

Cheers to this! Good News for the North Carolina Alcoholic Beverage Industry

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Senate Bill 527: ABC Omnibus has been adopted by the North Carolina General Assembly and is heading to Governor Cooper for signature.

This legislation, if signed as expected, will bring significant reforms to the state's Alcoholic Beverage Control (ABC) system, with several key changes poised to impact bars, restaurants, breweries, wineries, distilleries, and other businesses.

Some of the highlights of this bill include:

1. **Premixed Cocktails.** Premixed or "canned" cocktails acquired by a mixed beverage permittee for resale in or from the manufacturer's original closed package will be permanently excluded from the provisions of G.S. 18B-804(b)(8) (charging a \$20.00 fee on each four liters of spiritous liquor sold to a mixed beverage permittee). Mixed beverage tax stamps will not be required for those closed packages.
2. **To Go Sales and Delivery for Cocktails and Wine by the Glass.** If properly permitted, restaurants, hotels, private clubs, bars, breweries, wineries, distilleries and certain other businesses will be allowed to sell single-serving unfortified wine, fortified wine, or mixed beverages for off premises consumption, subject to certain rules and requirements (e.g., to go drinks must be sold with food and be packaged in a container with a cap or lid designed to prevent consumption without removal of the cap or lid).
3. **Purchase of Liquor by Mixed Beverage Permittees.** Mixed beverage permittees will be allowed to purchase spiritous liquor inventory from any ABC store(s) located in their county that are designated as a mixed beverage ABC store, improving access to store locations, inventory selection, and convenience for those permit holders.
4. **Mixed Beverage Tax Stamps.** Permittees will now be allowed to cover mixed beverage tax stamps on spiritous liquor bottles and containers with clear adhesive tape to prevent the stamp from detaching or falling off of the container.
5. **Temporary ABC Permits.** Temporary ABC permits will no longer need to be reissued every 90 days to remain valid. 90 days after their initial issuance, temporary ABC permits will be deemed permanent.
6. **Safe Harbor for Annual Renewal Fees.** For those permittees who fail to pay their annual renewal application fees or annual registration and inspection fees on time, the ABC Commission will not revoke permits until June 1st of each year. The ABC Commission must notify permittees who have not paid any

required fees as of April 30th. Permittees who pay during the "safe harbor" period will be subject to additional monetary penalties.

7. **Ownership Transition Periods.** North Carolina law already provides for an ownership transition period after the sale of a business or other change of ownership event occurs. This bill makes needed clarifications to that process to acknowledge that, during the transition period, the new owner or operator is allowed to purchase and replenish its beer, wine, and spiritous liquor inventory if necessary. The bill also clarifies that the prior owner (i.e., person whose name is on the existing permits) will not be held liable for any acts or omissions of the new owner and operator of the establishment.
8. **Mobile Bars.** A new mobile bar services permit will be created, allowing the permittee to take malt beverages, unfortified wine, fortified wine, and spiritous liquor onto the premises of a business that is not ABC permitted and to serve alcoholic beverages to guests at an event.
9. **Notices for ALE Violations.** Alcohol Law Enforcement (ALE) will be required to provide timely notices to the actual permit holder of any citations issued to their employees on the premises, with notice submitted either by electronic means or certified mail.
10. **Expansion of Permits Across Contiguous Properties.** The ABC Commission will have broader discretion to issue permits affecting multiple parcels of contiguous properties with different addresses, subject to certain requirements.
11. **Sale of Beer and Wine at Community College Sporting Events.** Community College Boards of Trustees will now have discretion to allow the sale of beer and wine at certain sporting events, subject to certain requirements.
12. **Wholesaler's Cleaning of Draft Lines.** Beer and wine wholesalers will be legally prohibited from cleaning a retail permittee's draft lines, unless the retailer pays a fee for the service.
13. **Employee Age Limits.** 15-year-olds will now be allowed to permanently work in ABC permitted establishments, expanding the pool of potential employees and labor for the industry.

Ward and Smith's Alcoholic Beverage Law team actively monitors developments of this nature to keep clients informed and in-step with state and federal laws. Our attorneys are at the forefront of the law for the alcoholic beverage industry in North Carolina, spreading awareness through frequent presentations, sharing insightful information with media, and supplying clients with the latest information pertinent to their businesses. Our attorneys are here to offer insight, guidance, and legal services to breweries, distilleries, wineries, wholesalers, importers, bars, restaurants, and other related businesses who operate in or in conjunction with the alcoholic beverage industry.

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