



# HOUSE BILL 500: ABC Omnibus Legislation.

2017-2018 General Assembly

<b>Committee:</b>	Senate Finance. If favorable, re-refer to Rules and Operations of the Senate	<b>Date:</b>	June 11, 2018
<b>Introduced by:</b>	Reps. McGrady, Brawley, Hardister, Harrison	<b>Prepared by:</b>	Susan Sitze
<b>Analysis of:</b>	Third Edition		Staff Attorney

**OVERVIEW:** *House Bill 500 would make various changes to the alcoholic beverage control (ABC) laws.*

*Section 4 of House Bill 500 would define "motion picture theater" and "sports and entertainment venue" and authorize those entities to obtain certain ABC permits, each of which would require the payment of fees.*

### CURRENT LAW AND BILL ANALYSIS:

**Section 1:** Under current law, an ABC commercial permittee, or its agent or employee, may consume samples of alcoholic beverages it is licensed to sell on its premises for purposes of sensory analysis, quality control, or education. Section 1 of the PCS would allow a commercial permittee, or its agent or employee, to sample alcoholic beverages it is licensed to sell for purposes of sensory analysis, quality control, or education on any of the following premises:

- The permittee's premises licensed for commercial activity.
- The permittee's premises licensed for retail activity, if the commercial permittee is authorized to hold a retail permit and the commercial permittee has obtained the appropriate retail permit.
- The premises of a special one-time permittee.
- The premises of a special event where a commercial permittee is participating under a winery special event permit or a malt beverage special event permit.

**Section 2:** Under current law, distressed liquor owned by a local board or the ABC Commission must be destroyed, given to a public or private hospital for medicinal use, or, in the case of the Commission, selling them to a military installation. Distressed liquor is defined in rule as "liquor which is not saleable due to adulteration or damage to the bottle, label or tax seal." ABC Commission rules require that a distillery representative be present when damaged or distressed liquor bottles are being destroyed by the Commission, a privately-owned bonded warehouse, or a local board. Section 2 would direct the ABC Commission to amend its rules to clarify that the presence of a distiller representative is not required for the Commission, a privately-owned bonded warehouse, or a local board to destroy distressed liquor.

**Section 3** would direct the ABC Commission to amend its rules so that the mixed beverage tax stamp may be affixed to any vertical portion of the container, and not only the original paper labeling of the container. A mixed beverages tax stamp must be affixed to any bottle of liquor sold to a mixed beverages permittee.

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**Section 4** would add two new definitions for establishments that may receive ABC permits, and would amend the definition of premises for a restaurant located on an 18-hole golf course or a sports club substantially engaged in the business of providing an 18-hole golf course. Specifically, this section would:

- Define a "motion picture theater" as a movie theater, screening room, or other venue that is being used primarily for the exhibition of a copyrighted motion picture, if such exhibition is open to the public. To qualify as a movie theater, the establishment's movie ticket sales revenue would have to exceed its alcoholic beverage sales, and the establishment's gross receipts from food and nonalcoholic beverages would have to be at least 30% of the total gross receipts from food, nonalcoholic beverages, and alcoholic beverages. A motion picture theater would be eligible to obtain the following permits:
  - On-premises malt beverage permit.
  - On-premises unfortified wine permit.
  - On-premises fortified wine permit.
  - Mixed beverages permit.
- Define a "sports and entertainment venue" as a stadium, ballpark, or other similar facility with a permanently constructed seating capacity of 3,000 or more, which is not located on the campus of a school, college, or university. A sports and entertainment venue would be eligible to obtain the following permits:
  - On-premises malt beverage permit.
  - On-premises unfortified wine permit.
  - Mixed beverages permit.
- Provide that for a restaurant located on an 18-hole golf course or a sports club substantially engaged in the business of providing an 18-hole golf course, the premises of the establishment includes the parking lot and the playing area of the golf course, including the teeing areas, greens, fairways, roughs, hazards, and cart paths.

**Section 5** would:

- Increase the number of raffles that a nonprofit organization could hold each year from two to four.
- Increase the annual amount of prizes that a nonprofit organization could award in raffles by a nonprofit from \$125,000 to \$250,000.
- Authorize the sale and consumption of alcoholic beverages in a room where a raffle is being conducted.
- Provide that a nonprofit organization that has received a limited special occasion ABC permit or special one-time ABC permit may renew the permit rather than applying for a new permit.
- Allow a nonprofit organization holding ticketed event with a special one-time ABC permit to offer alcoholic beverages as a prize in a raffle or sell alcoholic beverages at auction at the ticketed event.

The provision allowing renewal of one-time permits would become effective December 1, 2018. The remainder of this section would become effective October 1, 2018.

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**Section 6** would explicitly allow distillers to sell branded merchandise such as glassware, cups, signs, t-shirts, hats, and other apparel at spirituous liquor tastings conducted under a spirituous liquor special event permit.

**Section 7** would allow the sale of malt beverages, unfortified wine, and fortified wine on passenger-only ferries established by the Department of Transportation upon compliance with alcoholic beverage license and excise taxes.

**Section 7.1(a)** would authorize the transfer of a wholesaler business to a family member in situations other than the death of the owner, and add niece or nephew to the list of family members to whom the business can be transferred. This section would also remove a supplier's right to match and reassign to a designee the right to purchase an ownership interest when an interest in a wholesaler business is sold, assigned, or transferred.

**Section 7.1(b)** would prohibit a supplier from acquiring, possessing, or otherwise maintaining an ownership interest in a wholesaler except as expressly authorized by Chapter 18B of the General Statutes.

**Section 7.1(c)** would prohibit a supplier from coercing a wholesaler to accept delivery of an alcoholic beverage, or other item or service, which has not been specifically ordered or requested by the wholesaler.

**EFFECTIVE DATE:** Except as otherwise provided, this act would be effective when it becomes law.