

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL 290
Commerce and Insurance Committee Substitute Adopted 6/12/19
Third Edition Engrossed 6/25/19
House Committee Substitute Favorable 6/27/19
House Committee Substitute #2 Favorable 7/10/19
Sixth Edition Engrossed 7/11/19

Short Title: ABC Regulatory Reform Bill.

(Public)

Sponsors:

Referred to:

March 19, 2019

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. ALLOW DISTILLERIES TO SELL MALT BEVERAGES AND UNFORTIFIED**
7 **AND FORTIFIED WINE**

8 **SECTION 1.(a)** G.S. 18B-1001 reads as 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. It also authorizes the holder of the
19 permit to ship malt beverages in closed containers to individual purchasers
20 inside and outside the State. The permit may be issued for any of the
21 following:

22 ...

23 k. The holder of a distillery permit authorized under G.S. 18B-1105.

24 ...

- 25 (3) On-Premises Unfortified Wine Permit. – An on-premises unfortified wine
26 permit authorizes (i) the retail sale of unfortified wine for consumption on the
27 premises, either alone or mixed with other beverages, (ii) the retail sale of
28 unfortified wine in the manufacturer's original container for consumption off
29 the premises, and (iii) the retail sale of unfortified wine dispensed from a tap
30 connected to a pressurized container utilizing carbon dioxide or similar gas
31 into a cleaned and sanitized container that is filled or refilled and sealed for
32 consumption off the premises and that identifies the permittee and the date the



1 container was filled or refilled. The permit also authorizes the permittee to
 2 transfer unfortified wine, not more than four times per calendar year, to
 3 another on-premises unfortified wine permittee that is under common
 4 ownership or control as the transferor. Except as authorized by this
 5 subdivision, transfers of wine by on-premises unfortified wine permittees,
 6 purchases of wine by a retail permittee from another retail permittee for the
 7 purpose of resale, and sale of wine by a retail permittee to another retail
 8 permittee for the purpose of resale are unlawful. In addition, a particular brand
 9 of wine may be transferred only if both the transferor and transferee are
 10 located within the territory designated between the winery and the wholesaler
 11 on file with the Commission. Prior to or contemporaneous with any such
 12 transfer, the transferor shall notify each wholesaler who distributes the
 13 transferred product of the transfer. The notice shall be in writing or verifiable
 14 electronic format and shall identify the transferor and transferee, the date of
 15 the transfer, quantity, and items transferred. The holder of the permit is
 16 authorized to ship unfortified wine in closed containers to individual
 17 purchasers inside and outside the State. Orders received by a winery by
 18 telephone, Internet, mail, facsimile, or other off-premises means of
 19 communication shall be shipped pursuant to a wine shipper permit and not
 20 pursuant to this subdivision. The permit may be issued for any of the
 21 following:

22 ...

23 l. The holder of a distillery permit authorized under G.S. 18B-1105.

24 ...

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

49 ...

50 g. The holder of a distillery permit authorized under G.S. 18B-1105.

51 ...

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

8 ...

9 i. The holder of a distillery permit authorized under G.S. 18B-1105.

10"

11 **SECTION 1.(b)** G.S. 18B-1105(a) is amended by adding a new subdivision to read:

12 "(6) Sell malt beverages, unfortified wine, and fortified wine, for consumption on
13 the premises upon obtaining the appropriate permit under G.S. 18B-1001."

14 **PART II. ALLOW DISTILLERIES TO SELL MIXED BEVERAGES**

15 **SECTION 2.** G.S. 18B-1105(a) is amended by adding a new subdivision to read:

16 "(4a) In an area where the sale of mixed beverages is authorized by law, sell mixed
17 beverages for consumption on the premises. If a distillery elects to sell mixed
18 beverages containing spirituous liquor other than that produced at the
19 distillery, the distillery shall obtain a mixed beverages permit pursuant to
20 G.S. 18B-1001."

21 **PART III. ALLOW CERTAIN ORDERS OF ELIGIBLE DISTILLERY PRODUCTS**

22 **SECTION 3.(a)** G.S. 18B-800 is amended by adding two new subsections to read:

23 "(c1) Special Orders of Special Items. – Through the process established by rule of the
24 Commission for special orders of spirituous liquor that are on the special item list approved by
25 the Commission, ABC stores shall allow the purchase of individual bottles of spirituous liquor.
26 ABC stores may sell in store any bottles it receives from a special item case in excess of what
27 was purchased by the requesting customer.

28 "(c2) Orders of Eligible Distillery Products by Mixed Beverages Permittees. – A local
29 board shall fulfill an order by a mixed beverages permittee for individual bottles or cases of
30 spirituous liquor produced by an eligible distillery that are listed as a regular code item for sale
31 in the State. If a local board cannot fulfill an order of a mixed beverages permittee for individual
32 bottles or cases of spirituous liquor produced by an eligible distillery that are listed as a regular
33 code item for sale in the State because the product ordered is not in the local board's stock
34 inventory or the order cannot otherwise be fulfilled within the time period requested by the
35 permittee, the local board shall notify the Commission within 48 hours of the request for the
36 order and request authorization for direct shipment. The Commission shall then determine if the
37 eligible distillery desires to directly ship the ordered product directly to the local board, and if so
38 the Commission shall authorize the eligible distillery to ship the spirituous liquor ordered to the
39 local board for the fulfillment of the mixed beverages permittee's order. Merchandise authorized
40 to be shipped by direct shipment under this subsection shall be consigned by the State ABC
41 warehouse to the distiller's account in care of the local board. The local board shall acknowledge
42 receipt of the merchandise on the shipping documents and forward them to the State ABC
43 warehouse for processing through the accounting system as though the merchandise were
44 shipped from the State ABC warehouse. As used in this subsection, an "eligible distillery" is a
45 distillery (i) that sells, to consumers at the distillery, to exporters, to local boards, and to private
46 or public agencies or establishments of other states or nations, fewer than 10,000 proof gallons
47 of in-house brand spirituous liquors distilled and manufactured by it at the permit holder's
48 distillery per year, and (ii) that is either the holder of a distillery permit pursuant to G.S. 18B-1105
49 or is a business located outside the State that is licensed or permitted to manufacture spirituous
50 liquor."

1 liquor in the jurisdiction where the business is located and whose products are lawfully sold in
2 this State."

3 **SECTION 3.(b)** In order to facilitate the sale of any remainders of a special item
4 case, increase customer access to products, and allow local ABC boards to more effectively
5 manage inventory, the ABC Commission shall develop and implement an Internet-based system
6 to facilitate the sale and purchase of regular approved list items and special order list items of
7 spirituous liquor by and among local ABC boards.

8 **SECTION 3.(c)** The ABC Commission shall amend its rules consistent with this
9 section.

10 **SECTION 3.(d)** Subsection (a) of this section becomes effective September 1, 2019,
11 and applies to special orders placed on or after that date. The remainder of this section is effective
12 when it becomes law.

13
14 **PART IV. REVISE LAW AUTHORIZING DISTILLERS TO SELL SPIRITUOUS**
15 **LIQUOR DISTILLED BY THE DISTILLER FOR CONSUMPTION OFF THE**
16 **PREMISES**

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

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

36 **SECTION 4.(b)** G.S. 18B-1116(a) reads as rewritten:

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

40 ...

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

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

1 **SECTION 4.(c)** This section becomes effective September 1, 2019, and applies to
2 sales made on or after that date.

3
4 **PART V. ALLOW DISTILLERIES TO ISSUE PURCHASE-TRANSPORTATION**
5 **PERMITS FOR SPIRITUOUS LIQUOR SOLD BY THE DISTILLERY**

6 **SECTION 5.(a)** G.S. 18B-403 reads as rewritten:

7 "**§ 18B-403. Purchase-transportation permit.**

8 ...

9 (b) Issuance of Permit. – A purchase-transportation permit may be issued ~~by~~by any of
10 the following:

11 (1) The local board ~~chairman;~~chairman.

12 (2) A member of the local ~~board;~~board.

13 (3) The general manager or supervisor of the local ~~board;~~ or board.

14 (4) ~~The manager or assistant manager~~ Any employee of an ABC store, if ~~he~~ the
15 employee is authorized to issue permits by the local board chairman.

16 (5) For spirituous liquor sold by the distillery only, the owner, or an employee
17 designated by the owner, of a distillery authorized to sell spirituous liquor
18 under G.S. 18B-1105.

19 (c) Disqualifications. – A purchase-transportation permit shall not be issued to a person
20 ~~who~~who meets any of the following:

21 (1) Is not sufficiently identified or known to the ~~issuer;~~issuer.

22 (2) Is known or shown to be an alcoholic or ~~bootlegger;~~bootlegger.

23 (3) Has been convicted within the previous three years of an offense involving
24 the sale, possession, or transportation of nontaxpaid alcoholic ~~beverages;~~
25 ~~or~~beverages.

26 (4) Has been convicted within the previous three years of an offense involving
27 the sale of alcoholic beverages without a permit.

28 ...

29 (e) Restrictions on Permit. – A purchase may be made only from the store or distillery
30 named on the permit. One copy of the permit shall be kept by the issuing person, one by the
31 purchaser, and one by the store or distillery from which the purchase is made. The purchaser
32 shall display his copy of the permit to any law-enforcement officer upon request. A permit for
33 the purchase and transportation of spirituous liquor may be issued only by an authorized agent
34 of the local board for the jurisdiction in which the purchase will be ~~made.~~made or in accordance
35 with subdivision (5) of subsection (b) of this section.

36 "

37 **SECTION 5.(b)** G.S. 18B-901(a) reads as rewritten:

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

41 **SECTION 5.(c)** This section becomes effective September 1, 2019, and applies to
42 purchases made on or after that date.

43
44 **PART VI. ABC STORES/ALLOW IN-STORE SPIRITUOUS LIQUOR TASTINGS**

45 **SECTION 6.(a)** G.S. 18B-1114.7 reads as rewritten:

46 "**§ 18B-1114.7. Authorization of spirituous liquor special event permit.**

47 (a) Authorization. – The holder of a supplier representative permit, brokerage
48 representative permit, or distillery permit issued under G.S. 18B-1105 may obtain a spirituous
49 liquor special event permit allowing the permittee to give free tastings of its spirituous liquors at
50 ABC stores where the local board has approved the tasting, trade shows, conventions, shopping

1 malls, street festivals, holiday festivals, agricultural festivals, balloon races, local fund-raisers,
2 and other similar events approved by the Commission.

3 (b) General Limitations. – ~~Any Except as otherwise provided in subsection (c) of this~~
4 section, any consumer tasting is subject to the following limitations:

- 5 (1) The permit holder or the permit holder's authorized agent shall conduct the
6 consumer tasting and the permit holder shall be solely responsible for any
7 violations of this Chapter occurring in connection with the consumer tasting.
- 8 (2) The spirituous liquor shall be poured only by either (i) the permit holder
9 conducting the consumer tasting or (ii) an employee or authorized agent of the
10 permit holder conducting the consumer tasting who is at least 21 years of age.
- 11 (3) Each consumer shall be limited to one ~~0.25 ounce~~-tasting sample containing
12 0.25 ounces of any product made available for sampling at the consumer
13 tasting, and the total amount of the tasting samples offered to and consumed
14 by each consumer shall not exceed 1.0 ounce of spirituous liquor in any
15 calendar day.
- 16 (4) The permit holder shall not offer tasting samples to, or allow consumption of
17 tasting samples by, any consumer who is visibly intoxicated.
- 18 (5) The permit holder shall not offer tasting samples to, or allow consumption of
19 tasting samples by, any consumer under the legal age for consuming spirituous
20 liquor. The person pouring the spirituous liquor shall be responsible for
21 verifying the age of the consumer being served by checking the identification
22 of the consumer.
- 23 (6) The permit holder shall not charge a consumer for any tasting sample.
- 24 ~~(7) A venue allowing tastings shall designate a tasting area within the venue that~~
25 ~~enables the permit holder to ensure that the consumer tasting is being~~
26 ~~conducted in compliance with this section. Consumers shall only be allowed~~
27 ~~to consume tasting samples within the designated tasting area.~~
- 28 (8) A consumer tasting shall not be allowed unless the venue is located in a
29 jurisdiction that has approved the sale of mixed beverages.
- 30 (9) The permit holder may provide point-of-sale advertising materials and
31 advertising specialties and may sell branded merchandise such as glassware,
32 cups, signs, t-shirts, hats, and other apparel to consumers at the consumer
33 tasting.
- 34 (10) The permit holder shall maintain for a period of at least one year a record of
35 each consumer tasting conducted. The record shall include the date of the
36 consumer tasting, the time of the consumer tasting, an identification of the
37 venue at which the consumer tasting was held, an identification of the
38 spirituous liquor that was provided for tasting at the consumer tasting, and the
39 name of any person who poured spirituous liquor at the consumer tasting. The
40 permit holder shall allow the ABC Commission to inspect those records at any
41 time.

42 (c) Additional Limitations on Tastings in ABC Stores. – Consumer tastings conducted in
43 an ABC store shall have the following additional limitations:

- 44 (1) The spirituous liquor used in the consumer tasting event shall be purchased by
45 the permit holder from any ABC store at the price set by the Commission. The
46 permit holder shall remove from the premises any remaining spirituous liquor
47 used in the consumer tasting event at the conclusion of the consumer tasting
48 event.
- 49 (2) A local board may allow consumer tasting events to be conducted only
50 between the hours of 1:00 P.M. and 7:00 P.M. on any day the ABC store,
51 where the consumer tasting event is being held, is authorized by law to sell

- 1 spirituous liquor. No consumer tasting event shall be conducted for more than
2 three hours.
- 3 (3) The local board shall limit the consumer tasting events allowed per ABC store
4 as follows:
- 5 a. No more than three consumer tasting events may be held per calendar
6 week.
- 7 b. No more than two different permit holders may conduct a consumer
8 tasting event at the same time.
- 9 (4) Notwithstanding subdivision (3) of subsection (b) of this section, the total
10 amount of the tasting samples offered to and consumed by each consumer at
11 a consumer tasting event shall not exceed one-half ounce of spirituous liquor
12 in any calendar day.
- 13 (5) The permit holder conducting the event may provide point-of-sale advertising
14 materials and advertising specialties to consumers at the consumer tasting
15 event, but shall not conduct any sales of any branded merchandise or apparel
16 to consumers at the consumer tasting event.
- 17 (6) The local board may post notice of the consumer tasting event at the local
18 board's administrative offices and at any of the ABC stores within the local
19 board's system and may provide notice of the consumer tasting event to any
20 mixed beverage permittee that purchases spirituous liquor from an ABC store
21 within the local board's system. Except as permitted by this subdivision, no
22 local board or permit holder shall advertise or promote the consumer tasting
23 event to the public or cause any person to do so on its behalf.
- 24 (7) The permit holder shall provide written notice of the consumer tasting event
25 to the ABC Commission at least 48 hours before the consumer tasting event.
26 The notice shall include all of the following:
- 27 a. The date and time of the consumer tasting event.
- 28 b. The ABC store at which the consumer tasting event will be conducted.
- 29 c. The spirituous liquor that will be provided for tasting at the consumer
30 tasting event.
- 31 (8) The Commission shall adopt rules to ensure that local ABC boards that choose
32 to allow tastings provide holders of distillery permits issued under
33 G.S. 18B-1105 with reasonable opportunities to conduct tastings.
- 34 (9) Any tasting conducted in an ABC store shall be the sole responsibility of the
35 permit holder. No employee of a local board may participate in or conduct a
36 tasting in an ABC store.
- 37 (10) Any additional conditions imposed by the local board. Any additional
38 conditions shall be in writing, and the local board shall post notice of the
39 additional conditions at the local board's administrative offices and provide a
40 copy of that notice to any permit holder upon request.
- 41 (11) Except as otherwise provided in this section, a permit holder conducting a
42 consumer tasting event pursuant to this section shall not provide any
43 consideration to the local board, its board members, or its employees for any
44 purpose related to the consumer tasting event. A consumer tasting event shall
45 not be used by permit holders for unlawful inducements to a local board."

46 **SECTION 6.(b)** G.S. 18B-301(f)(1) reads as rewritten:

- 47 "(1) Any person to consume fortified wine, spirituous liquor, or mixed beverages
48 or to offer such beverages to another person at any of the following places:
- 49 a. ~~On~~ Unless a consumer tasting authorized by G.S. 18B-1114.7 is being
50 conducted, on the premises of an ABC store.
- 51 b. Upon any property used or occupied by a local board.

- 1 c. On any public road, street, highway, or sidewalk, unless a consumer
2 tasting authorized by G.S. 18B-1114.7 is being conducted."
3

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

6 **SECTION 7.** G.S. 18B-1303(b) reads as rewritten:

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

17 **PART VIII. CLARIFY CONTRACT BREWING LAW**

18 **SECTION 8.(a)** G.S. 18B-1104(a)(6a) reads as rewritten:

19 "(6a) Receive, in closed containers, and sell at the brewery, malt beverages
20 produced inside or outside North Carolina under contract with a contract
21 brewery. The contract brewery that manufactures the malt beverages shall be
22 responsible for all aspects associated with manufacturing the product,
23 ~~including maintaining appropriate records, obtaining label approval in its own~~
24 ~~name, and remitting the appropriate taxes.~~ subject to the rules of the
25 Commission and the Department of Revenue. The brewery, not the contract
26 brewery, shall be responsible for registering the contracted product with the
27 Commission, submitting the appropriate reports regarding the malt beverages,
28 and remitting the appropriate taxes if required by those rules. The contract
29 malt beverages may be sold also at affiliated retail outlets of the brewery
30 physically located on or adjacent to the brewery. Any malt beverages received
31 from a contract brewery under this subdivision shall be made available for
32 sale by the brewery to wholesalers for distribution to retailers, without
33 discrimination, in the same manner as if the malt beverages were being
34 imported by the brewery. Contract brewing is authorized between affiliated
35 breweries, but shall not be used as a means to allocate production quantities
36 between affiliated breweries to obtain a malt beverage wholesaler permit
37 pursuant to subdivision (8) of this subsection where either brewery would not
38 otherwise qualify for a permit, and the Commission shall have no authority to
39 grant an exemption to this requirement pursuant to G.S. 18B-1116(b)."

40 **SECTION 8.(b)** This section becomes effective September 1, 2019, and applies to
41 taxes collected on or after that date.
42

43 **PART IX. ALLOW MALT BEVERAGE TASTINGS AT FARMERS MARKETS**

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

45 "(a) Authorization. – The holder of a brewery permit, a malt beverages importer permit, a
46 brewing, distillation, and fermentation course authorization, or a nonresident malt beverage
47 vendor permit may obtain a malt beverage special event permit allowing the permittee to give
48 free tastings of its malt beverages; to sell branded merchandise such as glassware, cups, signs,
49 t-shirts, hats, and other apparel; and to sell its malt beverages by the glass or in closed containers
50 at trade shows, conventions, shopping malls, malt beverage festivals, street festivals, holiday
51 festivals, agricultural festivals, farmers markets, balloon races, local fund-raisers, and other

1 similar events approved by the Commission. Except for a brewery operating under the provisions
2 of G.S. 18B-1104(a)(8), all malt beverages sampled or sold pursuant to this section must be
3 purchased from a licensed malt beverages wholesaler."
4

5 **PART X. ALLOW TRANSFERS OF MALT BEVERAGES BETWEEN PERMITTEES**
6 **UNDER COMMON OWNERSHIP OR CONTROL**

7 **SECTION 10.** G.S. 18B-1001 reads as rewritten:

8 **"§ 18B-1001. Kinds of ABC permits; places eligible.**

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

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

35 ...
36 (2) Off-Premises Malt Beverage Permit. – An off-premises malt beverage permit
37 authorizes (i) the retail sale of malt beverages in the manufacturer's original
38 container for consumption off the premises, (ii) the retail sale of malt
39 beverages in a cleaned and sanitized container that is filled or refilled and
40 sealed for consumption off the premises and that identifies the permittee and
41 the date the container was filled or refilled, and (iii) the holder of the permit
42 to ship malt beverages in closed containers to individual purchasers inside and
43 outside the State. The permit also authorizes the permittee to transfer malt
44 beverages, not more than four times per calendar year, to another off-premises
45 malt beverage permittee that is under common ownership or control as the
46 transferor. Except as authorized by this subdivision, transfers of malt
47 beverages by off-premises malt beverage permittees, purchases of malt
48 beverages by a retail permittee from another retail permittee for the purpose
49 of resale, and sales of malt beverages by a retail permittee to another retail
50 permittee for the purpose of resale are unlawful. In addition, a particular brand
51 of malt beverages may be transferred only if both the transferor and transferee

1 are located within the territory designated between the brewery and the
2 wholesaler on file with the Commission. Prior to or contemporaneous with
3 any such transfer, the transferor shall notify each wholesaler who distributes
4 the transferred product of the transfer. The notice shall be in writing or
5 verifiable electronic format and shall identify the transferor and transferee, the
6 date of the transfer, quantity, and items transferred. The permit may be issued
7 for any of the following:
8 "

10 **PART XI. MALT BEVERAGES AND WINE/INCREASE DISCOUNT ON PRICE FROM**
11 **25% TO 35% OF THE RETAIL PRICE**

12 **SECTION 11.(a)** Definition. – "Discount Rule" means 14B NCAC 15B .1004
13 (General Prohibitions) for purposes of this section and its implementation.

14 **SECTION 11.(b)** Discount Rule. – Until the effective date of the revised permanent
15 rule that the Alcoholic Beverage Control Commission is required to adopt pursuant to subsection
16 (d) of this section, the Commission shall implement the Discount Rule as provided in subsection
17 (c) of this section.

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

- 20 (1) A combination of the use of a coupon, a rebate, or a permittee's loyalty card,
21 discount card, or membership card shall not exceed thirty-five percent (35%)
22 of the advertised retail price for the purchase of a malt beverage or wine.
- 23 (2) A coupon or rebate shall not provide a discount exceeding thirty-five percent
24 (35%) of the advertised retail price for the purchase of a malt beverage or
25 wine.
- 26 (3) A loyalty card, discount card, or membership card shall not provide a discount
27 exceeding thirty-five percent (35%) of the advertised retail price for the
28 purchase of a malt beverage or wine.

29 **SECTION 11.(d)** Adoption. – The Commission shall adopt rules to amend the
30 Discount Rule consistent with subsection (c) of this section by no later than September 1, 2019.
31 The Commission may adopt temporary rules to comply with the deadline set in this subsection.
32 Any temporary rules adopted in accordance with this subsection shall remain in effect until
33 permanent rules that replace the temporary rules become effective.

34 **SECTION 11.(e)** Sunset. – This section expires when permanent rules adopted as
35 required by subsection (d) of this section become effective.

37 **PART XII. CLARIFY DEFINITION OF "PREMISES"**

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

39 "(12a) "Premises" means a fixed permanent establishment, including all areas,
40 ~~whether areas~~ inside or outside the licensed premises, establishment, where
41 the permittee has control of the property through a lease, deed, or other legal
42 process."

44 **PART XIII. AUTHORIZE SALE AND DELIVERY OF MORE THAN ONE DRINK AT**
45 **A TIME TO A SINGLE PATRON**

46 **SECTION 13.(a)** Article 10 of Chapter 18B of the General Statutes is amended by
47 adding a new section to read:

48 **"§ 18B-1010. Sale and delivery of more than one drink at a time to a single patron.**

49 (a) Except as otherwise provided in this section, the holder of an on-premises malt
50 beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, or

1 mixed beverages permit issued under G.S. 18B-1001 may sell and deliver alcoholic beverage
2 drinks to a single patron with the following limitations:

3 (1) Not more than two alcoholic beverage drinks at one time if the alcoholic
4 beverage drinks are any of the following:

5 a. A malt beverage.

6 b. Unfortified wine.

7 c. Fortified wine.

8 (2) Not more than one alcoholic beverage at one time if an alcoholic beverage
9 drink is a mixed beverage or contains spirituous liquor.

10 (b) Not more than one alcoholic beverage drink may be sold to a single patron at one time
11 if the beverages are sold (i) at a stadium, athletic facility, or arena on the campus or property of
12 a public college or university or (ii) during a sports event sponsored by a public college or
13 university."

14 **SECTION 13.(b)** This section becomes effective September 1, 2019, and applies to
15 sales made on or after that date.

16 17 **PART XIV. ALLOW SALE AND CONSUMPTION OF ALCOHOLIC BEVERAGES AT** 18 **BINGO GAMES**

19 **SECTION 14.(a)** G.S. 18B-308 is repealed.

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

21 **SECTION 14.(c)** G.S. 18B-112(b)(3) reads as rewritten:

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

24 **SECTION 14.(d)** This section becomes effective September 1, 2019, and applies to
25 offenses committed on or after that date.

26 27 **PART XV. FOOD AND LODGING FACILITY SANITATION** 28 **REGULATIONS/EXEMPT BREWERIES NOT ENGAGED IN THE PREPARATION** 29 **OF FOOD**

30 **SECTION 15.(a)** G.S. 130A-247 is amended by adding a new subdivision to read:

31 "(10) "Brewery" means an establishment licensed under G.S. 18B-1104 that is not
32 engaged in the preparation of food on the premises. For purposes of this
33 subdivision, the term "food" does not include beverages."

34 **SECTION 15.(b)** G.S. 130A-248 reads as rewritten:

35 "(a) For the protection of the public health, the Commission shall adopt rules governing
36 the sanitation of establishments that prepare or serve drink or food for pay and establishments
37 that prepare and sell meat food products or poultry products. However, any establishment that
38 prepares or serves food or drink to the public, regardless of pay, shall be subject to the provisions
39 of this Article if the establishment that prepares or serves food or drink holds an ABC permit, as
40 defined in G.S. 18B-101, meets any of the definitions in G.S. 18B-1000, and does not meet the
41 definition of a brewery as provided in G.S. 130A-247(10) or a private club as provided in
42 G.S. 130A-247(2)."

43 **SECTION 15.(c)** G.S. 130A-250 reads as rewritten:

44 "**§ 130A-250. Exemptions.**

45 The following shall be exempt from this Part:

46 ...

47 (17) A brewery as defined in G.S. 130A-247(10)."

48 **SECTION 15.(d)** Penalties imposed and fees charged before the effective date of
49 this section are not abated or affected by this section, and the statutes that would be applicable
50 but for this section remain applicable to those penalties and fees.

PART XVI. RESTRICT CREATION OF NEW ABC SYSTEMS

SECTION 16.(a) G.S. 18B-600 reads as rewritten:

"§ 18B-600. Places eligible to hold alcoholic beverage elections.

...

(a1) ABC Store Elections Requiring Merger. – A jurisdiction located in a county where an ABC board is already in operation may hold an ABC store election only if all of the following criteria are met:

(1) The jurisdiction has negotiated the details of the merger required by G.S. 18B-700(c1) if the establishment of ABC stores is approved.

(2) The details of the planned merger, including the distribution of profits, have been determined in accordance with G.S. 18B-703, and have been made available to all registered voters in the jurisdiction where the ABC store election is to be held.

...

(d) City ABC Store Elections. – A city may hold an ABC store election only if all of the following criteria are met:

(1) The city has at least 1,000 registered voters; and voters.

(2) The county in which the city is located does not operate ABC stores.

(3) At least one other city in the same county operates an ABC store.

...."

SECTION 16.(b) G.S. 18B-700 is amended by adding a new subsection to read:

"(c1) Limit on Creation of New Boards. – Notwithstanding any provision of law to the contrary, no new local board may be created in any county where a local board operates an ABC store. If a jurisdiction holds an ABC store election under G.S. 18B-602(g), the establishment of ABC stores is approved, and the jurisdiction is located in a county where a local board is already in operation, the jurisdiction that held the election shall enter into an agreement with an existing local board to create a merged local board in accordance with G.S. 18B-703. Nothing in this subsection shall be construed as prohibiting a local board from serving multiple cities, counties, or cities and counties."

SECTION 16.(c) G.S. 18B-703(e) reads as rewritten:

"(e) Dissolution. – ~~With~~ Except as otherwise provided in this subsection, with the approval of the Commission, the cities or counties that have merged their ABC systems may dissolve the merged operation at any time and resume their prior separate operations. A city or county that has merged with another local board pursuant to the requirements of G.S. 18B-700(c1) may only dissolve a merged operation if one of the following applies:

(1) The city or county is merging with a different local board.

(2) The city or county is ceasing operation of all ABC stores within the city or county."

SECTION 16.(d) This section becomes effective September 1, 2019, and applies to elections held on or after that date.

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

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

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

SECTION 17.(b) This section becomes effective October 1, 2019, and applies to 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 September 1, 2019, and applies to
20 permits 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, or within the same planned development
33 project that may be subject to a common declaration of restrictive covenants
34 administered by a common property owners' association, and under common
35 ownership, control or property owners' association governance, that contain
36 or contains multiple businesses that sell food, goods, services, or a
37 combination of food, goods, and services, and that include or are connected
38 by common areas. For purposes of this Chapter, "common areas" shall include
39 portions of a building or structure and outdoor areas that are used jointly by
40 multiple businesses on a property or within a planned development project,
41 whether such areas are under common ownership or are subject to
42 cross-access easements for use by multiple businesses. A shopping mall is not
43 a multi-tenant establishment if more than fifty percent (50%) of the shopping
44 mall's common areas, measured in acreage or square footage, are enclosed and
45 air-conditioned. Any outdoor common area not used as a parking field that is
46 associated with a shopping mall shall be deemed appropriate for a Common
47 Area Entertainment Permit as allowed in this Chapter.

48"

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

50 **"(21) Common Area Entertainment Permit. – A permit under this subdivision may**
51 **be issued to the owner or property owners' association of a multi-tenant**

1 establishment that has at least two tenants that hold a permit issued under
2 subdivision (1), (3), (5), or (10) of this section. A common area entertainment
3 permit authorizes a customer of a multi-tenant establishment tenant holding a
4 permit issued under subdivision (1), (3), (5), or (10) of this section to exit that
5 licensed premises with an open container of the alcoholic beverage sold by
6 the tenant holding the permit and consume the alcoholic beverage within the
7 confines of any indoor or outdoor common area on the premises of the
8 multi-tenant establishment designated by the owner or property owners'
9 association of the multi-tenant establishment for consumption of alcoholic
10 beverages. Additionally, a permit issued under this subdivision is subject to
11 all of the following conditions:

12 a. The owner or property owners' association of the multi-tenant
13 establishment shall designate the common area in which alcoholic
14 beverages may be consumed. Additionally, the owner or property
15 owners' association of the multi-tenant establishment shall post signs
16 in conspicuous locations on the multi-tenant establishment property
17 indicating which common area is the designated common area. The
18 owner or property owners' association of the multi-tenant
19 establishment shall submit to the Commission for review and approval
20 (i) a plat of the multi-tenant establishment property for a designated
21 outdoor common area with the common area designated for alcohol
22 consumption clearly marked or (ii) a detailed map of the relevant
23 building on the multi-tenant establishment property for a designated
24 indoor common area with the common area designated for alcohol
25 consumption clearly marked. The Commission shall reject any plat or
26 map submitted under this sub-subdivision that does not meet the
27 requirements of this subdivision or any rule adopted by the
28 Commission. The owner or property owners' association of the
29 multi-tenant establishment shall submit a plat or map as required under
30 this sub-subdivision for each renewal of the permit issued under this
31 subdivision and at least 10 days prior to making any adjustments to the
32 designated common area.

33 b. Alcoholic beverages sold for consumption in a designated common
34 area shall be dispensed only in a container that clearly identifies the
35 licensed premises from which the beverage was purchased. The
36 amount of alcoholic beverage dispensed into a container under this
37 sub-subdivision shall not exceed 16 fluid ounces.

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

40 d. Alcoholic beverages may only be consumed within the designated
41 common area during the hours in which the alcoholic beverage may
42 be sold under G.S. 18B-1004, and the owner or property owners'
43 association of the multi-tenant establishment may further limit the
44 days and times in which an alcoholic beverage may be consumed in a
45 designated common area. The owner or property owners' association
46 of the multi-tenant establishment shall post signs in conspicuous
47 locations on the multi-tenant establishment property indicating the
48 days and times in which a person may consume an alcoholic beverage
49 in a designated common area.

50 e. A customer in the designated common area shall dispose of any
51 alcoholic beverage in his or her possession prior to exiting the

1 designated common area unless the customer is entering a licensed
2 premises that allows the customer to enter with the alcoholic beverage.
3 A customer is not allowed to exit a designated common area with any
4 alcoholic beverage he or she was consuming within the area except to
5 enter a licensed premises that allows the customer to enter with the
6 alcoholic beverage.

7 f. A customer is not allowed to bring and consume within the designated
8 common area alcoholic beverages not purchased from a tenant of the
9 multi-tenant establishment holding an applicable permit.

10 g. Any additional conditions imposed by the Commission. Any
11 additional conditions imposed by the Commission shall be posted on
12 the Commission's Web site."

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

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

16 ...

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

18 **PART XX. CREATION OF DELIVERY SERVICE PERMIT**

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

21 **"§ 18B-1001.4. Authorization of delivery service permit.**

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

28 (b) Training and Payment. – Prior to making any deliveries, each individual delivering
29 alcoholic beverages pursuant to a delivery service permit shall successfully complete a course
30 approved by the Commission related to the delivery of alcoholic beverages. Upon receipt of a
31 proposed training program from a holder of a delivery service permit, the Commission shall have
32 15 business days to approve, deny, or request modifications to the proposed training program.
33 An individual delivering alcoholic beverages pursuant to a delivery service permit shall not
34 handle or possess funds used to purchase an alcoholic beverage that is to be delivered, but may
35 facilitate the sales transaction in a manner that does not involve taking possession of funds.

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

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

1 (e) Scope and Construction. – A delivery service permit is not required for a common
2 carrier lawfully transporting or shipping alcoholic beverages. Nothing in this section shall be
3 construed as exempting the delivery of alcoholic beverages pursuant to a delivery service permit
4 from the requirements set forth in Article 4 of Chapter 18B of the General Statutes. Nothing in
5 this section shall be construed to require a technology services company to obtain a delivery
6 service permit if the company does not employ or contract with delivery drivers, but rather
7 provides software or an application that connects consumers and licensed retailers for the
8 delivery of alcoholic beverages from the licensed retailer.

9 (f) Penalties for Violations in Residence Halls. – Notwithstanding G.S. 18B-104, if a
10 delivery service permittee commits a violation of this Chapter when delivering to a residence hall
11 located on the premises of an institution of higher education the delivery service permittee shall
12 be subject to a fine of up to one thousand dollars (\$1,000) for the first violation, up to one
13 thousand five hundred dollars (\$1,500) for a second violation within three years of the first
14 violation, and up to two thousand dollars (\$2,000) for a third or subsequent violation within three
15 years of the first violation. In any case in which there are two or more violations within three
16 years by a delivery service permittee when delivering to a residence hall on the premises of an
17 institution of higher education in which the Commission is entitled to suspend or revoke a permit,
18 the Commission may accept from the permittee an offer in compromise to pay a penalty of not
19 more than ten thousand dollars (\$10,000). The Commission may either accept a compromise or
20 revoke a permit, but not both. The Commission may accept a compromise and suspend the permit
21 in the same case."

22 **SECTION 20.(b)** G.S. 18B-902(d), as amended by Section 19(c) of this act, reads
23 as rewritten:

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

26 ...
27 (47) Delivery service permit – \$400.00."

28 **SECTION 20.(c)** The Alcoholic Beverage Control Commission shall begin
29 accepting permit applications and approving training programs no later than September 1, 2019.

30 **SECTION 20.(d)** Subsections (a) and (b) of this section become effective December
31 1, 2019. The remainder of this section is effective when it becomes law.

32 **PART XXI. BREWERY SALES AUTHORIZATION**

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

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

35 ...
36

37 (7a) ~~In an area where the sale of malt beverages has not been authorized, a brewery~~
38 ~~that produces agricultural products, including barley, other grains, hops, or~~
39 ~~fruit, used by the brewery in the manufacture of malt beverages may sell the~~
40 ~~malt beverages owned by the brewery and approved by the Commission for~~
41 ~~sale in North Carolina at the brewery for on- or off-premise consumption upon~~
42 ~~(i) obtaining the appropriate permit under G.S. 18B-1001 and (ii) receiving~~
43 ~~approval from the governing body of the city where the brewery is located or,~~
44 ~~if the brewery is not located in a city, the governing body of the county where~~
45 ~~the brewery is located. Approval may be granted only pursuant to a resolution~~
46 ~~of the governing body adopted at a regular meeting. Before adopting a~~
47 ~~resolution approving the sale of malt beverages under this subdivision, a~~
48 ~~governing board shall hold a public hearing. A notice of the public hearing~~
49 ~~shall be given once a week for two successive calendar weeks in a newspaper~~
50 ~~having general circulation in the area. The notice of the public hearing shall~~
51 ~~be published the first time not less than 10 days nor more than 25 days before~~

the date fixed for the hearing. In computing such period, the day of publication is not to be included but the day of the hearing shall be included.

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

...."

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

PART XXII. ALLOW SPORTS AND ENTERTAINMENT VENUES TO OBTAIN ON-PREMISES FORTIFIED WINE PERMITS AND SPECIAL OCCASION PERMITS

SECTION 22. G.S. 18B-1001 reads as rewritten:

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

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

...

(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:

- a. Restaurants.
- b. Hotels.
- c. Private clubs.
- d. Community theatres.
- e. Wineries.
- f. Convention centers.
- g. Sports and entertainment venues.

...

(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:

- a. Restaurants.
- b. Hotels.
- c. Eating establishments.
- d. Private clubs.
- e. Convention centers.
- f. Sports and entertainment venues.

...."

PART XXIII. EXEMPT MIXED BEVERAGE PERMITTEES FROM PURCHASE-TRANSPORTATION PERMIT REQUIREMENT FOR SPIRITUOUS LIQUOR

SECTION 23.(a) G.S. 18B-303 reads as rewritten:

"§ 18B-303. Amounts of alcoholic beverages that may be purchased.

(a) Purchases Allowed. – Without a permit, a person may purchase at one time:

- (1) Not more than 80 liters of malt beverages, except draft malt beverages in kegs for off-premises consumption. For purchase of a keg or kegs of malt beverages for off-premises consumption, the permit required by G.S. 18B-403.1(a) must first be obtained;
- (2) Any amount of draft malt beverages by a permittee in kegs for on-premise consumption;
- (3) Not more than 50 liters of unfortified wine;
- (4) Not more than eight liters of either fortified wine or spirituous liquor, or eight liters of the two combined.

(b) Unlawful Purchase. – Except as provided in ~~subsection (e)~~ subsections (c) and (d) of this section, and in Article 11, Article 11 of this Chapter, it shall be unlawful for any person to purchase, or for any person to sell, an amount of alcoholic beverages greater than that stated in subsection (a).

(c) Greater Amounts. – Amounts of alcoholic beverages greater than those listed in subdivisions (a)(3) and (a)(4) may be purchased with a purchase-transportation permit under G.S. 18B-403.

(d) Mixed Beverage Permittee Exception. – A mixed beverage permittee, or an employee of a mixed beverage permittee, may purchase and transport any amount of fortified wine or spirituous liquor for use by the mixed beverage permittee without obtaining a purchase-transportation permit under G.S. 18B-403. An employee of a local board may transport to a mixed beverage permittee any amount of fortified wine or spirituous liquor purchased by the mixed beverage permittee without obtaining a purchase-transportation permit under G.S. 18B-403. An independent contractor employed pursuant to G.S. 18B-701(a)(1), by either a mixed beverage permittee or a local board, shall not be considered an employee of a mixed beverage permittee or a local board for purposes of this subsection."

SECTION 23.(b) G.S. 18B-403(a) reads as rewritten:

"(a) Amounts. – With a purchase-transportation permit, a person may purchase and transport an amount of alcoholic beverages greater than the amount specified in G.S. 18B-303(a). A permit authorizes the holder to transport from the place of purchase to the destination within North Carolina indicated on the permit at one time the following amount of alcoholic beverages:

- (1) A maximum of 100 liters of unfortified ~~wine;~~wine.
- (2) A maximum of 40 liters of either fortified wine or spirituous liquor, or 40 liters of the two ~~combined;~~ or combined.
- (3) The amount of fortified wine or spirituous liquors specified on the purchase-transportation permit for transportation to a mixed beverage

1 ~~permittee~~ permittee by an independent contractor employed pursuant to
2 G.S. 18B-701(a)(1)."

3 **SECTION 23.(c)** This section becomes effective September 1, 2019, and applies to
4 fortified wine and spirituous liquor purchased on or after that date.

5
6 **PART XXIV. ABC COMMISSION/QUARTERLY REPORT ON PROCESS FOR**
7 **OBTAINING A CONTRACT FOR STATE WAREHOUSE SERVICES**

8 **SECTION 24.(a)** Beginning October 15, 2019, and quarterly thereafter, the ABC
9 Commission shall submit a written report to the chairs of the Joint Legislative Oversight
10 Committee on Justice and Public Safety detailing the progress made in bidding and selecting an
11 independent contractor for the receipt, storage, and distribution of spirituous liquor at and from
12 the State warehouse in accordance with G.S. 18B-204(a)(3). The report required under this
13 section shall include all of the following:

- 14 (1) The schedule for developing and issuing the Request for Proposal (RFP),
15 including detailed explanations as to how the Commission is meeting the
16 milestones identified on the schedule.
- 17 (2) An identification of State agencies, departments, and other entities providing
18 the Commission with technical assistance on RFP development and contract
19 negotiations, including a detailed description of the assistance that is being
20 provided.
- 21 (3) A description of the Commission's consultation with local ABC boards, as that
22 term is defined in G.S. 18B-101, to ensure the boards' concerns and
23 expectations are addressed during the RFP development and contract
24 negotiations.
- 25 (4) A copy of the RFP when it is released for bid.
- 26 (5) A copy of the final contract entered into pursuant to G.S. 18B-204(a)(3).
- 27 (6) An implementation schedule for transitioning from the existing contract for
28 services described in G.S. 18B-204(a)(3) to the new contract.

29 **SECTION 24.(b)** The reporting requirement set forth in subsection (a) of this section
30 expires upon the earlier of the date of the award of the contract for services described in
31 G.S. 18B-204(a)(3) or January 1, 2022.

32
33 **PART XXV. LOCAL ABC BOARDS/ALLOW DELIVERY FEE**

34 **SECTION 25.(a)** G.S. 18B-701(a) reads as rewritten:

35 "(a) Powers. – A local board shall have authority ~~to~~ to do all of the following:

- 36 (1) Buy, sell, transport, and possess alcoholic beverages as necessary for the
37 operation of its ABC ~~stores;~~ stores. If a local board provides delivery of
38 spirituous liquor to a mixed beverages permittee, the local board may use its
39 employees or contract with an independent contractor and may charge a fee
40 to the permittee. A mixed beverage permittee may contract with an
41 independent contractor to provide delivery of spirituous liquor from an ABC
42 board's store or warehouse to the permittee's premises.
- 43 (2) Adopt rules for its ABC system, subject to the approval of the
44 ~~Commission;~~ Commission.
- 45 (3) Hire and fire employees for the ABC ~~system;~~ system.
- 46 (4) Designate one employee as manager of the ABC system and determine his
47 ~~responsibilities;~~ responsibilities.
- 48 (5) Require bonds of employees as provided in the rules of the
49 ~~Commission;~~ Commission.
- 50 (6) Operate ABC stores as provided in Article ~~8;~~ 8.
- 51 (7) Issue purchase-transportation permits as provided in Article ~~4;~~ 4.

- 1 (8) Employ local ABC officers or make other provision for enforcement of ABC
2 laws as provided in Article ~~5~~;5.
3 (9) Borrow money as provided in ~~G.S. 18B-702~~;G.S. 18B-702.
4 (10) Buy and lease real and personal property, and receive property devised or
5 given, as necessary for the operation of the ABC ~~system~~;system.
6 (11) Invest surplus funds as provided in ~~G.S. 18B-702~~;G.S. 18B-702.
7 (12) Dispose of property in the same manner as a city council may under Article
8 12 of Chapter 160A of the General ~~Statutes~~; andStatutes.

9"

10 **SECTION 25.(b)** The ABC Commission shall adopt rules to implement this section,
11 including the allowed fee for delivery and establishing requirements independent contractors
12 must meet to provide deliveries authorized by this section.

13 **SECTION 25.(c)** Subsection (a) of this section becomes effective September 1,
14 2019, and applies to deliveries made on or after that date. The remainder of this section is
15 effective when it becomes law.

16 **PART XXVI. ADMINISTRATIVE PENALTY PROCESS/PED STUDY**

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

26 **SECTION 26.(b)** Cooperation. – Upon request, the Commission shall provide any
27 necessary information, data, or documents within their possession, ascertainable from their
28 records, or otherwise available to them, to the Program Evaluation Division to complete the study
29 required under subsection (a) of this section.

30 **SECTION 26.(c)** Report. – The Program Evaluation Division shall report its findings
31 and recommendations from the study required under subsection (a) of this section to the Joint
32 Legislative Program Evaluation Oversight Committee by March 15, 2020.

33 **PART XXVII. RULES**

34 **SECTION 27.** The Alcoholic Beverage Control Commission shall amend its rules
35 consistent with the provisions of this act. The Commission may use the procedure set forth in
36 G.S. 150B-21.1 to amend any rules as required under this section.

37 **PART XXVIII. SEVERABILITY CLAUSE**

38 **SECTION 28.** 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 XXIX. EFFECTIVE DATE**

43 **SECTION 29.** Sections 26 and 29 of this act are effective when this act becomes
44 law. Except as otherwise provided, the remainder of this act becomes effective September 1,
45 2019.