

HOUSE BILL NO. 1504

Introduced by

Representatives Hagert, D. Anderson, Christensen, Mock, Ostlie

Senators Conley, Larsen

1 A BILL for an Act to create and enact a new section to chapter 5-03 and a new section to
2 chapter 57-38 of the North Dakota Century Code, relating to an alcoholic beverage tax credit for
3 qualified microbrew pubs and brewer taproom licensees for barley purchases and an income
4 tax credit for qualified brewers for barley purchases; to provide an effective date; and to provide
5 an expiration date.

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

7 **SECTION 1.** A new section to chapter 5-03 of the North Dakota Century Code is created
8 and enacted as follows:

9 **North Dakota barley tax credit - Verification.**

- 10 1. A microbrew pub or brewer taproom licensee that produces beer subject to the tax in
11 section 5-03-07 and purchases more than forty percent of the licensee's total annual
12 barley purchases from a farmer or supplier in this state is entitled to a tax credit
13 against the tax liability under section 5-03-07 equal to fifteen percent of the amount of
14 tax imposed on beer sold by the microbrew pub or brewer taproom licensee to
15 wholesalers in this state.
- 16 2. To apply for the credit, the microbrew pub or brewer taproom licensee annually shall
17 sign and file with the tax commissioner an application containing a verified statement
18 of facts establishing the applicant's qualifications for the credit under this section and
19 any other information prescribed by the tax commissioner.
- 20 3. At the request of the tax commissioner, the microbrew pub or brewer taproom licensee
21 shall provide documentation to the tax commissioner to verify eligibility for the credit,
22 including records and accounts of the microbrew pub or brewer taproom licensee
23 pertaining to barley purchases.

1 4. The tax commissioner shall prescribe, design, and make available all forms necessary
2 to effectuate this section.

3 **SECTION 2.** A new section to chapter 57-38 of the North Dakota Century Code is created
4 and enacted as follows:

5 **North Dakota barley tax credit - Verification.**

- 6 1. A brewer that produces beer and purchases more than forty percent of the brewer's
7 total annual barley purchases from a farmer or supplier in this state is entitled to a tax
8 credit against the tax liability under section 57-38-30 equal to fifteen percent of the
9 amount of tax that would be imposed on beer sold by the brewer to a wholesaler in
10 this state if the beer was subject to the tax in section 5-03-07.
- 11 2. For purposes of this section, a "brewer" means a licensed brewer or importer of beer
12 located within or outside this state who enters an agreement with any beer wholesaler
13 licensed to do business in this state.
- 14 3. The credit under this section may not exceed the taxpayer's liability as determined
15 under this chapter for the taxable year. Any credit amount exceeding the limitation in
16 this subsection for the taxable year may not be claimed as a carryback or
17 carryforward.
- 18 4. To apply for the credit, the brewer annually shall sign and file with the tax
19 commissioner an application containing a verified statement of facts establishing the
20 applicant's qualifications for the credit under this section and any other information
21 prescribed by the tax commissioner.
- 22 5. At the request of the tax commissioner, the brewer shall provide documentation to the
23 tax commissioner to verify eligibility for the credit, including records and accounts of
24 the brewer pertaining to barley purchases.
- 25 6. The tax commissioner shall prescribe, design, and make available all forms necessary
26 to effectuate this section.

27 **SECTION 3. EFFECTIVE DATE - EXPIRATION DATE.** This Act is effective for the first two
28 taxable years beginning after December 31, 2022, and after that date is ineffective.