



SENATE BILL 155: ABC Omnibus Legislation.

2017-2018 General Assembly

Committee:		Date:	September 8, 2017
Introduced by:		Prepared by:	Susan Sitze
Analysis of:	S.L. 2017-87		Staff Attorney

OVERVIEW: *S.L. 2017-87 makes a variety of amendments to the laws governing alcoholic beverages. Some of the provisions included in this act include:*

- *Creating a spirituous liquor special event permit to allow distilleries to conduct free tastings.*
- *Allowing certain alcoholic beverages to be auctions by licensed auctioneers.*
- *Authorizing local governments to allow permittees to sell alcoholic beverages beginning at 10:00AM on Sunday.*

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 30, 2017.

CURRENT LAW AND BILL ANALYSIS:

Distillery Permit Amendments

Section 1 of the act allows the holder of a distillery permit to sell up to five bottles of spirituous liquor per year at the distillery to each consumer who takes a tour of the distillery. Under current law, the holder of a distillery permit may sell one bottle of spirituous liquor per year per consumer at the distillery. This section also makes two conforming changes and directs the ABC Commission to amend its rules consistent with this section.

This section became effective July 1, 2017.

Create Spirituous Liquor Special Event Permit to Allow Distilleries to Conduct Free Tastings

Section 2 establishes a spirituous liquor special event permit with a fee of \$200. The holder of a supplier representative permit, a broker representative permit, or a distillery permit is eligible to obtain a spirituous liquor special event permit. The permit allows the permittee or the permittee's agent to give free tastings of spirituous liquors at trade shows, festivals, and other events. Several limitations apply to any consumer tasting conducted under the permit, including:

- The spirituous liquor may be poured only by the permit holder or an employee or authorized agent of the permit holder who is at least 21 years old.
- Each consumer is limited to one 0.25 ounce tasting sample of any product available for sampling, and the total amount of samples consumed by each consumer may not exceed 1.0 ounces.
- Tastings must take place within a designated tasting area at the venue.
- Tastings may be conducted only in a jurisdiction that has approved the sale of mixed beverages.

Karen Cochrane-Brown
Director



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Legislative Analysis
Division
919-733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

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Allow Sale of Specified Alcoholic Beverages at Auction by Licensed Auctioneers

Section 3 establishes a new special auction permit with a fee of \$750. Only an auction firm or auctioneer licensed by the North Carolina Auctioneers Commission is eligible to obtain the permit. The permit allows the permittee to sell at auction wine, decorative decanters of spirituous liquor, or antique spirituous liquor. The permit is valid only for the specific auction named in the permit.

This section becomes effective October 1, 2017.

Allow the Sale of Alcoholic Beverages before Noon on Sunday, Subject to Local Government

Approval

Section 4 allows counties, cities, and the Eastern Band of Cherokee Indians to adopt an ordinance allowing permittees to sell alcoholic beverages beginning at 10:00 A.M. on Sunday morning, pursuant to any permit held by the permittee. Under current law, alcoholic beverages may not be sold or consumed on any licensed premises before noon on Sunday.

Authorize Sale of Crowlers by Retail Permittees

Section 5 removes the requirement that non-original manufacture's containers authorized for retail sale for consumption off premises must be "resealable." This change allows the sale of "crowlers," which are generally 32 ounce cans sealed on the premises of the permittee.

Authorize Off-site Storage Location for Breweries, Wineries, and Distilleries

Section 6 allows 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. The permittee must notify the Commission of the location and the off-site storage location is considered part of the brewery, winery, or distillery's premises for purposes of permitting and inspections, etc.

Authorize Sale of Unfortified Wine on Premises by Retail Businesses

Section 7 authorizes retail businesses to obtain an on-premises unfortified wine permit.

Authorize Tastings During Brewery Tours

Section 8 amends 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 clarifies that tastings of products may occur on premises as a part of any brewery tour.

Authorize Certain Persons to Sample Alcoholic Beverages for Purposes of Sensory Analysis,

Quality Control, or Education

Section 9 allows a commercial permittee, its agent or employee, to sample alcoholic beverages on premises for purposes of sensory analysis, quality control, or education.

Amend Homebrewing Laws

Section 10 removes the requirement that home brewed wine be a "native" wine and that the only alcohol content be produced by natural fermentation. This section also allows home brewers of both malt beverages and wine to share their product at organized affairs, exhibitions, or competitions and specifies that wines and malt beverages made pursuant to this section may not be sold or offered for sale.

Clarify Law Governing Relationship Between Breweries and Affiliated Retailers

Section 11 exempts 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.

Authorize Brewery Taprooms to Sell Other Alcoholic Beverages upon Receiving the Appropriate Permit

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Section 12 allows 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.

Authorize Breweries with Production Facilities in Other States to Distribute to Wholesalers

Section 13 allows breweries to receive their products manufactured in other states and distribute them to in state wholesalers.

Authorize Farm Breweries

Section 14 allows breweries that produce agricultural products for use in the manufacture of malt beverages to sell their products at the brewery, after obtaining the appropriate permit, 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.

Amend Law Governing Brewery Sales at Additional Retail Locations

Section 15 makes the following changes:

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

Tax Compliance and Reports

Section 16 requires the Commission to confirm the tax compliance of brewery, and distillery permit holders by October 1 of each year and authorizes the Commission to suspend a brewery, or distillery permit until the Department of Revenue confirms the permit holder's tax compliance. This section also requires brewery permit holders who obtain a malt beverage wholesaler permit to submit a 12-month sales report to the Commission within 60 days of the Commission's request. Any information contained the sales report is confidential and not public record.

Simplify Local Licensing Applications

Section 17 clarifies that an ABC permittee applying for a local license shall not be required to submit additional documentation and provides the license shall be issued upon providing a copy of the completed application for an ABC permit, the ABC permit for visual inspection, and payment of the prescribed tax.

Clarify Winery Special Event Locations

Section 18 adds farmers markets to the list of locations at which a winery may provide free tastings of its wine and sell its wine by the glass or in closed containers pursuant to a winery special event permit.

Section 19 of the bill directs the ABC Commission to adopt rules to implement this act and makes ineffective any current rules or policies that do not comply.

Section 20 of the bill provides that the headings in the bill have no effect.

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EFFECTIVE DATE: Except as otherwise stated in this summary, this act became effective June 30, 2017.