

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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HOUSE BILL 1082\*  
Committee Substitute Favorable 6/4/20  
Committee Substitute #2 Favorable 6/16/20

Short Title: ABC Admin. Penalties/Alcohol Consumables.

(Public)

Sponsors:

Referred to:

May 14, 2020

A BILL TO BE ENTITLED

AN ACT DIRECTING THE ALCOHOLIC BEVERAGE CONTROL COMMISSION TO (I) CREATE A POLICY THAT ESTABLISHES A RATIONALE FOR ADMINISTRATIVE PENALTIES AND IMPROVES TRANSPARENCY FOR PERMITTEES AND (II) INCLUDE EFFECTIVENESS CRITERIA ON ITS WEB SITE TO EVALUATE THE EFFECTIVENESS OF ADMINISTRATIVE PENALTIES AT REDUCING THE NUMBER OF REPEAT OFFENDERS, AS RECOMMENDED BY THE JOINT LEGISLATIVE PROGRAM EVALUATION OVERSIGHT COMMITTEE, AND TO REGULATE ALCOHOL IN MANUFACTURED FOOD PRODUCTS SUCH AS ICE CREAM, ICE POPS, AND GELATIN.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** G.S. 18B-104 reads as rewritten:

**"§ 18B-104. Administrative penalties.**

(a) Penalties. – For any violation of the ABC laws, the Commission may take any of the following actions against a permittee:

...

(4) Suspend the permittee's permit under subdivision (1) of this subsection and impose a fine under subdivision (3) or ~~(3a)~~-(3a) of this subsection.

...

(f) Policy. – The Commission shall develop a written policy detailing (i) the guidelines followed by the Commission in determining which action authorized under this section the Commission will take against a permittee for a first or repeat violation of the ABC laws, (ii) when it is appropriate for the Commission to deviate from the guidelines described in this subsection, (iii) the justification for any differences between the severity of the action taken by the Commission for similar violations of the ABC laws, and (iv) the justification for the Commission dismissing a case in which a violation of the ABC laws was alleged to have occurred. The policy required under this subsection shall be posted by the Commission on the Commission's Web site. At least 30 days prior to revising the policy required under this subsection, the Commission shall post on the Commission's Web site notice of the revision and justification for making the revision.

(g) Report. – By July 1 of each year, the Commission shall post the following information on its Web site:

(1) The total percentage of active or pending permittees for which the Commission received a report of alleged violation of the ABC laws during the prior fiscal year.



- 1           (2)    The total percentage of active or pending permittees for which the  
2                    Commission received a report of a second or subsequent alleged violation of  
3                    the ABC laws during the prior fiscal year.
- 4           (3)    The total percentage of reported ABC law violations during the fiscal year that  
5                    are considered consumption-related by the Commission.
- 6           (4)    The total number of reported ABC violations during the prior fiscal year that  
7                    were dismissed by the Commission, including the justification for each  
8                    dismissal."

9           **SECTION 1.(b)** This section is effective when it becomes law. The Commission  
10 shall post the policy required under G.S. 18B-104(f), as enacted in this section, no later than  
11 October 1, 2020. Notwithstanding the date provided in G.S. 18B-104(g), for the 2019-2020 fiscal  
12 year the Commission shall post the information required under G.S. 18B-104(g), as enacted in  
13 this section, no later than 30 days after this act becomes law.

14           **SECTION 2.(a)** G.S. 18B-101 reads as rewritten:

15 **"§ 18B-101. Definitions.**

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

- 17           ...
- 18           (4)    "Alcoholic beverage" means any beverage containing at least one-half of one  
19                    percent (0.5%) alcohol by volume, including malt beverages, unfortified wine,  
20                    fortified wine, spirituous liquor, ~~and mixed beverages.~~ mixed beverages, and  
21                    any alcohol consumable.
- 22           (4a)   "Alcohol consumable" means any manufactured and packaged ice cream, ice  
23                    pop, or gelatin-based food product containing at least one-half of one percent  
24                    (0.5%) alcohol by volume.
- 25           ...
- 26           (7)    "Fortified wine" means any ~~wine, of wine or alcohol consumable~~ containing  
27                    more than sixteen percent (16%) and no more than twenty-four percent (24%)  
28                    alcohol by volume, made by fermentation from grapes, fruits, berries, rice, or  
29                    honey; or by the addition of pure cane, beet, or dextrose sugar; or by the  
30                    addition of pure brandy from the same type of grape, fruit, berry, rice, or honey  
31                    that is contained in the base wine and produced in accordance with the  
32                    regulations of the United States.
- 33           ...
- 34           (9)    "Malt beverage" means beer, lager, malt liquor, ale, porter, and any other  
35                    brewed or fermented beverage or alcohol consumable except unfortified or  
36                    fortified wine as defined by this Chapter, containing at least one-half of one  
37                    percent (0.5%), and not more than fifteen percent (15%), alcohol by volume.  
38                    Any malt beverage containing more than six percent (6%) alcohol by volume  
39                    shall bear a label clearly indicating the alcohol content of the malt beverage.
- 40           ...
- 41           (14)   "Spirituous liquor" or "liquor" means distilled spirits or ethyl alcohol, and any  
42                    alcohol consumable containing distilled spirits or ethyl alcohol, including  
43                    spirits of wine, whiskey, rum, brandy, gin and all other distilled spirits and  
44                    mixtures of cordials, liqueur, and premixed cocktails, in closed containers for  
45                    beverage use regardless of their dilution.
- 46           ...
- 47           (15)   "Unfortified wine" means any wine of or alcohol consumable containing  
48                    sixteen percent (16%) or less alcohol by volume made by fermentation from  
49                    grapes, fruits, berries, rice, or honey; or by the addition of pure cane, beet, or  
50                    dextrose sugar; or by the addition of pure brandy from the same type of grape,

1 fruit, berry, rice, or honey that is contained in the base wine and produced in  
2 accordance with the regulations of the United States."

3 **SECTION 2.(b)** G.S. 18B-206(a) reads as rewritten:

4 "(a) Authority to Set Standards. – The Commission may set standards and adopt rules for  
5 ~~malt beverages, unfortified wine, fortified wine, and spirituous liquor~~ alcoholic beverages to  
6 protect the public against alcoholic beverages containing harmful or impure substances, alcoholic  
7 beverages containing an improper balance of substances as determined by the Commission,  
8 spurious or imitation alcoholic beverages, and alcoholic beverages unfit for human consumption.  
9 In setting standards and in issuing rules relating to them, the Commission may follow federal  
10 guidelines for standards of identity, labeling and advertising contained in Title 27 of the Code of  
11 Federal Regulations, or may adopt more restrictive standards."

12 **SECTION 2.(c)** G.S. 18B-804(b) reads as rewritten:

13 "(b) Sale Price of Spirituous Liquor. – The sale of spirituous liquor, including antique  
14 spirituous liquor, sold at the uniform State price shall consist of the following components:

15 ...

16 (6) A ~~bottle~~-charge of one cent (1¢) on each bottle containing 50 milliliters or less  
17 and five cents (5¢) on each bottle containing more than 50 milliliters. For any  
18 nonbottled product, a charge of one cent (1¢) on each stock keeping unit  
19 containing not more than 50 milliliters and five cents (5¢) on each stock  
20 keeping unit containing more than 50 milliliters.

21 ...

22 (6b) An additional ~~bottle~~-charge for local boards of one cent (1¢) on each bottle  
23 containing 50 milliliters or less and five cents (5¢) on each bottle containing  
24 more than 50 milliliters. For any nonbottled product, a charge of one cent (1¢)  
25 on each stock keeping unit containing not more than 50 milliliters and five  
26 cents (5¢) on each stock keeping unit containing more than 50 milliliters.

27 ...."

28 **SECTION 2.(d)** G.S. 18B-805 reads as rewritten:

29 **"§ 18B-805. Distribution of revenue.**

30 ...

31 (b) Primary Distribution. – Before making any other distribution, a local board shall first  
32 pay the following from its gross receipts:

33 ...

34 (4) Each month the local board shall pay to the county commissioners of the  
35 county where the charge is collected the proceeds from the ~~bottle~~-charge  
36 required by G.S. 18B-804(b)(6), to be spent by the county commissioners for  
37 the purposes stated in subsection (h) of this section.

38 (c) Other Statutory Distributions. – After making the distributions required by subsection  
39 (b), a local board shall make the following quarterly distributions from the remaining gross  
40 receipts:

41 (1) Before making any other distribution under this subsection, the local board  
42 shall set aside the clear proceeds of the three and one-half percent (3 1/2%)  
43 markup provided for in G.S. 18B-804(b)(5) and the ~~bottle~~-charge provided for  
44 in G.S. 18B-804(b)(6b), to be distributed as part of the remaining gross  
45 receipts under subsection (e) of this section.

46 ...."

47 **SECTION 2.(e)** Subsection (a) of this section becomes effective December 1, 2020,  
48 and applies to offenses committed on or after that date. Subsections (c) and (d) of this section  
49 become effective December 1, 2020, and apply to spirituous liquor sold on or after that date. The  
50 remainder of this section becomes effective December 1, 2020.

1                   **SECTION 3.** Except as otherwise provided, this act is effective when it becomes  
2 law.