

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 625

Short Title: Brewery Law Revisions. (Public)

Sponsors: Representative McGrady (Primary Sponsor).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Alcoholic Beverage Control, if favorable, Finance.

April 14, 2015

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE RETAIL SALE OF UNFORTIFIED WINE AT
BREWERIES, TO CLARIFY THAT THE SELF-DISTRIBUTION BARREL LIMIT
DOES NOT INCLUDE MALT BEVERAGES SOLD TO CONSUMERS AT THE
BREWERY, AND TO CLARIFY THE LAW GOVERNING CHANGES IN
OWNERSHIP AND CONTRACT BREWING.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 18B-1104 reads as rewritten:

"§ 18B-1104. Authorization of brewery permit.

The holder of a brewery permit may:

...

(6) Give its products to its employees and guests for consumption on its premises.

(6a) Receive, in closed containers, and sell at the brewery, malt beverages produced inside or outside North Carolina under contract with the brewery. The contract malt beverages must have the brewery's name clearly displayed on each bottle. The contract malt beverages may be sold also at affiliated retail outlets of the brewery physically located on or adjacent to the brewery. Any malt beverages received by a brewery under this subdivision must be made available for sale by the brewery to wholesalers for distribution to retailers, without discrimination, in the same manner as if the malt beverages were being imported by the brewery. Contract brewing agreements are authorized under this subdivision so long as there is no common ownership or other affiliation between the two breweries except for the contract brewery agreement.

(7) In an area where the sale of any type of alcoholic beverage is authorized by law, sell the brewery's malt beverages or malt beverages manufactured by the permittee in some other state that have been approved by the Commission for sale in North Carolina only at the brewery upon receiving a permit under G.S. 18B-1001(1).

(8) Obtain a malt beverage wholesaler permit to sell, deliver, and ship at wholesale only malt beverages manufactured by the brewery. The authorization of this subdivision applies to a brewery that ~~sells, to consumers at the brewery,~~ sells to wholesalers, to retailers, and to exporters, fewer than 25,000 barrels, as defined in G.S. 81A-9, of malt beverages produced by it



1 per year. A brewery not exceeding the sales quantity limitations in this
2 subdivision may also sell the malt beverages manufactured by the brewery at
3 not more than three other locations in the State, where the sale is legal, upon
4 obtaining the appropriate permits under G.S. 18B-1001. A brewery operating
5 any additional retail location pursuant to this subdivision shall also offer for
6 sale at that location a reasonable selection of competitive malt beverage
7 products.

8 (9) In an area where the sale of any type of alcoholic beverage is authorized by
9 law, sell unfortified wine that has been approved by the Commission for sale
10 in North Carolina only at the brewery upon receiving a permit under
11 G.S. 18B-1001(3).

12"

13 **SECTION 2.** G.S. 18B-1001(3) reads as rewritten:

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

- 39 a. Restaurants;
- 40 b. Hotels;
- 41 c. Eating establishments;
- 42 d. Private clubs;
- 43 e. Convention centers;
- 44 f. Cooking schools;
- 45 g. Community theatres;
- 46 h. Wineries;
- 47 i. Wine producers-producers;
- 48 j. Retail businesses."

49 **SECTION 3.** G.S. 18B-903 is amended by adding a new subsection to read:

50 "(c1) Construction of Change in Ownership. – Nothing in subsection (c) of this section
51 shall be construed to limit alternating brewery proprietorships in which the holder of a brewery

1 permit issued pursuant to G.S. 18B-1104 leases or otherwise makes available its facility to
2 another holder of a brewery permit issued pursuant to G.S. 18B-1104. In this arrangement, the
3 tenant brewer shall maintain title to the malt beverages at all stages of the brewing process and
4 shall be responsible for all aspects associated with manufacturing the product, including
5 maintaining appropriate records, obtaining label approval in its own name, and remitting the
6 appropriate taxes. Alternating brewery proprietorships are authorized so long as there is no
7 common ownership or other affiliation between the two breweries except for the contract
8 brewery agreement."

9 **SECTION 4.** This act is effective when it becomes law.