events on the premises, off the premises, and at its satellite location.
- 5 c. A manufacturing distillery may not engage in any wholesaling activities. Except
6 as provided by section 5-01-19.1, all sales and deliveries of spirits to any other
7 retail licensed premises in this state may be made only through a licensed North
8 Dakota liquor wholesaler. However, a manufacturing distillery may sell distilled
9 spirits to a domestic winery if the distilled spirits were produced from products
10 provided to the manufacturing distillery by the domestic winery.

**REPORT OF STANDING COMMITTEE
HB 1466**

Industry, Business and Labor Committee (Rep. Warrey, Chairman) recommends **AMENDMENTS** ([25.0453.02001](#)) and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1466 was placed on the Sixth order on the calendar.

2025 SENATE INDUSTRY AND BUSINESS

HB 1466

2025 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

HB 1466
3/11/2025

A bill relating to the definitions of a domestic and manufacturing distillery and satellite locations.

10:49 a.m. Chairman Barta opened the hearing.

Members present: Chairman Barta, Vice-Chair Boehm, Senator Klein, Senator Kessel, Senator Enget

Discussion Topics:

- Distilled beverages produced from ND commodities
- Importation of fruits and commodities for distilled beverages
- Current gallon cap
- Definition of a diluted beverage
- Definition of proof gallons and liquid gallons
- Direct to consumer shipping law
- Three-tiered structure
- Domestic and manufacturing facilities
- On and off-site event access
- Ready-to-drink can cocktails
- Distillery and brewery contributions to the economy

10:51 a.m. Representative Jason Dockter, District 7, testified in favor and introduced the bill.

10:57 a.m. John Ward, ND Wine and Liquor Wholesaler's Association, testified in favor.

11:10 a.m. Shiloh K. Perry, Marketing Director/Production Supervisor, Big Dog Beverages LLC., testified in favor and submitted testimony #40035.

11:17 a.m. Chairman Barta closed the hearing.

Audrey Oswald, Committee Clerk

Date: 3/9/25

To: Senate 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 Barta and members of the Senate Industry and Business 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 adjust how we account for our yearly production.

This bill has gone through many changes since its inception. The most recent one is in my opinion one of the most important, the changing of production value from wine gallons to proof gallons. I'm hoping in this testimony to showcase just how important this change is as well as the imminent need for this bill to pass. The current century code caps both domestic and manufacturing distilleries at 25,000 gallons (wine gallons) of distilled spirits per calendar year. As there is already one operating distillery in this state over that cap, the need for House Bill No.1466 to pass is imminent.

To begin with I'd like to focus on the importance of counting production in proof gallons. Currently all production is accounted for in wine gallons. This has become a problem due to the rising popularity of ready-to-drink canned cocktails. Henceforth in this document, I will be referring to all ready-to-drink canned cocktails as RTDs. According to The

Rise And Future Of The Ready-To-Drink Beverage Industry by Forbes Magazine, the RTD industry was the only category of alcohol beverages to see any significant growth in 2023. To ensure continued success in the distillery industry many well known distillers such as Jack Daniels and Jim Beam are also flocking to the RTD market. Prior to RTDs, most distilleries would produce bottles and those bottles being accounted for as wine gallons wouldn't have made much of a dent in the total amount of product they could produce a year. Under current century code, counting only one production run of our 12 fl oz. RTD would account for almost 5,000 gallons of product. Based on the current century code we could only do this production roughly four more times. How are we expected to keep up with demand for our product if we are capped to four RTD production runs a year? The amendment added allows for the same run of RTDs to only be counted as roughly 700 gallons of what would be our allotted 40,000. Obviously this will make a big difference as far as how much our distillery and the others in the state can produce while still remaining compliant to ND state century code. As RTD's are only on the rise in popularity it is more important than ever to change distillery production from wine gallons to proof gallons. As a representative of the distillery industry in this state I am confident this amendment will have the full backing of our community as a whole.

The larger issue this bill addresses on the whole would be the lack of clear cut definitions to the classification of distilleries and the privileges allotted to them. As I stated previously, under the current century code both domestic distilleries and manufacturing distilleries are capped at 25,000 gallons without any clue as to what would happen as the distilleries of this state hit that cap. Again we currently already have a distillery over that cap. House Bill No.1466 aims to allow all parties to continue operations while also increasing the efficiency of reporting production to the state. Without the changes this bill introduces we will see a definite closure of distilleries operating in this state. The theory behind alcohol law is that if it is not expressly written it is not allowed. Under that line of thinking, the small business I work for that is owned and operated in this state will have to close upon hitting that cap and the distillery currently over that cap should

close its doors and cease operations today. Thus the change to this section of century code is in dire need.

With these thoughts in mind I hope you will support House Bill No. 1466. The effects of this bill will have immediate results across the distillery industry as a whole. Thank you very much for your time and the opportunity to testify on behalf of craft distillers in this state.

2025 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

HB 1466
3/19/2025

A bill relating to the definitions of a domestic and manufacturing distillery and satellite locations.

9:37 a.m. Chairman Barta opened the hearing.

Members present: Chairman Barta, Vice-Chair Boehm, Senator Klein, Senator Kessel, Senator Enget

Discussion Topics:

- Committee action
- Proof gallon definition
- Overall benefit for ND craft industries
- Standardization of statue
- Amendment discussion

9:37 a.m. Senator Kessel moved to adopt an amendment striking language on page 2 line 27.

9:40 a.m. Senator Klein seconded the motion.

| Senators | Vote |
|---------------------|------|
| Senator Jeff Barta | Y |
| Senator Keith Boehm | Y |
| Senator Mark Enget | Y |
| Senator Greg Kessel | Y |
| Senator Jerry Klein | Y |

Motion passed 5-0-0.

9:41 a.m. Senator Barta moved a Do Pass as Amended.

9:41 a.m. Senator Boehm seconded the motion.

| Senators | Vote |
|---------------------|------|
| Senator Jeff Barta | Y |
| Senator Keith Boehm | Y |
| Senator Mark Enget | Y |
| Senator Greg Kessel | Y |
| Senator Jerry Klein | Y |

Motion passed 5-0-0.

Senator Kessel will carry the bill.

Senate Industry and Business Committee
HB 1466
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Page 2

9:47 p.m. Chairman Barta closed the hearing.

This bill was reconsidered on 3/26/25.

Audrey Oswald, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

HB 1466
3/26/2025

A bill relating to the definitions of a domestic and manufacturing distillery and satellite locations.

10:53 a.m. Chairman Barta opened the hearing.

Members present: Chairman Barta, Vice-Chair Boehm, Senator Klein, Senator Kessel, Senator Enget

Discussion Topics:

- State craft industry advancements and improvements
- Definition of diluted beverages
- State wine producers
- Proof gallon amounts
- Code alignment and future code overhaul
- Domestic and manufacturing distillers

10:53 a.m. Senator Kessel moved to reconsider.

10:54 a.m. Senator Klein seconded the motion.

| Senators | Vote |
|---------------------|------|
| Senator Jeff Barta | Y |
| Senator Keith Boehm | Y |
| Senator Mark Enget | Y |
| Senator Greg Kessel | Y |
| Senator Jerry Klein | Y |

Motion passed 5-0-0.

10:57 a.m. Senator Kessel moved to adopt the Amendment LC# 25.0453.03001.

11:05 a.m. Senator Boehm seconded the motion.

| Senators | Vote |
|---------------------|------|
| Senator Jeff Barta | Y |
| Senator Keith Boehm | Y |
| Senator Mark Enget | Y |
| Senator Greg Kessel | Y |
| Senator Jerry Klein | Y |

Motion passed 5-0-0.

11:06 a.m. Senator Kessel moved a Do Pass As Amended.

11:06 a.m. Senator Klein seconded the motion.

| Senators | Vote |
|---------------------|-------------|
| Senator Jeff Barta | Y |
| Senator Keith Boehm | Y |
| Senator Mark Enget | Y |
| Senator Greg Kessel | Y |
| Senator Jerry Klein | Y |

Motion passed 5-0-0.

Senator Kessel will carry the bill.

11:08 a.m. Chairman Barta adjourned the meeting.

This bill was reconsidered on 4/1/25

Audrey Oswald, Committee Clerk

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

3/26/25 YG
1 of 4

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.

- 1 5. "Direct shipper" means a person that is licensed by the commissioner and ships or
2 causes to be shipped alcoholic beverages directly into this state to a consumer for the
3 consumer's personal use and not for resale.
- 4 6. "Distilled spirits" means any alcoholic beverage that is not beer, wine, sparkling wine,
5 or alcohol.
- 6 7. "Domestic distillery" means a distillery that produces twenty-five thousand gallons
7 [94635 liters] or ~~less~~ fewer of distilled spirits per year.
- 8 8. "In bulk" means in containers having a capacity not less than one-sixth barrel for use
9 for the sale of malt beverages at retail.
- 10 8-9. "Licensed alcohol carrier" means a person licensed to transport or deliver alcoholic
11 beverages to a consumer without first having the alcoholic beverage delivered through
12 a wholesaler licensed in this state.
- 13 9-10. "Licensed logistics shipper" means a person that provides fulfillment house services,
14 including warehousing, packaging, distribution, order processing, or shipment of
15 alcoholic beverages on behalf of a licensed direct shipper and by way of a licensed
16 alcohol carrier.
- 17 10-11. "Licensed premises" means the premises on which beer, liquor, or alcoholic beverages
18 are normally sold or dispensed and must be delineated by diagram or blueprint which
19 must be included with the license application or the license renewal application.
- 20 11-12. "Liquor" means any alcoholic beverage except beer.
- 21 12-13. "Local governing body" means the governing entity of a city, county, or federally
22 recognized Indian tribe in this state.
- 23 13-14. "Local license" means a city, county, or tribal retail alcoholic beverage license issued
24 by the appropriate local governing body.
- 25 15. "Manufacturing distillery" means a distillery that produces ~~more than twenty-five~~
26 ~~thousand~~ forty thousand gallons [151416 liters] or fewer of distilled spirits per year.
- 27 14-16. "Microbrew pub" means a brewer that brews ten thousand or fewer barrels of beer per
28 year and sells beer produced or manufactured on the premises for consumption on or
29 off the premises or serves beer produced or manufactured on the premises for
30 purposes of sampling the beer.

- 1 ~~15.17.~~ "Organization" means a domestic or foreign corporation, general partnership, limited
2 partnership, or limited liability company.
- 3 18. "Satellite location" means an offsite location owned or leased by a manufacturing
4 distillery to conduct retail operations.
- 5 ~~16.19.~~ "Sparkling wine" means wine made effervescent with carbon dioxide.
- 6 ~~17.20.~~ "Supplier" means an alcoholic beverage manufacturer, importer, marketer, or
7 wholesaler selling alcoholic beverages to a wholesaler licensed in this state for
8 purposes of resale.
- 9 ~~18.21.~~ "Tribal licensee" means a person issued a local license by the governing body of a
10 federally recognized Indian tribe in this state for the retail sale of alcoholic beverages
11 within the exterior tribal reservation boundaries.
- 12 ~~19.22.~~ "Twenty-one years of age" means it is after eight a.m. on the date twenty-one years
13 after a person's date of birth.
- 14 ~~20.23.~~ "Wine" means the alcoholic beverage obtained by fermentation of agricultural products
15 containing natural or added sugar or such beverage fortified with brandy and
16 containing not more than twenty-four percent alcohol by volume.

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

- 19 2. A manufacturing distillery may sell spirits produced by that distillery at off sale, in retail
20 lots, and not for resale, and may sell or direct ship its spirits to persons inside or
21 outside the state in a manner consistent with the laws of the place of the sale or
22 delivery in total quantities not in excess of ~~twenty-five thousand~~ one hundred fifty
23 thousand forty thousand gallons [~~94635567812151416~~ 94635567812151416 liters] in a calendar year.
- 24 a. Direct sales within this state are limited to two and thirty-eight hundredths gallons
25 [9 liters] or less per month per person for personal use and not for resale. The
26 packaging must conform with the labeling requirements in section 5-01-16. A
27 licensee may dispense free samples of the spirits offered for sale. Subject to local
28 ordinance, sales at off sale may be made on Sundays between twelve noon and
29 twelve midnight.
- 30 b. A manufacturing distillery may hold events inside its premises and at its satellite
31 location. The tax commissioner may issue event permits for not more than forty

- 1 event days per calendar year to a manufacturing distillery to allow the
2 manufacturing distillery, subject to local ordinance, to give free samples of its
3 product and to sell its product by the glass or in closed containers at ~~on-premises~~
4 events on the premises, off the premises, and at its satellite location.
- 5 c. A manufacturing distillery may not engage in any wholesaling activities. Except
6 as provided by section 5-01-19.1, all sales and deliveries of spirits to any other
7 retail licensed premises in this state may be made only through a licensed North
8 Dakota liquor wholesaler. However, a manufacturing distillery may sell distilled
9 spirits to a domestic winery if the distilled spirits were produced from products
10 provided to the manufacturing distillery by the domestic winery.

2025 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

HB 1466
4/1/2025

A bill relating to the definitions of a domestic and manufacturing distillery and satellite locations.

11:17 a.m. Chairman Barta open the hearing.

Members present: Chairman Barta, Vice-Chair Boehm, Senator Kelin, Senator Kessel, Senator Enget

Discussion Topics:

- Committee Action
- Language strikes
- Changes in number of liters

11:17 a.m. Senator Kessel moved to Reconsider.

11:18 a.m. Senator Boehm seconded the motion.

| Senators | Vote |
|---------------------|------|
| Senator Jeff Barta | Y |
| Senator Keith Boehm | Y |
| Senator Mark Enget | Y |
| Senator Greg Kessel | Y |
| Senator Jerry Klein | Y |

Motion passed 5-0-0.

11:20 a.m. Senator Kessel moved to adopt amendment LC# 25.0453.03003.

11:21 a.m. Senator Klein seconded the motion.

| Senators | Vote |
|---------------------|------|
| Senator Jeff Barta | Y |
| Senator Keith Boehm | Y |
| Senator Mark Enget | Y |
| Senator Greg Kessel | Y |
| Senator Jerry Klein | Y |

Motion passed 5-0-0.

11:22 a.m. Senator Kessel moved a Do Pass As Amended.

11:22 a.m. Senator Boehm seconded the motion.

| Senators | Vote |
|---------------------|-------------|
| Senator Jeff Barta | Y |
| Senator Keith Boehm | Y |
| Senator Mark Enget | Y |
| Senator Greg Kessel | Y |
| Senator Jerry Klein | Y |

Motion passed 5-0-0.

Senator Kessel will carry the bill.

11:23 a.m. Chairman Barta closed the hearing.

Audrey Oswald, Committee Clerk

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

VC 3/31/25
1 of 4

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~~sections 5-01-01 and 5-01-19.1, and
2 subsection 2 of section 5-01-19.2 of the North Dakota Century Code, relating to the definitions
3 of a domestic and manufacturing 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.

- 1 5. "Direct shipper" means a person that is licensed by the commissioner and ships or
2 causes to be shipped alcoholic beverages directly into this state to a consumer for the
3 consumer's personal use and not for resale.
- 4 6. "Distilled spirits" means any alcoholic beverage that is not beer, wine, sparkling wine,
5 or alcohol.
- 6 7. "Domestic distillery" means a distillery that produces twenty-five thousand gallons
7 [94635 liters] or lessfewer of distilled spirits per year.
- 8 8. "In bulk" means in containers having a capacity not less than one-sixth barrel for use
9 for the sale of malt beverages at retail.
- 10 8-9. "Licensed alcohol carrier" means a person licensed to transport or deliver alcoholic
11 beverages to a consumer without first having the alcoholic beverage delivered through
12 a wholesaler licensed in this state.
- 13 9-10. "Licensed logistics shipper" means a person that provides fulfillment house services,
14 including warehousing, packaging, distribution, order processing, or shipment of
15 alcoholic beverages on behalf of a licensed direct shipper and by way of a licensed
16 alcohol carrier.
- 17 10-11. "Licensed premises" means the premises on which beer, liquor, or alcoholic beverages
18 are normally sold or dispensed and must be delineated by diagram or blueprint which
19 must be included with the license application or the license renewal application.
- 20 11-12. "Liquor" means any alcoholic beverage except beer.
- 21 12-13. "Local governing body" means the governing entity of a city, county, or federally
22 recognized Indian tribe in this state.
- 23 13-14. "Local license" means a city, county, or tribal retail alcoholic beverage license issued
24 by the appropriate local governing body.
- 25 15. "Manufacturing distillery" means a distillery that produces more than twenty-five
26 thousandforty thousand gallons [151416 liters] or fewer of distilled spirits per year.
- 27 14-16. "Microbrew pub" means a brewer that brews ten thousand or fewer barrels of beer per
28 year and sells beer produced or manufactured on the premises for consumption on or
29 off the premises or serves beer produced or manufactured on the premises for
30 purposes of sampling the beer.

- 1 ~~15-17.~~ "Organization" means a domestic or foreign corporation, general partnership, limited
2 partnership, or limited liability company.
- 3 18. "Satellite location" means an offsite location owned or leased by a manufacturing
4 distillery to conduct retail operations.
- 5 ~~16-19.~~ "Sparkling wine" means wine made effervescent with carbon dioxide.
- 6 ~~17-20.~~ "Supplier" means an alcoholic beverage manufacturer, importer, marketer, or
7 wholesaler selling alcoholic beverages to a wholesaler licensed in this state for
8 purposes of resale.
- 9 ~~18-21.~~ "Tribal licensee" means a person issued a local license by the governing body of a
10 federally recognized Indian tribe in this state for the retail sale of alcoholic beverages
11 within the exterior tribal reservation boundaries.
- 12 ~~19-22.~~ "Twenty-one years of age" means it is after eight a.m. on the date twenty-one years
13 after a person's date of birth.
- 14 ~~20-23.~~ "Wine" means the alcoholic beverage obtained by fermentation of agricultural products
15 containing natural or added sugar or such beverage fortified with brandy and
16 containing not more than twenty-four percent alcohol by volume.

17 **SECTION 2. AMENDMENT.** Section 5-01-19.1 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **5-01-19.1. Direct sale by domestic distilleries.**

- 20 1. A domestic distillery that produces no more than twelve thousand proof gallons
21 [~~42000~~45425 liters] of spirits per year may sell and deliver, onsite or offsite, the spirits
22 produced by the distillery directly to licensed retailers. The distillery may sell and
23 deliver spirits onsite to a licensed retailer that presents the retailer's license or a
24 photocopy of the license. The distillery may deliver the spirits offsite if the distillery:
25 a. Uses the distillery's equipment, trucks, and employees to deliver the spirits;
26 b. Contracts with a licensed distributor to ship and deliver the spirits to the retailer;
27 or
28 c. Contracts with a common carrier to ship and deliver the spirits to the retailer
29 directly from the distillery or the distillery's warehouse.
- 30 2. The total amount of spirits each domestic distillery may sell or deliver directly to all
31 licensed retailers may not exceed two hundred cases per year. Individual shipments

- 1 delivered by common carrier may not exceed three cases a day for each licensed
2 retailer. A case may not exceed two and thirty-eight hundredths gallons [9 liters].
3 3. As used in this section, "proof gallon" means a gallon [~~3.78~~3.79 liters] of liquid at sixty
4 degrees Fahrenheit [15.5 degrees Celsius] which contains fifty percent ethyl alcohol
5 by volume or its equivalent.

6 **SECTION 3. AMENDMENT.** Subsection 2 of section 5-01-19.2 of the North Dakota Century
7 Code is amended and reenacted as follows:

- 8 2. A manufacturing distillery may sell spirits produced by that distillery at off sale, in retail
9 lots, and not for resale, and may sell or direct ship its spirits to persons inside or
10 outside the state in a manner consistent with the laws of the place of the sale or
11 delivery in total quantities not in excess of ~~twenty-five thousand~~ one hundred fifty
12 thousand forty thousand gallons [~~94635~~ 56781 21514 16 liters] in a calendar year.
13 a. Direct sales within this state are limited to two and thirty-eight hundredths gallons
14 [9 liters] or less per month per person for personal use and not for resale. The
15 packaging must conform with the labeling requirements in section 5-01-16. A
16 licensee may dispense free samples of the spirits offered for sale. Subject to local
17 ordinance, sales at off sale may be made on Sundays between twelve noon and
18 twelve midnight.
19 b. A manufacturing distillery may hold events inside its premises and at its satellite
20 location. The tax commissioner may issue event permits for not more than forty
21 event days per calendar year to a manufacturing distillery to allow the
22 manufacturing distillery, subject to local ordinance, to give free samples of its
23 product and to sell its product by the glass or in closed containers at ~~on-premises~~
24 events on the premises, off the premises, and at its satellite location.
25 c. A manufacturing distillery may not engage in any wholesaling activities. Except
26 as provided by section 5-01-19.1, all sales and deliveries of spirits to any other
27 retail licensed premises in this state may be made only through a licensed North
28 Dakota liquor wholesaler. However, a manufacturing distillery may sell distilled
29 spirits to a domestic winery if the distilled spirits were produced from products
30 provided to the manufacturing distillery by the domestic winery.

**REPORT OF STANDING COMMITTEE
ENGROSSED HB 1466**

Industry and Business Committee (Sen. Barta, Chairman) recommends **AMENDMENTS** ([25.0453.03003](#)) and when so amended, recommends **DO PASS** (5 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). Engrossed HB 1466 was placed on the Sixth order on the calendar. This bill does not affect workforce development.