

Fifty-ninth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2179

Introduced by

Senators Epegard, J. Lee

Representative Potter

1 A BILL for an Act to amend and reenact section 5-01-17 of the North Dakota Century Code,
2 relating to domestic winery wine sales and special events; and to declare an emergency.

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

4 **SECTION 1. AMENDMENT.** Section 5-01-17 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **5-01-17. Domestic winery license.**

- 7 1. The state tax commissioner may issue a domestic winery license to the owner or
8 operator of a winery located within this state to produce wine. A majority of the
9 ingredients by volume, excluding water, of wine produced by a domestic winery,
10 must be grown and produced in this state. Domestic wineries may be granted an
11 exemption from the majority ingredient utilization requirement whenever the state
12 tax commissioner determines, upon the commissioner's own motion or at the
13 request of a domestic winery, that weather conditions, pest infestations, plant
14 disease epidemics, or other natural causes have reduced the quantity or quality of
15 produce grown in this state to an extent that renders compliance with the majority
16 ingredient utilization requirement infeasible. The exemption is effective for one
17 year unless the state tax commissioner issues a new exemption. A domestic
18 winery may purchase, at wholesale or retail, brandy for use of on-premises
19 fortification. A domestic winery license may be issued and renewed for an annual
20 fee of one hundred dollars, which is in lieu of all other license fees required by this
21 title.
- 22 2. Before a domestic winery sells any wine, the licensee must register with the state
23 tax commissioner, without a fee, the labels for each type or brand of wine
24 produced. A domestic winery may sell, on the winery premises, wine produced by

1 that winery at on-sale or off-sale, in retail lots, and not for resale, in total quantities
2 not in excess of ~~ten~~ twenty-five thousand gallons [94625 liters] in a calendar year;
3 glassware; wine literature and accessories; cheese, cheese spreads, and other
4 snack food items. A licensee may dispense free samples of the wines offered for
5 sale. Subject to local ordinance, sales at on-sale and off-sale may be made on
6 Sundays between twelve noon and twelve midnight. The state tax commissioner
7 may issue special events permits for not more than ~~five~~ twenty days per calendar
8 year to a domestic winery allowing the winery, subject to local ordinance, to give
9 free samples of its wine and to sell its wine by the glass or in closed containers, at
10 a designated trade show, convention, festival, or a similar event approved by the
11 state tax commissioner. The domestic winery may sell its wine to a liquor
12 wholesaler licensed in this state and may sell or deliver its wine to persons outside
13 the state pursuant to the laws of the place of the sale or delivery. A domestic
14 winery may not engage in any wholesaling activities. All sales and delivery of
15 wines to any other retail licensed premises in this state may be made only through
16 a wholesale liquor license. A domestic winery may obtain a domestic winery
17 license and a retailer license allowing the on-premises sale of alcoholic beverages
18 at a restaurant owned by the licensee and located on property contiguous to the
19 winery.

20 3. A domestic winery shall pay to the state the wholesaler taxes and the sales taxes
21 on all wines sold at retail by the licensee as set forth in sections 5-03-07 and
22 57-39.2-03.2.

23 4. A domestic winery shall report quarterly or annually to the state tax commissioner
24 the total quantity of wine sold by type and the amount of taxes due to the state in
25 the manner and on the forms prescribed by the state tax commissioner.

26 5. Except as otherwise specified in this section, all provisions of this title govern the
27 production, sale, possession, and consumption of wine produced by a domestic
28 winery.

29 **SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure.