

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 823
Finance Committee Substitute Adopted 4/19/01
House Committee Substitute Favorable 6/4/01

Short Title: Promoting NC Grape and Wine Industry.

(Public)

Sponsors:

Referred to:

April 3, 2001

A BILL TO BE ENTITLED

AN ACT TO PROMOTE THE NORTH CAROLINA GRAPE AND WINE
INDUSTRY.

The General Assembly of North Carolina enacts:

SECTION 1. 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 is
are located, the Commission may issue the following kinds of permits:

...

(15) Wine-Tasting Permit. – A wine-tasting permit authorizes wine tastings on the premises conducted and supervised by the permittee. A wine tasting consists of the offering of a sample of one or more unfortified wine products, in amounts of no more than one ounce for each sample, without charge, to customers of the business. Representatives of the winery, which produced the wine, may assist with the tastings in a manner consistent with existing law. The Commission shall adopt rules to assure that the tastings are limited to samplings and not a subterfuge for the unlawful sale or distribution of wine, and that the tastings are not used by industry members for unlawful inducements to retail permit holders, and do not violate existing rules. Any food business is eligible for a wine-tasting permit."

SECTION 2. G.S. 18B-1101 reads as rewritten:

"§ 18B-1101. **Authorization of unfortified winery permit.**

The holder of an unfortified winery permit may:

- (1) Manufacture unfortified wine;
- (2) Sell, deliver and ship unfortified wine in closed containers to wholesalers licensed under this Chapter as authorized by the ABC

- 1 laws, except that wine may be sold to exporters and nonresident
2 wholesalers only when the purchase is not for resale in this State;
- 3 (2a) Receive, in closed containers, unfortified wine produced outside North
4 Carolina under the winery's label from grapes owned by the winery,
5 and sell, deliver, and ship that wine to wholesalers, exporters, and
6 nonresident wholesalers in the same manner as its wine manufactured
7 in North Carolina. This provision may be used only by a winery during
8 its first three years of operation or when there is substantial damage to
9 its grapes from catastrophic grape crop loss. This provision may be
10 used only three years out of every 10 years and notice must be given to
11 the Commission each time this provision is used;
- 12 (3) Ship its wine in closed containers to individual purchasers inside and
13 outside this State;
- 14 (4) Furnish or sell "short-filled" packages, on which State taxes have been
15 or will be paid, to its employees for the use of the employees or their
16 families and guests in this State;
- 17 (5) Regardless of the results of any local wine election, sell the winery's
18 wine owned by the winery at the winery for on- or off-premise
19 consumption upon obtaining the appropriate permit under ~~G.S. 18B-~~
20 ~~1001~~, G.S. 18B-1001;
- 21 (6) Sell the wine owned by the winery for on- or off-premise consumption
22 at no more than three other locations in the State, upon obtaining the
23 appropriate permit under G.S. 18B-1001; and
- 24 (7) Obtain an unfortified wine wholesale permit to sell, deliver, and ship at
25 wholesale unfortified wine manufactured at the winery. The
26 authorization of this subdivision applies only to a winery that annually
27 sells, to persons other than exporters and nonresident wholesalers
28 when the purchase is not for resale in this State, no more than 300,000
29 gallons of unfortified wine manufactured by it at the winery.

30 A sale under subdivision (4) shall not be considered a retail or wholesale sale under
31 the ABC laws."

32 **SECTION 3.** G.S. 18B-1114.1(a) reads as rewritten:

33 "(a) Authorization. – The holder of an unfortified winery, or limited winery
34 permit may obtain a winery special event permit. ~~The holder of a winery special event~~
35 ~~permit may:~~

- 36 (1) ~~Give permit allowing the winery to give free tastings of its wine-wine,~~
37 ~~and to sell its wine by the glass or in closed containers, at trade shows,~~
38 ~~conventions, shopping malls, wine festivals, street festivals, holiday~~
39 ~~festivals, agricultural festivals, balloon races, local fund-raisers, and~~
40 ~~other similar events approved by the Commission.~~
- 41 (2) ~~Sell its products in closed containers at trade shows, conventions,~~
42 ~~shopping malls, wine festivals, street festivals, holiday festivals,~~

1 ~~agricultural festivals, balloon races, local fund raisers, and other~~
2 ~~similar events approved by the Commission."~~

3 **SECTION 4.** Chapter 18B of the General Statutes is amended by adding a
4 new section to read:

5 **"§ 18B-1114.3. Authorization of wine grower permit.**

6 (a) Authorization. – The holder of a wine grower permit may:

7 (1) Ship grapes grown on land owned by it in North Carolina to a winery,
8 inside or outside the State, for the manufacture and bottling of
9 unfortified wine from those grapes and may receive that wine back in
10 closed containers.

11 (2) Sell, deliver, and ship the unfortified wine manufactured from its
12 grapes in closed containers to wholesalers licensed under this Chapter
13 as authorized by the ABC laws and also sell to exporters and
14 nonresident wholesalers when the purchase is not for resale in this
15 State.

16 (3) Regardless of the results of any local wine election, sell the wine
17 manufactured from its grapes for on- or off-premise consumption upon
18 obtaining the appropriate permit under G.S. 18B-1001.

19 (b) Limitation on Sales. – The holder of a wine grower permit may not sell, in
20 total, annually, more than 20,000 gallons of wine manufactured off its premises from
21 grapes it has grown."

22 **SECTION 5.** G.S. 18B-303(a) reads as rewritten:

23 (a) Purchases Allowed. – Without a permit, a person may purchase at one time:

24 (1) Not more than 80 liters of malt beverages, other than draft malt
25 beverages in kegs;

26 (2) Any amount of draft malt beverages in kegs;

27 (3) Not more than ~~20~~50 liters of unfortified wine;

28 (4) Not more than eight liters of either fortified wine or spirituous liquor,
29 or eight liters of the two combined."

30 **SECTION 6.** G.S. 18B-902(d) is amended by adding a new subdivision to
31 read:

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

34 ...

35 (34) Wine grower permit – \$300.00.

36 (35) Wine tasting permit – \$100.00."

37 **SECTION 7.** G.S. 18B-1000 is amended by adding a new subdivision to
38 read:

39 **"§ 18B-1000. Definitions concerning establishments.**

40 The following requirements and definitions shall apply to this Chapter:

41 ...

1 (10) Wine grower. – A farming establishment of at least five acres
2 committed to the production of grapes for the manufacture of
3 unfortified wine."

4 **SECTION 8.** G.S. 18B-1100 is amended by adding a new subdivision to
5 read:

6 "(19) Wine grower permit."

7 **SECTION 9.** G.S. 18B-1002(a)(5) reads as rewritten:

8 "(5) A permit may be issued to a unit of local government, or to a nonprofit
9 organization or a political organization to serve wine, malt beverages,
10 and spirituous liquor at a ticketed event held to allow the unit of local
11 government or organization to raise funds. For purposes of this
12 subdivision "nonprofit organization" means an organization that is
13 exempt from taxation under Section 501(c)(3), 501(c)(4), 501(c)(6),
14 501(c)(8), 501(c)(10), 501(c)(19), or 501(d) of the Internal Revenue
15 Code or is exempt under similar provisions of the General Statutes as a
16 bona fide nonprofit charitable, civic, religious, fraternal, patriotic, or
17 veterans' organization or as a nonprofit volunteer fire department, or as
18 a nonprofit volunteer rescue squad or a bona fide homeowners' or
19 property owners' association. For purposes of this subdivision
20 "political organization" means an organization covered by the
21 provisions of G.S. 163-96(a)(1) or (2) or a campaign organization
22 established by or for a person who is a candidate who has filed a notice
23 of candidacy, paid the filing fees or filed the required petition, and
24 been certified as a candidate. The issuance of this permit will also
25 allow the issuance of a purchase-transportation permit under G.S.
26 18B-403 and 18B-404 and the use for culinary purposes of spirituous
27 liquor lawfully purchased for use in mixed beverages."

28 **SECTION 10.** This act is effective when it becomes law.