



HOUSE BILL 500: ABC Omnibus Legislation.

**This Bill Analysis
reflects the
contents of the bill
as it was presented
in committee.**

2017-2018 General Assembly

Committee:	House Alcoholic Beverage Control. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	April 25, 2017
Introduced by:	Reps. McGrady, Brawley, Hardister, Harrison	Prepared by:	Susan Sitze
Analysis of:	PCS to First Edition H500-CSSAf-17		Committee Counsel

OVERVIEW: *The Proposed Committee Substitute (PCS) for House Bill 500 would make changes to the Alcoholic Beverage Control (ABC) Commission laws as follows:*

- *Authorize the sale of crowlers by retail permittees.*
- *Authorize off-site storage locations for breweries, wineries, and distilleries.*
- *Authorize the sale of unfortified wine on premises by retail businesses.*
- *Authorize tastings during brewery tours.*
- *Authorize sampling of alcoholic beverages for sensory analysis, quality control, or education.*
- *Allow home brewers to participate in exhibitions and competitions, and remove restrictions on the types of wines produced.*
- *Clarify the exemption to financial interest prohibitions for brewery premises and retail locations.*
- *Authorize brewery taprooms to sell other alcoholic beverages.*
- *Authorize breweries with production facilities in other states to distribute to wholesalers.*
- *Authorize breweries to sell their product at the brewery regardless of whether malt beverage sales are allowed in the jurisdiction upon approval of the local governing body.*
- *Authorize breweries to sell products manufactured by contract breweries at additional retail locations.*

The PCS adds language to Section 10 requiring a public hearing before local governing board approval of brewery sales in areas where the sale of malt beverages has not been approved, makes clarifying changes to Sections 8 and 11, and deletes the section of the previous version that directed the LRC to study a rewrite of the ABC laws.

BILL ANALYSIS:

Section 1 would remove the requirement that non-original manufacture's containers authorized for retail sale for consumption off premises be "resealable". This change would allow the sale of "crowlers", which are generally 32 ounce cans sealed on the premises of the permittee.

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Section 2 would allow a brewery, winery, or distillery to store alcoholic beverages it produces at an off-site storage location approved by the Alcohol and Tobacco Tax and Trade Bureau.

Section 3 would authorize retail businesses to obtain an on-premises unfortified wine permit.

Section 4 would amend the statute allowing breweries to give its products to its employees and guests for consumption on premises, to authorize giving their product to customers, visitors, and employees. This would clearly allow tastings of products to occur on premises as a part of any brewery tour.

Section 5 would allow a commercial permittee, its agent or employee, to sample alcoholic beverages on premises for purposes of sensory analysis, quality control, or education.

Section 6 would remove the requirement that home brewed wine be a "native" wine and that the only alcohol content be produced by natural fermentation. This section would also allow home brewers of both malt beverages and wine to share their product at organized affairs, exhibitions, or competitions and specify that wines and malt beverages made pursuant to this section may not be sold or offered for sale.

Section 7 would exempt breweries from limitations on lending or giving things of value to wholesalers or retailers with respect to premises operated by the brewery either on their own premises or one of the additional retail locations certain breweries are authorized to operate.

Section 8 would allow breweries to sell at the brewery, any alcoholic beverage approved for sale in North Carolina, in addition to their own products, after obtaining the appropriate permit, if the type of alcoholic beverage is approved for sale in that area.

Section 9 would allow breweries to receive their products manufactured in other states and distribute them to in state wholesalers.

Section 10 would allow breweries that produce agricultural products for use in the manufacture of malt beverages to sell their products at the brewery even in jurisdictions that do not allow the sale of malt beverages upon approval of the governing body of the city where the brewery is located or, if the brewery is not located in a city, the governing body of the county where the brewery is located. Approval must be done by resolution of the governing body at a public meeting, after a public hearing has been held.

Section 11 would make the following changes:

- Allow additional retail locations operated by a brewery to sell products made by a contract brewery.
- Only require additional retail locations operated under a different trade name to offer competitive malt beverage products.
- Clarify that sales at the brewery's additional retail locations are not considered a wholesale sale for purposes of the franchise agreement statutes.

Section 12 of the bill would direct the ABC Commission to adopt rules to implement this act and make ineffective any current rules or policies that do not comply.

Section 13 of the bill would provide that the headings in the bill have no effect.

EFFECTIVE DATE: This act would be effective when it becomes law.