



SENATE BILL 664: JMAC/ABC/Bid Requirement Revisions.

2025-2026 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	Date:	June 24, 2025
Introduced by:	Sens. B. Newton, McInnis	Prepared by:	Chris Saunders
Analysis of:	PCS to Fourth Edition S664-CSTQ-38		Staff Attorney

OVERVIEW: *The Proposed Committee Substitute (PCS) to Senate Bill 664 would:*

- *Provide that a Job Maintenance and Capital Development Fund (JMAC) grant to a business that has qualified as a major employer would not be reduced for failing to maintain its required employment level unless the employment level falls short by more than 100 employees, at which point the grant would be reduced by one percent for every one employee more than 100 by which it falls short of the required employment level.*
- *Modify ABC laws to:*
 - *Provide fortified wineries, unfortified wineries, and distilleries the same opportunity as breweries currently have to enter into alternating proprietorship arrangements, and clarify sales of spirituous liquor at a distillery in an alternating proprietorship.*
 - *Expand the availability of culinary permits to food businesses and eating establishments.*
 - *Make conforming changes concerning "to-go" mixed beverages to conform with federal law.*
- *Authorize the award of contracts for construction of water or sewer systems by any board or governing body of the State, or any political subdivision of the State, upon receipt of two competitive bids.*
- *Require the Department of Transportation to pay the nonbetterment cost for the relocation of certain water and sewer lines for municipalities with a population of 20,000 or less.*

CURRENT LAW AND BILL ANALYSIS:

Part I: Revisions to JMAC Requirements

The Job Maintenance and Capital Development Program (JMAC) is a discretionary incentive program that awards annual grants to businesses that meet program requirements. Pursuant to G.S. 143B-437.012(a), the purpose of a JMAC grant is to encourage retention of significant numbers of high-paying, high-quality jobs and large-scale capital investment, enlarge the overall tax base, and increase revenues to the State and its political subdivisions.

Under current law, a business that receives a grant as a "major employer" must maintain the level of employment it had when it applied for the grant or when it first began its qualifying capital investment

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expenditure, whichever is less. Pursuant to G.S. 143B-437.012(d)(1), the term "major employer" is defined as a business that (1) has invested or intends to invest at least \$200 million in capital improvements within 6 years of the initial expenditure, (2) employs at least 2,000 permanent full-time workers, and (3) is located in a development tier one area at the time it applies for a grant. If the business fails to maintain the required employment level, its grant is reduced in proportion to its shortfall, but if its employment level falls below 80% of what is required, it is ineligible for a grant in that year.

Section 1 of the PCS would provide that when a JMAC grant recipient that has qualified as a major employer fails to meet its required employment level by more than 100 employees, its JMAC grant will be reduced by one percent for every one employee more than 100 by which it falls short of the required employment level.

Part II: Revisions to ABC Laws

Under current law, a brewery is not deemed to have changed ownership when it enters into an "alternating proprietorship" arrangement with another brewery and so it does not thereby lose its ABC permits. An alternating proprietorship is an arrangement in which two or more people take turns using the physical premises of a brewery. Generally, the proprietor of an existing brewery, the "host brewery," agrees to rent space and equipment to a new "tenant brewer." The tenant qualifies as a brewer by filing the appropriate documents with federal Alcohol and Tobacco Tax and Trade Bureau. The tenant brewer produces malt beverages, maintains its own brewery records, labels the malt beverages with its own name and address, obtains the necessary Certificates of Label Approval, and pays tax at the appropriate rate upon removal of its malt beverages from the brewery. The tenant brewer has title to the malt beverages at all stages of the brewing process. If permitted by federal law, the host brewery facility may also hold, at the same facility, unfortified winery, fortified winery, and distillery permits.

Section 2.(a) of the PCS would provide unfortified winery, fortified winery, and distillery permittees the same opportunity as brewery permittees to enter into alternating proprietorship arrangements and to hold, at the same facility, other permits as authorized by federal law.

Section 2.(b) would amend the distillery permit to clarify that a distillery participating in an alternating proprietorship may sell any product it produces or distills at the permitted location whenever spirituous liquor sales at the distillery are authorized. The host distillery could manage sales, but each distillery would be responsible for its own recordkeeping and remitting its own taxes. If a mixed beverage permit is required, only the host distillery would need a mixed beverage permit, if one is required, if the host distillery sells the other distillery's spirituous liquor in mixed beverages.

A culinary permit allows a business to have fortified wine or spirituous liquor in the kitchen of the business for culinary purposes.

Section 3 would expand the availability of culinary permits to the following:

- Food businesses, which are businesses that sell food primarily to be eaten off-premises.
- Eating establishments, which are businesses that sell food to be eaten on premises, but are not large enough to qualify as a restaurant.

In 2024, the General Assembly authorized "to go" mixed beverages. **Section 4** would amend those provisions and the open container law to comply with federal law regarding transportation in a motor vehicle of alcohol that is in a container other than the manufacturer's original unopened container. "To-

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go" mixed beverages and any other open container of alcohol would be required to be in a locked container, in the trunk, or in the cargo area of a vehicle without a trunk.

This section would become effective October 1, 2025, and would apply to offenses committed on or after that date.

Part III: Modify Water and Sewer Project Bid Requirements

Under G.S. 143-129 and G.S. 143-132, no contract for construction or repair work in an amount equal to or more than \$500,000 may be awarded by any board or governing body of the State, or any political subdivision of the State, unless at least three bids have been received by reputable and qualified contractors.

Section 5 would authorize the award of construction contracts equal to or more than \$500,000 for water systems or facilities, or sewer systems or facilities, by any board or governing body of the State, or any political subdivision of the State, upon receipt of two bids from reputable and qualified contractors. If two bids are not received, the project would be rebid, and a contract could then be awarded upon receipt of one bid from a reputable and qualified contractor.

This section would be effective when it becomes law and apply to contracts entered into on or before December 31, 2030.

Part IV: Exemption From Nonbetterment Costs

Current law provides that the Department of Transportation pays the nonbetterment cost for the relocation of water and sewer lines, located within the existing State transportation project right-of-way, that are necessary to be relocated for a State transportation improvement project and that are owned by any of the following:

- A municipality with a population of 10,000 or less according to the latest decennial census.
- A nonprofit water or sewer association or corporation.
- Any water or sewer system organized pursuant to Chapter 162A of the General Statutes.
- A rural water system operated by a County as an enterprise system.
- Any sanitary district organized pursuant to Part 2 of Article 2 of Chapter 130A of the General Statutes. Constructed by a water or sewer system organized pursuant to Chapter 162A of the General Statutes and then sold or transferred to a municipality with a population of greater than 10,000 according to the latest decennial census.
- A local board of education.
- A private water or sewer utility organized pursuant to Chapter 62 of the General Statutes serving 10,000 or fewer customers.

Section 6 would increase the population cap related to these entities from 10,000 to 20,000.

EFFECTIVE DATE: Except as otherwise provided, this act would be effective when it becomes law, and Section 1 of this act would apply to awards in effect on or after that date.

Ike McRee, Susan Sitze, and Jennifer McGinnis, Legislative Analysis Division, substantially contributed to this summary.