



## 2026 South Dakota Legislature

# House Bill 1093

Introduced by: **Representative Weisgram**

1 **An Act to create small-batch alcohol licenses.**

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 **Section 1. That § 35-2-6.4 be AMENDED:**

4 **35-2-6.4.** No manufacturer or wholesaler licensee under this title, nor any officer,  
 5 director, stockholder, agent, or employee thereof or any relative of the licensee, officer,  
 6 director, stockholder, agent, or employee, may be ~~in any way~~ financially interested, either  
 7 directly or indirectly, or participate in the operation of the business of any retailer licensee  
 8 other than by reason of sales to the licensee.

9 A ~~retailer licensee~~ who ~~is a party to any action prohibited by~~ violates this section  
 10 is guilty of a Class 2 misdemeanor.

11 This section does not apply to a person licensed as a:

12 (1) Small-batch brewery, as defined in § 35-15-2;

13 (2) Small-batch cidery, as defined in § 35-14-1;

14 (3) Small-batch distillery, as defined in § 35-13-13; and

15 (4) Small-batch winery, as defined in § 35-12-13.

16 **Section 2. That § 35-12-13 be AMENDED:**

17 **35-12-13.** ~~For the purposes of this chapter, the term, farm winery, means~~  
 18 any ~~Terms used in this chapter mean:~~

19 (1) "Farm winery," a manufacturer that is not a small-batch winery, located in this  
 20 state producing wine, ~~as defined in § 35-1-1,~~ in a total quantity ~~not in excess of~~  
 21 no greater than one hundred fifty thousand gallons within a ~~calendar~~ year, where  
 22 at least fifty percent of the raw materials used in the finished product are grown  
 23 or produced in this state, and without the use of wine imported from outside this  
 24 state; and

1       (2) "Small-batch winery," a manufacturer located in this state producing wine in a total  
2       quantity no greater than three thousand seven hundred fifty gallons in a year,  
3       where at least fifty percent of the raw materials used in the finished product are  
4       grown or produced in this state, and without the use of wine imported from outside  
5       this state.

6       **Section 3. That § 35-12-14 be AMENDED:**

7               **35-12-14.** The fee for a farm winery license is five hundred dollars.  
8               The fee for a small-batch winery license is five hundred dollars.

9       **Section 4. That § 35-12-16 be AMENDED:**

10              **35-12-16.** There is ~~hereby~~ levied on all alcoholic beverages produced by any  
11      person licensed pursuant to this chapter an excise tax at the same rates and collected and  
12      administered in the same manner as the taxes imposed on alcoholic beverages in chapter  
13      35-5. Notwithstanding any other provision of law, the taxes imposed on a farm winery  
14      ~~shall~~ and a small-batch winery must be deposited in the general fund.

15      **Section 5. That § 35-12-17 be AMENDED:**

16              **35-12-17.** ~~Any~~An applicant for a license as a farm winery or small-batch winery  
17      shall verify, under oath, compliance with the requirement to use agricultural products  
18      grown or produced in this state. ~~However, if~~ If South Dakota agricultural products are not  
19      available in sufficient quantities, the applicant may use imported agricultural products for  
20      the period covered by the license, but may not use imported alcoholic beverages. Any  
21      person who signs a statement as provided for in this section, knowing the statement to  
22      be false or untrue, in whole or in part, is guilty of perjury.

23      **Section 6. That § 35-12-18 be AMENDED:**

24              **35-12-18.** A licensed farm winery or small-batch winery may sell on the licensed  
25      premises alcoholic beverages produced by the licensee for on-sale or off-sale  
26      consumption.

27              A licensed farm winery may sell alcoholic beverages produced by the licensee to  
28      any wholesaler or retailer authorized to receive the alcoholic beverages.

1           A licensed farm winery may sell alcoholic beverages to any licensed artisan distiller,  
2 farm winery, microbrewery, or microcidery, if the alcoholic beverage is used in the  
3 manufacturing process.

4           The quantity of alcoholic beverages sold pursuant to this section may not exceed  
5 the total production limits for the license as specified in § 35-12-13.

6 **Section 7. That § 35-12-19 be AMENDED:**

7           **35-12-19.** A licensed farm winery or small-batch winery may hold on the licensed  
8 premises an artisan distiller license, a microbrewery license, or a microcidery license. A  
9 licensed farm winery or small-batch winery may hold on the licensed premises any license  
10 issued pursuant to subdivision 35-4-2(4), (6), (12), or (16).

11 **Section 8. That § 35-12-20 be AMENDED:**

12           **35-12-20.** A licensed farm winery or small-batch winery may operate additional  
13 locations in this state by obtaining additional licenses of the same class pursuant to this  
14 chapter. The quantity of alcoholic beverages produced under the original license and any  
15 additional licenses combined may not exceed the total production limits for the license as  
16 specified in § 35-12-13. Any additional license issued pursuant to this section has the  
17 privileges of the original license as specified in §§ 35-12-18 and 35-12-19.

18 **Section 9. That a NEW SECTION be added to chapter 35-12:**

19           If a person licensed as a farm winery produces wine in a quantity below the  
20 maximum limits set forth in subdivision 35-12-13(2), the person does not lose eligibility  
21 for the person's current class of license.

22 **Section 10. That § 35-13-13 be AMENDED:**

23           **35-13-13.** Terms used in this chapter mean:  
24 (1) "Artisan distiller," ~~any a~~ any a manufacturer located in this state producing, rectifying, or  
25 blending distilled spirits, ~~as defined in § 35-1-1,~~ in a total quantity ~~not in excess of~~  
26 no greater than fifty thousand gallons ~~within a calendar in a~~ year, where at least  
27 thirty percent of the raw materials, ~~other than water,~~ used in the ~~finished product~~  
28 are grown or distilled spirit, other than water, are produced in this state;

1 (2) "Distiller," ~~any a~~ manufacturer located in this state producing, rectifying, or  
 2 blending distilled spirits, ~~as defined in § 35-1-1, that, which~~ is not an artisan  
 3 distiller or a small-batch distillery; and

4 (3) "Small-batch distillery," a manufacturer located in this state producing, rectifying,  
 5 or blending distilled spirits in a total quantity no greater than one thousand two  
 6 hundred fifty gallons in a year, where at least thirty percent of the raw materials  
 7 used in the distilled spirit, other than water, are produced in this state.

8 **Section 11. That § 35-13-14 be AMENDED:**

9 **35-13-14.** The classes of licenses pursuant to this chapter, with the fee of each  
 10 class, are ~~as follows:~~

- 11 (1) Artisan distiller ~~—~~ five hundred dollars; and  
 12 (2) Distiller ~~—~~ two thousand five hundred dollars; and  
 13 (3) Small-batch distillery, five hundred dollars.

14 **Section 12. That § 35-13-18 be AMENDED:**

15 **35-13-18.** ~~Any~~ Except as otherwise provided in this section, an applicant for a  
 16 license as an artisan distiller or small-batch distillery shall verify to the Department of  
 17 Revenue, under oath, compliance with the requirement to use agricultural products raw  
 18 materials, other than water, grown or produced in this state. However, if If South Dakota  
 19 agricultural products are not available in sufficient quantities, the applicant may use  
 20 imported agricultural products for the period covered by the license. ~~Any A~~ A person who  
 21 signs a statement as provided for in this section, knowing the statement to be false or  
 22 untrue, in whole or in part, is guilty of perjury.

23 **Section 13. That § 35-13-19 be AMENDED:**

24 **35-13-19.** A licensed artisan distiller or small-batch distillery may sell on the  
 25 licensed premises alcoholic beverages produced by the licensee for on-sale or off-sale  
 26 consumption.

27 A licensed artisan distiller may sell alcoholic beverages produced by the licensee to  
 28 any wholesaler or retailer authorized to receive the alcoholic beverages.

29 A licensed artisan distiller may sell alcoholic beverages to any licensed artisan  
 30 distiller, farm winery, microbrewery, or microcidery, if the alcoholic beverage is used in  
 31 the manufacturing process.

1           The quantity of alcoholic beverages sold pursuant to this section may not exceed  
2           the total production limits for the license as specified in § 35-13-13.

3   **Section 14. That § 35-13-20 be AMENDED:**

4           **35-13-20.** A licensed artisan distiller or small-batch distillery may hold on the  
5           licensed premises a farm winery license, a microbrewery license, or a microcidery license.  
6           A licensed artisan distiller may hold on the licensed premises any license issued pursuant  
7           to subdivision 35-4-2(4), (6), (12), or (16).

8   **Section 15. That § 35-13-21 be AMENDED:**

9           **35-13-21.** A licensed artisan distiller or small-batch distillery may operate  
10          additional locations in this state by obtaining additional licenses of the same class pursuant  
11          to this chapter. The quantity of alcoholic beverages produced under the original license  
12          and any additional licenses combined may not exceed the total production limits for the  
13          license as specified in § 35-13-13. Any additional license issued pursuant to this section  
14          has the privileges of the original license as specified in §§ 35-13-19 and 35-13-20.

15   **Section 16. That a NEW SECTION be added to chapter 35-13:**

16          If a person licensed as an artisan distiller produces, rectifies, or blends distilled  
17          spirits in a quantity below the maximum limits set forth in subdivision 35-13-13(3), the  
18          person does not lose eligibility for the person's current class of license.

19   **Section 17. That § 35-14-1 be AMENDED:**

20          **35-14-1.** Terms used in this chapter mean:  
21          (1) "Cider manufacturer," ~~any a~~ manufacturer located in this state producing cider, as  
22          defined in § 35-1-1, ~~that which~~ is not a microcidery or a small-batch cidery;  
23          (2) "Microcidery," ~~any a~~ manufacturer located in this state producing cider, as defined  
24          in § 35-1-1, in a total quantity ~~not in excess of~~ no greater than twelve thousand  
25          barrels ~~within a calendar~~ in a year; and  
26          (3) "Small-batch cidery," a manufacturer located in this state producing cider in a total  
27          quantity no greater than three hundred barrels in a year.

28   **Section 18. That § 35-14-2 be AMENDED:**

29          **35-14-2.** The classes of licenses, with the fee of each class, are as follows:

- 1 (1) Cider manufacturer—~~two thousand five hundred dollars; and~~
- 2 (2) Microcidery—~~five hundred dollars; and~~
- 3 (3) Small-batch cidery, five hundred dollars.

4 **Section 19. That § 35-14-5 be AMENDED:**

5 **35-14-5.** A licensed microcidery or small-batch cidery may sell on the licensed  
6 premises alcoholic beverages produced by the licensee for on-sale or off-sale  
7 consumption.

8 A licensed microcidery may sell alcoholic beverages produced by the licensee to  
9 any wholesaler authorized to receive the alcoholic beverages.

10 A licensed microcidery may sell alcoholic beverages to any licensed artisan distiller,  
11 farm winery, microbrewery, or microcidery, if the alcoholic beverage is used in the  
12 manufacturing process.

13 A licensed microcidery may sell up to six hundred barrels of alcoholic beverages  
14 produced by the licensee within a ~~calendar~~ year to retailers authorized to receive the  
15 alcoholic beverages.

16 The barrel limit in this section does not apply to any sales made to special event  
17 retailers licensed pursuant to § 35-4-124 and served by employees of the microcidery or  
18 to any transfer of alcoholic beverages between a licensed microcidery and any additional  
19 locations authorized pursuant to § 35-14-7.

20 The quantity of alcoholic beverages sold pursuant to this section may not exceed  
21 the total production limits for the license as specified in § 35-14-1.

22 **Section 20. That § 35-14-6 be AMENDED:**

23 **35-14-6.** A licensed microcidery or small-batch cidery may hold on the licensed  
24 premises an artisan distiller license, a farm winery license, or a microbrewery license. A  
25 licensed microcidery may hold on the licensed premises any license issued pursuant to  
26 subdivision 35-4-2(4), (6), (12), or (16).

27 **Section 21. That a NEW SECTION be added to chapter 35-14:**

28 If a person licensed under this chapter produces cider in a quantity below the  
29 maximum limits set forth in § 35-14-1, the person does not lose eligibility for the person's  
30 current class of license.

31 **Section 22. That § 35-15-1 be AMENDED:**

- 1           **35-15-1.** Terms used in this chapter mean:
- 2           (1) "Malt beverage manufacturer," any manufacturer located in this state producing
- 3           malt beverages, ~~as defined in § 35-1-1, that, which~~ is not a microbrewery or small-
- 4           batch brewery;
- 5           (2) "Microbrewery," any manufacturer located in this state producing malt beverages,
- 6           ~~as defined in § 35-1-1, in a total quantity not in excess of~~ no greater than thirty
- 7           thousand barrels ~~within a calendar year~~ in a year; and
- 8           (3) "Small-batch brewery," a manufacturer located in this state producing malt
- 9           beverages, in a quantity no greater than seven hundred fifty barrels in a year.

10       **Section 23. That § 35-15-2 be AMENDED:**

- 11           **35-15-2.** The classes of licenses, with the fee of each class, are ~~as follows:~~
- 12           (1) Malt beverage manufacturer—two thousand five hundred dollars; ~~and~~
- 13           (2) Microbrewery—five hundred dollars; and
- 14           (3) Small-batch brewery, five hundred dollars.

15       **Section 24. That § 35-15-5 be AMENDED:**

16           **35-15-5.** A licensed microbrewery or small-batch brewery may sell on the licensed

17           premises alcoholic beverages produced by the licensee for on-sale or off-sale

18           consumption.

19           A licensed microbrewery may sell alcoholic beverages produced by the licensee to

20           any wholesaler authorized to receive the alcoholic beverages. A licensed microbrewery

21           may sell alcoholic beverages to any licensed artisan distiller, farm winery, microbrewery,

22           or microcidery, if the alcoholic beverage is used in the manufacturing process.

23           ~~A-Except as otherwise provided in this section, a~~ licensed microbrewery may sell

24           up to one thousand five hundred barrels of alcoholic beverages produced by the licensee

25           within a calendar year to retailers authorized to receive the alcoholic beverages.

26           ~~The barrel limit in~~ limitations on sales of alcoholic beverages under this section

27           ~~does do~~ not apply to any sales made to special event retailers licensed pursuant to § 35-

28           4-124 and served by employees of the microbrewery, or to any transfer of alcoholic

29           beverages between a licensed microbrewery and any additional locations authorized

30           pursuant to § 35-15-7.

31           The quantity of alcoholic beverages sold pursuant to this section may not exceed

32           the total production limits for the license as specified in § 35-15-1.

1 **Section 25. That § 35-15-6 be AMENDED:**

2 **35-15-6.** A licensed microbrewery or small-batch brewery may hold on the  
3 licensed premises an artisan distiller license, a farm winery license, or a microcidery  
4 license. A licensed microbrewery may hold on the licensed premises any license issued  
5 pursuant to subdivision 35-4-2(4), (6), (12), or (16).

6 **Section 26. That a NEW SECTION be added to chapter 35-15:**

7 If a person licensed under this chapter produces malt beverages in a quantity below  
8 the maximum limits set forth in § 35-15-1, the person does not lose eligibility for the  
9 person's current class of license.