

HOUSE BILL NO. 1473

Introduced by

Representative D. Ruby

1 A BILL for an Act to amend and reenact subsection 19 of section 5-01-01, sections 5-01-14,
2 5-01-16, 5-01-17, and 5-01-19, subsections 4 and 5 of section 5-01-21, and sections 5-03-05,
3 5-03-06, 5-03-09, and 57-39.6-02 of the North Dakota Century Code, relating to the removal of
4 a requirement for persons engaged in the wholesale sale and delivery of alcoholic beverages to
5 collect alcoholic beverages wholesale taxes, and an increase in the alcoholic beverages gross
6 receipts tax on all sales of alcoholic beverages; to repeal sections 5-03-04 and 5-03-07, relating
7 to the elimination of alcoholic beverage wholesale taxes; and to provide an effective date.

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

9 **SECTION 1. AMENDMENT.** Subsection 19 of section 5-01-01 of the North Dakota Century
10 Code is amended and reenacted as follows:

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

13 **SECTION 2. AMENDMENT.** Section 5-01-14 of the North Dakota Century Code is amended
14 and reenacted as follows:

15 **5-01-14. Microbrew pubs - Licensing -Taxes.**

16 A microbrew pub shall obtain a brewer license and a retailer license as required under this
17 title. A microbrew pub may manufacture on the licensed premises, store, transport, sell to
18 wholesale malt beverage licensees, and export no more than ten thousand barrels of malt
19 beverages annually; sell malt beverages manufactured on the licensed premises; and sell
20 alcoholic beverages regardless of source to consumers for consumption on the microbrew pub's
21 licensed premises. A microbrew pub may not engage in any wholesaling activities. All sales and
22 delivery of malt beverages to any other retail licensed premises may be made only through a
23 wholesale malt beverage licensee. ~~Beer manufactured on the licensed premises and sold by a~~
24 ~~microbrew pub directly to the consumer for consumption on or off the premises is subject to the~~

1 ~~taxes imposed pursuant to section 5-03-07, in addition to any other taxes imposed on brewers-~~
2 ~~and retailers.~~ A microbrew pub is subject to section 5-03-06 and chapter 57-39.6 and is required
3 to file a monthly sales report with the tax commissioner by the fifteenth day of the month
4 following the month in which the sales are made. The report must be prepared and submitted in
5 a form and manner as prescribed by the tax commissioner. A microbrew pub is not precluded
6 from retailing beer it purchases from a wholesaler. Complimentary samples of beer may not be
7 in an amount exceeding sixteen ounces [.47 liter] per patron. Licenses under this section entitle
8 the microbrew pub to sell beer manufactured on the premises for off-premises consumption, in
9 brewery-sealed containers of not less than one-half gallon [1.89 liters] and not more than three
10 gallons [11.36 liters]. This section may not be superseded under chapters 11-09.1 and 40-05.1.

11 **SECTION 3. AMENDMENT.** Section 5-01-16 of the North Dakota Century Code is amended
12 and reenacted as follows:

13 **5-01-16. Direct sale from out-of-state person to consumer - Penalty.**

- 14 1. A person in the business of selling alcoholic beverages may not knowingly or
15 intentionally ship, or cause to be shipped, any alcoholic beverage from an out-of-state
16 location directly to a person in this state who is not a licensed wholesaler in this state.
- 17 2. A person in the business of transporting goods may not knowingly or intentionally
18 transport, or cause to be transported, any alcoholic beverage directly to a person in
19 this state who is not a licensed wholesaler in this state.
- 20 3. For a first violation of subsection 1 or 2, the tax commissioner shall notify, ~~by certified~~
21 ~~mail,~~ the person and order that person to cease and desist any shipment of alcoholic
22 beverages in violation of subsection 1 or 2 and shall assess a civil penalty of one
23 hundred dollars for each illegal shipment. For a second violation of subsection 1 or 2,
24 the tax commissioner shall assess a civil penalty of two hundred dollars for each illegal
25 shipment. For any subsequent violation of subsection 1 or 2, the tax commissioner
26 shall assess a civil penalty of five hundred dollars for each illegal shipment.
- 27 4. The alcoholic beverage transported in violation of this section and the vehicle used in
28 violation of this section are forfeitable property under chapter 29-31.1.
- 29 5. This section does not apply to a transaction by a person holding a valid manufacturer's
30 or retailer's license issued by the state of its domicile and if the person obtains a direct
31 shipping license from and on a form prescribed by the tax commissioner before

- 1 making a shipment. The annual fee for a direct shipping license is fifty dollars.
- 2 Licensed direct shippers may sell and ship to an individual twenty-one years of age or
3 older 7.13 gallons [27 liters] or less of wine, two hundred eighty-eight fluid ounces
4 [8517.18 milliliters] or less of beer, or 2.38 gallons [9 liters] or less of any other
5 alcoholic beverages per month for personal use and not for resale.
- 6 a. A direct shipper shall ship all containers of alcoholic beverages shipped directly
7 to a ~~resident of~~an individual in this state using a licensed alcohol carrier and may
8 cause the alcoholic beverages to be shipped by a licensed logistics company.
- 9 b. A direct shipper shall label all containers of alcoholic beverages shipped directly
10 to an individual in this state with conspicuous words "SIGNATURE OF PERSON
11 AGE 21 OR OLDER REQUIRED FOR DELIVERY".
- 12 c. A licensed direct shipper shall file a report ~~and pay the wholesaler excise tax and~~
13 ~~retailer sales taxes to~~with the tax commissioner on all alcoholic beverages sold to
14 residents in this state ~~at the rates set forth in sections 5-03-07 and 57-39.6-02~~and
15 is subject to section 5-03-06. The ~~excise tax~~ reports are due January fifteenth of
16 the year following the year sales and shipments were made. When the fifteenth
17 day of January falls on a Saturday, Sunday, or legal holiday, the due date is the
18 first working day thereafter. The report must provide such detail and be in a
19 format as prescribed by the tax commissioner and include the identification of
20 any logistics or fulfillment houses the licensee used for ~~such~~the shipments. ~~The~~
21 ~~sales and use tax reports are due as set forth in chapter 57-39.6. The sales and~~
22 ~~use tax reports must be in a format as prescribed by the tax commissioner. The~~
23 tax commissioner may require that the report be submitted in an electronic format
24 approved by the tax commissioner.
- 25 d. A licensed direct shipper is subject to the gross receipts tax on alcoholic
26 beverages sold into this state under section 57-39.6-02.
- 27 e. All alcoholic beverages ~~that are~~ shipped directly to a ~~resident of~~an individual in
28 this state must be properly registered with the federal alcohol and tobacco tax
29 and trade bureau and must be owned by the licensed direct shipper.
- 30 6. A licensed alcohol carrier may ship alcoholic beverages into, out of, or within this state.
31 A licensed alcohol carrier shall pay an annual fee of one hundred dollars and obtain a

1 license on an application form provided by the tax commissioner and subject to any
2 requirements determined by the tax commissioner.

3 a. A licensed alcohol carrier shall ensure all containers of alcoholic beverages
4 shipped directly to an individual in this state are labeled with conspicuous words
5 "SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY".

6 A licensed alcohol carrier may not deliver alcoholic beverages to a ~~person~~an
7 individual under twenty-one years of age, or to a ~~person~~an individual who is or
8 appears to be in an intoxicated state or condition. A licensed alcohol carrier shall
9 obtain valid proof of identity and age before delivery and shall obtain the
10 signature of an adult as a condition of delivery.

11 b. A licensed alcohol carrier is subject to section 5-03-06 and shall maintain records
12 of alcoholic beverages shipped into, out of, or within this state which include the
13 name of the licensed direct shipper, the name of any licensed logistics shipper,
14 the date of each shipment, the recipient's name and address, and an electronic
15 or paper form of signature from the recipient of the alcoholic beverages. A
16 licensed alcohol carrier shall submit a report to the tax commissioner on a
17 monthly basis in the form and format prescribed by the tax commissioner. The
18 report is due on the last day of the month following the month of shipment. If the
19 due date falls on a Saturday, Sunday, or legal holiday, the due date is the first
20 working day after the due date. The tax commissioner may require that the report
21 be submitted in an electronic format approved by the tax commissioner.

22 c. If the tax commissioner has provided notice to a licensed alcohol carrier that a
23 direct shipper is not licensed, the licensed alcohol carrier ~~must~~shall notify the
24 direct shipper that the direct shipper must obtain a direct shipper permit before
25 tendering packages to the licensed alcohol carrier for delivery. Any assessed
26 penalty may be waived by the tax commissioner for good cause upon request by
27 the licensed alcohol carrier.

28 7. Licensed logistics shippers ~~must~~shall obtain a logistics shipping license from the tax
29 commissioner and shall pay an annual fee of one hundred dollars before making or
30 causing a shipment.

- 1 a. A licensed logistics shipper shall ensure all containers of alcoholic beverages
- 2 shipped directly to an individual in this state are labeled with conspicuous words
- 3 "SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY".
- 4 b. All containers of alcoholic ~~beverage~~beverages shipped directly to a ~~resident-~~
- 5 person in this state must be shipped using a licensed alcohol carrier as
- 6 provided in subsection 6.
- 7 c. A licensed logistics shipper is subject to section 5-03-06 and shall maintain
- 8 records of alcoholic beverages shipped which include the license number and
- 9 name of the licensed direct shipper, the license number and name of the licensed
- 10 common carrier, the date of each shipment, the quantity and kind of alcohol
- 11 shipped, and the recipient's name and address for each shipment. A licensed
- 12 logistics shipper shall submit a report to the tax commissioner on a monthly basis
- 13 in the form and format prescribed by the tax commissioner. The report is due on
- 14 the last day of the month following the month of shipment. If the due date falls on
- 15 a Saturday, Sunday, or legal holiday, the due date is the first working day after
- 16 the due date. The tax commissioner may require that the report be submitted in
- 17 an electronic format approved by the tax commissioner.
- 18 d. Licensed logistics shippers may not ship alcoholic beverages from unlicensed
- 19 direct shippers or through unlicensed carriers. For a violation, a licensed logistics
- 20 shipper is subject to the penalties in subsection 3.
- 21 8. The tax commissioner may initiate and maintain an action in a court of competent
- 22 jurisdiction to enjoin a violation of this section and may request award of all costs and
- 23 attorney's fees incurred by the state incidental to that action. Upon determination by
- 24 the tax commissioner that an illegal sale or shipment of alcoholic beverages has been
- 25 made to a ~~consumer~~person in this state by any person, the tax commissioner may
- 26 notify both the alcohol and tobacco tax and trade bureau of the United States
- 27 department of the treasury and the licensing authority for the state in which the person
- 28 is domiciled that a state law pertaining to the regulation of alcoholic beverages has
- 29 been violated and may request those agencies to take appropriate action.

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

1 **5-01-17. Domestic winery license- License.**

- 2 1. The tax commissioner may issue a domestic winery license to the owner or operator of
3 a winery located within this state to produce wine. The percentage of ingredients by
4 volume, excluding water, of wine produced by a domestic winery which must be grown
5 and produced in this state must be at least ten percent in the second year of licensure,
6 twenty percent in the third year of licensure, thirty percent in the fourth year of
7 licensure, forty percent in the fifth year of licensure, and fifty-one percent in the sixth
8 and subsequent years of licensure. Domestic wineries may be granted an exemption
9 from the ingredient utilization requirement whenever the ~~state~~ tax commissioner
10 determines, upon the tax commissioner's own motion or at the request of a domestic
11 winery, that weather conditions, pest infestations, plant disease epidemics, or other
12 natural causes have reduced the quantity or quality of produce grown in this state to
13 an extent that renders compliance with the ingredient utilization requirement infeasible.
14 The exemption is effective for one year unless the tax commissioner issues a new
15 exemption. A domestic winery may purchase, at wholesale or retail, brandy for use of
16 en~~premises~~on premises fortification. A domestic winery license may be issued and
17 renewed for an annual fee of one hundred dollars, which is in lieu of all other license
18 fees required by this title.
- 19 2. A domestic winery may sell wine produced by that winery at on sale or off sale, in retail
20 lots, and not for resale, and may sell or direct ship its wine to persons inside or outside
21 of the state in a manner consistent with the laws of the place of the sale or delivery in
22 total quantities not in excess of twenty-five thousand gallons [94635 liters] in a
23 calendar year; glassware; wine literature and accessories; and cheese, cheese
24 spreads, and other snack food items. A licensee may dispense free samples of the
25 wines offered for sale. Subject to local ordinance, sales at on sale and off sale may be
26 made on Sundays between twelve noon and twelve midnight. The tax commissioner
27 may issue special events permits for not more than twenty events per calendar year to
28 a domestic winery allowing the winery, subject to local ordinance, to give free samples
29 of its wine and to sell its wine by the glass or in closed containers, at off-premises
30 events. To participate in a pride of Dakota event sponsored by the department of
31 agriculture, a domestic winery shall obtain a special events permit from the tax

1 commissioner. Participation by a domestic winery in a pride of Dakota event
2 sponsored by the department of agriculture does not count against the twenty special
3 events limitation. A domestic winery may not engage in any wholesaling activities. All
4 sales and deliveries of wines to any other retail licensed premises in this state may be
5 made only through a licensed North Dakota liquor wholesaler. For any month in which
6 a domestic winery has made sales to a North Dakota wholesaler, or at retail, including
7 all wines shipped directly to consumers, that domestic winery shall file a report with
8 the tax commissioner no later than the last day of each calendar month reporting sales
9 made during the preceding calendar month. When the last day of the calendar month
10 falls on a Saturday, Sunday, or legal holiday, the due date is the first working day
11 thereafter. The report must provide such detail and be in a format as prescribed by the
12 tax commissioner. The tax commissioner may require the report be submitted in an
13 electronic format approved by the tax commissioner.

14 3. A domestic winery may obtain a domestic winery license and a retailer license allowing
15 the ~~on premises~~ on premises sales of alcoholic beverages at a restaurant owned by the
16 licensee and located on property contiguous to the winery.

17 4. A domestic winery is subject to section 5-03-06 and ~~shall report and pay annually to~~
18 ~~the tax commissioner the wholesaler taxes due on all wines sold by the licensee at~~
19 ~~retail, including all wines shipped directly to consumers as set forth in sections 5-03-07-~~
20 ~~and 57-39.6-02. The annual wholesaler tax reports are due January fifteenth of the~~
21 ~~year following the year sales were made. When the fifteenth of January falls on a~~
22 ~~Saturday, Sunday, or legal holiday, the due date is the first working day thereafter. The~~
23 ~~report must provide such detail and be in a format as prescribed by the tax~~
24 ~~commissioner. The tax commissioner may require that the report be submitted in an~~
25 ~~electronic format approved by the tax commissioner~~ chapter 57-39.6.

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

28 **5-01-19. Domestic distillery - License.**

29 1. The tax commissioner may issue a domestic distillery license to the owner or operator
30 of a distillery ~~that is~~ located within this state which uses a majority of North Dakota
31 farm products to manufacture and sell spirits produced on the premises. A domestic

1 distillery license may be issued and renewed for an annual fee of one hundred dollars.
2 This fee is in lieu of all other license fees required by this title. The tax commissioner
3 may not issue the domestic distillery license until the applicant has established that the
4 applicant has applied for and obtained the necessary federal registrations and permits,
5 as required under the Internal Revenue Code of 1986 [26 U.S.C. 5001 et seq.] and the
6 federal Alcohol Administration Act [27 U.S.C. 203], for the operation of a distilled spirits
7 plant.

- 8 2. A domestic distillery may sell spirits produced by that distillery at on sale or off sale, in
9 retail 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 gallons [94635 liters]
12 in a calendar year. Direct sales within this state are limited to two and thirty-eight
13 hundredths gallons [9 liters] or less per month per person for personal use and not for
14 resale. The packaging must conform with the labeling requirements in section 5-01-16.
15 A licensee may dispense free samples of the spirits offered for sale. Subject to local
16 ordinance, sales at on sale and off sale may be made on Sundays between twelve
17 noon and twelve midnight. A domestic distillery may hold events inside and outside its
18 premises, but only on contiguous property under common ownership, allowing free
19 samples of its spirits and to sell its spirits by the glass or in closed containers. The tax
20 commissioner may issue special events permits for not more than twenty events per
21 calendar year to a domestic distillery allowing the domestic distillery, subject to local
22 ordinance, to give free samples of its product and to sell its product by the glass or in
23 closed containers, at off-premises events. To participate in a pride of Dakota event
24 sponsored by the department of agriculture, a domestic distillery shall obtain a special
25 events permit from the tax commissioner. Participation by a domestic distillery in a
26 pride of Dakota event sponsored by the department of agriculture does not count
27 against the twenty special events limitation. A domestic distillery may not engage in
28 any wholesaling activities. All sales and deliveries of spirits to any other retail licensed
29 premises in this state may be made only through a licensed North Dakota liquor
30 wholesaler. However, a domestic distillery may sell distilled spirits to a domestic winery
31 if the distilled spirits were produced from products provided to the domestic distillery

1 by the domestic winery. No later than the last business day of a calendar month, a
2 ~~farm~~domestic distillery that has made sales to a North Dakota wholesaler, or at retail,
3 including all distilled spirits shipped directly to consumers, during the preceding
4 calendar month shall file a report with the tax commissioner reporting those sales. The
5 report must provide such detail and be in a format as prescribed by the tax
6 commissioner. The tax commissioner may require the report be submitted in an
7 electronic format approved by the tax commissioner.

8 3. A domestic distillery may obtain a domestic distillery license and a retailer license
9 allowing the ~~on premises~~on premises sale of alcoholic beverages at a restaurant
10 owned by the licensee and located on property contiguous to the domestic distillery. A
11 domestic distillery also may own or operate a winery.

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

20 **SECTION 6. AMENDMENT.** Subsections 4 and 5 of section 5-01-21 of the North Dakota
21 Century Code is amended and reenacted as follows:

22 4. For any month in which a brewery has made sales to a wholesaler licensed in this
23 state, or at retail, to a retail licensee, or directly to consumers, that brewery shall file a
24 report with the tax commissioner no later than the last day of each calendar month
25 reporting sales made during the preceding calendar month. When the last day of the
26 calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the first
27 working day after that day. The report must provide the detail and be in a format as
28 prescribed by the tax commissioner. The tax commissioner may require the report be
29 submitted in an electronic format approved by the tax commissioner.

30 5. A brewer taproom licensee is subject to section 5-03-06 and ~~shall report and pay~~
31 ~~annually to the tax commissioner the wholesaler taxes due on all beer sold by the~~

1 licensee at retail or to a retail licensee, including all beer sold directly to consumers as
2 set forth in sections 5-03-07 and 57-39.6-02. The annual wholesaler tax reports are
3 due January fifteenth of the year following the year sales were made. When the
4 fifteenth of January falls on a Saturday, Sunday, or legal holiday, the due date is the
5 first working day after that day. The report must provide the detail and be in a format
6 as prescribed by the tax commissioner. The tax commissioner may require the report
7 be submitted in an electronic format approved by the tax commissioner chapter
8 57-39.6.

9 **SECTION 7. AMENDMENT.** Section 5-03-05 of the North Dakota Century Code is amended
10 and reenacted as follows:

11 **5-03-05. Tax commissioner to adopt rules - Appeal.**

12 The tax commissioner, under chapter 28-32, shall adopt rules governing retailers, licensees,
13 direct shippers, and manufacturers necessary to carry out the provisions of this title and to
14 ensure efficient collection of beer and liquor taxes. All decisions of the tax commissioner are
15 subject to court review.

16 **SECTION 8. AMENDMENT.** Section 5-03-06 of the North Dakota Century Code is amended
17 and reenacted as follows:

18 **5-03-06. Examination by tax commissioner - Penalty for improper returns.**

19 The state tax commissioner may at any reasonable time make an examination of the books
20 and premises of any retailer, wholesaler, supplier, manufacturer, domestic winery, domestic
21 distillery, microbrew pub, brewer taproom licensee, direct shipper, licensed alcohol carrier,
22 licensed logistics shipper, or other person to determine if the person has fully complied with all
23 statutes and rules pertaining to the person's business. If any manufacturer, wholesaler,
24 domestic winery, domestic distillery, microbrew pub, or direct shipper liable for any taxes
25 imposed by this chapter fails to pay such tax on the date payment is due, there must be added
26 to the tax a penalty of five percent of the total amount of the tax or five dollars, whichever is
27 greater, plus interest of one percent of the tax per month or fraction of a month of delay, except
28 the first month after the return or tax became due. Any manufacturer, wholesaler, supplier,
29 retailer, domestic winery, domestic distillery, microbrew pub, brewer taproom licensee, direct
30 shipper, licensed alcohol carrier, or licensed logistics shipper failing to furnish reports when
31 required must be assessed a penalty of one hundred dollars for each day such the reports are

1 delinquent. The state tax commissioner may forgive all or part of any penalty for good cause
2 shown. The tax commissioner shall give notice of the determination to the person liable for tax.
3 ~~If the determination of tax due relates to an incorrect or insufficient return filed by a taxpayer,
4 notice of the determination must be given not later than three years after the last day on which
5 the return was due or three years after the return was filed, whichever is later. If it is determined
6 upon audit by the tax commissioner that the tax due was twenty-five percent or more above the
7 amount reported on the return, notice of determination of tax due must be given not later than
8 six years after the last day on which the return was due or six years after the return was filed,
9 whichever is later. Notice of determination of tax due for any reporting period for which a
10 taxpayer failed to file a return must be given not later than six years after the due date of the
11 return, but if fraudulent information is given in a return or the failure to file a return is due to the
12 fraudulent intent or willful attempt of the taxpayer in any manner to evade the tax, the time
13 limitation provided in this section for giving notice of the determination of tax due does not apply.
14 If any manufacturer, wholesaler, domestic winery, domestic distillery, microbrew pub, or direct
15 shipper files a fraudulent return, there must be added to the tax an amount equal to the tax
16 evaded or attempted to be evaded and such manufacturer, wholesaler, domestic winery,
17 domestic distillery, microbrew pub, or direct shipper is also guilty of a class C felony. All such
18 taxes and civil penalties may be collected by assessment or distraint, and no court of this state
19 may enjoin the collection of any such tax or civil penalty. No wholesaler may purchase alcoholic
20 beverages from a manufacturer after notice from the tax commissioner that such manufacturer
21 has failed to file required reports with the tax commissioner's office. Any manufacturer, supplier,
22 retailer, wholesaler, domestic winery, domestic distillery, microbrew pub, brewer taproom
23 licensee, direct shipper, licensed alcohol carrier, or licensed logistics shipper may have its
24 license suspended or revoked for violation of any of the provisions of this title after a hearing
25 conducted similar to that prescribed by this law.~~

26 **SECTION 9. AMENDMENT.** Section 5-03-09 of the North Dakota Century Code is amended
27 and reenacted as follows:

28 **5-03-09. Supplier license required - Filing requirements - Penalty.**

29 1. Before a supplier may engage in the sale or shipment of alcoholic beverages to a
30 licensed North Dakota wholesaler, that supplier must first procure a supplier license
31 from the state tax commissioner. A supplier is subject to section 5-03-06.

- 1 2. For any month in which a licensed supplier has made sales to a North Dakota
2 wholesaler, that supplier shall file a report with the state tax commissioner no later
3 than the last day of each calendar month covering alcoholic beverages sold or shipped
4 to a North Dakota wholesaler during the preceding calendar month. When the last day
5 of the calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the
6 first working day thereafter. The report must provide such detail and be in a format as
7 prescribed by the state tax commissioner. The state tax commissioner may require
8 that the report be submitted in an electronic format approved by the state tax
9 commissioner.
- 10 3. If a supplier fails to file the required report as required by this section, there is imposed
11 a penalty of twenty-five dollars per month for each calendar month or fraction of a
12 month during which the delinquency continues beginning with the month during which
13 the report was due.
- 14 4. A supplier in violation of this section or who furnishes information required by this
15 section that is false or misleading is guilty of a class A misdemeanor.
- 16 5. In addition, whenever the holder of a supplier's license fails to comply with any of the
17 provisions of this title or any rules or regulations prescribed by the state tax
18 commissioner and adopted under this title, the state tax commissioner, upon hearing
19 after giving ten days' notice of the time and place of the hearing to show cause why
20 the holder's license should not be revoked, may revoke the license. The state tax
21 commissioner also shall have the power to restore licenses after such revocation.
22 Whenever the holder of a license has had the license revoked for failure to comply
23 with the provisions of this title or any rules and regulations prescribed by the state tax
24 commissioner and adopted under this title, the state tax commissioner shall charge a
25 fee of one hundred dollars for the reissuance of the license.

26 **SECTION 10. AMENDMENT.** Section 57-39.6-02 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **57-39.6-02. Gross receipts tax on alcoholic beverages - Exemption.**

29 There is imposed a tax of ~~seven~~eight and one-half percent on the gross receipts of retailers
30 from all sales at retail of alcoholic beverages. Gross receipts from sales at retail of alcoholic
31 beverages are exempted from the tax imposed by this chapter when the sale is made to a

1 purchaser who is entitled to a sales and use tax exemption under subsection 6 or 12 of section
2 57-39.2-04 on otherwise taxable sales.

3 **SECTION 11. REPEAL.** Sections 5-03-04 and 5-03-07 of the North Dakota Century Code
4 are repealed.

5 **SECTION 12. EFFECTIVE DATE.** Sections 2 through 11 of this Act are effective for taxable
6 events occurring after June 30, 2019.