

Introduced by

Senators Larsen, Klein, O'Connell

Representatives J. Nelson, Ruby, Streyle

1 A BILL for an Act to create and enact a new section to chapter 5-01 of the North Dakota Century
2 Code, relating to brewer taproom licenses; and to amend and reenact section 5-03-07 of the
3 North Dakota Century Code, relating to taxes on alcohol.

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

5 **SECTION 1.** A new section to chapter 5-01 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Brewer taproom license.**

- 8 1. The tax commissioner may issue a brewer taproom license to the owner or operator of
9 a brewery located within this state to produce beer. A brewer taproom license may be
10 issued and renewed for an annual fee of five hundred dollars, which is in lieu of all
11 other state license fees required by this title. All provisions of this chapter which apply
12 to a retail license must apply to a license issued under this section unless the
13 provision is explicitly inconsistent with this section.
- 14 2. A brewer holding a brewer taproom license may:
- 15 a. Manufacture on the licensed premises, store, transport, sell to wholesale malt
16 beverage licensees, and export no more than twenty-five thousand barrels of
17 malt beverages annually;
- 18 b. Sell malt beverages manufactured on the licensed premises for consumption on
19 the premises of the brewery or a restaurant owned by the licensee and located
20 on property contiguous to the brewery;
- 21 c. Dispense free samples of beer offered for sale. Complimentary samples of beer
22 may not be in an amount exceeding sixteen ounces [.47 liter] per patron;
- 23 d. Sell and deliver beer to licensed retailers within one hundred fifty miles [241.40
24 kilometers] of the brewery, but only if:

- 1 (1) The brewer uses the brewer's own equipment, trucks, and employees to
2 deliver the beer;
- 3 (2) Individual deliveries, other than draft beer, are limited to the case equivalent
4 of eight barrels per day to each licensed retailer;
- 5 (3) The total amount of beer sold or delivered directly to all retailers does not
6 exceed ten thousand barrels per year; and
- 7 (4) A common carrier is not used to ship or deliver the brewery's product to the
8 public or to licensed retailers. All other sales and deliveries of beer to
9 licensed retailers in this state may be made only through a wholesaler
10 licensed in this state.
- 11 3. The tax commissioner may issue special event permits for not more than twenty days
12 per calendar year to a brewer taproom licensee allowing the licensee, subject to local
13 ordinance, to give free samples of its beer and to sell its beer by the glass or in closed
14 containers, at a designated trade show, convention, festival, or a similar event
15 approved by the tax commissioner.
- 16 4. For any month in which a brewery has made sales to a wholesaler licensed in this
17 state, that brewery shall file a report with the tax commissioner no later than the last
18 day of each calendar month reporting sales made during the preceding calendar
19 month. When the last day of the calendar month falls on a Saturday, Sunday, or legal
20 holiday, the due date is the first working day after that day.
- 21 5. A brewer taproom licensee is subject to section 5-03-06 and shall report and pay
22 annually to the tax commissioner the wholesaler taxes due on all beer sold by the
23 licensee at retail or to a retail licensee, including all beer sold directly to consumers as
24 set forth in sections 5-03-07 and 57-39.6-02. The annual wholesaler tax reports are
25 due January fifteenth of the year following the year sales were made. When the
26 fifteenth of January falls on a Saturday, Sunday, or legal holiday, the due date is the
27 first working day after that day. The report must provide the detail and be in a format
28 as prescribed by the tax commissioner. The tax commissioner may require the report
29 be submitted in an electronic format approved by the tax commissioner.
- 30 6. A brewer may have only one taproom license and may not have an ownership interest
31 in whole or in part, or be an officer, director, agent, or employee of any other

1 manufacturer, brewer, importer, wholesaler, or retailer, or be an affiliate thereof,
2 whether the affiliation is corporate or by management, direction, or control.

3 **SECTION 2. AMENDMENT.** Section 5-03-07 of the North Dakota Century Code is amended
4 and reenacted as follows:

5 **5-03-07. Imposition of tax - Rate.**

6 A tax is hereby imposed upon all alcoholic beverage wholesalers, domestic wineries,
7 domestic distilleries, microbrew pubs, brewer taproom licensees, and direct shippers for the
8 privilege of doing business in this state. The amount of this tax shall be determined by the
9 gallonage according to the following schedule:

10	Beer in bulk containers - per wine gallon	\$.08 (.021 per liter)
11	Beer in bottles and cans - per wine gallon	.16 (.042 per liter)
12	Wine, including sparkling wine,	
13	containing less than 17% alcohol by	
14	volume - per wine gallon	.50 (.132 per liter)
15	Wine containing 17%-24% alcohol by	
16	volume - per wine gallon	.60 (.159 per liter)
17	Distilled spirits - per wine gallon	2.50 (.66 per liter)
18	Alcohol - per wine gallon	4.05 (1.07 per liter)