

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL DRH30041-MLfz-29*

Short Title: ABC Laws Modernization/PED Study.

(Public)

Sponsors: Representatives McGrady, Boles, Horn, and Willingham (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE THE MERGER OF ABC SYSTEMS LOCATED IN A COUNTY
3 WITH TWO OR MORE ABC SYSTEMS; TO REPEAL THE
4 PURCHASE-TRANSPORTATION PERMIT REQUIREMENT FOR SPIRITUOUS
5 LIQUOR; TO REQUIRE THE ABC COMMISSION TO SUBMIT A QUARTERLY
6 REPORT ON ITS PROCESS FOR OBTAINING A CONTRACT FOR STATE
7 WAREHOUSE SERVICES; TO ALLOW THE PURCHASE OF INDIVIDUAL BOTTLES
8 WHEN PLACING A SPECIAL ORDER OF SPIRITUOUS LIQUOR; TO ALLOW LOCAL
9 ABC BOARDS TO CHARGE A DELIVERY FEE WHEN DELIVERING SPIRITUOUS
10 LIQUOR TO MIXED BEVERAGES PERMITTEES; TO ALLOW LOCAL
11 GOVERNMENTS THE OPTION OF OPERATING ABC STORES ON SUNDAYS; AND
12 TO ALLOW SPIRITUOUS LIQUOR TASTINGS AT ABC STORES, AS
13 RECOMMENDED BY THE JOINT LEGISLATIVE PROGRAM EVALUATION
14 OVERSIGHT COMMITTEE.

15 The General Assembly of North Carolina enacts:

16
17 **PART I. REQUIRE CONSOLIDATION IN COUNTIES WITH MULTIPLE ABC**
18 **SYSTEMS**

19 **SECTION 1.(a)** By June 30, 2021, to ensure that no county has multiple ABC
20 systems, all ABC systems located in a county with two or more ABC systems shall merge in
21 accordance with the requirements set forth in G.S. 18B-703. Notwithstanding the provisions of
22 any local act, this section applies to all ABC systems. For purposes of this section, the term "ABC
23 system" is as defined in G.S. 18B-101.

24 **SECTION 1.(b)** G.S. 18B-700 is amended by adding a new subsection to read:

25 "(c1) Limit on Number of Boards. – Notwithstanding any provision of law to the contrary,
26 there shall be no more than one local ABC board in each county. If a jurisdiction holds an ABC
27 store election under G.S. 18B-602(g), the establishment of ABC stores is approved, and the
28 jurisdiction that held the election is located in a county where an ABC board is already in
29 operation, the jurisdiction that held the election shall merge its local ABC board with the existing
30 ABC board in accordance with G.S. 18B-703. Nothing in this subsection shall be construed as
31 prohibiting a local ABC board from serving multiple cities, counties, or cities and counties."

32 **SECTION 1.(c)** G.S. 18B-703(e) reads as rewritten:

33 "(e) Dissolution. – With the approval of the Commission, and subject to the limitation set
34 forth in G.S. 18B-700(c1), the cities or counties that have merged their ABC systems may
35 dissolve the merged operation at any time and resume their prior separate operations.
36 or merge with a different ABC system in accordance with the requirements of this section."



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1 **SECTION 1.(d)** Subsections (b) and (c) of this section become effective June 30,
2 2021. The remainder of this section is effective when it becomes law.

3
4 **PART II. REPEAL PURCHASE-TRANSPORTATION PERMIT REQUIREMENT FOR**
5 **SPIRITUOUS LIQUOR**

6 **SECTION 2.(a)** G.S. 18B-303 reads as rewritten:

7 "**§ 18B-303. Amounts of alcoholic beverages that may be purchased.**

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

9 ...

10 (4) ~~Not more than eight liters of either fortified~~ Fortified wine or and spirituous
11 liquor, or eight liters of the two combined. ~~liquor in any amount.~~

12 ...

13 (c) Greater Amounts. – Amounts of alcoholic beverages greater than those listed in
14 ~~subdivisions subdivision (a)(3) and (a)(4)~~ may be purchased with a purchase-transportation
15 permit under G.S. 18B-403."

16 **SECTION 2.(b)** G.S. 18B-403 reads as rewritten:

17 "**§ 18B-403. Purchase-transportation permit.**

18 (a) Amounts. – With a purchase-transportation permit, a person may purchase and
19 transport an amount of alcoholic beverages greater than the amount specified in G.S. 18B-303(a).
20 A permit authorizes the holder to transport from the place of purchase to the destination within
21 North Carolina indicated on the permit at one time the following amount of alcoholic beverages:

22 (1) A maximum of 100 liters of unfortified ~~wine;~~ wine.

23 (2) ~~A maximum of 40 liters of either fortified wine or spirituous liquor, or 40~~
24 ~~liters of the two combined; or~~

25 (3) ~~The amount of fortified wine or spirituous liquors specified on the~~
26 ~~purchase-transportation permit for a mixed beverage permittee.~~

27 ...

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

34 ...

35 (g) Special Occasion Purchase-Transportation Permit. – When a person holds a special
36 occasion for which a permit under G.S. 18B-1001(8) or (9) is required, the
37 purchase-transportation permit issued to him may provide for the storage at and transportation to
38 and from the site of the special occasion of unfortified ~~wine, fortified wine, and spirituous liquor~~
39 wine for a period of no more than 48 hours before and after the special occasion. The
40 purchase-transportation permit authorizes that person to transport only the amounts of those
41 alcoholic beverages authorized by subsection (a). The Commission may adopt rules to govern
42 issuance of these extended purchase-transportation permits."

43 **SECTION 2.(c)** This section becomes effective July 1, 2019, and applies to fortified
44 wine and spirituous liquor purchased on or after that date.

45
46 **PART III. ABC COMMISSION/QUARTERLY REPORT ON PROCESS FOR**
47 **OBTAINING A CONTRACT FOR STATE WAREHOUSE SERVICES**

48 **SECTION 3.(a)** Beginning October 15, 2019, and quarterly thereafter, the ABC
49 Commission shall submit a written report to the chairs of the Joint Legislative Oversight
50 Committee on Justice and Public Safety detailing the progress made in bidding and selecting an
51 independent contractor for the receipt, storage, and distribution of spirituous liquor at and from

1 the State warehouse in accordance with G.S. 18B-204(a)(3). The report required under this
2 section shall include all of the following:

- 3 (1) The schedule for developing and issuing the Request for Proposal (RFP),
4 including detailed explanations as to how the Commission is meeting the
5 milestones identified on the schedule.
- 6 (2) An identification of State agencies, departments, and other entities providing
7 the Commission with technical assistance on RFP development and contract
8 negotiations, including a detailed description of the assistance that is being
9 provided.
- 10 (3) A description of the Commission's consultation with local ABC boards, as that
11 term is defined in G.S. 18B-101, to ensure the boards' concerns and
12 expectations are addressed during the RFP development and contract
13 negotiations.
- 14 (4) A copy of the RFP when it is released for bid.
- 15 (5) A copy of the final contract entered into pursuant to G.S. 18B-204(a)(3).
- 16 (6) An implementation schedule for transitioning from the existing contract for
17 services described in G.S. 18B-204(a)(3) to the new contract.

18 **SECTION 3.(b)** The reporting requirement set forth in subsection (a) of this section
19 expires upon the earlier of the date of the award of the contract for services described in
20 G.S. 18B-204(a)(3) or January 1, 2022.

21 **PART IV. ABC SPECIAL ORDERS/ALLOW PURCHASE OF INDIVIDUAL BOTTLES**

22 **SECTION 4.(a)** G.S. 18B-800 reads as rewritten:

23 "**§ 18B-800. Sale of alcoholic beverages in ABC stores.**

24 ...

25 (c) Commission Approval. – ~~No~~Except as otherwise provided in subsection (c1) of this
26 section, no ABC store may sell any alcoholic beverage which has not been approved by the
27 Commission for sale in this State.

28 (c1) Special Orders; Fee. – Through the process established by rule of the Commission for
29 special orders of spirituous liquor that is not on the list approved by the Commission, ABC stores
30 shall allow the purchase of individual bottles of spirituous liquor through that process. ABC
31 stores may sell in store any bottles it receives in excess of what was purchased by the requesting
32 customer. The Commission may establish and charge a fee to a customer placing a special order
33 in an amount sufficient to cover the actual costs incurred by ABC stores in processing the special
34 order.

35"

36 **SECTION 4.(b)** This section becomes effective July 1, 2019, and applies to special
37 orders placed on or after that date.

38 **PART V. LOCAL ABC BOARDS/ALLOW DELIVERY FEE**

39 **SECTION 5.(a)** G.S. 18B-701(a) reads as rewritten:

40 "(a) Powers. – A local board shall have authority ~~to~~to do all of the following:

- 41 (1) Buy, sell, transport, and possess alcoholic beverages as necessary for the
42 operation of its ABC ~~stores;~~stores. If a local board provides delivery of
43 spirituous liquor to a mixed beverages permittee, the local board may charge
44 a fee to the permittee sufficient to cover the actual costs incurred by the local
45 board in making the delivery.
- 46 (2) Adopt rules for its ABC system, subject to the approval of the
47 ~~Commission;~~Commission.
- 48 (3) Hire and fire employees for the ABC ~~system;~~system.

- 1 (4) Designate one employee as manager of the ABC system and determine his
2 ~~responsibilities;responsibilities.~~
- 3 (5) Require bonds of employees as provided in the rules of the
4 ~~Commission;Commission.~~
- 5 (6) Operate ABC stores as provided in Article 8;~~8.~~
- 6 (7) Issue purchase-transportation permits as provided in Article 4;~~4.~~
- 7 (8) Employ local ABC officers or make other provision for enforcement of ABC
8 laws as provided in Article 5;~~5.~~
- 9 (9) Borrow money as provided in ~~G.S. 18B-702;G.S. 18B-702.~~
- 10 (10) Buy and lease real and personal property, and receive property devised or
11 given, as necessary for the operation of the ABC ~~system;system.~~
- 12 (11) Invest surplus funds as provided in ~~G.S. 18B-702;G.S. 18B-702.~~
- 13 (12) Dispose of property in the same manner as a city council may under Article
14 12 of Chapter 160A of the General ~~Statutes;andStatutes.~~

15"

16 **SECTION 5.(b)** This section becomes effective July 1, 2019, and applies to
17 deliveries made on or after that date.

18
19 **PART VI. ALLOW LOCAL GOVERNMENT OPTION/ABC STORE SALES ON**
20 **SUNDAY**

21 **SECTION 6.(a)** G.S. 18B-802(b) reads as rewritten:

22 "(b) Days. – No ABC store shall be open, and no ABC store employee shall sell alcoholic
23 beverages, ~~on any Sunday, New Year's Day, Fourth of July, Labor Day, Thanksgiving Day, or~~
24 ~~Christmas Day. Except as otherwise provided under G.S. 153A-145.8 or G.S. 160A-205.4, no~~
25 ABC store shall be open, and no ABC store employee shall sell alcoholic beverages, on any
26 Sunday. A local board may otherwise determine the days on which its stores shall be closed."

27 **SECTION 6.(b)** Article 6 of Chapter 153A of the General Statutes is amended by
28 adding a new section to read:

29 **"§ 153A-145.8. Allow ABC stores to operate on Sunday.**

30 If a county operates at least one ABC store, the county may adopt an ordinance allowing
31 ABC stores under the operation of the county to be open and selling alcoholic beverages on
32 Sundays. A county must consult with its county ABC board prior to adopting an ordinance under
33 this section."

34 **SECTION 6.(c)** Article 8 of Chapter 160A of the General Statutes is amended by
35 adding a new section to read:

36 **"§ 160A-205.4. Allow ABC stores to operate on Sunday.**

37 If a city operates at least one ABC store, the city may adopt an ordinance allowing ABC
38 stores under the operation of the city to be open and selling alcoholic beverages on Sundays. A
39 city must consult with its city ABC board prior to adopting an ordinance under this section."

40 **SECTION 6.(d)** This section becomes effective July 1, 2019.

41
42 **PART VII. ABC STORES/ALLOW IN-STORE SPIRITUOUS LIQUOR TASTINGS**

43 **SECTION 7.(a)** G.S. 18B-1114.7(a) reads as rewritten:

44 "(a) Authorization. – The holder of a supplier representative permit, brokerage
45 representative permit, or distillery permit issued under G.S. 18B-1105 may obtain a spirituous
46 liquor special event permit allowing the permittee to give free tastings of its spirituous liquors at
47 ABC stores where the local ABC board has approved the tasting, trade shows, conventions,
48 shopping malls, street festivals, holiday festivals, agricultural festivals, balloon races, local
49 fund-raisers, and other similar events approved by the Commission."

50 **SECTION 7.(b)** G.S. 18B-301(f)(1) reads as rewritten:

- 1 "(1) Any person to consume fortified wine, spirituous liquor, or mixed beverages
- 2 or to offer such beverages to another person at any of the following places:
- 3 a. ~~On~~ Unless a consumer tasting authorized by G.S. 18B-1114.7 is being
- 4 conducted, on the premises of an ABC store.
- 5 b. Upon any property used or occupied by a local board.
- 6 c. On any public road, street, highway, or sidewalk, unless a consumer
- 7 tasting authorized by G.S. 18B-1114.7 is being conducted."

8 **SECTION 7.(c)** This section becomes effective July 1, 2019.

9
10 **PART VIII. RULES**

11 **SECTION 8.** The Alcoholic Beverage Control Commission shall amend its rules
12 consistent with the provisions of this act.

13
14 **PART IX. EFFECTIVE DATE**

15 **SECTION 9.** Except as otherwise provided, this act is effective when it becomes
16 law.