

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1189

Short Title: Food Tax Down/Alcohol Tax Up.

(Public)

Sponsors: Representatives Decker; Adams, Barbee, Brown, Capps, Carpenter, Davis, Easterling, Eddins, Gulley, Howard, Justus, Luebke, Moore, Nye, Reynolds, Starnes, Tallent, Warner, C. Wilson, Womble, and Wood.

Referred to: Commerce, if favorable, Finance.

May 1, 1997

A BILL TO BE ENTITLED

1 AN ACT TO INCREASE TAXES ON BEER AND WINE, TO DISTRIBUTE THE
2 RESULTING REVENUES TO LOCAL GOVERNMENTS FOR SUBSTANCE
3 ABUSE TREATMENT, MEDICAID COSTS, INFRASTRUCTURE, AND
4 EDUCATION, AND TO REDUCE THE FOOD TAX BY ONE CENT.
5

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 105-113.80 reads as rewritten:

8 **"§ 105-113.80. Excise taxes on beer, wine, and liquor.**

9 (a) Beer. – An excise tax is levied on the sale of malt beverages at the rate of:

10 (1) ~~Forty eight and three hundred eighty seven one thousandths cents (48.387¢)~~
11 One dollar and sixty and six hundred forty-five thousandths cents
12 (\$1.60.645) per gallon on malt beverages in barrels holding at least
13 seven and three-fourths gallons; and

14 (2) ~~Fifty three and three hundred seventy six one thousandths cents (53.376¢)~~
15 One dollar and seventy-seven and two hundred eight thousandths cents
16 (\$1.77.208) per gallon on malt beverages in cans, bottles, barrels, or
17 other containers holding less than seven and three-fourths gallons.

1 (b) Wine. – An excise tax of ~~twenty-one cents (21¢)~~ forty-two cents (42¢) per liter is
2 levied on the sale of unfortified wine, and an excise tax of ~~twenty-four cents (24¢)~~ forty-
3 eight cents (48¢) per liter is levied on the sale of fortified wine.

4 (c) Liquor. – An excise tax of twenty-eight percent (28%) is levied on liquor sold
5 in ABC stores. Pursuant to G.S. 18B-804(b), the price of liquor on which this tax is
6 computed is the distiller's price plus (i) the State ABC warehouse freight and bailment
7 charges, and (ii) a markup for local ABC boards. This tax is in lieu of sales and use taxes;
8 accordingly, liquor is exempt from those taxes as provided in G.S. 105-164.13(37)."

9 Section 2. G.S. 105-113.82 reads as rewritten:

10 **"§ 105-113.82. Distribution of part of beer and wine taxes.**

11 (a) Amount, Method. – The Secretary shall distribute annually the following
12 percentages of the net amount of excise taxes collected on the sale of malt beverages and
13 wine during the preceding 12-month period ending March 31, less the amount of the net
14 proceeds credited to the Department of Agriculture under G.S. 105-113.81A, to the
15 counties and cities in which the retail sale of these beverages is authorized:

16 (1) Of the tax on malt beverages levied under G.S. 105-113.80(a), ~~twenty-~~
17 ~~three and three-fourths percent (23 3/4%);~~ seven and four-tenths percent
18 (7.4%) for general use and thirty-five and eighty-six hundredths percent
19 (35.86%) for restricted use.

20 (2) Of the tax on unfortified wine levied under G.S. 105-113.80(b), ~~sixty-~~
21 ~~two percent (62%);~~ and thirty-one percent (31%) for general use and
22 twenty-five percent (25%) for restricted use.

23 (3) Of the tax on fortified wine levied under G.S. 105-113.80(b), ~~twenty-two~~
24 ~~percent (22%);~~ eleven percent (11%) for general use and twenty-five
25 percent (25%) for restricted use.

26 If malt beverages, unfortified wine, or fortified wine may be licensed to be sold at
27 retail in both a county and a city located in the county, both the county and city shall
28 receive a portion of the amount distributed, that portion to be determined on the basis of
29 population. If one of these beverages may be licensed to be sold at retail in a city located
30 in a county in which the sale of the beverage is otherwise prohibited, only the city shall
31 receive a portion of the amount distributed, that portion to be determined on the basis of
32 population. The amounts distributed under subdivisions (1), (2), and (3) shall be
33 computed separately.

34 (b) Reduction in Amount Distributed. – Where the sale of malt beverages,
35 unfortified wine, or fortified wine is prohibited in a defined area of a city or county in
36 which the sale of the beverage is authorized, the amount that would otherwise be
37 distributed to the city or county on the basis of population under subsection (a) shall be
38 reduced in the same ratio that the area of the defined area bears to the total area of the
39 city or county, unless the defined area is a city. If the defined area in a county is a city,
40 the reduction in the amount that would otherwise be distributed to the county under
41 subsection (a) shall be based on population instead of area.

42 (c) Exception. – Notwithstanding subsection (a), in a county in which ABC stores
43 have been established by petition, the revenue shall be distributed as though the entire

1 county had approved the retail sale of a beverage whose retail sale is authorized in part of
2 the county.

3 (d) Time. – The revenue shall be distributed to cities and counties within 60 days
4 after March 31 of each year.

5 (e) Population Estimates. – To determine the population of a city or county for
6 purposes of the distribution required by this section, the Secretary shall use the most
7 recent annual estimate of population certified by the State Planning Officer.

8 (f) City Defined. – As used in this section, the term 'city' means a city as defined
9 in G.S. 153A-1(1) or an urban service district defined by the governing body of a
10 consolidated city-county.

11 (g) Use of Funds. – Funds distributed to a county or city under this section for
12 general use may be used for any public purpose. Funds distributed to a county or city
13 under this section for restricted use may be used only for the following purposes:

14 (1) The treatment of alcoholism or substance abuse, or for research or
15 education on alcohol or substance abuse.

16 (2) Medicaid costs.

17 (3) Infrastructure.

18 (4) Education."

19 Section 3. G.S. 105-164.4(a)(5) reads as rewritten:

20 "(5) The rate of ~~three percent (3%)~~ two percent (2%) applies to the sales price
21 of food that is not otherwise exempt pursuant to G.S. 105-164.13 but
22 would be exempt pursuant to G.S. 105-164.13 if it were purchased with
23 coupons issued under the Food Stamp Program, 7 U.S.C. § 51."

24 Section 4. This act becomes effective October 1, 1997. Section 2 of this act
25 applies only to excise taxes collected on or after October 1, 1997.