GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2021

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2022 ABC Omnibus.

Short Title:

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PROPOSED SENATE COMMITTEE SUBSTITUTE H768-PCS30592-TQf-44

(Public)

Sponsors: Referred to: May 4, 2021 A BILL TO BE ENTITLED 1 2 AN ACT TO MAKE VARIOUS CHANGES TO THE ALCOHOLIC BEVERAGE LAWS OF 3 THIS STATE. 4 The General Assembly of North Carolina enacts: 5 6 REPEAL LIMITED WINERY PERMIT 7 **SECTION 1.** G.S. 18B-1103 is repealed. 8 9 CREATE PACKAGING AND LOGISTICS PERMIT 10 **SECTION 2.(a)** G.S. 18B-902(d) is amended by adding a new subdivision to read: "(51) Packaging and logistics permit – \$300.00." 11 **SECTION 2.(b)** Article 11 of Chapter 18B of the General Statutes is amended by 12 13 adding a new section to read: 14 "§ 18B-1110.1. Authorization of packaging and logistics permit. Authorization. – The holder of a packaging and logistics permit may: 15 (a) Receive, in closed containers, malt beverages, unfortified wine, fortified wine, 16 17 and spirituous liquor from a supplier for the purpose of packaging, repackaging, labeling, relabeling, storage, and shipping. 18 19 Package, repackage, label, and relabel malt beverages, unfortified wine, (2) fortified wine, and spirituous liquor received from a supplier. 20 21 Subject to the record-keeping requirements of G.S. 18B-1115, transport into (3) 22 or out of the State in closed containers the maximum amounts of malt 23 beverages, unfortified wine, fortified wine, and spirituous liquor allowed 24 under federal law, if the transportation is related to the packaging, labeling, sale, or storage permitted by this section. 25 Sell, deliver, and ship malt beverages, unfortified wine, and fortified wine as 26 (4) provided in this section in closed containers to suppliers and wholesalers 27 licensed under this Chapter. 28 29 (5) Sell, deliver, and ship spirituous liquor as provided in this section in closed 30 containers at wholesale to exporters and local boards within the State. Subject to the laws of other jurisdictions, sell, deliver, and ship malt (6) 32 beverages, unfortified wine, fortified wine, and spirituous liquor as provided 33 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. 34



- (b) <u>Limitation. A packaging and logistics permit does not authorize the permit holder to engage in the manufacture of alcoholic beverages except for packaging, repackaging, labeling, and relabeling. A holder of a packaging and logistics permit may not sell, deliver, or ship malt beverages, unfortified wine, fortified wine, or spirituous liquor directly to consumers or to retail establishments in this State. Nothing in this section shall be interpreted to abrogate the provisions of G.S. 18B-1119.</u>
 - (c) <u>Distribution Agreements. Malt beverage and wine distribution agreements applicable between a wholesaler and an original supplier are governed by Articles 12 and 13 of this Chapter."</u>

SECTION 2.(c) This section becomes effective August 1, 2022.

REPEAL PURCHASE-TRANSPORTATION PERMIT

SECTION 3.(a) G.S. 18B-101(2) reads as rewritten:

"(2) "ABC permit" or "permits" means any written or printed authorization issued by the Commission pursuant to the provisions of this Chapter, other than a purchase transportation permit. Chapter. Unless the context clearly requires otherwise, as in the provisions concerning applications for permits, "ABC permit" or "permit" means a presently valid permit."

SECTION 3.(b) G.S. 18B-303 is repealed.

SECTION 3.(c) G.S. 18B-400 is repealed.

SECTION 3.(d) G.S. 18B-401(b) reads as rewritten:

"(b) Taxis. – It shall be unlawful for a person operating a for-hire passenger vehicle as defined in G.S. 20-4.01(27)f., to transport fortified wine or spirituous liquor unless the vehicle is transporting a paying passenger who owns the alcoholic beverage being transported. Not more than eight liters of fortified wine or spirituous liquor, or combination of the two, may be transported by each passenger. A violation of this subsection shall not be grounds for suspension of the driver's license for illegal transportation of intoxicating liquors under G.S. 20-16(a)(8)."

SECTION 3.(e) G.S. 18B-402 is repealed.

SECTION 3.(f) G.S. 18B-403 is repealed.

SECTION 3.(g) G.S. 18B-403.1 is repealed.

SECTION 3.(h) G.S. 18B-404(a), (b), and (d) are repealed.

SECTION 3.(i) G.S. 18B-405 is repealed.

SECTION 3.(j) G.S. 18B-406 is repealed.

SECTION 3.(k) G.S. 18B-600(e2) reads as rewritten:

"(e2) Ski Resorts ABC Elections. – Notwithstanding any other provisions of this section, any city that provides governmental services to as many as 1,000 snow skiers weekly during the normal ski season from December 1 through March 15, may hold an election authorized by subdivision (a)(1), (2), or (4) of this section. If the sale of mixed beverages is approved, purchase-transportation permits shall be issued and the sales of liquor shall be made by any local board designated by the State ABC Commission."

SECTION 3.(1) G.S. 18B-603 reads as rewritten:

"§ 18B-603. Effect of alcoholic beverage elections on issuance of permits.

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(d2) If a county or city holds a mixed beverage election and an ABC store election at the same time and the voters do not approve the establishment of an ABC store, the Commission may issue mixed beverages permits in that county or city. The mixed beverages purchase transportation permit authorized by G.S. 18B-404(b) shall be issued by a local board operating a store located in the county.

(f2) Permits for Special ABC Areas. – The Commission may issue the permits provided for in G.S. 18B-1001(1), G.S. 18B-1001(2), G.S. 18B-1001(3), G.S. 18B-1001(4),

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G.S. 18B-1001(5), G.S. 18B-1001(6), and G.S. 18B-1001(10) to qualified persons and establishments located within a Special ABC area as defined in G.S. 18B-101, provided that: (i) if such area is a municipal corporation, the area shall conduct an election authorized by subdivision (a)(4) of G.S. 18B-600, which election may be held regardless of the number of registered voters located within the municipal corporation; or (ii) if such area is unincorporated but has within such area a private association or club, the board of such private association or club shall call and conduct a special meeting at which meeting a majority of private association members, club members, lot and home owners, votes and approves the sale of mixed beverages, and the board certifies the results of such meeting to the Alcoholic Beverage Control Commission. The mixed beverages purchase transportation permit authorized by G.S. 18B-404(b) shall be issued by a local board operating a store located in the same county as the Special ABC area.

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SECTION 3.(m) G.S. 18B-701(a)(7) is repealed. **SECTION 3.(n)** G.S. 18B-901(a) reads as rewritten:

"(a) Who Issues. – All ABC permits shall be issued by the Commission. Purchase-transportation permits shall be issued by local boards or distilleries under G.S. 18B-403."

SECTION 3.(o) G.S. 18B-1001(10) reads as rewritten:

"(10) Mixed Beverages Permit. – A mixed beverages permit authorizes the retail sale of mixed beverages for consumption on the premises. The permit also authorizes a mixed beverages permittee (i) to obtain a purchase transportation permit under G.S. 18B-403 and 18B-404, (ii) to obtain an antique spirituous liquor permit under subdivision (20) of this section, and (iii) section and to use for culinary purposes spirituous liquor lawfully purchased for use in mixed beverages. The permit may be issued for any of the following:

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SECTION 3.(p) G.S. 18B-1002 reads as rewritten:

"§ 18B-1002. Special one-time permits.

(a) Kinds of Permits. – In addition to the other permits authorized by this Chapter, the Commission may issue permits for the following activities:

(5) A permit may be issued to a unit of local government, or to a nonprofit organization or a political organization to serve wine, malt beverages, and spirituous liquor at a ticketed event held to allow the unit of local government or organization to raise funds. For purposes of this subdivision "nonprofit organization" means an organization that is exempt from taxation under Section 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(8), 501(c)(10), 501(c)(19), or 501(d) of the Internal Revenue Code or is exempt under similar provisions of the General Statutes as a bona fide nonprofit charitable, civic, religious, fraternal, patriotic, or veterans' organization or as a nonprofit volunteer fire department, or as a nonprofit volunteer rescue squad or a bona fide homeowners' or property owners' association. For purposes of this subdivision "political organization" means an organization covered by the provisions of G.S. 163-96(a)(1) or (2) or a campaign organization established by or for a person who is a candidate who has filed a notice of candidacy, paid the filing fees or filed the required petition, and been certified as a candidate. The issuance of this permit shall also allow the issuance of a purchase-transportation permit under G.S. 18B-403 and 18B-404 and the use for culinary purposes of spirituous liquor lawfully purchased for use in mixed beverages. The issuance of this permit shall also allow a nonprofit organization to offer alcoholic beverages in the manufacturer's original closed

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container as a prize in a raffle or sell alcoholic beverages in the manufacturer's original closed container at auction at the ticketed event to allow the nonprofit organization to raise funds.

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A permit may be issued to a professional sports organization to allow the retail 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 (i) with a seating capacity of at least 40,000 people and (ii) that is owned or leased by a constituent institution of The University of North Carolina located in a county with a population of at least 900,000 people according to the most recent federal decennial census. The issuance of this permit also allows the issuance of a purchase-transportation permit under G.S. 18B-403 and G.S. 18B-404. For purposes of this subdivision, the term "professional sports organization" means an organization that is a member of an association or league of professional sports organizations that (i) has 6 or more members, (ii) has total combined revenues from all members that exceeds ten million dollars (\$10,000,000) per year, and (iii) governs the conduct of its members and regulates the contests and exhibitions in which its

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SECTION 3.(q) G.S. 18B-1002.1(b) reads as rewritten:

member organizations regularly engage.

"(b) Conditions of Permit. – A permit issued under this section is valid only for the auction specified in the permit. Any sales under this permit are subject to the purchase restrictions in G.S. 18B-303."

SECTION 3.(r) G.S. 18B-1006 reads as rewritten: "§ 18B-1006. Miscellaneous provisions on permits.

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(k) Residential Private Club and Sports Club Permits. – The Commission may issue the permits listed in G.S. 18B-1001, without approval at an election, to a residential private club or a sports club, except if the sale of mixed beverages is not lawful within a jurisdiction and that locality has voted against the sale of mixed beverages in a referendum conducted on or after September 1, 2001. If the issuance of permits is prohibited by the exception in the previous sentence, the Commission may renew existing permits and may continue to issue permits for a business location that had previously held permits under this subsection. No permit may be issued to any residential private club or sports club that practices discrimination on the basis of race, gender or ethnicity.

The mixed beverages purchase transportation permit authorized by G.S. 18B-404(b) shall be issued by a local board operating a store located in the county.

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(p) The Commission shall issue a special occasion permit under G.S. 18B-1001(8) to a mixed beverage permittee in a sports facility occupied by a major league professional sports team with suites available for sale or lease to patrons of the facility to authorize patrons to make available alcoholic beverages in those suites as if the patron were a host of a reception, party or other special occasion. If the patron occupying the suite so desires, alcoholic beverages by self-service may be made available to any person at least 21 years of age possessing a valid ticket to the event authorizing that person to occupy the suite. At no event may the patron make available a quantity of alcoholic beverages in excess of the amount a person is allowed to buy under G.S. 18B 303(a). A mixed beverage permittee who holds a permit shall provide mixed beverage tax paid spirituous liquor for resale by the container in approved sizes of no larger than 750 milliliters to the host or patron of the suite. This subsection does not authorize any person possessing a valid ticket to an event at the facility to bring alcoholic beverages onto the premises

and consume those alcoholic beverages on the premises, or to remove those beverages from the suite.

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SECTION 3.(s) G.S. 18B-1007 reads as rewritten:

"§ 18B-1007. Additional requirements for mixed beverages permittees.

(a) Purchases. – A mixed beverages permittee may purchase spirituous liquor for resale as mixed beverages and a guest room cabinet permittee may purchase spirituous liquor for resale from a guest room cabinet only at an ABC store designated by a local board and only with a purchase transportation permit issued by that local board under G.S. 18B-403 and 18B-404.board.

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SECTION 3.(t) G.S. 18B-1115 reads as rewritten:

"§ 18B-1115. Commercial transportation.

- (a) Permit Required. Unless a person holds a permit which otherwise allows him to transport more than 80 liters of malt beverages other than draft malt beverages in kegs, 50 liters of unfortified wine, or eight liters of fortified wine or spirituous liquor, or is a retailer authorized to transport alcoholic beverages under G.S. 18B-405, each person transporting alcoholic beverages in excess of those quantities shall have the permit described in this section.
- (b) When Transportation Legal. No person may obtain a permit under this section to transport spirituous liquor unless the transportation is for delivery to a federal reservation over which North Carolina has ceded jurisdiction to the United States, for delivery to an ABC store, or for transport through this State to another state.
- (c) Common Carriers. Railroad companies and other common carriers having regularly established schedules of service in this State may transport alcoholic beverages into, out of, and between points in this State without a permit. Those companies shall keep accurate records of the character, volume and number of containers transported and shall allow the Commission and alcohol law-enforcement agents to inspect those records at any time. The Commission may require common carriers to make reports of shipments.
- (d) Motor Vehicle Carriers. Alcoholic beverages may be transported over the public highways of this State by motor vehicle carriers under the following conditions:
 - (1) The carrier shall notify the Commission of the character of the alcoholic beverages it will transport and of its authorization from the appropriate regulatory authority.
 - (2) The carrier shall obtain, at no charge, a fleet permit from the Commission authorizing the transportation.
 - (3) The driver or person in charge of each vehicle transporting alcoholic beverages shall possess a copy of the carrier's fleet permit certified by the carrier to be an exact copy of the original.
 - (4) The driver or person in charge of each vehicle transporting alcoholic beverages shall possess a bill of lading, invoice or other memorandum of shipment showing the name and address of the person from whom the alcoholic beverages were received, the character and contents of the shipment, the quantity and volume of the shipment, and the name and address of the person to whom the alcoholic beverages are being shipped.
 - (5) The driver or person in charge of each vehicle transporting the alcoholic beverages shall display all documents required by this section upon request of any law-enforcement officer. Failure to produce these documents or failure of the documents to disclose clearly and accurately the information required by this section shall be prima facie evidence of a violation of this section.
 - (6) Each carrier shall keep accurate records of character, volume and number of containers transported and shall allow the Commission and alcohol

law-enforcement agents to inspect those records at any time. The Commission may require carriers to make reports of shipments.

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Transportation of Spirituous Liquor. – In addition to the requirements of subsection (e) (d), motor vehicle carriers engaged in transporting spirituous liquor shall:

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Deposit with the Commission a surety bond for one thousand dollars (\$1,000) (1) conditioned that the carrier will not unlawfully transport spirituous liquor into or through this State. The bond, which shall be approved by the Commission, shall be payable to the State of North Carolina. If the bonded carrier is convicted of a violation covered by the bond, the proceeds of the forfeited bond shall be paid to the school fund of the county in which the liquor was seized.

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(2) Include in its bill of lading, invoice or other memorandum of shipment the North Carolina code numbers of the spirituous liquor being transported.

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(3) Include in its bill of lading, invoice or other memorandum of shipment the route which the vehicle will follow, and the vehicle shall not vary substantially from that stated route.

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(f) Malt Beverages and Wine Transported by Boats. – The owner or operator of any boat may transport malt beverages, unfortified wine and fortified wine over the waters of this State if he or she satisfies all requirements of subsection (d). subsection (d) of this section.

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State Warehouse Carrier. – The Commission may exempt a carrier for the State or a local board warehouse from any of the requirements of this section provided that it determines that the requirements of this section are otherwise satisfied."

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TRANSITION PERIOD FOR ABC PERMITTEE OWNERSHIP CHANGES

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SECTION 4. G.S. 18B-903 reads as rewritten: "§ 18B-903. Duration of permit; renewal and transfer.

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Duration. – Once issued, ABC permits shall be valid for the following periods, unless earlier surrendered, suspended or revoked:

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On-premises and off-premises malt beverage, unfortified wine, and fortified (1) wine permits; culinary permits; and all permits listed in G.S. 18B-1100 shall remain valid indefinitely;

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Limited special occasion permits shall be valid for 48 hours before and after (2) the occasion for which the permit was issued;

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Special one-time permits issued under G.S. 18B-1002 shall be valid for the (3) period stated on the permit;

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Temporary permits issued under G.S. 18B-905 shall be valid for 90 days; and (4) (5) All other ABC permits shall be valid for one year, from May 1 to April 30.

Renewal. – Application for renewal of an ABC permit shall be on a form provided by the Commission. An application for renewal shall be accompanied by an application fee. The application fee shall be the same amount as the initial fee set in G.S. 18B-902, except that the renewal application fee for each wine shop permit shall be five hundred dollars (\$500.00), and the renewal application fee for each mixed beverages permit and each guest room cabinet permit shall be one thousand dollars (\$1,000). A renewal fee shall not be refundable.

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Registration. – Each person holding a malt beverage, fortified wine, or unfortified wine permit issued pursuant to G.S. 18B-902(d)(1) through G.S. 18B-902(d)(6) shall register by May 1 of each year on a form provided by the Commission, in order to provide information needed by the State in enforcing this Chapter and to support the costs of that enforcement. The registration required by this subsection shall be accompanied by an annual registration and inspection fee of four hundred dollars (\$400.00) for each permit held. The fee shall be paid by May 1 of each year. A registration fee shall not be refundable. Failure to pay the annual registration and inspection fee shall result in revocation of the permit.

- (b2) Recycling Plan Required. Each person holding an on-premises malt beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, or a mixed beverages permit shall submit, along with the annual registration or renewal application, either a current plan for the collection and recycling of all recyclable beverage containers of all beverages sold at retail on the premises, or an application for a waiver pursuant to G.S. 18B-902(h).
- (c) Change in Ownership. —All permits for an establishment shall automatically expire and shall be surrendered to the Commission if:
 - (1) Subject to the successor transfer period provided in subdivision (2) of this subsection, all permits for an establishment shall automatically expire and shall be surrendered to the Commission if:
 - (1)a. Ownership of the establishment changes; or
 - (2)b. There is a change in the membership of the firm, association or partnership owning the establishment, involving the acquisition of a twenty-five percent (25%) or greater share in the firm, association or partnership by someone who did not previously own a twenty-five percent (25%) or greater share; or
 - (3)c. Twenty-five percent (25%) or more of the stock of the corporate permittee owning the establishment is acquired by someone who did not previously own twenty-five percent (25%) or more of the stock.
 - Notwithstanding subsection (e) of this section, any person who through contract, lease, management agreement, or change of ownership or transfer of business as provided in subdivision (1) of this subsection becomes lawfully entitled to use and control of the premises of an establishment that holds permits immediately prior to such change of ownership may continue to operate the establishment, as successor to the prior permittee, to the same extent as the predecessor permittee until the person receives a new permit, provided that the person submits a new permit application to the Commission within 60 days after the change of ownership. If the person does not apply for a new permit within 60 days, all permits for the establishment shall automatically expire and shall be surrendered to the Commission.
- (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 leases or otherwise makes available its facility to another holder of a brewery permit. For purposes of this section, if authorized by federal law, the host brewery may also hold, at the same facility, unfortified winery, fortified winery, and distillery permits pursuant to G.S. 18B-1101, 18B-1102, and 18B-1105. In this arrangement, the tenant brewery shall maintain title to the malt beverages at all states of the brewing process and shall be responsible for all aspects associated with manufacturing the product, including maintaining appropriate records, obtaining label approval in its own name, and remitting the appropriate taxes. Alternating brewery proprietorships are authorized between affiliated breweries, but shall not be used as a means to allocate production quantities between affiliated breweries to obtain a malt beverage wholesaler permit pursuant to G.S. 18B-1104(a)(8) where either brewery would not otherwise qualify for a permit, and the Commission shall have no authority to grant an exemption to this requirement pursuant to G.S. 18B-1116(b).
- (d) Change in Management. A corporation holding a permit for an establishment for which the manager is required to qualify as an applicant under G.S. 18B-900(c) shall, within 30 days after employing a new manager, submit to the Commission an application for substitution of a manager. The application shall be signed by the new manager, shall be on a form provided by the Commission, and shall be accompanied by a fee of ten dollars (\$10.00). The fee shall not be refundable.

- (e) Transfer. An Except as provided in subdivision (2) of subsection (c) of this section, an ABC permit may not be transferred from one person to another or from one location to another.
- (f) Lost Permits. The Commission may issue duplicate ABC permits for an establishment when the existing valid permits have been lost or damaged. The request for duplicate permits shall be on a form provided by the Commission, certified by the permittee and the Alcohol Law Enforcement Division, and accompanied by a fee of ten dollars (\$10.00).
- (g) Name Change. The Commission may issue new permits to a permittee upon application and payment of a fee of ten dollars (\$10.00) for each location when the permittee's name or name of the business is changed."

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

SECTION 5. G.S. 18B-1006(a) is amended by adding a new subdivision to read:

- "(11) Notwithstanding subdivision (10) of this subsection, 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. If a Board of Trustees votes to allow the issuance of permits in accordance with this subdivision, the Board of Trustees shall provide written notice to the Commission that it has voted to allow the issuance of permits. Any permit described in G.S. 18B-1001, 18B-1002(a)(2), or 18B-1002(a)(5) may be issued pursuant to this subdivision to applicants meeting the requirements for the requested permit. For purposes of this subdivision, the premises of a stadium shall include any area that meets all of the following requirements:
 - <u>a.</u> <u>Is within 500 feet of the furthest exterior building wall, perimeter fence, or permanent fixed perimeter.</u>
 - b. Is designated by the stadium in a map or written description that clearly defines the boundary of the area, and that map or written description is included in the permit application.
 - <u>c.</u> <u>Can be designated in a manner that enables the stadium to ensure</u> compliance with the provisions of this Chapter."

AMEND PRIVATE BAR DEFINITION

SECTION 6. G.S. 18B-1000(4e) reads as rewritten:

"(4e) Private bar. – An establishment that is organized and operated as a for-profit entity and that is not open to the general public but is open only to the members of the organization and their bona fide guests for the purpose of allowing its members and their guests to socialize and engage in recreation.that is primarily engaged in the business of selling alcoholic beverages and that does not serve prepared food as defined in G.S. 105-164.3(179). A private bar shall not include a brewery, winery, or distillery."

ALLOW DISTILLERIES TO OBTAIN MIXED BEVERAGES CATERING PERMITS SECTION 7. G.S. 18B-1001(12) reads as rewritten:

"(12) Mixed Beverages Catering Permit. – A mixed beverages catering permit <u>may</u> be issued to a hotel, restaurant, or distillery. A mixed beverages catering permit issued to a hotel or restaurant authorizes a-the hotel or a restaurant that has a mixed beverages permit to bring spirituous liquor onto the premises

where the hotel or restaurant is catering food for an event and to serve the 1 2 liquor to guests at the event. A mixed beverages catering permit issued to a 3 distillery allows the distillery to bring spirituous liquor onto the premises 4 where a hotel or restaurant is catering food for an event and serve the liquor 5 to guests at the event, regardless of whether the hotel or restaurant also holds 6 a mixed beverages catering permit." 8 ALLOW DISTILLERIES TO SERVE MIXED BEVERAGES CONTAINING THE 9

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DISTILLERY'S PRODUCT REGARDLESS OF THE RESULTS OF A LOCAL MIXED **BEVERAGE ELECTION**

SECTION 8. G.S. 18B-1105(a) is amended by adding a new subdivision to read:

In an area where the sale of mixed beverages has not been approved by a local election, sell mixed beverages containing only spirituous liquor produced at the distillery for consumption on the premises upon obtaining a mixed beverages permit under G.S. 18B-1001."

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EFFECTIVE DATE

SECTION 9. Except as otherwise provided, this act is effective when it becomes law.