



# HOUSE BILL 768: 2022 ABC Omnibus.

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

2021-2022 General Assembly

<b>Committee:</b>	Senate Commerce and Insurance	<b>Date:</b>	June 21, 2022
<b>Introduced by:</b>	Rep. Moffitt	<b>Prepared by:</b>	Chris Saunders Staff Attorney
<b>Analysis of:</b>	PCS to Second Edition H768-CSTQf-44		

**OVERVIEW:** *The Proposed Committee Substitute (PCS) for House Bill 768 would do all of the following:*

- *Repeal the limited winery permit.*
- *Establish a new packaging and logistics permit for packagers who label and package alcoholic beverages from suppliers.*
- *Repeal the purchase-transportation permit and the commercial transportation permit.*
- *Allow a transition period for ABC permits after a change in ownership of a permitted establishment.*
- *Allow alcohol sales at professional sporting events occurring at a stadium on the campus of certain community colleges.*
- *Amend the definition of "private bar" to eliminate the membership requirement.*
- *Allow a distillery to obtain mixed beverages catering permits and provide spirituous liquor for an event being catered by a hotel or restaurant.*
- *Allow a distillery to obtain a mixed beverages permit and sell mixed beverages containing the spirituous liquor owned by the distillery, regardless of the results of any local mixed beverages election.*

## CURRENT LAW AND BILL ANALYSIS:

### REPEAL LIMITED WINERY PERMIT

**Section 1** of the PCS would repeal the limited winery permit. The limited winery permit was enacted in 1981 to allow wineries to give free tastings. Subsequently, the ABC Commission rules have been updated to allow retail wine or malt beverage permittees to offer tastings, so the limited winery permit has become obsolete.

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## CREATE PACKAGING AND LOGISTICS PERMIT

**Section 2** would create a new packaging and logistics permit for packagers who label, package, or combine a producer's products in closed containers, such as in a variety pack. This permit would cost \$300.00 and would authorize the permittee to:

- Receive, in closed containers, malt beverages, unfortified wine, fortified wine, and spirituous liquor from a supplier, for the purpose of packaging, repackaging, labeling, relabeling, storage, and shipping.
- Package, repackage, label, and relabel malt beverages, unfortified wine, fortified wine, and spirituous liquor received from a supplier.
- Subject to the record-keeping requirements of G.S. 18B-1115, transport into or out of the State in closed containers the maximum amounts of malt beverages, unfortified wine, fortified wine, and spirituous liquor allowed under federal law, if the transportation is related to the packaging, labeling, sale, or storage permitted by this section.
- Sell, deliver, and ship malt beverages, unfortified wine, and fortified wine as provided in this section in closed containers to suppliers and wholesalers licensed under this Chapter.
- Sell, deliver, and ship spirituous liquor as provided in this section in closed containers at wholesale to exporters and local boards within the State.
- Subject to the laws of other jurisdictions, sell, deliver, and ship malt beverages, unfortified wine, fortified wine, and spirituous liquor as provided in this section to out-of-State suppliers, or at wholesale or retail to private or public agencies or establishments of other states or nations.

A packaging and logistics permittee would not be authorized to manufacture alcoholic beverages, and the permittee would not be allowed to sell, deliver, or ship alcoholic beverages directly to consumers or to retail establishments in this State.

This section would become effective August 1, 2022.

## REPEAL PURCHASE-TRANSPORTATION PERMIT

Under current law, it is unlawful to purchase and transport more than 80 liters of malt beverages or malt beverages in kegs, 50 liters of unfortified wine, or more than 8 combined liters of fortified wine or spirituous liquor without a purchase-transportation permit issued by an ABC store or a distillery. The purchase-transportation permit allows the purchase and transportation of up to 100 liters of unfortified wine, 40 combined liters of fortified wine or spirituous liquor, and malt beverages in kegs. There is also a commercial transportation permit with similar quantity limitations.

**Section 3** would repeal the purchase-transportation permit and the commercial transportation permit, the limits on the amount of alcoholic beverages that may be purchased and transported, and make conforming changes throughout Chapter 18B of the General Statutes.

## TRANSITION PERIOD FOR ABC PERMITTEE OWNERSHIP CHANGES

Under current law, all ABC permits for an establishment automatically expire if there is a change in ownership of the establishment; a change in the membership of the firm owning the establishment involving the acquisition of a 25% or greater share in the firm by someone who did not previously own a 25% or greater share; or 25% or more of the stock of the corporate permittee owning the establishment is

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acquired by someone who did not previously own 25% or more of the stock. Additionally, an ABC permit may not be transferred from one person to another or from one location to another.

**Section 4** would provide that any person who becomes lawfully entitled to the use and control of the premises of a permitted establishment through contract, lease, management agreement, or change of ownership or transfer of business would be allowed to continue to operate the establishment to the same extent as the prior permittee until the person receives a new permit, provided that the person submits an application to the Commission for a new permit within 60 days after the change in ownership. If the person does not apply for a new permit within 60 days, all permits for the establishment would automatically expire and shall be surrendered to the Commission.

## **ALLOW ALCOHOL SALES AT PROFESSIONAL SPORTING EVENTS OCCURRING ON CERTAIN COMMUNITY COLLEGE CAMPUSES**

Under current law, businesses on the campus or property of a public school, college, or university may not receive an ABC permit without a specific exception. There is an exception for a stadium, athletic facility, or arena on the campus or property of a public college or university, if the Board of Trustees of the public college or university has voted to allow the issuance of permits for use at that stadium, athletic facility, or arena. However, community colleges are specifically excluded from this exception.

**Section 5** would allow the sale of malt beverages, unfortified wine, fortified wine, or mixed beverages for consumption on the premises at a professional sporting event held at a stadium owned by a community college that is located in a township that has previously voted to allow the operation of ABC stores, if the Board of Trustees of the community college has voted to allow the issuance of permits for use at the stadium. A business operating at the stadium would be required to obtain the proper permits, and the boundary of the permitted area of the stadium would have to be included in the permit application.

## **AMEND PRIVATE BAR DEFINITION**

**Section 6** would define a private bar as "an establishment that is primarily engaged in the business of selling alcoholic beverages and that does not serve prepared food." This would eliminate the existing membership requirement under current law. A private bar would not include a brewery, winery, or distillery.

## **ALLOW DISTILLERIES TO OBTAIN MIXED BEVERAGES CATERING PERMITS**

**Section 7** would authorize a distillery to obtain a mixed beverages catering permit and bring spirituous liquor onto the premises where a hotel or restaurant is catering food for an event and serve the liquor to guests at the event, regardless of whether the hotel or restaurant also holds a mixed beverages catering permit.

## **CREATE PARITY WITH BREWERIES AND WINERIES BY ALLOWING DISTILLERIES TO SELL MIXED BEVERAGES REGARDLESS OF THE RESULTS OF A LOCAL MIXED BEVERAGE ELECTION**

Under current law, the holder of a brewery permit may obtain an on-premises malt beverages permit and sell the malt beverages owned by the brewery at the brewery for on- or off-premises consumption regardless of the results of any local malt beverage election. Similarly, the holder of an unfortified winery

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permit or fortified winery permit may obtain an on-premises permit and sell the wine owned by the winery at the winery for on- or off-premises consumption regardless of the results of any local wine election.

**Section 8** would allow a distillery located in an area where the sale of mixed beverages has not been approved by a local election to obtain a mixed beverages permit and sell mixed beverages containing only spirituous liquor produced at the distillery for consumption on the premises.

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