



North Carolina Spirits Association

Legislative Report
March 22, 2019

The House and Senate have established deadlines by which legislators must submit proposed legislation. Those deadlines require the legislator to submit their request to the legislature's Legislative Drafting Division by a specified date and then the bill must be drafted and actually filed for introduction by another date that is a few weeks later. However, these deadlines do not prevent legislators from adding new ideas to existing bills after the bill filing deadlines if the legislator can get the votes to do so.

The Senate deadline for submitting bills to the Legislative Drafting Division has already passed and all Senate bills must be filed in the Senate by 4 PM on Tuesday, April 2. In the House, members have until next Wednesday, March 27 to get bill drafting requests submitted to the Legislative Drafting Division if the bill does not involve any finance or spending provisions and the bills must be filed for introduction in the House by 3 PM on Tuesday, April 16. Bills that involve finance or spending must be submitted to the Legislative Drafting Division by Wednesday, April 3 and must be filed in the House by 3 PM on Tuesday, April 23.

Another important deadline is Thursday, May 9. This is the date by which all bills that do not contain finance or spending provisions must be passed out of one chamber into the other or the bill is no longer eligible for consideration during the 2019 or 2020 General Assembly (i.e. the bill "dies"). While the "crossover deadline" is a very important deadline, there are multiple ways that legislators can get around this deadline if there is sufficient support from the leadership of the General Assembly.

While the introduction of bills this session has so far been at a moderate pace, it is likely that a large number of new bills will be introduced in the next few weeks as the bill introduction deadlines approach.

The House and Senate adjourned on Thursday and will reconvene on Monday afternoon.

BILLS OF INTEREST

House Bill 378, Distiller Regulatory Reform Bill, would make numerous changes to the Alcoholic Beverage Control (ABC) Commission's permitting and regulation of North Carolina distilleries. This bill would allow distillery permit holders to:

1. Sell malt beverages, unfortified wine, and fortified wine for consumption on their premises after obtaining the appropriate permit.
2. Sell mixed beverages without having to first obtain a mixed beverage permit from the ABC.

3. Sell, deliver, and ship spirituous liquor in closed containers at wholesale to holders of a mixed beverages permit (restaurants, bars, etc.) and at wholesale or retail to consumers in other states or nations.
4. Sell spirituous liquor distilled at the distillery in closed containers to visitors for consumption off the premises without limit. Currently, distilleries can only sell to those visitors who tour the distillery and are limited to five bottles per 12 month period per consumer.

The bill would allow the owner or designated employee of a distiller authorized to sell spirituous liquor to issue a purchase-transportation permit for spirituous liquor sold by the distillery.

The bill would allow local ABC boards the option of allowing spirituous liquor tastings at ABC stores for broker, supplier and distiller permit holders.

The bill would allow a “bar” to obtain an on-premises malt beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, brown-bagging permit, special occasion permit, and mixed beverages permit. A bar is defined as an establishment in the business of serving alcoholic beverages for consumption on the premises, whose gross receipts from alcohol for consumption on the premises is not less than 75% of the total gross receipts. **Introduced by Representatives McGrady, Hardister, Fisher and B. Turner, and assigned to the House Committee on Alcoholic Beverage Control.**

House Bill 389, ABC/Univ Athletic Facility, would allow for alcohol sales to the general public at a stadium, athletic facility, or arena on the campus or property of a public college or university. The bill would require the Board of Trustees of the public college or university to authorize alcohol sales at these facilities before a permit can be obtained from the North Carolina Alcoholic Beverage Control Commission. Currently, alcohol sales to the general public at a stadium, athletic facility, or arena on the property of a public college or university is prohibited. The bill provides that mixed beverages would not be sold when the event taking place is sponsored by the public college or university. **Introduced by Representatives Bell, Boles, Goodman and Lewis, and referred to the House Alcoholic Beverage Control Committee.**

Senate Bill 290, Distiller Regulatory Reform Bill, is identical to House Bill 378 summarized above. **Introduced by Senators Gunn, Blue and Harrington and referred to the Senate Rules Committee.**

Senate Bill 296, ABC/Univ Athletic Facility, is identical to House Bill 389 summarized above. **Introduced by Senators Gunn, Rabon and Britt and referred to the Senate Education/Higher Education Committee.**

Senate Bill 344, Allow Common Area Entertainment ABC Permit, would allow the North Carolina Alcoholic Beverage Control Commission to issue a “Common Area Entertainment Permit” to the owner of a shopping mall. A common area entertainment permit would allow customers of a shopping mall tenant with an alcoholic beverage permit that allows for the sale and consumption of alcoholic beverages to consume an alcoholic beverage bought from the tenant

within a designated common area on the shopping mall property. **Introduced by Senators Woodard and Gunn.**

BILL STATUS

House Bill 91, ABC Laws Modernization/PED Study, was considered in the House Rules Committee this week. The bill was scheduled “for discussion only.” Legislative staff provided a summary of the legislature’s Program Evaluation Division (PED) study of ABC related issues. When this summary concluded, there were only a few minutes left for questions from the committee. The Committee Chairman Representative Chuck McGrady (R-Henderson) announced that the bill would most likely come up again later in the year.

The bill contains a number of legislative priorities of the North Carolina Spirits Association. The bill:

- Would require the merger of ABC systems located in a county with two or more ABC systems – so that there would be no more than one ABC system per county;
- Would repeal the purchase-transportation permit requirement for spirituous liquor;
- Would require the ABC Commission to submit a quarterly report on its process for obtaining a contract for state warehouse services;
- Would allow the purchase of individual bottles when a special order of spirituous liquor has been placed;
- Would allow local ABC boards to charge a delivery fee when delivering spirituous liquor to mixed beverages permittees;
- Would allow local governments the option of operating ABC stores on Sundays;
- Would allow local ABC boards the option of allowing spirituous liquor tastings at ABC stores.

For more information about legislation described in the legislative reports, feel free to contact me at dferrell@nexsenpruet.com or (919) 573-7421. Information is also available on the General Assembly’s website: www.ncleg.gov.

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