

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

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**HOUSE BILL 536
Committee Substitute Favorable 5/1/19**

Short Title: ABC Omnibus Regulatory Reform.

(Public)

Sponsors:

Referred to:

April 3, 2019

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

The General Assembly of North Carolina enacts:

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

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

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

PART II. CLARIFY CONTRACT BREWING LAW

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

"(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.~~ subject to the rules of the Commission and the Department of Revenue. The brewery, not the contract brewery, shall be responsible for registering the contracted product with the Commission, submitting the appropriate reports regarding the malt beverages, and remitting the appropriate taxes if required by those rules. 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



1 breweries, but shall not be used as a means to allocate production quantities
2 between affiliated breweries to obtain a malt beverage wholesaler permit
3 pursuant to subdivision (8) of this subsection where either brewery would not
4 otherwise qualify for a permit, and the Commission shall have no authority to
5 grant an exemption to this requirement pursuant to G.S. 18B-1116(b)."

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

9 **PART III. ALLOW MALT BEVERAGE TASTINGS AT FARMERS MARKETS**

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

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

22 **PART IV. ALLOW TRANSFERS OF MALT BEVERAGES BETWEEN PERMITTEES 23 UNDER COMMON OWNERSHIP OR CONTROL**

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

25 **"§ 18B-1001. Kinds of ABC permits; places eligible.**

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

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

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

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

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

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

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

- 1 b. Any stadiums that support a NASCAR-sanctioned one-fourth mile
2 asphalt flat oval short track, that are owned or leased by the public
3 college or university, and that only sell malt beverages, unfortified
4 wine, or fortified wine at events that are not sponsored or funded by
5 the public college or university.
- 6 (8) Special one-time permits as described in G.S. 18B-1002(a)(5) for the
7 Loudermilk Center for Excellence facility at the University of North Carolina
8 at Chapel Hill.
- 9 (9) A stadium, athletic facility, or arena on the campus or property of a public
10 college or university, if the Board of Trustees of the public college or
11 university has voted to allow the issuance of permits for use at that stadium,
12 athletic facility, or arena. For purposes of this subdivision, the term "public
13 college or university" does not include a community college. If a Board of
14 Trustees votes to allow the issuance of permits in accordance with this
15 subdivision, the Board of Trustees shall provide written notice to the
16 Commission that it has voted to allow the issuance of permits. Any permit
17 described in G.S. 18B-1001, 18B-1002(a)(2), or 18B-1002(a)(5) may be
18 issued pursuant to this subdivision to applicants meeting the requirements for
19 the requested permit. Notwithstanding the issuance of a mixed beverages
20 permit pursuant to G.S. 18B-1001(10), this subdivision does not authorize the
21 sale of mixed beverages when the stadium, athletic facility, or arena is being
22 used for a sports event sponsored by the public college or university. This
23 subdivision does not apply to any sales authorized under subdivisions (1)
24 through (8) of this subsection. For purposes of this subdivision, the premises
25 of a stadium, athletic facility, or arena shall include any area that meets all of
26 the following requirements:
- 27 a. Is within 500 feet of the furthest exterior building wall, perimeter
28 fence, or permanent fixed perimeter.
- 29 b. Is designated by the stadium, athletic facility, or arena in a map or
30 written description that clearly defines the boundary of the area, and
31 that map or written description is included in the permit application.
- 32 c. Can be designated in a manner that enables the stadium, athletic
33 facility, or arena to ensure compliance with the provisions of this
34 Chapter."

36 PART VI. ALLOW SALES OF ALCOHOLIC BEVERAGES ON TRAINS AND 37 FERRIES

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

39 "§ 18B-108. Sales on ~~trains.~~trains and ferries.

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

44 (b) Ferries. – Alcoholic beverages may be sold on ferries established pursuant to Article
45 6 of Chapter 136 of the General Statutes upon compliance with Article 2C of Chapter 105 of the
46 General Statutes. The authorization set forth in this subsection only applies to the passenger-only
47 ferry traveling on the route from Hatteras to Ocracoke and does not include the return trip from
48 Ocracoke to Hatteras. Malt beverages, unfortified wine, and fortified wine may be sold and
49 delivered to an officer or agent of the Department of Transportation for sale on the ferry only by
50 the wholesaler whose designated territory includes the Hatteras Ferry Terminal.

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

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

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

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

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

11 **"§ 18B-1000. Definitions concerning establishments.**

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

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

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

23 ~~(1a)~~(1b) Convention center. – An establishment that meets either of the following
24 requirements:

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

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

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

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

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

items supplied by providers for a period of three years from the date of the event.

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

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

...."

SECTION 7.(b) G.S. 18B-1001, as amended by Section 1 of this act, 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 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 malt beverages, not more than four times per calendar year, to another on premises malt beverage permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of malt beverages by on premises malt beverage permittees, purchases of malt beverages by a retail permittee from another retail permittee for the purpose of resale, and sale of malt beverages by a retail permittee to another retail permittee for the purpose of resale are unlawful. In addition, a particular brand of malt beverages may be transferred only if both the transferor and transferee are located within the territory designated between the brewery 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. 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:

...

k. Bars.

...

(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:

...

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:

...

f. Bars.

(8) Special Occasion Permit. – A special occasion permit authorizes the host of a reception, party or other special occasion, with the permission of the permittee, to bring fortified wine and spirituous liquor onto the premises of the business and to serve the same to his guests. The permit may be issued for any of the following:

...

f. Bars.

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

...

i. Bars.

...."

SECTION 7.(c) G.S. 130A-247 is amended by adding a new subdivision to read:

"(1b) "Bar" is as defined in G.S. 18B-1000(1)."

SECTION 7.(d) G.S. 130A-248(a) reads as rewritten:

"(a) For the protection of the public health, the Commission shall adopt rules governing the sanitation of establishments that prepare or serve drink or food for pay and establishments that prepare and sell meat food products or poultry products. However, any establishment that prepares or serves food or drink to the public, regardless of pay, shall be subject to the provisions of this Article if the establishment that prepares or serves food or drink holds an ABC permit, as defined in G.S. 18B-101, meets any of the definitions in G.S. 18B-1000, and does not meet the definition of a bar as provided in G.S. 130A-247(1b) or a private club as provided in G.S. 130A-247(2)."

SECTION 7.(e) G.S. 130A-250 reads as rewritten:

"§ 130A-250. Exemptions.

The following shall be exempt from this Part:

...

(16) A bar as defined in G.S. 18B-1000(1)."

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:

...

(2) Sell, deliver and ship spirituous liquor in closed containers as follows:

a. ~~at~~At wholesale to exporters and local boards within the ~~State,~~State.

b. ~~and, subject~~Subject to the laws of other jurisdictions, at wholesale or retail to consumers, private or public ~~agencies—agencies,~~ or ~~establishments of establishments, in~~ other states or nations.

...."

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

3
4 **PART IX. REVISE LAW AUTHORIZING DISTILLERS TO SELL SPIRITUOUS**
5 **LIQUOR DISTILLED BY THE DISTILLER FOR CONSUMPTION OFF THE**
6 **PREMISES**

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

8 "(4) Sell spirituous liquor distilled at the distillery in closed containers to visitors
9 ~~who tour the distillery~~ for consumption off the premises. Sales under this
10 subdivision are allowed only in a county where the establishment of a county
11 or municipal ABC store has been approved pursuant to G.S. 18B-602(g) and
12 are subject to the time and day restrictions in G.S. 18B-802. Spirituous liquor
13 sold under this subdivision shall (i) be listed as a code item for sale in the
14 State, (ii) be sold at the price set ~~by the Commission for the code item pursuant~~
15 ~~to G.S. 18B-804(b), that complies with the requirement set forth in~~
16 G.S. 18B-804(b1), and (iii) have affixed to its bottle ~~a sticker that bears the~~
17 ~~words "North Carolina Distillery Tour Commemorative Spirit" in addition to~~
18 ~~any other labeling requirements set by law. Consumers purchasing spirituous~~
19 ~~liquor under this subdivision are limited to purchasing, and the selling~~
20 ~~distillery is limited to selling to each consumer, no more than five bottles of~~
21 ~~spirituous liquor per 12 month period. The distillery shall use a commonly~~
22 ~~adopted standard point of sale system to maintain searchable electronic~~
23 ~~records captured at the point of sale, to include the purchaser's name, drivers~~
24 ~~license number, and date of birth for at least 12 months from the date of~~
25 ~~purchase. The Commission shall adopt rules regulating the retail sale of~~
26 ~~spirituous liquor under this subdivision."~~

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

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

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

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

38 ...

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

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

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

1
2 **PART X. MALT BEVERAGES AND WINE/INCREASE DISCOUNT ON PRICE FROM**
3 **25% TO 35% OF THE RETAIL PRICE**

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

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

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

- 12 (1) A combination of the use of a coupon, a rebate, or a permittee's loyalty card,
13 discount card, or membership card shall not exceed thirty-five percent (35%)
14 of the advertised retail price for the purchase of a malt beverage or wine.
15 (2) A coupon or rebate shall not provide a discount exceeding thirty-five percent
16 (35%) of the advertised retail price for the purchase of a malt beverage or
17 wine.
18 (3) A loyalty card, discount card, or membership card shall not provide a discount
19 exceeding thirty-five percent (35%) of the advertised retail price for the
20 purchase of a malt beverage or wine.

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

26 **SECTION 10.(e)** Sunset. – This section expires when permanent rules adopted as
27 required by subsection (d) of this section become effective.
28

29 **PART XI. CLARIFY DEFINITION OF "PREMISES"**

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

31 "(12a) "Premises" means a fixed permanent establishment, including all areas,
32 ~~whether areas~~ inside or outside the licensed ~~premises, establishment,~~ where
33 the permittee has control ~~of the property~~ through a lease, deed, or other legal
34 process."
35

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

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

40 **§ 18B-1010. Sale and delivery of more than one drink at a time to a single patron.**

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

48 **SECTION 12.(b)** This section becomes effective July 1, 2019, and applies to sales
49 made on or after that date.
50

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 9:00 P.M. and 9:00 A.M. The local board shall otherwise determine opening~~
30 ~~and closing hours of its stores, except between (i) 9:00 A.M. and 9:00 P.M. on Monday through~~
31 Saturday and (ii) 12:00 P.M. and 5:00 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 (12) Any tasting conducted in an ABC store shall be the sole responsibility of the
31 permit holder. No employee of a local board may participate in or conduct a
32 tasting in an ABC store."

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

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

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

41
42 **PART XVII. ALLOW ELECTRONIC PAYMENT FOR SPIRITUOUS LIQUOR**
43 **PURCHASED BY MIXED BEVERAGES PERMITTEES**

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

45 "(e) Electronic Payment. – A local board shall accept electronic payments for any
46 spirituous liquor purchased by a mixed beverages permittee. A local board may not charge a fee
47 for accepting electronic payments under this subsection. For purposes of this subsection, the term
48 "electronic payment" means payment by charge card, credit card, debit card, or by electronic
49 funds transfer as defined in G.S. 105-228.90."

50 **SECTION 17.(b)** This section becomes effective October 1, 2019, and applies to
51 sales made on or after that date.

1
2 **PART XVIII. ABC COMMISSION/REQUIRE ACCEPTANCE OF PAYMENTS AND**
3 **FORMS ELECTRONICALLY**

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

6 **"§ 18B-907. Allow electronic submission of payments and forms.**

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

12 (b) Payments. – The Commission shall accept electronic payments for any fee required
13 under this Chapter to receive a permit. For purposes of this subsection, the term "electronic
14 payment" means payment by charge card, credit card, debit card, or by electronic funds transfer
15 as defined in G.S. 105-228.90.

16 (c) Fee. – The Commission may charge a fee to be used to cover costs incurred by the
17 Commission in processing forms electronically and accepting payments electronically. The fee
18 authorized under this subsection may not exceed five dollars (\$5.00)."

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

21
22 **PART XIX. CREATION OF COMMON AREA ENTERTAINMENT PERMIT**

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

24 **"§ 18B-1000. Definitions concerning establishments.**

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

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

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

36"

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

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

50 a. The owner of the multi-tenant establishment shall designate the
51 common area in which alcoholic beverages may be consumed.

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

- 18 b. Alcoholic beverages sold for consumption in a designated common
 19 area shall be dispensed only in a paper or plastic cup bearing the name,
 20 logo, or name and logo of the licensed premises from which the
 21 beverage was purchased. The amount of alcoholic beverage dispensed
 22 into a cup under this sub-subdivision shall not exceed 16 fluid ounces.
 23 c. A customer is not allowed to possess or consume more than one
 24 alcoholic beverage at a time while within the designated common area.
 25 d. Alcoholic beverages may only be consumed within the designated
 26 common area during the hours in which the alcoholic beverage may
 27 be sold under G.S. 18B-1004, and the owner of the multi-tenant
 28 establishment may further limit the days and times in which an
 29 alcoholic beverage may be consumed in a designated common area.
 30 The owner of the multi-tenant establishment shall post signs in
 31 conspicuous locations on the multi-tenant establishment property
 32 indicating the days and times in which a person may consume an
 33 alcoholic beverage in a designated common area.
 34 e. A customer in the designated common area shall dispose of any
 35 alcoholic beverage in his or her possession prior to exiting the
 36 designated common area. A person is not allowed to exit a designated
 37 common area with any alcoholic beverage he or she was consuming
 38 within the area.
 39 f. A customer is not allowed to bring and consume alcoholic beverages
 40 not purchased from a tenant of the multi-tenant establishment holding
 41 an applicable permit.
 42 g. Any additional conditions imposed by the Commission. Any
 43 additional conditions imposed by the Commission shall be posted on
 44 the Commission's Web site."

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

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

48 ...

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

50
 51 **PART XX. CREATION OF DELIVERY SERVICE PERMIT**

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

3 **"§ 18B-1001.4. Authorization of delivery service permit.**

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

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

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

22 (d) Limitations. – A delivery service permittee shall deliver alcoholic beverages only
23 within the time allowed for lawful sales and consumption in the jurisdiction where the delivery
24 is located. No delivery shall be made to any jurisdiction within the State that has not authorized
25 the sale of the purchased alcoholic beverages. A delivery service permittee shall not deliver
26 alcoholic beverages to the premises of another licensed retailer or more than 50 miles from the
27 retailer's licensed premises. Unless the governing body of an institution of higher education has
28 given written authorization to the permittee, a delivery service permittee shall not deliver
29 alcoholic beverages to a residence hall located on the premises of an institution of higher
30 education. Only alcoholic beverages purchased for personal consumption and from a licensed
31 retailer's existing inventory located on the retailer's premises may be delivered pursuant to a
32 delivery service permit.

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

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

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

41 ...

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

43 **SECTION 20.(c)** This section becomes effective October 1, 2019.

44
45 **PART XXI. BREWERY SALES AUTHORIZATION**

46 **SECTION 21.(a)** G.S. 18B-1104(a) reads as rewritten:

47 "(a) Authorized Acts. – The holder of a brewery permit may:

48 ...

49 (7a) ~~In an area where the sale of malt beverages has not been authorized, a brewery~~
50 ~~that produces agricultural products, including barley, other grains, hops, or~~
51 ~~fruit, used by the brewery in the manufacture of malt beverages may sell the~~

1 malt beverages owned by the brewery and approved by the Commission for
2 sale in North Carolina at the brewery for on- or off-premise consumption upon
3 (i) obtaining the appropriate permit under G.S. 18B-1001 and (ii) receiving
4 approval from the governing body of the city where the brewery is located or,
5 if the brewery is not located in a city, the governing body of the county where
6 the brewery is located. Approval may be granted only pursuant to a resolution
7 of the governing body adopted at a regular meeting. Before adopting a
8 resolution approving the sale of malt beverages under this subdivision, a
9 governing board shall hold a public hearing. A notice of the public hearing
10 shall be given once a week for two successive calendar weeks in a newspaper
11 having general circulation in the area. The notice of the public hearing shall
12 be published the first time not less than 10 days nor more than 25 days before
13 the date fixed for the hearing. In computing such period, the day of publication
14 is not to be included but the day of the hearing shall be included.

15 (7b) Regardless of the results of any local malt beverage election, sell the malt
16 beverages owned by the brewery at the brewery for on- or off-premise
17 consumption upon obtaining the appropriate permit under G.S. 18B-1001.

18"

19 **SECTION 21.(b)** This section becomes effective October 1, 2019.

20 **PART XXII. ADMINISTRATIVE PENALTY PROCESS/PED STUDY**

21 **SECTION 22.(a)** Study. – The Joint Legislative Program Evaluation Oversight
22 Committee shall revise the biennial 2019-2020 work plan for the Program Evaluation Division
23 to include a study of the actions the Alcoholic Beverage Control Commission is authorized to
24 take under G.S. 18B-104 for violations of Chapter 18B of the General Statutes. The study
25 required under this subsection shall include an examination of (i) the proportionality of the
26 punishment that may be imposed under G.S. 18B-104 in relation to the violation, (ii) the
27 remainder of the law set forth in G.S. 18B-104 to identify any areas in which the law may be
28 lacking, and (iii) the process utilized and punishment authorized by other alcoholic beverage
29 control states for violations of their alcoholic beverage laws.

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

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

37 **PART XXIII. SEVERABILITY CLAUSE**

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

42 **PART XXIV. RULES**

43 **SECTION 24.** The Alcoholic Beverage Control Commission shall amend its rules
44 consistent with the provisions of this act. The Commission may adopt temporary rules to
45 implement the requirements of this act. Any temporary rules adopted in accordance with this
46 section shall remain in effect until permanent rules that replace the temporary rules become
47 effective.

1 **PART XXV. EFFECTIVE DATE**

2 **SECTION 25.** Sections 22 and 25 of this act are effective when it becomes law.

3 Except as otherwise provided, this act becomes effective July 1, 2019.