

**ZEBULON  
BOARD OF COMMISSIONERS  
WORK SESSION  
AGENDA  
December 18, 2019  
7:00pm**

**I. APPROVAL OF AGENDA**

**II. NEW BUSINESS**

*A. Finance*

1. 2020 Reappraisal Results
2. Non-Profit Funding Policy Amendments

*B. Administration*

1. Sale and Consumption of Alcoholic Beverages on Sunday



STAFF REPORT  
2020 PROPERTY REAPPRAISAL RESULTS  
DECEMBER 18, 2019

**Topic: 2020 Reappraisal Results**

Speaker: Bobby Fitts introducing Marcus Kinrade, Wake County Tax Administrator  
From: Bobby Fitts, Finance Director  
Prepared by: Bobby Fitts  
Approved by: Joseph M. Moore, II, PE, Town Manager

**Executive Summary:**

The Board will hear county-wide results of Wake County's 2020 Reappraisal.

**Background:**

NC General Statutes require property reappraisals at least every 8 years. Previously, Wake County was on an eight-year cycle with the most recent reappraisal done effective 1/1/2016. The County, at that time, transitioned to a four-year cycle. This is the first time using the shorter cycle. Reappraisal is done as a means of equity and fairness. Reappraisal reestablishes the fairness of the tax burden between properties which typically change in value at different rates by location and property type. This is for real property only, which makes up 85% of the property tax base. Personal property (business equipment, cars, trucks, boats, trailers, etc), which makes up the other 15% of the property tax base is appraised annually. Approximately 395,000 parcels were reappraised countywide.

In Zebulon, commercial properties account for 72% of the tax base, while residential properties account for 28% of the tax base. Of the commercial property tax base, 44% is real property and 56% is personal property; while residential property is comprised of 87% real property and 13% personal property.

**Discussion:**

The Board will hear from Mr. Kinrade the results of the reappraisal and may ask questions of him.

**Policy Analysis**

NC General Statutes – Chapter 105-286 requires counties to reappraise real property at least every 8 years.

**Fiscal Impact**

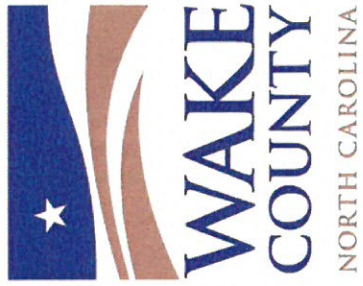
The results of property reappraisal could affect the property tax rate that is set by the Board of Commissioners when they adopt the FY '21 Budget Ordinance, and thus the property tax revenues supporting Town programs, projects, and policies for the upcoming year.

**Staff Recommendation:**

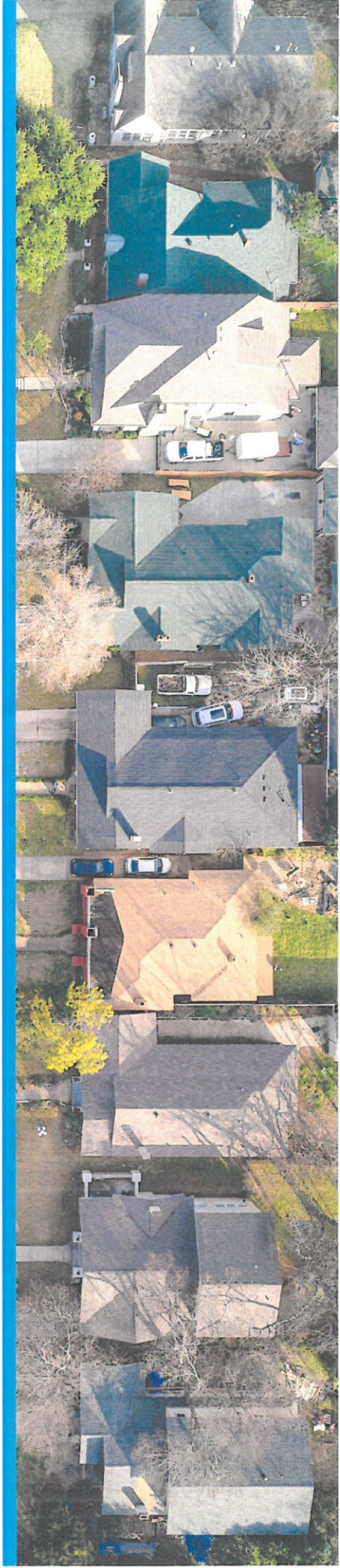
No staff recommendation. Worksessions are for discussion.

**Attachments:**

1. "2020 Reappraisal Results"



# 2020 Reappraisal Results





# What is Reappraisal?

The process of updating Wake County's real property values to reflect fair market value as of January 1, 2020



- ▶ **Fair market value** is the most probable price a property would bring in an open and competitive market. A hypothetical sale.
- ▶ **The last countywide reappraisal** was conducted 4 years ago with an effective date of January 1, 2016.
- ▶ **Wake County transitioned** from an 8-year to a 4-year reappraisal cycle in the Spring of 2016.

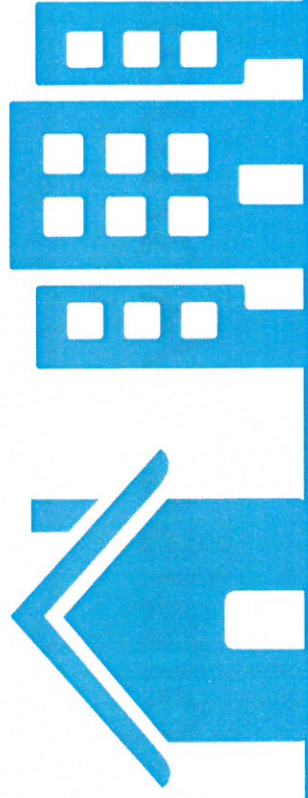
# Why Perform a Reappraisal?

- ▶ **Required by NC General Statutes**  
North Carolina law requires all counties to reappraise real property at least once every 8 years.
- ▶ **Equity and Fairness**  
Reappraisal reestablishes the fairness of the tax burden between properties which typically change in value at different rates by location and property type.

# Reappraised Every 4 Years

85% of the property tax base

- ▶ All residential, commercial and rural farm land throughout Wake County and all improvements to the land.

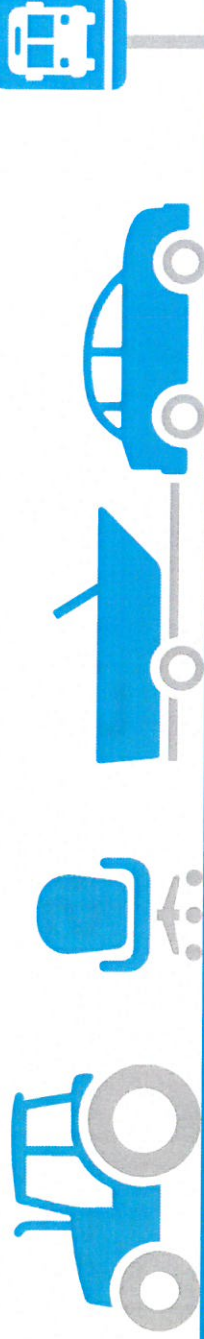







# Appraised Annually

15% of the property tax base

- ▶ **Business personal property**  
Business equipment, computers, desks, chairs, machinery, equipment
- ▶ **Individual personal property**  
Cars and trucks, boats, aircraft, RV's, trailers
- ▶ **Public utilities property**  
Electric/nuclear power generation, gas companies, bus lines, railroads



# Reappraisal Review Activity

Property Type	Office Reviews	Field Reviews
 Residential	287,000 parcels	51,000 parcels
 Rural	13,000 parcels	17,000 parcels
 Commercial	9,000 parcels	15,000 parcels

# Cost Comparison - Contracts

	2008	2016	2020 (anticipated)
	\$9,000,000	\$7,100,000	\$5,850,532
	325,000 parcels	360,000 parcels	395,000 parcels
	\$27.69 per parcel	\$19.72 per parcel	\$14.81 per parcel



# Cost Comparison – Staffing

2016	2020
\$4,213,500	\$5,850,532
\$11.70 per parcel	\$14.81 per parcel
65 Staff	76 Staff
1 to 5,538 parcels	1 to 5,197 parcels

# 2020 Reappraisal Results

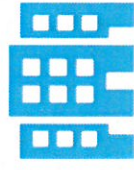
Wake County Property

Overall Change



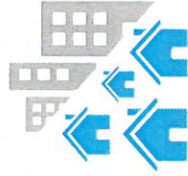
Residential

20%



Commercial

33%



Total

24%

# Residential Value Drivers

Value Range	Total Change
Over \$1 million	3%
\$700 k to \$1 million	8%
\$450 k to \$700 k	12%
\$250 k to \$450 k	17%
Less than \$250 k	31%
Overall	20%
Higher demand at lower price points	



# Commercial Value Drivers

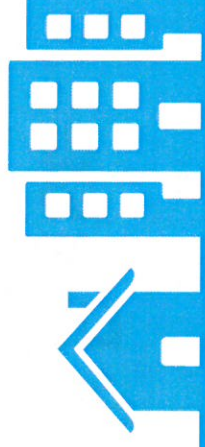
Property Type	Total Change
Hotels	48%
Apartments	45%
Industrial	31%
Service Garage	26%
Office	25%
Restaurant	24%
Retail	16%

# Current Real Property Tax Base

## 2020/2021 Real Property Tax Base Prior to Reappraisal

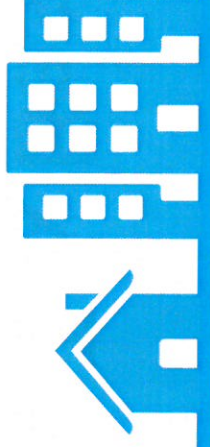
Residential Value	\$92,236,450,000	70%
Commercial Value	\$39,080,659,000	30%

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# New Real Property Tax Base

2020/2021 Real Property Tax Base After Reappraisal





# Jurisdictional Percent Change

	Residential Change	Commercial Change	Overall Change
Angier	20%	35%	22%
Apex	18%	31%	21%
Cary	18%	28%	21%
Durham	20%	51%	37%
Fuquay Varina	21%	32%	23%
Garner	23%	32%	27%
Holly Springs	18%	31%	20%
Knightdale	25%	36%	29%
Morrisville	22%	31%	27%
Raleigh	23%	36%	28%
Rolesville	13%	15%	13%
Wake Forest	15%	20%	16%
Wendell	22%	40%	26%
Zebulon	28%	28%	28%
Unincorporated	16%	29%	17%
Wake County Overall	20%	33%	24%

# Reappraisal History

	1992	2000	2008	2016	2020
Total Parcels	165,000	230,000	325,000	360,000	395,000
Single Family	105,000	150,000	258,000	283,700	312,000
% Change from Reappraisal	43%	43%	40%	5%	24%
Taxable Value Post Reappraisal	\$21B	\$43B	\$94B	\$118.3B	\$162.2B
Taxable Value After Growth (New Construction)	\$30B	\$67B	\$112.3B	\$131.3B	

# FY21 Neutral Rate

## Wake County Base Overall Change

New Estimated Total Tax Base	\$188,870,000,000
Average Annual Growth Rate	2.73%
FY 21 Est. Neutral Tax Rate	60.1 cents per \$100
FY 21 Estimated Property Tax	\$1,127,139,000
New Tax at Revenue Neutral	\$30,362,000



# Neutral Effect on Individual Properties

Property Value Change	County Tax Change
Increase 16%	Decrease 3%
Increase 20%	Break Even
Increase 30%	Increase 8%
Increase 35%	Increase 13%



	Prior Est. Base FY20	New Est. Base FY21	Est. Neutral Rate
Angier	\$58,750,000	\$62,500,000	.53
Apex	\$7,878,000,000	\$10,002,000,000	.3576
Cary	\$26,941,000,000	\$32,633,000,000	.2952
Durham	\$116,103,000	\$140,500,000	.5317
Fuquay Varina	\$3,682,200,000	\$4,686,000,000	.3645
Garner	\$3,712,000,000	\$4,668,000,000	.4656
Holly Springs	\$5,063,290,000	\$6,247,000,000	.4164
Knightdale	\$1,887,000,000	\$2,480,000,000	.3489
Morrisville	\$5,019,000,000	\$6,283,000,000	.3224
Raleigh	\$61,319,000,000	\$76,590,000,000	.3585
Rolesville	\$1,067,500,000	\$1,281,000,000	.44
Wake Forest	\$5,564,000,000	\$6,739,500,000	.4568
Wendell	\$773,453,000	\$1,053,500,000	.4076
Zebulon	\$1,169,800,000	\$1,390,000,000	.5377
Unincorporated	\$28,038,000,000	\$32,639,000,000	.0837
Wake County	\$153,363,680,700	\$188,870,000,000	.601

# Project Schedule 2020

January  
**13**

- New values viewable on the Wake County website
- Notices mailed to property owners
- Start Informal appeals (7% expected or 27,650)

- FEB. • Submit pool of qualified BOER candidates for BOC review
- MAR. • Appoint 2020 BOER members
- APR. • Begin BOER hearings
- MAY • BOER Adjourns from receiving additional appeals
- JUN. • Adopt FY21 budget, set FY21 tax rate



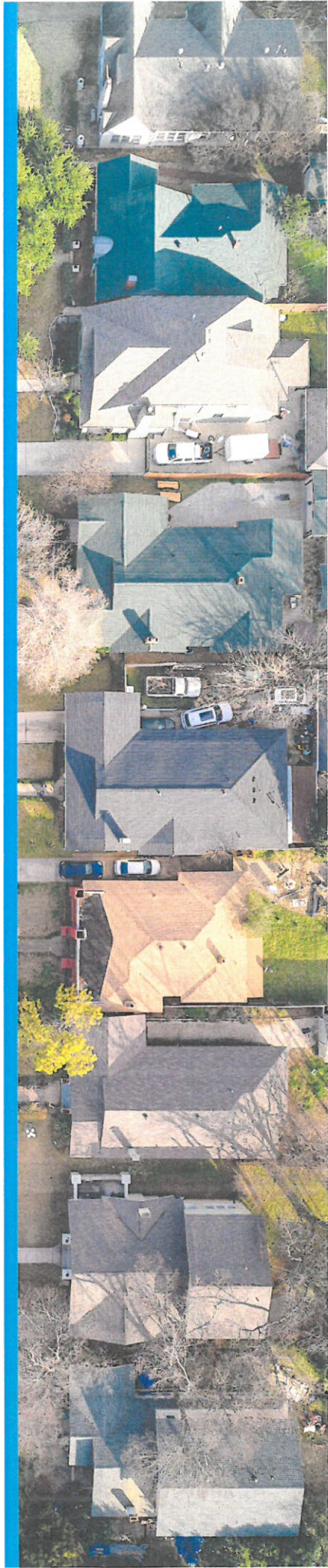


Wake County Tax Administration

919-857-3800

[reappraisal@wakegov.com](mailto:reappraisal@wakegov.com)

[wakegov.com/taxportal](http://wakegov.com/taxportal)





STAFF REPORT  
NON-PROFIT FUNDING POLICY AMENDMENTS  
DECEMBER 18, 2019

**Topic: Non-profit funding Policy Amendments**

Speaker: Bobby Fitts  
From: Bobby Fitts, Finance Director  
Prepared by: Bobby Fitts  
Approved by: Joseph M. Moore, II, PE, Town Manager

**Executive Summary:**

The Board will consider amending the Non-profit Funding Policy.

**Background:**

The Non-profit Funding Policy was adopted in November 2007. The existing policy allows total annual appropriation of \$5,000 with a maximum amount of \$1,000 to any single group. On average, we receive 10-12 requests for funding. Almost all groups request the maximum of \$1,000. The Town has funded 5-6 groups \$500 - \$1,000 each in recent years.

**Discussion:**

The Board will discuss whether to amend the Non-profit Funding policy as proposed.

**Policy Analysis**

The amended Non-profit Funding Policy incentivizes and leverages the efforts of the local non-profit organizations to advance upon the goals of the Zebulon 2030 Strategic Plan.

**Fiscal Impact**

The policy allows for \$5,000 total and \$1,000 maximum individual grants each fiscal year.

**Staff Recommendation:**

No staff recommendation. Worksessions are for policy discussion.

**Attachments:**

1. "PowerPoint - Non-Profit Funding Policy Amendments"
2. "Non-Profit Funding Policy (Proposed)"





# NON-PROFIT FUNDING POLICY AMENDMENTS

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Board of Commissioners Worksession

December 2019



## Policy

- Current Town Policy:
- Adopted in November 2007
- No more than \$5,000 in any budget year to all organizations
- No more than \$1,000 to any one organization
- Must be a non-profit



## Background

- FY 2020 –
  - Applications were mailed and emailed to potential applicants January 2, 2019
- Applications submitted to Finance Department by February 11, 2019
  - 11 applicants
  - Average the last few years – 10-12 applicants
  - \$5,000 appropriated for donations to 6 of the applicants
- Preliminary consideration at March meeting (applicants could speak to Board of Commissioners)



## Policy Amendments

- Goal
  - To establish a policy that incentivizes and leverages the efforts of the local non-profit organizations to advance upon goals of the ***Town of Zebulon Vision 2030 Strategic Plan.***



# Policy Amendments

- **Goal (cont.)**
  - They should focus on one or more of the Town's focus areas in the Strategic Plan -
    - **Vibrant Downtown**
      - Downtown Revitalization
      - Develop events, events, attractions to draw people downtown
        - *Ex: ZDAC, Preservation Zebulon*
    - **Small Town Life**
      - Promote community events
      - Enhance/create community gathering places
      - Increase connectedness/walkability in the community
        - *Ex: MLK Jr. Breakfast, Miss Zebulon*
    - **Growing Smart**
      - Plan for appropriate land use to meet transportation & housing needs
      - Pursue economic development opportunities with community partners
      - Maintain appropriate staffing to support expected service levels
        - *Ex: InterAct*



## Non-Profit Funding Applicants – Eligibility for Town funds

- Applicants must verify their non-profit status by submitting an IRS tax-exempt letter confirming their 501(c)(3) status, an IRS 990 form and a current solicitation license for the NC Secretary of State (or exemption letter).
- Applicants shall adhere to accountability standards set by the Town Manager and as required by law.
- Applicants must have operated for two years by December 31 of the previous year



## Non-Profit Funding Applicants – Eligibility for Town funds (cont.)

- Applicants must identify what project or program the requested funds will be used for.
- Applicants must identify and explain how project or program meets on of the goals of the Strategic Plan.



## Non-Profit Funding Application Procedure

- The application will be made available on the Town of Zebulon website ([www.townofzebulon.org](http://www.townofzebulon.org)) the first business day of the calendar year. (no change except for applications will no longer be mailed or emailed).
- Applications must be returned to the Finance Department no later than date indicated on the application. Those received after stated deadline will not be eligible for that year.
- Applicants must appear and make a brief presentation at the March Board of Commissioners meeting (1<sup>st</sup> Monday of every March). Previously this was optional.



# Non-Profit Funding Application Procedure (cont.)

- Funding requests will be handled as part of the annual budget process. (no change)
- Town staff will provide analysis to assist the Board of Commissioners with how the applicant aligns with the Town's focus areas and goals. It will still be the Board's decision on final funding when the budget is adopted.
- No more than \$5,000 in any budget year to all organizations.  
No more than \$1,000 to any one organization. (no change)
- Grant funds awarded may only be spent as indicated on the application. If funds are not spent as indicated, the full amount of funding will be required to be returned to the Town.



## Grant Reporting and Monitoring

- Each funded organization must present a report to the Board of Commissioners at a regular Board of Commissioners meeting (e.g. InterAct's December Report).
- Report how the funds were used and how the associated program or project furthered a goal of the Town's Strategic Plan.
- Failure to report at a meeting will eliminate organization for consideration of Town grants in the next fiscal year.

## Next Steps

- Policy will be brought back for adoption at a future meeting (January 6, 2020)
- Follow-up:
  - + MLK Jr. Breakfast
  - + EW Education Foundation
  - + Miss Zebulon
- Questions/Comments/Discussion?



**RESOLUTION 2020-XX**  
**NON-PROFIT FUNDING POLICY (Proposed)**

**1.0 PURPOSE:**

The purpose of this policy is to provide guidelines to Board and staff in making decisions regarding funding requests by local non-profit organizations. The Town of Zebulon wishes to contribute to the efforts of these organizations when their focus areas align with those of the *Town of Zebulon Vision 2030 Strategic Plan*.

**2.0 POLICY STATEMENT:**

The Town of Zebulon is committed to providing financial assistance to those non-profit agencies which supplement the Town services that are provided to its citizens. Non-profit agencies should also focus on one or more of the Town of Zebulon's focus areas defined in the Strategic Plan. The focus areas and priority goals within those areas are:

- ***Focus area 1: Vibrant Downtown*** – We will have a clean, attractive, and historic downtown with a variety of special events, entertainment, shops, restaurants, businesses and housing to serve as the heart of Zebulon, providing a gathering place for the community and a destination for visitors.
  - **Goal:** Revitalize downtown Zebulon
  - **Goal:** Develop events, entertainment, and cultural attractions to draw people downtown
  
- ***Focus area 2: Small Town Life*** – We will preserve and enhance our small-town feel by developing more activities and locations to gather with family and neighbors, making Zebulon a safe, connected, family friendly and walkable town.
  - **Goal:** Promote more community events and festivals
  - **Goal:** Enhance and create more community gathering places
  - **Goal:** Increase the connectedness and walkability in the community
  
- ***Focus area 3: Growing Smart*** – Our community is growing and we will plan for the growth with appropriate staffing and service levels to address land use and traffic concerns; promote economic development and preserve the affordability of our community
  - **Goal:** Plan for appropriate land use to meet transportation and housing needs
  - **Goal:** Pursue economic development opportunities with our community partners
  - **Goal:** Maintain appropriate staffing to support expected service levels for the growing community

**3.0 NON-PROFIT AGENCY ELIGIBILITY FOR TOWN FUNDS:**

It shall be the policy of the Town of Zebulon to consider providing assistance to non-profit agencies meeting the criteria detailed below.

- **3.1 Eligibility Requirements**

All non-profits shall verify their non-profit status by submitting an IRS tax exempt letter confirming 501(c)(3) status, and IRS 990 form and a current



solicitation license from the North Carolina Secretary of State (or if exempt, the exemption letter). Additionally, non-profit organizations must not have their revenue suspended by the North Carolina Secretary of State or have overdue federal or state taxes.

- **3.2 Accountability**

Non-profits agencies shall adhere to accountability standards set by the Town Manager and as required by law. Compliance with these standards is a criterion for funding. These standards include but are not limited to:

- Complying with all financial requirements including the submission of financial statements or audits as specified by the contract.
- Complying with program performance measurement requirements including quarterly reports to the Board of Commissioners.

- **3.3 Funding Eligibility**

1. A non-profit agency must have operated for two years by December 31 of the year preceding the application deadline.
2. Non-profit agencies may not use a third party arrangement to meet requirements for eligibility.
3. Only one application per agency will be considered each year.
4. Grants are for operating costs. The Town will not fund the purchase, maintenance, or repair of capital assets in excess of \$5,000.

- **3.4 Use of Funds**

1. Application must identify what project or program will use funds.
2. Application must identify and explain how project or program meets one of the goals of the Strategic Plan.

#### **4.0 FUNDING APPLICATION PROCEDURE:**

- **4.1 Application Timeline**

- The application will be available on the Town of Zebulon website ([www.townofzebulon.org](http://www.townofzebulon.org)) the first business day of the calendar year.
- Completed applications must be returned to the Finance Department no later than the date indicated in the public notice. Applications received after the published deadline will be deemed ineligible for that year.
- All applicants must appear and make a brief presentation at the March Board of Commissioners meeting (1<sup>st</sup> Monday of every March).

- **4.2 Application Requirements**

- A completed and signed application is required, along with all required documentation by the advertised deadline.

- **4.3 Funding Award**

- Requests for funding will be handled as part of the annual budget process.
- Town staff will provide analysis to assist the Board of Commissioners with how the applicant aligns with the Town’s focus areas and goals.
- The Board of Commissioners will approve final funding for non-profits when the Annual Budget is adopted.
- Applicants will be notified of final funding no later than June 30<sup>th</sup>.
- The total amount of funding available for award to all non-profit organizations shall not exceed \$5,000 for any fiscal year, with no more than \$1,000 awarded to any single non-profit organization.
- Funds distributed by the Town of Zebulon may only be spent as indicated on the application submitted by the organization. In the event that funds are not used as indicated, the full amount of funding will be required to be returned to the Town.
- Any organization receiving funding will hold the Town of Zebulon harmless from any claim or liability that may arise or result from the operation of any program or service assisted with funding from the Town of Zebulon.

**5.0 GRANT REPORTING AND MONITORING**

Each funded agency must present a report to the Board of Commissioners at a Regular Council meeting. This report will provide a summary of how the funds were used and how the associated program or project furthered a goal of the Strategic Plan. Funded agencies who do not report will not be eligible for consideration of Town grants in the next fiscal year.

This policy shall remain in effect until such time as amended by the Board of Commissioners.

Adopted this the XX day of December 2019  
Effective this the XX day of December 2019

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Robert S. Matheny – Mayor

SEAL

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Lisa M. Markland, CMC – Town Clerk



STAFF REPORT  
SALE AND CONSUMPTION OF  
ALCOHOLIC BEVERAGES ON SUNDAY  
DECEMBER 18, 2019

**Topic: Sale and consumption of alcoholic beverages on Sunday**

Speaker: Joe Moore

Approved by: Joseph M. Moore, II, PE, Town Manager

A handwritten signature in blue ink, appearing to be "J. Moore", is written over the "Approved by" line.

**Executive Summary:**

The Board will consider amending the ordinance allowing the sale of alcohol on Sunday beginning at 10:00 am.

**Background:**

In the 2017 Legislative Session, the North Carolina General Assembly passed legislation affecting a number of state laws regulating alcoholic beverages. Section 4 of the legislation – commonly known as the “Brunch Bill” – enacts new general statutes (GS 160A-205.3) granting cities authority to adopt an ordinance allowing the sale of alcohol – specifically, malt beverages, unfortified wine, and mixed beverages – on a licensed premises on Sunday beginning at 10:00 am.

**Discussion:**

The discussion before the Board is whether they want Staff to develop an ordinance allowing the sale of alcohol on Sunday beginning at 10:00 am, and analyze that proposed ordinance against policy goals and its financial impact on operations.

**Policy Analysis: To be determined**

Staff will analyze the ordinance against policy goals, if the Board directs Staff to develop an ordinance for consideration.

**Fiscal Impact: To be determined**

Staff will analyze the financial impact on operations, if the Board directs Staff to develop an ordinance for consideration.

**Staff Recommendation:**

No staff recommendation. Worksessions are for policy discussion.

**Attachments:**

1. Coates Cannons Blog
2. Session Law 2017-87
3. Model Ordinance(s)

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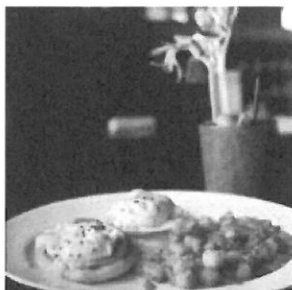
## Coates' Canons Blog: Sunday Brunch Ordinances – Cheers!

By Norma Houston

Article: <https://canons.sog.unc.edu/sunday-brunch-ordinances-cheers/>

This entry was posted on July 08, 2017 and is filed under General Local Government (Miscellaneous)

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In the waning days of the 2017 legislative session, the General Assembly passed an omnibus bill affecting a number of state laws regulating alcoholic beverages (SL 2017-87 (S155)). Section 4 of the bill – commonly known as the “Brunch Bill” – enacts new statutes authorizing cities and counties to adopt ordinances allowing the sale of alcoholic beverages beginning at 10:00am on Sundays (in the absence of such an ordinance, state law prohibits the sale or consumption of alcoholic beverages before 12:00 noon on Sundays). The new law’s authorization to imbibe mimosas and Bloody Marys on Sunday morning has generated a great deal of interest among cities and counties, not to mention their local restaurants. Passed by the General Assembly on June 28<sup>th</sup>, the Brunch Bill became effective as soon as Governor Cooper signed it on June 30<sup>th</sup>. Local government interest in adopting ordinances to allow “Sunday brunch” alcohol sales began quicker than you can say “Shaken, not stirred.” The Town of Carrboro’s Board of Aldermen became the first local government in the state to take advantage of the new law, adopting its Sunday brunch ordinance on July 3<sup>rd</sup>. The Raleigh City Council and Surf City followed suit two days later. By the end of the week, Atlantic Beach and Hendersonville also took action. As cities and counties across the state gin up to consider whether to adopt their own Sunday brunch ordinance, the questions have been pouring in.

### ***What does the Brunch Bill authorize?***

State law has long prohibited the sale and consumption of alcoholic beverages on a licensed premises before 12:00 noon on Sunday (GS 18A-1004(c)). Since 1963, cities and counties have had the option of extending the hours of this prohibition from noon on Sunday until 7:00am the following Monday morning (GS 18A-1004(d); SL 1963-426, s. 9). With the enactment of SL 2017-87, cities and counties now have a second local option that allows them to *expand* rather than *restrict* the time frame during which alcohol may be sold by a licensed premises on Sunday (this distinction between expansion and restriction is significant for cities as I will explain later in this post). The governing boards of cities and counties now have the authority under new GS 153A-145.7 (counties) and GS 160A-205.3 (cities) to adopt an ordinance allowing the sale of alcohol – specifically, malt beverages, unfortified wine, fortified wine, and mixed beverages – on a licensed premises on Sunday beginning at 10:00am.

### ***What are the procedures for adopting a “Sunday brunch” ordinance?***

Because the Brunch Bill does not specify any particular procedures a county or city must follow in adopting a Sunday brunch ordinance, the general ordinance statutes apply. For counties, GS 153A-45 is the operative statute. Under the county ordinance statute, a county board may adopt an ordinance at the first meeting at which it is introduced only by



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unanimous vote of all members of the board. If the ordinance does not receive a unanimous vote at the meeting of its introduction (but is not defeated), it *must* be considered at the board's next regular meeting. At that meeting or any subsequent meeting within 100 days of the date of introduction, the board may adopt the ordinance by a simple majority of those present and voting. No special public notice of the ordinance or public hearing is required, although the county board may choose to do either or both if it wishes.

For cities, GS 160A-75 is the general law for adopting ordinances. Under this statute, a city council may adopt an ordinance on the date of introduction by a 2/3 majority of the actual membership of the council. Lacking a 2/3 majority on the date of introduction and assuming the ordinance is not defeated, the ordinance can be adopted by a simple majority of those present and voting at a subsequent council meeting. Note that, for counties, the initial subsequent meeting must be the next *regular* meeting of the board; since this requirement does not apply to cities, the subsequent meeting could be a special meeting called for that purpose or a regular meeting and, in either case, it does not have to be the *next* meeting. In addition, cities are not restricted to reconsideration of the ordinance within 100 days of its introduction as is required for counties. As for public notice and public hearing, the rule for cities is the same as that for counties – no public hearing or special public notice of the ordinance is required, unless a particular city's charter requires it for all ordinances. Of course, the council may choose to do either or both if it wishes. For a more detailed discussion of the voting rules for adopting ordinances, see Frayda Bluestein's blog post *Voting Rules for Adopting Ordinances*.

***Wait, did you really say that public notice and public hearings are not required before adopting a Sunday brunch ordinance?***

Yes, I did. Despite popular belief (and many local board practices and policies), the default rule is that city and county governing boards are not statutorily required to give public notice of or conduct public hearings on adopting ordinances. It is only when the ordinance's subject matter triggers notice or hearing requirements under a specific statute that these requirements apply (and, for cities, if the city's charter imposes these requirements). David Lawrence authored a blog post on public hearings, *When Are Public Hearings Required*, which includes a list of measures for which public hearings are statutorily required. An updated list of required public hearings is incorporated into the new edition of the SOG's publication *Open Meetings and Local Governments in North Carolina: Some Questions and Answers*, 8<sup>th</sup> ed. (2017).

***But doesn't GS 160A-191 impose notice and hearing requirements on city Sunday-closing ordinances? Why don't those requirements apply to a city's Sunday brunch ordinance?***

My colleague Trey Allen and I don't think so. GS 160A-191, titled "Limitations on enactment of Sunday-closing ordinances," requires cities – and only cities (this statute does not apply to counties) – to give public notice once a week for four consecutive weeks and conduct a public hearing on an ordinance "regulating or prohibiting business activity on Sunday." We read GS 160A-191 to apply to city ordinances that *restrict* business activities on Sundays, not those which *expand* them. The text of GS 160A-191 makes this point obvious by describing ordinances covered by the statute as "Sunday-closing ordinances." Far from restricting business activity, a Sunday brunch ordinance authorized under the new GS 160A-205.3 allows the sale of alcoholic beverages on a licensed premises during hours when such activity would otherwise be prohibited by state law. Because it *expands* rather than *restricts* the hours during which a particular type of business activity may occur on Sundays (in this case, the sale of alcoholic beverages), a Sunday brunch ordinance falls outside the scope of GS 160A-191. Thus, the distinction between expansion and restriction mentioned earlier in this post is indeed significant for cities.

The distinction between expansion and restriction is also significant if a city chooses to *repeal* a Sunday brunch ordinance that it previously adopted. In this instance, the city would be *restricting* a business activity because the effect of the ordinance repeal would be to prohibit alcohol sales prior to 12:00 noon on Sundays. Thus, the additional procedural requirements of GS 160A-191 would apply to the *repeal* of a Sunday brunch ordinance.



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***Does a county's Sunday brunch ordinance automatically apply within the jurisdictional limits of a city that lies within the county?***

No. The general rule under GS 153A-122(a) is that a county ordinance is *only* applicable within the unincorporated areas of the county. Nothing in the Brunch Bill (S155) alters this rule. So, a county's Sunday brunch ordinance does not – and indeed, cannot – apply within a city, although it can be extended into a city by resolution adopted by the city council (see next question for further discussion of extending a county ordinance into a city).

***May a county's Sunday brunch ordinance be extended to apply within a city that lies within the county?***

Yes, but only if the city council adopts a resolution making the county's ordinance enforceable within the city's limits ( GS 153A-122(b)). Absent this action by the city council, the county's ordinance does not apply within the city.

***If the county chooses not to adopt a Sunday brunch ordinance, may a city still do so?***

Yes. The Brunch Bill (S155) directly authorizes cities and counties to adopt Sunday brunch ordinances, and the authority for each is independent of the other. So, a city may adopt a Sunday brunch ordinance even if the county does not, and vice versa.

***Where can I find an example of a Sunday brunch ordinance?***

The North Carolina Association of County Commissioners and the North Carolina League of Municipalities have already developed model Sunday brunch ordinances which are available on their websites: NCACC model ordinance (for counties); NCLM model ordinance (for cities). The City of Raleigh's ordinance and the Town of Carrboro's ordinance are also available on their websites.

## Links

- [www.ncleg.net/Sessions/2017/Bills/Senate/PDF/S155v7.pdf](http://www.ncleg.net/Sessions/2017/Bills/Senate/PDF/S155v7.pdf)
- [ncbrunchbill.com/](http://ncbrunchbill.com/)
- [www.twcnews.com/nc/triangle-sandhills/news/2017/07/3/carrboro-adopts-state-s-brunch-bill-ordinance-takes-effect-sunday-.html](http://www.twcnews.com/nc/triangle-sandhills/news/2017/07/3/carrboro-adopts-state-s-brunch-bill-ordinance-takes-effect-sunday-.html)
- [wncn.com/2017/07/05/raleigh-city-council-votes-to-allow-sunday-morning-alcohol-sales/](http://wncn.com/2017/07/05/raleigh-city-council-votes-to-allow-sunday-morning-alcohol-sales/)
- [www.witn.com/content/news/Atlantic-Beach-Surf-City-approve-Sunday-brunch-option-432902983.html](http://www.witn.com/content/news/Atlantic-Beach-Surf-City-approve-Sunday-brunch-option-432902983.html)
- [wnct.com/2017/07/06/atlantic-beach-gives-green-light-to-sunday-morning-alcohol-sales/](http://wnct.com/2017/07/06/atlantic-beach-gives-green-light-to-sunday-morning-alcohol-sales/)
- [www.hendersonvillelightning.com/news/6198-brunch-bill-takes-effect-sunday-in-hendersonville.html](http://www.hendersonvillelightning.com/news/6198-brunch-bill-takes-effect-sunday-in-hendersonville.html)
- [www.newsobserver.com/news/politics-government/state-politics/article160207874.html](http://www.newsobserver.com/news/politics-government/state-politics/article160207874.html)
- [www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=18B-1004](http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=18B-1004)
- [www.ncleg.net/EnactedLegislation/SessionLaws/HTML/1963-1964/SL1963-426.html](http://www.ncleg.net/EnactedLegislation/SessionLaws/HTML/1963-1964/SL1963-426.html)
- [www.ncleg.net/Sessions/2017/Bills/Senate/HTML/S155v7.html](http://www.ncleg.net/Sessions/2017/Bills/Senate/HTML/S155v7.html)
- [www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=153A-45](http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=153A-45)
- [www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=160A-75](http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=160A-75)
- [www.sog.unc.edu/publications/books/open-meetings-and-local-governments-north-carolina-some-questions-and-answers-eighth-edition-2017](http://www.sog.unc.edu/publications/books/open-meetings-and-local-governments-north-carolina-some-questions-and-answers-eighth-edition-2017)
- [www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=160A-191](http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=160A-191)
- [www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=153A-122](http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=153A-122)
- [www.ncacc.org/DocumentCenter/View/3547](http://www.ncacc.org/DocumentCenter/View/3547)



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- [www.ncim.org/SiteCollectionDocuments/Legislative/ORDINANCE%20re%20sunday%20alcohol%20sales%20\(city%20-%20NCLM\).pdf](http://www.ncim.org/SiteCollectionDocuments/Legislative/ORDINANCE%20re%20sunday%20alcohol%20sales%20(city%20-%20NCLM).pdf)
  - [mgtvwncn.files.wordpress.com/2017/07/raleigh-brunch-ordinance.pdf](http://mgtvwncn.files.wordpress.com/2017/07/raleigh-brunch-ordinance.pdf)
  - [carrboro.legistar.com/MeetingDetail.aspx?ID=556089&GUID=62CFCE83-27AD-4C10-9190-AB79EF88A2AB&Options=&Search=](http://carrboro.legistar.com/MeetingDetail.aspx?ID=556089&GUID=62CFCE83-27AD-4C10-9190-AB79EF88A2AB&Options=&Search=)

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

SESSION LAW 2017-87  
SENATE BILL 155

AN ACT TO MAKE VARIOUS CHANGES TO THE ALCOHOLIC BEVERAGE CONTROL COMMISSION LAWS.

The General Assembly of North Carolina enacts:

**DISTILLERY PERMIT AMENDMENTS**

**SECTION 1.(a)** G.S. 18B-1105 reads as rewritten:

**"§ 18B-1105. Authorization of distillery permit.**

- (a) Authorized Acts. – The holder of a distillery permit may do any of the following:
- (1) Manufacture, purchase, import, possess and transport ingredients and equipment used in the distillation of spirituous liquor.
  - (2) Sell, deliver and ship spirituous liquor in closed containers at wholesale to exporters and local boards within the State, and, subject to the laws of other jurisdictions, at wholesale or retail to private or public agencies or establishments of other states or nations.
  - (3) Transport into or out of the distillery the maximum amount of liquor allowed under federal law, if the transportation is related to the distilling process.
  - (4) Sell spirituous liquor distilled at the distillery in closed containers to visitors who tour the distillery for consumption off the premises. Sales under this subdivision are allowed only in a county where the establishment of a county or municipal ABC store has been approved pursuant to G.S. 18B-602(g) and are subject to the time and day restrictions in G.S. 18B-802. Spirituous liquor sold under this subdivision shall (i) be listed as a code item for sale in the State, (ii) be sold at the price set by the Commission for the code item pursuant to G.S. 18B-804(b), and (iii) have affixed to its bottle a sticker that bears the words "North Carolina Distillery Tour Commemorative Spirit" in addition to any other labeling requirements set by law. Consumers purchasing spirituous liquor under this subdivision are limited to purchasing, and the selling distillery is limited to selling to each consumer, no more than ~~one bottle~~ five bottles of spirituous liquor per 12 month period. The distillery shall use a commonly adopted standard point of sale system to maintain searchable electronic records captured at the point of sale, to include the purchaser's name, drivers license number, and date of birth for at least 12 months from the date of purchase. The Commission shall adopt rules regulating the retail sale of spirituous liquor under this subdivision.
  - (5) Conduct consumer tastings in accordance with G.S. 18B-1114.7.
- (b) Distilleries for Fuel Alcohol. – Any person in possession of a Federal Operating Permit pursuant to Title 27, Code of Federal Regulations, Part 19 (April 1, 2010 Edition), shall obtain a fuel alcohol permit before manufacturing any alcohol. The permit shall entitle the permittee to perform only those acts allowed by the Federal Operating Permit, and all conditions of the Federal Operating Permit shall apply to the State permit."

**SECTION 1.(b)** G.S. 18B-804 is amended by adding a new subsection to read:





**"§ 18B-804. Alcoholic beverage pricing.**

(a) Uniform Price of Spirituous Liquor. – The retail price of spirituous liquor sold in ABC stores and permitted distilleries shall be uniform throughout the State, unless otherwise provided by the ABC law.

(b) Sale Price of Spirituous Liquor. – The sale of spirituous liquor, including antique spirituous liquor, sold at the uniform State price shall consist of the following components:

- (1) The distiller's or the antique spirituous liquor seller's price.
- (2) The freight and bailment charges of the State warehouse as determined by the Commission.
- (3) A markup for local boards as determined by the Commission.
- (4) The tax levied under G.S. 105-113.80(c), which shall be levied on the sum of subdivisions (1), (2), and (3).
- (5) An additional markup for local boards equal to three and one-half percent (3 1/2%) of the sum of subdivisions (1), (2), and (3).
- (6) A bottle charge of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.
- (6a) The bailment surcharge.
- (6b) An additional bottle charge for local boards of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.
- (7) A rounding adjustment, the formula of which may be determined by the Commission, so that the sale price will be divisible by five.
- (8) If the spirituous liquor is sold to a mixed beverage permittee for resale in mixed beverages, a charge of twenty dollars (\$20.00) on each four liters and a proportional sum on lesser quantities.
- (9) If the spirituous liquor is sold to a guest room cabinet permittee for resale, a charge of twenty dollars (\$20.00) on each four liters and a proportional sum on lesser quantities.

(b1) Price of Spirituous Liquor Sold at Distillery. – When the holder of a distillery permit sells spirituous liquor distilled at the distillery pursuant to G.S. 18B-1105(a)(4), the retail price of the spirituous liquor shall be the uniform State price set by subsection (a) of this section. However, the holder of the distillery permit shall not be required to remit the components of the price set forth by subdivisions (2), (3), (5), (6), (6a), (6b), and (7) of subsection (b) of this section.

(c) Sale Price of Fortified Wine. – The sale price of fortified wine shall include the tax levied by G.S. 105-113.80(b), as well as State and local sales taxes.

(d) Repealed by Session Laws 1985, c. 59, s. 2."

**SECTION 1.(c)** G.S. 18B-800 reads as rewritten:

**"§ 18B-800. Sale of alcoholic beverages in ABC stores.**

(a) Spirituous Liquor. – Except as provided in ~~Article 10~~ Articles 10 and 11 of this Chapter, spirituous liquor may be sold only in ABC stores operated by local boards.

...."

**SECTION 1.(d)** The Alcoholic Beverage Control Commission shall adopt temporary rules to amend its rules consistent with this section.

**SECTION 1.(e)** This section becomes effective July 1, 2017.

**CREATE SPIRITUOUS LIQUOR SPECIAL EVENT PERMIT TO ALLOW DISTILLERIES TO GIVE FREE TASTINGS**

**SECTION 2.(a)** G.S. 18B-301 reads as rewritten:

**"§ 18B-301. Possession and consumption of fortified wine and spirituous liquor.**

...

(e) Incident to Sale. – It shall be lawful to possess fortified wine and spirituous liquor at any place, such as an ABC store, where possession is a necessary incident to lawful sale. Consumption at such a place shall be unlawful unless the establishment has a permit authorizing consumption on the premises as well as sale.

(f) Unlawful Possession or Use. – As illustration, but not limitation, of the general prohibition stated in G.S. 18B-102(a), it shall be unlawful for:

- (1) Any person to consume fortified wine, spirituous liquor, or mixed beverages or to offer such beverages to another ~~person~~ person at any of the following places:
  - a. On the premises of an ABC ~~store, or store.~~
  - b. Upon any property used or occupied by a local ~~board, or board.~~
  - c. On any public road, street, highway, or ~~sidewalk~~ sidewalk, unless a consumer tasting authorized by G.S. 18B-1114.7 is being conducted.

...."

**SECTION 2.(b)** G.S. 18B-902(d) is amended by adding new subdivisions to read:

"(d) Fees. – An application for an ABC permit shall be accompanied by payment of the following application fee:

- (1) On-premises malt beverage permit – \$400.00.
- (2) Off-premises malt beverage permit – \$400.00.
- (3) On-premises unfortified wine permit – \$400.00.
- (4) Off-premises unfortified wine permit – \$400.00.
- (5) On-premises fortified wine permit – \$400.00.
- (6) Off-premises fortified wine permit – \$400.00.
- (7) Brown-bagging permit – \$400.00, unless the application is for a restaurant seating less than 50, in which case the fee shall be \$200.00.
- (8) Special occasion permit – \$400.00.
- (9) Limited special occasion permit – \$50.00.
- (10) Mixed beverages permit – \$1,000.
- (11) Culinary permit – \$200.00.
- (12) Unfortified winery permit – \$300.00.
- (13) Fortified winery permit – \$300.00.
- (14) Limited winery permit – \$300.00.
- (15) Brewery permit – \$300.00.
- (16) Distillery permit – \$300.00.
- (17) Fuel alcohol permit – \$100.00.
- (18) Wine importer permit – \$300.00.
- (19) Wine wholesaler permit – \$300.00.
- (20) Malt beverage importer permit – \$300.00.
- (21) Malt beverage wholesaler permit – \$300.00.
- (22) Bottler permit – \$300.00.
- (23) Salesman permit – \$100.00.
- (24) Vendor representative permit – \$50.00.
- (25) Nonresident malt beverage vendor permit – \$100.00.
- (26) Nonresident wine vendor permit – \$100.00.
- (27) Any special one-time permit under G.S. 18B-1002 – \$50.00.
- (28) Winery special event permit – \$200.00.
- (29) Mixed beverages catering permit – \$200.00.
- (30) Guest room cabinet permit – \$1,000.
- (31) Liquor importer/bottler permit – \$500.00.
- (32) Cider and vinegar manufacturer permit – \$200.00.
- (33) Brew on premises permit – \$400.00.

- (34) Wine producer permit – \$300.00.
- (35) Wine tasting permit – \$100.00.
- (36) Repealed by Session Laws 2005-380, s. 1, effective September 8, 2005, and applicable to wine shipper permit applications submitted on or after that date.
- (37) Wine shop permit – \$100.00.
- (38) Winemaking on premises permit – \$400.00.
- (39) Wine shipper packager permit – \$100.00.
- (40) Malt beverage special event permit – \$200.00.
- (41) Malt beverage tasting permit – \$100.00.
- (42) Spirituous liquor tasting permit – \$100.00.
- (43) Antique spirituous liquor permit – \$100.00.
- (44) Spirituous liquor special event permit – \$200.00.
- (45) Special auction permit – \$750.00."

**SECTION 2.(c)** Article 11 of Chapter 18B of the General Statutes is amended by adding a new section to read:

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

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

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

- (1) The permit holder or the permit holder's authorized agent shall conduct the consumer tasting and the permit holder shall be solely responsible for any violations of this Chapter occurring in connection with the consumer tasting.
- (2) The spirituous liquor shall be poured only by either (i) the permit holder conducting the consumer tasting or (ii) an employee or authorized agent of the permit holder conducting the consumer tasting who is at least 21 years of age.
- (3) Each consumer shall be limited to one 0.25 ounce tasting sample of any product made available for sampling at the consumer tasting, and the total amount of the tasting samples offered to and consumed by each consumer shall not exceed 1.0 ounce of spirituous liquor in any calendar day.
- (4) The permit holder shall not offer tasting samples to, or allow consumption of tasting samples by, any consumer who is visibly intoxicated.
- (5) The permit holder shall not offer tasting samples to, or allow consumption of tasting samples by, any consumer under the legal age for consuming spirituous liquor. The person pouring the spirituous liquor shall be responsible for verifying the age of the consumer being served by checking the identification of the consumer.
- (6) The permit holder shall not charge a consumer for any tasting sample.
- (7) A venue allowing tastings shall designate a tasting area within the venue that enables the permit holder to ensure that the consumer tasting is being conducted in compliance with this section. Consumers shall only be allowed to consume tasting samples within the designated tasting area.
- (8) A consumer tasting shall not be allowed unless the venue is located in a jurisdiction that has approved the sale of mixed beverages.
- (9) The permit holder may provide point-of-sale advertising materials and advertising specialties to consumers at the consumer tasting.



- (10) The permit holder shall maintain for a period of at least one year a record of each consumer tasting conducted. The record shall include the date of the consumer tasting, the time of the consumer tasting, an identification of the venue at which the consumer tasting was held, an identification of the spirituous liquor that was provided for tasting at the consumer tasting, and the name of any person who poured spirituous liquor at the consumer tasting. The permit holder shall allow the ABC Commission to inspect those records at any time."

## **ALLOW SALE OF SPECIFIED ALCOHOLIC BEVERAGES AT AUCTION BY LICENSED AUCTIONEERS**

**SECTION 3.(a)** G.S. 18B-603(f) reads as rewritten:

### **"§ 18B-603. Effect of alcoholic beverage elections on issuance of permits.**

...  
(f) Permits Not Dependent on Elections. – The Commission may issue the following kinds of permits without approval at an election:

- (1) Special occasion ~~permits;~~permits.
- (2) Limited special occasion ~~permits;~~permits.
- (3) Brown-bagging permits for private clubs and congressionally chartered veterans ~~organizations;~~organizations.
- (4) Culinary permits, except as restricted by ~~subdivision (d)(5);~~subdivision (d)(5).
- (5) Special one-time permits issued under ~~G.S. 18B-1002;~~G.S. 18B-1002.
- (6) All permits listed in ~~G.S. 18B-1100;~~G.S. 18B-1100.
- (7) The permits authorized by G.S. 18B-1001(1), (3), (5), and (10) for tourism ABC ~~establishments;~~establishments.
- (8) The permits authorized by G.S. 18B-1001(1), (3), (5), and (10) for tourism ~~resorts;~~resorts.
- (9) The permits authorized by G.S. 18B-1001(1), (3), (5), and (10) for historic ABC establishments.
- (10) Special auction permits issued under G.S. 18B-1002.1."

**SECTION 3.(b)** G.S. 18B-1002(a)(4) reads as rewritten:

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

- ...  
(4) A permit may be issued to a collector of ~~wine or wine,~~ decorative decanters of spirituous ~~liquor~~ liquor, or antique spirituous liquor authorizing that person to bring into the State, transport, or possess as a collector, a greater amount of those alcoholic beverages than is otherwise authorized by this Chapter, or to sell those alcoholic beverages in a manner prescribed by the Commission."

**SECTION 3.(c)** Article 10 of Chapter 18B of the General Statutes is amended by adding a new section to read:

### **"§ 18B-1002.1. Special auction permit.**

(a) Permit Authorized. – A permit may be issued upon application to an auction firm or auctioneer licensed by the North Carolina Auctioneers Commission pursuant to Chapter 85B of the General Statutes to allow the licensed auction firm or auctioneer to sell at auction items described in G.S. 18B-1002(a)(4). An auction held under this section may receive competing bids that are in person or by telephone, fax, or online.

(b) Conditions of Permit. – A permit issued under this section is valid only for the auction specified in the permit. Any sales under this permit are subject to the purchase restrictions in G.S. 18B-303.

(c) Administrative Procedure. – Denial or revocation of a permit under this section does not entitle the applicant or permittee to a hearing under Chapter 150B of the General Statutes."

**SECTION 3.(d)** This section becomes effective October 1, 2017.

**ALLOW THE SALE OF ALCOHOLIC BEVERAGES BEFORE NOON ON SUNDAYS, SUBJECT TO LOCAL GOVERNMENT APPROVAL**

**SECTION 4.(a)** G.S. 18B-1004(c) reads as rewritten:

**"§ 18B-1004. Hours for sale and consumption.**

...

(c) Sunday Hours. – ~~Except as authorized pursuant to G.S. 18B-112(b1), 153A-145.7, or 160A-205.3,~~ it shall be unlawful to sell or consume alcoholic beverages on any licensed premises from the time at which sale or consumption must cease on Sunday morning until 12:00 Noon on that day."

**SECTION 4.(b)** Article 6 of Chapter 153A of the General Statutes is amended by adding a new section to read:

**"§ 153A-145.7. Hours of certain alcohol sales.**

In accordance with G.S. 18B-1004(c), a county may adopt an ordinance allowing for the sale of malt beverages, unfortified wine, fortified wine, and mixed beverages beginning at 10:00 A.M. on Sunday pursuant to the licensed premises' permit issued under G.S. 18B-1001."

**SECTION 4.(c)** Article 8 of Chapter 160A of the General Statutes is amended by adding a new section to read:

**"§ 160A-205.3. Hours of certain alcohol sales.**

In accordance with G.S. 18B-1004(c), a city may adopt an ordinance allowing for the sale of malt beverages, unfortified wine, fortified wine, and mixed beverages beginning at 10:00 A.M. on Sunday pursuant to the licensed premises' permit issued under G.S. 18B-1001."

**SECTION 4.(d)** G.S. 18B-112 is amended by adding a new subsection to read:

"(b1) In accordance with G.S. 18B-1004(c), the Eastern Band of Cherokee Indians tribe may adopt an ordinance allowing for the sale of malt beverages, unfortified wine, fortified wine, and mixed beverages beginning at 10:00 A.M. on Sunday pursuant to the licensed premises' permit issued under the authority of G.S. 18B-112(d)."

**AUTHORIZE SALE OF CROWLERS BY RETAIL PERMITTEES**

**SECTION 5.(a)** G.S. 18B-1001 reads as rewritten:

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

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

- (1) On-Premises Malt Beverage Permit. – An on-premises malt beverage permit authorizes (i) the retail sale of malt beverages for consumption on the premises, (ii) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of malt beverages in a ~~cleaned, sanitized, resealable~~ cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. It also authorizes the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:
  - a. ~~Restaurants;~~ Restaurants.
  - b. ~~Hotels;~~ Hotels.



- c. Eating ~~establishments;~~establishments.
  - d. Food ~~businesses;~~businesses.
  - e. Retail ~~businesses;~~businesses.
  - f. Private ~~clubs;~~clubs.
  - g. Convention ~~centers;~~centers.
  - h. Community ~~theatres;~~theatres.
  - i. Breweries as authorized by G.S. 18B-1104(7) and (8).
- (2) Off-Premises Malt Beverage Permit. – An off-premises malt beverage permit authorizes (i) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages in a ~~cleaned, sanitized, resealable~~ cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:
- a. Restaurants.
  - b. Hotels.
  - c. Eating establishments.
  - d. Food businesses.
  - e. Retail businesses.
  - f. The holder of a brewing, distillation, and fermentation course authorization under G.S. 18B-1114.6. A school obtaining a permit under this subdivision is authorized to sell malt beverages manufactured during its brewing, distillation, and fermentation program at one noncampus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee.
- (3) On-Premises Unfortified Wine Permit. – An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a ~~cleaned, sanitized, resealable~~ cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another on-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by on-premises unfortified wine permittees, purchases of wine by a retail permittee from another retail permittee for the purpose of resale, and sale of wine by a retail permittee to another retail permittee for the purpose of resale are unlawful. In addition, a particular brand of wine may be transferred only if both the transferor and transferee are located within the territory designated between the winery and the wholesaler on file with the Commission. Prior to or contemporaneous with any such transfer, the transferor shall notify each wholesaler who distributes the transferred product of the transfer. The notice shall be in writing or verifiable electronic format and shall identify the transferor and transferee, the date of the transfer, quantity, and items

transferred. The holder of the permit is authorized to ship unfortified wine in closed containers to individual purchasers inside and outside the State. Orders received by a winery by telephone, Internet, mail, facsimile, or other off-premises means of communication shall be shipped pursuant to a wine shipper permit and not pursuant to this subdivision. The permit may be issued for any of the following:

- a. ~~Restaurants;~~Restaurants.
  - b. ~~Hotels;~~Hotels.
  - c. ~~Eating establishments;~~Eating establishments.
  - d. ~~Private clubs;~~Private clubs.
  - e. ~~Convention centers;~~Convention centers.
  - f. ~~Cooking schools;~~Cooking schools.
  - g. ~~Community theatres;~~Community theatres.
  - h. ~~Wineries;~~Wineries.
  - i. Wine producers.
- (4) Off-Premises Unfortified Wine Permit. – An off-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a ~~cleaned, sanitized, resealable~~ cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship unfortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another off-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by off-premises unfortified wine permittees, purchases of wine by a retail permittee from another retail permittee for the purpose of resale, and sale of wine by a retail permittee to another retail permittee for the purpose of resale are unlawful. In addition, a particular brand of wine may be transferred only if both the transferor and transferee are located within the territory designated between the winery and the wholesaler on file with the Commission. Prior to or contemporaneous with any such transfer, the transferor shall notify each wholesaler who distributes the transferred product of the transfer. The notice shall be in writing or verifiable electronic format and shall identify the transferor and transferee, the date of the transfer, quantity, and items transferred. The permit may also be issued to the holder of a viticulture/enology course authorization under G.S. 18B-1114.4. A school obtaining a permit under this subdivision is authorized to sell wines manufactured during its viticulture/enology program at one non-campus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee. The permit may also be issued for a winery or a wine producer for sale of its own unfortified wine during hours when the winery or wine producer's premises is open to the public, subject to any local ordinance adopted pursuant to G.S. 18B-1004(d) concerning hours for the retail sale of unfortified wine. A winery obtaining a permit under this subdivision is authorized to sell wine manufactured by the winery at one additional location in the county under the same conditions specified in



G.S. 18B-1101(5) for the sale of wine at the winery; provided, however, that no other alcohol sales shall be authorized at the additional location. Orders received by a winery by telephone, Internet, mail, facsimile, or other off-premises means of communication shall be shipped pursuant to a wine shipper permit and not pursuant to this subdivision.

...

- (16) Wine Shop Permit. – A wine shop permit authorizes (i) the retail sale of malt beverages, unfortified wine, and fortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages or unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas in a ~~cleaned, sanitized, resealable~~ cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) wine tastings on the premises conducted and supervised by the permittee in accordance with subdivision (15) of this section. It also authorizes the holder of the permit to ship malt beverages, unfortified wine, and fortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses whose primary purpose is selling malt beverages and wine for consumption off the premises and regularly and customarily educating consumers through tastings, classes, and seminars about the selection, serving, and storing of wine. The holder of the permit is authorized to sell unfortified wine for consumption on the premises, provided that the sale of wine for consumption on the premises does not exceed forty percent (40%) of the establishment's total sales for any 30-day period. The holder of a wine-tasting permit not engaged in the preparation or sale of food on the premises is not subject to Part 6 of Article 8 of Chapter 130A of the General Statutes.

...."

**SECTION 5.(b)** The Alcoholic Beverage Control (ABC) Commission shall adopt rules to implement the provisions of this section by no later than 120 days after this act becomes law. The ABC Commission may adopt temporary rules to comply with the deadline set in this subsection. Any temporary rules adopted in accordance with this subsection shall remain in effect until permanent rules that replace the temporary rules become effective.

#### **AUTHORIZE OFF-SITE STORAGE LOCATION FOR BREWERIES, WINERIES, AND DISTILLERIES**

**SECTION 6.** Article 11 of Chapter 18B of the General Statutes is amended by adding a new section to read:

**"§ 18B-1120. Noncontiguous storage locations.**

A brewery, winery, or distillery may store any alcoholic beverages it manufactures pursuant to a permit issued under this Article at a noncontiguous storage location approved by the Alcohol and Tobacco Tax and Trade Bureau. The permittee must notify the Commission of any storage location used pursuant to this section. Any storage location used pursuant to this section shall be considered part of the premises of the brewery, winery, or distillery manufacturing the alcoholic beverages."

#### **AUTHORIZE SALE OF UNFORTIFIED WINE ON PREMISES BY RETAIL BUSINESSES**

**SECTION 7.** G.S. 18B-1001(3), as amended by Section 5 of this act, reads as rewritten:

"(3) On-Premises Unfortified Wine Permit. – An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned and sanitized container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another on-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by on-premises unfortified wine permittees, purchases of wine by a retail permittee from another retail permittee for the purpose of resale, and sale of wine by a retail permittee to another retail permittee for the purpose of resale are unlawful. In addition, a particular brand of wine may be transferred only if both the transferor and transferee are located within the territory designated between the winery and the wholesaler on file with the Commission. Prior to or contemporaneous with any such transfer, the transferor shall notify each wholesaler who distributes the transferred product of the transfer. The notice shall be in writing or verifiable electronic format and shall identify the transferor and transferee, the date of the transfer, quantity, and items transferred. The holder of the permit is authorized to ship unfortified wine in closed containers to individual purchasers inside and outside the State. Orders received by a winery by telephone, Internet, mail, facsimile, or other off-premises means of communication shall be shipped pursuant to a wine shipper permit and not pursuant to this subdivision. The permit may be issued for any of the following:

...  
j. Retail businesses."

#### **AUTHORIZE TASTINGS DURING BREWERY TOURS**

**SECTION 8.** G.S. 18B-1104(6) 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~~ customers, visitors, and employees for consumption on its premises. Nothing in this subdivision shall be construed as excluding customers and visitors at the brewery as part of a paid or complimentary tour of the brewery."

#### **AUTHORIZE CERTAIN PERSONS TO SAMPLE ALCOHOLIC BEVERAGES FOR PURPOSES OF SENSORY ANALYSIS, QUALITY CONTROL, OR EDUCATION**

**SECTION 9.** Article 11 of Chapter 18B of the General Statutes is amended by adding a new section to read:

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

Except as otherwise prohibited under Article 3 of this Chapter, a commercial permittee licensed under this Article, or its agent or employee, may consume samples of alcoholic

beverages it is licensed to sell, free of charge, on its premises for purposes of sensory analysis, quality control, or education."

## **AMEND HOMEBREWING LAWS**

**SECTION 10.** G.S. 18B-306 reads as rewritten:

**"§ 18B-306. Making wines and malt beverages for private use.**

(a) Authority. – An individual may make, possess, and transport ~~native~~ wines and malt beverages for ~~his-the individual's own use and for use,~~ the use of ~~his-the individual's~~ family and ~~guests.~~ Native wines shall be made principally from honey, grapes, or other fruit or grain grown in this State, or from wine kits containing honey, grapes, or other fruit or grain concentrates, and shall have only that alcoholic content produced by natural fermentation. Malt beverages may be made by use of malt beverage kits containing grain extracts or concentrates. guests, or the use at organized affairs, exhibitions, or competitions. For purposes of this section, the term "organized affairs, exhibitions, or competitions" includes homemaker's contests, tastings, and judgments.

(b) Selling Prohibited. – Wines and malt beverages made pursuant to this section may not be sold or offered for sale.

(c) Kits. – Wine kits and malt beverage kits may be sold in this State.

(d) Permit. – No ABC permit is required to make wines or malt beverages pursuant to this section."

## **CLARIFY LAW GOVERNING RELATIONSHIP BETWEEN BREWERIES AND AFFILIATED RETAILERS**

**SECTION 11.** G.S. 18B-1116(a) reads as rewritten:

"(a) Prohibitions. – It shall be unlawful for any manufacturer, bottler, or wholesaler of any alcoholic beverages, or for any officer, director, or affiliate thereof, either directly or indirectly to:

- (1) Require that an alcoholic beverage retailer purchase any alcoholic beverages from that person to the full or partial exclusion of any other alcoholic beverages offered for sale by other persons in this State; or
- (2) Have any direct or indirect financial interest in the business of any alcoholic beverage retailer in this State or in the premises where the business of any alcoholic beverage retailer in this State is conducted; or
- (3) Lend or give to any alcoholic beverage retailer in this State or his employee or to the owner of the premises where the business of any alcoholic beverage retailer in this State is conducted, any money, service, equipment, furniture, fixtures or any other thing of value.

A brewery qualifying under ~~G.S. 18B-1104(8) to act as a wholesaler or retailer of its own malt beverages~~ G.S. 18B-1104(7) or (8) is not subject to the provisions of this ~~subsection~~ section concerning financial interests in, and lending or giving things of value to, a wholesaler or retailer with respect to the brewery's transactions with the retail business on its ~~premises; premises or other retail locations allowed under G.S. 18B-1104(8).~~ The brewery is subject to the provisions of this subsection, however, with respect to its transactions with all other wholesalers and retailers."

## **AUTHORIZE BREWERY TAPROOMS TO SELL OTHER ALCOHOLIC BEVERAGES UPON RECEIVING THE APPROPRIATE PERMIT**

**SECTION 12.** G.S. 18B-1104(7) reads as rewritten:

"(7) In an area where the sale of any type of alcoholic beverage is authorized by law, and upon receiving the appropriate permit under G.S. 18B-1001, sell

the at the brewery, and any additional retail location authorized under subdivision (8) of this section, any or all of the following:

- a. The brewery's malt beverages or malt beverages that have been approved by the Commission for sale in North Carolina.
- b. 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).Carolina.
- c. Any other alcoholic beverages approved by the Commission for sale in North Carolina, if sale of the alcoholic beverage is otherwise authorized in that area."

#### **AUTHORIZE BREWERIES WITH PRODUCTION FACILITIES IN OTHER STATES TO DISTRIBUTE TO WHOLESALERS**

**SECTION 13.** G.S. 18B-1104(4) reads as rewritten:

- "(4) Receive malt beverages manufactured by the permittee in some other state for transshipment to (i) dealers in other states,states or (ii) wholesalers licensed under this Chapter as authorized by the ABC laws."

#### **AUTHORIZE FARM BREWERIES**

**SECTION 14.** G.S. 18B-1104 is amended by adding a new subdivision to read:

- "(7a) In an area where the sale of malt beverages has not been authorized, a brewery that produces agricultural products, including barley, other grains, hops, or fruit, used by the brewery in the manufacture of malt beverages may sell the malt beverages owned by the brewery and approved by the Commission for sale in North Carolina at the brewery for on- or off-premise consumption upon (i) obtaining the appropriate permit under G.S. 18B-1001 and (ii) receiving approval from the governing body of the city where the brewery is located or, if the brewery is not located in a city, the governing body of the county where the brewery is located. Approval may be granted only pursuant to a resolution of the governing body adopted at a regular meeting. Before adopting a resolution approving the sale of malt beverages under this subdivision, a governing board shall hold a public hearing. A notice of the public hearing shall be given once a week for two successive calendar weeks in a newspaper having general circulation in the area. The notice of the public hearing shall be published the first time not less than 10 days nor more than 25 days before the date fixed for the hearing. In computing such period, the day of publication is not to be included but the day of the hearing shall be included."

#### **AMEND LAW GOVERNING BREWERY SALES AT ADDITIONAL RETAIL LOCATIONS**

**SECTION 15.** G.S. 18B-1104 reads as rewritten:

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

The holder of a brewery permit may:

- ...
- (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, 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



per year. A brewery not exceeding the sales quantity limitations in this subdivision may also sell the malt beverages manufactured by the ~~brewery~~ brewery, and malt beverages produced under subdivision (6a) of this section, at not more than three other locations in the State, where the sale is legal, upon obtaining the appropriate permits under G.S. 18B-1001. A brewery operating any additional retail location pursuant to this subdivision under a different trade name than that used at the brewery shall also offer for sale at that location a reasonable selection of competitive malt beverage products. A sale at any additional retail location under this subdivision shall not be considered a wholesale sale for the purposes of Article 13 of this Chapter.

A sale or gift under subdivision (5) or (6) shall not be considered a retail or wholesale sale under the ABC laws."

## TAX COMPLIANCE AND REPORTS

**SECTION 16.(a)** G.S. 18B-1104, as amended by this act, reads as rewritten:

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

(a) Authorized Acts. – The holder of a brewery permit may:

- ...
- (6a) Receive, in closed containers, and sell at the brewery, malt beverages produced inside or outside North Carolina under contract with a contract brewery. The contract brewery that manufactures the malt beverages shall be responsible for all aspects associated with manufacturing the product, including maintaining appropriate records, obtaining label approval in its own name, and remitting the appropriate taxes. 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 from a contract brewery under this subdivision shall 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 is authorized between affiliated breweries, but shall not be used as a means to allocate production quantities between affiliated breweries to obtain a malt beverage wholesaler permit pursuant to ~~G.S. 18B-1104(8)~~ subdivision (8) of this subsection where either brewery would not otherwise qualify for a permit, and the Commission shall have no authority to grant an exemption to this requirement pursuant to G.S. 18B-1116(b).
- (7) In an area where the sale of any type of alcoholic beverage is authorized by law, and upon receiving the appropriate permit under G.S. 18B-1001, sell at the brewery, and any additional retail location authorized under subdivision (8) of this ~~section,~~ subsection, any or all of the following:
- a. The brewery's malt beverages that have been approved by the Commission for sale in North Carolina.
  - b. Malt beverages manufactured by the permittee in some other state that have been approved by the Commission for sale in North Carolina.
  - c. Any other alcoholic beverages approved by the Commission for sale in North Carolina, if sale of the alcoholic beverage is otherwise authorized in that area.
- ...
- (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, to wholesalers, to retailers, and to exporters, fewer than 25,000 barrels, as defined in G.S. 81A-9, barrels of malt beverages produced by it per year. A brewery not exceeding the sales quantity limitations in this subdivision may also sell the malt beverages manufactured by the brewery, and malt beverages produced under subdivision (6a) of this ~~section, subsection,~~ at not more than three other locations in the State, where the sale is legal, upon obtaining the appropriate permits under G.S. 18B-1001. A brewery operating any additional retail location pursuant to this subdivision under a different trade name than that used at the brewery shall also offer for sale at that location a reasonable selection of competitive malt beverage products. A sale at any additional retail location under this subdivision shall not be considered a wholesale sale for the purposes of Article 13 of this Chapter.

(b) Sales or Gifts. – A sale or gift under subdivision (5) or (6) of subsection (a) of this section shall not be considered a retail or wholesale sale under the ABC laws.

(c) Tax Compliance. – By October 1 of each year, the Commission shall confirm that the holder of a brewery permit is in compliance with G.S. 18B-900(a)(8). The provisions of G.S. 18B-900(f) apply to the confirmation required under this subsection, except that the Commission may suspend a person's brewery permit until the Commission receives notice from the Department of Revenue that the person is in compliance.

(d) Sales Report Upon Commission Request. – Within 60 days of a request by the Commission, a holder of a brewery permit who obtains a malt beverage wholesaler permit pursuant to subdivision (8) of subsection (a) of this section shall provide a sales report to the Commission. The report shall list separately all of the following for the 12-month period preceding the date of the request:

- (1) The number of barrels of malt beverages sold by the permit holder that were produced by the permit holder.
- (2) The quantity and dollar amount of malt beverages sold by the permit holder under subdivision (7) of subsection (a) of this section.
- (3) The quantity and dollar amount of malt beverages sold on-premises under subdivision (8) of subsection (a) of this section.
- (4) The quantity and dollar amount of malt beverages sold off-premises under subdivision (8) of subsection (a) of this section.
- (5) The quantity and dollar amount of malt beverages sold under G.S. 18B-1114.5.
- (6) The quantity and dollar amount of malt beverages destroyed, spoiled, or otherwise rendered unsalable.

The Commission shall not request more than one sales report from a brewery within a 12-month period. The Commission shall keep all information provided pursuant to this subsection confidential except as required by law or requested by the Department of Revenue. The information shall not be a public record under Chapter 132 of the General Statutes.

(e) Definition. – For purposes of this section, the term "barrels" is as defined in G.S. 81A-9."

**SECTION 16.(b)** G.S. 18B-1105 is amended by adding a new subsection to read:

"(c) Tax Compliance. – By October 1 of each year, the Commission shall confirm the holder of a distillery permit is in compliance with G.S. 18B-900(a)(8). The provisions of G.S. 18B-900(f) apply to the confirmation required under this subsection, except that the Commission may suspend a person's distillery permit until the Commission receives notice from the Department of Revenue that the person is in compliance."

**SECTION 16.(c)** G.S. 18B-903(c1) reads as rewritten:

"(c1) Construction of Change in Ownership. – Nothing in subsection (c) of this section shall be construed to limit alternating brewery proprietorships in which the holder of a brewery permit leases or otherwise makes available its facility to another holder of a brewery permit. In this arrangement, the tenant brewery shall maintain title to the malt beverages at all states of the brewing process and shall be responsible for all aspects associated with manufacturing the product, including maintaining appropriate records, obtaining label approval in its own name, and remitting the appropriate taxes. Alternating brewery proprietorships are authorized between affiliated breweries, but shall not be used as a means to allocate production quantities between affiliated breweries to obtain a malt beverage wholesaler permit pursuant to ~~G.S. 18B-1104(8)~~ G.S. 18B-1104(a)(8) where either brewery would not otherwise qualify for a permit, and the Commission shall have no authority to grant an exemption to this requirement pursuant to G.S. 18B-1116(b)."

**SECTION 16.(d)** G.S. 18B-1001(1)i. reads as rewritten:

"i. Breweries as authorized by ~~G.S. 18B-1104(7) and (8)~~ subdivisions (7) and (8) of G.S. 18B-1104(a)."

**SECTION 16.(e)** G.S. 18B-1114.5(a) reads as rewritten:

"(a) Authorization. – The holder of a brewery permit, a malt beverages importer permit, a brewing, distillation, and fermentation course authorization, or a nonresident malt beverage vendor permit may obtain a malt beverage special event permit allowing the permittee to give free tastings of its malt beverages and to sell its malt beverages by the glass or in closed containers at trade shows, conventions, shopping malls, malt beverage festivals, street festivals, holiday festivals, agricultural festivals, balloon races, local fund-raisers, and other similar events approved by the Commission. Except for a brewery operating under the provisions of ~~G.S. 18B-1104(8), G.S. 18B-1104(a)(8)~~, all malt beverages sampled or sold pursuant to this section must be purchased from a licensed malt beverages wholesaler."

**SECTION 16.(f)** G.S. 18B-1116(a), as amended by this act, reads as rewritten:

**"§ 18B-1116. Exclusive outlets prohibited.**

(a) Prohibitions. – It shall be unlawful for any manufacturer, bottler, or wholesaler of any alcoholic beverages, or for any officer, director, or affiliate thereof, either directly or indirectly to:

...

A brewery qualifying under ~~G.S. 18B-1104(7) or (8)~~ subdivision (7) or (8) of G.S. 18B-1104(a) is not subject to the provisions of this section concerning financial interests in, and lending or giving things of value to, a wholesaler or retailer with respect to the brewery's transactions with the retail business on its premises or other retail locations allowed under ~~G.S. 18B-1104(8), G.S. 18B-1104(a)(8)~~. The brewery is subject to the provisions of this subsection, however, with respect to its transactions with all other wholesalers and retailers."

**SECTION 16.(g)** G.S. 18B-1305(a1) reads as rewritten:

"(a1) Termination by a Small Brewery. – A brewery's authorization to distribute its own malt beverage products pursuant to ~~G.S. 18B-1104(8)~~ G.S. 18B-1104(a)(8) shall revert back to the brewery, in the absence of good cause, following the fifth business day after confirmed receipt of written notice of such reversion by the brewery to the wholesaler. The brewery shall pay the wholesaler fair market value for the distribution rights for the affected brand. For purposes of this subsection, "fair market value" means the highest dollar amount at which a seller would be willing to sell and a buyer willing to buy at the time the self-distribution rights revert back to the brewery, after each party has been provided all information relevant to the transaction."

## **SIMPLIFY LOCAL LICENSING APPLICATIONS**

**SECTION 17.** G.S. 105-113.70 reads as rewritten:

**"§ 105-113.70. Issuance, duration, transfer of license.**

(a) Issuance, Qualifications. – Each person who receives an ABC permit shall obtain the corresponding local license, if any, under this Article. All local licenses are issued by the city or county where the establishment for which the license is sought is located. ~~The information required to be provided and the qualifications for a local license are the same as the information and qualifications required for the corresponding ABC permit. Upon proper application and payment of the prescribed tax, issuance of a local license is mandatory if the applicant holds the corresponding ABC permit. No documentation shall be required of the applicant except as provided in this section.~~ Issuance of a local license is mandatory if the applicant holds the corresponding ABC permit and provides all of the following: (i) a copy of the most recently completed State application form for an ABC permit exclusive of any attachments, (ii) the ABC permit for visual inspection, and (iii) payment of the prescribed tax. No local license may be issued under this Article until the applicant has received from the ABC Commission the applicable permit for that activity, and no county license may be issued for an establishment located in a city in that county until the applicant has received from the city the applicable license for that activity.

(b) Duration. – All licenses issued under this section are annual licenses for the period from May 1 to April 30.

(c) Transfer. – A license may not be transferred from one person to another or from one location to another.

(d) License Exclusive. – A local government may not require a license for activities related to the manufacture or sale of alcoholic beverages other than the licenses stated in this Article."

#### **CLARIFY WINERY SPECIAL EVENT LOCATIONS**

**SECTION 18.** G.S. 18B-1114.1 reads as rewritten:

##### **"§ 18B-1114.1. Authorization of winery special event permit.**

(a) Authorization. – The holder of an unfortified winery permit, a limited winery permit, a viticulture/enology course authorization, or a wine producer permit may obtain a winery special permit allowing the winery or wine producer to give free tastings of its wine, and to sell its wine by the glass or in closed containers, at trade shows, conventions, shopping malls, wine festivals, street festivals, holiday festivals, agricultural festivals, balloon races, local fund-raisers, farmers markets, and other similar events approved by the Commission.

(b) Limitation. – A winery special event permit is valid only in a jurisdiction that has approved the establishment of ABC stores or has approved the sale of unfortified wine."

#### **RULES**

**SECTION 19.(a)** Except as otherwise provided, the Alcoholic Beverage Control (ABC) Commission shall adopt temporary rules to implement the provisions of this act. Temporary rules adopted in accordance with this section shall remain in effect until permanent rules that replace the temporary rules become effective.

**SECTION 19.(b)** Any rule or policy adopted by the ABC Commission that does not comply with the provisions of this act shall be null, void, and without effect.

#### **EFFECT OF HEADINGS**

**SECTION 20.** The headings to the sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act.

#### **EFFECTIVE DATE**



**SECTION 21.** Except as otherwise provided, this act is effective when it becomes law.  
In the General Assembly read three times and ratified this the 29<sup>th</sup> day of June, 2017.

s/ Daniel J. Forest  
President of the Senate

s/ Tim Moore  
Speaker of the House of Representatives

s/ Roy Cooper  
Governor

Approved 3:17 p.m. this 30<sup>th</sup> day of June, 2017



TOWN OF WENDELL

NORTH CAROLINA

ORD # O- -2017

## **An Ordinance To Allow the Sale of Alcoholic Beverages Before Noon on Sundays at Licensed Premises**

**WHEREAS**, on June 29, 2017, the North Carolina General Assembly enacted Senate Bill 155, entitled “An Act to Make Various Changes to the Alcoholic Beverage Control Commission Laws”; and

**WHEREAS**, Section 4 of Ratified Senate Bill 155 authorizes city and county governments to adopt an ordinance to allow alcohol sales beginning at 10 a.m. on Sundays; and

**WHEREAS**, Ratified Senate Bill 155 was signed into law by Governor Roy Cooper on the 30th day of June, 2017 and became effective on that date (Session Law 2017, Chapter 87); and

**WHEREAS**, by enacting Senate Bill 155, North Carolina joins 47 other States in allowing alcohol service before noon on Sunday; and

**WHEREAS**, Sunday morning alcohol service will allow the hospitality community and retail merchants in our community to meet the needs of their customers; and

**WHEREAS**, Sunday morning alcohol service will benefit our small business community, bring people into business districts earlier in the day, and generate increased tax revenues; and

**WHEREAS**, our community has a diverse and growing population with different religious beliefs, each of which has various times and multiple days for worship;

**NOW, THEREFORE, BE IT ORDAINED** by the Town Board of Commissioners of Wendell, North Carolina that:

**Section 1.** Pursuant to the authority granted by S.L. 2017-87 the Town of Wendell hereby enacts a new Town Code Section 6- to read as follows:

Section 6- Selling of alcoholic beverages before noon on Sundays:

Any establishment located in the corporate limits of Wendell holding an ABC permit issued pursuant to G.S. 18B - 1001 is permitted to sell beverages allowed by its permit beginning at 10 A.M. on Sundays.

**Section 2.** All laws and clauses of law in conflict herewith are repealed to the extent of any such conflict.

**Section 3.** This ordinance is effective on the \_\_\_\_\_ day of \_\_\_\_\_, 2017. Duly Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2017, while in regular session.

\_\_\_\_\_  
Virginia R. Gray,  
Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Sherry L. Scoggins, MMC;  
Town Clerk

\_\_\_\_\_  
James P. Cauley, III;  
Town Attorney



**ORDINANCE AMENDING  
CHAPTER 12, OFFENSES AND MISCELLANEOUS PROVISIONS  
SECTION 12-10, REGULATING HOURS OF CERTAIN ALCOHOL SALES  
WITHIN THE ATLANTIC BEACH TOWN LIMITS**

**WHEREAS**, under previous North Carolina law, alcohol sales were prohibited before noon on Sundays. Governor Cooper signed Senate Bill 155, commonly called the “Brunch Bill,” into law on June 30th, 2017 authorizing cities and counties to allow alcohol sales at restaurants and stores beginning at 10:00 a.m. on Sundays.

**NOW BE IT ORDAINED**, the Atlantic Beach Town Council, pursuant to NCGS 160A-205.3, a new Section in Article 8 of NCGS Chapter 160A created by passage of Session Law 2017-7, hereby adopts this Ordinance authorizing the sale of malt beverages, unfortified wine, fortified wine, and mixed beverages beginning at 10:00 a.m. Sundays in and on such premises that have a valid and current premises’ permit issued under G.S. 18B-1001.

**NOW, THEREFORE, BE IT FURTHER ORDAINED** by the Town Council of the Town of Atlantic Beach that Chapter 12, Offenses and Miscellaneous Provisions of the Town of Atlantic Beach Code of Ordinances is hereby amended to include the following:

**Section 12-10 Regulating Hours of Certain Alcohol Sales within the Town Limits**

- a) The sale of malt beverages, unfortified wine, fortified wine and mixed beverages shall be allowed within the Town limits at any premises having a valid and current premises’ permit issued under NCGS 18B-1001 on Sundays beginning at 10:00 a.m.

This ordinance is effective upon its adoption.

Approved this 6<sup>th</sup> day of July, 2017.

\_\_\_\_\_  
A. B. Cooper, III  
Mayor

ATTEST:

\_\_\_\_\_  
Katrina Tyer, Town Clerk



**ORDINANCE NO. 2017- \_\_\_\_**

**An Ordinance To Allow the Sale of Alcoholic Beverages Before Noon on Sundays at Licensed Premises**

**WHEREAS**, on June 29, 2017, the North Carolina General Assembly enacted Senate Bill 155, entitled "An Act to Make Various Changes to the Alcoholic Beverage Control Commission Laws"; and

**WHEREAS**, Section 4 of Ratified Senate Bill 155 authorizes city and county governments to adopt an ordinance to allow alcohol sales beginning at 10 am on Sundays; and

**WHEREAS**, Ratified Senate Bill 155 was signed into law by Governor Roy Cooper on the 30th day of June, 2017 and became effective on that date (Session Law 2017, Chapter 87); and

**WHEREAS**, by enacting Senate Bill 155, North Carolina joins 47 other States in allowing alcohol service before noon on Sunday; and

**WHEREAS**, Sunday morning alcohol service will allow the hospitality community and retail merchants in our community to meet the needs of their customers; and

**WHEREAS**, Sunday morning alcohol service will benefit our small business community, bring people into business districts earlier in the day, and generate increased tax revenues; and

**WHEREAS**, our community has a diverse and growing population with different religious beliefs, each of which has various times and multiple days for worship;

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of \_\_\_\_\_, North Carolina that:

**Section 1.** Pursuant to the authority granted by S.L. 2017-87 any establishment located in the corporate limits of \_\_\_\_\_ and holding an ABC permit issued pursuant to G.S. 18B - 1001 is permitted to sell beverages allowed by its permit beginning at 10 A.M. on Sundays.

**Section 2.** All laws and clauses of law in conflict herewith are repealed to the extent of any such conflict.

**Section 3.** This ordinance is effective on the \_\_\_\_ day of \_\_\_\_\_, 2017.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2017.

**ORDINANCE NO. 2017 - 725**

**AN ORDINANCE TO AMEND THE RALEIGH CITY CODE CONSUMPTION OF ALCOHOLIC BEVERAGE REGULATIONS FOR THE PURPOSE OF ALLOWING CERTAIN ALCOHOL SALES TO BEGIN ON SUNDAY MORNING.**

Whereas, the hospitality industry is a very important part of the overall retail business community in Raleigh; and

Whereas, establishments other than restaurants, bars, and clubs also sell alcoholic beverages for on and off premise consumption; and

Whereas, the North Carolina General Assembly has recently authorized expanded Sunday sale times for certain beverages and the law has become effective upon the Governor's signature; and

Whereas, Session Law 2017-87 permits individual cities and counties to make their own decision about implementing the provisions of that law and whereby the City of Raleigh chooses to implement the authority found in Session Law 2017 – 87 for the benefit of its businesses and citizens;

***NOW THEREFORE BE IT ORDAINED BY THE RALEIGH CITY COUNCIL THAT:***

Section 1. A new Sec.12-4003. of the Raleigh City Code is hereby enacted to read as follows:

**“Sunday Sales**

Pursuant to the authority granted by S.L. 2017-87 any establishment located in Raleigh and holding an ABC permit issued pursuant to G.S. 18B-1001 is permitted to sell beverages allowed by its permit beginning at 10:00 a.m. on Sundays.”

Section 2. The provisions of this ordinance are declared to be severable pursuant to Part 14 of the Raleigh City Code.

Section 3. All laws and clauses of laws in conflict herewith are repealed to the extent of any such conflict.

Section 4. This ordinance is effective upon adoption.

Adopted: July 5, 2017

*Prepared by the Raleigh City Attorney's Office*

**AN ORDINANCE RESPECTING HOURS OF CERTAIN SUNDAY ALCOHOL SALES**

**WHEREAS**, the General Assembly has pursuant to N.C.G.S. § 18B-1004(c) made it unlawful to sell or consume alcoholic beverages on any licensed premises from the time at which sale or consumption must cease on Sunday morning until 12:00 noon on that day; and

**WHEREAS**, the General Assembly has, since the adoption of the aforementioned prohibition, enacted N.C.G.S. § 160A-205.3, permitting a municipality to adopt an ordinance allowing for the sale of malt beverages, unfortified wine, fortified wine, and mixed beverages beginning at 10:00 a.m. on Sunday pursuant to the licensed premises' permit issued under N.C.G.S. § 18B-1001; and,

**WHEREAS**, the City Council considers it to be in the best interest of the health, safety and welfare of the City's residents, businesses and visitors to allow licensed premises to sell malt beverages, unfortified wine, fortified wine, and mixed beverages beginning at 10:00 a.m. on Sunday,

**NOW, THEREFORE**, be it ordained by the City Council of the City of Hendersonville:

**SECTION 1. ALCOHOLIC BEVERAGE RETAIL SALES ON SUNDAY – HOURS.** The City Council hereby declares that sale of malt beverages, unfortified wine, fortified wine, and mixed beverages shall be allowed on licensed premises within the City beginning at 10:00 a.m. on Sunday pursuant to the licensed premises' permit issued under N.C.G.S. § 18B-1001.

**SECTION 2. SEVERABILITY.** If any provision of this ordinance is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid, such decision shall not affect the validity of the remaining provisions of this ordinance.

**SECTION 3. EFFECTIVE DATE.** This ordinance shall be in full force and effect from and after the date of its adoption.

Adopted this sixth day of July 2017.

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Barbara G. Volk, Mayor

Attest:

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Tammie K. Drake, MMC, City Clerk

Approved as to form:

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Samuel H. Fritschner, City Attorney