AGENCY: ABC Commission

RULE CITATION: All Rules Submitted

DEADLINE FOR RECEIPT: Friday, December 8, 2017

<u>NOTE WELL:</u> This request when viewed on computer extends several pages. Please be sure you have reached the end of the document.

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

Please confirm that these Rules were adopted after the close of the comment period (after the public hearing at 10 a.m.)

AGENCY: ABC Commission

RULE CITATION: 14B NCAC 15A .1303

DEADLINE FOR RECEIPT: Friday, December 8, 2017

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

On the Submission for Permanent Rule form, Box 9B, you cite to SL 2017-98. However, I think you intended to cite to SL 2015-98, as you did in Box 9A. Is that the intent?

In the Rule, line 4, do you need to retain "specifically"?

1 14B NCAC 15A .1303 is amended as published in 32:05 NCR 289 as follows:

2		
3	14B NCAC 15A	A .1303 TRANSPORTATION FROM STATE ABC WAREHOUSE
4	Except as specifically authorized by statute or the rules of the Commission, no spirituous liquors or antique spirituous	
5	liquors shall be transported within, into, or through this State for delivery to a local ABC store or board except from	
6	the state <u>State</u> ABC warehouse.	
7		
8	History Note:	Authority G.S. <u>18B-100; 18B-101;</u> 18B-204(a); 18B-207; 18B-701(1); <u>18B-701(a)(1);</u> <u>18B-1001;</u>
9		Eff. January 1, 1982;
10		Amended Eff. May 1, 1984;
11		Transferred and Recodified from 04 NCAC 02R .1304 Eff. August 1, 2015;
12		Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. August 22,
13		2015;
14		Amended Eff. January 1, 2018.

AGENCY: ABC Commission

RULE CITATION: 14B NCAC 15A .1304

DEADLINE FOR RECEIPT: Friday, December 8, 2017

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

On the Submission for Permanent Rule form, Box 9B, you cite to SL 2017-98. However, I think you intended to cite to SL 2015-98, as you did in Box 9A. Is that the intent?

In the Rule, Paragraph (b), lines 8-9, what is "mutually advantageous"? How is this determined?

On line 9, is "or" correct here? Do you mean "local boards or Commission or the operator or all three"?

In (c), line 11, how is this prior approval requested and given? Is it part of the permit?

On line 14, why is "Contractor" capitalized?

14B NCAC 15A .1304 is amended as published in 32:05 NCR 289 as follows:

3 14B NCAC 15A .1304 DIRECT SHIPMENTS 4 (a) A direct shipment is "direct shipment" means a shipment of a distiller's spirituous liquors from the distiller or a 5 warehouse of spirituous liquors, or from an antique spirituous liquor seller of antique spirituous liquor, directly to a 6 local board without passing through the Commission's State ABC warehouse. 7 (b) Direct shipments are shall be allowed by the Commission in emergency situations when the State ABC warehouse 8 is closed due to natural or other disasters or in a situation that where for transportation reasons it is mutually 9 advantageous to local boards, the CommissionCommission, andor the operator of the Commission's warehouse (for 10 example, commemorative bottles).State ABC warehouse. 11 (c) Direct shipment shall have prior written approval from the Commission. Merchandise authorized to be shipped 12 by direct shipment shall be consigned by the Commission's State ABC warehouse to the distiller's account in care of 13 the local board. The local board shall acknowledge receipt of the merchandise on the shipping documents and forward 14 them to the contractor Contractor for processing through the accounting system as though the merchandise were 15 shipped from the Commission's State ABC warehouse. 16 (d) Upon compliance with 14B NCAC 15A .1403 and obtaining a transportation permit as required by G.S. 18B-403, 17 an antique spirituous liquor seller may deliver antique spirituous liquor listed in its inventory directly to the local board 18 that placed the special order for that inventory. 19 20 History Note: Authority G.S. 18B-100; 18B-109(a); <u>18B-204;</u> 18B-207; <u>18B-403;</u> 18B-701(1);<u>18B-1001;</u> 21 Eff. January 1, 1982; 22 Amended Eff. January 1, 2011; May 1, 1984; 23 Transferred and Recodified from 04 NCAC 02R .1305 Eff. August 1, 2015; 24 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. August 22, 25 2015; 26 Amended Eff. January 1, 2018. 27

AGENCY: ABC Commission

RULE CITATION: 14B NCAC 15A .1402

DEADLINE FOR RECEIPT: Friday, December 8, 2017

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

On the Submission for Permanent Rule form, Box 9B, you cite to SL 2017-98. However, I think you intended to cite to SL 2015-98, as you did in Box 9A. Is that the intent?

On lines 8-9, you state that the price cannot exceed the usual wholesale price. How does this correspond with G.S. 18B-503(e), which states:

(e) Sale Procedure. - The sale of unfortified wine or fortified wine shall be by public auction unless those wines would likely become spoiled or lose value in the time required to arrange a public auction. If spoilage or loss of value is likely, the judge ordering the sale or the Commission may authorize sale at the prevailing wholesale price, as determined by the Commission, to one or more persons holding the appropriate retail wine permits in the county in which the wine was seized, or in a neighboring county if there are no such persons in the county in which the wine was seized. Spirituous liquor may be sold only to the local ABC board serving the city or county in which the liquor was seized, or, if there is no local board for that city or county, to the nearest local board. The sale price shall be at least ten percent (10%) less than the price the local board would pay for the same liquor bought through the State warehouse.

Also, on line 9, what is "usual"?

On line 9, is "when liquor has been confiscated for a violation of the ABC laws." Necessary, given the reference to G.S. 18B-503 on line 8?

14B NCAC 15A .1402 is amended as published in 32:05 NCR 289 as follows:

3	14B NCAC 15A	.1402 PERMIT REQUIRED TO SELL ALCOHOLIC BEVERAGES
4	No purchase of a	any spirituous liquorliquor, antique spirituous liquor, or fortified wine for resale in ABC stores shall
5	be made by any	local board from any person that does not hold a permit from the Commission authorizing the sale of
6	those beverages	to the local boards, except that approved brands of taxpaid liquor boards. However, brands approved
7	for sale in North	Carolina on which all taxes have been paid may be purchased for resale from the board of county
8	commissioners of	of any county pursuant to a sale ordered pursuant to G.S. 18B-503 for an amount not to exceed the
9	usual wholesale	price of the liquor when liquor has been confiscated for a violation of the ABC laws. A local board
10	shall purchase fortified wine only from a North Carolina wholesaler who has been issued a holds an active wine	
11	wholesaler permit.	
12		
13	History Note:	Authority G.S. <u>18B-100; 18B-101;</u> 18B-207; 18B-304(a); 18B-503(e); 18B-1107(a)(2);
14		Eff. January 1, 1982;
15		Amended Eff. July 1, 1992; May 1, 1984;
16		Transferred and Recodified from 04 NCAC 02R .1402 Eff. August 1, 2015;
17		Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. August 22,
18		2015;
19		Amended Eff. January 1, 2018.

AGENCY: ABC Commission

RULE CITATION: 14B NCAC 15A .1403

DEADLINE FOR RECEIPT: Friday, December 8, 2017

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

On the Submission for Permanent Rule form, Box 9B, you cite to SL 2017-98. However, I think you intended to cite to SL 2015-98, as you did in Box 9A. Is that the intent?

In (a)(1), line 5, so that I'm clear – you intend to state that the Commission will approve all of these requests? Who will make these requests?

On line 7, what is the "approved list"? The list addressed in Rules 14B NCAC 15C .0203 and .0204?

In (a)(2), line 9, I take it the "Special Orders Price List" is different from the "product list of approved brands" on line 6?

In (b), line 14, should "list" be capitalized to be consistent with "Special Orders Price List" elsewhere within the Rule?

On line 15, what are these minimum order requirements? Where can they be found? And how will the Commission set them? If this will be determined on a case-by-case basis, please state that and include factors that will be used.

In (c), lines 17-18, does your regulated public know what "next regularly scheduled shipment" is?

In (d), line 20, what is this monthly report?

On line 21, what is currently Paragraph (f) should be Paragraph (e). Please rename this and all succeeding paragraphs.

In current (f)(1), lines 24-25, you repeat "owner of antique spirituous liquor" twice and you state "either" and only include the local board as the requestor. Please clarify this sentence – do you mean that the request can come from the board acting upon a request from the owner or from the owner directly?

On line 25, what will the Commission use as guidance whether to approve the request?

In (f)(2), line 33, define "legible" And legible to whom – the Commission?

On line 34, sufficient to whom?

In (g), lines 35-36 and elsewhere the term is used within the Rule, why is "Special One-Time Permit" capitalized? It is not in the statute.

In (j), Page 2, line 10, where is the item being picked up? From the local board or a store?

In current (k), line 13, so that I'm clear – will the State ABC Warehouse ever have physical possession of the antique spirituous liquor? Or is this to address the requirement for a bailment surcharge in G.S. 18B-804?

In the History Note, why are you citing to G.S. 18B-807? How does this relate to efficient organization of the ABC store? Is there where the pickup of special orders occurs?

14B NCAC 15A .1403 is adopted as published in 32:05 NCR 289 as follows:

3 14B NCAC 15A .1403 SPECIAL ORDERS

4 (a) Spirituous liquor products shall be approved for purchase from the Special Orders Price List as follows:

5	<u>(1)</u>	The Commission shall approve for special order brands of spirituous liquor not otherwise on the
6		spirituous liquor product list of approved brands pursuant to 14B NCAC 15C .0203 and .0204,
7		including container sizes not on the approved list.
0		

8 (2) When requested by a customer, a local board shall request that the Commission consider approval 9 for inclusion on the Special Orders Price List any spirituous liquor brand or container size, not 10 otherwise approved. The Commission shall consider the request and add any brand or product 11 approved for sale pursuant to 14B NCAC 15C .0203 and .0204 to the Special Orders Price List, 12 including the minimum order size requirement as required by the vendor of at least one case.

13 (b) When requested by a customer, a local board may place an order with the Commission for any product on the

14 Special Orders Price list. All customer orders shall be prepaid by the customer prior to the order being placed with

15 the Commission. Any order must meet the minimum order quantity requirements set by the Commission.

16 (c) Upon receipt of the special order from the local board, the Commission shall place the order with the vendor for

17 shipment to the State ABC warehouse for delivery to the local board by the State ABC warehouse with the next

18 regularly scheduled shipment to the local board.

(d) After completing the special order transaction with the customer, the local board shall report the sale of
 merchandise sold pursuant to this Rule on its next monthly report to the Commission.

(f) In addition to the provisions set forth in Paragraph (a) of this Rule, antique spirituous liquor products shall be
 approved for purchase from the Special Orders Price List as follows:

23 Upon receipt of a request for inclusion of an antique spirituous liquor on the Special Orders Price (1)24 List from either a local board at the request of the owner of antique spirituous liquor, the owner of 25 antique spirituous liquor, or a mixed beverages permittee, the Commission shall consider the 26 request. Any antique spirituous liquor brand or product approved by the Commission for sale 27 pursuant to 14B NCAC 15C .0203 and .0204 shall be added to the Special Orders Price List. The 28 Commission shall determine the retail price for each product based on the markup formula pursuant 29 to G.S. 18B-804, set up each product in its pricing system, assign code numbers for each product, 30 and notify the local board and the State ABC warehouse of the price and product code number of 31 each product. 32 The seller of the antique spirituous liquor shall provide to the Commission an inventory of each (2)33 product to be sold, the seller's selling price per bottle, and a legible picture or copy of the label of 34 each product sufficient to identify the product to be sold.

35 (g) An owner of antique spirituous liquor who desires to sell antique spirituous liquor shall obtain a Special One-

36 <u>Time permit pursuant to G.S. 18B-1002(a)(4) prior to the sale.</u>

1	(h) A mixed beverages permittee who wants to order antique spirituous liquor from the Special Orders Price List from	
2	a permittee authorized to sell antique spirituous liquor pursuant to G.S. 18B-1002(a)(4) shall first obtain an antique	
3	pirituous liquor permit pursuant to G.S. 18B-1001(20).	
4	(i) When requested by an antique spirituous liquor permittee, a local board shall place an order from the Special One-	
5	Time permittee selling the antique spirituous liquor on the Special Orders Price list. All orders shall be prepaid by the	
6	antique spirituous liquor permittee to the local board prior to the order being placed with the Special One-Time	
7	permittee.	
8	(j) Upon delivery of the antique spirituous liquor to the local board by the Special One-Time permittee, the local	
9	board shall pay the seller's price to the Special One-Time permittee and notify the antique spirituous liquor permittee	
10	the order is available for pick up.	
11	(k) Once the local board has possession of the antique spirituous liquor to be sold, the local board shall notify the	
12	Commission and the State ABC warehouse, and forward the invoice bill of lading for the product to the State ABC	
13	warehouse. The State ABC warehouse shall bill the local board for the bailment and bailment surcharge for the	
14	product. The local board shall pay the bailment and bailment surcharge to the Commission.	
15 16	History Note: Authority G.S. 18B-100; 18B-101; 18B-207; 18B-800(c); 18B-804; 18B-807; 18B-1001; 18B-	
17	1002(a)(4);	
18	Eff. January 1, 2018.	

AGENCY: ABC Commission

RULE CITATION: 14B NCAC 15A .1901

DEADLINE FOR RECEIPT: Friday, December 8, 2017

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

On the Submission for Permanent Rule form, Box 9B, you cite to SL 2017-98. However, I think you intended to cite to SL 2015-98, as you did in Box 9A. Is that the intent?

In the Rule, in Paragraph (c), so that I'm clear – this decision is entirely within the discretion of the local board?

In (d), line 22, I take it your regulated public knows what a "purchase-transportation" permit is? Is this permit issued pursuant to G.S. 18B-403?

In the History Note, why are you citing to G.S. 18B-804(b)(8) and 18B-807?

14B NCAC 15A .1901 is amended as published in 32:05 NCR 289 as follows:

2			
3	SECTION .1900 - SALES OF LIQUOR TO MIXED BEVERAGES PERMITTEES		
4			
5	14B NCAC 15A	A .1901 MIXED BEVERAGES TAX STAMP	
6	(a) Prior to the	sale of any container of spirituous liquor or antique spirituous liquor to a permittee, the local board	
7	shall affix to the	e container a mixed beverages tax stamp that indicatesstates the following:	
8	(1)	the local board system of sale, sale;	
9	(2)	the permittee's transaction number, number; and	
10	(3)	the permittee's Mixed Beverage Permit number.	
11	(b) The mixed l	beverages tax stamp shall be affixed to the original paper labeling of each container, except that in the	
12	case of a contain	ner bearing no original labellabel, the stamp shall be affixed to any conspicuous vertical portion of the	
13	container. In no	event mayshall the stamp be affixed to the cap or closure of a container. Where a case of one brand	
14	has been purcha	sed, the mixed beverages tax stamp shall be affixed to each container in the case and it shall not be	
15	sufficient to stamp the exterior of the case.		
16	(c) For sales of	I liquor to a guest room cabinet permittee, a local board may affix the mixed beverages tax stamp to	
17	any portion of t	he container other than the cap or closure. In lieu of affixing the stamp to each container purchased	
18	by a guest room cabinet permittee, a local board may choose to give to the guest room cabinet permittee one tax stam		
19	for each container of liquor purchased for resale from a guest room cabinet, as authorized by Rule .1804 of the		
20	Subchapter.		
21	(d) Mixed beverage permittees may transport no more than eight liters of opened containers of spirituous lique		
22	without a purchase-transportation permit to and from an ABC Board a local board in the non-passenger area of a moto		
23	vehicle for the purpose of replacing mixed beverage tax stamps that are defaced or that have worn out numbers.		
24			
25	History Note:	Authority G.S. 18B-100; <u>18B-101;</u> 18B-203(a)(1); 18B-207; 18B-804(b)(8); 18B-807;	
26		Eff. January 1, 1982;	
27		Amended Eff. January 1, 2011; July 1, 1992; May 1, 1984;	
28		Transferred and Recodified from 04 NCAC 02R .1901 Eff. August 1, 2015;	
29		Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. August 22,	
30		2015;	
31		Amended Eff. January 1, 2018.	

AGENCY: ABC Commission

RULE CITATION: 14B NCAC .2101

DEADLINE FOR RECEIPT: Friday, December 8, 2017

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

In Paragraph (c), will the reason for disapproval be not meeting G.S. 18B-1105(a)(4)? If not, then what basis does the Board have for disapproving the request?

1 14B NCAC 15A .2101 is adopted <u>with changes</u> as published in 32:04 NCR 157 as follows:

2

3 SECTION .2100 – DISTILLERY PERMIT HOLDERS' SALE OF SPIRITUOUS LIQUOR DISTILLED ON 4 PREMISES TO VISITORS OF THE DISTILLERY FOR CONSUMPTION OFF THE PREMISES

5 6

14B NCAC 15A .2101 PRIOR APPROVAL FROM ABC COMMISSION

- 7 (a) Prior to selling spirituous liquor <u>distilled at the distillery</u> on the premises to consumers, a distillery permittee shall
- 8 submit a written request for approval to the Commission regarding its intent to sell bottles direct to consumers.
- 9 (b) The Commission shall verify compliance with G.S. 18B-1105(a)(4).
- 10 (c) Within 15 days of receipt of the request, the Commission shall send written notice to the permittee of approval
- 11 based on satisfying the requirements in Paragraph (b) of this Rule, or of disapproval and the reasons for disapproval.
- 12
- History Note: Authority G.S. 18B-100; 18B-207; 18B-1105;
 Eff. January 1, 2018.
- 15
- 16

1 14B NCAC 15A .2102 is adopted as published in 32:04 NCR 157 as follows: 2 3 14B NCAC 15A .2102 **RETAIL SALES AT DISTILLERY'S PERMITTED PREMISES** 4 (a) No retail sales shall be made on the distillery's permitted premises on: 5 (1) New Year's Day; 6 (2) Fourth of July; 7 (3) Labor Day; 8 (4) Thanksgiving Day; 9 (5) Christmas Day; 10 (6) Any Sunday; or (7)11 Any other day between the hours of 9:00 p.m. and 9:00 a.m. (b) Any distillery employee involved with the sale of spirituous liquor to the consumer shall be at least 18 years of 12 13 age. 14 (c) Distillery products to be sold directly to consumers shall be stored in a retail area in the permitted premises separate 15 from distillery products to be shipped to the State ABC warehouse for sale to local boards. 16 (d) The distillery permittee shall not sell any bottle of spirituous liquor to a consumer until after the consumer has 17 completed a tour of the distillery. 18 19 History Note: Authority G.S. 18B-100; 18B-207; 18B-802; 18B-1105; 20 Eff. January 1, 2018. 21

AGENCY: ABC Commission

RULE CITATION: 14B NCAC .2103

DEADLINE FOR RECEIPT: Friday, December 8, 2017

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

Just to be clear – is the inspection pursuant to the authority in G.S. 18B-502? If so, consider adding this to the History Note.

1 14B NCAC 15A .2103 is adopted as published in 32:04 NCR 157 as follows:

2

3 14B NCAC 15A .2103 DISTILLERY RECORD-KEEPING

- 4 <u>The distillery permittee's electronic records, as required by G.S. 18B-1105(a)(4), shall be available for inspection by</u>
- 5 alcohol law enforcement officers and employees of the Commission at any time an employee of the permittee is
- 6 present on the permitted premises.
- 7 8
- History Note: Authority G.S. 18B-100; 18B-207; 18B-1105;
 - *Eff. January 1, 2018.*
- 9 10

AGENCY: ABC Commission

RULE CITATION: 14B NCAC 15B .0523

DEADLINE FOR RECEIPT: Friday, December 8, 2017

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

On the Submission for Permanent Rule form, Box 9B, you cite to SL 2017-98. However, I think you intended to cite to SL 2015-98, as you did in Box 9A. Is that the intent?

On line 4, why do you need "As it relates to mixed beverages permittees in this Subchapter"? Could you not just start the sentence "Antique spirituous liquor..." and add "for the mixed beverages permittees."?

1 14B NCAC 15B .0523 is adopted as published in 32:05 NCR 289 as follows:

3 14B NCAC 15B .0523 ANTIQUE SPIRITUOUS LIQUOR REGULATED

- 4 As it relates to mixed beverage permittees in this Subchapter, antique spirituous liquor shall be regulated and treated
- 5 <u>the same as spirituous liquor.</u>
- 6

8

2

- 7 History Note: Authority G.S. 18B-101; 18B-207; 18B-1001;
 - *Eff. January 1, 2018.*