



More Money May Be in Store for Distilleries

09.25.2015

More favorable changes may be in store for distilleries that want to sell bottles on-premise to consumers in North Carolina. Proposed new North Carolina legislation would (1) expand the number of distilleries that can sell bottles on-premise in North Carolina and (2) allow distilleries to keep more of their earnings.

The North Carolina General Assembly passed **House Bill 912** yesterday, which is now off to the Governor for signature. This bill would expand on-premise bottle sales to include distilleries manufacturing greater than 100,000 proof gallons per year. Legislation previously passed by the General Assembly this summer limited on-premise bottle sales to distilleries selling fewer than 100,000 proof gallons per year. The new legislation allows for the growth of the craft distillery industry and also potentially opens the door for large liquor suppliers to come into the state, set up distilleries, and sell bottles on-premise to consumers. The bottle sales limit still remains at one bottle per person per year for persons who have taken tours of the distillery, as set forth in legislation passed by the General Assembly earlier this summer.

Notably, the proposed new legislation also clarifies that, while bottles sold on-premise must be sold at retail at the uniform State price, as set by statute, distilleries are not required to remit certain components of this uniform price to state and local boards, thereby increasing the amounts that distilleries will be able to keep and invest in their distilleries and communities. The proposed new legislation states that distilleries are not required to remit freight and bailment charges to the State warehouse, markups for local ABC boards, bottle charges, bailment surcharges, and rounding adjustments. This means that, while distilleries will be selling the bottles at the same price that the bottles are sold in local ABC stores, the distilleries will be able to keep these components of their earnings.

House Bill 912 is now awaiting signature by the Governor.

Related People

- Jennifer A. Morgan ? 919.981.4051 ? jmorgan@williamsmullen.com