

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE DRH50481-MAf-352 (03/24)

Short Title: Modernization of the State's ABC System.

(Public)

Sponsors: Representative Lewis.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO MODERNIZE THE NORTH CAROLINA ALCOHOLIC BEVERAGE
3 CONTROL SYSTEM BASED ON THE PROGRAM EVALUATION DIVISION
4 REPORT ISSUED DECEMBER 10, 2008.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 18B-203(a) is amended by adding a new subdivision to read:

7 "**§ 18B-203. Powers and duties of the Commission.**

8 (a) Powers. – The Commission shall have authority to:

9 ...

10 (20) Establish performance standards for local ABC boards. Performance
11 standards established pursuant to this subdivision shall include, but not be
12 limited to, standards that address store appearance, operating efficiency,
13 profitability, and customer service."

14 **SECTION 2.** G.S. 18B-208 is amended by adding a new subsection to read:

15 "(c) Technical Assistance and Financial Incentive Loans. – A special fund in the
16 Department of the State Treasurer, the Technical Assistance and Financial Assistance Fund, is
17 created. Funds may be transferred from the ABC Commission Fund to the Technical Assistance
18 and Financial Assistance Fund to provide needed revenue to carry out the provisions of this
19 subsection. If additional revenue is needed for the Technical Assistance and Financial
20 Assistance Fund, the ABC Commission is authorized to levy an additional bailment surcharge
21 amount not to exceed ten cents (10¢) per case, which shall be deposited in the Technical
22 Assistance and Financial Assistance Fund for the purpose of carrying out the provisions of this
23 subsection.

24 The ABC Commission Fund shall be subject to the provisions of the State Budget Act
25 except that no unexpended surplus of this fund shall revert to the General Fund. The
26 Commission shall fix the level of the bailment surcharges at an amount calculated to generate a
27 maximum of two million dollars (\$2,000,000) for the Technical Assistance and Financial
28 Assistance Fund. Once the Fund has reached the two million dollar (\$2,000,000) maximum, the
29 Commission shall reduce the bailment surcharge to an amount no greater than necessary to
30 maintain the balance in the Technical Assistance and Financial Assistance Fund as authorized
31 by the General Assembly.

32 All moneys credited to the Technical Assistance and Financial Assistance Fund shall be
33 used by the North Carolina ABC Commission to issue no-interest loans to local ABC boards,
34 upon application and approval of the full Commission, for technical assistance and financial



1 incentives that will result in increased efficiencies in store operation and improved customer
2 service."

3 **SECTION 3.** G.S. 18B-301(b) reads as rewritten:

4 "(b) Possession on Other Property. – It shall be lawful, without an ABC permit, for a
5 person to possess for his personal use and the use of his guests not more than ~~eight~~ 40 liters of
6 fortified wine or spirituous liquor, or ~~eight~~ 40 liters of the two combined, at the following
7 places:

- 8 (1) The residence of any other person with that person's consent;
- 9 (2) Any other property not primarily used for commercial purposes and not open
10 to the public at the time the alcoholic beverage is possessed, if the owner or
11 other person in charge of the property consents to that possession and
12 consumption;
- 13 (3) An establishment with a brown-bagging permit as defined in
14 G.S. 18B-1001(7)."

15 **SECTION 4.** G.S. 18B-303(a) reads as rewritten:

16 "(a) Purchases Allowed. – Without a permit, a person may purchase at one time:

- 17 (1) Not more than 80 liters of malt beverages, except draft malt beverages in
18 kegs for off-premises consumption. For purchase of a keg or kegs of malt
19 beverages for off-premises consumption, the permit required by
20 G.S. 18B-403.1(a) must first be obtained;
- 21 (2) Any amount of draft malt beverages by a permittee in kegs for on-premise
22 consumption;
- 23 (3) Not more than ~~50~~ 100 liters of unfortified wine;
- 24 (4) Not more than ~~eight~~ 40 liters of either fortified wine or spirituous liquor, or
25 ~~eight~~ 40 liters of the two combined."

26 **SECTION 5.** G.S. 18B-304 reads as rewritten:

27 **"§ 18B-304. Sale and possession for sale.**

28 (a) Offense. – It shall be unlawful for any person to sell any alcoholic beverage, or
29 possess any alcoholic beverage for sale, without first obtaining the applicable ABC permit and
30 revenue licenses.

31 (b) Prima Facie Evidence. – Possession of the following amounts of alcoholic
32 beverages, without a permit authorizing that possession, shall be prima facie evidence that the
33 possessor is possessing those alcoholic beverages for sale:

- 34 (1) More than 80 liters of malt beverages, other than draft malt beverages in
35 kegs;
- 36 (2) More than ~~eight~~ 40 liters of spirituous liquor; or
- 37 (3) Any amount of nontaxpaid alcoholic beverages."

38 **SECTION 6.** G.S. 18B-403 is repealed.

39 **SECTION 7.** G.S. 18B-600(d) reads as rewritten:

40 "(d) City ABC Store Elections. – A city may hold an ABC store election only if:

- 41 (1) The city has at least ~~500~~ 5,000 registered voters; and
- 42 (2) The county in which the city is located does not operate ABC stores."

43 **SECTION 8.** G.S. 18B-600(e) reads as rewritten:

44 "(e) City Mixed Beverage Elections. – A city may hold a mixed beverage election ~~only~~
45 if: if the city has at least 500 registered voters.

46 ~~(1) The city has at least 500 registered voters; and~~

47 ~~(2) Either:~~

48 ~~a. The city already operates a city ABC store; or~~

49 ~~b. A city ABC store election is to be held at the same time as the mixed~~
50 ~~beverage election; or~~

51 ~~c. The city does not operate a city ABC store but:~~

1. The county operates an ABC store;
2. The county has already held a mixed beverage election; and
3. The vote in the last county election was against the sale of mixed beverages."

SECTION 9. G.S. 18B-700 is amended by adding a new subsection to read:

"(a1) Mission. – The mission of ABC boards and their employees shall be to responsibly serve their localities by controlling the sale of spirituous liquor in customer-friendly, modern, and efficient stores in order to optimize revenue distributions."

SECTION 10. G.S. 18B-700(g) reads as rewritten:

"(g) Salary. – A local board member may be compensated as determined by the appointing authority. No local board member may be compensated for service if the profit margin for the local board falls below five percent (5%) based on information in the annual audit."

SECTION 11. G.S. 18B-701 reads as rewritten:

"§ 18B-701. Powers and duties of local ABC boards.

(a) Powers. – A local board shall have authority to:

- (1) Buy, sell, transport, and possess alcoholic beverages as necessary for the operation of its ABC stores;
- (2) Adopt rules for its ABC system, subject to the approval of the Commission;
- (3) Hire and fire employees for the ABC system;
- (4) Designate one employee as manager of the ABC system and determine his responsibilities;
- (5) Require bonds of employees as provided in the rules of the Commission;
- (6) Operate ABC stores as provided in Article 8;
- ~~(7) Issue purchase-transportation permits as provided in Article 4;~~
- (8) Employ local ABC officers or make other provision for enforcement of ABC laws as provided in Article 5;
- (9) Borrow money as provided in G.S. 18B-702;
- (10) Buy and lease real and personal property, and receive property bequeathed or given, as necessary for the operation of the ABC system;
- (11) Invest surplus funds as provided in G.S. 18B-702;
- (12) Dispose of property in the same manner as a city council may under Article 12 of Chapter 160A of the General Statutes; and
- (13) Perform any other activity authorized or required by the ABC law.

(b) Duties. – A local board shall have the duty to comply with all directives of the Commission and meet all standards for performance established by the Commission pursuant to G.S. 18B-203(a)(20)."

SECTION 12. Chapter 18B of the General Statutes is amended by adding a new section to read:

"§ 18B-705. Compliance with performance standards; remedies.

(a) Local Board Compliance. – The Commission shall ensure that all local boards comply with performance standards established pursuant to G.S. 18B-203(a)(20) by conducting regular or special audits, conducting performance evaluations, or taking other measures which may include inspections by Commission auditors and alcohol law enforcement agents.

(b) Performance Improvement Plans. – The Commission, upon determining that a local board is failing to meet performance standards established pursuant to G.S. 18B-203(a)(20), shall meet with the chair of the local board, issue a statement of findings, and deliver a performance improvement plan. The performance improvement plan shall include, but not be limited to, recommendations for improved performance based on the performance standards established by the Commission. The plan shall also state a period of time in which the performance improvements are to occur and what action will be taken by the Commission if

1 performance standards are not met within the given time limits. The Commission shall allow up
2 to, but no more than, six months' time to the local board to implement and show improvement
3 under the performance improvement plan. The Commission, upon good cause shown, may
4 allow up to an additional six-month period of time for the local board to meet all requirements
5 in the performance improvement plan and to establish that the performance standards
6 established by the Commission are met.

7 (c) Remedies. – If the Commission determines that the established performance
8 standards cannot be met after a performance improvement plan has been implemented and
9 adequate time has been given, but in no case more than 12 months, the Commission may seize
10 all assets of the local board and take appropriate action to ensure profitability. This action may
11 include closing the board, a store, multiple stores, merging the local board with another local
12 board, or merging the local board with another local board to create a regional board."

13 **SECTION 13.** G.S. 18B-801(b) is amended by adding a new subdivision to read:

14 "(b) Location of Stores. – A local board may choose the location of the ABC stores
15 within its jurisdiction, subject to the approval of the Commission. In making its decision on a
16 location, the Commission may consider:

- 17 (1) Whether the health, safety, or general welfare of the community will be
18 adversely ~~affected; and~~ affected.
- 19 (2) Whether the citizens of the community or city in which the proposed store is
20 to be located voted for or against ABC stores in the last election on the
21 question.
- 22 (3) The proximity of the new location to existing ABC stores operated by the
23 local board or any other boards."

24 **SECTION 14.** This act becomes effective October 1, 2009.