



# HOUSE BILL 198: ABC Omnibus of 2026.

2025-2026 General Assembly

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<b>Committee:</b>	Senate Rules and Operations of the Senate	<b>Date:</b>	June 17, 2026
<b>Introduced by:</b>	Reps. Miller, Pyrtle	<b>Prepared by:</b>	Michael Johnston, Susan Sitze, Chris Saunders Staff Attorneys
<b>Analysis of:</b>	Fourth Edition		

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**OVERVIEW:** *House Bill 198 would allow the ABC Commission to obtain a \$310,000,000 loan for a new State warehouse and make several changes to the laws of this State related to alcoholic beverages and raffles.*

## CURRENT LAW & BILL ANALYSIS:

### PART I. ABC WAREHOUSE LOAN

#### ALLOW ABC COMMISSION TO OBTAIN A LOAN FOR A NEW STATE WAREHOUSE

**Section 1** would authorize the ABC Commission, with the approval of the Governor, to obtain a one-time loan of up to three hundred ten million dollars (\$310,000,000) from a financial institution to be used for planning, design, construction, and equipping of a new automated warehouse and associated offices for the Commission, and purchase of real property for the siting of the warehouse and offices. The Commission would not be permitted to pledge real property owned by the State as collateral, and the loan would not directly or indirectly or contingently obligate the State to levy or to pledge any form of taxation or to make any appropriation for repayment of the loan. The Commission would repay the loan, including interest, from the proceeds of permit fees collected by the Commission.

This section would become effective July 1, 2026.

### PART II. ABC TECHNICAL AND CLARIFYING CHANGES

#### BROWN BAGGING TECHNICAL CORRECTION

Under current law, bars are listed under the types of businesses that can receive a brown-bagging permit under G.S. 18B-1001. However, the ABC Commission is limited from issuing brown-bagging permits to bars due to G.S. 18B-603(d).

**Section 2** would clarify that the ABC Commission can issue brown-bagging permits to bars.

#### AIRPORT TECHNICAL CORRECTION

**Section 3** would correct a citation error in an existing statute.

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## **CLARIFY PERMISSION TO TAKE MIXED BEVERAGES ONTO PERMITTED PREMISES IN A SOCIAL DISTRICT**

Under current law, an ABC permittee in a social district can decide whether to allow customers to bring alcoholic beverages from another business in the social district onto its premises.

**Section 4** would clarify that a permittee in a social district that is not permitted to sell mixed beverages may allow customers to possess and consume mixed beverages purchased from a mixed beverages permittee in the social district on the original permittee's premises.

## **DELIVERY SERVICES PERMIT TECHNICAL CORRECTIONS**

In 2024, the General Assembly authorized certain retail permittees to deliver single-serving wine drinks and mixed beverages to purchasers using delivery service permittees.

**Section 5** would make a technical correction to the delivery service permit authorization statute to clarify that delivery service permittees can deliver single-serving wine drinks, as well as mixed beverages, on behalf of a retailer holding the required permit. Section 5 would also correct punctuation in the delivery service permittee authorization statute.

## **CLARIFY SAFE HARBOR FOR LATE ABC PERMIT RENEWALS**

In 2024, the General Assembly enacted a safe harbor to allow a one-month period where permits may be renewed after the end of the May 1 – April 30 permit year for a 25% late fee.

**Section 6** would clarify that retail permits must not be revoked for failure to pay an annual registration or renewal fee until June 1 of each year. This provision would be retroactively effective June 28, 2024.

Section 6 would also give the Commission discretion whether to allow the renewal of a permit where the permittee is not current in filing all applicable tax returns.

## **CLARIFY MOBILE BAR SERVICE PERMIT AND INTERACTION WITH CERTAIN ON-PREMISES PERMITS**

**Section 7** would modify the mobile bar services permit to provide that permittees can purchase malt beverages and unfortified wine only from a retailer and that permittees can purchase fortified wine and spirituous liquor only from an ABC store. This section would also allow the holder of an on-premises malt beverage, on-premises unfortified wine, on-premises fortified wine, wine shop, or malt beverage shop permit to obtain a mobile bar services permit and provide mobile bar services using only the inventory that the permittee lawfully possesses pursuant to the permittee's on-premises permit.

G.S. 18B-502 generally grants Commission employees and law enforcement officers with ABC enforcement jurisdiction authority to investigate the operation of each licensed premises, including inspections viewing the entire premises.

This section would also clarify that if the permittee's premises for storage of inventory is a residential address, the permittee may designate an area of the premises to be used for storage of inventory pursuant to the permit. An inspection of the premises could extend only to the area that the permittee has designated for storage of inventory unless the law enforcement officer conducting the inspection has (i) a warrant to search the residence, or (ii) probable cause to search the residence and exigent circumstances exist.

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## **CLARIFY THAT THE ABC COMMISSION MAY ORDER CERTAIN DISPOSITIONS OF SEIZED ALCOHOLIC BEVERAGES AFTER AN OFFER IN COMPROMISE TO RESOLVE AN ABC LAW VIOLATION HAS BEEN ACCEPTED BY THE COMMISSION**

G.S. 18B-503 regulates the storage and disposition of alcoholic beverages seized by law enforcement. If a criminal charge related to the seized alcoholic beverages is resolved in favor of the owner or possessor of the alcoholic beverages, a judge can generally order either of the following dispositions:

- If the owner or possessor is legally allowed to possess the alcoholic beverages, the alcoholic beverages must be returned to the owner or possessor.
- If the owner or possessor is not legally allowed to possess the alcoholic beverages, the alcoholic beverages must be either sold or destroyed.

**Section 8** would provide that if the ABC Commission accepts an offer in compromise to resolve an administrative ABC law violation, the Commission can order the alcoholic beverages returned to the owner or possessor, sold, or destroyed. The Commission would be required to comply with any applicable requirements to notify the district attorney before selling or destroying alcoholic beverages pursuant to this provision.

This section would be effective when it becomes law and would apply to offers in compromise accepted on or after that date.

## **CLARIFY THAT WINE SHOP PERMITTEES MAY HOLD MALT BEVERAGE SHOP PERMITS AND THAT MALT BEVERAGE SHOP PERMITTEES MAY HOLD WINE SHOP PERMITS**

Under G.S. 18B-1001(16), wine shop permittees are allowed to sell unfortified wine for consumption on the premises, provided that the sale of wine for consumption on the premises does not exceed 40% of the establishment's total sales for any 30-day period. Under G.S. 18B-1001(16a), malt beverage shop permittees are allowed to sell malt beverages for consumption on the premises, provided that the sale of malt beverages for consumption on the premises does not exceed 40% of the establishment's total sales for any 30-day period.

**Section 9** would provide that a wine shop permittee is eligible to hold a malt beverage shop permit and that a malt beverage shop permittee is eligible to hold a wine shop permit. However, in the event that an establishment possesses both a wine shop permit and a malt beverage shop permit, the total sales of any alcoholic beverages for consumption on the licensed premises could not exceed 40% of the establishment's total sales for any 30-day period.

## **CLARIFY ABC COMMISSION NOTICE TO PERMIT HOLDER**

**Section 10** would require the ABC Commission to notify a permit holder within five business days of receiving a report from any law enforcement agency documenting violations occurring on the premises of a permitted establishment, regardless of which law enforcement agency submits the report to the Commission.

This section would be effective when it becomes law and would apply to violations committed on or after that date.

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## PART III. OTHER ABC CHANGES

### ESTABLISH SERVICE BUSINESS PERMIT

**Section 11** would establish a new retail ABC permit: the service business permit. The service business permit would allow the permittee to furnish complimentary malt beverages and unfortified wine to customers, in conjunction with the provision of a service, for consumption on the premises at no extra charge to the customers. The permit could be issued to service businesses, which would be defined as establishments that are primarily engaged in the business of providing services to the general public that require an occupational license issued by the State. A service business permittee could only furnish up to two servings of alcoholic beverages to any individual customer in any calendar day, and a service business permittee could only furnish malt beverages or unfortified wine to customers if on-premises permits of that type of alcoholic beverage can be issued in that jurisdiction. Section 11 would also make conforming changes to other sections in the ABC statutes.

This section would become effective September 1, 2026.

### COUNTY MIXED BEVERAGE ELECTION AMENDMENT

Under current law, if a county desires to hold a mixed beverage election they must already operate a county ABC store or hold an ABC store election at the same time as the mixed beverage election.

**Section 12** would allow a county to hold a mixed beverage election without operating an ABC store, if a city located in the county operates at least one ABC store.

This section would be retroactively effective October 1, 2024, and would apply to elections held on or after that date.

### REVISE LAW GOVERNING DISPLAY OF SPIRITUOUS LIQUOR DISTILLED OR PRODUCED IN NORTH CAROLINA

**Section 13** would allow ABC stores to display North Carolina products via a price tag or shelf tag, rather than requiring an area of the store dedicated solely to North Carolina products.

### INCLUDE WHIPPED CREAM IN THE DEFINITION OF ALCOHOL CONSUMABLE

Under current law, an "alcohol consumable" is any manufactured and packaged ice cream, ice pop, gum-based, or gelatin-based food product containing at least one-half of one percent (0.5%) alcohol by volume and is regulated like an alcoholic beverage containing the type of alcohol in the alcohol consumable.

**Section 14** would allow whipped cream containing at least 0.5% alcohol by volume to be sold as an alcohol consumable.

This section would be effective December 1, 2026, and would apply to offenses committed on or after that date.

### PROVIDE MIXED BEVERAGES PERMITTEES WITH PRIOR NOTICE OF APPORTIONED PRODUCT LOTTERY

**Section 15** would define apportioned products as "containers of spirituous liquor that are made available to local boards only by random drawings conducted by the Commission." These are products available in very limited quantities. This section would require a local board conducting a lottery or other random drawing for the sale of an apportioned product to mixed beverage permittees to provide at least 30 days' advance notice of the lottery to each mixed beverage permittee by email or first-class mail.

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This section would become effective October 1, 2026, and would apply to lotteries or other random drawings to sell apportioned products held on or after that date.

## **CLARIFY WHEN SPECIAL ONE-TIME PERMITS ARE REQUIRED FOR NONPROFIT ORGANIZATIONS**

**Section 16** would provide that when a nonprofit organization holds an event on the premises of a malt beverage, unfortified wine, fortified wine, or mixed beverage permittee and the alcoholic beverages at the event are sold by the permittee from the permittee's inventory, the nonprofit organization is not required to obtain a special one-time permit for the event. This section would also provide that when a nonprofit organization, local government, or political organization holds an event on premises that does not have a permit, they do not need a special one-time permit if the alcohol is provided by a mobile bar services, mixed beverage catering, malt beverage special event, winery special event, or spirituous liquor special event permittee in a manner allowed by their permit.

## **SPECIAL MULTIPLE EVENT PERMIT**

Current law authorizes nonprofit organizations and political organizations to obtain special one-time permits for fundraising events. One of these permits must be obtained for each event.

**Section 17** would allow 2 people representing a single nonprofit organization or political organization to obtain a special multiple event permit, which would allow them to conduct multiple fundraising events in the State for that organization. The permit holder would be required to notify the ABC Commission and the local government where the event will be held at least 30 days prior to the event, and the local government could file an objection with the ABC Commission. The permit holder would be required to be present at each event held pursuant to the permit. The permit fee would be \$200 per year.

## **REVISE REQUIREMENTS FOR RECEIVING A TEMPORARY PERMIT**

**Section 18** would allow an applicant for an ABC permit who has applied to the applicable local government for the Inspection/Zoning Compliance and Local Government Opinion forms but has not received a response from the local government to submit an affidavit stating that the applicant has applied for those approvals. The person would be required to submit the local government approvals or denials to the Commission within 3 business days of receiving them from the local government. A similar provision currently exists for permit applications following a change in ownership of a permitted business.

This section would become effective October 1, 2026, and would apply to applications received on or after that date.

## **REVISE LAW REGULATING THE SALE AND DELIVERY OF MORE THAN ONE DRINK AT A TIME TO A SINGLE PATRON**

Under current law, the holder of an on-premises ABC permit may sell and deliver up to two alcoholic beverage drinks at a time to a person if the drinks are malt beverages or wine.

**Section 19** would allow a permittee to also sell and deliver two mixed beverages at a time to a single patron.

This section would become effective October 1, 2026, and would apply to alcoholic beverages sold on or after that date.

## **ALLOW THE SALE OF MULTIPLE ALCOHOLIC BEVERAGE DRINKS TO A SINGLE PATRON IN A VESSEL**

Under current law, on-premises ABC permittees can generally serve no more than two malt beverages or wine drinks to a single patron at one time and no more than one mixed beverage to a single patron at one

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time. Current law does not expressly provide for the serving of multiple alcoholic beverages to a single patron in a vessel for on-premises consumption.

**Section 20** would provide that the holder of an on-premises ABC permit could sell and deliver up to six alcoholic beverage drinks at one time to a single patron for on-premises consumption if the alcoholic beverage drinks are in the manufacturer's original unopened container and delivered to the patron in a single vessel. Section 20 would also make conforming changes to other sections in the ABC statutes.

## **MODIFY REQUIREMENTS FOR TOURISM ABC ESTABLISHMENTS**

A "tourism ABC establishment" is defined in part as "a restaurant or hotel that meets both of the following requirements: Is located on property, a property line of which is located within 1.5 miles of the end of an entrance or exit ramp of a junction on a national scenic parkway designed to attract local, State, national, and international tourists between the State line and Milepost 469... [and] is located in a county in which the on-premises or off-premises sale of malt beverages or unfortified wine is authorized in at least one city." A tourism ABC establishment may obtain on-premises malt beverage, on-premises unfortified wine, on-premises fortified wine, and mixed beverage permits without approval at an election pursuant to G.S. 18B-603(f)(7).

North Carolina has 62 designated scenic byways selected by the North Carolina Department of Transportation.

**Section 21** would make two changes to the definition of tourism ABC establishment to include a hotel or restaurant in a county in which the on-premises or off-premises sale of malt beverages or unfortified wine is authorized in at least one city, if the hotel or restaurant is located on property meeting either of the following criteria:

- A property line of the property is located within two miles of the end of an entrance or exit ramp of a junction on a national scenic parkway designed to attract local, State, national, and international tourists between the State line and Milepost 469.
- A property line of the property is located within three miles of the State line, and the property is adjacent to a North Carolina scenic byway.

## **CLEANING OF DRAFT LINES**

In 2024, the General Assembly prohibited manufacturers, bottlers, and wholesalers from providing draft line cleaning services to retailers.

**Section 22** would allow manufacturers, bottlers, and wholesalers to offer draft line cleaning services, but they must be offered to all retailers and at the same cost per line to all retailers. They would not be required to offer the service. Section 22 also clarifies that it is the responsibility of the retailer to ensure that draft lines are cleaned on a regular basis and maintain a record of those cleanings and the entity that performed the cleaning for at least 12 months.

This section would become effective October 1, 2026.

## **ALLOW ABC COMMISSION TO REQUIRE REAL TIME REPORTING**

**Section 23** would allow the ABC Commission to require local boards to submit daily, weekly, and monthly sales data to a designated vendor in real time, including by integrating their ABC store point-of-sale system with the designated vendor.

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## **ALLOW CERTAIN ABC PERMITTEES TO PREPARE MIXED BEVERAGES FOR CONSUMER TASTINGS IN ABC STORES**

G.S. 18B-1114.7 establishes the spirituous liquor special event permit, which can be issued to the holder of a supplier representative permit, brokerage representative permit, nonresident spirituous liquor vendor permit, or distillery permit. The holder of a spirituous liquor special event permit can, with the approval of the local ABC board, give free tastings of its spirituous liquor at ABC stores, subject to certain conditions. Current law does not provide for the mixing of beverages for tasting at ABC stores pursuant to a spirituous liquor special event permit.

**Section 24** would authorize a spirituous liquor special event permit holder conducting a tasting at an ABC store to prepare and offer for tasting mixed beverages containing the spirituous liquor offered for tasting. A mixed beverage offered for tasting pursuant to this provision could contain no more than 0.25 ounces of spirituous liquor, and no consumer would be allowed to consume more than one-half ounce of spirituous liquor at a tasting event in any calendar day, including any mixed beverages offered for tasting.

## **MODIFY THE PROHIBITIONS ON ABC PERMITTEES EMPLOYING CERTAIN INDIVIDUALS**

Under current law, a person is ineligible to be employed to sell or distribute alcoholic beverages if the person was convicted of a misdemeanor controlled substances offense within the last two years.

**Section 25** would allow a person who has been convicted of a misdemeanor-controlled substances offense to be employed to sell or distribute alcoholic beverages. This section would also provide that if the ABC Commission notifies a permittee that an employee is ineligible to work in the permittee's establishment due to a past offense and the permittee claims undue hardship within 30 days of receipt of the notification, the permittee can continue to employ the person until a final determination of undue hardship.

This section would be effective when it becomes law and would apply to individuals employed by ABC permittees and undue hardship proceedings on or after that date.

## **ALLOW OFF-PREMISES WINE TASTINGS**

**Section 26** would allow the holder of an on-premises unfortified wine permit or a wine shop permit to conduct wine tastings at a consumer's private residence or a location not holding a retail ABC permit where consumers are educated about selection, serving, and storing of wine. Consumers could buy wine for future delivery or pick-up at the permittee's permitted premises.

## **ON-PREMISES SALES AT WINERIES AND BREWERIES**

Under current law, wineries are allowed to sell the wine owned by the winery at the winery for on- or off-premises consumption upon obtaining the appropriate retail permit, regardless of the results of any local wine election. Similarly, breweries are allowed to sell the malt beverages owned by the brewery at the brewery for on- or off-premises consumption upon obtaining the appropriate retail permit, regardless of the results of any local malt beverage election.

**Section 27** would revise the statutes governing wineries and breweries to allow (i) wineries to sell malt beverages for on-premises consumption upon obtaining the appropriate retail permit, regardless of the results of any local malt beverage election, and (ii) breweries to sell unfortified wine for on-premises consumption upon obtaining the appropriate retail permit, regardless of the results of any local unfortified wine election.

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## **ALLOW ABC PERMITTEES TO PURCHASE SPIRITUOUS LIQUOR FROM DESIGNATED ABC STORES IN ADJACENT COUNTIES**

Under current law, retail permittees are generally only allowed to purchase spirituous liquor from an ABC store that is designated as a mixed beverage ABC store operated by a local board operating in the same county as the permittee.

**Section 28** would allow retail permittees to purchase spirituous liquor from a mixed beverage ABC store operated by any local board operating in the same county as the permittee or any adjacent county.

This section would be effective when it becomes law and would apply to spirituous liquor purchased on or after that date.

## **ALLOW IN-STAND SALES AT CONCERTS**

Under current law, a retail permittee may sell malt beverages in the seating areas of stadiums, ballparks, and similar public places with a seating capacity of 3,000 or more during professional sporting events. The seating areas must be designated as part of the retail permittee's licensed premises, service of food and nonalcoholic beverages must be available, and sales must be suspended in the latter portion of the sporting event pursuant to ABC Commission rule 14B NCAC 15B .0103.

**Section 29** would allow in-stand sales of alcoholic beverages at concerts at places with a seating capacity of 3,000 or more under the same rules that apply to professional sporting events.

## **CREATE AUCTION HOUSE PERMIT**

Under current law, the Commission may issue a special auction permit to an auction firm or auctioneer to sell wine, decorative decanters of spirituous liquor, or antique spirituous liquor at auction. Antique spirituous liquor is defined, in relevant part, as spirituous liquor that has not been in production or bottled in the last 20 years. The special auction permit is valid for one specific auction and costs \$750.00.

**Section 30** would eliminate the special auction permit and create an auction house permit, with a fee of \$1,000. The auction house permit would be issued to an auction firm or auctioneer to sell wine, decorative decanters of spirituous liquor, or antique spirituous liquor at auction on the permittee's premises. The permit would be valid for a year.

This section would also modify the definition of antique spirituous liquor to mean spirituous liquor that has not been in production or bottled in the last 10 years or has not been in inventory in the State warehouse in the last 10 years. This section would also define "decorative decanter" to mean a manufacturer's original sealed decanter of spirituous liquor, limited in quantities as a specialized limited run, a limited edition, or with historical significance with the manufacturer's distillery markings and labeling.

## **PART IV. STATE GOVERNMENT AND LOCAL BOARD ORGANIZATIONAL CHANGES**

### **ADD TWO MEMBERS TO THE ABC COMMISSION**

**Section 32** would add two members to the ABC Commission. Currently, all three members are appointed by the Governor. One new member would be appointed by the President Pro Tempore of the Senate and one would be appointed by the Speaker of the House of Representatives.

This section would become effective December 1, 2026.

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## **ALLOW ABC COMMISSION TO CONDUCT CONTESTED CASES UNDER ARTICLE 3A OF THE ADMINISTRATIVE PROCEDURE ACT**

**Section 33** would allow the ABC Commission to conduct contested cases pursuant to Article 3A of Chapter 150B. Most contested cases are governed by Article 3 of Chapter 150B of the General Statutes and are heard before an Administrative Law Judge, who makes a final decision in the case. Some agencies are governed by Article 3A of Chapter 150B of the General Statutes, which allows the agency to conduct its own contested case hearings. Final decisions are appealable to superior court of the county where the person aggrieved by the administrative decision resides, or in the case of a person residing outside the State, in the county where the contested case that resulted in the final decision was filed.

This section would become effective October 1, 2026, and would apply to contested cases filed on or after that date.

## **PROHIBIT PRESENT MEMBERS OF CITY GOVERNING BODIES AND BOARDS OF COUNTY COMMISSIONERS FROM BEING APPOINTED TO SERVE ON LOCAL ABC BOARDS**

Local ABC boards generally consist of three or five members appointed for three-year terms. City ABC board members are generally appointed by the city governing body, and county ABC board members are generally appointed by the board of county commissioners.

**Section 34** would prohibit any appointing authority from appointing any present member of a city governing body or board of county commissioners to serve as a member on any local ABC board.

This section would be effective when it becomes law and would apply to appointments made on or after that date. A person who is a member of a city governing body or board of county commissioners who is a member of a local ABC board on the effective date of this section could serve the remainder of the person's term as a member of the local ABC board.

## **AMEND DISTRIBUTION OF LOCAL BOARD REVENUES FOR THE CITY OF SANFORD**

S.L. 1961-105, as amended by S.L. 1961-888, currently requires the City of Sanford's local board to expend 5-10% of its gross profits for law enforcement purposes, and splits the net profits of the board with 50% going to the general fund of the City of Sanford and 50% going to the general fund of Lee County.

**Section 35** would revise outdated citations in S.L. 1961-105, eliminate the mandatory 5-10% spend for law enforcement purposes, allow the board to contract with any law enforcement agency in Lee County for ABC enforcement services, require the board to maintain a minimum operating reserve of 15% of the board's total annual operating budget, and adjust the division of the net profits of the board such that 30% would go to the general fund of the City of Sanford, 30% would go to Lee County, and 40% would be retained by the board for operations, capital expenses, and other lawful purposes.

## **PART V. RAFFLES**

### **REVISE LAW GOVERNING RAFFLES**

**Section 37** would define the new term "50/50 raffle" as "a raffle conducted by a nonprofit organization or any government entity within the State whereby funds collected by sale of raffle tickets are split evenly between the prize winner or winners and the nonprofit organization or government entity after the raffle drawing." A 50/50 raffle would be exempt from all the restrictions applicable to other types of raffles, including the number that can be held per year and the amount of prizes that can be awarded per year.

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This section would be effective December 1, 2026, and would apply to offenses committed on or after that date.

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