

2009 HOUSE FINANCE AND TAXATION

HB 1087

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1087

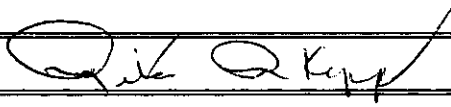
House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 13, 2009

Recorder Job Number: 6903

Committee Clerk Signature



Minutes:

**Chairman Belter:** I will open the hearing on HB 1087.

**Blane Braunberger, Compliance Supervisor for the Tax Commissioner:** I am here today to testify in support of HB 1087. **(See written testimony.)**

**Chairman Belter:** Any questions? I was wondering, when you require a microbrewer to file on the 15<sup>th</sup> of the month, how do taxes work with other people who are retailers of beer and liquor? Do they pay their taxes up front or do they have to file monthly reports also?

**Blane Braunberger:** This is similar to other areas of the industry as far as beer and liquor wholesalers. They report tax on a monthly basis which is due on the 15<sup>th</sup> of the following month. It is similar in nature to food pubs. It is just clarifying it in law.

**Representative Froseth:** How many licensed microbrewers do we have in the state?

**Blane Braunberger:** Currently just one.

**Representative Pinkerton:** There were some letters or emails going around about wine stores that sell the ingredients for wine and who help you with that. I thought Representative Ruby had a bill on this. Is there some problem with that kind of store? There was one in my district who wrote a letter about tax laws and preventing them from operating.

**Blane Braunberger:** I guess I am not sure exactly what the issues are that you are referring to. As far as I know, we don't have any immediate issues in our department.

**Representative Grandy:** It is a different part of the code completely.

**Representative Winrich:** There was a case in Grand Forks within the last year or so where that kind of store was involved in some kind of dispute with the Tax Dept.; but to the best of my knowledge, it has been resolved within the department and is no longer a problem.

**Representative Grande:** Mr. Chairman, it was an issue in Fargo, Grand Forks and Minot. It was an issue we will address if we have to, but right now it has been taken care of.

**Chairman Belter:** Any other questions? Further testimony on 1087? Any opposition to 1087? If not, we close the hearing on 1087. Committee members, what are your wishes on 1087?

**Representative Kelsh moved "Do Pass".**

**Representative Froelich seconded.**

A voice vote was taken on the bill: **Yea: 13, Nay: 0, Absent: 0.**

**Representative Froelich will carry the bill.**

Date: January 13, 2009

Roll Call Vote #: # 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1087

House FINANCE AND TAXATION Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Kelsh Seconded By Froelich

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	✓		Representative Froelich	✓	
Vice Chairman David Drovdal	✓		Representative Kelsh	✓	
Representative Brandenburg	✓		Representative Pinkerton	✓	
Representative Froseth	✓		Representative Schmidt	✓	
Representative Grande	✓		Representative Winrich	✓	
Representative Headland	✓				
Representative Weiler	✓				
Representative Wrangham	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Rep Froelich

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1087: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1087 was placed on the Eleventh order on the calendar.**

2009 SENATE FINANCE AND TAXATION

HB 1087

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1087

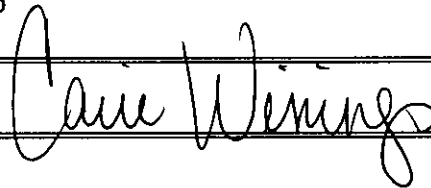
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 03/11/2009

Recorder Job Number: 10705

Committee Clerk Signature



Minutes:

**Vice Chairman Miller:** Opened hearing on HB 1087.

**Blane Braunberger, Compliance Supervisor of Sales & Special Taxes, Tax**

**Commissioners Office:** See Attachment #1 for testimony in support of the bill.

3.00 **Vice Chairman Miller:** The micro brew pubs, is that the same way we do things with bars?

**Blane Braunberger:** Bars are on the retail side as far as how they report their tax for retail sales. Brew pubs would be more on the side of the wholesale tax based on the amount of product that they produce and then also they are required to pay beverage retail sales tax.

**Vice Chairman Miller:** Even though they are not selling to anyone but themselves, they still have to pay a wholesale tax?

**Blane Braunberger:** Yes. That is the same as other industries that we have out there in the alcohol beverage area that will manufacture their own product but have a provision in the law that allows them to either sell to a wholesaler to in turn sell to a retailer or they could sell directly to a consumer, so it bypasses the different levels of taxation. It is as if they are selling wholesale to themselves and then retailing it to the consumers.

**Senator Anderson:** To me microbrew means beer, is that all we are talking about.

**Blane Braunberger:** It is really alcoholic beverages.

**Vice Chairman Miller:** Closed hearing.

**Senator Anderson:** Moved a Do Pass.

**Senator Triplett:** Seconded.

**Vice Chairman Miller:** Discussion?

**A Roll Call Vote was taken: Yea 7, Nay 0, Absent 0.**

**Senator Anderson will carry the bill.**



Date: 08/11/09

Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. : 1087

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Senator Anderson Seconded By Senator Triplett

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman	✓		Sen. Arden Anderson	✓	
Sen. Joe Miller - Vice Chairman	✓		Sen. Jim Dotzenrod	✓	
Sen. David Hogue	✓		Sen. Constance Triplett	✓	
Sen. Dave Oehlke	✓				

Total: Yes 7 No 0

Absent 0

Floor Assignment Senator Anderson

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
March 11, 2009 10:49 a.m.

**Module No: SR-44-4546**  
**Carrier: Anderson**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1087: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1087 was placed on the Fourteenth order on the calendar.**

2009 TESTIMONY

HB 1087

TESTIMONY OF THE OFFICE OF TAX COMMISSIONER  
BEFORE THE  
HOUSE FINANCE AND TAXATION COMMITTEE

HOUSE BILL 1087

January 13, 2009

*Same testimony  
given to Senate  
Finance +  
Taxation.*

Chairman Belter, members of the House Finance and Taxation Committee, I am Blane Braunberger, Compliance Supervisor of Sales & Special Taxes for the Office of Tax Commissioner and I am here today on behalf of the Commissioner to testify in support of House Bill 1087.

**BACKGROUND**

This bill is being introduced at the request of the Tax Commissioner to correct several references in Title 5 of the North Dakota Century Code. This title pertains to the alcoholic beverage industry in North Dakota.

**EXPLANATION OF THE BILL**

**Sections 1 & 3** - Removes obsolete references to the bureau of alcohol, tobacco, firearms and explosives (ATF) and replaces it with "alcohol and tobacco tax and trade bureau". References to the tax commissioner are also updated by removing the word, "state".

**Section 2** – Adds language on Page 2, lines 13 – 16 to provide clarification on the reporting requirements of a microbrew pub and adds a due date for filing monthly sales reports. The report should be prepared and submitted in the format prescribed by the tax commissioner. Currently microbrew pubs report in this manner, but the filing requirement is not referenced in the law. The reporting method is similar to the other alcohol beverage areas that require a frequent report.

**CONCLUSION**

The changes in House Bill 1087 provide clarification to North Dakota Century Code Title 5 by removing obsolete references to the bureau of alcohol, tobacco, firearms and explosives and to the state tax commissioner. The report filing requirement for microbrew pubs has also been clarified and provides a report due date. The Tax Commissioner respectfully requests that you give favorable consideration to House Bill 1087.