



SENATE BILL 155: Economic & Job Growth for NC Distilleries.

2017-2018 General Assembly

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| Committee: | Senate Commerce and Insurance. If favorable, re-refer to Finance. If favorable, re-refer to Rules and Operations of the Senate | Date: | March 29, 2017 |
| Introduced by: | Sens. Gunn, Blue, Harrington | Prepared by: | Wendy Ray |
| Analysis of: | First Edition | | Committee Co-Counsel |

OVERVIEW: *Senate Bill 155 would make the following changes to laws regulating alcoholic beverages:*

- *Authorize the holder of a distillery permit to:*
 - ❖ *Sell spirituous liquor in closed containers at wholesale or retail, subject to the laws of other jurisdictions, for delivery outside the State.*
 - ❖ *Sell up to five bottles of spirituous liquor per year at the distillery to a consumer who takes a tour of the distillery.*
 - ❖ *Obtain a spirituous liquor special event permit, created by this act, which would allow the holder to give free tastings of its spirituous liquors at events and ABC stores.*
- *Establish a \$750 special auction permit, obtainable by licensed auctioneers or auction firms, valid for one auction, which would allow the holder to sell any quantity of malt beverages, unfortified wine, fortified wine, or spirituous liquors for sale at auction in jurisdictions that allow the sale of those beverages.*
- *Allow counties and cities to adopt an ordinance allowing restaurants to sell alcoholic beverages for on-premises consumption beginning at 10:00 A.M. on Sunday mornings.*

CURRENT LAW AND BILL ANALYSIS:

Section 1 would allow the holder of a distillery permit to sell spirituous liquor in closed containers at wholesale or retail, subject to the laws of other jurisdictions, for delivery outside the State. The price for sale for delivery outside the State would be the distiller's price. This section would also allow 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 would also make two conforming changes and direct the ABC Commission to amend its rules consistent with this section.

This section would become effective July 1, 2017.

Section 2 would establish a spirituous liquor special event permit with a fee of \$200. Only the holder of a distillery permit would be eligible to obtain a spirituous liquor special event permit. The permit would allow the permittee to give free tastings of its spirituous liquors at ABC stores, trade shows, festivals, and other events. Several limitations would apply to any consumer tasting conducted under the permit, including:

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- The spirituous liquor may be poured only by the permit holder or an employee 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 1.5 ounces.
- By default, no venue may allow more than three different permit holders to conduct a tasting at any event. However, the local board may grant approval for additional permit holders to conduct tastings on an event-by-event basis.
- 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.
- The local board may impose additional conditions on tastings conducted in an ABC store.

A permit holder would be prohibited from providing consideration to the local board, its board members, or its employees for any purpose related to a consumer tasting held at an ABC store.

Section 3 would establish a new special auction permit with a fee of \$750. Only an auction firm or auctioneer licensed by the North Carolina Auctioneers Commission would be eligible to obtain the permit. The permit would allow the permittee to sell at auction any quantity of malt beverages, unfortified wine, fortified wine, and spirituous liquors. A permit to sell malt beverages, unfortified wine, or fortified wine at auction may only be issued in jurisdictions that allow the sale of the respective type of alcoholic beverage. A permit to sell spirituous liquor at auction may be issued only in a jurisdiction that has approved the establishment of ABC stores. The permit would be valid only for the specific auction named in the permit.

This section would become effective October 1, 2017.

Section 4 would allow counties and cities to adopt an ordinance allowing licensed restaurants to sell alcoholic beverages for on-premises consumption beginning at 10:00 A.M. on Sunday morning, pursuant to any on-premises permit held by the restaurant. Under current law, alcoholic beverages may not be sold or consumed on any licensed premises before noon on Sunday.

A restaurant is defined as "an establishment substantially engaged in the business of preparing and serving meals. To qualify as a restaurant, an establishment's gross receipts from food and nonalcoholic beverages shall be not less than thirty percent (30%) of the total gross receipts from food, nonalcoholic beverages, and alcoholic beverages. A restaurant shall also have a kitchen and an inside dining area with seating for at least 36 people."

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

Chris Saunders, Staff Attorney, substantially contributed to this summary.