



25 Proposed Changes to N.C. ABC Laws Brewing in 2019

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North Carolina House Bill 536, the ABC Omnibus Regulatory Reform Bill, was recently introduced. A link to the bill is [here](#). Below is a summary of the provisions. If passed, most provisions of the legislation would be effective July 1, 2019.

1. Brewery Private Label Sales

The bill clarifies North Carolina law to allow breweries to create private label beer for retailers. Wineries already have this statutory right for wine in North Carolina.

2. Contract Brewing

The bill clarifies that the master brewery that contracts with a contract brewery is responsible for label approval and payment of taxes.

3. Beer Tastings at Farmers Markets

The bill provides that breweries holding a malt beverage special event permit can sell their products or conduct tastings at farmers markets.

4. Beer Transfers Between Commonly Owned Permittees

The bill allows on and off premises malt beverage permittees to transfer beer to their other store locations under certain circumstances.

5. Sale of Beer and Wine at Event Venues on College Campuses

The bill provides that a stadium, athletic facility, or arena on the campus of a public college or university can obtain alcoholic beverage permits if the board of trustees of the college or university votes to allow it. Mixed beverages cannot be sold under applicable permits during athletic events sponsored by the college or university.

6. Sale of Alcohol on Ferries

The bill would allow the sale of alcoholic beverage on ferries under certain circumstances. The N.C. ABC Commission shall work with the N.C. Department of Transportation to develop rules to govern this.

7. New Bar Permit

The bill would create a new alcoholic permit for bars. Under current North Carolina law, an entity has to qualify as a “restaurant” or “private club” or other specific option (such as hotel, convention center) to be able to sell mixed beverages. Under the proposed legislation, a bar would qualify to sell mixed beverages as long as the establishment’s gross receipts from alcoholic beverages for consumption on premises shall be not less than 75% of the establishment’s total gross receipts.

8. Distillery Sales to Consumers in Other States

The bill would allow distilleries to sell liquor directly to consumers in other states, subject to the laws of the other states.

9. Distillery Sales Direct to Consumers from the Distillery

The bill would allow distilleries to sell an unlimited amount of bottles to consumers directly from the distillery. Under current N.C. law, distilleries are limited to selling five bottles direct to any consumer in a calendar year. The distillery would no longer have to provide special labels for the bottles and would no longer have to keep specialized records of these sales.

10. Distillery Tied House Exception

The bill would create an exception to the tied house laws for distilleries with regard to retail operations on the distillery premises. Current N.C. tied house law prohibits suppliers from having ownership interests in or giving things of value to retailers, with certain exceptions. The bill would make it easier for a distillery to create a retail establishment on its own premises.

11. Increase in Allowable Discounts for Coupons, Rebates and Loyalty Cards

The bill would increase the allowed discount from 25% to 35% for malt beverages and wine sold using coupons, rebates and loyalty cards. The bill provides that a combination of the use of a coupon, rebate or loyalty card shall not exceed 35% of the advertised retail price for the purchase of malt beverages or wine.

12. Clarification of Prohibition of Sexually Explicit Conduct on Licensed Premises

The bill clarifies that “premises” refers to a fixed, permanent establishment. The bill removes prohibitions relating to conduct or entertainment that includes or simulates sexual intercourse or fondling.

13. Sale and Delivery of More Than One Drink At A Time to a Single Patron

The bill clarifies that a holder of an on-premises beer and wine permit or a mixed beverage permit may sell and deliver more than one alcoholic drink at a time to a single patron BUT this would not apply to the sale of alcoholic beverages in a stadium, athletic facility or arena on the campus or property of a public college or university during a sports event sponsored by the public college or university.

14. Sale and Consumption of Alcoholic Beverages at Bingo Games

The bill would allow the sale and consumption of alcoholic beverages at bingo games.

15. Exemption of Breweries That Do Not Prepare Food from Certain Sanitation Regulations

The bill exempts breweries that do not prepare food from certain food and sanitation regulations, such as grading and report cards.

16. Delegation of Powers to N.C. ABC Commission

The bill clarifies that the N.C. ABC Commission has the power to regulate activities not otherwise regulated by the General Assembly relating to the sale, purchase, transportation, consumption and possession of alcohol by the adoption of rules and regulations.

17. ABC Stores Hours of Operation

The bill authorizes ABC stores to be open on Sundays (except between noon and 5:00 p.m.) as long as a city or county adopts an ordinance allowing Sunday sales. Cities and counties may also adopt ordinances to establish the days and times in which their ABC stores are open to the public. ABC stores must remain closed between 9:00 p.m. and 9:00 a.m.

18. ABC Stores and Liquor Tastings

The bill allows distilleries and liquor suppliers to conduct free tastings for consumers in ABC stores. The samples must be limited to .25 ounce samples. Local ABC boards shall establish and implement policies where distillery permit holders are given rights of first refusal for reserved dates. The N.C. ABC Commission will adopt regulations to govern tastings in ABC stores.

19. Electronic Payment for Liquor Purchased by Mixed Beverage Permittees

The bill would require local boards to allow mixed beverage permittees to purchase liquor

electronically. The local boards cannot establish fees for this service.

20. Electronic Submission of Payments and Forms to N.C. ABC Commission

The bill would require the N.C. ABC Commission to make permit application forms available to be submitted electronically. Signatures on permit application forms could also be submitted electronically. Payment could also be submitted electronically with no more than a \$5 fee.

21. Creation of a Common Area Entertainment Permit

The bill creates a new permit applicable to the property owner of a multi-tenant establishment, where the property owner could obtain an “umbrella” permit to allow patrons of the multi-tenant establishment to take drinks purchased at those establishments into common areas of the property that are privately owned by the property owner. Certain conditions apply, such as cups must be labeled from the individual tenants.

22. Creation of Delivery Service Permit

The bill creates a new delivery service permit to authorize an entity to deliver alcoholic beverages on behalf of a retailer. The delivery service permittee must complete a training course and deliver packages clearly labeled for individuals over 21. The delivery service permittee is limited to a radius of 50 miles from the retailer. The permit does not apply to common carriers lawfully shipping alcoholic beverages.

23. Penalty Increase for ABC Violations

The bill raises the maximum monetary penalty for offers in compromise for ABC violations from \$5,000 to \$10,000 per ABC violation.

24. Legislative Study

The legislature by committee shall study certain alcoholic regulations, including proposed violations and penalties, and report findings by March 15, 2020.

25. ABC Commission Report on Special Order Process

The ABC Commission shall study the process of placing and fulfilling a special order for liquor, including the timeline, and report back to the legislature by 2020.

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