



NC Bills To Allow Direct Sales by Distilleries and Expansion of Liquor Products to Festivals and Trade Shows

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North Carolina **Senate Bill 24** and **House Bill 107** are parallel bills pending before the North Carolina legislature. If passed, they would allow distilleries located in North Carolina to sell their product directly to visitors to the distillery for consumption off premises and would allow distilleries to provide samples of their products at trade shows and other festivals in North Carolina.

Specifically, the bills would allow distilleries that distill fewer than 100,000 proof gallons of distilled product per year to sell up to one closed bottle of their own liquor products that were distilled on premises to each visitor to the distillery per calendar year, and these bottles will be marked "North Carolina Distillery Tour Commemorative Spirit." Under current law, distilleries may only provide liquor samples to visitors to the distillery and are not allowed to sell any bottles of their liquor products directly. Instead, the visitors must locate and buy the product at a local ABC store.

The liquor sold by the distilleries would be sold at the same price as the price approved by the Commission for local ABC stores, and applicable taxes will still be remitted to the North Carolina Department of Revenue. Profits from the sales would be kept by the distilleries rather than local ABC boards.

The bills would also allow distilleries to provide samples of their products at trade shows, conventions, shopping malls, beer and other festivals, street festivals, holiday festivals, agricultural festivals, balloon races, local fundraisers, and other similar events approved by the Commission.

Supporters of the bills state that passage would:

- allow current distilleries to become more financially stable and profitable,
- fuel the growth of the craft distilling industry in North Carolina (as has already happened for craft

beer and wine in North Carolina, where direct sales on premises are already allowed),

- create jobs,
- provide access and choices to visitors to distilleries, who often cannot find local products in ABC stores, and
- bring North Carolina into line with other control states that allow direct sales by distilleries.

The bills would not significantly affect the profits of local ABC boards. The distilleries claim that local ABC boards currently do not receive substantial profits from sales of North Carolina products, but that such boards may receive additional revenue upon passage of the bills, from property and other tax revenue from the growth of the distilleries, raw material suppliers, agricultural suppliers, and other local businesses. A document drafted by local distilleries in support of the bills can be found [here](#).

Critics of the bills argue that the bills would cut into profits of local ABC boards, which are distributed locally, and that the bills would open the door to large corporations becoming distilleries in North Carolina and selling their own label of distilled product (e.g., Walmart distillery). Critics also argue that existing large distilleries from out of state will move into the state and sell product directly to consumers at the distillery, although the bill is limited to a ?craft? distillery that manufactures no more than 100,000 proof gallons per year.

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