

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

H

1

HOUSE BILL 1579

Short Title: Increase Alcohol Taxes.

(Public)

Sponsors: Representatives Insko; and Hughes.

Referred to: Health, if favorable, Finance.

May 5, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT TO INCREASE THE EXCISE TAXES LEVIED ON BEER, WINE, AND LIQUOR  
3 AND TO CREATE THE RISK BEHAVIOR FUND.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-113.80 reads as rewritten:

6 "**§ 105-113.80. Excise taxes on beer, wine, and liquor.**

7 (a) Beer. – An excise tax of ~~fifty-three and one hundred seventy seven one thousandths~~  
8 ~~cents (53.177¢)~~fifty-seven and four hundred thirty-two one-thousandths cents (57.432¢) per  
9 gallon is levied on the sale of malt beverages.

10 (b) Wine. – An excise tax of ~~twenty-one cents (21¢)~~twenty-two and sixty-eight  
11 hundredths cents (22.68¢) per liter is levied on the sale of unfortified wine, and an excise tax of  
12 ~~twenty-four cents (24¢)~~twenty-five and ninety-two hundredths cents (25.92¢) per liter is levied  
13 on the sale of fortified wine.

14 (c) Liquor. – An excise tax of ~~twenty-five percent (25%)~~twenty-seven percent (27%) is  
15 levied on liquor sold in ABC stores. Pursuant to G.S. 18B-804(b), the price of liquor on which  
16 this tax is computed is the distiller's price plus (i) the State ABC warehouse freight and  
17 bailment charges, and (ii) a markup for local ABC boards."

18 **SECTION 2.** G.S. 105-113.82 reads as rewritten:

19 "**§ 105-113.82. Distribution of part of ~~beer and wine~~beer, wine, and liquor taxes.**

20 (a) ~~Amount, Method.~~Local Distribution. – The Secretary shall distribute annually  
21 the following percentages of the net amount of excise taxes collected on the sale of malt  
22 beverages and wine during the preceding 12-month period ending March 31 to the counties or  
23 cities in which the retail sale of these beverages is authorized in the entire county or city:

- 24 (1) Of the tax on malt beverages levied under G.S. 105-113.80(a), twenty-three  
25 and three-fourths percent (23¾%);  
26 (2) Of the tax on unfortified wine levied under G.S. 105-113.80(b), sixty-two  
27 percent (62%); and  
28 (3) Of the tax on fortified wine levied under G.S. 105-113.80(b), twenty-two  
29 percent (22%).

30 For purposes of this ~~subsection~~subsection and subsection (a1) of this section, "net amount"  
31 means gross collections less refunds and amounts credited to the Department of Commerce  
32 under G.S. 105-113.81A. If malt beverages, unfortified wine, or fortified wine may be licensed  
33 to be sold at retail in both a county and a city located in the county, both the county and city  
34 shall receive a portion of the amount distributed, that portion to be determined on the basis of  
35 population. If one of these beverages may be licensed to be sold at retail in a city located in a  
36 county in which the sale of the beverage is otherwise prohibited, only the city shall receive a



1 portion of the amount distributed, that portion to be determined on the basis of population. The  
2 amounts distributed under subdivisions (1), (2), and (3) shall be computed separately.

3 (a1) Risk Behavior Distribution. – The Secretary shall transfer annually eight percent  
4 (8%) of the net amount of excise taxes collected on the sale of malt beverages and wine during  
5 the preceding 12-month period ending March 31 to the Risk Behavior Fund established  
6 pursuant to G.S. 143C-9-2A. The Secretary shall transfer annually two percent (2%) of the net  
7 amount of excise taxes collected on the sale of liquor during the preceding 12-month period  
8 ending March 31 to the Risk Behavior Fund established pursuant to G.S. 143C-9-2A.

9 (b) Repealed by Session Laws 2000, c. 173, s. 3, effective August 2, 2000.

10 (c) Exception. – Notwithstanding subsection (a), in a county in which ABC stores have  
11 been established by petition, the revenue distributed pursuant to subsection (a) of this section  
12 shall be distributed as though the entire county had approved the retail sale of a beverage whose  
13 retail sale is authorized in part of the county.

14 (d) Time. – The revenue shall be distributed to cities and counties within 60 days after  
15 March 31 of each year. The General Assembly finds that the revenue distributed under  
16 subsection (a) of this section is local revenue, not a State expenditure, for the purpose of  
17 Section 5(3) of Article III of the North Carolina Constitution. Therefore, the Governor may not  
18 reduce or withhold the distribution.

19 (e) Population Estimates. – To determine the population of a city or county for purposes  
20 of the distribution required by subsection (a) of this section, the Secretary shall use the most  
21 recent annual estimate of population certified by the State Budget Officer.

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

25 (g) Use of Funds. – Funds distributed to a county or city under subsection (a) of this  
26 section may be used for any public purpose.

27 (h) Disqualification. – No municipality may receive any funds under subsection (a) of  
28 this section if it was incorporated with an effective date of on or after January 1, 2000, and is  
29 disqualified from receiving funds under G.S. 136-41.2. No municipality may receive any funds  
30 under subsection (a) of this section, incorporated with an effective date on or after January 1,  
31 2000, unless a majority of the mileage of its streets is open to the public. The previous sentence  
32 becomes effective with respect to distribution of funds on or after July 1, 1999."

33 **SECTION 3.** Article 9 of Chapter 143C of the General Statutes is amended by  
34 adding a new section to read:

35 **"§ 143C-9-2A. Risk Behavior Fund.**

36 (a) The Risk Behavior Fund is established as an interest-bearing, nonreverting special  
37 trust fund in the Office of State Budget and Management. Moneys in the Fund shall be  
38 expended only in accordance with subsection (b) of this section and in accordance with  
39 limitations and directions enacted by the General Assembly. The State Treasurer shall hold the  
40 Fund separate and apart from all other moneys, funds, and accounts. The State Treasurer shall  
41 be the custodian of the Fund and shall invest its assets in accordance with G.S. 147-69.2 and  
42 G.S. 147-69.3. Investment earnings credited to the assets of the Fund shall become part of the  
43 Fund. Any balance remaining in the Fund at the end of any fiscal year shall be carried forward  
44 in the Fund for the next succeeding fiscal year.

45 (b) Moneys in the Risk Behavior Fund shall be used exclusively for the following  
46 purposes:

47 (1) To support programs designed to prevent underage drinking and offered by  
48 The Coalition Initiative and other nonprofit organizations.

49 (2) For the development and implementation of a media campaign by the  
50 Department of Health and Human Services designed to prevent underage  
51 drinking.

1       (c) Beginning July 1, 2010, the Secretary of Health and Human Services shall report  
2 annually to the House Appropriations Subcommittee on Health and Human Services, the  
3 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research  
4 Division on the expenditures made during the preceding fiscal year from the Fund. The report  
5 shall identify each expenditure by recipient and purpose and shall indicate the authority under  
6 subsection (b) of this section for the expenditure. In addition, the report shall include statistics  
7 on the prevalence and frequency of underage drinking in North Carolina. The source of the  
8 statistics may be the Youth Risk Behavior Study developed by the Division of Adolescent and  
9 School Health, National Center for Chronic Disease Prevention and Health Promotion, Centers  
10 for Disease Control and Prevention, or an equivalent study. The report shall also indicate the  
11 extent to which programs and media campaigns funded under this section have reduced  
12 underage drinking in North Carolina."

13               **SECTION 4.** The Department of Health and Human Services shall develop and  
14 implement a media campaign designed to prevent underage drinking. The Department may use  
15 funds from the Risk Behavior Fund established under G.S. 143C-9-2A, as enacted by this act,  
16 to support the development and ongoing implementation of the media campaign.

17               **SECTION 5.** This act becomes effective July 1, 2009.