



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: ABC Omnibus Regulatory Reform.
Bill Number: House Bill 536 (Third Edition)
Sponsor(s): Representatives McGrady, Boles, Fisher, and Hardister

SUMMARY TABLE

FISCAL IMPACT OF H.B. 536, V.3

	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
State Impact					
General Fund Revenue	-	-	-	-	-
Less Expenditures	-	-	-	-	-
General Fund Impact	No Estimate Available - Refer to Fiscal Analysis section				

NET STATE IMPACT	No Estimate Available - Refer to Fiscal Analysis section				
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Local Impact					
Local Revenue	-	-	-	-	-
Less Local Expenditures	-	-	-	-	-

NET LOCAL IMPACT	No Estimate Available - Refer to Fiscal Analysis section				
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FISCAL IMPACT SUMMARY

The PCS would make a number of changes to the operations of the ABC system. Most of these changes would have minimal or no impact to local boards or the State. Other changes may have a fiscal impact to local boards or the State, but Fiscal Research cannot estimate the extent of this fiscal impact at this time.

FISCAL ANALYSIS

Part I of the bill would provide an exemption for retail permit holder private label brand, which is defined as a malt beverage product that is labeled with a brand name owned by a retailer, from the wholesaler non-discrimination statute. At this point, neither the ABC Commission nor Fiscal Research Division are able to forecast how many retail permit holder private label brands could be developed that would potentially exclude the wholesale distribution requirements. Therefore, Fiscal Research is unable to estimate a cost for the changes in this section.

Part II of the bill would clarify that when a malt beverage is produced under contract, it is the brewery rather than the contract brewery that will be responsible for registering the product, submitting reports, and remitting taxes related to the product. Although neither ABC nor Fiscal can estimate how many contract brewers would be affected by the section, the shifting of responsibility should have no fiscal effect on the State.

Part III of the bill would add farmers' markets to allowable venues for free malt beverage tastings. Fiscal Research estimates that any revenues from this section would be minimal.

Part IV would clarify the circumstances under which an on-premises malt beverage permit or an off-premises malt beverage permit can be transferred. Fiscal Research finds that the changes in this section may increase work requirements on the ABC Commission, but cannot estimate whether these requirements would be significant enough to require additional personal.

Part V would permit distillers of spirituous liquor to sell for consumption off the premises under certain circumstances. The ABC Commission raises the concern that this could negatively affect the distillers' willingness to sell spirituous liquor in ABC stores, but without any evidence, Fiscal Research finds that the fiscal effect of this section, if any, cannot be estimated at this time.

Part VI would increase the discount subject to the discount rule for malt beverages and wine from 25% to 35%. Fiscal Research finds that while this may increase the volume of malt beverages and wine sold, the fiscal impact cannot be estimated at this time.

Part VII would clarify the definition of premises, which would have no fiscal impact.

Part VIII would allow certain permittees to sell up to two alcoholic beverages to a single patron for on-premises consumption, which would have no fiscal impact.

Part IX would allow the sale and consumption of alcoholic beverages at bingo games, which would have no fiscal impact.

Part X would exempt breweries not engaged in the preparation of food from food and lodging facility sanitation regulations, which would have no fiscal impact.

Part XI would restrict the creation of new ABC systems. Fiscal Research cannot estimate the impact of this section at this time.

Part XII would establish criteria for in-store spirituous liquor tastings. These events may have an impact on the time of local ABC board staff for oversight, but Fiscal Research does not anticipate any fiscal impact to the State.

Part XIII would allow electronic payment for spirituous liquor purchased by mixed beverages permittees. Fiscal Research finds that there would be expenses for the local ABC boards because requiring all boards to accept electronic payments while not allowing them to recoup the merchant service fees would increase board expenses. There would be no fiscal impact to the State.

Part XIV would require the ABC Commission to electronically accept payments and forms. While the section would permit the Commission to collect a fee, it is unknown what costs may be incurred by the Commission and whether the fee would be revenue neutral. Fiscal Research cannot estimate the fiscal impact of this section at this time.

Part XV would direct the Commission to create a Common Area Entertainment Permit under certain circumstances. It is unknown how many of these permits would be issued. Each permit would increase revenues to the General Fund by \$750.

Part XVI would authorize the creation of a Delivery Service Permit under certain circumstances. It is unknown how many of these permits would be issued. Each permit would increase revenues to the General Fund by \$400. Enforcement of this section may have an impact on both the ABC Commission and Alcohol Law Enforcement.

Part XVII would authorize sales of malt beverages at a brewery. Part XVIII would allow sports and entertainment venues to obtain on-premises fortified wine permits and special occasion permits. Part XIX would exempt mixed beverage permittees from purchase-transportation permit requirement for spirituous liquor. Part XXI would allow ABC stores to sell individual bottles from special orders and to sell the excess. Part XXII would allow ABC boards to charge a delivery fee under certain circumstances. Fiscal Research finds that these changes would have minimal or no fiscal impact on the State.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

ABC COMMISSION

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

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