



# North Carolina Spirits Association

Legislative Report  
March 15, 2019

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Governor Roy Cooper (D-Nash) added a sixth Democrat to the 7-member state Supreme Court on Monday, elevating current Court of Appeals judge Mark Davis to a vacancy created when Cooper recently named Cheri Beasley the Chief Justice. Justice Davis was chosen from a number of candidates who were interviewed by the governor. Justice Davis will begin serving next month and will serve at least through the end of 2020 when he will face election for his new seat. Davis' appointment emphasizes the recent dramatic change in the partisan composition of the Supreme Court. Registered Republicans held a majority on North Carolina's high court for nearly 20 years before Democrats took a 4-3 seat advantage with the November 2016 election. Democrats picked up another seat last November. Now Davis' appointment gives Democrats a 6-1 seat advantage. Three of the court's seven seats will now be on the November 2020 statewide ballot because of Cooper's two appointments. The winners will be elected to full eight-year terms. The seat belonging to Justice Newby is up for re-election next year as Newby has announced he will run for Chief Justice, as has Beasley. Governor Cooper now also gets to pick Davis' successor on the 15-member Court of Appeals, which generally meets in three-judge panels to hear cases. In addition, Cooper will get to fill another Court of Appeals seat within weeks, since Judge Bob Hunter meets the age-mandated retirement at the end of the month.

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

## BILLS OF INTEREST

**House Bill 363, Craft Beer Distribution & Modernization Act**, would make various changes to the beer distribution laws at the request of both the beer and wine wholesalers and the craft brewers. The bill is expect to end the long running disputes between the two industries. The bill states that the state continues to support the three tier system for alcohol production, distribution and sales. The bill would amend GS 18B-1104(a)(8) regarding the authority of a brewery permit holder to obtain a malt beverage wholesaler permit. The bill would expand the scope of the authorization to include breweries that sell, to consumers at the brewery, to wholesalers, to retailers, and to exporters, fewer than 100,000 barrels (was, fewer than 25,000 barrels) of malt beverages produced by it per year. The bill would modify the authorization to allow a brewery permit holder to obtain a malt beverage wholesaler permit to sell, deliver, and ship at wholesale up to 50,000 barrels of malt beverages manufactured by the brewery per year to unaffiliated retail permittees (previously, limited to malt beverages by the brewery only, with no reference to year). The bill would add that the barrelege limitations apply regardless of the number or type of permits that can be issued to a brewery. The bill would specify that the ABC Commission has no authority to allow more than three additional retail locations authorized. Includes malt beverages manufactured by a supplier that owns 5% or more of a brewery permittee acting under the

authorization in the determination of whether the brewery permittee complies with the barrelage limitations. **Introduced by Representatives Lewis, Bell, D. Jackson and Reives.**

**Senate Bill 246, Craft Beer Distribution & Modernization Act**, is identical to House Bill 363 summarized above. **Introduced by Senator Rabon and has been referred to the Senate Commerce Committee.**

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

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