

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 971

Short Title: Modern Licensure Model for Alcohol Control. (Public)

Sponsors: Representatives McGrady, Saine, Hardister, and Harrison (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Alcoholic Beverage Control, if favorable, Finance, if favorable, Rules, Calendar,
and Operations of the House

April 26, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO MODERNIZE THE LICENSURE MODEL UTILIZED BY THE STATE FOR
3 THE SALE OF SPIRITUOUS LIQUOR.

4 The General Assembly of North Carolina enacts:

5
6 **PART I. REVISIONS TO CHAPTER 18B OF THE GENERAL STATUTES**

7 **SECTION 1.(a)** Chapter 18B of the General Statutes reads as rewritten:

8 **"Chapter 18B.**

9 **"Regulation of Alcoholic Beverages.**

10 **"Article 1.**

11 **"General Provisions.**

12 ...

13 **"§ 18B-101. Definitions.**

14 As used in this Chapter, unless the context requires otherwise:

15 ...

16 (3) ~~"ABC system" means a local board and all ABC stores operated by it, its~~
17 ~~law enforcement branch, and all its employees.~~

18 ...

19 (5a) ~~"Antique spirituous liquor" means spirituous liquor that has not been in~~
20 ~~production or bottled in the last 20 years, is in the original manufacturer's~~
21 ~~unopened container, is not owned by a distillery, and is not otherwise available~~
22 ~~for purchase by an ABC Board except through the special order process~~
23 ~~pursuant to G.S. 18B-1001(20).~~

24 (5b) ~~"Antique spirituous liquor seller" means a person who sells antique spirituous~~
25 ~~liquor to an ABC Board.~~

26 (5c) ~~"Bailment surcharge" means the charge imposed on each case of liquor~~
27 ~~shipped from a Commission warehouse as provided in G.S. 18B-208. This~~
28 ~~bailment surcharge is in addition to the bailment charge imposed by G.S.~~
29 ~~18B-804(b)(2).~~

30 ...

31 (6a) ~~"Finance officer" means the local board employee, other than a general~~
32 ~~manager, who is responsible for keeping the accounts of the local board,~~
33 ~~receiving and depositing receipts, disbursing funds, and any other duties~~
34 ~~assigned by the local board or Commission.~~



- 1 ...
- 2 (7a) ~~"General manager" means the local board employee who is responsible for the~~
- 3 ~~oversight of daily operations of the ABC system and any other duties assigned~~
- 4 ~~by the local board or Commission. The board may designate only one~~
- 5 ~~employee to be the general manager.~~
- 6 ...
- 7 (8) ~~"Local board" means a city or county ABC board, or local board created~~
- 8 ~~pursuant to the provisions of G.S. 18B-703. A local board is an independent~~
- 9 ~~local political subdivision of the State. Nothing in this Chapter shall be~~
- 10 ~~construed as constituting a local board the agency of a city or county or of the~~
- 11 ~~Commission.~~
- 12 ...
- 13 (13a) (See note) "Special ABC area" means an area that meets the following
- 14 requirements:
- 15 Either:
- 16 a. The area has fewer than 500 permanent residents, and the area:
- 17 1. Is located in a county that borders another state, that has at least
- 18 one city ~~that has approved the operation of an ABC store, in~~
- 19 which the off-premises sale of spirituous liquor is lawful, and
- 20 in which the sale of unfortified wine and malt beverages is
- 21 permitted countywide or in one city; and
- 22 ...
- 23 b. The area has more than 500 permanent residents, and the area:
- 24 1. Is located in a county:
- 25 I. ~~Where ABC stores have heretofore been established~~
- 26 the off-premises sale of spirituous liquor is lawful, but
- 27 in which the sale of mixed beverages has not been
- 28 approved;
- 29 ...
- 30 III. ~~Borders on a county where ABC stores have heretofore~~
- 31 ~~been established by petition pursuant to law; the~~
- 32 off-premises sale of spirituous liquor is lawful; and
- 33 ...
- 34 c. The area is an area of a county where the following requirements are
- 35 met:
- 36 ...
- 37 2. ~~ABC stores have been established~~ The off-premises sale of
- 38 spirituous liquor is lawful in the county and the sale of mixed
- 39 beverages is allowed in six or more municipalities;
- 40 ...

41 **"§ 18B-110. Emergency.**

42 When the Governor finds that an emergency, as that term is defined in G.S. 166A-19.3, exists

43 anywhere in this State, the Governor may

- 44 (1) ~~Order the closing of all ABC stores; and~~
- 45 (2) ~~Order~~ order the cessation of all sales, transportation, manufacture, and bottling
- 46 of alcoholic beverages.

47 The Governor's order shall apply in those portions of the State designated in the order, for

48 the duration of the state of emergency. Any order by the Governor under this section shall be

49 directed to the Chairman of the Commission and to the Secretary of Public Safety.

50 ...

51 **"§ 18B-112. Tribal alcoholic beverage control.**

1 ...
2 (b) Compliance Required. – The Eastern Band of Cherokee Indians shall comply with the
3 following provisions of this Chapter to the extent they apply to or can be made applicable to the
4 tribe:

5 (1) The following provisions of Article 1. – General Provisions.

6 ...

7 (5) Article 5. – Enforcement, except for ~~G.S. 18B-500~~ and
8 ~~G.S. 18B-501~~. G.S. 18B-500.

9 ...

10 (b1) In accordance with G.S. 18B-1004(c), the Eastern Band of Cherokee Indians tribe
11 may adopt an ordinance allowing for the sale of malt beverages, unfortified wine, fortified wine,
12 ~~and mixed beverages~~ beverages, and spirituous liquor beginning at 10:00 A.M. on Sunday
13 pursuant to the licensed premises' permit issued under the authority of G.S. 18B-112(d).

14 ...
15 (d) Establishment of a Tribal Commission. – In accordance with the provisions of 18
16 U.S.C. § 1161, the Eastern Band of Cherokee Indians is authorized to establish a tribal alcoholic
17 beverage control commission to regulate the purchase, possession, consumption, sale, and
18 delivery of alcoholic beverages on any land designated as Indian Country pursuant to 18 U.S.C.
19 § 1151 under the jurisdiction of the Eastern Band of Cherokee Indians. The tribal commission
20 shall have exclusive authority to issue ABC permits to retail and commercial establishments
21 located wholly on Indian Country lands under the jurisdiction of the Eastern Band of Cherokee
22 Indians and to regulate the purchase, possession, consumption, sale, and delivery of alcoholic
23 beverages at permitted outlets and premises. Permits issued by the tribal commission pursuant to
24 this section shall be deemed issued by the State for the purposes of sales and delivery of ~~beer and~~
25 ~~wine~~ beer, wine, and spirituous liquor by wholesalers to the retail outlets located on Indian
26 Country lands. The fees generated by the tribal alcoholic beverage control commission for the
27 issuance of retail permits may be retained by the Eastern Band of Cherokee Indians to offset costs
28 of operating the tribal alcoholic beverage control commission.

29 ...
30 (f) Authority of the North Carolina Alcoholic Beverage Control Commission. – ~~The~~
31 ~~North Carolina Alcoholic Beverage Control Commission shall have the authority to enter into~~
32 ~~agreements with the tribal alcoholic beverage control commission to provide for the sale,~~
33 ~~delivery, and distribution of spirituous liquor to the tribal alcoholic beverage control commission.~~
34 ~~The tribal alcoholic beverage control commission shall purchase spirituous liquor for resale by~~
35 ~~the tribal alcoholic beverage control commission exclusively from the North Carolina Alcoholic~~
36 ~~Beverage Control Commission at the same price and on the same basis that such spirits are~~
37 ~~purchased by local boards.~~ To the extent there is a conflict between the tribal alcoholic beverage
38 control commission's authority or purpose and the North Carolina Alcoholic Beverage Control
39 Commission's authority or purpose, the North Carolina Alcoholic Beverage Control Commission
40 shall prevail.

41 ...
42 **"§ 18B-121. Claim for relief created for sale to underage person.**

43 An aggrieved party has a claim for relief for damages against a permittee ~~or local Alcoholic~~
44 ~~Beverage Control Board~~ if:

45 (1) The permittee or his agent or employee ~~or the local board or its agent or~~
46 ~~employee~~ negligently sold or furnished an alcoholic beverage to an underage
47 person; and

48 (2) The consumption of the alcoholic beverage that was sold or furnished to an
49 underage person caused or contributed to, in whole or in part, an underage
50 driver's being subject to an impairing substance within the meaning of
51 G.S. 20-138.1 at the time of the injury; and

- 1 (3) The injury that resulted was proximately caused by the underage driver's
2 negligent operation of a vehicle while so impaired.

3 ...

4 **"§ 18B-124. Joint and several liability.**

5 The liability of the negligent driver or owner of the vehicle that caused the injury and the
6 permittee ~~or ABC board which that~~ sold or furnished the alcoholic beverage shall be joint and
7 several, with right of contribution but not indemnification.

8 ...

9 **"§ 18B-201. Conflict of interest; gifts.**

10 (a) Financial Interests Restricted. – No person shall be appointed to or employed by the
11 ~~Commission, a local board, Commission~~ or the ALE Branch if that person or a member of that
12 person's family related to that person by blood or marriage to the first degree has or controls,
13 directly or indirectly, a financial interest in any commercial alcoholic beverage enterprise,
14 including any business required to have an ABC permit. The Commission may exempt from this
15 provision any person, other than a Commission member, when the financial interest in question
16 is so insignificant or remote that it is unlikely to affect the person's official actions in any way.
17 Exemptions may be granted only to individuals, not to groups or classes of people, and each
18 exemption shall be in writing, be available for public inspection, and contain a statement of the
19 financial interest in question.

20 (b) Self-dealing. – The provisions of G.S. 14-234 shall apply to the ~~Commission and local~~
21 ~~boards.~~Commission.

22 (c) Dealing for Family Members. – ~~Neither the The Commission nor any local board~~
23 shall not contract or otherwise deal in any business matter so that a member, member's spouse or
24 any person related to the member by blood to a degree of first cousin or closer in any way
25 financially benefits, directly or indirectly, from the transaction unless:

26 ...

- 27 (3) The next annual audit of the ~~Commission or local board~~ specifically notes the
28 member and the amount involved in each transaction occurring during the year
29 covered by the audit; and

- 30 (4) ~~If the transaction is by a local board, the Commission is notified at least two~~
31 ~~weeks before final board approval of the transaction.~~

32 (d) Gifts Generally. – The provisions of G.S. 133-32 shall apply to the ~~Commission and~~
33 ~~local boards.~~Commission.

34 (e) Conflicts of Interest for the Commission. – The provisions of Article 7 of Chapter
35 163A of the General Statutes shall apply to the Commission.

36 (f) ~~Conflicts of Interest for Local Boards. — Except as permitted under subsection (h) of~~
37 ~~this section, a local ABC board member shall not knowingly use the local ABC board member's~~
38 ~~position on the board in any way that will result in financial benefit to the local ABC board~~
39 ~~member, the local ABC board member's spouse, any person related to the local ABC board~~
40 ~~member by blood to a degree of first cousin or closer, or any business with which the local ABC~~
41 ~~board member is associated.~~

42 ...

43 (h) ~~Notwithstanding subsection (f) of this section, a local ABC board member may~~
44 ~~participate in an action of the local ABC board under any of the following circumstances except~~
45 ~~as specifically limited:~~

- 46 (1) ~~The financial benefit that accrues to the local ABC board member, the local~~
47 ~~ABC board member's spouse or any person related to the local ABC board~~
48 ~~member by blood to a degree of first cousin or closer, or a business with which~~
49 ~~the local ABC board member is associated is one that is accrued as a member~~
50 ~~of a profession, occupation, or general class and is no greater than that which~~

1 could reasonably be foreseen to accrue to all members of that profession,
 2 occupation, or general class.

3 (2) ~~The financial benefit derived by a local ABC board member, the local ABC~~
 4 ~~board member's spouse or any person related to the local ABC board member~~
 5 ~~by blood to a degree of first cousin or closer, or a business with which the~~
 6 ~~local ABC board member is associated is one that would be enjoyed to an~~
 7 ~~extent no greater than that which other citizens of the State would or could~~
 8 ~~enjoy.~~

9 (3) ~~The financial benefit derived by a local ABC board member, the local ABC~~
 10 ~~board member's spouse or any person related to the local ABC board member~~
 11 ~~by blood to a degree of first cousin or closer, or a business with which the~~
 12 ~~local ABC board member is so remote, tenuous, insignificant, or speculative~~
 13 ~~that a reasonable person would conclude under the circumstances that the local~~
 14 ~~ABC board member's ability to protect the public interest and perform the~~
 15 ~~local ABC board member's duties would not be compromised.~~

16 (4) ~~When an action affects or would affect the local ABC board member's~~
 17 ~~compensation as a local ABC board member.~~

18 (5) ~~Before the local ABC board member participated in the action, the board~~
 19 ~~member requested and received from the ABC Commission a written advisory~~
 20 ~~opinion that authorized the participation. In authorizing the participation~~
 21 ~~under this subdivision, the ABC Commission shall consider the need for the~~
 22 ~~local ABC board member's particular contribution, such as special knowledge~~
 23 ~~of the subject matter and the effective functioning of the local ABC board.~~

24 (6) ~~When action is ministerial only and does not require the exercise of discretion.~~

25 (7) ~~When the local ABC board records in its minutes that it cannot obtain a~~
 26 ~~quorum in order to take the action because the local ABC board member is~~
 27 ~~disqualified from acting, the local ABC board member may be counted for~~
 28 ~~purposes of a quorum but shall otherwise abstain from taking any further~~
 29 ~~action.~~

30 ...

31 (j) ~~A local board member shall not improperly use or improperly disclose any~~
 32 ~~confidential information.~~

33 (k) ~~A local board member shall have an affirmative duty to promptly disclose in writing~~
 34 ~~to the local board any conflict of interest or potential conflict of interest.~~

35 **"§ 18B-202. Discharge upon conviction.**

36 In addition to imposing any other penalty authorized by law, a judge may remove from office
 37 or discharge from employment any Commission or local board member or employee, or any ALE
 38 agent, who is convicted of a violation of any provision of this Chapter or of any felony and may
 39 declare that person ineligible for membership or employment with the Commission, any local
 40 board, Commission or the ALE Branch, for a period of not longer than three years. ~~Conviction~~
 41 ~~of a crime under this Chapter or of any felony shall also be grounds for the Commission to remove~~
 42 ~~from office or discharge from employment any local board member or employee. In addition to~~
 43 ~~imposing any other penalty authorized by law, a judge may prohibit an individual convicted of a~~
 44 ~~violation of this Chapter, or of any felony, from participating in any contract to enforce the ABC~~
 45 ~~laws for a local board if that individual is a designated officer of an agency which holds a contract~~
 46 ~~to enforce the ABC laws for a local board. A judge may also prohibit an individual convicted of~~
 47 ~~a violation of this Chapter, or of any felony, from being designated as an officer that enforces the~~
 48 ~~ABC law under a contract with any local board for a period of not longer than three years.~~

49 **"§ 18B-203. Powers and duties of the Commission.**

- 50 (a) Powers. – The Commission shall have authority to:
- 51 (1) Administer the ABC laws;

- 1 (2) Provide for enforcement of the ABC laws, in conjunction with the ALE
- 2 Branch;
- 3 ~~(3) Set the prices of alcoholic beverages sold in local ABC stores as provided in~~
- 4 ~~Article 8;~~
- 5 ~~(4) Require reports and audits from local boards as provided in G.S. 18B-205;~~
- 6 ~~(5) Determine what brands of alcoholic beverages may be sold in this State;~~
- 7 ~~(6) Contract for State ABC warehousing, as provided in G.S. 18B-204;~~
- 8 ~~(7) Dispose of damaged alcoholic beverages, as provided in G.S. 18B-806;~~
- 9 ~~(8) Remove for cause any member or employee of a local board;~~
- 10 ~~(9) Supervise or disapprove purchasing by any local board and inspect all records~~
- 11 ~~of purchases by local boards;~~
- 12 ~~(10) Approve or disapprove rules adopted by any local board;~~
- 13 ~~(11) Approve or disapprove the opening and location of ABC stores, as provided~~
- 14 ~~in Article 8;~~
- 15 (12) Issue ABC permits, and impose sanctions against permittees;
- 16 (13) Provide for the testing of alcoholic beverages, as provided in G.S. 18B-206;
- 17 ~~(14) Fix the amount of bailment charges and bailment surcharges to be assessed on~~
- 18 ~~liquor shipped from a Commission warehouse;~~
- 19 ~~(15) Collect bailment charges and bailment surcharges from local boards;~~
- 20 ~~(16) Notwithstanding any law to the contrary, enter into contracts for design and~~
- 21 ~~construction of a warehouse or warehouses and supervise work and materials~~
- 22 ~~used in the construction, as provided in G.S. 18B-204;~~
- 23 ~~(17) Provide for the distribution of spirituous liquor to installations of the Armed~~
- 24 ~~Forces of the United States within this State for resale on the installation and~~
- 25 ~~to the Eastern Band of Cherokee Indians for resale on Indian Country lands~~
- 26 ~~within this State under the jurisdiction of the Eastern Band of Cherokee~~
- 27 ~~Indians.~~
- 28 (18) Provide for the distribution and posting of warning signs to local ABC boards
- 29 spirituous liquor permittees regarding the dangers of alcohol consumption
- 30 during pregnancy as required under G.S. 18B-808;
- 31 (19) Recognize the holder of a wine importer permit or nonresident wine vendor
- 32 permit as a primary American source of supply for the wine of a winery. To
- 33 be considered a primary American source of supply, a wine importer must
- 34 establish that it has lawfully purchased the wine from the winery, or from an
- 35 agent of the winery, and by written contract or otherwise has been authorized
- 36 by the winery to distribute the wine to wholesalers in the United States.
- 37 ~~(20) Promulgate rules to establish performance standards for local boards.~~
- 38 ~~Performance standards established pursuant to this subdivision shall include,~~
- 39 ~~but not be limited to, standards that address enforcement of ABC laws, store~~
- 40 ~~appearance, operating efficiency, solvency, and customer service.~~
- 41 ~~(21) Promulgate rules to establish mandatory training requirements for local board~~
- 42 ~~members, finance officers, and general managers. If personal attendance is~~
- 43 ~~required, the Commission shall not require more than four hours of training~~
- 44 ~~and shall provide up to two hours of training at convenient locations around~~
- 45 ~~the State in conjunction with ethics training.~~
- 46 ~~(22) Provide for the purchase of spirituous liquor from another ABC board by~~
- 47 ~~mixed beverage permittees when an ABC system becomes insolvent, closes,~~
- 48 ~~or is closed by the Commission and the county or municipality in which the~~
- 49 ~~system is located has approved the sale of mixed beverages.~~
- 50 ...

"§ 18B-208. ABC Commission bonds and funds.

1 (a) Issuance of Bonds. — As a means of raising the funds needed from time to time in the
 2 design, acquisition, construction, equipping, maintenance and operation of a warehouse under
 3 G.S. 18B-204(a)(3), the Commission may, with the approval of the Governor, at one time or from
 4 time to time issue negotiable revenue bonds of the Commission. The issuance of revenue bonds
 5 shall not directly or indirectly or contingently obligate the State to levy or to pledge any form of
 6 taxation or to make any appropriation for their payment. Revenue bonds issued pursuant to this
 7 subsection shall be repaid from the bailment surcharge as provided in subsection (b). These bonds
 8 and the income from them are exempt from all taxation within the State.

9 (b) Special Fund. — A special fund in the office of the State Treasurer, the ABC
 10 Commission Fund, is created. ~~On and after November 1, 1982, all moneys derived from the~~
 11 ~~collection of bailment charges and bailment surcharges shall be deposited in the ABC~~
 12 ~~Commission Fund for the purpose of carrying out the provisions of this Chapter. The ABC~~
 13 ~~Commission Fund shall be subject to the provisions of the State Budget Act except that no~~
 14 ~~unexpended surplus of this fund shall revert to the General Fund. The Commission shall fix the~~
 15 ~~level of the bailment surcharges at an amount calculated to cover operating expenses of the~~
 16 ~~Commission and the retirement of bonds issued for construction of a Commission warehouse and~~
 17 ~~offices. Upon payment of the bonds issued pursuant to this section, the Commission shall reduce~~
 18 ~~the bailment surcharge to an amount no greater than necessary to pay operating expenses of the~~
 19 ~~Commission as authorized by the General Assembly.~~

20 All moneys credited to the ABC Commission Fund shall be used to carry out the intent and
 21 purposes of the ABC law in accordance with plans approved by the North Carolina ABC
 22 Commission and the Director of the Budget. The moneys in the Fund shall be expended only
 23 upon an appropriation by an act of the General Assembly.

24 ...

25 **"§ 18B-301. Possession and consumption of fortified wine and spirituous liquor.**

26 ...

27 (e) Incident to Sale. — It shall be lawful to possess fortified wine and spirituous liquor at
 28 any ~~place, such as an ABC store, place~~ where possession is a necessary incident to lawful sale.
 29 Consumption at such a place shall be unlawful unless the establishment has a permit authorizing
 30 consumption on the premises as well as sale.

31 (f) Unlawful Possession or Use. — As illustration, but not limitation, of the general
 32 prohibition stated in G.S. 18B-102(a), it shall be unlawful for:

- 33 (1) Any person to consume fortified wine, spirituous liquor, or mixed beverages
 34 or to offer such beverages to another person at any of the following places:
- 35 a. On the premises of ~~an ABC store~~ a food business or retail business
 36 holding an off-premises spirituous liquor permit pursuant to
 37 G.S. 18B-1001.
 - 38 b. ~~Upon any property used or occupied by a local board.~~
 - 39 c. On any public road, street, highway, or sidewalk, unless a consumer
 40 tasting authorized by G.S. 18B-1114.7 is being conducted.

41 ...

42 **"§ 18B-305. Other prohibited sales.**

43 (a) Sale to Intoxicated Person. — It shall be unlawful for a permittee or his employee ~~or~~
 44 ~~for an ABC store employee~~ to knowingly sell or give alcoholic beverages to any person who is
 45 intoxicated.

46 ...

47 **"§ 18B-403. Purchase-transportation permit.**

48 ...

49 (b) Issuance of Permit. — A purchase-transportation permit may be issued by:

- 50 (1) ~~The local board chairman;~~
- 51 (2) ~~A member of the local board;~~

1 (3) The general manager or supervisor of the local board; or

2 (4) The manager or assistant manager of an ABC store, if he is authorized to issue
 3 permits by the local board chairman by a holder of a permit issued pursuant
 4 to G.S. 18B-1001 that allows the sale of the applicable alcoholic beverage.

5 ...

6 (e) Restrictions on Permit. – A purchase may be made only from the store named on the
 7 permit. One copy of the permit shall be kept by the issuing person, one by the purchaser, and one
 8 by the store from which the purchase is made. The purchaser shall display his copy of the permit
 9 to any law-enforcement officer upon request. ~~A permit for the purchase and transportation of~~
 10 ~~spirituous liquor may be issued only by an authorized agent of the local board for the jurisdiction~~
 11 ~~in which the purchase will be made.~~

12 ...

13 **"§ 18B-404. Additional provisions for purchase and transportation by mixed beverage**
 14 **permittees.**

15 ...

16 (b) Issuance. – If mixed beverages sales have been approved for an establishment under
 17 G.S. 18B-603(d1) or under G.S. 18B-603(e), or for an establishment located in a township in
 18 which mixed beverages have been approved the purchase-transportation permit for that
 19 establishment may be issued by ~~the local board of any city located in the same county as the~~
 20 ~~establishment, an off-premises spirituous liquor permittee in accordance with G.S. 18B-403,~~
 21 ~~provided the city has approved the sale of mixed beverages. Otherwise a licensed establishment~~
 22 ~~may obtain a mixed beverages purchase transportation permit only from the local board for the~~
 23 ~~jurisdiction in which it is located. If there is no ABC store within the establishment's jurisdiction,~~
 24 ~~then the mixed beverages permittee shall obtain a mixed beverages purchase transportation~~
 25 ~~permit from the nearest and most convenient ABC store.~~

26 (c) Designated Store. ~~— A local board may designate a store within its system to make~~
 27 ~~sales to mixed beverages permittees.~~

28 ...

29 **"§ 18B-405. Transportation by permittee.**

30 The holder of a permit for the retail sale of malt beverages, unfortified wine, ~~or~~ fortified wine
 31 wine, or spirituous liquor may transport in the course of his the holder's business any amount of
 32 the alcoholic beverage he the holder is authorized to sell, without a purchase-transportation
 33 permit or a commercial transportation permit under G.S. 18B-1115.

34 ...

35 **"§ 18B-502. Inspection of licensed premises.**

36 (a) Authority. – To procure evidence of violations of the ABC law, alcohol
 37 law-enforcement ~~agents, agents and employees of the Commission, local ABC officers, and~~
 38 ~~officers of local law enforcement agencies that have contracted to provide ABC enforcement~~
 39 ~~under G.S. 18B-501(f) Commission shall have authority to investigate the operation of each~~
 40 licensed premises for which an ABC permit has been issued, to make inspections that include
 41 viewing the entire premises, and to examine the books and records of the permittee. The
 42 inspection authorized by this section may be made at any time it reasonably appears that someone
 43 is on the premises. Alcohol law-enforcement agents are also authorized to be on the premises to
 44 the extent necessary to enforce the provisions of Article 68 of Chapter 143 of the General
 45 Statutes.

46 ...

47 **"§ 18B-503. Disposition of seized alcoholic beverages.**

48 ...

49 (e) Sale Procedure. – The sale of unfortified ~~wine or wine,~~ fortified ~~wine wine,~~ and
 50 spirituous liquor shall be by public auction unless those wines or spirituous liquor would likely
 51 become spoiled or lose value in the time required to arrange a public auction. If spoilage or loss

1 of value is likely, the judge ordering the sale or the Commission may authorize sale at the
 2 prevailing wholesale price, as determined by the Commission, to one or more persons holding
 3 the appropriate retail wine or spirituous liquor permits in the county in which the wine or
 4 spirituous liquor was seized, or in a neighboring county if there are no such persons in the county
 5 in which the wine or spirituous liquor was seized. ~~Spirituous liquor may be sold only to the local~~
 6 ~~ABC board serving the city or county in which the liquor was seized, or, if there is no local board~~
 7 ~~for that city or county, to the nearest local board. The sale price shall be at least ten percent (10%)~~
 8 ~~less than the price the local board would pay for the same liquor bought through the State~~
 9 ~~warehouse.~~

10 ...

11 **"§ 18B-504. Forfeiture.**

12 ...

13 (f) Disposition of Forfeited Property. – A judge ordering forfeiture of property may order
 14 any one of the following dispositions:

- 15 (1) Sale at public auction;
- 16 (2) Sale at auction after notice to certain named individuals or groups, if only a
 17 limited number of people would have use for that property;
- 18 (3) Delivery to a named State or local law-enforcement agency, if the property is
 19 not suited for sale, with preference to be given in the following order, to: the
 20 agency that seized the property, the ALE Branch, the Commission, ~~the local~~
 21 ~~board of the jurisdiction in which the property was seized,~~ and the Department
 22 of Justice; or
- 23 (4) Destruction, if possession of the property would be unlawful and it could not
 24 be used or is not wanted for law enforcement, or if sale or other disposition is
 25 not practical.

26 ...

27 "Article 6.

28 "Elections.

29 **"§ 18B-600. Places eligible to hold alcoholic beverage elections.**

30 (a) Kinds of Elections. – ~~The~~ Any of the following kinds of alcoholic beverage elections
 31 shall be permitted:

- 32 (1) ~~Malt beverage;~~ beverage.
- 33 (2) ~~Unfortified wine;~~ wine.
- 34 (3) ~~ABC store; and~~ Off-Premises Spirituous liquor.
- 35 (4) Mixed beverage.

36 (b) County Elections. – Any county may hold a malt beverage, unfortified wine, or ~~ABC~~
 37 ~~store off-premises spirituous liquor~~ election. A county may hold a mixed beverage election only
 38 if the county already ~~operates at least one county ABC store~~ voted to allow the off-premises sale
 39 of spirituous liquor or a county election on ~~ABC stores off-premises spirituous liquor~~ is to be
 40 held at the same time as the mixed beverage election.

41 (c) City Malt Beverage and Unfortified Wine Elections. – A city may hold a malt
 42 beverage or unfortified wine election only if the county in which the city is located has already
 43 held such an election, the vote in the last county election was against the sale of that kind of
 44 alcoholic beverage, and one or more of the following apply:

- 45 (1) The city has a population of 500 or more according to the most recent federal
 46 decennial census.
- 47 (2) The city ~~operates an ABC store~~ already voted to allow the off-premises sale
 48 of spirituous liquor.
- 49 (3) The city has a population of 400 or more but less than 500 according to the
 50 most recent federal decennial census and had a population of 500 or more
 51 according to the prior federal decennial census.

- 1 (c1) Certain City Malt Beverage and Unfortified Wine Elections. – A city may hold a malt
2 beverage or unfortified wine election only if all of the following criteria are met:
- 3 (1) The county in which more than fifty percent (50%) of the area of the primary
4 corporate limits of the city is located has already held such an election, and
5 the vote in the last county election was against the sale of that kind of alcoholic
6 beverage.
- 7 (2) The city has a population of 200 or more.
- 8 (3) The county in which more than fifty percent (50%) of the area of the primary
9 corporate limits of the city is located also contains three or more other cities
10 that have previously voted to allow malt beverage or unfortified wine sales.
- 11 (d) ~~City ABC Store Off-Premises Spirituous Liquor Elections.~~ – A city may hold an ABC
12 store-off-premises spirituous liquor election only if:
- 13 (1) The city has at least 1,000 registered voters; and
- 14 (2) The county in which the city is located does not ~~operate ABC stores~~allow the
15 off-premises sale of spirituous liquor.
- 16 (e) City Mixed Beverage Elections. – A city may hold a mixed beverage election if the
17 city has at least 500 registered voters. ~~Provided, that if a city that qualifies for an election under~~
18 ~~this subsection approves the sale of mixed beverages, mixed beverages permittees in the city may~~
19 ~~purchase liquor from the ABC store designated by the local ABC board that has been approved~~
20 ~~by the Commission for this purpose.~~
- 21 (e1) Small City Mixed Beverage Elections. – A city may also hold a mixed beverage
22 election if the city has at least 300 registered voters and is located in a county with at least one
23 other city that has approved the sale of mixed beverages. ~~Provided, that if a city that qualifies for~~
24 ~~an election under this subsection approves the sale of mixed beverages, mixed beverages~~
25 ~~permittees in the smaller city may purchase liquor from the ABC store designated by any local~~
26 ~~ABC board in any other city that has approved the sale of mixed beverages.~~
- 27 This subsection shall not apply to Alamance, Avery, Burke, Caldwell, Carteret, Cleveland,
28 Henderson, Onslow, Polk, Robeson, Rowan, Rutherford, and Wilkes Counties.
- 29 (e2) Ski Resorts ~~ABC Off-Premises Spirituous Liquor Elections.~~ – Notwithstanding any
30 other provisions of this section, any city that provides governmental services to as many as 1,000
31 snow skiers weekly during the normal ski season from December 1 through March 15, may hold
32 an election authorized by subdivision (a)(1), (2), or (4) of this section. ~~If the sale of mixed~~
33 ~~beverages is approved, purchase transportation permits shall be issued and the sales of liquor~~
34 ~~shall be made by any local board designated by the State ABC Commission.~~
- 35 (e3) Small Town Mixed Beverage Elections. – A town may hold a mixed beverage election
36 if the town has at least 200 registered voters and is located in a county bordering the Neuse River
37 and Pamlico Sound that has not approved the sale of mixed beverages and that county has only
38 one city that has approved the sale of mixed beverages. ~~Provided, that if a town that qualifies for~~
39 ~~an election under this subsection approves the sale of mixed beverages, mixed beverages~~
40 ~~permittees in the town may purchase liquor from the ABC store designated by any local ABC~~
41 ~~board in any other city that has approved the sale of mixed beverages.~~
- 42 (e4) Multicounty/City ABC Off-Premises Spirituous Liquor Elections. – If a city is located
43 in two or more counties, the following provisions shall apply:
- 44 (1) The city may hold a malt beverage or unfortified wine election if any county
45 in which a portion of the city is located has already held such an election, the
46 vote in the last election of the particular type was against the sale of that type
47 of alcoholic beverage, and the city has a population of 500 or more.
- 48 (2) The city may hold a mixed beverage election if the city has at least 500
49 registered voters and a county in which a portion of the city is located ~~operates~~
50 ABC stores, voted to allow the off-premises sale of spirituous liquor, or a

1 municipality in either county in which the city is located ~~operates an ABC~~
2 ~~store.~~ voted to allow the off-premises sale of spirituous liquor.

- 3 (3) If an election is held by a city under this subsection, all of the city voters may
4 vote in the election. If the vote is for approval, alcoholic beverages may be
5 sold on the basis of that approval and under the provisions of this Chapter. ~~If~~
6 ~~the sale of mixed beverages is approved, the mixed beverage permittees shall~~
7 ~~purchase their liquor from one or more ABC stores located within the city that~~
8 ~~have been designated by the local boards for those purchases. The remaining~~
9 ~~gross receipts shall be distributed in accordance with existing law applicable~~
10 ~~to those ABC stores, except that after the applicable distributions have been~~
11 ~~made pursuant to G.S. 18B-805(b), (c), and (d), the local share of the mixed~~
12 ~~beverages surcharge and the guest room cabinet surcharge required by~~
13 ~~G.S. 18B-804(b)(8) and (9) shall be distributed one half to the general fund of~~
14 ~~the city where the mixed beverage permittees are located and one half to the~~
15 ~~local ABC boards from whose stores liquor is purchased.~~

16 (e5) Small Resort Town ABC-Off-Premises Spirituous Liquor Elections. – A town may
17 hold a mixed beverage election if it:

- 18 (1) Was incorporated after 1990 and prior to the effective date of this subsection;
19 (2) Has at least 100 residents;
20 (3) Is located in a county that borders another state and that has two other
21 municipalities which ~~have ABC stores;~~ voted to allow the off-premises sale
22 of spirituous liquor; and
23 (4) At the time of the election, has corporate boundaries that border or include
24 land in three counties.

25 ~~Provided, that if a town that qualifies for an election under this subsection approves the sale~~
26 ~~of mixed beverages, mixed beverage permittees in the town may purchase liquor from the ABC~~
27 ~~store designated by any local ABC board in any other city that has approved the sale of mixed~~
28 ~~beverages.~~

29 (f) Township Elections. – An election may be called on any of the propositions listed in
30 G.S. 18B-602 in any township located within:

- 31 (1) A county where ~~ABC stores have the off-premises sale of spirituous liquor~~
32 has heretofore been established by petition pursuant to law.
33 (2) A county where ~~ABC stores have the off-premises sale of spirituous liquor~~
34 has been established pursuant to law, in which county according to data from
35 the North Carolina Department of Commerce: (i) one-third or more of the
36 employment is travel related, (ii) spending on travel exceeds four hundred
37 million dollars (\$400,000,000) per year, and where the entirety of two
38 townships consists of one island (and several smaller islands not making up
39 more than one percent (1%) of the total land area of the two townships) where
40 that island:
41 a. Has a population of 4,000 or over according to the most recent
42 decennial federal census;
43 b. Is located with one side facing the ocean and another side facing a
44 coastal sound.

- 45 (3) Repealed by Session Laws 2004-203, s. 24, effective August 17, 2004.

46 An election may be called on any of the propositions listed in G.S. 18B-602(a), (d), and (h) in
47 any township located within a county where the population of all cities in the county that have
48 previously approved the sale of any kind of alcoholic beverages comprises more than twenty
49 percent (20%) of the total county population as of the most recent federal census. In the case of
50 subdivision (2) of this section, an election may be called in the two townships voting together on
51 the proposition contained in G.S. 18B-602(h).

1 The election shall be held by the county board of elections upon request of the county board
 2 of commissioners or upon petition of twenty-five percent (25%) of the registered voters of the
 3 township, or in the case of subdivision (2) of this section, of the two townships taken together.
 4 The election shall be conducted and the results determined in the same manner as county
 5 elections held under this Article. For purposes of this Article, townships holding any election
 6 under this subsection shall be treated on the same basis as counties, and municipalities located
 7 within those townships shall be treated on the same basis as cities. In the case of an election under
 8 subdivision (2) of this subsection, the votes of the two townships counted together shall
 9 determine the result of the election.

10 For purposes of this subsection, the name and boundary of a township is as it is shown on the
 11 Redistricting Census 2000 TIGER Files with modifications made by the Legislative Services
 12 Office on its computer database as of May 1, 2001.

13 In any township election held under this subsection, the area within any incorporated
 14 municipality is excluded, and no permits may be issued under this subsection in any excluded
 15 area.

16 In order for an establishment to qualify for a permit under this subsection, the establishment's
 17 gross receipts from food and nonalcoholic beverages shall be greater than its gross receipts from
 18 alcoholic beverages.

19 (g) ~~Beautification District Elections.~~ – In a county where ~~ABC stores have the sale of~~
 20 ~~off-premises spirituous liquor has~~ been approved by an election and a beautification district has
 21 been created after May, 1984, and prior to June 30, 1990, an election authorized by subsection
 22 (a) of this section may be called in the beautification district. The election shall be called in
 23 accordance with G.S. 18B-601(b), conducted, and the results determined in the same manner as
 24 county elections held under this Article. For purposes of this Article, beautification districts
 25 holding any election shall be treated on the same basis as counties, and municipalities located
 26 within those beautification districts shall be treated on the same basis as cities.

27 ...

28 **"§ 18B-602. Form of ballots.**

29 ...

30 (g) ~~ABC Store Off-Premises Spirituous Liquor Elections.~~ – The ballot for ~~an ABC store~~
 31 ~~an off-premises spirituous liquor election~~ shall state the proposition as follows:

32 To permit the ~~operation of ABC stores.~~ "off-premises" sale of spirituous liquor.

33 FOR

34 AGAINST

35 ...

36 **"§ 18B-603. Effect of alcoholic beverage elections on issuance of permits.**

37 ...

38 (c) ~~ABC Store Off-Premises Spirituous Liquor Elections.~~ – If ~~an ABC store an~~
 39 ~~off-premises spirituous liquor election~~ is held under G.S. 18B-602(g) and the ~~establishment of~~
 40 ~~ABC stores off-premises sale of spirituous liquor~~ is approved, each of the following shall be
 41 authorized in the jurisdiction that held the election:

42 (1) ~~The jurisdiction that held the election may establish and operate ABC stores~~
 43 ~~in the manner described in Articles 7 and 8.~~

44 (1a) The Commission may issue off-premises spirituous liquor permits to qualified
 45 persons and establishments in the jurisdiction.

46 ...

47 (d2) If a county or city holds a mixed beverage election and ~~an ABC store an off-premises~~
 48 ~~spirituous liquor election~~ at the same time and the voters do not approve the ~~establishment of an~~
 49 ~~ABC store, off-premises sale of spirituous liquor~~, the Commission may issue mixed beverages
 50 permits in that county or city. ~~The mixed beverages purchase transportation permit authorized~~
 51 ~~by G.S. 18B-404(b) shall be issued by a local board operating a store located in the county.~~

1 ...
2 (f2) Permits for Special ABC Areas. – The Commission may issue the permits provided
3 for in G.S. 18B-1001(1), G.S. 18B-1001(2), G.S. 18B-1001(3), G.S. 18B-1001(4),
4 G.S. 18B-1001(5), G.S. 18B-1001(6), and G.S. 18B-1001(10) to qualified persons and
5 establishments located within a Special ABC area as defined in G.S. 18B-101, provided that: (i)
6 if such area is a municipal corporation, the area shall conduct an election authorized by
7 subdivision (a)(4) of G.S. 18B-600, which election may be held regardless of the number of
8 registered voters located within the municipal corporation; or (ii) if such area is unincorporated
9 but has within such area a private association or club, the board of such private association or
10 club shall call and conduct a special meeting at which meeting a majority of private association
11 members, club members, lot and home owners, votes and approves the sale of mixed beverages,
12 and the board certifies the results of such meeting to the Alcoholic Beverage Control
13 Commission. ~~The mixed beverages purchase transportation permit authorized by~~
14 ~~G.S. 18B-404(b) shall be issued by a local board operating a store located in the same county as~~
15 ~~the Special ABC area.~~

16 ...
17 (h) Permits Based on Existing Permits. – In any county which borders on the Atlantic
18 Ocean and where (i) the sale of malt beverage on and off premises, the sale of unfortified wine
19 on and off premises, the sale of mixed beverages, and the ~~operation of an ABC system~~
20 off-premises sale of spirituous liquor has been allowed in at least six cities in the county, or in
21 any county adjacent to that county in which ~~an ABC system~~ the off-premises sale of spirituous
22 liquor has been allowed, or (ii) the sale of malt beverage on and off premises, the sale of
23 unfortified wine on and off premises, the sale of mixed beverages, and the ~~operation of an ABC~~
24 ~~system~~ off-premises sale of spirituous liquor has been allowed in at least eight cities in the county,
25 the Commission may issue permits to sports clubs as defined in G.S. 18B-1000(8) throughout
26 the county.

27 The Commission may issue the following permits:

- 28 (1) On and Off Premises Malt Beverage;
- 29 (2) On and Off Premises Unfortified Wine;
- 30 (3) On and Off Premises Fortified Wine; ~~or~~
- 31 (4) ~~Mixed Beverages.~~ Beverages; or
- 32 (5) Off Premises Spirituous Liquor.

33 The Commission may also issue on-premises malt beverage, unfortified wine, fortified wine
34 and mixed beverages permits to a sports club located in a county adjacent to any county that has
35 approved the sale of mixed beverages pursuant to G.S. 18B-603(d1), if the county in which the
36 sports club is located borders another state and has at least one city that has approved the sale of
37 mixed beverages. ~~Sports clubs holding mixed beverages permits shall purchase their spirituous~~
38 ~~liquor at the nearest ABC system store that is located in the county.~~

39 The Commission may further issue on-premises malt beverage and on-premises unfortified
40 wine permits to a sports club located in a county bordering on another state that is adjacent to
41 any county in which permits were issued pursuant to this subsection prior to August 1, 1993. The
42 sports clubs must be located in the unincorporated areas of a county, in which the sale of malt
43 beverages and unfortified wine is not permitted, and where there are six or more municipalities
44 in that county where the sale of malt beverages and unfortified wine is permitted.

45 **"§ 18B-604. Timing and effect of subsequent elections.**

46 ...
47 (b) Effect of Favorable County Vote on City or Township. – If a majority of voters vote
48 in favor of certain alcoholic beverage sales in a county election, sale of that kind of alcoholic
49 beverage shall be lawful throughout the county, regardless of the vote in any city or township at
50 that or any previous or subsequent election, and regardless of any local act making sales unlawful
51 in that city or township, unless the local act was ratified before the effective date of Article II,

1 Section 24(1)(j) of the Constitution of North Carolina. A county malt beverage or unfortified
2 wine election in favor of a particular ballot proposition which is more restrictive than the form
3 of sale already allowed in a city or township within that county shall not affect the legality of
4 those previously authorized sales in the city or township.

5 ...

6 **"§ 18B-605. Local act elections.**

7 If a jurisdiction has lawfully voted in favor of ~~ABC stores~~ the off-premises sale of spirituous
8 liquor or in favor of the sale of some kind of alcoholic beverage, and the jurisdiction would not
9 be eligible to hold another election under the conditions set by G.S. 18B-600, then that
10 jurisdiction may continue to hold elections as though qualified under G.S. 18B-600. Except for
11 the authority to hold the election, however, the procedures of this Chapter shall apply to any
12 subsequent election.

13 ...

14 "Article 9.

15 "Issuance of Permits.

16 **"§ 18B-900. Qualifications for permit.**

17 ...

18 (d) Manager of Off-Premises Establishment. – Although he need not otherwise meet the
19 requirements of this section, the manager of an establishment operated by a corporation and
20 holding off-premises permits for malt beverages, unfortified wine, ~~or~~ fortified wine-wine, or
21 spirituous liquor shall be at least 19 years old and shall meet the requirements of subdivisions
22 (3), (4), (5) and (6) of subsection (a).

23 ...

24 **"§ 18B-901. Issuance of permits.**

25 (a) Who Issues. – All ABC permits shall be issued by the Commission.
26 Purchase-transportation permits shall be issued ~~by local boards under G.S. 18B-403 in~~
27 accordance with G.S. 18B-403 or G.S. 18B-403.1.

28 ...

29 **"§ 18B-902. Application for permit; fees.**

30 (a) Form. – An application for an ABC permit shall be on a form prescribed by the
31 Commission and shall be notarized. Each person required to qualify under G.S. 18B-900(c) shall
32 sign and swear to the application and shall submit a full set of fingerprints with the application.

33 (b) Investigation. – Before issuing a new permit, the Commission, with the assistance of
34 the ALE Branch, shall investigate the applicant and the premises for which the permit is
35 requested. ~~The Commission may request the assistance of local ABC officers in investigating~~
36 ~~applications.~~ An applicant shall cooperate fully with the investigation.

37 The Department of Public Safety may provide a criminal record check to the ALE Branch
38 for a person who has applied for a permit through the Commission. The ALE Branch shall
39 provide to the Department of Public Safety, along with the request, the fingerprints of the
40 applicant, any additional information required by the Department of Public Safety, and a form
41 signed by the applicant consenting to the check of the criminal record and to the use of the
42 fingerprints and other identifying information required by the State or national repositories. The
43 applicant's fingerprints shall be forwarded to the State Bureau of Investigation for a search of the
44 State's criminal history record file, and the State Bureau of Investigation shall forward a set of
45 the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The
46 ALE Branch and the Commission shall keep all information pursuant to this subsection
47 privileged, in accordance with applicable State law and federal guidelines, and the information
48 shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

49 The Department of Public Safety may charge each applicant a fee for conducting the checks
50 of criminal history records authorized by this subsection.

51 ...

1 (d) Fees. – An application for an ABC permit shall be accompanied by payment of the
2 following application fee:

3 ...

4 (6) Off-premises fortified wine permit – \$400.00.

5 (6a) Off-premises spirituous liquor permit – \$1,000.

6 ...

7 (18) Wine importer permit – \$300.00.

8 (19) Wine wholesaler permit – \$300.00.

9 (20) Malt beverage importer permit – \$300.00.

10 (21) Malt beverage wholesaler permit – \$300.00.

11 (21a) Spirituous liquor wholesaler permit – \$1,000.

12 ...

13 (25) Nonresident malt beverage vendor permit – \$100.00.

14 (26) Nonresident wine vendor permit – \$100.00.

15 (26a) Nonresident spirituous liquor vendor permit – \$5,000.

16 ...

17 (31) Liquor importer/bottler permit – \$500.00.

18 ...

19 **"§ 18B-904. Miscellaneous provisions concerning permits.**

20 ...

21 (d) Notice of Issuance. – Upon issuing a permit the Commission shall send notice of the
22 issuance, with the name and address of the permittee and the establishment, to:

23 (1) The Department of Revenue;

24 ~~(2) The local board, if one exists, for the city or county in which the establishment~~
25 ~~is located;~~

26 (3) The governing body, sheriff, and tax collector of the county in which the
27 establishment is located;

28 (4) If the establishment is located inside a city, the governing body, chief of
29 police, and tax collector for the city; and

30 (5) The ALE Branch.

31 (e) Business or Location No Longer Suitable. –

32 ...

33 (4) Notwithstanding G.S. 18B-906, the Commission shall immediately suspend
34 permits issued by it for a period of 30 days if both of the following apply:

35 a. Alcohol Law Enforcement agents ~~or local ABC Board officers~~ provide
36 advance notice to the Commission Legal Division staff of the ongoing
37 undercover operation.

38 b. Upon execution of the search warrant resulting from the undercover
39 operation, five or more persons are criminally charged with violations
40 of the gambling, disorderly conduct, prostitution, controlled
41 substance, or felony criminal counterfeit trademark laws.

42 ...

43 (h) Electronic Submission. – The Commission shall make all forms required by the
44 Commission to apply for and receive a permit available on the Commission's Web site, and the
45 Commission shall allow for the electronic submission of these forms. Any form required by the
46 Commission to apply for and receive a permit that requires a signature may be submitted with an
47 electronic signature in accordance with Article 40 of Chapter 66 of the General Statutes. The
48 Commission may charge a fee to be used to cover costs incurred by the Commission in processing
49 forms electronically. The fee authorized under this subsection may not exceed five dollars
50 (\$5.00).

51 **"§ 18B-904.1. Additional provisions concerning off-premises spirituous liquor permits.**

1 (a) Maximum Number of Permits. – The total number of off-premises spirituous liquor
 2 permits available for issuance under G.S. 18B-1001 is the sum of 1,500 base permits and any
 3 additional permits made available for issuance pursuant to subsection (b) of this section. The
 4 Commission shall make available for issuance one base permit to each county and municipality
 5 for each ABC store established and operating in the county or municipality as of January 1, 2019.
 6 The Commission shall determine an equitable distribution for the remaining base permits based
 7 on the population of each county and municipality in which the off-premises sale of spirituous
 8 liquor is authorized by law.

9 (b) Additional Availability. – Beginning January 1, 2021, and annually thereafter, the
 10 Commission shall make available for issuance in a county or municipality one off-premises
 11 spirituous liquor permit for each additional 7,500 person increase over the population in that
 12 county or municipality as of April 1, 2010. Further, the Commission shall make additional
 13 off-premises spirituous liquor permits available for issuance on the basis of population for any
 14 county or municipality that holds an election in which the majority votes for the sale of
 15 off-premises spirituous liquor. In determining the population of a county or municipality under
 16 this subsection, the latest population estimate produced by the Office of State Budget and
 17 Management shall be used.

18 (c) Drawing. – If there are more applicants than the available number of off-premises
 19 spirituous liquor permits, the Commission shall provide a method of double random selection by
 20 public drawing to determine which applicants shall be considered for issuance of permits. The
 21 double random selection drawing method shall allow each applicant whose application is
 22 complete and does not disclose any matter rendering the applicant ineligible for a permit an equal
 23 opportunity of obtaining an available permit. After all applications are filed with the
 24 Commission, the Commission shall determine by random selection drawing the order in which
 25 each applicant's name shall be matched with a number selected by random drawing, and that
 26 number shall determine the order in which the applicant is considered for a permit. Each applicant
 27 for inclusion in the drawing shall pay to the Commission an additional filing fee of one hundred
 28 dollars (\$100.00), which shall be deposited in the General Fund. The Commission shall not
 29 include more than one application from any one person, firm, or corporation in the random
 30 selection process.

31 ...

"Article 10.

"Retail Activity.

34 ...

35 **"§ 18B-1001. Kinds of ABC permits; places eligible.**

36 When the issuance of the permit is lawful in the jurisdiction in which the premises are located,
 37 the Commission may issue the following kinds of permits:

38 ...

39 (6a) Off-Premises Spirituous Liquor Permit. – An off-premises spirituous liquor
 40 permit authorizes (i) the retail sale of spirituous liquor in the manufacturer's
 41 original container for consumption off the premises and (ii) the holder of the
 42 permit to ship spirituous liquor in closed containers to individual purchasers
 43 inside and outside the State. No person, firm, or corporation shall have a direct
 44 or indirect interest in more than thirty percent (30%) of the number of
 45 off-premises spirituous liquor permits authorized for issuance in an eligible
 46 county or municipality. The permit may be issued for any of the following:

47 a. Food businesses.

48 b. Retail businesses.

49 c. In the event a food business or retail business does not seek or
 50 otherwise qualify for an off-premises spirituous liquor permit in an

eligible county or municipality, the governing body of the county or municipality.

(10) Mixed Beverages Permit. – A mixed beverages permit authorizes the retail sale of mixed beverages for consumption on the premises. The permit also authorizes a mixed beverages permittee (i) to obtain a purchase-transportation permit under G.S. 18B-403 and 18B-404, ~~(ii) to obtain an antique spirituous liquor permit under subdivision (20) of this section,~~ and (iii) to use for culinary purposes spirituous liquor lawfully purchased for use in mixed beverages. The permit may be issued for any of the following:

"§ 18B-1002. Special one-time permits.

(a) Kinds of Permits. – In addition to the other permits authorized by this Chapter, the Commission may issue permits for the following activities:

(4) A permit may be issued to a collector of ~~wine, wine or~~ decorative decanters of spirituous ~~liquor, or antique spirituous~~ liquor authorizing that person to bring into the State, transport, or possess as a collector, a greater amount of those alcoholic beverages than is otherwise authorized by this Chapter, or to sell those alcoholic beverages in a manner prescribed by the Commission.

"§ 18B-1003. Responsibilities of permittee.

(c) Certain Employees Prohibited. – A permittee shall not knowingly employ in the sale or distribution of alcoholic beverages any person who has been:

- (1) Convicted of a felony within three years;
- (2) Convicted of a felony more than three years previously and has not had his citizenship restored;
- (3) Convicted of an alcoholic beverage offense within two years; ~~or~~
- (4) Convicted of a misdemeanor controlled substances offense within two years; or
- (5) A past permit holder under Chapter 18B of the General Statutes whose permit had been revoked within the last 18 months and who had been the permit holder at the location where the person would be employed.

For purposes of this subsection, "conviction" has the same meaning as in G.S. 18B-900(b). To avoid undue hardship, the Commission may, in its discretion, exempt persons on a case-by-case basis from this subsection.

"§ 18B-1003.1. Warning signs regarding dangers of alcohol consumption during pregnancy required; posting.

(a) Each off-premises spirituous liquor permittee shall display or cause to be displayed warning signs that meet the requirements of this section on the store's premises to inform the public of the effects of alcohol consumption during pregnancy.

(b) The Commission shall develop the warning signs in accordance with subsection (c) of this section and provide for their distribution and replacements to off-premises spirituous liquor permittees subject to the requirement of this section. The Commission may charge a reasonable fee, not to exceed twenty-five dollars (\$25.00), for each sign, including replacement signs.

(c) The signs required by this section shall:

- (1) Be composed of black, capital letters printed on white paper at the minimum weight of 110-pound index. The letters comprising the word "WARNING"

1 shall be highlighted black lettering and shall be larger than all other lettering
 2 on the sign.

3 (2) Contain the message: "WARNING: Pregnancy and alcohol do not mix.
 4 Drinking alcohol during pregnancy can cause birth defects."

5 (3) Be at least 8.5 inches by 14 inches.

6 (4) Contain a graphic depiction of the message to assist nonreaders in
 7 understanding the message. The depiction of a pregnant female shall be
 8 universal and shall not reflect a specific race or culture.

9 (5) Be in both English and Spanish.

10 (d) The Commission shall ensure that each off-premises spirituous liquor permittee
 11 displays the warning sign in an open and prominent place in the store within 30 days of receipt
 12 of the sign from the Commission.

13 **"§ 18B-1004. Hours for sale and consumption.**

14 (a) Hours. – Except as otherwise provided in this section, it shall be unlawful to sell malt
 15 beverages, unfortified wine, fortified wine, ~~or mixed beverages~~ beverages, or spirituous liquor
 16 between the hours of 2:00 A.M. and 7:00 A.M., or to consume any of those alcoholic beverages
 17 between the hours of 2:30 A.M. and 7:00 A.M., in any place that has been issued a permit under
 18 G.S. 18B-1001.

19 ...

20 (d) Local Option. – A city may adopt an ordinance prohibiting in the city the retail sale
 21 of malt beverages, unfortified wine, ~~and fortified wine~~ wine, and spirituous liquor during any or
 22 all of the hours from 12:00 Noon on Sunday until 7:00 A.M. on the following Monday. A county
 23 may adopt an ordinance prohibiting, in the parts of the county outside any city, the retail sale of
 24 malt beverages, unfortified wine, ~~and fortified wine~~ wine, and spirituous liquor during any or all
 25 of the hours from 12:00 Noon on Sunday until 7:00 A.M. on the following Monday. Neither a
 26 city nor a county, however, may prohibit those sales in establishments having brown-bagging or
 27 mixed beverages permits.

28 (e) This section does not prohibit at any time the wholesale delivery and sale of
 29 unfortified wine, fortified wine, ~~and malt beverages~~ beverages, and spirituous liquor to retailers
 30 issued permits pursuant to G.S. 18B-1001 or G.S. 18B-1002(a)(2) or (5).

31 ...

32 **"§ 18B-1006. Miscellaneous provisions on permits.**

33 ...

34 (h) Purchase Restrictions. – A retail permittee may purchase malt beverages, unfortified
 35 wine, ~~or fortified wine~~ wine, or spirituous liquor only from a wholesaler who maintains a place
 36 of business in this State and has the proper permit.

37 (i) Tour Boats. – The Commission may issue permits to boats that conduct regularly
 38 scheduled tours upon the rivers or waterways of this State under the following conditions:

39 ...

40 (6) ~~Liquor purchased for resale in mixed beverages may be purchased only from~~
 41 ~~the local board for the jurisdiction of the boat's home port.~~

42 (j) Recreation Districts. – Notwithstanding the provisions of Article 6 of this Chapter,
 43 the Commission may issue permits for the sale of malt beverages, unfortified wine, fortified wine,
 44 spirituous liquor, and mixed beverages to qualified businesses in a recreation district.

45 A "recreation district" is an area that meets any of the following requirements:

46 (1) An area that is located in a county that has not approved the issuance of
 47 permits, has at least two cities that have approved the sale of malt ~~beverages,~~
 48 beverages and wine, and the operation of an ABC store, off-premises sale of
 49 spirituous liquor is lawful, and contains a facility of at least 450 acres where
 50 five or more public auto racing events are held each year.

51 ...

1 (k) Residential Private Club and Sports Club Permits. – The Commission may issue the
 2 permits listed in G.S. 18B-1001, without approval at an election, to a residential private club or
 3 a sports club, except if the sale of mixed beverages is not lawful within a jurisdiction and that
 4 locality has voted against the sale of mixed beverages in a referendum conducted on or after
 5 September 1, 2001. If the issuance of permits is prohibited by the exception in the previous
 6 sentence, the Commission may renew existing permits and may continue to issue permits for a
 7 business location that had previously held permits under this subsection. No permit may be issued
 8 to any residential private club or sports club that practices discrimination on the basis of race,
 9 gender or ethnicity.

10 ~~The mixed beverages purchase-transportation permit authorized by G.S. 18B-404(b) shall be~~
 11 ~~issued by a local board operating a store located in the county.~~

12 ...

13 (m) Interstate Interchange Economic Development Zones. –

14 (1) The Commission may issue permits listed in G.S. 18B-1001(10), without
 15 approval at an election, to qualified establishments defined in
 16 G.S. 18B-1000(4), (6), and (8) located within one mile of an interstate
 17 highway interchange located in a county that:

18 ...

19 b. ~~Operates ABC stores;~~The off-premises sale of spirituous liquor is
 20 lawful;

21 ...

22 (n) National Historic Landmark District. – The Commission may issue permits listed in
 23 G.S. 18B-1001(10), without approval at an election, to qualified establishments defined in
 24 G.S. 18B-1000(4) and (6) located within a National Historical Landmark as defined in 16 U.S.C.
 25 § 470a(a)(1)(B) located in a county that meets all of the following requirements:

- 26 (1) Has approved the sale of malt beverages and unfortified wine but not mixed
 27 beverages.
- 28 (2) Has at least one city ~~that has approved the operation of an ABC store~~ (i) in
 29 which the off-premises sale of spirituous liquor is lawful and (ii) has approved
 30 the sale of mixed beverages.
- 31 (3) Has at least 150,000 population based on the last federal census.

32 ...

33 **"§ 18B-1007. Additional requirements for mixed beverages permittees.**

34 (a) ~~Purchases.—A mixed beverages permittee may purchase spirituous liquor for resale~~
 35 ~~as mixed beverages and a guest room cabinet permittee may purchase spirituous liquor for resale~~
 36 ~~from a guest room cabinet only at an ABC store designated by a local board and only with a~~
 37 ~~purchase-transportation permit issued by that local board under G.S. 18B-403 and 18B-404.~~

38 (b) ~~Handling Bottles.—It shall be unlawful for a mixed beverages permittee or the~~
 39 ~~permittee's agent or employee to do any of the following:~~

- 40 (1) ~~Store any other spirituous liquor with liquor possessed for resale in mixed~~
 41 ~~beverages or from a guest room cabinet.~~
- 42 (2) ~~Refill any spirituous liquor container having a mixed beverages tax stamp with~~
 43 ~~any other alcoholic beverage, or add to the contents of such a container any~~
 44 ~~other alcoholic beverage.~~
- 45 (3) ~~Transfer from one container to another a mixed beverages tax stamp.~~
- 46 (4) ~~Possess any container of spirituous liquor not bearing a mixed beverages tax~~
 47 ~~stamp, except for containers being brought onto the premises by the host of a~~
 48 ~~private function under a special occasion permit.~~

49 ...

50 (d) ~~When a temporary mixed beverages permit has been issued to a new permittee for the~~
 51 ~~continuation of a business at the same location, the permittee going out of business may sell~~

1 existing mixed beverages inventory to the new permittee, and the Commission may request that
2 the local ABC board restamp the inventory with the mixed beverages tax stamp assigned by the
3 local board to the new mixed beverages permittee.

4 ...

5 "Article 11.

6 "Commercial Activity.

7 **"§ 18B-1100. Commercial permits.**

8 The Commission may issue the following commercial permits:

9 ...

10 (10) Malt beverages wholesaler

11 (10a) Spirituuous liquor wholesaler

12 ...

13 (15) Nonresident wine vendor

14 (15a) Nonresident spirituuous liquor vendor

15 ...

16 **"§ 18B-1105. Authorization of distillery permit.**

17 (a) The holder of a distillery permit may do any of the following:

18 (1) Manufacture, purchase, import, possess and transport ingredients and
19 equipment used in the distillation of spirituuous liquor.

20 (2) Sell, deliver and ship spirituuous liquor in closed containers ~~at wholesale to~~
21 ~~exporters and local boards within the State, and, subject to the laws of other~~
22 ~~jurisdictions, at wholesale or retail to private or public agencies or~~
23 ~~establishments of other states or nations.~~ wholesalers licensed under this
24 Chapter as authorized by the ABC laws, except that spirituuous liquor may be
25 sold to exporters and nonresident wholesalers only when the purchase is not
26 for resale in this State. However, nothing in this subdivision shall prohibit the
27 holder of a distillery permit from selling spirituuous liquor to a nonresident
28 wholesaler, nonresident spirituuous liquor vendor, bottler, or other similar party
29 for resale in this State if the spirituuous liquor is shipped from the distillery to
30 wholesalers licensed under this Chapter.

31 (3) Transport into or out of the distillery the maximum amount of liquor allowed
32 under federal law, if the transportation is related to the distilling process.

33 (4) Sell spirituuous liquor distilled at the distillery in closed containers to visitors
34 who tour the distillery for consumption off the premises. Sales under this
35 subdivision are allowed only in a county where the ~~establishment of a county~~
36 ~~or municipal ABC store off-premises sale of spirituuous liquor~~ has been
37 approved pursuant to G.S. 18B-602(g) and are subject to the time and day
38 restrictions in G.S. 18B-802. Spirituuous liquor sold under this subdivision
39 shall ~~(i) be listed as a code item for sale in the State, (ii) be sold at the price~~
40 ~~set by the Commission for the code item pursuant to G.S. 18B-804(b), and~~
41 ~~(iii) have affixed to its bottle a sticker that bears the words "North Carolina~~
42 ~~Distillery Tour Commemorative Spirit" in addition to any other labeling~~
43 requirements set by law. Consumers purchasing spirituuous liquor under this
44 subdivision are limited to purchasing, and the selling distillery is limited to
45 selling to each consumer, no more than five bottles of spirituuous liquor per 12
46 month period. The distillery shall use a commonly adopted standard point of
47 sale system to maintain searchable electronic records captured at the point of
48 sale, to include the purchaser's name, drivers license number, and date of birth
49 for at least 12 months from the date of purchase. The Commission shall adopt
50 rules regulating the retail sale of spirituuous liquor under this subdivision.

1 (4a) Receive, in closed containers, and sell at the distillery, spirituous liquor
2 produced inside or outside North Carolina under contract with a contract
3 distillery. The contract distillery that manufactures the spirituous liquor shall
4 be responsible for all aspects associated with manufacturing the product,
5 including maintaining appropriate records, obtaining label approval in its own
6 name, and remitting the appropriate taxes. The contract spirituous liquor may
7 be sold also at affiliated retail outlets of the distillery physically located on or
8 adjacent to the distillery. Any spirituous liquor received from a contract
9 distillery under this subdivision shall be made available for sale by the
10 distillery to wholesalers for distribution to retailers, without discrimination, in
11 the same manner as if the spirituous liquor was being imported by the
12 distillery. Contract distilling is authorized between affiliated distilleries, but
13 shall not be used as a means to allocate production quantities between
14 affiliated distilleries to obtain a spirituous liquor wholesaler permit pursuant
15 to subdivision (6) of this subsection where either distillery would not
16 otherwise qualify for a permit, and the Commission shall have no authority to
17 grant an exemption to this requirement pursuant to G.S. 18B-1116(b).

18 ...

19 (6) Obtain a spirituous liquor wholesaler permit to sell, deliver, and ship at
20 wholesale only spirituous liquor manufactured by the distillery. The
21 authorization of this subdivision applies to a distillery that sells, to consumers
22 at the distillery, to wholesalers, to retailers, and to exporters, fewer than
23 100,000 proof gallons of spirituous liquor produced by it per year. A distillery
24 not exceeding the sales quantity limitations in this subdivision may also sell
25 the spirituous liquor manufactured by the distillery, and malt beverages
26 produced under subdivision (4a) of this subsection, at not more than three
27 other locations in the State, where the sale is legal, upon obtaining the
28 appropriate permits under G.S. 18B-1001. A distillery operating any
29 additional retail location pursuant to this subdivision under a different trade
30 name than that used at the distillery shall also offer for sale at that location a
31 reasonable selection of competitive spirituous liquor products. A sale at any
32 additional retail location under this subdivision shall not be considered a
33 wholesale sale for the purposes of Article 14 of this Chapter.

34 ...

35 (d) Sales Report Upon Commission Request. – Within 60 days of a request by the
36 Commission, a holder of a distillery permit who obtains a spirituous liquor wholesaler permit
37 pursuant to subdivision (6) of subsection (a) of this section shall provide a sales report to the
38 Commission. The report shall list separately all of the following for the 12-month period
39 preceding the date of the request:

- 40 (1) The number of proof gallons of spirituous liquor sold by the permit holder that
41 were produced by the permit holder.
- 42 (2) The quantity and dollar amount of spirituous liquor sold on-premises under
43 subdivision (6) of subsection (a) of this section.
- 44 (3) The quantity and dollar amount of spirituous liquor sold off-premises under
45 subdivision (6) of subsection (a) of this section.
- 46 (4) The quantity and dollar amount of spirituous liquor destroyed, spoiled, or
47 otherwise rendered unsalable.

48 The Commission shall not request more than one sales report from a distillery within a
49 12-month period. The Commission shall keep all information provided pursuant to this
50 subsection confidential except as required by law or requested by the Department of Revenue.
51 The information shall not be a public record under Chapter 132 of the General Statutes.

"§ 18B-1105.1. Authorization of liquor importer/bottler permit.

The holder of a liquor importer/bottler permit may:

- (1) ~~Receive-Import~~ spirituous liquor ~~in closed containers into foreign trade zones at the State Port facilities in Morehead City and Wilmington from ships docked at the State Port facilities for the purpose of bottling, packaging, or labeling, from outside the United States in closed containers.~~
- (2) Bottle, package, or label in this State spirituous liquor imported ~~or received into a foreign trade zone pursuant to this section.~~
- (3) ~~Receive spirituous liquor in closed containers into the foreign trade zones at the State Port facilities in Morehead City and Wilmington from ships docked at the State Port facilities for storage, sale, shipment, and transshipment to the State or a local ABC board warehouse or, subject to the laws of other jurisdictions, to private or public agencies or establishments of other states or nations.~~
- (4) Subject to the record-keeping requirements of G.S. 18B-1115, transport into ~~or out of the foreign trade zones at the State Port facilities in Morehead City and Wilmington, the maximum amount of liquor allowed under federal law, if the transportation is related to the bottling, packaging, labeling, sale, or storage permitted by this section.~~
- (5) Store the spirituous liquor.
- (6) Sell the spirituous liquor to spirituous liquor wholesalers for purposes of resale.

...

"§ 18B-1109.1. Authorization of spirituous liquor wholesaler permit.

(a) Authorization. – The holder of a spirituous liquor wholesaler permit may do any or all of the following:

- (1) Receive, possess, and transport shipments of spirituous liquor.
- (2) Sell, deliver, and ship, in closed containers and in quantities of one case or container or more, spirituous liquor of any brand filed pursuant to G.S. 18B-1403(a) to wholesalers or retailers licensed under this Chapter, as authorized by the ABC laws.
- (3) Furnish and sell spirituous liquor filed pursuant to G.S. 18B-1403(a) to its employees subject to the rules of the Commission and the Department of Revenue.
- (4) In locations where the sale is legal, furnish spirituous liquor of any brand filed pursuant to G.S. 18B-1403(a) to guests and any other person who does not hold an ABC permit, for promotional purposes, subject to the rules of the Commission.

...

"§ 18B-1111. Authorization of salesman permit.

(a) Authorized Acts. – The holder of a salesman permit may sell and transport (i) malt beverages for a malt beverage ~~wholesaler or wholesaler~~, (ii) sell and transport unfortified and fortified wine for a wine ~~wholesaler-wholesaler~~, or (iii) sell and transport spirituous liquor for a spirituous liquor wholesaler.

...

"§ 18B-1113.1. Authorization of nonresident spirituous liquor vendor permit.

The holder of a nonresident spirituous liquor vendor permit may sell, deliver, and ship spirituous liquor in this State only to wholesalers, importers, and bottlers licensed under this Chapter, as authorized by the ABC laws. The spirituous liquor must come to rest at the licensed premises of a spirituous liquor wholesaler in this State before being resold to a retailer. A

1 nonresident spirituous liquor vendor permit may be issued to a distillery, an importer, or a bottler
2 outside North Carolina who desires to sell, deliver, and ship spirituous liquor into this State.

3 ...
4 **"§ 18B-1115. Commercial transportation.**

5 ...
6 (b) When Transportation Legal. – No person may obtain a permit under this section to
7 transport spirituous liquor unless the transportation is for delivery to a federal reservation over
8 which North Carolina has ceded jurisdiction to the United States, for delivery to ~~an ABC store,~~
9 a spirituous liquor wholesaler, for delivery to an off-premises spirituous liquor permit holder, for
10 delivery to a mixed beverages permit holder, or for transport through this State to another state.

11 ...
12 (e) Transportation of Spirituous Liquor. – In addition to the requirements of subsection
13 (d), motor vehicle carriers engaged in transporting spirituous liquor shall:

- 14 (1) Deposit with the Commission a surety bond for one thousand dollars (\$1,000)
15 conditioned that the carrier will not unlawfully transport spirituous liquor into
16 or through this State. The bond, which shall be approved by the Commission,
17 shall be payable to the State of North Carolina. If the bonded carrier is
18 convicted of a violation covered by the bond, the proceeds of the forfeited
19 bond shall be paid to the school fund of the county in which the liquor was
20 seized.
- 21 (2) ~~Include in its bill of lading, invoice or other memorandum of shipment the~~
22 ~~North Carolina code numbers of the spirituous liquor being transported.~~
- 23 (3) Include in its bill of lading, invoice or other memorandum of shipment the
24 route which the vehicle will follow, and the vehicle shall not vary substantially
25 from that stated route.

26 (f) ~~Malt Beverages and Wine Beverages, Wine, and Spirituous Liquor Transported by~~
27 ~~Boats.~~ – The owner or operator of any boat may transport malt beverages, unfortified ~~wine and~~
28 wine, fortified wine-wine, and spirituous liquor over the waters of this State if ~~he the owner~~
29 satisfies all requirements of subsection (d).

30 (g) ~~State Warehouse Carrier.~~ ~~The Commission may exempt a carrier for the State or a~~
31 ~~local board warehouse from any of the requirements of this section provided that it determines~~
32 ~~that the requirements of this section are otherwise satisfied.~~

33 ...
34 **"§ 18B-1118. Purchase restrictions.**

35 The holder of a malt beverage wholesaler, wine wholesaler, spirituous liquor wholesaler, malt
36 beverage importer, wine importer, liquor importer/bottler, or bottler permit may not purchase
37 malt ~~beverages or wine beverages,~~ wine, or spirituous liquor for resale in this State from a
38 nonresident who does not have the proper nonresident vendor permit.

39 ...
40 "Article 14.

41 "Spirituous Liquor Franchise Law.

42 **"§ 18B-1400. Construction; findings and purpose; exceptions.**

43 (a) This Article shall be liberally construed and applied to promote its underlying
44 purposes and policies.

45 (b) The underlying purposes and policies of the Article are all of the following:

- 46 (1) To promote the compelling interest of the public in fair business relations
47 between spirituous liquor wholesalers and distilleries and in the continuation
48 of spirituous liquor wholesalerships on a fair basis.
- 49 (2) To protect spirituous liquor wholesalers against unfair treatment by
50 distilleries.

- 1 (3) To provide spirituous liquor wholesalers with rights and remedies in addition
2 to those existing by contract or common law.
3 (4) To govern all spirituous liquor wholesalerships, including any renewals or
4 amendments, to the full extent consistent with the Constitution of this State
5 and the United States.

6 (c) The effect of this Article may not be waived or varied by contract or agreement. Any
7 contract or agreement purporting to do so is void and unenforceable to the extent of that waiver
8 or variance.

9 (d) A North Carolina distillery holding a valid spirituous liquor wholesaler permit issued
10 pursuant to G.S. 18B-1105 and G.S. 18B-1109.1, when acting as its own master wholesaler, shall
11 not be subject to the provisions of G.S. 18B-1404, 18B-1405, and 18B-1407.

12 **"§ 18B-1401. Definitions.**

13 As used in this Article, unless the context requires otherwise:

- 14 (1) Agreement. – A commercial relationship between a spirituous liquor
15 wholesaler and a distillery. The agreement may be of a definite or indefinite
16 duration and is not required to be in writing. Any of the following constitutes
17 prima facie evidence of an "agreement" within the meaning of this definition:
18 a. A relationship whereby the spirituous liquor wholesaler is granted the
19 right to offer and sell a brand offered by a distillery.
20 b. A relationship whereby the spirituous liquor wholesaler, as an
21 independent business, constitutes a component of a distillery's
22 distribution system.
23 c. A relationship whereby the spirituous liquor wholesaler's business is
24 substantially associated with a brand offered by a distillery.
25 d. A relationship whereby the spirituous liquor wholesaler's business is
26 substantially reliant on a distillery for the continued supply of
27 spirituous liquor.
28 e. The shipment, preparation for shipment, or acceptance of any order by
29 any distillery or its agent for any spirituous liquor or beverages to a
30 spirituous liquor wholesaler within this State.
31 f. The payment by a spirituous liquor wholesaler and the acceptance of
32 payment by any distillery or its agent for the shipment of any order of
33 wine or beverages intended for sale within this State.
34 (2) Distillery. – Any holder of a distillery permit or nonresident spirituous liquor
35 vendor permit issued under the authority of this Chapter.
36 (3) Spirituous liquor wholesaler. – Any holder of a spirituous liquor wholesaler
37 permit or a liquor importer/bottler permit issued under the authority of this
38 Chapter.
39 (4) Territory or sales territory. – The area of primary sales responsibility expressly
40 or implicitly designated by any agreement between any spirituous liquor
41 wholesaler and distillery for a brand offered by any distillery.

42 **"§ 18B-1402. No inducement, coercion, or discrimination.**

43 No distillery may do any of the following:

- 44 (1) Induce, coerce, or attempt to induce or coerce any spirituous liquor wholesaler
45 to accept delivery of any alcoholic beverage or any other commodity which
46 has not been ordered by the spirituous liquor wholesaler.
47 (2) Induce, coerce, or attempt to induce or coerce any spirituous liquor wholesaler
48 to do any illegal act by any means, including threatening to amend, cancel,
49 terminate, or refuse to renew any agreement existing between a distillery and
50 a spirituous liquor wholesaler.

- 1 (3) Require a spirituous liquor wholesaler to assent to any condition, stipulation,
2 or provision limiting the wholesaler in his or her privilege to sell a product
3 offered by any other distillery.
- 4 (4) Unlawfully discriminate on the basis of race, color, creed, sex, religion, or
5 national origin in awarding or maintaining agreements covered by this Article.
6 Distilleries who contract with wholesalers in this State shall make reasonable
7 efforts to establish and maintain agreements with wholesalers who are females
8 and members of minority groups.

9 **"§ 18B-1403. Primary area of responsibility; no discrimination.**

10 (a) Each agreement shall designate the sales territory of the wholesaler. No distillery may
11 enter into more than one agreement for each brand of spirituous liquor or beverage it offers in
12 any territory. A wholesaler shall not distribute any brand of spirituous liquor to a retailer whose
13 premises are located outside the territory designated in the wholesaler's agreement for that brand.
14 With the approval of the Commission, a wholesaler may distribute spirituous liquor outside the
15 wholesaler's designated territory during periods of temporary service interruption when requested
16 to do so by the distillery and the wholesaler whose service is interrupted. Unless the distillery
17 and spirituous liquor wholesaler agree otherwise in writing, the territory designated as the
18 wholesaler's "area of primary sales responsibility" as of the effective date of this section shall be
19 the wholesaler's designated sales territory. Redesignations of sales territories occurring after
20 January 1, 2020, shall be reported to the Commission within 30 days.

21 (b) A wholesaler shall service retail permit holders within its designated territory without
22 discrimination. Upon request from a retail permit holder, each wholesaler shall make a good-faith
23 effort to make available any brand of spirituous liquor the wholesaler is authorized to distribute
24 in the territory.

25 **"§ 18B-1404. Cancellation.**

26 Notwithstanding the terms, provisions, or conditions of any agreement, no distillery may
27 amend, cancel, terminate, or refuse to continue to renew any agreement, or cause a wholesaler to
28 resign from an agreement, unless good cause exists for amendment, termination, cancellation,
29 nonrenewal, noncontinuation, or resignation. "Good cause" does not include a change in
30 ownership of a distillery. "Good cause" does include any of the following:

- 31 (1) Revocation of the wholesaler's permit or license to do business in this State.
32 (2) Bankruptcy or receivership of the wholesaler.
33 (3) Assignment for the benefit of creditors or similar disposition of the assets of
34 the wholesaler.
35 (4) Failure of the wholesaler to comply substantially, without reasonable excuse
36 or justification, with any reasonable and material requirement imposed upon
37 him or her by the distillery, including a substantial failure by a wine
38 wholesaler to do any of the following:
39 a. Maintain a sales volume of the brands offered by the distillery.
40 b. Render services comparable in quality, quantity, or volume to the sales
41 volumes maintained and services rendered by other wholesalers of the
42 same brands within the State.
43 (5) Fraudulent conduct by the wholesaler in its dealings with the distillery.
44 (6) Failure of the wholesaler to pay for the distillery's products according to the
45 established terms of the distillery.

46 In any determination as to whether a wholesaler has failed to comply substantially, without
47 reasonable excuse or justification, with any reasonable and material requirement imposed upon
48 him or her by the distillery, consideration shall be given to the relative size, population,
49 geographical location, number of retail outlets, demand for the products applicable to the territory
50 of the wholesaler in question and to comparable territories, and any reasonable sales quota set by

1 the agreement. The burden of proving good cause for amendment, termination, cancellation,
2 nonrenewal, noncontinuation, or resignation is on the distillery.

3 **"§ 18B-1405. Notice of intent to terminate.**

4 (a) Except as provided in subsection (c) of this section, a distillery shall provide a
5 wholesaler at least 90 days' prior written notice of any intention to amend, terminate, cancel, or
6 not renew any agreement. The notice, a copy of which shall be mailed at the same time to the
7 Commission, shall state all the reasons for the intended amendment, termination, cancellation, or
8 nonrenewal.

9 (b) When the reasons relate to conditions that can be rectified by the wholesaler, he or
10 she has 60 days in which to do so. If the wholesaler rectifies the conditions within the 60-day
11 period, he or she shall give written notice thereof to the distillery and to the Commission. If the
12 wholesaler has rectified the conditions, the proposed amendment, termination, cancellation, or
13 nonrenewal is void, except that when the distillery contends that the wholesaler has not
14 completely rectified the conditions, the distillery may, within 15 days after the expiration of the
15 60-day period, request a hearing before the Commission to determine if the wholesaler has
16 rectified all the conditions.

17 (c) When the reasons relate to conditions that cannot be rectified by the wholesaler within
18 the 60-day period, the wholesaler may request a hearing before the Commission to determine if
19 the distillery has good cause for the amendment, termination, cancellation, or nonrenewal of the
20 agreement. The burden of proving good cause for the amendment, termination, cancellation, or
21 nonrenewal is on the distillery.

22 (d) Upon receiving a written request from the distillery or wholesaler for a hearing, the
23 Commission shall, after notice and hearing, determine if the wholesaler has rectified the
24 conditions or if good cause exists for the amendment, termination, cancellation, or nonrenewal
25 of the agreement, as appropriate. In any case in which a petition is made to the Commission for
26 such a determination, the agreement in question shall continue in effect, pending the
27 Commission's decision and any judicial review thereof.

28 (e) In all proceedings before the Commission, the Commission shall ensure that no
29 agreements covered by this Article result in unlawful discrimination on the basis of race, color,
30 creed, sex, religion, or national origin.

31 (f) No notice is required and an agreement may be immediately terminated, amended,
32 canceled, or allowed to expire if the reason for the amendment, termination, cancellation, or
33 nonrenewal is any of the following:

34 (1) The bankruptcy or receivership of the wholesaler.

35 (2) An assignment for the benefit of creditors or similar disposition of the assets
36 of the business.

37 (3) Revocation of the wholesaler's permit or license.

38 (4) Fraudulent conduct by the wholesaler in its dealings with the distillery.

39 (5) Failure of the wholesaler to pay for the distillery's products according to the
40 established terms of the distillery.

41 **"§ 18B-1406. Transfer of business.**

42 (a) No distillery may unreasonably withhold or delay consent to any transfer of the
43 wholesaler's business or transfer of the stock or other interest in the wholesaleship whenever the
44 wholesaler to be substituted meets the material and reasonable qualifications and standards
45 required of the distillery's wholesalers.

46 (b) Notwithstanding subsection (a) of this section, no distillery may withhold consent to,
47 or in any manner retain a right of prior approval of, the transfer of the wholesaler's business to a
48 member or members of the family of the wholesaler. Subsequent to such a transfer, the rights and
49 obligations of the wholesaleship and its owners are in all respects governed by the provisions of
50 this Chapter. As used in this subsection, "family" means the spouse, parents, siblings, and lineal
51 descendants, including those by adoption, of the wholesaler.

"§ 18B-1407. Judicial remedies.

(a) If a distillery violates any provision of this Article, a wholesaler may maintain a suit against the distillery. The court may grant injunctive and other appropriate relief, including damages to compensate the wholesaler for the value of the agreement and any good will, to remedy violations of this Article.

(b) Any distillery that amends, cancels, terminates, or refuses to renew any distillery agreement, or causes a wholesaler to resign from an agreement, shall compensate the spirituous liquor wholesaler for the spirituous liquor wholesaler's spirituous liquor inventory. The amount of compensation shall include the F.O.B. costs of the spirituous liquor inventory and any freight charges incurred by the spirituous liquor wholesaler in receiving them.

(c) For any violation of the provisions of this Article, the Commission may take any of the following actions against the distillery:

(1) Suspend the distillery's permit for a specific period of time no longer than three years.

(2) Revoke the distillery's permit.

(3) Issue an order suspending the shipment of the distillery's products to one or more designated sales territories previously served by the wholesaler who has been terminated or who is the successor in interest to a wholesaler who sold the distillery's products in the designated territory.

(4) Impose a monetary penalty up to fifteen thousand dollars (\$15,000) for a first offense and up to thirty-five thousand dollars (\$35,000) for the second offense. The clear proceeds of monetary penalties imposed pursuant to this subdivision shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

In any case in which the Commission is entitled to suspend or revoke a permit, the Commission may accept from the distillery an offer in compromise to pay a monetary penalty. The Commission may either accept a compromise or revoke a permit, but not both. The Commission may accept a compromise and suspend the permit in the same case.

(d) Notwithstanding the choice of forum agreed to by the parties, venue for all actions under this Article shall be determined by the trial judge based upon the convenience of witnesses and the promotion of the ends of justice.

"§ 18B-1408. Price of product.

No distillery, whether by means of a term or condition of an agreement or otherwise, may directly or indirectly fix or maintain the prices at which the wholesaler may sell any spirituous liquor or beverage.

"§ 18B-1409. Retaliatory action prohibited.

No distillery may take retaliatory action against a wholesaler who files or manifests an intention to file a complaint alleging that the distillery violated a State or federal law or rule. Retaliatory action includes refusal without good cause to continue the agreement or a material reduction in the quality of service or quantity of products available to the wholesaler under the agreement.

"§ 18B-1410. Management.

No distillery may require or prohibit any change in management or personnel of any wholesaler unless the current or potential management or personnel fails to meet reasonable qualifications and standards required by the distillery.

"§ 18B-1411. No discrimination.

No distillery may discriminate among its wholesalers in any business dealings, including the price of spirituous liquor sold to the wholesaler, unless the classification among its wholesalers is based upon reasonable grounds.

"§ 18B-1412. No waiver.

1 No distillery may require any wholesaler to waive compliance with any provision of this
2 Chapter. Nothing in this Chapter, however, may be construed to limit or prohibit good-faith
3 settlements of disputes voluntarily entered into between the parties.

4 **§ 18B-1413. Obligations of purchaser.**

5 The purchaser of a distillery, and any successor to the import rights of a distillery, is obligated
6 to all the terms and conditions of an agreement in effect on the date of the purchase or other
7 acquisition of the right to distribute a brand, except for good cause, which includes any of the
8 following:

- 9 (1) Revocation of the wholesaler's permit or license to do business in this State.
- 10 (2) Bankruptcy or insolvency of the wholesaler.
- 11 (3) Assignment for the benefit of creditors or similar disposition of the assets of
12 the wholesaler.
- 13 (4) Failure by the wholesaler to comply substantially, without reasonable excuse
14 or justification, with any reasonable and material requirement imposed upon
15 the wholesaler by the distillery.

16 As used in this Article, "purchase" includes the sale of stock, sale of assets, merger, lease,
17 transfer, or consolidation.

18 **§ 18B-1414. Prohibited practices enumerated.**

19 It is a violation of this Article for any distillery, directly or indirectly, to engage in any of the
20 following practices:

- 21 (1) To restrict the sale of any equity or indebtedness or the transfer of any
22 securities of any wholesaler or in any way prevent or attempt to prevent the
23 transfer, sale, or issuance of shares of stock or indebtedness to employees,
24 personnel of the wholesaler, or heirs of the principal owner, as long as basic
25 financial requirements of the distillery are complied with and the sale, transfer,
26 or issuance does not have the effect of accomplishing a sale of the wholesaler.
- 27 (2) To impose unreasonable standards of performance upon a wholesaler.
- 28 (3) To prohibit directly or indirectly the right of free association among
29 wholesalers for any lawful purpose.

30 **§ 18B-1415. Intent of nondiscrimination.**

31 It is the intent of this Article that there shall be no unlawful discrimination based on race,
32 color, creed, sex, religion, or national origin in any aspect of the awarding or maintaining of
33 agreements covered by this Article.

34 **§ 18B-1416. Relation of Article to other laws.**

35 Nothing in this Article relieves a winery or wholesaler of any obligation, duty, or prohibition
36 imposed by any other provision of this Chapter or by G.S. 75-1.1 or by any other provision of
37 State law, and the remedies provided in this Article are nonexclusive."

38 **SECTION 1.(b)** The following statutes are repealed:

- 39 (1) G.S. 18B-204
- 40 (2) G.S. 18B-205
- 41 (3) G.S. 18B-501
- 42 (4) G.S. 18B-902(d)(43)
- 43 (5) G.S. 18B-1001(20)
- 44 (6) Article 7 of Chapter 18B of the General Statutes
- 45 (7) Article 8 of Chapter 18B of the General Statutes
- 46 (8) G.S. 105-113.68(a)(4a)
- 47 (9) G.S. 105-113.107(d)
- 48 (10) G.S. 105-113.108(b)(4)

49 **SECTION 1.(c)** Any city or county that has authorized the establishment and
50 operation of an ABC store in accordance with Article 6 of Chapter 18B of the General Statutes
51 as of the effective date of this Part shall be deemed to have authorized the off-premises sale of

1 spirituous liquor for purposes of Article 6 of Chapter 18B of the General Statutes, as amended
2 by subsection (a) of this section.

3
4 **PART II. REVISIONS TO CHAPTER 105 OF THE GENERAL STATUTES**

5 **SECTION 2.(a)** Article 2C of Chapter 105 of the General Statutes reads as rewritten:

6 "Article 2C.

7 "Alcoholic Beverage License and Excise Taxes.

8 "Part 1. General Provisions.

9 **"§ 105-113.68. Definitions; scope.**

10 (a) Definitions. – The following definitions apply in this Article:

11 ...

12 (13) Wholesaler or importer. – When used with reference to wholesalers or
13 importers of ~~wine or wine~~, malt beverages, or spirituous liquor, the term
14 includes (i) resident wineries that sell their wines at ~~retail and retail~~, (ii)
15 resident breweries that produce fewer than 25,000 barrels of malt beverages
16 per ~~year-year~~, and (iii) resident distilleries that produce fewer than 100,000
17 proof gallons of spirituous liquor per year.

18 ...

19 "Part 3. Local Licenses.

20 **"§ 105-113.77. City ~~beer and wine~~ beer, wine, and spirituous liquor retail licenses.**

21 (a) License and Tax. – A person holding any of the following retail ABC permits for an
22 establishment located in a city shall obtain from the city a city license for that activity. The annual
23 tax for each license is as stated.

ABC Permit	Tax for Corresponding License
24 On-premises malt beverage.....	\$15.00
25 Off-premises malt beverage.....	5.00
26 On-premises unfortified wine,	
27 on-premises fortified wine, or both.....	15.00
28 Off-premises unfortified wine,	
29 off-premises fortified wine, or both.....	10.00
30 <u>Off-premises spirituous liquor</u>	<u>15.00</u>

31 ...

32
33 **"§ 105-113.78. County ~~beer and wine~~ beer, wine, and spirituous liquor retail licenses.**

34 A person holding any of the following retail ABC permits for an establishment located in a
35 county shall obtain from the county a county license for that activity. The annual tax for each
36 license is as stated.

ABC Permit	Tax for Corresponding License
37 On-premises malt beverage.....	\$25.00
38 Off-premises malt beverage.....	5.00
39 On-premises unfortified wine,	
40 on-premises fortified wine, or both.....	25.00
41 Off-premises unfortified wine,	
42 off-premises fortified wine, or both.....	25.00
43 <u>Off-premises spirituous liquor</u>	<u>25.00</u>

44
45 **"§ 105-113.79. City wholesaler license.**

46 A city may require city malt ~~beverage and wine beverage~~, wine, and spirituous liquor
47 wholesaler licenses for businesses located inside the city, but may not require a license for a
48 business located outside the city, regardless whether that business sells or delivers malt ~~beverages~~
49 ~~or wine beverages~~, wine, or spirituous liquor inside the city. The city may charge an annual tax
50 of not more than thirty-seven dollars and fifty cents (\$37.50) for a city malt beverage ~~wholesaler~~

1 ~~or wholesaler license, a city wine wholesaler license, license, or a city spirituous liquor wholesaler~~
2 ~~license.~~

3 "Part 4. Excise Taxes, Distribution of Tax Revenue.

4 "**§ 105-113.80. Excise taxes on beer, wine, and liquor.**

5 (a) Beer. – An excise tax of sixty-one and seventy-one hundredths cents (61.71¢) per
6 gallon is levied on the sale of malt beverages.

7 (b) Wine. – An excise tax of twenty-six and thirty-four hundredths cents (26.34¢) per
8 liter is levied on the sale of unfortified wine, and an excise tax of twenty-nine and thirty-four
9 hundredths cents (29.34¢) per liter is levied on the sale of fortified wine.

10 (c) Liquor. – An excise tax of ~~thirty percent (30%)~~ twenty-eight dollars (\$28.00) per
11 gallon is levied on the sale of spirituous liquor and antique spirituous liquor sold in ABC stores
12 and in permitted distilleries. Pursuant to G.S. 18B-804(b), the price of liquor on which this tax is
13 computed is the distiller's or the antique spirituous liquor seller's price plus (i) the State ABC
14 warehouse freight and bailment charges and (ii) a markup for local ABC boards. liquor.

15 "**§ 105-113.81. Exemptions.**

16 (a) Major Disaster. – Wholesalers and importers of malt ~~beverages and wine beverages,~~
17 wine, and spirituous liquor are not required to remit excise taxes on malt ~~beverages or wine~~
18 beverages, wine, or spirituous liquor rendered unsalable by a major disaster. To qualify for this
19 exemption, the wholesaler or importer shall prove to the satisfaction of the Secretary that a major
20 disaster occurred. A major disaster is the destruction, spoilage, or rendering unsalable of 50 or
21 more cases, or the equivalent, of malt beverages or 25 or more cases, or the equivalent, of
22 ~~wine, wine or spirituous liquor.~~

23 (b) Sales to Oceangoing Vessels. – Wholesalers and importers of malt ~~beverages and~~
24 wine beverages, wine, and spirituous liquor are not required to remit excise taxes on malt
25 ~~beverages and wine beverages, wine, and spirituous liquor~~ sold and delivered for use on
26 oceangoing vessels. An oceangoing vessel is a ship that plies the high seas in interstate or foreign
27 commerce, in the transport of freight or passengers, or both, for hire exclusively. To qualify for
28 this exemption the beverages shall be delivered to an officer or agent of the vessel for use on that
29 vessel. Sales made to officers, agents, crewmen, or passengers for their personal use are not
30 exempt.

31 (c) Sales to Armed Forces of the United States. – Wholesalers and importers of malt
32 ~~beverages and wine beverages, wine, and spirituous liquor~~ are not required to remit excise taxes
33 on malt ~~beverages and wine beverages, wine, and spirituous liquor~~ sold to the Armed Forces of
34 the United States. The Secretary may require malt ~~beverages and wine beverages, wine, and~~
35 spirituous liquor sold to the Armed Forces of the United States to be marked "For Military Use
36 Only" to facilitate identification of those beverages.

37 (d) Out-of-State Sales. – Wholesalers and importers of malt ~~beverages and wine~~
38 beverages, wine, and spirituous liquor are not required to remit excise taxes on malt ~~beverages~~
39 and wine beverages, wine, and spirituous liquor shipped out of this State for resale outside the
40 State.

41 ...

42 "**§ 105-113.82. Distribution of part of beer and wine beer, wine, and spirituous liquor taxes.**

43 (a) Amount. – The Secretary must distribute annually a percentage of the net amount of
44 excise taxes collected on the sale of malt beverages and wine during the preceding 12-month
45 period ending March 31 to the counties or cities in which the retail sale of these beverages is
46 authorized in the entire county or city. The percentages to be distributed are as follows:

- 47 (1) Of the tax on malt beverages levied under G.S. 105-113.80(a), twenty and
48 forty-seven hundredths percent (20.47%).
49 (2) Of the tax on unfortified wine levied under G.S. 105-113.80(b), forty-nine and
50 forty-four hundredths percent (49.44%).

1 (3) Of the tax on fortified wine levied under G.S. 105-113.80(b), eighteen percent
2 (18%).

3 (4) Of the tax on spirituous liquor levied under G.S. 105-113.80(c), twenty-five
4 percent (25%).

5 (a1) Method. – If malt beverages, unfortified wine, ~~or fortified wine~~ wine, or spirituous
6 liquor may be licensed to be sold at retail in both a county and a city located in the county, both
7 the county and city receive a portion of the amount distributed, that portion to be determined on
8 the basis of population. If one of these beverages may be licensed to be sold at retail in a city
9 located in a county in which the sale of the beverage is otherwise prohibited, only the city receives
10 a portion of the amount distributed, that portion to be determined on the basis of population. The
11 amounts distributable under subsection (a) of this section must be computed separately.

12 ...

13 (c) Exception. – Notwithstanding subsections (a) and (a1) of this section, in a county in
14 which ~~ABC stores have been established by petition,~~ the off-premises sale of spirituous liquor is
15 lawful, the revenue shall be distributed as though the entire county had approved the retail sale
16 of a beverage whose retail sale is authorized in part of the county.

17 ...

18 (g) Use of ~~Funds.~~ Funds Distributed to a County or City. – Funds distributed to a county
19 or city under this section for taxes levied on malt beverages, unfortified wine, and fortified wine
20 may be used for any public purpose. Funds distributed to a county or city under this section for
21 taxes levied on spirituous liquor shall be used as follows:

22 (1) Four percent (4%) of the funds for the treatment of alcoholism or substance
23 abuse.

24 (2) Fifteen percent (15%) of the funds for research or education on alcohol or
25 substance abuse.

26 (3) Eleven percent (11%) of the funds for costs incurred by local law enforcement
27 agencies from enforcing the laws set forth in Chapter 18B of the General
28 Statutes.

29 (4) Any remaining funds may be used for any public purpose.

30 (g1) Additional Distribution; Use. – In addition to the amount distributed under subsection
31 (a) of this section, the Secretary must distribute annually a portion of the net amount of excise
32 taxes collected on the sale of spirituous liquor during the preceding 12-month period ending
33 March 31 as follows:

34 (1) Two million dollars (\$2,000,000) to the Department of Health and Human
35 Services to be used for the treatment of alcoholism or substance abuse, or for
36 research or education on alcohol or substance abuse.

37 (2) Eight million five hundred thousand dollars (\$8,500,000) to the Alcoholic
38 Beverage Control Commission to be used for the operating and administrative
39 costs of the Commission.

40 ...

41 "Part 5. Administration.

42 "**§ 105-113.83. Payment of excise taxes.**

43 (a) Liquor. – The excise tax on liquor levied under G.S. 105-113.80(c) is payable
44 monthly ~~by the local ABC board and by a distillery permittee to the Secretary.~~ Secretary by the
45 resident wholesaler or importer who first handles the liquor in this State. The tax shall be paid on
46 or before the 15th day of the month following the month in which the tax was collected. Liquor is
47 first sold or otherwise disposed of in this State by the wholesaler or importer. The taxes on liquor
48 are payable only once on the same liquor. When excise taxes are paid on liquor, the wholesaler
49 or importer must submit to the Secretary verified reports on forms provided by the Secretary
50 detailing sales records for the month for which the taxes are paid. The report must indicate the
51 amount of excise tax due, contain the information required by the Secretary, and indicate

1 separately any transactions to which the excise tax does not apply. The verified report is due on
 2 or before the fifteenth day of the first month of the following calendar year.

3"

4 **SECTION 2.(b)** G.S. 105-164.4(a) reads as rewritten:

5 "(a) A privilege tax is imposed on a retailer engaged in business in the State at the
 6 percentage rates of the retailer's net taxable sales or gross receipts, listed in this subsection. The
 7 general rate of tax is four and three-quarters percent (4.75%). The percentage rates are as follows:

8 ...

9 (7) ~~The combined-general rate of tax applies to the sales price of antique~~
 10 ~~spirituous liquor and spirituous liquor other than mixed beverages. liquor.~~ As
 11 used in this subdivision, the terms "antique spirituous liquor", term "spirituous
 12 liquor", and "mixed beverage" ~~have liquor~~ has the meanings-meaning
 13 provided in G.S. 18B-101.

14"

15 **SECTION 2.(c)** G.S. 105-113.106 reads as rewritten:

16 **"§ 105-113.106. Definitions.**

17 The following definitions apply in this Article:

18 ...

19 (3) Dealer. – Any of the following:

20 ...

21 ~~d. A person who in violation of Chapter 18B of the General Statutes~~
 22 ~~possesses an illicit mixed beverage for sale.~~

23 ...

24 (4a) ~~Illicit mixed beverage.— A mixed beverage, as defined in G.S. 18B-101,~~
 25 ~~composed in whole or in part from spirituous liquor on which the charge~~
 26 ~~imposed by G.S. 18B-804(b)(8) has not been paid, but not including a~~
 27 ~~premixed cocktail served from a closed package containing only one serving.~~

28 ...

29 (9) Unauthorized substance. – A controlled substance, ~~an illicit mixed beverage,~~
 30 illicit spirituous liquor, or mash."

31 **PART III. OTHER CONFORMING REVISIONS**

32 **SECTION 3.(a)** G.S. 66-58(c) is amended by adding a new subdivision to read:

33 "(23) The off-premises sale of spirituous liquor by a county or municipality pursuant
 34 to the authority set forth in G.S. 18B-1001(6a)."

35 **SECTION 3.(b)** G.S. 20-187.2(a) reads as rewritten:

36 "(a) Surviving spouses, or in the event such members die unsurvived by a spouse,
 37 surviving children of members of North Carolina State, city and county law-enforcement
 38 agencies killed in the line of duty or who are members of such agencies at the time of their deaths,
 39 and retiring members of such agencies shall receive upon request and at no cost to them, the
 40 badge worn or carried by such deceased or retiring member. The governing body of a
 41 law-enforcement agency may, in its discretion, also award to a retiring member or surviving
 42 relatives as provided herein, upon request, the service side arm of such deceased or retiring
 43 members, at a price determined by such governing body, upon determining that the person
 44 receiving the weapon is not ineligible to own, possess, or receive a firearm under the provisions
 45 of State or federal law, or if the weapon has been rendered incapable of being fired. Governing
 46 body shall mean for county and local alcohol beverage control officers, the ~~county or local board~~
 47 ~~of alcoholic control; county;~~ for all other law-enforcement officers with jurisdiction limited to a
 48 municipality or town, the city or town council; for all other law-enforcement officers with
 49 countywide jurisdiction, the board of county commissioners; for all State law-enforcement
 50 officers, the head of the department."
 51

1 **SECTION 3.(c)** G.S. 147-69.3(b) reads as rewritten:

2 "(b) Any official, board, commission, other public authority, local government, school
3 administrative unit, ~~local ABC board,~~ or community college of the State having custody of any
4 funds not required by law to be deposited with and invested by the State Treasurer may deposit
5 all or any portion of those funds with the State Treasurer for investment in one of the investment
6 programs established pursuant to this section, subject to any provisions of law with respect to
7 eligible investments, provided that any occupational licensing board as defined in G.S. 93B-1
8 may participate in one of the investment programs established pursuant to this section regardless
9 of whether or not the funds were required by law to be deposited with and invested by the State
10 Treasurer. In the absence of specific statutory provisions to the contrary, any of those funds may
11 be invested in accordance with the provisions of G.S. 147-69.2 and 147-69.3. Upon request from
12 any depositor eligible under this subsection, the State Treasurer may authorize moneys invested
13 pursuant to this subsection to be withdrawn by warrant on the State Treasurer."

14 **SECTION 3.(d)** G.S. 105-251.2(b) reads as rewritten:

15 "(b) Alcohol Vendor. – An alcohol vendor must give information to the Secretary when
16 the Secretary requests the information. The Secretary may not request the information more than
17 one time per calendar year. The Secretary may request the alcohol vendor to provide on a return,
18 a report, or otherwise, for a permittee to which the alcohol vendor provides alcohol, a permittee's
19 name, license number, and business address and any other information pertaining to the permittee
20 in possession of the alcohol vendor that the Secretary deems necessary to determine the
21 permittee's compliance with this Chapter. This subsection applies to the following alcohol
22 vendors:

23 (1) ~~An ABC store in the ABC system, as defined in G.S. 18B-101.~~

24 (2) A wine wholesaler, as defined in G.S. 18B-1201.

25 (3) A wholesaler, as defined in ~~G.S. 18B-1301.~~G.S. 18B-1301 and
26 G.S. 18B-1401.

27 (4) The holder of an unfortified winery permit, a fortified winery permit, a
28 brewery permit, or a distillery permit under G.S. 18B-1100."

29 **SECTION 3.(e)** G.S. 153A-145.7 reads as rewritten:

30 "**§ 153A-145.7. Hours of certain alcohol sales.**

31 In accordance with G.S. 18B-1004(c), a county may adopt an ordinance allowing for the sale
32 of malt beverages, unfortified wine, fortified wine, spirituous liquor, and mixed beverages
33 beginning at 10:00 A.M. on Sunday pursuant to the licensed premises' permit issued under
34 G.S. 18B-1001."

35 **SECTION 3.(f)** G.S. 160A-205.3 reads as rewritten:

36 "**§ 160A-205.3. Hours of certain alcohol sales.**

37 In accordance with G.S. 18B-1004(c), a city may adopt an ordinance allowing for the sale of
38 malt beverages, unfortified wine, fortified wine, spirituous liquor, and mixed beverages
39 beginning at 10:00 A.M. on Sunday pursuant to the licensed premises' permit issued under
40 G.S. 18B-1001."

41 42 **PART IV. MISCELLANEOUS**

43 **SECTION 4.(a)** By January 1, 2020, the ABC Commission shall sell the State
44 warehouse authorized under G.S. 18B-204. Additionally, the Commission shall sell any
45 spirituous liquor within its possession. The Commission shall sell the State warehouse and
46 spirituous liquor by public sale to the highest qualified bidder or bidders. The Commission shall
47 only sell the spirituous liquor within its possession to a spirituous liquor wholesaler permitted
48 under G.S. 18B-1109.1, as enacted by Part I of this act. Any funds received from the sale of
49 spirituous liquor under this subsection shall be credited to the General Fund and remain unspent
50 until appropriated by the General Assembly.

1 **SECTION 4.(b)** By January 1, 2020, the local ABC boards shall liquidate all assets
2 by public sale to the highest qualified bidder or bidders. The local ABC boards shall only sell the
3 spirituous liquor within their possession to a spirituous liquor wholesaler permitted under
4 G.S. 18B-1109.1, as enacted by Part I of this act. Nothing in this subsection shall be construed
5 as relieving local ABC boards of, or assigning to the State, any liabilities arising or remaining
6 from the liquidation required under this subsection. Any funds received under this subsection
7 shall be paid to the general fund of the county or municipality for which the local ABC board is
8 established to be used only for capital expenses for any public schools located within the county
9 or municipality.

10
11 **PART V. EFFECTIVE DATE**

12 **SECTION 5.** Parts I and III of this act become effective January 1, 2020. Part II of
13 this act becomes effective January 1, 2020, and applies to the sale of spirituous liquor on or after
14 that date. The remainder of this act is effective when it becomes law.