NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 823 (4th Edition)

SHORT TITLE: Promote NC Grape and Wine Industry

SPONSOR(S):

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

(\$)

FY 2001-02 FY 2002-03 FY 2003-04 FY 2004-05 FY 2005-06

REVENUES

General Fund 393,200 393,200 393,200 393,200 393,200

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: ABC Commission.

EFFECTIVE DATE: When it becomes law.

BILL SUMMARY: Amends the state's Alcoholic Beverage laws to allow issuance of a special wine tasting permit for wineries and retail establishments. It also defines wine tasting and requires that they be conducted and supervised by the permittee. This wine tasting permit may be issued to any food business. It also authorizes unfortified winery permit holders to (1) receive in closed containers, sell, and deliver or ship unfortified wine produced outside of the state under the winery's label during the winery's first three years of operation or when it's grapes have suffered substantial damage from a catastrophic grape crop loss, (2) conduct wine tastings at the winery, (3) sell the winery's wine at three other locations in the state, and (4) obtain and use an unfortified wine wholesale permit, under certain circumstances. The bill also allows the issuance of wine grower permit to farms of at least 5 acres committed to the production of grapes for the manufacture of unfortified wine. The permit fee is set at \$300. The bill authorizes those wine grower permittees to ship grapes grown on their North Carolina land to a winery for manufacturing and bottling, and receive that wine back in closed containers. Those permit holders are also authorized to sell, deliver and ship the unfortified wine manufactured from its grapes, in closed containers, to licensed wholesalers. It also requires that the Commission rules assure that the tastings are not used as an unlawful inducement. The bill expands the current winery special event permit to allow a winery to sell wine by the glass at special events. Finally the bill authorizes local governments to obtain a special permit.

ASSUMPTIONS AND METHODOLOGY: The primary fiscal impact will come as a result of the new permits for wine tasting and wine growing.

Wine Tasting Permit: The bill allows the issuance of a wine tasting permit to food businesses. The ABC Commission reports that almost all of their off-premises fortified wine permit holders are food businesses and would qualify for the permit. These businesses are assumed to be the primary applicants for this permit. The ABC Commission indicates that there are currently 3,872 off premise fortified wine permits. This number remains fairly constant. Therefore, approximately 3,872 businesses could apply for a wine tasting permit in the first year. The permit fee is set at \$100.00 As a result, this section of the bill could raise approximately \$387,200 annually.

Wine Grower Permit: The bill also allows the issuance of a \$300 wine grower permit. The Department of Agriculture estimates that there are 20 or fewer growers that would qualify for the permit. They expect this number to grow in future years. Assuming the \$300 permit fee is applied to 20 applications this portion of the bill will raise \$6,000.

Local Government Special Permit: The bill authorizes local governments to obtain a special one-time permit. Fiscal Research is unable to determine how many of these permits will be issued to local governments. As a result, no fiscal estimate is possible on this portion of the bill.

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