**A** **BILL**

A BILL TO AMEND SECTION 61-4-720 OF THE SOUTH CAROLINA CODE OF LAWS, 1976, RELATING TO SALE OF WINE BY WINERIES LOCATED IN THE STATE AND WINE TASTE SAMPLES, TO PROVIDE FOR SALES OF WINE ON WINERY PREMISES IF THE WINERY IS THE PRIMARY AMERICAN SOURCE OF SUPPLY FOR THE WINE SOLD; TO AMEND SECTIONS 61-4-1515 OF THE SOUTH CAROLINA CODE OF LAWS, 1976, TO PROVIDE FOR THE SALE OF BEER WITH AN ALCOHOL CONTENT OF TWELVE PERCENT OR LESS ON THE BREWERY PREMISES AND THE SALE OF SEALED BEER WITH AN ALCOHOL CONTENT OF FOURTEEN PERCENT OR LESS ON BREWERY PREMISES IF THE BREWERY IS THE PRIMARY AMERICAN SOURCE OF SUPPLY FOR THE BEER SOLD; TO AMEND SECTION 61-6-1140 OF THE SOUTH CAROLINA CODE OF LAWS, 1976, TO PROVIDE FOR THE RETAIL SALES AND TASTINGS OF ALCOHOLIC LIQUORS AT MICRO-DISTILLERIES IF THE MICRO-DISTILLERY IS THE PRIMARY AMERICAN SOURCE OF SUPPLY OR THE ALCOHOLIC LIQUORS PRODUCED AT THE LICENSED PREMISES ARE SUBJECT TO OTHER LIMITATIONS; AND TO AMEND CHAPTER 2, TITLE 61 OF THE SOUTH CAROLINA CODE OF LAWS, 1976, BY ADDING SECTION 61-2-177, TO PROVIDE FOR THE CREATION OF A MANUFACTURER’S SATELLITE CERTIFICATE FOR BREWERIES, WINERIES, AND MICRO-DISTILLERIES TO ESTABLISH SATELLITE LOCATIONS FOR SALE OF THEIR PRODUCTS, SUBJECT TO CERTAIN CONDITIONS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 61-4-720 of the 1976 Code is amended to read:

“Section 61-4-720. Notwithstanding another provision of law, a licensed winery located in this State is authorized to sell wine with an alcohol content of sixteen percent, or less, on the winery premises and deliver or ship this wine to consumer homes in or outside the State so long as:

(A) the licensed winery is the primary American source of supply for the wine sold; or

(B) the wine is produced on the premises ~~and contains an alcoholic content of sixteen percent or less~~.

These wineries are authorized to provide, with or without cost, wine tasting samples to prospective customers.”

SECTION 2. Section 61-4-1515(A) of the 1976 Code is amended to read:

“(A) A brewery permitted in this State is authorized to sell beer, with an alcohol content of twelve percent by weight, or less, to consumers on its permitted premises, provided that:

(1) the brewery is the primary American source of supply for the beer sold; or

(2) the beer is brewed on the permitted premises ~~with an alcoholic content of twelve percent by weight, or less~~, subject to the following conditions:

~~(1)~~(a) sales to consumers must be held in conjunction with a tour by the consumer of the permitted premises and the entire brewing process utilized at the permitted premises;

~~(2)~~(b) sales shall not be offered or made to, or allowed to be offered, made to, or consumed by an intoxicated person or a person who is under the age of twenty one;

~~(3)(a)~~(c)(i) no more than a total of forty eight ounces of beer brewed at the permitted premises shall be sold to a consumer for on premises consumption within a twenty four hour period; and

~~(b)~~(ii) of that forty eight ounces of beer available to be sold to a consumer within a twenty four hour period, no more than sixteen ounces of beer with an alcoholic weight of above eight percent, including any samples offered and consumed with or without cost, shall be sold to a consumer for on premises consumption within a twenty four hour period;

~~(4)~~(d) a brewery must develop and use a system to monitor the amounts and types of beer sampled or sold to a consumer for on premises consumption;

~~(5)~~(e) a brewery must sell the beer at the permitted premises at a price approximating retail prices generally charged for identical beverages in the county where the permitted premises are located;

~~(6)~~(f) a brewery must remit appropriate taxes to the Department of Revenue for beer sales in an amount equal to and in a manner required for excise taxes assessed by the department. A brewery also must remit appropriate sales and use taxes and local hospitality taxes;

~~(7)~~(g) a brewery must post information that states the alcoholic content by weight of the various types of beer available in the brewery and the penalties for convictions for:

~~(a)~~(i) driving under the influence;

~~(b)~~(ii) unlawful transport of an alcoholic container; and

~~(c)~~(iii) unlawful transfer of alcohol to minors.

And, the information shall be in signage that must be posted at each entrance, each exit, and in places in a brewery seen during a tour;

~~(8)~~(h) a brewery must provide department or DAODAS approved alcohol enforcement training for the employees who serve beer on the permitted premises to consumers for on-premises consumption, so as to prevent and prohibit unlawful sales, transfer, transport, or consumption of beer by persons who are under the age of twenty-one or who are intoxicated; and

~~(9)~~(i) a brewery must maintain a liquor liability insurance policy or a general liability insurance policy with a liquor liability endorsement in the amount of at least one million dollars for the biennial period for which it is permitted. Within ten days of receiving its biennial permit, a brewery must send proof of this insurance to the State Law Enforcement Division and to the Department of Revenue, where the proof of insurance information shall be retained with the department's alcohol beverage licensing section.”

SECTION 3.A. Section 61-4-1515(E) of the 1976 Code as last amended by Act 167 of 2020, is amended to read:

“(E) A brewery located in this State is authorized to sell beer in sealed containers, with an alcohol content of fourteen percent by weight or less, on its permitted premises for off-premises consumption, provided that:

(1) the brewery is the primary American source of supply for the beer sold; or

(2) the ~~sealed~~ beer was brewed on the brewery's permitted premises ~~with an alcohol content of fourteen percent by weight or less~~, subject to the following conditions:

~~(1)~~(a) the maximum amount of beer that may be sold to an individual per day for off-premises consumption shall be equivalent to five hundred seventy‑six ounces in total;

~~(2)~~(b) the beer only shall be sold in conjunction with a tour by the consumer of the permitted premises and the entire brewing process utilized at the permitted premises;

~~(3)~~(c) the beer sold is for personal use only and must not be resold;

~~(4)~~(d) the beer must not be sold to anyone holding a retail beer and wine license for the purpose of resale in their establishment;

~~(5)~~(e) the brewery must sell the beer at the permitted premises at a price approximating retail prices generally charged for identical beverages in the county where the permitted premises are located; and

~~(6)~~(f) the brewery must remit taxes to the Department of Revenue for beer sales in an amount equal to and in a manner required for taxes assessed by Section 12-21-1020 and Section 12-21-1030. The brewery also must remit appropriate sales and use taxes and local hospitality taxes.”

B. SECTION 3.A. is effective upon approval by the Governor and expires on May 31, 2021.

C. Section 61-4-1515(E) of the 1976 Code as last amended by Act 167 of 2020, is amended to read:

“(E) A brewery located in this State is authorized to sell beer in sealed containers, with an alcohol content of fourteen percent by weight or less, on its permitted premises for off-premises consumption, provided that:

(1) the brewery is the primary American source of supply for the beer sold; or

(2) the ~~sealed~~ beer was brewed on the brewery's permitted premises ~~with an alcohol content of fourteen percent by weight or less~~, subject to the following conditions:

~~(1)~~(a) the maximum amount of beer that may be sold to an individual per day for off-premises consumption shall be equivalent to two hundred eighty-eight ounces in total;

~~(2)~~(b) the beer only shall be sold in conjunction with a tour by the consumer of the permitted premises and the entire brewing process utilized at the permitted premises;

~~(3)~~(c) the beer sold is for personal use only and must not be resold;

~~(4)~~(d) the beer must not be sold to anyone holding a retail beer and wine license for the purpose of resale in their establishment;

~~(5)~~(e) the brewery must sell the beer at the permitted premises at a price approximating retail prices generally charged for identical beverages in the county where the permitted premises are located; and

~~(6)~~(f) the brewery must remit taxes to the Department of Revenue for beer sales in an amount equal to and in a manner required for taxes assessed by Section 12-21-1020 and Section 12-21-1030. The brewery also must remit appropriate sales and use taxes and local hospitality taxes.”

D. SECTION 3.C. is effective on June 1, 2021.

SECTION 4. Section 61-6-1140 of the 1976 Code is amended to read:

“Section 61-6-1140. A holder of a valid micro-distillery or manufacturer license issued by the State may permit tastings and retail sales of:

(A) the alcoholic liquors for which the micro-distillery or manufacturer is the primary American source of supply; or

(B) the alcoholic liquors produced at the licensed premises subject to the following limitations and any other limitations provided in this subarticle:

(1) tastings by and sales to consumers must be held in conjunction with a tour by the consumer of the on-site licensed premises;

(2) the micro-distillery or manufacturer shall establish appropriate protocols to ensure that a consumer sold or served alcoholic liquors pursuant to this section is not under twenty-one years of age and that a consumer shall not attend more than one tasting in a day;

(3) the micro-distillery or manufacturer may not dispense more than three ounces to an individual consumer in one day;

(4) tastings and sales may occur only between the hours of nine a.m. and seven p.m., Monday through Saturday;

(5) the micro-distillery or manufacturer may charge for alcoholic liquors consumed at a tasting, but must collect and remit the liquor by the drink excise tax pursuant to the provisions of Chapter 33, Title 12;

(6) the micro-distillery or manufacturer may provide mixers, which must be nonalcoholic and carry zero percent of alcohol by weight, in conjunction with the tasting, but the micro-distillery or manufacturer may not charge for the mixers;

(7) tastings may not occur in conjunction with the service of food in a restaurant setting; and

(8) only brands of alcoholic liquors ~~actually manufactured, distilled, or fermented at and~~ distributed to wholesalers from the licensed premises may be sold or offered for tasting.”

SECTION 5. Chapter 2, Title 61 of the 1976 Code is amended by adding:

“Section 61-2-177. (A). Notwithstanding any other provision of law, rule, or regulation to the contrary, the holder of a valid brewery, winery, micro-distillery, or liquor manufacturer license that, on or after January 1, 2021, invests four hundred million dollars in this State and creates at least three hundred new jobs in this State is eligible for a manufacturer’s satellite certificate to establish up to four wholly‑owned satellite locations for tasting and sale of beer, wine, or alcoholic liquors produced or imported as the primary American source of supply, provided that:

(1) except as modified by this section, the manufacturer complies with all conditions and limitations imposed on tastings and sales of beer, wine, or alcoholic liquors in this Title;

(2) the manufacturer submits an application on forms prescribed by the Department of Revenue and payment of a biennial manufacturer’s satellite certificate fee of five thousand dollars per satellite location;

(3) the manufacturer must sell the beer, wine, and liquor at the premises at a price approximating retail prices generally charged for identical beverages in the county where the satellite location is located;

(4) the manufacturer must remit appropriate taxes to the Department of Revenue for tastings and sales in an amount equal to and in a manner required for excise taxes assessed by the department pursuant to the provisions of Chapters 33, Title 12. A manufacturer also must remit appropriate sales and use taxes and local hospitality taxes;

(5) the beer, wine, and/or liquor to be handled, tasted, or sold at the satellite location must be purchased from licensed South Carolina wholesalers and transported and delivered to the satellite locations only by licensed South Carolina wholesalers;

(6) the manufacturer must maintain a liquor liability insurance policy or a general liability insurance policy with a liquor liability endorsement in the amount of at least one million dollars for the biennial period for which the certificate is valid. Within ten days of receiving its biennial permit a manufacturer must send proof of this insurance to the State Law Enforcement Division and to the Department of Revenue, where the proof of insurance information shall be retained with the Department’s alcohol beverage licensing section;

(7) tastings and sales shall not be offered or made to, or allowed to be offered, made to, or consumed by an intoxicated person or a person who is under the age of twenty one;

(8) for purposes of selling wine at a satellite location, the manufacturer must not sell more than twenty‑four bottles of wine each month to an individual consumer; and

(9) for the purposes of selling and tasting alcoholic liquors at a satellite location, the manufacturer:

(a) must not dispense more than three ounces to an individual consumer in one day;

(b) must provide mixers that are nonalcoholic and carry zero percent of alcohol by weight, in conjunction with the tasting, and the manufacturer may not charge for the mixers;

(c) must conduct tastings and sales only between the hours of nine a.m. and seven p.m., Monday through Saturday;

(d) must sell at retail no more than the equivalent of three 750‑milliliter bottles of liquor to a consumer in one business day, but only if the labels for the bottles are marked “not for resale”;

(e) must not allow consumption at the satellite location of liquor sold by the bottle at the premises; and

(f) must not allow delivery of alcoholic liquor to the consumer at any place other than the satellite location.

(B) The manufacturer’s satellite certificate application is subject to protest, as provided for in Section 61‑4‑525 for breweries and wineries and Section 61‑6‑185 for liquor manufacturers and micro-distilleries.

(C) The holder of a manufacturer’s satellite certificate who violates a provision of this section is subject to the penalties imposed according to Section 61‑6‑1160.

(D) Authorization by this section of sales and tastings at satellite locations is expressly intended for the promotion of education regarding production of beer, wine, and alcoholic liquors in the State and not to create competition between producers and retailers.”

SECTION 6. Unless otherwise specified, this act takes effect upon approval by the Governor.

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