

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H.B. 536
Apr 2, 2019
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40258-MLf-55B

Short Title: ABC Omnibus Regulatory Reform. (Public)

Sponsors: Representatives McGrady, Boles, Fisher, and Hardister (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE VARIOUS REVISIONS TO THE ALCOHOLIC BEVERAGE CONTROL
3 LAWS OF THIS STATE.

4 The General Assembly of North Carolina enacts:

5
6 **PART I. SELF-DISTRIBUTING BREWERIES AND MALT BEVERAGES**
7 **WHOLESALE/REVISE LAW GOVERNING PRIVATE LABEL SALES**

8 **SECTION 1.** G.S. 18B-1303(b) reads as rewritten:

9 "(b) No Discrimination. – A wholesaler shall service all retail permit holders within his
10 designated territory without discrimination and shall make a good faith effort to make available
11 to each retail permit holder in the territory each brand of malt beverage which the wholesaler has
12 been authorized to distribute in that area. The provisions of this subsection shall not apply to
13 retail permit holder private label brands, which, at the retail permit holder's direction, may be
14 sold either exclusively to the retailer that owns the brand name or to all retail permit holders
15 within each territory without discrimination. For purposes of this subsection, the term "retail
16 permit holder private label brand" means a malt beverage product that is labeled with a brand
17 name owned by a retailer."

18
19 **PART II. CLARIFY CONTRACT BREWING LAW**

20 **SECTION 2.(a)** G.S. 18B-1104(a)(6a) reads as rewritten:

21 "(6a) Receive, in closed containers, and sell at the brewery, malt beverages
22 produced inside or outside North Carolina under contract with a contract
23 brewery. ~~The~~ Except as otherwise provided in this subdivision, the contract
24 brewery that manufactures the malt beverages shall be responsible for all
25 aspects associated with manufacturing the product, including maintaining
26 appropriate records, ~~obtaining label approval in its own name, and remitting~~
27 ~~the appropriate taxes.~~ records. The brewery that contracted with the contract
28 brewery shall obtain label approval and remit the appropriate taxes. The
29 contract malt beverages may be sold also at affiliated retail outlets of the
30 brewery physically located on or adjacent to the brewery. Any malt beverages
31 received from a contract brewery under this subdivision shall be made
32 available for sale by the brewery to wholesalers for distribution to retailers,
33 without discrimination, in the same manner as if the malt beverages were
34 being imported by the brewery. Contract brewing is authorized between
35 affiliated breweries, but shall not be used as a means to allocate production
36 quantities between affiliated breweries to obtain a malt beverage wholesaler



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1 permit pursuant to subdivision (8) of this subsection where either brewery
2 would not otherwise qualify for a permit, and the Commission shall have no
3 authority to grant an exemption to this requirement pursuant to
4 G.S. 18B-1116(b)."

5 **SECTION 2.(b)** This section becomes effective July 1, 2019, and applies to taxes
6 collected on or after that date.

7
8 **PART III. ALLOW MALT BEVERAGE TASTINGS AT FARMERS MARKETS**

9 **SECTION 3.** G.S. 18B-1114.5(a) reads as rewritten:

10 "(a) Authorization. – The holder of a brewery permit, a malt beverages importer permit, a
11 brewing, distillation, and fermentation course authorization, or a nonresident malt beverage
12 vendor permit may obtain a malt beverage special event permit allowing the permittee to give
13 free tastings of its malt beverages; to sell branded merchandise such as glassware, cups, signs,
14 t-shirts, hats, and other apparel; and to sell its malt beverages by the glass or in closed containers
15 at trade shows, conventions, shopping malls, malt beverage festivals, street festivals, holiday
16 festivals, agricultural festivals, farmers markets, balloon races, local fund-raisers, and other
17 similar events approved by the Commission. Except for a brewery operating under the provisions
18 of G.S. 18B-1104(a)(8), all malt beverages sampled or sold pursuant to this section must be
19 purchased from a licensed malt beverages wholesaler."

20
21 **PART IV. ALLOW TRANSFERS OF MALT BEVERAGES BETWEEN PERMITTEES**
22 **UNDER COMMON OWNERSHIP OR CONTROL**

23 **SECTION 4.** G.S. 18B-1001 reads as rewritten:

24 **"§ 18B-1001. Kinds of ABC permits; places eligible.**

25 When the issuance of the permit is lawful in the jurisdiction in which the premises are located,
26 the Commission may issue the following kinds of permits:

- 27 (1) On-Premises Malt Beverage Permit. – An on-premises malt beverage permit
28 authorizes (i) the retail sale of malt beverages for consumption on the
29 premises, (ii) the retail sale of malt beverages in the manufacturer's original
30 container for consumption off the premises, and (iii) the retail sale of malt
31 beverages in a cleaned and sanitized container that is filled or refilled and
32 sealed for consumption off the premises and that identifies the permittee and
33 the date the container was filled or refilled. The permit also authorizes the
34 permittee to transfer malt beverages, not more than four times per calendar
35 year, to another on-premises malt beverage permittee that is under common
36 ownership or control as the transferor. Except as authorized by this
37 subdivision, transfers of malt beverages by on-premises malt beverage
38 permittees, purchases of malt beverages by a retail permittee from another
39 retail permittee for the purpose of resale, and sale of malt beverages by a retail
40 permittee to another retail permittee for the purpose of resale are unlawful. In
41 addition, a particular brand of malt beverages may be transferred only if both
42 the transferor and transferee are located within the territory designated
43 between the brewery and the wholesaler on file with the Commission. Prior to
44 or contemporaneous with any such transfer, the transferor shall notify each
45 wholesaler who distributes the transferred product of the transfer. The notice
46 shall be in writing or verifiable electronic format and shall identify the
47 transferor and transferee, the date of the transfer, quantity, and items
48 transferred. It also authorizes the holder of the permit to ship malt beverages
49 in closed containers to individual purchasers inside and outside the State. The
50 permit may be issued for any of the following:

51 ...

- 1 (2) Off-Premises Malt Beverage Permit. – An off-premises malt beverage permit
 2 authorizes (i) the retail sale of malt beverages in the manufacturer's original
 3 container for consumption off the premises, (ii) the retail sale of malt
 4 beverages in a cleaned and sanitized container that is filled or refilled and
 5 sealed for consumption off the premises and that identifies the permittee and
 6 the date the container was filled or refilled, and (iii) the holder of the permit
 7 to ship malt beverages in closed containers to individual purchasers inside and
 8 outside the State. The permit also authorizes the permittee to transfer malt
 9 beverages, not more than four times per calendar year, to another off-premises
 10 malt beverage permittee that is under common ownership or control as the
 11 transferor. Except as authorized by this subdivision, transfers of malt
 12 beverages by off-premises malt beverage permittees, purchases of malt
 13 beverages by a retail permittee from another retail permittee for the purpose
 14 of resale, and sale of malt beverages by a retail permittee to another retail
 15 permittee for the purpose of resale are unlawful. In addition, a particular brand
 16 of malt beverages may be transferred only if both the transferor and transferee
 17 are located within the territory designated between the brewery and the
 18 wholesaler on file with the Commission. Prior to or contemporaneous with
 19 any such transfer, the transferor shall notify each wholesaler who distributes
 20 the transferred product of the transfer. The notice shall be in writing or
 21 verifiable electronic format and shall identify the transferor and transferee, the
 22 date of the transfer, quantity, and items transferred. The permit may be issued
 23 for any of the following:
 24"
 25

26 **PART V. ALLOW THE SALE OF MALT BEVERAGES AND WINE FOR**
 27 **ON-PREMISES CONSUMPTION AT SPORTS AND ENTERTAINMENT VENUES**
 28 **LOCATED ON THE CAMPUS OF A COLLEGE OR UNIVERSITY**

29 **SECTION 5.** G.S. 18B-1006(a) reads as rewritten:

30 "(a) School and College Campuses. – No permit for the sale of alcoholic beverages shall
 31 be issued to a business on the campus or property of a public school, college, or university. This
 32 subsection shall not apply to the following:

- 33 (1) A regional facility as defined by G.S. 160A-480.2 operated by a facility
 34 authority under Part 4 of Article 20 of Chapter 160A of the General Statutes,
 35 ~~unless the permit is for a public school or public college or university~~
 36 ~~function. Statutes.~~
 37 (2) Property owned by a local board of education and leased for 99 years or more
 38 to a nonprofit auditorium authority created prior to 1991 whose governing
 39 board is appointed by a city governing board, a county board of
 40 commissioners, or a local school board.
 41 (3) A hotel.
 42 (4) A nonprofit alumni organization.
 43 (5) Restaurants, eating establishments, food businesses, or retail businesses on the
 44 property defined by G.S. 116-198.33(4).
 45 (6) Any golf courses owned or leased by the public college or university and open
 46 to the public for use.
 47 (7) The sale of malt beverages, unfortified wine, or fortified wine at the following:
 48 a. Performing arts centers located on property owned or leased by the
 49 public college or university.
 50 b. Any stadiums that support a NASCAR-sanctioned one-fourth mile
 51 asphalt flat oval short track, that are owned or leased by the public

college or university, and that only sell malt beverages, unfortified wine, or fortified wine at events that are not sponsored or funded by the public college or university.

(8) Special one-time permits as described in G.S. 18B-1002(a)(5) for the Loudermilk Center for Excellence facility at the University of North Carolina at Chapel Hill.

(9) A stadium, athletic facility, or arena on the campus or property of a public college or university, if the Board of Trustees of the public college or university has voted to allow the issuance of permits for use at that stadium, athletic facility, or arena. For purposes of this subdivision, the term "public college or university" does not include a community college. If a Board of Trustees votes to allow the issuance of permits in accordance with this subdivision, the Board of Trustees shall provide written notice to the Commission that it has voted to allow the issuance of permits. Any permit described in G.S. 18B-1001, 18B-1002(a)(2), or 18B-1002(a)(5) may be issued pursuant to this subdivision to applicants meeting the requirements for the requested permit. Notwithstanding the issuance of a mixed beverages permit pursuant to G.S. 18B-1001(10), this subdivision does not authorize the sale of mixed beverages when the stadium, athletic facility, or arena is being used for a sports event sponsored by the public college or university. This subdivision does not apply to any sales authorized under subdivisions (1) through (8) of this subsection. For purposes of this subdivision, the premises of a stadium, athletic facility, or arena shall include any area that meets all of the following requirements:

- a. Is within 500 feet of the furthest exterior building wall, perimeter fence, or permanent fixed perimeter.
- b. Is designated by the stadium, athletic facility, or arena in a map or written description that clearly defines the boundary of the area, and that map or written description is included in the permit application.
- c. Can be designated in a manner that enables the stadium, athletic facility, or arena to ensure compliance with the provisions of this Chapter."

PART VI. ALLOW SALES OF ALCOHOLIC BEVERAGES ON TRAINS AND FERRIES

SECTION 6.(a) G.S. 18B-108 reads as rewritten:

"§ 18B-108. Sales on ~~trains~~trains and ferries.

(a) Trains. – Alcoholic beverages may be sold on railroad trains in this State upon compliance with Article 2C of Chapter 105 of the General Statutes. Malt beverages, unfortified wine, and fortified wine may be sold and delivered by any wholesaler ~~or retailer~~ licensed in this State to an officer or agent of a rail line that carries at least 60,000 passengers annually.

(b) Ferries. – Alcoholic beverages may be sold on ferries established pursuant to Article 6 of Chapter 136 of the General Statutes upon compliance with Article 2C of Chapter 105 of the General Statutes. The authorization set forth in this subsection only applies to the passenger-only ferry traveling on the route from Hatteras to Ocracoke and does not include the return trip from Ocracoke to Hatteras. Malt beverages, unfortified wine, and fortified wine may be sold and delivered to an officer or agent of the Department of Transportation for sale on the ferry only by the wholesaler whose designated territory includes the Hatteras Ferry Terminal.

(c) ABC Violations. – For purposes of G.S. 18B-502, the railroad trains and ferry authorized to sell alcoholic beverages under this section shall be deemed a "licensed premises for which an ABC permit has been issued."

1 (d) Rules. – The Commission, in consultation with the Department of Transportation,
2 may adopt rules regulating the sale of alcoholic beverages under this section."

3 **SECTION 6.(b)** This section becomes effective July 1, 2019, and applies to sales
4 made on or after that date.

5
6 **PART VII. ALLOW BARS TO OBTAIN ON-PREMISES ABC PERMITS**

7 **SECTION 7.(a)** G.S. 18B-1000 reads as rewritten:

8 "**§ 18B-1000. Definitions concerning establishments.**

9 The following requirements and definitions shall apply to this Chapter:

10 (1) Bar. – An establishment substantially engaged in the business of serving
11 alcoholic beverages for consumption on the premises. To qualify as a bar, an
12 establishment's gross receipts from alcoholic beverages for consumption on
13 the premises shall be not less than seventy-five percent (75%) of the
14 establishment's total gross receipts.

15 (1a) Community theatre. – An establishment owned and operated by a bona fide
16 nonprofit organization that is engaged solely in the business of sponsoring or
17 presenting amateur or professional theatrical events to the public. A permit
18 issued for a community theatre is valid only during regularly scheduled
19 theatrical events sponsored by such nonprofit organization.

20 ~~(1a)~~(1b) Convention center. – An establishment that meets either of the following
21 requirements:

22 a. A publicly owned or operated establishment that is engaged in the
23 business of sponsoring or hosting conventions and similar large
24 gatherings, including auditoriums, armories, civic centers, convention
25 centers, and coliseums.

26 b. A privately owned facility located in a city that has a population of at
27 least 200,000 but not more than 250,000 by the 2000 federal census
28 and is located in a county that has previously authorized the issuance
29 of mixed beverage permits by referendum. To qualify as a convention
30 center under this subdivision, the facility shall meet each of the
31 following requirements:

32 1. The facility shall be certified by the appropriate local official
33 as being consistent with the city's redevelopment plan for the
34 area in which the facility is located.

35 2. The facility shall contain at least 7,500 square feet of floor
36 space that is available for public use and shall be used
37 exclusively for banquets, receptions, meetings, and similar
38 gatherings.

39 3. The facility's annual gross receipts from the sale of alcoholic
40 beverages shall be less than fifty percent (50%) of the gross
41 receipts paid to all providers at permitted functions for food,
42 nonalcoholic beverages, alcoholic beverages, service, and
43 facility usage fees (excluding receipts or charges for
44 entertainment and ancillary services not directly related to
45 providing food and beverage service). The person to whom a
46 permit has been issued for a privately owned facility shall be
47 required to maintain copies of all contracts and invoices for
48 items supplied by providers for a period of three years from the
49 date of the event.

1 A permit issued for a convention center shall be valid only for those parts of
2 the building used for conventions, banquets, receptions, and other events, and
3 only during scheduled activities.

4 ~~(Hb)~~(1c) Cooking school. – An establishment substantially engaged in the business
5 of operating a school in which cooking techniques are taught for a fee.

6"

7 **SECTION 7.(b)** G.S. 18B-1001, as amended by Section 1 of this act, reads as
8 rewritten:

9 **"§ 18B-1001. Kinds of ABC permits; places eligible.**

10 When the issuance of the permit is lawful in the jurisdiction in which the premises are located,
11 the Commission may issue the following kinds of permits:

12 (1) On-Premises Malt Beverage Permit. – An on-premises malt beverage permit
13 authorizes (i) the retail sale of malt beverages for consumption on the
14 premises, (ii) the retail sale of malt beverages in the manufacturer's original
15 container for consumption off the premises, and (iii) the retail sale of malt
16 beverages in a cleaned and sanitized container that is filled or refilled and
17 sealed for consumption off the premises and that identifies the permittee and
18 the date the container was filled or refilled. The permit also authorizes the
19 permittee to transfer malt beverages, not more than four times per calendar
20 year, to another on premises malt beverage permittee that is under common
21 ownership or control as the transferor. Except as authorized by this
22 subdivision, transfers of malt beverages by on premises malt beverage
23 permittees, purchases of malt beverages by a retail permittee from another
24 retail permittee for the purpose of resale, and sale of malt beverages by a retail
25 permittee to another retail permittee for the purpose of resale are unlawful. In
26 addition, a particular brand of malt beverages may be transferred only if both
27 the transferor and transferee are located within the territory designated
28 between the brewery and the wholesaler on file with the Commission. Prior to
29 or contemporaneous with any such transfer, the transferor shall notify each
30 wholesaler who distributes the transferred product of the transfer. The notice
31 shall be in writing or verifiable electronic format and shall identify the
32 transferor and transferee, the date of the transfer, quantity, and items
33 transferred. It also authorizes the holder of the permit to ship malt beverages
34 in closed containers to individual purchasers inside and outside the State. The
35 permit may be issued for any of the following:

36 ...

37 k. Bars.

38 ...

39 (3) On-Premises Unfortified Wine Permit. – An on-premises unfortified wine
40 permit authorizes (i) the retail sale of unfortified wine for consumption on the
41 premises, either alone or mixed with other beverages, (ii) the retail sale of
42 unfortified wine in the manufacturer's original container for consumption off
43 the premises, and (iii) the retail sale of unfortified wine dispensed from a tap
44 connected to a pressurized container utilizing carbon dioxide or similar gas
45 into a cleaned and sanitized container that is filled or refilled and sealed for
46 consumption off the premises and that identifies the permittee and the date the
47 container was filled or refilled. The permit also authorizes the permittee to
48 transfer unfortified wine, not more than four times per calendar year, to
49 another on-premises unfortified wine permittee that is under common
50 ownership or control as the transferor. Except as authorized by this
51 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:

...

l. Bars.

...

(5) On-Premises Fortified Wine Permit. – An on-premises fortified wine permit authorizes the retail sale of fortified wine for consumption on the premises, either alone or mixed with other beverages, and the retail sale of fortified wine in the manufacturer's original container for consumption off the premises. The permit also authorizes the permittee to transfer fortified wine, not more than four times per calendar year, to another on-premises fortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by on-premises fortified 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 fortified 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:

...

g. Bars.

...

(7) Brown-Bagging Permit. – A brown-bagging permit authorizes each individual patron of an establishment, with the permission of the permittee, to bring up to eight liters of fortified wine or spirituous liquor, or eight liters of the two combined, onto the premises and to consume those alcoholic beverages on the premises. The permit may be issued for any of the following:

- 1 ...
- 2 f. Bars.
- 3 (8) Special Occasion Permit. – A special occasion permit authorizes the host of a
- 4 reception, party or other special occasion, with the permission of the
- 5 permittee, to bring fortified wine and spirituous liquor onto the premises of
- 6 the business and to serve the same to his guests. The permit may be issued for
- 7 any of the following:
- 8 ...
- 9 f. Bars.
- 10 ...
- 11 (10) Mixed Beverages Permit. – A mixed beverages permit authorizes the retail
- 12 sale of mixed beverages for consumption on the premises. The permit also
- 13 authorizes a mixed beverages permittee (i) to obtain a purchase-transportation
- 14 permit under G.S. 18B-403 and 18B-404, (ii) to obtain an antique spirituous
- 15 liquor permit under subdivision (20) of this section, and (iii) to use for culinary
- 16 purposes spirituous liquor lawfully purchased for use in mixed beverages. The
- 17 permit may be issued for any of the following:
- 18 ...
- 19 i. Bars.
- 20"

PART VIII. ALLOW DISTILLERIES TO SELL SPIRITUOUS LIQUOR DISTILLED BY THE DISTILLER DIRECTLY TO CONSUMERS IN OTHER STATES

SECTION 8.(a) G.S. 18B-1105(a) reads as rewritten:

"(a) The holder of a distillery permit may do any of the following:

- 26 ...
- 27 (2) Sell, deliver and ship spirituous liquor in closed containers as follows:
- 28 a. at-At wholesale to exporters and local boards within the State, State.
- 29 b. and, subject-Subject to the laws of other jurisdictions, at wholesale or
- 30 retail to consumers, private or public agencies—agencies, or
- 31 establishments of establishments, in other states or nations.

32"

33 **SECTION 8.(b)** This section becomes effective July 1, 2019, and applies to sales
34 made on or after that date.

PART IX. REVISE LAW AUTHORIZING DISTILLERS TO SELL SPIRITUOUS LIQUOR DISTILLED BY THE DISTILLER FOR CONSUMPTION OFF THE PREMISES

SECTION 9.(a) G.S. 18B-1105(a)(4) reads as rewritten:

"(4) Sell spirituous liquor distilled at the distillery in closed containers to visitors
39 ~~who tour the distillery~~ for consumption off the premises. Sales under this
40 subdivision are allowed only in a county where the establishment of a county
41 or municipal ABC store has been approved pursuant to G.S. 18B-602(g) and
42 are subject to the time and day restrictions in G.S. 18B-802. Spirituous liquor
43 sold under this subdivision shall (i) be listed as a code item for sale in the
44 State, (ii) be sold at the price ~~set by the Commission for the code item pursuant~~
45 ~~to G.S. 18B-804(b), that complies with the requirement set forth in~~
46 G.S. 18B-804(b1), and (iii) have affixed to its bottle ~~a sticker that bears the~~
47 ~~words "North Carolina Distillery Tour Commemorative Spirit" in addition to~~
48 any other labeling requirements set by law. ~~Consumers purchasing spirituous~~
49 ~~liquor under this subdivision are limited to purchasing, and the selling~~

1 ~~distillery is limited to selling to each consumer, no more than five bottles of~~
2 ~~spirituous liquor per 12 month period. The distillery shall use a commonly~~
3 ~~adopted standard point of sale system to maintain searchable electronic~~
4 ~~records captured at the point of sale, to include the purchaser's name, drivers~~
5 ~~license number, and date of birth for at least 12 months from the date of~~
6 ~~purchase. The Commission shall adopt rules regulating the retail sale of~~
7 ~~spirituous liquor under this subdivision."~~

8 **SECTION 9.(b)** G.S. 18B-804(b1) reads as rewritten:

9 "(b1) Price of Spirituous Liquor Sold at Distillery. – When the holder of a distillery permit
10 sells spirituous liquor distilled at the distillery pursuant to ~~G.S. 18B-1105(a)(4)~~, G.S. 18B-1105,
11 the retail price of the spirituous liquor shall be the uniform State price set by subsection (a) of
12 this section. However, the holder of the distillery permit shall not be required to remit the
13 components of the price set forth by subdivisions (2), (3), (5), (6), (6a), (6b), and (7) of subsection
14 (b) of this section."

15 **SECTION 9.(c)** G.S. 18B-1116(a) reads as rewritten:

16 "(a) Prohibitions. – It shall be unlawful for any manufacturer, bottler, or wholesaler of any
17 alcoholic beverages, or for any officer, director, or affiliate thereof, either directly or indirectly
18 to:

19 ...

20 A brewery qualifying under subdivision (7) or (8) of G.S. 18B-1104(a) is not subject to the
21 provisions of this section concerning financial interests in, and lending or giving things of value
22 to, a wholesaler or retailer with respect to the brewery's transactions with the retail business on
23 its premises or other retail locations allowed under G.S. 18B-1104(a)(8). The brewery is subject
24 to the provisions of this subsection, however, with respect to its transactions with all other
25 wholesalers and retailers.

26 A distillery is not subject to the provisions of this section concerning financial interests in,
27 and lending or giving things of value to, a retailer with respect to the distillery's transactions with
28 the retail business allowed on its premises under G.S. 18B-1105(a)(4). The distillery is subject
29 to the provisions of this subsection, however, with respect to its transactions with all other
30 retailers."

31 **SECTION 9.(d)** This section becomes effective July 1, 2019, and applies to sales
32 made on or after that date.

33

34 **PART X. MALT BEVERAGES AND WINE/INCREASE DISCOUNT ON PRICE FROM**

35 **25% TO 35% OF THE RETAIL PRICE**

36 **SECTION 10.(a)** Definition. – "Discount Rule" means 14B NCAC 15B .1004
37 (General Prohibitions) for purposes of this section and its implementation.

38 **SECTION 10.(b)** Discount Rule. – Until the effective date of the revised permanent
39 rule that the Alcoholic Beverage Control Commission is required to adopt pursuant to subsection
40 (d) of this section, the Commission shall implement the Discount Rule as provided in subsection
41 (c) of this section.

42 **SECTION 10.(c)** Implementation. – Notwithstanding any provision of subsection
43 (b) of 14B NCAC 15B .1004 to the contrary, all of the following shall apply:

- 44 (1) A combination of the use of a coupon, a rebate, or a permittee's loyalty card,
45 discount card, or membership card shall not exceed thirty-five percent (35%)
46 of the advertised retail price for the purchase of a malt beverage or wine.
- 47 (2) A coupon or rebate shall not provide a discount exceeding thirty-five percent
48 (35%) of the advertised retail price for the purchase of a malt beverage or
49 wine.

- 1 (3) A loyalty card, discount card, or membership card shall not provide a discount
2 exceeding thirty-five percent (35%) of the advertised retail price for the
3 purchase of a malt beverage or wine.

4 **SECTION 10.(d)** Adoption. – The Commission shall adopt rules to amend the
5 Discount Rule consistent with subsection (c) of this section by no later than September 1, 2019.
6 The Commission may adopt temporary rules to comply with the deadline set in this subsection.
7 Any temporary rules adopted in accordance with this subsection shall remain in effect until
8 permanent rules that replace the temporary rules become effective.

9 **SECTION 10.(e)** Sunset. – This section expires when permanent rules adopted as
10 required by subsection (d) of this section become effective.

11
12 **PART XI. CLARIFY DEFINITION OF "PREMISES" AND THE PROHIBITION ON**
13 **SEXUALLY EXPLICIT CONDUCT ON LICENSED PREMISES**

14 **SECTION 11.(a)** G.S. 18B-101(12a) reads as rewritten:

15 "(12a) "Premises" means a fixed permanent establishment, including all areas,
16 whether areas inside or outside the licensed premises, establishment, where
17 the permittee has control of the property through a lease, deed, or other legal
18 process."

19 **SECTION 11.(b)** G.S. 18B-1005.1(a) reads as rewritten:

20 "(a) It shall be unlawful on a licensed premises for a permittee or ~~his~~ a permittee's agent
21 or employee to knowingly allow or engage in any of the following kinds of conduct on his
22 licensed premises:

- 23 (1) ~~Any conduct or entertainment by any person whose where~~ (i) human genitals
24 are exposed or ~~who~~ (ii) a person is wearing transparent clothing that reveals
25 the genitals ~~his or her~~
26 (2) ~~Any conduct or entertainment that includes or simulates sexual intercourse,~~
27 ~~masturbation, sodomy, bestiality, oral copulation, flagellation, or any act that~~
28 ~~includes or simulates the penetration, however slight, by any object into the~~
29 ~~genital or anal opening of a person's body; or~~
30 (3) ~~Any conduct or entertainment that includes the fondling of the breasts,~~
31 ~~buttocks, anus, vulva, or genitals."~~

32 **SECTION 11.(c)** Subsection (b) of this section becomes effective July 1, 2019, and
33 applies to offenses committed on or after that date.

34
35 **PART XII. AUTHORIZE SALE AND DELIVERY OF MORE THAN ONE DRINK AT A**
36 **TIME TO A SINGLE PATRON**

37 **SECTION 12.(a)** Article 10 of Chapter 18B of the General Statutes is amended by
38 adding a new section to read:

39 **"§ 18B-1010. Sale and delivery of more than one drink at a time to a single patron.**

40 Except as otherwise provided in this section, the holder of an on-premises malt beverage
41 permit, on-premises unfortified wine permit, on-premises fortified wine permit, or mixed
42 beverages permit issued under G.S. 18B-1001 may sell and deliver more than one alcoholic
43 beverage drink, but not more than four alcoholic beverage drinks, at a time to a single patron for
44 consumption on the premises. This section does not apply to the sale of alcoholic beverages (i)
45 at a stadium, athletic facility, or arena on the campus or property of a public college or university,
46 (ii) during a sports event sponsored by a public college or university, or (iii) at a stadium, athletic
47 facility, arena, or other establishment with a seating capacity of 3,000 or more."

48 **SECTION 12.(b)** This section becomes effective July 1, 2019, and applies to sales
49 made on or after that date.

1 **PART XIII. ALLOW SALE AND CONSUMPTION OF ALCOHOLIC BEVERAGES AT**
2 **BINGO GAMES**

3 **SECTION 13.(a)** G.S. 18B-308 is repealed.

4 **SECTION 13.(b)** G.S. 14-309.14(3) is repealed.

5 **SECTION 13.(c)** G.S. 18B-112(b)(3) reads as rewritten:

6 "(3) Article 3. – Sale, Possession, and Consumption, except for ~~G.S. 18B-308 and~~
7 G.S. 18B-309."

8 **SECTION 13.(d)** This section becomes effective July 1, 2019, and applies to
9 offenses committed on or after that date.

10
11 **PART XIV. FOOD AND LODGING FACILITY SANITATION**
12 **REGULATIONS/EXEMPT BREWERIES NOT ENGAGED IN THE PREPARATION**
13 **OF FOOD**

14 **SECTION 14.(a)** G.S. 130A-250 reads as rewritten:

15 **"§ 130A-250. Exemptions.**

16 The following shall be exempt from this Part:

17 ...

18 (16) A brewery licensed under G.S. 18B-1104 that is not engaged in the
19 preparation of food on the premises. For purposes of this subdivision, the term
20 "food" does not include beverages."

21 **SECTION 14.(b)** Penalties imposed and fees charged before the effective date of
22 this section are not abated or affected by this section, and the statutes that would be applicable
23 but for this section remain applicable to those penalties and fees.

24
25 **PART XV. ABC STORE HOURS AND DAYS OF OPERATION/LOCAL OPTION**

26 **SECTION 15.(a)** G.S. 18B-802 reads as rewritten:

27 **"§ 18B-802. When stores operate.**

28 (a) Time. – No ABC store shall be open, and no ABC store employee shall sell alcoholic
29 beverages, between (i) 9:00 P.M. and 9:00 A.M. ~~The local board shall otherwise determine~~
30 ~~opening and closing hours of its stores on Monday through Saturday and (ii) 12:00 P.M. and 5:00~~
31 P.M. on Sunday.

32 (b) Days. – ~~No~~ Except as authorized under G.S. 153A-145.9 for a county ABC store or
33 G.S. 160A-205.5 for a city ABC store, no ABC store shall be open, and no ABC store employee
34 shall sell alcoholic beverages, on any Sunday, New Year's Day, Fourth of July, Labor Day,
35 Thanksgiving Day, or Christmas Day. A local board may otherwise determine the days on which
36 its stores shall be closed."

37 **SECTION 15.(b)** Article 6 of Chapter 153A of the General Statutes is amended by
38 adding a new section to read:

39 **"§ 153A-145.9. Days on which ABC stores operate.**

40 A county may adopt an ordinance authorizing its ABC stores to be open, and authorizing its
41 ABC store employees to sell alcoholic beverages, on any or all days otherwise prohibited under
42 G.S. 18B-802(b)."

43 **SECTION 15.(c)** Article 8 of Chapter 160A of the General Statutes is amended by
44 adding a new section to read:

45 **"§ 160A-205.5. Days on which ABC stores operate.**

46 A city may adopt an ordinance authorizing its ABC stores to be open, and authorizing its
47 ABC store employees to sell alcoholic beverages, on any or all days otherwise prohibited under
48 G.S. 18B-802(b)."

49
50 **PART XVI. ABC STORES/ALLOW IN-STORE SPIRITUOUS LIQUOR TASTINGS**

51 **SECTION 16.(a)** G.S. 18B-1114.7(a) reads as rewritten:

1 "(a) Authorization. – The holder of a supplier representative permit, brokerage
2 representative permit, or distillery permit issued under G.S. 18B-1105 may obtain a spirituous
3 liquor special event permit allowing the permittee to give free tastings of its spirituous liquors at
4 ABC stores where the local ABC board has approved the tasting, trade shows, conventions,
5 shopping malls, street festivals, holiday festivals, agricultural festivals, balloon races, local
6 fund-raisers, and other similar events approved by the Commission."

7 **SECTION 16.(b)** G.S. 18B-1114.7(b) reads as rewritten:

8 "(b) Limitations. – Any consumer tasting is subject to the following limitations:

9 ...

10 (3) Each consumer shall be limited to one ~~0.25 ounce~~-tasting sample containing
11 0.25 ounces of any product made available for sampling at the consumer
12 tasting, and the total amount of the tasting samples offered to and consumed
13 by each consumer shall not exceed 1.0 ounce of spirituous liquor in any
14 calendar day.

15 ...

16 ~~(7) A venue allowing tastings shall designate a tasting area within the venue that~~
17 ~~enables the permit holder to ensure that the consumer tasting is being~~
18 ~~conducted in compliance with this section. Consumers shall only be allowed~~
19 ~~to consume tasting samples within the designated tasting area.~~

20 ...

21 (11) For tastings conducted in an ABC store, the local board shall establish and
22 implement a policy whereby distillery permit holders are given the right of
23 first refusal for a certain number, as determined by the Commission, of the
24 dates and times made available in a month by the local board for holding
25 tastings authorized under this section. Any policy established under this
26 subdivision shall set forth the date for each month by which a distillery permit
27 holder must exercise the right of first refusal before the reserved dates and
28 times are made available to all eligible spirituous liquor special event permit
29 holders."

30 **SECTION 16.(c)** G.S. 18B-301(f)(1) reads as rewritten:

31 "(1) Any person to consume fortified wine, spirituous liquor, or mixed beverages
32 or to offer such beverages to another person at any of the following places:

- 33 a. ~~On~~-Unless a consumer tasting authorized by G.S. 18B-1114.7 is being
34 conducted, on the premises of an ABC store.
35 b. Upon any property used or occupied by a local board.
36 c. On any public road, street, highway, or sidewalk, unless a consumer
37 tasting authorized by G.S. 18B-1114.7 is being conducted."
38

39 **PART XVII. ALLOW ELECTRONIC PAYMENT FOR SPIRITUOUS LIQUOR** 40 **PURCHASED BY MIXED BEVERAGES PERMITTEES**

41 **SECTION 17.(a)** G.S. 18B-404 is amended by adding a new subsection to read:

42 "(e) Electronic Payment. – A local board shall accept electronic payments for any
43 spirituous liquor purchased by a mixed beverages permittee. A local board may not charge a fee
44 for accepting electronic payments under this subsection. For purposes of this subsection, the term
45 "electronic payment" is as defined in G.S. 147-86.20."

46 **SECTION 17.(b)** This section becomes effective July 1, 2019, and applies to sales
47 made on or after that date.
48

49 **PART XVIII. ABC COMMISSION/REQUIRE ACCEPTANCE OF PAYMENTS AND** 50 **FORMS ELECTRONICALLY**

1 **SECTION 18.(a)** Article 9 of Chapter 18B of the General Statutes is amended by
2 adding a new section to read:

3 **"§ 18B-907. Allow electronic submission of payments and forms.**

4 (a) Forms. – The Commission shall make all forms required by the Commission to apply
5 for and receive a permit available on the Commission's Web site, and the Commission shall, to
6 the extent practicable, allow for the electronic submission of these forms. Any form required by
7 the Commission to apply for and receive a permit that requires a signature may be submitted with
8 an electronic signature in accordance with Article 40 of Chapter 66 of the General Statutes.

9 (b) Payments. – The Commission shall accept electronic payments for any fee required
10 under this Chapter to receive a permit. For purposes of this subsection, the term "electronic
11 payment" is as defined in G.S. 147-86.20.

12 (c) Fee. – Except as otherwise provided in G.S. 18B-404(e), the Commission may charge
13 a fee to be used to cover costs incurred by the Commission in processing forms electronically
14 and accepting payments electronically. The fee authorized under this subsection may not exceed
15 five dollars (\$5.00)."

16 **SECTION 18.(b)** This section becomes effective July 1, 2019, and applies to permits
17 applied for on or after that date.

18
19 **PART XIX. CREATION OF COMMON AREA ENTERTAINMENT PERMIT**

20 **SECTION 19.(a)** G.S. 18B-1000 reads as rewritten:

21 **"§ 18B-1000. Definitions concerning establishments.**

22 The following requirements and definitions shall apply to this Chapter:

23 ...

24 (4) Hotel. – An establishment substantially engaged in the business of furnishing
25 lodging. A hotel shall have a restaurant either on or closely associated with
26 the premises. The restaurant and hotel need not be owned or operated by the
27 same person.

28 (4e) Multi-tenant establishment. – A building or structure, or multiple buildings
29 and structures on the same property and under common ownership or control,
30 that contain or contains multiple businesses that sell food, goods, services, or
31 a combination of food, goods, and services, and that are connected by common
32 areas.

33 "

34 **SECTION 19.(b)** G.S. 18B-1001 is amended by adding a new subdivision to read:

35 "(21) Common Area Entertainment Permit. – A permit under this subdivision may
36 be issued to the owner of a multi-tenant establishment that has at least two
37 tenants that holds a permit issued under subdivisions (1), (3), (5), or (10) of
38 this section. A common area entertainment permit authorizes a customer of a
39 multi-tenant establishment tenant holding a permit issued under subdivisions
40 (1), (3), (5), or (10) of this section to exit that licensed premises with an open
41 container of the alcoholic beverage sold by the tenant holding the permit and
42 consume the alcoholic beverage within the confines of any indoor or outdoor
43 common area on the premises of the multi-tenant establishment designated by
44 the owner of the multi-tenant establishment for consumption of alcoholic
45 beverages. Additionally, a permit issued under this subdivision is subject to
46 all of the following conditions:

47 a. The owner of the multi-tenant establishment shall designate the
48 common area in which alcoholic beverages may be consumed.
49 Additionally, the owner of the multi-tenant establishment shall post
50 signs in conspicuous locations on the multi-tenant establishment
51 property indicating which common area is the designated common

1 area. The owner of the multi-tenant establishment shall submit to the
 2 Commission for review and approval (i) a plat of the multi-tenant
 3 establishment property for a designated outdoor common area with the
 4 common area designated for alcohol consumption clearly marked or
 5 (ii) a detailed map of the relevant building on the multi-tenant
 6 establishment property for a designated indoor common area with the
 7 common area designated for alcohol consumption clearly marked. The
 8 Commission shall reject any plat or map submitted under this
 9 sub-subdivision that does not meet the requirements of this
 10 subdivision or any rule adopted by the Commission. The owner of the
 11 multi-tenant establishment must submit a plat or map as required under
 12 this sub-subdivision for each renewal of the permit issued under this
 13 subdivision and at least 10 days prior to making any adjustments to the
 14 designated common area.

15 b. Alcoholic beverages sold for consumption in a designated common
 16 area shall be dispensed only in a paper or plastic cup bearing the name,
 17 logo, or name and logo of the licensed premises from which the
 18 beverage was purchased. The amount of alcoholic beverage dispensed
 19 into a cup under this sub-subdivision shall not exceed 16 fluid ounces.

20 c. A customer is not allowed to possess or consume more than one
 21 alcoholic beverage at a time while within the designated common area.

22 d. Alcoholic beverages may only be consumed within the designated
 23 common area during the hours in which the alcoholic beverage may
 24 be sold under G.S. 18B-1004, and the owner of the multi-tenant
 25 establishment may further limit the days and times in which an
 26 alcoholic beverage may be consumed in a designated common area.
 27 The owner of the multi-tenant establishment shall post signs in
 28 conspicuous locations on the multi-tenant establishment property
 29 indicating the days and times in which a person may consume an
 30 alcoholic beverage in a designated common area.

31 e. A customer in the designated common area shall dispose of any
 32 alcoholic beverage in his or her possession prior to exiting the
 33 designated common area. A person is not allowed to exit a designated
 34 common area with any alcoholic beverage he or she was consuming
 35 within the area.

36 f. A customer is not allowed to bring and consume alcoholic beverages
 37 not purchased from a tenant of the multi-tenant establishment holding
 38 an applicable permit.

39 g. Any additional conditions imposed by the Commission. Any
 40 additional conditions imposed by the Commission shall be posted on
 41 the Commission's Web site."

42 **SECTION 19.(c) G.S. 18B-902(d) reads as rewritten:**

43 "(d) Fees. – An application for an ABC permit shall be accompanied by payment of the
 44 following application fee:

- 45 ...
 46 (46) Common area entertainment permit – \$750.00."

47
 48 **PART XX. CREATION OF DELIVERY SERVICE PERMIT**

49 **SECTION 20.(a)** Article 10 of Chapter 18B of the General Statutes is amended by
 50 adding a new section to read:

51 **"§ 18B-1001.4. Authorization of delivery service permit.**

1 (a) Authorization. – The holder of a delivery service permit, or the permit holder's
2 employee or independent contractor, may deliver malt beverages, unfortified wine, or fortified
3 wine to a location designated by the purchaser on behalf of a retailer holding a permit issued
4 pursuant to subdivisions (1) through (6) and (16) of G.S. 18B-1001. A delivery service permittee
5 may also facilitate delivery through technology services that connect consumers and licensed
6 retailers through the use of the Internet, mobile applications, and other similar technology.

7 (b) Training and Payment. – Prior to making any deliveries, each person delivering
8 alcoholic beverages pursuant to a delivery service permit must successfully complete a course
9 approved by the Commission related to the delivery of alcoholic beverages. A person delivering
10 alcoholic beverages pursuant to a delivery service permit shall not handle or possess funds used
11 to purchase an alcoholic beverage that is to be delivered but may facilitate the sales transaction
12 in a manner that does not involve taking possession of funds.

13 (c) Age of Recipient and Notice. – A person may only deliver alcoholic beverages
14 pursuant to a delivery service permit to a person who is at least 21 years of age and who
15 immediately takes actual possession of the alcoholic beverages purchased. A delivery of
16 alcoholic beverages in a package that obscures the manufacturer's original packaging shall have
17 affixed to the outside of the package a notice in 26-point type or larger stating: "CONTAINS
18 ALCOHOLIC BEVERAGES; AGE VERIFICATION REQUIRED."

19 (d) Limitations. – A delivery service permittee shall deliver alcoholic beverages only
20 within the time allowed for lawful sales and consumption in the jurisdiction where the delivery
21 is located. No delivery shall be made to any jurisdiction within the State that has not authorized
22 the sale of the purchased alcoholic beverages. A delivery service permittee shall not deliver
23 alcoholic beverages more than 50 miles from the retailer's licensed premises or to the premises
24 of another licensed retailer. Only alcoholic beverages purchased for personal consumption and
25 from a licensed retailer's existing inventory located on the retailer's premises may be delivered
26 pursuant to a delivery service permit.

27 (e) Scope and Construction. – A delivery service permit is not required for a common
28 carrier lawfully transporting or shipping alcoholic beverages. Nothing in this section shall be
29 construed as exempting the delivery of alcoholic beverages pursuant to a delivery service permit
30 from the requirements set forth in Article 4 of Chapter 18B of the General Statutes."

31 **SECTION 20.(b)** G.S. 18B-902(d), as amended by Section 21(c) of this act, reads
32 as rewritten:

33 "(d) **Fees.** – An application for an ABC permit shall be accompanied by payment of the
34 following application fee:

35 ...

36 (47) Delivery service permit – \$400.00."

37 38 **PART XXI. ADMINISTRATIVE PENALTY/INCREASE COMPROMISE AMOUNT**

39 **SECTION 21.(a)** G.S. 18B-104(b) reads as rewritten:

40 "(b) **Compromise.** – In any case in which the Commission is entitled to suspend or revoke
41 a permit, the Commission may accept from the permittee an offer in compromise to pay a penalty
42 of not more than ~~five thousand dollars (\$5,000).~~ ten thousand dollars (\$10,000). The Commission
43 may either accept a compromise or revoke a permit, but not both. The Commission may accept
44 a compromise and suspend the permit in the same case."

45 **SECTION 21.(b)** This act becomes effective July 1, 2019, and applies to violations
46 committed on or after that date.

47 48 **PART XXII. ADMINISTRATIVE PENALTY PROCESS/PED STUDY**

49 **SECTION 22.(a)** **Study.** – The Joint Legislative Program Evaluation Oversight
50 Committee shall revise the biennial 2019-2020 work plan for the Program Evaluation Division
51 to include a study of the actions the Alcoholic Beverage Control Commission is authorized to

1 take under G.S. 18B-104 for violations of Chapter 18B of the General Statutes. The study
2 required under this subsection shall include an examination of (i) the proportionality of the
3 punishment that may be imposed under G.S. 18B-104 in relation to the violation, (ii) the
4 remainder of the law set forth in G.S. 18B-104 to identify any areas in which the law may be
5 lacking, and (iii) the process utilized and punishment authorized by other alcoholic beverage
6 control states for violations of their alcoholic beverage laws.

7 **SECTION 22.(b) Cooperation.** – Upon request, the Commission shall provide any
8 necessary information, data, or documents within their possession, ascertainable from their
9 records, or otherwise available to them, to the Program Evaluation Division to complete the study
10 required under subsection (a) of this section.

11 **SECTION 22.(c) Report.** – The Program Evaluation Division shall report its findings
12 and recommendations from the study required under subsection (a) of this section to the Joint
13 Legislative Program Evaluation Oversight Committee by March 15, 2020.

14 **PART XXIII. SEVERABILITY CLAUSE**

15 **SECTION 23.** If any provision of this act or its application is held invalid, the
16 invalidity does not affect other provisions or applications of this act that can be given effect
17 without the invalid provisions or application, and to this end, the provisions of this act are
18 severable.
19

20 **PART XXIV. RULES**

21 **SECTION 24.** The Alcoholic Beverage Control Commission shall amend its rules
22 consistent with the provisions of this act. The Commission may adopt temporary rules to
23 implement the requirements of this act. Any temporary rules adopted in accordance with this
24 section shall remain in effect until permanent rules that replace the temporary rules become
25 effective.
26

27 **PART XXV. EFFECTIVE DATE**

28 **SECTION 25.** Sections 22 and 25 of this act are effective when it becomes law.
29 Except as otherwise provided, this act becomes effective July 1, 2019.
30