



HOUSE BILL 500: ABC Omnibus Legislation.

2017-2018 General Assembly

Committee:		Date:	August 27, 2018
Introduced by:		Prepared by:	Chris Saunders
Analysis of:	S.L. 2018-100		Staff Attorney

OVERVIEW: *S.L. 2018-100 makes various changes to the laws governing alcoholic beverages. Some of the provisions in this act include:*

- *Allows a commercial permittee to taste alcoholic beverages for quality control premises at premises other than the permittee's licensed commercial premises.*
- *Directs the Alcoholic Beverage Control (ABC) Commission to amend its rules to clarify that a distiller representative need not be present for the Commission, a privately owned bonded warehouse, or a local board to destroy distressed liquor bottles.*
- *Directs the Alcoholic Beverage Control Commission to amend its rules to allow placement of the mixed beverages tax stamp on any vertical surface of a spirituous liquor bottle.*
- *Amends the definition of "restaurant" and "sports club" for the purpose of ABC permitting to clarify that the premises of an 18-hole golf course includes the entire course and the parking lot.*
- *Allows sports and entertainment venues to obtain certain ABC permits.*
- *Makes several changes to allow nonprofit organizations to hold fund-raising raffles and authorize reissuance of certain one-time ABC permits.*
- *Allows sale of branded merchandise at malt beverage, wine, and spirituous liquor tastings.*
- *Authorizes the transfer of a wholesaler business to a family member in situations other than the death of the owner.*
- *Removes a supplier's right to match and reassign to a designee the right to purchase an ownership interest in a wholesaler when an interest in a wholesaler business is sold, assigned, or transferred, except for a supplier whose total annual gross sales of the supplier's malt beverages sold by the selling wholesaler total no more than five percent of the selling wholesaler's total annual gross sales of wine and malt beverages in dollars.*
- *Prohibits a supplier from acquiring, possessing, or otherwise maintaining an ownership interest in a wholesaler except as specifically authorized by law.*

For a complete explanation of these and the additional changes contained in the act, please see the full summary of the act.

Except as otherwise stated in the full summary of this act, the act became effective June 26, 2018.

BILL ANALYSIS:

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

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Allow an ABC Permittee to Taste Alcoholic Beverages for Quality Control at Premises Other than the Permittee's Licensed Commercial Premises

Section 1 of the act allows 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.

Clarify that a Distiller Representative's Presence is Not Required to Destroy Damaged or Distressed Alcoholic Beverages

Section 2: 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 directs 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.

Allow Placement of Mixed Beverages Tax Stamp on Any Vertical Portion of a Spirituous Liquor Bottle

Section 3 directs 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.

Amendments to Establishment and Premises Definitions for Retail Permitting

Section 4 defines 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 is eligible to obtain the following permits:

- On-premises malt beverage permit.
- On-premises unfortified wine permit.
- Mixed beverages permit.

This section also provides 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.

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Increase the Ability of Nonprofit Organizations to Hold Fund-Raising Raffles and Authorize Reissuance of Certain One-Time ABC Commission Permits

Section 5 makes the following changes to nonprofit organization fund-raising raffles and related special permits:

- Increases the number of raffles that a nonprofit organization could hold each year from two to four.
- Increases the annual amount of prizes that a nonprofit organization could award in raffles by a nonprofit from \$125,000 to \$250,000.
- Authorizes the sale and consumption of alcoholic beverages in a room where a raffle is being conducted.
- Provides 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.
- Allows 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 becomes effective December 1, 2018. The remainder of this section becomes effective October 1, 2018.

Allow Sale of Branded Merchandise at Alcoholic Beverage Tastings

Section 6 explicitly allows breweries, wineries, and distillers to sell branded merchandise such as glassware, cups, signs, t-shirts, hats, and other apparel at spirituous liquor tastings conducted under a winery special event permit, malt beverage special event permit, or spirituous liquor special event permit.

Wholesaler Changes

Section 7.(a) authorizes 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 also removes a supplier's right to match and reassign to a designee the right to purchase an ownership interest in a wholesaler when an interest in a wholesaler business is sold, assigned, or transferred, except for a supplier whose total annual gross sales of the supplier's malt beverages sold by the selling wholesaler total no more than five percent (5%) of the selling wholesaler's total annual gross sales of wine and malt beverages in dollars.

Section 7.(b) prohibits 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.

EFFECTIVE DATE: Except as otherwise provided, this act became effective June 26, 2018.