2017

HOUSE ALCOHOLIC BEVERAGE CONTROL

MINUTES

House Committee on Alcoholic Beverage Control 2017 Long Session

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March 15. 2017

March 29, 2017

April 11. 2017

April 19, 2017

April 25, 2017

June 22, 2017

ALCOHOLIC BEVERAGE CONTROL

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
Rep. Jamie Boles, Chair	Kerry Guice, Clerk	3-5903	528	25
Rep. Chuck McGrady, Chair	Britt Eller	3-5956	304	15
Rep. Susan Fisher, Vice Chair	Cindy Garrison	5-2013	504	69
Rep. Jon Hardister, Vice-Chair	Jayne Nelson	3-5191	638	39
Rep. John Bell	Susan Horne	5-3017	301F	5
Rep. Kelly Alexander	Marjorie Conner	3-5778	404	35
Rep. Bill Brawley	Lynn Taylor	3-5800	534	19
Rep. Josh Dobson	Julie Ryan	3-5862	301N	114
Rep. Beverly Earle	Ann Raeford	5-2530	306A3	48
Rep. Rosa Gill	Lisa Ray	3-5880	1303	45
Rep. Ed Hanes	Wanda Kay	3-5829	1006	82
Rep. Pricey Harrison	Sue Osborne	3-5771	1218	70
Rep. Kelly Hastings	James Jenkins	5-2002	1206	17
Rep. Yvonne Holley	Lee Lewis	3-5758	1219	93
Rep. Pat Hurley	Deborah Holder	3-5865	532	10
Rep. Brenden Jones	Andrew Bailey	3-5821	2217	88
Rep. Marvin Lucas	Thelma Utley	3-5775	509	22
Rep. Chris Malone	Skye David	5-3010	1229	38
Rep. Greg Murphy	Theresa Lopez	3-5757	632	85
Rep. Larry Potts	Caroline Craig	5-0873	607	110

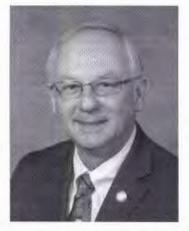
Rep. Bobbie Richardson	Anna Meadows	5-3032	1217	81
Rep. Jason Saine	Stephen Wiley	3-5782	1326	26
Rep. Scott Stone	Marissa Turner	3-5886	2213	77
Rep. Shelly Willingham	Johnna Smith	5-3024	513	96
Rep. Larry Yarborough	Leslie Murray	5-0850	1301	67
Rep. Lee Zachary	Haley Kitts	5-8361	1002	74

Rev. 4.11.2017

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HOUSE COMMITTEE ON ALCOHOLIC BEVERAGE CONTROL 2017 – 2018 SESSION

Clerk: Kerry Guice



Rep. Jamie Boles, Chair



Rep. Chuck McGrady, Chair



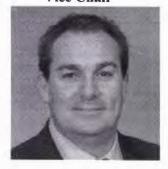
Rep. Susan Fisher Vice Chair



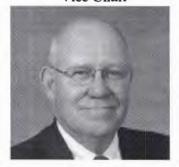
Rep. Jon Hardister Vice Chair



Rep. Kelly Alexander



Rep. John Bell



Rep. Bill Brawley



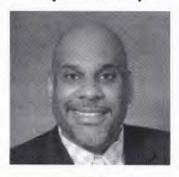
Rep. Josh Dobson



Rep. Beverly Earle



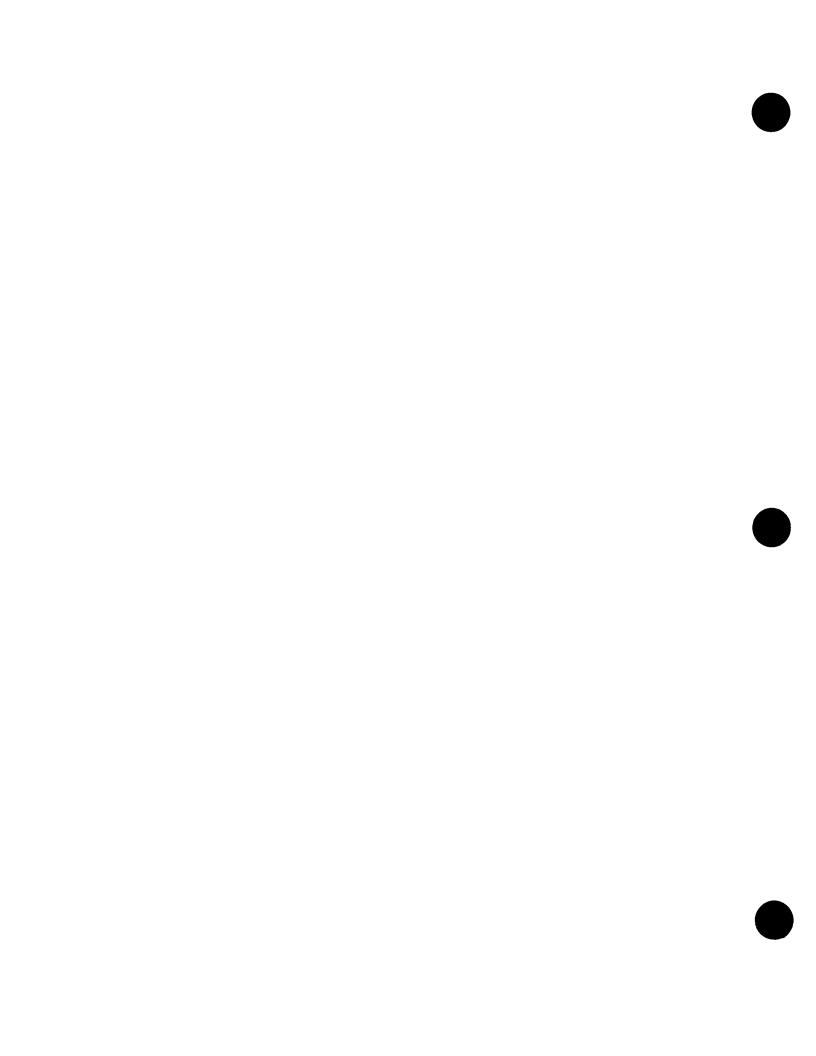
Rep. Rosa Gill



Rep. Ed Hanes



Rep. Pricey Harrison





Rep. Kelly Hastings



Rep. Yvonne Holley



Rep. Pat Hurley



Rep. Brenden Jones



Rep. Marvin Lucas



Rep. Chris Malone



Rep. Greg Murphy



Rep. Larry Potts



Rep. Bobbie Richardson



Rep. Jason Saine



Rep. Scott Stone



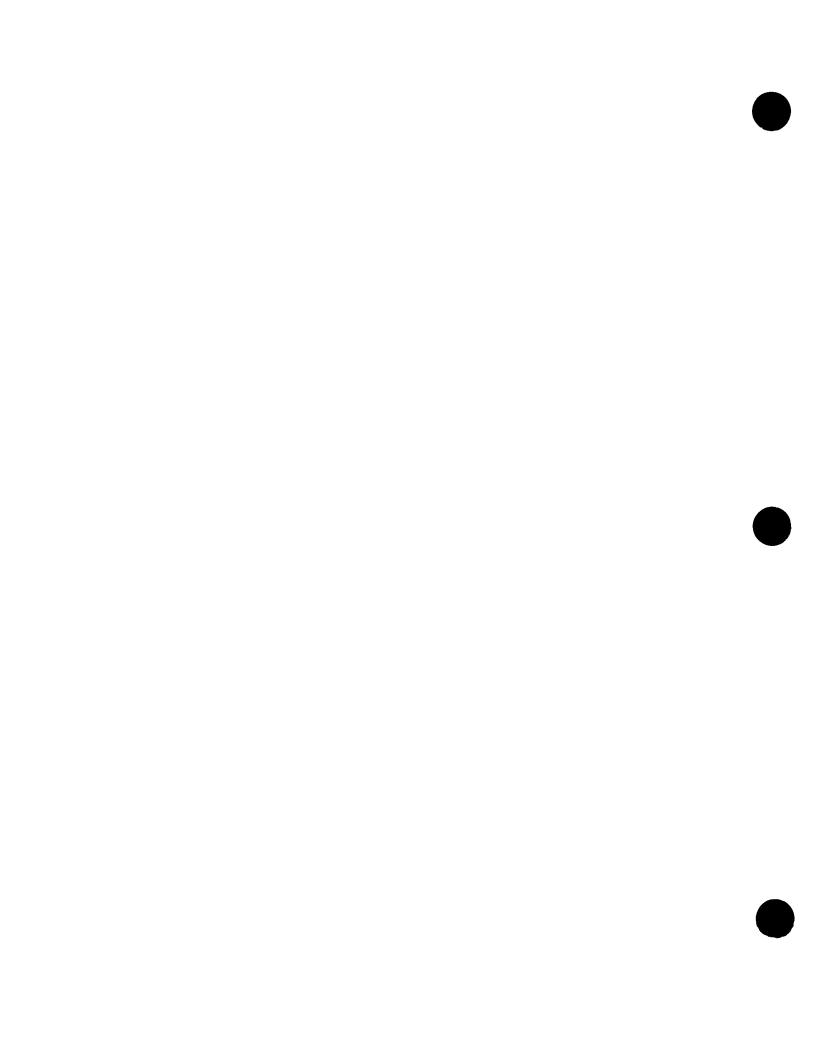
Rep. Shelly Willingham



Rep. Larry Yarborough



Rep. Lee Zachary

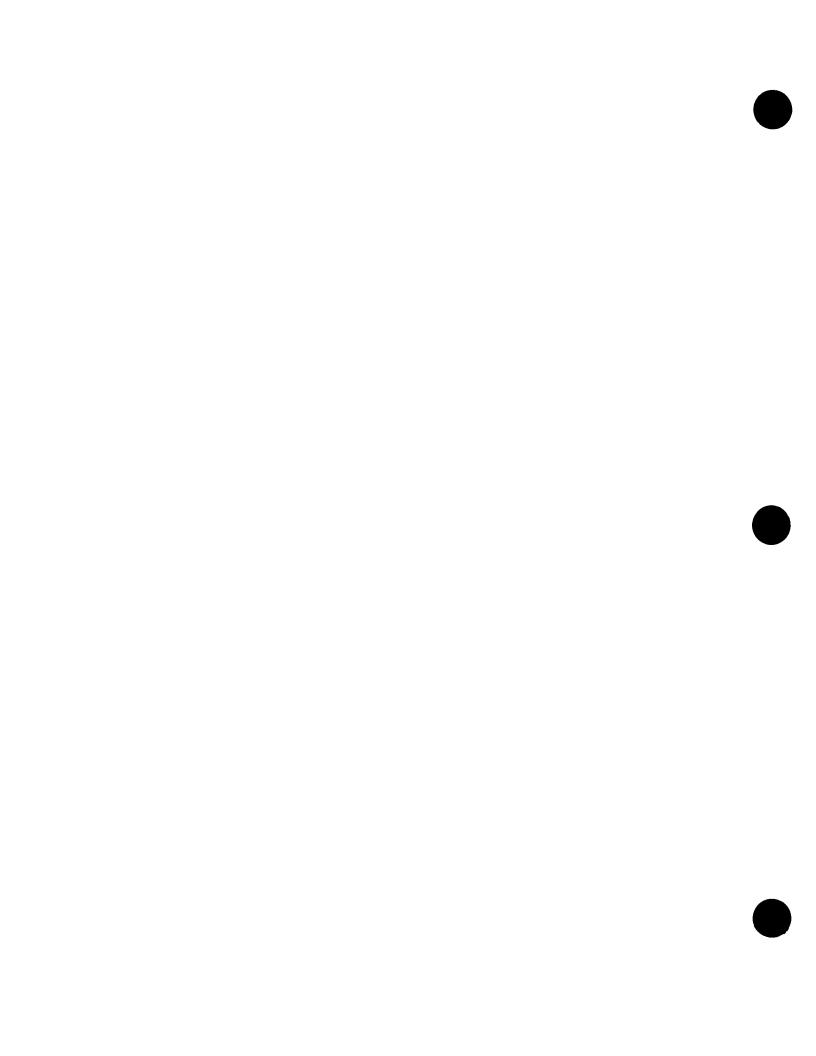


ATTENDANCE

Alcoholic Beverage Control

Rev. 4.11.2017

DATES	3.19.2017	3.15.2017	3.29.2017	4.11.2017	4.19.2017	4.25.2017	6.25.2017				
Rep. Jamie Boles, Chair	x	х	х	х	х	х	х				
Rep. Chuck McGrady, Chair	x		x	х	х	х	х				
Rep. Susan Fisher, Vice Chair	x	х	х	х	х	х	х				
Rep. Jon Hardister, Vice Chair	E	х	х	х	х	х	х				
Rep. Kelly Alexander		х	х	x	х	х	x				
Rep. John Bell					х		х				
Rep. Bill Brawley	x	х	x	х	х	x	х				
Rep. Josh Dobson			Е		x	х					
Rep. Beverly Earle	X		х	х	х	х	x				
Rep. Rosa Gill		х	х	х	х		х				
Rep. Ed Hanes	х	х	x	х	х	х	х				
Rep. Pricey Harrison	x	х	x	x	x	х	x				
Rep. Kelly Hastings	х	х	х	х	х	х					
Rep. Yvonne Holley	x	х			x		x				
Rep. Pat Hurley	x	х		х	x	х	x				
Rep. Brenden Jones	x	x		x	x						
Rep. Marvin Lucas		х	x	х	x	х	х				
Rep. Chris Malone				х	х	х	x				
Rep. Greg Murphy	X			Е	х	х	х				
Rep. Larry Potts	x	Е	Е	х	х	х	х				
Rep. Bobbie Richardson	х	х	x		x		x				
Rep. Jason Saine			х	х			х				
Rep. Scott Stone	х	х		х	х	х	х				
Rep. Shelly Willingham	x	х	х	х	х	х	х				
Rep. Larry Yarborough					х	х	x				
Rep. Lee Zachary	x		Е	х		х					



House Committee on Alcoholic Beverage Control Thursday, March 9, 2017 at 10:00 a.m. Room 423

MINUTES

The House Committee on Alcoholic Beverage Control met at 10:00 a.m. on March 9, 2017 in Room 432. Representatives Boles, Brawley, Earle, Fisher, Hanes, Harrison, Hastings, Holley, Hurley, Jones, McGrady, Murphy, Potts, Richardson, Stone, Willingham, and Zachary attended.

Representative Jamie Boles presided and called the meeting to order at 10:10 a.m. The Sergeant at Arms and Pages in attendance were recognized by the Chairman.

Chairman Boles introduced the Chairman of the North Carolina ABC Commission, Zander Guy, to the committee and asked him to say a few words to the members. Chairman Guy recognized Mr. Bob Hamilton, Administrator of the Commission and Agnes Stevens, Chief of Staff for the Commission.

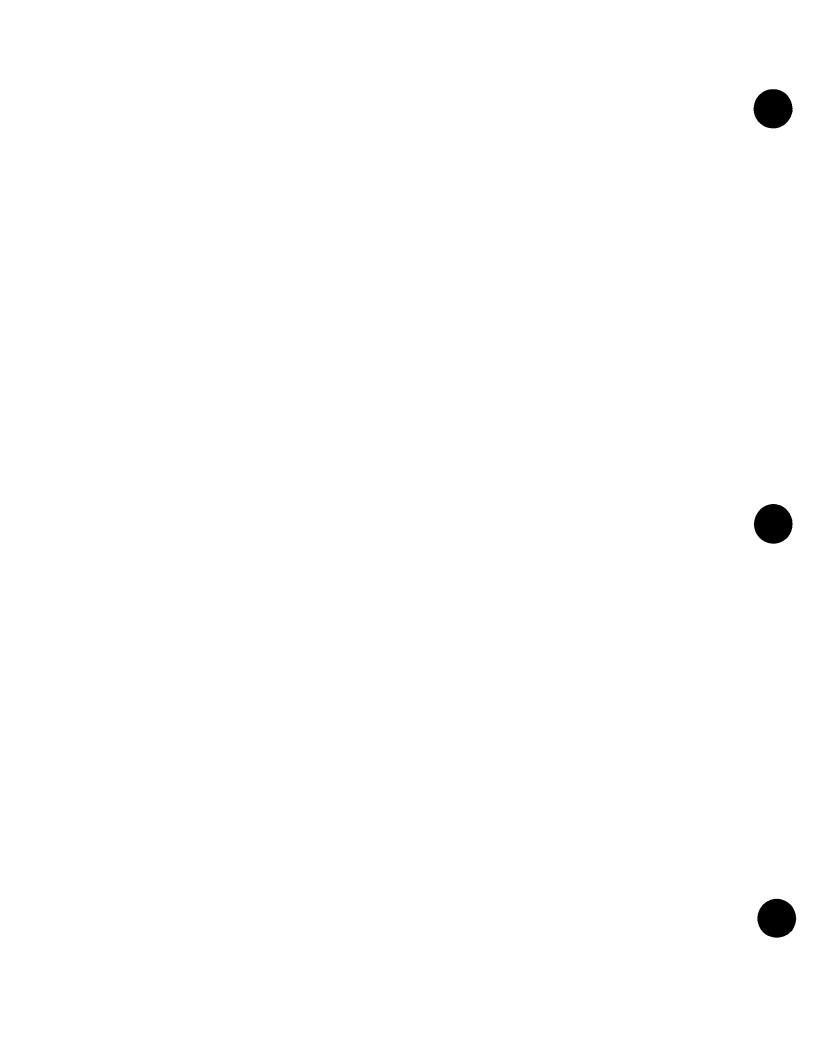
Chairman Boles recognized Mr. Robert Hamilton, Administrator of the North Carolina ABC Commission to give a history of the ABC Commission to the members. After his presentation (copies of handouts provided are attached in these minutes), the floor was open for a period of questions and answers by the members.

There being no votes taken and no further business conducted, the meeting adjourned at 10:43 a.m.

Rep. James L. Boles, Jr.

Presiding

Kerry Guice, Committee Clerk



NORTH CAROLINA HOUSE OF REPRESENTATIVES **COMMITTEE MEETING NOTICE** AND **BILL SPONSOR NOTIFICATION 2017-2018 SESSION**

You are hereby notified the	hat the House Committee or	n Alcoholic Beverage	Control will meet	as
follows:				

DAY & DATE: Thursday, March 9, 2017

TIME:

10:00 AM

Reading Clerk – House Chamber

LOCATION:

423 LOB

COMMENTS: The ABC Commission will give a history of the Commission. No bills will be

heard at this meeting. (Please note this is not the committes usual meeting time)

Respectfully,

Representative James L. Boles, Jr., Co-Chair Representative Chuck McGrady, Co-Chair

I hereby certify this notice was filed by the	committee assistant at	t the following offices	at 1:35 PM on
Tuesday, March 07, 2017.			
Principal Clark			

Kerry Guice (Committee Assistant)

	,	

House Committee on Alcoholic Beverage Control Thursday, March 9, 2017, 10:00 a.m. Room 423, Legislative Office Building

AGENDA

Welcome and Opening Remarks

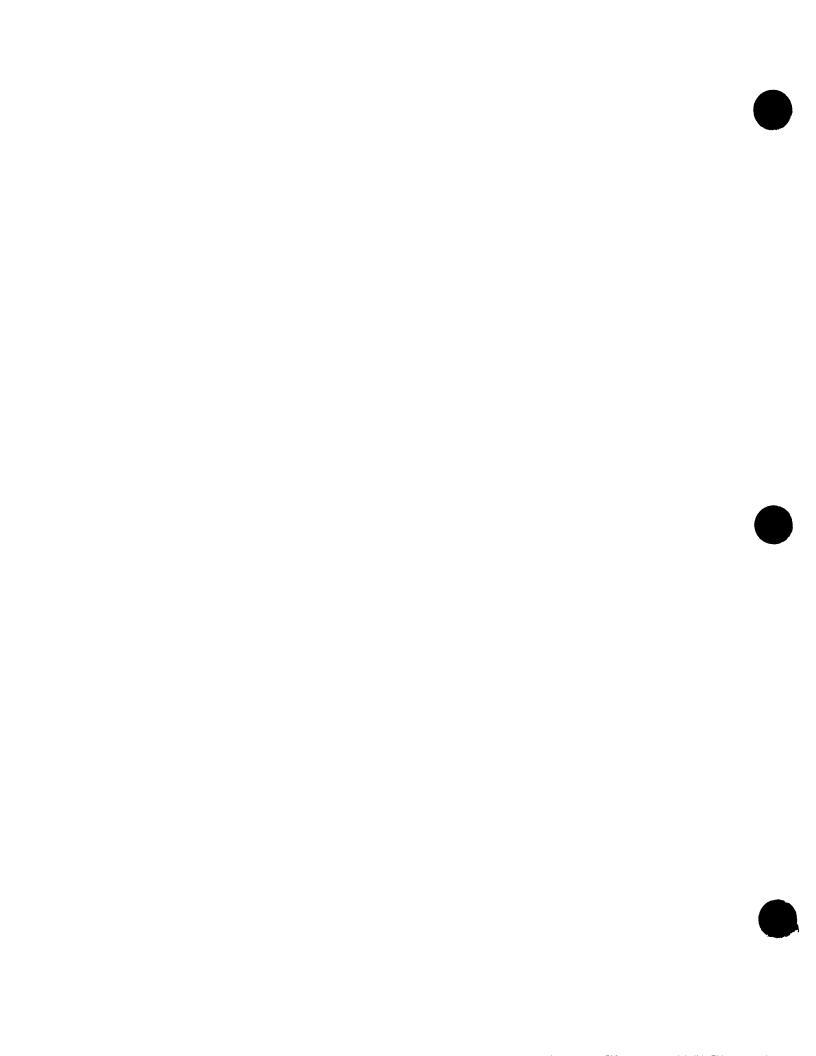
Rep. Boles, Presiding

Introduction of Pages

Presentations

Mr. Robert Hamilton, NC ABC Commission

Adjournment



ABC Commission Structure

Chairman (appointed by Governor)

Commissioner (appointed by Governor)

Commissioner (appointed by Governor)

Responsible for

Setting policy priorities for Commission

Delegation of duties to staff

Note: ABC Commission operates within the Department of Public Safety

Executing official orders

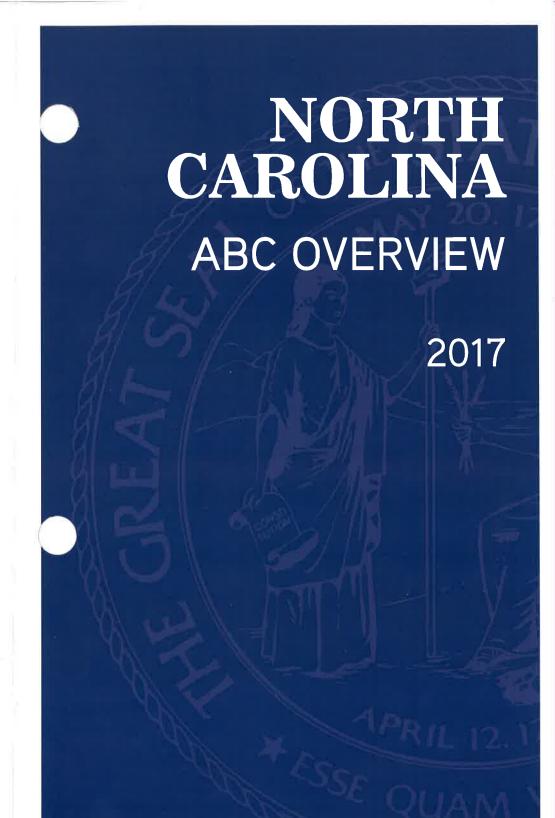
Presiding over Commission's monthly meetings

> 400 East Tryon Rd. Raleigh, NC 27610 919-779-0700 http://ABC.NC.GOV



100 copies of the public document were printed at a cost of \$128.60 or approximately \$1.29 each. 2/17

A sample of liquors produced in North Carolina







What does the ABC Commission do?

The ABC Commission provides procedures to ensure the proper administration of the ABC laws throughout the state of North Carolina.

How big is North Carolina's ABC operation?

The ABC Commission staff of fewer than 50 employees oversees a uniform system of control over the sale, purchase, transportation, manufacture, consumption and possession of alcoholic beverages in the state. (GS 18B- 100).

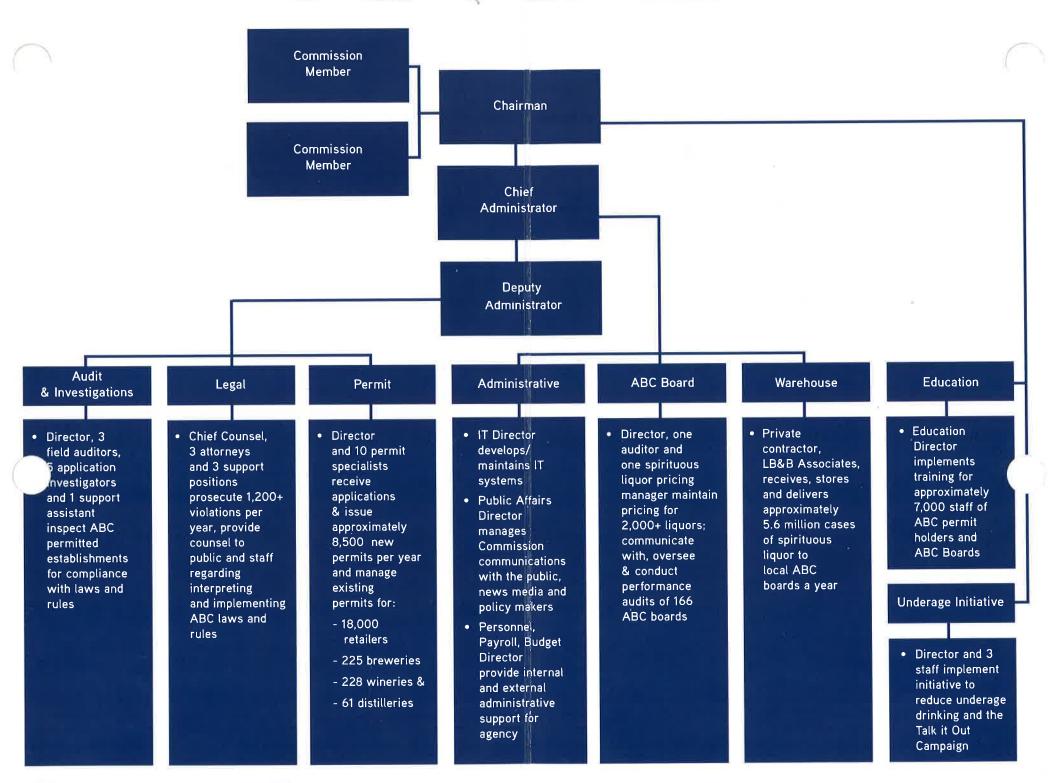
ABC Commission Authority - Statutes

- Administer the ABC laws
- Provide for enforcement of the ABC laws
- Set prices of spirits sold in ABC stores
- Determine brands of alcoholic beverages sold in the state
- Serve as wholesale distributor of spirituous liquor
- Contract for state ABC warehousing of spiritous liquor
- Oversee local ABC Boards
- Issue ABC permits
- Impose sanctions against businesses holding ABC permits that violate the law
- Promulgate rules

ABC System Is Self-funding

- Local ABC Boards in North Carolina are established and operated with no state funds — ABC store sales pay for local overhead costs.
- ABC stores are owned or rented by the local ABC Boards that also hire the store staff. ABC store staff are not state employees.
 ABC stores are not owned by the state.
- ABC Commission and Warehouse operations are funded by case shipments of liquor to ABC Boards (no money from the General Fund). ABC Commission staff are state employees.
 Warehouse staff are employees of warehouse private contractor, not the state.

ABC Commission Staff Functional Duties



ABC System Generates Revenue

- NC is regularly among the lowest states in per capita alcohol consumption and highest in revenue generated from alcohol sales
- ABC Commission oversees an estimated \$5 billion per year alcohol industry in North Carolina
- \$380 million + in annual revenue distributions go from ABC board retail sales to state and local governments
- \$24 million + collected by the state ABC Commission from permit application fees and renewals for the benefit of the General Fund
- \$1 million in revenues generated from ABC Commission sanctioned penalties paid by permit-holders to local school districts where violations occurred
- Excise taxes from beer and wine sales total \$140 million+















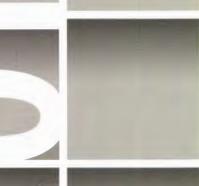


























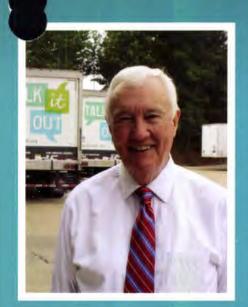




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LETTER FROM THE CHAIRMAN



James C. Gardner

Chairman, North Carolina Alcoholic Beverage Control Commission

During the fiscal year that closed on June 30, 2016, the North Carolina Alcoholic Beverage Control system achieved a remarkable milestone: sales of more than \$1 billion worth of liquor at the 426 ABC stores operating across the state.

It took almost 80 years for our ABC store sales to break this billion-dollar threshold. And if past trends are any indication, this ten-digit level of revenue is likely to continue. Paralleling the strong retail sales in this fiscal year, the ABC warehouse shipped 5,687,108 cases of liquor to the 166 local ABC boards. It took nearly a decade to see case shipments rise from 4 million cases a year to 5 million. It has only taken three years to go from 5 million cases shipped in 2013 to nearly 5.7 million cases shipped in 2016.

Increased retail sales result in increased revenues for the state and local governments of our increasingly efficient ABC system. This fiscal year more than 98 percent of our local boards operated profitably, and revenue distributions totaled \$380,965,967 to the state's General Fund and to the cities and counties where ABC store sales are allowed. This is a recordsetting amount of money that makes a meaningful difference to communities large and small across our state.

local ABC boards operate 426 retail stores across the state, and the Commission provides sight for the process. The Commission also serves as a resource and a regulator for all oholic beverage permittees in the state. The number of North Carolina craft wineries, breweries and distilleries continued to grow in fiscal year 2016. Likewise the number of retail permits is up over the past fiscal year. To streamline service to this increasing number of businesses and individuals, the Commission converted most of the paper permit files into electronic scans and added an online payment option for mobile devices. Work to improve

efficiency and customer service at the Commission is ongoing.

Perhaps the most visible accomplishment of the Commission this fiscal year has been the Initiative to Reduce Underage Drinking. The Initiative's media awareness campaign, called Talk it Out, is focused on encouraging important conversations between parents and children about the dangers of underage drinking. The second wave of campaign advertisements launched during the summer and fall of 2015 and generated positive results. The Initiative developed the third phase of ads in the first half of 2016 to continue to deliver the high-impact message. Like the first two sets of ads, the new commercials, which launched in July and August 2016, feature content designed to challenge audiences and to shift behavior. The new commercials focus on binge drinking and the adolescent brain and are informed by research from the University of North Carolina at Chapel Hill and Duke University, with support from Wake Forest University and UNC-Charlotte.

Coupled with the media campaign, the Initiative also implemented outreach activities in communities across the state, commissioned important academic research on alcohol and the adolescent brain and participated with the Governor's Substance Abuse and Underage Drinking Prevention and Treatment Task Force. The Task Force's work culminated in recommendations sented to Governor Pat McCrory in May.

int to thank Commissioners Kevin Green d Mike Herring for their support during this fiscal year. The success this ABC Commission has enjoyed is due to a team effort by the Commissioners, the Commission staff and the local ABC boards. I am proud of what we have accomplished together.

ame c X

FISCAL YEAR 2016 AT A GLANCE





OVER 18,000 RETAILERS

selling alcohol for consumption on premise (restaurants, clubs) and off premise (grocery stores, convenience stores, retail shops).

166 ACTIVE ABC BOARDS

that own or lease the 426 retail ABC stores in North Carolina.



8,495 NEW PERMITS ISSUED



2,200⁺ LISTED SPIRITOUS LIQUOR PRODUCTS

plus nearly 2,200 special order products and 5,100 special orders processed.

400,000 SQUARE FEET

of warehouse space









6,522 PARTICIPANTS



Trained in face-to-face sessions about alcohol laws and regulations presented across the state by the Commission.

\$1,003,349,033

Liquor revenues generated during fiscal year 2016.

\$1,157,700

Penalties paid by permit holders and distributed to the local school districts where violations occurred. **\$24,39**8,490

Collections by the state ABC Commission from permit application, renewal, and other fees for the benefit of the General Fund. \$<mark>380,965</mark>,967

Total board revenue distribute to the General Fund and to cities and counties where alcohol is sold.

Local ABC boards in North Carolina are established and operated with no state-appropriated funds.

The state ABC Commission and warehouse operations are funded through fees from warehouse management.



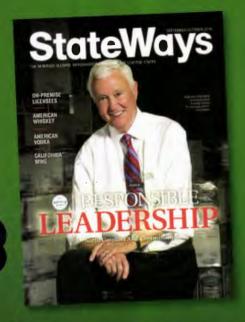
START THE CONVERSATION. STOP UNDERAGE DRINKING.

TALK IT OUT

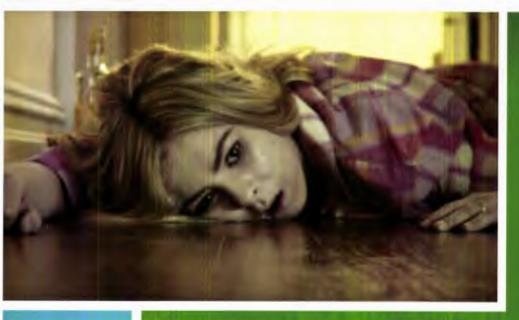
During the 2016 fiscal year, the Initiative aired a second set of hardhitting TV and radio commercials across the state. The second ads featured situations of parents losing children to incarceration and death. After they had aired, the Initiative conducted research to measure impact and develop messages for a third set of commercials.

Like the earlier ads, the new ones are designed to shock and to prompt parents and children to talk about the very real dangers for children and families resulting in underage drinking. As the campaign need from the third round of research in spring of 2016, parents are still somewhat unaware of how serious a problem underage drinking is, and how quickly and easily it can have real and lasting impacts on their family. All of the ads provide a link to the website talkitoutnc.org.





The findings in the Alcohol & The Adolescent Brain report highlighted the real, immediate impact of underage drinking on teens related to the developing nature of adolescent brains. The pair of hard-hitting television advertisements the Initiative developed in the spring and summer of 2016, put a young, human face on the science. The third set of ads launched just after the end of fiscal year 2016 continue to build on the messages of the previous ads.



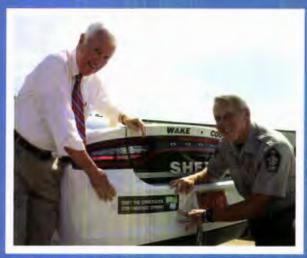
Talk It Out TV commercials show the dangerous sedative effects of alcohol, especially binge drinking, on adolescents.

One of the new ads shines a light on the dangers of binge drinking and the particular dangers adolescents face because they are less sensitive to the sedative effects of alcohol. Binge drinking in adolescents can lead to blackouts and, in the worst of cases, the brain telling the body to stop breathing.

SOME KEY MILESTONES



Governor Pat McCrory issues a call-to-action from several collegiate research institutions across the state, requesting a report of existing research on the effects of alcohol on the developing brain.



ABC Commission Chairman Jim Gardner and Wake County Sheriff Donnie Harrison install a new Talk It Out NC bumper sticker.

FEBRUARY 10, 2016

Researchers from the University of North Carolina at Chapel Hill and Duke University, with support from researchers from Wake Forest University and UNC-Charlotte, present their findings to the Governor's Substance Abuse and Underage Drinking Task Force.

MAY 24, 2016

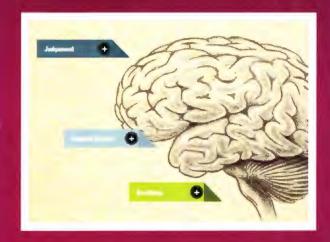
Governor's Substance Abuse and Underage Drinking Prevention and Treatment Task Force delivers a comprehensive report to Governor McCrory, including recommendations for stricter alcohol-related penaltic theavier enforcement of alcohol laws and various treatment and prevention support for alcohol-related

issues. The report was the culmination of two years of work by the 20-member Task Force, which heard from experts on underage drinking and substance abuse. ABC Commission Chairman Jim Gardner served as co-chair of the Task Force.

SOME KEY OUTREACH

RAIN PORTAL

The Initiative has added an "Understanding the Brain" page to the Talk It Out website. This portal highlights the impact that alcohol has on six key parts of the developing brain—the prefrontal cortex, hypothalamus, medulla, cerebral cortex, hippocampus, and cerebellum. The portal also outlines the immediate and long-term consequences that can result from underage alcohol consumption.





SPANISH LANGUAGE SITE

The Initiative translated the Talk It Out website, collateral materials, research, OutReach Toolkits, and videos into Spanish during this fiscal year, so that Spanish-speaking parents and families could have easy access to materials that support critical,

life-saving conversations about the dangers of underage drinking. The Spanish language website can be found at **TalkItOutNC.org/es.**

ALCOHOL EDUCATION RESOURCE GUIDE

The Initiative developed the Alcohol Education Resource Guide to provide North Carolina's 166 ABC boards with tools to help educate and empower parents.

children, and policy makers in local communities with information and resources to reduce underage drinking. The guide includes overviews of programs reviewed by the Initiative staff that are scalable and that can easily be adapted sed on the needs and size of ividual boards. The Resource ide includes template materials mat support local board marketing efforts and community partnerships. The goals of the guide are increased program efficiency and increased communication and collaboration among local ABC boards.

Underage drinking can "wire" the brain for alcoholism.



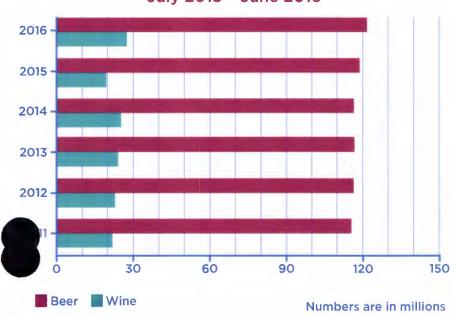
NC ABC WAREHOUSE CASE SHIPMENTS





BEER AND WINE EXCISE TAXES

July 2015 - June 2016



Data provided by the NC Beer & Wine Wholesalers, based on monthly reports from the NC Department of Revenue.

- Asheville Distilling
- Blue Ridge Distilling Company
- Broad Branch Distillery
- Broadslab Distillery
- Brothers Vilgalys Spirits Company
- Call Family Distillers
- Cape Fear Vineyard and Winery
- 8 Carls Carolina
- Carolina Beer Company
- 10 Carolina Distillery
- Carolina Saloon Distillery
- 12 Copper Barrel Distillery
- 13 Covington Spirits
- 14 Dalton Distillery
- 15 Diablo Distilleries
- 16 Doc Porters Distillery
- Dragon Moonshine Company
- 18 Durham Distillery
- 19 Enoch Winery
- 20 Fainting Goats Spirits
- 21 Fair Game Beverage Company
- 22 First Flight Vodka
- 23 Foothills Distillery
- 24 Gambill Creek Distillers
- 25 Great Wagon Road Distilling Company
- 26 Gregory Vineyards
- 27 Gunsmoke Distillery
- 28 H and H Distillery
- 29 Helmets Required
- 30 Howling Moon
- 31 Laws Distillery
- 32 Mayberry Distillery
- 33 Mother Earth Brewing
- Muddy River Distillery
- 35 Oaklee Distilling Company
- 36 Outer Banks Craft Distilling
- 37 Piedmont Distillers
- 38 Pinetop Distillery
- 39 Raleigh Rum Company
- 40 Scotts Point Distillery
- Screaming Eagle Distillers
- 42 Seven Jars Distillery
- 43 Seventy Eight C Spirits
- 44 Southern Artisan Spirits
- 45 Southern Grace Distilleries
- 46 Sutlers Spirit Company
- 47 Tobacco Road Distillers
- 48 Top of the Hill Distillery
- 49 Tryon Back Door Distillery
- Waltons Distillery
- Weetock Distilleries
- 52 Windsor Run Cellars
- 53 Winery at the Blueberry Farm

BEFORE & AFTER





Of the 426 ABC stores in North Carolina, nine are still counter stores. Converting to self-service creates a more welcoming look and feel, and it boosts sales. Images above show the Kenansville counter store with bullet-proof barrier before converting to open floor plan in July 2015. After modernizing, Kenansville saw a 15 percent increase in sales. Lake Waccamaw (not pictured), which converted a counter store to self-service in July 2016 saw a 14.75 percent increase in the first month.

NEW ABC STORES



Concord ABC store

As local ABC boards open retail locations across the state, they are opting for open floor plans with plenty of space for customers to browse and select items to purchase. Several of the state's 166 ABC boards moved store locations, but the total



Catawba ABC store

number of stores during the fiscal year did not change for them. However, during fiscal year 2016, the Concord and Catawba ABC boards opened additional stores. The tidy exterior of the new Concord ABC store is pictured above and the spacious interior of the Catawba County ABC store is shown at right.

NORTH CAROLINA'S D MOST PROFITABLE ABC BOARDS IN FY 2016

ABC Board	Gross Sales	Income from Operations	Profit % Sales*	# of Stores
Wake County ABC Board	121,358,332	20,137,083	16.59%	24
New Hanover County ABC Board	41,441,444	6,320,247	15.25%	8
Lincoln County ABC Board	2,776,643	420,179	15.13%	1
Mecklenburg County ABC Board	142,454,429	20,446,508	14.35%	23
Clinton ABC Board	2,011,426	284,570	14.15%	1
Dare County ABC Board	16,564,543	2,332,830	14.08%	5
Mooresville ABC Board	10,364,252	1,444,085	13.93%	3
Moore County ABC Board	10,325,403	1,393,280	13.49%	4
Pitt County ABC Board	18,092,316	2,267,581	12.53%	9
Hoke County ABC Board	1,441,478	175,969	12.21%	1

ome from operations does not include other income and expense categories

OTER-APPROVED MIXED BEVERAGE

Misenheimer	Stanly County	11/3/15
Robbins	Moore County	11/3/15
Ramseur	Randolph County	11/3/15
Walnut Cove	Stokes County	11/3/15
Youngsville	Franklin County	11/3/15
	Cherokee County	3/15/16
Ayden	Pitt County	3/15/16
Franklinville	Randolph County	3/15/16
Rowland	Robeson County	3/15/16

VOTER-APPROVED ABC STORES

Belmont	Gaston County	11/3/15	
	Cherokee County	3/15/16	
Ramseur	Randolph County	6/7/16	

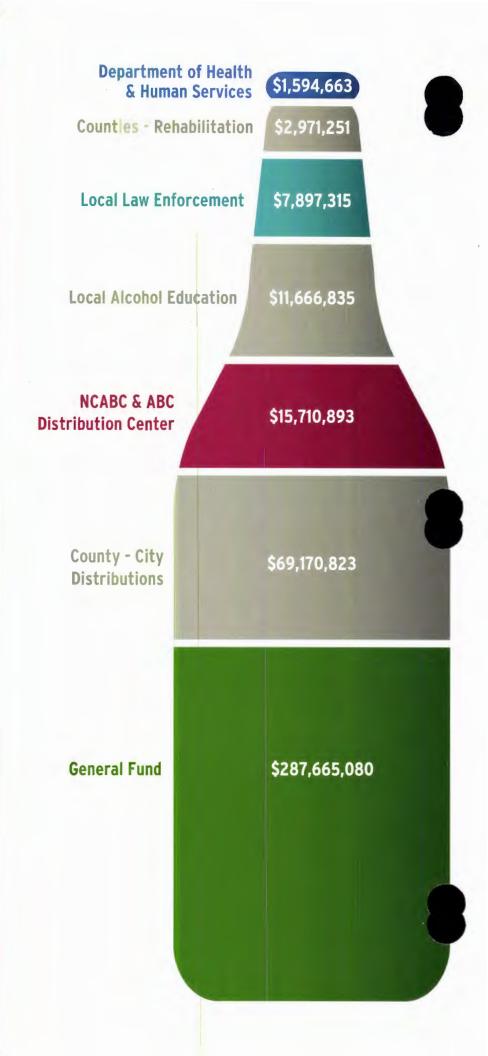
EW STORES OPENED STORES CLOSED

Catawba County	1	Pitt County	,	
Concord	1			

Elkin merged with Jonesville in July 2015 to create the Yadkin Valley ABC Board.

ABC STORE SALES TOTAL REVENUE DISTRIBUTION: \$380,965,967

Local ABC Boards in North Carolina are established and operated with no state funds. Through the sale of \$1,003,349,033 in spirituous liquor and fortified wine in ABC stores in the fiscal year ending June 30, 2016, total revenue distributions amounted to \$380,965,967 to the state's General Fund and the cities and counties where alcohol sales are allowed.



REVENUES FROM SPIRITUOUS LIQUOR IORTH CAROLINA ABC BOARDS

July 1, 2015 - June 30, 2016

	6/30/16	6/30/15	Increase Decrease (-)	Percent Change
Liquor Sales - Regular	810,537,799	757,505,342	53,032,457	7.00%
Mixed Beverage Sales	191,303,288	175,955,419	15,347,869	8.72%
Fortified Wine/Mixer Sales	1,507,946	1,522,078	-14,132	-0.93%
Total Sales	1,003,349,033	934,982,839	68,366,194	7.31%
State Excise Tax	214,961,528	200,708,868	14,252,660	7.10%
Liquor Sales Tax	56,753,568	53,066,903	3,686,665	6.95%
Mixed Beverage Tax - Revenue	15,949,984	15,034,525	915,459	6.09%
Mixed Beverage Tax - DHHS	1,594,663	1,503,327	91,336	6.08%
Rehabilitation Tax	2,971,251	2,839,774	131,477	4.63%
Wine Sales Tax	82,025	84,378	-2,353	-2.79%
ost of Goods Sold	517,870,832	482,282,040	35,588,792	7.38%
perating Expenses	137,621,728	129,114,299	8,507,429	6.59%
Interest Income	141,134	124,908	16,226	12.99%
Other Income/Expense	862,282	462,762	399,520	86.33%
Profit Before Distribution	113,300,439	104,003,298	9,297,141	8.94%
Profit Percent To Sales	11.29%	11.12%		0.17%
Law Enforcement	7,897,315	7,539,680	357,635	4.74%
Alcohol Education	11,666,835	11,259,821	407,014	3.61%
Net Profit	93,736,289	85,203,797	8,532,492	10.01%
County - City Distributions	69,170,823	62,215,505	6,955,318	11.18%
Mixed Beverage Tax Retained	14,346,280	13,531,004	815,276	6.03%
Surcharge Collected	7,584,569	4,765,335	2,819,234	59.16%
Bailment Collected	8,126,324	8,577,208	-450,884	-5.26%
Bottles Sold:				
Retail	66,574,888	63,143,723	3,431,165	5.43%
Mixed Beverage	8,226,414	7,906,091	320,323	4.05%
Total	74,801,302	71,049,814	3,751,488	5.28%
Number Of Stores	426	425	1	

ABC Board Revenue and Distributions

JULY 1, 2015 - JUNE 30, 2016

ABC Boards by County (Number of Stores)		Sales				
	Gross Sales	Percent Change Over FY15	Forecast for FY17	State Taxes Collected	Cost of Liquor Sold	Operatii Expenses
Alamance						
Alamance Municipal (5)	12,162,821	6.76%	12,152,700	2,844,328	6,319,515	2,286,51
Alleghany				ALLE COME SERVICE CONTRACTOR CONT		
Sparta (1)	753,192	5.38%	777,411	172,924	391,744	128,76
Anson						
Wadesboro (1)	1,326,623	8.65%	1,277,168	299,609	710,523	233,64
Ashe				***************************************		
West Jefferson (1)	1,637,597	5.28%	1,663,000	372,330	869,759	252,60
Avery						
High Country (1)	2,938,873	6.05%	3,026,619	691,815	1,512,278	457,62
Beaufort County (6)	5,061,625	3.27%	5,019,050	1,171,739	2,674,257	881,68
Bertie County (1)	748,373	2.04%	799,000	168,506	384,225	205,52
Bladen						
Elizabethtown (1)	1,275,753	2.83%	1,293,407	288,535	678,105	182,93
Brunswick						
Belville (2)	3,273,522	6.26%	3,278,375	734,979	1,778,187	682,49
Boiling Spring Lakes (1)	721,347	8.36%	735,500	164,302	383,495	150,07
Brunswick County (2)	2,843,002	8.77%	2,719,721	664,833	1,443,618	425
Calabash (1)	1,518,405	4.89%	1,386,000	356,665	839,747	222
Oak Island (1)	2,762,322	6.38%	3,200,000	655,705	1,417,058	476
Ocean Isle Beach (1)	1,932,745	11.63%	1,887,395	454,827	980,514	336,16
Shallotte (1)	1,769,945	6.47%	1,700,000	409,338	928,049	279,81
Southport (1)	2,677,444	12.55%	2,707,061	629,956	1,382,544	409,16
Sunset Beach (1)	1,566,505	2.20%	1,594,286	359,431	822,091	299,69
Buncombe					1	
Asheville (9)	30,368,799	8.38%	32,355,587	7,363,111	15,294,270	4,381,15
Black Mountain (1)	2,207,256	10.14%	2,243,355	504,874	1,161,828	324,30
Weaverville (1)	2,598,073	6.30%	2,601,014	587,777	1,381,122	441,76
Woodfin (1)	1,680,066	11.08%	1,530,250	377,231	891,192	317,92
Burke				19 May 19		
Morganton (1)	3,121,989	5.74%	3,101,040	715,829	1,637,587	399,68
Valdese (1)	961,426	7.74%	962,000	219,849	500,745	201,24
Cabarrus				***************************************		
Concord (6)	13,598,337	9.84%	15,230,000	3,194,756	6,964,845	1,962,02
Mount Pleasant (1)	683,121	9.94%	715,000	153,421	365,451	150,56
Caldwell						
Granite Falls (1)	1,020,818	0.99%	1,008,600	231,346	534,767	178,84
Lenoir City (2)	3,300,204	3.63%	3,165,000	751,766	1,742,235	475,33
Camden County (2)	1,362,653	9.12%	1,520,000	307,023	748,928	265
Carteret County (6)	13,329,745	5.17%	12,500,000	3,128,890	6,788,773	1,807
Caswell County (4)	2,111,439	4.27%	2,126,549	488,690	1,116,579	424,6
Catawba County (11)	18,240,068	6.20%	17,308,686	4,240,384	9,587,882	3,209,32
Chatham County	,,		.,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-,,	-,,
Chatham County (3)	3,195,727	9.41%	3,344,986	726,434	1,668,186	618,17

		Local	Profits		Local Distr	ributions
ther Income & Expense	Profit Before Distribution FY 2016	Profit Percent FY 2016	Profit Before Distribution FY 2015	Percent Change Over FY 2015	FY 2016	Forecast for FY 2017
1,089	713,553	5.87%	660,978	7.95%	479,585	546,10
203	59,966	7.96%	53,518	12.05%	47,830	15,03
51	82,898	6.25%	64,102	29.32%	40,000	53,91
				-		
-5,061	137,842	8.42%	132,182	4.28%	48,000	56,00
1,790	278,944	9.49%	286,164	-2.52%	270,000	286,00
1,589	335,533	6.63%	323,926	3.58%	170,449	171,46
5,108	-4,770	-0.64%	-93,369	94.89%	0	23,00
58	126,240	9.90%	119,351	5.77%	105,000	126,40
453	78,318	2.39%	140,952	-44.44%	71,132	137,54
1,243	24,723	3.43%	37,005	-33.19%	24,286	37,70
-6,145	303,072	10.66%	184,978	63.84%	24,000	106,42
386	99,997	6.59%	106,532	-6.13%	71,420	88,90
501	219,400	7.94%	220,865	-0.66%	190,729	198,50
326	161,562	8.36%	103,549	56.02%	148,926	129,5
152	152,892	8.64%	134,664	13.54%	153,000	67,00
-750	255,027	9.53%	239,170	6.63%	245,971	181,30
-12,109	73,175	4.67%	71,890	1.79%	44,246	48,70
-90,506	3,239,762	10.67%	2,938,100	10.27%	2,197,540	2,307,0
550	216,801	9.82%	205,521	5.49%	72,000	194,02
-58,317	129,094	4.97%	112,297	14.96%	39,417	65,2°
0	93,720	5.58%	53,814	74.16%	65,290	20,6
718	369,609	11.84%	358,909	2.98%	293,131	309,14
-9,467	30,123	3.13%	23,676	27.23%	0	
-16,195	1,460,516	10.74%	1,328,699	9.92%	455,063	479,0
233	13,914	2.04%	16,057	-13.35%	0	2,40
90	75,947	7.44%	66,104	14.89%	68,095	33,90
657	331,526	10.05%	313,104	5.88%	280,793	246,20
20	40,809	2.99%	93,420	-56.32%	38,625	46,40
-5,015	1,599,942	12.00%	1,461,150	9.50%	1,373,738	634,24
82	81,624	3.87%	75,880	7.57%	42,000	85,51
1,247	1,203,728	6.60%	1,346,676	-10.61%	900,159	994,85

	Sales					
ABC Boards by County (Number of Stores)	Gross Sales	Percent Change Over FY15	Forecast for FY17	State Taxes Collected	Cost of Liquor Sold	Operati Expenses
Pittsboro (1)	1,345,107	8.58%	1,369,989	307,137	709,558	194,42
Siler City (1)	1,380,273	5.29%	1,442,010	311,861	730,760	258,34
Cherokee				180000000000000000000000000000000000000		
Andrews (1)	742,660	8.79%	790,000	167,438	396,545	178,22
Murphy (1)	2,824,995	9.47%	2,940,000	640,931	1,498,776	478,48
Chowan County (1)	1,424,581	4.53%	1,437,750	324,651	764,804	256,07
Clay County (1)	2,197,182	9.59%	2,284,000	496,936	1,161,112	314,80
Cleveland						
Kings Mountain (1)	1,512,707	9.17%	1,623,388	343,892	813,996	257,60
Shelby (2)	4,190,510	6.22%	4,364,700	959,094	2,209,243	776,9
Columbus				***************************************		
Brunswick (1)	525,967	4.89%	535,013	118,280	283,101	101,5
Lake Waccamaw (1)	315,029	5.30%	331,830	70,827	170,482	67,6
Tabor City (1)	726,761	7.68%	650,000	163,326	390,751	122,1
West Columbus (1)	644,426	0.65%	683,284	144,378	351,726	124,0
Whiteville (1)	1,154,928	4.39%	1,100,000	263,798	610,349	208,8
Craven County (6)	10,029,387	8.21%	10,332,397	2,333,438	5,200,732	1,419,5
Cumberland County (10)	32,846,314	6.06%	32,500,000	7,696,089	16,822,687	4,65
Currituck County (3)	5,354,635	4.91%	5,263,990	1,233,554	2,806,890	86
Dare County (5)	16,564,543	5.99%	17,172,000	3,926,185	8,452,962	1,85
Davidson						
Lexington (2)	4,225,608	6.48%	4,311,700	966,688	2,237,712	523,5
Thomasville (1)	2,765,981	7.66%	2,801,600	632,950	1,486,238	383,7
Davie						
Cooleemee (1)	1,024,044	10.78%	1,050,118	235,609	534,685	206,3
Duplin						
Kenansville (1)	487,934	12.59%	499,440	110,055	260,408	98,9
Wallace (1)	1,513,906	2.71%	1,568,615	346,629	805,423	231,3
Warsaw (1)	520,015	2.76%	500,000	117,609	277,114	120,2
Durham County (8)	34,129,036	8.39%	35,784,396	8,032,355	17,645,529	4,530,8
Edgecombe County (6)	4,687,513	3.78%	4,649,000	1,061,807	2,500,894	837,7
Forsyth	.,,					
Triad Municipal (14)	42,647,863	7.21%	43,117,666	9,942,324	22,168,129	5,354,1
Franklin						
Bunn (1)	761,959	-0.53%	695,000	172,471	412,387	142,4
Franklinton (1)	1,016,656	10.16%	1,100,000	228,395	542,113	171,6
Louisburg (1)	1,461,648	6.20%	1,473,197	331,558	793,485	263,7
Youngsville (1)	1,003,564	13.34%	971,703	225,960	534,987	172,1
Gaston	.,300,004		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,	2,	
Bessemer City (1)	508,027	2.44%	526,241	117,394	266,349	111
Cherryville (1)	1,014,349	-1.12%	942,660	225,510	544,810	209,
Cramerton (1)	2,145,259	14.87%	2,400,000	496,661	1,118,729	326,3
Gastonia (5)	10,028,429	6.65%	10,522,000	2,329,982	5,262,809	1,599,7

butions	Local Distr		Profits	Local F		
Forecast for FY 2017	FY 2016	Percent Change Over FY 2015	Profit Before Distribution FY 2015	Profit Percent FY 2016	Profit Before Distribution FY 2016	Other Income & Expense
92,95	84,450	7.48%	139,483	11.15%	149,917	15,933
49,25	44,839	4.35%	73,983	5.59%	77,198	-2,106
10,000	0	-62.91%	1,294	0.06%	480	25
106,000	130,000	37.94%	150,183	7.33%	207,158	355
38,10	79,152	-14.48%	98,582	5.92%	84,308	5,255
117,000	165,000	-0.44%	225,850	10.23%	224,851	582
83,12	43,927	72.34%	56,543	6.44%	97,447	232
178,000	224,158	10.00%	223,168	5.86%	245,484	238
14,04	19,338	26.56%	18,224	4.39%	23,064	13
	0	-6.76%	6,509	1.93%	6,069	25
24,000	31,645	28.95%	39,609	7.03%	51,074	517
28	52,182	13.19%	25,022	4.40%	28,323	4,031
62,77	51,767	-4.25%	76,041	6.30%	72,813	848
903,18	1,024,979	9.28%	985,057	10.73%	1,076,475	850
3,010,65	2,767,086	-4.00%	3,834,068	11.21%	3,680,547	7,669
204,12	408,577	-6.86%	477,191	8.30%	444,455	113
2,406,61	1,757,444	0.32%	2,325,481	14.08%	2,332,844	14
155,20	437,000	9.14%	452,741	11.69%	494,118	-3,519
104,00	80,390	11.76%	257,612	10.41%	287,905	24,867
28,00	29,300	35.16%	37,764	4.98%	51,043	3,610
7,56	18,392	49.41%	12,444	3.81%	18,593	31
178,00	114,400	0.86%	129,391	8.62%	130,510	31
7,64	5,100	-2.11%	5,210	0.98%	5,100	14
2,243,67	2,222,200	10.43%	3,506,570	11.35%	3,872,178	-48,097
151,00	222,417	30.93%	220,291	6.15%	288,417	1,388
3,593,98	3,701,379	13.79%	4,534,861	12.10%	5,160,161	-23,121
12,00	28,082	-27.65%	49,273	4.68%	35,647	976
48,00	65,054	-4.02%	77,743	7.34%	74,616	146
57,29	56,377	-6.56%	78,085	4.99%	72,962	145
40,00	68,900	17.61%	59,905	7.02%	70,457	1
	7,500	-24.66%	7,199	1.07%	5,424	105
26,00	24,926	-9.40%	38,851	3.47%	35,200	318
79,00	61,929	16.27%	175,316	9.50%	203,845	350
447,52	668,400	89.28%	885,132	16.71%	1,675,344	839,487

ABC Boards by County (Number of Stores)	Sales					
	Gross Sales	Percent Change Over FY15	Forecast for FY17	State Taxes Collected	Cost of Liquor Sold	Operati. Expenses
Mount Holly (1)	2,074,233	7.72%	2,042,000	467,645	1,110,174	280,43
Gates County (2)	688,000	15.49%	708,700	154,452	367,477	176,56
Granville County (2)	3,904,486	7.56%	4,450,000	889,901	2,075,236	496,24
Greene County (2)	737,199	0.27%	764,550	166,256	397,203	165,87
Guilford						
Gibsonville (1)	1,124,646	7.98%	1,082,000	254,134	588,253	212,32
Greensboro (14)	44,633,066	6.06%	45,084,000	10,526,106	23,049,912	6,208,14
High Point (6)	17,162,306	6.09%	17,513,844	3,952,357	8,864,813	2,382,87
Halifax County (5)	4,945,528	2.62%	4,940,705	1,131,686	2,607,670	925,67
Harnett						
Angier (1)	1,765,401	18.28%	1,998,994	396,548	906,385	284,84
Dunn (2)	2,173,848	5.31%	2,181,996	493,790	1,159,528	373,98
Lillington (1)	1,579,004	11.64%	1,620,000	373,603	818,375	274,94
Haywood	,		, , , , , , , , , , , , , , , , , , , ,		- 10,1-12	,•
Canton (1)	1,355,720	8.62%	1,446,900	306,689	722,977	265,79
Maggie Valley (2)	2,369,651	7.00%	2,247,700	541,980	1,247,664	404,23
Waynesville (1)	2,509,505	9.91%	2,501,000	580,890	1,305,740	399,18
Henderson	2,000,000	0.0170	2,001,000	000,000	1,000,140	4
Fletcher (1)	1,913,452	4.04%	1,932,251	429,898	1,019,993	35
Hendersonville (3)	6,300,628	7.42%	6,400,000	1,458,093		
					3,292,186	1,06
Laurel Park (1)	1,170,234	3.10%	1,225,000	269,248	614,852	230,33
Hertford County (3)	2,265,998	-0.89%	2,353,050	511,385	1,185,845	489,23
Hoke County (1)	1,441,478	11.26%	1,473,000	328,021	761,471	176,01
Hyde County (2)	814,628	9.31%	805,000	198,638	402,733	150,22
Iredell				NO-00-00-00-00-00-00-00-00-00-00-00-00-00		
Mooresville (3)	10,364,252	8.63%	11,398,568	2,427,463	5,416,393	1,076,31
Statesville (2)	6,029,242	8.09%	5,682,458	1,385,594	3,193,056	958,09
Jackson County (2)	4,343,850	8.53%	4,399,031	1,016,847	2,247,234	587,36
Johnston County (8)	13,746,327	2.51%	14,257,288	3,155,310	7,281,031	2,003,22
Jones County (3)	914,529	2.22%	89 <mark>4</mark> ,000	205,649	491,173	202,09
Lee						
Sanford (2)	5,317,952	5.77%	5,398,000	1,222,523	2,802,863	950,49
Lenoir County (3)	4,060,349	5.08%	4,053,000	929,164	2,136,997	634,46
Lincoln						
Lincoln County (1)	2,776,643	8.35%	3,326,406	634,680	1,442,860	278,92
Lincolnton (2)	2,598,349	15.72%	2,667,400	592,705	1,406,898	544,33
Macon						
Franklin (1)	2,591,203	2.88%	2,795,000	596,854	1,358,152	564,13
Highlands (1)	1,729,803	7.28%	1,849,288	416,879	872,296	334
Martin County (2)	2,062,444	6.24%	2,215,000	464,751	1,088,658	366
McDowell						
Marion (2)	2,407,176	4.40%	2,537,422	553,168	1,280,108	427,29
Mecklenburg County (23)	142,454,429	9.28%	149,100,000	34,471,550	71,806,944	15,729,42

		Local F	Profits		Local Distributions		
Other Income & Expense	Profit Before Distribution	Profit Percent FY 2016	Profit Before Distribution	Percent Change Over FY 2015	FY 2016	Forecast for FY 2017	
	FY 2016		FY 2015				
1,100	217,076	10.47%	186,480	16.41%	161,100	158,300	
0	-10,498	-1.53%	785	-1437.32%	0	1,200	
7,103	450,204	11.53%	415,677	8.31%	325,059	255,000	
285	8,149	1.11%	24,518	-66.76%	-9,298	2,000	
6,188	76,122	6.77%	63,571	19.74%	10,000	15,000	
-1,837	4,847,066	10.86%	4,642,898	4.40%	3,957,764	4,013,570	
5,925	1,968,187	11.47%	1,803,513	9.13%	1,670,378	1,573,60	
9,371	289,869	5.86%	315,355	-8.08%	186,282	141,82	
106	177,732	10.07%	101,828	74.54%	51,248	62,581	
6,128	152,678	7.02%	152,572	0.07%	115,000	131,525	
306	112,384	7.12%	103,223	8.87%	0	8,000	
300	112,007	7.1270	100,220	0.0170			
-1,464	58,795	4.34%	58,019	1.34%	0		
-20,822	154,949	6.54%	128,661	20.43%	9,000	15,000	
-37,286	186,401	7.43%	129,529	43.91%	71,573	83,692	
-7,804	103,703	5.42%	93,992	10.33%	60,000	70,700	
-1,630	480,949	7.63%	383,327	25.47%	190,000	265,000	
202	55,998	4.79%	42,327	32.30%	46,664	37,200	
404	79,935	3.53%	73,600	8.61%	61,958	63,343	
9	175,978	12.21%	135,989	29.41%	158,109	90,550	
449	63,484	7.79%	41,702	52.23%	0	2,000	
2,052	1,446,137	13.95%	1,286,965	12.37%	1,400,000	1,558,000	
856	493,357	8.18%	418,800	17.80%	281,341	229,700	
1,674	494,081	11.37%	436,858	13.10%	400,000	448,795	
1,886	1,308,652	9.52%	1,347,625	-2.89%	1,175,000	1,557,221	
0	15,615	1.71%	2,452	536.83%	0		
2,032	344,105	6.47%	337,270	2.03%	140,000	280,000	
-14,650	345,073	8.50%	318,235	8.43%	166,497	141,144	
532	420,711	15.15%	357,793	17.59%	204,000	245,040	
1,387	55,795	2.15%	89,132	-37.40%	82,106	159,000	
732	72,793	2.81%	65,270	11.53%	70,000	72,000	
13	106,428	6.15%	89,170	19.35%	0	126,848	
0	142,572	6.91%	116,367	22.52%	109,000	32,600	
-9,196	137,413	5.71%	130,807	5.05%	122,283	104,106	
101,327	20,547,835	14.42%	18,397,670	11.69%	9,753,742	15,194,956	

THE RESERVE OF THE RE	Sales					
ABC Boards by County (Number of Stores)	Gross Sales	Percent Change Over FY15	Forecast for FY17	State Taxes Collected	Cost of Liquor Sold	Operati Expenses
Mitchell						
Spruce Pine (1)	1,240,046	3.08%	1,240,000	284,837	660,191	231,24
Montgomery (2)	1,479,619	6.79%	1,426,970	336,741	773,934	340,17
Moore County (4)	10,325,403	6.93%	10,500,000	2,443,658	5,294,641	1,193,82
Nash County (9)	10,239,844	5.61%	9,845,450	2,353,839	5,315,491	1,589,72
New Hanover County (8)	41,441,444	7.48%	42,500,000	9,993,148	20,610,011	4,518,03
Northampton County (4)	1,008,684	1.48%	1,000,000	226,221	540,596	227,85
Onslow County (6)	15,968,124	4.86%	14,920,000	3,758,623	8,189,874	2,546,07
Orange County (8)	18,695,861	4.01%	19,048,438	4,412,042	9,568,057	3,134,35
Pamlico County (2)	1,307,714	5.48%	1,308,300	297,754	698,995	247,49
Pasquotank County (1)	3,322,401	3.84%	3,330,000	783,175	1,727,910	481,86
Pender County (4)	6,094,608	8.20%	6,310,270	1,400,054	3,198,928	988,814
Perquimans						
Hertford (1)	1,018,774	7.77%	1,012,000	229,524	543,617	174,64
Person County (2)	2,965,082	5.71%	3,038,558	678,200	1,564,423	400,09
Pitt County (8)	18,092,316	4.53%	18,126,500	4,267,587	9,276,977	2,280,17
Polk						
Columbus (1)	614,475	1.31%	603,674	139,842	328,775	12
Tryon (1)	419,702	21.97%	484,000	103,120	204,274	8
Randolph						
Asheboro (1)	3,360,500	5.04%	3,300,000	773,989	1,749,273	447,95
Liberty (1)	859,228	5.12%	899,390	193,510	457,277	169,08
Randleman (1)	1,533,013	6.88%	1,613,900	349,309	805,086	222,78
Richmond						
Hamlet (1)	1,006,243	6.32%	1,053,450	226,331	532,696	199,76
Rockingham (2)	2,152,293	5.25%	2,024,900	491,954	1,153,396	384,42
Robeson					, , , , , ,	
Fairmont (1)	618,819	1.32%	632,300	139,190	337,841	114,81
Lumberton (2)	3,692,770	2.99%	3,760,200	845,278	2,003,463	668,70
Maxton (1)	693,331	32.08%	631,000	156,261	368,401	142,81
Pembroke (1)	1,145,815	12.73%	1,080,000	263,321	606,449	167,12
Red Springs (1)	655,931	3.00%	678,800	147,725	350,424	142,04
Rowland (1)	238,578	11.29%	230,000	53,770	127,422	50,32
Saint Pauls (1)	1,239,616	11.26%	1,270,800	279,067	666,644	202,39
Rockingham	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		2,2,7	
Eden (1)	1,776,987	4.18%	1,740,000	408,807	935,751	306,66
Madison (1)	1,212,977	3.18%	1,200,000	276,660	647,333	221,88
Reidsville (1)	2,349,276	7.66%	2,300,000	536,568	1,245,423	412,28
Rowan/Kannapolis (7)	12,609,147	8.49%	12,752,192	2,886,464	6,640,362	2,18
Rutherford	12,000,177	0, 10 70	,,	_,,,,,,,,	9,0,0,032	2,,,,
Forest City (1)	2,014,290	9.94%	2,036,100	459,438	1,045,465	342
Lake Lure (1)	876,025	12.89%	857,000	207,385	431,297	176,94
Rutherfordton (1)	1,257,792	5.35%	1,219,600	285,192	672,956	271,15

		Local	Profits		Local Distr	ibutions
Other Income & Expense	Profit Before Distribution FY 2016	Profit Percent FY 2016	Profit Before Distribution FY 2015	Percent Change Over FY 2015	FY 2016	Forecast for FY 2017
106	63,877	5.15%	63,649	0.36%	28,000	26,850
311	29,079	1.97%	24,829	17.12%	24,651	3,70
0	1,393,280	13.49%	1,312,303	6.17%	740,201	1,056,45
7,654	988,445	9.65%	1,005,262	-1.67%	504,463	557,21
-190,627	6,129,620	14.79%	5,876,901	4.30%	4,570,323	5,148,64
150	14,164	1.40%	14,497	-2.30%	0	
4,444	1,477,999	9.26%	1,490,642	-0.85%	880,394	1,005,00
-16,415	1,564,997	8.37%	1,780,957	-12.13%	400,000	758,15
120	63,595	4.86%	46,856	35.72%	52,273	24,80
3,596	333,044	10.02%	299,325	11.27%	321,120	256,35
286	507,098	8.32%	433,408	17.00%	445,260	466,67
417	71,405	7.01%	61,729	15.67%	65,164	63,60
2,111	324,479	10.94%	319,101	1.69%	221,671	259,00
483,087	2,750,668	15.20%	2,096,667	31.19%	1,300,000	1,360,00
0	19,995	3.25%	3,381	491.39%	0	1,00
-98	22,855	5.45%	4,029	467.26%	0	6,05
-50	22,000	3.4378	4,023	407.2070		0,00
778	390,064	11.61%	367,774	6.06%	320,500	234,00
44	39,405	4.59%	29,669	32.82%	32,273	40,65
299	156,136	10.18%	142,153	9.84%	99,306	82,54
3	47,458	4.72%	56,639	-16.21%	41,458	46,10
0	122,519	5.69%	107,480	13.99%	115,635	57,63
			-			
39	27,011	4.36%	43,860	-38.42%	10,969	
16	175,341	4.75%	119,969	46.16%	122,610	261,70
-49	25,805	3.72%	-16,173	259.56%	0	
-9,888	99,036	8.64%	94,171	5.17%	5,875	33,00
0	15,733	2.40%	8,699	80.86%	8,460	
-680	6,381	2.67%	2,025	215.11%	0	
26	91,538	7.38%	52,491	74.39%	75,287	62,40
569	126,332	7.11%	109,982	14.87%	96,693	97,5
25	67,121	5.53%	61,817	8.58%	35,309	38,60
0	155,001	6.60%	136,367	13.66%	94,034	110,00
827	900,861	7.14%	799,674	12.65%	362,890	429,45
1,398	168,335	8.36%	114,402	47.14%	107,240	70,50
2,789	63,183	7.21%	31,993	97.49%	37,983	8,50
339	28,824	2.29%	34,383	-16.17%	41,493	58,00

	Sales					
ABC Boards by County (Number of Stores)	Gross Sales	Percent Change Over FY15	Forecast for FY17	State Taxes Collected	Cost of Liquor Sold	Operat. Expenses
Sampson						
Clinton (1)	2,011,426	5.46%	2,019,388	457,157	1,064,226	205,47
Garland (1)	240,287	10.57%	230,000	53,923	132,524	66,47
Newton Grove (1)	492,176	3.63%	500,000	111,120	262,038	101,48
Roseboro (1)	842,368	7.13%	836,862	190,895	450,902	176,16
Scotland County (1)	1,890,421	4.66%	1,823,000	428,199	996,338	350,18
Stanly						
Albemarle (1)	2,887,355	6.92%	2,879,900	664,859	1,500,043	400,50
Locust (1)	1,514,599	8.26%	1,800,000	345,389	796,263	286,32
Norwood (1)	542,279	3.71%	530,000	122,393	285,917	108,24
Stokes						
Walnut Cove (1)	856,460	2.15%	822,000	192,958	472,839	160,56
Surry						
Dobson (1)	623,159	10.99%	568,500	140,757	330,525	124,09
Mount Airy (1)	2,230,710	4.52%	2,146,030	511,647	1,161,605	428,81
Pilot Mountain (1)	921,192	10.23%	920,060	206,098	486,593	166,72
Yadkin Valley¹ (1)	1,449,102	4.38%	1,450,000	328,352	758,036	212,06
Swain	,,,,,,,		1,100,000	020,002	100,000	212,00
Bryson City (1)	1,917,456	3.33%	1,991,320	439,471	1,011,596	29
Transylvania	1,011,400	0.0070	1,001,020	400,471	1,011,000	20
Brevard (2)	3,213,352	4.57%	3,330,000	743,386	1,685,502	544,76
Tyrrell County (1)	459,160	5.33%	483,516	112,768	231,262	85,69
Union	455,100	3.33 /1	403,310	112,700	231,202	05,05
Indian Trail (1)	3,620,687	12.86%	3,735,000	841,866	4 900 224	E44.00
	4,289,025	5.48%	4,475,000		1,890,221	511,96
Monroe (1)				997,579	2,210,954	629,76
Waxhaw (1)	2,367,697	33.46%	2,300,000	546,572	1,232,292	382,87
Wingate (1)	1,464,047	6.46%	1,390,000	330,061	783,896	238,18
Vance County (1)	3,740,377	5.12%	3,510,000	850,974	1,949,411	587,68
Wake County (24)	121,358,332	9.26%	127,262,700	28,827,977	62,142,335	10,250,93
Warren County (2)	2,334,528	5.61%	2,354,642	530,868	1,238,083	393,45
Washington County (1)	904,086	4.62%	855,000	204,655	482,209	188,96
Watauga						
Blowing Rock (1)	1,532,727	3.12%	1,496,910	375,315	762,091	258,09
Boone (1)	6,072,523	7.08%	6,198,227	1,437,605	3,126,727	770,70
Wayne County (5)	8,596,661	4.73%	8,756,245	1,971,307	4,502,992	1,371,91
Wilkes						
North Wilkesboro (1)	1,256,819	5.10%	1,336,100	286,235	672,861	291,83
Wilkesboro (2)	2,237,997	8.14%	2,550,000	510,290	1,187,126	485,14
Wilson County (6)	8,112,410	5.55%	7,596,000	1,856,700	4,252,266	1,48
Yancey						
Burnsville (1)	1,045,717	2.57%	1,165,000	242,058	547,982	207,
TOTALS	1,003,349,033	7.31%	1,027,291,190	235,559,450	517,870,832	137,621,72

¹ Elkin and Jonesville merged July 1, 2015 to form the Yadkin Valley ABC Board

		Local I	Profits		Local Distributions		
ther Income & Expense	Profit Before Distribution FY 2016	Profit Percent FY 2016	Profit Before Distribution FY 2015	Percent Change Over FY 2015	FY 2016	Forecast for FY 2017	
205	005 405	44.400	050.040	40.00%	240.000	205.74	
625	285,195	14.18%	258,343	10.39%	348,000	225,71	
0	-12,633	-5.26%	-9,236	-36.78%	0	4.00	
179	17,714	3.60%	20,437	-13.32%	15,000	4,00	
35	24,440	2.90%	15,486	57.82%	8,760	13,00	
68,932	184,635	9.77%	92,342	99.95%	108,736	60,37	
6,569	328,520	11.38%	262,334	25.23%	237,000	245,00	
0	86,622	5.72%	83,911	3.23%	0	11,47	
-5,911	19,817	3.65%	8,919	122.19%	0	30	
		100					
0	30,101	3.51%	36,778	-18.15%	25,309	25,00	
102	27,881	4.47%	13,245	110.50%	11,830	11,71	
820	129,463	5.80%	139,431	-7.15%	111,745	114,21	
-3,807	57,968	6.29%	47,735	21.44%	0	23,29	
-24,447	126,201	8.71%	113,084	11.60%	18,000	9,00	
1							
134	174,150	9.08%	165,000	5.55%	131,686	143,17	
218	239,914	7.47%	234,924	2.12%	218,725	277,59	
-5,625	23,807	5.18%	23,317	2.10%	0		
1							
0	376,638	10.40%	267,653	40.72%	102,000	148,00	
8	450,733	10.51%	412,744	9.20%	370,287	433,60	
37	205,999	8.70%	134,876	52.73%	66,500	65,00	
-1,505	110,396	7.54%	79,472	38.91%	10,000	7,62	
-20,367	331,938	8.87%	220,061	50.84%	35,742	64,59	
19,961	20,157,044	16.61%	18,986,153	6.17%	10,912,821	12,515,00	
-23,771	148,352	6.35%	81,001	83.15%	0	41,91	
260	28,513	3.15%	28,238	0.97%	0		
814	138,043	9.01%	148,935	-7.31%	161,600	73,68	
-10,336	727,154	11.97%	683,225	6.43%	475,000	563,00	
	750,830	8.73%	739,446	1.54%	600,000	580,67	
378							
378		0.47%	47,299	-87.55%	0	7,00	
0	5,891					EE E0	
	5,891 55,433	2.48%	25,975	113.41%	0	55,50	
0			25,975 526,751	113.41% 0.37%	325,000		
0	55,433	2.48%				55,50 395,00 3,00	

400 East Tryon Road Raleigh, North Carolina 27610 919.779.0700 abc.nc.gov 2,000 copies of this document were printed at a cost of \$3,643.86 or approximately \$1.82 per copy. instead it relies on the Alcohol Law Enforcement (ALE) section of the state Department of Public Safety and on local ABC officers. Commission lawyers handle hearings on violations of the law by permit holders.

Although the commission does not appoint local ABC board members or employees, it has general supervisory authority over all local ABC systems. It also issues regulations that local boards must follow, conducts mandatory training for local board members, audits local boards' finances and general operations, and in some circumstances may remove local board members and employees. The location of all ABC stores has to be approved by the commission. When a local ABC system is losing money, the commission may step in and close stores or require the system to merge with another to maintain solvency.

Local ABC Systems

Alcoholic beverage control (ABC) stores sell only hard liquor and fortified wine. They are operated by units of local governments, not by private businesses, and provide significant revenue to those governments. When a referendum passes to establish ABC stores, the operation of the ABC system is turned over to a local ABC board. The ABC board operates independently of the given county or city, but the relationship is close and interactive.

Elections

Any county may hold a referendum on whether to establish a local ABC system to operate ABC stores. A city may hold an ABC store election only if it has at least 1,000 registered voters and the county does not already have an ABC system. On the county does not already have an ABC system.

A referendum may be called by the board of county commissioners or the city council.¹¹ If the governing body does not want to call a referendum, the ABC system election may be forced by a petition submitted to the county board of elections by 35 percent of the registered voters in the jurisdiction. Petitioners have ninety days from the time they register the petition with the board of elections to get the required signatures. Elections officials then have thirty days to verify the signatures.

Whether the election is called by the local government or by petition, the actual date for voting is set by the board of elections. All ABC elections must be held at the same time as the state and county general election in even-numbered years or at the time of the spring primary preceding that election, or at the same time as a city general election in odd-numbered years.¹² The election procedures are the same as for any other election.¹³ A county or city may not hold an election on ABC stores within three years of a previous election on the same issue.¹⁴ Other alcohol issues, such as the approval of mixed drinks, may be voted upon at the same time as the referendum on ABC stores.

All elections are conducted by the county board of elections. A city is required to reimburse the county for the cost of a municipal ABC election. 15

^{8.} G.S. 18B-800.

^{9.} G.S. 18B-600.

^{10.} G.S. 18B-600(d). When a county approves ABC stores after a city has already established its own ABC system, the city continues to operate its separate stores. There may be pressure to merge the two systems, however.

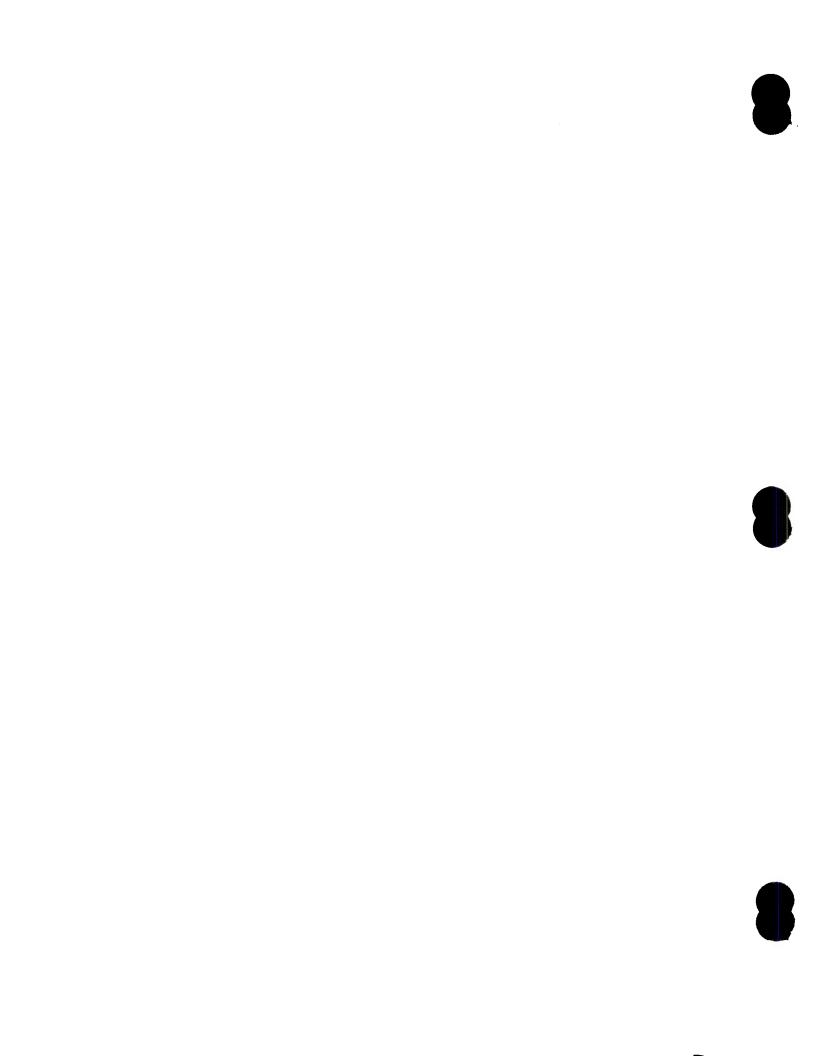
^{11.} G.S. 18B-601.

^{12.} G.S. 18B-601(f) and G.S. 163-287.

^{13.} For example, just as with any other municipal election, the use of absentee ballots has to be approved by the city council. G.S. 163-302(a). Once approved, the use of absentee ballots remains in effect until rescinded by the city.

^{14.} A city could hold an election on off-premises sale of beer one year, for example, and then vote on on-premises sale of beer and wine the next year, but it could not have another referendum on off-premises beer for three years.

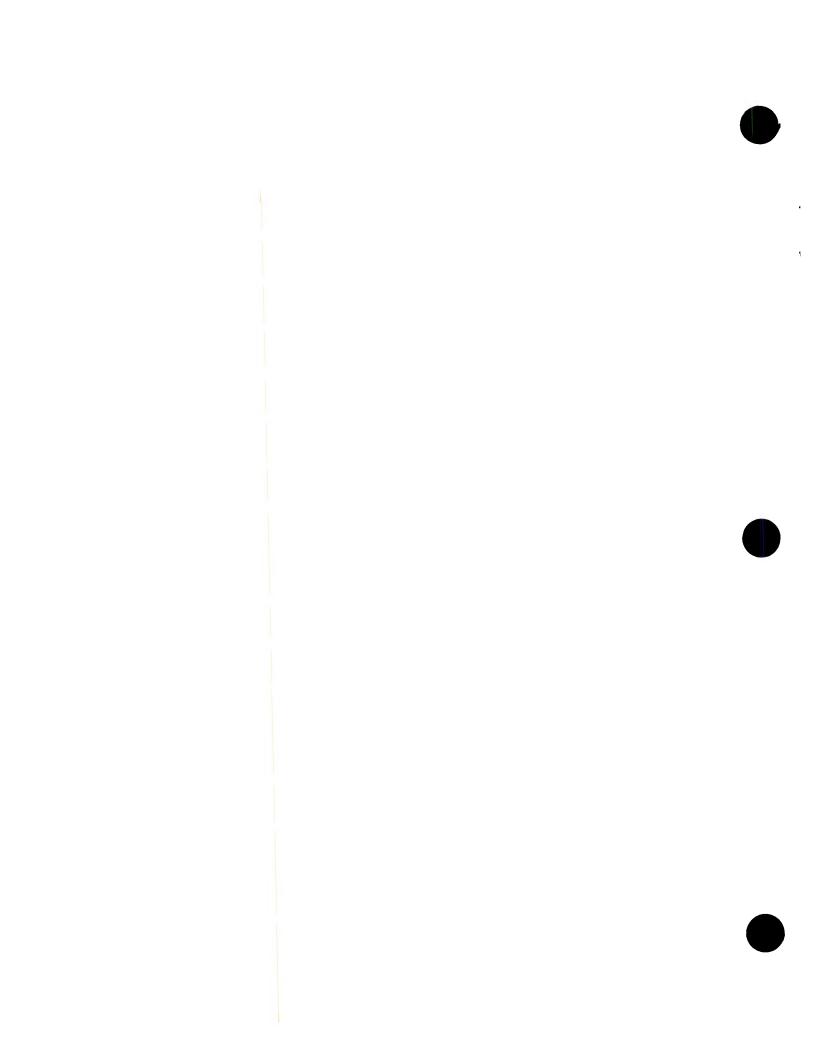
^{15.} G.S. 163-284.





Alcoholic Beverage Control

by Michael Crowell



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North Carolina long has had a conservative approach to the sale of alcohol. The state was dry well before national Prohibition and waited longer than many other states to open up sales after alcohol became legal again. Ever since the end of Prohibition, hard liquor has been available in North Carolina only through government alcoholic beverage control (ABC) stores, and it was not until 1978 that the state became the next to last state to allow the sale of mixed drinks. Today North Carolina still has fewer outlets for alcohol than most other states, but those sales generate more revenue per capita than in most other jurisdictions.

The basic scheme of alcohol regulation in effect today was established in the 1930s after the repeal of Prohibition. Hard liquor is sold through ABC stores operated by local boards whose members are appointed by counties and cities after approval of stores by the voters. All ABC store inventory comes through a state warehouse run by the state Alcoholic Beverage Control (ABC) Commission. Taxes on hard liquor generate hundreds of millions of dollars for the state each year, and local governments reap profits from their ABC stores.

Beer and wine are sold by private retailers—grocery stores, convenience stores, restaurants, bars—in communities where voters have approved such sales. All retailers must have permits from the ABC Commission, which also has authority to suspend or revoke the permission to sell. The ABC Commission will listen to local governments' concerns about permits, but final decisions are made at the state level. Local governments that operate convention centers,

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^{1.} North Carolina is one of seventeen states in which liquor sales go through government wholesalers or retailers.

ballparks, and theaters may themselves get in the business of selling alcohol. The state and local governments share revenue from beer and wine taxes.

While the basic structure of the ABC system has remained the same for eighty years, there have been changes on the edges. In recent years in particular it has become more common for the General Assembly to allow sales of alcohol, including mixed drinks, in certain specified communities or particular kinds of businesses, without the need for a local election. As will be discussed below, many of these legislative acts are legally suspect, but they continue to flourish.

Kinds of Alcohol

The state alcoholic beverage control (ABC) laws are found in Chapter 18B of the North Carolina General Statutes (G.S.), which was rewritten most recently in 1981. The law's catchall term for all kinds of alcohol is "alcoholic beverage." The term "spirituous liquor" refers to distilled spirits such as whiskey, rum, vodka, brandy, and gin, all of which typically are around 40 percent (80 proof) alcohol, plus liqueurs. "Hard liquor" is used here to mean the same thing.

"Malt beverages," which include beer, lager, porter, ale, and other fermented beverages, range from half a percent of alcohol to about 15 percent, but most are around 5 percent. This article uses "beer" as synonymous with malt beverage. The sale of beer with more than 6 percent alcohol was authorized only in recent years. Most of those products are expensive specialty beers, and their labels have to say that they are more than 6 percent alcohol.

"Unfortified wine" refers to wine produced by natural fermentation from grapes, fruits, berries, rice, or honey, and it is not more than 16 percent alcohol. When brandy is added to boost the alcohol content, the result is "fortified wine," which ranges from 16 to 24 percent alcohol. Wine labels indicate the alcohol percentage.

As a general rule, spirituous liquor and fortified wine may be possessed and consumed only where state law specifies.³ Beer and unfortified wine, on the other hand, may be possessed and consumed anywhere, unless specifically prohibited by the statutes.⁴ No alcohol may be sold except with a permit from the ABC Commission. Depending on what kinds of sales have been approved for a given community, some permits may allow sale for consumption at a business ("onpremises" permits) and some may allow only take-out sales ("off-premises" permits). The kinds of places that can get permits, and the kinds of permits allowed, are discussed below.

State Administration

The state Alcoholic Beverage Control (ABC) Commission is made up of three members who are appointed by and serve at the pleasure of the governor. The appointments usually but not always are based on political connections. The chair is paid a full-time salary, while the other two members are paid on a per diem basis. The commission is within the Department of Commerce. Commission members are subject to the State Government Ethics Act. 6

The ABC Commission operates the state warehouse and distributes liquor to local ABC boards. It decides what brands of liquor, beer, and wine may be sold in the state and issues all permits to wineries, breweries, distilleries, wholesalers, restaurants, hotels, grocery stores, and so on. The commission also may revoke and suspend permits and levy fines against permit holders for selling to minors, staying open after legal hours, allowing fights on premises, and other violations of the ABC statutes and regulations. The commission does not have its own enforcement officers;

^{2.} The definitions of the different kinds of alcohol are found in G.S. 18B-101.

^{3.} G.S. 18B-102, -301.

^{4.} G.S. 18B-300.

^{5.} G.S. 18B-200.

^{6.} The Act is codified at G.S. Chapter 138A.

^{7.} The Commission's duties and powers are described in Article 2 of G.S. Chapter 18B.

instead it relies on the Alcohol Law Enforcement (ALE) section of the state Department of Public Safety and on local ABC officers. Commission lawyers handle hearings on violations of the law by permit holders.

Although the commission does not appoint local ABC board members or employees, it has general supervisory authority over all local ABC systems. It also issues regulations that local boards must follow, conducts mandatory training for local board members, audits local boards' finances and general operations, and in some circumstances may remove local board members and employees. The location of all ABC stores has to be approved by the commission. When a local ABC system is losing money, the commission may step in and close stores or require the system to merge with another to maintain solvency.

Local ABC Systems

Alcoholic beverage control (ABC) stores sell only hard liquor and fortified wine. They are operated by units of local governments, not by private businesses, and provide significant revenue to those governments. When a referendum passes to establish ABC stores, the operation of the ABC system is turned over to a local ABC board. The ABC board operates independently of the given county or city, but the relationship is close and interactive.

Elections

Any county may hold a referendum on whether to establish a local ABC system to operate ABC stores.9 A city may hold an ABC store election only if it has at least 1,000 registered voters and the county does not already have an ABC system.10

A referendum may be called by the board of county commissioners or the city council.¹¹ If the governing body does not want to call a referendum, the ABC system election may be forced by a petition submitted to the county board of elections by 35 percent of the registered voters in the jurisdiction. Petitioners have ninety days from the time they register the petition with the board of elections to get the required signatures. Elections officials then have thirty days to verify the signatures.

Whether the election is called by the local government or by petition, the actual date for voting is set by the board of elections and must be no sooner than 60 nor later than 120 days from the time the elections board received the request or verified the petition. An ABC store referendum may not be held at the same time as the November general election in even-numbered years, but it may be held on any other day, including the day of an election other than the November general election. The referendum does not have to be on a Tuesday, and the election procedures used are the same as for any other election. A county or city may not hold an election on ABC stores within three years of a previous election on the same issue. Other alcohol issues, such as the approval of mixed drinks, may be voted upon at the same time as the referendum on ABC stores.

All elections are conducted by the county board of elections. A city is required to reimburse the county for the cost of a municipal ABC election.¹⁵

^{8.} G.S. 18B-800.

^{9.} G.S. 18B-600.

^{10.} G.S. 18B-600(d). When a county approves ABC stores after a city has already established its own ABC system, the city continues to operate its separate stores. There may be pressure to merge the two systems, however.

^{11.} G.S. 18B-601.

^{12.} G.S. 18B-601(f).

^{13.} For example, just as with any other municipal election, the use of absentee ballots has to be approved by the city council. G.S. 163-302(a). Once approved, the use of absentee ballots remains in effect until rescinded by the city.

^{14.} A city could hold an election on off-premises sale of beer one year, for example, and then vote on on-premises sale of beer and wine the next year, but it could not have another referendum on off-premises beer for three years.

^{15.} G.S. 163-284.

Number of Local ABC Systems

In 2013 there were 169 local ABC systems in North Carolina, operating more than 420 stores. About half of the counties, mostly in the eastern part of the state, have county ABC systems; municipal systems operate in the other counties. In only one county, Graham, was there no ABC system at all.

The number of ABC systems in the state proliferated after the enactment of liquor-by-the-drink in the late 1970s. To be eligible to have a mixed drink election, a community had to have its own ABC stores to sell the liquor to permit holders, prompting a number of places to approve ABC stores so that a few local restaurants could serve mixed drinks. As a consequence, the number of small ABC systems grew, and some of them had difficulty making money. It was not unusual for new, small municipal systems to take business from neighboring towns, putting their long-term profitability into question. In 2010 the legislature rewrote the ABC laws to increase the population required to have a city ABC store election and, more importantly, to eliminate the requirement that a municipality have ABC stores before it can approve mixed drinks.

Board Size, Members¹⁶

A county ABC system is governed by an ABC board appointed by the county commissioners; a city ABC board is appointed by the city council. Under state law the board may have either three or five members. Members serve staggered, three-year terms. The size of the board is set by the appointing authority—the county commissioners or city council—when the ABC system is established. If an existing board has three members, the appointing authority may increase it to five by adding two new members with three-year terms. If the commissioners or council want to reduce the ABC board from five to three members, they can do so only when terms expire and only with the agreement of the state ABC Commission. The appointing authority designates one ABC board member to be the chair.

State law says that ABC board members should be appointed on the basis of their "interest in public affairs, good judgment, knowledge, ability, and good moral character." Otherwise, there are no specific qualifications for the job, although conviction of a felony or a violation of the ABC law disqualifies a person from serving on or being employed by an ABC board for three years from the time of conviction. The law does not require that an ABC board member be a resident of the community, but counties and cities usually will not appoint non-residents.

Occasionally, a board of county commissioners or city council will appoint one or more of its own members to the ABC board, usually in response to troubles in the ABC system. Such appointments are allowed, and the ABC board position does not count as a separate office for purposes of the state dual office-holding law. The commissioners or council might even appoint their manager, attorney, or finance officer. The ABC board is intended to be an independent entity, however, and typically those appointments last only until the ABC board's problems are straightened out.

Duties

The ABC board is responsible for running the local ABC system. The board hires and fires employees and selects one employee to be the manager of the system. The board also designates someone other than this general manager as the system's finance officer, or it may use the finance officer of its county or city appointing authority.²⁰ The board is required by the state ABC Commission to establish personnel policies and is encouraged to model these after the policies and procedures of the county or city in which the ABC board operates.²¹ The ABC board sets employees' salaries but may not pay the general manager more than the salary set by the legislature for the county clerk of court, unless

^{16.} G.S. 18B-700.

^{17.} G.S. 18B-700(d).

^{18.} G.S. 18B-202.

^{19.} See G.S. 128-1.2. "Except when the resolution of appointment provides otherwise, whenever the governing body of a county or city appoints one of its own members or officials to another board or commission, the individual so appointed is considered to be serving on the other board or commission as a part of the individual's duties of office and shall not be considered to be serving in a separate office."

^{20.} G.S. 18B-702(j).

^{21.} Title 4, Subchapter 2R, Section .1009(b), of the North Carolina Administrative Code (hereinafter NCAC).

the board of county commissioners or city council which appointed the ABC board agrees to the higher salary.²² The general manager may not be given any benefits not offered to all other employees, and no other employee may be paid more than the general manager.

The ABC board decides what products to buy for its ABC stores; buys and leases property as necessary to operate the ABC system; decides where to locate ABC stores (with the approval of the ABC Commission); and oversees the finances of the system. Retail prices for products sold in ABC stores are set by distillers using a statutory mark-up formula²³ that is to be uniform throughout the state. The local ABC board may dispose of surplus property the same as a city council.²⁴

All local ABC board members, general managers, and finance officers are required to complete a training course offered by the state ABC Commission within the first year of being appointed or employed.²⁵ Board members, the general manager, and the finance officer also are required to be bonded for at least \$50,000.²⁶ The county commissioners or city council may increase the required bond for any member or employee handling ABC board funds.

Compensation

Compensation to local ABC board members is limited to \$150 per meeting, unless a different amount is approved by the appointing board of commissioners or city council.²⁷ Any higher amount has to be reported to the ABC Commission. Travel reimbursement is to be at the same rate as for state government generally, unless the appointing authority has a different policy and the ABC board adopts that policy, with the approval of the board of commissioners or city council.²⁸ Expenses not covered by the travel policy may be paid only with the written authorization of the county or city's finance officer, and the authorization has to be copied to the ABC Commission.

Ethics

Like other local government officials, local ABC board members are not subject to the financial disclosure laws and other provisions of the State Government Ethics Act,²⁹ but the ABC statutes regulate the ethical conduct of local board members and subject them to several other important general state laws concerning ethics.³⁰ The ABC statutes restrict the employment of relatives; require board members to report and refrain from participating in decisions that may benefit certain relatives financially; prohibit board members from using their position to financially benefit themselves or family members; and subject board members to general state law provisions about self-dealing and acceptance of gifts. Board members are obligated to disclose in writing any conflict or potential conflict of interest that might affect their participation in a board action. Each local ABC board is to adopt a code of ethics, which can mirror the model ethics policy prepared by the ABC Commission, and members must complete ethics training within a year of appointment or reappointment.³¹

Removal of Board Members

Local ABC board members serve set terms of three years but may be removed from office sooner under some circumstances. For instance, any board member or employee may be removed from office or discharged from board employment by a judge upon the person's conviction of a felony or any violation of the ABC laws.³² The board of county

^{22.} G.S. 18B-700(g1).

^{23.} G.S. 18B-804; see also 4 NCAC 2R, § .1502.

^{24.} G.S. 18B-701(a)(12). The statutes on disposal of property are found in Article 12 of G.S. Chapter 160A, §§ 160A-265 et seq.

^{25. 4} NCAC 2R, § .2001.

^{26.} G.S. 18B-700(i).

^{27.} G.S. 18B-700(g).

^{28.} G.S. 18B-700(g2).

^{29.} See G.S. Chapter 138A.

^{30.} See, in particular, G.S. 18B-201 & -700(h), (k).

^{31.} G.S. 18B-706.

^{32.} G.S. 18B-202.

commissioners or city council that appointed an ABC board member may remove the member "for cause," but the statute does not specify what "cause" means.³³ A more useful statute allows either the appointing authority or the ABC Commission to remove a local ABC board member or employee for any violation of the ABC laws, for failing to complete any training required by law or by the commission (e.g., ethics training), and for "any conduct constituting moral turpitude or which brings the local board or the ABC system into disrepute."³⁴ G.S. 18B-704 sets out a specific procedure for removal, including notice in writing of the grounds for removal and a hearing before the commission. The statute also says that the ABC Commission's decision on removal is final, but it allows an appeal to the North Carolina Court of Appeals.

Open Meetings and Public Records

Local ABC boards are governmental bodies subject to the state open meetings and public records laws.³⁵ Like all other governmental bodies, ABC boards must give notice of each meeting to be held; may call special meetings only on forty-eight hours' notice, unless there is an emergency; may go into closed session only for one of the reasons listed in the open meetings law; must specify the reason for the closed session; must keep minutes of the closed session; and must make its records available to the public. Local ABC boards that have only three members must remember that any meeting of a majority of the board to discuss board business is a meeting requiring notice and public access. Thus, two members of a three-member board may not talk on the telephone about ABC business without taking all of the steps required of an official board meeting.

Mergers and Dissolution of Local Systems

A board of county commissioners or city council may merge its ABC system with that of any other neighboring county or city, with the approval of the state ABC Commission.³⁶ The appointing authorities have to agree on a joint ABC board and on the distribution of profits.

County commissioners and city councils with ABC systems also may agree to have one of those governmental unit's ABC board operate a store or stores for the other.³⁷ Again, such an agreement has to be approved by the ABC Commission.

A local ABC system may be shut down if it is not operating profitably. The local ABC board may apply to the state ABC Commission to close the system; the commission may investigate; and if the commission finds that the system cannot be operated profitably, it may order it closed.³⁸ When that happens, the ABC Commission schedules a phase-out of the system's business and from that point on represents the local board in negotiations with creditors and other interested parties.

Another circumstance in which a local ABC system may be closed or merged is when it fails to meet the performance standards that the ABC Commission sets for all local ABC systems. When this happens, the commission may require the board of commissioners or city council operating the failing system to develop and implement an improvement plan.³⁹ The plan developed by the commissioners or city council is to set a deadline of not more than twelve months for the specified improvement; the deadline may be extended six months. If at that time the ABC Commission determines that the performance standards cannot be met, the commission may close stores, shut down the system, or merge it with another local ABC system. As part of that process, the ABC Commission may seize the assets of the local ABC board and liquidate any assets to satisfy debt.

^{33.} G.S. 18B-700(f).

^{34.} G.S. 18B-704(c).

^{35.} See generally G.S. Chapter 143, Article 33C, and G.S. Chapter 132.

^{36.} G.S. 18B-703.

^{37.} G.S. 18B-703(h).

^{38.} G.S. 18B-801(d).

^{39.} G.S. 18B-705.

ABC Finances

Alcohol is taxed heavily by both the federal and state governments. Hard liquor is the source for most of the alcohol revenue that goes to state and local governments. The state receives the excise tax proceeds from the sale of liquor in alcoholic beverage control (ABC) stores; a mark-up in the price is designed to cover the operating expenses of the stores; and local governments receive the stores' profits. Beer and wine wholesalers collect and pay to the state the excise taxes on beer and wine, and a portion of those moneys is shared with counties and cities where the beer and wine are sold. The state also receives some revenue from the fees charged for ABC permits, and local governments collect license fees from the permit holders located in their communities.

State Revenue

North Carolina law requires uniform pricing for liquor sold in ABC stores throughout the state. Distillers set the price for their products according to a formula set by state law, with various taxes and mark-ups added to the distiller's base price. ⁴⁰ The statutory formula includes a 30 percent excise tax to be collected by local ABC boards and paid to the state. ⁴¹ In the fiscal year that ended June 30, 2012, the excise tax was worth about \$170 million to the state. When added to sales tax collections of about \$45 million and mixed beverage taxes of \$14 million, the total tax revenue to the state from hard liquor was nearly \$230 million.

There also are state excise taxes of different amounts on beer and wine.⁴² Those taxes are collected by the wholesalers who distribute the beer and wine to retail accountholders,⁴³ and they amount to about \$140 million a year. The majority of the beer and wine excise tax proceeds are kept by the state, but a portion is paid to the counties and cities where those products are sold, as explained further below.

The ABC Commission also collects and pays to the state general fund fees for all of the permits it issues; these fees generated more than \$15 million in fiscal year 2012. The current fees range from \$50 for a vendor representative to \$1,000 for a mixed drink permit.⁴⁴ Most ABC permit fees, including those for the sale of beer and wine and the fees for breweries, wineries, and wholesalers, are one-time fees, but beer and wine permit holders still have to pay an annual registration and inspection fee of \$200.⁴⁵ A mixed drink permit is only good for one year, and a renewal fee has to be paid annually.

Calculating the Price of Liquor

In addition to the excise tax described above, and the mark-ups for local governments described below, the mark-up formula for liquor sold in ABC stores includes several other charges that provide revenue to both the state and local governments. For example, there is a penny charge on each bottle of 50 milliliters or less, and a nickel on each larger bottle (a fifth of alcohol is 750 milliliters); a second bottle charge of the same amount; and a \$20 charge on each four liters sold to a mixed drink permit holder. The revenue from the first bottle charge goes to the county commissioners to be used for alcoholism programs, while the revenue from the second bottle charge becomes part of the profit to be distributed by the local ABC board to its county or city. Half the revenue from the \$20 charge to mixed drink permit holders goes to the state general fund, 5 percent to the state Department of Health and Human Services for alcoholism programs, and the remainder to the local government.

^{40.} G.S. 18B-804; 4 NCAC 2R, § .1502.

^{41.} G.S. 105-113.80, -113.83(a).

^{42.} G.S. 105-113.80.

^{43.} G.S. 105-113.83(b).

^{44.} G.S. 18B-902(d).

^{45.} G.S. 18B-903.

^{46.} G.S. 18B-804(b).

^{47.} G.S. 18B-805(b)(4), (c)(1).

^{48.} G.S. 18B-805(b)(2), (3).

Local Revenue

A local ABC system pays its profits to the county or city which appoints its board. In the fiscal year ending June 30, 2012, the profits paid to local governments totaled more than \$55 million statewide. The price on liquor sold in ABC stores includes mark-ups to go to the local ABC board. The general mark-up, set at the discretion of the ABC Commission, becomes part of the ABC board's revenue to be mixed into its gross receipts; a second mark-up of 3.5 percent is earmarked for the local government which appoints the ABC board⁴⁹ (along with other profit as discussed below). Counties and cities where beer and wine are sold also share in the excise tax on those products collected by the state.⁵⁰ The amount shared currently is slightly more than 20 percent of the excise tax on beer, nearly 50 percent of the excise tax on unfortified wine, and 18 percent of the fortified wine excise tax. Those tax proceeds are allocated to counties and cities based on population.

Counties and cities also collect and keep modest annual ABC license fees set by state law.⁵¹ The fees apply to beer and wine permit holders operating in the county or city and to wholesalers with business locations in cities. Local governments may not charge fees to ABC permit holders other than those specified in state law.⁵² Local school systems receive the fines levied by the ABC Commission on permit holders who have violated ABC laws and regulations. In fiscal year 2012, those fines amounted to more than \$860,000.

Allocation of ABC Profits

General state law requires a local ABC board to allocate certain portions of its revenue for specified purposes; the remaining profit typically goes to the county or city for which the ABC system is operated.

By law, 5 percent of gross receipts are to be spent on law enforcement, either for the board's own officers or through contract with local law enforcement agencies or with the Alcohol Law Enforcement division of the state Department of Public Safety. Another 7 percent are for alcoholism programs, unless the ABC board is subject to a local act of the legislature setting a different allocation. After those distributions, the remaining profits are to go to the county or city unless, again, there is a local act setting a different distribution. Such acts are not as common today as they used to be, but a number of boards still are subject to local acts specifying that a certain percentage of profits must go to schools, parks, or other particular activities. Those local acts for county ABC systems sometimes specify that a certain percentage of profits are to go to each municipality within the county as well as the portion that is to go to the county itself. In those situations, the affected cities and the county may alter the distribution by mutual agreement.

Local Fiscal Control

Although local ABC boards are not subject to the Local Government Budget and Fiscal Control Act,⁵⁷ as are boards of county commissioners and city councils, they are subject to statutes with essentially the same provisions.⁵⁸ Under the ABC statutes, for example, the local ABC board's general manager serves as the board's budget officer, with responsibility for preparing and presenting a budget to the board in the same manner as a county or city manager does.⁵⁹ The budget year is from July 1 to June 30, the same as for other governmental entities in North Carolina, and the budget process is much the same as for counties and cities. The budget officer—i.e., the general manager—is to submit the proposed budget and a budget message to the board by June 1, and there must be a public hearing where anyone

^{49.} G.S. 18B-804(b)(3), (5), & -805(c)(1).

^{50.} G.S. 105-113.82.

^{51.} G.S. 105-113.77, -113.78, -113.79.

^{52.} G.S. 105-113.70(d).

^{53.} G.S. 18B-805(c)(2).

^{54.} G.S. 18B-805(c)(3).

^{55.} G.S. 18B-805(e).

^{56.} G.S. 18B-805(e).

^{57.} See generally G.S. Chapter 159, Article 3.

^{58.} See G.S. 18B-702.

^{59.} G.S. 18B-702.

wishing to be heard on the budget is permitted to appear. The ABC law specifies the form of the budget and requires a balanced budget.

In addition to the budget officer, the local ABC board must appoint a finance officer. The board may designate one of its employees for that role or may use the finance officer of the county or city in which the ABC system operates, with the approval of that other board. The local board may appoint the general manager as the finance officer only with the approval of the state ABC Commission, and the commission is to allow such an appointment only for good cause. The fact that the local board operates no more than two stores is considered good cause.⁶⁰

The finance officer keeps the board's books, receives and deposits all moneys, disburses funds, maintains debt records, supervises the investment of idle funds, and otherwise sees that the board follows its budget and the rules of the ABC Commission. Payment of any bill generally requires the approval of the finance officer, but the board may override the finance officer and pay a bill itself if there is an appropriation in the budget for that purpose. The override has to be by adoption of a resolution, and the board members approving the payment can be individually liable if the payment turns out to break the law.⁶¹

The statutes allow a local ABC board to set aside a portion of its profits as working capital to operate the system, subject to the rules of the ABC Commission.⁶² The current commission rule provides that working capital is to be not less than two weeks' average gross sales nor more than two to four months' average, the maximum being tiered according to the boards' gross sales.⁶³ With the approval of its board of county commissioners or city council, the local ABC board also may set aside funds for special capital improvement projects.⁶⁴ The local board may deposit its money in savings accounts or certificates of deposit and may invest its cash balances in the same kinds of funds as allowed for counties and cities or may deposit the monies with the State Treasurer for investment.⁶⁵

A local ABC board may borrow money only to buy land, buildings, equipment, or stock needed to operate the ABC system.⁶⁶ The board may pledge as security its interest in any of its real or personal property other than the alcohol.

The county or city appointing the ABC board is not responsible for the board's debts.⁶⁷

Each local ABC board is required to have an annual independent audit following a chart of accounts prescribed by the ABC Commission.⁶⁸ The audit report is to be provided to the appointing authority and the ABC Commission, either one of which may require additional audits.

Mixed Drink Elections

Mixed drinks are sold in qualified hotels, restaurants, clubs, and other locations. Whether such sales are allowed in a community usually, but not always, is decided in a local referendum.

Standard Election Provisions

To hold a mixed drink election, a county must either already operate alcoholic beverage control (ABC) stores or have an ABC store election at the same time;⁶⁹ there has to be a store for mixed drink permit holders to get their liquor. Any city with at least 500 registered voters is eligible to have a mixed drink election; if the city does not have ABC stores, the permit holders may buy their liquor from a store located elsewhere that has been approved by the ABC Commission.

^{60.} G.S. 18B-702(j).

^{61.} G.S. 18B-702(o).

^{62.} G.S. 18B-702(g)(3), -805(d).

^{63. 4} NCAC 2R, § .0902.

^{64.} G.S. 18B-805(d).

^{65.} G.S. 18B-702(t).

^{66.} G.S. 18B-702(r).

^{67.} Id.

^{68.} G.S. 18B-702(s).

^{69.} G.S. 600.

If the county or city governing body does not want to call a mixed drink election, it can be required to do so by a petition from 35 percent of the registered voters.⁷⁰

As with elections for ABC stores, a mixed drink election is conducted by the county board of elections using the same rules that apply for all other elections. The discussion above about the conduct of ABC store elections; the same rules apply to mixed drink elections. A county or city may not hold a mixed drink referendum within three years of an earlier referendum on the same issue. The discussion is conducted by the county board of elections using the same rules apply to mixed drink elections.

Special Provisions on Elections

In addition to the general provisions on mixed drink elections discussed immediately above, the ABC statutes have a number of carefully written sections that describe other kinds of places that may have mixed drink elections. The reason for these provisions is the state constitution's prohibition on local acts regulating trade.⁷³ Under the constitution, the General Assembly could not enact a bill allowing mixed drink sales in, say, Caldwell and Iredell counties because the sale of mixed drinks is the regulation of trade, and the limitation of the act to specifically named counties makes it a local act. One way around that constitutional restriction is to enact a law applicable to a defined category of counties or cities rather than to specific named locations. An example would be an act allowing mixed drink sales in all counties and cities with populations of 200,000 or more.

The use of such classifications to avoid the unconstitutional local act problem has become a staple of the ABC law, especially with respect to mixed drinks. The categories are crafted to sound like something other than local acts while being limited to a very few targeted communities. One provision, for example, allows mixed drink elections in all cities with at least 300 registered voters located in a county with at least one other city that has approved mixed drinks. Another more egregious example allows any kind of alcohol election in a township (a geographical subdivision of a county that serves no other governmental purpose) that meets all of the following requirements: The county in which the township is located has already approved ABC stores; a third of the employment in the county is travel-related; travel spending exceeds \$400 million per year; the entirety of two townships consists of a single island; the island has a population of at least 4,000; and one side of the island faces the ocean and the other side faces a sound. The sum of the side faces a sound of the side faces a sound.

These categories do not really fool anyone, and it is obvious that they are simply another way of limiting a provision to a specific community without saying its name out loud. If challenged in court they would be found to be invalid local acts, but generally they have not been questioned and have served as a convenient fiction to allow the legislature to extend mixed drink elections to a number of additional localities.

Beer and Wine Elections

Beer and wine are sold both for consumption on-premises and on a take-out basis. Off-premises sales occur in commercial retail outlets like grocery stores and convenience stores, not in alcoholic beverage control (ABC) stores. On-premises sales take place in restaurants, hotels, bars, movie theaters, cafes, and a host of other places. For the most part, the decision on whether to allow on- or off-premises sale of beer or wine is made in a local referendum.

Beer and Wine Election Choices

Counties and cities may vote on a variety of options for the local sale of beer and wine. They may vote for either onpremises (sale and consumption at the location) or off-premises (carry-out) sales of beer, wine, or both. Once a category

^{70.} G.S. 18B-601(b)(2).

^{71.} For example, just as with any other municipal election, absentee ballots may not be used in an ABC referendum unless approved by the city council. G.S. 163-320(a). Once the use of absentee ballots is authorized, it remains in effect until rescinded by the city council.

^{72.} G.S. 18B-604(a).

^{73.} N.C. CONST. art. II, § 24(j).

^{74.} G.S. 18B-600(e1).

^{75.} G.S. 18B-600(f).

of sales is approved, state law dictates the kinds of places that may obtain permits. In an on-premises beer election, for example, the local government can choose to limit sales to Class A hotels, motels, and restaurants only.⁷⁶

Any county may hold a beer or wine election.⁷⁷ A city may by law have such an election only if the last county election was against such sales—that is, the kind of sales the city wants to put on the ballot are not already legal in the county—and the city either has a population of 500 or more or it operates an ABC store. As discussed above in connection with mixed drink elections, there are various, narrowly drawn provisions of the ABC statutes that allow particular local governments to have ABC elections even though they would not qualify under these general requirements for county and city elections. Those other provisions typically are written to allow mixed drink elections, but some also authorize beer and wine elections. Thus, for example, certain seasonal ski resorts can qualify to conduct beer and wine elections based on the weekly average number of skiers, though they otherwise would not be eligible for an election.⁷⁸ The section on mixed drinks, above, explains the reasons for such provisions.

As with ABC store and mixed drink elections, a beer or wine referendum may be called by a board of county commissioners or city council or by a petition submitted by 35 percent of the registered voters in the county or city.⁷⁹ The same rules apply as for all other elections, as discussed earlier. Thus, a county or city may not hold a beer or wine election within three years of the same kind of election in the same jurisdiction.

The Fallout Effect of Some Elections

Some elections for particular kinds of alcohol affect the sale of other products. The approval of ABC stores, for example, automatically results in the lawfulness of on- and off-premises wine sales in that jurisdiction, regardless of any separate election on wine. Similarly, if mixed drinks are approved in a referendum, the establishments eligible for permits to serve them automatically qualify also for beer and wine permits, even if those sales have not been separately approved. The reasoning is that once the sale of a more potent form of alcohol has been approved, the community also should have access to products with a lower percentage of alcohol.

Mixed Drink, Beer, and Wine Sales Allowed Without an Election

In an increasing number of situations, the legislature has allowed the sale of beer, wine, and mixed drinks in localities without voter approval at an election. Some of these provisions are applicable statewide, authorizing the issuance of permits to particular kinds of establishments regardless of whether alcohol sales have been approved in that community, while other provisions target specific localities using the same kind of thinly disguised local acts described above for mixed drink elections.

Covered by the first category of provisions are, for example, "tourism resorts," which are eligible for all alcoholic beverage control (ABC) permits even if located in a county or city that has not approved sales. ⁸² A tourism resort is a restaurant and lodging facility with a golf course and two tennis courts or a restaurant with an equestrian center and two tennis courts. ⁸³ "Sports clubs" receive similar treatment under the ABC laws. A sports club is any 18-hole golf

^{76.} G.S. 18B-602(a)(4). The ABC Commission refers to these as "modified plan" permits and requires that a restaurant have inside seating for at least thirty-six people to qualify for such a permit. See 4 NCAC 2S, §\$.0101(3), .0105(a).

^{77.} G.S. 18B-600.

^{78.} G.S. 18B-600(e2).

^{79.} G.S. 18B-601.

^{80.} G.S. 18B-603(c)(2).

^{81.} G.S. 18B-603(d)(2).

^{82.} G.S. 18B-603(f)(8).

^{83.} G.S. 18B-101(14b).

course and any facility with two or more tennis courts, whether public or private, ⁸⁴ and it may receive beer, wine, and mixed drink permits regardless of the outcome of any local election on such sales. ⁸⁵

Examples falling under the second category of provisions include "historic ABC establishments" and "tourism ABC establishments," each of which qualifies for permits regardless of local elections. ⁸⁶ An historic ABC establishment, it turns out, is a restaurant or hotel that is on the National Register of Historic Places or within a state historic district; is located on a state highway within 1.5 miles of a designated North Carolina scenic byway and within 15 miles of a national scenic highway; and is in a county in which at least two cities have approved on-premises sale of beer or wine. ⁸⁷ A tourism ABC establishment has to be within 1.5 miles of an entrance or exit ramp for a national scenic parkway between the North Carolina state line and milepost 460. ⁸⁸

Just as with the statutes that authorize elections in certain narrowly defined categories of communities rather than coming right out and naming the city or county, the only purpose of these provisions is to avoid the constitutional prohibition on local acts regulating trade (discussed above). If they were challenged in court they would be tossed out, but until then they serve as a means for the legislature to extend alcohol sales to certain small pockets within larger communities that may not be favorably disposed to beer, wine, and mixed drinks.

As a consequence of these various local provisions, it is not correct to say that the sale of beer, wine, and mixed drinks is allowed only in areas in which they have been approved in a local referendum. There are numerous exceptions to that rule and one needs a scorecard to figure out where sales really are allowed.

Retail Permits

Once sales of beer, wine, or mixed drinks become lawful in a community, either through an election or a provision of the law allowing sales without voter approval, the kinds of establishments that may receive permits is set by state law. And it is the state ABC Commission in Raleigh that issues all permits. Local governments generally have little influence over the issuance of permits. Statewide there are about 18,000 retail outlets with permits to sell some kind of alcohol on or off the premises. Only one county, Graham, remains dry.

Establishments Eligible for Permits

Generally speaking, almost any kind of retail business is eligible for a permit to sell beer on its premises. Such sales are not limited to just restaurants, hotels, and convention centers—movie theaters, snack bars, and even shoe stores and hardware stores could sell beer if they wanted to.⁸⁹ Wine permits are only slightly more restricted, requiring at least some minimal sale of food on the premises. Most off-premises sales of beer and wine are in grocery stores and convenience stores, but restaurants and hotels can get such permits as well, as can other kinds of retail businesses.

Fewer places qualify for permits to sell mixed drinks or fortified wine. A restaurant must seat thirty-six and do at least 30 percent of its business from food and nonalcoholic beverages to be eligible. Hotels, private clubs, convention centers, and community theaters also may get permits, as may some nonprofit and political organizations. 19

^{84.} G.S. 18B-1000(f).

^{85.} G.S. 18B-1006(k).

^{86.} G.S. 18B-603(f)(7), (9).

^{87.} G.S. 18B-101(7b).

^{88.} G.S. 18B-101(14a).

^{89.} If, however, a county or city beer referendum is being held on the proposition of limiting beer sales to "Class A hotels, motels, and restaurants," permits are limited to that kind of establishment, mainly meaning that a restaurant must seat at least thirty-six to be eligible for a permit. See G.S. 18B-602(a).

^{90.} G.S. 18B-1000(6).

^{91.} See G.S. 18B-1000.

Special permits

Some places that do not have regular ABC permits may get permits for particular events. For example, a restaurant, hotel, diner, club, or convention center may get a "special occasion permit" that allows the host of a party or reception, with the permission of the owner of the business that holds the permit, to bring alcohol onto the premises to serve—not sell—to guests. A "limited special occasion permit" is a slightly different version of the same type of permit; it is obtained by the host of the event, not the establishment, and allows the host to bring liquor in to serve to guests. These permits tend to be used for wedding receptions, anniversary parties, and similar events where the host wants to serve guests but is not in the business of selling drinks.

There also are permits that allow businesses that already have wine and beer permits, usually wine shops or grocery stores, to have wine and beer tastings on the premises. Likewise, a distillery may have liquor tastings. ⁹⁴ These are promotional events in which small samples are given to customers, not sold.

Additionally, there are special permits that allow particular kinds of organizations to sell or serve alcohol at one-time events. A one-time permit may be issued, for example, to a nonprofit organization to sell beer, wine, or mixed drinks at a fund-raising event, or to a local government or political organization to serve alcohol at a fund-raiser to which patrons must buy tickets.

Local Government Involvement

All ABC permits are issued by the state ABC Commission according to the requirements of state law. The commission also may suspend or revoke permits or fine permit holders for violations of the ABC law and other offenses. Before approving one of the regular on- or off-premises permits, the ABC Commission notifies the city or county where the establishment seeking the permit is located and asks the local government to complete a couple of forms. One is a zoning and compliance form simply to verify that the premises meets local zoning and building and fire codes. The other form allows the local government to object to the issuance of the permit. Provided the commission notifies the city or county where the commission notifies the city or county where the establishment seeking the permit is located and asks the local government to complete a couple of forms. One is a zoning and compliance form simply to verify that the premises meets local zoning and building and fire codes. The other form allows the local government to object to the issuance of the permit.

If the establishment is in an area zoned for that type of business, say a retail business zone that allows restaurants, and is not otherwise disqualified under state law, the ABC Commission will issue the permit even though local officials would prefer not to have restaurants that serve alcohol in that part of town. In other words, local officials may not exclude businesses from an area based solely on the fact that they sell alcohol, if other businesses of the same nature are allowed there.

The statutes list a number of different factors the ABC Commission is to consider in deciding whether to issue a permit, but no one of those factors by itself explicitly disqualifies an application. The factors include the character of the applicant, the number of establishments with ABC permits already in the area, parking and traffic conditions, proximity to churches and schools, and prior problems with ABC permits in the area. The commission is highly conscious of trying to be uniform in application of the permit requirements throughout the state and rarely will deny a permit application if it meets the minimum standards of state law. The commission will be more sympathetic and helpful to local governments when problems arise at a permitted location, and will suspend or revoke permits when the owner is unable to control the premises properly, but is not likely to pre-judge a location by denying the permit application in the first instance.

As discussed above, under "Local Revenue," state law provides for annual county and city license fees for beer and wine permit holders, but local governments are specifically prohibited from charging any other local license fees.⁹⁹

^{92.} G.S. 18B-1001(8).

^{93.} G.S. 18B-1001(9).

^{94.} G.S. 18B-1001(15) (wine tastings), (18) (beer tastings), (19) (liquor tastings).

^{95.} G.S. 18B-1002.

^{96.} See generally G.S. 18B-203, -901.

^{97.} G.S. 18B-901(b), (c).

^{98.} G.S. 18B-901(c).

^{99.} G.S. 105-113.70(d).

Brown-Bagging

While "brown-bagging" used to be common in North Carolina, it now is mostly a thing of the past. Brown-bagging is the practice of bringing one's own bottle of alcohol to a club or restaurant, having it stored in a locker, and then consuming it or serving it to one's guests. It was a popular means of social drinking before mixed drinks became legal. The law still provides for various kinds of establishments to obtain brown-bagging permits so their patrons can bring in their own liquor. Fewer and fewer businesses and clubs are interested in doing so, however. There are no separate elections on whether to allow brown-bagging in a county or city; brown-bagging follows automatically when a community approves ABC stores. Of If a city or county votes in mixed drinks, brown-bagging may continue for private clubs and veterans organizations but no longer is available for restaurants, hotels, and other businesses that are eligible for mixed drink permits. Prown-bagging permits are issued by the ABC Commission, just like all other ABC permits.

Local Governments as Permit Holders

Local governments may own and operate some of the establishments that are eligible for ABC permits. Convention centers are eligible for beer, wine, and mixed drink permits, for example, and ballparks, snack bars, and other establishments may sell beer and wine.¹⁰² If a local government operates a hotel, it would be eligible for ABC permits as well. Additionally, local governments may rent facilities to organizations or individuals who may want special occasion permits to serve alcohol to guests. A local government itself is eligible for a one-time permit to serve alcohol at a ticketed fund-raising event at which it will serve beer, wine, or hard liquor.

Under general state law, beer and wine may be possessed and consumed anywhere except where prohibited by law.¹⁰³ Accordingly, there is nothing unlawful about having beer and wine, and serving it without charge, in county or city buildings or grounds. It is lawful, therefore, to serve beer and wine at a reception, retirement celebration, or other event at city hall. Only if beer or wine is going to be sold is a permit necessary.

For spirituous liquor, the general rule is just the opposite. Spirituous liquor may be possessed and consumed only in those places specifically authorized by law.¹⁰⁴ Consequently, a permit such as a special occasion permit is required to even serve hard liquor at a local government event.

The ABC statutes specifically prohibit the issuance of a permit to sell beer or wine on the property of a public school or college. There are exceptions, however. Beer and wine is allowed, for example, at school and college functions and at campus hotels with mixed drink permits and at college performing arts centers and golf courses.

Local Control of Alcohol Rules

The ABC statutes give local governments limited control over the possession, consumption, and sale of alcohol. A county or city may adopt an ordinance prohibiting possession of open containers and public consumption of beer and wine on county or city property and also prohibiting possession on streets and parking lots closed for special events. A county or city may also by ordinance prohibit Sunday sales of alcohol except in places that have mixed drink or brown-bagging permits. Or

Other than those local controls, the rules on consumption, possession, and sale of alcohol are governed by state law.

^{100.} G.S. 18B-603(c)(3).

^{101.} G.S. 18B-603(d)(4).

^{102.} See G.S. 18B-1001.

^{103.} G.S. 18B-300(a).

^{104.} See G.S. 18B-102(a), -301(f).

^{105.} G.S. 18B-1006(a).

^{106.} G.S. 18B-300(c). Local ordinances are not needed for public possession and consumption of hard liquor because state law makes such conduct unlawful except where specifically authorized by law. See G.S. 18B-301.

^{107.} G.S. 18B-1004(d). State law prohibits alcohol sales before noon on Sunday. The requirement in G.S. 160A-191 that a city have a public hearing before adopting a Sunday closing ordinance does not apply to ordinances to stop Sunday alcohol sales.

Breweries, Wineries, and Distilleries

North Carolina has a number of breweries, wineries, and distilleries. Almost all the breweries are brew-pubs or craft breweries, and almost all the distilleries are small craft operations as well. The requirements for ABC permits are the same, though, regardless of the size of the operation. These kinds of commercial facilities can be located anywhere in the state; they do not depend on local approval at a referendum. In addition to producing their product and selling it to wholesalers for distribution to retail accounts, breweries and wineries also may sell their beers and wines directly to customers at their facilities and at several other locations in the state if they get the regular on-premise permits. They also may hold tastings.¹⁰⁸

The Three-Tier System of Distribution¹⁰⁹

Like almost all other states, North Carolina law mandates a three-tier system of distribution of beer and wine. Generally, a brewery or winery, no matter where located, that wants to sell its products in North Carolina may sell only to a wholesaler in the state; the wholesaler may sell only to a retail business like a grocery store or restaurant; a retailer may buy beer or wine only from a wholesaler; and producers and wholesalers may not own retail businesses. This system of regulation was introduced after Prohibition to guard against the abuses of any one entity having too much control over the distribution and sale of alcohol. The three-tier system, for example, prevents a brewery from pressuring a restaurant to carry only its products.¹¹⁰

To help enforce the three-tier system and assure that larger commercial businesses cannot exercise undue influence over the smaller fish, the ABC statutes and ABC Commission's rules include detailed instructions on the kinds of goods, favors, and services breweries and wineries and wholesalers can provide to retailers. The rules limit, for instance, the value of neon lights and clocks and other displays a wholesaler may provide to a bar or restaurant with a particular brand name on them.¹¹¹

Smaller breweries and wineries may distribute their products directly to retail accounts without going through a wholesaler. When their production passes a specified level, however, they must use a wholesaler. 112

The rise of the Internet has increased the interest in direct sales of alcohol to customers. State law allows wineries, whether located in North Carolina or elsewhere, to ship a very limited number of cases directly to customers in the state. The winery must obtain a permit from the ABC Commission and is restricted in both the number of cases that may be sent to any one individual and the total number of cases that may be shipped directly to customers in North Carolina. Those limitations mean that this kind of purchase tends to be used only by wine connoisseurs. It does provide a means for a North Carolinian who has enjoyed a particular wine at a California or other out-of-state winery to have a case shipped home.

Law Enforcement

Many violations of the alcoholic beverage control (ABC) law, such as serving to a minor or to someone who is already intoxicated, are criminal and may be investigated by city police or sheriffs' deputies. Additionally, local ABC boards are required to spend a certain portion of their revenue on law enforcement, either through their own officers or contracting

^{108.} See G.S. 18B-1001.

^{109.} See generally G.S. Chapter 18B, Articles 11, 12, 13.

^{110.} G.S. 18B-1116(a)(1).

^{111.} See, e.g., 4 NCAC 2T, § .0713.

^{112.} See, e.g., G.S. 18B-1114.3(b).

^{113.} G.S. 18B-1001.1.

with other agencies,¹¹⁴ and there is a state agency also charged with alcohol law enforcement. Unlike regular police, those local and state alcohol officers also look for violations of the ABC Commission's rules.¹¹⁵

The Law to Be Enforced

Chapter 18B of the General Statutes contains almost all of the state's regulations pertaining to alcohol. Other parts of the General Statutes address alcohol taxation, drunken behavior and driving, minimum ages for employees in establishments that sell alcohol, and a variety of ancillary matters, but all the essential regulatory provisions—who may get permits, hours of sale, approval of brands, etc.—are in Chapter 18B. Those laws are the principal enforcement priority for local and state alcohol enforcement officers. Some violations are criminal and may be prosecuted in court; many others are regulatory and form the bases for actions by the ABC Commission to deny, suspend, or revoke permits or to assess fines against permit holders.

Alcohol enforcement officers also apply the extensive rules of the ABC Commission. Those rules describe in considerable detail how permit holders may conduct their businesses. There are rules governing advertising, storage of bottles, approval of new labels, promotions, gifts from suppliers, recordkeeping, consumer contests, and a host of other issues for the breweries, wineries, distilleries, importers, wholesalers, hotels, restaurants, grocery stores, convenience stores, theaters, ballparks, and numerous other businesses that hold ABC permits. Local and state alcohol officers have authority regular police do not have, namely, the authority to enter licensed premises to inspect for compliance with the many regulatory provisions found in Chapter 18B.¹¹⁶ That kind of regulatory enforcement takes up much of the officers' time.

State Alcohol Law Enforcement Section

The Alcohol Law Enforcement (ALE) section is within the state Department of Public Safety. While ALE agents' primary mission is enforcement of the ABC laws, they also concentrate on drug, tobacco, and lottery-related offenses. The 100+ agents, operating out of regional offices, have performed background checks for ABC permit applications, conducted educational programs for permit holders, routinely inspected ABC premises, and investigated violations of both the ABC laws and the ABC Commission's rules. Although ALE agents work closely with the ABC Commission and initiate many of their investigations at the request of the commission, they are not employees of nor supervised by the commission. They are employees of the separate Department of Public Safety. Budget cuts in 2013 may reduce the role of ALE agents and shift more of their work to the ABC Commission itself.

Local ABC Enforcement

Each local ABC board is required to itself employ one or more law enforcement officers or to contract with a city police department, sheriff's office, or ALE for the enforcement of ABC laws in its jurisdiction. Some counties, including several of the larger ones, still have their own enforcement officers, while most ABC systems contract with the city police or sheriff. A separate statute requires each board to set aside at least 5 percent of its gross receipts for enforcement and says that the local ABC board may contract with ALE for that purpose.

Local ABC officers are authorized to, and often do, assist other law enforcement agencies. ¹²¹ Before that can happen, the local ABC board has to adopt a resolution authorizing such assistance and there then has to be a specific written request, acknowledged in the board's minutes. The local board continues to be responsible for any assisting officer's salary, benefits, and workers' compensation while the officer is helping the other agency, unless a different arrangement

^{114.} See G.S. 18B-501, -805(c)(2).

^{115.} See G.S. 18B-500.

^{116.} G.S. 18B-502.

^{117.} G.S. 18B-500(b).

^{118.} G.S. 18B-101(5).

^{119.} G.S. 18B-501.

^{120.} G.S. 18B-805(c)(2).

^{121.} G.S. 18B-501(e).

is agreed upon. Local ABC boards also may work out interlocal agreements with other boards or with cities or counties for mutual assistance in law enforcement. Because of potential liability for actions taken by its enforcement officers while they are working for another agency, a local ABC board needs to review any proposed assistance or mutual aid agreement carefully and consider whether those liability issues should be explicitly addressed in the agreement.

Local ABC officers have the same inspection authority that ALE agents have.¹²³ That is, they may enter licensed premises at any time to check for compliance with the ABC statutes and the ABC Commission rules. When a local ABC board contracts with city police or the sheriff for ABC law enforcement, the police officers or deputies assigned to that duty acquire the inspection authority of an ABC officer.¹²⁴ As regular law enforcement officers they would have no right to enter and look around a restaurant or bar if the owner did not want them there, but as ABC enforcement officers they are authorized to do so. For that reason, city police departments and sheriffs like to contract with their local ABC boards; the inspection authority gives them easier access to troublesome locations than they would otherwise have. To prevent abuse of the inspection authority, the law allows no more than five city police officers or sheriffs' deputies to be designated as having that power.¹²⁵

To ensure that city police officers and sheriffs' deputies are actually performing the ABC enforcement duties for which the local board has contracted, the respective agencies must submit a monthly report to the local board of the number of (1) ABC arrests in locations with permits and elsewhere and (2) ABC educational programs conducted.¹²⁶ The board then shares the report with its appointing authority and with the state ABC Commission.

Seizures and Forfeitures

The ABC statutes include detailed provisions on the disposition of alcohol seized due to violations of the law.¹²⁷ Generally, in such cases the alcohol is held until trial and then, depending on the outcome of the trial, is returned to the owner or destroyed or sold. Vehicles, boats, and airplanes used to transport nontaxpaid alcohol (typically bootleg whiskey) and equipment used to unlawfully manufacture alcohol are subject to forfeiture, and again, the statutes set out detailed procedures for seizing and holding such property and then disposing of it following the resolution of the criminal charges.¹²⁸

About the Author

Michael Crowell is Professor of Public Law and Government at the School of Government with extensive experience in ABC law.

^{122.} G.S. 18B-501(d).

^{123.} G.S. 18B-502.

^{124.} G.S. 18B-501(f).

^{125.} G.S. 18B-501(f).

^{126.} G.S. 18B-501(f1).

^{127.} G.S. 18B-503.

^{128.} G.S. 18B-504.



400 East Tryon Rd. | Raleigh, NC 27610 919.779.0700 | http://abc.nc.gov

VISITOR REGISTRATION SHEET

Alcoholic Beverage Control

3-9-17

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Julie Robinson	Robinson Consultin Group
Toma HoAm	T53
Cryskel Fuldman	Cht
Caroline Miller	AMGA
Laura Lansford	. PCDOR
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VISITOR REGISTRATION SHEET

Alcoholic Beverage Control

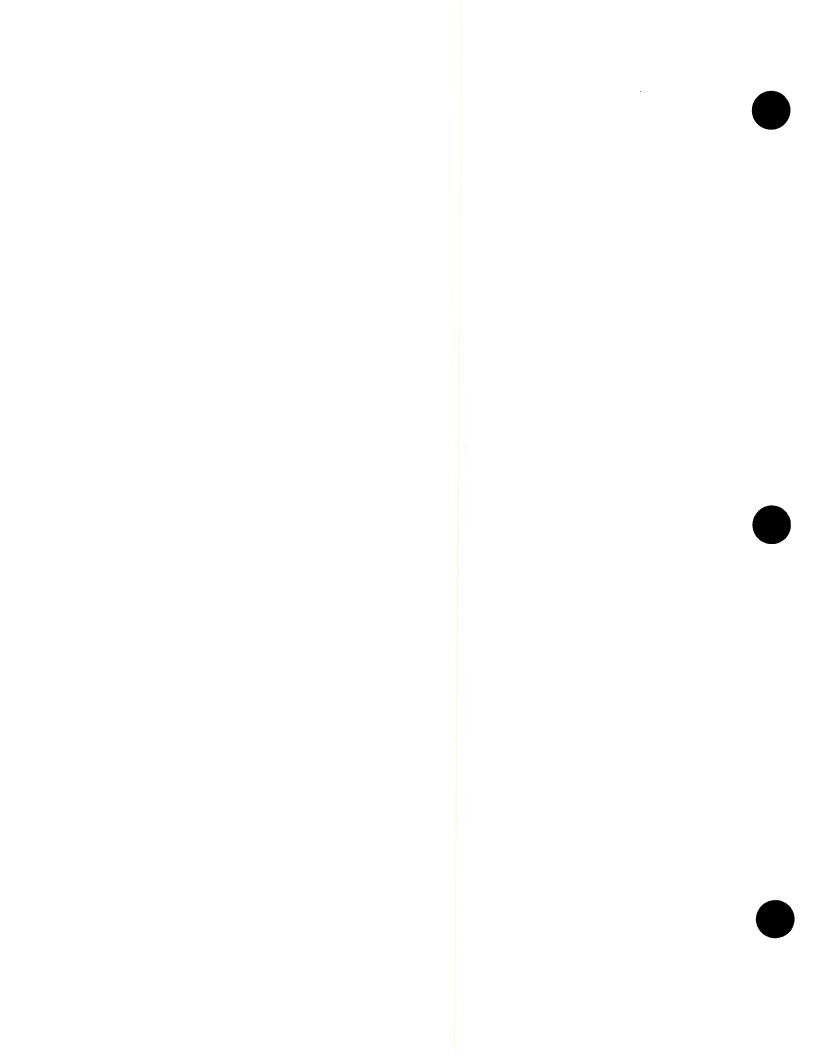
3-9-17

Name of Committee

Date

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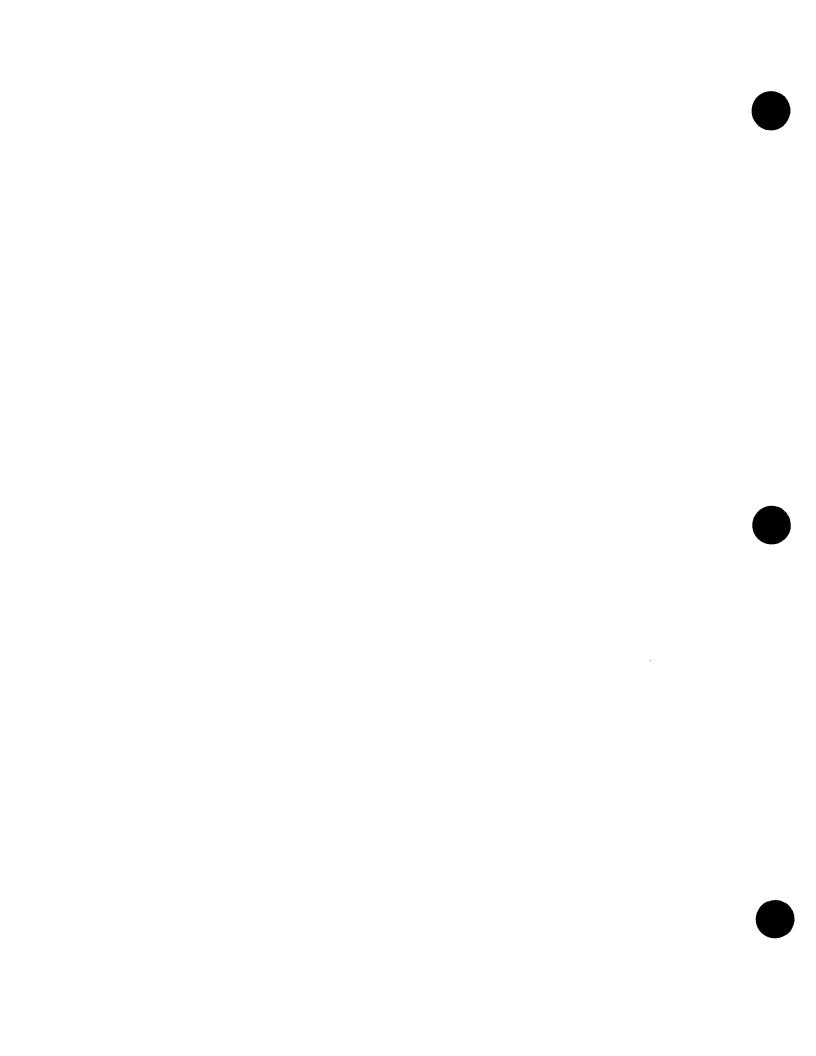


VISITOR REGISTRATION SHEET

Alcoholic Beverage Control	3-9-17
Name of Committee	Date

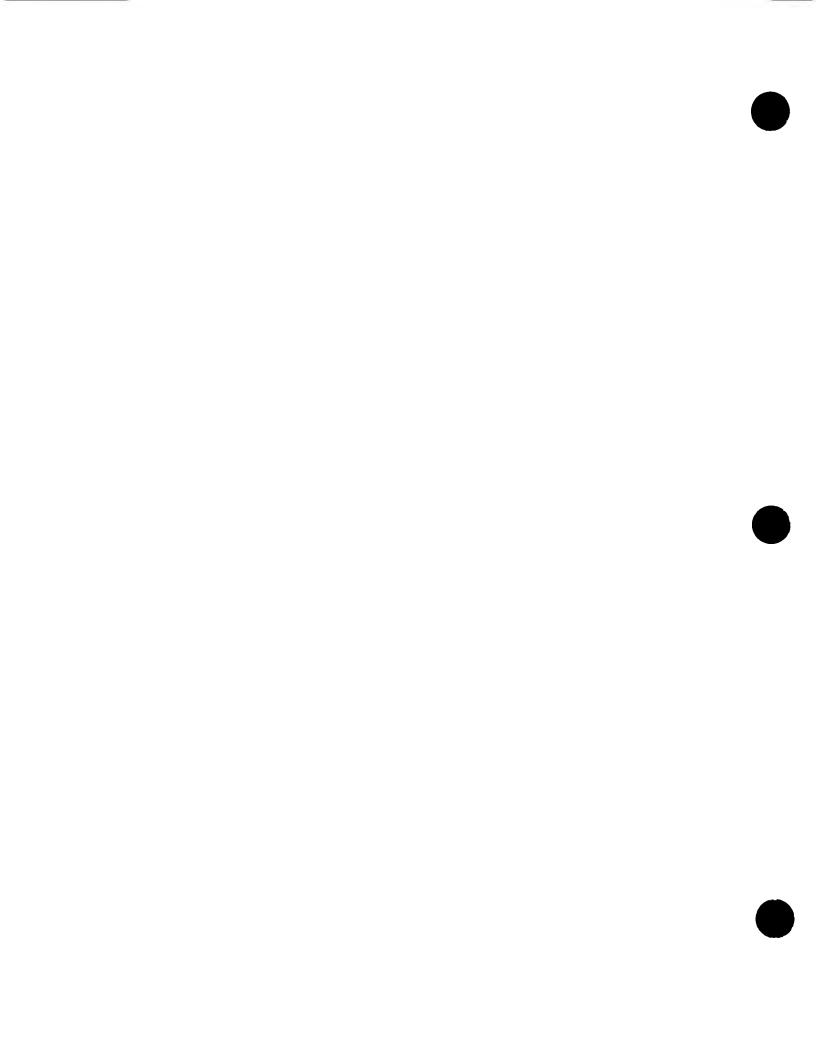
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Committee Sergeants at Arms

NAME OF	COMMITTEE_	Alcoholic Bevera	ge Control
DATE: _ 3-	9-17	Room:	424
		House Sgt-A	t Arms:
1. Name: _D	ean Marshbourne		
2. Name: <u>R</u>	ley Cooke	/8 m d and a september of a s	makkenske vik 1 til
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House Committee on Alcoholic Beverage Control Wednesday, March 15, 2017 at 11:00 a.m. Room 423

MINUTES

The House Committee on Alcoholic Beverage Control met at 11:00 a.m. on March 15, 2017 in Room 423. Representatives Alexander, Boles, Brawley, Fisher, Gill, Hanes, Hardister, Harrison, Hastings, Holley, Hurley, Jones, Lucas, Richardson, Stone, and Willingham attended.

Representative Jamie Boles presided and called the meeting to order at 11:07 a.m. The Sergeant at Arms and Pages in attendance were recognized by Chairman Boles.

Chairman Boles recognized Mr. Joel Keith, General Manager of the Wake County ABC Board to give an overview of the Local ABC Boards role in the overall ABC operations. (See attachment 1 for details on the information presented to the committee) Mr. Keith introduced Mr. Ike Wheeler, Assistant General Manager of the Wake County ABC Board and Mr. Lew Knuckles, Chief Law Enforcement Officer for the Wake County ABC Board who were both in attendance at the meeting. Following his presentation, the floor was open to members of the committee for a period of questions and answers.

Chairman Boles recognized Mr. Robert Schurmeier, Director of the State Bureau of Investigation to give an overview of the role of the SBI in the overall ABC operations. Director Schurmeier began by recognizing his staff members in attendance. (See attachment 2 for an outline of the information presented to the committee) Following his presentation, the floor was open to members of the committee for a period of questions and answers.

There were no votes taken during the meeting and there being no further business to discuss, the meeting adjourned at 11:46.

Rep. James L. Boles, Jr.

Presiding

Kerry Guice, Committee Clerk

NORTH CAROLINA HOUSE OF REPRESENTATIVES COMMITTEE MEETING NOTICE AND BILL SPONSOR NOTIFICATION 2017-2018 SESSION

You are hereby notified that the **House Committee on Alcoholic Beverage Control** will meet as follows:

Torrows.		
TIME: LOCATION: COMMENTS:	Wednesday, March 15, 2017 11:00 AM 423 LOB The Committee will hear a presentation om ALE staff. No bills will be heard.	from a local ABC Board and a
	Respectfully,	
	•	e James L. Boles, Jr., Co-Chair e Chuck McGrady, Co-Chair
I hereby certify the Monday, March	his notice was filed by the committee assista 13, 2017.	ant at the following offices at 5:41 PM or
	Principal Clerk Reading Clerk – House Chamber	
Kerry Guice (Cor	mmittee Assistant)	

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House Committee on Alcoholic Beverage Control Wednesday, March 15, 2017, 11:00 a.m. Room 423, Legislative Office Building

AGENDA

Welcome and Opening Remarks

Rep. McGrady, Presiding

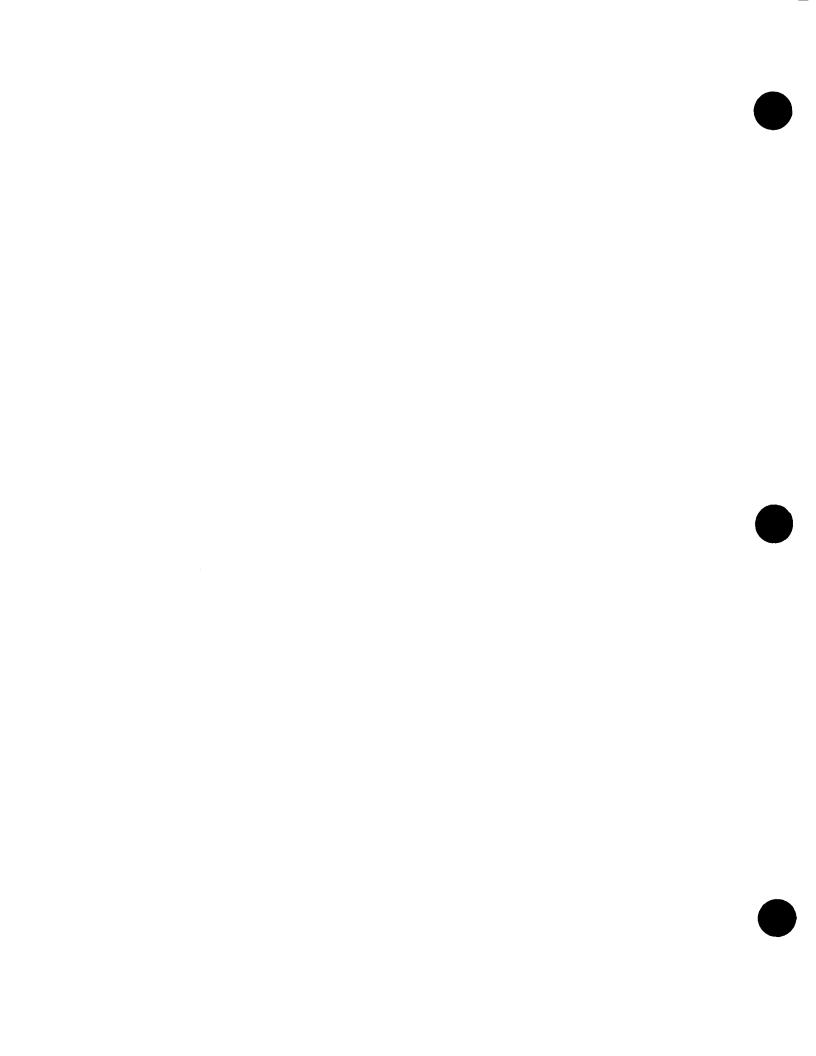
Introduction of Pages

Presentations

Joel Keith, General Manager, Wake County ABC Board

Alcohol Law Enforcement

Adjournment



Allocations to the State of North Carolina, County of Wake, and Alcohol Education and Rehabilitation for the years ending June 30, 2016 and June 30, 2015 were:

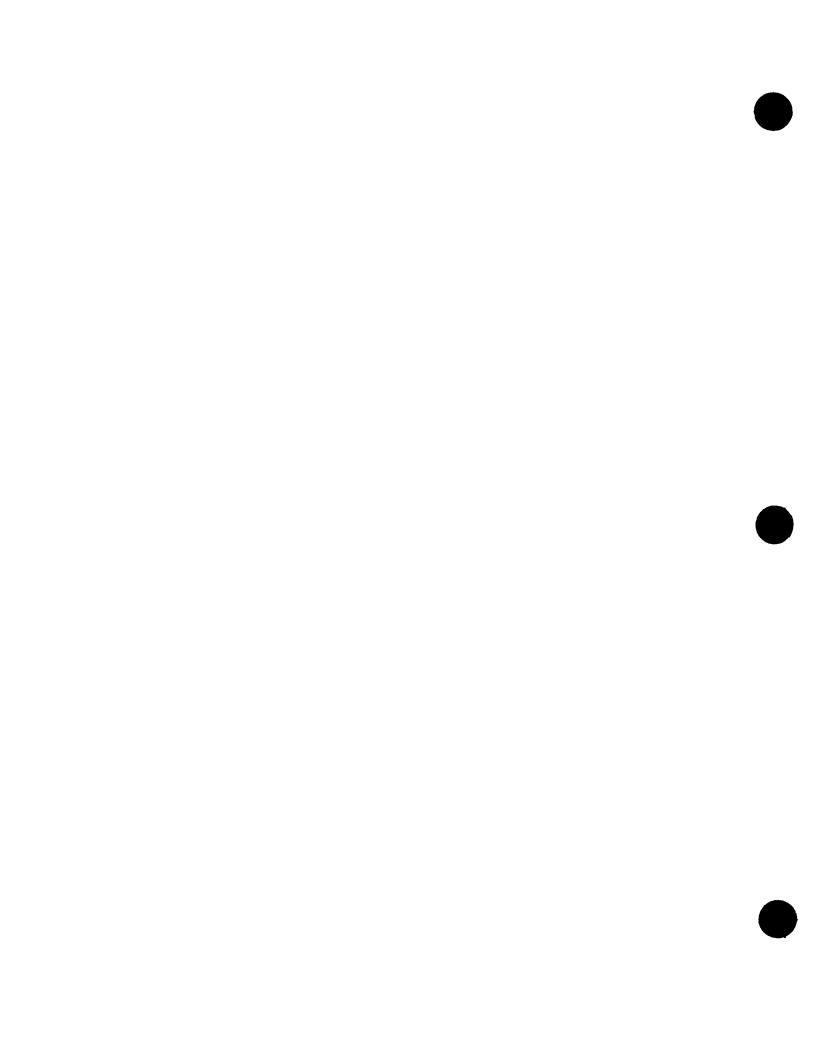
	<u>2016</u>	2015
State of North Carolina:		
Taxes (Sales & LBD)	\$28,827,976.12	\$26,473,274.77
Bailment Surcharge	857,974.68	519,290.46
Sales Tax	6,386,055.18	<u>5,849,594.28</u>
TOTAL	\$36,072,005.98	\$32,842,159.51
Wake County:		
Monthly from Profit	\$ 7,005,000.00	\$ 4,750,000.00
For Sheriff's Dept Radio	4,000.00	4,000.00
Bottle Tax	314,385.81	296,018.42
TOTAL	\$ 7,323,385.81	\$ 5,050,018.42

Alcohol Education & Rehabilitation:

TOTAL \$4,791,797.82 \$4,771,600.00

Allocations to the cities and towns of Wake County for the years ending June 30, 2016 and June 30, 2015 were:

	20	2016		015
City or Town	Allocation	Percent	Allocation	Percent
Angier	\$ 1,493.83	.0382	1,133.71	.0314
Apex	194,778.66	4.9843	176,449.23	4.8829
Cary	865,454.67	22.1467	800,244.49	22.1450
 Clayton 	0.33	.0000	.29	0.0000
Fuquay-Varina	98,176.03	2.5123	87,396.31	2.4185
Garner	119,746.27	3.0643	113,299.42	3.1353
Holly Springs	144,315.37	3.6930	130,472.67	3.6106
Knightdale	56,079.31	1.4351	50,812.48	1.4061
Morrisville	145,511.97	3.7236	134,072.47	3.7102
Raleigh	2,041,821.99	52.2496	1,904,644.97	52.7069
Rolesville	26,484.48	.6777	20,917.38	.5788
Wake Forest	164,895.88	4.2196	148,532.91	4.1103
Wendell	18,514.01	.4738	17,433.13	.4824
Zebulon	30,547.98	.7817	28,241.24	.7815
TOTAL	\$3,907,820.78	100.0000%	\$3,613,650.70	100.0000%



SBI Remarks

Acknowledge Greg Tart Deputy Director Angel Gray Legal Counsel

History

Began as State ABC sometime around the end of Prohibition (1933) 1977 State ABC became ALE In part to eliminate conflict of interest with enforcement reporting to the regulatory body

Staffing Fluctuations 1990's had as many as 135 sworn

		٠,

Currently has 108 Allocations with 103 Actual

1 Branch Head

2 Assistant Directors

10 SAC's

11 ASAC's

1 HT

4 Chapter 19

<u>Budget</u>

Operating Budget of \$8.9M with an additional \$3.3M in revenues and receipts Total budget of about \$12.2M

Jurisdiction

18B-500

Sets forth primary responsibility which is "enforcement of ABC and lottery laws" Full criminal arrest authority and statewide jurisdiction

		•	•
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ALE is the state's experts on Chapter 18B

- Train extensively on 18B to include both alcohol enforcement and regulations
- Acknowledged in court as experts on alcohol enforcement
- Work on the streets daily enforcing alcohol and lottery laws
- Transitioning towards greater prevention/education orientation
- Community betterment through HT and Chapter 19
- Boxing Authority
- Tobacco
- Bingo
- Lottery
- At times have subordinated alcohol enforcement in favor of street level drug enforcement

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Recent History

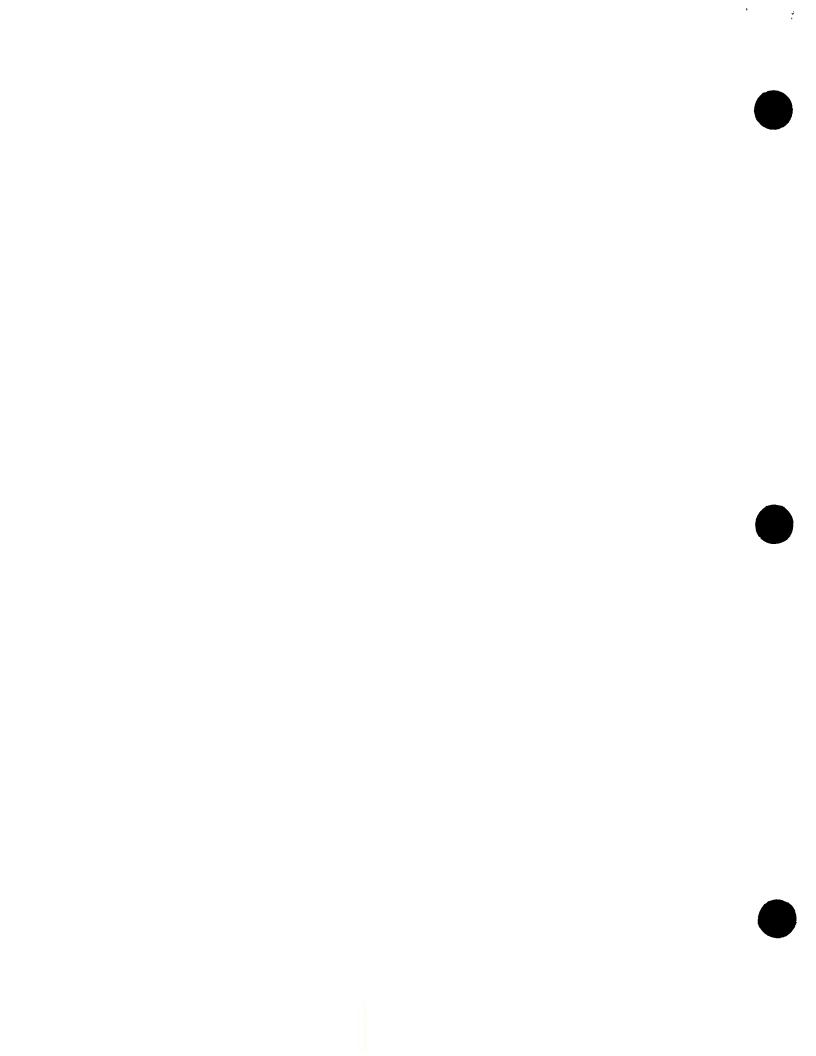
Past few years have left their future in flux with discussions about their complete elimination and persistent back and forth about where they should report

2014 legislation enacted to assign them to SBI as part of our independent and autonomous agency Legislation includes that they should remain separate and discrete

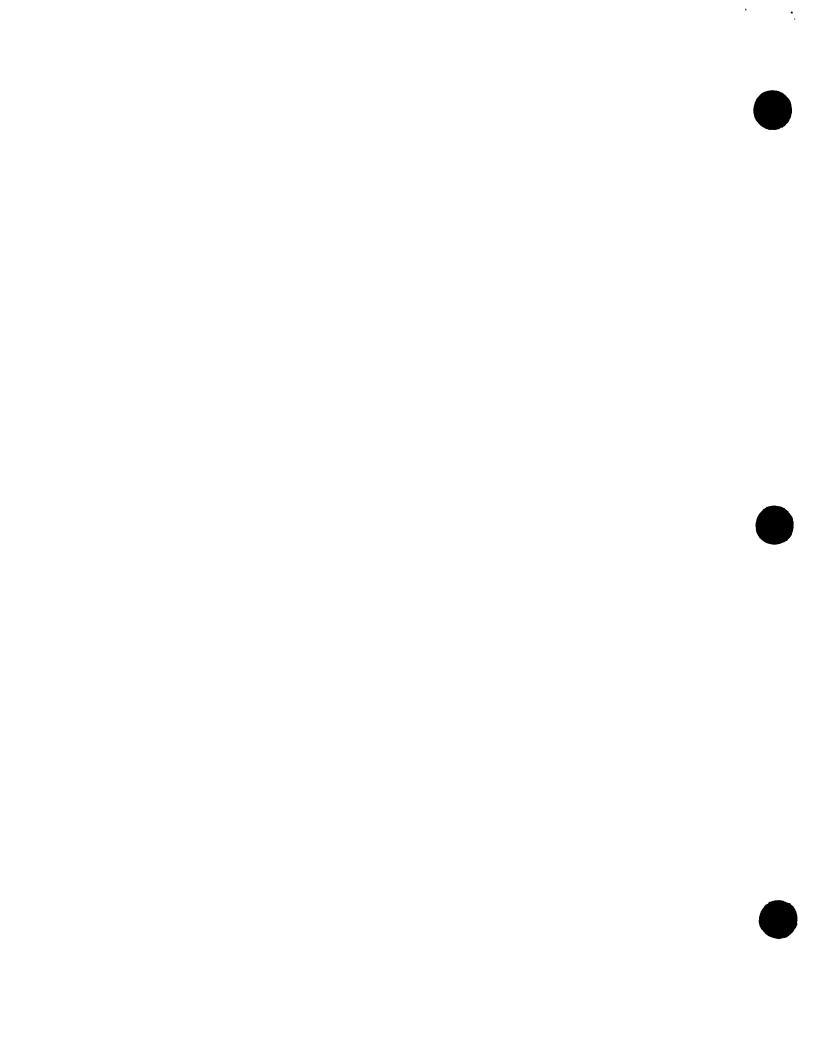
ALE field operations are collocated in the SBI field offices

Past 8 months

 ALE executives collocated on the same floor



- Joint executive staff meetings weekly basis
- Jointly communicated across enterprise
- Joint SAC meetings (middle mgmt..)
- Co-locating like functions together like training, SRT and SOG, others?
- Joint responses to hurricane, fires and Charlotte riots
- SBI Professional Stds taking over IA cases – focus on fairness and consistency
- Transitioning towards full accreditation (rules and regs will be one)
- Assimilating like functions together
- Entry level requirements elevated to SBI stds (four year degree)
- \$500K has been leveled pay better (two different systems)



- SAC's jointly meeting with sheriffs and chiefs
- Had retreat in December to become one
- Refocus on alcohol and lottery as priorities
 - OMet with all rank and file
 - Will NOT abandon law enforcement
 - Focus on problem outlets, violent hotspots and illegal outlets
 - 30,000 establishments 60,000 licenses

Future

- Address separate and discrete makes us inefficient and limits our success
- Need to follow one set of policies and procedures
- CALEA reaccreditation in November
- Push for pay and comp improvements across the board

		•

- Top mgmt. will be streamlined enterprise wide
- Completing a reassessment of leadership across the Bureau including ALE
- Sharpen focus on alcohol and gambling (past operations subordinated this)
- Create operational efficiencies that will equalize workload enterprise-wide
- Implement a combined operational model that supplements and enhances both SBI and ALE
- Continue empowering SACs of both to improve joint problem-solving and partnering with law enforcement
- Continued focus on prevention and education
- Re-establish working relationships with local ABC law enforcement
- Work closely with ABC Commission

			_

Recruiting pipeline is constricting examine recruiting and training with an
 eye towards consolidating and
 streamlining them

Cultures

- I've had experience with SBI and ALE since the 1970's
- Law enforcement cultures are unique
- Played a leadership role in merging Charlotte PD with Meck County
- ALE and the SBI have two separate and unique cultures - weaving them together has its challenges – we will get it done

Questions?



Recent past

- Cycles of reductions, serious discussions of eliminating altogether
- Operating from a high of 130?

- Incredibly talented group of men and women who quietly get the job done
- Hurricane MatthewGlenn Webb

Jurisdiction

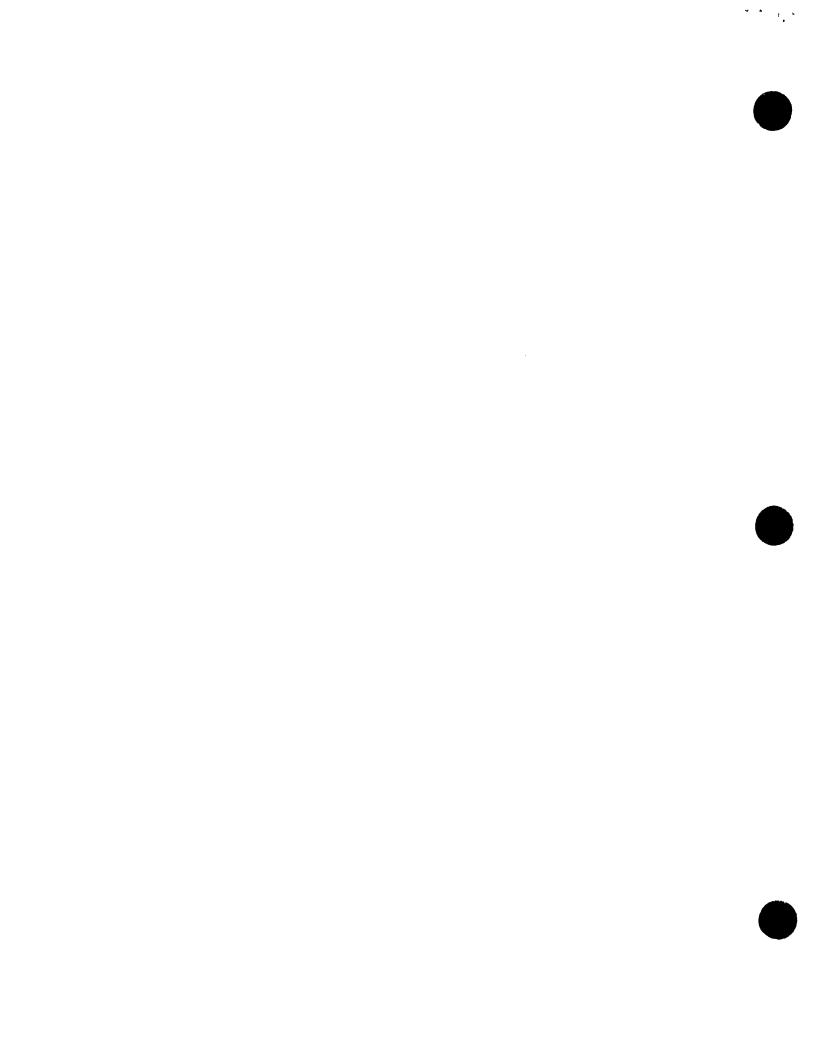
- Subject Matter
- Geographic
- Two years ago brought over with little advance notice?
 - Goals included?? Cost savings (located ALE in SBI offices)?? Efficiency gains??

Staffing/Structure
108 sworn allocations
XX non-sworn allocations
Branch head and 2 AD's = leadership team
(how do we convey there's not enough to keep 3 busy, that they all leave at 4 and



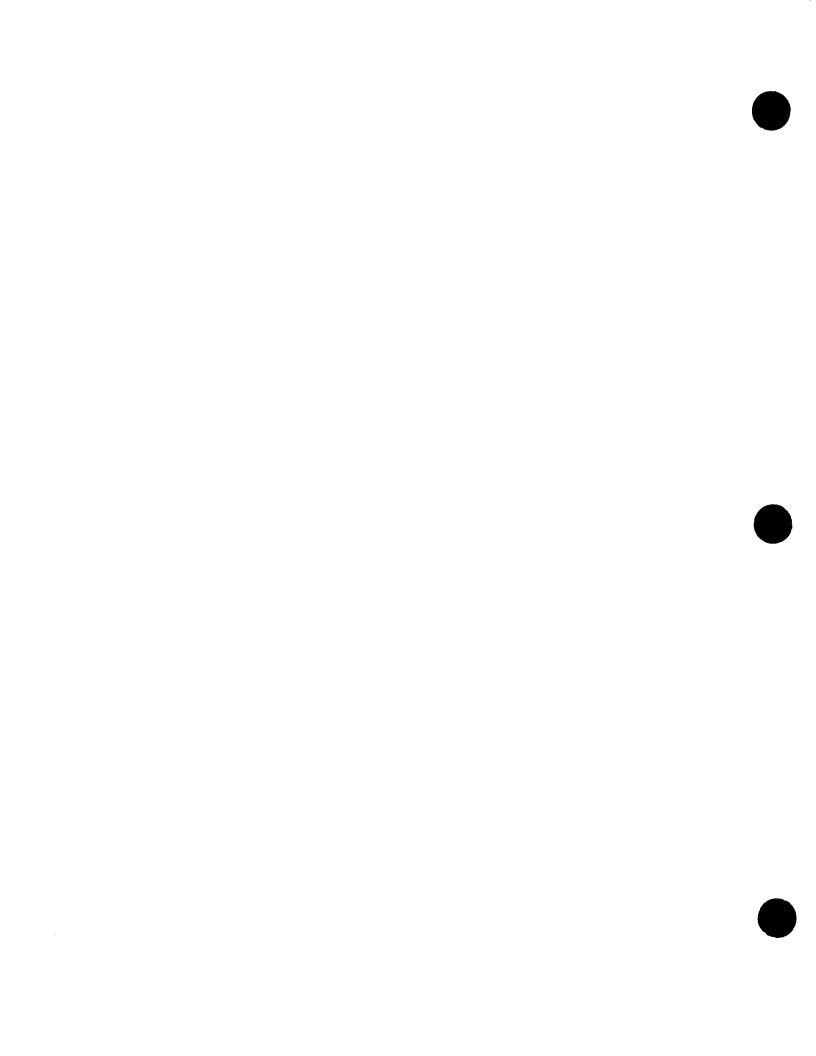
they have time to wander around, shoot guns, etc.??)
XX SAC's assigned to 8 districts
XX ASAC's
Specialized functions: One HT, 4 Chapter 19

Last 8 months – focus on integrating ALE into SBI as a division



Committee Sergeants at Arms

NAME O	E COMMITTEE _	Alcoholic Beverage Control
DATE: _3	3-15-17	Room: 424
		House Sgt-At Arms:
. Name:	Dean Marshbourne	
. Name:	Jonas Cherry ·	
ше: _	Rey Cooke	•
. Name:	Rex Foster	
. Name: _		•
		Senate Sgt-At Arms:
Name:		
Name:	4.24	
Name: _		
me: _		
Name:		



House Pages Assignments Wednesday, March 15, 2017 Session: 2:00 PM

Committee	Room	Time	Staff	Comments	Member
Alcoholic Beverage Control	Other 423	11:00 AM	Savannah Barnes		Rep. Speaker Tim Moore
	100		Hannah Bethea		Rep. Garland Pierce
			Mariah Pride		Rep. Speaker Tim Moore
Health	643	11:00 AM	Eliza Hilton		Rep. Speaker Tim Moore
			Marissa Huggins		Rep. Mike Clampitt
			Wilson Moore		Rep. Speaker Tim Moore
			Emily Pennington		Rep. Speaker Tim Moore
Pensions and Retirement	415	12:00 PM	Yasmeen Ayesh		Rep. Speaker Tim Moore
			Hannah Lewis		Rep. Speaker Tim Moore
			Brooke Reutinger		Rep. Speaker Tim Moore

Wednesday, March 15, 2017



VISITOR REGISTRATION SHEET

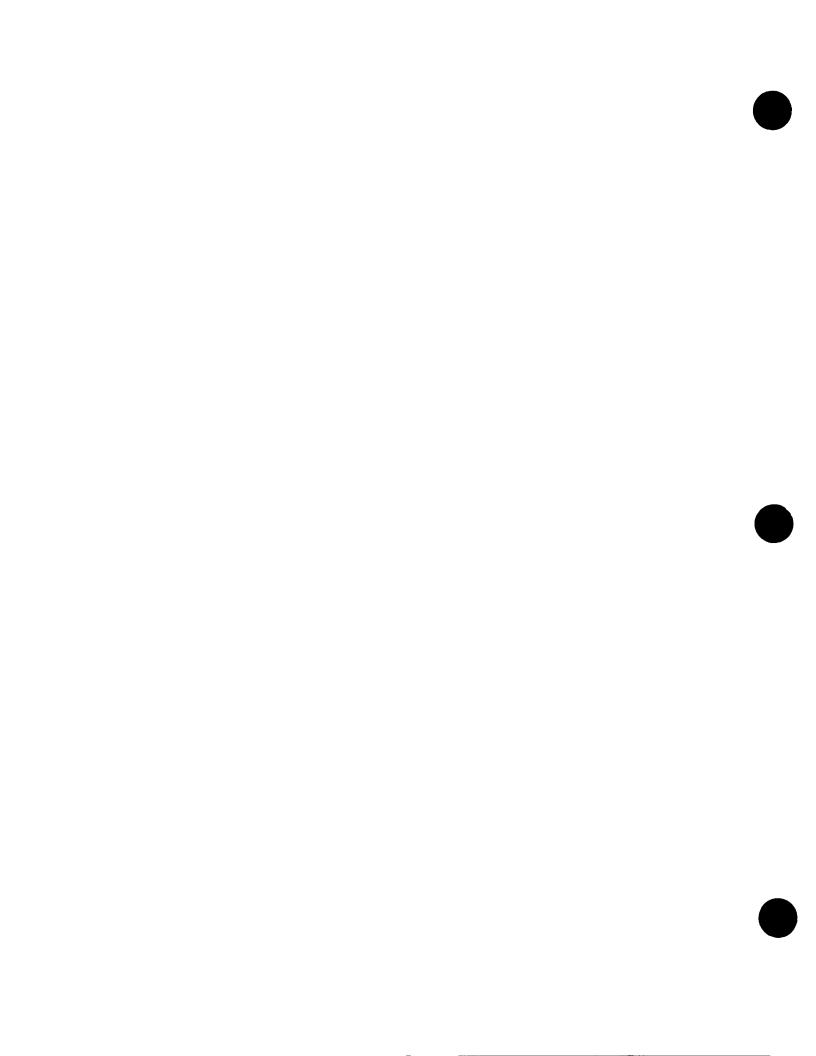
Alcohol	ic Beverad	ge Control
	& Cammitte	

3-15-17

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
REV. MANK CREECH	CAL
Elizamin Bisv	Proofs Pin
Starnes	057
Lexi athur	NCRMA
Elizabeth Poblyon	NRM
Joel Keith	Walke Co. ABC Board
I/e Wheeler	Wake Co. ABC Board
Lew Nuckles	Wake Co. ARC COWENT.



VISITOR REGISTRATION SHEET

Alcoholic Beverage Control
Name of Committee

3-15-17

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kinn Simkis	NCKLA
Andy Minn	NVA
Jonathan Bribales	Bribalar + Assoc
July Rubinson	Rubinson Consulty Group
Tot Corso	More Co. Salous in Boiss
And Elle	Ncent (
	*

House Committee on Alcoholic Beverage Control Wednesday, March 29, 2017 at 11:00 a.m. Room 544

MINUTES

The House Committee on Alcoholic Beverage Control met at 11:00 on March 29, 2017 in Room 544. Representatives Alexander, Boles, Brawley, Earle, Fisher, Gill, Hanes, Hardister, Harrison, Hastings, Lucas, Richardson, Saine, and Willingham, attended.

Representative James L. Boles, Jr. presided and called the meeting to order at 11:07 a.m. The chairman recognized the Sergeant at Arms staff and Pages who were present at the meeting.

Chairman Boles recognized Tim Kent, Executive Director of the North Carolina Beer and Wine Wholesalers Association to speak to the committee on behalf of the association. (See Attachment 1 for a narrative of Mr. Kent's comments and Attachment 2 for copies of the Handouts provided to the committee by Mr. Kent). Following his talk, members were recognized for questions.

Chairman Boles recognized Mr. Whit Winslow from the North Carolina Department of Agriculture, NC Wine and Grape Council to speak to the committee on behalf of the Council and its impact on North Carolina's economy. Following his talk, members were recognized for questions.

Chairman Boles recognized Mr. Alex Miller representing the NC Craft Brewers Guild to speak to the Committee on behalf of the Guild. Mr. Miller made a brief comment and provided handouts to the committee before yielding to members of the Guild to speak. (See Attachment 3 for copies of the Handouts provided to the committee by Mr. Miller) Chairman Boles recognized John Marrino, Founder, Olde Mecklenburg Brewery in Charlotte, NC to speak to the Committee. Following Mr. Marino's talk, members were recognized for questions. Chairman Boles then recognized Mr. Scott Maitland, President of the Distillers Association of North Carolina and Proprietor of Top of the Hill Distillery to speak to the Committee. (See Attachment 4 for a copy of the Handout provided to the committee by Mr. Maitland) Following Mr. Maitland's talk, members were recognized for questions.

Chairman Boles recognized Mr. Mark Mullins from the North Carolina Spirits Association to speak briefly on behalf of the Association.

No votes were taken and there being no further business, the meeting adjourned at 12:20 p.m.

Rep. James L. Boles, Jr.

Kerry Guide, Committee Clerk

		,	

NORTH CAROLINA HOUSE OF REPRESENTATIVES COMMITTEE MEETING NOTICE AND BILL SPONSOR NOTIFICATION 2017-2018 SESSION

You are hereby notified that the **House Committee on Alcoholic Beverage Control** will meet as follows:

DAY & DATE: Wednesday, March 29, 2017

TIME: 11:00 AM LOCATION: 544 LOB

COMMENTS: The Committee will hear presentations from the NC Beer and Wine Wholesalers Association, the NC Wine and Grape Council, the NC Craft Brewers Guild, and the NC Distillers Association. PLEASE NOTE ROOM NUMBER CHANGE. The meeting will be held in Room 544 and is reserved for a 2-hour block. It is anticipated that the meeting will last approximately an hour and 30 minutes.

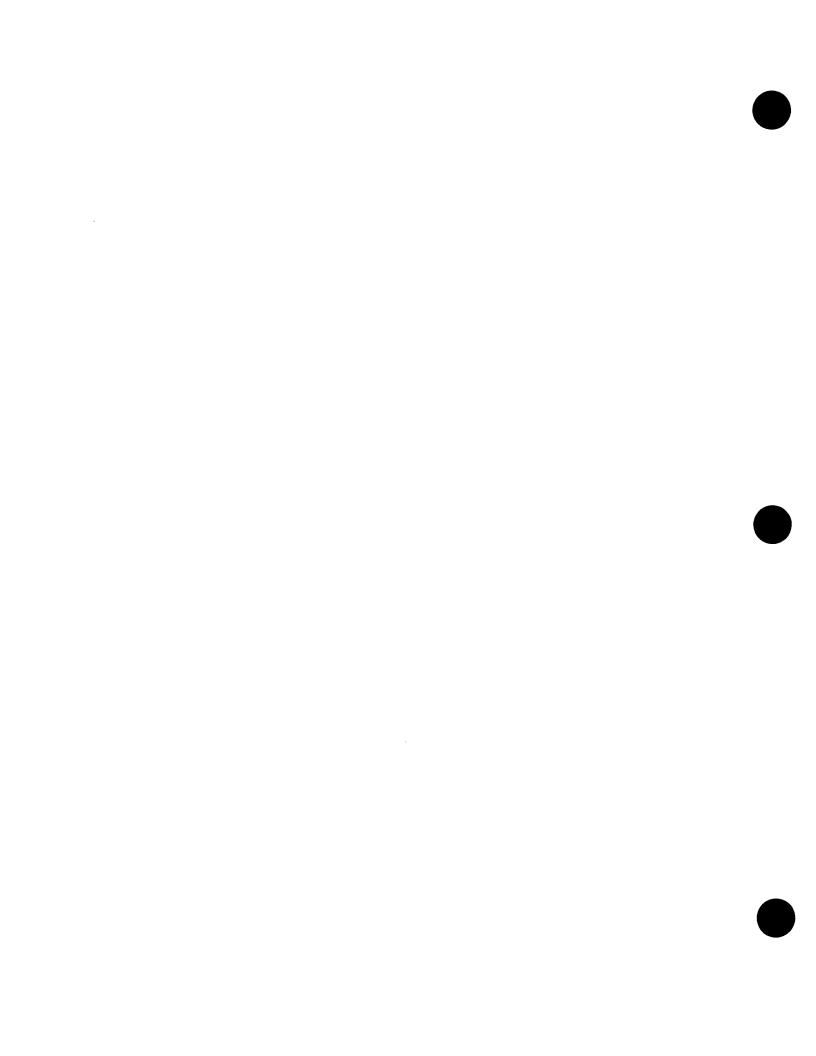
Respectfully,

Representative James L. Boles, Jr., Co-Chair Representative Chuck McGrady, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 12:29 PM on Monday, March 27, 2017.

Principal Clerk
Reading Clerk – House Chamber

Kerry Guice (Committee Assistant)



House Committee on Alcoholic Beverage Control Wednesday, March 29, 2017, 11:00 a.m. Room 544, Legislative Office Building

AGENDA

Welcome and Opening Remarks

Rep. McGrady, Presiding

Introduction of Pages

Presentations

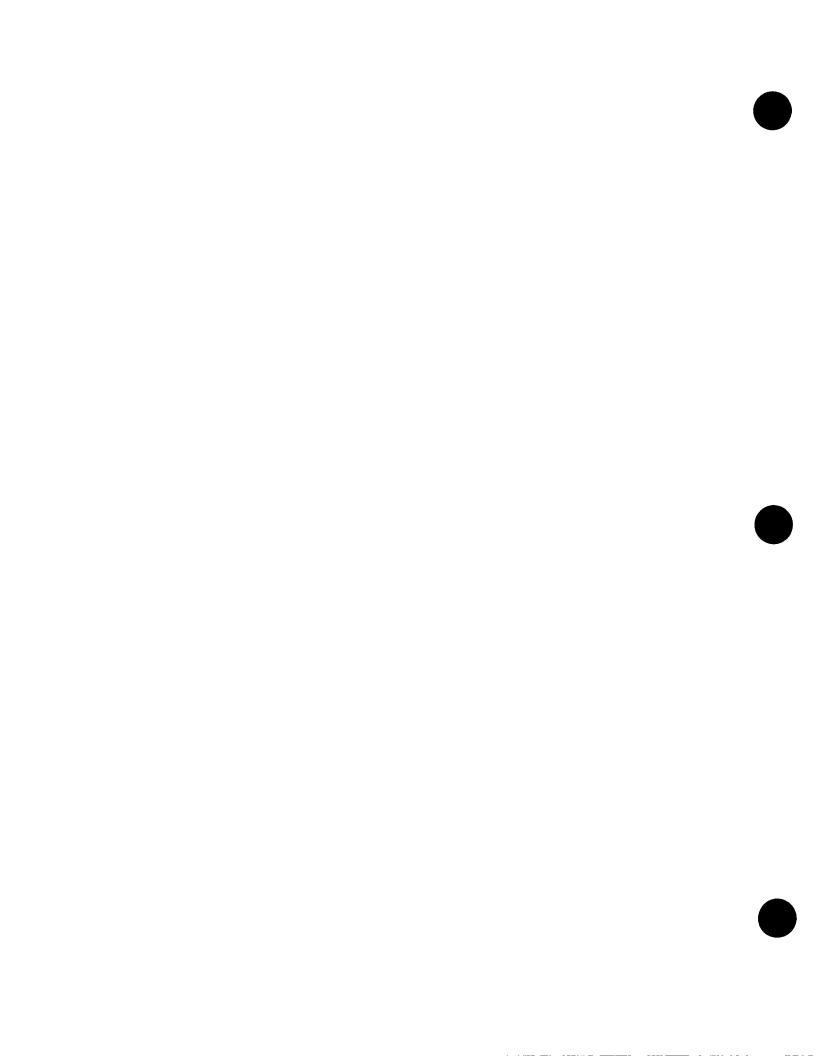
Tim Kent NC Beer and Wine Wholesalers Association

Whit Winslow NC Wine and Grape Council

Alex Miller NC Craft Brewers Guild

Scott Maitland, President
Distillers Association of North Carolina

Adjournment





My name is Tim Kent, executive director of the North Carolina Beer & Wine Wholesalers Association.

Our Association is comprised of 30 companies that employ 5,600 persons involved in the sales, marketing and distribution of beer and wine products. We operate about 75 different facilities across the state. These are family-owned companies which have been around for two or three generations.

Each year, our member companies pay about \$430 million in wages and benefits. The average compensation package for our employees in excess of \$70,000 per person. These are full-time jobs with benefits for health, disability and workers compensation.

Our member companies have an overall economic impact of \$2.6 billion, according to an economic study conducted by the University of Delaware.

Our company owners are leaders in their communities and they contribute generously in a charitable way to a long list of different causes. They are independent operators who have invested 100s of millions of dollars in their companies with trucks, warehouses, refrigerated storage space and, most of all, in people and jobs by employing 5,600 persons.

When I use the terms "Wholesaler" or "Distributor", they are the same thing. For the purposes of today, I am going to talk mostly about beer distribution although wine continues to be a fast-growing and ever-more significant segment in the alcohol marketplace. A recent Gallup Poll has beer as the beverage of choice for 43% of consumers with wine at 32% and spirits at 20%. However, it's important to note that 36 percent of all U.S. adults do not consume alcohol—and we respect that. It, too, is a measurement of consumer choice.

There's more competition in the beer business than ever before. When you walk down the aisle of your grocery store, you will see more beer products than at any time in our history. There are now more than 5,000 breweries in America and our independent system of beer distribution brings variety to the marketplace. We sell and deliver beers from Maine, Oregon, Michigan, Mexico, Germany and, of course, from your hometowns in North Carolina.

Distributors sell products to retailers. We don't make beer or wine, nor do we sell those products to consumers. We have business relationships with many of the breweries now doing business here in America, along with hundreds of importers. We help those breweries build their brands and gain market share.

How do we do that? Our distributors have top-of-the line sales and marketing teams, and we also have ongoing business relationships with the 60 thousand-plus retail permit holders across the state that sell those products to consumers. These are grocery stores, convenience stores, restaurants and taverns

This is an important point: Our member companies provide service to all of these accounts without discrimination. Whether it is a mom and pop convenience store or the largest Wal-Mart store, we provide service and delivery to all of those accounts. We treat everyone fairly. A case of beer is sold at the same price to the Circle K as it is to the Harris Teeter down the street.

So what we have in today's beer business is a robust marketplace with tremendous variety for consumers. The distributor creates a check and balance so that one brewer can't have undue influence over one retailer. When a distributor is involved, all retailers are treated fairly and without discrimination.

With all this variety of products, the distributor provides a much needed level of responsibility and a clear chain of custody in the sale of beer. We work hard to keep tap lines clean and remove products from the marketplace before they become outdated. And when products are damaged, we know where to locate those products and remove them before they become hazardous to consumers. In the last three years, our wholesalers participated in two recalls of nationally-known products and removed them from the marketplace within 48 hours----with no harm to consumers.

Another key point of value with wholesalers is that of efficient tax collection. The beer distributor is responsible for the collection and payment of all excise taxes. Distributors collect the tax and remit payment to the Department of Revenue by the 15th of the following month. It's an extremely efficient system of tax collection for the state. Beer distributors collect and remit \$121 million a year for the state's General Fund. Wine wholesalers collect and remit about \$28 million---and the State barely has to lift a finger. It is among the most efficient means of tax collection in State government.

Please allow to me say a few words about craft beer. Our member companies have strong business relationships with dozens of North Carolina craft brewers. In your packet, I have provided you a partial list of just some of the many North Carolina brewers who have formal business relationships with North Carolina distributors. The craft beer movement has brought a lot of excitement to the beer business. Likewise, we are pleased to have positive relationships with many of our craft beer partners. These partnerships span the state. Our distributor members are in the business of selling beer. Craft beer typically costs about \$36 a case while domestic beer sells for about \$20 a case. Our members are excited about that opportunity.

Let me share just two examples of our partnerships with craft brewers. Foothills Brewery in Winston-Salem entered into a distribution network just five years ago, and the growth of Foothills has been stunning. Foothills has grown by more than 500 percent growth in five years, and is about to become the #1 home-grown brewer in the state. Wicked Weed of Asheville signed up with four North Carolina distributors last summer and it's now on its way to becoming one of the hottest craft beer brands in America. Distributors have provided financial

support to these brewers so they can build more tanks and brew more beer. That's the way the system works. It's good for craft brewers and it's been good for consumers.

I would like to publicly correct some misinformation that is being spread to members of the General Assembly. When a brewer enters into a distribution agreement, the brewer does not give up its brand or its marketing rights. To the contrary – breweries are very protective of their intellectual property and marketing rights and they remain in control of all aspects of decision-making.

The fact is our North Carolina beer laws are the most permissive and craft-beer friendly of any Southern state---from Virginia to Texas. It's not even close. Some people like to say that our beer laws are archaic and antiquated. To the contrary, at least eight significant legislative changes have been made to the beer laws since 2003. Our Association has worked closely with legislators and industry partners to enact those changes; nearly all of which have been adopted in a spirit of consensus and cooperation with industry stakeholders, rather than through a rush to judgment.

In closing, let me address the issue of responsibility. Alcohol is a controlled substance, it is not an ordinary product. It is taxed and regulated for a reason. Alcohol is a product that, if not handled in a responsible manner, can cause significant problems for society. Most of us in this room know one or more persons who have had their lives take a wrong turn because of alcohol. We believe that having a permit to sell alcohol is not a right; it is a privilege, and our distributors take this privilege seriously. We have worked in partnership with the state ABC Commission in its underage drinking initiative. We work in our local communities to deter drunk driving and we sponsor a wide array of programs to promote responsible consumption.

Many of you have already visited one or more of our warehouses so you can see first-hand what our distributors do. I would be happy to arrange a visit for you in a warehouse located either in or close to your district. Thank you for listening, and I will be happy to answer any questions you might have.

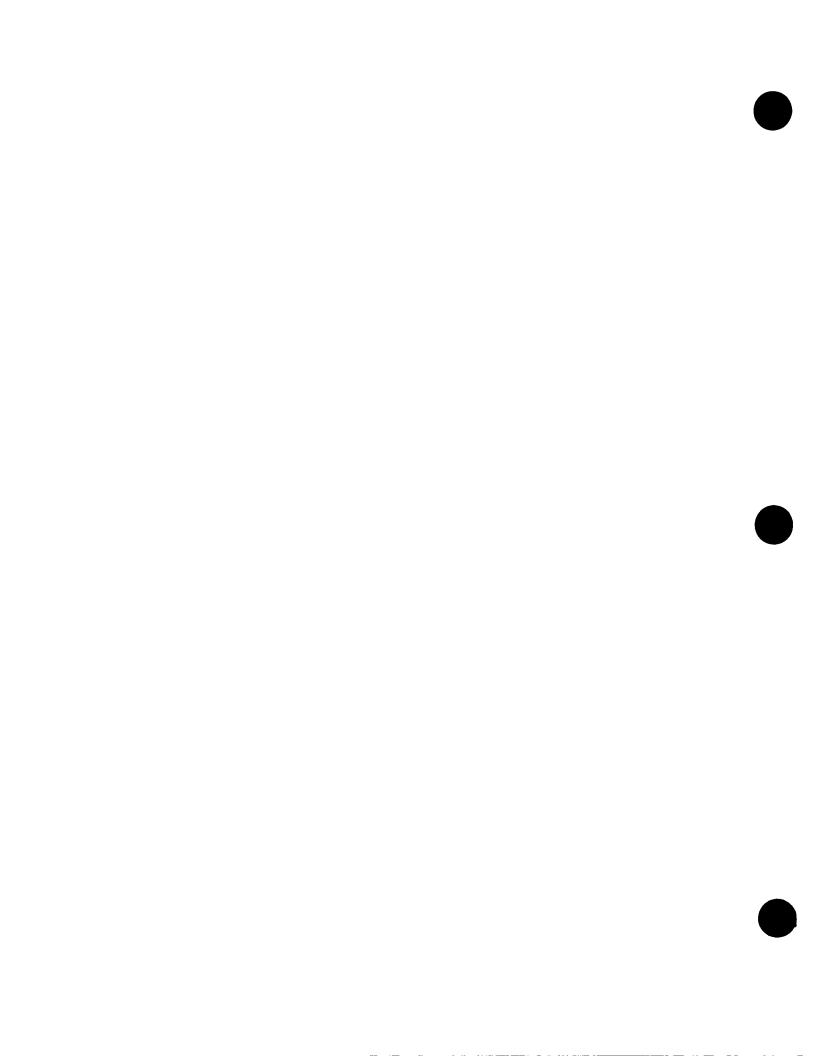
A Partial List of North Carolina Brewers Working With Distributors

2015 Production (barrels)

Sierra Nevada Brewing, Mills River and Chico, CA	1,222,369
New Belgium Brewing, Asheville and Ft. Collins, CO	914,063
Oskar Blues Brewing, Brevard and Longmont, CO	261,000
Highland Brewing, Asheville	41,910
Foothills Brewing, Winston-Salem	37,619
Natty Greene's, Greensboro	28,000
Lonerider Brewing, Raleigh	18,000
Aviator Brewing, Fuquay-Varina	15,000
Big Boss Brewing Co., Raleigh	11,000
Green Man Brewing, Asheville	9,587
Hi-Wire Brewing, Asheville	9,500
Asheville Pizza and Brewing, Asheville	6,200
Mother Earth Brewing, Kinston	9,000
Wicked Weed Brewing, Asheville	7,000
Duck Rabbit Craft, Farmville	7,522
Catawba Brewing, Morganton/Asheville	7,200
Carolina Brewing Co., Holly Springs	7,000
Carolina Brewery, Pittsboro	5,052
Nantahala Brewing Co., Bryson City	5,000
Appalachian Mountain Brewing, Boone	2,500
Sugar Creek Brewing, Charlotte	2,160
Olde Hickory Brewing, Hickory	DNR
White Street Brewing, Wake Forest	DNR

Data provided by the Brewers Association in its May/June 2016 issue of *The New Brewer* magazine.

DNR = Did not report production data in 2015





Beer Distributors Delivering Economic Value in NORTH CAROLINA













68
Distributor Facilities

3,939 Employees

\$307.1 Million

Wages & Salaries

\$5 Million

Economic Impacts in Communities

Support of Charities, Local Events & Economic Development

\$335.5 Million

Federal, State & Local Taxes

\$1.9 Billion

Total Economic Impact





NBWA Distributor Members in

NORTH CAROLINA

Adams Beverages of North Carolina Charlotte, NC

> The Best of Beers Hickory, NC

Budweiser of Asheville, Inc. Skyland, NC

> Budweiser of Sylva Sylva, NC

Caffey Distributing Co., Inc. Greensboro, NC

Carolina Eagle Distributing Inc. Rocky Mount, NC

Carolina Premium Beverage LLC Concord, NC

City Beverage Co., Inc. Elizabeth City, NC

Coastal Beverage Co., Inc. Elizabeth City, NC

Coastal Beverage Co., Inc. Farmville, NC

Coastal Beverage Co., Inc. Pollocksville, NC

Coastal Beverage Co., Inc. Wilmington, NC

Harris Beverages, LLC Durham, NC Healy Wholesale Co., Inc. Fayetteville, NC

> Long Beverage Inc. Raleigh, NC

Mims Distributing Co., Inc. Raleigh, NC

Mutual Distributing Co. Arden, NC

Mutual Distributing Co. Charlotte, NC

Mutual Distributing Co. Elizabeth City, NC

Mutual Distributing Co. Greensboro, NC

Mutual Distributing Co. New Bern, NC

Mutual Distributing Co. Raleigh, NC

Mutual Distributing Co. Wilmington, NC

R.A. Jeffreys Distributing Company Greenville, NC

R.A. Jeffreys Distributing Company, LLC Goldsboro, NC

R.A. Jeffreys Distributing Company of Raleigh, LLC Raleigh, NC

R.A. Jeffreys Distributing Company -Wilmington Wilmington, NC

R.H. Barringer Distributing Co., Inc. Greensboro, NC

R.H. Barringer Distributing Co., Inc. Linwood, NC

R.H. Barringer Distributing Co., Inc. Roaring River, NC

R.H. Barringer Distributing Co., Inc. Winston-Salem, NC

Skyland Distributing Co., Inc. Asheville, NC

Standard Distributors Inc. Gastonia, NC

Tryon Distributing Charlotte, NC

United Beverages of North Carolina, LLC Hickory, NC

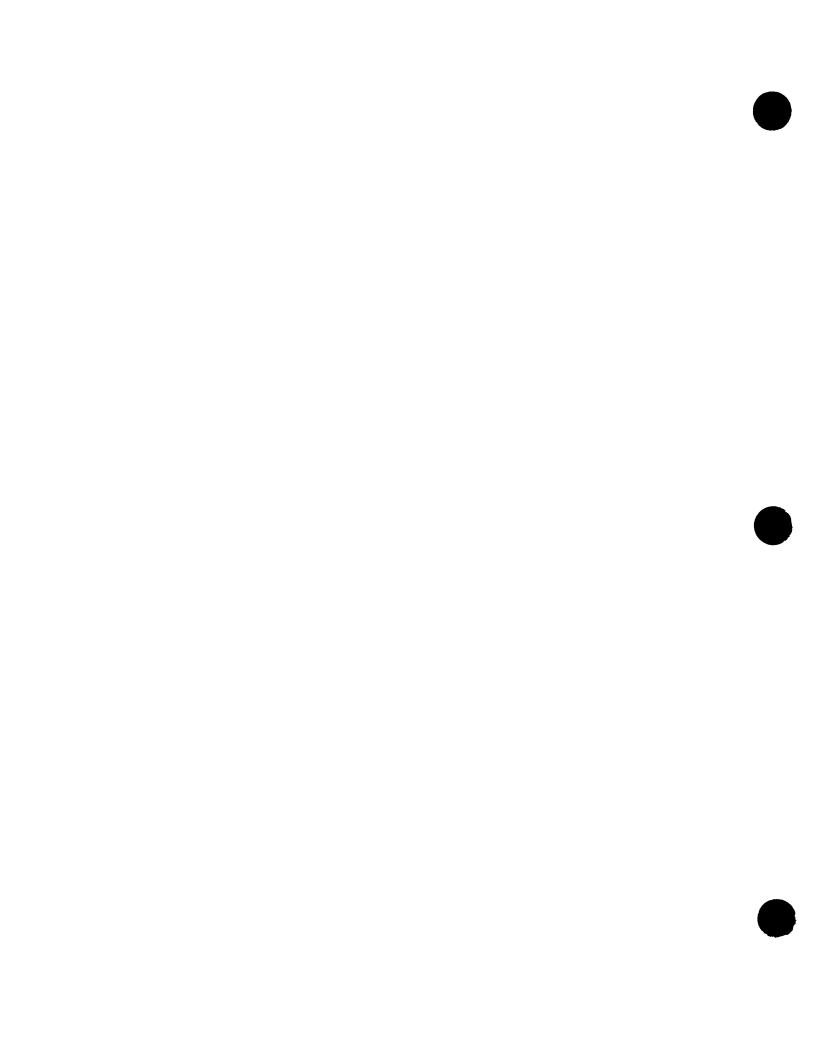
United Beverages of North Carolina, LLC Salisbury, NC

North Carolina Has **the Most Permissive Beer Laws in the South**... and It's Not Even Close!

- This is the only Southern state where small brewers are allowed to own and operate three retail locations, in addition to their brewery.
- This is the only Southern state where small brewers are allowed to terminate an agreement with a distributor without establishing good cause.
- And in North Carolina, small brewers are allowed to self-distribute up to 25,000 barrels per year. It is the highest number in the South and our neighboring states of Georgia, South Carolina and Virginia allow no self-distribution at all.

25,000 Barrels = 8.26 Million Bottles of Beer

Raising the Barrel Limit is Unfair, Unconstitutional and Anti-Competitive!





North Carolina Craft Breweries by House District

District 1

Weeping Radish Farm Brewery

Grandy, NC

Northern Outer Banks Brewing*

Corolla, NC

District 3

Brewery 99

New Bern, NC

District 5

Quick Trigger Brewing Co*

Ahoskie, NC

District 6

Lost Colony Brewery

Manteo, NC

Outer Banks Brewing Station

Kill Devil Hills, NC

District 7

Koi Pond Brewing Company

Rocky Mount, NC

District 8

Duck-Rabbit Craft Brewery

Farmville, NC

217 Brew Works

Wilson, NC

District 9

Nauti Dog Brewing Co*

Greenville, NC

District 11

Bond Brothers Beer Company Fortnight Brewing Company Jordan Lake Brewing Co*

New Currency Brewing*

Cary, NC

District 12

Mother Earth Brewing

Kinston, NC

District 13

3rd Rock Brewing Co

Rocky Mount, NC

Mill Whistle Brewing

Beaufort, NC

Shortway Brewing Company*

Morehead City, NC

District 16

Beer Therapy Brewing*

Hampstead, NC

District 17

Check Six Brewing Company

TBD*

Southport, NC

Makai Brewing Company*

Ocean Isle Beach, NC

District 18

Bill's Front Porch

Flytrap Brewing

Tiytrap brewing

Front Street Brewery

Ironclad Brewery

New Anthem Brewing Co

Waterline Brewing Company

Wilmington Brewing Co

Wilmington, NC

District 19

Good Hops Brewing, LLC

Carolina Beach, NC

Watermans Brewing*

Wilmington, NC

District 20

BroomTail Craft Brews

Wilmington, NC

District 24

Trollingwood Brewery
Uptown Brewing Company

Greenville, NC

District 26

Deep River Brewing Co

Clayton, NC

Double Barley Brewing

Smithfield, NC

District 29

Durty Bull Brewing Company Bull City Burger and Brewery

Bull Durham Beer Company Fullsteam Brewery

Ponysaurus Brewing

Durham, NC

District 30

Barrel Culture Brewing &

Blending*

Modern Romance Brewery*

Durham, NC

District 33

Brice's Brewing Company Raleigh Brewing Company

Plenty Brewing*

Trophy Brewing Company

TBD*

Raleigh, NC

District 34

Big Boss Brewing Company

Brewery Bhavana

Clouds Brewing

Clouds blewing

Crank Arm Brewing
Little City Brewing Company

Lynnwood Brewing Concern

Neuse River Brewing Co

Nickelpoint Brewing Co

Oak & Dagger, Public House

Sub Noir Brewing Company Tobacco Road Brewing Co*

Raleigh, NC

District 35

White Street Brewing Co

Wake Forest, NC

District 37

Aviator Brewing Company
Draft Line Brewing

Draft Line Brewing

Fainting Goat Brewing

Lincoln Brewing Company

3rd Degree Brewhouse* Fuquay-Varina, NC

Bombshell Beer Company

Carolina Brewing Company

Holly Springs, NC

Brüeprint Brewing Company Southern Peak Brewery

Apex, NC

District 38

Compass Rose Brewery

Raleigh, NC

District 40

Gizmo Brew Works Lonerider Brewing Company

Raleigh, NC

District 41

Alibi Brewing Company* New Hill Brewing Company*

Apex, NC

District 43

Dirtbag Ales

Hope Mills, NC

Huske Hardware House

Fayetteville, NC

District 44

The Mash House Brewing Co

Fayetteville, NC

District 45

Green Light Go Brewing Co*

Stedman, NC

District 49

Arcane Manor Brewing*

Raleigh, NC

District 50

Bad Eishop Brewing*

Mebane, NC

District 51

Came back Brewing Oc*

Sanford, NC

District 52

GroundLion Brewing*

Seagrove, NC

Railhouse Brewery

Abredeen, NC

Southern Pines Brewing Co.

Southern Pines, NC

District 54

Bear Creek Brews

Camelback Brewing Co*

Bear Creek, NC

Carolina Brewery

Pittsboro, NC

District 56

Carolina Brewery

Top of the H II YesterYears Erewery

Chapel Hill, NC

Dings Dig Brewing Co Starpoint Brewing

Steel String Brewery

Carrboro, NC

Mystery Brewing Company Regulator Brewing Company

Hillsborough, NC

District 57

Joymonger's Brewing Co Pig Pounder Brewery

Preyer Brewing Company TBD*

Greensboro, NC

District 58

Gibb's Hundred Brewing Co. Natty Greene's Brewing Co

Greensboro, NC

District 59

Red Oak Brewery

Whitsett, NC

District 61

XII Tribes Brewing* Brown Truck Brewing

Liberty Steakhouse & Brewery

High Point, NC

Leveneleven Brewing*

Pleasant Garden, NC

District 63

Haw River Farmhouse Ales

Saxapahaw, NC

District 67

Stony Mountain Winery*

Albermarle, NC

District 68

The Dreamchaser's Brewery The Drunken Poet*

Waxhaw, NC

Southern Range Brewing

Monroe, NC

District 69

4Chambers Brewing*

Stallings, NC

American Beerworks!*

TBD*

Charlotte, NC

District 70

Four Saints Brewing Co.

Asheboro, NC

District 71

Fiddlin' Fish Brewing Co.* Foothills Brewing Company

Small Batch Beer Company Wise Man Brewing

TBD*

Winston-Salem, NC

District 72

Hoots Roller Bar & Beer Co

Winston-Salem, NC

District 74

Kernersville Brewing Co NC Brewing Company*

Kernersville, NC

District 75

Fcothills Brewing Company

Winston-Salem, NC

Have Another! Brewing Co*

Clemmons, NC

District 76

Morgan Ridge Vineyards &

Brewhouse

Gold Hill, NC

Morgan Ridge Railwalk

Brewery & Eatery

New Sarum Brewing Co

Salisbury, NC

District 79

Westbend Winery & Brewery

Lewisville, NC

District 82

Cabarrus Brewing Company High Branch Brewing

Twenty Six Acres Brewing

Concord, NC

District 83

Red Hill Brewing Company

Concord, NC

District 84

1789 Brewery & Taphouse* Fourth Creek Brewing Co*

Southern Distilling Company*

Statesville, NC

District 85

Blind Squirrel Brewery

Plumtree, NC

Dry County Brewing Co

Spruce Pine, NC

Flat Top Brewing Company

Banner Elk, NC

District 86

Catawba Erewing Company

Fonta Flora Brewery

Morganton, NC

District 87

Granite Falls Brewing Co.

Granite Falls, NC

Howard Brewing Loe's Brewing Company

Lenoir, NC

District 89

American Honor Ale House

Hickory, NC

Terrell Brewing Company*

Terrell, NC

District 90

Angry Troll Brewing

Skull Camp Brewing

Elkin, NC

Thirsty Fish Community

Brewing*

Mount Airy, NC

District 93

Appalachian Mountain Brewerv

Booneshine Brewing Co

Goshen Brewery*

Ivory Tower Brewery

Lost Province Brewing Co Boone, NC

Beech Mountain Brewing Co

Blowing Rock Brewing Co.

Beech Mountain, NC

Blowing Rock, NC

Boondocks Brewing

West Jefferson, NC

New River Brewing* Warrensville, NC

District 95

1789 Brewery & Taphouse

Statesville, NC

33 Brewing Company* Ghostface Brewing

Hatchet Head*

Jolly Roger Brew* Lake Norman Brewing Co Mooresville, NC

District 96

Olde Hickory Brewery Hickory, NC

District 98 Ass Clown Brewing Company Bayne Brewing Company

D9 Brewing Company Cornelius, NC

Primal Brewery

Huntersville, NC

District 100

Bold Missy Brewery

Salud Cerveceria TBD*

Charlotte, NC

Legion Brewing

* denotes Brewery in Planning

2



District 102

Divine Barrel Brewing Co* Lenny Boy Brewing Company Olde Mecklenburg Brewery Sugar Creek Brewing Co Sycamore Brewing The Unknown Brewing Co Thirsty Nomad Brewing Three Spirits Brewery Triple C Brewing Company Wooden Robot Brewery Charlotte, NC

District 103

Barking Duck Brewing Co Mint Hill, NC TBD*

Matthews, NC

Resident Culture Brewing* Charlotte, NC

District 107

Birdsong Brewing Free Range Brewing Heist Brewery NoDa Brewing Company Rock Bottom Brewery Charlotte, NC

District 108

Rivermen Brewing Company York Chester Brewing Co Belmont, NC

District 109

Cavendish Brewing Co. Gastonia, NC

District 110

Ole Dallas Brewery Dallas, NC

Newgrass Brewing Company Shelby, NC

District 112

Hickory Nut Gorge Brewing Chimney Rock, NC

District 113

Brevard Brewing Company Ecusta Brewing Company Oskar Blues Brewery Brevard

Brevard, NC

Winding Creek Brewing Co. Columbus, NC

District 114

Asheville Brewing Company Ben's Tune-Up / Ben's Beer Bhramari Brewhouse Biltmore Brewing Brouwerij Cursus Keme* Burial Beer Company Catawba Brewing Company French Broad Brewing Co Ginger's Revenge* Green Man Brewery Hi-Wire Brewing Highland Brewing Company Lexington Avenue Brewery New Belgium Brewing One World Brewing Open Brewing Oyster House Brewing Co Sweeten Creek Brewing Thirsty Monk Pub & Brewery Twin Leaf Brewery UpCountry Brewing Wedge Brewing Company Wicked Weed Brewing Co Asheville, NC

District 115

Blue Mountain Pizza & Brew Pub Zebulon Artisan Ales Weaverville, NC

Lookout Brewing Pisgah Brewing Company Black Mountain, NC

District 116

Mills River Brewery

Arden, NC

District 117

Basic Brewery Sanctuary Brewing Company Southern Appalachian Brewery

Hendersonville, NC

Blue Ghost Brewing

Fletcher, NC

S'erra Nevada Brewing Co Mills River, NC

District 119

BearWaters Brewing Co Boojum Brewery Frog Level Brewing Company Tipping Point Brewery

Waynesville, NC

Heinzelmännchen Brewery The Sneak E Squirrel Brewery Innovation Brewing

Sylva, NC

Mountain Layers Brewing Co* Nantahala Brewing Company

Bryson City, NC

Whiteside Brewing Co*

Cashiers, NC

District 120

Andrews Brewing Company Hoppy Trout

Andrews, NC

Currahee Brewing Company Lazy Hiker Brewing Pitt Street Brewing Company*

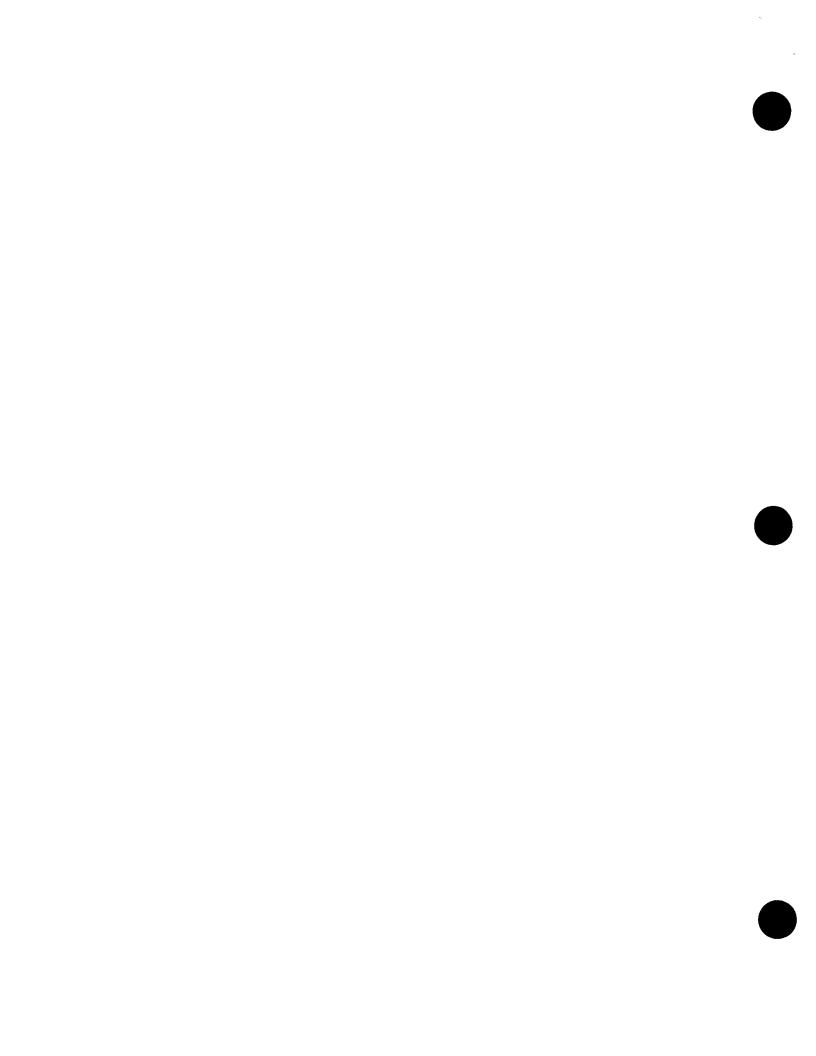
Franklin, NC

Satulah Mountain Brewing Company

Highlands, NC

Valley River Brewing Company

Murphy, NC



Our State DRINK 1000

BORN & BREWED IN NORTH CAROLINA

Highland breaking

February Conding

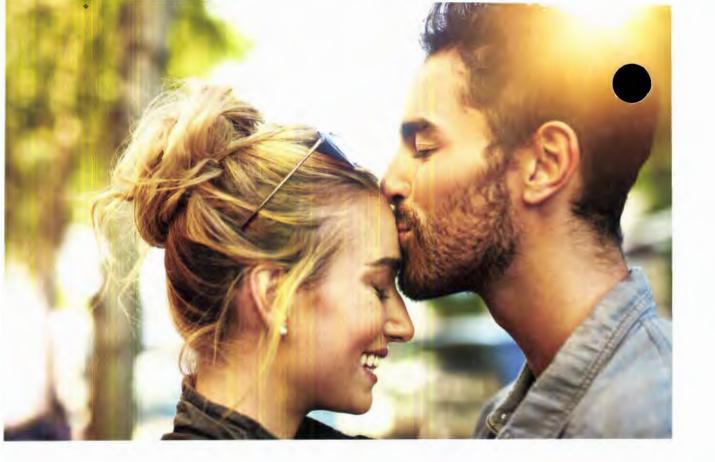
February Co

Pints, Unplugged, in Wilson

NC's Founding Father of Beer

PITIE

Our 20-Page Brewery Guide, Mountains to Coast



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local

9 Hometown Heart

Four Saints Brewing in Asheboro helps preserve the memories and legacy of a beloved town by inspiring new growth.

Where Everybody Knows Your Name

> Sure, the beer's great. But craft breweries like 217 Brew Works in Wilson are bringing something else to towns, too: togetherness.

Breaking the Pint Glass Ceiling

> At Highland Brewing Company in Asheville, women are making their mark in a maledominated industry.

19 Moving Mountains

Why three national breweries made a cross-country journey to North Carolina.

/ The Founding Father

How one man in Manteo changed the state's craft brewing landscape forever.

10 Gathering Place

Whether for a first date or a family outing, we come together at the brewery.

70 The Brewery Guide

A directory of North Carolina craft breweries from mountains to coast.



Fonta Flora Brewery in Morganton takes inspiration from the local landscape — from the exposed brick in the taproom to the seasonal agriculture incorporated in the beer.



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HOMETOWN

ayetteville Street runs the length of Asheboro, about eight miles, through the center of town. In 1972, my mother opened her needlework shop, Kit'n Caboodle, next to Fayetteville Street Baptist Church, where I started school. My family did everything on this street: Ate at The Wagon Wheel and Sir Pizza. Grocery shopped at Food World. Bought shoes (for all of us) at Big Deal Shoes, and comic books (for me) at Mann Drugs.

A few years later, my mother moved her shop a mile south — still on Fayetteville Street — to a former bowling alley in the Hedrick Arcade building. The newspaper covered the renovation, running a photograph of my mom in her new space, and of Mr. Hedrick himself, probably in his 80s then, wearing suspenders and a Stetson straw hat.

Beside Kit'n Caboodle was Elliot Office Supply, where I got my first typewriter, and Western Auto, where my dad bought my first bicycle, an electric-blue Schwinn with handlebar streamers. I rode that bike for hours in the parking lot behind the store. My dad opened his sandwich shop in this building, too, sharing a wall with my mom's store.

For years, this street — the main artery of Asheboro life — mattered to me.

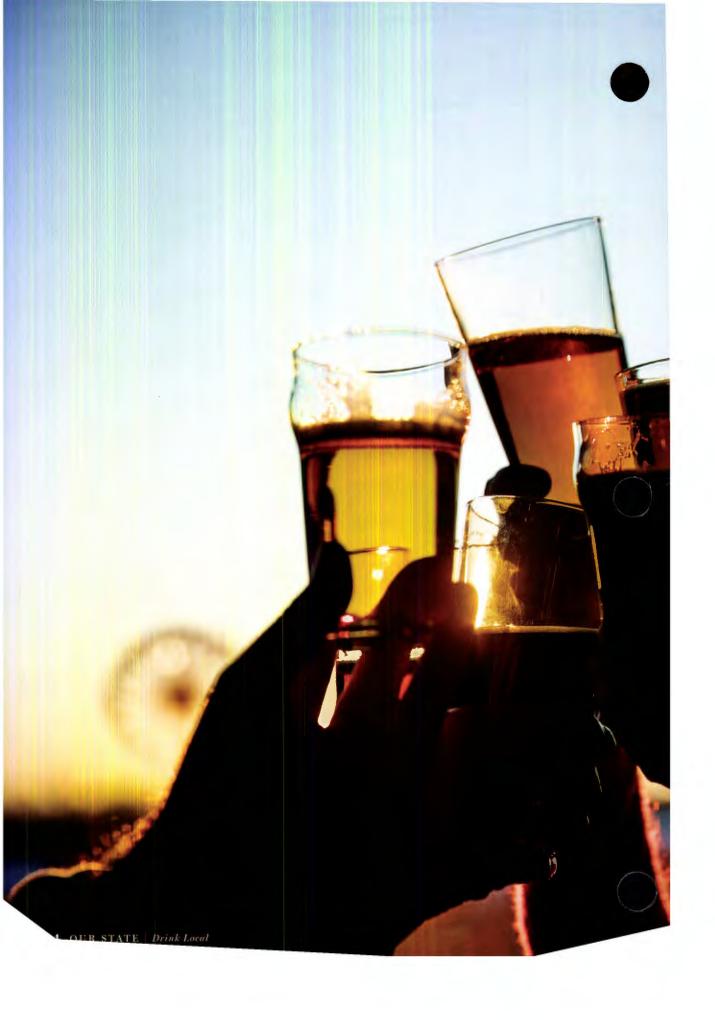
In 1988, I left Asheboro for college. My parents eventually closed their shops. Many of the businesses I knew disappeared. For a time, downtown Asheboro withered.

Twenty years later, something happened. An alcohol referendum ended more than a half-century of prohibition. Restaurants sprang up. The historic Sunset Theatre reopened. And two years ago, on the street I knew so well, Joel McClosky, a fifth-grade teacher with Asheboro City Schools, and Andrew Deming, a manager at Lowe's hardware, hung their sign for Four Saints Brewing Company, the first brewery ever in Randolph County, at 218 South Fayetteville Street. The old Western Auto spot. The newspaper covered the renovation, running a photograph of Joel in his new space, and of Brooks Hedrick, whose grandfather built this building nearly a hundred years ago.

When I took my mother to Four Saints — the first time she'd been in this building in more than 30 years — I watched as the wave of memories overtook her. For a moment, there we all were: my dad, steaming hot dog buns; my grandmother, shopping for dresses at Tobias across the street; my mom, unlocking the front door and chatting with all the shop-keepers; and me, a little girl lucky enough to grow up in a mighty good place.

Elizabeth Hudson Editor in Chief







Sure, the beer's great. But craft breweries are bringing something else to towns big and small: togetherness.

BY JEREMY MARKOVICH

At 217 Brew Works in Wilson, and at breweries across the state, it doesn't matter if you prefer an English pale ale or an oatmeal stout, just that you come together with friends and loved ones to enjoy it.

here's a TV in the corner of 217 Brew Works in Wilson. Nobody's ever asked for it to be turned on.

Instead, people talk. Gray Whitley, a photographer, sits at the bar with his friend Ed Everett, a surveyor. It used to be, Ed says, that people in this town would buy some beer and take it home. You'd see friends at the grocery store or at restaurants, but those weren't good places to have a conversation. Now, Gray and Ed are here. Talking. Over beer. "This seems to be a central place," Gray says.

This place is a century-old carriage house and stable, the bones of which have been kept intact. Owner Tom Curran is a local developer and a supporter of the Vollis Simpson Whirligig Park across the street: a square of open space populated with colorful, giant, wind-driven metal sculptures. Yeah, there's a park, Tom's wife, Barbara, told him, but what's going to bring people to it? Tom's a home brewer. A brewery, he says, "was a no-brainer."

217 Brew Works opened last November. The transformation has already begun.

BREWERIES HAVE A TRACK RECORD OF quickly changing North Carolina's neighborhoods. It's happened in Durham, in Asheville, and in Charlotte, where Olde Mecklenburg Brewery's spacious taproom and beer garden have, in two years' time, drawn dogs, strollers, yoga classes, and cyclists to a largely industrial neighborhood with truck-worn streets. Now, a cidery, apartments, and a bowling alley are sprouting up nearby. John Marrino, OMB's founder, knew this would happen. He'd seen, in Germany, how breweries have long been the social centers of cities.

Small towns, many of which have traditionally had a wary association with alcohol, now



want in, and their leaders spend a lot of time on the phone with Margo Knight Metzger, the executive director of the North Carolina Craft Brewers Guild. The economics, she explains, often push brewers to create gathering spaces. Breweries profit most off the beer they sell in their taprooms. They can survive by creating a local product for locals to enjoy. But to be successful, they have to transcend beer. "If you can be meaningful in your community," Margo says, "that's the sweet spot."

As a result, no town seems too small for a brewery now. West Jefferson has one. So do Elkin, Banner Elk, Dallas, Andrews, and Trenton. Combined, those six towns are home to a mere 13,000 people. Mayor Barry Hayes of Granite Falls, population 4,772, doesn't drink, but he goes to Granite Falls Brewing Company all the time. "It's the only craft brewery I've ever been in," he says. Forget the beer. Barry goes for the food. And the people.

BEFORE 217 BREW WORKS BECAME ONE OF North Carolina's 180-plus craft breweries, Tom and his brewer, John Kater, wanted to know what beer their future customers would enjoy. They started home brewing batches of







At 217 Brew Works, owner Tom Curran (in red) encourages socializing. A variety of games, such as dominoes and life-size Connect Four, invite customers to disconnect from technology and interact with ch other.

beer and taking it to birthday parties around Wilson and, in one case, a memorial service ("Eric loved IPAs," Tom says of the deceased). John and Tom created red ales, stouts, English pale ales, and even a sweet potato blonde ale. By the time the doors opened, a lot of people already knew what to order.

What they discovered, however, was a place where they could talk without shouting. Tom never wants anything to get out of hand here. He politely discourages discussion of religion or politics. He enforces a four-pint limit. "We encourage socializing to excess," Tom says, emphasizing that this is a tasting room, not a bar. Two recent college grads sitting on stools agree. "This is more chill," one says.

217's not done. There's live music. A community bulletin board. An outdoor beer garden. Tom hopes the brewery will lure other tenants to the storefronts he owns next door, perhaps a brick-oven pizza place or a gift shop. And since the brewery was announced, another developer has moved forward with plans to create Whirligig Station - apartments, restaurants, and some office space - in an empty red-brick tobacco warehouse on another edge of the park. It's a metamorphosis that Gray Whitley, sipping his beer, would never have seen coming. "Who would've known," he says, "that beer would lead the way?" Og

Jeremy Markovich is the senior writer/editor of Our State.

217 BREW WORKS

217 South Street South Wilson, NC 27893 (252) 991-6959 217brewworks.com



Breaking the PINT GLASS CEILING

At Highland Brewing Company in Asheville, women are making their mark in a male-dominated industry.

BY DEBBIE MOOSE

hen Hollie Stephenson looks over the shiny metal brew tanks on the work floor at Highland Brewing Company in Asheville, she's pretty pleased. Not only because, as Highland's brewmaster, she enjoys watching great beer come to life, but also because she sees a growing number of women involved in the process: Of the five people on the floor, two are women. "I like the way that looks," she says.

One of those women is her boss, Leah Wong Ashburn, president of the 23-year-old company. And there's Anna Sauls, Highland's sensory scientist. Two of the company's eight brewers are women.

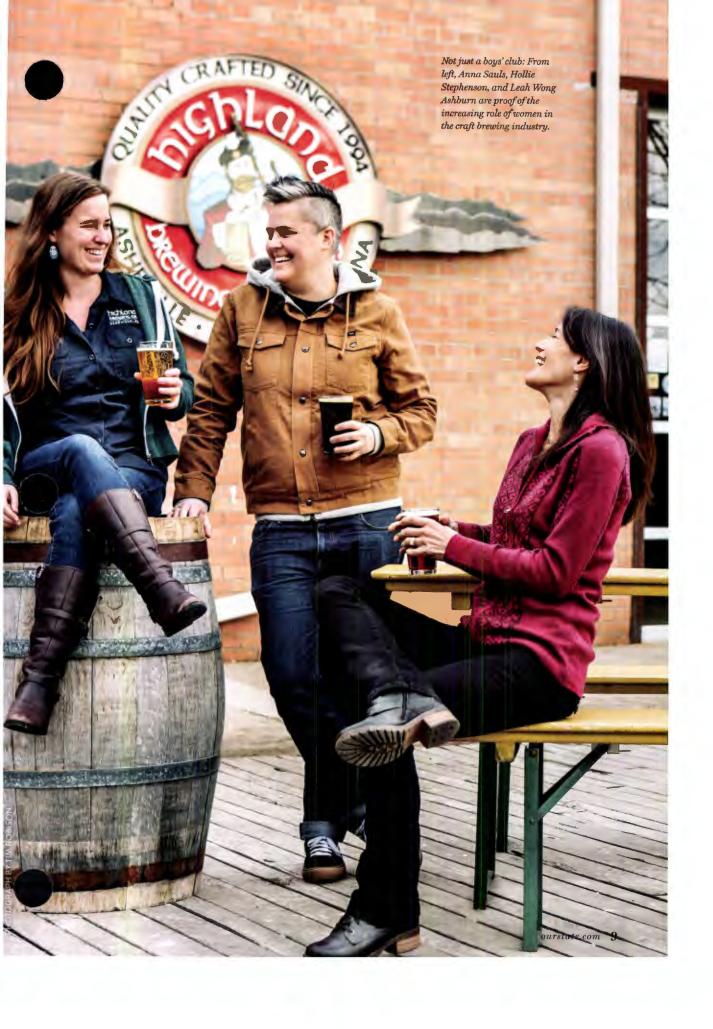
What's happened at Highland, one of the state's oldest craft breweries, is significant because it's still rare in the industry to find women in positions such as president or brewmaster. That may change soon — the number of women around the state who are working with hops and malts continues to rise. At Raleigh Brewing Company, Newgrass Brewing in Shelby, Legion Brewing in Charlotte, Bombshell Beer Company in Holly Springs, and others, women are bringing new expertise and a fresh point of view to what's on tap.

THE BREWMASTER

Diversity wasn't what Hollie Stephenson saw when she went to beer-making school five years ago. She was the only woman in her class.

But the situation is changing for a number of reasons, from the increased presence of women in science and engineering studies to the simple fact that more women are enjoying craft beer, according to the North









A repurposed shipping container serves as the bar on Highland's rooftop tasting patio, which is the perfect location to watch the sunset or take in the mountain views. Carolina Craft Brewers Guild, a nonprofit that promotes the state's 180-plus craft breweries. More women are experimenting with home brewing, too, which is a common first step to a job in brewing.

Still, conventional wisdom used to be that women couldn't handle large-scale brewing because they weren't strong enough to haul heavy bags of malts and grains. Stephenson, who became brewmaster at Highland in September 2016, dismisses that idea. "Really, if you're designing processes that a normal young woman can't do, you've probably designed your process very poorly. There will be men who can't do it, either," she says.

Ironically, up through the Middle Ages beer making was considered women's work and was done at home. Around the mid-1500s, that began to change, and by the time brewing became big business centuries later, it had turned into a boys' club.

THE SCIENTIST

Practically everyone at Highland ends up on the taste panels that Anna Sauls organizes, where 20 men and women gather to sample new beers. Panelists taste beers twice during development, then once more after packaging to ensure quality.

Sauls didn't realize that beer making was a career option when she was studying horticulture and plant biology at NC State University. After an internship at a winery, she worked in quality control at Dogfish Head in Delaware, where she got excited about sensory science how the brain processes aromas and flavors. "There are only four major ingredients: yeast, malt, hops, and water. But what you do to those makes the whole thing subtly different," Sauls says. "It's a complex product that's fun to work with."

Sauls points out another factor that may contribute to women's growing interest

66 THE DOMINANT COMMERCIAL BEER STYLE HAS BEEN LAGERS MARKETED TO MEN ... CRAFT BREWERIES HAVE MARKETED BFTTER TO WOMEN. >>

brewing: Going to a tasting room at a craft brewery is different from heading out to a bar. It's a cultural experience with the purpose of exploring different beer styles rather than focusing on partying, and that environment may appeal to women.

THE BOSS

Leah Wong Ashburn is the founder's daughter, but she didn't walk in saying she knows it all. "I came into the brewery saying, 'I'm not the expert, you guys are, and I'm relying on you for input," she says. "If I can, I want to remove barriers and communicate differently."

Ashburn talked about brewing with her ther all the time, but she didn't go into the eer-making side of the business initially. She

RAISE YOUR GLASS

orth Carolina is a leader in American craft brewing," says Margo Knight Metzger, the executive director of the NC Craft Brewers Guild. "From the cellar to the lab, from the taproom to the corner office, we've got women elevating our collective game because of their passion and hard work." Women like Suzie Ford, cofounder and marketing director at NoDa Brewing in Charlotte; Kristie Nystedt, president and CEO of Raleigh Brewing Company; and even Margo and her team members, Lisa Parker and Fawn Pattison, are proving that women have a place in the craft brewing industry - and it's right at the very top. - Katie Schanze worked in sales and marketing before taking over as president in 2015.

She agrees that more women are discovering craft beer, and adds that craft breweries market their products differently. "The dominant commercial beer style has been lagers marketed to men more than women. You see women in tight dresses handing out samples," Ashburn says. "Craft breweries have marketed better to women."

Ashburn believes that women's palates differ from men's, so more flavorful beer may appeal to them. She works to convert women wine drinkers to beer drinkers by reading those palates. "If you drink red wine, then I suggest the darkest beer we have, to look for complexity," she says.

For women, flavor is key to enjoyment. "That's why women are in the business more," Ashburn says. "They're enjoying beer more."

Ashburn was thinking about flavors that might appeal specifically to women when Highland began to develop a raspberry blonde ale. When it reached the taste panel, she was pleasantly surprised.

"Here was this circle of guys drinking a test batch of this pinkish, sunset-colored beer and enjoying it," she says. "Who would have thought? It's fantastic that beer is something we can all enjoy." $\mathbf{0}_{\mathbf{x}}$

Debbie Moose is a cookbook author and former food editor at The News & Observer in Raleigh.

HIGHLAND BREWING COMPANY

12 Old Charlotte Highway Asheville, NC 28803 (828) 299-3370 highlandbrewing.com



Moving MOUNTAINS

In search of the perfect place to expand their growing brands, three national breweries made a cross-country journey to western

North Carolina from California and Colorado. "The Big Three" — Oskar Blues, Sierra Nevada, and New Belgium — were seeking a more sustainable way to get fresh beer to the East Coast and a supportive community of local craft brewers that would welcome them with open arms. In the mountains of North Carolina, they found both — plus friendly, outdoorsy people who reminded them of home. Now, it's easy to forget that these big-name breweries haven't been ours all along.





⋖ SIERRA NEVADA BREWING COMPANY Mills River

The copper brew kettles might be the most striking feature in Sierra Nevada's impressive - and enormous - brewhouse. Often-sold-out daily tours offer an in-depth look at the brewing process. Afterward, in the taproom, you just might savor your beer a little bit more.



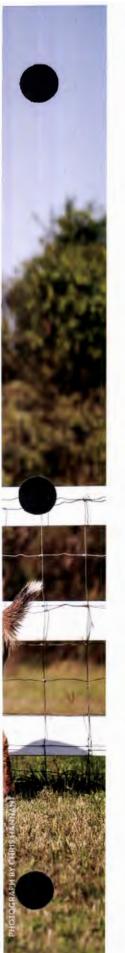


OSKAR BLUES **BREWERY**

Brevard

The first national brewery to make North Carolina its second home, Oskar Blues is unmistakable from the nearby road: Keep an eye out for the grain silo masquerading as a giant beer can - a perfect beacon of welcome for the brewery that led the charge on canning, instead of bottling, craft beers in order to keep them fresher for longer.





TheFOUNDING FATHER

More than 30 years ago, one man in Manteo set out to open the state's first craft brewery, and ended up changing the future of brewing in North Carolina.

BY JEREMY MARKOVICH

li Bennewitz wears a thick-knit Bavarian vest. He's 65, and although he's been in this country for almost four decades, he still speaks in a thick German accent punctuated often with "wow!" and "my God!" His brewery makes German-style lagers, which appeal to people who like Budweiser, Miller, and Coors. He still has a German eve for efficiency, too: Weeping Radish distributes its own beer, with a van and sales rep, to just 40 restaurants and stores on the Outer Banks. There's no warehouse. When you order a keg, the brewery fills it up and sends it right out.

Bennewitz walks up to a viewing platform that overlooks Weeping Radish's modest brewhouse. On the walls behind him is a timeline that lists North Carolina's craft breweries and when they opened. Red Oak is near the beginning, in 1991; Olde Hickory and Highland are next, in 1994. Others trickled in until 2009. In 2012, Bennewitz had to add a second column to list all the new breweries. In 2014, a third.

But Weeping Radish came first, in 1986.

IT EXISTS, IN A WAY, BECAUSE OF THE SOVIETS.

In the early 1980s, western Europeans were worried about an invasion from the east. If that happened, and Communists seized their farms, they'd be left with nothing. So, many investors started looking to another place to buy up land: the United States. In particular, eastern North Carolina.

In 1980, that fear brought Uli Bennewitz



All of the beers at Weeping Radish are brewed in accordance with the Bavarian Reinheitsgebot Purity Law of 1516, which states that the only ingredients that can be used in the making of beer are barley, hops, and water.

to Manteo. An Austrian hired him to take 9,000 acres of nearby Hyde County swampland and turn it into a farm. A few years later, Bennewitz's brother Erik called from Munich. A brewery in Bavaria had failed to get off the ground, and he wondered if Bennewitz wanted to buy the equipment. He did. He assumed that there wouldn't be a problem.

"First lesson," Bennewitz says. "Never open a brewery in a state that outlaws brewpubs."

So, Bennewitz went off to make his brewery legal. He started by working with legislators to change a state law that didn't allow brewers to sell beer directly to the public. When the bill

passed, it did so on assurances from lawmakers that this was really just a bill to allow a little tourist stop on the Outer Banks to operate.

It ended up being the law that allowed brewpubs to exist in North Carolina.

At the time, Weeping Radish was the only microbrewery in the Southeast, and one of only 100 in the country. But Bennewitz was used to going it alone. "It fitted me because I've always been an alien," he says. "I'm on my third citizenship, for God's sake."

BENNEWITZ HAS WATCHED AS NORTH

Carolina's craft beer industry has grown up around him, and he's now called upon as a founding father to discuss the industry and the state of brewing today. He proudly promotes brewing as a craft — a trade that's learned. He smiles when he talks about how brewpubs can bring jobs to rural areas, but worries about the influence of big brewers and distributors who are no longer dismissing craft beer as an insinificant fad.

Still, for Bennewitz, the brewery has always been his side business. To this day, he's still a farm manager. He's been playing the long game, hoping to have something that he could own outright, and then retire with. "This," he says with a little grin, "is clearly a hobby out of control." Ox



Jeremy Markovich is the senior writer/editor of Our State.

WEEPING RADISH FARM BREWERY

6810 Caratoke Highway Grandy, NC 27939 (252) 491-5205 weepingradish.com

GRANDY .

To read a longer version of this story, visit ourstate.com/uli.



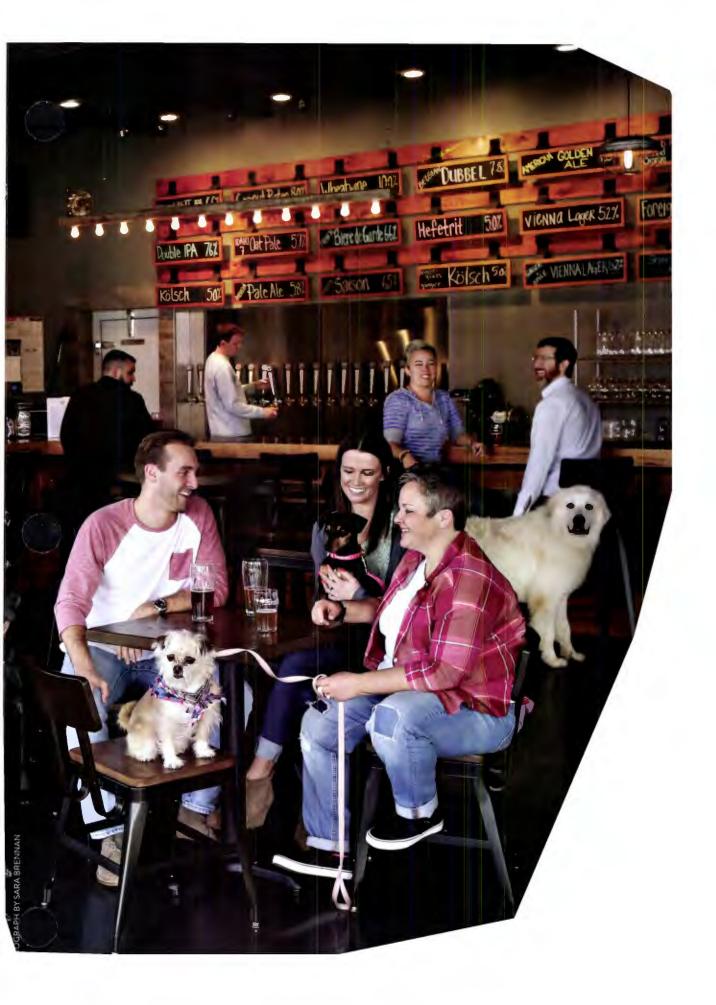
GATHERING PIACE On porches and patios, in taprooms and beer gardens whether for a first date or a family outing we come together at the brewery

Free Range Brewing in Charlotte fosters face-to-face social networking by opening their taproom to a variety of popular events, such as weekly yoga classes





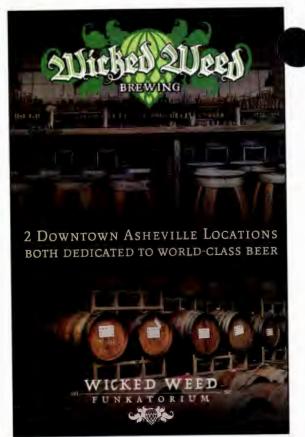
















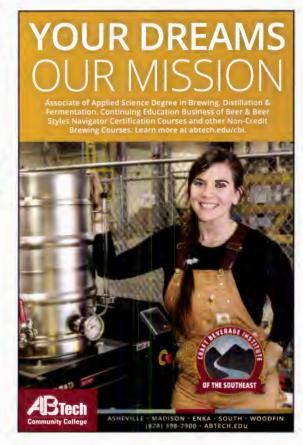


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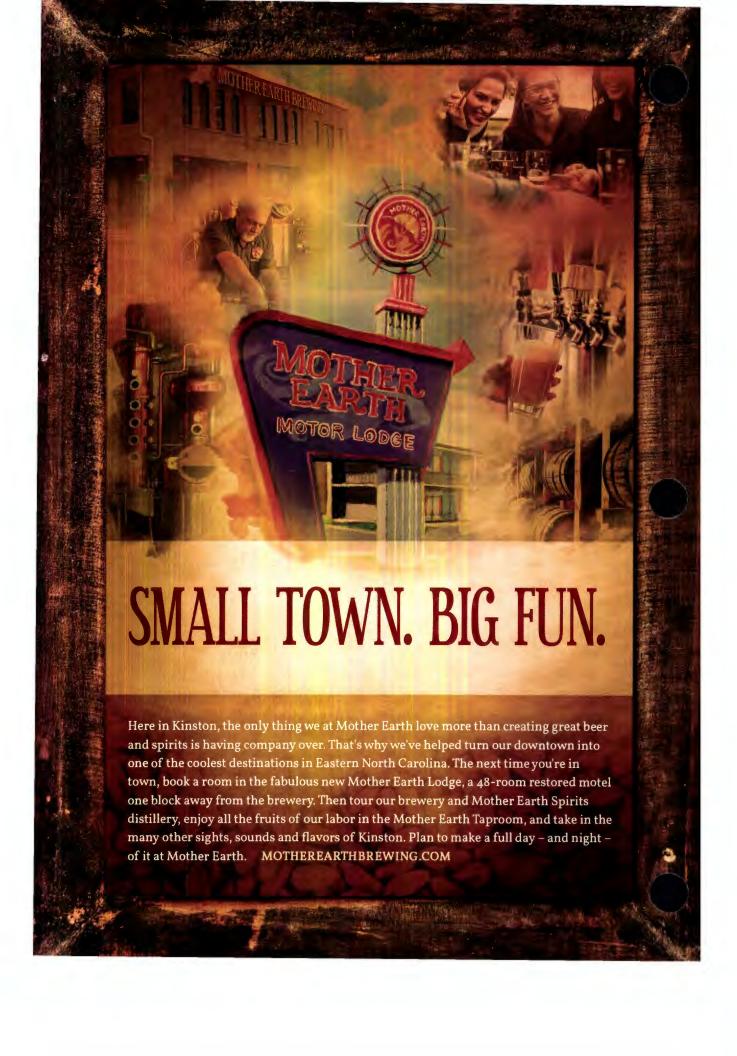
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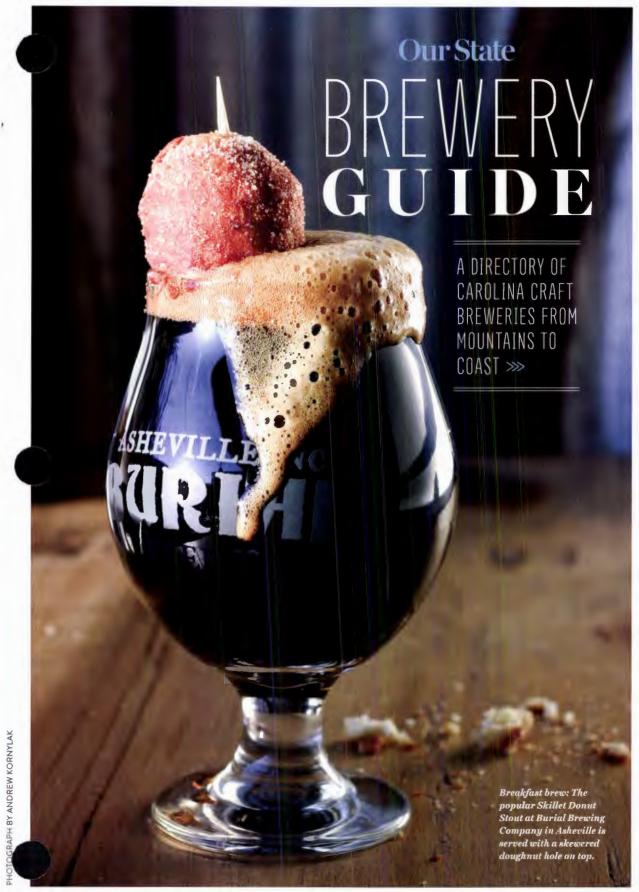
Home of American Colf

















WESTERN

ANDREWS

ANDREWS BREWING COMPANY

This brewery and winery is located in the building once used as the town's first jail. 565 Aguone Rood (828) 321-2006 ondrewsbrewing.com

HOPPY TROUT

An authentic handmade brick oven draws in nearly as many pizza fans as beer fans. 911 Moin Street (828) 835-2111 hoppytroutbrewing.com

ARDEN

MILLS RIVER BREWERY

Every Saturday evening, visitors who sign up in advance can hop on a free trolley to Oskar Blues Brewery and back for double the fun. 330 Rockwood Rood, No. 103 (828) 989-3747 millsriverbrewery.net

ASHEVILLE

ASHEVILLE BREWING COMPANY

Kick back on the huge covered patio here, or catch dinner and a movie at the in-house theater at their second location on Merrimon Avenue.

77 Coxe Avenue (828) 255-1281 oshevillebrewing.com

REN'S TUNE UP

Located in a converted auto shop, Ben's serves Asian fusion food and brews sake in addition to craft beer. 195 Hilliard Avenue (828) 424-7580

BHRAMARI BREWHOUSE

It's all about repurposing here - think chandeliers made from plywood, beer bottles turned into table lamps, and a bar made from reclaimed wood slabs.

101 South Lexington Avenue (828) 214-7981 bhromaribrewhouse.com

cedrics-tavern

BILTMORE BREWING COMPANY AND CEDRIC'S TAVERN

All of the brews bear the name of George Vanderbilt's beloved St. Bernard, Cedric, whose statue guards the entry. 1 Antler Hill Road (828) 225-1320 biltmore.com/visit/things-to-do/dining/

BURIAL BEER COMPANY

Check out the vintage vending machine, which holds a variety of random items, such as G.I. Joes, toothpaste, and grapes. 40 Collier Avenue (828) 475-2739 burialbeer.com

FRENCH BROAD BREWING COMPANY

Here, beer is cause for celebration: A disco ball hangs over the stainless steel tanks in the brewhouse. 101-D Foirview Rood

(828) 277-0222 frenchbroadbrewery.com

GREEN MAN BREWERY

True to its name, Green Man recycles more than 80 percent of its waste and gives spent grain and hops to a local farmer. 23 Buxton Avenue (828) 252-5502

areenmanbrewerv.com

HIGHLAND BREWING COMPANY The oldest legal brewery in Asheville is located in the former warehouse of a film production company.

12 Old Charlotte Highway (828) 299-3370 highlandbrewing.com

HI-WIRE BREWING COMPANY

This dog-friendly brewhouse has oldschool games like vintage pinball and Nintendo. Their other taproom, located in Biltmore Village, has a beer garden. 197 Hilliard Avenue

(828) 738-2448 hiwirebrewing.com

LEXINGTON AVENUE BREWERY

Their signature eclectic trivia night occurs every Monday - players take a trivia "pledge of allegiance." 39 North Lexington Avenue

(828) 252-0212 lexavebrew.com

NEW BELGIUM BREWING COMPANY

Take a seat on the large deck overlooking the French Broad River. 21 Craven Street (828) 333-6900 newbelgium.com/brewery/asheville

ONE WORLD BREWING

To find this super-cool speakeasy, head down an alley, through a heavy door, and down the stairs. No password necessary. 10 Patton Avenue, Suite B (828) 785-5580 oneworldbrewing.com



ASHEVILLE (CONT'D)

OYSTER HOUSE **RREWING COMPANY**

Mismatched couches and low-lit lamps make this seafood joint and brewery feel cozy and familiar.

625 Haywoad Road (828) 575-9370 oysterhousebeers.com

SWEETEN CREEK BREWING

The combo of sandwich shop and tasting room sets this place apart. 1127 Sweeten Creek Rood (828) 575-2785 sweetencreekbrewing.com

THIRSTY MONK PUB & BREWERY

Choose between the basement tavern for Belgian brews, street level for the brewpub, or the rooftop patio for Prohibition-era drinks at the flagship location of this brewery, which has three other locations in Asheville.

92 Patton Avenue (828) 254-5470 monkpub.com

TWIN LEAF BREWERY

This family- and pet-friendly brewery regularly hosts fun events, such as an annual Giant Jenga tournament and beer and food pairings.

144 Coxe Avenue (828) 774-5000 twinleafbrewery.com

UPCOUNTRY BREWING COMPANY

In addition to Ping-Pong and cornhole, a decked-out game room has retro arcade games and a pinball machine. 1042 Haywood Road (828) 575-2400 upcountrybrewing.com

WEDGE BREWING COMPANY

The three-story warehouse that now houses this brewery was built next to the train tracks in the early 19th century as a produce and livestock distribution center. 37 Payne's Way

(828) 505-2792 wedgebrewing.com

WICKED WEED BREWING

Outdoor fire pits, a long community table, and natural light lend warmth to a huge location. A second taproom, the Funkatorium, is dedicated solely to sour and funky beer styles.

91 Biltmore Avenue (828) 575-9599 wickedweedbrewing.com

BANNER ELK

FLAT TOP BREWING COMPANY

Dark wood paneling, leather seating, and a coffee table in front of a fireplace make it comfier than your own living room. 567 Main Street East

(828) 898-8677 flattopbrewing.com

BEECH MOUNTAIN

BEECH MOUNTAIN BREWING COMPANY

This is one of the only breweries in the U.S. owned and operated by a ski area. 1007 Beech Mountain Parkway (828) 387-2011 beechmountainresort.com/mountain/ brewery

BELMONT

RIVERMEN BREWING COMPANY

Rivermen's industrial vibe comes from its setting in a former textile mill. 52 Ervin Street (704) 266-0262 rivermenbrewingcompany.com

YORK CHESTER BREWING COMPANY

This intimate nanobrewery is lined with picnic tables and has a fire pit for warmth. 1500 River Drive, Suite 250 (704) 755-5104 yorkchesterbrew.com

BLACK MOUNTAIN

LOOKOUT BREWING COMPANY

A garage door between the tasting room and the picnic table-filled patio lends an airy feel to this small-batch brewery. 103 South Ridgeway Avenue, No. 1 (828) 357-5169 lookoutbrewing.com

PISGAH BREWING COMPANY

Music sets the tone here: There's an indoor stage along with an impressive wooden stage out back. 150 Eastside Drive (828) 669-0190 pisaahbrewing.com

BLOWING ROCK

BLOWING ROCK ALE HOUSE & INN

A five-room inn above the alehouse adds to the homey, neighborhood feel. 152 Sunset Drive (828) 414-9600 blowingrockbrewing.com

BOONE

APPALACHIAN MOUNTAIN BREWERY

AMB's resident food truck, Farm to Flame, serves up popular woodfired pizza and street food made with locally sourced ingredients. 163 Boone Creek Drive (828) 263-1111 appalachianmountainbrewery.com

BOONESHINE BREWING COMPANY

To visit this microbrewery's tasting room, head next door to Basil's Fresh Pasta and Deli, which also serves handmade pasta.

246 Wilson Drive (828) 263-4305 booneshine.beer

IVORY TOWER BREWERY

This nonprofit brewery is part of Appalachian State's fermentation sciences program; find the beer at local restaurants. fermentation.appstate.edu.

LOST PROVINCE **BREWING COMPANY**

The taproom is airy and shiny, with high ceilings and a huge copper-covered wood-fired pizza oven at the bar.

130 North Depot Street (828) 265-3506 lostprovince.com

BREVARD

BREVARD BREWING COMPANY

Vibrant artwork and paintings, for sale by local artists, add pops of color to the walls. 63 East Main Street

(828) 885-2101 brevard-brewing.com

OSKAR BLUES BREWERY

Charming touches give this huge industrial space some character. Snap a picture with friends under the colorful arch made from cans. 342 Mountoin Industrial Drive (828) 883-2337 oskorblues.com

BRYSON CITY

NANTAHALA BREWING COMPANY

Tables made from old barrels and the Great Smoky Mountains Railroad across the street give this spot a saloon feel. 61 Depot Street (828) 488-2337 nantaholabrewing.com

CHIMNEY ROCK

HICKORY NUT GORGE BREWERY

Four different outdoor decks stretch down to the edge of the Rocky Broad River and provide excellent views of nearby Chimney Rock. 461 Moin Street (828) 436-7047 hickorynutbrewery.com

COLUMBUS

WINDING CREEK BREWING COMPANY

The wooden bar top is a standout feature, made from 200-year-old poplar. 322 Eost Mills Street (828) 894-8715 wchrewco com



Born and RED in North Carolina



For more than seven decades, we have remained loyal to the traditions that have made us a family favorite on the dinner tables of North Carolinians.

Like our famous hot dog recipe, our commitment to providing good-tasting, wholesome products has not—and will not—change.

Making kids smile since 1941



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Smithfield, North Carolina







OLE DALLAS BREWERY

The "official beer" of the Gastonia Grizzlies, Ole Dallas has a church pew in its taproom, just in case the spirit so moves you after a sip of beer. 136 Durkee Lone

(704) 266-1472 oledallasbrewerv.com

ELKIN

ANGRY TROLL BREWING

This brewery is located in the Liberty Warehouse, directly under where a now-demolished but beloved town landmark, the Hugh Chatham Memorial Bridge, once stood.

222 East Main Street, Suite U6 (336) 258-2251 angrytrollbrewing.com

FLETCHER

BLUE GHOST BREWING COMPANY

Mason jars serve as lights, a nod to the brewery's firefly-inspired name. 125 Underwood Road (828) 376-0159 blueghostbrewing.com

FRANKLIN

CURRAHEE BREWING COMPANY

The German-inspired biergarten sits among shady trees, right on the edge of the Little Tennessee River. 100 Lakeside Drive (828) 634-0078 curraheebrew.com

LAZY HIKER BREWING COMPANY

Lazy Hiker is a welcoming stop for thru-hikers of the Appalachian Trail, just 11 miles away.

188 West Main Street (828) 349-2337 lazyhikerbrewing.com

GRANITE FALLS

GRANITE FALLS BREWING COMPANY

This brewery is located in a renovated Pepsi-Cola bottling plant. 47 Duke Street (828) 212-1222 granitefallsbrewing.com

HENDERSONVILLE

BASIC RREWERY

This nanobrewery has the feel of an old soda fountain: Its miniature size is part of its charm. 131 3rd Avenue West

(828) 513-5030 basicbrewery.cam

SANCTUARY BREWING COMPANY

An especially pet-friendly brewery, its mission is animal advocacy. Check out the monthly "pup" crawl. 147 1st Avenue East (828) 595-9956 sanctuarybrewco.com

SOUTHERN APPALACHIAN BREWERY

There's chalk to keep kids entertained outside, and when it's warm, they can even play in the sprinklers. 822 Locust Street (828) 684-1235 sabrewery.com

HICKORY

AMERICAN HONOR ALE HOUSE & BREWERY

This brewery, in a 1900s-era former mill, was renovated with wood from the original Old Crow Bourbon warehouses. 883 Highland Avenue Southeast (828) 855-9999 americanhonoralehouse.com

OLDE HICKORY BREWERY

Try OHB's beer at one of three restaurants, like the one at Union Square. 222 Union Square (828) 322-1422 oldehickorybrewery.com

HIGHLANDS

SATULAH MOUNTAIN **BREWING COMPANY**

Satulah grow its own hops on the patio, and has been known to use them in limited batches of beer. 454 Carolina Way (828) 482-9794

sotulahmauntainbrewing.com

LENOIR

HOWARD BREWING COMPANY

This brewery hosts indoor disc golf once a week, bringing customers together for more than just a beer. 1001 West Avenue Northwest (828) 572-4449 startabrewmance.com

LOE'S BREWING COMPANY

Go for the artisanal brews, and stay for the burgers crafted by the Culinary Institute of America-trained chef. 1048 Harper Avenue Northwest (828) 754-3652

MILLS RIVER

loesbrewing.com

SIERRA NEVADA **BREWING COMPANY**

The veggies and herbs from the large garden out back are used for the restaurant and in brewing. 100 Sierra Nevada Way (828) 681-5300 sierranevada.com

MORGANTON

CATAWBA BREWING COMPANY

This brewery's flagship location remains a go-to gathering place. A popular brew, Peanut Butter Jelly Time, will have you reminiscing about grade-school lunches. There are also two tasting rooms in Asheville.

212 South Green Street (828) 430-6883 catawbabrewing.com

FONTA FLORA BREWERY

This brewery puts on an annual festival, State of Origin, which focuses on local breweries that embrace North Carolina flora and fauna in their creations.

317 North Green Street (828) 475-0153 fontaflora.com

MOUNT AIRY

SKIILL CAMP WINERY AND BREWERY

Take in panoramic views of the vineyards, countryside, and Skull Camp Mountain from the outdoor tasting deck. A second brewery location, in Elkin, is also a restaurant. 765 Round Peak Church Road (336) 352-5595 skullcampbrewing.com

MURPHY

VALLEY RIVER BREWING COMPANY

Covered-in-color chalkboard walls add a lighthearted vibe to this downtown brewery. 71 Tennessee Street (828) 837-2337 valleyriverbrewery.com

PISGAH FOREST

ECUSTA BREWERY

This brewery sits right alongside the Davidson River, At a second location, in Brevard, copper details and exposed brick create a cool, cozy feeling. 49 Pisgah Highway, Suite 3 (828) 966-2337 ecustabrewing.cam

PLUMTREE

BLIND SQUIRREL BREWERY

This is a true destination microbrewery with a full-service campground, two discgolf courses, river tubing, and ziplining. 4716 South U.S. Highway 19 East (828) 765-2739 blindsquirrelbrewery.com





SHELBY

NEWGRASS BREWING COMPANY

A retro-looking storefront opens up to a thoroughly modern space with an upstairs seating area and a stage. 213 South Lafayette Street (704) 937-1280 newgrassbrewing.com

SPRUCE PINE

DRY COUNTY BREWING COMPANY

A true hidden gem, the brewery is part of an unassuming pizza joint. 585 Oak Avenue (828) 765-4583 drycountybrewing.com

SYLVA

HEINZELMÄNNCHEN BREWERY

Try to spot all of the gnomes, or heinzelmännchen, inside this quirky little taproom. 545 Mill Street (828) 631-4466 yourgnometownbrewery.com

INNOVATION BREWING

In addition to the usual libations, nonalcoholic house-made ginger ale is made daily with fresh organic ginger.

414 West Main Street (828) 586-9678 innovation-brewing.com

THE SNEAK E SQUIRREL BREWERY

There are weekly cornhole tournaments, as well as a large variety of other games to play, from the well-known to the obscure. 1315 West Main Street (828) 586-6440

sneakesquirrel.com

WAYNESVILLE

BOOJUM BREWING COMPANY

There's an added airiness when the large garage door of the taproom is open to the street - plus even better people-watching. 50 North Main Street (828) 246-0350 boojumbrewing.com

FROG LEVEL BREWING COMPANY

The kid- and pet-friendly deck and patio seating, among the trees and directly alongside the flowing Richland Creek, gets customers a little closer to nature. 56 Commerce Street (828) 454-5664

froglevelbrewing.com TIPPING POINT **BREWERY & TAVERN**

The narrow room with its long bar and cozy booths gives this brewery a dive-bar feel.

190 North Main Street (828) 246-9230 tippingpointtavern.com

WEAVERVILLE

BLUE MOUNTAIN PIZZA AND BREW PUB

Get your pizza fix at this laid-back spot. The historic building dates to the 1820s. 55 North Main Street (828) 658-8777 bluemountainpizza.com

ZEBULON ARTISAN ALES

Located in an old fire station, this small-production brewery mainly focuses on selling champagne-style bottles, but also offers a tasting area. 8 Merchants Alley zebulonbrewing.cam

WEST JEFFERSON

BOONDOCKS BREWING TAP ROOM & RESTAURANT

At Ashe County's only brewery, a 30-foot bar is the perfect gathering place for locals and visitors alike. 108 South Jefferson Avenue (336) 246-5222 boandocksbrew.com

Music on tap: Nantahala Brewing Company in Bryson City frequently invites bands to play live music on a large indoor stage in the taproom.



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OUTDOOR COMPETITIONS & LIVE MUSIC

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10 BANDS, 20+ COMPETITIONS, 30+ DEMOS 50+ VENDORS, 100+ BEER TAPS







CENTRAL

ABERDEEN

railhousebrewery.com

RAILHOUSE BREWERY

A tribute wall honors fallen service members at this brewery, which is owned and operated by veterans. 105 East South Street, Unit C (910) 783-5280

APEX

BRÜEPRINT BREWING COMPANY

If you need a little motivation to get active, join their Tuesday run club that ends with a specially priced brew. 1229 Perry Rood, Suite 101 (919) 387-8075 brueprint.com

SOUTHERN PEAK BREWERY

The pre-Prohibition neighborhood pub or tavern was the inspiration behind this family-friendly brewery. 950 Windy Road, No. 100 sauthernpeakbrewery.com

ASHEBORO

FOUR SAINTS BREWING COMPANY

This brewery hosts the Four Saints Art Wall Project, a temporary, rotating art installation on a taproom wall. 218 South Fayetteville Street (336) 610-3722 foursaintsbrewing.com

BEAR CREEK

BEAR CREEK BREWS

You're likely to cross paths with a chicken at this nanobrewery, located in the backyard of the owner's home on 38 acres. 10538 NC Highwoy 902 (919) 200-3930 bearcreekbrews.com

CARRBORO

DINGO DOG BREWING COMPANY

A zero-waste production facility on a farm, Dingo Dog is a nonprofit; proceeds go to no-kill animal rescue organizations. There's no taproom, but you can find their beer in local bars and restaurants. (919) 885-9793 dingadagbrewing.com

STEEL STRING BREWERY

Although it has an industrial look, the covered outdoor patio, string lights, and cozy feel make it perfect for date night. 106A South Greensboro Street (919) 240-7215 steelstringbrewery.com

YESTERYEARS **BREWERY & TAPROOM**

An unexpected aroma may surprise you at YesterYears, which shares space with an artisan coffee roastery and espresso bar. 300 East Main Street, Suite C (919) 904-7273 yesteryearsbrewery.com

BOND BROTHERS BEER COMPANY

White walls and tiles behind the bar and large garage doors create a clean, airy feel at this spacious brewery. 202 Eost Cedar Street (919) 459-2670 bondbrothersbeer.com

FORTNIGHT BREWING COMPANY

A hodgepodge collection of gold-framed artwork hangs on walls that alternate between wallpaper and wood paneling at this English pub-inspired taproom. 1006 Southwest Maynord Rood (919) 342-6604 fortnightbrewing.com

CHAPEL HILL

CAROLINA BREWERY

This quintessential university brewpub is the perfect place to catch a game and some Southern-inspired food. A second location in nearby Pittsboro includes an outdoor area. 460 West Franklin Street

(919) 942-1800 caralinabrewery.com

TOP OF THE HILL **RESTAURANT & BREWERY**

Location, location, location. The outdoor patio has a bird's-eye view of downtown Chapel Hill. 100 East Franklin Street, Third Floor (919) 929-8676 thetopofthehill.com

CHARLOTTE

BIRDSONG BREWING

Metal stools surround tall. bar-like wooden tables at this dog-friendly brewery; tree branches serve as footrests. 1016 North Davidson Street (704) 332-1810 birdsonabrewing.com

BLUE BLAZE BREWING

Rocking chairs on the patio, guitars (that are actually used for playing!) hanging on the wall, and a comfy lofted area create a woodsy cabin charm. 528 South Turner Avenue (980) 859-2586 blueblazebrewing.com

FREE RANGE BREWING

There's an Art-o-mat at this rural farmhouse-themed brewery - an old cigarette vending machine converted to dispense art. 2320 North Davidson Avenue (980) 201-9096 freerangebrewing.com

HEIST BREWERY

Every Sunday there's a brunch buffet, complete with a tower of doughnuts and unlimited waffles. 2909 North Davidsan Street (704) 375-8260 heistbrewery.com

LEGION BREWING

In this renovated warehouse, a special, plank-covered ceiling creates a barnlike coziness. 1906 Commanwealth Avenue

(844) 467-5683 legionbrewing.com

LENNY BOY BREWING COMPANY

The first certified-organic brewery in the state, Lenny Boy is particularly health-conscious, and offers a weekly yoga class and run club. 3000 South Tryon Street (980) 585-1728 discaverlennyboy.com

NODA BREWING COMPANY

An unexpectedly beachy patio includes orange umbrellas, colorful chairs, and outdoor fire pits. 2921 North Tryan Street (704) 900-6851 nodabrewing.com



THE OLDE MECKLENBURG BREWERY

The eight-acre, outdoor, German-style biergarten is perfect for groups, energetic children, and dogs galore. 4150 Yancey Road

(704) 525-5644 oldemeckbrew.com

ROCK BOTTOM RESTAURANT & BREWERY

People-watching is a sport on the streetside patio of this Uptown Charlotte spot. 401 North Tryon Street, Suite 100 (704) 334-2739 rockbottom.com

SALUD REER SHOP

There's an extensive bottle selection and rotating beers on tap at this quirky nanobrewery and bottle shop. 3306 North Dovidson Street (704) 900-7767 saludbeershop.com

SUGAR CREEK BREWING COMPANY

This taproom looks like the galley of a big ship; in place of wood beams, nautical ropes hang across the high ceiling. 215 Southside Drive (704) 521-3333 sugarcreekbrewing.com

SYCAMORE BREWING

Come hungry: Sycamore hosts a weekly food truck rally. 2161 Howkins Street (704) 910-3821 sycomorebrew.com

THIRSTY NOMAD BREWING

This brewery has a self-described "steampunk" theme: a genre of science fiction featuring steam-powered machinery rather than futuristic technology.

4402 Stuort Andrew Boulevard (704) 940-0947 thirstynomodbrewing.com

THREE SPIRITS BREWERY

The red facade looks straight out of 19th-century London. another nod to A Christmas Corol, the inspiration for its name.

5046 Old Pineville Rood (980) 207-4881 threespiritsbrewery.com

TRIPLE C BREWING COMPANY

Don't skip the free pretzels and spicy mustard from the bar at this brewery. 2900 Griffith Street (704) 372-3212 triplecbrewing.com

THE UNKNOWN **BREWING COMPANY**

One taproom wall celebrates exploring "the unknown": There are pictures of customers doing activities like rock climbing and skydiving. 1327 South Mint Street (980) 237-2628

WOODEN POROT RREWERY

A friendly-looking wooden robot stands sentry at the bar; he has light bulb eyes and is made out of an old barrel. 1440 South Tryon Street, No. 110 (980) 819-7875 woodenrobotbrewery.com

CLAYTON

DEEP RIVER BREWING COMPANY

Follow the blue "river" that winds along the floor, straight to the bar. 700 West Moin Street (919) 585-2296 deepriverbrewing.com

CONCORD

CABARRUS BREWING COMPANY

The old loading docks for the historic Gibson Mill are the first thing you'll see upon arrival. 329 McGill Avenue Northwest (704) 490-4487 cabarrusbrewina.com

HIGH BRANCH BREWING

Also in the old Gibson Mill, this spot is smaller and more intimate, but maintains the same historic feel. 325 McGill Avenue Northwest, No. 148 (704) 706-3807 highbranchbrewing.com

RED HILL BREWING COMPANY

A compromise: This brewery is located on top of a gym and beside an ice cream shop. Beer and endless popcorn is a happy medium. 21 Union Street South (704) 784-2337 redhillbrewing.com

TWENTY-SIX ACRES **BREWING COMPANY**

The LED-lit aluminum and copper tap handles were fabricated by Ron Peterson, a welder who has worked with NASCAR. 7285 West Winds Boulevard Northwest (980) 277-2337 26acres.com

CORNELIUS

ASS CLOWN BREWING COMPANY

This brewery - from its name to the fun decor - is all about not taking itself too seriously. 10620 Bailey Rood (980) 505-0399 ossclownbrewing.com

BAYNE BREWING COMPANY

If you're lucky enough to live within a seven-mile radius, you can order been or wine delivered directly to your door. 19507 West Cotowbo Avenue (704) 277-7661 baynebrewingcompony.com

D9 BREWING COMPANY

Despite its industrial park location, an interior full of comfy seating and hip wall art doesn't disappoint. 11138-C Treynorth Drive (704) 457-9368 d9brewing.com

DURHAM

BULL CITY BURGER AND BREWERY

Everything but the ketchup is made in-house at this artisan burger joint and brewery. 107 East Parrish Street (919) 680-2333 bullcityburgerandbrewery.com

BULL DURHAM BEER COMPANY

You can't beat the atmosphere or the location at the first microbrewery inside a minor league ball park. 409 Blackwell Street bulldurhombeer.com

DURTY BULL BREWING COMPANY

Instead of a chalkboard, find the on-tap beers on old window panes strung up above the bar. 206 Broadway Street, Suite 104 (919) 68R-2337 durtybull.com

FULLSTEAM BREWERY

A huge selection of board games, cards, and arcade games gives this kid- and dog-friendly brewery a fun, youthful atmosphere.

726 Rigsbee Avenue (919) 682-2337 fullsteom.og

PONYSAURUS BREWING COMPANY

Huge glass jars, like a candy store, are behind the bar; the snacks inside are a dollar per scoop. 219 Hood Street

(844) 369-7669 ponysaurusbrewing.com

STARPOINT BREWING

Starpoint shares space with laid-back bottle shop and tasting room Beer Study. In a nod to its Tobacco Road location, a mural on one wall depicts a bull and a ram sharing a drink. 2501 University Drive storpointbrewing.com

FAYETTEVILLE

HUSKE HARDWARE HOUSE RESTAURANT AND BREWERY

This restaurant and brewery is located in a 113-year-old building that's on the National Registry of Historic Places.

405 Hay Street (910) 437-9905 huskehardware.com

unknownbrewing.com







FAYETTEVILLE (CONT'D)

THE MASH HOUSE BREWING COMPANY

There's no missing this spot — a large, white grain silo sits right outside the entrance.
4150 Sycomore Dairy Road (910) 867-9223
themashhouse.com

FUQUAY-VARINA

AVIATOR BREWING COMPANY

Brewing originally started with two old dairy tanks in, yep, an airport hangar. 209 Technology Park Lone (919) 567-2337 aviatorbrew.com

DRAFT LINE BREWING COMPANY

If your buddy with a huge finished garage also made award-winning beer, it might look something like this. 341 Broad Street, Suite 151 (919) 557-7121 draftlinebrewing.cam

FAINTING GOAT BREWING

Rather than traditional brewery fare, such as pretzels, you'll find metal buckets of in-shell peanuts on the tables.

330 South Main Street (919) 346-7915 facebook.com/faintinggootbeer

LINCOLN BREWING COMPANY

The game room, which has pool tables, air hockey, and more, could put real arcades to shame.
2912 North Main Street, No. 100
(919) 285-2318
lincolnbrewery.com

GOLD HILL

MORGAN RIDGE VINEYARDS & BREWHOUSE

Multiple patios and outdoor seating overlook a large pond and landscaped grounds around the tasting room. A second location, in Salisbury, also serves food. 486 John Morgon Road (704) 639-0911 morganridgevineyard.com

GREENSBORO

GIBB'S HUNDRED BREWING COMPANY

The flights of beer here are served in six-cup muffin tins. 117 West Lewis Street (336) 763-7087 gibbshundred.com

JOYMONGERS BREWING COMPANY

In a nod to Greensboro's denim history, Joymongers partnered with Wrangler to add flair to the taproom. Blue denim is everywhere, and old advertisements act as pop art.

576 North Eugene Street (336) 763-5255 joymangers.com

NATTY GREENE'S BREWING COMPANY

This brewery is big on supporting the community: One day each week it donates a percentage of sales to a different local nonprofit.

345 South Elm Street
(336) 274-1373
nottygreenes.com

Fullsteam Brewery
in Durham
believes that
Southern beer goes
well with food.
Tasty pairings
are offered often;
aflight of beer
served with
complementary
Girl Scout Cookies
is especially
popular.

PHOTOGRAPH BY ANDREW KORNYLAK



PIG POUNDER BREWERY

The only English-style brewery in Greensboro uses well water from a local farm to make beer. Also, the walls and floors in the brewery, visible from the tasting room, are baby pink. 1107 Grecade Street (336) 553-1290 pigpounder.com

PREYER BREWING COMPANY

Leather seating with pillows, coffee tables, and area rugs make this spot café-comfy. 600 Bottleground Avenue (336) 256-9450 preyerbrewing.com

HIGH POINT

BROWN TRUCK BREWERY

A mural of musicians, such as Buddy Holly and Jimi Hendrix, creates a fun vibe on the trendy outdoor patio.

1234 North Main Street (336) 886-1234 browntruckbrewery.com

LIBERTY BREWERY AND GRILL

There's plenty of red, white, and blue to go around - just as the patriotic name suggests. 914 Mall Loop Road

(336) 882-4677 libertybreweryandgrill.com

HILLSBOROUGH

mysterybrewing.com

MYSTERY BREWING COMPANY PUBLIC HOUSE

This pub hosts a monthly book club and weekly pub quiz, and invites customers to take a break from their phones. 230 South Nash Street (919) 245-1325

REGULATOR BREWING COMPANY

Named for the pre-Revolutionary Regulator movement that fought for farmers' rights, this brewery uses locally sourced ingredients. There's no taproom, but you can find the beer at local restaurants. (919) 589-2739 regulatorbrewing.com

HOLLY SPRINGS

BOMBSHELL BEER COMPANY

One of the few female-run breweries in the state. Bombshell is owned by three women. 120 Quantum Street (919) 823-1933 bombshellbeer.com

CAROLINA BREWING COMPANY

You'll probably recognize the yellowand-purple lion logo behind the bar: CBC has been brewing since 1995. 140 Thomas Mill Raad (919) 557-2337 carolinabrew.com

HOPE MILLS

DIRTBAG ALES

A laid-back atmosphere helps support the owners' mission to create a space and brews that aren't just for beer snobs. 3623 Legion Road (910) 426-2537 dirtbagales.com

HUNTERSVILLE

PRIMAL BREWERY

It looks like a home, inside and out; multiple rooms, a stone fireplace, and a decorated mantel invite you to stay. 16432 Old Stotesville Road (704) 947-2920 primalbrewery.com

KERNERSVILLE

KERNERSVILLE BREWING COMPANY

This nanobrewery is too small for a tasting room, but Angela's Ale House, in the same building, keeps the beer on tap, and regularly has live music. 210 North Main Street (336) 577-0843 facebook.com/kbcbrew

LEWISVILLE

WESTBEND WINERY & BREWERY

Forty acres of vineyards on the property provide a beautiful backdrop for a craft beer on the patio - or a glass of wine. 5394 Williams Raad (336) 945-9999 westbendwineryandbrewery.com

MINT HILL

BARKING DUCK BREWING COMPANY

Beers with funky and surprising flavors, like a Cucumber Thai Basil Saison, are often on tap. 4400 Morris Park Drive, Suite O (980) 498-7505 barkingduckbrew.com

MONROE

SOUTHERN RANGE BREWING

A mural of brew tanks, which is also this brewery's logo, is painted on the outside of the white-brick building. 151 South Stewart Street (704) 289-4049 southernrangebrewing.com

MOORESVILLE

GHOSTFACE BREWING AND PIZZERIA

Despite the name, Ghostface is family-friendly, and offers games like table-size checkers to keep little ones occupied. 427 East Statesville Avenue, Suite 100 (704) 799-7433 ahastfacebrewing.com

LAKE NORMAN RREWING COMPANY

The tap handles at this brewery are mini outboard boat motors, and the bar is a map of the lake. 159 Barley Park Lane, Unit B (704) 660-1182 lakenormanbrewingcompony.com

RALEIGH

BIG BOSS BREWING COMPANY

Big Boss hosts a Ping-Pong club to show off your backhand. 1249-A Wicker Drive (919) 834-0045 bigbossbrewing.com

RALEIGH (CONT'D)

BRICE'S BREWING COMPANY

Sip through a flight of current selections while browsing the "fermenting" menu — perfect for planning your next visit.

1822 Garner Station Boulevard

(984) 200-1803 bricesbrewing.com

CLOUDS BREWING

A futuristic self-serve beer wall lets you pay for what you pour — a wristband with a chip in it keeps track. A second location in Durham also gets in on the action. 126 North West Street (919) 307-8335 cloudsbrewing.com

COMPASS ROSE BREWERY

A goal of this brewery is to educate; a diagram covering two walls describes the brewing process, step by step. 3201 Northside Drive (919) 875-5683 compassrosebrewery.com

CRANK ARM BREWING

At Crank Arm, an interactive sculpture made of gears, wheels, and chains combines dual passions for beer and bikes. 319 West Dovie Street (919) 324-3529 crankormbrewing.cam

GIZMO BREW WORKS

A hidden gem in an industrial park, its name pays tribute to the "thinkers, tinkerers, and inventors" of the area. 5907 Triangle Drive (919) 782-2099 gizmobrewworks.com

LITTLE CITY BREWING AND PROVISIONS COMPANY

This seven-barrel brewery also has a full-service bar and craft cocktails. 400 West North Street, Suite 120 (919) 502-7155 thelocolicon.com/little-city

LONERIDER BREWING COMPANY

There's a western vibe, from the logo to the country music to the name of the taproom – "The Hideout." 8816 Gulf Court, No. 100 (919) 442-8004

LYNNWOOD BREWING CONCERN

loneriderbeer.com

This big, colorful brewery is the beer-only second location of the Lynnwood Grill and Beer Concern. 1053 Eost Whitaker Rood (919) 785-0043 Innwoodbrewing.beer

NEUSE RIVER BREWING COMPANY

This brewery is located in a 68-yearold building originally constructed for restoring and building fire trucks. 518 Pershing Road (404) 386-7522 neuseriverbrewing.com

NICKELPOINT BREWING COMPANY

This brewery focuses on preserving European beer styles.

(919) 916-5961 nickelpointbrewing.com

OAK & DAGGER PUBLIC HOUSE

Upon entry, look up: A variety of colorful beer bottles, from the lightest of national brands to the hoppiest of IPAs, hang from the ceiling.

18 Seaboard Avenue, Na. 150
(919) 945-9382
ookanddagger.beer

RALEIGH BREWING COMPANY

All the murals and decor celebrate Raleigh's history, and all the beer names incorporate Raleigh trivia. 3709 Neil Street (919) 400-9086 raleighbrewingcampony.com

SUB NOIR BREWING COMPANY

For a blast from the past, try your hand at a retro game on one of the numerous old-school gaming systems. 2039 Progress Court (919) 480-2337 subnoir.net

TROPHY BREWING COMPANY

Trophy incorporates beer in the making of its popular pizza. At a second location, taps are made from sports trophies for everything from soccer to karate. 827 West Morgan Street (919) 803-4849

SALISBURY

trophybrewing.com

NEW SARUM BREWING

This brewery's logo combines the crest of the city of Salisbury and its historic sister city, Old Sarum, England.
117 South Lee Street (704) 310-5048
newsarumbrewing.com

SAXAPAHAW

HAW RIVER FARMHOUSE ALES

This brewery is located in the dye house of the historic Dixie Yarns cotton mill — its tap handles are made from the original cotton spindles. 1713 Saxapahow-Bethlehem Church Raad (336) 525-9270 howriveroles.com

SMITHFIELD

DOUBLE BARLEY BREWING

The taproom features a rotating array of local artists' work, and once a month hosts a Pints and Paints night. 3174 U.S. Highway 70 West (919) 934-3433 daublebarleybrewing.com

SOUTHERN PINES

SOUTHERN PINES BREWING COMPANY

A wooden American flag, made from old oak whiskey barrels, was a gift from the woodworker who built the bar. 565 Air Tool Drive (910) 365-9925 southernpinesbrewing.com

WAKE FOREST

WHITE STREET BREWING COMPANY

The historic downtown building was once a 1930s Chevrolet dealership. 218 South White Street (919) 647-9439 whitestreetbrewing.com

WAXHAW

THE DREAMCHASER'S BREWERY

There are many clues to this building's past as a volunteer fire department, including the bar top, darkened by flame. 115 East North Moin Street (704) 843-7326 dreomchasersbrewery.com

WHITSETT

RED OAK BREWERY

Head here, to one of the oldest craft breweries in the state, on a Friday for a popular weekly tasting tour. There's no taproom yet, but an expansion is in the works.

6901 Konico Drive
(336) 447-2055
redoakbrewery.com

WINSTON-SALEM

FOOTHILLS BREWING COMPANY

The granite countertop is supported by old barrels that once held Peruvian rum. There's also a downtown brewpub. 3800 Kimwell Drive (336) 777-3348 foothillsbrewing.com

HOOTS ROLLER BAR & BEER COMPANY

Hoots hosts a monthly flea market in the spring and fall, with antiques, food trucks, live music, and a live auction. 840 Mill Works Street (336) 608-6026 hootspublic.com

SMALL BATCH BEER COMPANY

The vintage sign for the building's former inhabitant, the Kopper Kitchen, sits right above the sign for Small Batch.

241 West 5th Street

(336) 893-6395 smallbotchws.com

WISE MAN BREWING

wisemanbrewing.com

Inside a renovated 90-year-old warehouse, original brick walls add character. 826 Angelo Brothers Avenue (336) 725-0008









Subscribe today and uncover the history, culture, and beauty of North Carolina in each monthly issue.

Visit ourstate.com or call (800) 948-1409.







EASTERN

BEAUFORT

MILL WHISTLE BREWING

On the site of the 100-year-old Safrit Lumber Mill, this brewery continues the daily tradition of sounding the old mill whistle at 4:45 p.m. 1354 Lennoxville Rood (252) 342-6929

CAROLINA BEACH

GOOD HOPS BREWING

This beach-bar-style brewery features a sandy patio; colorful blue, green, and orange furniture; and even pier pilings as decor. 811 Harper Avenue (706) 713-1594 goodhopsbrewing.com

FARMVILLE

THE DUCK-RABBIT CRAFT BREWERY

You can expect a friendly, Cheers-like atmosphere in the tiny tasting room, which can only fit 15 to 20 people. 4519 West Pine Street (252) 753-7745 duckrabbitbrewerv.com

GRANDY

WEEPING RADISH FARM BREWERY

The first craft brewery in the state, it also has an award-winning in-house butchery. 6810 Caratoke Highway (252) 491-5205 weepingrodish.com

GREENVILLE

TROLLINGWOOD **TAPROOM & BREWERY**

The historic feel of this 1924 building was preserved in renovations - the original brick wall peeks through in several spots.

703 Dickinson Avenue (252) 210-6295 facebook.com/greenvillebrewery

UPTOWN BREWING COMPANY

Uptown has high ceilings, exposed brick, and a chic-but-comfy living room area, complete with leather floor cushions.

418 Evans Street (252) 671-2633 uptownbrewingcompany.com

KILL DEVIL HILLS

OUTER BANKS BREWING STATION

The country's first wind-powered brewery, it was also the first business on the Outer Banks to produce wind power. 600 South Croatan Highway (252) 449-2739 obbrewing.com

KINSTON

MOTHER EARTH BREWING

The rustic warehouse setting contrasts with a glowing bar and chic seating and lighting. 311 North Herritage Street (252) 208-2437 mothereorthbrewing.com

MANTEO

LOST COLONY BREWERY

Their weekly summer program, Beer University, combines a tour and tasting with a history lesson on the crossroads of beer and culture. 208 Oueen Elizabeth Street (252) 473-6666 thefull-mooncafe.com/brewery

NEW BERN

BREWERY 99

The little white cinder-block building, which has room for just 22 people, might remind you of the corner store down the street from your childhood home. 417-F Broad Street (252) 259-6393 brewery99.com

ROCKY MOUNT

KOI POND BREWING COMPANY

This historic 180-year-old mill house may look like a home, but peek through the windows, and you'll spot the brew tanks. 1107 Falls Road (252) 231-1660 koipondbrewingcompany.com

SOUTHPORT

CHECK SIX BREWING COMPANY

There's a WWI aircraft theme at this brewery; in the military, "check six" means "watch your back." 5130 Southport Supply Road (910) 477-9280 checksixbeer.com



TARBORO

TARBORO BREWING COMPANY

The building once held a service station and Pontiac dealership, and it maintains unique details from that era in the facade.
526 North Main Street
(252) 823-8268
tarborobrewingcompany.com

TRENTON

3RD ROCK BREWING COMPANY

The mesmerizing blue floor and space mural in the taproom help take this brewery's theme out of this world. 134 Industrial Park Drive (252) 631-9213 3rackbrew.com

WILMINGTON

BILL'S FRONT PORCH PUB & BREWERY

Brew tanks, bar, and restaurant all share space in this warehouse setup, but intricate woodwork adds color and warmth. 4238 Morket Street (910) 762-6333 billsfrontporch.com

BROOMTAIL CRAFT BREWERY

A horse barn once housed the owners' home-brewing hobby, and also served as inspiration for their brewery's subtle equestrian theme.

6404 Amsterdam Way (910) 264-1369 broomtailcraftbrewery.com

FLYTRAP BREWING

The carnivorous Venus flytrap, which only grows within a 60-mile radius of Wilmington, serves as the namesake for this conservation-supportive brewery.

319 Walnut Street (910) 769-2881 flytropbrewing.com

FRONT STREET BREWERY

The historic building dates to 1865 and has an Old World look.

9 Narth Front Street (910) 251-1935 frontstreetbrewery.com

IRONCLAD BREWERY

During the renovation of this 1900s-era building, the second-story wood flooring was removed piece by piece and reused in the brewery.

115 North 2nd Street (910) 769-0290 ironcladbrewery.cam

NEW ANTHEM BEER PROJECT

Beer is the center of attention here — a large, horseshoe-shaped bar encircles the brew tanks that sit right in the middle of the action.

116 Dock Street (910) 399-4683 newanthembeer.com

WATERLINE BREWING COMPANY

In a renovated 1940s warehouse, just under the iconic Cape Fear Memorial Bridge, the taproom opens up into a neighboring art gallery. 721 Surry Street (910) 777-5599

(910) 777-5599 waterlinebrewing.com

WILMINGTON BREWING COMPANY

A "kids' corner" with toys, plenty of games, and an old-school record player helps the whole family unwind. 824 South Kerr Avenue (910) 392-3315

wilmingtonbeer.com

WILSON

217 BREW WORKS

217brewworks.com

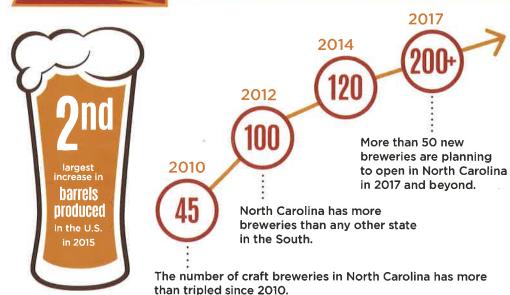
This brewery is located across from Vollis Simpson Whirligig Park, which features a collection of huge, famed sculptures created from recycled industrial parts. 217 South Street South (252) 991-6959

Flytrap Brewing in Wilmington keeps a space in the parking lot reserved for food trucks, like local favorite Catch, which serves seafood.





THE STATE OF CRAFT BEER



\$1.2 BILLION
\$300 MILLION
in annual wages
\$\$\delta \delta \delta

ASHEVILLE

is a favorite beer destination. It is a four-time "Beer City USA" poll-topper and boasts

20 BREWERIES



IN NORTH CAROLINA



LOCAL INGREDIENTS

— sweet potatoes, kumquats, sorghum, blueberries. blackberries, persimmons, barley, wheat, rye, and hops — re ect a rich agricultural heritage and have won the state's brewers national recognition.





MAJOR CRAFT BREWERY EXPANSIONS





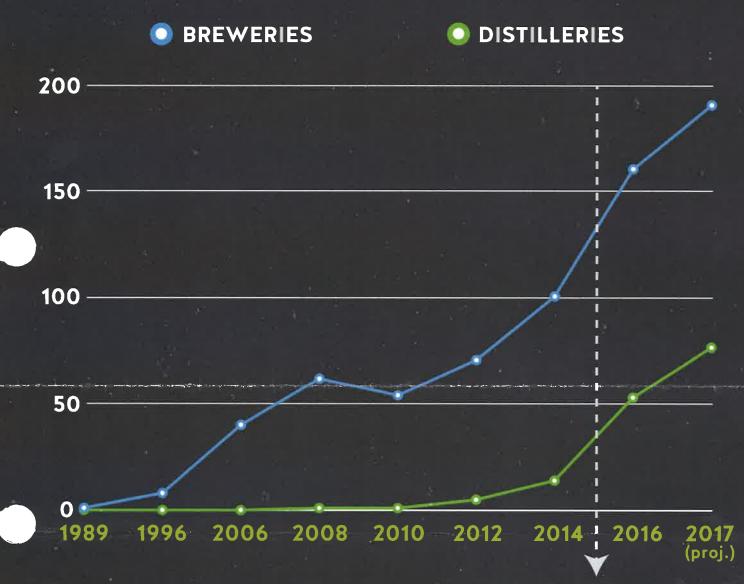


REFR

PNORTH CAROLINA DISTILLERY LOCATIONS



GROWTH OF NORTH CAROLINA BREWERIES & DISTILLERIES



2015 DISTILLERY SALES BILL

NORTH CAROLINA • DISTILLERY SALES

distillery sales of bottles & merchandise in 2016:

\$800,000

resulting in the state receiving excise tax of

\$120,000

[plus another \$54,000 in sales tax]

the majority of distillers sell 90% of their product through the ABC store & 10% at their distillery

150%

the projected increase in distillery bottle sales should S155 pass

[that's \$1,000,000 in sales, \$300,000 in state excise tax & \$70,000 in sales tax] average employment at an NC distillery:

4 EMPLOYEES

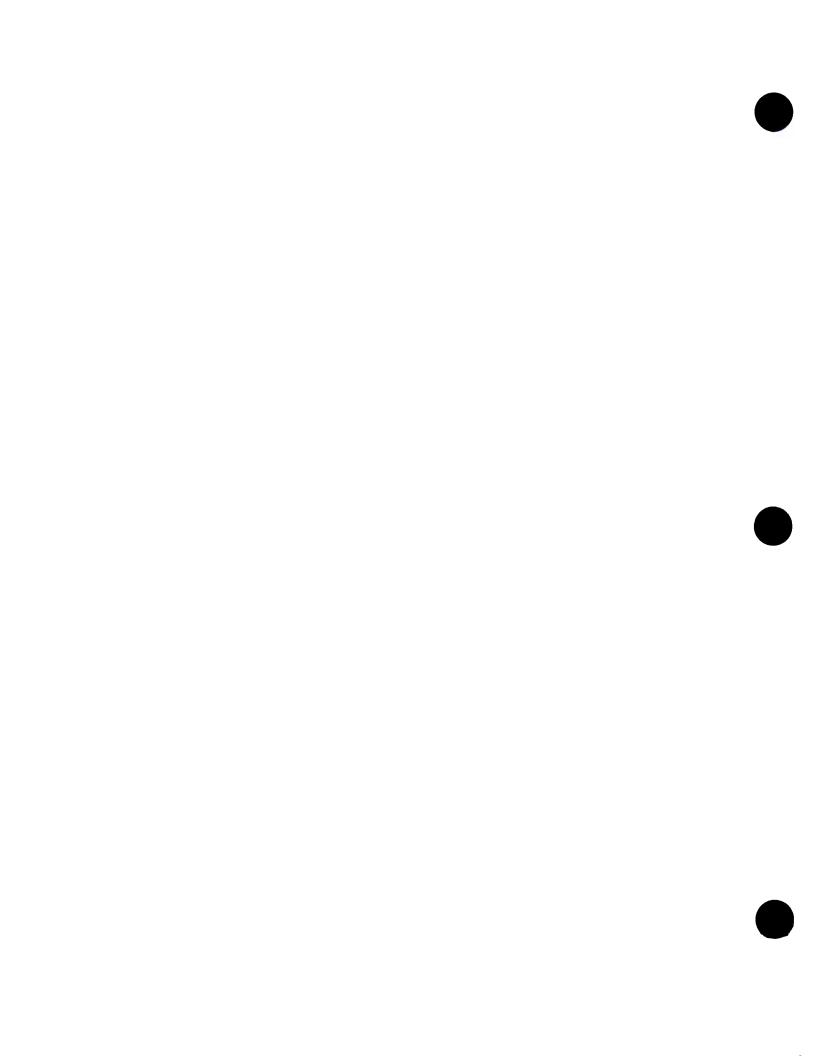
[2 full-time & 2 part-time]

95%

of distilleries say they would hire at least one new employee if S155 passes

Committee Sergeants at Arms

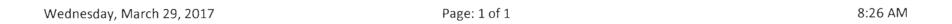
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DATE: _	03-29-2017	Room: _	544	
		House Sgt-At	Arms:	
1. Name:	REGGIE SILLS	MATERIAL CONTRACTOR CONTRACTOR CONTRACTOR CONTRACTOR CONTRACTOR CONTRACTOR CONTRACTOR CONTRACTOR CONTRACTOR CO		
2. Name:	MARVIN LEE			
3 me: _	TERRY McCRAW	***	****	
4. Name:	THOMAS TERRY			
5. Name: _			•	
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House Pages Assignments Wednesday, March 29, 2017

Session:	2:00	PM
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Committee	Room	Time	Staff	Comments	Member
State and Local Government	544	10:00 AM	Jon Edmonston		Rep. Grier Martin
			Brenton Lanier		Rep. Brenden Jones
			William Patterson, II		Rep. Holly Grange
			Greyson Siderio		Rep. Chris Malone
Alcoholic Beverage Control	544	11:00 AM	Troy Elbert		Rep. Marvin Lucas
	7		B <mark>enjamin Williams</mark>		Rep. Marvin Lucas
Health	643	11:00 AM	Situna Taliau		Rep. Speaker Tim Moore
			Naiia Pullen		Rep. Speaker Tim Moore
			Anthony Vincent		Rep. Speaker Tim Moore
			Diamond Smith		Rep. Speaker Tim Moore
Pensions and Retirement	415	12:00 PM	Sydney Todd		Rep. Speaker Tim Moore
			Megan Hammaker		Rep. Kevin Corbin
Ludinian III	421	12:30 PM	Ubaldo Velasco-		Pon Smooker Tim Moore
Judiciary III	421	12.30 PIVI	Lopez		Rep. Speaker Tim Moore
			Christopher Tucker		Rep. Speaker Tim Moore
Judiciary I	415	1:00 PM	Darius Bellamy		Rep. Speaker Tim Moore
			Hunter Freeman		Rep. Speaker Tim Moore

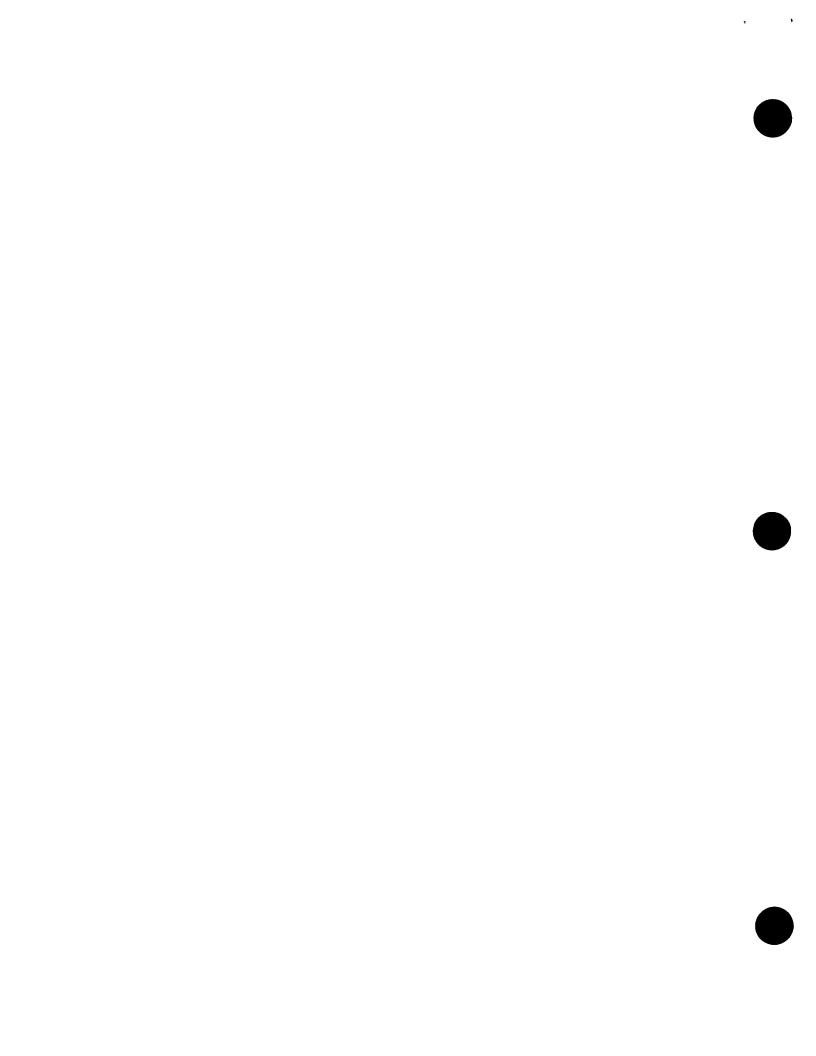


VISITOR REGISTRATION SHEET

OBI RM 544

03-29-2017

NAME	FIRM OR AGENCY AND ADDRESS		
CHRUS SANDERS	NUDATCS		
JERF JEWINGS	<i>()</i>		
WHIT WINSLOW	/\ \1\		
JACOB GARNIER			
JOHN MARRINO	THE OLDE MECKLENBURG BREWERY		
JOCELAN ENMEK	" / CRAFT FEEDOM		
CHANDIER OWEN	11		
Lamy Shakeer	Carolina Astral Con a Hay		
Todd Ford	No Da Brewing & CRAFT FREEDOM		
FLISTIC NYSTADT	RAIGH BLEWING COMPANY		
Suzie Ford	NoDa Brewing Co. + Craft Freedom		

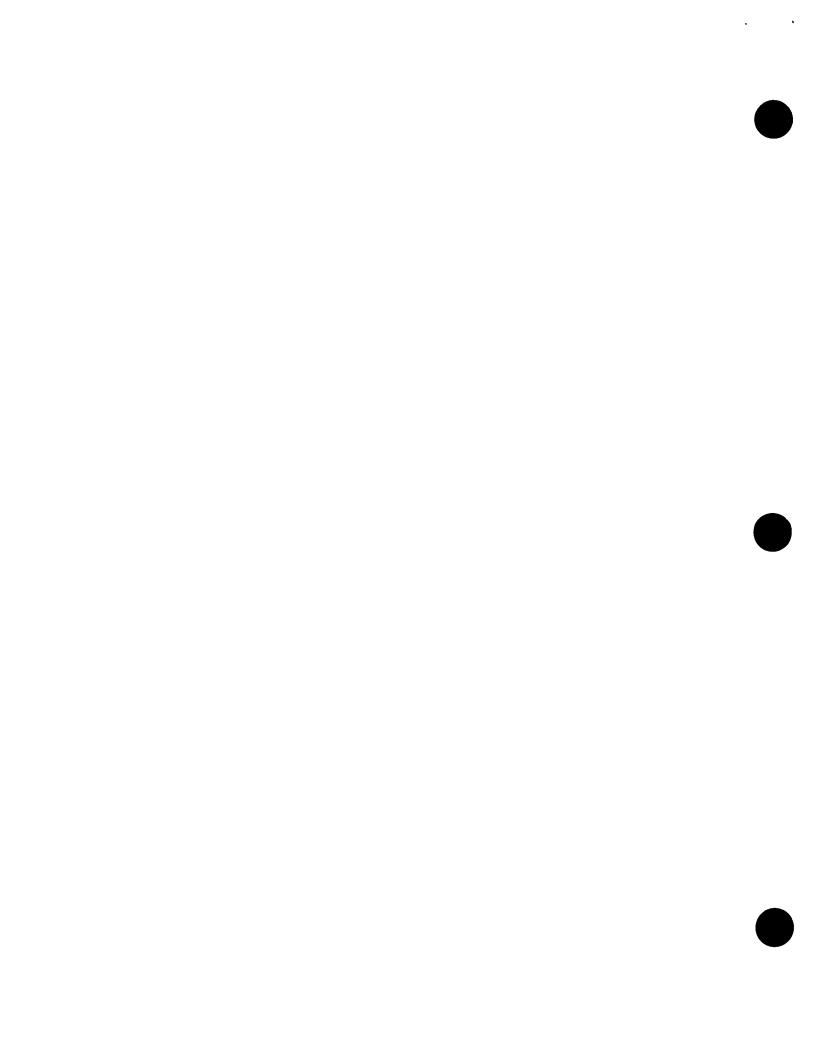


Rn# 549 03-29-2017

VISITOR REGISTRATION SHEET

Name of Committee

NAME	FIRM OR AGENCY AND ADDRESS
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LAMPA PURTEAR	WAS
Andy Chase	KMA
Tonya HoAon	T55
Dana Signson	. 6 A
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Radhu Spears	ABC COMMISSION
Bob Hamitton	ABC Commission
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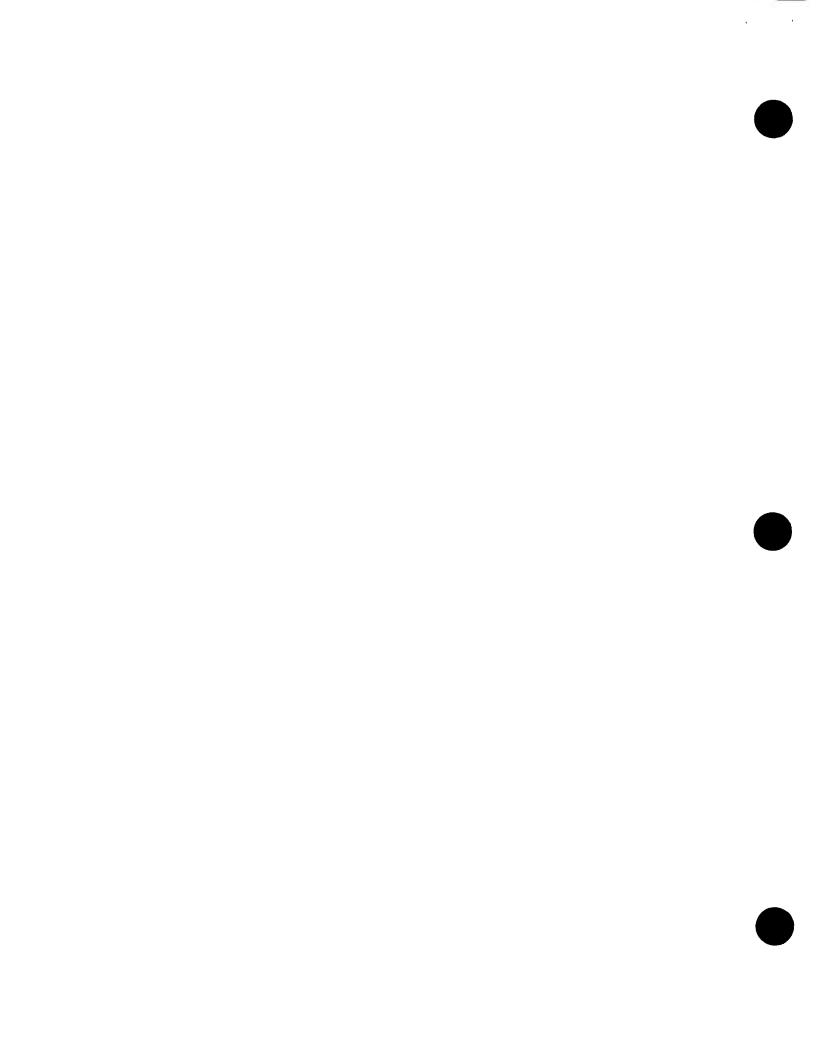
ABC Name of Committee 03-29-2017

FIRM OR AGENCY AND ADDRESS
NC Craft Brewers Guild
Strike + Techel
AMGA
HARRIS BEVERAJES - DURHAL
· Visla Strategies
Water British
TOWN of correlius
Town of Cornelius
Town of Cornelius
Town of CONNECIUS
05*

VISITOR REGISTRATION SHEET

Name of Committee

NAME	FIRM OR AGENCY AND ADDRESS
Jonathan Bubalar	Stabilità Neso
Hawld Bubaker	16
TJBuzbee	NP
Lindsey Souling	FSP
Dogue Granis	SA
AL MILAIL	Wc Dept of Revenue
Laura Lansford	NC DOR
Julie Robinson	Roberts Crown Group
Wendy Kell	Forus Carolin
Wendy Kelly Syn Swisis	73
Lori Amellanes	(AHA)



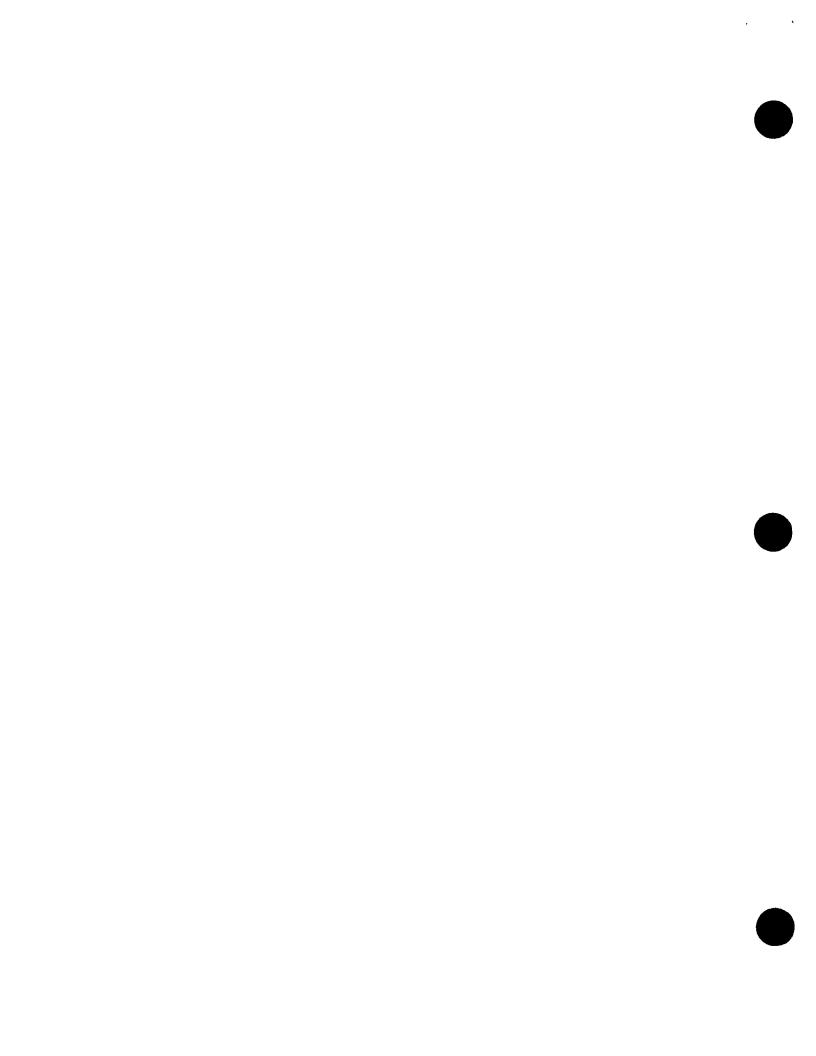
Rn#544

VISITOR REGISTRATION SHEET

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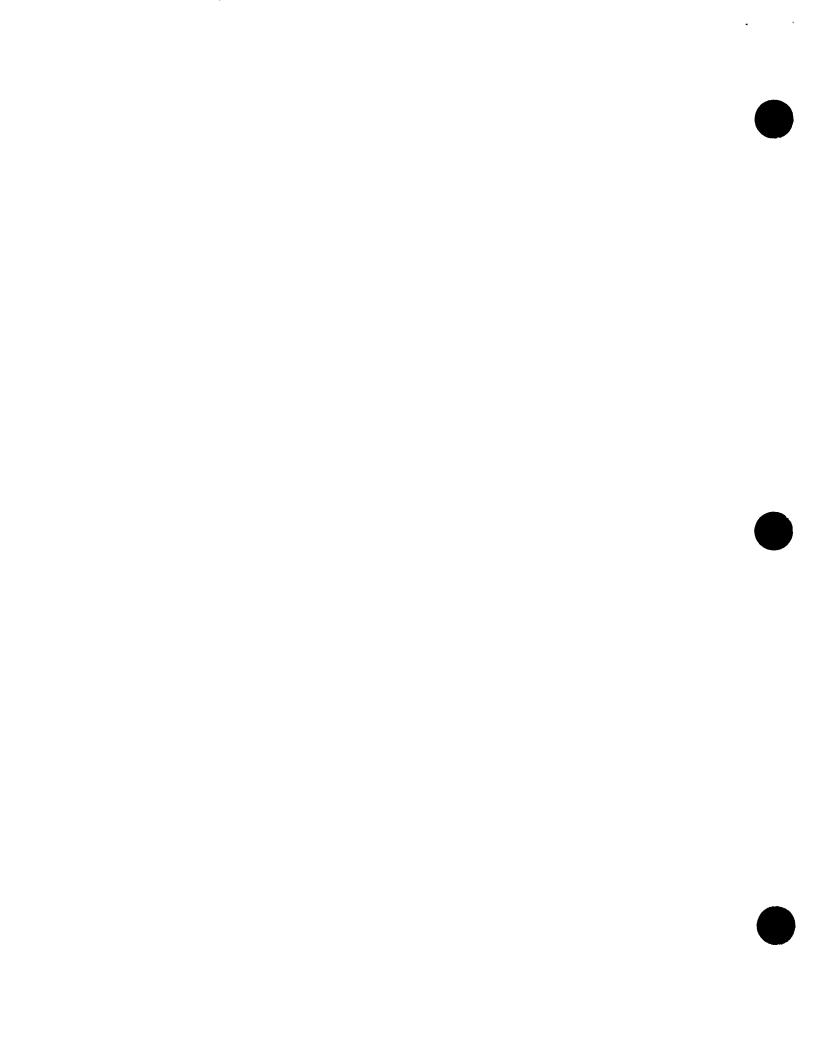
13-29-2017

NAME	FIRM OR AGENCY AND ADDRESS
Karsin Williard	Intern
Bochi Gray KRIS GARONER	John Locke Foundation
KRIS GARDNER	NCBWWA
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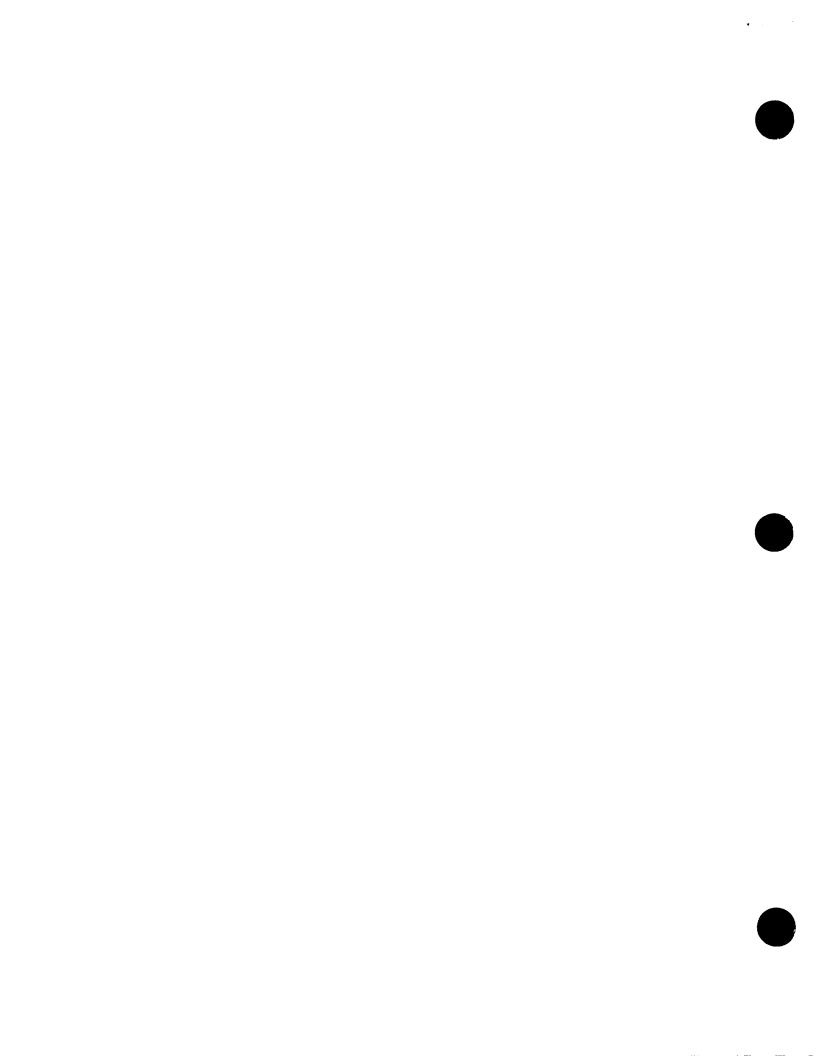
Name of Committee	Date		
VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLEE			
NAME	FIRM OR AGENCY AND ADDRESS		
E. Willia	No. 1.7 co.		



VISITOR REGISTRATION SHEET Rm. #544

03-27-2017

NAME	FIRM OR AGENCY AND ADDRESS
David Ulmer	Chair, Wak County Chair, Libertarian Party of NC
	Chair, Libertarian Party of NC
Levi attir	NCKMA



House Committee on Alcoholic Beverage Control Tuesday, April 11, 2017 at 9:00 AM Room 1425 of the Legislative Building

MINUTES

The House Committee on Alcoholic Beverage Control met at 9:00 AM on April 11, 2017 in Room 1425 of the Legislative Building. Representatives Alexander, Boles, Brawley, Earle, Fisher, Gill, Hanes, Hardister, Harrison, Hastings, Hurley, Jones, Lucas, Malone, McGrady, Potts, Saine, Stone, Willingham, and Zachary attended.

Representative Chuck McGrady, Chair, presided and called the meeting to order at 9:07 a.m. The Chairman recognized the Sergeant at Arms present at the meeting.

The following bills were before the Committee for discussion purposes only:

HB 460 Economic & Job Growth for NC Distilleries. (Representatives Bradford, Davis, Hardister, Duane Hall)

HB 500 ABC Omnibus Legislation. (Representatives McGrady, Brawley, Hardister, Harrison)

Chairman McGrady recognized Representative Hardister for a motion to put the PCS before the committee and then recognized Representative Bradford, Bill Sponsor of HB460, to give a broad overview of the bill. Upon conclusion of Representative Bradford's overview, Chairman McGrady recognized the following individuals to speak on the bill:

Mark Combs, Asheville ABC Board, spoke in support of the bill.

Jim Beley, General Manager of the Umstead Hotel and Spa, representing the NC Restaurant and Lodging Association, spoke in support of the bill.

Rev. Mark Creech, Executive Director, Christian Action League, spoke in opposition to the bill.

Eliza Robinson, NC Retail Merchants Association, spoke in support of the bill.

Connie Wilson, Distilled Spirits Council of the United States, spoke in support of the bill.

After hearing comments, there was no further action on the bill.

Chairman McGrady yielded the gavel to Representative Boles to preside over the meeting. Chairman Boles then recognized Representative McGrady to give an overview of HB500. Upon conclusion of Representative McGrady's overview, Chairman Boles recognized the following individuals to speak on the bill:

Tom Effrid, President, Standard Distributors, representing the NC Beer and Wine Wholesalers, spoke in opposition of the bill.

Leigh Jeffreys Fanning, Owner, R. A. Jeffreys Distributing in Greenville, NC, spoke in opposition of the bill.

David "Crockett" Long, Long Beverage Company in Raleigh, NC, spoke in opposition of the bill.

Tim Kent, Executive Director, NC Beer and Wine Wholesalers Association, spoke in opposition of the bill.

Margo Metzger, Executive Director, NC Craft Brewers Guild, spoke in support of the bill.

Todd and Susan Ford, Noda Brewery, Charlotte, NC, spoke in support of the bill.

Anna Gravley, Americans for Prosperity, spoke in support of the bill.

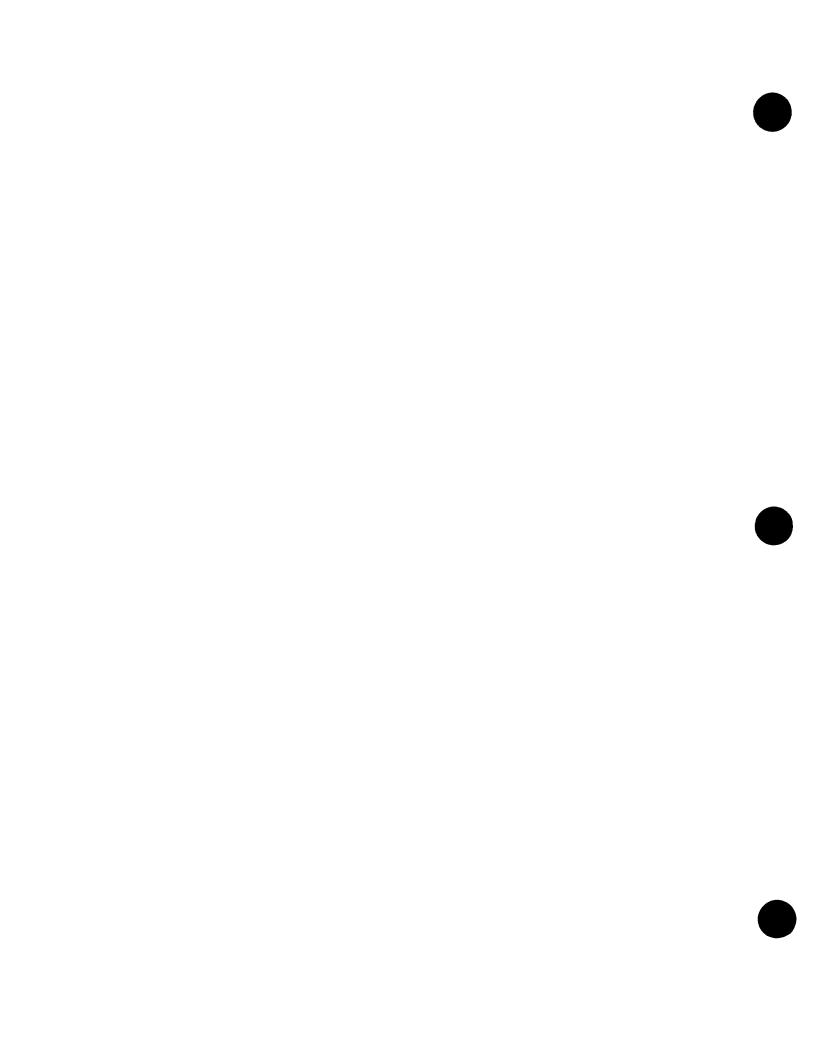
Rev. Mark Creech, Executive Director, Christian Action League, spoke in opposition to the bill.

After hearing comments, there was no further action on the bill.

Chairman Boles adjourned the meeting at 9:54 a.m.

Représentative James L. Boles, Chair Kerry Guice, Committee Clerk

Presiding

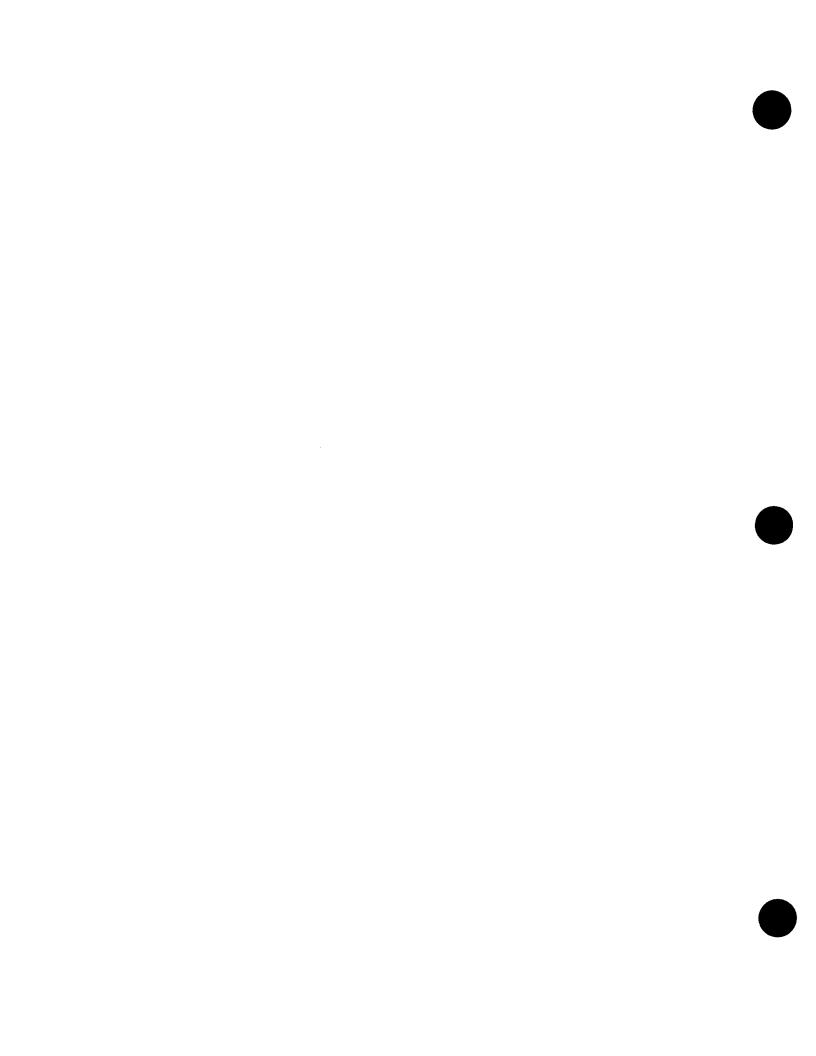


NORTH CAROLINA HOUSE OF REPRESENTATIVES COMMITTEE MEETING NOTICE AND BILL SPONSOR NOTIFICATION 2017-2018 SESSION

You are hereby notified that the **House Committee on Alcoholic Beverage Control** will meet as follows:

DAY & DATE: Tuesday, April 11, 2017

TIME: LOCATION COMMENT number of t		scussion Only. PLEASE NOTE the time and room sual meeting schedule.			
The followin	g bills will be considered:				
BILL NO. HB 460	SHORT TITLE Economic & Job Growth for N Distilleries. ABC Omnibus Legislation.	SPONSOR C Representative Bradford Representative Davis Representative Hardister Representative Duane Hall Representative McGrady Representative Brawley Representative Hardister Representative Hardister			
Respectfully,					
	Representative James L. Boles, Jr., Co-Chair Representative Chuck McGrady, Co-Chair				
I hereby certify this notice was filed by the committee assistant at the following offices at 5:47 PM on Thursday, April 06, 2017.					
	Principal Clerk Reading Clerk – House Cha	amber			
Kerry Guice	(Committee Assistant)				



House Committee on Alcoholic Beverage Control Tuesday, April 11, 2017, 9:00 AM 1425 Legislative Building

AGENDA

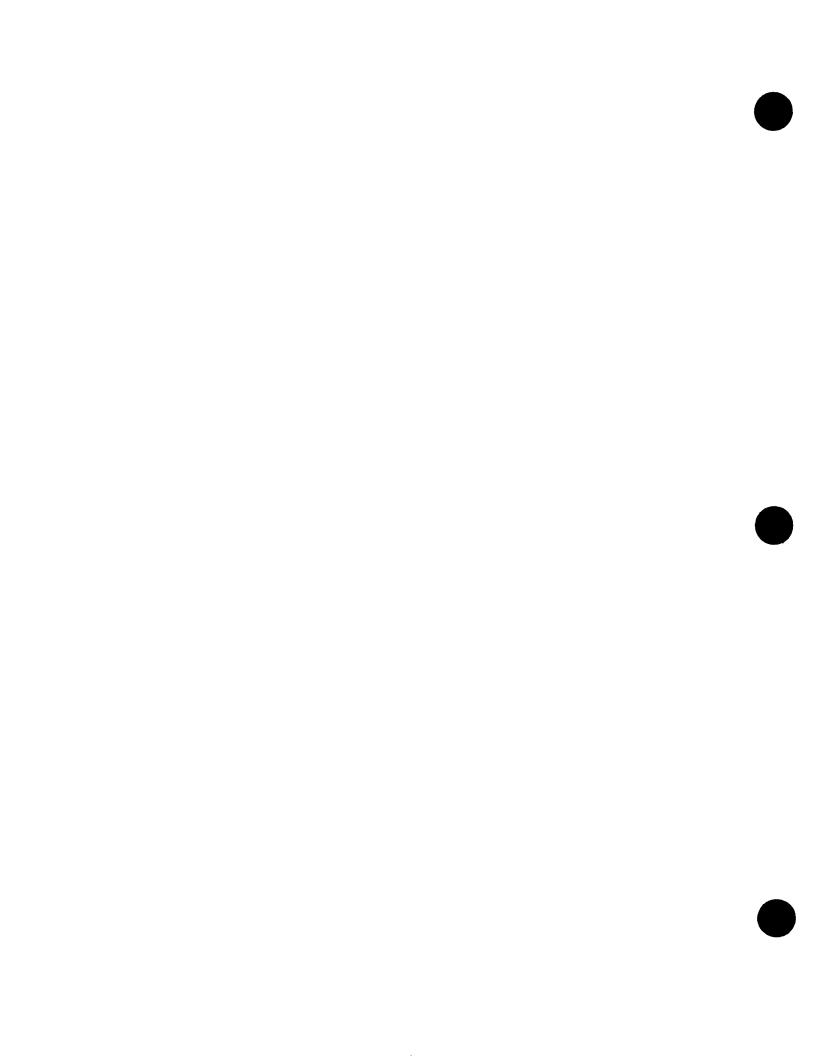
Welcome and Opening Remarks

Introduction of Pages

Bills - Discussion Only

BILL NO.	SHORT TITLE	SPONSOR
HB 460	Economic & Job Growth for NC	Representative Bradford
	Distilleries.	Representative Davis
		Representative Hardister
		Representative Duane Hall
HB 500	ABC Omnibus Legislation.	Representative McGrady
		Representative Brawley
		Representative Hardister
		Representative Harrison

Adjournment



GENERAL ASSEMBLY OF NORTH CAROLINA **SESSION 2017**

H

HOUSE BILL 460*

1

Short Title: Economic & Job Growth for NC Distilleries. (Public) Sponsors: Representatives Bradford, Davis, Hardister, and Duane Hall (Primary Sponsors). For a complete list of sponsors, refer to the North Carolina General Assembly web site. Referred to: Alcoholic Beverage Control, if favorable, Finance

March 27, 2017

A BILL TO BE ENTITLED

AN ACT TO AMEND ALCOHOLIC BEVERAGE CONTROL PERMITS AND ALLOW

2 3 4

1

RESTAURANTS TO SELL ALCOHOLIC BEVERAGES BEFORE NOON ON SUNDAYS, SUBJECT TO LOCAL GOVERNMENT APPROVAL.

The General Assembly of North Carolina enacts:

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DISTILLERY PERMIT AMENDMENTS

SECTION 1.(a) G.S. 18B-1105 reads as rewritten:

"§ 18B-1105. Authorization of distillery permit.

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16 17 Authorized Acts. – The holder of a distillery permit may do any of the following:

Manufacture, purchase, import, possess and transport ingredients and equipment used in the distillation of spirituous liquor.

(2) Sell, deliver and ship spirituous liquor in closed containers at wholesale to exporters and local boards within the State, and, subject to the laws of other jurisdictions, at wholesale or retail to private or public agencies or establishments of other states or nations. State.

Sell spirituous liquor in closed containers at wholesale or retail, subject to (2a)the laws of other jurisdictions, for delivery outside the State.

Transport into or out of the distillery the maximum amount of liquor allowed (3) under federal law, if the transportation is related to the distilling process.

Sell spirituous liquor distilled at the distillery in closed containers to visitors (4) who tour the distillery for consumption off the premises. Sales under this subdivision are allowed only in a county where the establishment of a county or municipal ABC store has been approved pursuant to G.S. 18B-602(g) and are subject to the time and day restrictions in G.S. 18B-802. Spirituous liquor sold under this subdivision shall (i) be listed as a code item for sale in the State, (ii) be sold at the price set by the Commission for the code item pursuant to G.S. 18B-804(b), and (iii) have affixed to its bottle a sticker that bears the words "North Carolina Distillery Tour Commemorative Spirit" in addition to any other labeling requirements set by law. Consumers purchasing spirituous liquor under this subdivision are limited to purchasing, and the selling distillery is limited to selling to each consumer, no more than one bottle five bottles of spirituous liquor per 12 month period. The distillery shall use a commonly adopted standard point of sale system to maintain searchable electronic records captured at the point of sale, to include the



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purchaser's name, drivers license number, and date of birth for at least 12 months from the date of purchase. The Commission shall adopt rules regulating the retail sale of spirituous liquor under this subdivision.

(5) Conduct consumer tastings in accordance with G.S. 18B-1114.7.

(b) Distilleries for Fuel Alcohol. – Any person in possession of a Federal Operating Permit pursuant to Title 27, Code of Federal Regulations, Part 19 (April 1, 2010 Edition), shall obtain a fuel alcohol permit before manufacturing any alcohol. The permit shall entitle the permittee to perform only those acts allowed by the Federal Operating Permit, and all conditions of the Federal Operating Permit shall apply to the State permit."

SECTION 1.(b) G.S. 18B-804 is amended by adding a new subsection to read: "§ 18B-804. Alcoholic beverage pricing.

- (a) Uniform Price of Spirituous Liquor. The retail price of spirituous liquor sold in ABC stores and permitted distilleries shall be uniform throughout the State, unless otherwise provided by the ABC law.
- (b) Sale Price of Spirituous Liquor. The sale of spirituous liquor, including antique spirituous liquor, sold at the uniform State price shall consist of the following components:
 - (1) The distiller's or the antique spirituous liquor seller's price.
 - (2) The freight and bailment charges of the State warehouse as determined by the Commission.
 - (3) A markup for local boards as determined by the Commission.
 - (4) The tax levied under G.S. 105-113.80(c), which shall be levied on the sum of subdivisions (1), (2), and (3).
 - (5) An additional markup for local boards equal to three and one-half percent (3 1/2%) of the sum of subdivisions (1), (2), and (3).
 - (6) A bottle charge of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.
 - (6a) The bailment surcharge.
 - (6b) An additional bottle charge for local boards of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.
 - (7) A rounding adjustment, the formula of which may be determined by the Commission, so that the sale price will be divisible by five.
 - (8) If the spirituous liquor is sold to a mixed beverage permittee for resale in mixed beverages, a charge of twenty dollars (\$20.00) on each four liters and a proportional sum on lesser quantities.
 - (9) If the spirituous liquor is sold to a guest room cabinet permittee for resale, a charge of twenty dollars (\$20.00) on each four liters and a proportional sum on lesser quantities.
- (b1) Price of Spirituous Liquor Sold at Distillery. When the holder of a distillery permit sells spirituous liquor distilled at the distillery pursuant to G.S. 18B-1105(a)(4), the retail price of the spirituous liquor shall be the uniform State price set by subsection (a) of this section. However, the holder of the distillery permit shall not be required to remit the components of the price set forth by subdivisions (2), (3), (5), (6), (6a), (6b), and (7) of subsection (b) of this section.
- (b2) Price of Spirituous Liquor Sold for Delivery Outside the State. When the holder of a distillery permit sells spirituous liquor for delivery outside the State pursuant to G.S. 18B-1105(a)(2a), the retail price of the spirituous liquor shall be the distiller's price.
- (c) Sale Price of Fortified Wine. The sale price of fortified wine shall include the tax levied by G.S. 105-113.80(b), as well as State and local sales taxes.
 - (d) Repealed by Session Laws 1985, c. 59, s. 2." **SECTION 1.(c)** G.S. 18B-800 reads as rewritten:

1	"§ 18B-800. Sale	e of alcoholic beverages in ABC stores.
2		nous Liquor Except as provided in Article 10 Articles 10 and 11 of this
3		is liquor may be sold only in ABC stores operated by local boards.
4		
5	SECT	ION 1.(d) The Alcoholic Beverage Control Commission shall adopt
6		amend its rules consistent with this section.
7	SECT	ION 1.(e) This section becomes effective July 1, 2017.
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9	CREATE SPIR	RITUOUS LIQUOR SPECIAL EVENT PERMIT TO ALLOW
10	DISTILLERIES	TO GIVE FREE TASTINGS
11	SECT	ION 2.(a) G.S. 18B-301 reads as rewritten:
12	"§ 18B-301. Poss	session and consumption of fortified wine and spirituous liquor.
13	• • •	
14	(e) Incide	nt to Sale It shall be lawful to possess fortified wine and spirituous liquor at
15	any place, such a	as an ABC store, where possession is a necessary incident to lawful sale.
16		such a place shall be unlawful unless the establishment has a permit
17	authorizing consu	imption on the premises as well as sale.sale or a consumer tasting authorized
18	by G.S. 18B-1114	1.7 is being conducted at the ABC store.
19	(f) Unlaw	ful Possession or Use As illustration, but not limitation, of the general
20	prohibition stated	in G.S. 18B-102(a), it shall be unlawful for:
21	(1)	Any person to consume fortified wine, spirituous liquor, or mixed beverages
22		or to offer such beverages to another person:person at any of the following
23		places:
24		a. On the premises of an ABC store, orstore, unless a consumer tasting
25		authorized by G.S. 18B-1114.7 is being conducted at the ABC store.
26		b. Upon any property used or occupied by a local board, or <u>board.</u>
27		c. On any public road, street, highway, or sidewalk.sidewalk, unless a
28		consumer tasting authorized by G.S. 18B-1114.7 is being conducted.
29	!!	
30		ION 2.(b) G.S. 18B-902(d) is amended by adding new subdivisions to read:
31		- An application for an ABC permit shall be accompanied by payment of the
32	following applicat	
33	(1)	On-premises malt beverage permit – \$400.00.
34		Off-premises malt beverage permit – \$400.00.
35	(3)	On-premises unfortified wine permit – \$400.00.
36	(4)	Off-premises unfortified wine permit – \$400.00.
37	(5)	On-premises fortified wine permit – \$400.00.
38	(6)	Off-premises fortified wine permit – \$400.00.
39	(7)	Brown-bagging permit – \$400.00, unless the application is for a restaurant
40	(0)	seating less than 50, in which case the fee shall be \$200.00.
41	(8)	Special occasion permit – \$400.00.
42	(9)	Limited special occasion permit – \$50.00.
43	(10)	Mixed beverages permit – \$1,000.
44	(11)	Culinary permit – \$200.00.
45	(12)	Unfortified winery permit – \$300.00.
46	(13)	Fortified winery permit – \$300.00.
47	(14)	Limited winery permit – \$300.00.
48	(15)	Brewery permit – \$300.00.
49	(16)	Distillery permit – \$300.00.
50	(17)	Fuel alcohol permit – \$100.00.
51	(18)	Wine importer permit – \$300.00.

- The permit holder shall not offer tasting samples to, or allow consumption of tasting samples by, any consumer under the legal age for consuming spirituous liquor. The person pouring the spirituous liquor shall be responsible for verifying the age of the consumer being served by checking
- The permit holder shall not charge a consumer for any tasting sample.
- No venue shall allow more than three different permit holders to conduct a consumer tasting at any event. However, the local board may grant approval for additional permit holders to conduct consumer tastings at a specific event.
- (8) A venue allowing tastings shall designate a tasting area within the venue that enables the permit holder to ensure that the consumer tasting is being conducted in compliance with this section. Consumers shall only be allowed to consume tasting samples within the designated tasting area.
- <u>(9)</u> A consumer tasting shall not be allowed unless the venue is located in a jurisdiction that has approved the sale of mixed beverages.
- (10)The permit holder conducting the event may provide point-of-sale advertising materials and advertising specialties to consumers at the consumer tasting.
- (11)The permit holder shall provide written notice of the consumer tasting to the ABC Commission at least 48 hours before the consumer tasting. The notice shall include the date of the consumer tasting, the time of the consumer tasting, the venue at which the consumer tasting will be held, and the spirituous liquor that will be provided for tasting at the consumer tasting.
- (12)The permit holder shall maintain for a period of at least one year a record of each consumer tasting conducted. The record shall include the date of the consumer tasting, the time of the consumer tasting, an identification of the venue at which the consumer tasting was held, an identification of the spirituous liquor that was provided for tasting at the consumer tasting, and the name of any person who poured spirituous liquor at the consumer tasting. The permit holder shall allow the ABC Commission to inspect those records at any time.
- (13)For tastings conducted in an ABC store, the local board may impose additional conditions. Any additional conditions shall be in writing, and the local board shall post notice of the additional conditions at the local board's administrative offices and at all of the ABC stores within the local board's
- Consideration Prohibited. Except as otherwise provided under this section, a permit holder conducting a consumer tasting under this section at an ABC store shall not provide any consideration to the local board, its board members, or its employees for any purpose related to the consumer tasting. A consumer tasting shall not be used by permit holders for unlawful inducements to a local board."

ALLOW SALE OF ALCOHOLIC BEVERAGES AT AUCTION BY LICENSED **AUCTIONEERS**

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

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

- Permits Not Dependent on Elections. The Commission may issue the following (f) kinds of permits without approval at an election:
 - Special occasion permits; permits.

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Session 2017

(6) All permits listed in G.S. 18B-1100; G.S. 18B-1100.

(7) The permits authorized by G.S. 18B-1001(1), (3), (5), and (10) for tourism ABC establishments; establishments.

(8) The permits authorized by G.S. 18B-1001(1), (3), (5), and (10) for tourism resorts; resorts.

(9) The permits authorized by G.S. 18B-1001(1), (3), (5), and (10) for historic ABC establishments.

(10) Special auction permits issued under G.S. 18B-1002.1."

SECTION 3.(b) Article 10 of Chapter 18B of the General Statutes is amended by adding a new section to read:

"§ 18B-1002.1. Special auction permit.

- (a) Permit Authorized. A permit may be issued upon application to an auction firm or auctioneer licensed by the North Carolina Auctioneers Commission pursuant to Chapter 85B of the General Statutes to allow the licensed auction firm or auctioneer to sell any quantity of malt beverages, unfortified wine, fortified wine, and spirituous liquors at auction. An auction held under this section may receive competing bids that are in person or by telephone, fax, or online. A permit to sell malt beverages, unfortified wine, or fortified wine at auction shall only be issued in jurisdictions that allow the sale of malt beverages, unfortified wine, or fortified wine, respectively. A permit to sell spirituous liquor at auction shall be issued only in a jurisdiction that has approved the establishment of ABC stores. The Commission shall deny an application for a one-time special auction permit only if (i) the applicant is ineligible to hold an ABC permit pursuant to G.S. 18B-900 or (ii) the jurisdiction where the auction will be held has not approved the sale of the type of alcoholic beverages to be sold at auction.
- (b) Conditions of Permit. A permit issued under this section shall be valid only for the auction specified in the permit. Any sales under this permit shall be subject to the purchase restrictions in G.S. 18B-303.
- (c) Administrative Procedure. Denial or revocation of a permit under this section shall not entitle the applicant or permittee to a hearing under Chapter 150B of the General Statutes."

 SECTION 3.(c) This section becomes effective October 1, 2017.

ALLOW RESTAURANTS TO SELL ALCOHOLIC BEVERAGES BEFORE NOON ON SUNDAYS, SUBJECT TO LOCAL GOVERNMENT APPROVAL

SECTION 4.(a) G.S. 18B-1004(c) reads as rewritten:

"§ 18B-1004. Hours for sale and consumption.

(c) Sunday Hours. – It—Except as authorized pursuant to G.S. 153A-145.7 or G.S. 160A-205.3, it shall be unlawful to sell or consume alcoholic beverages on any licensed premises from the time at which sale or consumption must cease on Sunday morning until 12:00 Noon on that day."

SECTION 4.(b) Article 6 of Chapter 153A of the General Statutes is amended by adding a new section to read:

"§ 153A-145.7. Hours of certain alcohol sales at restaurants.

In accordance with G.S. 18B-1004(c), a county may adopt an ordinance allowing licensed restaurants to sell alcoholic beverages for on-premises consumption beginning at 10:00 A.M.

General Assembly Of North Carolina

Session 2017

1 2 3 on Sunday morning pursuant to the restaurant's on-premises malt beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, or mixed beverages permit."

SECTION 4.(c) Article 8 of Chapter 160A of the General Statutes is amended by adding a new section to read:

4 5

"§ 160A-205.3. Hours of certain alcohol sales at restaurants.

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In accordance with G.S. 18B-1004(c), a city may adopt an ordinance allowing licensed restaurants to sell alcoholic beverages for on-premises consumption beginning at 10:00 A.M. on Sunday morning pursuant to the restaurant's on-premises malt beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, or mixed beverages permit."

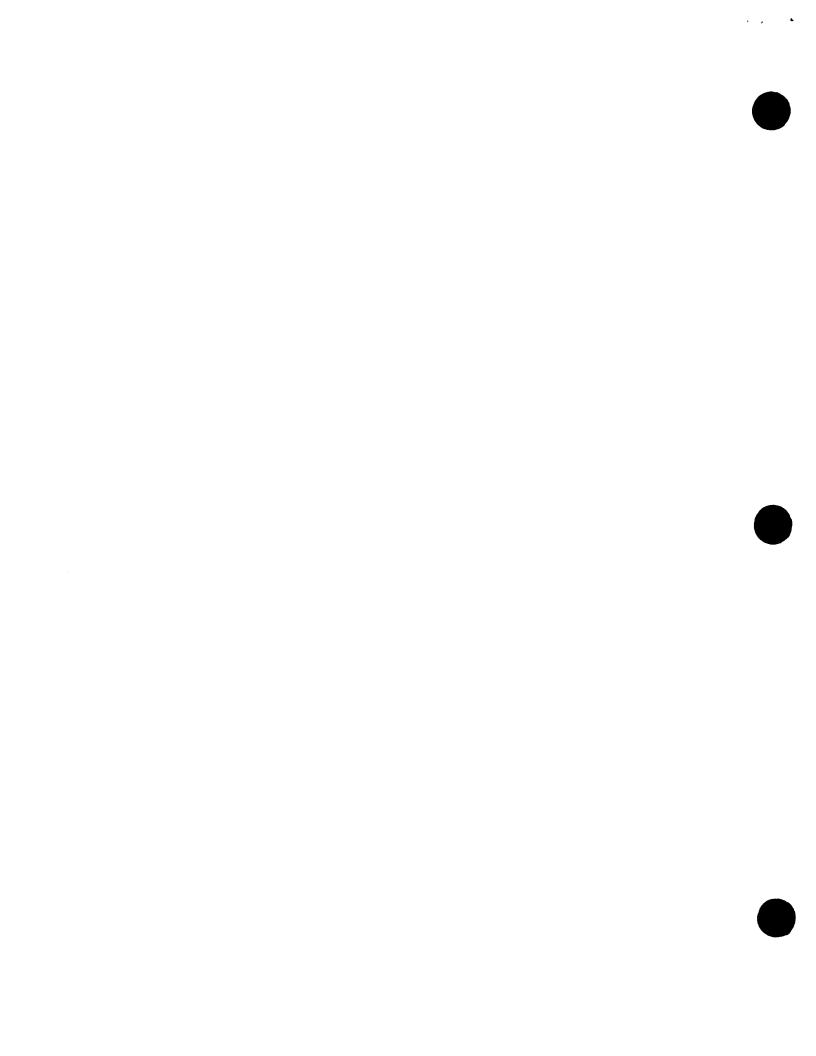
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EFFECTIVE DATE

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SECTION 5. Except as otherwise provided, this act is effective when it becomes

13 law.



GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2017

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HOUSE BILL 460 PROPOSED COMMITTEE SUBSTITUTE H460-CSSAf-10 [v.1] 04/10/2017 03:03:24 PM

Short Title: Economic & Job Growth for NC Distilleries.		(Public)	
Sponsors:			
Referred to:			

March 27, 2017

A BILL TO BE ENTITLED

AN ACT TO AMEND ALCOHOLIC BEVERAGE CONTROL PERMITS AND ALLOW

RESTAURANTS TO SELL ALCOHOLIC BEVERAGES BEFORE NOON ON
SUNDAYS, SUBJECT TO LOCAL GOVERNMENT APPROVAL.

The General Assembly of North Carolina enacts:

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DISTILLERY PERMIT AMENDMENTS

SECTION 1.(a) G.S. 18B-1105 reads as rewritten:

"§ 18B-1105. Authorization of distillery permit.

- (a) Authorized Acts. The holder of a distillery permit may do any of the following:
 - (1) Manufacture, purchase, import, possess and transport ingredients and equipment used in the distillation of spirituous liquor.
 - (2) Sell, deliver and ship spirituous liquor in closed containers at wholesale to exporters and local boards within the State, and, subject to the laws of other jurisdictions, at wholesale or retail to private or public agencies or establishments of other states or nations. State.
 - (2a) Sell spirituous liquor in closed containers at wholesale or retail, subject to the laws of other jurisdictions, for delivery outside the State.
 - (3) Transport into or out of the distillery the maximum amount of liquor allowed under federal law, if the transportation is related to the distilling process.
 - Sell spirituous liquor distilled at the distillery in closed containers to visitors **(4)** who tour the distillery for consumption off the premises. Sales under this subdivision are allowed only in a county where the establishment of a county or municipal ABC store has been approved pursuant to G.S. 18B-602(g) and are subject to the time and day restrictions in G.S. 18B-802. Spirituous liquor sold under this subdivision shall (i) be listed as a code item for sale in the State, (ii) be sold at the price set by the Commission for the code item pursuant to G.S. 18B-804(b), and (iii) have affixed to its bottle a sticker that bears the words "North Carolina Distillery Tour Commemorative Spirit" in addition to any other labeling requirements set by law. Consumers purchasing spirituous liquor under this subdivision are limited to purchasing, and the selling distillery is limited to selling to each consumer, no more than one bottle five bottles of spirituous liquor per 12 month period. The distillery shall use a commonly adopted standard point of sale system to maintain searchable electronic records captured at the point of sale, to include the purchaser's name, drivers license number, and date of birth for at least 12



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months from the date of purchase. The Commission shall adopt rules regulating the retail sale of spirituous liquor under this subdivision.

(5) Conduct consumer tastings in accordance with G.S. 18B-1114.7.

(b) Distilleries for Fuel Alcohol. – Any person in possession of a Federal Operating Permit pursuant to Title 27, Code of Federal Regulations, Part 19 (April 1, 2010 Edition), shall obtain a fuel alcohol permit before manufacturing any alcohol. The permit shall entitle the permittee to perform only those acts allowed by the Federal Operating Permit, and all conditions of the Federal Operating Permit shall apply to the State permit."

SECTION 1.(b) G.S. 18B-804 is amended by adding a new subsection to read: **18B-804.** Alcoholic beverage pricing.

- (a) Uniform Price of Spirituous Liquor. The retail price of spirituous liquor sold in ABC stores and permitted distilleries shall be uniform throughout the State, unless otherwise provided by the ABC law.
- (b) Sale Price of Spirituous Liquor. The sale of spirituous liquor, including antique spirituous liquor, sold at the uniform State price shall consist of the following components:
 - (1) The distiller's or the antique spirituous liquor seller's price.
 - (2) The freight and bailment charges of the State warehouse as determined by the Commission.
 - (3) A markup for local boards as determined by the Commission.
 - (4) The tax levied under G.S. 105-113.80(c), which shall be levied on the sum of subdivisions (1), (2), and (3).
 - (5) An additional markup for local boards equal to three and one-half percent (3 1/2%) of the sum of subdivisions (1), (2), and (3).
 - (6) A bottle charge of one cent $(1 \not e)$ on each bottle containing 50 milliliters or less and five cents $(5 \not e)$ on each bottle containing more than 50 milliliters.
 - (6a) The bailment surcharge.
 - (6b) An additional bottle charge for local boards of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.
 - (7) A rounding adjustment, the formula of which may be determined by the Commission, so that the sale price will be divisible by five.
 - (8) If the spirituous liquor is sold to a mixed beverage permittee for resale in mixed beverages, a charge of twenty dollars (\$20.00) on each four liters and a proportional sum on lesser quantities.
 - (9) If the spirituous liquor is sold to a guest room cabinet permittee for resale, a charge of twenty dollars (\$20.00) on each four liters and a proportional sum on lesser quantities.
- (b1) Price of Spirituous Liquor Sold at Distillery. When the holder of a distillery permit sells spirituous liquor distilled at the distillery pursuant to G.S. 18B-1105(a)(4), the retail price of the spirituous liquor shall be the uniform State price set by subsection (a) of this section. However, the holder of the distillery permit shall not be required to remit the components of the price set forth by subdivisions (2), (3), (5), (6), (6a), (6b), and (7) of subsection (b) of this section.
- (b2) Price of Spirituous Liquor Sold for Delivery Outside the State. When the holder of a distillery permit sells spirituous liquor for delivery outside the State pursuant to G.S. 18B-1105(a)(2a), the retail price of the spirituous liquor shall be the distiller's price.
- (c) Sale Price of Fortified Wine. The sale price of fortified wine sha'll include the tax levied by G.S. 105-113.80(b), as well as State and local sales taxes.
 - (d) Repealed by Session Laws 1985, c. 59, s. 2."

SECTION 1.(c) G.S. 18B-800 reads as rewritten:

"\$ 18B-800. Sale of alcoholic beverages in ABC stores.

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H460-CSSAf-10 [v.1] House Bill 460 Page 3

Unfortified winery permit – \$300.00.

Fortified winery permit – \$300.00.

Limited winery permit – \$300.00.

Brewery permit - \$300.00.

Distillery permit – \$300.00.

Fuel alcohol permit – \$100.00.

Wine importer permit – \$300.00.

Wine wholesaler permit -\$300.00.

General Assem	bly Of North Carolina Session 201'
(20)	Malt beverage importer permit – \$300.00.
(21)	Malt beverage wholesaler permit – \$300.00.
(22)	Bottler permit – \$300.00.
(23)	Salesman permit – \$100.00.
(24)	Vendor representative permit – \$50.00.
(25)	Nonresident malt beverage vendor permit – \$100.00.
(26)	Nonresident wine vendor permit – \$100.00.
(27)	Any special one-time permit under G.S. 18B-1002 – \$50.00.
(28)	Winery special event permit – \$200.00.
(29)	Mixed beverages catering permit – \$200.00.
(30)	Guest room cabinet permit – \$1,000.
(31)	
(32)	Cider and vinegar manufacturer permit – \$200.00.
(33)	Brew on premises permit – \$400.00.
(34)	Wine producer permit – \$300.00.
(35)	Wine tasting permit – \$100.00.
(36)	Repealed by Session Laws 2005-380, s. 1, effective September 8, 2005, an
(30)	applicable to wine shipper permit applications submitted on or after the
	date.
(37)	Wine shop permit – \$100.00.
(38)	Winemaking on premises permit – \$400.00.
(39)	Wine shipper packager permit – \$100.00.
(40)	Malt beverage special event permit – \$200.00.
(41)	Malt beverage special event permit = \$200.00.
(42)	
(43)	
(44)	Spirituous liquor special event permit – \$200.00.
(45)	Special auction permit – \$750.00."
	TION 2.(c) Article 11 of Chapter 18B of the General Statutes is amended b
adding a new se	
-	Authorization of spirituous liquor special event permit.
	porization. – The holder of a supplier representative permit, brokerage
	ermit, or a distillery permit issued under G.S. 18B-1105 may obtain a spirituou
	vent permit allowing the permittee to give free tastings of its spirituous liquo
	trade shows, conventions, shopping malls, street festivals, holiday festival
	ivals, balloon races, local fund-raisers, and other similar events approved by the
Commission.	ivals, balloon faces, local fund-faisers, and other similar events approved by the
	tations. – Any consumer tasting is subject to the following limitations:
(1)	The permit holder or the permit holder's authorized agent shall conduct the
11/	consumer tasting, and the permit holder shall be solely responsible for an
	violations of this Chapter occurring in connection with the consumer tasting
(2)	The spirituous liquor shall be poured only by either (i) the permit hold
(2)	conducting the consumer tasting or (ii) an employee or authorized agent of
	the permit holder conducting the consumer tasting who is at least 21 years of
	age.
(3)	Each consumer shall be limited to one 0.25 ounce tasting sample of an
(3)	product made available for sampling at the consumer tasting, and the tot
	amount of the tasting samples offered to and consumed by each consumed
	shall not exceed 1.5 ounces of spirituous liquor in any calendar day.
<u>(4)</u>	The permit holder shall not offer tasting samples to, or allow consumption of
(4)	tasting samples by, any consumer who is visibly intoxicated.
	tasting samples by, any consumer who is visibly intoxicated.
D 4	House Pill 460 H460 CSS A £ 10 L.

ABC store within the local board's system, subject to the conditions in this section. For tastings conducted in an ABC store, the local board may impose additional conditions, including a right of first refusal of up to twenty-five percent (25%) of representative dates and times of tastings for distillery permit holders. Any additional conditions shall be in writing, and the local board shall post notice of the additional conditions at the local board's administrative offices and at all of the ABC stores within the local board's

system.

Consideration Prohibited. - Except as otherwise provided under this section, a permit holder conducting a consumer tasting under this section at an ABC store shall not provide any consideration to the local board, its board members, or its employees for any purpose related to the consumer tasting. A consumer tasting shall not be used by permit holders

for unlawful inducements to a local board."

ALLOW SALE OF ALCOHOLIC BEVERAGES AT AUCTION BY LICENSED **AUCTIONEERS**

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

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

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(f)		its Not Dependent on Elections The Commission may issue the following
kinds of		without approval at an election:
	(1)	Special occasion permits; permits.
	(2)	Limited special occasion permits; permits.
	(3)	Brown-bagging permits for private clubs and congressionally chartered veterans organizations; organizations.
	(4)	Culinary permits, except as restricted by subdivision (d)(5); subdivision (d)(5).
	(5)	Special one-time permits issued under G.S. 18B-1002; G.S. 18B-1002.
	(6)	All permits listed in G.S. 18B-1100; G.S. 18B-1100.
	(7)	The permits authorized by G.S. 18B-1001(1), (3), (5), and (10) for tourism
	(1)	ABC establishments; establishments.
	(8)	The permits authorized by G.S. 18B-1001(1), (3), (5), and (10) for tourism
	(0)	resorts; resorts.
	(9)	The permits authorized by G.S. 18B-1001(1), (3), (5), and (10) for historic
	(>)	ABC establishments.
	(10)	Special auction permits issued under G.S. 18B-1002.1."
		FION 3.(b) Article 10 of Chapter 18B of the General Statutes is amended by
adding a		ction to read:
		Special auction permit.
(a)		it Authorized. – A permit may be issued upon application to an auction firm or
		ed by the North Carolina Auctioneers Commission pursuant to Chapter 85B of
		utes to allow the licensed auction firm or auctioneer to sell any quantity of malt
		tified wine, fortified wine, and spirituous liquors at auction. An auction held
		n may receive competing bids that are in person or by telephone, fax, or online.
		malt beverages, unfortified wine, or fortified wine at auction shall only be
		ctions that allow the sale of malt beverages, unfortified wine, or fortified wine,
		permit to sell spirituous liquor at auction shall be issued only in a jurisdiction
		d the establishment of ABC stores. The Commission shall deny an application
		special auction permit only if (i) the applicant is ineligible to hold an ABC
		to G.S. 18B-900 or (ii) the jurisdiction where the auction will be held has not
-		e of the type of alcoholic beverages to be sold at auction.
		itions of Permit A permit issued under this section shall be valid only for the
auction	specified	d in the permit. Any sales under this permit shall be subject to the purchase
		S. 18B-303.
(c)		inistrative Procedure Denial or revocation of a permit under this section shall
		plicant or permittee to a hearing under Chapter 150B of the General Statutes."
	SEC	TION 3.(c) This section becomes effective October 1, 2017.
ALLOV	V REST	AURANTS TO SELL ALCOHOLIC BEVERAGES BEFORE NOON ON
SUNDA	YS, SU	BJECT TO LOCAL GOVERNMENT APPROVAL
	SEC'	TION 4.(a) G.S. 18B-1004(c) reads as rewritten:
"§ 18B-	1004. H	lours for sale and consumption.

(c) Sunday Hours. — It—Except as authorized pursuant to G.S. 153A-145.7 or G.S. 160A-205.3, it shall be unlawful to sell or consume alcoholic beverages on any licensed premises from the time at which sale or consumption must cease on Sunday morning until 12:00 Noon on that day."

SECTION 4.(b) Article 6 of Chapter 153A of the General Statutes is amended by adding a new section to read:

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"§ 153A-145.7. Hours of certain alcohol sales at restaurants.

In accordance with G.S. 18B-1004(c), a county may adopt an ordinance allowing licensed restaurants to sell alcoholic beverages for on-premises consumption beginning at 10:00 A.M. on Sunday morning pursuant to the restaurant's on-premises malt beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, or mixed beverages permit."

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SECTION 4.(c) Article 8 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"§ 160A-205.3. Hours of certain alcohol sales at restaurants.

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In accordance with G.S. 18B-1004(c), a city may adopt an ordinance allowing licensed restaurants to sell alcoholic beverages for on-premises consumption beginning at 10:00 A.M. on Sunday morning pursuant to the restaurant's on-premises malt beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, or mixed beverages permit."

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EFFECTIVE DATE

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SECTION 5. Except as otherwise provided, this act is effective when it becomes

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law.

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HOUSE BILL 460: Economic & Job Growth for NC Distilleries.

2017-2018 General Assembly

Committee: House Alcoholic Beverage Control. If Date: April 11, 2017

favorable, re-refer to Finance

Introduced by: Reps. Bradford, Davis, Hardister, Duane Hall Prepared by: Susan Sitze

Analysis of: PCS to First Edition Committee Counsel

H460-CSSAf-10

OVERVIEW: House Bill 460 would make the following changes to laws regulating alcoholic beverages:

- > Authorize the holder of a distillery permit to:
 - Sell spirituous liquor in closed containers at wholesale or retail, subject to the laws of other jurisdictions, for delivery outside the State.
 - Sell up to five bottles of spirituous liquor per year at the distillery to a consumer who takes a tour of the distillery.
- Authorize the holders of a supplier representative permit, a brokerage representative permit, or a distillery permit to obtain a spirituous liquor special event permit, created by this act, which would allow the holder to give free tastings of its spirituous liquors at events and ABC stores.
- Establish a \$750 special auction permit, obtainable by licensed auctioneers or auction firms, valid for one auction, which would allow the holder to sell any quantity of malt beverages, unfortified wine, fortified wine, or spirituous liquors for sale at auction in jurisdictions that allow the sale of those beverages.
- > Allow counties and cities to adopt an ordinance allowing restaurants to sell alcoholic beverages for on-premises consumption beginning at 10:00 A.M. on Sunday mornings.

CURRENT LAW AND BILL ANALYSIS:

Section 1 would allow the holder of a distillery permit to sell spirituous liquor in closed containers at wholesale or retail, subject to the laws of other jurisdictions, for delivery outside the State. The price for sale for delivery outside the State would be the distiller's price. This section would also allow the holder of a distillery permit to sell up to five bottles of spirituous liquor per year at the distillery to each consumer who takes a tour of the distillery. Under current law, the holder of a distillery permit may sell one bottle of spirituous liquor per year per consumer at the distillery. This section would also make two conforming changes and direct the ABC Commission to amend its rules consistent with this section.

This section would become effective July 1, 2017.

Section 2 would establish a spirituous liquor special event permit with a fee of \$200. Holders of a supplier representative permit, a brokerage representative permit, or of a distillery permit would be eligible to obtain a spirituous liquor special event permit. The permit would allow the permittee to give

Karen Cochrane-Brown Director



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Page 2

free tastings of its spirituous liquors at ABC stores, trade shows, festivals, and other events. Several limitations would apply to any consumer tasting conducted under the permit, including:

- The spirituous liquor may be poured only by the permit holder or an employee or authorized agent of the permit holder who is at least 21 years old.
- Each consumer is limited to one 0.25 ounce tasting sample of any product available for sampling, and the total amount of samples consumed by each consumer may not exceed 1.5 ounces.
- By default, no venue may allow more than three different permit holders to conduct a tasting at any event. However, the local board may grant approval for additional permit holders to conduct tastings on an event-by-event basis.
- Tastings must take place within a designated tasting area at the venue.
- Tastings may be conducted only in a jurisdiction that has approved the sale of mixed beverages.
- The local board may impose additional conditions on tastings conducted in an ABC store, including a right of first refusal of up to twenty-five percent (25%) of representative dates and times of tastings for distillery permit holders.

A permit holder would be prohibited from providing consideration to the local board, its board members, or its employees for any purpose related to a consumer tasting held at an ABC store.

Section 3 would establish a new special auction permit with a fee of \$750. Only an auction firm or auctioneer licensed by the North Carolina Auctioneers Commission would be eligible to obtain the permit. The permit would allow the permittee to sell at auction any quantity of malt beverages, unfortified wine, fortified wine, and spirituous liquors. A permit to sell malt beverages, unfortified wine, or fortified wine at auction may only be issued in jurisdictions that allow the sale of the respective type of alcoholic beverage. A permit to sell spirituous liquor at auction may be issued only in a jurisdiction that has approved the establishment of ABC stores. The permit would be valid only for the specific auction named in the permit.

This section would become effective October 1, 2017.

Section 4 would allow counties and cities to adopt an ordinance allowing licensed restaurants to sell alcoholic beverages for on-premises consumption beginning at 10:00 A.M. on Sunday morning, pursuant to any on-premises permit held by the restaurant. Under current law, alcoholic beverages may not be sold or consumed on any licensed premises before noon on Sunday.

A restaurant is defined as "an establishment substantially engaged in the business of preparing and serving meals. To qualify as a restaurant, an establishment's gross receipts from food and nonalcoholic beverages shall be not less than thirty percent (30%) of the total gross receipts from food, nonalcoholic beverages, and alcoholic beverages. A restaurant shall also have a kitchen and an inside dining area with seating for at least 36 people."

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

GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2017

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HOUSE BILL 500

Short Title:	ABC Omnibus Legislation. (Public)
Sponsors:	Representatives McGrady, Brawley, Hardister, and Harrison (Primary Sponsors). For a complete list of sponsors, refer to the North Carolina General Assembly web site.
Referred to:	Alcoholic Beverage Control, if favorable, Rules, Calendar, and Operations of the House
	March 29, 2017
CONTRO The General	A BILL TO BE ENTITLED TO MAKE VARIOUS CHANGES TO THE ALCOHOLIC BEVERAGE DL COMMISSION LAWS. Assembly of North Carolina enacts: CE SALE OF GROWLERS BY RETAIL PERMITTEES ECTION 1.(a) G.S. 18B-1001 reads as rewritten:
"§ 18B-1001. When the	Kinds of ABC permits; places eligible. e issuance of the permit is lawful in the jurisdiction in which the premises are commission may issue the following kinds of permits: On-Premises Malt Beverage Permit. — An on-premises malt beverage permit authorizes (i) the retail sale of malt beverages for consumption on the premises, (ii) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of malt beverages in a eleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. It also authorizes the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following: a. Restaurants; Restaurants.
(2	 c. Eating establishments; establishments. d. Food businesses; businesses. e. Retail businesses; businesses. f. Private clubs; clubs. g. Convention eenters; centers. h. Community theatres; theatres. i. Breweries as authorized by G.S. 18B-1104(7) and (8).
	original container for consumption off the premises, (ii) the retail sale of malt beverages in a eleaned, sanitized, resealable cheaned and sanitized



container that is filled or refilled and sealed for consumption off the

(3)

premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:

- a. Restaurants.
- b. Hotels.
- c. Eating establishments.
- d. Food businesses.
- e. Retail businesses.
- f. The holder of a brewing, distillation, and fermentation course authorization under G.S. 18B-1114.6. A school obtaining a permit under this subdivision is authorized to sell malt beverages manufactured during its brewing, distillation, and fermentation program at one noncampus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee.
- On-Premises Unfortified Wine Permit. An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, rescalable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. 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; Restaurants.
 - b. Hotels: Hotels.
 - c. Eating establishments; Eating establishments.
 - d. Private clubs: Private clubs.
 - e. Convention centers; Convention centers.
 - f. Cooking schools: Cooking schools.

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- Community theatres; Community theatres. g. h. Wineries: Wineries.
- Wine producers.
- (4)Off-Premises Unfortified Wine Permit. - An off-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship unfortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another off-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by off-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 permit may also be issued to the holder of a viticulture/enology course authorization under G.S. 18B-1114.4. A school obtaining a permit under this subdivision is authorized to sell wines manufactured during its viticulture/enology program at one non-campus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee. The permit may also be issued for a winery or a wine producer for sale of its own unfortified wine during hours when the winery or wine producer's premises is open to the public, subject to any local ordinance adopted pursuant to G.S. 18B-1004(d) concerning hours for the retail sale of unfortified wine. A winery obtaining a permit under this subdivision is authorized to sell wine manufactured by the winery at one additional location in the county under the same conditions specified in G.S. 18B-1101(5) for the sale of wine at the winery; provided, however, that no other alcohol sales shall be authorized at the additional location. 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.
- (16)Wine Shop Permit. – A wine shop permit authorizes (i) the retail sale of malt beverages, unfortified wine, and fortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages or unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas in a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled

and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) wine tastings on the premises conducted and supervised by the permittee in accordance with subdivision (15) of this section. It also authorizes the holder of the permit to ship malt beverages, unfortified wine, and fortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses whose primary purpose is selling malt beverages and wine for consumption off the premises and regularly and customarily educating consumers through tastings, classes, and seminars about the selection, serving, and storing of wine. The holder of the permit is authorized to sell unfortified wine for consumption on the premises, provided that the sale of wine for consumption on the premises does not exceed forty percent (40%) of the establishment's total sales for any 30-day period. The holder of a wine-tasting permit not engaged in the preparation or sale of food on the premises is not subject to Part 6 of Article 8 of Chapter 130A of the General Statutes.

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SECTION 1.(b) The Alcoholic Beverage Control (ABC) Commission shall adopt rules to implement the provisions of this section by no later than 60 days after this act becomes law. The ABC Commission may adopt temporary rules to comply with the deadline set in this subsection. Any temporary rules adopted in accordance with this subsection shall remain in effect until permanent rules that replace the temporary rules become effective.

AUTHORIZE OFF-SITE STORAGE LOCATION FOR BREWERIES, WINERIES, AND DISTILLERIES

SECTION 2. Article 11 of Chapter 18B of the General Statutes is amended by adding a new section to read:

"§ 18B-1120. Noncontiguous storage locations.

A brewery, winery, or distillery may store any alcoholic beverages it manufactures pursuant to a permit issued under this Article at a noncontiguous storage location approved by the Alcohol and Tobacco Tax and Trade Bureau. For purposes of Article 5 of this Chapter, the term "premises" includes a storage location used pursuant to this section."

AUTHORIZE SALE OF UNFORTIFIED WINE ON PREMISES BY RETAIL BUSINESSES

SECTION 3. G.S. 18B-1001(3), as amended by Section 1 of this act, reads as rewritten:

"(3) On-Premises Unfortified Wine Permit. – An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. 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

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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:

Retail businesses."

AUTHORIZE TASTINGS DURING BREWERY TOURS

SECTION 4. G.S. 18B-1104(6) reads as rewritten:

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

The holder of a brewery permit may:

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(6)Give its products to its employees and guests customers, visitors, and employees for consumption on its premises. Nothing in this subdivision shall be construed as excluding customers and visitors at the brewery as part of a paid or complimentary tour of the brewery."

AUTHORIZE CERTAIN PERSONS TO SAMPLE ALCOHOLIC BEVERAGES FOR PURPOSES OF SENSORY ANALYSIS, QUALITY CONTROL, OR EDUCATION

SECTION 5. Article 11 of Chapter 18B of the General Statutes is amended by adding a new statute to read:

"§ 18B-1121. Authority to sample for sensory analysis, quality control, or educational purposes.

Except as otherwise prohibited under Article 3 of this Chapter, a commercial permittee licensed under this Article, or its agent or employee, may consume samples of alcoholic beverages it is licensed to sell, free of charge, on its premises for purposes of sensory analysis, quality control, or education."

AMEND HOMEBREWING LAWS

SECTION 6. G.S. 18B-306 reads as rewritten:

"§ 18B-306. Making wines and malt beverages for private use.

<u>Authority.</u> – An individual may make, possess, and transport native wines and malt beverages for his the individual's own use and for use, the use of his the individual's family and guests. Native wines shall be made principally from honey, grapes, or other fruit or grain grown in this State, or from wine kits containing honey, grapes, or other fruit or grain concentrates, and shall have only that alcoholic content produced by natural fermentation. Malt beverages may be made by use of malt beverage kits containing grain extracts or concentrates guests, or the use at organized affairs, exhibitions, or competitions. For purposes of this section, the term "organized affairs, exhibitions, or competitions" includes homemaker's contests, tastings, and

Selling Prohibited. – Wines and malt beverages made pursuant to this section may 1 (b) 2 not be sold or offered for sale. 3 Kits. – Wine kits and malt beverage kits may be sold in this State. (c) 4 (d). Permit. - No ABC permit is required to make wines or malt beverages pursuant to 5 this section." 6 7 CLARIFY LAW GOVERNING RELATIONSHIP BETWEEN BREWERIES AND 8 AFFILIATED RETAILERS SECTION 7. G.S. 18B-1116(a) reads as rewritten: 9 Prohibitions. - It shall be unlawful for any manufacturer, bottler, or wholesaler of 10 "(a) any alcoholic beverages, or for any officer, director, or affiliate thereof, either directly or 11 12 indirectly to: 13 (1) Require that an alcoholic beverage retailer purchase any alcoholic beverages from that person to the full or partial exclusion of any other alcoholic 14 beverages offered for sale by other persons in this State; or 15 Have any direct or indirect financial interest in the business of any alcoholic 16 (2) beverage retailer in this State or in the premises where the business of any 17 18 alcoholic beverage retailer in this State is conducted; or 19 (3) Lend or give to any alcoholic beverage retailer in this State or his employee 20 or to the owner of the premises where the business of any alcoholic beverage retailer in this State is conducted, any money, service, equipment, furniture, 21 22 fixtures or any other thing of value. A brewery qualifying under G.S. 18B-1104(8) to act as a wholesaler or retailer of its own 23 24 malt beverages G.S. 18B-1104(7) or (8) is not subject to the provisions of this subsection section concerning financial interests in, and lending or giving things of value to, a wholesaler 25 or retailer with respect to the brewery's transactions with the retail business on its 26 premises premises or other retail locations allowed under G.S. 18B-1104(8). The brewery is 27 subject to the provisions of this subsection, however, with respect to its transactions with all 28 29 other wholesalers and retailers." 30 TAPROOMS TO SELL OTHER 31 AUTHORIZE BREWERY BEVERAGES UPON RECEIVING THE APPROPRIATE PERMIT 32 **SECTION 8.** G.S. 18B-1104(7) reads as rewritten: 33 In an area where the sale of any type of alcoholic beverage is authorized by 34 "(7)law, and upon receiving the appropriate permit under G.S. 18B-1001, sell 35 the at the brewery, and any additional retail location authorized under 36 subdivision (8) of this section, any or all of the following: 37 The brewery's malt beverages or malt beverages that have been 38 a. approved by the Commission for sale in North Carolina. 39 Malt beverages manufactured by the permittee in some other state 40 <u>b.</u> that have been approved by the Commission for sale in North 41 Carolina only at the brewery upon receiving a permit under G.S. 42 18B-1001(1).Carolina. 43 Any other alcoholic beverages approved by the Commission for sale 44 C. in North Carolina." 45

AUTHORIZE BREWERIES WITH PRODUCTION FACILITIES IN OTHER STATES TO DISTRIBUTE TO WHOLESALERS

SECTION 9. G.S. 18B-1104(4) reads as rewritten:

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"(4) Receive malt beverages manufactured by the permittee in some other state for transshipment to (i) dealers in other states.states or (ii) wholesalers licensed under this Chapter as authorized by the ABC laws."

AUTHORIZE FARM BREWERIES

SECTION 10. G.S. 18B-1104 is amended by adding a new subdivision to read:

"(7a) Regardless of the results of any local malt beverage election, a brewery that produces agricultural products, including barley, other grains, hops, or fruit, used by the brewery in the manufacture of malt beverages may sell the malt beverages owned by the brewery and approved by the Commission for sale in North Carolina at the brewery for on- or off-premise consumption upon obtaining the appropriate permit under G.S. 18B-1001."

AMEND LAW GOVERNING SELF-DISTRIBUTION BY BREWERIES AND SALES AT ADDITIONAL RETAIL LOCATIONS

SECTION 11.(a) G.S. 18B-1104 reads as rewritten:

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

The holder of a brewery permit may:

- (8) Obtain a malt beverage wholesaler permit to sell, deliver, and ship at wholesale only no more than 200,000 barrels, as defined in G.S. 81A-9, per year of malt beverages manufactured produced by the brewery. The authorization of this subdivision applies to a brewery that sells, to consumers at the brewery, 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 subdivision may also sell Sales of malt beverages pursuant to subdivisions (3), (5), (6a) (7), and (8a) of this section shall not count towards the sales quantity limitation set forth in this subdivision.
- Sell the malt beverages manufactured by the brewery brewery, and malt beverages produced under subdivision (6a) of this section, 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 under a different business name than that used at the brewery shall also offer for sale at that location a reasonable selection of competitive malt beverage products. A sale under this subdivision shall not be considered a wholesale sale under the ABC laws.

A sale or gift under subdivision (5) or (6) shall not be considered a retail or wholesale sale under the ABC laws."

SECTION 11.(b) G.S. 105-113.68(a)(13) reads as rewritten:

"(13) Wholesaler or importer. – When used with reference to wholesalers or importers of wine or malt beverages, the term includes resident wineries that sell their wines at retail and resident breweries that produce fewer than 25,000 barrels of sell their malt beverages per year at retail."

SMALL BREWERIES/AMEND LAW GOVERNING TERMINATION OF FRANCHISE AGREEMENT

SECTION 12.(a) G.S. 18B-1305(a1) reads as rewritten:

"(a1) Termination by a Small Brewery. – A brewery's authorization to distribute its own malt beverage products pursuant to G.S. 18B-1104(8) shall revert back to the brewery, in the

absence of good cause, following the fifth business day after confirmed receipt of written notice of such reversion by the brewery to the wholesaler. The brewery shall pay the wholesaler fair market value for the distribution rights for the affected brand. For purposes of this subsection, "fair market value" means the highest dollar amount at which a seller would be willing to sell and a buyer willing to buy at the time the self-distribution rights revert back to the brewery, after each party has been provided all information relevant to the transaction.small brewery may terminate a franchise agreement without good cause at any time. A small brewery's authorization to distribute its own malt beverage products pursuant to G.S. 18B-1104(8) shall revert back to the small brewery upon serving notice of termination under this subsection. Following termination under this subsection, fair compensation, if any, shall be negotiated between the small brewery and the wholesaler and paid by the small brewery to the wholesaler if agreed upon. Fair compensation may be determined by the parties in advance and set forth in the franchise agreement. If a small brewery and wholesaler are unable to agree upon fair compensation within 12 months from the date of termination under this subsection, the small brewery and wholesaler shall submit to arbitration the question of fair compensation. Arbitration under this subsection shall be conducted in accordance with Article 45C of Chapter 1 of the General Statutes. For purposes of this subsection, the term "small brewery" is a brewery that produces fewer than 200,000 barrels, as defined in G.S. 81A-9, of malt beverages per year."

SECTION 12.(b) G.S. 18B-1309 reads as rewritten:

"§ 18B-1309. Mediation at direction of Alcoholic Beverage Control Commission.

If a dispute arises between a wholesaler and supplier under this Article, and such—the dispute appears likely to lead to litigation, the Commission, upon request of any party or on its own initiative, may require the parties to participate in mediation in an effort to resolve the dispute. This authority shall be in addition to the Commission's authority to issue declaratory rulings pursuant to G.S. 150B-4. The Commission may designate the mediator, in which case the Commission shall pay the mediator's fee, or the Commission may direct the parties to agree upon and share the costs of a mediator. If the parties then cannot agree upon a mediator, the Commission shall designate the mediator, and the fees shall be divided evenly by the parties. The Commission shall direct that the mediation be completed within a specified period of time. Except for injunctive relief, no lawsuit or other legal action concerning the dispute may be filed until the mediation is completed and is unsuccessful, unless necessary to avoid expiration of a statute of limitation. This section shall not apply to a determination of fair compensation under G.S. 18B-1305(a1)."

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LRC STUDY REWRITE OF ABC LAWS

SECTION 13.(a) Study. – The Legislative Research Commission shall study whether a rewrite of Chapter 18B of the General Statutes is necessary to address and reflect the rapidly changing alcoholic beverage industry. The Legislative Research Commission may consider any issues it determines relevant to this study.

SECTION 13.(b) Report. – The Legislative Research Commission shall report its findings, including any legislative recommendations, to the 2018 Regular Session of the 2017 General Assembly upon its convening.

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RULES

SECTION 14.(a) Except as otherwise provided, the ABC Commission shall adopt temporary rules to implement the provisions of this section. Temporary rules adopted in accordance with this section shall remain in effect until permanent rules that replace the temporary rules become effective.

SECTION 14.(b) Any rule or policy adopted by the ABC Commission that does not comply with the provisions of this act shall be null, void, and without effect.

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EFFECT OF HEADINGS

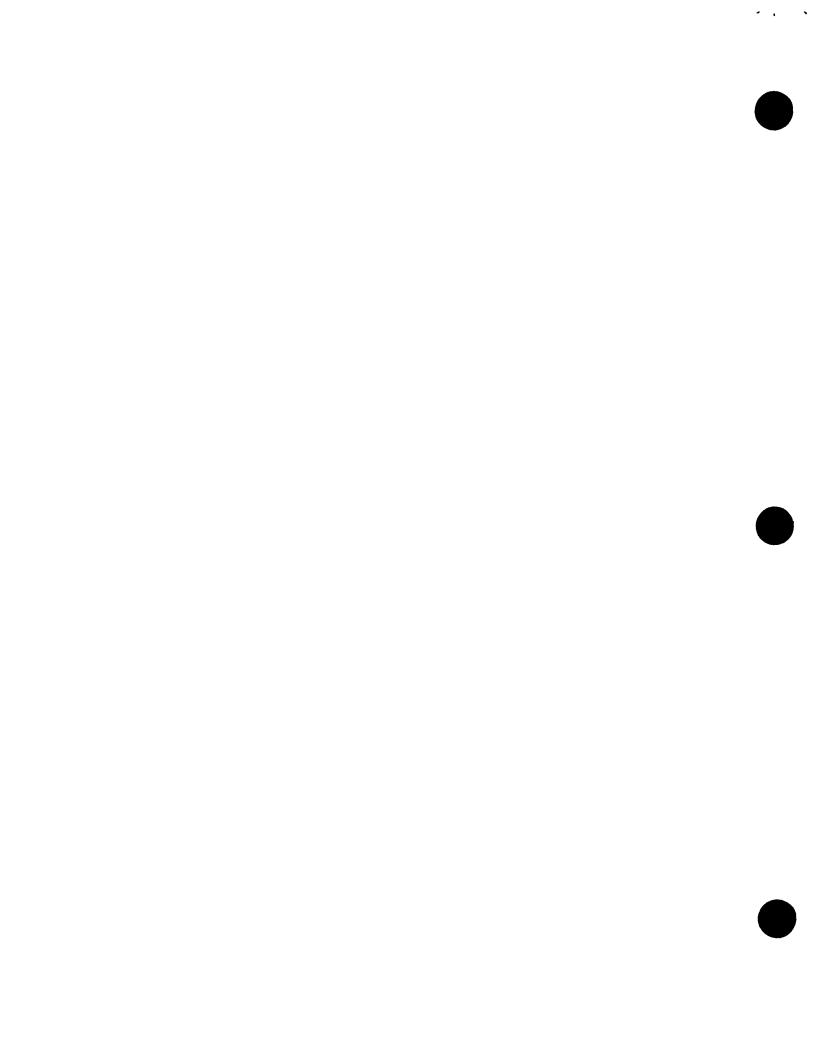
SECTION 15. The headings to the sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act.

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EFFECTIVE DATE

SECTION 16. This act is effective when it becomes law.





HOUSE BILL 500: ABC Omnibus Legislation.

2017-2018 General Assembly

Committee:

House Alcoholic

Beverage Control.

If Date:

April 11, 2017

favorable, re-refer to Rules, Calendar, and

Operations of the House

Introduced by:

Reps. McGrady, Brawley, Hardister, Harrison Prepared by: Susan Sitze

Analysis of:

First Edition

Committee Counsel

OVERVIEW: House Bill 500 would make changes to the Alcoholic Beverage Control (ABC) Commission laws as follows:

- Authorize the sale of crowlers by retail permitees.
- Authorize off-site storage locations for breweries, wineries, and distilleries.
- Authorize the sale of unfortified wine on premises by retail businesses.
- Authorize tastings during brewery tours.
- Authorize sampling of alcoholic beverages for sensory analysis, quality control, or education.
- > Allow home brewers to participate in exhibitions and competitions, and remove restrictions on the types of wines produced.
- Clarify the exemption to financial interest prohibitions for brewery premises and retail locations.
- Authorize brewery taprooms to sell other alcoholic beverages.
- Authorize breweries with production facilities in other states to distribute to wholesalers.
- Authorize breweries to sell their product at the brewery regardless of whether malt beverage sales are allowed in the jurisdiction.
- > Increase the amount of malt beverages a brewery may produce and retain ability to selfdistribute.
- Allow a small brewery to terminate a franchise agreement without good cause, and amend the procedure for determining compensation, if any, to the wholesaler.
- > Direct the Legislative Research Commission to study a rewrite of the ABC laws

BILL ANALYSIS:

Section 1 of the bill would remove the requirement that non-original manufacture's containers authorized for retail sale for consumption off premises be "resealable". This change would allow the sale of "crowlers", which are generally 32 ounce cans sealed on the premises of the permittee.

Section 2 of the bill would allow a brewery, winery, or distillery to store alcoholic beverages it produces at an off-site storage location approved by the Alcohol and Tobacco Tax and Trade Bureau.

Karen Cochrane-Brown Director



Legislative Analysis Division 919-733-2578

House Bill 500

Page 2

Section 3 of the bill would authorize retail businesses to obtain an on-premises unfortified wine permit.

Section 4 of the bill would amend the statute allowing breweries to give its products to its employees and guests for consumption on premises, to authorize giving their product to customers, visitors, and employees. This would clearly allow tastings of products to occur on premises as a part of any brewery tour.

Section 5 of the bill would allow a commercial permittee, its agent or employee, to sample alcoholic beverages on premises for purposes of sensory analysis, quality control, or education.

Section 6 of the bill would remove the requirement that home brewed wine be a "native" wine and that the only alcohol content be produced by natural fermentation. This section would also allow home brewers of both malt beverages and wine to share their product at organized affairs, exhibitions, or competitions and specify that wines and malt beverages made pursuant to this section may not be sold or offered for sale.

Section 7 of the bill would exempt breweries from limitations on lending or giving things of value to wholesalers or retailers with respect to premises operated by the brewery either on their own premises or one of the additional retail locations certain breweries are authorized to operate.

Section 8 of the bill would allow breweries to sell at the brewery, any alcoholic beverage approved for sale in North Carolina, in addition to their own products, after obtaining the appropriate permit.

Section 9 of the bill would allow breweries to receive their products manufactured in other states and distribute them to in state wholesalers.

Section 10 of the bill would allow breweries that produce agricultural products for use in the manufacture of malt beverages to sell their products at the brewery even in jurisdictions that do not allow the sale of malt beverages.

Section 11 of the bill would increase the maximum number of barrels a brewery can produce per year and qualify to self-distribute their product without using a wholesaler, from 25,000 barrels to 200,000 barrels. This section would additionally provide that in determining the 200,000 barrel limit the following do not count:

- > Sales to wholesalers, exporters, or non-resident wholesalers.
- Beverages provided or sold to employees.
- Products made by a contract brewery.
- Products made by the brewery in another state.
- roducts sold at an additional retail location operated by the brewery.

This section would also allow additional retail locations operated by a brewery to sell products made by a contract brewery.

Section 12 of the bill would amend the requirements for termination of a franchise agreement by a small brewery. Current law requires that the brewery shall pay the wholesaler fair market value for the distribution rights upon termination of an agreement. The bill would provide that a small brewery may terminate a franchise agreement at any time without good cause, and provide that fair compensation be negotiated between the brewery and the wholesaler. Fair compensation could be established in advance and set forth in the franchise agreement. If the parties are unable to agree on fair compensation within 12 months, they shall submit to arbitration conducted pursuant to Article 45C of Chapter 1 of the

House Bill 500

Page 3

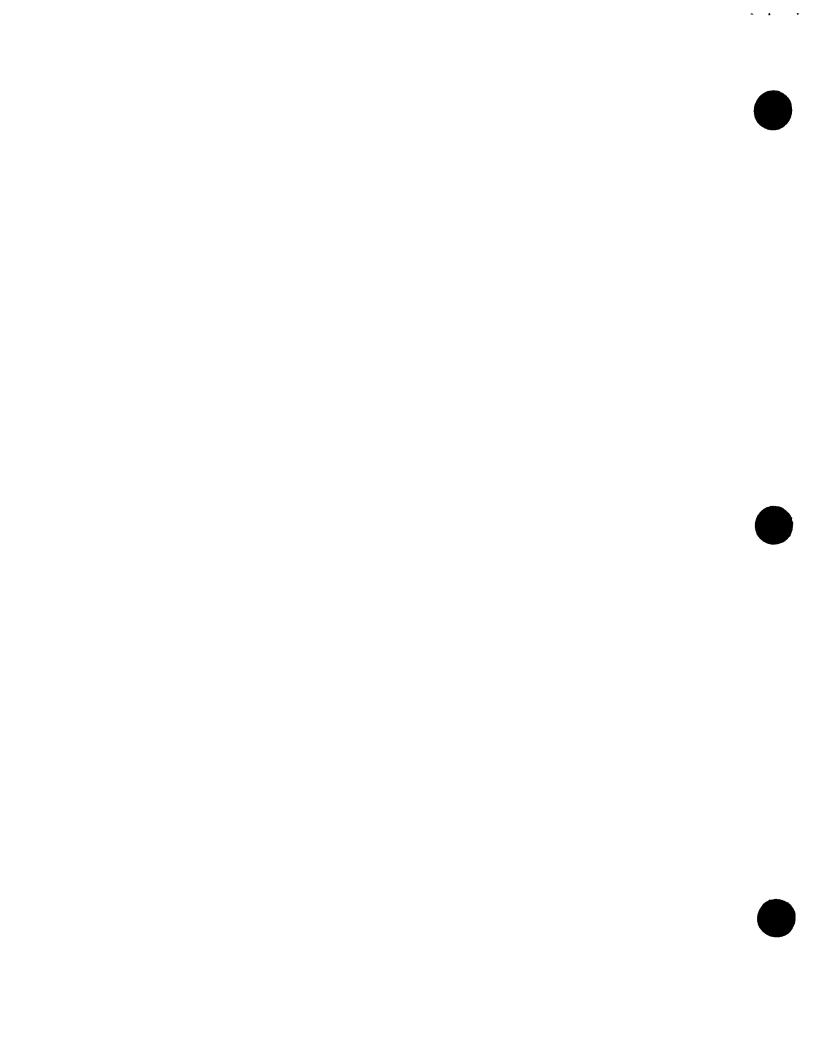
General Statutes. Section 12.(b) of the bill would provide that the mediation provisions of G.S. 18B-1309 do not apply to termination of franchise agreements by small breweries.

Section 13 of the bill would direct the Legislative Research Commission to study whether a rewrite of Chapter 18B is necessary and report to the 2018 Regular Session of the 2017 General Assembly.

Section 14 of the bill would direct the ABC Commission to adopt rules to implement this [act] and make ineffective any current rules or policies that do not comply.

Section 15 of the bill would provide that the headings in the bill have no effect.

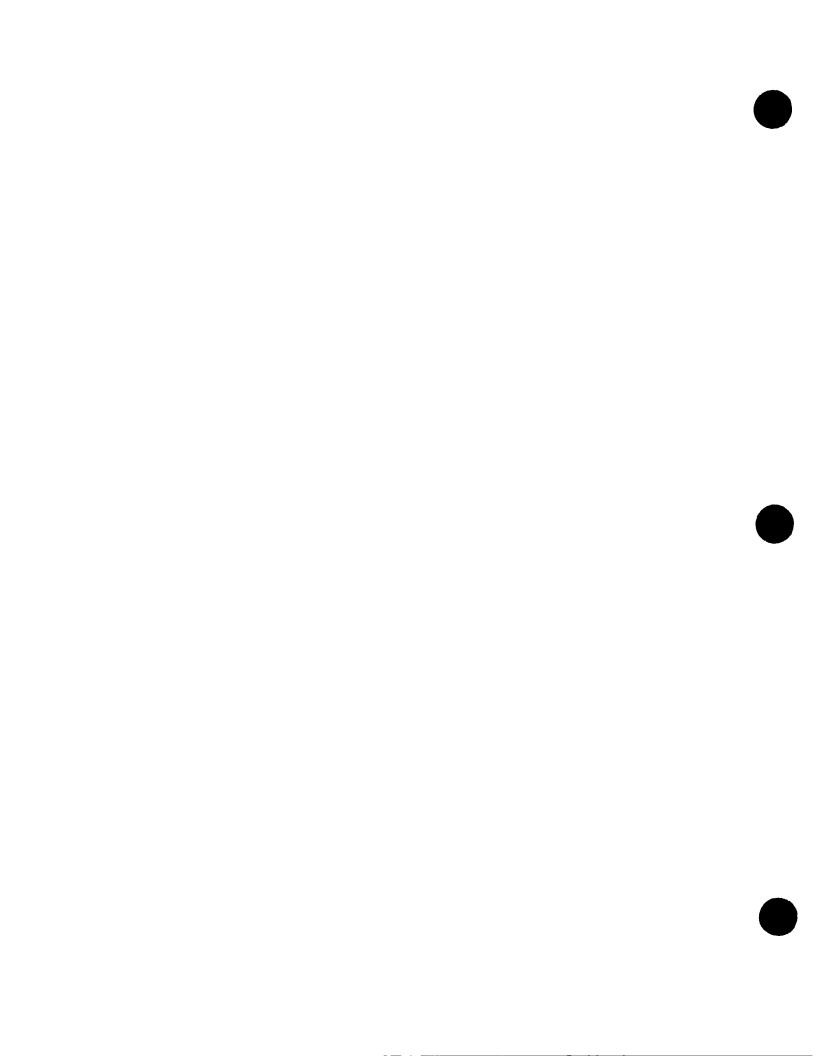
EFFECTIVE DATE: This act would be effective when it becomes law.



Committee Sergeants at Arms

NAME OF COMMITTEE House Committee on Alcoholic Beverage Cont	ro
DATE: 4/11/2017 Room: 1425	
House Sgt-At Arms:	
. Name: Warren Hawkins	
Name: Doug Harris	
David Linthicum (5mith)	
Name:	
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Scuate Sgt-At Arms:	
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VISITOR REGISTRATION SHEET

House Committee on Alcoholic Beverage Control

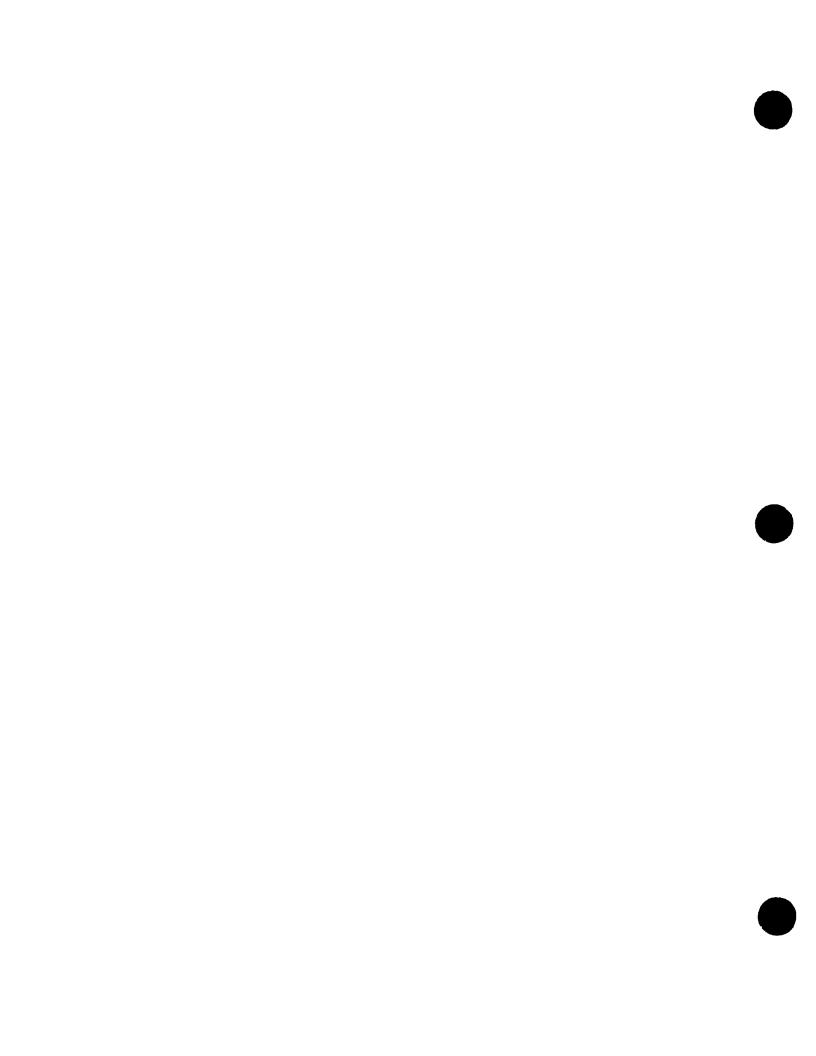
4/11/2017

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS		
Renee C. Metz	ABC Commission		
William Tyks	Long Beverage INC		
Chris Bloudton	MWC		
Add	at		
Katie Gamman	Guernal's Office		
Margo Metzger	NCCBG		
Joselyn Ruark	THE Olde Meckleuby Frevery		
Horacin Robins	TIGNA		
Lawy Strabeen	Level Freedown		
Jet Warser	RA- Rep. Bill Brawler		
Bruce Basson	Wake County Libertarian Party		



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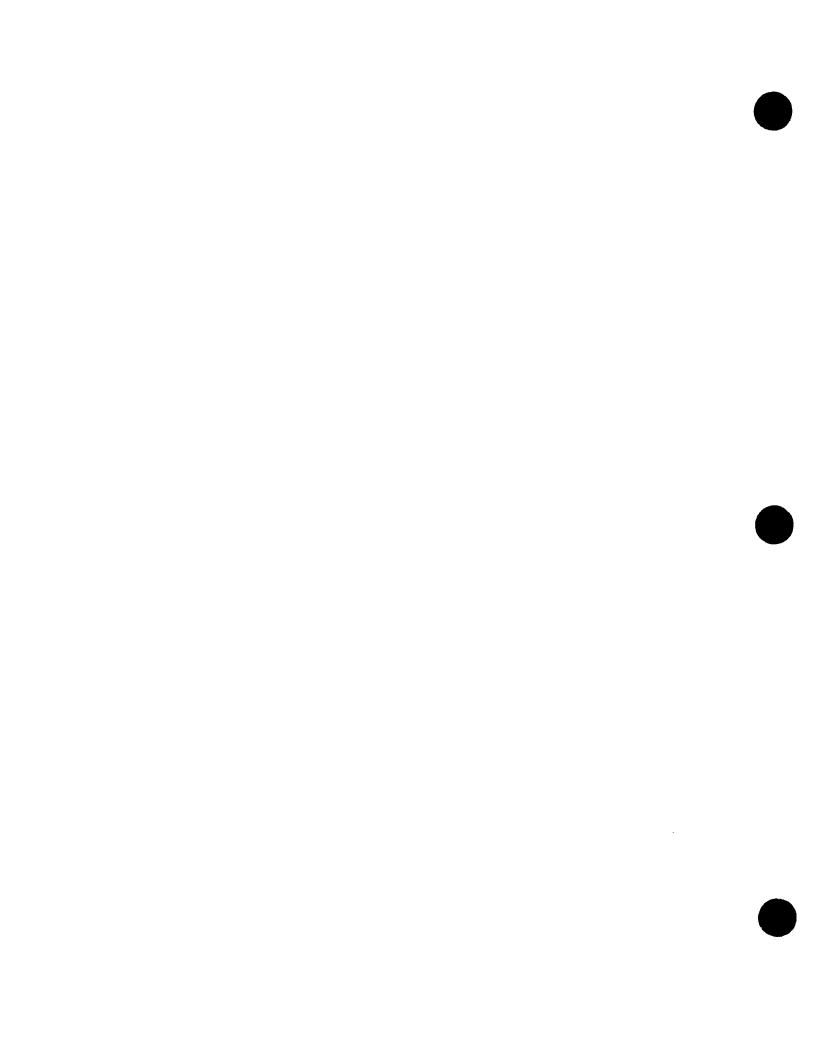
House Committee on Alcoholic Beverage Control 4/11/2017

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Ames hen bes. Co / AH. Berringer Dit	Haw Powell
Q A lettrays Distributing Co	Frank Treuss
LONG BEVERAGE INC,	BRADLEY SHORE
LIBM OR AGENCY AND ADDRESS	NAME



VISITOR REGISTRATION SHEET

House Committee on Alcoholic Beverage Control

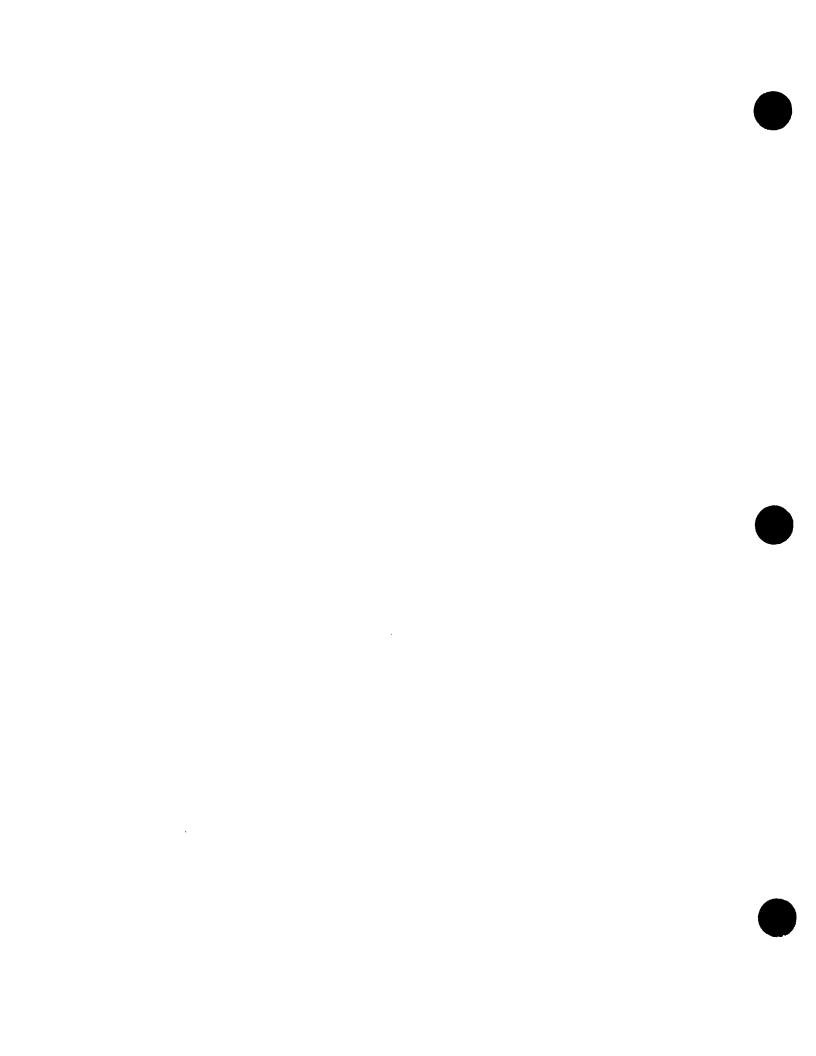
4/11/2017

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Conne Whon	DISCUS
Mark Combs	Asheville ABC Board
Anna Beaum gravely	90 SAFP
TIM EFIRD	Standard Distributors, Inc-
Leigh To Freys Fannily	R.A. Jeffreys Distributing
Dand"crockett" Lorg	R.A. Jeffreys Distributing Long Beverage INC.
REU. MARK CREECH	CAC
Jim BELEY	Unstind Hotel
BOAN Proction	UN. ted Bederoger of NC-Hickory
TIM KENT	NC Beer of WINE
Beth Gaither	United Beurrages of MC Hickory



VISITOR REGISTRATION SHEET

House Committee on Alcoholic Beverage Control

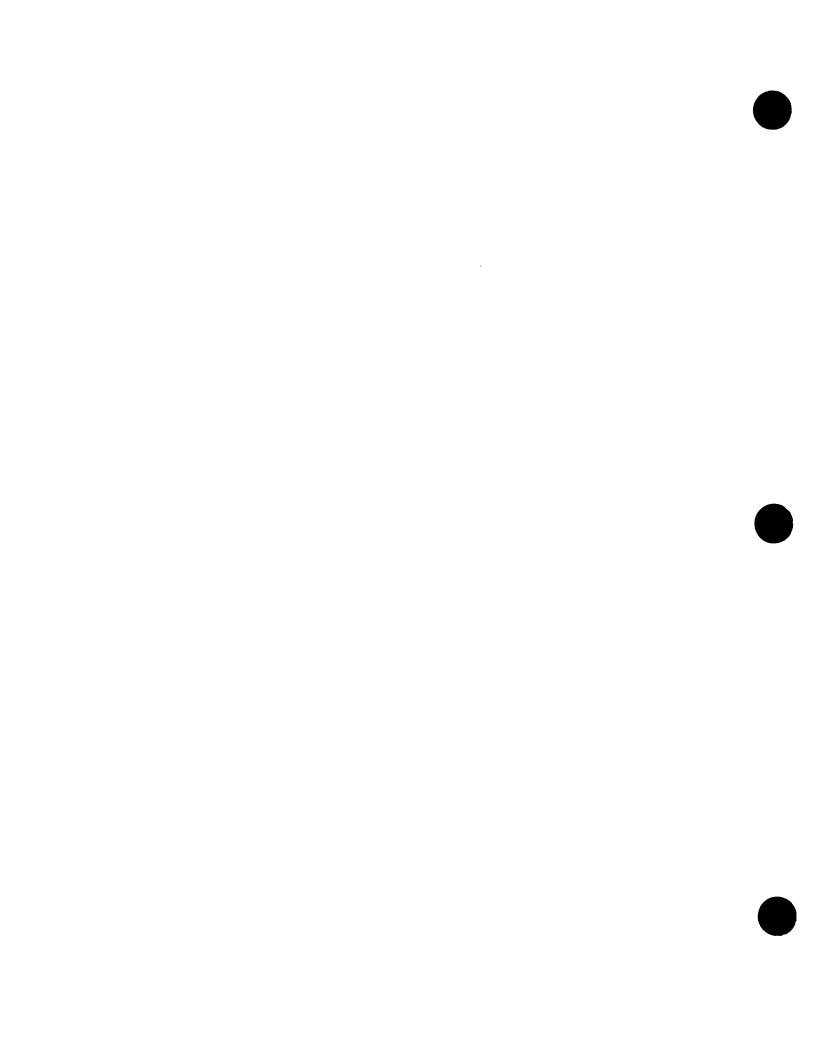
4/11/2017

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Marrine	The Olde Mcklenburg Brewery
Dana Sipson	SA
Amanay Pr	JDA
Jason Jeans	A
Lexi author	. NCKY
Laur X in	Vin+n/
Bob Hamilton	ABC Commission
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VISITOR REGISTRATION SHEET

House Committee on Alcoholic Beverage Control

4/11/2017

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Trum	$C\mathcal{I}$
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John DPANZA	NCDOR
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House Committee on Alcoholic Beverage Control Wednesday, April 19, 2017 at 3:00 p.m. Room 423

MINUTES

The House Committee on Alcoholic Beverage Control met at 3:00 p.m. on April 19, 2017 in Room 423. Representatives Alexander, Bell, Boles, Brawley, Dobson, Earle, Fisher, Gill, Hanes, Hardister, Harrison, Hastings, Holley, Hurley, Jones, Lucas, Malone, McGrady, Murphy, Potts, Richardson, Stone, Willingham, and Yarborough attended.

Representative James L. Boles, Jr. presided and called the meeting to order at 3:03 p.m. The Chairman recognized the Sergeant at Arms who were present at the meeting.

The following bills were before the committee for consideration:

HB480 ABC Permits/Tax Compliance & Reports HB500 ABC Omnibus Legislation HB511 Game Nights/ Nonprofit Fund-Raiser

The Chairman yielded the gavel to Representative Susan Fisher who placed HB 511 before the Committee and recognized Representative Boles to explain the bill. Representative Boles offered amendment H511-ASA-22 (v.1) to the bill and Susan Sitze was recognized to explain the amendment. Representative Bell moved for adoption of the amendment, the motion carried and the amendment was adopted. Representative Bell then moved for a favorable Committee Substitute, unfavorable to the original bill and that the bill be re-referred to the Committee on Judiciary III. The motion carried.

Chairman Boles placed HB 480 before the Committee and recognized Representative Hardister to explain the bill. Representative Bell moved to have a PCS on said bill before the Committee and the PCS was placed before the Committee. Discussion on the PCS was had by the committee and Representative Earle was recognized for a motion who moved for a vote favorable to the PCS, unfavorable to the original bill. The motion carried.

Chairman Boles placed the Committee at ease at 3:20 p.m. and called the Committee back to order at 3:27 p.m.

Chairman Boles placed HB500 before the Committee and recognized Representative Hardister to explain the bill. It was then moved that a PCS be placed before the committee and Representative McGrady was recognized to present the PCS. He asked that an amendment heard by the Committee. Representative Stone moved to hear amendment H500-ASA-18 (v.1) and Susan Sitze was recognized by Chairman Boles to explain the amendment. Representative Harrison moved for the approval of the amendment and the motion carried. There was much discussion on the PCS and no further action was taken on the bill.

The meeting adjourned at 3:48 p.m.

Rep. James L. Boles, Jr.

Presiding

Kerry Guice, Committee Clerk

NORTH CAROLINA HOUSE OF REPRESENTATIVES COMMITTEE MEETING NOTICE AND BILL SPONSOR NOTIFICATION 2017-2018 SESSION

You are hereby notified that the **House Committee on Alcoholic Beverage Control** will meet as follows:

DAY & DATE:	Wednesday, April 19, 2017	

TIME: 3:00 PM LOCATION: 423 LOB

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
<u>HB 480</u>	ABC Permits/Tax Compliance &	Representative Boles
	Reports.	Representative J. Bell
		Representative Willingham
<u>HB 500</u>	ABC Omnibus Legislation.	Representative McGrady
		Representative Brawley
		Representative Hardister
		Representative Harrison
<u>HB 511</u>	Game Nights/Nonprofit Fund-Raiser.	Representative Boles
		Representative Lucas
		Representative Saine
		Representative Floyd

Respectfully,

Representative James L. Boles, Jr., Co-Chair Representative Chuck McGrady, Co-Chair

was filed by the committee assistant at the following offices at 2:5	6 PM on
l Clerk	
Clerk – House Chamber	
	l Clerk

Kerry Guice (Committee Assistant)

House Committee on Alcoholic Beverage Control Wednesday, April 19, 2017, 3:00 PM 423 Legislative Office Building

AGENDA

Welcome and Opening Remarks

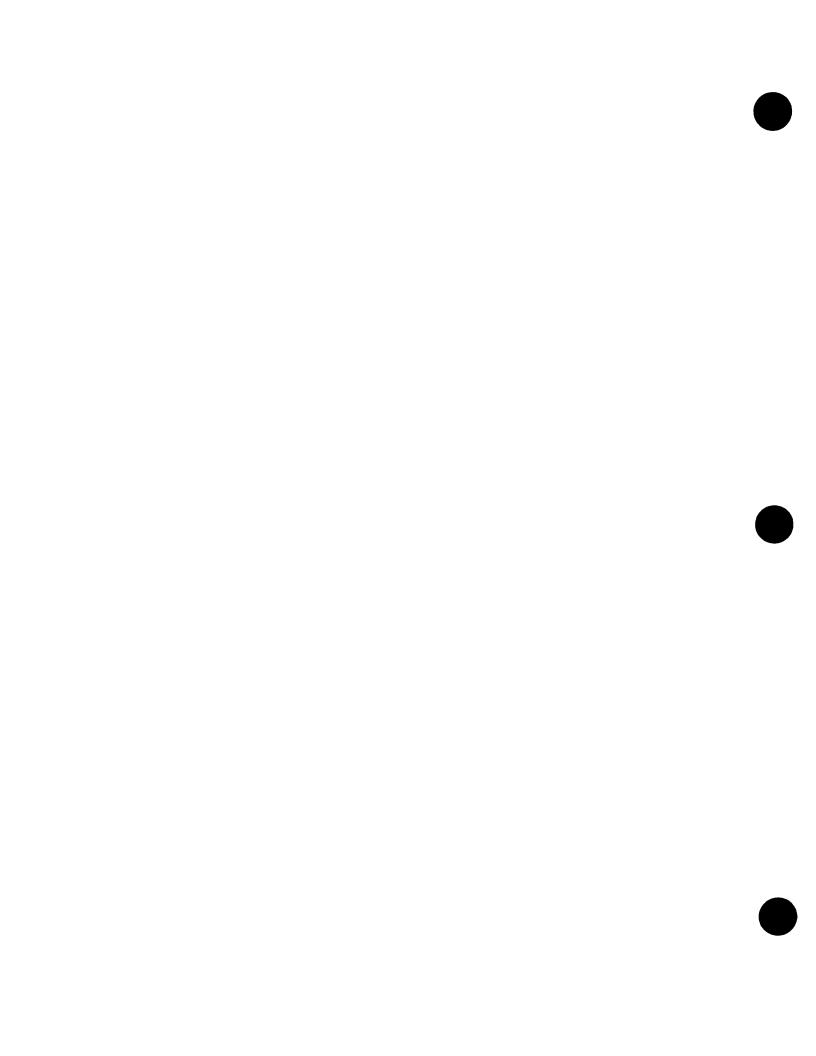
Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 480	ABC Permits/Tax Compliance &	Representative Boles
	Reports.	Representative J. Bell
		Representative Willingham
HB 500	ABC Omnibus Legislation.	Representative McGrady
		Representative Brawley
		Representative Hardister
		Representative Harrison
HB 511	Game Nights/Nonprofit Fund-Raiser.	Representative Boles
		Representative Lucas
		Representative Saine
		Representative Floyd

Other Business

Adjournment



NORTH CAROLINA GENERAL ASSEMBLY HOUSE OF REPRESENTATIVES

ALCOHOLIC BEVERAGE CONTROL COMMITTEE REPORT

Representative James L. Boles, Jr., Co-Chair Representative Chuck McGrady, Co-Chair

FAVORABLE COM SUB, UNFAVORABLE ORIGINAL BILL

HB 480

ABC Permits/Tax Compliance & Reports.

Draft Number:

H480-PCS40503-TT-10

Serial Referral:

None

Recommended Referral: None Long Title Amended:

No

Floor Manager:

Boles

FAVORABLE COM SUB, UNFAVORABLE ORIGINAL BILL AND RE-REFERRED

HB 511

Game Nights/Nonprofit Fund-Raiser.

Draft Number:

H511-PCS40502-SAf-16

Serial Referral: Recommended Referral: None

JUDICIARY III

Long Title Amended:

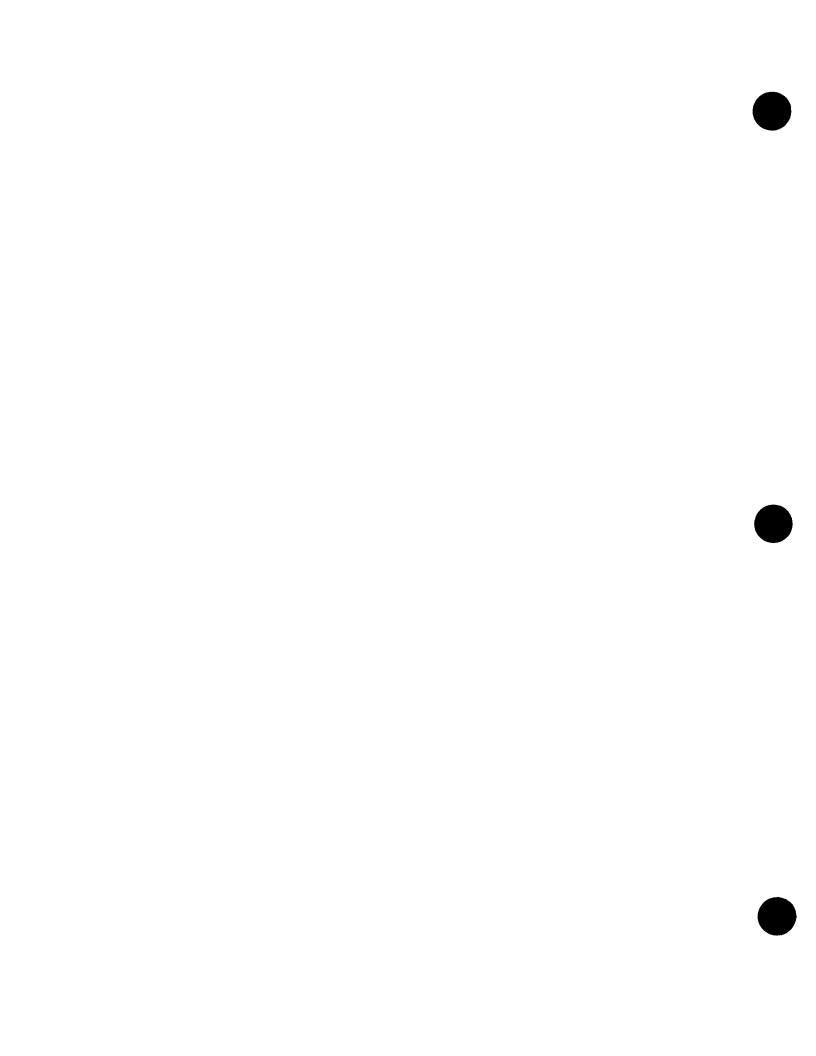
No

Floor Manager:

Boles

TOTAL REPORTED: 2





GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2017

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HOUSE BILL 511

Short Title: Game Nights/Nonprofit Fund-Raiser. (Public) Sponsors: Representatives Boles, Lucas, Saine, and Floyd (Primary Sponsors). For a complete list of sponsors, refer to the North Carolina General Assembly web site. Referred to: Alcoholic Beverage Control, if favorable, Judiciary III

March 29, 2017

1 A BILL TO BE ENTITLED 2 3

AN ACT TO AUTHORIZE NONPROFIT ORGANIZATIONS TO OPERATE "GAME NIGHTS," PROVIDE OF TO FOR THE REGULATION NONPROFIT ORGANIZATIONS HOLDING "GAME NIGHTS," AND TO ALLOW THE CONSUMPTION OF ALCOHOLIC BEVERAGES AT "GAME NIGHTS."

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 14-292 reads as rewritten:

"§ 14-292. Gambling.

Except as provided in Chapter 18C of the General Statutes or in Part 2 or Part 4 of this Article, any person or organization that operates any game of chance or any person who plays at or bets on any game of chance at which any money, property or other thing of value is bet, whether the same be in stake or not, shall be guilty of a Class 2 misdemeanor. This section shall not apply to a person who plays at or bets on any lottery game being lawfully conducted in any state."

SECTION 2. Article 37 of Chapter 14 of the General Statutes is amended by adding a new Part to read:

"Part 4. Game Nights.

"§ 14-309.25. Definitions.

The following definitions apply in this Part:

- Exempt organization. An organization that has been in continuous (1)existence in the county of operation of the game night for at least five years and that is exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(5), or 501(c)(6) of the United States Internal Revenue Code.
- Game night. A specific event at which games of chance are played and (2) prizes are awarded and that is sponsored by or on behalf of an exempt organization for the primary purpose of raising funds for the exempt organization.
- Local law enforcement agency. Any county or municipal law enforcement (3) agency that has territorial and subject matter jurisdiction over the location at which the game night is being held.
- Qualified facility. As defined in G.S. 18B-1000. (4)

"\$ 14-309.26. Game nights.

It is lawful for an exempt organization to conduct a game night at a qualified facility in accordance with the provisions of this Part and G.S. 18B-1010 if applicable. It is lawful to



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participate in a game night conducted pursuant to this Part. It shall not constitute a violation of any State law to advertise a game night conducted in accordance with this Part.

(b) Any exempt organization that conducts a game night in violation of any provision of this Part is guilty of a Class 2 misdemeanor. In addition to any fine that may be imposed, an exempt organization convicted of a violation under this Part shall not conduct a game night for a period of one year from the date of the conviction.

"§ 14-309.27. Permit procedure.

- (a) An exempt organization shall not operate a game night without first obtaining a permit as provided by this Part. The application for a game night permit shall be on a form prescribed by the Alcohol Law Enforcement Branch of the Department of Public Safety and shall be submitted to either the central office or to the Alcohol Law Enforcement district office with jurisdiction over the qualified facility agreeing to host the event. The exempt organization shall apply at least 30 days in advance of the date for the game night event.
- (b) Each application for a permit under this Part shall contain the following information:
 - (1) The name and address of the exempt organization that is applying for the permit.
 - (2) The name, address, and signature of the person applying on behalf of the exempt organization and who will be responsible for the event.
 - (3) Verification of the tax-exempt status of the exempt organization, except, if the applicant is a local chapter, division, lodge, or branch of the exempt organization, then verification of the tax-exempt status of the parent organization.
 - (4) Verification of the exempt organization's status as a licensed or exempt charitable or sponsor organization pursuant to Chapter 131F of the General Statutes.
 - (5) The time, duration, date, and place of the event.
 - (6) The games proposed to be operated.
 - (7) The name and address of the person, firm, or corporation who will operate the games and the relationship, if any, of such person, firm, or corporation to the exempt organization or qualified facility.
 - (8) The area of the premises in which the event will be held.
- (c) A separate application shall be required for each game night event. A fee of two hundred fifty dollars (\$250.00) shall be charged for each permit. The permit fees assessed under this Part are payable to the Alcohol Law Enforcement Branch of the Department of Public Safety and shall be collected and used by the Alcohol Law Enforcement Branch to defray the costs of issuing game night permits.

"§ 14-309.28. Limits on game night events.

The following limitations apply to game night events:

- (1) The number of game night events conducted or sponsored by an exempt organization shall be limited to four events per year.
- (2) The event shall not exceed a period of five hours each per event. No more than one game night event shall be held in any quarter of a calendar year that begins January 1.
- (3) No more than two game night events shall be operated or conducted in any one building, hall, or structure during any one calendar week, and if two events are held, they must be held by different exempt organizations on different nights of the week.
- (4) There shall be no operation of a game night between the hours of 2:00 A.M. and 12:00 noon Monday through Saturday, and there shall be no game nights held on any Sunday before 2:00 P.M.

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(5) A qualified facility, as defined in G.S. 18B-1000(5a), shall not host more than two game nights in any calendar month.

"§ 14-309.29. Game night; prizes and costs.

No games at a game night event may be played for cash or cash prizes. Prizes shall be awarded only through a raffle. Participants may exchange chips, markers, or tokens from the game night event for raffle tickets. The cost of the prizes and expenses to operate the game night event, excluding the cost of food, beverages, and entertainment, shall not exceed fifty percent (50%) of the proceeds derived from the event.

"§ 14-309.30. Operation of game night events.

The following games are the only games that may be played at a game night event:

- (1) Roulette.
- (2) Blackjack.
- (3) Poker.
- (4) <u>Craps.</u>
- (5) Simulated Horse Race.
 - (6) Merchandise wheel of fortune.

"§ 14-309.31. Use of proceeds.

The exempt organization may use its own funds or funds received in connection with the game night for prizes, advertising, utilities, space rental, and the purchase or rental of supplies and equipment, including game night tables and related equipment, used in conducting the games. Any proceeds from the game night shall inure to the benefit of the exempt organization and shall be used to further the organization's tax-exempt purposes.

"§ 14-309.32. Violation is gambling.

A game night conducted other than in accordance with the provisions of this Part is "gambling" within the meaning of G.S. 14-292 and G.S. 19-1, et seq., and proceedings against such game night may be instituted as provided for in Chapter 19 of the General Statutes.

"§ 14-309.33. Applicability.

This Part is only applicable in areas of the State located east of I-26 as that interstate highway was located on November 28, 2011.

"§ 14-309.34. Applicability to employer paid events.

Nothing in this Part shall prevent an employer from holding an annual game night event for employees and guests or a trade association from holding an annual game night event for its members and guests, as long as there is no cost of charge to the attendees."

SECTION 3. G.S. 18B-1000 reads as rewritten:

"§ 18B-1000. Definitions concerning establishments.

The following requirements and definitions shall apply to this Chapter:

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- (5a) Qualified facility. A facility that has an on-premises malt beverage permit, an on-premises unfortified wine permit, an on-premises fortified wine permit, or a mixed beverages permit.
- (5a)(5b) Residential private club. A private club that is located in a privately owned, primarily residential and recreational development.

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SECTION 4. Article 10 of Chapter 18B of the General Statutes is amended by adding a new section to read:

46 "§ 18B-1010. Simulated game night allowed at qualified facilities.
47 (a) Sponsorship: Alcohol Sales and Possession. – Except as n

(a) Sponsorship; Alcohol Sales and Possession. – Except as provided in subsection (d) of this section, a qualified facility may host a game night sponsored by an exempt organization pursuant to Part 4 of Article 37 of Chapter 14 of the General Statutes. The following general provisions apply to game nights:

- 32 33 34
 - raffle tickets for the raffle of prizes provided by the exempt organization. The play money, tokens, chips, or markers shall have no cash value and are not redeemable for any other thing of value.
 - (9)The exempt organization or its agents or employees, or the qualified facility or its agents or employees, may operate the game night only as allowed by the permit issued under Part 4 of Article 37 of Chapter 14 of the General Statutes.
 - Regulation. The qualified facility and the exempt organization shall conduct and operate the game night in compliance with this section, with the provisions of Part 4 of Article 37 of Chapter 14 of the General Statutes, and with the terms and conditions of the permit issued under Part 4 of Article 37 of Chapter 14 of the General Statutes.
 - Prohibition. A qualified facility shall not host a game night event if the qualified facility has been convicted of any ABC violation or its permits have been suspended or revoked within the past two years.

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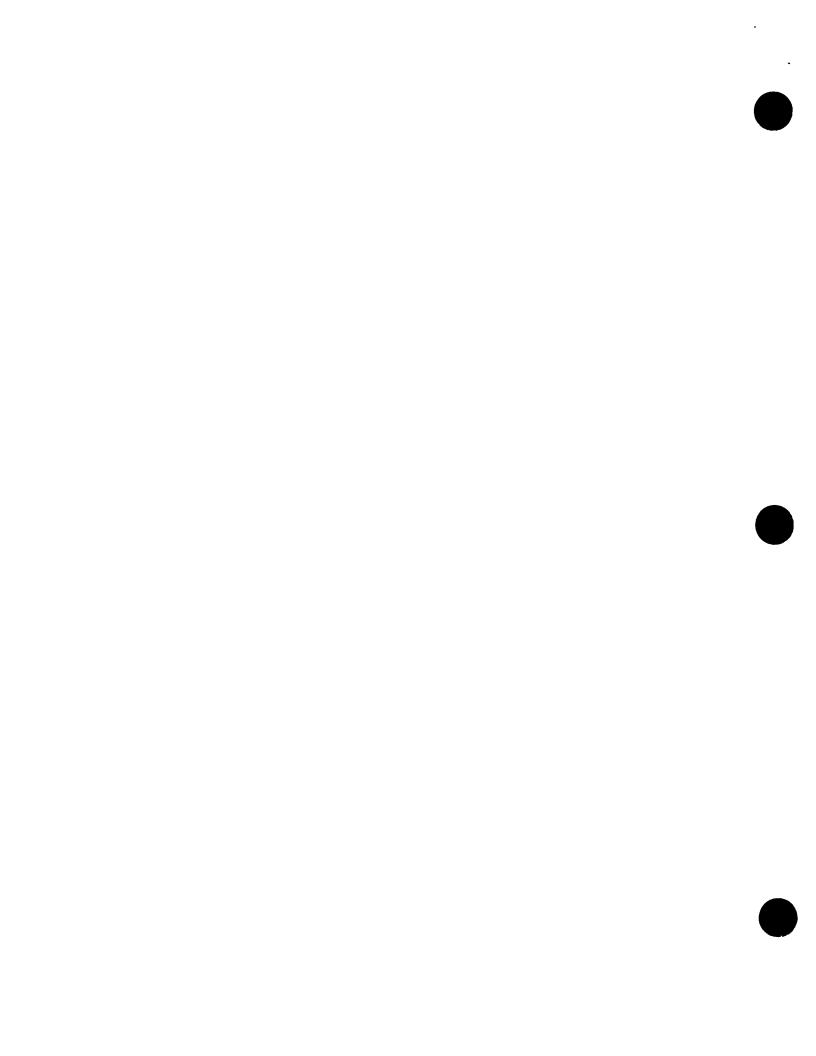
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- (e) Penalties. The following penalties apply to violations of this section:
 - (1) A qualified facility or an exempt organization that violates this section is guilty of a Class 2 misdemeanor.
 - (2) In addition to any fine that may be imposed, any qualified facility or exempt organization convicted of a violation of this section shall not be eligible to conduct a game night for a period of one year from the date of conviction.

A qualified facility shall be solely responsible to the Commission for any administrative penalties assessed pursuant to G.S. 18B-104 for violations of ABC law that occur on the premises of the qualified facility."

SECTION 5. The Department of Public Safety shall make a report to the 2019 Regular Session of the General Assembly detailing the administration of game night event permits, including the total number of applications received by permittee type, the total number of permits issued, the number of ABC violations reported at establishments that hosted game night events, and any other information the Department deems appropriate to report regarding this act, and shall provide a recommendation as to whether the General Assembly should modify this act. If the recommendation is to modify this act, the Department of Public Safety shall submit recommended proposed legislation to the 2019 Regular Session of the General Assembly.

SECTION 6. This act becomes effective October 1, 2017. If a final order by a court of competent jurisdiction finds that any portion of this act is unconstitutional, or if the passage of this act would cause the State to forfeit payments due under a compact entered into between the State and a federally recognized Indian tribe, this act is void.





HOUSE BILL 511: Game Nights/Nonprofit Fund-Raiser.

2017-2018 General Assembly

Committee:

House

Alcoholic Beverage Control.

If Date:

April 19, 2017

favorable, re-refer to Judiciary III

Introduced by:

Reps. Boles, Lucas, Saine, Floyd

Prepared by: Susan Sitze

Analysis of:

First Edition

Staff Attorney

OVERVIEW: House Bill 511 would authorize nonprofit organizations to operate game nights, regulate game nights, and allow the consumption of alcoholic beverages at game nights.

CURRENT LAW:

- Under current law, it is a crime for any person or organization to operate a game of chance, or for any person to play at or bet on any game of chance at which money, property, or other thing of value is bet. The State Lottery and certain bingo games and raffles conducted by charitable tax exempt organizations are exempt from this prohibition. Violation of the gambling statute is punishable as a Class 2 misdemeanor.
- The State and the Eastern Band of Cherokee Indians entered into a Tribal-State Compact that authorized live table gaming on Indian lands. The Compact provides that if the State authorizes any live table gaming west of I-26, the payments to the State under the Compact would be forfeited. The funds go to the Indian Gaming Education Revenue Fund. The Fund provides local school administrative unit money for classroom teachers, teacher assistants, classroom materials or supplies, or textbooks.

BILL ANALYSIS:

- House Bill 511 would add a new Part 4 to Article 37 of Chapter 14, entitled "Game Nights." The bill would make it lawful for an exempt organization to conduct a game night at a qualified facility. An exempt organization is defined as a tax exempt organization that has been in continuous existence in the county of operation of the game night for at least five years. A qualified facility is defined as a facility that has an on-premises malt beverage permit, an on-premises unfortified wine permit, and on-premises fortified wine permit, or a mixed beverage permit.
- The exempt organization must obtain a permit from the State Alcohol Law Enforcement (ALE) Section or the ALE district office where the qualified facility is located. The exempt organization must pay a permit fee of \$250 to ALE for each game night event.
- The bill limits the number of game nights an exempt organization may sponsor to no more than four per year and no more than one per quarter. There are additional restrictions on the number of events that can be held at one location and certain times of day game nights cannot occur. No cash prizes can be awarded at a game night event.
- Only the following games may be played at a game night event: Roulette, Blackjack, Poker, Craps, Simulated Horse Race, and Merchandise wheel of fortune.

Karen Cochrane-Brown Director



Legislative Analysis Division 919-733-2578

House Bill 511

Page 2

- Any proceeds from the game night must be used to further the organization's tax-exempt purposes. Violation of any of the provisions of this new Part is a violation of the gambling statute.
- The new law would only be applicable in areas of the State located east of I-26. This is necessary so that the State does not negate the provision in the Tribal-State compact that provides a percentage of the revenue from live table games to the Indian Gaming Education Revenue Fund
- A qualified facility may host a game night that is sponsored by an exempt organization.
 However, an ABC permittee may not serve as the sponsor of a game night. The game night
 must be operated in accordance with the permit issued to the exempt organization and must
 take place in a private room or other area of the qualified facility that is not accessible to the
 general public.
- A qualified facility that has been convicted of any ABC violation or has had its permits suspended or revoked within the past two years may not host a game night event. A qualified facility may not host more than two game nights in a calendar month. A qualified facility or an exempt organization that violates this provision is guilty of a Class 2 misdemeanor.
- Section 5 of the bill directs the Department of Public Safety to make a report to the 2019 General Assembly detailing the administration of game night event permits and including any recommended proposed legislation the Department deems appropriate.

EFFECTIVE DATE: The act would become effective October 1, 2017. If any portion of the act is held to be unconstitutional, or would result in the loss of payments to the State under a Tribal-State Compact, then the act is void.



H511-ASA-22 [v.1]

AMENDMENT NO._____(to be filled in by Principal Clerk)

Page 1 of 4

Amends Title [NO] First Edition Date 4-19 ,2017

Representative Boles

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moves to amend the bill on page 1, line 7 through page 5, line 22 by rewriting those lines to read:

"SECTION 1. G.S. 14-292 reads as rewritten:

"§ 14-292. Gambling.

Except as provided in Chapter 18C of the General Statutes or in Part 2 or Part 4 of this Article, any person or organization that operates any game of chance or any person who plays at or bets on any game of chance at which any money, property or other thing of value is bet, whether the same be in stake or not, shall be guilty of a Class 2 misdemeanor. This section shall not apply to a person who plays at or bets on any lottery game being lawfully conducted in any state."

SECTION 2. Article 37 of Chapter 14 of the General Statutes is amended by adding a new Part to read:

"Part 4. Game Nights.

"§ 14-309.25. Definitions.

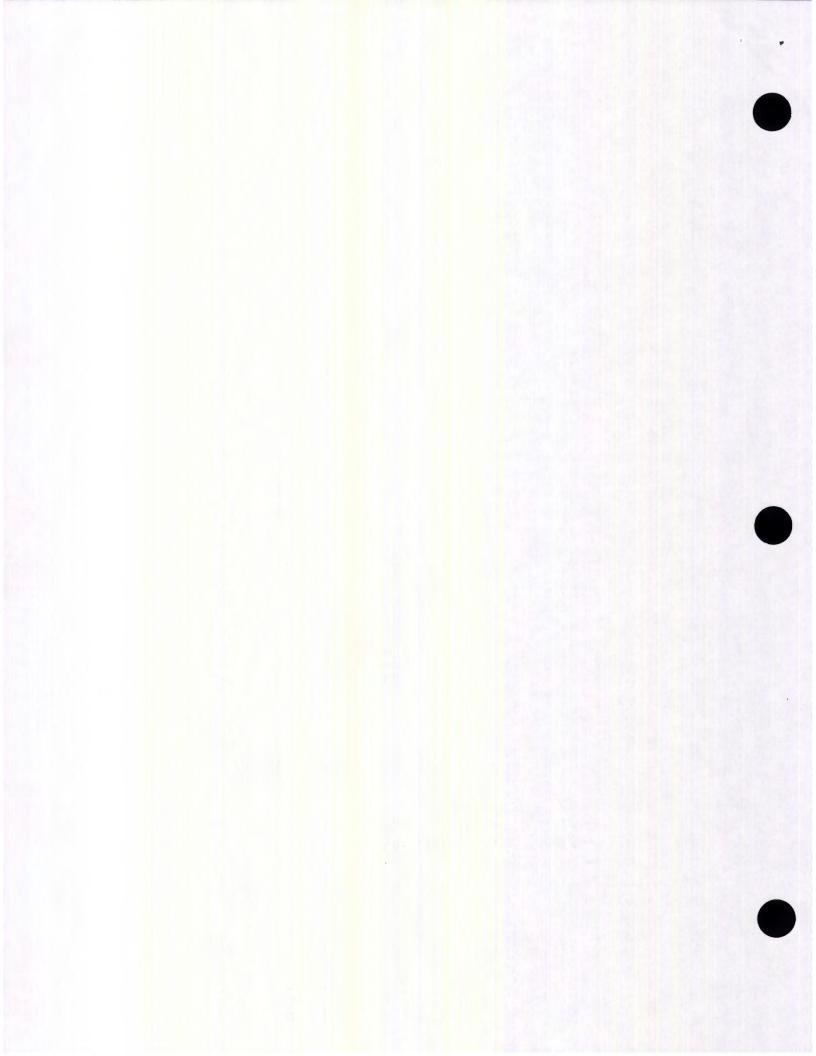
The following definitions apply in this Part:

- Exempt organization. An organization that has been in continuous existence in the county of operation of the game night for at least five years and that is exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(5), or 501(c)(6) of the United States Internal Revenue Code.
- (2) Game night. A specific event at which games of chance are played and prizes are awarded by raffle and that is sponsored by or on behalf of an exempt organization for the primary purpose of raising funds for the exempt organization.
- (3) Local law enforcement agency. Any county or municipal law enforcement agency that has territorial and subject matter jurisdiction over the location at which the game night is being held.
- (4) Qualified facility. As defined in G.S. 18B-1000.

"§ 14-309.26. Game nights.

(a) It is lawful for an exempt organization to conduct a game night at a qualified facility in accordance with the provisions of this Part and G.S. 18B-1010 if applicable. It is lawful for persons to participate in a game night conducted pursuant to this Part. It shall not constitute a violation of any State law to advertise a game night conducted in accordance with this Part.





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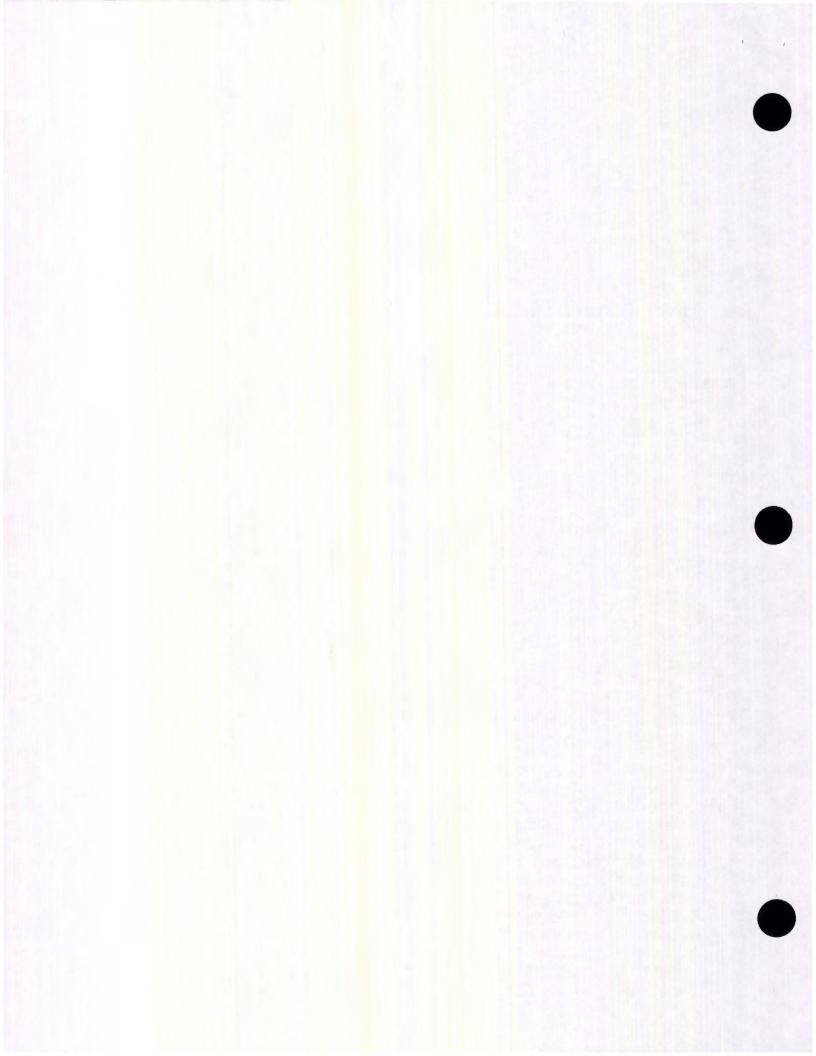
	H511-ASA-22 [v.1] Principal Clerk)
		Page 2 of 4
1	(b) If any	y exempt organization conducts a game night in violation of any provision of
2	this Part, the pe	rson indicated in G.S. 14-309.27(b)(2) is guilty of a Class 2 misdemeanor. In
3	addition to any	fine that may be imposed, an exempt organization convicted of a violation
4		shall not conduct a game night for a period of one year from the date of the
5	conviction.	
6		Permit procedure.
7		exempt organization shall not operate a game night without first obtaining a
8		ded by this Part. The application for a game night permit shall be on a form
9		ne Alcohol Law Enforcement Branch of the Department of Public Safety and
10		ed to either the central office or to the Alcohol Law Enforcement district office
11	with jurisdiction	over the qualified facility agreeing to host the event. The exempt organization
12	shall apply at lea	ast 30 days in advance of the date for the game night event.
13	(b) Each	application for a permit under this Part shall contain the following
14	information:	
15	<u>(1)</u>	The name and address of the exempt organization that is applying for the
16		permit.
17	(2)	The name, address, and signature of the person applying on behalf of the
18		exempt organization and who will be responsible for the event.
19	(3)	Verification of the tax-exempt status of the exempt organization, except, if
20		the applicant is a local chapter, division, lodge, or branch of the exempt
21		organization, then verification of the tax-exempt status of the parent
22		organization.
23	<u>(4)</u>	Verification of the exempt organization's status as a licensed or exempt
24		charitable or sponsor organization pursuant to Chapter 131F of the General
25	(5)	Statutes.
26	(5)	The time, duration, date, and place of the event.
27	<u>(6)</u>	The games proposed to be operated.
28	(7)	The name and address of the person, firm, or corporation who will operate
29		the games and the relationship, if any, of such person, firm, or corporation to
30	(0)	the exempt organization or qualified facility.
31	(8)	The area of the premises in which the event will be held. parate application shall be required for each game night event. A fee of one
32 33		(\$100.00) shall be charged for each permit. The permit fees assessed under this
34		
35		e to the Alcohol Law Enforcement Branch of the Department of Public Safety lected and used by the Alcohol Law Enforcement Branch to defray the costs of
36		ght permits. The permit shall be displayed at the event. A qualified facility shall
37		to civil or criminal liability for violating this Part if the exempt organization
38		ility with a permit for the game night event.
20	provides the lac	me, was a point for the game man event.

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"§ 14-309.28. Limits on game night events. The following limitations apply to game night events:

The number of game night events conducted or sponsored by an exempt (1) organization shall be limited to four events per year.



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1	(2)	The event shall not exceed a period of five hours each per event. No more
2		than one game night event shall be held in any quarter of a calendar year that
3		begins January 1.
4	(3)	No more than two game night events shall be operated or conducted in any
5		one building, hall, or structure during any one calendar week, and if two
6		events are held, they must be held by different exempt organizations on
7		different nights of the week.
8	<u>(4)</u>	There shall be no operation of a game night event between the hours of 2:00
9		A.M. and 12:00 noon Monday through Saturday, or between the hours of
10		2:00 A.M. and 2:00 P.M. Sunday.
11	(5)	A qualified facility, as defined in G.S. 18B-1000(5a), shall not host more
12		than two game nights in any calendar month.
13	"§ 14-309.29. G	ame night; prizes and costs.
14	No games at	a game night event may be played for cash or cash prizes. Prizes shall be
15	awarded only the	rough a raffle. Participants may exchange chips, markers, or tokens from the
16	game night even	t for raffle tickets. The cost of the prizes and expenses to operate the game

"§ 14-309.30. Operation of game night events.

The following games are the only games that may be played at a game night event:

night event, excluding the cost of food, beverages, and entertainment, shall not exceed the

proceeds derived from the event. If the exempt organization hires a game night vendor for the

(1) Roulette.

event, payment shall be by fixed fee.

- (2) Blackjack.
- (3) Poker.
- (4) Craps.
- (5) Simulated Horse Race.
- (6) Merchandise wheel of fortune.
- (7) Any other game specified in the permit application and approved by Alcohol Law Enforcement.

"§ 14-309.31. Use of proceeds.

The exempt organization may use its own funds or funds received in connection with the game night for prizes, advertising, utilities, space rental, and the purchase or rental of supplies and equipment, including game night tables and related equipment, used in conducting the games. Net proceeds from the game night shall inure to the benefit of the exempt organization and shall be used to further the organization's tax-exempt purposes.

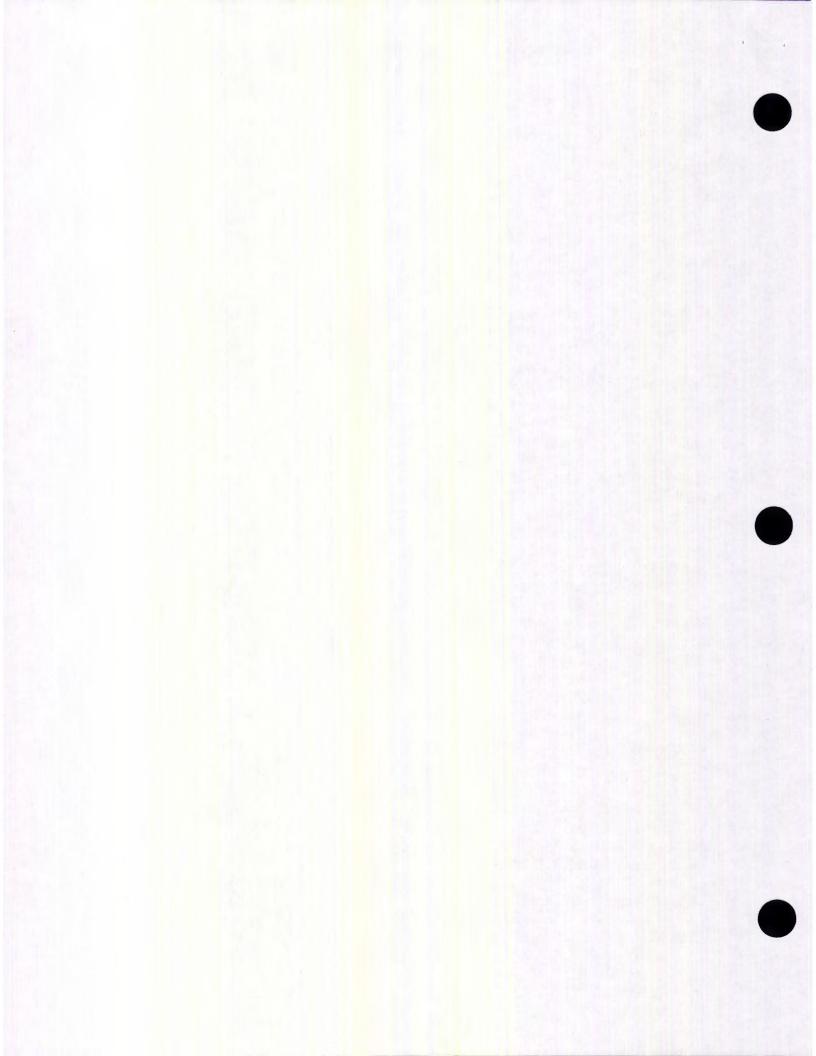
"§ 14-309.32. Violation is gambling.

A game night conducted other than in accordance with the provisions of this Part is "gambling" within the meaning of G.S. 14-292 and G.S. 19-1, et seq., and proceedings against such game night may be instituted as provided for in Chapter 19 of the General Statutes.

"§ 14-309.33. Applicability.

This Part is only applicable in areas of the State located east of I-26 as that interstate highway was located on November 28, 2011.

"§ 14-309.34. Applicability to employer paid events or events at a private residence.



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Nothing in this Part shall prevent an employer from holding a game night event for employees and guests, a trade association from holding a game night event for its members and guests, or a private individual from holding a game night event at a private residence, as long as there is no cost or charge to the attendees. Such events may be held in venues without licenses to serve alcohol."

SECTION 3. G.S. 18B-1000 reads as rewritten:

"§ 18B-1000. Definitions concerning establishments.

The following requirements and definitions shall apply to this Chapter:

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- (5a) Qualified facility. A facility that has any of the following permits:
 - On-premises malt beverage.
 - b. On-premises unfortified wine.
 - c. On-premises fortified wine.
 - d. Mixed beverages.

(5a)(5b) Residential private club. – A private club that is located in a privately owned, primarily residential and recreational development.

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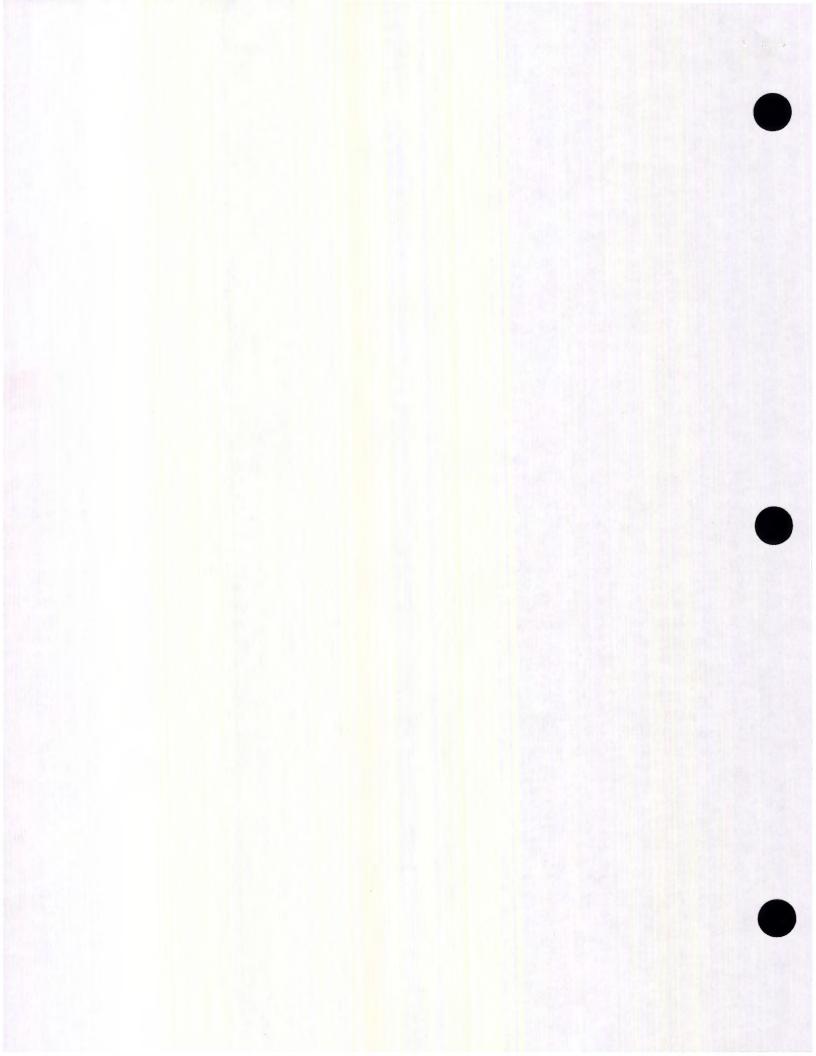
SECTION 4. The Department of Public Safety shall make a report to the 2019 Regular Session of the General Assembly detailing the administration of game night event permits, including the total number of applications received by permittee type, the total number of permits issued, the number of ABC violations reported at establishments that hosted game night events, and any other information the Department deems appropriate to report regarding this act, and shall provide a recommendation as to whether the General Assembly should modify this act. If the recommendation is to modify this act, the Department of Public Safety shall submit recommended proposed legislation to the 2019 Regular Session of the General Assembly.

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SECTION 5. This act becomes effective October 1, 2017. If a final order by a court of competent jurisdiction finds that any portion of this act is unconstitutional, or if the passage of this act would cause the State to forfeit payments due under a compact entered into between the State and a federally recognized Indian tribe, this act is void."

SIGNED _	Jaga	Amendment Spoksor			
SIGNED _	Committee Ch	air if Senate Committee	e Amendment	_	
ADOPTED		FAILED		TABLED _	



GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2017

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HOUSE BILL 480

Short Title: ABC Permits/Tax Compliance & Reports. (Public)

Sponsors: Representatives Boles, J. Bell, and Willingham (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Finance, if favorable, Alcoholic Beverage Control

March 28, 2017

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THE ABC COMMISSION AND THE DEPARTMENT OF REVENUE TO CERTIFY ON AN ANNUAL BASIS THAT BREWERY AND DISTILLERY PERMIT HOLDERS ARE COMPLIANT WITH STATE TAX REQUIREMENTS AND TO REQUIRE CERTAIN BREWERY PERMIT HOLDERS TO SUBMIT AN ANNUAL REPORT TO THE ABC COMMISSION.

The General Assembly of North Carolina enacts:

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

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

(a) Authorized Acts. – The holder of a brewery permit may:

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Receive, in closed containers, and sell at the brewery, malt beverages (6a) produced inside or outside North Carolina under contract with a contract brewery. The contract brewery that manufactures the malt beverages 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. 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 from a contract brewery under this subdivision shall 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 is 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(8) subdivision (8) of this subsection 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).

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(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, to wholesalers, to retailers, and to exporters, fewer than 25,000 barrels, as defined in G.S. 81A-9,barrels of malt beverages produced



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by it per year. A brewery not exceeding the sales quantity limitations in this 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.

 (b) Sales or Gifts. — A sale or gift under subdivision (5) or (6) of subsection (a) of this section shall not be considered a retail or wholesale sale under the ABC laws.

(c) Tax Compliance. – By October 1 of each year, the Commission shall confirm that the holder of a brewery permit is in compliance with G.S. 18B-900(a)(8). The provisions of G.S. 18B-900(f) apply to the confirmation required under this subsection, except that the Commission may suspend a person's brewery permit until the Commission receives notice from the Department of Revenue that the person is in compliance.

(d) Annual Report. – By October 1 of each year, a holder of a brewery permit who obtains a malt beverage wholesaler permit pursuant to subdivision (8) of subsection (a) of this section shall provide a report to the Commission that includes all of the following for the 12-month period preceding the date of the report:

(1) The number of barrels of malt beverages sold by the permit holder that were produced by the permit holder.

 (2) The quantity and dollar amount of malt beverages sold by the permit holder under subdivision (7) of subsection (a) of this section.

(3) The quantity and dollar amount of malt beverages sold on-premises under subdivision (8) of subsection (a) of this section.
 (4) The quantity and dollar amount of malt beverages sold off-premises under

subdivision (8) of subsection (a) of this section.

(5) The quantity and dollar amount of malt beverages sold under G.S. 18B-1114.5.

(6) The quantity and dollar amount of malt beverages destroyed, spoiled, or otherwise rendered unsalable.

 (e) Form and Delivery of Report. – The report required under subsection (d) of this section shall list separately the information required under subsection (d) of this section. Except as otherwise provided in this subsection, the form and delivery method of the report required under subsection (d) of this section shall be set by the Commission.

(f) Definition. – For purposes of this section, the term "barrels" is as defined in G.S. 81A-9."

SECTION 2. G.S. 18B-1105 is amended by adding a new subsection to read:

"(c) Tax Compliance. – By October 1 of each year, the Commission shall confirm the holder of a distillery permit is in compliance with G.S. 18B-900(a)(8). The provisions of G.S. 18B-900(f) apply to the confirmation required under this subsection, except that the Commission may suspend a person's distillery permit until the Commission receives notice from the Department of Revenue that the person is in compliance."

SECTION 3. G.S. 18B-903(c1) reads as rewritten:

"(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. 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(8)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)."

SECTION 4. G.S. 18B-1001(1)i. reads as rewritten:

Breweries as authorized by G.S. 18B-1104(7) and (8).subdivisions (7) and (8) of G.S. 18B-1104(a)."

SECTION 5. G.S. 18B-1114.5(a) reads as rewritten:

"(a) Authorization. – The holder of a brewery permit, a malt beverages importer permit, a brewing, distillation, and fermentation course authorization, or a nonresident malt beverage vendor permit may obtain a malt beverage special event permit allowing the permittee to give free tastings of its malt beverages and to sell its malt beverages by the glass or in closed containers at trade shows, conventions, shopping malls, malt beverage festivals, street festivals, holiday festivals, agricultural festivals, balloon races, local fund-raisers, and other similar events approved by the Commission. Except for a brewery operating under the provisions of G.S. 18B-1104(a)(b), all malt beverages sampled or sold pursuant to this section must be purchased from a licensed malt beverages wholesaler."

SECTION 6. G.S. 18B-1116(a) reads as rewritten:

"§ 18B-1116. Exclusive outlets prohibited.

(a) Prohibitions. – It shall be unlawful for any manufacturer, bottler, or wholesaler of any alcoholic beverages, or for any officer, director, or affiliate thereof, either directly or indirectly to:

A brewery qualifying under G.S. 18B-1104(8)G.S. 18B-1104(a)(8) to act as a wholesaler or retailer of its own malt beverages is not subject to the provisions of this subsection concerning financial interests in, and lending or giving things of value to, a wholesaler or retailer with respect to the brewery's transactions with the retail business on its premises. The brewery is subject to the provisions of this subsection, however, with respect to its transactions with all other wholesalers and retailers."

SECTION 7. G.S. 18B-1305(a1) reads as rewritten:

"(a1) Termination by a Small Brewery. – A brewery's authorization to distribute its own malt beverage products pursuant to G.S. 18B-1104(8)G.S. 18B-1104(a)(8) shall revert back to the brewery, in the absence of good cause, following the fifth business day after confirmed receipt of written notice of such reversion by the brewery to the wholesaler. The brewery shall pay the wholesaler fair market value for the distribution rights for the affected brand. For purposes of this subsection, "fair market value" means the highest dollar amount at which a seller would be willing to sell and a buyer willing to buy at the time the self-distribution rights revert back to the brewery, after each party has been provided all information relevant to the transaction."

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

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HOUSE BILL 480: ABC Permits/Tax Compliance & Reports.

2017-2018 General Assembly

Committee:

House Alcoholic Beverage Control

Introduced by:

Reps. Boles, J. Bell, Willingham

Analysis of:

PCS to First Edition

H480-CSTT-10

Date:

April 19, 2017

Prepared by: Jennifer H. Bedford

Legislative Analyst

OVERVIEW: House Bill 480 would require filing all State tax returns and paying all State taxes to receive and hold an ABC permit. The PCS for House Bill 480 would also make the required annual reports confidential.

CURRENT LAW:

G.S. 105-230 suspends the charter of any corporation or a limited liability company that fails to file any tax return or pay any tax. Any act performed or attempted to be performed during the period of suspension is invalid and of no effect unless the charter is reinstated after filing and paying all taxes.

G.S. 18B-900(a)(8) requires that a person must be current in filing all applicable tax returns to the state in order to the eligible to receive and hold an ABC permit.

Four types of ABC permits may still be issued without State tax compliance; special occasion permit under G.S. 18B-1001(8), limited special occasion permit under G.S. 18B-1001(9), special one-time permit under G.S. 18B-1002, and salesman permit under G.S. 18B-1111.

BILL ANALYSIS: The PCS for House Bill 480 would:

- Require the Alcoholic Beverage Control Commission (Commission) to confirm the tax compliance of brewery, and distillery permit holders by October 1 of each year.
- Authorize the Commission to suspend a brewery, or distillery permit until the Department of Revenue confirms the permit holder's tax compliance.
- Direct brewery permit holders who obtain a malt beverage wholesaler permit to make an annual report regarding the amount of malt beverages sold, to the Commission by October 1 of each year.
- Exclude the annual report information from being a public record.
- Make technical and conforming changes.

EFFECTIVE DATE: This act is effective when it becomes law.

BACKGROUND: The bill draft closely follows the statute (G.S. 18C-141) requiring lottery retailers to file and pay all State taxes.

Karen Cochrane-Brown Director



Legislative Analysis Division 919-733-2578

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GENERAL ASSEMBLY OF NORTH CAROLINA **SESSION 2017**

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HOUSE BILL 480 PROPOSED COMMITTEE SUBSTITUTE H480-CSTT-10 [v.1] 04/18/2017 05:24:42 PM

Short Title:	ABC Permits/Tax Compliance & Reports.	(Public)
Sponsors:		
Referred to:		

March 28, 2017

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THE ABC COMMISSION AND THE DEPARTMENT OF REVENUE TO CERTIFY ON AN ANNUAL BASIS THAT BREWERY AND DISTILLERY PERMIT HOLDERS ARE COMPLIANT WITH STATE TAX REQUIREMENTS AND TO REQUIRE CERTAIN BREWERY PERMIT HOLDERS TO SUBMIT AN ANNUAL REPORT TO THE ABC COMMISSION.

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The General Assembly of North Carolina enacts:

8 9 10 **SECTION 1.** G.S. 18B-1104 reads as rewritten:

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

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Authorized Acts. – The holder of a brewery permit may:

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(6a) Receive, in closed containers, and sell at the brewery, malt beverages produced inside or outside North Carolina under contract with a contract brewery. The contract brewery that manufactures the malt beverages 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. 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 from a contract brewery under this subdivision shall 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 is 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(8) subdivision (8) of this subsection 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).

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(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, to wholesalers, to retailers, and to exporters, fewer than 25,000 barrels, as defined in G.S. 81A-9, barrels of malt beverages produced by it per year. A brewery not exceeding the sales quantity limitations in this





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.

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(b) Sales or Gifts. — A sale or gift under subdivision (5) or (6) of subsection (a) of this section shall not be considered a retail or wholesale sale under the ABC laws.

(c) Tax Compliance. – By October 1 of each year, the Commission shall confirm that the holder of a brewery permit is in compliance with G.S. 18B-900(a)(8). The provisions of G.S. 18B-900(f) apply to the confirmation required under this subsection, except that the Commission may suspend a person's brewery permit until the Commission receives notice from the Department of Revenue that the person is in compliance.

(d) Annual Report. – By October 1 of each year, a holder of a brewery permit who obtains a malt beverage wholesaler permit pursuant to subdivision (8) of subsection (a) of this section shall provide a report to the Commission that includes all of the following for the 12-month period preceding the date of the report:

(1) The number of barrels of malt beverages sold by the permit holder that were produced by the permit holder.

(2) The quantity and dollar amount of malt beverages sold by the permit holder under subdivision (7) of subsection (a) of this section.

(3) The quantity and dollar amount of malt beverages sold on-premises under subdivision (8) of subsection (a) of this section.

 (4) The quantity and dollar amount of malt beverages sold off-premises under subdivision (8) of subsection (a) of this section.

(5) The quantity and dollar amount of malt beverages sold under G.S. 18B-1114.5.
 (6) The quantity and dollar amount of malt beverages destroyed, spoiled, or

otherwise rendered unsalable.

(e) Form and Delivery of Report. – The report required under subsection (d) of this section shall list separately the information required under subsection (d) of this section. Except as otherwise provided in this subsection, the form and delivery method of the report required under subsection (d) of this section shall be set by the Commission. The Commission shall keep all information provided pursuant to subsection (d) confidential except as required by law or requested by the Department of Revenue. The information shall not be a public record under Chapter 132 of the General Statutes.

(f) <u>Definition. – For purposes of this section, the term "barrels" is as defined in G.S. 81A-9."</u>

SECTION 2. G.S. 18B-1105 is amended by adding a new subsection to read:

"(c) Tax Compliance. – By October 1 of each year, the Commission shall confirm the holder of a distillery permit is in compliance with G.S. 18B-900(a)(8). The provisions of G.S. 18B-900(f) apply to the confirmation required under this subsection, except that the Commission may suspend a person's distillery permit until the Commission receives notice from the Department of Revenue that the person is in compliance."

SECTION 3. G.S. 18B-903(c1) reads as rewritten:

 "(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. 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,

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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(8)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)."

SECTION 4. G.S. 18B-1001(1)i. reads as rewritten:

Breweries as authorized by G.S. 18B-1104(7) and (8) subdivisions (7) and (8) of G.S. 18B-1104(a)."

SECTION 5. G.S. 18B-1114.5(a) reads as rewritten:

Authorization. – The holder of a brewery permit, a malt beverages importer permit, "(a) a brewing, distillation, and fermentation course authorization, or a nonresident malt beverage vendor permit may obtain a malt beverage special event permit allowing the permittee to give free tastings of its malt beverages and to sell its malt beverages by the glass or in closed containers at trade shows, conventions, shopping malls, malt beverage festivals, street festivals, holiday festivals, agricultural festivals, balloon races, local fund-raisers, and other similar events approved by the Commission. Except for a brewery operating under the provisions of G.S. 18B-1104(8), G.S. 18B-1104(a)(8), all malt beverages sampled or sold pursuant to this section must be purchased from a licensed malt beverages wholesaler."

SECTION 6. G.S. 18B-1116(a) reads as rewritten:

"\\$ 18B-1116. Exclusive outlets prohibited.

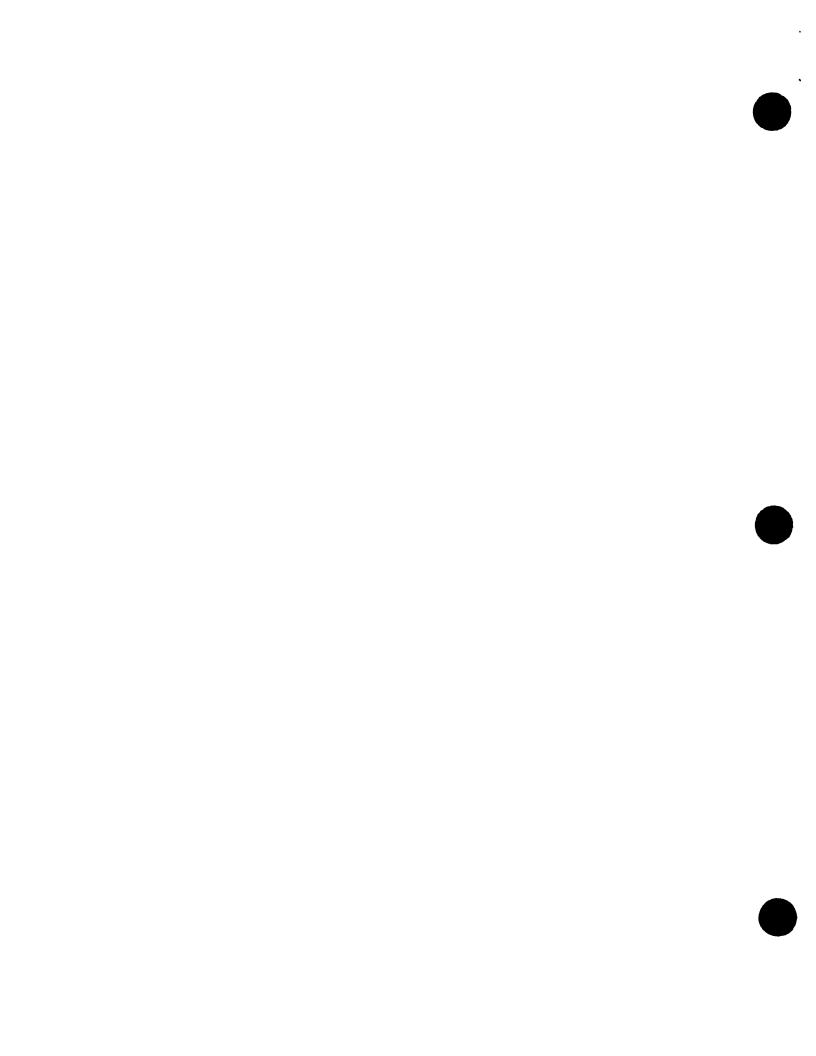
Prohibitions. - It shall be unlawful for any manufacturer, bottler, or wholesaler of any alcoholic beverages, or for any officer, director, or affiliate thereof, either directly or indirectly to:

A brewery qualifying under G.S. 18B-1104(8)G.S. 18B-1104(a)(8) to act as a wholesaler or retailer of its own malt beverages is not subject to the provisions of this subsection concerning financial interests in, and lending or giving things of value to, a wholesaler or retailer with respect to the brewery's transactions with the retail business on its premises. The brewery is subject to the provisions of this subsection, however, with respect to its transactions with all other wholesalers and retailers."

SECTION 7. G.S. 18B-1305(a1) reads as rewritten:

"(a1) Termination by a Small Brewery. – A brewery's authorization to distribute its own malt beverage products pursuant to G.S. 18B-1104(8)G.S. 18B-1104(a)(8) shall revert back to the brewery, in the absence of good cause, following the fifth business day after confirmed receipt of written notice of such reversion by the brewery to the wholesaler. The brewery shall pay the wholesaler fair market value for the distribution rights for the affected brand. For purposes of this subsection, "fair market value" means the highest dollar amount at which a seller would be willing to sell and a buyer willing to buy at the time the self-distribution rights revert back to the brewery, after each party has been provided all information relevant to the transaction."

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



GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2017

H HOUSE BILL 500

Short Title:	ABC Omnibus Legislation. (Public)
Sponsors:	Representatives McGrady, Brawley, Hardister, and Harrison (Primary Sponsors). For a complete list of sponsors, refer to the North Carolina General Assembly web site.
Referred to:	Alcoholic Beverage Control, if favorable, Rules, Calendar, and Operations of the House

March 29, 2017

A BILL TO BE ENTITLED

AN ACT TO MAKE VARIOUS CHANGES TO THE ALCOHOLIC BEVERAGE CONTROL COMMISSION LAWS.

The General Assembly of North Carolina enacts:

AUTHORIZE SALE OF GROWLERS BY RETAIL PERMITTEES

SECTION 1.(a) G.S. 18B-1001 reads as rewritten:

"§ 18B-1001. Kinds of ABC permits; places eligible.

When the issuance of the permit is lawful in the jurisdiction in which the premises are located, the Commission may issue the following kinds of permits:

- (1) On-Premises Malt Beverage Permit. An on-premises malt beverage permit authorizes (i) the retail sale of malt beverages for consumption on the premises, (ii) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of malt beverages in a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. It also authorizes the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:
 - a. Restaurants; Restaurants.
 - b. Hotels: Hotels.
 - c. Eating establishments; establishments.
 - d. Food businesses; businesses.
 - e. Retail businesses;businesses.
 - f. Private elubs; clubs.
 - g. Convention centers; centers.
 - h. Community theatres; theatres.
 - i. Breweries as authorized by G.S. 18B-1104(7) and (8).
- Off-Premises Malt Beverage Permit. An off-premises malt beverage permit authorizes (i) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages in a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the



(3)

premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:

- a. Restaurants.
- b. Hotels.
- c. Eating establishments.
- d. Food businesses.
- e. Retail businesses.
- f. The holder of a brewing, distillation, and fermentation course authorization under G.S. 18B-1114.6. A school obtaining a permit under this subdivision is authorized to sell malt beverages manufactured during its brewing, distillation, and fermentation program at one noncampus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee.
- On-Premises Unfortified Wine Permit. An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. 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; Restaurants.
 - b. Hotels; Hotels.
 - c. Eating establishments; Eating establishments.
 - d. Private clubs; Private clubs.
 - e. Convention centers; Convention centers.
 - f. Cooking schools: Cooking schools.

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- g. Community theatres; Community theatres.h. Wineries; Wineries.
- i. Wine producers.

Off-Premises Unfortified Wine Permit. – An off-premises unfortified wine (4) permit authorizes (i) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship unfortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another off-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by off-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 permit may also be issued to the holder of a viticulture/enology course authorization under G.S. 18B-1114.4. A school obtaining a permit under this subdivision is authorized to sell wines manufactured during its viticulture/enology program at one non-campus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee. The permit may also be issued for a winery or a wine producer for sale of its own unfortified wine during hours when the winery or wine producer's premises is open to the public, subject to any local ordinance adopted pursuant to G.S. 18B-1004(d) concerning hours for the retail sale of unfortified wine. A winery obtaining a permit under this subdivision is authorized to sell wine manufactured by the winery at one additional location in the county under the same conditions specified in G.S. 18B-1101(5) for the sale of wine at the winery; provided, however, that no other alcohol sales shall be authorized at the additional location. 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.

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Wine Shop Permit. – A wine shop permit authorizes (i) the retail sale of malt beverages, unfortified wine, and fortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages or unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas in a eleaned, sanitized, resealable-cleaned and sanitized container that is filled or refilled

subdivision (15) of this section. It also authorizes the holder of the permit to ship malt beverages, unfortified wine, and fortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses whose primary purpose is selling malt beverages and wine for consumption off the premises and regularly and customarily educating consumers through tastings, classes, and seminars about the selection, serving, and storing of wine. The holder of the permit is authorized to sell unfortified wine for consumption on the premises, provided that the sale of wine for consumption on the premises does not exceed forty percent (40%) of the establishment's total sales for any 30-day period. The holder of a wine-tasting permit not engaged in the preparation or sale of food on the premises is not subject to Part 6 of Article 8 of Chapter

and sealed for consumption off the premises and that identifies the permittee

and the date the container was filled or refilled, and (iii) wine tastings on the premises conducted and supervised by the permittee in accordance with

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SECTION 1.(b) The Alcoholic Beverage Control (ABC) Commission shall adopt rules to implement the provisions of this section by no later than 60 days after this act becomes law. The ABC Commission may adopt temporary rules to comply with the deadline set in this subsection. Any temporary rules adopted in accordance with this subsection shall remain in effect until permanent rules that replace the temporary rules become effective.

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AUTHORIZE OFF-SITE STORAGE LOCATION FOR BREWERIES, WINERIES, AND DISTILLERIES

SECTION 2. Article 11 of Chapter 18B of the General Statutes is amended by adding a new section to read:

"§ 18B-1120. Noncontiguous storage locations.

130A of the General Statutes.

A brewery, winery, or distillery may store any alcoholic beverages it manufactures pursuant to a permit issued under this Article at a noncontiguous storage location approved by the Alcohol and Tobacco Tax and Trade Bureau. For purposes of Article 5 of this Chapter, the term "premises" includes a storage location used pursuant to this section."

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AUTHORIZE SALE OF UNFORTIFIED WINE ON PREMISES BY RETAIL **BUSINESSES**

SECTION 3. G.S. 18B-1001(3), as amended by Section 1 of this act, reads as rewritten:

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"(3) On-Premises Unfortified Wine Permit. – An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. 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

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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:

Retail businesses." į.

AUTHORIZE TASTINGS DURING BREWERY TOURS

SECTION 4. G.S. 18B-1104(6) 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 customers, visitors, and employees for consumption on its premises. Nothing in this subdivision shall be construed as excluding customers and visitors at the brewery as part of a paid or complimentary tour of the brewery."

AUTHORIZE CERTAIN PERSONS TO SAMPLE ALCOHOLIC BEVERAGES FOR PURPOSES OF SENSORY ANALYSIS, QUALITY CONTROL, OR EDUCATION

SECTION 5. Article 11 of Chapter 18B of the General Statutes is amended by adding a new statute to read:

"§ 18B-1121. Authority to sample for sensory analysis, quality control, or educational purposes.

Except as otherwise prohibited under Article 3 of this Chapter, a commercial permittee licensed under this Article, or its agent or employee, may consume samples of alcoholic beverages it is licensed to sell, free of charge, on its premises for purposes of sensory analysis, quality control, or education."

AMEND HOMEBREWING LAWS

SECTION 6. G.S. 18B-306 reads as rewritten:

"§ 18B-306. Making wines and malt beverages for private use.

<u>Authority.</u> – An individual may make, possess, and transport native wines and malt beverages for his the individual's own use and for use, the use of his the individual's family and guests. Native wines shall be made principally from honey, grapes, or other fruit or grain grown in this State, or from wine kits containing honey, grapes, or other fruit or grain concentrates, and shall have only that alcoholic content produced by natural fermentation. Malt beverages may be made by use of malt beverage kits containing grain extracts or concentrates guests, or the use at organized affairs, exhibitions, or competitions. For purposes of this section, the term "organized affairs, exhibitions, or competitions" includes homemaker's contests, tastings, and judgings.

1 (b) Selling Prohibited. – Wines and malt beverages made pursuant to this section may
2 not be sold or offered for sale.
3 (c) Kits. – Wine kits and malt beverage kits may be sold in this State.
4 (d) Permit. – No ABC permit is required to make wines or malt beverages pursuant to this section."

CLARIFY LAW GOVERNING RELATIONSHIP BETWEEN BREWERIES AND AFFILIATED RETAILERS

SECTION 7. G.S. 18B-1116(a) reads as rewritten:

- "(a) Prohibitions. It shall be unlawful for any manufacturer, bottler, or wholesaler of any alcoholic beverages, or for any officer, director, or affiliate thereof, either directly or indirectly to:
 - (1) Require that an alcoholic beverage retailer purchase any alcoholic beverages from that person to the full or partial exclusion of any other alcoholic beverages offered for sale by other persons in this State; or
 - (2) Have any direct or indirect financial interest in the business of any alcoholic beverage retailer in this State or in the premises where the business of any alcoholic beverage retailer in this State is conducted; or
 - (3) Lend or give to any alcoholic beverage retailer in this State or his employee or to the owner of the premises where the business of any alcoholic beverage retailer in this State is conducted, any money, service, equipment, furniture, fixtures or any other thing of value.

A brewery qualifying under G.S. 18B-1104(8) to act as a wholesaler or retailer of its own malt beverages G.S. 18B-1104(7) or (8) is not subject to the provisions of this subsection section concerning financial interests in, and lending or giving things of value to, a wholesaler or retailer with respect to the brewery's transactions with the retail business on its premises-premises or other retail locations allowed under G.S. 18B-1104(8). The brewery is subject to the provisions of this subsection, however, with respect to its transactions with all other wholesalers and retailers."

AUTHORIZE BREWERY TAPROOMS TO SELL OTHER ALCOHOLIC BEVERAGES UPON RECEIVING THE APPROPRIATE PERMIT

SECTION 8. G.S. 18B-1104(7) reads as rewritten:

- "(7) In an area where the sale of any type of alcoholic beverage is authorized by law, and upon receiving the appropriate permit under G.S. 18B-1001, sell the at the brewery, and any additional retail location authorized under subdivision (8) of this section, any or all of the following:
 - <u>a.</u> <u>The brewery's malt beverages or malt beverages that have been approved by the Commission for sale in North Carolina.</u>
 - <u>Malt</u> 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). Carolina.
 - c. Any other alcoholic beverages approved by the Commission for sale in North Carolina."

AUTHORIZE BREWERIES WITH PRODUCTION FACILITIES IN OTHER STATES TO DISTRIBUTE TO WHOLESALERS

SECTION 9. G.S. 18B-1104(4) reads as rewritten:

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''(4)Receive malt beverages manufactured by the permittee in some other state for transshipment to (i) dealers in other states.states or (ii) wholesalers licensed under this Chapter as authorized by the ABC laws."

AUTHORIZE FARM BREWERIES

SECTION 10. G.S. 18B-1104 is amended by adding a new subdivision to read:

Regardless of the results of any local malt beverage election, a brewery that produces agricultural products, including barley, other grains, hops, or fruit, used by the brewery in the manufacture of malt beverages may sell the malt beverages owned by the brewery and approved by the Commission for sale in North Carolina at the brewery for on- or off-premise consumption upon obtaining the appropriate permit under G.S. 18B-1001."

AMEND LAW GOVERNING SELF-DISTRIBUTION BY BREWERIES AND SALES AT ADDITIONAL RETAIL LOCATIONS

SECTION 11.(a) G.S. 18B-1104 reads as rewritten:

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

The holder of a brewery permit may:

- (8) Obtain a malt beverage wholesaler permit to sell, deliver, and ship at wholesale only no more than 200,000 barrels, as defined in G.S. 81A-9, per year of malt beverages manufactured produced by the brewery. The authorization of this subdivision applies to a brewery that sells, to consumers at the brewery, 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 subdivision may also sell-Sales of malt beverages pursuant to subdivisions (3), (5), (6a) (7), and (8a) of this section shall not count towards the sales quantity limitation set forth in this subdivision.
- Sell the malt beverages manufactured by the brewery brewery, and malt (8a)beverages produced under subdivision (6a) of this section, 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 under a different business name than that used at the brewery shall also offer for sale at that location a reasonable selection of competitive malt beverage products. A sale under this subdivision shall not be considered a wholesale sale under the ABC laws.

A sale or gift under subdivision (5) or (6) shall not be considered a retail or wholesale sale under the ABC laws."

SECTION 11.(b) G.S. 105-113.68(a)(13) reads as rewritten:

Wholesaler or importer. - When used with reference to wholesalers or importers of wine or malt beverages, the term includes resident wineries that sell their wines at retail and resident breweries that produce fewer than 25,000 barrels of sell their malt beverages per year.at retail."

SMALL BREWERIES/AMEND TERMINATION LAW **GOVERNING** OF FRANCHISE AGREEMENT

SECTION 12.(a) G.S. 18B-1305(a1) reads as rewritten:

"(a1) Termination by a Small Brewery. – A brewery's authorization to distribute its own malt beverage products pursuant to G.S. 18B-1104(8) shall revert back to the brewery, in the

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absence of good cause, following the fifth business day after confirmed receipt of written notice of such reversion by the brewery to the wholesaler. The brewery shall pay the wholesaler fair market value for the distribution rights for the affected brand. For purposes of this subsection, "fair market value" means the highest dollar amount at which a seller would be willing to sell and a buyer willing to buy at the time the self distribution rights revert back to the brewery, after each party has been provided all information relevant to the transaction, small brewery may terminate a franchise agreement without good cause at any time. A small brewery's authorization to distribute its own malt beverage products pursuant to G.S. 18B-1104(8) shall revert back to the small brewery upon serving notice of termination under this subsection. Following termination under this subsection, fair compensation, if any, shall be negotiated between the small brewery and the wholesaler and paid by the small brewery to the wholesaler if agreed upon. Fair compensation may be determined by the parties in advance and set forth in the franchise agreement. If a small brewery and wholesaler are unable to agree upon fair compensation within 12 months from the date of termination under this subsection, the small brewery and wholesaler shall submit to arbitration the question of fair compensation. Arbitration under this subsection shall be conducted in accordance with Article 45C of Chapter 1 of the General Statutes. For purposes of this subsection, the term "small brewery" is a brewery that produces fewer than 200,000 barrels, as defined in G.S. 81A-9, of malt beverages per year."

SECTION 12.(b) G.S. 18B-1309 reads as rewritten:

"§ 18B-1309. Mediation at direction of Alcoholic Beverage Control Commission.

If a dispute arises between a wholesaler and supplier under this Article, and such—the dispute appears likely to lead to litigation, the Commission, upon request of any party or on its own initiative, may require the parties to participate in mediation in an effort to resolve the dispute. This authority shall be in addition to the Commission's authority to issue declaratory rulings pursuant to G.S. 150B-4. The Commission may designate the mediator, in which case the Commission shall pay the mediator's fee, or the Commission may direct the parties to agree upon and share the costs of a mediator. If the parties then cannot agree upon a mediator, the Commission shall designate the mediator, and the fees shall be divided evenly by the parties. The Commission shall direct that the mediation be completed within a specified period of time. Except for injunctive relief, no lawsuit or other legal action concerning the dispute may be filed until the mediation is completed and is unsuccessful, unless necessary to avoid expiration of a statute of limitation. This section shall not apply to a determination of fair compensation under G.S. 18B-1305(a1)."

LRC STUDY REWRITE OF ABC LAWS

SECTION 13.(a) Study. – The Legislative Research Commission shall study whether a rewrite of Chapter 18B of the General Statutes is necessary to address and reflect the rapidly changing alcoholic beverage industry. The Legislative Research Commission may consider any issues it determines relevant to this study.

SECTION 13.(b) Report. – The Legislative Research Commission shall report its findings, including any legislative recommendations, to the 2018 Regular Session of the 2017 General Assembly upon its convening.

RULES

SECTION 14.(a) Except as otherwise provided, the ABC Commission shall adopt temporary rules to implement the provisions of this section. Temporary rules adopted in accordance with this section shall remain in effect until permanent rules that replace the temporary rules become effective.

SECTION 14.(b) Any rule or policy adopted by the ABC Commission that does not comply with the provisions of this act shall be null, void, and without effect.

EFFECT OF HEADINGS

SECTION 15. The headings to the sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act.

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EFFECTIVE DATE

SECTION 16. This act is effective when it becomes law.

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HOUSE BILL 500: ABC Omnibus Legislation.

2017-2018 General Assembly

Committee: House Alcoholic Beverage Control. If Date: April 19, 2017

favorable, re-refer to Rules, Calendar, and

Operations of the House

Reps. McGrady, Brawley, Hardister, Harrison Prepared by: Susan Sitze Introduced by:

Analysis of:

PCS to First Edition

Staff Attorney

H500-CSSAf-15

OVERVIEW: The Proposed Committee Substitute (PCS) for House Bill 500 would make changes to the Alcoholic Beverage Control (ABC) Commission laws as follows:

- Authorize the sale of crowlers by retail permitees.
- Authorize off-site storage locations for breweries, wineries, and distilleries.
- Authorize the sale of unfortified wine on premises by retail businesses.
- Authorize tastings during brewery tours.
- Authorize sampling of alcoholic beverages for sensory analysis, quality control, or education.
- Allow home brewers to participate in exhibitions and competitions, and remove restrictions on the types of wines produced.
- Clarify the exemption to financial interest prohibitions for brewery premises and retail locations.
- Authorize brewery taprooms to sell other alcoholic beverages.
- Authorize breweries with production facilities in other states to distribute to wholesalers.
- > Authorize breweries to sell their product at the brewery regardless of whether malt beverage sales are allowed in the jurisdiction upon approval of the local governing body.
- Authorize breweries to sell products manufactured by contract breweries at additional retail locations.
- Direct the Legislative Research Commission to study a rewrite of the ABC laws

The PCS adds a local governing board approval requirement to the farm brewery provisions in Section 10 and deletes provisions from the original bill that increased the brewery production limit for self-distribution and modified the law regarding the termination of franchise agreements.

BILL ANALYSIS:

Section 1 would remove the requirement that non-original manufacture's containers authorized for retail sale for consumption off premises be "resealable". This change would allow the sale of "crowlers", which are generally 32 ounce cans sealed on the premises of the permittee.

Karen Cochrane-Brown Director



Legislative Analysis Division 919-733-2578

House PCS 500

Page 2

Section 2 would allow a brewery, winery, or distillery to store alcoholic beverages it produces at an off-site storage location approved by the Alcohol and Tobacco Tax and Trade Bureau.

Section 3 would authorize retail businesses to obtain an on-premises unfortified wine permit.

Section 4 would amend the statute allowing breweries to give its products to its employees and guests for consumption on premises, to authorize giving their product to customers, visitors, and employees. This would clearly allow tastings of products to occur on premises as a part of any brewery tour.

Section 5 would allow a commercial permittee, its agent or employee, to sample alcoholic beverages on premises for purposes of sensory analysis, quality control, or education.

Section 6 would remove the requirement that home brewed wine be a "native" wine and that the only alcohol content be produced by natural fermentation. This section would also allow home brewers of both malt beverages and wine to share their product at organized affairs, exhibitions, or competitions and specify that wines and malt beverages made pursuant to this section may not be sold or offered for sale.

Section 7 would exempt breweries from limitations on lending or giving things of value to wholesalers or retailers with respect to premises operated by the brewery either on their own premises or one of the additional retail locations certain breweries are authorized to operate.

Section 8 would allow breweries to sell at the brewery, any alcoholic beverage approved for sale in North Carolina, in addition to their own products, after obtaining the appropriate permit.

Section 9 would allow breweries to receive their products manufactured in other states and distribute them to in state wholesalers.

Section 10 would allow breweries that produce agricultural products for use in the manufacture of malt beverages to sell their products at the brewery even in jurisdictions that do not allow the sale of malt beverages upon approval of the governing body of the city where the brewery is located or, if the brewery is not located in a city, the governing body of the county where the brewery is located.

Section 11 would allow additional retail locations operated by a brewery to sell products made by a contract brewery.

Section 12 of the bill would direct the Legislative Research Commission to study whether a rewrite of Chapter 18B is necessary and report to the 2018 Regular Session of the 2017 General Assembly.

Section 13 of the bill would direct the ABC Commission to adopt rules to implement this [act] and make ineffective any current rules or policies that do not comply.

Section 14 of the bill would provide that the headings in the bill have no effect.

EFFECTIVE DATE: This act would be effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA **SESSION 2017**

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HOUSE BILL 500 PROPOSED COMMITTEE SUBSTITUTE H500-CSSAf-15 [v.3] 4/18/2017 7:53:35 PM

Short Title: ABC Omnibus Legislation.		(Public)
Sponsors:		
Referred to:		

March 29, 2017

1 A BILL TO BE ENTITLED 2 AN ACT TO MAKE VARIOUS CHANGES TO THE ALCOHOLIC BEVERAGE 3 CONTROL COMMISSION LAWS. 4 The General Assembly of North Carolina enacts: 5 6 AUTHORIZE SALE OF CROWLERS BY RETAIL PERMITTEES 7 **SECTION 1.(a)** G.S. 18B-1001 reads as rewritten: 8 "§ 18B-1001. Kinds of ABC permits; places eligible. When the issuance of the permit is lawful in the jurisdiction in which the premises are 9

located, the Commission may issue the following kinds of permits:

- On-Premises Malt Beverage Permit. An on-premises malt beverage permit authorizes (i) the retail sale of malt beverages for consumption on the premises, (ii) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of malt beverages in a cleaned, sanitized, resealable-cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. It also authorizes the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:
 - Restaurants: Restaurants. a.
 - b. Hotels: Hotels.

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- Eating establishments; establishments. c.
- Food businesses:businesses. d.
- Retail businesses; businesses. e.
- f. Private elubs: clubs.
- Convention centers; centers. g.
- h. Community theatres; theatres.
- Breweries as authorized by G.S. 18B-1104(7) and (8).
- Off-Premises Malt Beverage Permit. An off-premises malt beverage (2) permit authorizes (i) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages in a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship malt beverages in



closed containers to individual purchasers inside and outside the State. The 1 2 permit may be issued for any of the following: 3 Restaurants. a. Hotels. 4 b. 5 c. Eating establishments. Food businesses. d. 6 7 e. Retail businesses. 8 f. The holder of a brewing, distillation, and fermentation course 9 authorization under G.S. 18B-1114.6. A school obtaining a permit under this subdivision is authorized to sell malt beverages 10 manufactured during its brewing, distillation, and fermentation 11 program at one noncampus location in a county where the permittee 12 holds and offers classes on a regular full-time basis in a facility 13 14 owned by the permittee. On-Premises Unfortified Wine Permit. – An on-premises unfortified wine 15 (3) 16 permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale 17 18 of unfortified wine in the manufacturer's original container for consumption 19 off the premises, and (iii) the retail sale of unfortified wine dispensed from a 20 tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable-cleaned and sanitized container that 21 is filled or refilled and sealed for consumption off the premises and that 22 identifies the permittee and the date the container was filled or refilled. The 23 permit also authorizes the permittee to transfer unfortified wine, not more 24 than four times per calendar year, to another on-premises unfortified wine 25 permittee that is under common ownership or control as the transferor. 26 Except as authorized by this subdivision, transfers of wine by on-premises 27 unfortified wine permittees, purchases of wine by a retail permittee from 28 29 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. 30 In addition, a particular brand of wine may be transferred only if both the 31 transferor and transferee are located within the territory designated between 32 the winery and the wholesaler on file with the Commission. Prior to or 33 contemporaneous with any such transfer, the transferor shall notify each 34 wholesaler who distributes the transferred product of the transfer. The notice 35 shall be in writing or verifiable electronic format and shall identify the 36 transferor and transferee, the date of the transfer, quantity, and items 37 transferred. The holder of the permit is authorized to ship unfortified wine in 38 closed containers to individual purchasers inside and outside the State. 39 Orders received by a winery by telephone, Internet, mail, facsimile, or other 40 off-premises means of communication shall be shipped pursuant to a wine 41 shipper permit and not pursuant to this subdivision. The permit may be 42 issued for any of the following: 43 Restaurants: Restaurants. 44 a. 45 b. Hotels: Hotels. Eating establishments: Eating establishments. 46 c. Private clubs; Private clubs. 47 d. Convention centers; Convention centers. 48 e.

Community theatres; Community theatres.

Cooking schools: Cooking schools.

Wineries: Wineries.

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Off-Premises Unfortified Wine Permit. – An off-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship unfortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another off-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by off-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 permit may also be issued to the holder of a viticulture/enology course authorization under G.S. 18B-1114.4. A school obtaining a permit under this subdivision is authorized to sell wines manufactured during its viticulture/enology program at one non-campus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee. The permit may also be issued for a winery or a wine producer for sale of its own unfortified wine during hours when the winery or wine producer's premises is open to the public, subject to any local ordinance adopted pursuant to G.S. 18B-1004(d) concerning hours for the retail sale of unfortified wine. A winery obtaining a permit under this subdivision is authorized to sell wine manufactured by the winery at one additional location in the county under the same conditions specified in G.S. 18B-1101(5) for the sale of wine at the winery; provided, however, that no other alcohol sales shall be authorized at the additional location. 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.

...

Wine Shop Permit. – A wine shop permit authorizes (i) the retail sale of malt beverages, unfortified wine, and fortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages or unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas in a eleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) wine tastings on the

premises conducted and supervised by the permittee in accordance with subdivision (15) of this section. It also authorizes the holder of the permit to ship malt beverages, unfortified wine, and fortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses whose primary purpose is selling malt beverages and wine for consumption off the premises and regularly and customarily educating consumers through tastings, classes, and seminars about the selection, serving, and storing of wine. The holder of the permit is authorized to sell unfortified wine for consumption on the premises, provided that the sale of wine for consumption on the premises does not exceed forty percent (40%) of the establishment's total sales for any 30-day period. The holder of a wine-tasting permit not engaged in the preparation or sale of food on the premises is not subject to Part 6 of Article 8 of Chapter 130A of the General Statutes.

SECTION 1.(b) The Alcoholic Beverage Control (ABC) Commission shall adopt rules to implement the provisions of this section by no later than 60 days after this act becomes law. The ABC Commission may adopt temporary rules to comply with the deadline set in this subsection. Any temporary rules adopted in accordance with this subsection shall remain in effect until permanent rules that replace the temporary rules become effective.

AUTHORIZE OFF-SITE STORAGE LOCATION FOR BREWERIES, WINERIES, AND DISTILLERIES

SECTION 2. Article 11 of Chapter 18B of the General Statutes is amended by adding a new section to read:

"§ 18B-1120. Noncontiguous storage locations.

A brewery, winery, or distillery may store any alcoholic beverages it manufactures pursuant to a permit issued under this Article at a noncontiguous storage location approved by the Alcohol and Tobacco Tax and Trade Bureau. For purposes of Article 5 of this Chapter, the term "premises" includes a storage location used pursuant to this section."

AUTHORIZE SALE OF UNFORTIFIED WINE ON PREMISES BY RETAIL BUSINESSES

SECTION 3. G.S. 18B-1001(3), as amended by Section 1 of this act, reads as rewritten:

"(3) On-Premises Unfortified Wine Permit. – An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. 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:

i. Retail businesses."

AUTHORIZE TASTINGS DURING BREWERY TOURS

SECTION 4. G.S. 18B-1104(6) 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 customers, visitors, and employees for consumption on its premises. Nothing in this subdivision shall be construed as excluding customers and visitors at the brewery as part of a paid or complimentary tour of the brewery."

AUTHORIZE CERTAIN PERSONS TO SAMPLE ALCOHOLIC BEVERAGES FOR PURPOSES OF SENSORY ANALYSIS, QUALITY CONTROL, OR EDUCATION

SECTION 5. Article 11 of Chapter 18B of the General Statutes is amended by adding a new statute to read:

"§ 18B-1121. Authority to sample for sensory analysis, quality control, or educational purposes.

Except as otherwise prohibited under Article 3 of this Chapter, a commercial permittee licensed under this Article, or its agent or employee, may consume samples of alcoholic beverages it is licensed to sell, free of charge, on its premises for purposes of sensory analysis, quality control, or education."

AMEND HOMEBREWING LAWS

SECTION 6. G.S. 18B-306 reads as rewritten:

"§ 18B-306. Making wines and malt beverages for private use.

- (a) Authority. An individual may make, possess, and transport native—wines and malt beverages for his-the individual's own use and for use, the use of his-the individual's family and guests. Native wines shall be made principally from honey, grapes, or other fruit or grain grown in this State, or from wine kits containing honey, grapes, or other fruit or grain concentrates, and shall have only that alcoholic content produced by natural fermentation. Malt beverages may be made by use of malt beverage kits containing grain extracts or concentrates.guests, or the use at organized affairs, exhibitions, or competitions. For purposes of this section, the term "organized affairs, exhibitions, or competitions" includes homemaker's contests, tastings, and judgings.
- (b) Selling Prohibited. Wines and malt beverages made pursuant to this section may not be sold or offered for sale.

- (c) <u>Kits.</u>—Wine kits and malt beverage kits may be sold in this State.
- (d) Permit. No ABC permit is required to make wines or malt beverages pursuant to this section."

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CLARIFY LAW GOVERNING RELATIONSHIP BETWEEN BREWERIES AND AFFILIATED RETAILERS

SECTION 7. G.S. 18B-1116(a) reads as rewritten:

"(a) Prohibitions. – It shall be unlawful for any manufacturer, bottler, or wholesaler of any alcoholic beverages, or for any officer, director, or affiliate thereof, either directly or indirectly to:

 (1) Require that an alcoholic beverage retailer purchase any alcoholic beverages from that person to the full or partial exclusion of any other alcoholic beverages offered for sale by other persons in this State; or

(2) Have any direct or indirect financial interest in the business of any alcoholic beverage retailer in this State or in the premises where the business of any alcoholic beverage retailer in this State is conducted; or

(3) Lend or give to any alcoholic beverage retailer in this State or his employee or to the owner of the premises where the business of any alcoholic beverage retailer in this State is conducted, any money, service, equipment, furniture, fixtures or any other thing of value.

A brewery qualifying under G.S. 18B-1104(8) to act as a wholesaler or retailer of its own malt beverages G.S. 18B-1104(7) or (8) is not subject to the provisions of this subsection section concerning financial interests in, and lending or giving things of value to, a wholesaler or retailer with respect to the brewery's transactions with the retail business on its premises or other retail locations allowed under G.S. 18B-1104(8). The brewery is subject to the provisions of this subsection, however, with respect to its transactions with all other wholesalers and retailers."

AUTHORIZE BREWERY TAPROOMS TO SELL OTHER ALCOHOLIC BEVERAGES UPON RECEIVING THE APPROPRIATE PERMIT

SECTION 8. G.S. 18B-1104(7) reads as rewritten:

 In an area where the sale of any type of alcoholic beverage is authorized by law, and upon receiving the appropriate permit under G.S. 18B-1001, sell the at the brewery, and any additional retail location authorized under subdivision (8) of this section, any or all of the following:

<u>a.</u> The brewery's malt beverages or malt beverages that have been approved by the Commission for sale in North Carolina.

b. 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). Carolina.

c. Any other alcoholic beverages approved by the Commission for sale in North Carolina."

AUTHORIZE BREWERIES WITH PRODUCTION FACILITIES IN OTHER STATES TO DISTRIBUTE TO WHOLESALERS

SECTION 9. G.S. 18B-1104(4) reads as rewritten:

 "(4) Receive malt beverages manufactured by the permittee in some other state for transshipment to (i) dealers in other states or (ii) wholesalers licensed under this Chapter as authorized by the ABC laws."

AUTHORIZE FARM BREWERIES

SECTION 10. G.S. 18B-1104 is amended by adding a new subdivision to read:

"(7a) Regardless of the results of any local malt beverage election, a brewery that produces agricultural products, including barley, other grains, hops, or fruit, used by the brewery in the manufacture of malt beverages may sell the malt beverages owned by the brewery and approved by the Commission for sale in North Carolina at the brewery for on- or off-premise consumption upon (i) obtaining the appropriate permit under G.S. 18B-1001 and (ii) receiving approval from the governing body of the city where the brewery is located or, if the brewery is not located in a city, the governing body of the county where the brewery is located."

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AMEND LAW GOVERNING BREWERY SALES AT ADDITIONAL RETAIL LOCATIONS

SECTION 11.(a) G.S. 18B-1104 reads as rewritten:

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

The holder of a brewery permit may:

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(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, 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 subdivision may also sell the malt beverages manufactured by the brewery brewery, and malt beverages produced under subdivision (6a) of this section, 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 under a different business name than that used at the brewery shall also offer for sale at that location a reasonable selection of competitive malt beverage products. A sale at any additional retail location under this subdivision shall not be considered a wholesale sale under the ABC laws.

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A sale or gift under subdivision (5) or (6) shall not be considered a retail or wholesale sale under the ABC laws."

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LRC STUDY REWRITE OF ABC LAWS

SECTION 12.(a) Study. – The Legislative Research Commission shall study whether a rewrite of Chapter 18B of the General Statutes is necessary to address and reflect the rapidly changing alcoholic beverage industry. The Legislative Research Commission may consider any issues it determines relevant to this study.

SECTION 12.(b) Report. – The Legislative Research Commission shall report its findings, including any legislative recommendations, to the 2018 Regular Session of the 2017 General Assembly upon its convening.

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RULES

SECTION 13.(a) Except as otherwise provided, the Alcoholic Beverage Control (ABC) Commission shall adopt temporary rules to implement the provisions of this section. Temporary rules adopted in accordance with this section shall remain in effect until permanent rules that replace the temporary rules become effective.

	General Assembly Of North Carolina Session 201
1	SECTION 13.(b) Any rule or policy adopted by the ABC Commission that doe
2	not comply with the provisions of this act shall be null, void, and without effect.
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4	EFFECT OF HEADINGS
5	SECTION 14. The headings to the sections of this act are a convenience to the
6	reader and are for reference only. The headings do not expand, limit, or define the text of thi
7	act.
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9	EFFECTIVE DATE

EFFECTIVE DATE **SECTION 15.** This act is effective when it becomes law.

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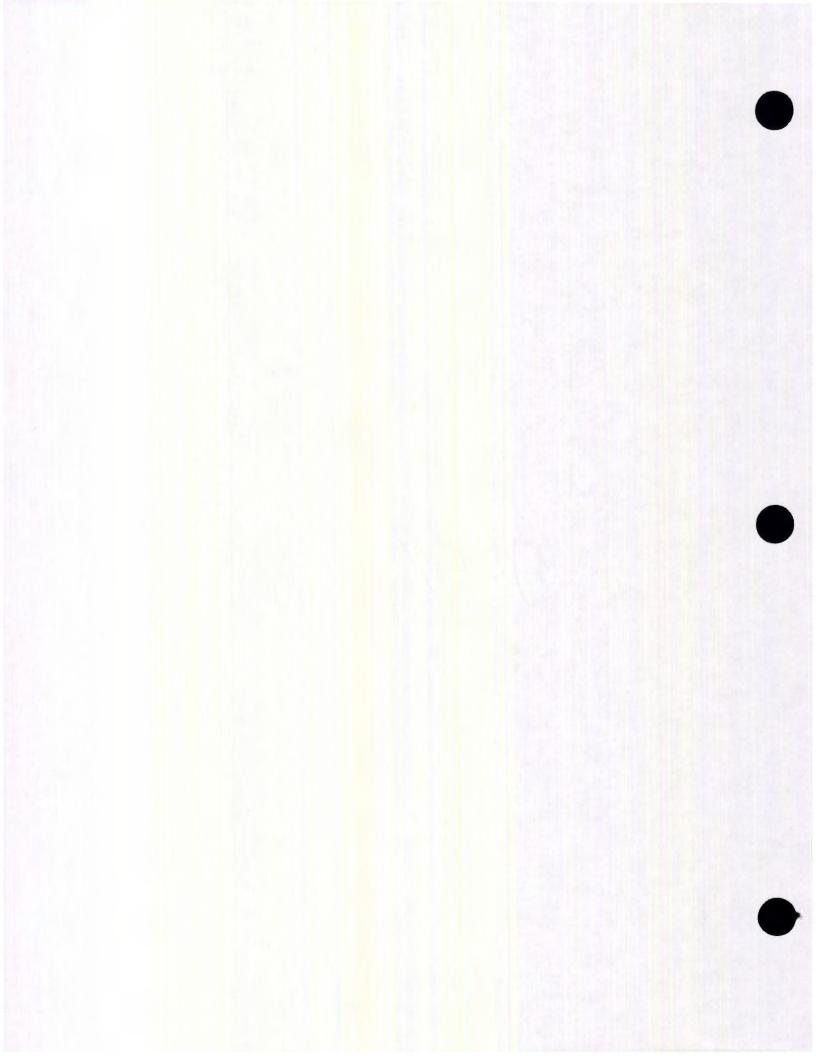


NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT House Bill 500

AMENDMENT NO.

	H500-ASA-18 [v.1]			(to be filled in by Principal Clerk)	Page 1 of 1
	Amends Title [NO] H500-CSSAf-15		Date _	4.19.17	,2017
	Representative McGrady				
1 2 3 4	moves to amend the bill on p by rewriting that line to read "(7a) In an are brewery t	: ea where the sale of ma	alt bever	ages has not been	authorized, a
	SIGNED	Amendment Sponsor			
	SIGNED Committee Ch	air if Senate Committee	Amendm	ent	
	ADOPTED V	FAILED		TABLED	





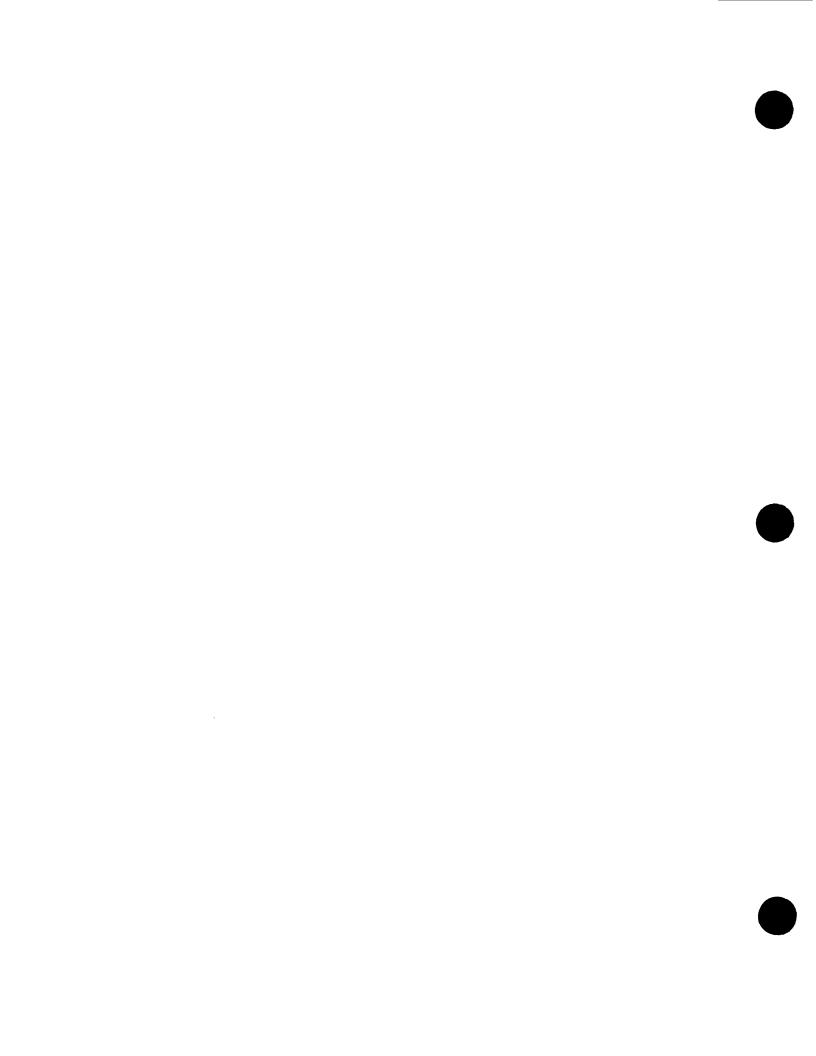
Guest Speaker Signup

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HB 511
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JC Craft Brewers Guild
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Committee Sergeants at Arms

NAME OF COMMITTEE House Committee on Alcoh	olic Bev. Contro
DATE: 4/19/2017 Room: 423	• -
House Sgt-At Arms:	
1. Name: Jonas Cherry	
2. Name: Rey Cooke	
Dean Marshbourne	
4. Name:	
5. Name:	
Senate Sgt-At Arms:	
. Name:	
. Name:	
Name:	
me:	
Name:	



VISITOR REGISTRATION SHEET

House Comm. on Alcoholic Bev Control

4/19/17

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
SUZIE FURD	NODA BREWING CO.
KRISTIE MISTEOT	RALEIGH BERWING
Amy Hanson	Raleigh Brewing Co.
ROBERT ALEXANDER	R.A. JEFFREYS DISTRIBUTING
Laura alexander	R.A. Jeffreys Distributing
NELLY OCHSNER	WATV
LARRY SMASTEN	wat Freedom
JUCETYN RUMEK.	OMB = Craft Freedom
John Marrino	The Olde Mecklenburg Brewery
Dana Simpson	SA
Fawn Pattison	NC Craft Brewers Guild
Lexi authur	NCRMA

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VISITOR REGISTRATION SHEET

House Comm. on Alcoholic Bev Control

4/19/17

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Lori Anellaris	LAHA
Saral Balls	BCA
Renee Metz	ABC Commission
John Rushi	DC Family Policy Conneil
SANG Sad	12
REV. MARK CHEE	ex CAR
TJBybee	NP
Jim Prisqued	RED OAK BREWERY
Ah An	JOHL /
Todd Ford	NODA BREWING CO.
Chad Henderson	NoDa Brewing Co.

Foxus Carolina (Aby Thomas CERTY COHEN Jason Deans 100 Heury Mc Court Work (hu) Fruh Bray NCRLA Caroline Miller AMGA Laura Collier Strike + Techel MexMla AMGA Margo Metzger NCCBG COASTAL BE1. Clark Moons SOFF Mims Mims Distributing KRIS GARDNER THAPPINGEN SMITH - NCBWWA

VISITOR REGISTRATION SHEET

House Comm. on Alcoholic Bev Control

4/19/17

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Philip M. Hamilton	R.A. Jeffreys Dist. Co. Raleigh, NC 2
Laura Karan	Vista
Jeff Fox	R.A. Jettays Wilmington, Ne
FRANK BROWN	R. A. Jeffreys Rateral WC
MAC Healy	Healy culolesale Fagetteville,
HARDLA BRUGAton	Benbatar & Associator
Lindsay Downing	FSP
Shuit Lyng	Oida Salegis
JIM KENT	1
LISA PARKER	NC BESSED WINE NC CRAFT BREWERS GUILD
Erk Myers	WC CRAFT BREWERS GULD
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VISITOR REGISTRATION SHEET

House Comm. on Alcoholic Bev Control

4/19/17

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Leigh Joffreys Farning	R.A.Jeffreys Dst. Greenville, W.C
Robert Jeffrays	P.A Jeffreys Dist. Co. Goldsboro, NC
Tee Nunnelee	Coastal Deverage Company - Wilmington, UC
· lomfotzer	75P
BRADLEN SHORE	LONG REVERAGE - RACEIGH
Tim BANGHISS	R. H. Barring Dist. Co. Inc Grandwa
RAND CRACKETT Long	Long Beverage RAleigh
Jim Morvill	andos.
DOAN Proctor	United Baverges, Hickory
Vin Jmoki	PA Teffreys Oist. Boleich
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VISITOR REGISTRATION SHEET

House Comm. on Alcoholic Bev Control

4/19/17

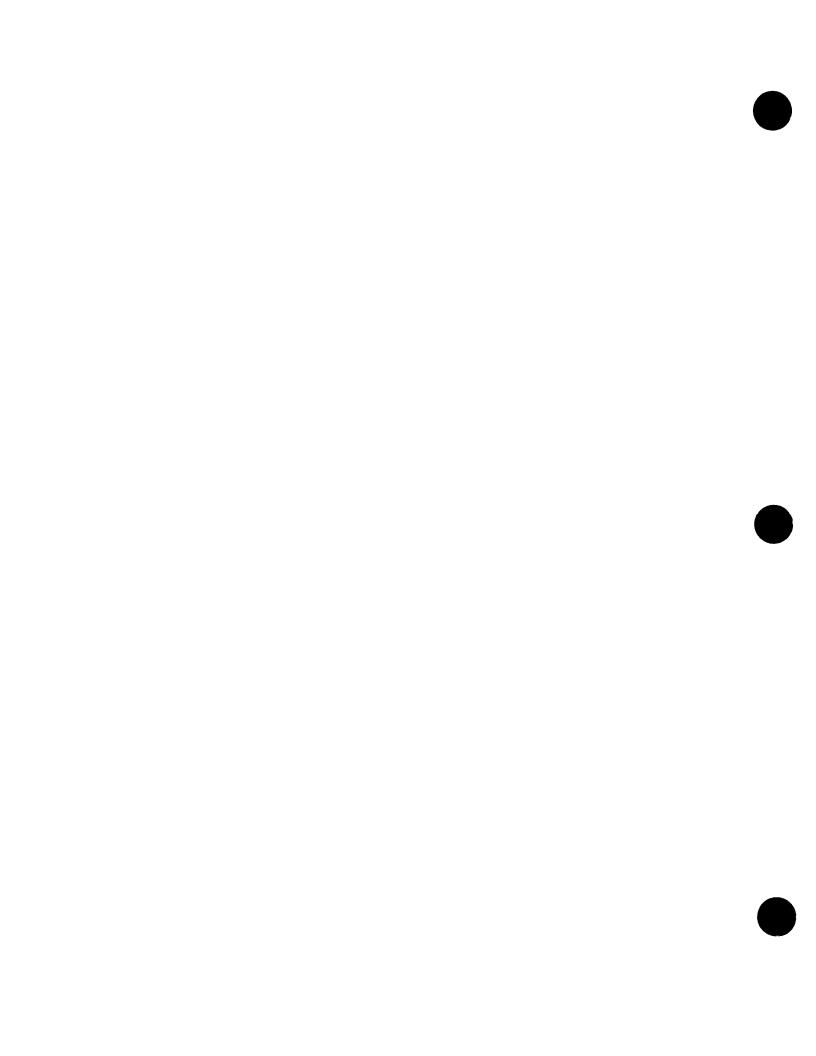
Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
David Heinen	ox Coder for Nonproller
John Sige	NCFFC
CHYCK WHITE	RHJEFFREYS DISTRIBUTING COMPANY
JORGE SPACEST	420 CIVIC DRIVE, RALEIGH, NE 27610 RAJEFFREYS DISTRIBUTING, COMPANY
Richard Rocks. I	R.A. Jettrys Distributing Company 470 Civil Blut hereigh DC 2768
Jh/h	NOTH
LES STEWART	TROPHY BREWING CO RALEIGH, NC
Jon Cen	ABC Boarda
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Corrected #1: Time Change

NORTH CAROLINA HOUSE OF REPRESENTATIVES COMMITTEE MEETING NOTICE AND BILL SPONSOR NOTIFICATION 2017-2018 SESSION

You are hereby notified that the House Committee on Alcoholic Beverage Con	ntrol will meet	as
follows:		

DAY & DATE: Tuesday, April 25, 2017

TIME: 10:00 AM LOCATION: 423 LOB

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 500	ABC Omnibus Legislation.	Representative McGrady
		Representative Brawley
		Representative Hardister
		Representative Harrison
<u>HB 773</u>	ABC Sales/Sports & Entertainment	Representative Dulin
	Venues.	Representative Zachary

Respectfully,

Representative James L. Boles, Jr., Co-Chair Representative Chuck McGrady, Co-Chair

I here	eby cer	tify this	notice	was filed	by the	committee	assistant	at the f	following	offices a	t 8:19	AM on
Tueso	day, A	pril 25,	2017.									

Principal Clerk
Reading Clerk – House Chamber

Kerry Guice (Committee Assistant)

NORTH CAROLINA HOUSE OF REPRESENTATIVES COMMITTEE MEETING NOTICE AND BILL SPONSOR NOTIFICATION 2017-2018 SESSION

You are hereby notified that the **House Committee on Alcoholic Beverage Control** will meet as follows:

TIME: 9:00 AM LOCATION: 423 LOB	
The following bills will be considered:	
BILL NO. SHORT TITLE HB 500 ABC Omnibus Legislation. Representative McGrady Representative Brawley Representative Hardister	
ABC Sales/Sports & Entertainment Venues. Representative Harrison Representative Dulin Representative Zachary	
Respectfully,	
Representative James L. Boles, Jr., Co-Chair Representative Chuck McGrady, Co-Chair	
I hereby certify this notice was filed by the committee assistant at the following offices at 3:2 Thursday, April 20, 2017.	29 PM on
Principal Clerk Reading Clerk – House Chamber	
Kerry Guice (Committee Assistant)	

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House Committee on Alcoholic Beverage Control Tuesday, April 25, 2017 at 10:00 AM Room 423 of the Legislative Office Building

MINUTES

The House Committee on Alcoholic Beverage Control met at 10:00 AM on April 25, 2017 in Room 423 of the Legislative Office Building. Representatives Alexander, J. Bell, Boles, Brawley, Dobson, Earle, Fisher, Hanes, Hardister, Harrison, Hastings, Hurley, Lucas, Malone, McGrady, Murphy, Potts, Stone, Willingham, and Yarborough attended.

Representative James L. Boles, Jr., Chair, presided and called the meeting to order at 10:27 a.m.

The following bills were considered:

HB 500 ABC Omnibus Legislation. (Representatives McGrady, Brawley, Hardister, Harrison)

HB 773 ABC Sales/Sports & Entertainment Venues. (Representatives Dulin, Zachary)

Representative McGrady moved that HB 500 be placed before the committee, seconded by Representative Malone. Chairman Boles then placed HB 500 before the Committee. After discussion on the bill, Chairman recognized Representative Hurley to put forth amendment H500-ASA-29 (v.2) and after a vote, the amendment failed. Representative Lucas moved for a favorable report on the PCS, unfavorable to the original bill with a referral to the Committee on Rules, Calendar and Operations of the House. The motion carried.

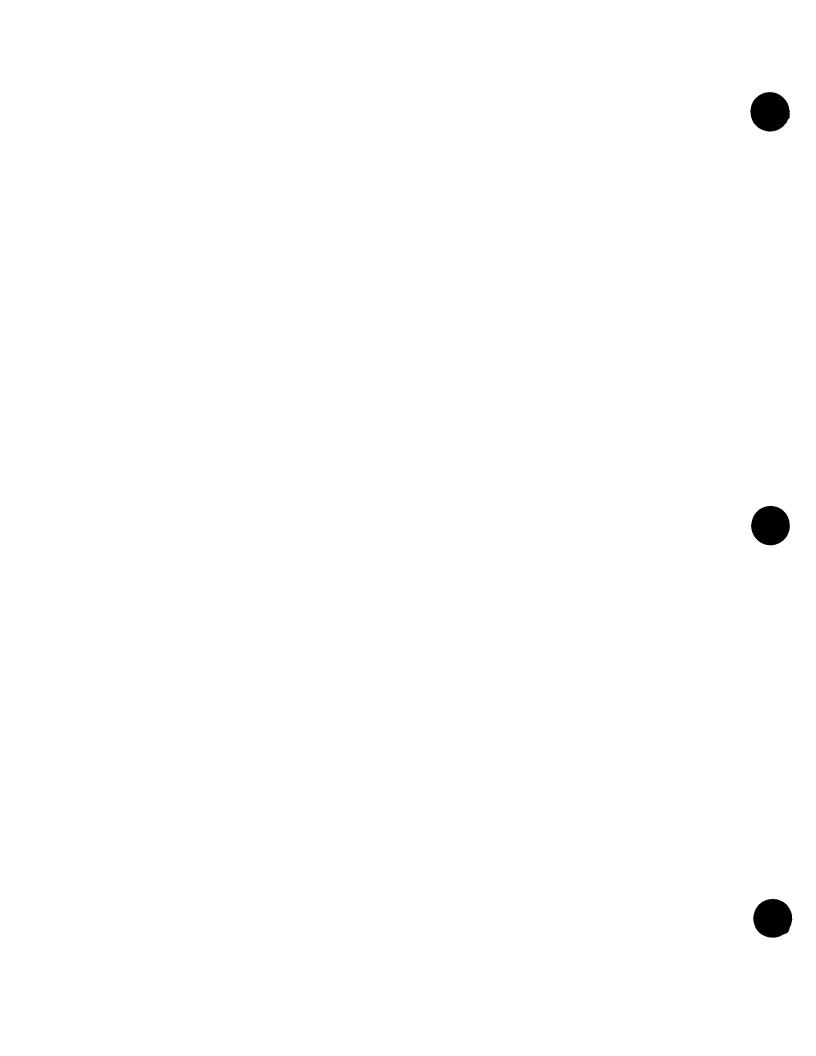
Chairman Boles placed HB 773 before the committee and a motion was made for a PCS to be before the committee for said bill. Representative Zachary set forth amendment H773-ATT-19 (v.2). A motion was made for adoption of the amendment and the motion carried. Chairman Boles recognized Representative Dulin to explain the PCS before the committee and after discussion on the PCS, Representative Hardister moved for a favorable report on the PCS, unfavorable to the original, with the amendment rolled into the PCS. The motion carried.

The meeting adjourned at 10:53 a.m.

Representative James L. Boles, Jr., Chair

Presiding

Kerry Guice, Committee Clerk



NORTH CAROLINA GENERAL ASSEMBLY HOUSE OF REPRESENTATIVES

ALCOHOLIC BEVERAGE CONTROL COMMITTEE REPORT

Representative James L. Boles, Jr., Co-Chair Representative Chuck McGrady, Co-Chair

FAVORABLE COM SUB, UNFAVORABLE ORIGINAL BILL

HB 773 ABC Sales/Sports & Entertainment Venues.

Draft Number: H773-PCS40543-SAf-22

Serial Referral: None
Recommended Referral: None
Long Title Amended: No
Floor Manager: Dulin

FAVORABLE COM SUB, UNFAVORABLE ORIGINAL BILL AND RE-REFERRED

HB 500 ABC Omnibus Legislation.

Draft Number: H500-PCS10324-SAf-17

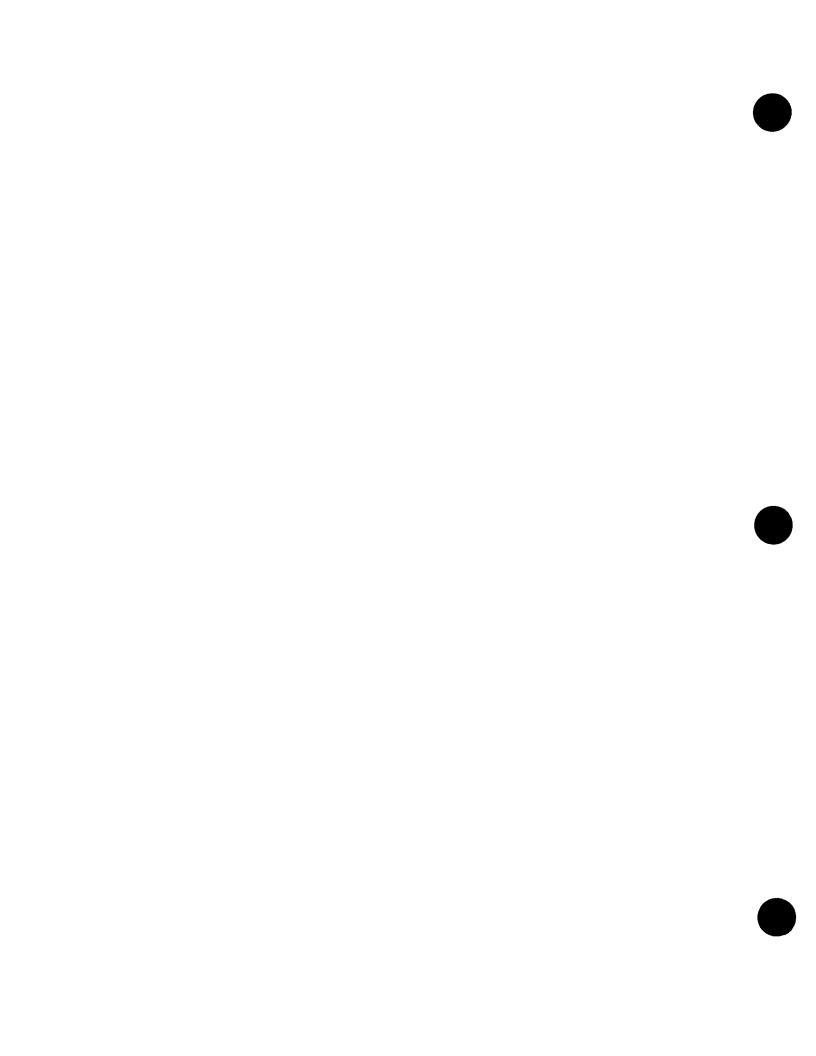
Serial Referral: RULES, CALENDAR, AND

OPERATIONS OF THE HOUSE

Recommended Referral: None
Long Title Amended: No
Floor Manager: McGrady

TOTAL REPORTED: 2







HOUSE BILL 500: ABC Omnibus Legislation.

2017-2018 General Assembly

Committee: House Alcoholic Beverage Control. If Date: April 25, 2017

favorable, re-refer to Rules, Calendar, and

Operations of the House

Introduced by: Reps. McGrady, Brawley, Hardister, Harrison Prepared by: Susan Sitze

Analysis of: PCS to First Edition Committee Counsel

H500-CSSAf-17

OVERVIEW: The Proposed Committee Substitute (PCS) for House Bill 500 would make changes to the Alcoholic Beverage Control (ABC) Commission laws as follows:

> Authorize the sale of crowlers by retail permittees.

- > Authorize off-site storage locations for breweries, wineries, and distilleries.
- > Authorize the sale of unfortified wine on premises by retail businesses.
- > Authorize tastings during brewery tours.
- Authorize sampling of alcoholic beverages for sensory analysis, quality control, or education.
- > Allow home brewers to participate in exhibitions and competitions, and remove restrictions on the types of wines produced.
- > Clarify the exemption to financial interest prohibitions for brewery premises and retail locations.
- Authorize brewery taprooms to sell other alcoholic beverages.
- Authorize breweries with production facilities in other states to distribute to wholesalers.
- Authorize breweries to sell their product at the brewery regardless of whether malt beverage sales are allowed in the jurisdiction upon approval of the local governing body.
- > Authorize breweries to sell products manufactured by contract breweries at additional retail locations.

The PCS adds language to Section 10 requiring a public hearing before local governing board approval of brewery sales in areas where the sale of malt beverages has not been approved, makes clarifying changes to Sections 8 and 11, and deletes the section of the previous version that directed the LRC to study a rewrite of the ABC laws.

BILL ANALYSIS:

Section 1 would remove the requirement that non-original manufacture's containers authorized for retail sale for consumption off premises be "resealable". This change would allow the sale of "crowlers", which are generally 32 ounce cans sealed on the premises of the permittee.

Karen Cochrane-Brown Director



Legislative Analysis Division 919-733-2578

House PCS 500

Page 2

Section 2 would allow a brewery, winery, or distillery to store alcoholic beverages it produces at an off-site storage location approved by the Alcohol and Tobacco Tax and Trade Bureau.

Section 3 would authorize retail businesses to obtain an on-premises unfortified wine permit.

Section 4 would amend the statute allowing breweries to give its products to its employees and guests for consumption on premises, to authorize giving their product to customers, visitors, and employees. This would clearly allow tastings of products to occur on premises as a part of any brewery tour.

Section 5 would allow a commercial permittee, its agent or employee, to sample alcoholic beverages on premises for purposes of sensory analysis, quality control, or education.

Section 6 would remove the requirement that home brewed wine be a "native" wine and that the only alcohol content be produced by natural fermentation. This section would also allow home brewers of both malt beverages and wine to share their product at organized affairs, exhibitions, or competitions and specify that wines and malt beverages made pursuant to this section may not be sold or offered for sale.

Section 7 would exempt breweries from limitations on lending or giving things of value to wholesalers or retailers with respect to premises operated by the brewery either on their own premises or one of the additional retail locations certain breweries are authorized to operate.

Section 8 would allow breweries to sell at the brewery, any alcoholic beverage approved for sale in North Carolina, in addition to their own products, after obtaining the appropriate permit, if the type of alcoholic beverage is approved for sale in that area.

Section 9 would allow breweries to receive their products manufactured in other states and distribute them to in state wholesalers.

Section 10 would allow breweries that produce agricultural products for use in the manufacture of malt beverages to sell their products at the brewery even in jurisdictions that do not allow the sale of malt beverages upon approval of the governing body of the city where the brewery is located or, if the brewery is not located in a city, the governing body of the county where the brewery is located. Approval must be done by resolution of the governing body at a public meeting, after a public hearing has been held.

Section 11 would make the following changes:

- Allow additional retail locations operated by a brewery to sell products made by a contract brewery.
- Only require additional retail locations operated under a different trade name to offer competitive malt beverage products.
- Clarify that sales at the brewery's additional retail locations are not considered a wholesale sale for purposes of the franchise agreement statutes.

Section 12 of the bill would direct the ABC Commission to adopt rules to implement this act and make ineffective any current rules or policies that do not comply.

Section 13 of the bill would provide that the headings in the bill have no effect.

EFFECTIVE DATE: This act would be effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2017

H HOUSE BILL 500

Short Title:	ABC Omnibus Legislation. (Public
Sponsors:	Representatives McGrady, Brawley, Hardister, and Harrison (Primary Sponsors) For a complete list of sponsors, refer to the North Carolina General Assembly web site.
Referred to:	Alcoholic Beverage Control, if favorable, Rules, Calendar, and Operations of the House

March 29, 2017

A BILL TO BE ENTITLED

AN ACT TO MAKE VARIOUS CHANGES TO THE ALCOHOLIC BEVERAGE CONTROL COMMISSION LAWS.

The General Assembly of North Carolina enacts:

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AUTHORIZE SALE OF GROWLERS BY RETAIL PERMITTEES

SECTION 1.(a) G.S. 18B-1001 reads as rewritten:

"§ 18B-1001. Kinds of ABC permits; places eligible.

When the issuance of the permit is lawful in the jurisdiction in which the premises are located, the Commission may issue the following kinds of permits:

- (1) On-Premises Malt Beverage Permit. An on-premises malt beverage permit authorizes (i) the retail sale of malt beverages for consumption on the premises, (ii) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of malt beverages in a eleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. It also authorizes the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:
 - a. Restaurants; Restaurants.
 - b. Hotels: Hotels.
 - c. Eating establishments; establishments.
 - d. Food businesses;businesses.
 - e. Retail businesses;businesses.
 - f. Private elubs; clubs.
 - g. Convention eenters; centers.
 - h. Community theatres; theatres.
 - i. Breweries as authorized by G.S. 18B-1104(7) and (8).
- Off-Premises Malt Beverage Permit. An off-premises malt beverage permit authorizes (i) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages in a eleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the



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premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:

- a. Restaurants.
- b. Hotels.
- c. Eating establishments.
- d. Food businesses.
- e. Retail businesses.
- f. The holder of a brewing, distillation, and fermentation course authorization under G.S. 18B-1114.6. A school obtaining a permit under this subdivision is authorized to sell malt beverages manufactured during its brewing, distillation, and fermentation program at one noncampus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee.
- (3) On-Premises Unfortified Wine Permit. - An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. 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; Restaurants.
 - b. Hotels; Hotels.
 - c. Eating establishments: Eating establishments.
 - d. Private clubs: Private clubs.
 - e. Convention centers; Convention centers.
 - f. Cooking schools; Cooking schools.

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- Community theatres: Community theatres.
- Wineries; Wineries. h.
- Wine producers.
- (4) Off-Premises Unfortified Wine Permit. - An off-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship unfortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another off-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by off-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 permit may also be issued to the holder of a viticulture/enology course authorization under G.S. 18B-1114.4. A school obtaining a permit under this subdivision is authorized to sell wines manufactured during its viticulture/enology program at one non-campus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee. The permit may also be issued for a winery or a wine producer for sale of its own unfortified wine during hours when the winery or wine producer's premises is open to the public, subject to any local ordinance adopted pursuant to G.S. 18B-1004(d) concerning hours for the retail sale of unfortified wine. A winery obtaining a permit under this subdivision is authorized to sell wine manufactured by the winery at one additional location in the county under the same conditions specified in G.S. 18B-1101(5) for the sale of wine at the winery; provided, however, that no other alcohol sales shall be authorized at the additional location. 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.

(16)Wine Shop Permit. – A wine shop permit authorizes (i) the retail sale of malt beverages, unfortified wine, and fortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt

beverages or unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas in a cleaned,

sanitized, resealable cleaned and sanitized container that is filled or refilled

and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) wine tastings on the premises conducted and supervised by the permittee in accordance with subdivision (15) of this section. It also authorizes the holder of the permit to ship malt beverages, unfortified wine, and fortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses whose primary purpose is selling malt beverages and wine for consumption off the premises and regularly and customarily educating consumers through tastings, classes, and seminars about the selection, serving, and storing of wine. The holder of the permit is authorized to sell unfortified wine for consumption on the premises, provided that the sale of wine for consumption on the premises does not exceed forty percent (40%) of the establishment's total sales for any 30-day period. The holder of a wine-tasting permit not engaged in the preparation or sale of food on the premises is not subject to Part 6 of Article 8 of Chapter 130A of the General Statutes.

SECTION 1.(b) The Alcoholic Beverage Control (ABC) Commission shall adopt rules to implement the provisions of this section by no later than 60 days after this act becomes law. The ABC Commission may adopt temporary rules to comply with the deadline set in this subsection. Any temporary rules adopted in accordance with this subsection shall remain in effect until permanent rules that replace the temporary rules become effective.

AUTHORIZE OFF-SITE STORAGE LOCATION FOR BREWERIES, WINERIES, AND DISTILLERIES

SECTION 2. Article 11 of Chapter 18B of the General Statutes is amended by adding a new section to read:

"§ 18B-1120. Noncontiguous storage locations.

A brewery, winery, or distillery may store any alcoholic beverages it manufactures pursuant to a permit issued under this Article at a noncontiguous storage location approved by the Alcohol and Tobacco Tax and Trade Bureau. For purposes of Article 5 of this Chapter, the term "premises" includes a storage location used pursuant to this section."

AUTHORIZE SALE OF UNFORTIFIED WINE ON PREMISES BY RETAIL BUSINESSES

SECTION 3. G.S. 18B-1001(3), as amended by Section 1 of this act, reads as rewritten:

"(3) On-Premises Unfortified Wine Permit. – An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. 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:

j. Retail businesses."

AUTHORIZE TASTINGS DURING BREWERY TOURS

SECTION 4. G.S. 18B-1104(6) 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 customers, visitors, and employees for consumption on its premises. Nothing in this subdivision shall be construed as excluding customers and visitors at the brewery as part of a paid or complimentary tour of the brewery."

AUTHORIZE CERTAIN PERSONS TO SAMPLE ALCOHOLIC BEVERAGES FOR PURPOSES OF SENSORY ANALYSIS, QUALITY CONTROL, OR EDUCATION

SECTION 5. Article 11 of Chapter 18B of the General Statutes is amended by adding a new statute to read:

"§ 18B-1121. Authority to sample for sensory analysis, quality control, or educational purposes.

Except as otherwise prohibited under Article 3 of this Chapter, a commercial permittee licensed under this Article, or its agent or employee, may consume samples of alcoholic beverages it is licensed to sell, free of charge, on its premises for purposes of sensory analysis, quality control, or education."

AMEND HOMEBREWING LAWS

SECTION 6. G.S. 18B-306 reads as rewritten:

"§ 18B-306. Making wines and malt beverages for private use.

<u>Authority. – An individual may make, possess, and transport native-wines and malt</u> beverages for <u>his-the individual's</u> own <u>use and for-use</u>, the use of <u>his-the individual's</u> family and guests. Native wines shall be made principally from honey, grapes, or other fruit or grain grown in this State, or from wine kits containing honey, grapes, or other fruit or grain concentrates, and shall have only that alcoholic content produced by natural fermentation. Malt beverages may be made by use of malt beverage kits containing grain extracts or concentrates. guests, or the use at organized affairs, exhibitions, or competitions. For purposes of this section, the term "organized affairs, exhibitions, or competitions" includes homemaker's contests, tastings, and judgings.

General Assembly Of North Carolina Selling Prohibited. – Wines and malt beverages made pursuant to this section may 1 (b) 2 not be sold or offered for sale. 3 Kits. – Wine kits and malt beverage kits may be sold in this State. (c) Permit. - No ABC permit is required to make wines or malt beverages pursuant to 4 (d) 5 this section." 6 7 CLARIFY LAW GOVERNING RELATIONSHIP BETWEEN BREWERIES AND AFFILIATED RETAILERS 8 9 **SECTION 7.** G.S. 18B-1116(a) reads as rewritten: Prohibitions. – It shall be unlawful for any manufacturer, bottler, or wholesaler of 10 any alcoholic beverages, or for any officer, director, or affiliate thereof, either directly or 11 12 indirectly to: Require that an alcoholic beverage retailer purchase any alcoholic beverages 13 (1) from that person to the full or partial exclusion of any other alcoholic 14 beverages offered for sale by other persons in this State; or 15 Have any direct or indirect financial interest in the business of any alcoholic 16 (2) 17 beverage retailer in this State or in the premises where the business of any alcoholic beverage retailer in this State is conducted; or 18 19 Lend or give to any alcoholic beverage retailer in this State or his employee (3) 20

or to the owner of the premises where the business of any alcoholic beverage retailer in this State is conducted, any money, service, equipment, furniture, fixtures or any other thing of value. A brewery qualifying under G.S. 18B-1104(8) to act as a wholesaler or retailer of its own

malt beverages G.S. 18B-1104(7) or (8) is not subject to the provisions of this subsection section concerning financial interests in, and lending or giving things of value to, a wholesaler or retailer with respect to the brewery's transactions with the retail business on its premises.premises or other retail locations allowed under G.S. 18B-1104(8). The brewery is subject to the provisions of this subsection, however, with respect to its transactions with all other wholesalers and retailers."

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AUTHORIZE BREWERY **TAPROOMS** TO SELL **OTHER ALCOHOLIC** BEVERAGES UPON RECEIVING THE APPROPRIATE PERMIT

SECTION 8. G.S. 18B-1104(7) reads as rewritten:

- In an area where the sale of any type of alcoholic beverage is authorized by "(7)law, and upon receiving the appropriate permit under G.S. 18B-1001, sell the at the brewery, and any additional retail location authorized under subdivision (8) of this section, any or all of the following:
 - The brewery's malt beverages or malt beverages that have been approved by the Commission for sale in North Carolina.
 - Malt beverages manufactured by the permittee in some other state <u>b.</u> 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).Carolina.
 - Any other alcoholic beverages approved by the Commission for sale <u>c.</u> in North Carolina."

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AUTHORIZE BREWERIES WITH PRODUCTION FACILITIES IN OTHER STATES TO DISTRIBUTE TO WHOLESALERS

SECTION 9. G.S. 18B-1104(4) reads as rewritten:

"(4)Receive malt beverages manufactured by the permittee in some other state for transshipment to (i) dealers in other states states or (ii) wholesalers licensed under this Chapter as authorized by the ABC laws."

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AUTHORIZE FARM BREWERIES

SECTION 10. G.S. 18B-1104 is amended by adding a new subdivision to read:

Regardless of the results of any local malt beverage election, a brewery that produces agricultural products, including barley, other grains, hops, or fruit, used by the brewery in the manufacture of malt beverages may sell the malt beverages owned by the brewery and approved by the Commission for sale in North Carolina at the brewery for on- or off-premise consumption upon obtaining the appropriate permit under G.S. 18B-1001."

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AMEND LAW GOVERNING SELF-DISTRIBUTION BY BREWERIES AND SALES AT ADDITIONAL RETAIL LOCATIONS

SECTION 11.(a) G.S. 18B-1104 reads as rewritten:

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

The holder of a brewery permit may:

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24 25 (8) Obtain a malt beverage wholesaler permit to sell, deliver, and ship at wholesale only no more than 200,000 barrels, as defined in G.S. 81A-9, per year of malt beverages manufactured produced by the brewery. The authorization of this subdivision applies to a brewery that sells, to consumers at the brewery, 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 subdivision may also sell-Sales of malt beverages pursuant to subdivisions (3), (5), (6a) (7), and (8a) of this section shall not count towards the sales quantity limitation set forth in this subdivision.

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Sell the malt beverages manufactured by the brewery brewery, and malt (8a) beverages produced under subdivision (6a) of this section, 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 under a different business name than that used at the brewery shall also offer for sale at that location a reasonable selection of competitive malt beverage products. A sale under this subdivision shall not be considered a wholesale sale under the ABC laws.

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A sale or gift under subdivision (5) or (6) shall not be considered a retail or wholesale sale under the ABC laws."

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SECTION 11.(b) G.S. 105-113.68(a)(13) reads as rewritten:

43 44 "(13) Wholesaler or importer. - When used with reference to wholesalers or importers of wine or malt beverages, the term includes resident wineries that sell their wines at retail and resident breweries that produce fewer than 25,000 barrels of sell their malt beverages per year.at retail."

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GOVERNING SMALL BREWERIES/AMEND LAW **TERMINATION** OF FRANCHISE AGREEMENT

SECTION 12.(a) G.S. 18B-1305(a1) reads as rewritten:

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"(a1) Termination by a Small Brewery. – A brewery's authorization to distribute its own malt beverage products pursuant to G.S. 18B-1104(8) shall revert back to the brewery, in the

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absence of good cause, following the fifth business day after confirmed receipt of written notice of such reversion by the brewery to the wholesaler. The brewery shall pay the wholesaler fair market value for the distribution rights for the affected brand. For purposes of this subsection, "fair market value" means the highest dollar amount at which a seller would be willing to sell and a buyer willing to buy at the time the self-distribution rights revert back to the brewery, after each party has been provided all information relevant to the transaction.small brewery may terminate a franchise agreement without good cause at any time. A small brewery's authorization to distribute its own malt beverage products pursuant to G.S. 18B-1104(8) shall revert back to the small brewery upon serving notice of termination under this subsection. Following termination under this subsection, fair compensation, if any, shall be negotiated between the small brewery and the wholesaler and paid by the small brewery to the wholesaler if agreed upon. Fair compensation may be determined by the parties in advance and set forth in the franchise agreement. If a small brewery and wholesaler are unable to agree upon fair compensation within 12 months from the date of termination under this subsection, the small brewery and wholesaler shall submit to arbitration the question of fair compensation. Arbitration under this subsection shall be conducted in accordance with Article 45C of Chapter 1 of the General Statutes. For purposes of this subsection, the term "small brewery" is a brewery that produces fewer than 200,000 barrels, as defined in G.S. 81A-9, of malt beverages per year."

SECTION 12.(b) G.S. 18B-1309 reads as rewritten:

"§ 18B-1309. Mediation at direction of Alcoholic Beverage Control Commission.

If a dispute arises between a wholesaler and supplier under this Article, and such—the dispute appears likely to lead to litigation, the Commission, upon request of any party or on its own initiative, may require the parties to participate in mediation in an effort to resolve the dispute. This authority shall be in addition to the Commission's authority to issue declaratory rulings pursuant to G.S. 150B-4. The Commission may designate the mediator, in which case the Commission shall pay the mediator's fee, or the Commission may direct the parties to agree upon and share the costs of a mediator. If the parties then cannot agree upon a mediator, the Commission shall designate the mediator, and the fees shall be divided evenly by the parties. The Commission shall direct that the mediation be completed within a specified period of time. Except for injunctive relief, no lawsuit or other legal action concerning the dispute may be filed until the mediation is completed and is unsuccessful, unless necessary to avoid expiration of a statute of limitation. This section shall not apply to a determination of fair compensation under G.S. 18B-1305(a1)."

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LRC STUDY REWRITE OF ABC LAWS

SECTION 13.(a) Study. – The Legislative Research Commission shall study whether a rewrite of Chapter 18B of the General Statutes is necessary to address and reflect the rapidly changing alcoholic beverage industry. The Legislative Research Commission may consider any issues it determines relevant to this study.

SECTION 13.(b) Report. – The Legislative Research Commission shall report its findings, including any legislative recommendations, to the 2018 Regular Session of the 2017 General Assembly upon its convening.

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RULES

SECTION 14.(a) Except as otherwise provided, the ABC Commission shall adopt temporary rules to implement the provisions of this section. Temporary rules adopted in accordance with this section shall remain in effect until permanent rules that replace the temporary rules become effective.

SECTION 14.(b) Any rule or policy adopted by the ABC Commission that does not comply with the provisions of this act shall be null, void, and without effect.

EFFECT OF HEADINGS

act.

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EFFECTIVE DATE

SECTION 16. This act is effective when it becomes law.

SECTION 15. The headings to the sections of this act are a convenience to the

reader and are for reference only. The headings do not expand, limit, or define the text of this

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GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2017

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HOUSE BILL 500 PROPOSED COMMITTEE SUBSTITUTE H500-CSSAf-17 [v.3] 04/22/2017 10:12:32 AM

Short Title: ABC Omnibus Legislation. (Public) Sponsors: Referred to:

March 29, 2017

A BILL TO BE ENTITLED 1 2 AN ACT TO MAKE VARIOUS CHANGES TO THE ALCOHOLIC BEVERAGE 3 CONTROL COMMISSION LAWS. 4

The General Assembly of North Carolina enacts:

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AUTHORIZE SALE OF CROWLERS BY RETAIL PERMITTEES

SECTION 1.(a) G.S. 18B-1001 reads as rewritten:

"§ 18B-1001. Kinds of ABC permits; places eligible.

When the issuance of the permit is lawful in the jurisdiction in which the premises are located, the Commission may issue the following kinds of permits:

- On-Premises Malt Beverage Permit. An on-premises malt beverage permit (1) authorizes (i) the retail sale of malt beverages for consumption on the premises, (ii) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of malt beverages in a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. It also authorizes the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:
 - Restaurants; Restaurants. a.
 - b. Hotels: Hotels.
 - Eating establishments; establishments. c.
 - Food businesses;businesses. d.
 - Retail businesses; businesses. e.
 - Private clubs; clubs. f.
 - Convention centers; centers. g.
 - Community theatres: theatres. h.
 - Breweries as authorized by G.S. 18B-1104(7) and (8).
- Off-Premises Malt Beverage Permit. An off-premises malt beverage (2) permit authorizes (i) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages in a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship malt beverages in



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closed containers to individual purchasers inside and outside the State. The 1 2 permit may be issued for any of the following: Restaurants. 3 a. 4 b. Hotels. 5 Eating establishments. c. Food businesses. 6 d. 7 Retail businesses. e. 8 The holder of a brewing, distillation, and fermentation course f. 9 authorization under G.S. 18B-1114.6. A school obtaining a permit under this subdivision is authorized to sell malt beverages 10 manufactured during its brewing, distillation, and fermentation 11 program at one noncampus location in a county where the permittee 12 holds and offers classes on a regular full-time basis in a facility 13 owned by the permittee. 14 On-Premises Unfortified Wine Permit. - An on-premises unfortified wine 15 (3) permit authorizes (i) the retail sale of unfortified wine for consumption on 16 the premises, either alone or mixed with other beverages, (ii) the retail sale 17 of unfortified wine in the manufacturer's original container for consumption 18 off the premises, and (iii) the retail sale of unfortified wine dispensed from a 19 tap connected to a pressurized container utilizing carbon dioxide or similar 20 gas into a cleaned, sanitized, resealable cleaned and sanitized container that 21 is filled or refilled and sealed for consumption off the premises and that 22 identifies the permittee and the date the container was filled or refilled. The 23 24 permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another on-premises unfortified wine 25 permittee that is under common ownership or control as the transferor. 26 Except as authorized by this subdivision, transfers of wine by on-premises 27 unfortified wine permittees, purchases of wine by a retail permittee from 28 another retail permittee for the purpose of resale, and sale of wine by a retail 29 permittee to another retail permittee for the purpose of resale are unlawful. 30 In addition, a particular brand of wine may be transferred only if both the 31 transferor and transferee are located within the territory designated between 32 the winery and the wholesaler on file with the Commission. Prior to or 33 contemporaneous with any such transfer, the transferor shall notify each 34 wholesaler who distributes the transferred product of the transfer. The notice 35 shall be in writing or verifiable electronic format and shall identify the 36 transferor and transferee, the date of the transfer, quantity, and items 37 transferred. The holder of the permit is authorized to ship unfortified wine in 38 closed containers to individual purchasers inside and outside the State. 39 Orders received by a winery by telephone, Internet, mail, facsimile, or other 40 41 off-premises means of communication shall be shipped pursuant to a wine shipper permit and not pursuant to this subdivision. The permit may be 42 issued for any of the following: 43 Restaurants; Restaurants. 44 a. Hotels: Hotels. 45 b. Eating establishments; Eating establishments. 46 c. Private clubs; Private clubs. 47 d. Convention centers: Convention centers. 48 e.

Community theatres: Community theatres.

Cooking schools: Cooking schools.

Wineries: Wineries.

(4)

Wine producers.

Off-Premises Unfortified Wine Permit. - An off-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship unfortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another off-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by off-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 permit may also be issued to the holder of a viticulture/enology course authorization under G.S. 18B-1114.4. A school obtaining a permit under this subdivision is authorized to sell wines manufactured during its viticulture/enology program at one non-campus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee. The permit may also be issued for a winery or a wine producer for sale of its own unfortified wine during hours when the winery or wine producer's premises is open to the public, subject to any local ordinance adopted pursuant to G.S. 18B-1004(d) concerning hours for the retail sale of unfortified wine. A winery obtaining a permit under this subdivision is authorized to sell wine manufactured by the winery at one additional location in the county under the same conditions specified in G.S. 18B-1101(5) for the sale of wine at the winery; provided, however, that no other alcohol sales shall be authorized at the additional location. 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.

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(16)Wine Shop Permit. – A wine shop permit authorizes (i) the retail sale of malt beverages, unfortified wine, and fortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages or unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas in a cleaned, sanitized, resealable-cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) wine tastings on the

premises conducted and supervised by the permittee in accordance with subdivision (15) of this section. It also authorizes the holder of the permit to ship malt beverages, unfortified wine, and fortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses whose primary purpose is selling malt beverages and wine for consumption off the premises and regularly and customarily educating consumers through tastings, classes, and seminars about the selection, serving, and storing of wine. The holder of the permit is authorized to sell unfortified wine for consumption on the premises, provided that the sale of wine for consumption on the premises does not exceed forty percent (40%) of the establishment's total sales for any 30-day period. The holder of a wine-tasting permit not engaged in the preparation or sale of food on the premises is not subject to Part 6 of Article 8 of Chapter 130A of the General Statutes.

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SECTION 1.(b) The Alcoholic Beverage Control (ABC) Commission shall adopt rules to implement the provisions of this section by no later than 60 days after this act becomes law. The ABC Commission may adopt temporary rules to comply with the deadline set in this subsection. Any temporary rules adopted in accordance with this subsection shall remain in effect until permanent rules that replace the temporary rules become effective.

AUTHORIZE OFF-SITE STORAGE LOCATION FOR BREWERIES, WINERIES, AND DISTILLERIES

SECTION 2. Article 11 of Chapter 18B of the General Statutes is amended by adding a new section to read:

"§ 18B-1120. Noncontiguous storage locations.

A brewery, winery, or distillery may store any alcoholic beverages it manufactures pursuant to a permit issued under this Article at a noncontiguous storage location approved by the Alcohol and Tobacco Tax and Trade Bureau. For purposes of Article 5 of this Chapter, the term "premises" includes a storage location used pursuant to this section."

AUTHORIZE SALE OF UNFORTIFIED WINE ON PREMISES BY RETAIL BUSINESSES

SECTION 3. G.S. 18B-1001(3), as amended by Section 1 of this act, reads as rewritten:

On-Premises Unfortified Wine Permit. – An on-premises unfortified wine "(3) permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. 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

51 <u>not be sold or o</u>

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:

i. Retail businesses."

AUTHORIZE TASTINGS DURING BREWERY TOURS

SECTION 4. G.S. 18B-1104(6) 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 customers, visitors, and employees for consumption on its premises. Nothing in this subdivision shall be construed as excluding customers and visitors at the brewery as part of a paid or complimentary tour of the brewery."

AUTHORIZE CERTAIN PERSONS TO SAMPLE ALCOHOLIC BEVERAGES FOR PURPOSES OF SENSORY ANALYSIS, QUALITY CONTROL, OR EDUCATION

SECTION 5. Article 11 of Chapter 18B of the General Statutes is amended by adding a new statute to read:

"§ 18B-1121. Authority to sample for sensory analysis, quality control, or educational purposes.

Except as otherwise prohibited under Article 3 of this Chapter, a commercial permittee licensed under this Article, or its agent or employee, may consume samples of alcoholic beverages it is licensed to sell, free of charge, on its premises for purposes of sensory analysis, quality control, or education."

AMEND HOMEBREWING LAWS

SECTION 6. G.S. 18B-306 reads as rewritten:

"§ 18B-306. Making wines and malt beverages for private use.

- <u>Authority. –</u> An individual may make, possess, and transport native-wines and malt beverages for his the individual's own use and for use, the use of his the individual's family and guests. Native wines shall be made principally from honey, grapes, or other fruit or grain grown in this State, or from wine kits containing honey, grapes, or other fruit or grain concentrates, and shall have only that alcoholic content produced by natural fermentation. Malt beverages may be made by use of malt beverage kits containing grain extracts or concentrates. guests, or the use at organized affairs, exhibitions, or competitions. For purposes of this section, the term "organized affairs, exhibitions, or competitions" includes homemaker's contests, tastings, and judgings.
- (b) Selling Prohibited. Wines and malt beverages made pursuant to this section may not be sold or offered for sale.

- 1 (c) <u>Kits. Wine kits and malt beverage kits may be sold in this State.</u>
 2 (d) <u>Permit. No ABC permit is required to make wines or malt beverage kits may be sold in this State.</u>
 - (d) <u>Permit.</u> No ABC permit is required to make <u>wines or malt</u> beverages pursuant to this section."

CLARIFY LAW GOVERNING RELATIONSHIP BETWEEN BREWERIES AND AFFILIATED RETAILERS

SECTION 7. G.S. 18B-1116(a) reads as rewritten:

- "(a) Prohibitions. It shall be unlawful for any manufacturer, bottler, or wholesaler of any alcoholic beverages, or for any officer, director, or affiliate thereof, either directly or indirectly to:
 - (1) Require that an alcoholic beverage retailer purchase any alcoholic beverages from that person to the full or partial exclusion of any other alcoholic beverages offered for sale by other persons in this State; or
 - (2) Have any direct or indirect financial interest in the business of any alcoholic beverage retailer in this State or in the premises where the business of any alcoholic beverage retailer in this State is conducted; or
 - (3) Lend or give to any alcoholic beverage retailer in this State or his employee or to the owner of the premises where the business of any alcoholic beverage retailer in this State is conducted, any money, service, equipment, furniture, fixtures or any other thing of value.

A brewery qualifying under G.S. 18B-1104(8) to act-as a wholesaler or retailer of its own malt beverages—G.S. 18B-1104(7) or (8) is not subject to the provisions of this subsection section concerning financial interests in, and lending or giving things of value to, a wholesaler or retailer with respect to the brewery's transactions with the retail business on its premises-premises or other retail locations allowed under G.S. 18B-1104(8). The brewery is subject to the provisions of this subsection, however, with respect to its transactions with all other wholesalers and retailers."

AUTHORIZE BREWERY TAPROOMS TO SELL OTHER ALCOHOLIC BEVERAGES UPON RECEIVING THE APPROPRIATE PERMIT

SECTION 8. G.S. 18B-1104(7) reads as rewritten:

- In an area where the sale of any type of alcoholic beverage is authorized by law, and upon receiving the appropriate permit under G.S. 18B-1001, sell the at the brewery, and any additional retail location authorized under subdivision (8) of this section, any or all of the following:
 - <u>a.</u> <u>The brewery's malt beverages or malt beverages that have been approved by the Commission for sale in North Carolina.</u>
 - b. 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).Carolina.
 - c. Any other alcoholic beverages approved by the Commission for sale in North Carolina, if sale of the alcoholic beverage is otherwise authorized in that area."

AUTHORIZE BREWERIES WITH PRODUCTION FACILITIES IN OTHER STATES TO DISTRIBUTE TO WHOLESALERS

SECTION 9. G.S. 18B-1104(4) reads as rewritten:

"(4) Receive malt beverages manufactured by the permittee in some other state for transshipment to (i) dealers in other states or (ii) wholesalers licensed under this Chapter as authorized by the ABC laws."

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AUTHORIZE FARM BREWERIES

SECTION 10. G.S. 18B-1104 is amended by adding a new subdivision to read:

"(7a) In an area where the sale of malt beverages has not been authorized, a brewery that produces agricultural products, including barley, other grains, hops, or fruit, used by the brewery in the manufacture of malt beverages may sell the malt beverages owned by the brewery and approved by the Commission for sale in North Carolina at the brewery for on- or off-premise consumption upon (i) obtaining the appropriate permit under G.S. 18B-1001 and (ii) receiving approval from the governing body of the city where the brewery is located or, if the brewery is not located in a city, the governing body of the county where the brewery is located. Approval may be granted only pursuant to a resolution of the governing body adopted at a regular meeting. Before adopting a resolution approving the sale of malt beverages under this subdivision, a governing board shall hold a public hearing. A notice of the public hearing shall be given once a week for two successive calendar weeks in a newspaper having general circulation in the area. The notice of the public hearing shall be published the first time not less than 10 days nor more than 25 days before the date fixed for the hearing. In computing such period, the day of publication is not to be included but the day of the hearing shall be included."

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AMEND LAW GOVERNING BREWERY SALES AT ADDITIONAL RETAIL LOCATIONS

SECTION 11. G.S. 18B-1104 reads as rewritten:

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

The holder of a brewery permit may:

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Obtain a malt beverage wholesaler permit to sell, deliver, and ship at (8)wholesale only malt beverages manufactured by the brewery. The authorization of this subdivision applies to a brewery that sells, to consumers at the brewery, 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 subdivision may also sell the malt beverages manufactured by the brewery brewery, and malt beverages produced under subdivision (6a) of this section, 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 under a different trade name than that used at the brewery shall also offer for sale at that location a reasonable selection of competitive malt beverage products. A sale at any additional retail location under this subdivision shall not be considered a wholesale sale for the purposes of Article 13 of this Chapter.

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A sale or gift under subdivision (5) or (6) shall not be considered a retail or wholesale sale under the ABC laws."

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RULES

SECTION 12.(a) Except as otherwise provided, the Alcoholic Beverage Control (ABC) Commission shall adopt temporary rules to implement the provisions of this act. Temporary rules adopted in accordance with this section shall remain in effect until permanent rules that replace the temporary rules become effective.

	General Assembly Of North Carolina Session 2017
1	SECTION 12.(b) Any rule or policy adopted by the ABC Commission that does
2	not comply with the provisions of this act shall be null, void, and without effect.
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4	EFFECT OF HEADINGS
5	SECTION 13. The headings to the sections of this act are a convenience to the
6	reader and are for reference only. The headings do not expand, limit, or define the text of this
7	act.
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9	EFFECTIVE DATE

EFFECTIVE DATE SECTION 14. This act is effective when it becomes law.

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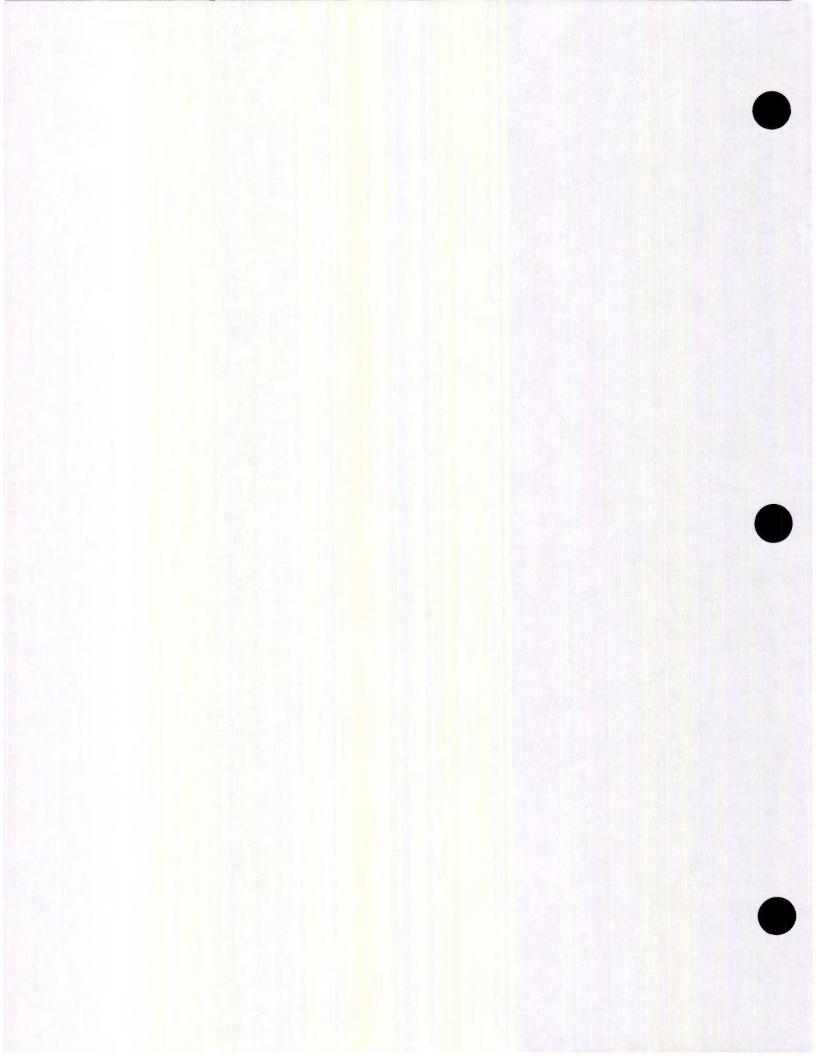


NORTH CAROLINA GENERAL ASSEMBLY **AMENDMENT House Bill 500**

H500-ASA-29 [v.2]		AMENDMENT N (to be filled in by Principal Clerk)	0
			Page 1 of 1
Amends Title [NO] H500-CSSAf-17	Date	e4.25	,2017
Representative Hurley			
moves to amend the bill on page by deleting those lines.	7, lines 2-21		
SIGNED Wall	Alulle dendment Sponsor		
SIGNED	Senate Committee Amen	dment	
ADOPTED	FAILED	TABLED _	

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GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2017

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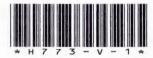
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HOUSE BILL 773

(Public) Short Title: ABC Sales/Sports & Entertainment Venues. Sponsors: Representatives Dulin and Zachary (Primary Sponsors). For a complete list of sponsors, refer to the North Carolina General Assembly web site. Referred to: Alcoholic Beverage Control April 13, 2017 A BILL TO BE ENTITLED AN ACT TO REVISE THE ABC LAWS GOVERNING THE SALE OF ALCOHOLIC BEVERAGES AT SPORTS AND ENTERTAINMENT VENUES. The General Assembly of North Carolina enacts: SECTION 1. G.S. 18B-1009 reads as rewritten: "§ 18B-1009. In-stand sales. Construction. - Nothing in this Chapter shall be construed to prohibit a retail permittee from selling for consumption, malt consumption alcoholic beverages authorized to be sold under the applicable permit in the seating areas of stadiums, ballparks, and other similar public places sports and entertainment venues with a seating capacity of 3,000 or more during professional sporting events, events held at the venue, provided that:that all of the following requirements are met: The seating areas are designated as part of the retail permittee's licensed (1)premises; premises. The retail permittee has notified the Commission, in writing, of its intent to (2) sell malt-alcoholic beverages in the seating areas at sporting events; and entertainment events. Service of food and nonalcoholic beverages is available in the seating (3) areas; areas. The retail permittee has certified to the Commission that it has trained its (4) employees: employees to do both of the following: To identify underage persons and intoxicated persons; and persons. b. To refuse to sell malt_alcoholic beverages to those persons as required by G.S. 18B-305; and G.S. 18B-305. (5) The employees do not verbally shout or hawk the sale of malt_alcoholic beverages. Suspension of Sales. - The North Carolina Alcoholic Beverage Control (b) Commission shall adopt rules for the suspension of alcohol sales in the latter portion of professional sporting and entertainment events in order to protect public safety at these events. Definitions. – The following definitions apply in this section: (c) Premises. - Includes all areas where the owner of the sports and (1)entertainment venue has control of the property through a lease, deed, or other legal process. Sports and entertainment venue. - Stadiums, ballparks, and other similar (2)public places."



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SECTION 2. This act is effective when it becomes law.



HOUSE BILL 773: ABC Sales/Sports & Entertainment Venues.

2017-2018 General Assembly

Committee:

House Alcoholic Beverage Control

Analysis of:

Introduced by: Reps. Dulin, Zachary PCS to First Edition

H773-CSTT-17

Date:

April 25, 2017

Prepared by: Jennifer H. Bedford

Legislative Analyst

OVERVIEW: The PCS for House Bill 773 amends the ABC laws governing the sale of alcoholic beverages at sports and entertainment venues.

CURRENT LAW: Currently, in-stand sales of malt beverages are only allowed in stadiums, ballparks, and other similar public places with a seating capacity of 3,000 or more, during professional sporting events provided that all of the following apply:

- 1. The seating areas are designated as a part of the retail permittee's licensed premises.
- 2. The retail permittee has notified the ABC Commission, in writing, of its intent to sell malt beverages in the seating areas at sporting events.
- 3. Service of food and nonalcoholic beverages is also available in the seating areas.
- 4. The retail permittee has certified to the ABC Commission that it has trained its employees to identify underage persons and intoxicated persons, and to refuse to sell malt beverages to those persons.
- 5. The employees do not verbally shout or hawk the sale of malt beverages.

BILL ANALYSIS: Section 1 of the PCS for House Bill 773 would allow in-stand sales of alcoholic beverages during events in the seating areas of stadiums, ballparks, and other similar facilities with a permanently constructed seating capacity of 3,000.

Section 1 would define "Sports and entertainment venue" as stadiums, ballparks, and other similar facilities with a permanently constructed seating capacity of 3,000 or more which are not located on the campus of a school, college, or university.

Section 2 of the PCS for House Bill 773 would define "Sports and entertainment venue" in G.S. 18B-1000.

Section 3 of the PCS for House Bill 773 would add "Sports and entertainment venues" to the places eligible for an on-premises malt beverage permit, an on-premises unfortified wine permit, and a mixed beverage permit.

EFFECTIVE DATE: This act is effective when it becomes law.

Karen Cochrane-Brown Director



Legislative Analysis Division 919-733-2578

GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2017

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HOUSE BILL 773 PROPOSED COMMITTEE SUBSTITUTE H773-CSTT-17 [v.3]

04/24/2017 7:31:01 PM

Short Title: ABC Sales/Sports & Entertainment Venues. (Public)

Sponsors:

Referred to:

April 13, 2017

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A BILL TO BE ENTITLED

AN ACT TO REVISE THE ABC LAWS GOVERNING THE SALE OF ALCOHOLIC BEVERAGES AT SPORTS AND ENTERTAINMENT VENUES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 18B-1009 reads as rewritten:

"§ 18B-1009. In-stand sales.

- (a) <u>Construction.</u> Nothing in this Chapter shall be construed to prohibit a retail permittee from selling for eonsumption, malt consumption alcoholic beverages authorized to be sold under the applicable permit in the seating areas of stadiums, ballparks, and other similar public places with a seating capacity of 3,000 or more sports and entertainment venues during professional sporting events, events held at the venue, provided that: that all of the following requirements are met:
 - (1) The seating areas are designated as part of the retail permittee's licensed premises; premises.
 - (2) The retail permittee has notified the Commission, in writing, of its intent to sell malt_alcoholic beverages in the seating areas at sporting events;and entertainment events.
 - (3) Service of food and nonalcoholic beverages is available in the seating areas; areas.
 - (4) The retail permittee has certified to the Commission that it has trained its employees: employees to do both of the following:
 - a. To identify underage persons and intoxicated persons; and persons.
 - b. To refuse to sell malt_alcoholic beverages to those persons as required by G.S. 18B-305; and G.S. 18B-305.
 - (5) The employees do not verbally shout or hawk the sale of malt-alcoholic beverages.
- (b) <u>Suspension of Sales.</u> The North Carolina Alcoholic Beverage Control Commission shall adopt rules for the suspension of alcohol sales in the latter portion of professional sporting <u>and entertainment</u> events in order to protect public safety at these events.
 - (c) <u>Definitions. The following definitions apply in this section:</u>
 - (1) Premises. Includes all areas where the owner of the sports and entertainment venue has control of the property through a lease, deed, or other legal process.
 - (2) Sports and entertainment venue. Stadiums, ballparks, and other similar facilities with a permanently constructed seating capacity of 3,000 or more which are not located on the campus of a school, college, or university."



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SECTION 2. G.S. 18B-1000 reads as rewritten:

"§ 18B-1000. Definitions concerning establishments.

The following requirements and definitions shall apply to this Chapter:

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(11) Sports and entertainment venue. – Stadiums, ballparks, and other similar facilities with a permanently constructed seating capacity of 3,000 or more which are not located on the campus of a school, college, or university."

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

"§ 18B-1001. Kinds of ABC permits; places eligible.

When the issuance of the permit is lawful in the jurisdiction in which the premises are located, the Commission may issue the following kinds of permits:

- (1) On-Premises Malt Beverage Permit. An on-premises malt beverage permit authorizes (i) the retail sale of malt beverages for consumption on the premises, (ii) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of malt beverages in a cleaned, sanitized, resealable container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. It also authorizes the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:
 - a. Restaurants;
 - b. Hotels;
 - c. Eating establishments;
 - d. Food businesses;
 - e. Retail businesses;
 - f. Private clubs:
 - g. Convention centers;
 - h. Community theatres;
 - i. Breweries as authorized by G.S. 18B-1104(7) and (8):(8);
 - (i.) Sports and entertainment venues.

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On-Premises Unfortified Wine Permit. – An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. 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,

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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

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- purchased for use in mixed beverages. The permit may be issued for any of the following:
 - Restaurants; a.
 - b. Hotels:
 - Private clubs; c.
 - Convention centers; d.
 - Community theatres; e.
 - Nonprofit organizations; and f.
 - Political organizations: g.
 - Sports and entertainment venues. (h.)

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

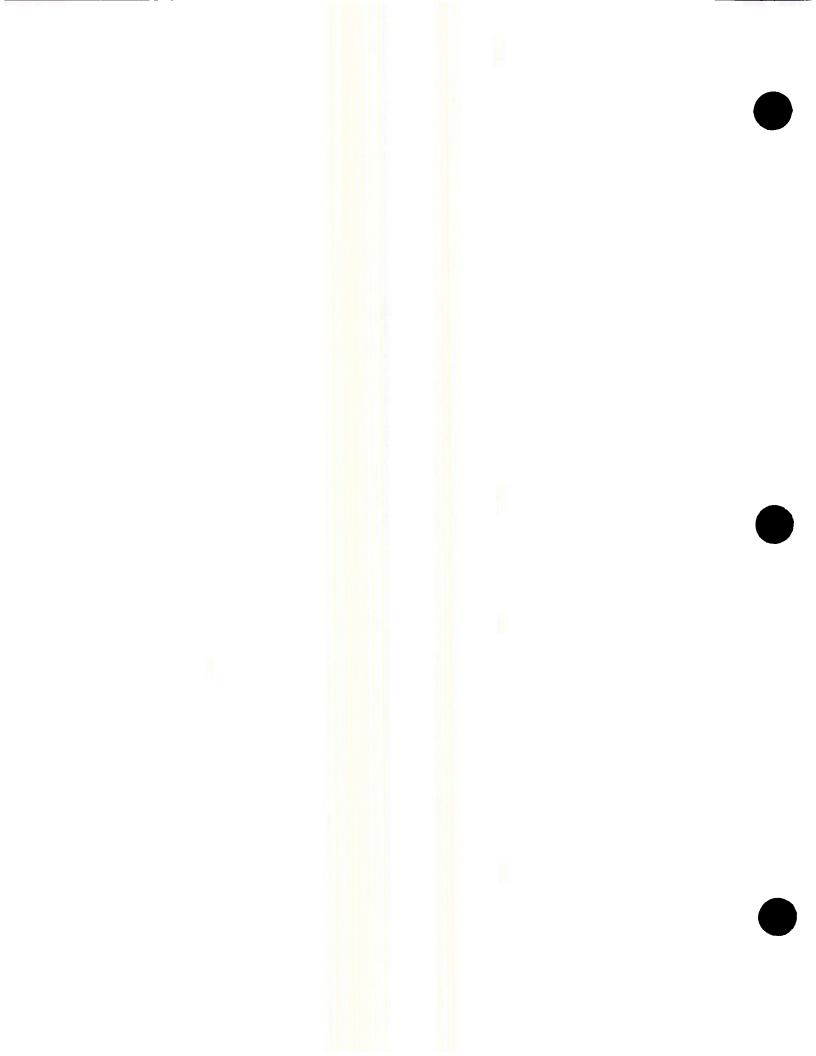
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NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT House Bill 773

	H773-ATT-19 [v.2]	(te	MENDMENT NO. o be filled in by Principal Clerk)	
				Page 1 of 1
	Amends Title [NO] First Edition	Date	4-25	,2017
	Representative Zachary			
1	moves to amend the bill on page 1, lines 5-36, by delet	ting Section	n 1 in its entirety.	
	PT			
	SIGNED			
	Amendment Sponsor			
	SIGNED ARXON			
	Committee Chair if Senate Committee A	mendmen		
	ADOPTED FAILED		TABLED	





GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2017

H D

HOUSE BILL 773 PROPOSED COMMITTEE SUBSTITUTE H773-PCS40543-SAf-22

Short Title: A	BC Sales/Sports & Entertainment Venues.	(Public)
Sponsors:		
Referred to:		
	April 13, 2017	
BEVERAGE The General Ass SEC' "§ 18B-1000. D	A BILL TO BE ENTITLED REVISE THE ABC LAWS GOVERNING THE SALE ES AT SPORTS AND ENTERTAINMENT VENUES. Sembly of North Carolina enacts: FION 1. G.S. 18B-1000 reads as rewritten: efinitions concerning establishments. Eng requirements and definitions shall apply to this Chapter:	OF ALCOHOLIC
"§ 18B-1001. K	Sports and entertainment venue. – Stadiums, ballparks facilities with a permanently constructed seating capacit which are not located on the campus of a school, college, TION 2. G.S. 18B-1001 reads as rewritten: inds of ABC permits; places eligible. suance of the permit is lawful in the jurisdiction in which	y of 3,000 or more or university."
located, the Com	nmission may issue the following kinds of permits:	-
(1)	On-Premises Malt Beverage Permit. – An on-premises mauthorizes (i) the retail sale of malt beverages for corpremises, (ii) the retail sale of malt beverages in the mar container for consumption off the premises, and (iii) the beverages in a cleaned, sanitized, resealable container that and sealed for consumption off the premises and that idea and the date the container was filled or refilled. It also at of the permit to ship malt beverages in closed container that purchasers inside and outside the State. The permit may the following:	onsumption on the nufacturer's original e retail sale of malt at is filled or refilled ntifies the permittee uthorizes the holder tiners to individual
	a. Restaurants;	
	 b. Hotels; c. Eating establishments; d. Food businesses; e. Retail businesses; f. Private clubs; g. Convention centers; h. Community theatres; i. Provenies as outhorized by C.S. 18B, 1104(7) and 	(9) (9),
	i. Breweries as authorized by G.S. 18B-1104(7) andj. Sports and entertainment venues.	(0).(0),



(3)

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- On-Premises Unfortified Wine Permit. An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. 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
- Restaurants; a.
- Hotels: b.

following:

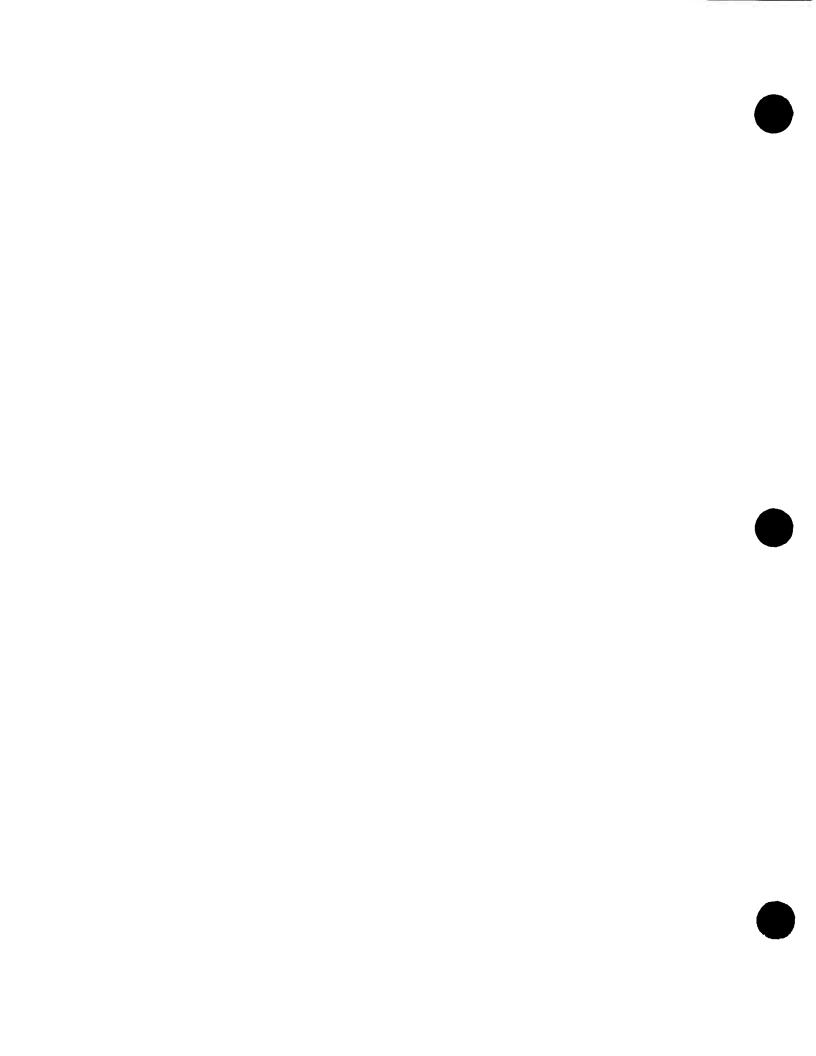
- Eating establishments: c.
- d. Private clubs:
- Convention centers: e.
- Cooking schools: f.
- Community theatres; g.
- Wineries: h.
- Wine producers. producers: i.
- Sports and entertainment venues. į.
- Mixed Beverages Permit. A mixed beverages permit authorizes the retail (10)sale of mixed beverages for consumption on the premises. The permit also mixed beverages permittee 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) to use for culinary purposes spirituous liquor lawfully purchased for use in mixed beverages. The permit may be issued for any of the following:
 - Restaurants: a.
 - Hotels: b.
 - Private clubs: c.

Ger	neral Assembly Of N	orth Carolina	Session 2017
1	d.	Convention centers;	
2	e.	Community theatres;	•
3	f.	Nonprofit organizations; and	
4	g.	Political organizations.organizations;	
5	<u>h.</u>	Sports and entertainment venues.	
6			
7	SECTION 3.	This act is effective when it becomes law.	

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Committee Sergeants at Arins

NAME OF COMMITTEE	House Committee on Al	coholic Bev Control
DATE: 4/25/2017	Room: 423	or a tight of the control of the con
	House Set-At Arms:	
1. Name: Jonas Cherry		
	bourne	•
4. Name:		Material design
5. Name:		
	Canata Cat At Awas	
	Senate Sgt-At Arms:	<i>;</i>
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Name:		_



House Committee on Alcoholic Bev Control 4/25/17

Name of Committee

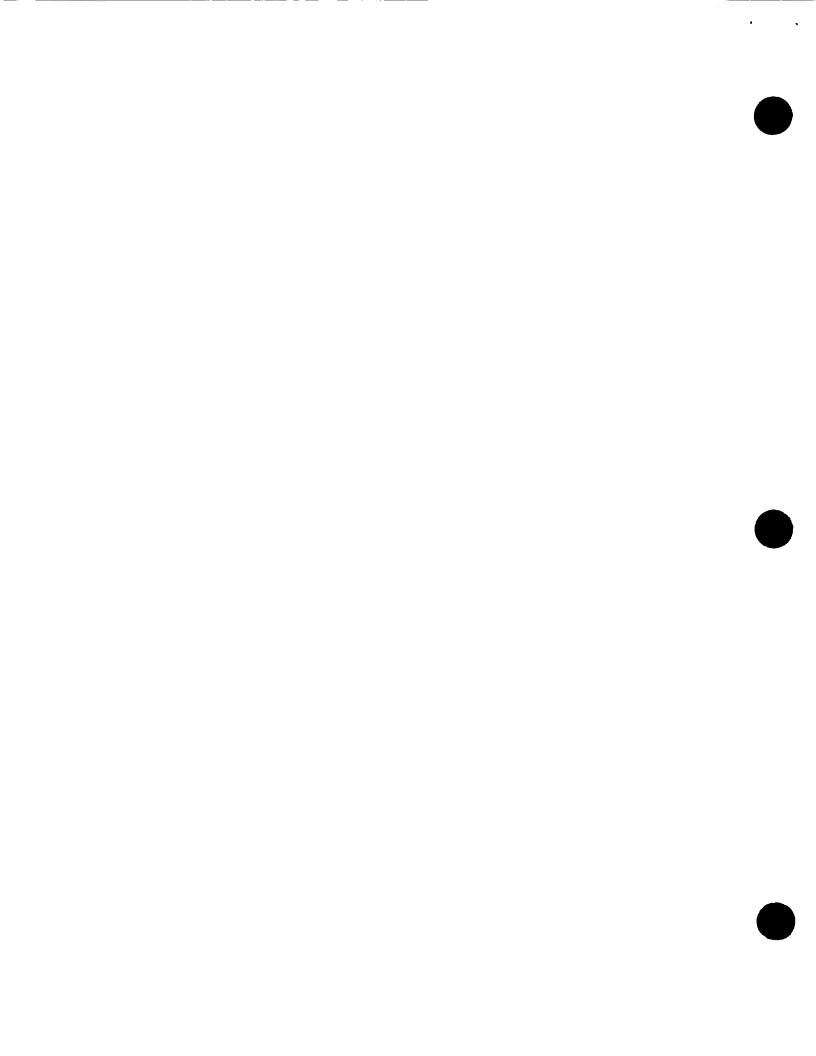
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

HARULO RRUBAter	Brubaken & Associates
Lindsey Dauling	Fetzer Strategic Partners
Laura Kilian	Vista Strategies
Ambur Happis	NIAZE
Tonya Horton	.735
Lexi attnur	NCRMA
Elizabeth Robon	NCEMA
Jew Hause	NC GA
Alax Schurtette	F5P .
Matt Burn	WRAL.com
John Trump	CJ



House Committee on Alcoholic Bev Control 4/25/17

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

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13	A	IVI	11.

FIRM OR AGENCY AND ADDRESS

Hayden Bauguess	Electricities, NC
Hayden Bauguss GERRY WHEN	NM
Phagen Jockson	Recis Condina
Tim Efird	Standard Distributous
avid "Carckett" Long	L-Ng Beverage Inc
Lime Fuguary	Vista Storegies
KRIS GARDNER	THARRINGTON SMITH NCBNWA
Lon An Harris	LAHA
Leigh Fanning	R.A I Streys Dist.
Tim KENT	Nr BEER/ WINE
Tongletier	FSP

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House Committee on Alcoholic Bev Control 4/25/17

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Todd Ford	Noda BREWING CO.
KLISTIE NYSTEDT	RAGIOH BREWING CO.
Margo Metzger	NC Breves Guld
Laura Collier	Strike + Teebel
Alex Miller	· AMGA
621	
TJ Buybee	NP
Christian Campbell	Office of Rep. Malone
Bob Hamilton	ABC Commission
David Ferrell	VB
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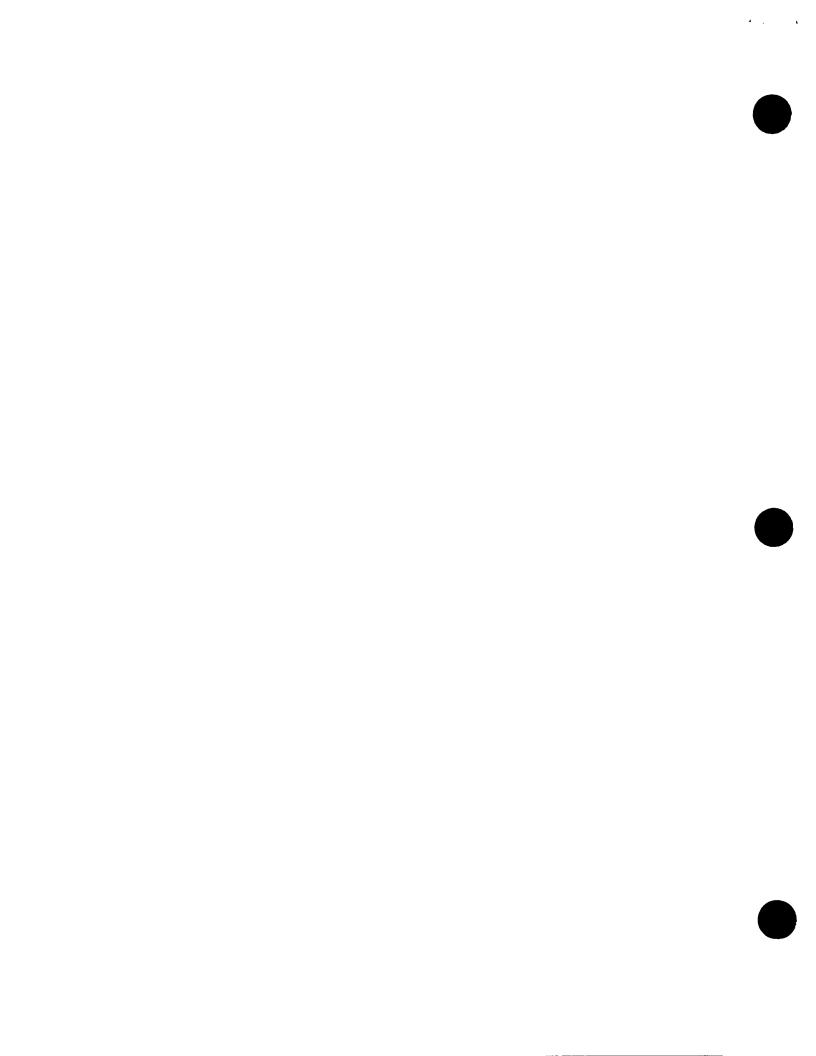
House Committee on Alcoholic Bev Control 4/25/17

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Wanda Benson	GA
Ridge Mazingo	GA
John Bygs	AFP
List	SA
Nt Troppe	· Ap Balas
Harly Lewis	Flanchael, Miller Lowis & Iste
Andy Mum	MVA
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House Committee on Alcoholic Bev Control 4/25/17

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS			
Jon Carr	NCASIA ABC Bowls			
Mia Boiley	Chorter Comm			

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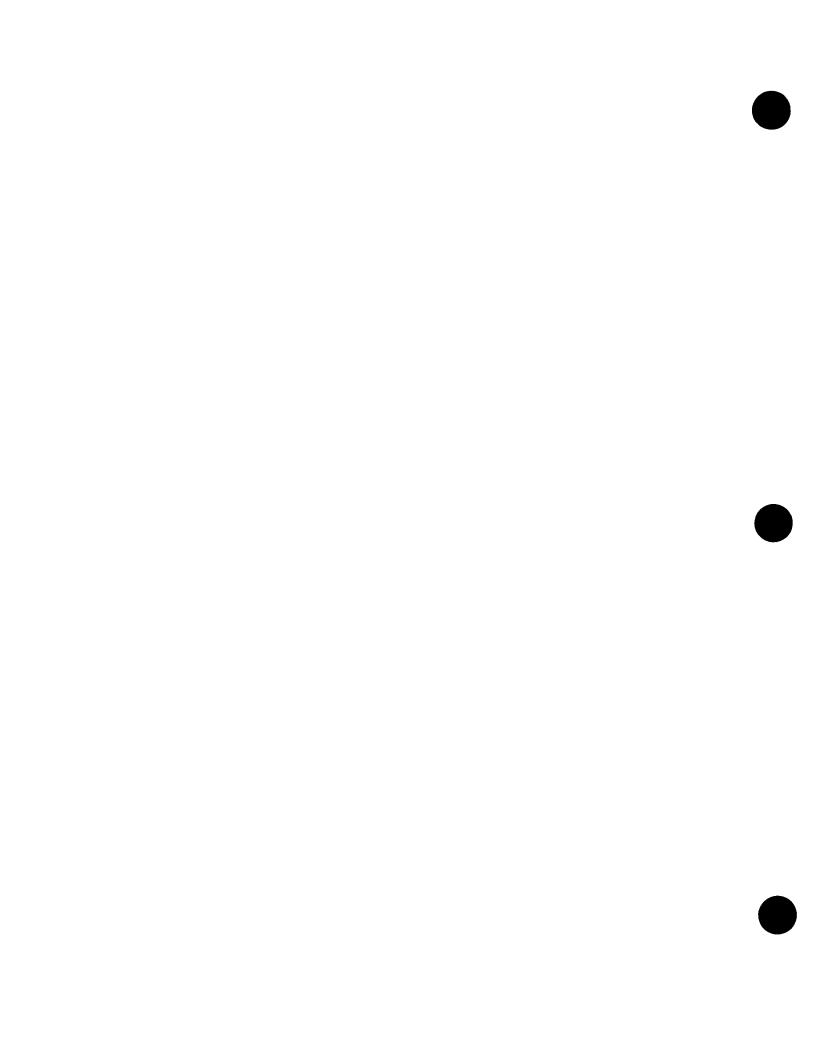
Corrected #1: Please Note Time Change to 10:00 a.m.

NORTH CAROLINA HOUSE OF REPRESENTATIVES COMMITTEE MEETING NOTICE AND BILL SPONSOR NOTIFICATION 2017-2018 SESSION

You are hereby	notified th	at the House	Committee on	Alcoholic 1	Beverage (Control wi	Il meet	as
follows:								

ionows.		
DAY & DA TIME: LOCATION	10:00 AM	
The following	ng bills will be considered:	
BILL NO. SB 155	SHORT TITLE Economic & Job Growth for NO Distilleries.	SPONSOR Senator Gunn Senator Blue Senator Harrington
		Respectfully,
		Representative James L. Boles, Jr., Co-Chair Representative Chuck McGrady, Co-Chair
	cify this notice was filed by the co June 21, 2017.	mmittee assistant at the following offices at 4:17 PM on
	Principal Clerk Reading Clerk – House Cha	mber

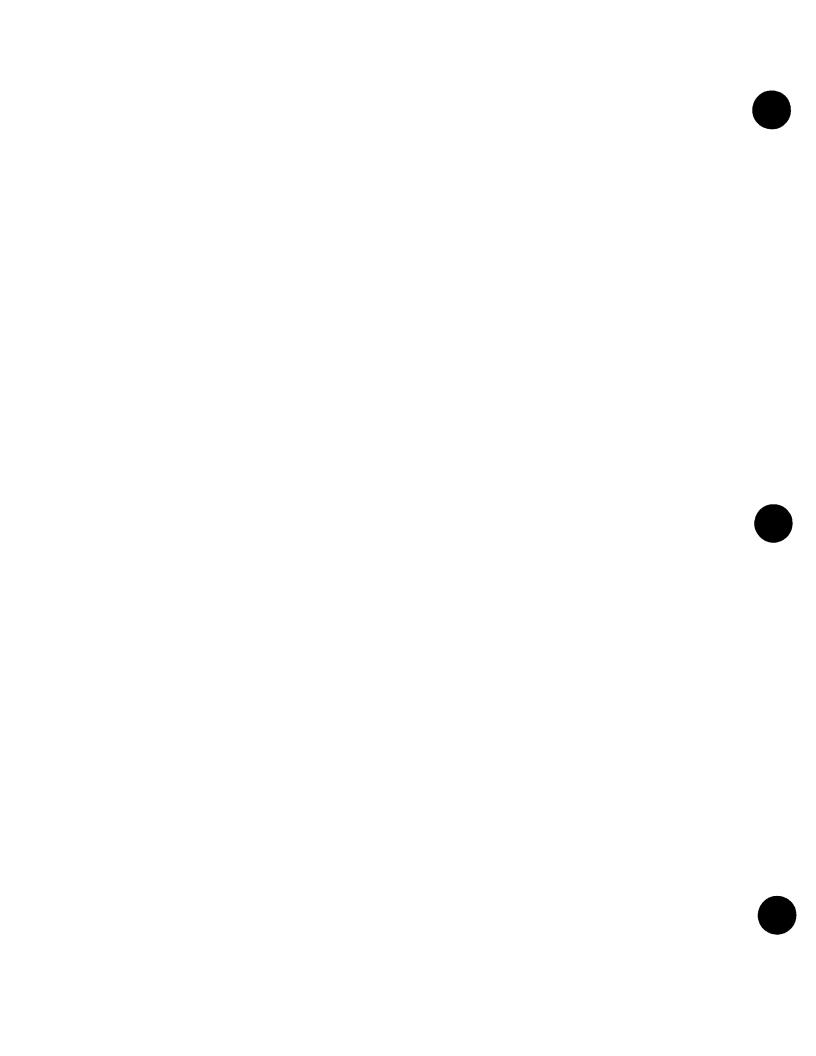
Kerry Guice (Committee Assistant)



NORTH CAROLINA HOUSE OF REPRESENTATIVES COMMITTEE MEETING NOTICE AND BILL SPONSOR NOTIFICATION 2017-2018 SESSION

You are hereby notified that the **House Committee on Alcoholic Beverage Control** will meet as follows:

DAY & DA TIME: LOCATION	11:00 AM	
The following	ng bills will be considered:	
BILL NO. SB 155	SHORT TITLE Economic & Job Growth for NC Distilleries.	SPONSOR Senator Gunn Senator Blue Senator Harrington
	R	Respectfully,
		Representative James L. Boles, Jr., Co-Chair Representative Chuck McGrady, Co-Chair
	tify this notice was filed by the comi June 21, 2017. Principal Clerk Reading Clerk – House Chamb	mittee assistant at the following offices at 9:23 AM or
Kerry Guice	(Committee Assistant)	



House Committee on Alcoholic Beverage Control Thursday, June 22, 2017, 10:00 AM 423 Legislative Office Building

AGENDA

Welcome and Opening Remarks

Representative Chuck McGrady, Chairing

Introduction of Pages

Bills

BILL NO. SHORT TITLE

SB 155 Economic & Job Growth for NC

Distilleries.

SPONSOR

Senator Gunn Senator Blue

Senator Harrington

Other Business

Adjournment

		_

House Committee on Alcoholic Beverage Control Thursday, June 22, 2017 at 10:00 AM Room 423 of the Legislative Office Building

MINUTES

The House Committee on Alcoholic Beverage Control met at 10:00 AM on June 22, 2017 in Room 423 of the Legislative Office Building. Representatives Alexander, J. Bell, Boles, Brawley, Earle, Fisher, Gill, Hanes, Hardister, Harrison, Holley, Hurley, Lucas, Malone, McGrady, Murphy, Potts, B. Richardson, Saine, Stone, Willingham, and Yarborough attended.

Representative Chuck McGrady, Chair, presided and called the meeting to order at 10:04 a.m. Chairman McGrady welcomed everyone to the meeting then recognized the Pages and Sergeant at Arms members in attendance.

The following bills were considered:

SB 155 ABC Omnibus Legislation. (Senators Gunn, Blue, Harrington)

Chairman McGrady placed SB 155 before the committee for consideration and Representative Boles moved that a PCS be before the committee. Chairman McGrady recognized Susan Sitze from the North Carolina General Assembly Legislative Analysis staff to explain the PCS. Chairman McGrady then recognized Senator Rick Gunn to explain portions of the bill. Members were recognized to ask questions on Senator Gunn's portion of the bill. Following the time of discussion, Chairman McGrady recognized Representative Jon Hardister to put forth amendment S155-ASA-68 (v.1). Senator Gunn was recognized to speak to the amendment and members were recognized by the Chair to ask questions on the amendment. Following discussion on the amendment, Chairman McGrady indicated to the committee that a member had requested a roll call vote prior to the meeting. A roll call vote was had on the amendment (see roll call vote results attached to these minutes) and the amendment carried with 17 yes votes and 5 no votes.

Chairman McGrady recognized the following individuals from the public who spoke on the bill:

Rev. Mark Creech, Executive Director, NC Christian Action League, spoke in opposition to the bill.

Jon Carr, Lobbyist for the NC Association of ABC Boards spoke in opposition to the bill.

Jim Beley, General Manager, Umstead Hotel and Spa, speaking on behalf of the NC Restaurant and Hotel Lodging Association, spoke in favor of the bill.

Donald Bryson, State Director, Americans for Prosperity, spoke in favor of the bill.

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Chairman McGrady then opened the floor to members for discussion on the bill as amended. After the discussion, Representative Susan Fisher made a motion for a favorable report on the PCS as amended, unfavorable as to the original bill, rolled into a new PCS with a referral to Finance. The motion carried.

The meeting adjourned at 10:46 a.m.

Representative Chuck McGrady,

Chair Presiding

Kerry Guice, Committee Clerk

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NORTH CAROLINA GENERAL ASSEMBLY HOUSE OF REPRESENTATIVES

ALCOHOLIC BEVERAGE CONTROL COMMITTEE REPORT

Representative James L. Boles, Jr., Co-Chair Representative Chuck McGrady, Co-Chair

FAVORABLE HOUSE COM SUB, UNFAVORABLE SENATE COM SUB AND RE-REFERRED

SB 155 (CS#1) Economic & Job Growth for NC Distilleries.

Draft Number:

S155-PCS45462-SAf-40

Serial Referral: FINANCE

Recommended Referral: None Long Title Amended:

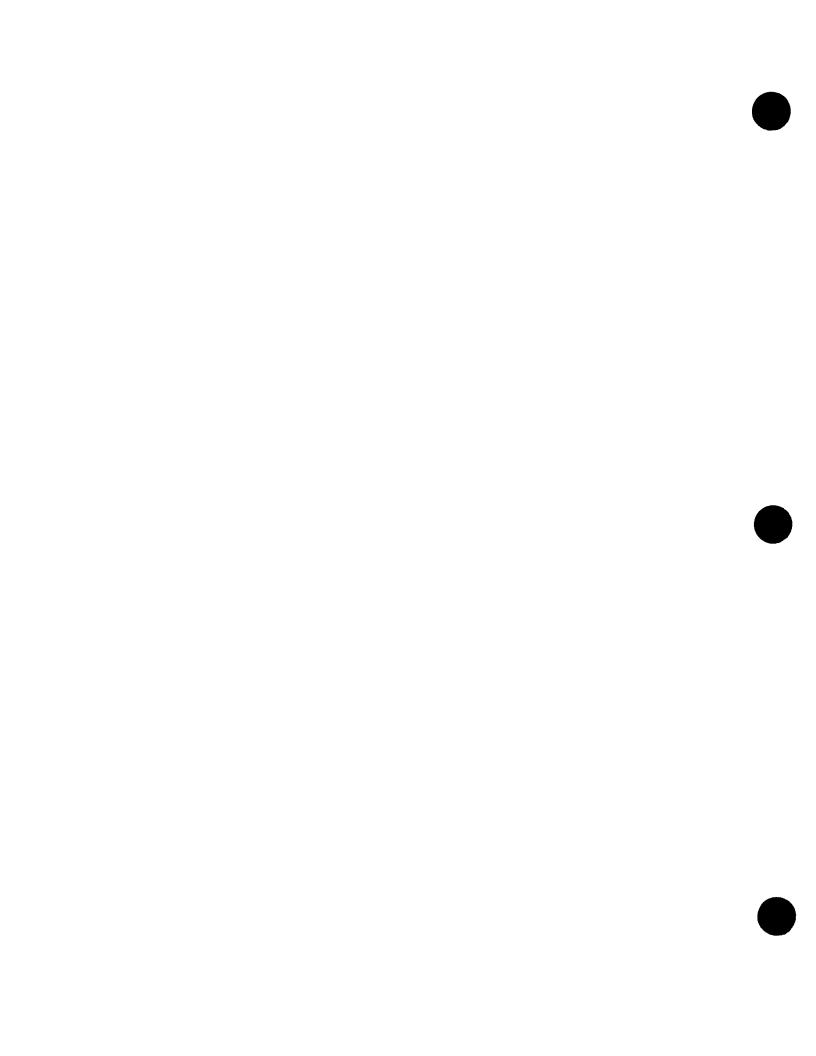
Yes

Floor Manager:

Bradford

TOTAL REPORTED: 1





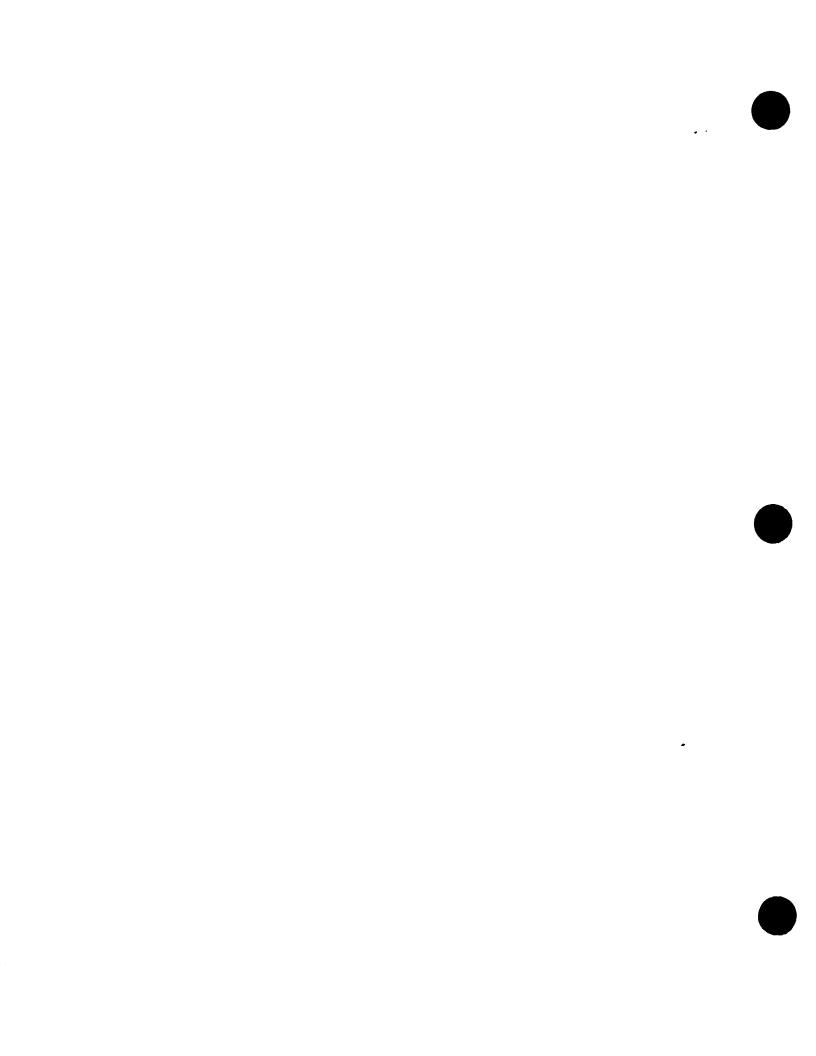
ROLL CALL VOTE

$$\frac{17}{\text{YES}}$$
 $\frac{5}{\text{NO}}$ = $\frac{22}{\text{(TOTAL)}}$

HB# SB# <u>/ 5 5</u>

HOUSE STANDING COMMITTEE ON Alcoholic Beverage Control

YES	NO	MEMBER (last name)	YES	NO	MEMBER (last name)
<u> </u>		Alexander			
<u> </u>		Bell			
		Boles			
<u> </u>		Brawley			
_	-	Dobson			
<u> </u>		Earle			
<u> </u>		Fisher			
	_	Gill			
<u> </u>		Hanes			
<u> </u>		Hardister			
<u> </u>		Harrison			
_	_	Hastings			
<u> </u>		Holley			
		Hurley			
	_	Jones (Brenden)			
<u> </u>		Lucas			
		Malone			
		Murphy			
	_	Potts			
<u> </u>	*	Richardson (Bobbie			
<u> </u>		Saine			
		Stone			
	_	Willingham			
		Yarborough			
		Zachary			
<u> </u>		McGrady			





NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT Senate Bill 155

AMENDMENT NO.______
(to be filled in by
Principal Clerk)
Page 1 of 2

S155-ASA-68 [v.1]

Amends Title [NO] S155-CSSAf-40

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Date 6-22 ,2017

Representative Hardister

1 moves to amend the bill on page 6, lines 19-47

by rewriting those lines to read:

"ALLOW THE SALE OF ALCOHOLIC BEVERAGES BEFORE NOON ON SUNDAYS, SUBJECT TO LOCAL GOVERNMENT APPROVAL

SECTION 4.(a) G.S. 18B-1004(c) reads as rewritten:

"§ 18B-1004. Hours for sale and consumption.

(c) Sunday Hours. — It—Except as authorized pursuant to G.S. 18B-112(b1), G.S. 153A-145.7, or G.S. 160A-205.3, it shall be unlawful to sell or consume alcoholic beverages on any licensed premises from the time at which sale or consumption must cease on Sunday morning until 12:00 Noon on that day."

SECTION 4.(b) Article 6 of Chapter 153A of the General Statutes is amended by adding a new section to read:

"§ 153A-145.7. Hours of certain alcohol sales.

In accordance with G.S. 18B-1004(c), a county may adopt an ordinance allowing for the sale of malt beverages, unfortified wine, fortified wine, and mixed beverages beginning at 10:00 A.M. on Sunday pursuant to the licensed premises' permit issued under G.S. 18B-1001."

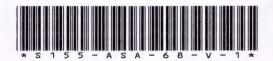
SECTION 4.(c) Article 8 of Chapter 160A of the General Statutes is amended by adding a new section to read:

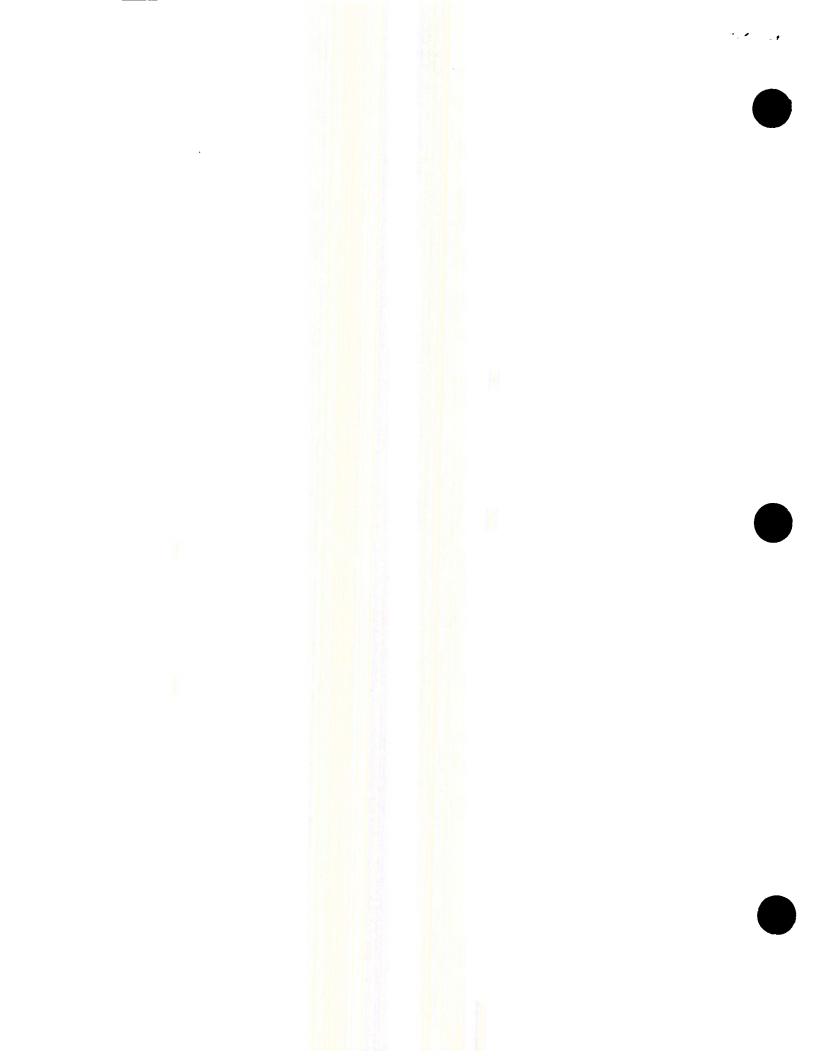
"§ 160A-205.3. Hours of certain alcohol sales.

In accordance with G.S. 18B-1004(c), a city may adopt an ordinance allowing for the sale of malt beverages, unfortified wine, fortified wine, and mixed beverages beginning at 10:00 A.M. on Sunday pursuant to the licensed premises' permit issued under G.S. 18B-1001."

SECTION 4.(d) G.S. 18B-112 is amended by adding a new subsection to read:

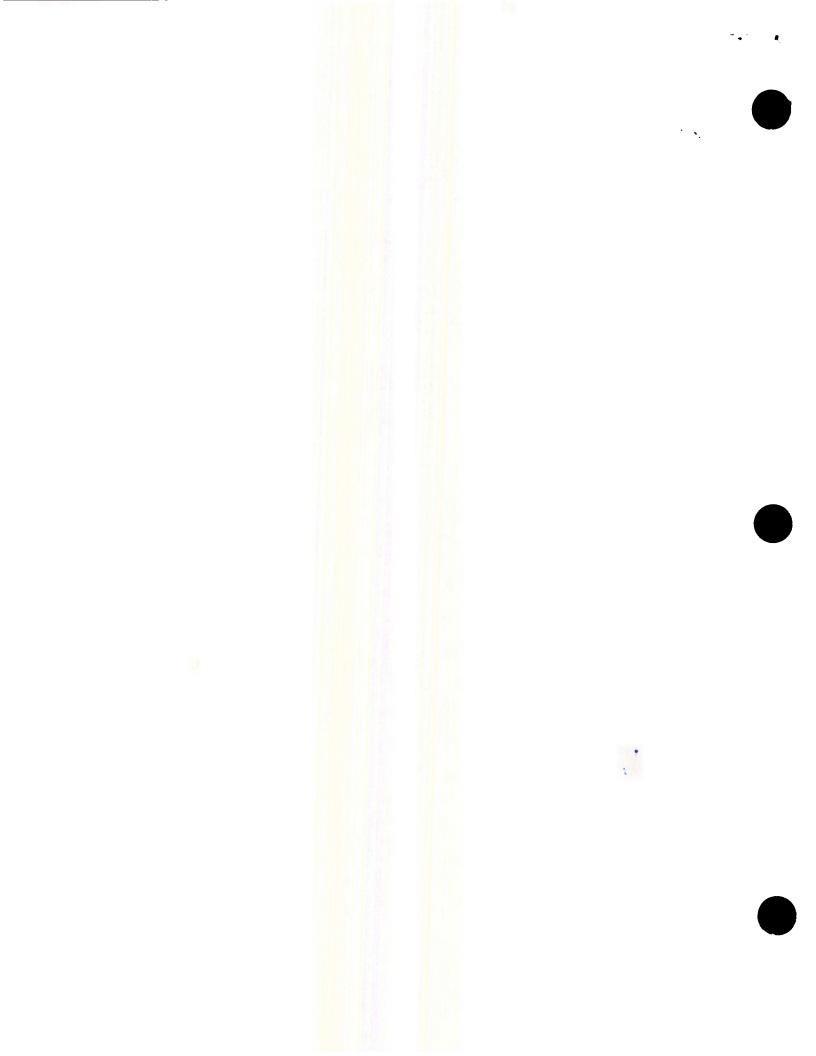
"(b1) In accordance with G.S. 18B-1004(c), the Eastern Band of Cherokee Indians tribe may adopt an ordinance allowing for the sale of malt beverages, unfortified wine, fortified wine, and mixed beverages beginning at 10:00 A.M. on Sunday pursuant to the licensed premises' permit issued under the authority of G.S. 18B-112(d)."".





NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT Senate Bill 155

S155-ASA-68 [v.1]			AMENDMENT NO (to be filled in by Principal Clerk)	
				Page 2 of 2
SIGNED	9	Amendment Sponsor		
SIGNED _	Committee Cl	hair if Senate Committee Ar	mendment	
ADOPTED		FAILED	TABLED	



GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2017

SENATE BILL 155 Finance Committee Substitute Adopted 5/31/17

Short Title: Economic & Job Growth for NC Distilleries. (Public)

Sponsors:

Referred to:

March 2, 2017

A BILL TO BE ENTITLED

AN ACT TO AMEND ALCOHOLIC BEVERAGE CONTROL PERMITS, TO ALLOW RESTAURANTS TO SELL ALCOHOLIC BEVERAGES BEFORE NOON ON SUNDAYS, SUBJECT TO LOCAL GOVERNMENT APPROVAL, AND TO AUTHORIZE REBATES ON ALCOHOLIC BEVERAGES.

The General Assembly of North Carolina enacts:

DISTILLERY PERMIT AMENDMENTS

SECTION 1.(a) G.S. 18B-1105 reads as rewritten:

"§ 18B-1105. Authorization of distillery permit.

- (a) Authorized Acts. The holder of a distillery permit may do any of the following:
 - (1) Manufacture, purchase, import, possess and transport ingredients and equipment used in the distillation of spirituous liquor.
 - (2) Sell, deliver and ship spirituous liquor in closed containers at wholesale to exporters and local boards within the State, and, subject to the laws of other jurisdictions, at wholesale or retail to private or public agencies or establishments of other states or nations. State.
 - (2a) Sell spirituous liquor in closed containers at wholesale or retail, subject to the laws of other jurisdictions, for delivery outside the State.
 - (3) Transport into or out of the distillery the maximum amount of liquor allowed under federal law, if the transportation is related to the distilling process.
 - Sell spirituous liquor distilled at the distillery in closed containers to visitors (4) who tour the distillery for consumption off the premises. Sales under this subdivision are allowed only in a county where the establishment of a county or municipal ABC store has been approved pursuant to G.S. 18B-602(g) and are subject to the time and day restrictions in G.S. 18B-802. Spirituous liquor sold under this subdivision shall (i) be listed as a code item for sale in the State, (ii) be sold at the price set by the Commission for the code item pursuant to G.S. 18B-804(b), and (iii) have affixed to its bottle a sticker that bears the words "North Carolina Distillery Tour Commemorative Spirit" in addition to any other labeling requirements set by law. Consumers purchasing spirituous liquor under this subdivision are limited to purchasing, and the selling distillery is limited to selling to each consumer, no more than one bottlefive bottles of spirituous liquor per 12 month period. The distillery shall use a commonly adopted standard point of sale system to maintain searchable electronic records captured at the point of sale, to include the



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purchaser's name, drivers license number, and date of birth for at least 12 months from the date of purchase. The Commission shall adopt rules regulating the retail sale of spirituous liquor under this subdivision.

(5) Conduct consumer tastings in accordance with G.S. 18B-1114.7.

(b) Distilleries for Fuel Alcohol. – Any person in possession of a Federal Operating Permit pursuant to Title 27, Code of Federal Regulations, Part 19 (April 1, 2010 Edition), shall obtain a fuel alcohol permit before manufacturing any alcohol. The permit shall entitle the permittee to perform only those acts allowed by the Federal Operating Permit, and all conditions of the Federal Operating Permit shall apply to the State permit."

SECTION 1.(b) G.S. 18B-804 is amended by adding a new subsection to read: "§ 18B-804. Alcoholic beverage pricing.

- (a) Uniform Price of Spirituous Liquor. The retail price of spirituous liquor sold in ABC stores and permitted distilleries shall be uniform throughout the State, unless otherwise provided by the ABC law.
- (b) Sale Price of Spirituous Liquor. The sale of spirituous liquor, including antique spirituous liquor, sold at the uniform State price shall consist of the following components:
 - (1) The distiller's or the antique spirituous liquor seller's price.
 - (2) The freight and bailment charges of the State warehouse as determined by the Commission.
 - (3) A markup for local boards as determined by the Commission.
 - (4) The tax levied under G.S. 105-113.80(c), which shall be levied on the sum of subdivisions (1), (2), and (3).
 - (5) An additional markup for local boards equal to three and one-half percent (3 1/2%) of the sum of subdivisions (1), (2), and (3).
 - (6) A bottle charge of one cent (1ϕ) on each bottle containing 50 milliliters or less and five cents (5ϕ) on each bottle containing more than 50 milliliters.
 - (6a) The bailment surcharge.
 - (6b) An additional bottle charge for local boards of one cent (1ϕ) on each bottle containing 50 milliliters or less and five cents (5ϕ) on each bottle containing more than 50 milliliters.
 - (7) A rounding adjustment, the formula of which may be determined by the Commission, so that the sale price will be divisible by five.
 - (8) If the spirituous liquor is sold to a mixed beverage permittee for resale in mixed beverages, a charge of twenty dollars (\$20.00) on each four liters and a proportional sum on lesser quantities.
 - (9) If the spirituous liquor is sold to a guest room cabinet permittee for resale, a charge of twenty dollars (\$20.00) on each four liters and a proportional sum on lesser quantities.
- (b1) Price of Spirituous Liquor Sold at Distillery. When the holder of a distillery permit sells spirituous liquor distilled at the distillery pursuant to G.S. 18B-1105(a)(4), the retail price of the spirituous liquor shall be the uniform State price set by subsection (a) of this section. However, the holder of the distillery permit shall not be required to remit the components of the price set forth by subdivisions (2), (3), (5), (6), (6a), (6b), and (7) of subsection (b) of this section.
- (b2) Price of Spirituous Liquor Sold for Delivery Outside the State. When the holder of a distillery permit sells spirituous liquor for delivery outside the State pursuant to G.S. 18B-1105(a)(2a), the retail price of the spirituous liquor shall be the distiller's price.
- (c) Sale Price of Fortified Wine. The sale price of fortified wine shall include the tax levied by G.S. 105-113.80(b), as well as State and local sales taxes.
 - (d) Repealed by Session Laws 1985, c. 59, s. 2." **SECTION 1.(c)** G.S. 18B-800 reads as rewritten:

"§ 18B-800. Sale of alcoholic beverages in ABC stores. 1 2 Spirituous Liquor. – Except as provided in Article 10 Articles 10 and 11 of this 3 Chapter, spirituous liquor may be sold only in ABC stores operated by local boards. 4 11 5 SECTION 1.(d) The Alcoholic Beverage Control Commission shall adopt 6 temporary rules to amend its rules consistent with this section. 7 **SECTION 1.(e)** This section becomes effective July 1, 2017. 8 9 CREATE SPIRITUOUS LIQUOR SPECIAL EVENT PERMIT TO ALLOW 10 DISTILLERIES TO GIVE FREE TASTINGS 11 **SECTION 2.(a)** G.S. 18B-301 reads as rewritten: 12 "§ 18B-301. Possession and consumption of fortified wine and spirituous liquor. 13 14 (e) Incident to Sale. – It shall be lawful to possess fortified wine and spirituous liquor at 15 any place, such as an ABC store, where possession is a necessary incident to lawful sale. 16 Consumption at such a place shall be unlawful unless the establishment has a permit 17 authorizing consumption on the premises as well as sale. 18 Unlawful Possession or Use. – As illustration, but not limitation, of the general 19 prohibition stated in G.S. 18B-102(a), it shall be unlawful for: 20 Any person to consume fortified wine, spirituous liquor, or mixed beverages 21 or to offer such beverages to another person:person at any of the following 22 places: 23 a. On the premises of an ABC store, orstore. 24 b. Upon any property used or occupied by a local board, or board. 25 On any public road, street, highway, or sidewalk.sidewalk, unless a c. 26 consumer tasting authorized by G.S. 18B-1114.7 is being conducted. 27 28 **SECTION 2.(b)** G.S. 18B-902(d) is amended by adding new subdivisions to read: 29 "(d) Fees. - An application for an ABC permit shall be accompanied by payment of the 30 following application fee: 31 (1) On-premises malt beverage permit – \$400.00. 32 (2) Off-premises malt beverage permit – \$400.00. 33 (3) On-premises unfortified wine permit – \$400.00. (4) 34 Off-premises unfortified wine permit - \$400.00. 35 (5) On-premises fortified wine permit – \$400.00. 36 (6)Off-premises fortified wine permit – \$400.00. 37 Brown-bagging permit - \$400.00, unless the application is for a restaurant (7) 38 seating less than 50, in which case the fee shall be \$200.00. 39 (8) Special occasion permit – \$400.00. 40 (9)Limited special occasion permit – \$50.00. 41 (10)Mixed beverages permit – \$1,000. 42 Culinary permit – \$200.00. (11)43 (12)Unfortified winery permit – \$300.00. 44 (13)Fortified winery permit – \$300.00. 45 (14)Limited winery permit -\$300.00. 46 (15)Brewery permit - \$300.00. 47 (16)Distillery permit – \$300.00. 48 Fuel alcohol permit – \$100.00. (17)49 (18)Wine importer permit - \$300.00. 50 (19)Wine wholesaler permit -\$300.00. 51 (20)Malt beverage importer permit – \$300.00.

1 (5)The permit holder shall not offer tasting samples to, or allow consumption of 2 tasting samples by, any consumer under the legal age for consuming 3 spirituous liquor. The person pouring the spirituous liquor shall be 4 responsible for verifying the age of the consumer being served by checking 5 the identification of the consumer. 6 (6)The permit holder shall not charge a consumer for any tasting sample. 7 No venue shall allow more than three different permit holders to conduct a (7)8 consumer tasting at any event. However, the local board may grant approval 9 for additional permit holders to conduct consumer tastings at a specific 10 event. 11 (8) A venue allowing tastings shall designate a tasting area within the venue that 12 enables the permit holder to ensure that the consumer tasting is being 13 conducted in compliance with this section. Consumers shall only be allowed 14 to consume tasting samples within the designated tasting area. 15 (9)A consumer tasting shall not be allowed unless the venue is located in a jurisdiction that has approved the sale of mixed beverages. 16 17 (10)The permit holder conducting the event may provide point-of-sale advertising materials and advertising specialties to consumers at the 18 19 consumer tasting. 20 The permit holder shall provide written notice of the consumer tasting to the (11)21 ABC Commission at least 48 hours before the consumer tasting. The notice 22 shall include the date of the consumer tasting, the time of the consumer 23 tasting, the venue at which the consumer tasting will be held, and the 24 spirituous liquor that will be provided for tasting at the consumer tasting. 25 The permit holder shall maintain for a period of at least one year a record of (12)26 each consumer tasting conducted. The record shall include the date of the 27 consumer tasting, the time of the consumer tasting, an identification of the 28 venue at which the consumer tasting was held, an identification of the spirituous liquor that was provided for tasting at the consumer tasting, and 29 30 the name of any person who poured spirituous liquor at the consumer 31 tasting. The permit holder shall allow the ABC Commission to inspect those 32 records at any time." 33 34 ALLOW SALE OF SPECIFIED ALCOHOLIC BEVERAGES AT AUCTION BY 35 LICENSED AUCTIONEERS 36 SECTION 3.(a) G.S. 18B-603(f) reads as rewritten: 37 "§ 18B-603. Effect of alcoholic beverage elections on issuance of permits. 38 39 Permits Not Dependent on Elections. – The Commission may issue the following 40 kinds of permits without approval at an election: 41 Special occasion permits; permits. (1) 42 (2) Limited special occasion permits; permits. 43 Brown-bagging permits for private clubs and congressionally chartered (3) 44 veterans organizations; organizations. 45 (4) Culinary permits, except as restricted by subdivision (d)(5); subdivision 46 (d)(5).47 (5) Special one-time permits issued under G.S. 18B-1002; G.S. 18B-1002. 48 All permits listed in G.S. 18B-1100; G.S. 18B-1100. (6) 49 The permits authorized by G.S. 18B-1001(1), (3), (5), and (10) for tourism (7)

ABC establishments; establishments.

premises from the time at which sale or consumption must cease on Sunday morning until 12:00 Noon on that day."

SECTION 4.(b) Article 6 of Chapter 153A of the General Statutes is amended by adding a new section to read:

"§ 153A-145.7. Hours of certain alcohol sales.

In accordance with G.S. 18B-1004(c), a county may adopt an ordinance allowing for the sale of malt beverages, unfortified wine, fortified wine, and mixed beverages beginning at 10:00 A.M. on Sunday pursuant to the licensed premises' permit issued under G.S. 18B-1001."

SECTION 4.(c) Article 8 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"§ 160A-205.3. Hours of certain alcohol sales.

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In accordance with G.S. 18B-1004(c), a city may adopt an ordinance allowing for the sale of malt beverages, unfortified wine, fortified wine, and mixed beverages beginning at 10:00 A.M. on Sunday pursuant to the licensed premises' permit issued under G.S. 18B-1001."

AUTHORIZE REBATES

SECTION 5.(a) G.S. 75-40(b) reads as rewritten:

- "(b) Rebate forms shall include the telephone number or e-mail address of the person, firm, or corporation that is offering the rebate rebate, or that person, firm, or corporation's designated agent. Rebate forms shall also include all of the following conspicuously printed on the rebate form:
 - The terms of the rebate. (1)
 - (2) Requirements for a valid claim, including any additional information to be submitted with the rebate form.
 - The expiration date of the rebate offer, if applicable." (3)

SECTION 5.(b) No later than December 31, 2017, the Alcoholic Beverage Control Commission shall amend the Commission's rules, including, without limitation, the provisions of 14B NCAC 15B .1013 and 14B NCAC 15B .1004, to permit all of the following:

- The offering, promotion, receipt, delivery, use, fulfillment, and redemption (1) of rebate offers by or among members of the alcoholic beverage industry, retailers, producers, and manufacturers to consumers and retailers, or other members of the alcoholic beverage industry, for (i) the purchase of alcoholic beverages from persons authorized to sell alcoholic beverages in the State in unopened containers for consumption off-premises and (ii) for the purchase of alcoholic beverages from retail permittees, whether in unopened or opened containers, for consumption on-premises.
- Cooperation by and among industry members, retailer, producers, and (2) manufacturers in the offering, promotion, receipt, delivery, use, fulfillment, and redemption of such rebate offers, including compensation of any such party in connection with promotion or other cooperation.
- (3) Rebate offers to be issued, displayed, and promoted through any media, including, without limitation, through direct mail, print advertisements, broadcast media, or electronic means.
- On-premise promotion of rebate offers and delivery of any required notices (4) to consumers by a retail permittee at the point-of-sale of alcoholic beverages.
- Submission of rebate redemption requests through any media, including, (5) without limitation, through postal mail, electronic mail, or other electronic means, such as Internet Web sites or software applications, including mobile applications.
- (6)Fulfillment of rebate redemption requests and payment of rebate funds through electronic payment mechanisms or postal mail.

SECTION 5.(c) No later than December 31, 2017, the Alcoholic Beverage Control Commission shall amend the Commission's rules to eliminate any rule or requirement that does any of the following:

- Requires rebate offers to be made, promoted, received, delivered, used, (1)fulfilled, or redeemed (i) exclusively in paper form, (ii) only with respect to unopened containers or only with respect to purchases of alcoholic beverages for off-premise consumption, or (iii) only for alcoholic beverages purchased from a local ABC store.
- (2) Requires rebate offers be for purchase throughout the State.
- (3) Restricts the value of a rebate offer to less than the full value of the purchase price.

General Assembly Of North Carolina

Session 2017

1	(4) Prohibits offers and advertisements of "2 for 1," "buy 1 get 1 free," "buy 1
2	get another for a (nickel, penny, etc.)," and any other similar statement.
3	SECTION 5.(d) If the Commission fails to modify the Commission's rules in
4	compliance with subsections (b) and (c) of this section by December 31, 2017, the Commission
5	shall be precluded from enforcing any penalties against any person who, on or after that date, in
6	good faith, offers, promotes, receives, delivers, uses, fulfills, or redeems refund offers through
7	electronic means.
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EFFECTIVE DATE

SECTION 6. Except as otherwise provided, this act is effective when it becomes law.



SENATE BILL 155: ABC Omnibus Legislation.

2017-2018 General Assembly

Committee:

Alcoholic House

Control. Beverage

If Date:

June 22, 2017

favorable, re-refer to Finance

Sens. Gunn, Blue, Harrington

Prepared by: Susan Sitze

Analysis of:

Introduced by:

PCS to Second Edition

Staff Attorney

S155-CSSAf-40

OVERVIEW: The Proposed Committee Substitute (PCS) for Senate Bill 155 would make various changes to the alcoholic beverage control commission laws as detailed further in the Bill Analysis portion of this summary.

CURRENT LAW AND BILL ANALYSIS:

Distillery Permit Amendments

Section 1 would allow the holder of a distillery permit to sell spirituous liquor in closed containers at wholesale or retail, subject to the laws of other jurisdictions, for delivery outside the State. The price for sale for delivery outside the State would be the distiller's price. This section would also allow the holder of a distillery permit to sell up to five bottles of spirituous liquor per year at the distillery to each consumer who takes a tour of the distillery. Under current law, the holder of a distillery permit may sell one bottle of spirituous liquor per year per consumer at the distillery. This section would also make two conforming changes and direct the ABC Commission to amend its rules consistent with this section.

This section would become effective July 1, 2017.

Create Spirituous Liquor Special Event Permit to Allow Distilleries to Give Free Tastings

Section 2 would establish a spirituous liquor special event permit with a fee of \$200. The holder of a supplier representative permit, a broker representative permit, or a distillery permit would be eligible to obtain a spirituous liquor special event permit. The permit would allow the permittee or the permittee's agent to give free tastings of spirituous liquors at trade shows, festivals, and other events. Several limitations would apply to any consumer tasting conducted under the permit, including:

- The spirituous liquor may be poured only by the permit holder or an employee or authorized agent of the permit holder who is at least 21 years old.
- Each consumer is limited to one 0.25 ounce tasting sample of any product available for sampling, and the total amount of samples consumed by each consumer may not exceed 1.0 ounces.
- Tastings must take place within a designated tasting area at the venue.
- Tastings may be conducted only in a jurisdiction that has approved the sale of mixed beverages.

Allow Sale of Specified Alcoholic Beverages at Auction by Licensed Auctioneers

Section 3 would establish a new special auction permit with a fee of \$750. Only an auction firm or auctioneer licensed by the North Carolina Auctioneers Commission would be eligible to obtain the permit. The permit would allow the permittee to sell at auction wine, decorative decanters of spirituous

Karen Cochrane-Brown Director



Legislative Analysis Division 919-733-2578

Senate PCS 155

Page 2

liquor, or antique spirituous liquor. The permit would be valid only for the specific auction named in the permit.

This section would become effective October 1, 2017.

Allow Restaurants to Sell Alcoholic Beverages Before Noon on Sunday, Subject to Local Government Approval

Section 4 would allow counties, cities, and the Eastern Band of Cherokee Indians to adopt an ordinance allowing restaurants to sell alcoholic beverages for on-premises consumption beginning at 10:00 A.M. on Sunday morning, pursuant to the restaurant's on-premises malt beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, or mixed beverages permit. Under current law, alcoholic beverages may not be sold or consumed on any licensed premises before noon on Sunday.

Authorize Sale of Crowlers by Retail Permittees

Section 5 would remove the requirement that non-original manufacture's containers authorized for retail sale for consumption off premises be "resealable." This change would allow the sale of "crowlers," which are generally 32 ounce cans sealed on the premises of the permittee.

Authorize Off-site Storage Location for Breweries, Wineries, and Distilleries

Section 6 would allow a brewery, winery, or distillery to store alcoholic beverages it produces at an off-site storage location approved by the Alcohol and Tobacco Tax and Trade Bureau. The permittee must notify the Commission of the location and the off-site storage location would be considered part of the brewery, winery, or distillery's premises for purposes of permitting and inspections, etc.

Authorize Sale of Unfortified Wine on Premises by Retail Businesses

Section 7 would authorize retail businesses to obtain an on-premises unfortified wine permit.

Authorize Tastings During Brewery Tours

Section 8 would amend the statute allowing breweries to give its products to its employees and guests for consumption on premises, to authorize giving their product to customers, visitors, and employees. This would clearly allow tastings of products to occur on premises as a part of any brewery tour.

Authorize Certain Persons to Sample Alcoholic Beverages for Purposes of Sensory Analysis, Quality Control, or Education

Section 9 would allow a commercial permittee, its agent or employee, to sample alcoholic beverages on premises for purposes of sensory analysis, quality control, or education.

Amend Homebrewing Laws

Section 10 would remove the requirement that home brewed wine be a "native" wine and that the only alcohol content be produced by natural fermentation. This section would also allow home brewers of both malt beverages and wine to share their product at organized affairs, exhibitions, or competitions and specify that wines and malt beverages made pursuant to this section may not be sold or offered for sale.

Clarify Law Governing Relationship Between Breweries and Affiliated Retailers

Section 11 would exempt breweries from limitations on lending or giving things of value to wholesalers or retailers with respect to premises operated by the brewery either on their own premises or one of the additional retail locations certain breweries are authorized to operate.

<u>Authorize Brewery Taprooms to Sell Other Alcoholic Beverages upon Receiving the Appropriate</u> Permit

Section 12 would allow breweries to sell at the brewery, any alcoholic beverage approved for sale in North Carolina, in addition to their own products, after obtaining the appropriate permit, if the type of alcoholic beverage is approved for sale in that area.

Senate PCS 155

Page 3

Authorize Breweries with Production Facilities in Other States to Distribute to Wholesalers

Section 13 would allow breweries to receive their products manufactured in other states and distribute them to in state wholesalers.

Authorize Farm Breweries

Section 14 would allow breweries that produce agricultural products for use in the manufacture of malt beverages to sell their products at the brewery, after obtaining the appropriate permit, even in jurisdictions that do not allow the sale of malt beverages upon approval of the governing body of the city where the brewery is located or, if the brewery is not located in a city, the governing body of the county where the brewery is located. Approval must be done by resolution of the governing body at a public meeting, after a public hearing has been held.

Amend Law Governing Brewery Sales at Additional Retail Locations

Section 15 would make the following changes:

- Allow additional retail locations operated by a brewery to sell products made by a contract brewery.
- Only require additional retail locations operated under a different trade name to offer competitive malt beverage products.
- Clarify that sales at the brewery's additional retail locations are not considered a wholesale sale for purposes of the franchise agreement statutes.

Tax Compliance and Reports

Section 16 would require the Commission to confirm the tax compliance of brewery, and distillery permit holders by October 1 of each year and authorize the Commission to suspend a brewery, or distillery permit until the Department of Revenue confirms the permit holder's tax compliance. This section would also require brewery permit holders who obtain a malt beverage wholesaler permit to make submit a 12-month sales report to the Commission within 60 days of the Commission's request. Any information contained the sales report would be confidential and not public record.

Simplify Local Licensing Applications

Section 17 would clarify that an ABC permittee applying for a local license shall not be required to submit additional documentation and the license shall be issued upon providing a copy of the completed application for an ABC permit, the ABC permit for visual inspection, and payment of the prescribed tax.

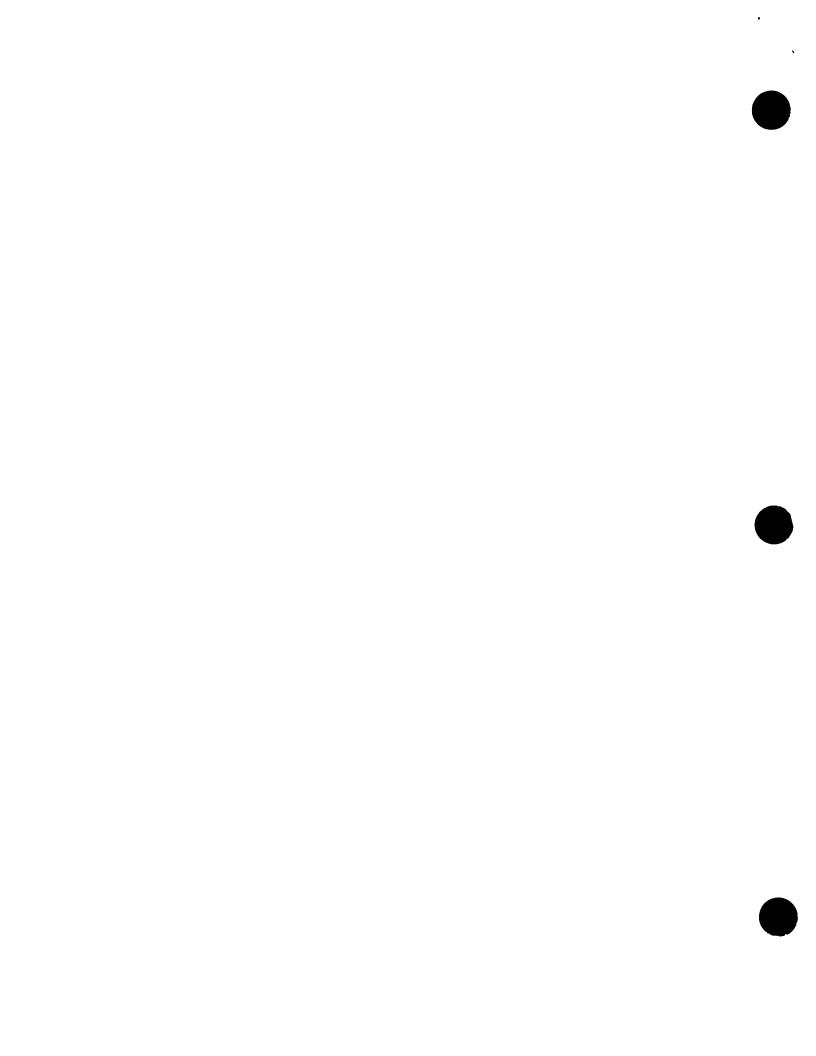
Clarify Winery Special Event Locations

Section 18 would add farmers markets to the list of locations at which a winery may provide free tastings of its wine and sell its wine by the glass or in closed containers pursuant to a winery special event permit.

Section 19 of the bill would direct the ABC Commission to adopt rules to implement this act and make ineffective any current rules or policies that do not comply.

Section 20 of the bill would provide that the headings in the bill have no effect.

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



GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2017

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S SENATE BILL 155

Finance Committee Substitute Adopted 5/31/17 PROPOSED HOUSE COMMITTEE SUBSTITUTE S155-CSSAf-40 [v.2]

06/21/2017 8:54:01 PM

Short Title: ABC Omnibus Legislation. (Public)

Sponsors:

Referred to:

March 2, 2017

A BILL TO BE ENTITLED

AN ACT TO MAKE VARIOUS CHANGES TO THE ALCOHOLIC BEVERAGE
CONTROL COMMISSION LAWS.

The General Assembly of North Carolina enacts:

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DISTILLERY PERMIT AMENDMENTS

SECTION 1.(a) G.S. 18B-1105 reads as rewritten:

"§ 18B-1105. Authorization of distillery permit.

- (a) Authorized Acts. The holder of a distillery permit may do any of the following:
 - (1) Manufacture, purchase, import, possess and transport ingredients and equipment used in the distillation of spirituous liquor.
 - (2) Sell, deliver and ship spirituous liquor in closed containers at wholesale to exporters and local boards within the State, and, subject to the laws of other jurisdictions, at wholesale or retail to private or public agencies or establishments of other states or nations. State.
 - (2a) Sell spirituous liquor in closed containers at wholesale or retail, subject to the laws of other jurisdictions, for delivery outside the State.
 - (3) Transport into or out of the distillery the maximum amount of liquor allowed under federal law, if the transportation is related to the distilling process.
 - Sell spirituous liquor distilled at the distillery in closed containers to visitors (4) who tour the distillery for consumption off the premises. Sales under this subdivision are allowed only in a county where the establishment of a county or municipal ABC store has been approved pursuant to G.S. 18B-602(g) and are subject to the time and day restrictions in G.S. 18B-802. Spirituous liquor sold under this subdivision shall (i) be listed as a code item for sale in the State, (ii) be sold at the price set by the Commission for the code item pursuant to G.S. 18B-804(b), and (iii) have affixed to its bottle a sticker that bears the words "North Carolina Distillery Tour Commemorative Spirit" in addition to any other labeling requirements set by law. Consumers purchasing spirituous liquor under this subdivision are limited to purchasing, and the selling distillery is limited to selling to each consumer, no more than one bottle five bottles of spirituous liquor per 12 month period. The distillery shall use a commonly adopted standard point of sale system to maintain searchable electronic records captured at the point of sale, to include the purchaser's name, drivers license number, and date of birth for at least 12



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4 5 months from the date of purchase. The Commission shall adopt rules regulating the retail sale of spirituous liquor under this subdivision.

(5) Conduct consumer tastings in accordance with G.S. 18B-1114.7.

6 7 8 (b) Distilleries for Fuel Alcohol. – Any person in possession of a Federal Operating Permit pursuant to Title 27, Code of Federal Regulations, Part 19 (April 1, 2010 Edition), shall obtain a fuel alcohol permit before manufacturing any alcohol. The permit shall entitle the permittee to perform only those acts allowed by the Federal Operating Permit, and all conditions of the Federal Operating Permit shall apply to the State permit."

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SECTION 1.(b) G.S. 18B-804 is amended by adding a new subsection to read: "§ 18B-804. Alcoholic beverage pricing.

11 12 13 (a) Uniform Price of Spirituous Liquor. – The retail price of spirituous liquor sold in ABC stores and permitted distilleries shall be uniform throughout the State, unless otherwise provided by the ABC law.

14 15 (b) Sale Price of Spirituous Liquor. – The sale of spirituous liquor, including antique spirituous liquor, sold at the uniform State price shall consist of the following components:

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(1) The distiller's or the antique spirituous liquor seller's price.

17 18 (2) The freight and bailment charges of the State warehouse as determined by the Commission.

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(3) A markup for local boards as determined by the Commission.

20 21 (4) The tax levied under G.S. 105-113.80(c), which shall be levied on the sum of subdivisions (1), (2), and (3).

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(5) An additional markup for local boards equal to three and one-half percent (3 1/2%) of the sum of subdivisions (1), (2), and (3).

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(6) A bottle charge of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.

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(6a) The bailment surcharge.

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(6b) An additional bottle charge for local boards of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.

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(7) A rounding adjustment, the formula of which may be determined by the Commission, so that the sale price will be divisible by five.

32 33 (8) If the spirituous liquor is sold to a mixed beverage permittee for resale in mixed beverages, a charge of twenty dollars (\$20.00) on each four liters and a proportional sum on lesser quantities.

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(9) If the spirituous liquor is sold to a guest room cabinet permittee for resale, a charge of twenty dollars (\$20.00) on each four liters and a proportional sum on lesser quantities.

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(b1) Price of Spirituous Liquor Sold at Distillery. — When the holder of a distillery permit sells spirituous liquor distilled at the distillery pursuant to G.S. 18B-1105(a)(4), the retail price of the spirituous liquor shall be the uniform State price set by subsection (a) of this section. However, the holder of the distillery permit shall not be required to remit the components of the price set forth by subdivisions (2), (3), (5), (6), (6a), (6b), and (7) of subsection (b) of this section.

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(b2) Price of Spirituous Liquor Sold for Delivery Outside the State. – When the holder of a distillery permit sells spirituous liquor for delivery outside the State pursuant to G.S. 18B-1105(a)(2a), the retail price of the spirituous liquor shall be the distiller's price.

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(c) Sale Price of Fortified Wine. – The sale price of fortified wine shall include the tax levied by G.S. 105-113.80(b), as well as State and local sales taxes.

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(d) Repealed by Session Laws 1985, c. 59, s. 2."

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SECTION 1.(c) G.S. 18B-800 reads as rewritten: "§ 18B-800. Sale of alcoholic beverages in ABC stores.

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Chap	ter, spirituoi	uous Liquor. – Except as provided in Article 10 Articles 10 and 11 of this us liquor may be sold only in ABC stores operated by local boards.
••	" SECT	TION 1.(d) The Alcoholic Beverage Control Commission shall adopt
tempo		o amend its rules consistent with this section.
1		TION 1.(e) This section becomes effective July 1, 2017.
		RITUOUS LIQUOR SPECIAL EVENT PERMIT TO ALLOW
DIST		S TO GIVE FREE TASTINGS
		FION 2.(a) G.S. 18B-301 reads as rewritten:
"§ 18	B-301. Pos	session and consumption of fortified wine and spirituous liquor.
		ut to Colo . It shall be leastful to use and entitled using and entitions liquor et
(e		ent to Sale. – It shall be lawful to possess fortified wine and spirituous liquor at
any p	nace, such	as an ABC store, where possession is a necessary incident to lawful sale.
		such a place shall be unlawful unless the establishment has a permit
	_	umption on the premises as well as sale.
(f	·	vful Possession or Use. – As illustration, but not limitation, of the general 1 in G.S. 18B-102(a), it shall be unlawful for:
prom	(1)	Any person to consume fortified wine, spirituous liquor, or mixed beverages
	(1)	or to offer such beverages to another person: person at any of the following
		places:
		a. On the premises of an ABC store, orstore.
		b. Upon any property used or occupied by a local board, orboard.
		c. On any public road, street, highway, or sidewalk, sidewalk, unless a
		consumer tasting authorized by G.S. 18B-1114.7 is being conducted.
	Ħ	consumer tasking authorized by Glovino 11111111 to the grant authorized by Glovino 111111111111111111111111111111111111
	SECT	TION 2.(b) G.S. 18B-902(d) is amended by adding new subdivisions to read:
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	(1)	On-premises malt beverage permit – \$400.00.
	(2)	Off-premises malt beverage permit – \$400.00.
	(3)	On-premises unfortified wine permit – \$400.00.
	(4)	Off-premises unfortified wine permit – \$400.00.
	(5)	On-premises fortified wine permit – \$400.00.
	(6)	Off-premises fortified wine permit – \$400.00.
	(7)	Brown-bagging permit – \$400.00, unless the application is for a restaurant
		seating less than 50, in which case the fee shall be \$200.00.
	(8)	Special occasion permit – \$400.00.
	(9)	Limited special occasion permit – \$50.00.
	(10)	Mixed beverages permit – \$1,000.
	(11)	Culinary permit – \$200.00.
	(12)	Unfortified winery permit – \$300.00.
	(13)	Fortified winery permit – \$300.00.
	(14)	Limited winery permit – \$300.00.
	(15)	Brewery permit – \$300.00.
	(16)	Distillery permit – \$300.00.
	(17)	Fuel alcohol permit — \$100.00.
	(18)	Wine importer permit = \$300.00.
	(19)	Wine wholesaler permit = \$300.00.
	(20)	Malt beverage importer permit – \$300.00.
	1/11	INTAIL DONG TAYE WHOTENING DELITIE - NOUNDE

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SECTION 3.(b) G.S. 18B-1002(a)(4) reads as rewritten: Kinds of Permits. – In addition to the other permits authorized by this Chapter, the Commission may issue permits for the following activities:

Special auction permits issued under G.S. 18B-1002.1."

ABC establishments.

(4) A permit may be issued to a collector of wine or wine, decorative decanters of spirituous liquor liquor, or antique spirituous liquor authorizing that person to bring into the State, transport, or possess as a collector, a greater amount of those alcoholic beverages than is otherwise authorized by this

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Chapter, or to sell those alcoholic beverages in a manner prescribed by the Commission.

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SECTION 3.(c) Article 10 of Chapter 18B of the General Statutes is amended by adding a new section to read:

"§ 18B-1002.1. Special auction permit.

- (a) Permit Authorized. A permit may be issued upon application to an auction firm or auctioneer licensed by the North Carolina Auctioneers Commission pursuant to Chapter 85B of the General Statutes to allow the licensed auction firm or auctioneer to sell at auction items described in G.S. 18B-1002(a)(4). An auction held under this section may receive competing bids that are in person or by telephone, fax, or online.
- (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.
- (c) Administrative Procedure. Denial or revocation of a permit under this section does not entitle the applicant or permittee to a hearing under Chapter 150B of the General Statutes."

 SECTION 3.(d) This section becomes effective October 1, 2017.

ALLOW RESTAURANTS TO SELL ALCOHOLIC BEVERAGES BEFORE NOON ON SUNDAYS, SUBJECT TO LOCAL GOVERNMENT APPROVAL

SECTION 4.(a) G.S. 18B-1004(c) reads as rewritten:

"§ 18B-1004. Hours for sale and consumption.

(c) Sunday Hours. – It—Except as authorized pursuant to G.S. 153A-145.7 or G.S. 160A-205.3, it shall be unlawful to sell or consume alcoholic beverages on any licensed premises from the time at which sale or consumption must cease on Sunday morning until 12:00 Noon on that day."

SECTION 4.(b) Article 6 of Chapter 153A of the General Statutes is amended by adding a new section to read:

"§ 153A-145.7. Hours of certain alcohol sales at restaurants.

In accordance with G.S. 18B-1004(c), a county may adopt an ordinance allowing licensed restaurants to sell alcoholic beverages for on-premises consumption beginning at 10:00 A.M. on Sunday morning pursuant to the restaurant's on-premises malt beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, or mixed beverages permit."

SECTION 4.(c) Article 8 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"§ 160A-205.3. Hours of certain alcohol sales at restaurants.

In accordance with G.S. 18B-1004(c), a city may adopt an ordinance allowing licensed restaurants to sell alcoholic beverages for on-premises consumption beginning at 10:00 A.M. on Sunday morning pursuant to the restaurant's on-premises malt beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, or mixed beverages permit."

SECTION 4.(d) G.S. 18B-112 is amended by adding a new subsection to read:

"(b1) In accordance with G.S. 18B-1004(c), the Eastern Band of Cherokee Indians tribe may adopt an ordinance allowing licensed restaurants to sell alcoholic beverages for onpremises consumption beginning at 10:00 A.M. on Sunday pursuant to the restaurant's onpremises malt beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, or mixed beverages permit issued under the authority of G.S. 18B-112(d)."

AUTHORIZE SALE OF CROWLERS BY RETAIL PERMITTEES

SECTION 5.(a) G.S. 18B-1001 reads as rewritten:

"§ 18B-1001. Kinds of ABC permits; places eligible.

1 When the issuance of the permit is lawful in the jurisdiction in which the premises are 2 located, the Commission may issue the following kinds of permits: 3 (1) 4 5 6 7 8 9 10 11 may be issued for any of the following: 12 Restaurants: Restaurants. 13 Hotels: Hotels. 14 b. Eating establishments; establishments. 15 c. Food businesses; businesses. 16 d. Retail businesses; businesses. 17 e. Private clubs: clubs. f. 18 Convention centers; centers. 19 g. Community theatres: theatres. 20 h. 21 22 (2) 23 24 25 26 27 28 29 30 Restaurants. 31 a. Hotels. 32 b. Eating establishments. 33 c. 34 d. Food businesses. Retail businesses. 35 e. 36 f. 37 38 39 40 41 owned by the permittee. 42 43 (3) 44 45 46 47 48 49 50

On-Premises Malt Beverage Permit. - An on-premises malt beverage permit authorizes (i) the retail sale of malt beverages for consumption on the premises, (ii) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of malt beverages in a eleaned, sanitized, resealable-cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. It also authorizes the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit

- Breweries as authorized by G.S. 18B-1104(7) and (8).
- Off-Premises Malt Beverage Permit. An off-premises malt beverage permit authorizes (i) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages in a eleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:
 - The holder of a brewing, distillation, and fermentation course authorization under G.S. 18B-1114.6. A school obtaining a permit under this subdivision is authorized to sell malt beverages manufactured during its brewing, distillation, and fermentation program at one noncampus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility
- On-Premises Unfortified Wine Permit. An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. 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; Restaurants.
- b. Hotels: Hotels.
- c. Eating establishments; Eating establishments.
- d. Private clubs; Private clubs.
- e. Convention centers; Convention centers.
- f. Cooking schools: Cooking schools.
- g. Community theatres; Community theatres.
- h. Wineries; Wineries.
- i. Wine producers.
- Off-Premises Unfortified Wine Permit. An off-premises unfortified wine (4) permit authorizes (i) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship unfortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another off-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by off-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

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writing or verifiable electronic format and shall identify the transferor and transferee, the date of the transfer, quantity, and items transferred. The permit may also be issued to the holder of a viticulture/enology course authorization under G.S. 18B-1114.4. A school obtaining a permit under this subdivision is authorized to sell wines manufactured during its viticulture/enology program at one non-campus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee. The permit may also be issued for a winery or a wine producer for sale of its own unfortified wine during hours when the winery or wine producer's premises is open to the public, subject to any local ordinance adopted pursuant to G.S. 18B-1004(d) concerning hours for the retail sale of unfortified wine. A winery obtaining a permit under this subdivision is authorized to sell wine manufactured by the winery at one additional location in the county under the same conditions specified in G.S. 18B-1101(5) for the sale of wine at the winery; provided, however, that no other alcohol sales shall be authorized at the additional location. 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.

Wine Shop Permit. – A wine shop permit authorizes (i) the retail sale of malt (16)beverages, unfortified wine, and fortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages or unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas in a eleaned, sanitized, resealable cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) wine tastings on the premises conducted and supervised by the permittee in accordance with subdivision (15) of this section. It also authorizes the holder of the permit to ship malt beverages, unfortified wine, and fortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses whose primary purpose is selling malt beverages and wine for consumption off the premises and regularly and customarily educating consumers through tastings, classes, and seminars about the selection, serving, and storing of wine. The holder of the permit is authorized to sell unfortified wine for consumption on the premises. provided that the sale of wine for consumption on the premises does not exceed forty percent (40%) of the establishment's total sales for any 30-day period. The holder of a wine-tasting permit not engaged in the preparation or sale of food on the premises is not subject to Part 6 of Article 8 of Chapter 130A of the General Statutes.

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SECTION 5.(b) The Alcoholic Beverage Control (ABC) Commission shall adopt rules to implement the provisions of this section by no later than 60 days after this act becomes law. The ABC Commission may adopt temporary rules to comply with the deadline set in this subsection. Any temporary rules adopted in accordance with this subsection shall remain in effect until permanent rules that replace the temporary rules become effective.

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AUTHORIZE OFF-SITE STORAGE LOCATION FOR BREWERIES, WINERIES, AND DISTILLERIES

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SECTION 6. Article 11 of Chapter 18B of the General Statutes is amended by adding a new section to read:

"§ 18B-1120. Noncontiguous storage locations.

A brewery, winery, or distillery may store any alcoholic beverages it manufactures pursuant to a permit issued under this Article at a noncontiguous storage location approved by the Alcohol and Tobacco Tax and Trade Bureau. The permittee must notify the Commission of any storage location used pursuant to this section. Any storage location used pursuant to this section shall be considered part of the premises of the brewery, winery, or distillery manufacturing the alcoholic beverages."

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AUTHORIZE SALE OF UNFORTIFIED WINE ON PREMISES BY RETAIL BUSINESSES

SECTION 7. G.S. 18B-1001(3), as amended by Section 5 of this act, reads as

On-Premises Unfortified Wine Permit. - An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on

the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption

off the premises, and (iii) the retail sale of unfortified wine dispensed from a

tap connected to a pressurized container utilizing carbon dioxide or similar

gas into a cleaned and sanitized container that is filled or refilled and sealed

for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. 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

rewritten:

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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:

Retail businesses." į.

AUTHORIZE TASTINGS DURING BREWERY TOURS

SECTION 8. G.S. 18B-1104(6) reads as rewritten:

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

The holder of a brewery permit may:

Give its products to its employees and guests customers, visitors, and (6) employees for consumption on its premises. Nothing in this subdivision shall be construed as excluding customers and visitors at the brewery as part of a paid or complimentary tour of the brewery."

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AUTHORIZE CERTAIN PERSONS TO SAMPLE ALCOHOLIC BEVERAGES FOR PURPOSES OF SENSORY ANALYSIS, QUALITY CONTROL, OR EDUCATION

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SECTION 9. Article 11 of Chapter 18B of the General Statutes is amended by adding a new section to read:

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"§ 18B-1121. Authority to sample for sensory analysis, quality control, or educational purposes.

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Except as otherwise prohibited under Article 3 of this Chapter, a commercial permittee licensed under this Article, or its agent or employee, may consume samples of alcoholic beverages it is licensed to sell, free of charge, on its premises for purposes of sensory analysis, quality control, or education."

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AMEND HOMEBREWING LAWS

SECTION 10. G.S. 18B-306 reads as rewritten:

"§ 18B-306. Making wines and malt beverages for private use.

- Authority. An individual may make, possess, and transport native wines and malt beverages for his the individual's own use and for use, the use of his the individual's family and guests. Native wines shall be made principally from honey, grapes, or other fruit or grain grown in this State, or from wine kits containing honey, grapes, or other fruit or grain concentrates, and shall have only that alcoholic content produced by natural fermentation. Malt beverages may be made by use of malt beverage kits containing grain extracts or concentrates.guests, or the use at organized affairs, exhibitions, or competitions. For purposes of this section, the term "organized affairs, exhibitions, or competitions" includes homemaker's contests, tastings, and judgings.
- Selling Prohibited. Wines and malt beverages made pursuant to this section may (b) not be sold or offered for sale.
 - Kits. Wine kits and malt beverage kits may be sold in this State. (c)
- (d) Permit. - No ABC permit is required to make wines or malt beverages pursuant to this section."

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CLARIFY LAW GOVERNING RELATIONSHIP BETWEEN BREWERIES AND AFFILIATED RETAILERS

SECTION 11. G.S. 18B-1116(a) reads as rewritten:

- Prohibitions. It shall be unlawful for any manufacturer, bottler, or wholesaler of any alcoholic beverages, or for any officer, director, or affiliate thereof, either directly or indirectly to:
 - Require that an alcoholic beverage retailer purchase any alcoholic beverages (1) from that person to the full or partial exclusion of any other alcoholic beverages offered for sale by other persons in this State; or
 - Have any direct or indirect financial interest in the business of any alcoholic (2) beverage retailer in this State or in the premises where the business of any alcoholic beverage retailer in this State is conducted; or
 - Lend or give to any alcoholic beverage retailer in this State or his employee (3) or to the owner of the premises where the business of any alcoholic beverage retailer in this State is conducted, any money, service, equipment, furniture, fixtures or any other thing of value.

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A brewery qualifying under G.S. 18B-1104(8) to act as a wholesaler or retailer of its own malt beverages—G.S. 18B-1104(7) or (8) is not subject to the provisions of this subsection section concerning financial interests in, and lending or giving things of value to, a wholesaler or retailer with respect to the brewery's transactions with the retail business on its premises or other retail locations allowed under G.S. 18B-1104(8). The brewery is subject to the provisions of this subsection, however, with respect to its transactions with all other wholesalers and retailers."

AUTHORIZE BREWERY TAPROOMS TO SELL OTHER ALCOHOLIC BEVERAGES UPON RECEIVING THE APPROPRIATE PERMIT

SECTION 12. G.S. 18B-1104(7) reads as rewritten:

- "(7) In an area where the sale of any type of alcoholic beverage is authorized by law, and upon receiving the appropriate permit under G.S. 18B-1001, sell the at the brewery, and any additional retail location authorized under subdivision (8) of this section, any or all of the following:
 - <u>a.</u> The brewery's malt beverages or malt beverages that have been approved by the Commission for sale in North Carolina.
 - <u>b.</u> <u>Malt</u> 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). Carolina.
 - c. Any other alcoholic beverages approved by the Commission for sale in North Carolina, if sale of the alcoholic beverage is otherwise authorized in that area."

AUTHORIZE BREWERIES WITH PRODUCTION FACILITIES IN OTHER STATES TO DISTRIBUTE TO WHOLESALERS

SECTION 13. G.S. 18B-1104(4) reads as rewritten:

"(4) Receive malt beverages manufactured by the permittee in some other state for transshipment to (i) dealers in other states.states or (ii) wholesalers licensed under this Chapter as authorized by the ABC laws."

AUTHORIZE FARM BREWERIES

SECTION 14. G.S. 18B-1104 is amended by adding a new subdivision to read:

"(7a) In an area where the sale of malt beverages has not been authorized, a brewery that produces agricultural products, including barley, other grains, hops, or fruit, used by the brewery in the manufacture of malt beverages may sell the malt beverages owned by the brewery and approved by the Commission for sale in North Carolina at the brewery for on- or off-premise consumption upon (i) obtaining the appropriate permit under G.S. 18B-1001 and (ii) receiving approval from the governing body of the city where the brewery is located or, if the brewery is not located in a city, the governing body of the county where the brewery is located. Approval may be granted only pursuant to a resolution of the governing body adopted at a regular meeting. Before adopting a resolution approving the sale of malt beverages under this subdivision, a governing board shall hold a public hearing. A notice of the public hearing shall be given once a week for two successive calendar weeks in a newspaper having general circulation in the area. The notice of the public hearing shall be published the first time not less than 10 days nor more than 25 days before the date fixed for the hearing. In

computing such period, the day of publication is not to be included but the day of the hearing shall be included."

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AMEND LAW GOVERNING BREWERY SALES AT ADDITIONAL RETAIL **LOCATIONS**

SECTION 15. G.S. 18B-1104 reads as rewritten:

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

The holder of a brewery permit may:

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Obtain a malt beverage wholesaler permit to sell, deliver, and ship at (8) wholesale only malt beverages manufactured by the brewery. The authorization of this subdivision applies to a brewery that sells, to consumers at the brewery, 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 subdivision may also sell the malt beverages manufactured by the brewery brewery, and malt beverages produced under subdivision (6a) of this section, 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 under a different trade name than that used at the brewery shall also offer for sale at that location a reasonable selection of competitive malt beverage products. A sale at any additional retail location under this subdivision shall not be considered a wholesale sale for the purposes of Article 13 of this Chapter.

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A sale or gift under subdivision (5) or (6) shall not be considered a retail or wholesale sale under the ABC laws."

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TAX COMPLIANCE & REPORTS

SECTION 16.(a) G.S. 18B-1104, as amended by this act, reads as rewritten: "§ 18B-1104. Authorization of brewery permit.

Authorized Acts. – The holder of a brewery permit may: (a)

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(6a) Receive, in closed containers, and sell at the brewery, malt beverages produced inside or outside North Carolina under contract with a contract brewery. The contract brewery that manufactures the malt beverages 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. 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 from a contract brewery under this subdivision shall 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 is 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(8) subdivision (8) of this subsection 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).

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- (7) In an area where the sale of any type of alcoholic beverage is authorized by law, and upon receiving the appropriate permit under G.S. 18B-1001, sell at the brewery, and any additional retail location authorized under subdivision (8) of this section, subsection, any or all of the following:
 - a. The brewery's malt beverages that have been approved by the Commission for sale in North Carolina.
 - b. Malt beverages manufactured by the permittee in some other state that have been approved by the Commission for sale in North Carolina.
 - c. Any other alcoholic beverages approved by the Commission for sale in North Carolina, if sale of the alcoholic beverage is otherwise authorized in that area.
- Obtain a malt beverage wholesaler permit to sell, deliver, and ship at (8)wholesale only malt beverages manufactured by the brewery. The authorization of this subdivision applies to a brewery that sells, to consumers at the brewery, to wholesalers, to retailers, and to exporters, fewer than 25,000 barrels, as defined in G.S. 81A-9, barrels of malt beverages produced by it per year. A brewery not exceeding the sales quantity limitations in this subdivision may also sell the malt beverages manufactured by the brewery, and malt beverages produced under subdivision (6a) of this section, subsection, 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 under a different trade name than that used at the brewery shall also offer for sale at that location a reasonable selection of competitive malt beverage products. A sale at any additional retail location under this subdivision shall not be considered a wholesale sale for the purposes of Article 13 of this Chapter.
- (b) Sales or Gifts. A sale or gift under subdivision (5) or (6) of subsection (a) of this section shall not be considered a retail or wholesale sale under the ABC laws.
- (c) Tax Compliance. By October 1 of each year, the Commission shall confirm that the holder of a brewery permit is in compliance with G.S. 18B-900(a)(8). The provisions of G.S. 18B-900(f) apply to the confirmation required under this subsection, except that the Commission may suspend a person's brewery permit until the Commission receives notice from the Department of Revenue that the person is in compliance.
- (d) Sales Report upon Commission Request. Within 60 days of a request by the Commission, a holder of a brewery permit who obtains a malt beverage wholesaler permit pursuant to subdivision (8) of subsection (a) of this section shall provide a sales report to the Commission. The report shall list separately all of the following for the 12-month period preceding the date of the request:
 - (1) The number of barrels of malt beverages sold by the permit holder that were produced by the permit holder.
 - (2) The quantity and dollar amount of malt beverages sold by the permit holder under subdivision (7) of subsection (a) of this section.
 - (3) The quantity and dollar amount of malt beverages sold on-premises under subdivision (8) of subsection (a) of this section.
 - (4) The quantity and dollar amount of malt beverages sold off-premises under subdivision (8) of subsection (a) of this section.
 - (5) The quantity and dollar amount of malt beverages sold under G.S. 18B-1114.5.

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(6) The quantity and dollar amount of malt beverages destroyed, spoiled, or otherwise rendered unsalable.

The Commission shall not request more than one sales report from a brewery within a 12-month period. The Commission shall keep all information provided pursuant to this subsection confidential except as required by law or requested by the Department of Revenue. The information shall not be a public record under Chapter 132 of the General Statutes.

(e) <u>Definition. – For purposes of this section, the term "barrels" is as defined in</u> G.S. 81A-9."

SECTION 16.(b) G.S. 18B-1105 is amended by adding a new subsection to read:

"(c) Tax Compliance. – By October 1 of each year, the Commission shall confirm the holder of a distillery permit is in compliance with G.S. 18B-900(a)(8). The provisions of G.S. 18B-900(f) apply to the confirmation required under this subsection, except that the Commission may suspend a person's distillery permit until the Commission receives notice from the Department of Revenue that the person is in compliance."

SECTION 16.(c) G.S. 18B-903(c1) reads as rewritten:

"(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. 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(8) 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)."

SECTION 16.(d) G.S. 18B-1001(1)i. reads as rewritten:

"i. Breweries as authorized by G.S. 18B-1104(7) and (8).subdivisions (7) and (8) of G.S. 18B-1104(a)."

SECTION 16.(e) G.S. 18B-1114.5(a) reads as rewritten:

"(a) Authorization. – The holder of a brewery permit, a malt beverages importer permit, a brewing, distillation, and fermentation course authorization, or a nonresident malt beverage vendor permit may obtain a malt beverage special event permit allowing the permittee to give free tastings of its malt beverages and to sell its malt beverages by the glass or in closed containers at trade shows, conventions, shopping malls, malt beverage festivals, street festivals, holiday festivals, agricultural festivals, balloon races, local fund-raisers, and other similar events approved by the Commission. Except for a brewery operating under the provisions of G.S. 18B-1104(8), G.S. 18B-1104(a)(8), all malt beverages sampled or sold pursuant to this section must be purchased from a licensed malt beverages wholesaler."

SECTION 16.(f) G.S. 18B-1116(a), as amended by this act, reads as rewritten: "§ 18B-1116. Exclusive outlets prohibited.

(a) Prohibitions. – It shall be unlawful for any manufacturer, bottler, or wholesaler of any alcoholic beverages, or for any officer, director, or affiliate thereof, either directly or indirectly to:

A brewery qualifying under G.S. 18B-1104(7) or (8) subdivision (7) or (8) of G.S. 18B-1104(a) is not subject to the provisions of this section concerning financial interests in, and lending or giving things of value to, a wholesaler or retailer with respect to the brewery's transactions with the retail business on its premises or other retail locations allowed under

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G.S. 18B-1104(8).G.S. 18B-1104(a)(8). The brewery is subject to the provisions of this subsection, however, with respect to its transactions with all other wholesalers and retailers."

SECTION 16.(g) G.S. 18B-1305(a1) reads as rewritten:

"(a1) Termination by a Small Brewery. – A brewery's authorization to distribute its own malt beverage products pursuant to G.S. 18B-1104(8)-G.S. 18B-1104(a)(8) shall revert back to the brewery, in the absence of good cause, following the fifth business day after confirmed receipt of written notice of such reversion by the brewery to the wholesaler. The brewery shall pay the wholesaler fair market value for the distribution rights for the affected brand. For purposes of this subsection, "fair market value" means the highest dollar amount at which a seller would be willing to sell and a buyer willing to buy at the time the self-distribution rights revert back to the brewery, after each party has been provided all information relevant to the transaction."

SIMPLIFY LOCAL LICENSING APPLICATIONS

SECTION 17. G.S. 105-113.70 reads as rewritten:

"§ 105-113.70. Issuance, duration, transfer of license.

- (a) Issuance, Qualifications. Each person who receives an ABC permit shall obtain the corresponding local license, if any, under this Article. All local licenses are issued by the city or county where the establishment for which the license is sought is located. The information required to be provided and the qualifications for a local license are the same as the information and qualifications required for the corresponding ABC permit. Upon proper application and payment of the prescribed tax, issuance of a local license is mandatory if the applicant holds the corresponding ABC permit. No documentation shall be required of the applicant except as provided in this section. Issuance of a local license is mandatory if the applicant holds the corresponding ABC permit and provides all of the following: (i) a copy of the most recently completed State application form for an ABC permit exclusive of any attachments, (ii) the ABC permit for visual inspection, and (iii) payment of the prescribed tax. No local license may be issued under this Article until the applicant has received from the ABC Commission the applicable permit for that activity, and no county license may be issued for an establishment located in a city in that county until the applicant has received from the city the applicable license for that activity.
- (b) Duration. All licenses issued under this section are annual licenses for the period from May 1 to April 30.
- (c) Transfer. A license may not be transferred from one person to another or from one location to another.
- (d) License Exclusive. A local government may not require a license for activities related to the manufacture or sale of alcoholic beverages other than the licenses stated in this Article."

CLARIFY WINERY SPECIAL EVENT LOCATIONS

SECTION 18. G.S. 18B-1114.1 reads as rewritten:

"§ 18B-1114.1. Authorization of winery special event permit.

- (a) Authorization. The holder of an unfortified winery permit, a limited winery permit, a viticulture/enology course authorization, or a wine producer permit may obtain a winery special permit allowing the winery or wine producer to give free tastings of its wine, and to sell its wine by the glass or in closed containers, at trade shows, conventions, shopping malls, wine festivals, street festivals, holiday festivals, agricultural festivals, balloon races, local fund-raisers, farmers markets, and other similar events approved by the Commission.
- (b) Limitation. A winery special event permit is valid only in a jurisdiction that has approved the establishment of ABC stores or has approved the sale of unfortified wine."

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RULES

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(ABC) Commission shall adopt temporary rules to implement the provisions of this act. Temporary rules adopted in accordance with this section shall remain in effect until permanent rules that replace the temporary rules become effective.

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EFFECTIVE DATE

EFFECT OF HEADINGS

SECTION 21. Except as otherwise provided, this act is effective when it becomes

SECTION 19.(a) Except as otherwise provided, the Alcoholic Beverage Control

SECTION 19.(b) Any rule or policy adopted by the ABC Commission that does

SECTION 20. The headings to the sections of this act are a convenience to the

reader and are for reference only. The headings do not expand, limit, or define the text of this

not comply with the provisions of this act shall be null, void, and without effect.

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Guest Speaker Signup

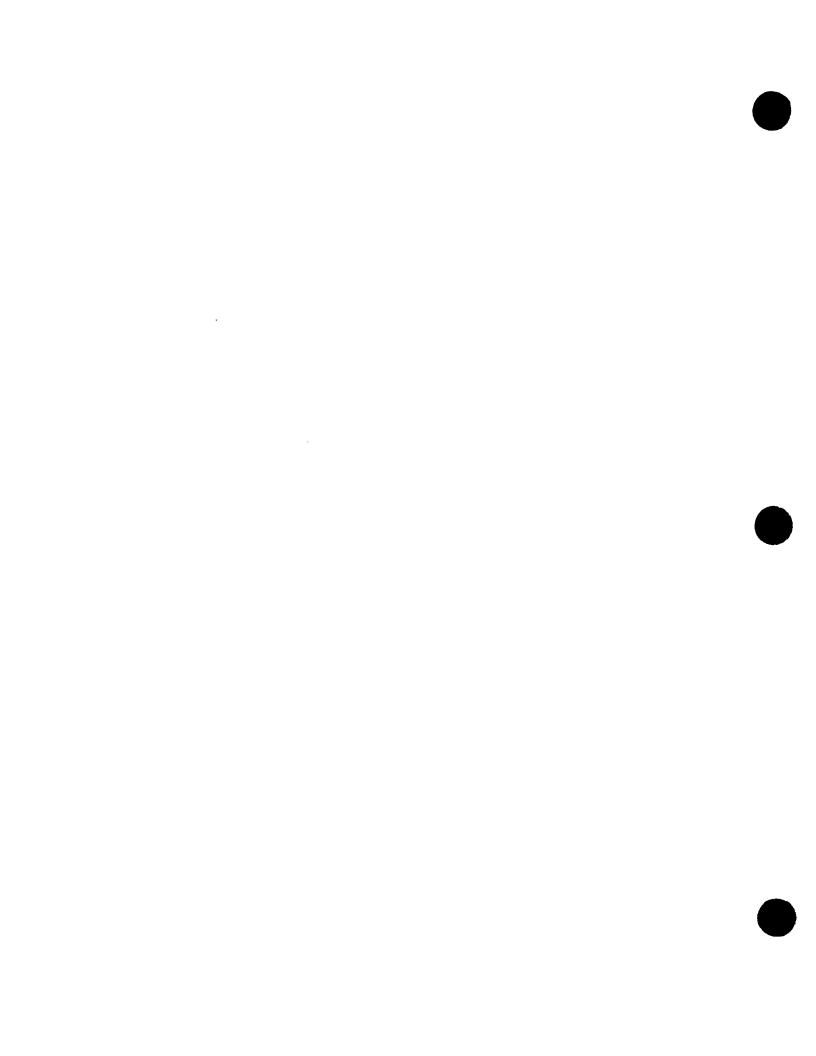
Date: June 22, 2017

Committee: Alcoholic Beverage Control

1.	PEU, MARK CREECH, CHRISTIAN ACTION LEAGUE
2.	Jon Carr, NCASIN. ARC BONDA
3.	Jim Beley, Gen. Mgs., Umstead Hotel
4.	Donald Brysin, Americans for Prosperity
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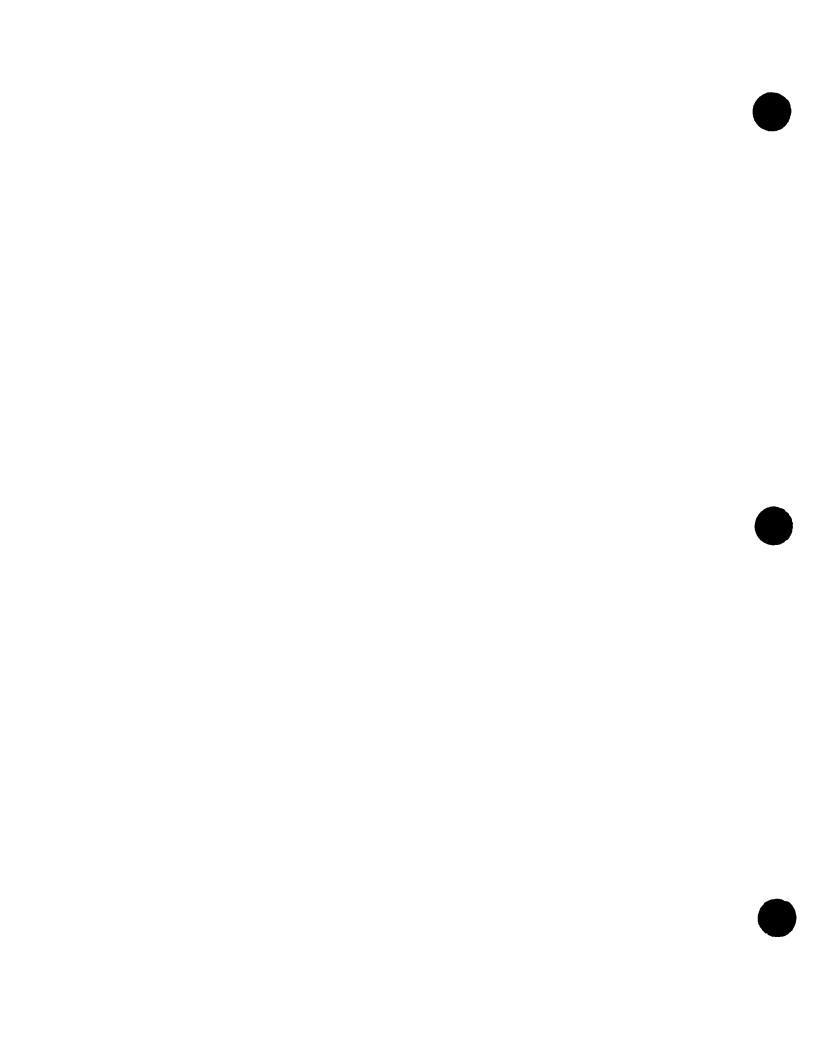
House Pages Assignments Thursday, June 22, 2017 Session: 1:00 PM

Member	Comments	Staff	Time	Room	Committee
Rep. John Torbett		Carter Brown	10:00 AM	Other 423	Alcoholic Beverage Control
Rep. Donna White		Ross Doyle			
Rep. Verla Insko		Logan Martin			
Rep. John Bell		Emily Pate			
Rep. Cynthia Ball		Sarah Wallace			
Rep. Joe John		Margaret Deng	11:00 AM	1228/1327	Environment
Rep. Greg Murphy, MD		Allison Gallagher			
Rep. David Lewis		John Jackson			
Rep. John Faircloth		Courtney Lysiak			
Rep. John Ager		Audrey Meigs			
Rep. Speaker Tim Moore		Noah Berg	8:30 AM	544	Finance
Rep. John Bradford		Reed Dixon			
Rep. Nelson Dollar		lan Dollar			
Rep. Larry Potts		John Hinkle			
Rep. Verla Insko		Evan Morris			



Committee Sergeants at Arms

NAME OF COMMITTEE Alcoholic Beverage Control.
DATE: June 22 2017 Room: 424
The Control of Advances
House Sgt-At Arms:
1. Name: Dean Marshbourne
2. Name: Rey Cooke
: Jonas Cherry
4. Name: Will Crocker
5. Name:
Senate Sgt-At Arms:
. Name:
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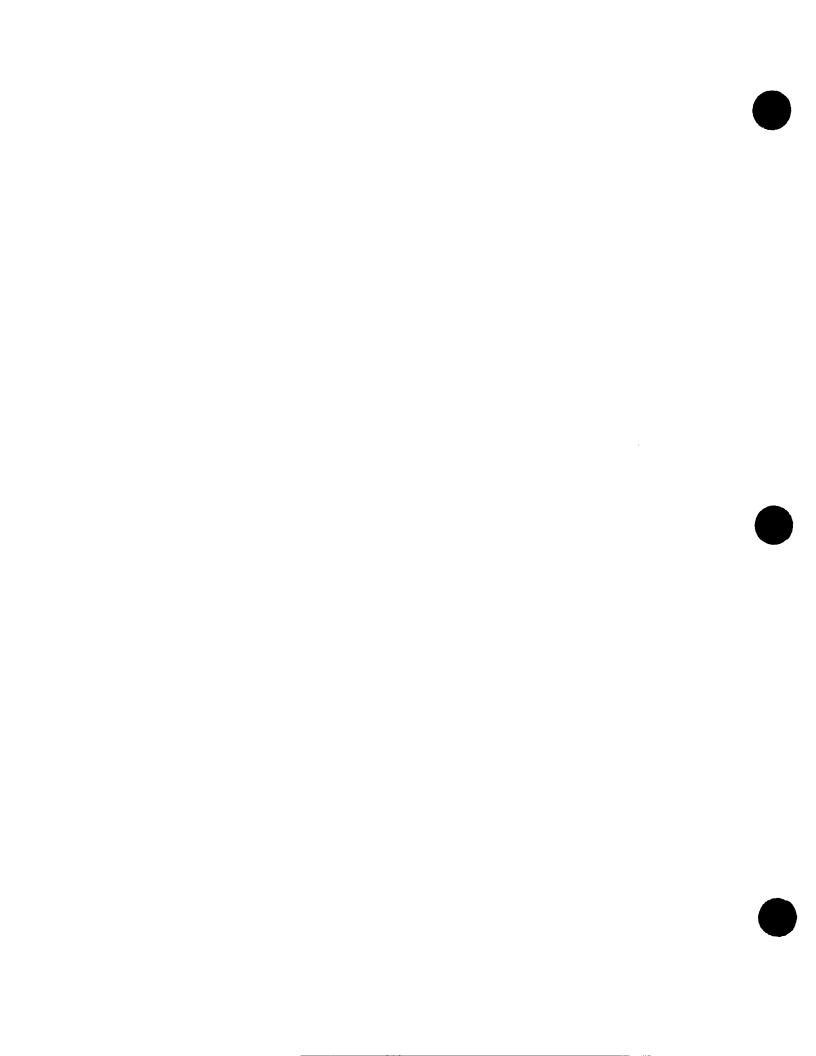
Alcoholic Beverage Control

June 22 2017

Name of Committee

Date

NAME	FIRM OR AGENCY AND ADDRESS
Isabel V.115- Gara	NCREALTORS
Canaar Wie	IVA
JOBLANGER	TSS
Maddy Thompson	755
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Gary Hooker J.	NAFA
Flint Benson	SERNC
Buha Ennells	NCBer
Chas Valauri	Vgroup LH
Jaimo King Lang	()ita 2 lestenics
Whit Winslaw	NC Dept. of Agriculture
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Alcoholic Beverage Control

June 22 2017

Name of Committee

Date

NAME	FIRM OR AGENCY AND ADDRESS
CHRIS SALNOGIS	NCDA & CS
Ethan Holland	NCDA+CS
Mark Mullins	NC Spirits Assoc.
Jon Can	NCASIN ABI BEONDS
John McMela	. MF+5
REV. MANU CREE	4 CAL
Andy Ellen	NCRM
Floring Robinson	XCZONA
314 Scobbis	75
Levi Dothur	NCPMA
Margo Motocer	ME ERUMS Guild

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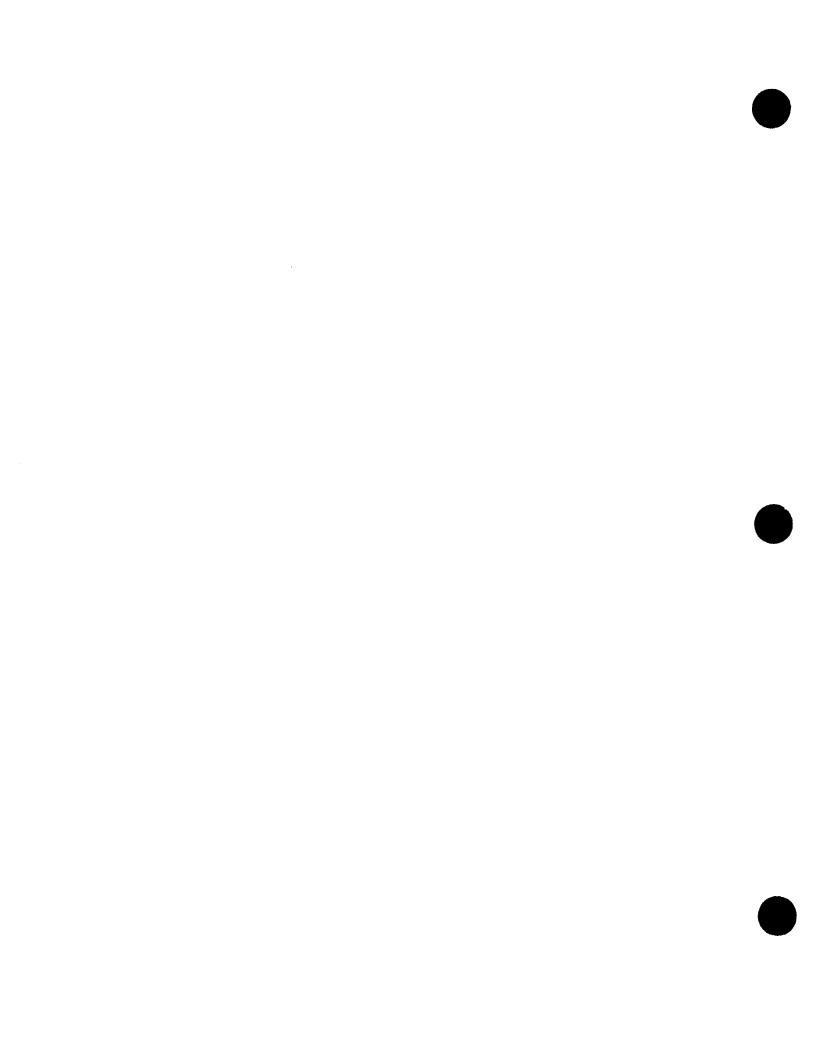
Alcoholic Beverage Control

June 22 2017

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Date

NAME	FIRM OR AGENCY AND ADDRESS
Alex Me	AMGA
Bob Familton	NC ABC Consission
O'Salas	301
Kin Siankes	NCRLA
Sondy Mm	· MVA
Frank Herry	NCRLA
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David Goscali	W3
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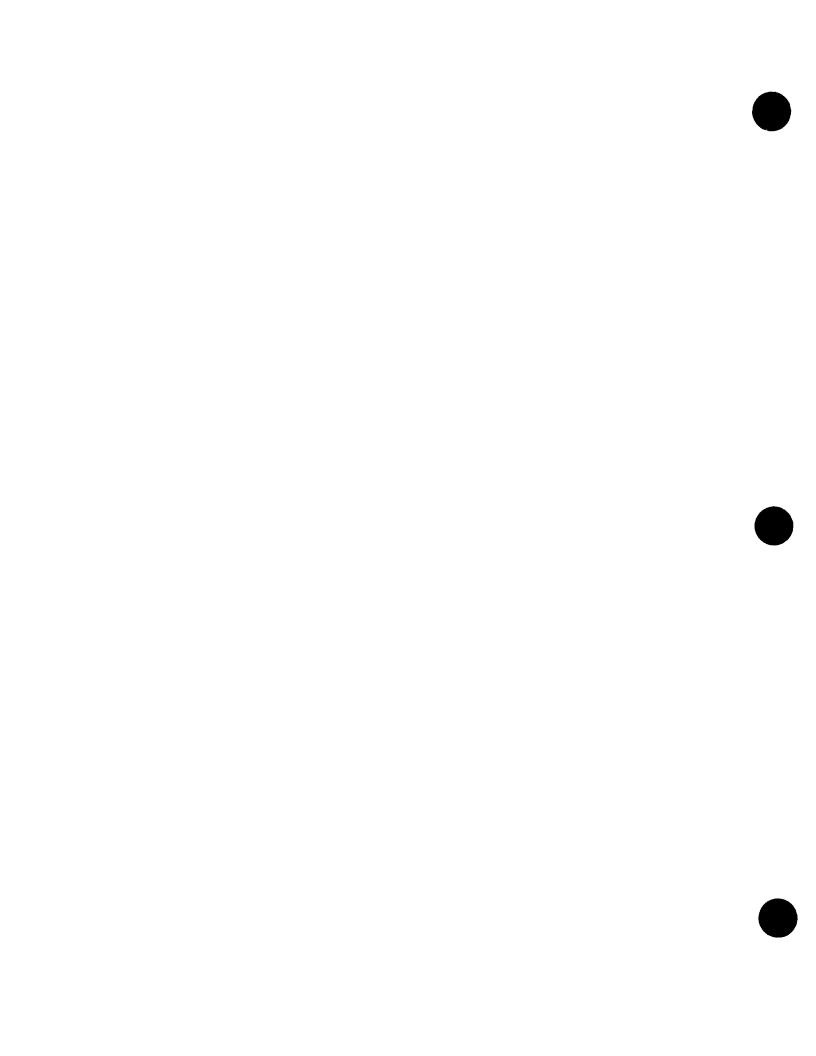
Alcoholic Beverage Control

June 22 2017

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Date

NAME	FIRM OR AGENCY AND ADDRESS
Donald	いくろん
Connie Wison	DISCUS
Dr. An Harry	LAHA
Donald Bryson	AFP
Tomfitas	FSP
Ton Apodoes	VSG
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HAROLD BRUBAKEN	Brubat Mille
Lindsey Druling	FSP .
Alex Scharletter	FSP
James Nye	FSP
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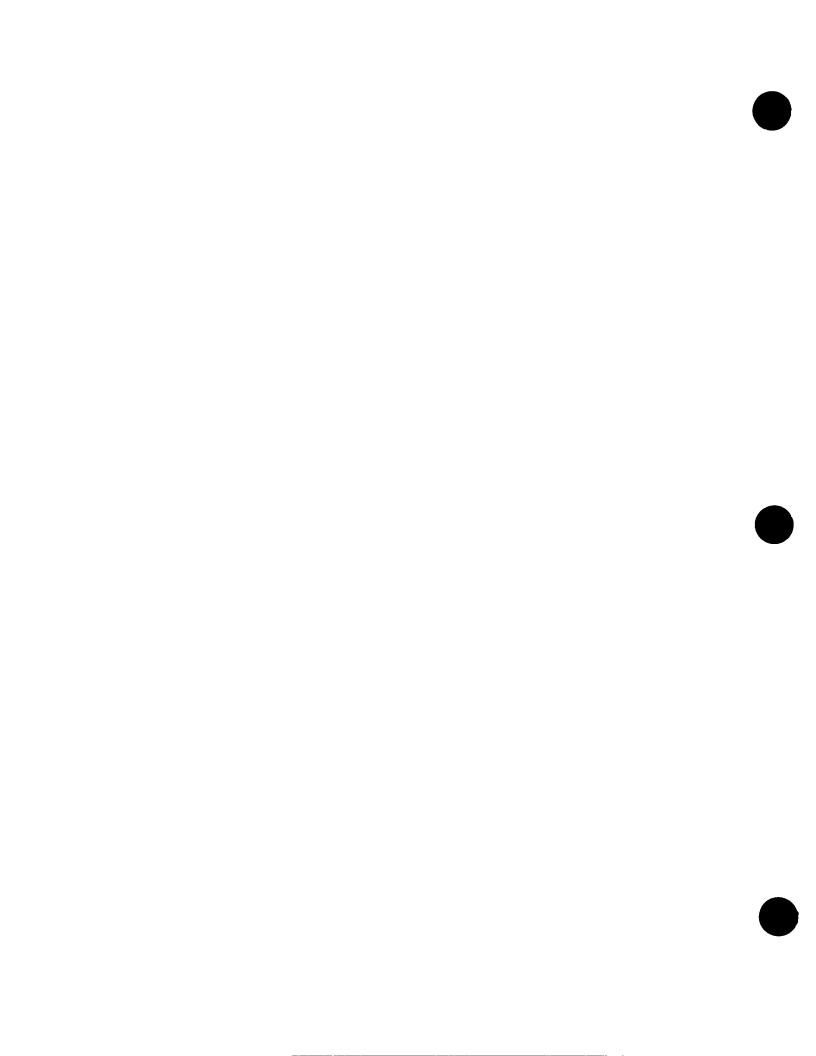
Alcoholic Beverage Control

June 22 2017

Name of Committee

Date

NAME	FIRM OR AGENCY AND ADDRESS
Mey 400	VM SVG
Melissa Katrineic	Durham Distillery
Scott MATTLAND	Distillers Association 9 NC
JOHN TRUNG	(411/1 Journal
Taylor Parrish	MCRLA
Anna Bravm Gravely	AFP
Jonathan Benbaku	Bubala + Hesse
Pais M'Cline	SP
Dana Syc	504



House Committee on Alcoholic Beverage Control

2018 Short Session

Rep. Jamie Boles, Chair Rep. Chuck McGrady, Chair

Kerry Guice, Committee Assistant

NOTE: The House Committee on Alcoholic Beverage Control did not meet during the 2018 short session of the North Carolina General Assembly.

Respectfully Submitted:

Kerry Frice

Kerry Guice, Committee Assistant

