



# Wholesale Alcohol Tax

News and developments

A publication of the Alcoholic Beverages Section

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Tax Commissioner

## 2003 Legislative update


### House Bill 1298: Domestic Winery

House Bill 1298 redefines what was formerly known as a “farm winery” as a “domestic winery.”

The majority of the ingredients, excluding water, necessary in the preparation of the wine must be grown and produced in North Dakota but do not have to be grown on the winery premises.

A domestic winery must obtain a license and is required to register each type or brand of wine the winery produces in this state. In addition, this legislation expands the production volume for a domestic winery to ten thousand gallons per calendar year. The domestic winery may sell its products to licensed wholesalers, make on-premise retail sales, and may obtain a permit from the Tax Commissioner

for sales at special events. The license fee for a domestic winery is \$100 per year.

Should you have any questions regarding the requirements for a domestic winery, please contact our alcohol administrative officer at 701-328-2702. 

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## Brand registrations

Wholesalers are reminded that no alcoholic beverage may be sold in or imported into North Dakota unless it is first registered with the Tax Commissioner. Current brand registrations expire June 30, 2003. Renewals are in progress.

A list of the current approved brand registration is available on our web site at [www.ndtaxdepartment.com](http://www.ndtaxdepartment.com), by clicking on **Alcohol**, and then clicking on **Publications**. 

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## Manifest of liquor shipments

The administrative rule requiring manifests of liquor shipments was repealed. We will no longer be processing those manifests; therefore, manifests of liquor shipments are no longer required by our office. Suppliers are required to submit monthly schedules of liquor shipments with copies of invoices. 



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## Sponsorships

In March 1994, wholesalers were informed that sponsorships were permissible if the wholesaler did not exceed the \$100 per year limitation to a respective retailer. The instruction, as follows, continues to apply: “A wholesaler may directly sponsor, for example, a softball team (non-retailer) with no dollar limitation. A team could be sponsored by the wholesaler by paying league and tournament fees, as well as by paying uniform costs. The important thing is to establish a clear line from the wholesaler to the team. The team may also seek the sponsorship of a retailer but the donations given by the wholesaler and the retailers must be completely separate. If the team in question is a wholesaler’s own team, no dollar limit is involved unless donations from a retailer are sought.” 

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## Point of sale limit

In January 1995, the dollar amount was increased for point-of-sale item to \$500. This point-of-sale limit of \$500 remains in effect per retail account from the wholesaler for each of the wholesaler’s brewers or suppliers. 

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## Alcohol audit examinations

The Office of State Tax Commissioner completed several audit examinations during the latter part of 2002 for the purpose of ensuring wholesale alcohol dealers were in compliance with the alcohol laws and regulations of the state. This audit program is being continued as part of our routine field audit activity. If your business operation is selected for an examination by our office, you will first be notified by letter and will then be contacted by one of our field representatives regarding a time to complete the examination at your business location that is convenient for both you and the reviewer.

Areas that will be reviewed include but are not limited to:

- Review of promotions and discounts.
- Compliance with cash beer law.
- Tracking giveaway merchandise.
- Tracking point of sale merchandise.

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