

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 500
Committee Substitute Favorable 4/25/17
Senate Commerce and Insurance Committee Substitute Adopted 6/7/18

Short Title: ABC Omnibus Legislation.

(Public)

Sponsors:

Referred to:

March 29, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE VARIOUS CHANGES TO THE ALCOHOLIC BEVERAGE CONTROL
3 LAWS.

4 The General Assembly of North Carolina enacts:

5
6 **ALLOW AN ABC PERMITTEE TO TASTE ALCOHOLIC BEVERAGES FOR**
7 **QUALITY CONTROL AT PREMISES OTHER THAN THE PERMITTEE'S LICENSED**
8 **COMMERCIAL PREMISES**

9 SECTION 1. G.S. 18B-1121 reads as rewritten:

10 "§ 18B-1121. Authority to sample for sensory analysis, quality control, or educational
11 purposes.

12 Except as otherwise prohibited under Article 3 of this Chapter, a commercial permittee
13 licensed under this Article, or its agent or employee, may consume samples of alcoholic
14 beverages it is licensed to sell, free of charge, ~~on its premises~~ for purposes of sensory analysis,
15 quality control, or ~~education~~ education on any of the following premises:

- 16 (1) The permittee's premises licensed for commercial activity under Article 11 of
17 this Chapter.
18 (2) The permittee's premises licensed for retail activity under Article 10 of this
19 Chapter, if the commercial permittee is authorized to hold a retail permit under
20 Article 11 of this Chapter and the commercial permittee has obtained the
21 appropriate retail permit under G.S. 18B-1001.
22 (3) The premises of a special one-time permittee under G.S. 18B-1002.
23 (4) The premises of a special event where a commercial permittee is participating
24 pursuant to a permit issued under G.S. 18B-1114.1 or G.S. 18B-1114.5."
25

26 **CLARIFY THAT A DISTILLER REPRESENTATIVE'S PRESENCE IS NOT**
27 **REQUIRED TO DESTROY DAMAGED OR DISTRESSED ALCOHOLIC BEVERAGES**

28 SECTION 2.(a) Definition. – "Distressed Liquor Rules" means 14B NCAC 15A
29 .1603 (Requirements for Storage), 14B NCAC 15A .1604 (Prohibited Practices), and 14B NCAC
30 15A .1701 (Removal of Beverages from ABC Stores) for purposes of this section and its
31 implementation.

32 SECTION 2.(b) Distressed Liquor Rules. – Until the effective date of the revised
33 permanent rule that the Alcoholic Beverage Control Commission is required to adopt pursuant
34 to subsection (d) of this section, the Commission shall implement the Distressed Liquor Rules as
35 provided in subsection (c) of this section.



1 **SECTION 2.(c)** Implementation. – Notwithstanding subdivisions (6) and (7) of 14B
2 NCAC 15A .1603, subsection (b) of 14B NCAC 15A .1604 (Prohibited Practices), and
3 subsection (b) of 14B NCAC 15A .1701 (Removal of Beverages from ABC Stores), the
4 Commission shall not require the presence of a distiller representative for the Commission, a
5 privately-owned bonded warehouse, or a local board to destroy distressed liquor.

6 **SECTION 2.(d)** The Commission shall adopt rules to amend the Distressed Liquor
7 Rules consistent with subsection (c) of this section.

8 **SECTION 2.(e)** Sunset. – This section expires when permanent rules adopted as
9 required by subsection (d) of this section become effective.

10
11 **ALLOW PLACEMENT OF MIXED BEVERAGES TAX STAMP ON ANY VERTICAL**
12 **PORTION OF A SPIRITUOUS LIQUOR BOTTLE**

13 **SECTION 3.(a)** Definition. – "Mixed Beverages Tax Stamp Rule" means 14B
14 NCAC 15A .1901 (Mixed Beverages Tax Stamp) for purposes of this section and its
15 implementation.

16 **SECTION 3.(b)** Mixed Beverages Tax Stamp Rule. – Until the effective date of the
17 revised permanent rule that the Alcoholic Beverage Control Commission is required to adopt
18 pursuant to subsection (d) of this section, the Commission shall implement the Mixed Beverages
19 Tax Stamp Rule as provided in subsection (c) of this section.

20 **SECTION 3.(c)** Implementation. – Notwithstanding subsection (b) of the Mixed
21 Beverages Tax Stamp Rule, the Commission shall not require the mixed beverages tax stamp to
22 be affixed to the original paper labeling of each container and shall allow the mixed beverages
23 tax stamp to be affixed to any vertical portion of the container.

24 **SECTION 3.(d)** The Commission shall adopt a rule to amend the Mixed Beverages
25 Tax Stamp Rule consistent with subsection (c) of this section.

26 **SECTION 3.(e)** Sunset. – This section expires when permanent rules adopted as
27 required by subsection (d) of this section become effective.

28
29 **AMENDMENTS TO ESTABLISHMENT AND PREMISES DEFINITIONS FOR**
30 **RETAIL PERMITTING**

31 **SECTION 4.(a)** G.S. 18B-1000 reads as rewritten:

32 **"§ 18B-1000. Definitions concerning establishments.**

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

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

39 (1a) Convention center. – An establishment that meets either of the following
40 requirements:

41 a. A publicly owned or operated establishment that is engaged in the
42 business of sponsoring or hosting conventions and similar large
43 gatherings, including auditoriums, armories, civic centers, convention
44 centers, and coliseums.

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

- 1 1. The facility shall be certified by the appropriate local official
2 as being consistent with the city's redevelopment plan for the
3 area in which the facility is located.
- 4 2. The facility shall contain at least 7,500 square feet of floor
5 space that is available for public use and shall be used
6 exclusively for banquets, receptions, meetings, and similar
7 gatherings.
- 8 3. The facility's annual gross receipts from the sale of alcoholic
9 beverages shall be less than fifty percent (50%) of the gross
10 receipts paid to all providers at permitted functions for food,
11 nonalcoholic beverages, alcoholic beverages, service, and
12 facility usage fees (excluding receipts or charges for
13 entertainment and ancillary services not directly related to
14 providing food and beverage service). The person to whom a
15 permit has been issued for a privately owned facility shall be
16 required to maintain copies of all contracts and invoices for
17 items supplied by providers for a period of three years from the
18 date of the event.

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

- 22 (1b) Cooking school. – An establishment substantially engaged in the business of
23 operating a school in which cooking techniques are taught for a fee.
- 24 (2) Eating establishment. – An establishment engaged in the business of regularly
25 and customarily selling food, primarily to be eaten on the premises. Eating
26 establishments shall include businesses that are referred to as restaurants,
27 cafeterias, or cafes, but that do not qualify under subdivision (6). Eating
28 establishments shall also include lunchstands, grills, snack bars, fast-food
29 businesses, and other establishments, such as drugstores, which have a lunch
30 counter or other section where food is sold to be eaten on the premises.
- 31 (3) Food business. – An establishment engaged in the business of regularly and
32 customarily selling food, primarily to be eaten off the premises. Food
33 businesses shall include grocery stores, convenience stores, and other
34 establishments, such as variety stores or drugstores, where food is regularly
35 sold, and shall also include establishments engaged primarily in selling
36 unfortified or fortified wine or both, for consumption off the premises.
- 37 (4) Hotel. – An establishment substantially engaged in the business of furnishing
38 lodging. A hotel shall have a restaurant either on or closely associated with
39 the premises. The restaurant and hotel need not be owned or operated by the
40 same person.
- 41 (4a) Motion picture theater. – A movie theater, screening room, or other venue that
42 is being used primarily for the exhibition of a copyrighted motion picture, if
43 such exhibition is open to the public. To qualify as a motion picture theater,
44 an establishment's movie ticket sales revenue shall be at a level greater than
45 revenue from sales of alcoholic beverages and the establishment's gross
46 receipts from food and nonalcoholic beverages shall be not less than thirty
47 percent (30%) of the total gross receipts from food, nonalcoholic beverages,
48 and alcoholic beverages.
- 49 (5) Private club. – An establishment that is organized and operated solely for a
50 social, recreational, patriotic, or fraternal purpose and that is not open to the
51 general public, but is open only to the members of the organization and their

1 bona fide guests. This provision does not, however, prohibit such an
2 establishment from being open to the general public for raffles and bingo
3 games as required by G.S. 14-309.11(a) and G.S. 14-309.13. Except for bona
4 fide religious organizations, no organization that discriminates in the selection
5 of its membership on the basis of religion shall be eligible to receive any
6 permit issued under this Chapter.

7 (5a) Residential private club. – A private club that is located in a privately owned,
8 primarily residential and recreational development.

9 (6) Restaurant. – An establishment substantially engaged in the business of
10 preparing and serving meals. To qualify as a restaurant, an establishment's
11 gross receipts from food and nonalcoholic beverages shall be not less than
12 thirty percent (30%) of the total gross receipts from food, nonalcoholic
13 beverages, and alcoholic beverages. A restaurant shall also have a kitchen and
14 an inside dining area with seating for at least 36 people. If the restaurant is
15 located on an 18-hole golf course, the premises shall include the parking lot
16 and the playing area of the golf course, including the teeing areas, greens,
17 fairways, roughs, hazards, and cart paths.

18 (7) Retail business. – An establishment engaged in any retail business, regardless
19 of whether food is sold on the premises.

20 (7a) Sports and entertainment venue. – Stadiums, ballparks, and other similar
21 facilities with a permanently constructed seating capacity of 3,000 or more
22 which are not located on the campus of a school, college, or university.

23 (8) Sports club. – An establishment that meets either of the following
24 requirements:

25 a. The establishment is substantially engaged in the business of
26 providing equine boarding, training, and coaching services, and the
27 establishment offers on-site dining, lodging, and meeting facilities and
28 hosts horse trials and other events sanctioned or endorsed by the
29 United States Equestrian Federation, Inc.; or

30 b. The establishment is substantially engaged in the business of
31 providing an 18-hole golf course, two or more tennis courts, or both.

32 The sports club can either be open to the general public or to members and
33 their guests. To qualify as a sports club, an establishment's gross receipts for
34 club activities shall be greater than its gross receipts for alcoholic beverages.
35 The premises of a sports club substantially engaged in the business of
36 providing an 18-hole golf course shall include the parking lot and the playing
37 area of the golf course, including the teeing areas, greens, fairways, roughs,
38 hazards, and cart paths. This provision does not prohibit a sports club from
39 operating a restaurant. Receipts for food shall be included in with the club
40 activity fee.

41 (9) Congressionally chartered veterans organizations. – An establishment that is
42 organized as a federally chartered, nonprofit veterans organization, and is
43 operated solely for patriotic or fraternal purposes.

44 (10) Wine producer. – A farming establishment of at least five acres committed to
45 the production of grapes, berries, or other fruits for the manufacture of
46 unfortified wine."

47 **SECTION 4.(b)** G.S. 18B-1001 reads as rewritten:

48 **"§ 18B-1001. Kinds of ABC permits; places eligible.**

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

- 1 (1) On-Premises Malt Beverage Permit. – An on-premises malt beverage permit
2 authorizes (i) the retail sale of malt beverages for consumption on the
3 premises, (ii) the retail sale of malt beverages in the manufacturer's original
4 container for consumption off the premises, and (iii) 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. It also authorizes the holder of the
8 permit to ship malt beverages in closed containers to individual purchasers
9 inside and outside the State. The permit may be issued for any of the
10 following:
11 a. Restaurants.
12 b. Hotels.
13 c. Eating establishments.
14 d. Food businesses.
15 e. Retail businesses.
16 f. Private clubs.
17 g. Convention centers.
18 h. Community theatres.
19 i. Breweries as authorized by subdivisions (7) and (8) of
20 G.S. 18B-1104(a).
21 j. Motion picture theaters.
22 k. Sports and entertainment venues.
- 23 (2) Off-Premises Malt Beverage Permit. – An off-premises malt beverage permit
24 authorizes (i) the retail sale of malt beverages in the manufacturer's original
25 container for consumption off the premises, (ii) the retail sale of malt
26 beverages in a cleaned and sanitized container that is filled or refilled and
27 sealed for consumption off the premises and that identifies the permittee and
28 the date the container was filled or refilled, and (iii) the holder of the permit
29 to ship malt beverages in closed containers to individual purchasers inside and
30 outside the State. The permit may be issued for any of the following:
31 a. Restaurants.
32 b. Hotels.
33 c. Eating establishments.
34 d. Food businesses.
35 e. Retail businesses.
36 f. The holder of a brewing, distillation, and fermentation course
37 authorization under G.S. 18B-1114.6. A school obtaining a permit
38 under this subdivision is authorized to sell malt beverages
39 manufactured during its brewing, distillation, and fermentation
40 program at one noncampus location in a county where the permittee
41 holds and offers classes on a regular full-time basis in a facility owned
42 by the permittee.
- 43 (3) On-Premises Unfortified Wine Permit. – An on-premises unfortified wine
44 permit authorizes (i) the retail sale of unfortified wine for consumption on the
45 premises, either alone or mixed with other beverages, (ii) the retail sale of
46 unfortified wine in the manufacturer's original container for consumption off
47 the premises, and (iii) the retail sale of unfortified wine dispensed from a tap
48 connected to a pressurized container utilizing carbon dioxide or similar gas
49 into a cleaned and sanitized container that is filled or refilled and sealed for
50 consumption off the premises and that identifies the permittee and the date the
51 container was filled or refilled. The permit also authorizes the permittee to

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

- 21 a. Restaurants.
- 22 b. Hotels.
- 23 c. Eating establishments.
- 24 d. Private clubs.
- 25 e. Convention centers.
- 26 f. Cooking schools.
- 27 g. Community theatres.
- 28 h. Wineries.
- 29 i. Wine producers.
- 30 j. Retail businesses.
- 31 k. Motion picture theaters.
- 32 l. Sports and entertainment venues.

- 33 (4) Off-Premises Unfortified Wine Permit. – An off-premises unfortified wine
34 permit authorizes (i) the retail sale of unfortified wine in the manufacturer's
35 original container for consumption off the premises, (ii) the retail sale of
36 unfortified wine dispensed from a tap connected to a pressurized container
37 utilizing carbon dioxide or similar gas into a cleaned and sanitized container
38 that is filled or refilled and sealed for consumption off the premises and that
39 identifies the permittee and the date the container was filled or refilled, and
40 (iii) the holder of the permit to ship unfortified wine in closed containers to
41 individual purchasers inside and outside the State. The permit may be issued
42 for retail businesses. The permit also authorizes the permittee to transfer
43 unfortified wine, not more than four times per calendar year, to another
44 off-premises unfortified wine permittee that is under common ownership or
45 control as the transferor. Except as authorized by this subdivision, transfers of
46 wine by off-premises unfortified wine permittees, purchases of wine by a
47 retail permittee from another retail permittee for the purpose of resale, and
48 sale of wine by a retail permittee to another retail permittee for the purpose of
49 resale are unlawful. In addition, a particular brand of wine may be transferred
50 only if both the transferor and transferee are located within the territory
51 designated between the winery and the wholesaler on file with the

1 Commission. Prior to or contemporaneous with any such transfer, the
2 transferor shall notify each wholesaler who distributes the transferred product
3 of the transfer. The notice shall be in writing or verifiable electronic format
4 and shall identify the transferor and transferee, the date of the transfer,
5 quantity, and items transferred. The permit may also be issued to the holder
6 of a viticulture/enology course authorization under G.S. 18B-1114.4. A
7 school obtaining a permit under this subdivision is authorized to sell wines
8 manufactured during its viticulture/enology program at one non-campus
9 location in a county where the permittee holds and offers classes on a regular
10 full-time basis in a facility owned by the permittee. The permit may also be
11 issued for a winery or a wine producer for sale of its own unfortified wine
12 during hours when the winery or wine producer's premises is open to the
13 public, subject to any local ordinance adopted pursuant to G.S. 18B-1004(d)
14 concerning hours for the retail sale of unfortified wine. A winery obtaining a
15 permit under this subdivision is authorized to sell wine manufactured by the
16 winery at one additional location in the county under the same conditions
17 specified in G.S. 18B-1101(5) for the sale of wine at the winery; provided,
18 however, that no other alcohol sales shall be authorized at the additional
19 location. Orders received by a winery by telephone, Internet, mail, facsimile,
20 or other off-premises means of communication shall be shipped pursuant to a
21 wine shipper permit and not pursuant to this subdivision.

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

- 46 a. ~~Restaurants;~~Restaurants.
- 47 b. ~~Hotels;~~Hotels.
- 48 c. ~~Private clubs;~~clubs.
- 49 d. ~~Community theatres;~~theatres.
- 50 e. ~~Wineries;~~Wineries.
- 51 f. ~~Convention centers.~~centers.

- 1 g. Motion picture theaters.
- 2 (6) Off-Premises Fortified Wine Permit. – An off-premises fortified wine permit
- 3 authorizes the retail sale of fortified wine in the manufacturer's original
- 4 container for consumption off the premises and it authorizes the holder of the
- 5 permit to ship fortified wine in closed containers to individual purchasers
- 6 inside and outside the State. The permit may be issued for food businesses.
- 7 The permit may also be issued for a winery for sale of its own fortified wine.
- 8 Orders received by a winery by telephone, Internet, mail, facsimile, or other
- 9 off-premises means of communication shall be shipped pursuant to a wine
- 10 shipper permit and not pursuant to this subdivision. The permit also authorizes
- 11 the permittee to transfer fortified wine, not more than four times per calendar
- 12 year, to another off-premises fortified wine permittee that is under common
- 13 ownership or control as the transferor. Except as authorized by this
- 14 subdivision, transfers of wine by off-premises fortified wine permittees,
- 15 purchases of wine by a retail permittee from another retail permittee for the
- 16 purpose of resale, and sale of wine by a retail permittee to another retail
- 17 permittee for the purpose of resale are unlawful. In addition, a particular brand
- 18 of wine may be transferred only if both the transferor and transferee are
- 19 located within the territory designated between the winery and the wholesaler
- 20 on file with the Commission. Prior to or contemporaneous with any such
- 21 transfer, the transferor shall notify each wholesaler who distributes the
- 22 transferred product of the transfer. The notice shall be in writing or verifiable
- 23 electronic format and shall identify the transferor and transferee, the date of
- 24 the transfer, quantity, and items transferred.
- 25 (7) Brown-Bagging Permit. – A brown-bagging permit authorizes each individual
- 26 patron of an establishment, with the permission of the permittee, to bring up
- 27 to eight liters of fortified wine or spirituous liquor, or eight liters of the two
- 28 combined, onto the premises and to consume those alcoholic beverages on the
- 29 premises. The permit may be issued for any of the following:
- 30 a. ~~Restaurants;~~Restaurants.
- 31 b. ~~Hotels;~~Hotels.
- 32 c. Private ~~clubs;~~clubs.
- 33 d. Community ~~theatres;~~theatres.
- 34 e. Congressionally chartered veterans ~~organizations;~~organizations.
- 35 (8) Special Occasion Permit. – A special occasion permit authorizes the host of a
- 36 reception, party or other special occasion, with the permission of the
- 37 permittee, to bring fortified wine and spirituous liquor onto the premises of
- 38 the business and to serve the same to his guests. The permit may be issued for
- 39 any of the following:
- 40 a. ~~Restaurants;~~Restaurants.
- 41 b. ~~Hotels;~~Hotels.
- 42 c. Eating ~~establishments;~~establishments.
- 43 d. Private ~~clubs;~~clubs.
- 44 e. Convention ~~centers;~~centers.
- 45 (9) Limited Special Occasion Permit. – A limited special occasion permit
- 46 authorizes the permittee to bring fortified wine and spirituous liquor onto the
- 47 premises of a business, with the permission of the owner of that property, and
- 48 to serve those alcoholic beverages to the permittee's guests at a reception,
- 49 party, or other special occasion being held there. The permit may be issued to
- 50 any individual other than the owner or possessor of the premises. An applicant

- 1 for a limited special occasion permit shall have the written permission of the
 2 owner or possessor of the property on which the special occasion is to be held.
 3 (10) Mixed Beverages Permit. – A mixed beverages permit authorizes the retail
 4 sale of mixed beverages for consumption on the premises. The permit also
 5 authorizes a mixed beverages permittee (i) to obtain a purchase-transportation
 6 permit under G.S. 18B-403 and 18B-404, (ii) to obtain an antique spirituous
 7 liquor permit under subdivision (20) of this section, and (iii) to use for culinary
 8 purposes spirituous liquor lawfully purchased for use in mixed beverages. The
 9 permit may be issued for any of the following:
 10 a. ~~Restaurants;~~Restaurants.
 11 b. ~~Hotels;~~Hotels.
 12 c. Private ~~clubs;~~clubs.
 13 d. Convention ~~centers;~~centers.
 14 e. Community ~~theatres;~~theatres.
 15 f. Nonprofit ~~organizations;~~ and organizations.
 16 g. Political ~~organizations-~~organizations.
 17 h. Motion picture theaters.
 18 i. Sports and entertainment venues.

19"

20
 21 **INCREASE THE ABILITY OF NONPROFIT ORGANIZATIONS TO HOLD**
 22 **FUND-RAISING RAFFLES AND AUTHORIZE REISSUANCE OF CERTAIN**
 23 **ONE-TIME ABC COMMISSION PERMITS**

24 **SECTION 5.(a)** G.S. 14-309.6 is amended by adding a new subdivision to read:

25 "(8) "Nonprofit organization" means an organization or association recognized by
 26 the Department of Revenue as tax-exempt pursuant to G.S. 105-130.11(a), or
 27 any bona fide branch, chapter, or affiliate of that organization."

28 **SECTION 5.(b)** G.S. 14-309.15 reads as rewritten:

29 **"§ 14-309.15. Raffles.**

30 (a) It is lawful for any nonprofit ~~organization or association, recognized by the~~
 31 ~~Department of Revenue as tax-exempt pursuant to G.S. 105-130.11(a), or for any bona fide~~
 32 ~~branch, chapter, or affiliate of such organization, organization, candidate, political committee,~~
 33 ~~and for~~ any government entity within the State, to conduct raffles in accordance with this
 34 section. Each regional or county chapter of a nonprofit organization shall be eligible to conduct
 35 raffles in accordance with this section independently of its parent organization. Any person who
 36 conducts a raffle in violation of any provision of this section shall be guilty of a Class 2
 37 misdemeanor. Upon conviction that person shall not conduct a raffle for a period of one year. It
 38 is lawful to participate in a raffle conducted pursuant to this section. It shall not constitute a
 39 violation of State law to advertise a raffle conducted in accordance with this section. A raffle
 40 conducted pursuant to this section is not "gambling". For the purpose of this section, "candidate"
 41 and "political committee" have the meaning provided by Article 22A of Chapter 163A of the
 42 General Statutes, who have filed organization reports under that Article, and who are in good
 43 standing with the appropriate board of elections. Receipts and expenditures of a raffle by a
 44 candidate or political committee shall be reported in accordance with Article 22A of Chapter
 45 163A of the General Statutes, and ticket purchases are contributions within the meaning of that
 46 Article.

47 (b) For purposes of this section "raffle" means a game in which the prize is won by
 48 random drawing of the name or number of one or more persons purchasing chances.

49 (c) ~~Raffles shall be limited to two per nonprofit organization per year.~~ A nonprofit
 50 organization may hold no more than four raffles per year.

1 (d) Except as provided in subsection (g) of this section, the maximum cash prize that may
2 be offered or paid for any one raffle is one hundred twenty-five thousand dollars (\$125,000) and
3 if merchandise is used as a prize, and it is not redeemable for cash, the maximum fair market
4 value of that prize may be one hundred twenty-five thousand dollars (\$125,000). The total cash
5 prizes offered or paid by any nonprofit organization ~~or association~~ may not exceed ~~one hundred~~
6 ~~twenty-five~~ two hundred fifty thousand dollars ~~(\$125,000)~~ (\$250,000) in any calendar year. The
7 total fair market value of all prizes offered by any nonprofit ~~organization or~~
8 ~~association,~~ organization, either in cash or in merchandise that is not redeemable for cash, may
9 not exceed ~~one hundred twenty-five~~ two hundred fifty thousand dollars ~~(\$125,000)~~ (\$250,000) in
10 any calendar year.

11 (e) Raffles shall not be conducted in conjunction with bingo.

12 (f) As used in this subsection, "net proceeds of a raffle" means the receipts less the cost
13 of prizes awarded. No less than ninety percent (90%) of the net proceeds of a raffle shall be used
14 by the nonprofit organization ~~or association~~ for charitable, religious, educational, civic, or other
15 nonprofit purposes. None of the net proceeds of the raffle may be used to pay any person to
16 conduct the raffle, or to rent a building where the tickets are received or sold or the drawing is
17 conducted.

18 (g) Real property may be offered as a prize in a raffle. The maximum appraised value of
19 real property that may be offered for any one raffle is five hundred thousand dollars (\$500,000).
20 The total appraised value of all real estate prizes offered by any nonprofit organization ~~or~~
21 ~~association~~ may not exceed five hundred thousand dollars (\$500,000) in any calendar year.

22 (h) Notwithstanding any other subsection of this section, it is lawful for a credit union to
23 conduct a savings promotion raffle under G.S. 54-109.64."

24 **SECTION 5.(c)** G.S. 18B-308 reads as rewritten:

25 **"§ 18B-308. Sale and consumption at bingo games.**

26 It shall be unlawful to sell or consume, or for the owner or other person in charge of the
27 premises to allow the sale or consumption of, any alcoholic beverage in any room while a ~~raffle~~
28 ~~or~~ bingo game is being conducted in that room under Part 2 of Article 37 of Chapter 14 of the
29 General Statutes."

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

32 **"§ 18B-903A. Reissuance of certain permits.**

33 (a) Reissuance. – Notwithstanding G.S. 18B-902(b) or G.S. 18B-903, if a nonprofit
34 organization has received a limited special occasion permit pursuant to G.S. 18B-1001(9) or a
35 special one-time permit pursuant to G.S. 18B-1002(a)(2) or (a)(5) within the previous 18 months,
36 the Commission shall reissue the permit to the nonprofit organization if the same individual
37 representing the organization requests reissuance of the permit for the same location. The
38 Commission shall require only the following information in order to reissue the permit:

39 (1) The street address of the location where the event will take place.

40 (2) The county in which the event will take place.

41 (3) The date of the event.

42 (4) A description of the event.

43 (5) The name, address, date of birth, and contact information of the individual
44 representing the nonprofit organization.

45 (b) Duration. – Once issued, a reissued limited special occasion permit shall be valid for
46 48 hours before and after the occasion for which the permit was issued and a reissued special
47 one-time permit shall be valid only for the period stated on the permit.

48 (c) Reissuance Fee. – Application for reissuance of a limited special occasion permit or
49 a special one-time permit shall be on a form provided by the Commission. The application fee
50 shall be the same as the initial fee set in G.S. 18B-902. A reissuance fee shall not be refundable.

1 (d) Investigation. – The Commission, with the assistance of the ALE Branch, shall not
2 investigate the applicant and the premises for which the reissuance is requested more than once
3 every three years. The Commission may request the assistance of local ABC officers in
4 investigating applications. An applicant shall cooperate fully with the investigation.

5 (e) False Information. – Knowingly making a false statement in an application for a
6 permit reissuance pursuant to this section shall be grounds for denying, suspending, revoking, or
7 taking other action against the permit as provided in G.S. 18B-104 and shall also be a Class 1
8 misdemeanor."

9 **SECTION 5.(e)** G.S. 18B-1002(a)(5) reads as rewritten:

10 **"§ 18B-1002. Special one-time permits.**

11 (a) Kinds of Permits. – In addition to the other permits authorized by this Chapter, the
12 Commission may issue permits for the following activities:

13 ...

14 (5) A permit may be issued to a unit of local government, or to a nonprofit
15 organization or a political organization to serve wine, malt beverages, and
16 spirituous liquor at a ticketed event held to allow the unit of local government
17 or organization to raise funds. For purposes of this subdivision "nonprofit
18 organization" means an organization that is exempt from taxation under
19 Section 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(8), 501(c)(10), 501(c)(19), or
20 501(d) of the Internal Revenue Code or is exempt under similar provisions of
21 the General Statutes as a bona fide nonprofit charitable, civic, religious,
22 fraternal, patriotic, or veterans' organization or as a nonprofit volunteer fire
23 department, or as a nonprofit volunteer rescue squad or a bona fide
24 homeowners' or property owners' association. For purposes of this subdivision
25 "political organization" means an organization covered by the provisions of
26 G.S. 163-96(a)(1) or (2) or a campaign organization established by or for a
27 person who is a candidate who has filed a notice of candidacy, paid the filing
28 fees or filed the required petition, and been certified as a candidate. The
29 issuance of this permit ~~will~~shall also allow the issuance of a
30 purchase-transportation permit under G.S. 18B-403 and 18B-404 and the use
31 for culinary purposes of spirituous liquor lawfully purchased for use in mixed
32 beverages. The issuance of this permit shall also allow a nonprofit
33 organization to offer alcoholic beverages in the manufacturer's original closed
34 container as a prize in a raffle or sell alcoholic beverages in the manufacturer's
35 original closed container at auction at the ticketed event to allow the nonprofit
36 organization to raise funds."

37 **SECTION 5.(f)** Subsection (d) of this section becomes effective December 1, 2018,
38 and applies to offenses committed on or after that date. The remainder of this section becomes
39 effective October 1, 2018.

40 41 **ALLOW SALE OF BRANDED MERCHANDISE AT SPIRITUOUS LIQUOR** 42 **TASTINGS**

43 **SECTION 6.** G.S. 18B-1114.7 reads as rewritten:

44 **"§ 18B-1114.7. Authorization of spirituous liquor special event permit.**

45 (a) Authorization. – The holder of a supplier representative permit, brokerage
46 representative permit, or distillery permit issued under G.S. 18B-1105 may obtain a spirituous
47 liquor special event permit allowing the permittee to give free tastings of its spirituous liquors at
48 trade shows, conventions, shopping malls, street festivals, holiday festivals, agricultural festivals,
49 balloon races, local fund-raisers, and other similar events approved by the Commission.

50 (b) Limitations. – Any consumer tasting is subject to the following limitations:

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

38 ALLOW DEPARTMENT OF TRANSPORTATION FERRY SALES

39 SECTION 7. G.S. 18B-108 reads as rewritten:

40 "§ 18B-108. Sales on ~~trains~~trains and ferries.

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

45 (b) Ferries. – Alcoholic beverages may be sold on passenger-only ferries established
46 pursuant to Article 6 of Chapter 136 of the General Statutes upon compliance with Article 2C of
47 Chapter 105 of the General Statutes. Malt beverages, unfortified wine, and fortified wine may be
48 sold and delivered by any wholesaler or retailer licensed in this State to an officer or agent of the
49 Department of Transportation for sale on passenger-only ferries."
50

51 SECTION 7.1.(a) G.S. 18B-1307 reads as rewritten:

1 **"§ 18B-1307. Transfer or merger of wholesaler's business.**

2 (a) Right of Transfer to Designated Family ~~Member upon Death.~~Member. – ~~Upon the~~
3 ~~death of a wholesaler, that~~An individual's interest in ~~the~~a wholesaler business, including the
4 rights under the franchise agreement with the supplier, may be transferred or assigned to a
5 designated family member. The transfer or assignment shall not be effective until written notice
6 is given to the supplier, but the supplier's consent is not required for the transfer or assignment.
7 "Designated family member" means the ~~deceased~~ wholesaler's spouse, child, grandchild, parent,
8 ~~brother or~~brother, sister, ~~who is entitled to inherit the deceased wholesaler's ownership interest~~
9 ~~under the terms of the deceased wholesaler's will or other testamentary device or under the laws~~
10 ~~of intestate succession.~~niece, or nephew. With respect to an incapacitated individual having an
11 ownership interest in a wholesaler, the term "designated family member" also means the person
12 appointed by the court as the conservator of such individual's property. The term also includes
13 the appointed and qualified personal representative and the testamentary trustee of a deceased
14 wholesaler.

15 (b) Approval of Certain Transfers and Mergers. – Upon notice to and approval by the
16 supplier, an individual owning an interest in a wholesaler may sell, assign or transfer that interest,
17 including the wholesaler's rights under its franchise agreement with the supplier, to any qualified
18 person. Likewise, a wholesaler may merge with another wholesaler in the State, transferring to
19 the new wholesaler entity the merging wholesaler's existing franchise rights. Within 30 days of
20 receipt of notice of the intended sale, assignment, transfer, or merger, the supplier shall request
21 any additional relevant, material information reasonably necessary for deciding whether to
22 approve the transaction. The supplier shall have 30 days from receipt of that information to object
23 to the sale, assignment, transfer, or merger. The supplier may object only if the proposed
24 transferee, or the wholesalership resulting from the merger, fails to meet qualifications and
25 standards that are nondiscriminatory, material, reasonable and consistently applied to North
26 Carolina wholesalers by the supplier. The burden shall be upon the supplier to prove that the
27 proposed transferee or merged wholesaler is not qualified. In determining whether the proposed
28 transferee or merged wholesaler is a qualified person, the supplier shall consider, but is not
29 limited to, the following factors:

- 30 (1) Whether the proposed transferee has the financial capacity to purchase the
31 wholesaler or the specified interest upon terms that will not jeopardize the
32 future operation of the business, or whether the new entity resulting from a
33 merger will have such financial capacity to operate successfully, and whether
34 under such ownership the wholesaler will be able to provide financial support
35 necessary to the successful operation of the business, including market
36 spending, capital expenditures, and any equity capitalization or refinancing
37 requirements.
- 38 (2) Whether the proposed transferee, or the new entity resulting from a merger,
39 has the proven business experience to hire and maintain a management team
40 to successfully operate the business.
- 41 (3) If the proposed transferee does not have experience in the beer business,
42 whether the transferee has other experience to enable it to operate a
43 distributorship successfully and whether the transferee is willing to participate
44 in training provided by the supplier.
- 45 (4) Whether the proposed transferee, or a party to the merger, already is a
46 wholesaler for the supplier in a different territory and, if so, whether sufficient
47 time and attention can be devoted to an additional market area.

48 In determining whether a proposed transferee, or the entity resulting from a merger, is a
49 qualified person, a supplier must consider the business on its own merits and may not designate
50 a specifically identified person as the only purchaser who will be approved. Nothing in this
51 subsection is intended to or should be construed to ~~interfere with a supplier's right~~authorize a

1 supplier to match and reassign to a designee the right to purchase the ownership interest, subject
2 to the designee purchasing the ownership interest at the price and on the conditions applicable to
3 the purchase proposed by the transferee interest.

4"

5 **SECTION 7.1.(b)** G.S. 18B-1119 reads as rewritten:

6 "**§ 18B-1119. Supplier's financial interest in wholesaler.**

7 (a) A supplier or an officer, director, employee or affiliate of a supplier may ~~financially~~
8 ~~assist a proposed purchaser in acquiring ownership of a wholesaler's business by participation in~~
9 ~~a limited partnership arrangement in which the supplier, officer, director, employee, or affiliate~~
10 ~~is a limited partner and the proposed purchaser seeking to acquire ownership of the wholesaler's~~
11 ~~business is a general partner. Such limited partnership arrangement may exist for no longer than~~
12 ~~eight years. If the general partner defaults in the agreement with the limited partner, and the~~
13 ~~limited partner acquires title to the general partner's interest, the limited partner must divest itself~~
14 ~~of the general partner's interest within 180 days.~~ not acquire, possess, or otherwise maintain an
15 ownership interest in a wholesaler except as expressly authorized by this Chapter.

16 (b) A ~~supplier or an officer, director, employee or affiliate of a supplier may financially~~
17 ~~assist a proposed purchaser in acquiring ownership of a wholesaler's business by making a~~
18 ~~business loan and taking as security the assets of the wholesaler's business. The business loan~~
19 ~~may exist for no longer than eight years. If the wholesaler defaults on the loan and it is necessary~~
20 ~~for the supplier to take title to the assets of the business, the supplier may operate the business~~
21 ~~for a period not to exceed 180 days, by which time the supplier must divest itself of the business.~~
22 ~~The supplier may make the subsequent purchaser a business loan, taking as security the assets of~~
23 ~~the wholesaler's business. It shall also be permissible for the wholesaler and supplier to agree on~~
24 ~~the sale of the wholesaler's business to the supplier, provided that the supplier shall divest itself~~
25 ~~of the wholesaler's business within 180 days.~~

26 (c) A supplier or an officer, director, employee or affiliate of a supplier may have a
27 security interest in the inventory or property of its wholesaler to secure payment for such
28 inventory or other loans for other purposes."

29 **SECTION 7.1.(c)** G.S. 18B-1304 reads as rewritten:

30 "**§ 18B-1304. Prohibitions.**

31 It is unlawful for a supplier, or an officer, agent or representative of a supplier, to:

32 ...
33 (11) Induce, coerce, or attempt to induce or coerce any wholesaler to accept
34 delivery of any alcoholic beverage, or any other item or service, which has not
35 been specifically ordered or requested by the wholesaler."

36
37 **EFFECTIVE DATE**

38 **SECTION 8.** Except as otherwise provided, this act is effective when it becomes
39 law.