

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Legislative Fiscal Note

BILL NUMBER: House Bill 460 (First Edition)
SHORT TITLE: Economic & Job Growth for NC Distilleries.
SPONSOR(S): Representatives Bradford, Davis, Hardister, and Duane Hall

FISCAL IMPACT					
(\$ in millions)					
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> No Estimate Available		
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
State Impact					
General Fund Revenues:					
General Fund Expenditures:					
State Positions:					
NET STATE IMPACT	No estimate available. Please see Assumptions & Methodology section for additional details.				
Local Impact					
Revenues:					
Expenditures:					
NET LOCAL IMPACT	No estimate available. Please see Assumptions & Methodology section for additional details.				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: North Carolina Department of Revenue					
EFFECTIVE DATE: When the bill becomes law.					
TECHNICAL CONSIDERATIONS:					
None					

BILL SUMMARY:

Section 1 amends current statutes concerning distillery permits, by:

- Defining the “distiller’s price” when a distillery permit holder sells spirituous liquor for delivery outside the State;
- Allowing distillery permit holders, under certain conditions, to sell spirituous liquor in closed containers for delivery outside the State;
- Increasing the amount of spirituous liquor a permitted distillery may sell to a consumer at a distillery within a 12-month period;
- Authorizing a permitted distillery to conduct consumer tastings under certain conditions;
- Establishing a uniform retail pricing for spirituous liquor sold in ABC stores and permitted distilleries; and
- Stipulating that spirituous liquor may only be sold in ABC stores operated by local boards, except as provided in Articles 10 and 11 of G.S. 18B.

Section 2 enacts G.S. 18B-1114.7 to authorize the holder of a distillery permit issued under G.S. 18B-1105 to obtain a spirituous liquor special event permit, allowing the permittee to give free tastings of its spirituous liquor under certain conditions at ABC stores and various other public places including trade shows, conventions, shopping malls, street festivals, and local fund-raisers as approved by the ABC Commission.

Section 2 also sets fees for an ABC permit application under G.S. 18B-902(d) to be \$200 for a spirituous liquor special event permit and \$750 for a special auction permit.

Section 3 amends G.S. 18B to allow the sale of alcoholic beverages at auction.

Section 4 amends G.S. 153A, G.S. 160A, and G.S. 18B to allow any county or city to adopt an ordinance allowing licensed restaurants to sell alcoholic beverages for on-premises consumption beginning at 10:00 AM on Sunday morning pursuant to the restaurant's permit(s).

ASSUMPTIONS AND METHODOLOGY:

Under G.S. 18B, the revenue from ABC permitting fees is deposited into the General Fund. Thus, the new fees created by Section 2 of the bill would generate additional State revenue. It is not known how many distilleries might apply for a special event permit. There are currently 45 operational permitted distilleries in NC. If all the distilleries obtained the spirituous liquor special event permit, \$9,000 would be collected. For each additional distillery that got a permit, an additional \$200 would be collected.

It is also not known how many auctioneers would apply for a special auction permit. The ABC Commission states they know of one auctioneer selling liquor on a regular basis. He typically holds four auctions a year. If he obtained a permit for each of his auctions, \$3,000 would be collected.

Under G.S. 18B-1004, it is unlawful to sell or consume alcoholic beverages on any licensed premises before 12:00 pm on Sunday, except as may be permitted during very early morning hours. Section 4 of the bill would allow the sale of alcoholic beverages at licensed restaurants for on-premises consumption between 10:00 AM and 11:59 AM, expanding by 2 hours the amount of time that restaurants may sell these beverages. There are currently 12,041 permittee locations that possess on-premise malt beverage, on-premise wine, and mixed beverage restaurant permits. Of those, 4,494 establishments possess a mixed beverage restaurant permit. The ABC Commission does not require on-premise malt beverage or on-premise wine permittee to report if they are also a restaurant if they do not apply for a mixed beverage restaurant permit.

The number of counties and cities that might adopt an ordinance allowing the sale of alcoholic beverages before noon is unknown, as is the expected rate of consumption in those counties and cities. Therefore, although Section 4 of the bill is likely to generate additional excise tax revenue for the State and for local governments, no estimate is available.

SOURCES OF DATA: ABC Commission

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Denise Canada and Kristine Leggett

APPROVED BY:

Mark Trogdon, Fiscal Research
Fiscal Research Division

DATE: April 20, 2017



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