

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H.B. 625
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HOUSE PRINCIPAL CLERK

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HOUSE DRH20219-MLf-150A (03/11)

Short Title: Brewery Law Revisions. (Public)

Sponsors: Representative McGrady.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE RETAIL SALE OF UNFORTIFIED WINE AT BREWERIES, TO CLARIFY THAT THE SELF-DISTRIBUTION BARREL LIMIT DOES NOT INCLUDE MALT BEVERAGES SOLD TO CONSUMERS AT THE BREWERY, AND TO CLARIFY THE LAW GOVERNING CHANGES IN OWNERSHIP AND CONTRACT BREWING.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 18B-1104 reads as rewritten:

"§ 18B-1104. Authorization of brewery permit.

The holder of a brewery permit may:

- ...
- (6) Give its products to its employees and guests for consumption on its premises.
 - (6a) Receive, in closed containers, and sell at the brewery, malt beverages produced inside or outside North Carolina under contract with the brewery. The contract malt beverages must have the brewery's name clearly displayed on each bottle. The contract malt beverages may be sold also at affiliated retail outlets of the brewery physically located on or adjacent to the brewery. Any malt beverages received by a brewery under this subdivision must be made available for sale by the brewery to wholesalers for distribution to retailers, without discrimination, in the same manner as if the malt beverages were being imported by the brewery. Contract brewing agreements are authorized under this subdivision so long as there is no common ownership or other affiliation between the two breweries except for the contract brewery agreement.
 - (7) In an area where the sale of any type of alcoholic beverage is authorized by law, sell the brewery's malt beverages or malt beverages manufactured by the permittee in some other state that have been approved by the Commission for sale in North Carolina only at the brewery upon receiving a permit under G.S. 18B-1001(1).
 - (8) Obtain a malt beverage wholesaler permit to sell, deliver, and ship at wholesale only malt beverages manufactured by the brewery. The authorization of this subdivision applies to a brewery that ~~sells, to consumers at the brewery,~~ sells to wholesalers, to retailers, and to exporters, fewer than 25,000 barrels, as defined in G.S. 81A-9, of malt beverages produced by it per year. A brewery not exceeding the sales quantity limitations in this



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subdivision may also sell the malt beverages manufactured by the brewery at not more than three other locations in the State, where the sale is legal, upon obtaining the appropriate permits under G.S. 18B-1001. A brewery operating any additional retail location pursuant to this subdivision shall also offer for sale at that location a reasonable selection of competitive malt beverage products.

(9) In an area where the sale of any type of alcoholic beverage is authorized by law, sell unfortified wine that has been approved by the Commission for sale in North Carolina only at the brewery upon receiving a permit under G.S. 18B-1001(3).

...."

SECTION 2. G.S. 18B-1001(3) reads as rewritten:

"(3) On-Premises Unfortified Wine Permit. – An on-premises unfortified wine permit authorizes the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, and the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another on-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by on-premises unfortified wine permittees, purchases of wine by a retail permittee from another retail permittee for the purpose of resale, and sale of wine by a retail permittee to another retail permittee for the purpose of resale are unlawful. In addition, a particular brand of wine may be transferred only if both the transferor and transferee are located within the territory designated between the winery and the wholesaler on file with the Commission. Prior to or contemporaneous with any such transfer, the transferor shall notify each wholesaler who distributes the transferred product of the transfer. The notice shall be in writing or verifiable electronic format and shall identify the transferor and transferee, the date of the transfer, quantity, and items transferred. The holder of the permit is authorized to ship unfortified wine in closed containers to individual purchasers inside and outside the State. Orders received by a winery by telephone, Internet, mail, facsimile, or other off-premises means of communication shall be shipped pursuant to a wine shipper permit and not pursuant to this subdivision. The permit may be issued for any of the following:

- a. Restaurants;
- b. Hotels;
- c. Eating establishments;
- d. Private clubs;
- e. Convention centers;
- f. Cooking schools;
- g. Community theatres;
- h. Wineries;
- i. ~~Wine producers-producers;~~
- j. Retail businesses."

SECTION 3. G.S. 18B-903 is amended by adding a new subsection to read:

"(c1) Construction of Change in Ownership. – Nothing in subsection (c) of this section shall be construed to limit alternating brewery proprietorships in which the holder of a brewery permit issued pursuant to G.S. 18B-1104 leases or otherwise makes available its facility to

1 another holder of a brewery permit issued pursuant to G.S. 18B-1104. In this arrangement, the
2 tenant brewer shall maintain title to the malt beverages at all stages of the brewing process and
3 shall be responsible for all aspects associated with manufacturing the product, including
4 maintaining appropriate records, obtaining label approval in its own name, and remitting the
5 appropriate taxes. Alternating brewery proprietorships are authorized so long as there is no
6 common ownership or other affiliation between the two breweries except for the contract
7 brewery agreement."

8 **SECTION 4.** This act is effective when it becomes law.